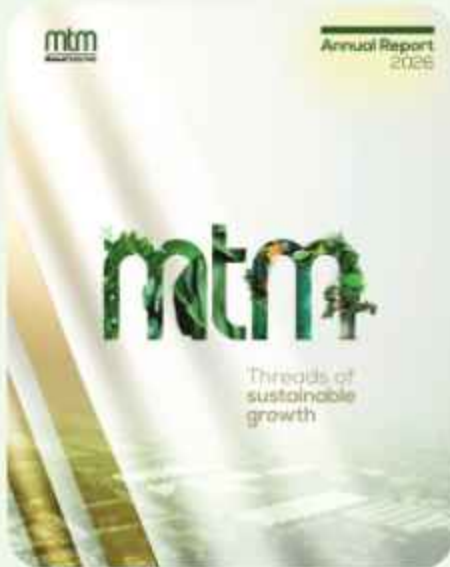




Threads of
**sustainable
growth**



Cover Story



The cover of Masood Textile Mills Limited's Annual Report 2026 expresses "Threads of Sustainable Growth" through imagery that connects apparel craftsmanship, nature and manufacturing expertise. Fabric textures within the MTM lettering represent the skill, precision and creativity that transform fiber into garments, while the surrounding greenery places responsible growth at the heart of the visual narrative.

The tree and foliage symbolise resilience and renewal, suggesting strong foundations and the flexibility to adapt. The manufacturing complex grounds these ideas in MTM's knitted garment making heritage, connecting product development with production capabilities. Golden diagonal forms convey direction and momentum, complemented by a green, ivory and gold palette that brings warmth, balance and confidence to the composition.

Together, these elements express a forward looking ambition: to unite quality, comfort and environmental responsibility in apparel for international markets. "Threads of Sustainable Growth" reflects a vision to build on this heritage through innovation and responsiveness to the evolving needs of global apparel brands, creating lasting value through enduring partnerships and responsible business progress.

About this Report

Overview

This report provides an overview of Masood Textile Mills Limited (the Company) and its performance for the year ended 30 June 2026. It covers the Company's operations and governance, the Directors' Report, sustainability and corporate social responsibility initiatives, stakeholders' engagement and information for shareholders. It also presents financial analysis and audited financial statements to help readers assess the Company's performance and financial position.

The report includes forward-looking statements reflecting management's current expectations regarding future events. The table of contents guides readers to the relevant sections.

Scope and Boundary

The report covers the period from 1 July 2025 to 30 June 2026. The financial analysis is based on the audited financial statements for the year ended 30 June 2026, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan and include relevant comparative information. Details of the basis of preparation, including accounting policies and reporting standards, are provided in the notes to the financial statements.

Using the first-year transition relief, the Company will publish its first sustainability report under IFRS S1 and IFRS S2, covering the year ended 30 June 2026, by 31 March 2027—within nine months of the financial year-end.

The forward-looking statements in this report reflect management's expectations regarding future events as at the date of publication. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

External Assurance Reports and Reviews

The financial statements have been audited by the independent external auditor. The Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 has also been reviewed by the external auditor. The corresponding audit and review reports form part of this annual report. This annual report also includes the Shariah compliance statement, the related independent assurance report and the Shariah compliance review report for the Sukuk.

This annual report is available at www.masoodtextile.com

CONTENTS

01

Organizational Overview
04–27

03

Directors' Report

50–59

05

Stakeholders' Engagement
70–75

07

Financial Statements
82–151

02

Governance
28–49

04

Sustainability and Corporate Social Responsibility
60–69

06

Analysis of the Financial Information
76–81

08

Shareholders' Information and Urdu Translations
152–172



01 Organizational Overview

General Information about the Company
and its Operations

Company Information	06
Highlights 2026	07
Business Model	08
Company Profile	10
Product Portfolio	11
Global Market Reach	14
Our Customers	15
Mission, Vision & Core Values	16
Code of Conduct	18
Policy Statement on Ethics and Business Practices	20
Organizational Structure	21
Competitive Landscape and Market Positioning	22
The Effect of Seasonality on Business	23
Major Events during the Year	24
History of Major Events	25
SWOT Analysis	27

Company Information

Board of Directors

Mr. Naseer Ahmad Shah
Chairman

Mr. Shahid Nazir Ahmad
Chief Executive Officer

Malik Shahid Mehmood
Independent Director

Mr. Shahid Iqbal
Independent Director

Mr. Shoaib Ahmad Khan
NIT - Nominee

Ms Chen Yan
Nominee - Shanghai Challenge
Textile Co. Ltd.

Mr. Shubin Yang
Nominee - Shanghai Challenge
Textile Co. Ltd.

Chief Financial Officer

Mr. Tanveer Ahmad Siddiqui

Company Secretary

Mr. Nisar Ahmad Alvi

Stock Exchange Listing

Pakistan Stock Exchange Limited
Symbol: MSOT
Sector: Apparel

Board Committees

Audit Committee
Malik Shahid Mehmood
Chairman

Mr. Naseer Ahmad Shah
Member

Mr. Shahid Iqbal
Member

**HR, Remuneration &
Sustainability Committee**

Mr. Shahid Iqbal
Chairman

Mr. Shahid Nazir Ahmad
Member

Malik Shahid Mehmood
Member

Risk Management Committee

Mr. Shahid Nazir Ahmad
Chairman

Mr. Naseer Ahmad Shah
Member

Mr. Shahid Iqbal
Member

Nomination Committee

Mr. Naseer Ahmad Shah
Chairman

Malik Shahid Mehmood
Member

Mr. Shahid Iqbal
Member

Registered Office

Universal House, P-17/1,
New Civil Lines, Bilal Road,
Faisalabad, Pakistan
Tel: +92-41-2600176-276
Fax: +92-41-2600976
Website: www.masoodtextile.com

Mills

32-KM, Sheikhpura Road,
Faisalabad, Pakistan
Tel: +92-41-4713501-9

Auditors

Riaz Ahmad & Company
Chartered Accountants

Share Registrar

CorpTec Associates
(Private) Limited
503-E, Johar Town,
Lahore, Pakistan
Tel: +92-42-35170336-7
Fax: +92-42-35170338
Website: www.corptec.com.pk



www.masoodtextile.com

Highlights

2026

TOTAL EQUITY

Rs. **23.40** bn

FY2025: Rs. 17.14 bn

BOOK VALUE PER ORDINARY SHARE

Rs. **308.12**

FY2025: Rs. 215.43

TOTAL DEBT-TO- EQUITY RATIO

52:48

FY2025: 60:40

TURNOVER

Rs. **49.84** bn

FY2025: Rs. 59.20 bn

GROSS PROFIT

Rs. **8.27** bn

FY2025: Rs. 9.02 bn

OPERATING PROFIT

Rs. **4.30** bn

FY2025: Rs. 4.87 bn

PROFIT AFTER TAX

Rs. **809.07** mn

FY2025: Rs. 131.28 mn

BASIC EPS

Rs. **11.46**

FY2025: Rs. 1.20

CURRENT RATIO

1.21 x

FY2025: 1.18 x

Business Model

CAPITALS WE DRAW ON

Financial

- Equity of Rupees 23.40 billion.
- Concessionary export financing.
- Super tax exemption.
- Rebate on incremental exports.

Manufactured

A vertically integrated manufacturing platform spanning spinning to apparel production across 117 acres, with 2.16 million sq. ft. of covered area.

Human

12,698 employees including Sri-Lankan apparel professionals and Chinese technicians, textile engineers, designers, quality and production specialists and skilled work force.

Intellectual

R&D and design centres; ERP, garment traceability and RFID-enabled production lines; vendor-managed inventory; and structured adoption of generative AI within an innovation focused culture.

Natural

- Cotton and synthetic fibres.
- RO and effluent-treatment plants.
- 10 MW solar programme.
- 15 TPH biomass boiler.
- 8 MW dedicated grid station.
- 10 MW captive power plant with waste-heat recovery.
- Regenagri cotton project supporting regenerative farming.

Social & Relationship

Long-standing relationships with customers, vendors, suppliers, lenders, regulators and investors, reinforced by compliance programmes, sustainability certifications.

INPUTS

Fibre

Natural

Cotton
Hemp
Linen
Banana
Wool

Regenerated

Viscose
Modal
Lyocell

Synthetic

Polyester
Acrylic



HOW WE CREATE VALUE

Yarn

Melange yarn
Open-end yarn



Yarn

Greige yarn
Spandex / elastane yarn
Draw texturised yarn



External yarn sales

Apparel
Hosiery
Home textiles
Terry towels



Company Profile

Masood Textile Mills Limited is a public limited company incorporated in Pakistan on 3 October 1984 under the Companies Act, 1913, and is now governed by the Companies Act, 2017. The Company has been listed on Pakistan Stock Exchange Limited since 20 July 1988 and was reclassified from the Textile Composite sector to the Apparel sector with effect from 6 July 2026, reflecting its focus on value-added garment manufacturing.

The Company is principally engaged in the manufacture and sale of cotton and synthetic fibre yarn, knitted and dyed fabrics, and garments. The Company's core business is the manufacture and export of high-quality garments for leading international apparel brands. Its vertically integrated operations encompass spinning, knitting, yarn and fabric dyeing, printing, embroidery, cutting, stitching, garment processing and finishing.

The Company has no holding company or subsidiary undertakings. Shanghai Challenge Textile Company Limited is an associated company.



Product Portfolio







Global Market Reach



AMERICAS

Argentina
Canada
Chile
Mexico
Panama
Peru
United States
Uruguay

EUROPE

Belgium
Croatia
Denmark
France
Germany
Italy
Netherlands
Poland
Russia
Spain
Türkiye
United Kingdom

ASIA-PACIFIC

Australia
Bangladesh
Cambodia
China
Hong Kong SAR
Indonesia
Japan
Malaysia
Singapore
South Korea
Sri Lanka
Taiwan
Vietnam

MIDDLE EAST & AFRICA

Jordan
Kenya
Mauritius
South Africa
United Arab Emirates

International Offices

Amsterdam · Barcelona · Dallas / Plano · New York · Los Angeles · Ohio · Hong Kong SAR · Humen

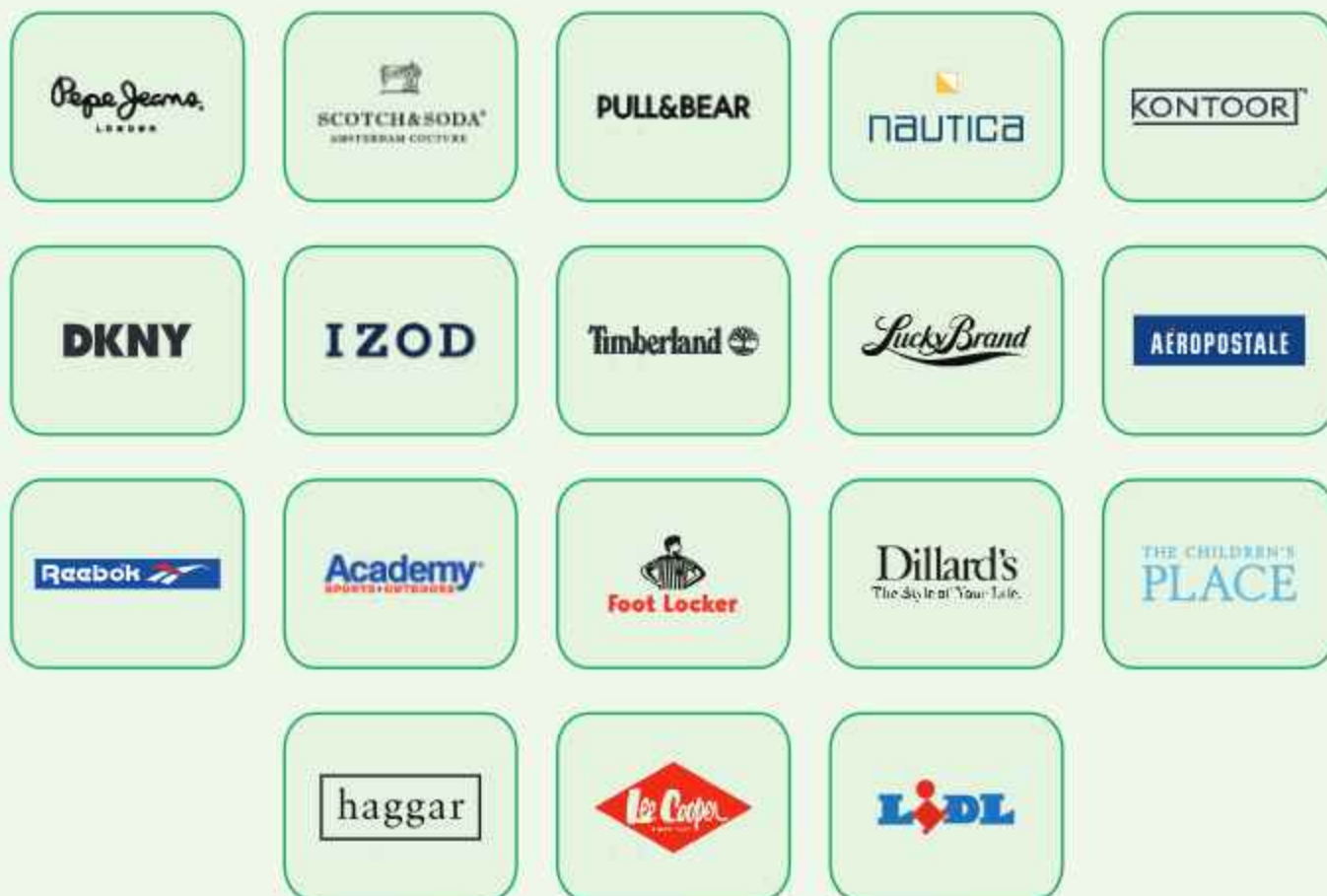
Our Customers

Our customer relationships are founded on consistent quality, responsible manufacturing, product innovation and dependable execution across long-term apparel programmes.

Anchor Relationship



Breadth of the Roster



The portfolio spans leading global brands, department stores, specialty retailers and value-focused retail channels.

Vision

- A leading producer of textile products by providing the highest quality of products and services to its customers.
- To strive for excellence through commitment, integrity, honesty and teamwork.
- A Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop an extremely motivated and professional trained work force which would drive growth through innovation and renovation.
- Sustained growth in earnings in real terms.

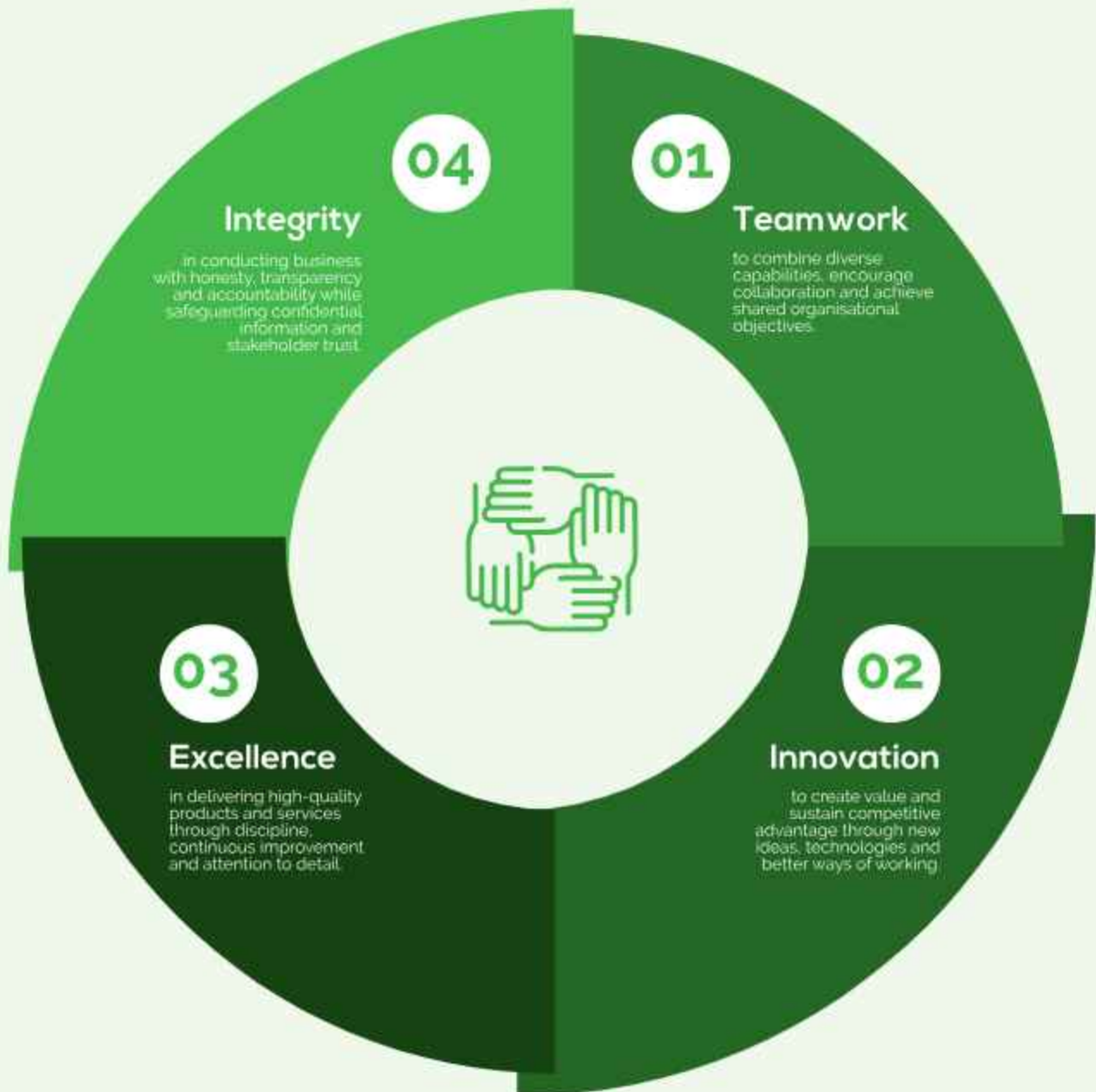


Mission

To be dynamic, profitable and growth-oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, a secure and friendly environment place of work to its employees and to project Pakistan's image in international markets.

Core Values

Masood Textile Mills Limited's Core Values define the culture and standards that guide conduct across the organisation. They provide a foundation for decision-making and guide actions in everyday situations.



Code of Conduct



Equal Opportunity and Respect

- We shall treat every person with dignity and provide equal opportunity without unlawful discrimination.
- We shall not tolerate harassment, intimidation, victimisation or retaliation.



Compliance with Laws and Policies

- We shall comply with applicable laws, regulations and approved Company policies.
- We shall conduct our duties honestly and seek guidance whenever requirements are unclear.



Responsible Exercise of Authority

- We shall use delegated authority fairly, objectively and only for legitimate Company purposes.
- We shall not misuse position, influence, information or resources for personal advantage.



Protection of Assets and Information

- We shall safeguard plant, machinery, inventory, funds, intellectual property and Company records.
- We shall protect confidential customer, employee and business information from unauthorised use or disclosure.



Reporting Misconduct

- We shall report any unethical behaviour, violation of laws, rules, regulations, Company policies and procedures or Code of Conduct through approved internal channels.
- Concerns shall be raised in good faith and handled with appropriate confidentiality and protection from retaliation.



Integrity & Reputation

- We shall act honestly and responsibly in every business relationship.
- We shall protect product quality, customer trust and the reputation of the Company through our conduct and decisions.



Ethical Business Dealings

- We shall deal fairly and transparently with customers, suppliers, contractors and agents.
- We shall not offer, request or accept bribes, facilitation payments, improper benefits or other inducements.



Conflicts of Interest

- We shall avoid interests or relationships that conflict, or appear to conflict, with our duties.
- We shall promptly disclose any actual or potential conflict through the appropriate internal process.



Health, Safety and Well-being

- We shall maintain safe workplaces, follow approved procedures and use required protective equipment.
- We shall report hazards, unsafe practices and incidents promptly, including those involving machinery or chemicals.



Human and Labour Rights

- We shall respect dignity, lawful freedom of association and other applicable labour rights.
- We shall prohibit forced labour, child labour, harassment and unlawful discrimination in our operations.



Environmental Responsibility

- We shall use energy, water and materials responsibly and work to prevent pollution.
- We shall manage chemicals, emissions, effluent and waste in accordance with applicable requirements and approved procedures.



Contribution to Society

- We shall create value through responsible employment, skills development and community engagement.
- Social initiatives shall be ethical, transparent and aligned with legitimate community needs and the Company's priorities.

Policy Statement

on Ethics & Business Practices

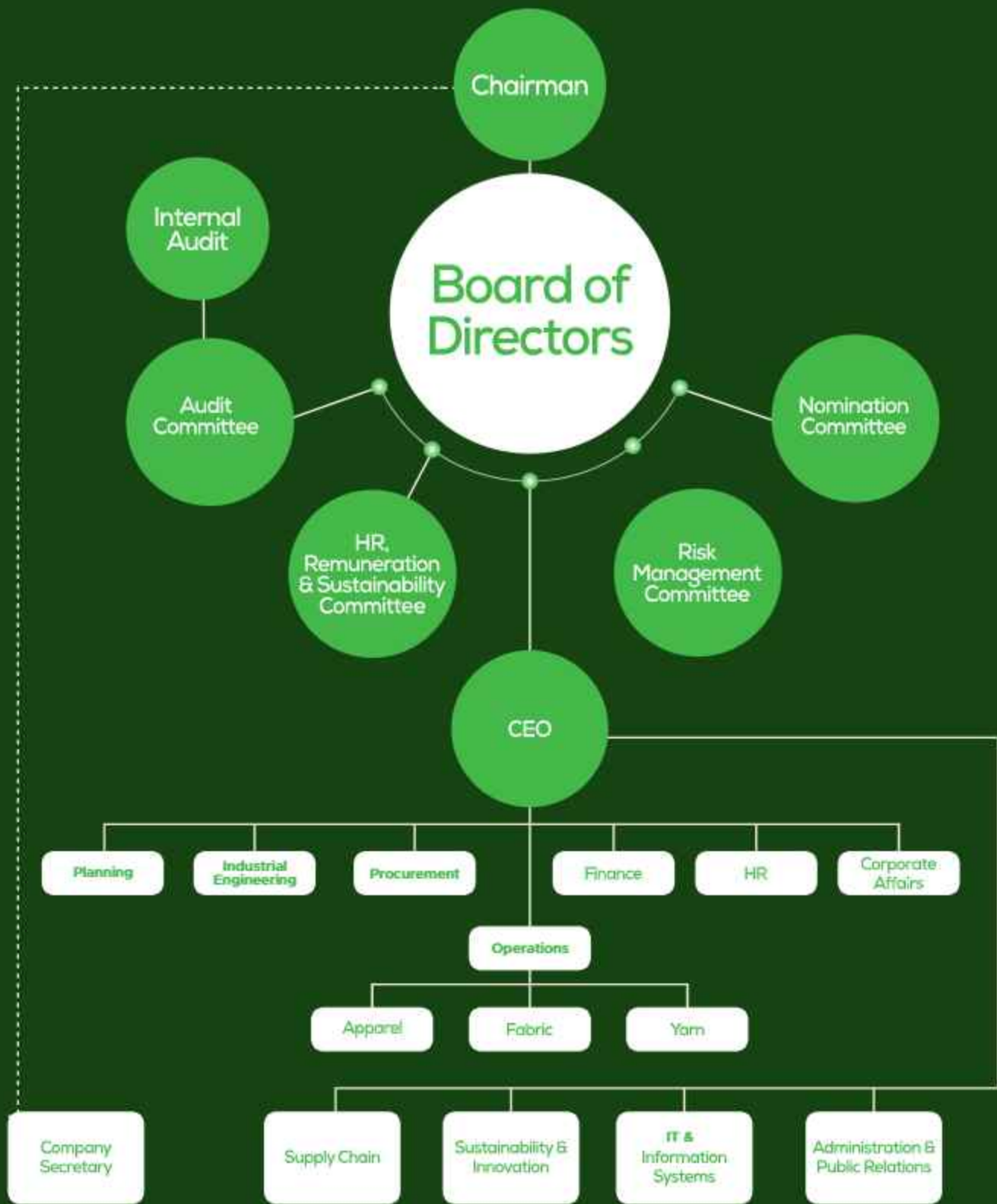
It is the policy of Masood Textile Mills Limited to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly; that is, to be honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices.

The Company's reputation and its actions as a legal entity depend on the conduct of its Directors and employees. Each one of us must endeavour to act according to the highest ethical standards and to be aware of and abide by applicable laws.

We all must ensure that our personal conduct is above reproach and complies with the highest standards of conduct and business ethics and have the obligation to ensure that the conduct of those who work around us complies with these Standards. The Company's Code of Business Ethics and Standards of Conduct will be enforced at all levels fairly and without prejudice.

This code to which the Company is committed in maintaining the highest standards of conduct and ethical behavior is obligatory, both morally as well as legally and is equally applicable to all the Directors and employees of the Company who all have been provided with a personal copy.

Organizational Structure



Competitive Landscape and Market Positioning



Potential of New Entrants into the Industry

Entry into basic cut-make-trim production is feasible, but competing for major international programmes requires substantial fixed and working capital, integrated capabilities, buyer approvals, compliance, traceability and dependable delivery. Long qualification cycles and scale requirements create meaningful barriers, although capacity additions in competing sourcing countries prevent this force from being low.



Power of Suppliers

The Company's in-house spinning, knitting, fabric processing, cutting, printing, embroidery, garments processing and stitching operations reduce dependence on third-party conversion. Supplier power is lower across internal stages but remains material for cotton, polyester, specialised fibres and yarns, dyes and chemicals, energy, machinery, imported spare parts and imported accessories from nominated suppliers. Multi-sourcing, inventory planning and approved alternatives remain the principal mitigants.



Competition in the Industry

Rivalry is intense across Pakistan and competing sourcing hubs. Vendors compete on total landed cost, speed, quality, compliance, innovation, capacity and execution - not price alone. The Company's vertical integration, broad knit-apparel range, design capability and traceability support its position; continual productivity, cost and service improvement remains essential.



Threat of Substitute Products

Substitution risk arises as brands and consumers move from conventional cut-and-sew knitted apparel towards woven, seamless or bonded garments, or towards resale, repair, rental and longer-life products that reduce demand for new production. The Company's category breadth provides partial protection; sustained resilience requires circular design, advanced and recyclable materials, digital product development and adaptable manufacturing capabilities.



Power of Customers

Large international brands and retailers retain substantial negotiating power because they can compare vendors globally, consolidate programmes and transfer cost pressure through pricing, compliance and delivery terms. The Company counters through approved-vendor relationships, predictable lead times, consistent quality, end-to-end traceability, product development and VMI/direct-to-store programmes, while continuing customer and geographic diversification.

Effect of Seasonality on Business

Masood Textile Mills Limited manufactures knitted apparel throughout the year, primarily for customers in the United States and Europe. Its product mix, production volumes and shipment schedules vary according to customers' retail seasons and changing consumer demand.

Production is planned in advance so that apparel reaches customers before the relevant selling season:

Spring and Summer

T-shirts, polos, tank tops, shorts, lightweight knits and activewear are generally produced from September to March.

Autumn and Winter

Long-sleeved tops, fleece garments, hoodies, sweatshirts and joggers are generally produced from March to September.

Back-to-school and holiday programmes

Underwear, basics, polos, T-shirts, sweatshirts, children's apparel and promotional garments are produced ahead of customer campaigns, with volumes adjusted according to confirmed orders and retailer

Event-linked programmes

Customer-authorized licensed and branded apparel associated with major international sporting calendars, including football tournaments and motorsport championships, is generally produced and shipped two to four months before the relevant event to support timely retail availability.

Exact production and delivery periods vary by customer, product and destination. Retailers also adjust their orders based on actual sales, consumer trends, weather conditions, inventory levels and purchasing power. Consequently, the Company's production volumes, capacity utilisation, product mix, inventories, shipments, receivables and working-capital requirements may fluctuate during the year.

The Company's diversified product portfolio and vertically integrated operations help balance seasonal demand, while advance planning and flexible capacity allocation support timely deliveries and efficient working-capital management.

Major Events During The Year

01

July

Commissioning of a 15 TPH biomass-fired steam boiler, reducing reliance on conventional fossil fuels

02

October

Board of Directors Meeting – approval of audited accounts FY 2025

41st Annual General Meeting – adoption of audited accounts FY 2025 and appointment of auditors

Board of Directors Meeting – approval of 1st quarter accounts for the period ended 30 September 2025

03

November

Corporate Briefing Session – annual audited accounts FY 2025

04

January

Winner of Top Exporter Award in Value-added Knitwear Export Sector

05

February

Board of Directors Meeting – approval of half yearly accounts for the period ended 31 December 2025

Agreement for additional 3.8 MW solar capacity.

06

April

Board of Directors Meeting – approval of 3rd quarter and 9 months accounts for the period ended 31 March 2026

07

June

Entity rating maintained at A / A2, outlook Stable – PACRA

History of Major Events

01

1984

incorporated as a public limited company under the Companies Act 1913.

Commenced operations as a spinning unit in Faisalabad.

02

1988

Listed on the Karachi Stock Exchange, establishing the Company's presence in Pakistan's public capital markets.

03

2005

Issued cumulative, non-voting preference shares valued at Rs. 600 million to finance working-capital requirements and capital expenditure.

04

2011

Recognised by the President of Pakistan for Best Export and Best Hosiery, awarded across 2010 and 2011, reflecting the Company's standing among the country's leading knitwear exporters.

05

2012

Diversified revenue streams by expanding fabric exports across Sri Lanka, Vietnam, Indonesia, Jordan, Kenya and Russia, generating incremental foreign-currency receipts.

06

2014

Strategic partnership established with Shanghai Challenge Textile Co. Ltd.; with Zhejiang Xiniao, Chinese shareholding reached 37.09% in aggregate, anchoring the transition to a fully vertically integrated apparel exporter.

07

2017

Advanced into value-added fashion through strategic investments in melange spinning, fibre dyeing, printing, embroidery and garment processing.

08

2018

First entity credit rating assigned by VIS Credit Rating Company at A- / A-2 with a Stable outlook – independent external validation of the Company's credit profile.

09

2020

Debut privately placed Shariah Compliant Sukuk of Rs. 2,500 million on a five-year tenor, diversifying long-term funding beyond bank credit.

10

2024

Entity rating maintained at A / A2. Second privately placed Shariah Compliant Sukuk of Rs.2,000 million issued in September on a five-year tenor.

11

2025

Approved a 10 MW solar energy programme and entered into an agreement to install 6.2 MW of solar capacity.

Launched a responsible AI adoption programme, supported by employee training and governance protocols.

12

2026

Entity rating maintained at A / A2 with a Stable outlook by PACRA.

In July 2026, Pakistan Stock Exchange reclassified MSOT from the "Textile Composite" sector to the "Apparel" sector, better reflecting the Company's principal business activities.

STRENGTHS

- End-to-end in-house integration from fibre to apparel **reduces** reliance on third-party conversion **and offers customers shorter order lead times**
- Established customer base comprising globally recognised apparel brands
- Apparel-led product development and specialised manufacturing capabilities
- Skilled workforce and experienced technical management
- Compliance, traceability and responsible manufacturing systems
- Growing in-house and renewable-energy capacity supports operating resilience
- **Availability of good quality local cotton at cheaper rate**
- **Access to certified regenagri cotton due to collaboration with implementation partner**

WEAKNESSES

- Capital structure and finance-cost exposure constrain investment flexibility
- Extended cash conversion cycle increases working-capital funding requirements
- Labour-intensive production limits scalability and automation benefits
- High energy requirements increase costs and environmental-management demands
- Dependence on imported raw materials and spare parts
- Operational complexity across an integrated manufacturing footprint

OPPORTUNITIES

- Increase the value-added and design-led apparel mix
- Expand customers, export markets and product categories
- Invest in AI-enabled planning, quality and predictive technologies
- Accelerate automation, analytics and digital production management
- Scale renewable energy and resource efficiency programmes
- Develop circular, recycled and traceable material propositions

THREATS

- Global shipping and supply-chain disruptions
- Exposure to U.S. tariff changes
- Price and lead-time competition from regional producers
- Rising cost of doing business, including energy, finance and compliance costs
- Inconsistent government policies affect apparel-sector investment and export planning
- Interest-rate and exchange-rate volatility
- Climate, water and cotton-supply disruption
- Rising sustainability and customer-compliance expectations



02

Governance

Board oversight, governance
and regulatory compliance

Chairman's Review Report	30
Profile of Board of Directors	31
Corporate Governance	33
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	39
Independent Auditor's Review Report on the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	42
Shariah Advisor's Compliance Report	44
Statement of Compliance with the Sukuk (Privately Placed) Regulations, 2017 and Shariah Governance Regulations, 2023	45
Independent Auditors' Assurance Report on Statement of Compliance with Sukuk (Privately Placed) Regulations 2017 and Shariah Governance Regulations, 2023	46

CHAIRMAN'S REVIEW REPORT

Dear Shareholders

It is my privilege to present the Chairman's Review on the overall performance of the Board and the effectiveness of the role played by the Board in achieving the Company's objectives for the financial year ended 30 June 2026. The financial year was marked by a challenging and evolving business environment, characterized by changing global market conditions, cost pressures, competitive dynamics and continued uncertainty in international trade. Despite these challenges, the Company remained focused on operational discipline, customer relationships, value addition and sustainable growth, while continuing to strengthen its position in the export-oriented textile and apparel market.

The Board provided effective oversight and strategic direction throughout the year, supporting management in enhancing productivity, improving cost structures, maintaining operational resilience and responding to changing market conditions. Greater emphasis was placed on prudent resource utilization, process improvement, energy efficiency, product quality and responsiveness to changing customer requirements. The Board and its committees regularly monitored the Company's performance, financial position, principal risks, internal controls and compliance framework and provided appropriate guidance to management. These measures contributed to the Company's continued focus on operational efficiency, sustainable growth and long-term value creation.

On behalf of the Board of Directors, I would like to acknowledge the dedication and commitment of our employees and management team and express our appreciation to our customers, suppliers, financial institutions, business partners and shareholders for their continued confidence and support. The Board remains committed to sustainable growth and long-term value creation for all stakeholders.

FAISALABAD
30th September, 2026


Chairman

Profile of Board of Directors

Mr. Shahid Nazir Ahmad

Mr. Shahid Nazir Ahmad is an MBA from London and has over 38 years of experience in the textile sector including spinning, knitting, dyeing, finishing and garments. Mr. Shahid Nazir was not only the CEO of Masood Textile Mills Limited but also the main driving force along with professional experience behind the growth of the Company from a spinning unit to one of the largest vertically integrated business in Pakistan. He has extensive experience in production, IT, marketing and administration.

The business group is one of the leading and most diversified in the Textile Sector. With a keen interest in continuous innovation, Mr. Shahid Nazir's contribution has been pivotal in leading the Research & Development team at Masood Textile Mills Limited. His contribution toward the Board is a great achievement and is highly valued.

Mr. Naseer Ahmad Shah

Mr. Naseer Ahmad Shah holds M.Sc (Computer science) degree and various certifications in the field of IT. Mr. Naseer Ahmad Shah was non-executive director in Masood Textile Mills Limited. Further he has more than 40-year professional experience. In order to bolster his skills, he attended the training session conducted by The Institute of Chartered Accountants of Pakistan and awarded by the certification of Director Training Program. His contribution to the Board is of great improvement and is highly valued.

His vast experience and in-depth knowledge of the IT Sector is highly beneficial for Board Level. Mr. Naseer Ahmad Shah has excellent skills in implementing strategic plans and programs of the organization in research and development of organization.

Mr. Shibin Yang

Mr. Shibin Yang is Chinese national. He is executive member of the board of Shanghai Challenge Textile Company Limited. He is post graduate and currently serving Shanghai Challenge Textile Company Limited. Mr. Shibin Yang has 36 years' experience in textile industry as senior executive. He had been employed with Ministry of Textile; China National Textile Council; State Bureau of textile Industry, China National Textile and Apparel Council and other companies.

He has exceptional proficiency in development of strategies and policies for global marketing and production processes in the spinning segment of textile industry which is a life blood for effectual running of the company and success in global markets. He is Nominee board member of our associated company Shanghai Challenge Textile Company Limited.

Ms. Chen Yan

Ms. Chen Yan is Chinese national. She works at higher managerial position of textile companies. She holds bachelor degree and has vast 28 years' experience in textile industry as senior executive. She served as Executive of sales and Marketing in Shanghai Jiale Corp Ltd from 1998 to 2004. Ms. Chen Yan was selected non-executive director and has a great experience in directorship in Masood Textile Mills Limited as well. She has excellent skills in implementing strategic plans and programs of the organization in order to maximize the value of entity. She devises and executes the highest-level strategies for directing overall growth and operational aspects of a company. She is Nominee board member of our associated company Shanghai Challenge Textile Company Limited.

Mr. Shoaib Ahmad Khan

Mr. Shoaib Ahmad Khan holds degree of MBA from Adamson University-Manila, Philippines and Bachelor of Science from Punjab University. He further holds DAIBP from Institute of Bankers, Pakistan and certificate course on Islamic Banking from Institute of Islamic Banking & Finance, Pakistan. He has more than 27 years working experience at executive level in various companies. He is Nominated board member by National Investment Trust Limited (NIT).

Mr. Shahid Iqbal

Mr. Shahid Iqbal holds Graduation degree from University of the Punjab Lahore. He has more than 29 years experience in finance, sales and marketing of textile sector and beverage industry. He has also served as a member of the Board of Directors of the Masood Textile Mills for 7 years. Experience of directorship of listed company is provided more advantage. He is a member of Pakistan Institute of Corporate Governance.

He has extensive experience in coordinating with IT teams for the development and implementation of MIS solutions, particularly in supply chain management, export order and cost management, and other critical business processes. He has attended various seminars/workshops and also represented the firm/group on various forums within the country.

Malik Shahid Mehmood

Malik Shahid Mehmood is a graduate of the University of the Punjab and an accomplished finance and marketing professional with 30 years of experience in the textile and real estate industries, specializing in financial management, sales, marketing, and strategic planning. Skilled in budgeting, forecasting, cost management, and supply chain optimization, with a proven track record of driving operational efficiency and coordinating cross-functional teams. Experienced in implementing Management Information Systems (MIS) to enhance supply chain management and cost control, as well as managing government incentives and ensuring compliance. Established strong industry relationships and engaged with key organizations such as APTMA, PTEA, and PHMA.

He is an esteemed member of the Pakistan Institute of Corporate Governance. With a strong capacity for swiftly adapting to new environments, he is known for his resilience in overcoming challenges. His leadership approach emphasizes collaboration, fostering positive relationships with colleagues and team members, and providing guidance and expertise when necessary. Additionally, his exceptional communication skills enable him to establish strong rapport with clients, ensuring a professional yet approachable environment.

Corporate Governance

ROLES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The Chairman of the Board and the Chief Executive Officer of the Company have well defined, separate but complementary roles in line with the Companies Act 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

CHAIRMAN OF THE COMPANY'S BOARD

The Chairman is responsible for providing effective leadership to the Board, particularly during the Board and the stakeholders' meetings. He sets the agenda of the Board meetings and ensures that reasonable time is available for discussion on each agenda item. He ensures a conducive environment for overall effectiveness of the Board, and facilitates and encourages the contribution of executive, non-executive, and independent directors in carrying out the Board's business in line with the applicable laws, rules and regulations. At the start of the term of newly appointed directors, the Chairman informs them about their roles, responsibilities, duties and powers, to help them effectively discharge their duties and responsibilities.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for providing effective leadership to the management team and employees. He oversees the day-to-day operations and management of the Company's business and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company's operations, reputation, or financial standing. He ensures that operational plans and control systems are in place and regularly monitors actual performance against plans and takes remedial actions, where necessary.

OPERATIONS OF THE BOARD

The Board is responsible for setting strategic objectives, overseeing the effective management and control of the Company, identifying significant business risks and ensuring that policies and mechanisms are in place to adequately manage those risks.

The Board has delegated certain responsibilities to its committees for review of relevant matters and making recommendations to the Board. All Committees operate in accordance with their respective terms of reference approved by the Board. During the year the Company had four

Committees of the Board, namely the Audit Committee; the Human Resource, Remuneration and Sustainability Committee; the Nomination Committee; and the Risk Management Committee.

Any agenda or matter that requires Board's approval is first presented to the relevant Committee which, after thorough deliberations, presents its recommendations to the Board for consideration and final decision.

The Board has delegated the authority to manage the day-to-day affairs of the Company to the Chief Executive Officer, in accordance with the Company's Articles of Association and applicable corporate laws.

However, the following matters of strategic, sensitive or extraordinary nature are reserved for the Board to ensure the highest level of oversight and control in line with good governance practices or as required under the relevant corporate laws, rules and regulations or where these exceed the thresholds set in the authority delegated to the management.

The frequency of meetings of the Board and its Committees, and the recording and circulating of minutes, complied with the requirements of the Act

and the Regulations. The number of meetings held during the year and the attendance of directors at those meetings are given in the Directors' Report.

MATTERS RESERVED FOR THE BOARD

- a. All matters listed in Section 183 of the Companies Act 2017, the responsibilities of the Board set out in Regulation 10 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other provisions of the applicable laws, rules and regulations.
- b. Appointment and removal of:
 - i. Members of the Board and its Committees including the Chairman
 - ii. CFO, Head of Internal Audit and Company Secretary
 - iii. Senior Management Staff reporting directly to the Chief Executive Officer
 - iv. Statutory auditors, for recommendation to the members in general meeting
- c. Directors' remuneration.
- d. Annual review of the performance of the Board, Committees and Individual Directors.
- e. Approval of quarterly and annual financial statements, recommendation of dividends on ordinary and preference shares, and significant change in accounting policies or practices.
- f. Strategy and direction, financial controls, legal and regulatory compliance, risk management, related party transactions, the Company's significant policies, changes to the Company's capital structure including issue, diversification projects, balancing, modernisation and replacement of plant, major capital expenditures.
- g. Approval of, and material change to, the Company's financing arrangements – long term financing, syndicated term finance, diminishing musharaka and Sukuk issues, and to borrow moneys otherwise than on debentures.
- h. Delegation of authority to the Management

CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Naseer Ahmad Shah, Chairman of the Company's Board, is a non-executive director. He does not serve as a director on the board of any other company, and accordingly has no significant commitments outside the Company. Details of his shareholding in the Company are provided in the Pattern of Shareholding in this Annual Report.

The Chairman continues to effectively discharge his responsibilities as Chairman of the Company.

EXTERNAL SEARCH CONSULTANCY AND ITS CONNECTION WITH THE COMPANY

No external search consultancy was used during the year for the selection and appointment of the Chairman, the Chief Executive Officer or any of the Directors on the Company's Board.

BOARD'S POLICY ON DIVERSITY

The Company has a diverse and balanced Board that provides a mix of professional expertise in leadership, finance, institutional investment, legal and regulatory affairs, and textile manufacturing and international apparel marketing disciplines. The collective experience of the Board members adequately covers all aspects of the Company's business undertakings.

The Board follows the diversity parameters set in the Listed Companies (Code of Corporate Governance) Regulations, 2019. Currently the Board comprises one executive and six non-executive directors, including two independent directors, whose independence strengthens the protection of minority shareholders' interests.

In compliance with the regulatory requirements, one female director serves on the Board.

Sr#	Name	Category
1	Malik Shahid Mahmood	Independent Director
2	Mr. Shahid Iqbal	Independent Director
3	Mr. Naseer Ahmad Shah	Non-executive Director (Chairman)
4	Mr. Shubin Yang	Non-executive Director
5	Mr. Shoaib Ahmad Khan	Non-executive Director
6	Mr. Shahid Nazir Ahmad	Executive Director
7	Ms. Chen Yan	Female Director

JUSTIFICATION FOR INDEPENDENCE

The Company has two independent directors on its Board. These directors meet the criteria of independence as prescribed in Section 166(2) of the Companies Act, 2017, and have been selected from the data bank of independent directors maintained under that section.

DIRECTORS' ORIENTATION AND TRAININGS

Six of the seven directors on the Company's Board were certified under SECP approved Directors'

Training Programs (DTPs) — Malik Shahid Mehmood, Mr. Shahid Iqbal, Mr. Naseer Ahmad Shah, Mr. Shabin Yang, Ms. Chen Yan and Mr. Shoaib Ahmad Khan. Mr. Shahid Nazir Ahmad is exempt from the Directors' Training Program pursuant to the proviso to Regulation 19(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, having a minimum of fourteen years of education and fifteen years of experience on the boards of listed companies.

From time to time, orientation sessions are carried out to apprise the Board Members about the latest changes in corporate regulatory and governance regime in the Country.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Board of Directors oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted four committees. These committees are entrusted with the task of ensuring speedy decisions relating to their respective domains. The terms of reference of each committee have been formed, documented and advised to the committee for compliance.

Audit Committee

ROLE

The primary role of the Audit Committee is to review of annual and interim financial statements of the company, prior to their approval by the Board. Moreover, it provides oversight of the financial reporting process, the audit process, the system of internal controls, compliance with applicable laws, rules and regulations, and risk management of the Company.

COMPOSITION

The Committee comprises three members, including one non-executive director and two independent directors. The Committee is chaired by an independent director who is not the Chairman of the Board.

Sr#	Member	Designation
1	Malik Shahid Mehmood	Chairman (Independent Director)
2	Mr. Naseer Ahmad Shah	Member (Non-executive Director)
3	Mr. Shahid Iqbal	Member (Independent Director)

Human Resource, Remuneration and Sustainability Committee

ROLE

The major role of the Committee is to review HR related matters of the Company and its sustainability agenda and present its recommendation to the Board for consideration and approval.

COMPOSITION

The Committee comprises three members comprising a majority of non-executive directors and is chaired by an independent director.

Sr#	Member	Designation
1	Mr. Shahid Iqbal	Chairman (Independent Director)
2	Mr. Shahid Nazir Ahmad	Member (Chief Executive Officer)
3	Malik Shahid Mehmood	Member (Independent Director)

Nomination Committee

ROLE

The role of the Nomination Committee is to consider and make recommendations to the Board in respect of the Board's committees and the chairmanship of the Board's committees and to keep the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

COMPOSITION

The Committee comprises three members and is chaired by the Chairman of the Board. Both independent directors are members.

Sr#	Member	Designation
1	Mr. Naseer Ahmad Shah	Chairman (Non-executive Director)
2	Malik Shahid Mehmood	Member (Independent Director)
3	Mr. Shahid Iqbal	Member (Independent Director)

Risk Management Committee

ROLE

The role of the Risk Management Committee is to carry out a review of effectiveness of risk management procedures and present a report to the Board. Moreover, it assists in monitoring and review

of all material controls and, amongst other things, it is responsible for ensuring the adequacy, robustness and effectiveness of risk management policies and processes.

COMPOSITION

The Committee comprises three members and is chaired by the Chief Executive Officer.

Sr#	Member	Designation
1	Mr. Shahid Nazir Ahmad	Chairman (Chief Executive Officer)
2	Mr. Naseer Ahmad Shah	Member (Non-executive Director)
3	Mr. Shahid Iqbal	Member (Independent Director)

PRESENCE OF THE CHAIRMAN AUDIT COMMITTEE IN AGM

The Chairman Audit Committee is present at each AGM to answer the questions pertaining to the Committee's activities during the year and other important matters which fall within the scope of the Audit Committee's mandate.

ANNUAL EVALUATION

Every year, the evaluation is conducted as part of the Annual Evaluation of the Board, Committees and Individual Directors.

INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDIT

In compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors has established an Internal Audit function, headed by the Head of Internal Audit, who directly reports to the Audit Committee of the Board.

The Internal Audit function is an independent assurance and consulting activity, designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The main objectives of the Company's Internal Control Framework include:

- Effectiveness and efficiency of the Company's operations;
- Reliability of internal and external reporting;

- Compliance with applicable laws, rules, regulations, policies and procedures; and
- Safeguarding of the Company's assets.

To achieve the objectives of the Internal Control Framework, the following internal control components are assessed and evaluated by the Company's Internal Audit Department:

- Control Environment:** The control environment sets the tone and influences the control consciousness of personnel. It is the foundation of all other components of internal control, providing discipline and structure.
- Risk Assessment:** The Management ensures adequate risk identification and analysis of the relevant risks to achieve the objectives of the Internal Control Framework.
- Control Activities:** These are the policies and procedures that help ensure that the Management directives are carried out effectively.
- Information and Communication:** Pertinent information must be identified, captured and communicated in a structured manner and within an appropriate timeframe to enable people to carry out their assigned responsibilities.
- Monitoring:** Internal control systems are monitored by the Internal Audit Department. This process assesses the quality and effectiveness of the Internal Control Framework in place.

In addition, Internal Audit undertakes special assignments as and when directed by the Audit Committee of the Board. Internal Audit plays a central role in highlighting weaknesses in the existing systems and processes and identifying the controls required to strengthen the overall control framework.

ACCESS OF HEAD OF INTERNAL AUDIT TO AUDIT COMMITTEE

The Head of Internal Audit has direct and unrestricted access to the Chairman and other Members of the Audit Committee to discuss any matter related to the Internal Audit function.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company conducts its business in a socially responsible and ethical manner and in compliance with applicable laws. The Company has established a

Code of Conduct which, inter alia, covers matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading, and accountability. Members of the Board and employees, upon joining and throughout their association with the Company, are required to read, acknowledge, and comply with the Code.

The Board has approved a Whistleblowing Policy under which employees may raise concerns regarding suspected serious misconduct or any breach, or suspected breach, of laws or regulations that may adversely impact the Company.

All complaints against employees are thoroughly investigated to determine the veracity of such complaints. Inquiry reports are shared with the relevant stakeholders, and where an employee is found guilty, strict disciplinary action is taken, including termination of employment with the Company.

An independent Internal Audit Department periodically reviews the conduct of the business activities across various departments and highlights areas for improvement, where required.

The Company follows ethical procurement practices to promote integrity, fairness, transparency, and accountability. These principles are reinforced through fair and competitive sourcing, segregation of duties, compliance monitoring, and periodic audits.

AWARENESS SESSION ON INSIDER TRADING

The Company arranges in-house sessions to create awareness about insider trading and related matters. Management employees from all levels participate in these sessions, where they are apprised of the key concepts relating to insider trading, applicable laws, the Company's responsibilities regarding the handling of material inside information and maintenance of the inside information register, and penalties for non-compliance.

Awareness material relating to insider trading, conflict of interest, and the Company's Code of Conduct forms an integral part of the orientation sessions arranged for new joiners to reinforce compliance and ethical conduct from the outset of their association with the Company.

WHISTLE-BLOWING POLICY

The Board has approved a Whistle-blowing Policy to provide a safe and secure environment for the reporting of improper or illegal activity and of possible violations of the Company's internal guidelines, regulations or Code of Conduct. The Policy sets out the manner in which such concerns are to be reported, reviewed and investigated, and the responsibilities of those charged with handling them. The Policy is available on the Company's website.

CONFLICT OF INTEREST

The matters relating to conflicts of interest of Board members are dealt with in accordance with the provisions of the Companies Act, 2017, and the Articles of Association of the Company. Any person intending to become a Director of the Company is required to submit a declaration confirming that he/she is aware of the powers and duties of a Director as envisaged in the Companies Act, 2017, and has read the Articles of Association of the Company. Further, the Company has a Code of Conduct that covers this area.

Interested directors and executives are required to disclose their interests and withdraw from discussions or decisions on any transaction in which they have an interest.

Similarly, the Company's directors and executives are required to disclose buying and selling of the Company shares, within the prescribed timeframe.

RELATED PARTY TRANSACTIONS

It is the policy of the Company that all transactions with related parties arising in the normal course of business shall be carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Adequate internal controls have been implemented to ensure that transactions with related parties are appropriately identified in the information system and disclosed in the financial statements.

The complete details of the transactions and balances with the related parties were placed before the Audit Committee for review each quarter, in compliance with the Companies Act 2017 and Regulation 15 of the Listed Companies (Code of

Corporate Governance) Regulations, 2019. After review by the Committee, the transactions were considered and approved by the Board keeping in view the recommendations made by the Committee. In compliance with the requirements contained in the Fourth Schedule of the Companies Act, 2017, detailed disclosure regarding related party transactions has been presented in the Financial Statements.

FACILITATION TO MINORITY SHAREHOLDERS TO ATTEND AGMS

Both the Company and shareholders have an important role to play in making AGMs and EOGMs effective and meaningful. The Company follows the legal requirements in letter and spirit to encourage the participation of minority shareholders in general meetings. The Company encourages shareholders to actively participate in the proceedings, express their views, and seek clarifications on matters placed before the meeting.

- Members and their proxies may attend and participate by video link using a smart phone, tablet or computer, on registration with the Company by the prescribed date; the login facility remains open from the start of the meeting till its proceedings are concluded.
- Members holding in aggregate not less than 10% of the total paid up share capital and residing in a city may demand the Company to provide the facility of video-link.
- A member entitled to attend and vote may appoint another member as proxy; the instrument of proxy is circulated with the notice.
- Shareholders whose shares are deposited with the Central Depository System are facilitated at the meeting on production of their Computerized National Identity Card along with their account number.
- Dividends are paid electronically to the designated bank accounts of the entitled shareholders, and members are reminded to keep their account and tax status particulars current with the Share Registrar.

Preference Shares carry no voting rights and Preference Shareholders are accordingly not entitled to attend general meetings of the ordinary shareholders.

INVESTORS' GRIEVANCES AND COMPLAINTS

The Company has a mechanism for handling shareholders' complaints and queries. Shareholders can lodge their complaints or queries through the Company's registered office, the Share Registrar, telephone, fax, email, or conventional mail, and executives of the Company are available during working days to assist them. Whatever the nature of the issue faced by a shareholder, it is promptly addressed directly by the Company or necessary instructions are issued to the Share Registrar to resolve and respond.

INVESTORS' RELATIONS SECTION AND COMPLETE ACCESSIBILITY OF ANNUAL REPORT ON THE COMPANY'S WEBSITE

The Company maintains a dedicated investor relations section on its website, www.masoodtextile.com, through which shareholders and prospective investors may access the Company's corporate and financial information.

The section carries the Company's contact details and those of the Share Registrar, CorpTec Associates (Private) Limited, Lahore, together with the particulars of the Company Secretary, to whom shareholder queries may be addressed.

The complete annual report for the year ended 30 June 2026 is available on the website, as are the annual reports of prior years and the quarterly accounts.

COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Company ensures compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Every year, the Statement of Compliance prepared by the Board of Directors is reviewed and verified by the statutory auditors of the Company. The Statement for the year 2025-26 (included in this Report) details the manner in which the Company has applied the requirements of the Regulations.

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company Masood Textile Mills Limited

Year Ending 30 June, 2026

The company has complied with the Requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

- a. Six (6) Male
- b. One (1) Female

2. The composition of board is as follows:

- | | | |
|----|------------------------|------------------------|
| 1) | Mallk Shahid Mehmood | Independent Director |
| 2) | Mr. Shahid Iqbal | Independent Director |
| 3) | Mr. Naseer Ahmad Shah | Non-executive Director |
| 4) | Mr. Shubin Yang | Non-executive Director |
| 5) | Mr. Shoaib Ahmad Khan | Non-executive Director |
| 6) | Mr. Shahid Nazir Ahmad | Executive Director |
| 7) | Ms. Chen Yan | Female Director |

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Following six Board members have already completed Directors' Training Program:

- Malik Shahid Mehmood
- Mr. Shahid Iqbal
- Mr. Naseer Ahmad Shah
- Mr. Shubin Yang
- Ms. Chen Yan
- Mr. Shoaib Ahmad Khan

Moreover, one Board member, Mr. Shahid Nazir Ahmad is exempted from Directors' Training Program complying with the criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies.

The Board has arranged Directors' Training Program for one Head of Department and one Female Executive during the year named as

- Mr. Waheed Aslam (Head of Internal Audit)
- Ms. Mehwish Hafeez (Female Executive)

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

- | | |
|---------------------------|------------|
| i) Malik Shahid Mehmood | (Chairman) |
| ii) Mr. Naseer Ahmad Shah | (Member) |
| iii) Mr. Shahid Iqbal | (Member) |

b) HR, Remuneration & Sustainability Committee

- | | |
|----------------------------|------------|
| i) Mr. Shahid Iqbal | (Chairman) |
| ii) Mr. Shahid Nazir Ahmad | (Member) |
| iii) Malik Shahid Mehmood | (Member) |

c) Nomination Committee

- | | |
|--------------------------|------------|
| i) Mr. Naseer Ahmad Shah | (Chairman) |
| ii) Malik Shahid Mehmood | (Member) |
| iii) Mr. Shahid Iqbal | (Member) |

d) Risk Management Committee

- | | |
|---------------------------|------------|
| i) Mr. Shahid Nazir Ahmad | (Chairman) |
| ii) Mr. Naseer Ahmad Shah | (Member) |
| iii) Mr. Shahid Iqbal | (Member) |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee:

Five meetings of Audit Committee were held during the financial year ended June 30, 2026.

b) HR, Remuneration & Sustainability Committee:

Two meeting of HR & Remuneration & Sustainability Committee were held during the financial year ended June 30, 2026.

c) Nomination Committee:

One meeting of Nomination Committee was held during the financial year ended June 30, 2026.

d) Risk Management Committee

One meeting of Risk Management Committee was held during the financial year ended June 30, 2026.

15. The board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief finance officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with, except for the independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.

Faisalabad
30th September, 2026



Director



Chairman

Independent Auditor's Review Report on **Statement of Compliance with Listed Companies**

(code of corporate governance) regulations 2019

To the members of Masood Textile Mills Limited

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Masood Textile Mills Limited (the Company) for the year ended 30 June 2026 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2026.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: **30 September 2026**

UDIN: **CR202610158GvFW3hnOq**

July 22, 2026



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Secured Privately Placed Sukuk of PKR 2,000 million (Sukuk) issued by Masood Textile Mills Limited (Company).

It is the core responsibility of Masood Textile Mills Limited (Company) to Manage the Sukuk in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the Sukuk. We express our opinion based on the review of the information, provided by the issuer, to an extent where compliance with the Shariah guidelines can be objectively verified.

Keeping in view the above; we certify that:

We have reviewed all the transactions, documents, procedures adopted by the issuer as well as the operational activities of the Sukuk which included the review of all transactions and source of earning. We have found them to be in compliance with the Shariah Guidelines.

On the basis of information provided by the company, all operations and affairs have been carried out in accordance with the rules and principles of Shariah for the sukuk year ended June 2026. The Sukuk is in compliance with the provided Shariah guidelines and there is no need to provide for any charity to purify the income. Therefore, it is resolved those investments in Secured Privately Placed Sukuk of PKR 2,000 million issued by Masood Textile Mills Limited is in accordance with Shariah principles as per the Shariah guidelines provided by the Shariah supervisory council.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited

Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bantukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited
Suite 807, 8th Floor, Horizon Towers, Corn 2/6, Khayaban-e-Saadi,
Block 03 Clifton, Karachi.
Tel: +92-21-35305931-37, Web: www.alhilal.ae

Statement of Compliance with the Sukuk (Privately Placed) Regulations 2017 and Shariah Governance Regulations, 2023

This statement is being presented to comply with the requirements under “Sukuk (Privately Placed) Regulations, 2017” (the Regulations) and Shariah Governance Regulations, 2023 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended 30 June 2026.

Masood Textile Mills Limited entered into an arrangement for issue of 2nd Sukuk amounting Rs. 2,000 Million by way of a Sukuk issue (inclusive of green shoe option of PKR 1,000 Million), on September 27, 2024 for a period of 5 years including a grace period of 09 months. We state that the company is in compliance with the sukuk Features and Shariah Requirements in accordance with the Regulations.

We specifically confirm that:

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shariah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shariah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company's compliance with the Sukuk Feature and Shariah Requirements are properly trained and systems are properly updated.

The Sukuk Feature and Shariah Requirements in accordance with issue of the Regulations comprises of the following:

- a. Requirements of Shariah Structure and Transaction Documents to issuance of Sukuk:
 - Musharka Agreements
 - Sukuk Issuance Agreement
 - Sukuk Subscription and Agency Agreement
 - Asset Purchase Agreement
 - Purchase Undertaking
 - Payment Agreement
 - Sale Undertaking
 - Collection arrangement Agreement
 - Security Documents
- b. Guideline of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
- c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
- d. Other compliance specified in the Regulations as issued by the SECP; and
- e. Payments were made on time and there was no delay.

The above Statement has been duly endorsed by the Board of Directors of the Company.

Faisalabad
30 September, 2026



Director



Director

Independent Auditor's Assurance Report on Statement of Compliance with the Sukuk (Privately Placed) Regulations 2017 and Shariah Governance Regulations 2023

To the Board of Directors of Masood Textile Mills Limited

On the Statement of Compliance with Privately Placed Sukuk Features and Shariah Requirements

1. Introduction

We were engaged by the Board of Directors (the Board) of Masood Textile Mills Limited (the Company) to express an opinion on the annexed Statement of Compliance (Statement) prepared by the management for the year ended 30 June 2026, with Sukuk (Privately Placed) Regulations, 2017 (the Regulations), Shariah Governance Regulations, 2023, having Shariah implications with Shariah principles for the year ended 30 June 2026.

2. Applicable Criteria

The criteria against which the subject matter information (the statement) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

Shariah principles and rules means requirements, standards, rulings or permissions, pertaining to Islamic financial services, derived from the following: -

- i) Legal and regulatory framework administered by the Commission;
- ii) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by Commission;
- iii) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- iv) Guidance and recommendations of the Shariah advisory committee, as notified by Commission; and
- v) Approvals, rulings or pronouncements of the Shariah supervisory board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above.

3. Company's Responsibilities for Shariah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shariah Requirements as specified above. The Company's Board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management system as the management determines is necessary to mitigate the risk of non-compliance of Sukuk Features and Shariah requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk Features and Shariah Requirements are properly trained and systems are properly updated.

4. Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firm applies International Standard on Quality Management 1 "Quality Management for firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our Responsibilities and Summary of the Work Performed

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in the form of independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3000 (revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with (criteria specified in para 2 above), in all material respects.

The procedures selected depend on our professional judgement including the assessment of the risk of the Company's non-compliance with the Sukuk Features and Shariah Requirements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to ensure compliance with Sukuk Features and Shariah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with (criteria specified in para 2 above).

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk Features and Shariah Requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shariah Requirement will be met.

The procedures performed included;

- Evaluation of the systems, procedures and practices in place with respect to compliance of Sukuk related transactions against the Features and Shariah Requirements;
- Verification that payments were made on time and there was no delay;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the annexed statement prepared by management, for the year ended 30 June 2026, are in compliance with Shariah principles (criteria specified in para 2 above), in all material respects.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 30 September 2026



Directors' Report

Review of the Company's performance
by the Board of Directors

Directors' Report to the Members

52

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to present their Report along with the Audited Financial Statements of the Company for the year ended 30 June 2026, together with the Auditor's Report thereon. This report has been prepared in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Economy Overview

The global economic environment remained uncertain during FY2026. Evolving United States tariff policy and the continuing Russia-Ukraine conflict affected international trade, while developments in the Middle East in the latter part of the year disrupted shipping through the Strait of Hormuz and led to higher energy, freight and insurance costs. Global growth moderated and inflation edged up, although the IMF, in its July 2026 World Economic Outlook Update, expects global inflation to ease in 2027, supporting a gradual improvement in conditions.

Pakistan's economy continued to build on the stability achieved in recent years, with provisional real GDP growth improving to 3.7% from 3.2% in the previous year. Workers' remittances reached a record level and the State Bank of Pakistan's foreign exchange reserves strengthened, although higher imports moved the current account into a modest deficit.

Inflationary pressures re-emerged in the second half of the year as higher energy prices passed through to consumer prices, raising average inflation to 7.1% from 4.5% in the previous year. Having reduced the policy rate to 10.5% in December 2025, the State Bank of Pakistan raised it to 11.5% in April 2026 to contain inflation, and has maintained it at that level since.

Apparel Industry Overview - Knitwear Segment

Pakistan's knitwear exports declined during FY2026, to around USD 5 billion, with both value and quantity below the previous year and shipments easing towards the year end. Knitwear is the country's largest single textile export category, contributing more than a quarter of the sector's export earnings. Ready-made garments, by contrast, recorded growth, suggesting that the slowdown was concentrated in knitted products rather than across apparel as a whole.

Operating conditions were demanding. Higher energy and freight costs linked to developments in the Middle East increased the cost of production and delivery. Domestic cotton production, a key raw material for knitted fabrics, was broadly unchanged from the previous year, and the industry continued to draw on imported cotton to supplement local supply.

Financial and Operational Performance

Sales for the year declined by 15.8% to Rs. 49,841 million (2025: Rs. 59,202 million), reflecting the decline in Pakistan's knitwear exports. Disciplined cost management strengthened profitability despite the lower sales. Gross margin improved to 16.6% (2025: 15.2%), and profit from operations before other income rose to 8.3% of sales (2025: 7.3%).

Other income declined to Rs. 189 million (2025: Rs. 561 million), mainly due to lower exchange gains as the rupee strengthened against the US dollar. Finance cost fell by 22.4% to Rs. 2,994 million, supported by disciplined working capital management, an optimized borrowing mix and lower average borrowing rates, including the reduced export refinance rate. Consequently, profit before levy and taxation increased by 28.9% to Rs. 1,310 million and, after a levy of Rs. 614 million, profit before taxation rose by 76.8% to Rs. 696 million.

Profit after taxation increased by 516.3% to Rs. 809 million (2025: Rs. 131 million). Basic earnings per share increased more than ninefold to Rs. 11.46 (2025: Rs. 1.20), and diluted earnings per share to Rs. 10.86 (2025: Rs. 1.11).

During the year, the Company carried out a revaluation of its land and buildings based on valuations conducted by an independent valuer. The revaluation resulted in a gross surplus of Rs. 6,908 million, which has been recognized in equity in accordance with the applicable financial reporting framework. Further details of the revaluation are disclosed in Note 6 to the financial statements. The comparative financial results of the Company are reproduced hereunder:

Financial Highlights

Description	2026 (RUPEES IN THOUSAND)	2025
REVENUE	49,840,841	59,201,769
COST OF SALES	(41,571,624)	(50,181,120)
GROSS PROFIT	8,269,217	9,020,649
DISTRIBUTION COST	(2,865,623)	(3,467,922)
ADMINISTRATIVE EXPENSES	(1,198,795)	(1,195,895)
OTHER EXPENSES	(89,566)	(42,952)
OTHER INCOME	188,743	560,727
PROFIT FROM OPERATIONS	4,303,976	4,874,607
FINANCE COST	(2,994,105)	(3,858,226)
PROFIT BEFORE LEVY AND TAXATION	1,309,871	1,016,381
LEVY	(614,311)	(623,040)
PROFIT BEFORE TAXATION	695,560	393,341
TAXATION	113,511	(262,062)
PROFIT AFTER TAXATION	809,071	131,279
EARNINGS PER SHARE – BASIC (RUPEES)	11.46	1.20
EARNINGS PER SHARE – DILUTED (RUPEES)	10.86	1.11

Dividend – Preference and Ordinary Shares

The Company had issued 60.0 million Preference Shares of the value of Rupees 600.0 million, redemption of these preference shares after the expiry of their maturity is at the option of the Company. Preference dividend is payable on the basis of the average six months KIBOR+200 bps per annum. The Board of Directors of the Company has proposed preference dividend on the outstanding preference shares to the preference shareholders of the Company for the year ended 30 June 2026 of Rupees 1.29 per share.

Considering the financial performance and position of the Company, the Board of Directors has recommended a final cash dividend of Rs. 1.00 per ordinary share 10% for the year ended 30 June 2026, subject to approval of the shareholders at the forthcoming Annual General Meeting.

Corporate Governance

The board of directors and management are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the PSX Regulations. The company remains committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. Your Company remains committed to monitoring its operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

In compliance with corporate laws, the Board Members / Directors are pleased to confirm the following:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the company's ability to continue as going concern.
- g) Statement of pattern of Shareholding has been included as part of this annual report.

Key Operating and Financial Data

The key operating and financial data for the last six years is given in this report.

Composition of the Board

In line with the requirements of the Code of Corporate Governance, the company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The composition of the Board is as follows:

06
Male ♂

01
Female ♀

02 Independent Directors
04 Non-Executive Directors
01 Executive Director

Board of Directors Meetings

Four meetings of the Board of Directors were held during the financial year, with the following attendance:

Sr.#	Name of Directors	Designation	No. of Meetings Attended
1	Mr. Naseer Ahmad Shah	Chairman	4
2	Mr. Shahid Nazir Ahmad	Chief Executive Officer	3
3	Malik Shahid Mehmood	Independent Director	4
4	Mr. Shahid Iqbal	Independent Director	4
5	Mr. Shoaib Ahmad Khan (Nominee – NIT)	Director	4
6	Ms. Chen Yan (Nominee – Shanghai Challenge Tex. Co. Ltd.)	Director	2
7	Mr. Shibin Yang (Nominee – Shanghai Challenge Tex. Co. Ltd.)	Director	4

Board Committees Meetings and Attendance

The composition of the Board committees and attendance of their respective members during the year were as follows:

Name of Director	Audit Committee Meetings-5	HR and Remuneration Committee & Sustainability Meetings-2	Nomination Committee Meetings-1	Risk Management Committee Meetings-1
Malik Shahid Mehmood	5	2	1	NA
Mr. Naseer Ahmad Shah	5	NA	1	1
Mr. Shahid Iqbal	5	2	1	1
Mr. Shahid Nazir Ahmad	NA	2	NA	1

Composition of Committees

Audit Committee	HR & R / Sustainability Committee
Malik Shahid Mehmood (Chairman)	Mr. Shahid Iqbal (Chairman)
Mr. Naseer Ahmad Shah (Member)	Mr. Shahid Nazir Ahmad (Member)
Mr. Shahid Iqbal (Member)	Malik Shahid Mehmood (Member)

Nomination Committee	Risk Management Committee
Mr. Naseer Ahmad Shah (Chairman)	Mr. Shahid Nazir Ahmad (Chairman)
Malik Shahid Mehmood (Member)	Mr. Naseer Ahmad Shah (Member)
Mr. Shahid Iqbal (Member)	Mr. Shahid Iqbal (Member)

The Board is responsible for making decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating such matter according to the established criteria, assessing risks and giving such matters due consideration. The Board is also responsible for supervising and monitoring the conduct of duties.

Pattern of Shareholding

The Pattern of Shareholding of the Company as at 30 June 2026, is annexed to and forms an integral part of this Annual Report.

Directors' Remuneration

The remuneration paid to the Directors during the year ended June 30, 2026 is disclosed in Note 44 to the financial statements, which forms part of the Annual Report.

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

The Company has not paid any remuneration to its Non-Executive Directors except meeting fees for attending the Board and its committee meetings.

The remuneration of directors and meeting fees have been determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidates and talent on the Board.

A Director is provided or reimbursed for all traveling, boarding, lodging and other expenses incurred for attending meetings of the Board and its committees.

Adequacy of Internal and Financial Controls

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

- a) Effective and efficient conduct of operations
- b) Safeguarding company assets
- c) Compliance with applicable Laws and Regulations
- d) Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statements in its meetings.

External Auditors

The present Auditors M/s Riaz Ahmad & Company, Chartered Accountants retire and, being eligible, offer themselves for re-appointment. They have confirmed achieving satisfactory QCR rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), as adopted by ICAP. The Board of Directors, on recommendation of Audit committee, has recommended their re-appointment as auditors of the company for the year ending 30 June 2027, at a fee to be mutually agreed.

Gender Pay Gap

The Company makes an internal analysis to check whether gender pay parity is aligned based on cadres, levels and comparable positions. Required adjustments are made to ensure that women are paid on average the same as men in the same cadres.

Furthermore, the Company believes that there is no significant disparity between what women and men are paid at comparable cadres and levels.

Anti-Harassment

The Company prohibits discrimination, harassment and bullying, violence, discriminatory differentiation based on sex, physical ability, sexual orientation, nationality, gender identity, race, religion, age, industry background, cultural and ethical beliefs or caste. The Company absolutely prohibits any type of discrimination, violence, threat of violence, intimidation or conduct tending to it in any of the lines of work.

Health, Safety, Environment and CSR

Employees' Health, Safety and Environmental protection are our core values and the Company regularly takes initiatives towards the improvement of environment and well-being of society. We carry out regular health and safety awareness programmes. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities. A dedicated clinic/dispensary is managed by the qualified team where 24/7 emergency services are provided. We also ensure the compliance of our production facility with all the environmental standards.

CSR is strategic, building long-term relationships with neighboring communities and stakeholders. Relationships that are mutually beneficial enhance corporate reputation and respect for the Company's business and products, and provide a sustainable competitive advantage.

Board's Statement on Strategic Objectives for ESG and Sustainability Reporting

The Company recognises Environmental, Social and Governance ("ESG") considerations and sustainability as important components of responsible corporate governance, long-term business resilience and sustainable value creation. In accordance with Regulation 10A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board is responsible for the governance and oversight of sustainability risks and opportunities and has incorporated relevant ESG considerations into the Company's strategic priorities and decision-making.

The Board continues to monitor and assess principal and emerging sustainability risks and opportunities relevant to the Company's business, including climate-related risks, energy costs and availability, resource efficiency, environmental requirements, employee welfare and changing stakeholder expectations. Appropriate measures are taken to manage and mitigate such risks and to capitalize on opportunities that support operational efficiency and long-term corporate value.

As part of its sustainability initiatives, the Company has successfully commissioned an aggregate solar photovoltaic capacity of 6.2 MW, which is currently operational. Installation of approximately 3.8 MW of additional solar photovoltaic capacity is underway and, subject to completion testing and successful commissioning, the Company's aggregate operational solar capacity is expected to increase to approximately 10.0 MW. This initiative is aimed at optimizing energy costs, reducing reliance on grid-supplied electricity and supporting the Company's environmental and sustainability objectives.

The Board also remains committed to promoting diversity, equity and inclusion ("DE&I"), including gender equality, gender mainstreaming and equal opportunities across the Company's Board, management and workforce. The Company continues to promote a workplace based on merit, fairness, dignity and respect and reviews relevant practices in line with applicable requirements.

To effectively discharge its sustainability-related responsibilities, the Board has assigned additional sustainability-related responsibilities to an existing Board committee. The Committee monitors relevant sustainability risks and opportunities, DE&I practices, compliance with applicable sustainability-related laws and regulations and related disclosures, and reports to the Board on these matters. The Board periodically reviews the Company's sustainability strategies, priorities and performance and remains committed to strengthening its ESG practices and disclosures in line with applicable regulatory requirements and relevant SECP guidelines.

Material Changes and Commitments

There have been no material changes or commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Future Outlook

With a firm order position supporting revenue visibility, the Company enters FY2027 well placed to build on the improvement in margins achieved during the year. Building on established customer relationships and manufacturing expertise, the Company will selectively pursue opportunities that enhance margins and strengthen its value-added apparel offering. Product innovation, operational productivity, shorter lead times and consistent on-time delivery will underpin this strategy, supporting customer retention and sustainable, profitable growth.

The expected easing of global inflation in 2027 and continued sourcing diversification by buyers in the United States and Europe are likely to support apparel demand and may create further growth opportunities for the Company, although the pace of recovery will depend in part on developments in the Middle East and on United States tariff policy. The upgrade of Pakistan's long-term sovereign credit rating to 'B' from 'B-' by S&P Global Ratings in July 2026 reflects progress in economic stabilization and reform, while continued fiscal discipline and structural improvements would further support export competitiveness.

The Company continues to optimize procurement of cotton, yarn and polyester across domestic and international sources, securing competitive pricing and reliable supply in support of margins. Collaboration with its implementation partner supports access to certified regenagri cotton on favorable terms, enabling the Company to fulfil premium customer orders and meet responsible sourcing requirements.

The Company's own grid station and backup captive power plant support production continuity. Its solar project is partially operational, with full commissioning expected to further reduce energy costs and emissions. The Company has also partially transitioned to biomass boilers for steam generation and plans to expand their capacity to improve energy cost efficiency, reduce reliance on imported coal and support lower carbon emissions.

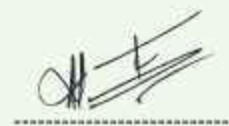
Operational flexibility, diversified energy sources and disciplined sourcing will strengthen the Company's ability to respond to evolving trade, energy and logistics conditions. Supported by prudent financial and working capital management, these initiatives position the Company to pursue growth opportunities and create long-term value for shareholders and other stakeholders.

Acknowledgement

The Board of Directors expresses its sincere appreciation to the Company's shareholders and valued customers for their continued confidence, trust, and support. The Board also acknowledges the dedication, commitment, and collective efforts of the Company's employees at all levels, whose contributions have played an important role in sustaining the company's operations and supporting its progress during the year. The Board remains confident that, with the continued support of all stakeholders and the collective efforts of the management and employees, the Company will continue to strengthen its position, navigate the evolving business environment, and pursue sustainable growth in the years ahead.

FAISALABAD
30th September, 2026


.....
DIRECTOR


.....
DIRECTOR



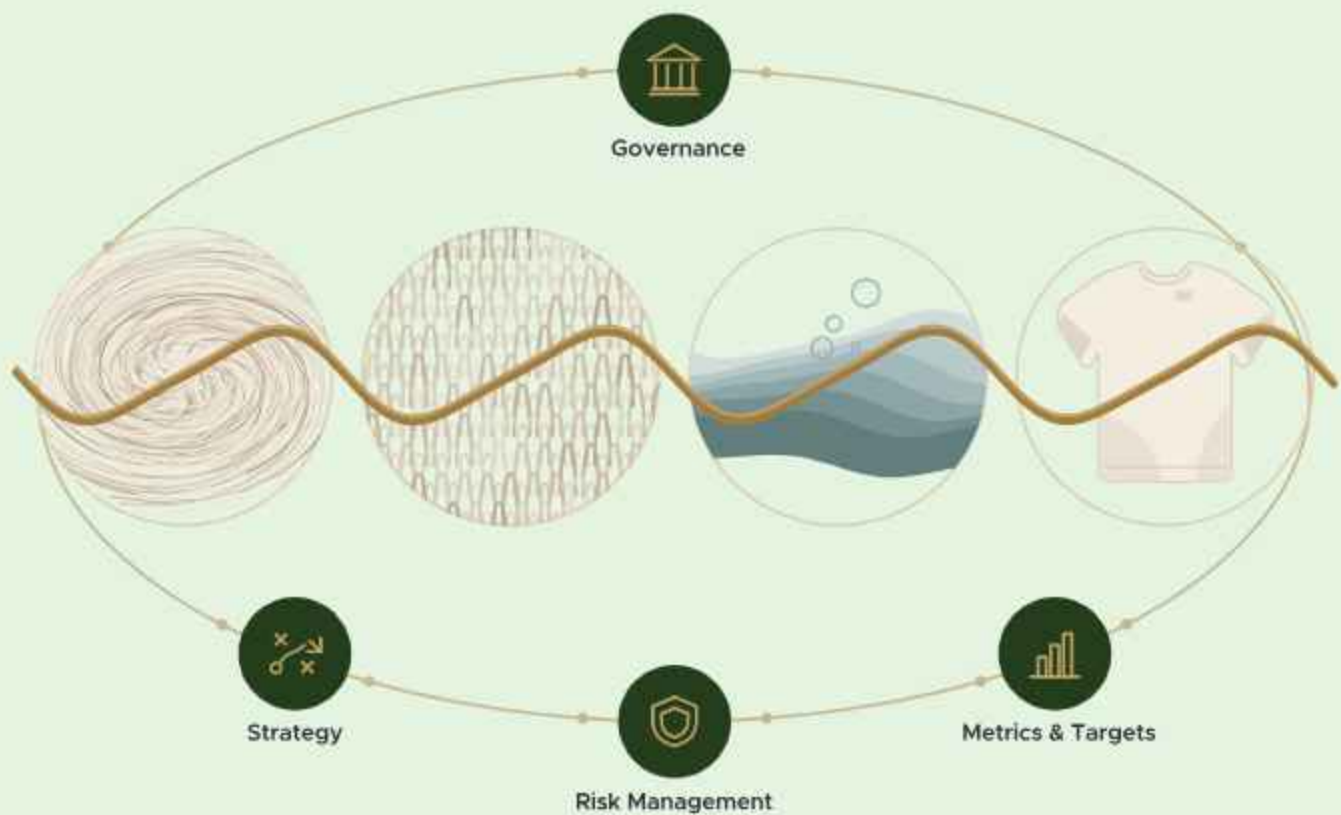
04

Sustainability and Corporate Social Responsibility

Sustainability disclosures and CSR

Statement on the Implementation of IFRS	62
Sustainability Disclosure Standards	
Corporate Social Responsibility Initiatives	66

Statement on the Implementation of IFRS Sustainability Disclosure Standards



Statement on the Implementation of IFRS Sustainability Disclosure Standards

The Company is implementing the IFRS Sustainability Disclosure Standards: IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), issued by the International Sustainability Standards Board (ISSB) and adopted by the Securities and Exchange Commission of Pakistan (SECP) for phased application by listed companies in Pakistan.

Ahead of the close of its first financial year of applying the sustainability disclosure standards as a listed company, the Company assessed its status against the SECP's criteria and confirmed that it falls within Phase I of the implementation roadmap, which applies to annual reporting periods beginning on or after 1 July 2025. This is the Company's first reporting period under the Standards.

Applying the transition relief available to first-year preparers, the Company will publish its sustainability-related financial disclosures after its annual financial statements, within the permitted period of up to nine months from the financial year-end. Accordingly, the Company's first Sustainability Report, prepared in compliance with IFRS S1 and IFRS S2, will be published up to 31 March 2027. This Statement forms part of the Annual Report for the year ended 30 June 2026 and communicates the Company's implementation approach, its governance, its sustainability progress to date, and the basis on which its first Sustainability Report will be prepared.

Basis of Preparation

The following sets out the basis on which the Company will prepare its first Sustainability Report under IFRS S1 and IFRS S2, applying the first-year transition relief.

Reporting Entity and Period

The Company's sustainability-related financial disclosures will be prepared for the same reporting entity as its financial statements, namely Masood Textile Mills Limited, on a standalone basis. Accordingly, the sustainability reporting boundary will be aligned with the financial reporting boundary, thereby ensuring consistency and enabling users to clearly connect the sustainability-related financial information with the Company's financial statements. The disclosures will cover the same reporting period as the Company's financial statements, i.e., the year ended 30 June 2026.

Primary Users

The disclosures will be prepared to meet the information needs of the Company's primary users of general purpose financial reports, including existing and potential investors, lenders and other creditors. The disclosures will provide information about the sustainability-related risks and opportunities that could reasonably be expected to affect the Company's prospects, enabling users to assess their potential implications for the Company's cash flows, access to finance and cost of capital over the short, medium and long term, and their relevance to the Company's ability to create value.

Fair Presentation and Connectivity

The disclosures will be prepared on a fair presentation basis, providing complete, neutral and accurate information about the Company's sustainability-related risks and opportunities. Information will be presented in a manner that is relevant, faithfully represented, comparable, verifiable, timely and understandable. Where relevant, the disclosures will be connected with information presented in the Company's financial statements, including the underlying data and assumptions used in their preparation.

Judgements, Assumptions and Estimation Uncertainty

The preparation of the disclosures requires management to exercise judgement and make assumptions and estimates using all reasonable and supportable information available at the reporting date. Where outcomes are subject to estimation uncertainty, the Company will apply appropriate methodologies and controls to develop reasonable estimates. Key judgements, assumptions and estimates, including those relating to periods and significant judgements, and the sources of estimation uncertainty that could reasonably be expected to result in a material adjustment, will be appropriately disclosed in the relevant sections of the Sustainability Report.

Statement of Compliance

The Company's First Sustainability Report will be prepared in compliance with IFRS S1 and IFRS S2 as adopted by the SECP, applying the first-year transition relief.

Transition Relief Applied in First Year

As this is the Company's first year of sustainability reporting under the IFRS Sustainability Standards, the Company is applying the following reliefs, and discloses the fact that it has used them, as required by IFRS S1:

Relief	Description
Timing of Reporting	Applying first-year transition relief, the Company's first Sustainability Report under IFRS S1 and IFRS S2 for the year ended 30 June 2026 will be published within nine months of the financial year-end, by 31 March 2027.
Comparative Information	No comparative information will be presented for this first reporting period.
Scope 3 GHG Emissions	Scope 3 (value-chain) greenhouse-gas emissions will not be disclosed in the first year, they will be introduced from the second year.
External Assurance	The first-year disclosures will be unassured, external assurance will be introduced from the second year, in line with SECP requirements.

Governance and Oversight

The Board of Directors retains ultimate responsibility and accountability for oversight of the Company's sustainability and climate-related risks and opportunities, sustainability strategy, and related disclosures. This includes overseeing how these risks and opportunities are identified, assessed, managed and monitored, and how they are integrated into the Company's strategy, decision-making and risk management processes.

To support effective oversight of sustainability and climate-related risks and opportunities, the Board has delegated specific responsibilities to its HR, Remuneration and Sustainability Committee for the overseeing of sustainability and climate-related risks and opportunities and the related controls and processes. The Committee provides focused oversight of the implementation of the overseeing processes, the quality and integrity of sustainability-related information and data, and the preparation and review of the Company's sustainability-related financial disclosures

The HR, Remuneration and Sustainability Committee works closely with executive management, under the leadership of the Chief Executive Officer, to support the establishment of appropriate processes and controls for identifying, assessing and monitoring sustainability and climate-related risks and opportunities and for ensuring that the resulting disclosures are prepared in accordance with the applicable requirements of IFRS S1 and IFRS S2.

Priorities Ahead – The Four Pillars

What the Company's first sustainability Report will cover, structured around the four pillars of IFRS S1 and IFRS S2.

01 Governance

Board and management oversight roles, responsibilities and reporting lines for sustainability and climate-related risks and opportunities, and how governance supports monitoring and strategic decision-making.

02 Strategy

Material sustainability and climate risks and opportunities identified through our first materiality assessment, and their anticipated effects on our business model, strategy and financial planning across short, medium and long-term horizons.

03 Risk Management

Processes for identifying, assessing and managing sustainability and climate-related risks, and how these are integrated into our enterprise risk-management framework.

04 Metrics and Targets

Our first Scope 1 and Scope 2 greenhouse - gas emissions baseline, and sustainability and climate KPIs, with measurable targets to follow as data and processes mature.

Corporate Social Responsibility Initiatives

Supporting Health and Well-being through Medical Camps

As part of its Corporate Social Responsibility (CSR) initiatives, the Company, in collaboration with Rabia Trust, organized medical camps for the children of SOS Children's Village. The initiative aimed to support the health and well-being of the community by providing access to essential medical consultations, basic health assessments, and healthcare guidance. Through this collaborative effort, the Company seeks to contribute to the welfare of children and underserved communities, reinforcing its commitment to creating positive social impact beyond its core business operations.



Empowering Women through Skills Development

As part of its commitment to women's economic empowerment, the Company, through Punjab Skills Development Fund (PSDF), facilitates skills training courses for women from rural communities. The initiative focuses on equipping participants with practical industrial skills that can enhance their employability and support their economic independence. To date, 214 women have successfully received skills training through these programmes, helping create pathways towards employment opportunities and more sustainable livelihoods.



Promoting Community Health and Well-being

As part of its Corporate Social Responsibility (CSR) initiatives, the Company, in collaboration with Rabia Trust, organized a free medical camp in a rural area to support underserved communities with limited access to healthcare services. The camp provided community members with access to medical consultations, basic health assessments, and healthcare guidance. Through this initiative, the Company aims to contribute to the health and well-being of vulnerable communities and promote more equitable access to essential healthcare services.



Supporting Communities through Ration Distribution

As part of its Corporate Social Responsibility (CSR) initiatives, the Company distributed essential ration packages among underprivileged and underserved communities, providing support to families facing economic challenges. This initiative aimed to help meet the basic food needs of vulnerable households and contribute to their well-being and food security. Through such community-focused interventions, the Company continues to support local communities and create a positive social impact beyond its business operations.



Promoting Plantation

As part of its commitment to environmental sustainability and community well-being, the Company undertakes plantation activities to promote greener and healthier surroundings. These initiatives contribute to increasing green cover, supporting biodiversity, improving local environmental conditions, and raising awareness about the importance of tree plantation and environmental conservation. Through its plantation efforts, the Company continues to support climate-conscious practices and contribute to the development of more sustainable communities.

2026

Environmental Certification



STeP

22003030
IFTH



MADE IN
GREEN

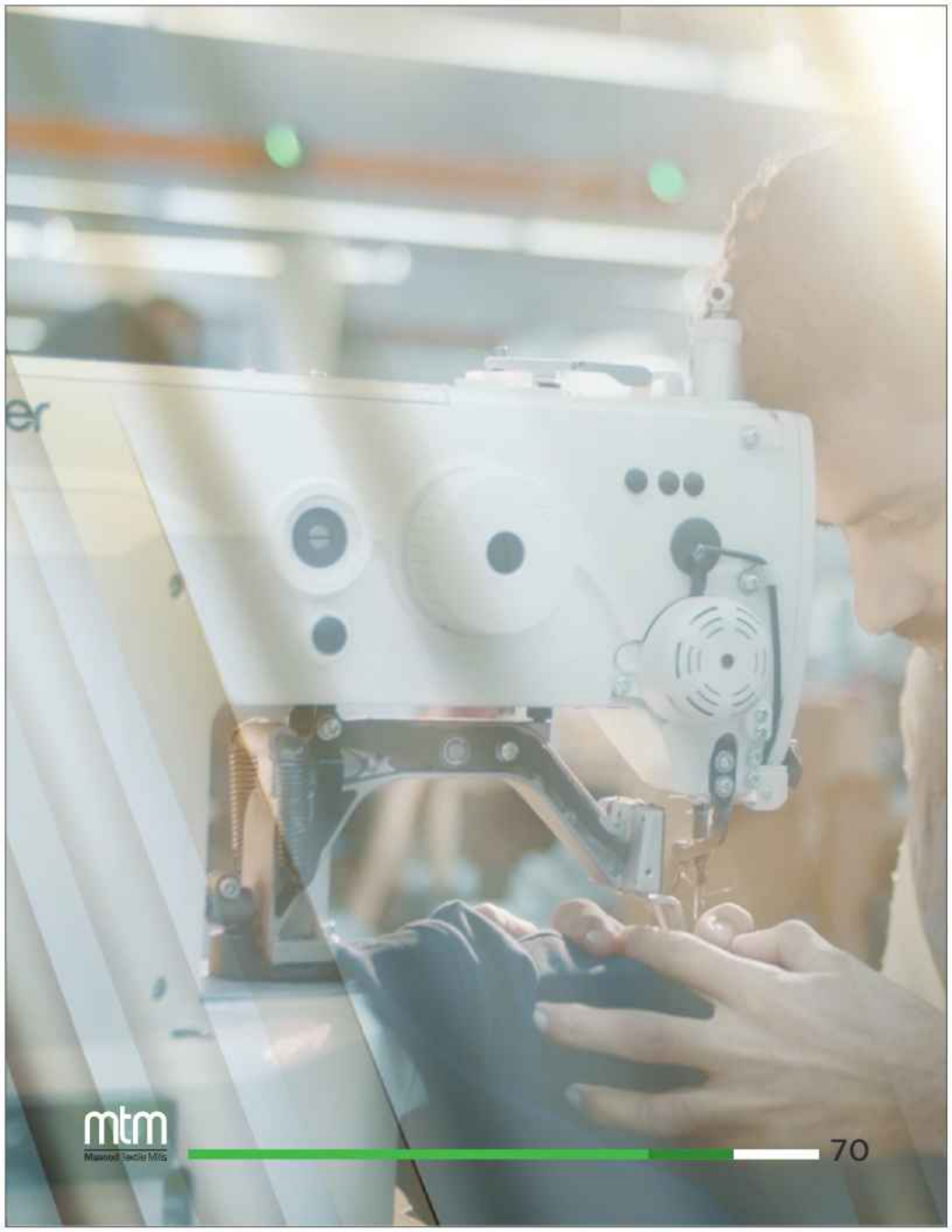
M24LS51B8
TESTEX



STANDARD
100

worldly





05

Stakeholders' Engagement

Identification, Engagement and Response
across Stakeholder Groups

Stakeholders' Engagement

72

STAKEHOLDERS' ENGAGEMENT

Identification of Key Stakeholders

The Company allocates capital and management attention across the activities and relationships on which long-term value depends, beginning with careful identification of the groups on which the Company relies and those affected by its operations. Stakeholder engagement is a continuous process of managing those relationships, setting the appropriate frequency of contact and evaluating each group's influence on the Company's performance and value throughout the year. The stakeholder engagement cycle comprises:



Stakeholder Identification Methodology

Stakeholders are identified through an influence-and-impact assessment framework that weighs each group's relevance to the business model, the appropriate frequency of engagement and its potential effect on value creation over the short, medium and long term.

Evidence of Stakeholder Influence on Decisions

Stakeholder feedback during the year shaped the Company's investment in solar renewable energy, the extension of worker training and welfare programmes, plant reliability initiatives, safety improvements and disclosure transparency.

Frequency of
EngagementEngagement
ProcessEffect and
ValueShareholders
and Investors

The Company sustains shareholder confidence through consistent returns, transparent reporting and open access to management

Regular	- General Meetings - Publication of price-sensitive and material information - Quarterly and annual financial reporting - Corporate website and PSX announcements	- Reinvestment from retained earnings - Continued improvement in the shareholder value-creation process - Broader institutional participation and market liquidity - Sustainable long-term growth

Customers



The Company's relationships with global apparel brands extend beyond order fulfilment into joint product development, capacity planning and compliance assurance, supported by dedicated teams in its international offices

Regular / Continuous	- Design and product-development meetings - On-site technical, social and environmental compliance audits - Seasonal capacity and range planning - Dedicated in-market account teams - Digital order-tracking and vendor portals	- Repeat and expanded order books - Preferred and strategic vendor status - Shorter development and delivery lead times - Alignment with brand sustainability and traceability requirements

Suppliers



The Company builds durable supplier relationships that secure quality raw material, responsible sourcing and reliable delivery across the value chain

Regular / Periodic	- Supplier evaluation, approval and periodic review - Vendor conferences and technical engagement - Cotton and yarn procurement engagement with ginners and growers - Sourcing of imported apparel accessories and dyes from customer-nominated suppliers - Code of conduct and traceability declarations - Timely settlement of payables	- Security of raw material supply and price stability - Improved input quality and consistency - Traceable, responsibly sourced cotton and inputs - Reduced supply-chain disruption

Employees



The Company invests in a safe, skilled and fairly rewarded workforce as the foundation of its manufacturing capability

Regular / Continuous	- In-house training and technical skills academies - Employee portals, notice boards and newsletters - Worker consultations and grievance mechanisms - Health, safety and environment briefings - Performance appraisal and recognition	- Competitive remuneration and statutory benefits - Job security and career progression - Lower attrition and higher productivity - Strengthened social-compliance ratings

Active collaboration with banking partners to optimise financing cost, manage liquidity and support the Company's capital expenditure programme

		
Regular	- Appropriate business conduct and disclosure - Regular relationship contact and reporting - Negotiation of pricing on export refinance, working-capital and long-term facilities - Sharing of audited and interim accounts and credit-rating reports	- Competitive pricing and favourable terms on working-capital and export finance lines - Sustained access to export refinance and Export Facilitation Scheme-linked facilities - Adequate LC and guarantee limits for imports of cotton, yarn, dyes and machinery - Capacity to raise Shariah-compliant financing, including sukuk - Covenant headroom and future readiness

Banks and Other Lenders



The Company discharges its obligations as a listed corporate citizen, complying with domestic and international legal requirements in every jurisdiction in which it operates

		
Regular	- Timely statutory filings and disclosures to SECP and the Pakistan Stock Exchange - Meetings with officials - Data submission for review, audit and compliance - Customs, FBR and SBP reporting under the Export Facilitation Scheme - On-time and transparent reporting	- Full compliance with laws and regulations - Continued access to export and tax facilitation regimes - Predictable operating environment - Clean regulatory record supporting brand-side compliance audits

Regulators



The Company's community investment concentrates on education, health and skills development in the areas around its manufacturing sites

		
Regular	- Community meetings and one-on-one engagement - CSR programmes in education, health and vocational training - Publication of the Annual Report and financial statements - Corporate website and social channels	- Improved access to education, healthcare and vocational skills - Local employment and enterprise development - Social licence to operate - Contribution to social development

Local Community and General Public



Frequency of
EngagementEngagement
ProcessEffect and
Value

The Company engages the investment community and the press on a consistent, non-selective basis, adhering to insider-trading and disclosure rules. The Company holds corporate briefing sessions annually to update the market on its operational and financial performance.

		
Annually / Occasional	- Analyst and corporate briefings - Press releases and newspaper announcements - Investor-relations section of the corporate website - Responses to media and analyst enquiries	- Correction of market misconceptions and fostering of positive investor perception - Improved analyst coverage and investor understanding

Analysts
and Media





06

Analysis of the Financial Information

Performance, Returns and Value Creation

Six Year Analysis	78
DuPont analysis	80
Statement of value added and its distribution	81

LAST SIX YEARS STATEMENT OF FINANCIAL POSITION

Particulars	2026	2025	2024	2023	2022	2021
Rupees in Thousand						
Assets						
Non-Current Assets						
Property, plant and equipment	22,272,951	15,744,392	17,246,533	15,343,727	13,997,802	13,589,405
Right-of-use assets	49,118	73,677	107,965	58,605	128,998	204,109
Long term advances	1,572	10,171	10,076	17,174	13,744	7,469
Long term security deposits	54,187	78,785	84,719	75,560	105,601	97,881
Total non-current assets	22,377,828	15,907,025	17,449,293	15,495,066	14,246,145	13,898,864
Current Assets						
Stores, spare parts and loose tools	3,231,163	3,257,637	3,684,606	3,936,547	2,870,433	2,244,531
Stock in trade	14,984,186	14,976,626	16,037,907	12,703,259	13,251,629	11,283,501
Trade debts	15,542,639	15,718,209	14,121,535	16,726,515	12,424,837	7,435,280
Loans and advances	519,284	536,171	601,703	744,733	782,884	634,462
Income tax	1,156,867	298,732	-	1,061,618	1,003,167	883,994
Short term deposits and prepayments	279,446	315,072	289,261	298,453	254,007	226,054
Other receivables	2,919,020	2,622,751	2,699,557	3,252,398	2,903,378	3,163,017
Short term investments	-	11,226	10,192	8,630	7,572	106,771
Cash and bank balances	722,496	667,348	257,688	1,013,991	708,885	530,931
Total current assets	39,355,101	38,403,772	37,702,449	39,746,144	34,206,792	26,508,541
Total Assets	61,732,929	54,310,797	55,151,742	55,241,210	48,452,937	40,407,405
Equity and Liabilities						
Equity						
Issued, subscribed and paid up capital	950,000	950,000	950,000	950,000	950,000	986,666
Capital reserves	12,358,108	6,886,783	7,004,771	7,077,651	5,950,885	5,450,885
Revenue reserves	10,088,028	9,302,548	8,726,842	9,187,819	6,596,089	4,467,730
Total Equity	23,396,136	17,139,331	16,681,613	17,215,470	13,496,974	10,905,281
Non current liabilities						
Long term financing	1,844,679	2,381,884	1,563,984	2,356,062	4,006,065	5,007,611
Lease liabilities	37,952	68,071	91,577	11,438	44,718	94,777
Deferred liabilities	3,849,965	2,299,136	2,108,467	1,722,219	1,395,252	1,087,926
Total Non current liabilities	5,732,596	4,749,091	3,764,028	4,089,719	5,446,035	6,190,314
Current liabilities						
Trade and other payables	7,929,874	8,265,031	10,357,152	9,666,047	8,660,234	5,005,824
Contract Liabilities	247,420	267,598	-	-	-	-
Unclaimed dividend	8,931	8,937	8,938	8,944	10,900	11,146
Accrued mark up	461,165	499,777	818,018	787,782	222,858	160,164
Short term borrowings	22,728,199	22,102,226	22,154,929	20,607,236	17,821,275	15,011,000
Current portion of non-current liabilities	1,228,608	1,278,806	1,364,707	1,914,878	2,061,764	2,733,292
Provision for taxation	-	-	2,357	951,134	732,897	390,384
Total current liabilities	32,604,197	32,422,375	34,706,101	33,936,021	29,509,928	23,311,810
Total equity and liabilities	61,732,929	54,310,797	55,151,742	55,241,210	48,452,937	40,407,405

LAST SIX YEARS

STATEMENT OF PROFIT OR LOSS & CASH FLOWS

Particulars	2026	2025	2024	2023	2022	2021
	Rupees in Thousand					
Sales	49,840,841	59,201,769	58,676,926	60,105,873	54,146,811	37,089,359
Gross Profit	8,269,217	9,020,649	9,525,538	8,088,095	6,541,610	5,306,910
Operating expenses - Net of other income	3,965,241	4,146,042	4,068,020	1,398,626	2,057,294	2,986,911
Profit from operations	4,303,976	4,874,607	5,457,518	6,689,469	4,484,316	2,319,999
Finance cost	2,994,105	3,858,226	4,999,501	3,198,821	1,473,334	1,281,812
Profit before levy and taxation	1,309,871	1,016,381	458,017	3,490,648	3,010,982	1,038,187
Levy and Taxation	500,800	885,102	928,047	839,459	734,942	397,652
Profit / (loss) for the year	809,071	131,279	(470,030)	2,651,189	2,276,040	640,535

Horizontal Analysis

Particulars	2026 vs 2025	2025 vs 2024	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020
	Percentage					
Sales	-16%	1%	-2%	11%	46%	29%
Gross Profit	-8%	-5%	18%	24%	23%	289%
Operating expenses - Net of other income	-4%	2%	191%	-32%	-31%	-13%
Profit from operations	-12%	-11%	-18%	49%	93%	213%
Finance cost	-22%	-23%	56%	117%	15%	-25%
Profit before levy and taxation	29%	122%	-87%	16%	190%	128%
Levy and Taxation	-43%	-5%	11%	14%	85%	8%
Profit / (loss) for the year	516%	-128%	-118%	16%	255%	116%

Vertical Analysis

Particulars	2026	2025	2024	2023	2022	2021
	Percentage					
Sales	100%	100%	100%	100%	100%	100%
Gross Profit	16.59%	15.24%	16.23%	13.46%	12.08%	14.31%
Operating expenses - Net of other income	7.96%	7.00%	6.93%	2.33%	3.80%	8.05%
Profit from operations	8.64%	8.23%	9.30%	11.13%	8.28%	6.26%
Finance cost	6.01%	6.52%	8.52%	5.32%	2.72%	3.46%
Profit before levy and taxation	2.63%	1.72%	0.78%	5.81%	5.56%	2.80%
Levy and Taxation	1.00%	1.50%	1.58%	1.40%	1.36%	1.07%
Profit / (loss) for the year	1.62%	0.22%	-0.80%	4.41%	4.20%	1.73%

Statement of cash flows

Particulars	2026	2025	2024	2023	2022	2021
	Rupees in Thousand					
Cash flows from operating activities	824,813	(1,450,048)	2,005,556	478,285	(37,709)	(165,817)
Cash flows from investing activities	(727,724)	361,357	(2,932,913)	(1,106,479)	(1,263,809)	(819,031)
Cash flows from financing activities	(41,558)	1,497,860	172,049	923,602	1,479,472	342,765
Net increase/(decrease) in cash & cash equivalents	55,531	409,169	(755,308)	295,408	177,954	(642,083)

Return on Equity

DuPont Analysis



Analysis

Return on equity increased from 0.78% to 3.99%, reaching approximately 5.1 times the prior-year level. Net profit margin widened from 0.22% to 1.62%, mainly due to lower finance cost and disciplined cost management. Total assets turnover fell from 1.08 to 0.86 times on a 15.8% decline in revenue, and the equity multiplier eased from 3.24 to 2.86 times after the 30 June 2026 revaluation of land and buildings. Margin remains the principal improvement lever.

Statement of Value Added and its Distribution

	Year 2025-26		Year 2024-25	
	(Rupees in thousand) % age		(Rupees in thousand) % age	
Revenues including Government levies and taxes	51,699,937	290	60,746,196	323
Less: Expenses netted off with other income	(33,896,570)	(190)	(41,937,351)	(223)
Total value added	17,803,367	100	18,808,845	100
DISTRIBUTED AS FOLLOWS:				
Employees as remuneration and benefits	11,531,096	65	12,227,750	65
Workers' profit participation and welfare funds	52,228	–	35,319	–
Government as levies				
Direct	500,800	3	885,102	5
Indirect	1,916,067	11	1,671,169	9
	2,416,867	14	2,556,271	14
Shareholders as dividends	35,453	–	50,003	–
Providers of financial capital as financial charges	2,994,105	17	3,858,226	21
Retained within the business	773,618	4	81,276	–
	17,803,367	100	18,808,845	100

Financial Statements

Financial Statements of the Company together
with Independent Auditor's Report thereon

Independent Auditor's Report on the Audit of the Financial Statements	84
Statement of Financial Position	90
Statement of Profit or Loss	92
Statement of Comprehensive Income	93
Statement of Changes in Equity	94
Statement of Cash Flows	95
Notes to the Financial Statements	96
Gender Pay Gap	150

INDEPENDENT AUDITOR'S REPORT

To the members of Masood Textile Mills limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Masood Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2026 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	Inventory existence and valuation Inventories as at 30 June 2026 amounting to Rupees 18,215.349 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 3,231.163 million	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and

Sr. No.	Key audit matters	How the matters were addressed in our audit
	- Stock-in-trade of Rupees 14,984.186 million Inventories are stated at lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to its size, representing 29.51% of total assets of the Company as at 30 June 2026, and the judgment involved in valuation. For further information on inventories, refer to the following: - Material accounting policy information, Inventories note 2.7 to the financial statements. - Stores, spare parts and loose tools note 23 and Stock in trade note 24 to the financial statements.	participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the cost calculation and compared the moving / annual average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
2.	Revenue recognition The Company recognized net revenue of Rupees 49,840.841 million for the year ended 30 June 2026. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Material accounting policy information, Revenue recognition note 2.11 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying

Sr. No.	Key audit matters	How the matters were addressed in our audit
	- Revenue note 32 to the financial statements.	documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.
3.	Revaluation of buildings on freehold land As at 30 June 2026, Company changed its accounting policy for measurement of value of buildings on freehold land from cost model to revaluation model. The Company revalued the buildings on freehold land based on the valuation carried out by an independent external expert engaged by the management. Consequent to revaluation, surplus of Rupees 4,941.428 million has been recognized in the financial statements. We have identified valuation of buildings on freehold land as a key audit matter due to the change in accounting policy during the year having significant impact on the financial statements, as well as the significance of judgements and estimations involved in determining the valuation. For further information refer to the following: - Material accounting policy information, Property, plant and equipment note 2.4 to the financial statements. - Revaluation surplus on property, plant and equipment note 6 and Property plant and equipment Note 19 to the financial statements.	Our audit procedures in relation to the matter included, but were not limited to: • Obtained and inspected the valuation reports prepared by external management expert. • Evaluated the professional qualification of management's expert and assessed its independence, competence and experience in the field. • Involved an independent auditor's expert to assess the adequacy of work performed by the management's expert and review the reasonableness of valuation performed in respect of buildings on freehold land as at 30 June 2026. • Matched the underlying net book values of the assets with the Company's records and recomputed the revaluation surplus based on the fair values determined by the management's expert. • Checked that the revaluation surplus has been recorded in the financial statements as per applicable accounting and reporting standards. • Checked the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 30 September 2026

UDIN: AR202610158ZfosKHvt2

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	NOTE	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4	12,600,000	12,600,000
Issued, subscribed and paid up share capital	5	950,000	950,000
Capital reserves			
Revaluation surplus of property, plant and equipment - net of tax	6	8,532,046	3,060,721
Other capital reserves	7	3,826,062	3,826,062
Revenue reserves	8	10,088,028	9,302,548
Total equity		23,396,136	17,139,331
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	9	1,844,679	2,381,884
Lease liabilities	10	37,952	68,071
Staff retirement gratuity	11	2,417,147	2,239,373
Deferred income tax liability	12	1,432,818	59,763
		5,732,596	4,749,091
CURRENT LIABILITIES			
Trade and other payables	13	7,929,874	8,265,031
Contract liabilities	14	247,420	267,598
Accrued mark-up	15	461,165	499,777
Short term borrowings	16	22,728,199	22,102,226
Current portion of non-current liabilities	17	1,228,608	1,278,806
Unclaimed dividend		8,931	8,937
		32,604,197	32,422,375
TOTAL LIABILITIES		38,336,793	37,171,466
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		61,732,929	54,310,797

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	NOTE	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	22,272,951	15,744,392
Right-of-use assets	20	49,118	73,677
Long term advances	21	1,572	10,171
Long term security deposits	22	54,187	78,785
		22,377,828	15,907,025
CURRENT ASSETS			
Stores, spare parts and loose tools	23	3,231,163	3,257,637
Stock in trade	24	14,984,186	14,976,626
Trade debts	25	15,542,639	15,718,209
Loans and advances	26	519,284	536,171
Taxation and levy - net	27	1,156,867	298,732
Short term deposits and prepayments	28	279,446	315,072
Other receivables	29	2,919,020	2,622,751
Short term investments	30	-	11,226
Cash and bank balances	31	722,496	667,348
		39,355,101	38,403,772
TOTAL ASSETS		61,732,929	54,310,797

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2026

	NOTE	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
REVENUE	32	49,840,841	59,201,769
COST OF SALES	33	(41,571,624)	(50,181,120)
GROSS PROFIT		8,269,217	9,020,649
DISTRIBUTION COST	34	(2,865,623)	(3,467,922)
ADMINISTRATIVE EXPENSES	35	(1,198,795)	(1,195,895)
OTHER EXPENSES	36	(89,566)	(42,952)
		(4,153,984)	(4,706,769)
		4,115,233	4,313,880
OTHER INCOME	37	188,743	560,727
PROFIT FROM OPERATIONS		4,303,976	4,874,607
FINANCE COST	38	(2,994,105)	(3,858,226)
PROFIT BEFORE LEVY AND TAXATION		1,309,871	1,016,381
LEVY	39	(614,311)	(623,040)
PROFIT BEFORE TAXATION		695,560	393,341
TAXATION	40	113,511	(262,062)
PROFIT AFTER TAXATION		809,071	131,279
EARNINGS PER SHARE - BASIC (RUPEES)	41	11.46	1.20
- DILUTED (RUPEES)	41	10.86	1.11

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	2026 (RUPEES IN THOUSAND)	2025
PROFIT AFTER TAXATION	809,071	131,279
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements arising on staff retirement gratuity - net of tax	23,024	70,354
Revaluation surplus of property, plant and equipment - net of tax	5,474,713	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	5,497,737	70,354
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,306,808	201,633

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED 30 JUNE 2026

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL			REVENUE			
		Revaluation surplus of property, plant and equipment - net of tax	Share premium	Capital redemption reserve fund	Capital contribution	General	Unappropriated profit	
950,000		3,501,438	1,375,000	128,333	2,000,000	714,500	8,012,342	16,681,613
(RUPEES IN THOUSAND)								
	-	-	-	-	322,729	-	-	322,729
	-	-	-	-	-	-	(66,644)	(66,644)
	-	-	-	-	322,729	-	(66,644)	256,085
	-	(440,717)	-	-	-	-	440,717	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-				

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.

John A. Galt

DIRECTOR

4

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	NOTE	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	5,707,984	4,384,496
Finance cost paid		(3,023,063)	(4,164,100)
Mark-up paid against lease liabilities		(9,651)	(12,367)
Income tax and levy paid		(1,428,299)	(1,171,409)
Workers' profit participation fund paid	13.1	(32,558)	(22,740)
Staff retirement gratuity paid	11.1	(422,797)	(469,767)
Net decrease / (increase) in long term advances		8,599	(95)
Net decrease in long term security deposits		24,598	5,934
Net cash generated from / (used in) operating activities		824,813	(1,450,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		71,506	640,148
Capital expenditure on property, plant and equipment		(825,250)	(312,255)
Investments redeemed		11,226	(1,034)
Profit on deposits with banks received		14,794	34,498
Net cash (used in) / from investing activities		(727,724)	361,357
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		661,283	2,076,000
Repayment of long term financing		(1,255,299)	(1,338,812)
Dividend paid to ordinary shareholders		(6)	(1)
Dividend paid to preference shareholders		(50,003)	(66,644)
Capital contribution	7.3	-	322,729
Repayment of lease liabilities - net		(23,506)	(28,695)
Short term borrowings - net		625,973	533,283
Net cash (used in) / from financing activities		(41,558)	1,497,860
NET INCREASE IN CASH AND CASH EQUIVALENTS		55,531	409,169
Net foreign exchange difference on translating bank balances		(383)	491
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		667,348	257,688
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	722,496	667,348

The annexed notes form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Masood Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.
- 1.2** Geographical locations and addresses of all business units (except for the registered office) of the Company are as follows:

Manufacturing units and offices	Address
Spinning, Knitting and Dyeing units	32 Kilometers, Sheikhpura Road, Faisalabad
Spinning unit	3 Kilometers, Shorkot Road, Toba Tek Singh
Knitting unit	30 Kilometers, Sheikhpura Road, Faisalabad
Stitching Unit	Sargodha Road, Faisalabad
Stitching Units	Nishatabad, Faisalabad
Stitching Unit	Faisalabad Garments City Company, Khurrianwala, Faisalabad
Liaison office	13 Kilometers, Bhubatian Chowk, Defence Road, Lahore
Liaison office	Office No. 306 - 307, Gul Tower, I.I. Chundrigar Road, Karachi

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 11.4 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place for many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Income tax and levy

In making the estimates for income tax and levy currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Deferred income tax

For the financial year ended 30 June 2025 (Tax Year 2025) and subsequent periods, the Company's income is subject to tax under the normal tax regime. Therefore, deferred tax has been recognised in respect of taxable and deductible temporary differences arising between the carrying amounts of assets and liabilities reported in the statement of financial position and their respective tax bases. The determination of the Company's tax bases and the measurement of deferred tax involves the use of certain estimates and judgements. In preparing the income tax return for Tax Year 2025, the Company's tax advisor applied certain estimates, judgements and bases in determining the Company's taxable income and corresponding tax bases.

In determining the deferred tax balances as at 30 June 2026, the management has applied the same bases, estimates and judgements as were used in the preparation of the income tax return for Tax Year 2025, to determine the respective tax bases and temporary differences at the reporting date. Management considers that the continued application of these bases, estimates and judgements provides an appropriate basis for determining the deferred tax balances as at 30 June 2026.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and investment properties with a corresponding effect on the depreciation charge and impairment. Furthermore, the estimate for revalued amount of freehold land and buildings on freehold land are based on valuation performed by external professional valuer and recommendation of technical teams of the Company.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Standards and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2025:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. Rates' - Lack of Exchangeability;
- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.

The Company will issue its sustainability-related financial disclosures separately, within nine months of the year ended 30 June 2026 (i.e., by 31 March 2027), instead of together with these financial statements.

The above-mentioned standards and amendments to approved accounting standard did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2025 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standard, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Company

Following standard, amendments and improvements to accounting standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2026 or later periods:

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments: Classification and Measurement of Financial Instruments' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion; add new disclosures for certain instruments with contractual terms that can change cash flows; and make updates to the disclosures for equity instruments designated at FVTOCI.

Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments — Contracts Referencing Nature-dependent Electricity' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards — Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project.

- IFRS 1 First-time adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on Implementing IFRS 7;
- IFRS 9 Financial Instruments; and
- IAS 7 Statement of Cash flow

The above standard, amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2026 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefit

The Company operates an unfunded gratuity scheme for its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under this scheme is determined through actuarial valuation carried under Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2026. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 11.4 to these financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.3 Taxation and levy

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Property, plant, equipment and depreciation

a) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss if any, except for freehold land and buildings on freehold land. Freehold land is stated at revalued amount determined based on valuation carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land are stated at revalued amount determined based on valuation carried by independent valuer by reference to its current market price less accumulated depreciation and impairment loss, if any. Cost of property, plant and equipment consist of historical cost, revalued amount, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land and buildings on freehold land are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of fixed assets in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, while all other decreases are charged to profit or loss. Each year, the difference between the depreciation calculated on the revalued carrying amount of an asset and the depreciation based on its original cost, after tax, is reclassified from the revaluation surplus to unappropriated profit. When the asset is disposed off, any remaining balance in the revaluation surplus related to that asset is transferred to unappropriated profit.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the statement of profit or loss during the period these are incurred.

b) Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method at the rates given in Note 19.1 to write off the cost over their expected useful life. The Company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognized in the statement of profit or loss in the year the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

d) Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

e) Change in accounting policy

During the year, management has voluntarily adopted revaluation model for measurement of buildings on freehold land which were previously carried at cost model. The change has been accounted for as a change in accounting policy, effective from 30 June 2026, and applied prospectively as per requirements of "International Accounting Standard 8 – Accounting Policies, Changes In Accounting Estimates and Errors". Accordingly, the change in accounting policy has no effect on prior years. The revaluation of buildings on freehold land is carried out by an independent valuer, as explained in note 19.1.1 and 19.1.2 to these financial statements, as at 30 June 2026. Had there been no change in the policy profit before levy and taxation would have been higher by Rupees 0.677 million, other comprehensive income would have been lower by Rupees 3,508.414 million, property, plant and equipment would have been lower by Rupees 4,940.074 million and revaluation surplus of property, plant and equipment would have been lower by Rupees 3,507.933 million.

2.5 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.6 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.7 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at cost comprising invoice value plus other charges paid thereon.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Stock in trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

- | | | |
|---|---|---|
| (i) For raw materials | - | Annual average basis. |
| (ii) For work-in-process and finished goods | - | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.8 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other interests, mark-up and other charges are recognized in statement of profit or loss.

2.9 Provisions

Provisions are recognized when the company has a legal or constructive obligation's as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.11 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

The Company provides dyeing and knitting services to local customers. These services are rendered separately and the Company's contract with the customers for services constitutes a single performance obligation. Revenue from a contract to provide services is recognized at point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

2.12 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.13 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.14 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is received. Contract liabilities are recognized as revenue when the Company accomplishes its performance obligations under the contract.

2.15 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.16 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

At fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Equity Instruments

The Company subsequently measures all equity instruments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

At fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.17 Financial liabilities - classification and measurement

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.18 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.19 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

2.20 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.21 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.22 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2.24 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its segments separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

Transactions among the operating segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.25 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit attributable to shareholders and the weighted average number of ordinary shares outstanding with the effects of all dilutive potential ordinary shares.

2.26 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.27 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. These are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.28 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that these are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3.2 Ijarah Contracts

Under the Ijarah contracts, the Company obtains usufruct of an asset for an agreed period and for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustajir (lessee) in the Ijarah contract recognizes the Ijarah (lease) payments as an expense in the statement of profit or loss on straight line lease over the Ijarah term.

3.3 Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

3.6 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.7 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the board of directors.

4. AUTHORIZED SHARE CAPITAL

2026 (NUMBERS OF SHARES)		2025 (RUPEES IN THOUSAND)	
1 200 000 000	1 200 000 000	Ordinary shares of Rupees 10 each	12,000,000
60 000 000	60 000 000	Preference shares of Rupees 10 each	600,000
<u>1 260 000 000</u>	<u>1 260 000 000</u>		<u>12,600,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 (NUMBERS OF SHARES)		2025 (RUPEES IN THOUSAND)	
5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
67 500 000	67 500 000	Ordinary shares of Rupees 10 each fully paid in cash (Note 5.1 and Note 5.2)	675,000 675,000
27 500 000	27 500 000	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 5.3)	275,000 275,000
95 000 000	95 000 000		950,000 950,000

- 5.1** All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.
- 5.2** 17 396 833 (2025: 17 396 833) ordinary shares of the Company are held by Shanghai Challenge Textile Company Limited - an associate.
- 5.3** The Company issued cumulative preference shares as at 30 June 2005, which are listed on Pakistan Stock Exchange Limited, to finance the working capital requirements and fixed capital expenditure.

Terms of redemption

a) Conversion option

Preference shareholders have the option to serve a notice to the Company to convert one third of the preference shares along with accumulated dividend into ordinary shares of the Company after the expiry of four years from the date of issuance in any conversion year at a discount of 15 percent to immediately preceding 30 calendar days' average market value. Upon receiving the conversion notice, the Company will have the option to repay the preference shares along with the accumulated dividend for which conversion notice has been issued within one month of receiving thereof or issue ordinary shares to preference shareholders.

b) Call option

The Company has the option to redeem the preference shares after four years of the issuance in part in multiples of 10 percent upto 100 percent from the preference shareholders. The call price would be Rupees 10 per share plus the entire accumulated preference share dividend, if any.

c) Rate of dividend

The preference dividend is payable at the average rate of six months KIBOR plus 2 percent per annum on cumulative basis. According to the terms of issuance, dividend to ordinary shareholders could only be paid after the payment of preference dividend to preference shareholders.

d) Sinking fund reserve

The Company has created a sinking fund reserve (capital redemption reserve fund) from the profits of the Company to make payments against any call option. The Company has built-up this sinking fund reserve to ensure that at the end of the fourth year from the issuance date, the reserve is equal to one third of the total amount of preference shares. This reserve account will subsequently be replenished to ensure that one third of the outstanding preference shares amount is available in the reserve account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025

6. REVALUATION SURPLUS OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Revaluation surplus on freehold land (Note 6.1)	5,024,113	3,060,721
Revaluation surplus on buildings on freehold land (Note 6.2)	3,507,933	-
	<u>8,532,046</u>	<u>3,060,721</u>

6.1 Revaluation surplus on freehold land

Balance as on 01 July	3,060,721	3,501,438
Increase in revaluation surplus	1,966,299	-
Adjustment on transfer of freehold	(2,907)	(440,717)
Balance as on 30 June	<u>5,024,113</u>	<u>3,060,721</u>

6.2 Revaluation surplus on buildings on freehold land

Balance as on 01 July	-	-
Increase in revaluation surplus	4,941,428	-
Incremental depreciation charged during the year transferred to unappropriated profit	(677)	-
Balance as on 30 June	<u>4,940,751</u>	<u>-</u>
Related deferred income tax liability	(1,432,818)	-
Balance as on 30 June - net of tax	<u>3,507,933</u>	<u>-</u>

6.3 The latest revaluation of freehold land and buildings on freehold land was carried out by an independent valuer Messrs Oceanic Surveyors (Private) Limited on 30 June 2026 as stated in Note 19.1.1 and 19.1.2.

7. OTHER CAPITAL RESERVES

Share premium (Note 7.1)	1,375,000	1,375,000
Capital redemption reserve fund (Note 7.2)	128,333	128,333
Capital contribution (Note 7.3)	2,322,729	2,322,729
	<u>3,826,062</u>	<u>3,826,062</u>

7.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

7.2 The Company has created this reserve from its profits to make payments against any call option of preference shares.

7.3 Capital contribution

Balance as on 01 July	2,322,729	2,000,000
Addition during the year	-	322,729
Balance as on 30 June	<u>2,322,729</u>	<u>2,322,729</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7.3.1 These represent unsecured interest free loans from director / shareholders of the Company as required by the banks in their sanction advices. These are repayable on Company's discretion. These loans are treated as capital contribution in accordance with the guidelines provided by The Institute of Chartered Accountants of Pakistan (ICAP) vide Technical Release-32.

	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
8. REVENUE RESERVES		
General	714,500	714,500
Unappropriated profit	9,373,528	8,588,048
	<u>10,088,028</u>	<u>9,302,548</u>
9. LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 9.1)	773,214	663,488
Syndicate Term Finance (Note 9.2)	366,667	733,333
Diminishing musharika / Sukuk (Note 9.3)	1,903,287	2,240,363
	<u>3,043,168</u>	<u>3,637,184</u>
Current portion shown under current liabilities (Note 17)	(1,198,489)	(1,255,300)
	<u>1,844,679</u>	<u>2,381,884</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

LENGTH	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)	RATE OF INTEREST / PROFIT PER ANNUM	NUMBERS OF INSTALLMENTS	INTEREST / PROFIT RECOVERING	INTEREST / PROFIT PAYABLE	SECURITY
9.1 Long term loans							
National Bank of Pakistan	-	8,667	4.50%	This facility was completely repaid on 01 September 2025	-	Quarterly	First charge on specific machinery of the Company
Habib Metropolitan Bank Limited	-	30,894	4.50%	This facility was completely repaid on 07 April 2026	-	Quarterly	First charge on specific machinery and personal guarantee of certain directors of the Company
Bank Alfalah Limited	-	15,121	5.00%	This facility was completely repaid on 21 November 2025	-	Quarterly	First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company
Pakistan Kuwait Investment Company (Private) Limited	43,308	10,864	5.00%	These are different loans repayable in eighteen quarterly installments started from 20 September 2022 and ending on 01 April 2027	-	Quarterly	First charge on specific machinery of the Company
Pakistan Kuwait Investment Company (Private) Limited	7,918	15,835	7.00%	Eighteen quarterly installments started from 06 March 2023 and ending on 06 June 2027	-	Quarterly	First charge on specific machinery of the Company
Saudi Pak Industrial and Agricultural Investment Company Limited	165,375	259,875	16.50%	Seventeen quarterly installments started from 14 June 2024 and ending on 14 March 2028	-	Quarterly	First charge on specific machinery and personal guarantee of Chief Executive Officer and a Director of the Company
Pak Brunei Investment Company Limited	166,657	222,222	3 Month LIBOR+1.75%	Eighteen quarterly installments started from 26 January 2025 and ending on 26 April 2029	Quarterly	Quarterly	Banking hypothecation charge over all present and future fixed assets of the Company. Post dated cheques for the entire tenure of the facility and personal guarantee of Chief Executive Officer of the Company
The Bank of Punjab	385,999	-	3 Month LIBOR+1.75%	Seventeen quarterly installments started from 18 October 2026 and ending on 18 July 2030	Quarterly	Quarterly	Specific charge over complete solar system subsequently upgraded to first specific charge and personal guarantee of two sponsoring directors of the Company
9.2 Syndicate term finance							
Pakistan Kuwait Investment Company (Private) Limited	188,889	377,718	3 Month LIBOR+2%	Nine semi annual installments started from 3 March 2023 and ending on 23 April 2027	Quarterly	Quarterly	Joint pari passu charge on fixed assets and personal guarantee of some directors of the Company
Pak Libya Holding Company Limited	44,644	88,889	-	-	-	-	-
Pak Oman Investment Company Limited	88,667	133,333	-	-	-	-	-
PAIF Investment Company Limited	66,667	133,333	-	-	-	-	-
	366,667	733,333	-	-	-	-	-
8.3 Diminishing muharaka / Sukuk							
OLP Modaraba	-	29,250	Base Rate+3.25%	This facility was completely repaid on 26 March 2026	Semi annually	Monthly	First charge on specific machinery and personal guarantee of some directors of the Company
OLP Modaraba	34,188	90,113	Base Rate+3.10%	These are different muharakas repayable in 36 equal monthly installments started from 23 January 2025 and ending on 24 April 2027	Quarterly	Monthly	Title of the specific vehicles. Personal guarantee of Chief Executive Officer and some directors of the Company
OLP Modaraba	67,495	76,000	Base Rate+3.65%	Thirty six monthly installments started from 07 March 2026 and ending on 07 February 2029	Semi annually	Monthly	First charge on specific machinery and personal guarantee of some directors of the Company
OLP Modaraba	72,475	-	Base Rate+3.92%	Thirty six monthly installments started from 29 December 2026 and ending on 29 November 2029	Semi annually	Monthly	Title of the specific vehicles. Personal guarantee of Chief Executive Officer and some directors of the Company
Muzan Bank Limited	-	45,000	3 Month LIBOR+1.50%	This facility was completely repaid on 25 March 2026	Quarterly	Quarterly	First equitable charge over specific property of the Company
The Bank of Punjab	198,857	-	3 Month LIBOR+1.75%	Seventeen quarterly installments started from 30 June 2027 and ending on 31 March 2031	Quarterly	Quarterly	Specific charge over complete solar system subsequently upgraded to first specific charge and personal guarantee of two sponsoring directors of the Company
Shahid Comfiant Sukuk (NBS 9.31)	1,529,412	2,000,000	3 Month LIBOR+1.75%	Seventeen quarterly installments started from 30 September 2025 and ending on 30 September 2029	Quarterly	Quarterly	First joint pari passu charge over all present and future fixed assets of the Company and equitable mortgage over the mortgaged properties and personal guarantee of Chief Executive Officer of the Company
	1,903,287	2,340,363	-	-	-	-	-

9.3.1 These represent redeemable capital in terms of 20,000 Shari'ah Compliant Sukuk Certificates issued to various institutions and other investors by way of private placement in accordance with the provisions of section 68 of the Companies Act, 2017. These are issued for meeting working capital requirement of the Company. Habib Bank Limited is the lead financial advisor and arranger. Pak Oman Investment Company Limited is the lead financial advisor and arranger. Pak Oman Investment Company Limited is the lead financial advisor for the Sukuk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

10. LEASE LIABILITIES

Total lease liabilities	68,071	91,577
Current portion shown under current liabilities (Note 17)	(30,119)	(23,506)
	<u>37,952</u>	<u>68,071</u>

10.1 Reconciliation of lease liabilities

Balance as on 01 July	91,577	120,272
Interest on lease liabilities (Note 38)	9,651	12,367
Security deposits adjustment during the year	-	(3,687)
Payments made during the year	(33,157)	(37,375)
Balance as on 30 June	<u>68,071</u>	<u>91,577</u>

10.2 Maturity analysis of lease liabilities is as follows:

Upto 6 months	18,236	16,578
6-12 months	18,236	16,579
1-2 years	40,121	36,473
More than 2 years	-	40,121
	<u>76,593</u>	<u>109,751</u>
Less: Future finance cost	8,522	18,174
Present value of lease liabilities	<u>68,071</u>	<u>91,577</u>

10.3 Incremental borrowing rate against lease liability is 13.05% per annum.

11. STAFF RETIREMENT GRATUITY

The latest actuarial valuation of staff retirement gratuity was carried out using Projected Unit Credit Method. Detail as per actuarial valuation is as follows:

11.1 Reconciliation of present value of defined benefit obligation as at 30 June is given below:

Present value of defined benefit obligation as on 01 July	2,239,373	2,108,467
Current service cost	415,177	444,411
Interest cost	237,150	276,027
Benefits paid during the year	(422,797)	(469,767)
Increase in current liability - net	(19,328)	(4,430)
Remeasurements:		
Actuarial loss from changes in demographic assumptions	-	17,570
Actuarial loss from changes in financial assumptions	-	14,269
Experience adjustment	(32,428)	(147,174)
	<u>(32,428)</u>	<u>(115,335)</u>
Present value of defined benefit obligation as on 30 June	<u>2,417,147</u>	<u>2,239,373</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

	2026 (RUPEES IN THOUSAND)	2025
11.2 Provision for the year		
Current service cost	415,177	444,411
Interest cost	237,150	276,027
	<u>652,327</u>	<u>720,438</u>
11.2.1 Staff retirement gratuity charge for the year has been allocated as follows:		
Cost of sales (Note 33)	468,793	560,958
Distribution cost (Note 34)	81,946	65,740
Administrative expenses (Note 35)	101,588	93,740
	<u>652,327</u>	<u>720,438</u>
11.3 Remeasurements recognized in other comprehensive income		
Actuarial loss from changes in demographic assumptions	-	17,570
Actuarial loss from changes in financial assumptions	-	14,269
Experience adjustments	(32,428)	(147,174)
	<u>(32,428)</u>	<u>(115,335)</u>

	2026	2025
11.4 Principal actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	11.75%	14.75%
Discount rate for year end obligation (per annum)	11.75%	11.75%
Expected rate of increase in salary (per annum)	10.75%	10.75%
Average duration of the benefit (years)	6	6
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026

2025

11.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(144,018)	(133,949)
Decrease in assumption (Rupees in thousand)	163,268	152,046
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	156,629	145,735
Decrease in assumption (Rupees in thousand)	(140,218)	(130,284)

11.6 Expected maturity profile

Expected maturity profile of undiscounted defined benefit obligation:

Less than 1 year	Between 1-2 years	Between 3-5 years	Between 6-10 years	Over 10 years	Total
-	470,861	1,191,382	1,936,915	17,317,557	20,916,715

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognized within the statement of financial position.

11.7 The estimated expenses to be charged to statement of profit or loss account for the year ending on 30 June 2027 is Rupees 700.900 million.

11.8 Risks associated with the scheme

Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

12. DEFERRED INCOME TAX LIABILITY

The deferred income tax liability originated due to timing differences relating to:

Taxable temporary differences

Accelerated tax depreciation	-	312,504
Right-of-use assets	14,244	-
Surplus on revaluation of buildings	1,432,818	-

Deductible temporary differences

Decelerated tax depreciation	(1,553,126)	-
Lease liabilities	(19,741)	-
Provision for staff retirement gratuity	(700,973)	(235,990)
Provision for workers' profit participation fund	-	(12,563)
Provision for workers' welfare fund	-	(1,211)
Allowance for expected credit losses	-	(2,977)
Unabsorbed tax depreciation	(1,876,409)	(993,893)
Minimum tax	(1,354,616)	(735,169)

(4,057,803) (1,669,299)

Deferred tax asset not recognized in these financial statements 5,490,621 1,729,062

Deferred income tax liability 1,432,818 59,763

12.1 Movement in deferred income tax liability balance is as follows:

	2026			
	Balance as on 01 July	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Balance as on 30 June
----- RUPEES IN THOUSAND -----				
Right-of-use assets	-	14,244	-	14,244
Surplus on revaluation of buildings	-	(196)	1,433,014	1,432,818
Decelerated tax depreciation	312,504	(1,865,630)	-	(1,553,126)
Lease liabilities	-	(19,741)	-	(19,741)
Provision for staff retirement gratuity	(235,990)	(474,387)	9,404	(700,973)
Provision for workers' profit participation fund	(12,563)	12,563	-	-
Provision for workers' welfare fund	(1,211)	1,211	-	-
Allowance for expected credit losses	(2,977)	2,977	-	-
Unabsorbed tax depreciation	(993,893)	(882,516)	-	(1,876,409)
Minimum tax	(735,169)	(619,447)	-	(1,354,616)
Deferred tax asset not recognized in these financial statements	1,729,062	3,761,559	-	5,490,621
Deferred income tax liability	59,763	(69,363)	1,442,418	1,432,818

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

	2025		
	Balance as on 01 July	Recognized in statement of profit or loss	Recognized in statement of comprehensive income
	RUPEES IN THOUSAND		
Accelerated tax depreciation	-	312,504	-
Provision for staff retirement gratuity	-	(280,971)	44,981
Provision for workers' profit participation fund	-	(12,563)	-
Provision for workers' welfare fund	-	(1,211)	-
Allowance for expected credit losses	-	(2,977)	-
Unabsorbed tax depreciation	-	(993,893)	-
Minimum tax	-	(735,169)	-
Deferred tax asset not recognized in these financial statements	-	1,729,062	-
Deferred income tax liability	-	14,782	44,981

- 12.2 The company has not recognized deferred tax asset of Rupees 5,490.621 million (2025: Rupees 1,729.062 million) as it is not probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized. Details of unabsorbed tax depreciation and minimum tax carry forward are as follows:

Accounting year to which unabsorbed tax depreciation relates	2026	2025	Accounting year in which unabsorbed tax depreciation will expire
	(RUPEES IN THOUSAND)		
2026	3,043,159	-	Infinite
2025	3,427,218	3,427,218	Infinite
	6,470,377	3,427,218	

Accounting year to which minimum tax carry forward relates	2026	2025	Accounting year in which minimum tax carry forward will expire
	(RUPEES IN THOUSAND)		
2026	619,447	-	2028
2025	735,169	735,169	2028
	1,354,616	735,169	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

13. TRADE AND OTHER PAYABLES

Creditors	3,968,692	4,510,654
Accrued liabilities	2,823,656	2,641,285
Income tax deducted at source	269,097	374,107
Sales tax payable	23,258	74,846
Workers' profit participation fund (Note 13.1)	54,222	32,558
Workers' welfare fund (Note 13.2)	36,333	36,333
Payable to banks under bill discounting arrangement	745,354	585,986
Gas Infrastructure Development Cess (GIDC) payable (Note 13.3)	9,262	9,262
	<u>7,929,874</u>	<u>8,265,031</u>

13.1 Workers' profit participation fund

Balance as on 01 July	32,558	22,740
Interest for the year (Note 38)	1,994	344
Provision for the year (Note 36)	52,228	32,214
Payments made during the year	(32,558)	(22,740)
Balance as on 30 June	<u>54,222</u>	<u>32,558</u>

13.1.1 Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

13.2 Workers' welfare fund

Balance as on 01 July	36,333	33,228
Provision for the year (Note 36)	-	3,105
Balance as on 30 June	<u>36,333</u>	<u>36,333</u>

13.3 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan vide judgement dated 13 August 2020 has upheld the GIDC Act, 2015 to be constitutional and intra vires. Further information is given in Note 18(a)(ii).

14. CONTRACT LIABILITIES

These represent unsecured contract liabilities of the Company towards various parties. The amount of Rupees 247,651 million included in contract liabilities at 30 June 2025 has been recognized as revenue in 2026 (2025: Rupees 407,108 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
15. ACCRUED MARK-UP		
Long term financing	36,600	58,238
Short term borrowings	424,565	441,539
	<u>461,165</u>	<u>499,777</u>
16. SHORT TERM BORROWINGS		
From banking companies - secured		
Export refinance (Note 16.2)	7,430,500	7,707,300
Other short term finances (Note 16.3)	15,297,699	14,394,926
	<u>22,728,199</u>	<u>22,102,226</u>
16.1	These represent various types of finances obtained from banking companies which are secured by way of first joint pari passu charge over present and future current assets of the Company, pledge of stocks and personal guarantee of directors of the Company.	
16.2	The rates of mark-up range from 4.50% to 10.00% (2025: 8.00% to 19.00%) per annum during the year on the balance outstanding.	
16.3	The rates of mark-up range from 4.50% to 14.50% (2025: 5.25% to 23.67%) per annum during the year on the balance outstanding.	
17. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 9)	1,198,489	1,255,300
Lease liabilities (Note 10)	30,119	23,506
	<u>1,228,608</u>	<u>1,278,806</u>
18. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i)	Guarantees of Rupees 457.106 million (2025: Rupees 457.226 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections, to Faisalabad Electric Supply Company (FESCO) against electricity connections and to Gas and Oil Pakistan Limited against fuel cards.	
ii)	On 13 August 2020, the Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 23.625 million related to this difference. This writ petition was decided in favor of the Company. Against this decision, SNGPL filed an Intra Court Appeal No. 73521/2021 in Lahore High Court, Lahore on 27 September 2021 which is pending for adjudication. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

- iii) The Company filed a writ petition in the Lahore High Court, Lahore on 17 August 2023 against the recovery of demand having an amount of Rupees 606.505 million (2025: Rupees 443.942 million) on increased rate of minimum wages raised by Employees Old Age Benefits Institution (EOBI). Keeping in view of the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.
- iv) During the year ended 30 June 2025, the Company filed petition before Honourable Lahore High Court, Lahore against the imposition of captive levy. The Honourable Lahore High Court, Lahore vide its judgment dated 31 March 2026 held that the mandatory mechanism prescribed under Section 4 of the Off the Grid (Captive Power Plants) Levy Act, 2025 for determination of the levy had not been followed and that the levy could not be imposed retrospectively in the absence of an express statutory provision. Accordingly, the Court set aside / annulled the impugned notifications and bills issued for retrospective recovery of the levy. Further, the Court also ordered that any amount collected from petitioners in this regard shall be credited in the bill(s) for the upcoming months and the post dated cheques furnished by the Company, in compliance of the orders passed by the Court for grant of interim relief, shall be returned by Sui Northern Gas Pipeline Limited to the Company. Against the order of the Court, Federation of Pakistan has filed appeal in Federal Constitutional Court of Pakistan which is pending adjudication. Based on the advice of legal counsel, the management of the Company expects favourable outcome of the matter. Hence, provision of Rupees 44.682 million has not been recognised in these financial statements. The Company has also given a post-dated cheque of Rupees 22.466 million against this amount to Sui Northern Gas Pipeline Limited.
- v) The Company filed writ petition in Lahore High Court, Lahore on 10 October 2025, subsequent to reporting date, against the RLNG tariff adjustment amounting to Rupees 74.964 million pertaining to the period of April 2015 - March 2024. The Company has also given a post-dated cheque of Rupees 17.415 million against this amount to Sui Northern Gas Pipeline Limited. Keeping in view of the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome of the petition.
- vi) The Company, as part of its manufacturing process, procured coal from some suppliers (who maintained active taxpayers status throughout the period when supplies were made to the Company). Without notice or hearing, Directorate of Intelligence and Investigation (Inland Revenue) passed an order dated 18 October 2024 under section 37A(4) of the Sales Tax Act, 1990 purporting to acknowledge the reconciliation and discharge of illegally created tax liability by the Company. The Company filed writ petitions Nos. 76525/2024 dated 04 December 2024 and 77291/2024 dated 09 December 2024 before Lahore High Court, Lahore challenging the lawfulness, legality and validity of the actions of the taxation authorities including but not limited to, First Investigation Report (FIR) against the Company (in violation of the law settled on the subject by Lahore High Court, Lahore in case of Messrs Taj International (Private) Limited Vs Federal Board of Revenue), extortion of alleged evaded sales tax along with default surcharge and penalty to the tune of Rupees 454.967 million and subsequent self-initiated compounding of the offence allegedly committed by the Company respectively. Prior to registration of FIR, no audit under the Sales Tax Act, 1990 was conducted by tax authorities neither any show-cause notice was issued to the Company. Further, no adjudication process as stipulated in the Sales Tax Act, 1990 was ever set into motion. No liability, as alleged in the FIR, has been adjudicated following due process as mandated by the Constitution and the law. However on 18 June 2025, both petitions were allowed and disposed of while the FIR was quashed. Therefore, the amounts of sales tax along with penalty and default surcharge amounting to Rupees 454.967 million in total, extorted by the taxation authorities from the Company without any determination of tax liability and without due process of law has been recognized as refundable / adjustable in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

b) Commitments

- i) Contracts / letters of credit for capital expenditure are amounting to Rupees 41,517 million (2025: Rupees 180,867 million) and for other than capital expenditure are of Rupees 767,464 million (2025: Rupees 1,560,144 million).
- ii) Commitments arising from short term leases to be recognised on a straight line basis as expense under the practical expedient applied by the Company with respect to IFRS 16 are of Rupees 119,414 million (2025: Rupees 128,951 million) which are to be paid within one year.
- iii) Outstanding foreign currency forward contracts are of Rupees 10,860,156 million.
- iv) The Company obtained vehicles under ijarah agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

2026 **2025**
(RUPEES IN THOUSAND)

The future aggregate minimum lease payments under ijarah are as follows:

Not later than one year	109,997	153,431
Later than one year and not later than five years	32,021	126,050
	<u>142,018</u>	<u>279,481</u>

19. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 19.1)	22,049,153	15,554,165
Capital work-in-progress (Note 19.2)	223,798	190,227
	<u>22,272,951</u>	<u>15,744,392</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

19.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total
At 30 June 2024											
Cost / revalued amount	4,305,905	3,129,871	14,780,949	1,600,077	310,456	29,886	583,093	15,685	592,686	785,145	25,443,753
Accumulated depreciation	-	(1,058,983)	(6,670,435)	(686,282)	(114,697)	(23,672)	(309,103)	(10,937)	(390,167)	(293,585)	(9,557,871)
Net book value	4,305,905	2,070,888	8,110,514	913,795	195,759	6,214	273,990	4,748	202,519	501,560	16,585,882
Year ended 30 June 2025											
Opening net book value	4,305,905	2,070,888	8,110,514	913,785	195,759	6,214	273,990	4,748	202,519	501,560	16,585,882
Additions	-	97,921	551,179	43,772	2,983	71	13,640	158	18,702	54,273	782,676
Transferred from right-of-use assets	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	14,749	14,749
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(10,237)	(10,237)
Disposals	-	-	-	-	-	-	-	-	-	4,532	4,532
Cost / revalued amount	(520,831)	-	(30,159)	-	-	-	(160)	-	(90)	(122,053)	(673,083)
Accumulated depreciation	(520,613)	-	22,632	-	-	-	36	-	63	40,995	63,726
Depreciation charge	-	-	(7,527)	-	-	-	(124)	-	(27)	(81,058)	(89,359)
Closing net book value	3,785,282	2,063,449	7,838,696	863,857	178,892	5,347	244,415	4,158	179,376	390,683	15,554,165
At 30 June 2025											
Cost / revalued amount	3,785,282	3,227,792	15,301,969	1,643,849	313,439	29,957	596,573	15,823	611,298	742,104	26,268,096
Accumulated depreciation	-	(1,164,343)	(7,463,273)	(779,992)	(134,547)	(24,010)	(352,158)	(11,665)	(431,922)	(351,421)	(10,713,931)
Net book value	3,785,282	2,063,449	7,838,696	863,857	178,892	5,347	244,415	4,158	179,376	390,683	15,554,165
Year ended 30 June 2026											
Opening net book value	3,785,282	2,063,449	7,838,696	863,857	178,892	5,347	244,415	4,158	179,376	390,683	15,554,165
Effect of surplus on revaluation	1,966,299	4,941,428	-	-	-	-	-	-	-	-	6,907,727
Additions	-	15,356	160,880	574,971	2,214	390	16,238	13	11,092	10,545	791,678
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost / revalued amount	(21,112)	(546)	(50,254)	-	-	-	-	-	(97)	(23,532)	(101,541)
Accumulated depreciation	(21,112)	61	42,435	-	-	-	-	-	80	7,784	50,360
Depreciation charge	-	(104,368)	(775,167)	(109,944)	(18,036)	(805)	(38,396)	(6,25)	(36,277)	(159,617)	(1,153,237)
Closing net book value	5,730,479	6,915,380	7,210,570	1,328,884	163,068	4,932	222,257	3,946	164,174	315,863	22,049,153
At 30 June 2026											
Cost / revalued amount	5,730,479	8,184,030	15,406,576	2,228,620	315,653	30,347	612,811	15,836	622,293	729,117	33,865,981
Accumulated depreciation	-	(1,268,650)	(8,196,005)	(889,936)	(152,585)	(25,415)	(390,554)	(12,290)	(468,119)	(413,254)	(11,816,805)
Net book value	5,730,479	6,915,380	7,210,570	1,328,884	163,068	4,932	222,257	3,946	164,174	315,863	22,049,153
Annual rate of depreciation (%)	-	5	10	10	10	15	15	15	20	20	-

19.1.1 Value of freehold land of the Company has been determined by an independent valuer, Messrs Oceanic Surveyors (Private) Limited, on 30 June 2026 using market value method. Previously, only freehold land was revalued by an independent valuer as at 19 June 2023, 30 June 2020, 30 June 2016, 28 June 2013, 30 June 2007 and 30 September 1995. Had there been no revaluation, the value of freehold land would have been lower by Rupees 5,024,113 million (2025: Rupees 3,060,721 million). The book value of freehold land on cost basis is Rupees 706,365 million (2025: Rupees 724,571 million).

19.1.2 Value of buildings on freehold land of the Company has been determined by an independent valuer, Messrs Oceanic Surveyors (Private) Limited, on 30 June 2026 using the market value method. The buildings on freehold land were revalued for the first time on 30 June 2028. Had there been no revaluation, the value of buildings on freehold land would have been lower by Rupees 4,940,751 million. The book value of buildings on freehold land on cost basis is Rupees 1,974,629 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025
(RUPEES IN THOUSAND)

19.1.3 Depreciation charge for the year has been allocated as follows:

Cost of sales (Note 33)	1,007,517	1,034,380
Distribution cost (Note 34)	1,055	1,345
Administrative expenses (Note 35)	144,665	173,824
	<u>1,153,237</u>	<u>1,209,549</u>

19.1.4 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area Acres	Covered Area Sq. ft.
Apparel Unit	Sargodha Road, Faisalabad	2.56	175 936*
Spinning, Knitting and Dyeing Units	32- KM, Shekhupura Road, Faisalabad	113.06	1 896 393
Spinning Unit	Satyana Road, Faisalabad	1.50	35 114
Office	New Civil Lines, Bilal Road, Faisalabad	0.225	52 484*
Office	Regency Plaza, Mall Road, Faisalabad	-	3 654**

* Covered area at these locations consists of multi-storey buildings.

** Covered area at this location consists of building only, because of multi-storey plaza.

19.1.5 Forced sales value of freehold land and building was Rupees 12,646.502 million.

19.1.6 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
RUPEES IN THOUSAND							
Freehold land							
Land sale - Shekhupura road, Faisalabad	4,900	-	4,900	6,000	1,100	Negotiation	AA-Spinning Mills Limited, Faisalabad
Land sale - Circular road, Faisalabad	16,212	-	16,212	16,506	294	Negotiation	Muhammad Aslam, Faisalabad
	<u>21,112</u>	<u>-</u>	<u>21,112</u>	<u>22,506</u>	<u>1,394</u>		
Plant and machinery							
Ring Frame Howa U133E 1988 Model	8,679	4,595	4,084	4,096	12	Negotiation	Abdul Hameed Trading Company, Faisalabad
Monfort Stenter	47,575	37,840	9,735	9,836	101	Negotiation	AR Trading, Lahore
	<u>56,254</u>	<u>42,435</u>	<u>13,819</u>	<u>13,932</u>	<u>113</u>		
Vehicles							
Honda- City AZS-164	1,115	148	967	1,830	863	Company policy	Tarveer Ahmad Siddiqui, Company employee, Faisalabad
Toyota- Yaris AHR-535	692	154	538	1,534	996	Company policy	Munawar Hussein Garaya, Company employee, Lahore
Honda- Civic BFE-70	10,240	1,320	8,920	9,600	680	Negotiation	Pan Power International (Private) Limited, Lahore
Toyota - Corolla Altis ARV-59B	3,692	2,358	1,334	1,350	16	Company policy	Muhammad Nabeel Aftab, Company employee, Khanewal
Honda- City BHG-571	1,241	61	1,180	3,949	2,769	Company policy	Adil Saeed, Company employee, Lahore
	<u>16,980</u>	<u>4,041</u>	<u>12,939</u>	<u>16,263</u>	<u>5,324</u>		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	7,195	3,884	3,311	16,805	13,494		
	<u>101,541</u>	<u>50,360</u>	<u>51,181</u>	<u>71,506</u>	<u>20,325</u>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

19.2 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Electric and gas installations	Advances against purchase of machinery	Total
RUPEES IN THOUSAND					
As at 01 July 2024	57,521	25,396	-	577,734	660,651
Additions during the year	-	7,537	-	44,145	51,682
Transferred to operating fixed assets during the year	(52,795)	(8,023)	-	(461,288)	(522,106)
As at 30 June 2025	4,726	24,910	-	160,591	190,227
Additions during the year	-	2,556	125,913	-	128,469
Transferred to operating fixed assets during the year	(4,726)	(2,331)	-	(87,841)	(94,898)
As at 30 June 2026	-	25,135	125,913	72,750	223,798

19.3 Borrowing cost of Rupees 11.08 million (2025: Rupees 14.520 million) was capitalized during the year using with the capitalization rate of 12.82% to 13.16% per annum (2025: 16.50% to 22.45% per annum).

20. RIGHT-OF-USE ASSETS

	Buildings	Vehicles	Total
RUPEES IN THOUSAND			
As at 01 July 2024	103,236	4,729	107,965
Book value of assets transferred to operating fixed assets	-	(4,512)	(4,512)
Depreciation charge	(29,559)	(217)	(29,776)
As at 30 June 2025	73,677	-	73,677
Depreciation charge	(24,559)	-	(24,559)
As at 30 June 2026	49,118	-	49,118

Lease of buildings

The Company obtained buildings on lease for its business operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are maximum of five years.

There is no impairment against right-of-use assets.

20.1 Depreciation charged during the year has been allocated as follows:

	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
Cost of sales (Note 33)	24,559	29,559
Distribution cost (Note 34)	-	95
Administrative expenses (Note 35)	-	122
	24,559	29,776

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025
(RUPEES IN THOUSAND)

21. LONG TERM ADVANCES

Considered good - secured

Executives (Note 21.1)	3,252	16,782
Other employees	1,915	2,767
	5,167	19,549
Current portion shown under current assets (Note 26)	(3,595)	(9,378)
	1,572	10,171

21.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 4.663 million (2025: Rupees 17.677 million).

21.2 These include the interest free advances given to Company's executives and other employees for meeting their personal expenditure and are recoverable in equal monthly installments. These are secured against the gratuity payable of these employees.

21.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of advances to employees is not considered material and hence not recognized.

22. LONG TERM SECURITY DEPOSITS

Security deposits against ijarah contracts	48,521	50,747
Security deposits against lease assets	14,094	15,544
Security deposits against utility services	17,964	17,912
	80,579	84,203
Current portion shown under current assets (Note 28)	(26,392)	(5,418)
	54,187	78,785

23. STORES, SPARE PARTS AND LOOSE TOOLS

Stores (Note 23.1)	2,048,154	2,054,714
Spare parts	1,176,126	1,195,076
Loose tools	6,883	7,847
	3,231,163	3,257,637

23.1 These include stores in transit of Rupees 291.089 million (2025: Rupees 205.523 million).

24. STOCK IN TRADE

Raw materials (Note 24.1 and Note 24.2)	6,328,992	5,878,458
Work-in-process (Note 24.3)	3,192,705	2,410,658
Finished goods (Note 24.4)	5,462,489	6,687,510
	14,984,186	14,976,626

24.1 These include stock in transit of Rupees 58.641 million (2025: Rupees 203.486 million).

24.2 These include stock of Rupees 940.379 million (2025: Rupees 378.140 million) sent to external parties for conversion.

24.3 These include stock of Rupees 376.243 million (2025: Rupees 438.295 million) sent to external parties for processing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

- 24.4** These include stock of Rupees 267.805 million (2025: Rupees 407.759 million) held by external parties.
- 24.5** Stock in trade includes stocks amounting to Rupees 1,195.302 million (2025: Rupees 1,208.715 million) valued at net realizable value.
- 24.6** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 486.926 million (2025: Rupees 298.813 million).

25. TRADE DEBTS

Considered good:

Secured (against letters of credit)	516,324	94,150
Unsecured:		
Related party (Note 25.2)	192,498	192,498
Others - against contract	15,542,933	16,128,818
	16,251,755	16,415,466
Allowance for expected credit losses (Note 25.6)	(709,116)	(697,257)
	15,542,639	15,718,209

25.1 Trade debts in respect of foreign and local jurisdictions are given below:

Australia	3,190	72,626
Argentina	45,868	112,963
Belgium	659,130	925,729
Canada	130,520	366,322
Chile	20,048	25,778
China	26,976	51,735
France	67,624	165,165
Germany	1,441,223	905,526
Hong Kong	25,425	30,502
Japan	674	40,334
Kenya	69,901	57,319
Korea	2,161	313
Mauritius	1,497	-
Mexico	27,613	102,557
Netherlands	388,143	228,442
Panama	5,199	5,980
Poland	88,572	327,405
Russia	-	538
Singapore	39,235	41,298
South Africa	-	2,429
Spain	943,304	54,020
Sri Lanka	35,720	64,793
Taiwan	245	21,373
Turkey	6,036	61,637
United Kingdom	197,504	362,648
United States Of America	9,972,019	10,298,498
Uruguay	1,193	1,180
Vietnam	44,687	39,567
Pakistan	2,008,048	2,048,789
	16,251,755	16,415,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

25.2 This represents amount due from following related party:

Challenge Apparels Limited	192,498	192,498
----------------------------	---------	---------

25.3 The maximum aggregate amount receivable from related party at the end of any month during the year was as follows:

Challenge Apparels Limited	192,498	192,498
----------------------------	---------	---------

25.4 Trade debts due from other than related party of Rupees 1,349,430 million (2025: Rupees 1,735,978 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

Upto 1 month	840,098	767,502
1 to 6 months	471,917	472,135
More than 6 months	37,415	496,341
	<u>1,349,430</u>	<u>1,735,978</u>

25.5 Trade debts due from related party amounting to Rupees 192,498 million (2025: Rupees 192,498 million) were past due but not impaired. The age analysis of these trade debts is as follows:

More than 6 months	192,498	192,498
--------------------	---------	---------

25.6 Allowance for expected credit losses

As at 01 July	697,257	689,624
Add: Recognized during the year (Note 36)	11,859	7,633
As at 30 June	<u>709,116</u>	<u>697,257</u>

25.7 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 25 to 90 days from delivery in case of local sales, and 15 to 120 days in case of export sales.

26. LOANS AND ADVANCES

Considered good - interest free

Against salary

- Executives	10,292	15,170
- Other employees	77,167	59,427

Against expenses

- Executives	6,763	6,812
- Other employees	23,545	34,991

Current portion of long term advances (Note 21)

Advances to suppliers	397,922	410,393
	<u>519,284</u>	<u>536,171</u>

Considered doubtful:

Advances to suppliers

Provision for doubtful advances to suppliers (Note 26.1)

1,479	-
(1,479)	-
-	-
<u>519,284</u>	<u>536,171</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

26.1 Provision for doubtful advances to suppliers

As at 01 July	-	-
Add: Provision for the year (Note 36)	1,479	-
As at 30 June	1,479	-

27. TAXATION AND LEVY - NET

Advance tax and prepaid levy	1,834,674	1,486,298
Provision for taxation	(58,360)	(572,012)
Levy payable	(619,447)	(615,554)
	1,156,867	298,732

28. SHORT TERM DEPOSITS AND PREPAYMENTS

Letters of credit	8,155	7,905
Prepayments	7,583	2,546
Margin deposits	208,696	235,696
Security deposits	28,620	63,507
Current portion of long term security deposits (Note 22)	26,392	5,418
	279,446	315,072

29. OTHER RECEIVABLES

Considered good:

Sales tax refundable	2,337,556	2,064,499
Export rebate	522,395	534,676
Duty drawback claims	2,617	13,241
Profit on deposits with banks	449	4,154
Fair value of forward exchange contracts	53,402	-
Others	2,601	6,181
	2,919,020	2,622,751

30. SHORT TERM INVESTMENTS

At fair value through profit or loss

Meezan Daily Income Fund Nil Units (2025: 6 907.9272 Units)	-	345
Meezan Rozana Amdani Fund Nil Units (2025: 217 619.8068 Units)	-	10,881
	-	11,226

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026 **2025**
(RUPEES IN THOUSAND)

31. CASH AND BANK BALANCES

With banks:

On current accounts including US\$ 69,009 (2025: US\$ 92,672)	526,687	377,775
On saving accounts (Note 31.1)	194,148	287,166
	720,835	664,941
Cash in hand	1,661	2,407
	722,496	667,348

31.1 Rate of profit on saving accounts ranges from 4.80% to 10% (2025: 6.50% to 19.00%) per annum.

32. REVENUE

Revenue from contracts with customers:

Export sales	39,224,639	50,266,715
Local sales (Note 32.1)	10,296,661	8,524,088
	49,521,300	58,790,803
Export rebate	319,541	410,966
	49,840,841	59,201,769

32.1 Local sales

Yarn / finished fabric / garments	4,656,244	4,196,800
Waste	810,711	1,008,736
Knitting / dyeing income / CMT	6,688,802	4,862,979
	12,155,757	10,068,515
Sales tax	(1,859,096)	(1,544,427)
	10,296,661	8,524,088

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025
(RUPEES IN THOUSAND)

33. COST OF SALES

Raw materials consumed	14,828,625	19,809,099
Salaries, wages and other benefits	9,543,137	10,301,584
Staff retirement benefit (Note 11.2.1)	468,793	560,958
Fuel and power	5,218,795	5,666,112
Dyes and chemicals consumed	2,895,837	3,738,649
Stores, spare parts and loose tools consumed	1,168,706	1,420,803
Packing materials and other charges	1,812,691	2,262,386
Outside knitting, dyeing and CMT charges	1,538,610	2,162,869
Vehicle running and maintenance	681,540	663,086
Repair and maintenance	594,574	309,390
Insurance	219,394	223,113
Other factory overheads (Note 33.1)	1,125,872	1,666,569
Depreciation on property, plant and equipment (Note 19.1.3)	1,007,517	1,034,380
Depreciation on right-of-use assets (Note 20.1)	24,559	29,559
	<u>41,128,650</u>	<u>49,848,557</u>
Work-in-process:		
Opening stock	2,410,658	3,287,341
Closing stock	(3,192,705)	(2,410,658)
	<u>(782,047)</u>	<u>876,683</u>
Cost of goods manufactured	<u>40,346,603</u>	<u>50,725,240</u>
Finished goods:		
Opening stock	6,687,510	6,143,390
Closing stock	(5,462,489)	(6,687,510)
	<u>1,225,021</u>	<u>(544,120)</u>
	<u>41,571,624</u>	<u>50,181,120</u>

33.1 These include ljarah rentals amounting to Rupees 134.789 million (2025: Rupees 152.790 million) of vehicles and Rupees 208.815 million (2025: Rupees 44.247 million) in respect of short term leases of buildings.

34. DISTRIBUTION COST

Salaries and other benefits	691,651	633,699
Staff retirement benefit (Note 11.2.1)	81,946	65,740
Commission to selling agents	844,871	964,195
Export development surcharge	56,971	126,742
Insurance	13,071	14,504
Travelling and conveyance	43,644	58,324
Vehicles' running	13,773	17,788
Printing and stationery	5,821	6,734
Communication	76,720	78,120
Outward freight and distribution	1,036,100	1,500,636
Depreciation on property, plant and equipment (Note 19.1.3)	1,055	1,345
Depreciation on right-of-use assets (Note 20.1)	-	95
	<u>2,865,623</u>	<u>3,467,922</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025

35. ADMINISTRATIVE EXPENSES

Salaries and other benefits	643,981	572,029
Staff retirement benefit (Note 11.2.1)	101,588	93,740
Rent, rates and taxes (Note 35.1)	158,095	176,645
Travelling and conveyance	14,017	16,385
Entertainment	13,803	14,603
Repair and maintenance	9,310	12,270
Vehicles' running	20,638	30,031
Printing and stationery	5,323	8,673
Communication	23,789	28,298
Legal and professional	4,410	1,933
Newspapers and periodicals	15	14
Electricity and sui gas	23,936	27,511
Auditor's remuneration (Note 35.2)	8,100	7,600
Subscription and fee	11,543	15,065
Advertisement	2,567	993
Insurance	10,941	13,912
Miscellaneous	2,074	2,247
Depreciation on property, plant and equipment (Note 19.1.3)	144,665	173,824
Depreciation on right-of-use assets (Note 20.1)	-	122
	<u>1,198,795</u>	<u>1,195,895</u>

35.1 These include ljarah rentals amounting to Rupees 16.597 million (2025: Rupees 26.553 million) of vehicles.

35.2 Auditor's remuneration

Annual audit fee	6,000	5,500
Half yearly review fee	1,000	1,000
Other certifications	950	950
Reimbursable expenses	150	150
	<u>8,100</u>	<u>7,600</u>

36. OTHER EXPENSES

Allowance for expected credit losses-net (Note 25.6)	11,859	7,633
Workers' profit participation fund (Note 13.1)	52,228	32,214
Provision for doubtful advances to suppliers (Note 26.1)	1,479	-
Net exchange loss	24,000	-
Worker's welfare fund (Note 13.2)	-	3,105
	<u>89,566</u>	<u>42,952</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
37. OTHER INCOME		
Income from financial assets		
Profit on deposits with banks	11,089	32,514
Dividend income	710	1,375
Net exchange gain	-	404,116
Fair value gain on forward exchange contracts	53,402	-
Income from non-financial assets		
Sale of scrap	20,196	22,713
Gain on sale of property, plant and equipment	20,325	30,789
Others	83,021	69,220
	<u>188,743</u>	<u>560,727</u>
38. FINANCE COST		
Mark-up / interest on:		
Long term financing	438,350	566,387
Short term borrowings	2,356,897	2,939,652
Lease liabilities (Note 10.1)	9,651	12,367
Workers' profit participation fund (Note 13.1)	1,994	344
Bank charges and commission	187,213	339,476
	<u>2,994,105</u>	<u>3,858,226</u>
39. LEVY		
Charge for the year:		
Current (Note 39.1)	619,447	615,554
Prior year adjustment	(5,136)	7,486
	<u>614,311</u>	<u>623,040</u>
39.1	This represents minimum tax on turnover and final taxes on specific incomes under the relevant sections of Income Tax Ordinance, 2001.	
40. TAXATION		
Charge for the year:		
Current	-	227,604
Prior year adjustment	(44,148)	19,676
Deferred tax (Note 12.1)	(69,363)	14,782
	<u>(113,511)</u>	<u>262,062</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025

40.1 Reconciliation between tax expense and accounting profit

Accounting profit before levy and taxation	1,309,871	1,016,381
Applicable tax rate	29%	29%
Tax on accounting profit	379,863	294,750
Effect of final tax regime income taxed at lower rate	28	55
Effect of prior year's tax	39,012	27,162
Effect arising as consequences of recognition of deferred tax	(69,363)	14,782
Effect of income taxed at minimum tax	619,447	740,306
Effect of super tax	-	102,508
Effect of rental income taxed at a lower rate	(3,270)	(4,027)
Effect of income and expenses that are not considered in determining taxable liability	(464,917)	(290,434)
Current levy and taxation as per applicable law	500,800	885,102
Levy (Note 39)	(614,311)	(623,040)
Taxation (Note 40)	113,511	(262,062)
	-	-

41. EARNINGS PER SHARE

2026

2025

Basic earnings per share

Profit after taxation	(Rupees in thousand)	809,071	131,279
Dividend on preference shares	(Rupees in thousand)	(35,453)	(50,003)
Profit attributable to ordinary shareholders		773,618	81,276
Weighted average number of ordinary shares	(Numbers)	67 500 000	67 500 000
Earnings per share - Basic	(Rupees)	11.46	1.20

Diluted earnings per share

Profit after taxation	(Rupees in thousand)	809,071	131,279
Dividend on preference shares	(Rupees in thousand)	(35,453)	(50,003)
Profit attributable to ordinary shareholders		773,618	81,276
Weighted average number of ordinary shares	(Numbers)	71 254 635	73 425 447
Earnings per share - Diluted	(Rupees)	10.86	1.11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026
(RUPEES IN THOUSAND)

2025

42. CASH GENERATED FROM OPERATIONS

Profit before levy and taxation	1,309,871	1,016,381
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment (Note 19.1.3)	1,153,237	1,209,549
Depreciation on right-of-use assets (Note 20)	24,559	29,776
Provision for staff retirement gratuity (Note 11.2)	652,327	720,438
Profit on deposits with banks (Note 37)	(11,089)	(32,514)
Allowance for expected credit losses-net (Note 36)	11,859	7,633
Provision for doubtful advances to suppliers (Note 26.1)	1,479	-
Gain on sale of property, plant and equipment (Note 37)	(20,325)	(30,789)
Workers' profit participation fund (Note 36)	52,228	32,214
Net exchange gain	(21,562)	(109,883)
Finance cost (Note 38)	2,994,105	3,858,226
Working capital changes (Note 42.1)	(438,705)	(2,316,535)
	<u>5,707,984</u>	<u>4,384,496</u>

42.1 Working capital changes

Decrease / (increase) in current assets

Stores, spare parts and loose tools	26,474	426,969
Stock in trade	(7,560)	1,061,281
Trade debts	132,559	(1,494,915)
Loans and advances	15,408	65,532
Short term deposits and prepayments	35,626	(25,811)
Other receivables	(246,877)	74,822
	<u>(44,370)</u>	<u>107,878</u>
Decrease in trade and other payables and contract liabilities	(394,335)	(2,424,413)
	<u>(438,705)</u>	<u>(2,316,535)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

42.2 Reconciliation of movements of liabilities to cash flows from financing activities:

	2026		2025	
	Long term financing	Short term borrowings	Long term financing	Short term borrowings
	(RUPEES IN THOUSAND)			
Balance as at 01 July	3,637,184	22,102,226	91,577	21,558,943
Proceeds from long term financing	661,283	-	2,899,996	-
Short term borrowings obtained - net	-	625,973	2,076,000	533,283
Repayment of long term financing	(1,255,299)	-	(1,338,812)	-
Other charges - non-cash movement	-	-	-	-
Repayment of lease liabilities	-	-	(23,506)	(3,687)
Balance as at 30 June	3,043,168	22,728,199	68,071	22,102,226
				91,577

43. EVENT AFTER THE REPORTING PERIOD

43.1 Board of Directors of the Company has proposed a preference dividend for the preference shareholders of the Company amounting to Rupees 1,2892 (2025; Rupees 1,8183) per share and final dividend of Rupee 01 per share (2025; Rupees Nil) for the ordinary shareholders of the Company at their meeting held on **30 September 2026**. However, these events have been considered as non-adjusting event under IAS-10 'Events after the Reporting Period' and have not been recognized in these financial statements

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements in respect of remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

Description	2026		2025	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(RUPEES IN THOUSAND)			
Managerial remuneration	12,000	354,496	12,000	335,681
Allowances				
House rent	4,800	141,798	4,800	134,272
Other allowances	1,200	35,450	1,200	33,568
Payment of staff retirement gratuity	-	25,368	-	10,442
	18,000	557,112	18,000	513,963
Number of persons	1	217	1	216

44.1 The Chief Executive Officer and some of the executives are provided free use of Company maintained vehicles.

44.2 Meeting fee amounting to Rupees 2,945 million (2025; Rupees 1,498 million) has been paid to all executive and non-executive directors (2025; four non-executive directors).

44.3 Apart from meeting fee as stated in Note 44.2, no remuneration was paid to any director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

45. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate, associated company, other related parties and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2026 (RUPEES IN THOUSAND)	2025
Other related parties		
Capital contribution from Chief Executive Officer and his spouse	-	316,729
Sale of vehicles	12,116	14,960

45.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is disclosed in Note 44.

45.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2026	2025	
Challenge Apparels Limited	Common directorship	No	No	None
Challenge Fashion (Private) Limited	Common directorship	No	No	None
Shanghai Challenge Textile Company Limited (China)	Common directorship and 25.77% shareholding in the Company	No	No	-
Mr. Shahid Nazir Ahmad	Chief Executive Officer	Yes	Yes	-
Mr. Naseer Ahmad Shah	Director	Yes	Yes	-
Malik Shahid Mehmood	Director	Yes	Yes	-
Mr. Shahid Iqbal	Director	Yes	Yes	-
Miss Chen Yan	Director	Yes	Yes	-
Mr. Shubin Yang	Director	Yes	Yes	-
Mr. Shoaib Ahmad Khan	Director	Yes	Yes	-

	2026	2025
46. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	12 698	11 809
Average number of employees during the year	17 240	18 764

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2026

2025

47. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING

Production at normal capacity converted to 20s count based on three shifts per day	(Kgs.)	5 878	5 878
--	--------	-------	-------

Actual production converted to 20s count based on three shifts per day	(Kgs.)	4 170	5 167
--	--------	-------	-------

KNITTING

Production at normal capacity based on three shifts per day	(Kgs.)	47 331	50 905
---	--------	--------	--------

Actual production based on three shifts per day	(Kgs.)	14 060	16 848
---	--------	--------	--------

DYEING / FINISHING

Production at normal capacity on reactive dyeing basis at three shifts per day	(Kgs.)	45 464	44 344
--	--------	--------	--------

Actual production converted on reactive dyeing basis at three shifts per day	(Kgs.)	14 988	15 007
--	--------	--------	--------

GARMENTS

Production at normal capacity of normal / average garments capacity based on single shift per day	(Dzn.)	2 454	2 584
---	--------	-------	-------

Actual production of normal / average garments capacity basis on single shift per day	(Dzn.)	1 262	1 360
---	--------	-------	-------

47.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to normal maintenance. Machines are available for different types of fabric for which orders are based on seasonal basis. Moreover, the garments capacities are varied due to multi products having different and complex stitching process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

48. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of inter-segment transactions		Total-Company	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
(RUPEES IN THOUSAND)										
Revenue										
External	4,115,244	3,075,433	1,224,069	1,500,039	44,501,528	54,626,297	-	-	49,840,841	59,201,769
Intersegment	1,155,002	2,645,308	12,919,392	17,183,333	7,557	-	(14,081,951)	(19,828,641)	-	-
Cost of sales	5,270,246	5,720,741	14,143,461	18,683,372	44,509,085	54,626,297	(14,081,951)	(19,828,641)	49,840,841	59,201,769
	(5,076,587)	(5,559,447)	(13,871,303)	(18,389,690)	(36,705,685)	(46,060,624)	14,081,951	19,828,641	(41,571,624)	(50,181,200)
Gross profit	193,659	161,294	272,158	293,682	7,803,400	8,565,673	-	-	8,269,217	9,020,649
Distribution cost	(74,473)	(67,781)	(118,568)	(134,563)	(2,672,582)	(3,265,578)	-	-	(2,865,623)	(3,467,922)
Administrative expenses	(93,248)	(68,690)	(115,666)	(129,297)	(989,881)	(997,908)	-	-	(1,198,795)	(1,195,895)
	(167,721)	(136,471)	(234,234)	(263,860)	(3,662,463)	(4,263,486)	-	-	(4,064,418)	(4,663,817)
Profit before taxation and unallocated income and expenses	25,938	24,823	37,924	29,822	4,140,937	4,302,187	-	-	4,204,799	4,356,832
Unallocated income and expenses:										
Other expenses									(89,566)	(42,952)
Other income									186,743	560,727
Finance cost									(2,994,105)	(3,858,226)
Profit before levy and taxation									1,309,871	1,016,381
Levy									(614,311)	(623,040)
Profit before taxation									695,560	393,341
Taxation									113,511	(262,062)
Profit after taxation									809,071	131,279

48.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total-Company	
	2026	2025	2026	2025	2026	2025	2026	2025
(RUPEES IN THOUSAND)								
Segment assets	5,345,912	3,714,542	4,136,150	4,077,807	31,006,236	26,186,305	40,488,298	33,978,654
Unallocated assets							21,244,631	20,332,143
							61,732,929	54,310,797
Total assets as per statement of financial position								
Segment liabilities	1,022,616	507,277	1,801,866	2,352,515	7,488,265	7,825,999	10,312,747	10,685,791
Unallocated liabilities							26,024,046	26,485,675
Total liabilities as per statement of financial position							38,336,793	37,171,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

48.2 Geographical Information

The Company's revenue from external customers by geographical location is detailed below:

	Spinning		Knitting		Processing & Garments		Total-Company	
	2026	2025	2026	2025	2026	2025	2026	2025
(RUPEES IN THOUSAND)								
Australia	-	-	-	-	75,663	327,590	75,663	327,590
Argentina	-	-	-	-	211,476	197,360	211,476	197,360
Bangladesh	-	-	-	-	-	2,974	-	2,974
Belgium	-	-	-	-	2,147,245	2,315,149	2,147,245	2,315,149
Canada	-	9,695	-	-	548,261	1,248,078	548,261	1,257,773
Chile	-	-	-	-	82,550	89,475	82,550	89,475
China	-	-	-	-	113,740	217,069	113,740	217,069
Cambodia	-	-	-	-	81,477	-	81,477	-
Croatia	-	-	-	-	-	18,444	-	18,444
Denmark	-	-	-	-	-	18,122	-	18,122
France	-	-	-	-	331,969	655,224	331,969	655,224
Germany	-	-	-	-	5,587,699	6,828,599	5,587,699	6,828,599
Hong Kong	-	-	-	-	137,215	346,877	137,215	346,877
Indonesia	-	-	-	-	-	8,828	-	8,828
Italy	-	-	-	-	7,763	-	7,763	-
Japan	-	-	-	-	2,664	85,940	2,664	85,940
Jordan	-	-	-	-	-	320	-	320
Kenya	-	-	-	-	524,863	501,874	524,863	501,874
Korea	-	-	-	-	6,644	69,806	6,644	69,806
Malaysia	-	-	-	-	4,484	4,213	4,484	4,213
Mauritius	-	-	-	-	2,666	441	2,666	441
Mexico	-	-	-	-	29,247	149,399	29,247	149,399
Netherlands	-	-	-	-	1,240,476	1,749,327	1,240,476	1,749,327
Panama	-	-	-	-	41,856	36,573	41,856	36,573
Peru	-	-	-	-	2,183	12,549	2,183	12,549
Poland	-	-	-	-	483,740	740,229	483,740	740,229
Russia	-	-	-	-	-	531	-	531
Singapore	-	-	-	-	52,221	137,515	52,221	137,515
South Africa	-	-	-	-	1,117	4,908	1,117	4,908
Spain	-	-	-	-	2,903,105	306,885	2,903,105	306,885
Sri Lanka	-	33,472	-	-	640,191	1,341,113	640,191	1,374,585
Taiwan	-	-	-	-	9,148	38,649	9,148	38,649
Turkey	-	-	-	-	17,981	106,549	17,981	106,549
United Kingdom	-	-	-	-	1,004,268	1,612,894	1,004,268	1,612,894
United States of America	-	-	-	-	23,092,710	30,837,276	23,092,710	30,837,276
United Arab Emirates	-	-	-	-	2,919	-	2,919	-
Uruguay	-	-	-	-	1,204	1,183	1,204	1,183
Vietnam	-	-	-	-	155,434	622,551	155,434	622,551
Pakistan	4,115,244	3,032,266	1,224,070	1,500,039	4,957,348	3,991,783	10,296,662	8,524,088
	4,115,244	3,075,433	1,224,070	1,500,039	44,501,527	54,626,297	49,840,841	59,201,769

48.3 The Company's revenue from external customers in respect of product is detailed below:

Yarn	3,277,801	3,008,128	133,393	158,964	-	-	3,411,194	3,167,092
Finished fabric / garments	-	-	-	-	40,077,603	51,064,500	40,077,603	51,064,500
Knitting / dyeing income / CMT	819,017	24,963	1,090,577	1,341,075	3,758,783	2,755,131	5,668,477	4,121,369
Waste	18,426	42,342	-	-	665,141	806,666	683,567	849,008
	4,115,244	3,075,433	1,224,070	1,500,039	44,501,527	54,626,297	49,840,841	59,201,769

48.4 All non-current assets of the Company as at reporting date are located and operating in Pakistan

48.5 Revenue is recognized at the point of time as per terms and conditions of underlying contract with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

48.6 Revenue from major customers

Revenue from major customers of the Company's Processing and Garments segment includes two customers (2025: two) representing Rupees 16,981 million (2025: Rupees 21,221 million). Revenue from other segments of the Company does not include any major customer.

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2026	2025
Cash at banks - USD	69,009	92,672
Trade debts - USD	46,055,731	44,533,157
Trade debts - Euro	7,404	15,565
Trade and other payables - USD	(953,670)	(388,785)
Short term borrowings - USD	(19,830,439)	(7,265,158)
Net exposure - USD	25,340,631	36,971,886
Net exposure - Euro	7,404	15,565
Following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	280.32	279.27
Reporting date rate	278.05	283.60
Rupees per Euro		
Average rate	326.96	303.75
Reporting date rate	316.95	332.25

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit before levy and taxation for the year would have been Rupees 334.795 million (2025: Rupees 488.328 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. At the year end, the Company is not exposed to other price risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the index of Mutual Funds Association of Pakistan (MUFAP) on the Company's profit before levy and taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit before levy and taxation	
	2026	2025
	(RUPEES IN THOUSAND)	
MUFAP (10% increase)	-	679
MUFAP (10% decrease)	-	(679)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, lease liabilities, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2026	2025
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	216,596	441,266
Lease liabilities	68,071	91,577
Short term borrowings	12,954,269	7,707,300
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	194,148	287,166
Financial liabilities		
Long term financing	2,826,572	3,195,918
Short term borrowings	9,773,930	14,394,926

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before levy and taxation for the year would have been Rupees 117,860 million (2025: Rupees 161,097 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming that amounts of liabilities outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investment	-	11,226
Trade debts	15,542,639	15,718,209
Loans and advances	92,626	94,146
Deposits	317,895	383,406
Other receivables	56,452	10,335
Bank balances	720,835	664,941
	<u>16,730,447</u>	<u>16,882,263</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The external credit rating of Company's bankers is given below:

Banks	Rating			2026	2025
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
Conventional Accounts					
National Bank of Pakistan	A1+	AAA	PACRA	70,875	13,402
Allied Bank Limited	A1+	AAA	PACRA	21	21
Askari Bank Limited	A1+	AA+	PACRA	19,461	44,294
Bank Alfalah Limited	A1+	AAA	PACRA	878	293
First Women Bank Limited	A1	A	PACRA	1	57
Habib Bank Limited	A1+	AAA	VIS	87,994	60,173
Habib Metropolitan Bank Limited	A1+	AAA	PACRA	88,035	57,868
Bank AL Habib Limited	A1+	AAA	PACRA	1,876	45,223
MCB Bank Limited	A1+	AAA	PACRA	22,798	33,430
The Bank of Punjab	A1+	AAA+	PACRA	85,531	38,789
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	6,221	35,128
United Bank Limited	A1+	AAA	VIS	148,098	54,994
Soneri Bank Limited	A1+	AA	PACRA	20,972	49,806
Samba Bank Limited	A1+	AA	PACRA	3,026	55,051
Industrial and Commercial Bank of China	P1	A1	Moody's	-	25
Bank of Khyber	A1	A+	PACRA	151,817	25,068
				707,604	513,622
Shariah Compliant Accounts					
Al Baraka Bank (Pakistan) Limited	A1	AA-	VIS	8,964	46,935
Bank Alfalah Limited	A1+	AAA	PACRA	1	1
BankIslami Pakistan Limited	A1	AA-	PACRA	1,546	103
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	820	108
Habib Bank Limited	A1+	AAA	VIS	3	26,553
National Bank of Pakistan	A1+	AAA	PACRA	372	2,247
Bank Makramah Limited	A2	A-	VIS	10	75,372
United Bank Limited	A1+	AAA	VIS	1,515	-
				13,231	151,319
				720,835	664,941
Short term investment					
Al Meezan Investment Management Limited	AM1		PACRA	-	11,226

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

Trade debts

The Company applies the IFRS simplified approach to measure expected credit losses which use a lifetime expected credit loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest, and the inflation index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2026 and 30 June 2025 was determined as follows:

At 30 June 2026

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(RUPEES IN THOUSAND)		%	(RUPEES IN THOUSAND)	
Not past due	0.00%	1,497,662	-	0.00%	11,986,725	-
Up to 30 days	0.01% - 0.31%	120,429	22	0.03%-0.05%	719,919	228
31 to 60 days	0.17% - 6.70%	54,399	205	0.33%	236,572	781
61 to 90 days	1.35% - 7.33%	19,106	317	0.59%	125,268	739
91 to 180 days	5.75% - 21.90%	14,446	1,030	1.07%	25,470	272
181 to 360 days	22.14% - 23.98%	6,955	1,571	5.87%	34,029	1,998
Above 360 days	100.00%	102,553	102,553	100.00%	599,400	599,400
		1,815,550	105,698		13,727,383	603,418
Trade debts which are not subject to risk of default		-	-		516,324	-
Total		1,815,550	105,698		14,243,707	603,418

At 30 June 2025

Not past due	0.00%	832,879	-	0.00%	12,862,704	-
Up to 30 days	0.00%	275,994	-	0.00%	491,508	-
31 to 60 days	0.00%	172,894	-	0.00%	37,644	-
61 to 90 days	0.00%	166,154	-	0.00%	62,441	-
91 to 180 days	0.00%	12,456	-	0.00%	20,546	-
181 to 360 days	0.00%	490,064	-	0.00%	6,277	-
Above 360 days	100.00%	97,857	97,857	100.00%	599,400	599,400
		2,048,298	97,857		14,080,520	599,400
Trade debts which are not subject to risk of default		-	-		94,150	-
Total		2,048,298	97,857		14,174,670	599,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2026, the Company had Rupees 4,696,801 million (2025: Rupees 2,486,788 million) available borrowing limits from financial institutions and Rupees 722,496 million (2025: Rupees 667,348 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Following are the contractual maturities of financial liabilities as at 30 June 2026:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(RUPEES IN THOUSAND)						
Non-derivative financial liabilities:						
Long term financing	3,043,168	3,733,240	791,387	755,300	1,002,771	1,183,782
Lease liabilities	68,071	76,593	18,236	18,236	40,121	-
Trade and other payables	6,792,348	6,792,348	6,792,348	-	-	-
Accrued mark-up	461,165	461,165	461,165	-	-	-
Short term borrowings	22,728,199	23,656,940	23,656,940	-	-	-
Unclaimed dividend	8,931	8,931	8,931	-	-	-
	33,101,882	34,729,217	31,729,007	773,536	1,042,892	1,183,782

Following are the contractual maturities of financial liabilities as at 30 June 2025:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
(RUPEES IN THOUSAND)						
Non-derivative financial liabilities:						
Long term financing	3,637,184	4,510,304	879,640	789,333	1,358,241	1,483,090
Lease liabilities	91,577	109,751	16,578	16,579	36,473	40,121
Trade and other payables	7,151,939	7,151,939	7,151,939	-	-	-
Accrued mark-up	499,777	499,777	499,777	-	-	-
Short term borrowings	22,102,226	22,543,766	20,636,454	1,907,312	-	-
Unclaimed dividend	8,937	8,937	8,937	-	-	-
	33,491,640	34,824,474	29,193,325	2,713,224	1,394,714	1,523,211

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June. The rates of mark-up / profit have been disclosed in Note 9, Note 10 and Note 16 to these financial statements.

(d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

49.2 Financial instruments by categories

As at 30 June

Financial assets as per statement of financial position

	2026		2025	
	At fair value through profit or loss	At amortized cost	At fair value through profit or loss	At amortized cost
RUPEES IN THOUSAND				
Investment	-	-	11,226	-
Trade debts	-	15,542,639	-	15,718,209
Loans and advances	-	92,626	-	94,146
Deposits	-	317,895	-	383,406
Other receivables	53,402	3,050	-	10,335
Cash and bank balances	-	722,496	-	667,348
	53,402	16,678,706	11,226	16,873,444

Financial liabilities as per statement of financial position

	At Amortized Cost	
	2026	2025
RUPEES IN THOUSAND		
Long term financing	3,043,168	3,637,184
Lease liabilities	68,071	91,577
Trade and other payables	6,792,348	7,151,939
Accrued mark-up	461,165	499,777
Short term borrowings	22,728,199	22,102,226
Unclaimed dividend	8,931	8,937
	33,101,882	33,491,640

Reconciliation to the line items presented in the statement of financial position is as follows:

	2026			2025		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
RUPEES IN THOUSAND						
Long term advances	1,572	-	1,572	10,171	-	10,171
Long term security deposits	54,187	-	54,187	78,785	-	78,785
Trade debts	15,542,639	-	15,542,639	15,718,209	-	15,718,209
Loans and advances	91,064	428,230	519,284	83,975	452,196	536,171
Short term deposits and prepayments	263,708	15,738	279,446	304,621	10,451	315,072
Other receivables	56,452	2,862,568	2,919,020	10,335	2,612,416	2,622,751
Short term investment	-	-	-	11,226	-	11,226
Cash and bank balances	722,496	-	722,496	667,348	-	667,348
	16,732,108	3,306,536	20,038,644	16,884,670	3,075,063	19,959,733

Liabilities as per statement of financial position

	2026			2025		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
RUPEES IN THOUSAND						
Long term financing	3,043,168	-	3,043,168	3,637,184	-	3,637,184
Lease liabilities	68,071	-	68,071	91,577	-	91,577
Trade and other payables	6,792,348	1,137,526	7,929,874	7,151,939	1,113,092	8,265,031
Accrued mark-up	461,165	-	461,165	499,777	-	499,777
Short term borrowings	22,728,199	-	22,728,199	22,102,226	-	22,102,226
Unclaimed dividend	8,931	-	8,931	8,937	-	8,937
	33,101,882	1,137,526	34,239,408	33,491,640	1,113,092	34,604,732

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

49.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

50. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Financial assets - recurring fair value measurement				
Derivative financial assets	-	53,402	-	53,402
At 30 June 2026	-	53,402	-	53,402
At fair value through profit or loss	11,226	-	-	11,226
At 30 June 2025	11,226	-	-	11,226

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments includes the use of quoted market prices as per MUFAP.

51. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
At 30 June 2026				
Freehold land	-	5,730,479	-	5,730,479
Buildings on freehold land	-	6,915,380	-	6,915,380
	-	12,645,859	-	12,645,859
At 30 June 2025				
Freehold land	-	3,785,292	-	3,785,292

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between level 1 and 2 for recurring fair value measurement during the year. Further, there was no transfer in and out of level 3.

(ii) **Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuation for its freehold land (classified as property, plant and equipment) at least in every three years. During the year 2026, the Company also obtained an independent valuation of the buildings on freehold land. The management updates the assessment of the fair value of freehold land and buildings on freehold land, taking into account the most recent independent valuation. The management determines freehold lands and buildings on freehold land value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands and buildings.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land and the buildings on freehold land.

Changes in fair values are analyzed during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

52. SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART 1 OF SCHEDULE IV OF THE COMPANIES ACT, 2017

Description	NOTE	2026 (RUPEES IN THOUSAND)	2025 (RUPEES IN THOUSAND)
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode			
Long term financing	9	1,903,287	2,240,363
Short term borrowings	16	5,206,806	2,650,470
Interest or mark-up accrued on any conventional loan or advance			
Short term borrowings		305,964	376,465
Long term financing		29,857	30,018
Lease liability	38	9,651	12,367
Long-term and short-term Shariah compliant Investments			
Short term investments	28	-	11,226
Shariah-compliant bank deposits, bank balances, and TDRs	49.1 (b)	13,231	151,319

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Description	NOTE	2026 (RUPEES IN THOUSAND)	2025
Revenue earned from a Shariah-compliant business segment	32	49,840,841	59,201,769
Break - up of late payments or liquidated damages		-	-
Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates			
Dividend income	37	710	1,375
Profit earned from Shariah Compliant bank deposits, bank balances or TDRs	37	11,089	32,514
Exchange gain earned from actual currency	37	-	404,116
Exchange gains earned using conventional derivative financial instruments		53,402	-
Profit paid on Islamic mode of financing		626,474	738,437
Total interest earned on any conventional loan or advance		-	-
Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income			
Shariah-compliant			
Dividend income	37	710	1,375
Net exchange gain	37	-	404,116
Others	37	83,021	69,220
Sale of scrap	37	20,196	22,713
Profit on deposits with banks	37	11,089	32,514
Gain on sale of property, plant and equipment	37	20,325	30,789
Non-compliant			
Unrealised exchange gain on forward contracts		53,402	-
Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc			

Name	Relationship
Al Baraka Bank (Pakistan) Limited	Bank balance and short term borrowings
Bank Alfalah Limited	Bank balance
BankIslami Pakistan Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings
Habib Bank Limited	Bank balance
Meezan Bank Limited	Bank balance, long term financing and short term borrowings
National Bank of Pakistan	Bank balance and short term borrowings
OLP Modaraba	Long term financing
Pak Oman Investment Company Limited	Shariah Compliant Sukuk
United Bank Limited	Bank balance and short term borrowings
Bank of Khyber	Short term borrowings

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

53. UNUTILIZED CREDIT FACILITIES

	Funded		Non-funded	
	2026	2025	2026	2025
	(RUPEES IN THOUSAND)			
Total facilities	27,425,000	24,589,014	2,875,000	3,620,986
Utilized at the end of the year	22,728,199	22,102,226	1,266,088	2,209,960
Unutilized at the end of the year	4,696,801	2,486,788	1,608,912	1,411,026

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 30 September 2026 by the Board of Directors of the Company.

55. CORRESPONDING FIGURES

Corresponding figures have been re-arranged / or reclassified, wherever necessary for the purpose of comparison. However, no significant reclassification have been made except as detailed below for the purpose of better presentation and understanding:

Reclassified from	Reclassified to	2025 (RUPEES IN THOUSAND)
Trade and other payables	Contract liabilities	267,598
Capital reserves	Other capital reserves	3,826,062
Short term borrowings	Trade and other payables - Payable to banks under bill discounting arrangement	585,986
Other income - Reversal of allowance for expected credit losses	Other expenses - Allowance for expected credit losses- net	354

56. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore, these financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

GENDER PAY GAP STATEMENT

In accordance with Securities and Exchange Commission of Pakistan (SECP) Circular No. 10 of 2024, the Company has calculated and reported its gender pay gap for the financial year ended June 30, 2026, as follows:

- **Mean Gender Pay Gap:** 10.32%
- **Median Gender Pay Gap:** 0.43%

The above ratios reflect the overall employee gender pay gap across the organization. The Company ensures equitable compensation for the female members in their respective role based on experience, qualification and performance.



DIRECTOR



DIRECTOR





Shareholders' Information and Urdu Translations

Shareholding disclosures, Proxy
Forms and Urdu Translations

Pattern of Shareholding	154
Notice of Annual General Meeting	159
Directors' Report (Urdu)	170
Chairman's Review Report (Urdu)	171
Form of Proxy (Urdu)	
Form of Proxy	

PATTREN OF SHARE HOLDING

AS ON 30 JUNE 2026

THE COMPANIES ACT, 2017
COMPANIES REGULATIONS, 2025
[Section 227 (2)(f) and Regulation 30]
PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2026

FORM 20

PART - 1
0012223

1. Incorporation Number

1.1 Name of the Company

MASOOD TEXTILE MILLS LIMITED

PART - 11

2.1 Pattern of holding of the shares held by the shareholders as at

3 0 06 2 0 2 6

2.2 No. of shareholders

Shareholdings

Total shares

669	Shareholding from 1 to 100 Shares	42,304
462	Shareholding from 101 to 500 Shares	106,265
103	Shareholding from 501 to 1000 Shares	82,395
111	Shareholding from 1001 to 5000 Shares	290,387
29	Shareholding from 5001 to 10000 Shares	213,303
10	Shareholding from 10001 to 15000 Shares	122,901
2	Shareholding from 15001 to 20000 Shares	39,428
6	Shareholding from 20001 to 25000 Shares	133,426
2	Shareholding from 25001 to 30000 Shares	60,000
3	Shareholding from 30001 to 35000 Shares	100,549
1	Shareholding from 35001 to 40000 Shares	35,492
3	Shareholding from 40001 to 45000 Shares	125,470
1	Shareholding from 45001 to 50000 Shares	50,000
2	Shareholding from 50001 to 55000 Shares	108,400
1	Shareholding from 55001 to 60000 Shares	58,775
1	Shareholding from 60001 to 65000 Shares	62,742
1	Shareholding from 70001 to 75000 Shares	73,500
2	Shareholding from 90001 to 95000 Shares	187,276
1	Shareholding from 95001 to 100000 Shares	100,000
1	Shareholding from 100001 to 105000 Shares	104,962
1	Shareholding from 120001 to 125000 Shares	121,374
1	Shareholding from 195001 to 200000 Shares	196,600
1	Shareholding from 265001 to 270000 Shares	267,000
1	Shareholding from 415001 to 420000 Shares	419,625
1	Shareholding from 635001 to 640000 Shares	639,000
1	Shareholding from 690001 to 695000 Shares	692,050

PATTREN OF SHARE HOLDING

AS ON 30 JUNE 2026

2.2 No. of shareholders	Shareholdings	Total shares
1	Shareholding from 785001 to 790000 Shares	785,100
1	Shareholding from 790001 to 795000 Shares	791,000
1	Shareholding from 1555001 to 1560000 Shares	1,556,718
1	Shareholding from 1670001 to 1675000 Shares	1,673,987
1	Shareholding from 1725001 to 1730000 Shares	1,726,400
1	Shareholding from 2210001 to 2215000 Shares	2,214,169
1	Shareholding from 4385001 to 4390000 Shares	4,387,500
1	Shareholding from 4535001 to 4540000 Shares	4,536,019
1	Shareholding from 7635001 to 7640000 Shares	7,636,550
1	Shareholding from 17395001 to 17400000 Shares	17,396,833
1	Shareholding from 20360001 to 20365000 Shares	20,362,500
1428	Total	67,500,000

PREFERENCE SHARES:

1	Shareholding from 245001 to 250000 Shares	250,000
1	Shareholding from 2495001 to 2500000 Shares	2,500,000
1	Shareholding from 4435001 to 4440000 Shares	4,440,000
2	Shareholding from 4995001 to 5000000 Shares	10,000,000
1	Shareholding from 10305001 to 10310000 Shares	10,310,000
6	Total	27,500,000

PATTREN OF SHARE HOLDING

AS ON 30 JUNE 2026

2.3 Categories of shareholders

shares held

Percentage

ORDINARY SHARES:

2.3.1 Directors, Chief Executive Officer, and their spouse and minor children.

21,966,905

32.54

2.3.2 Associated Companies, undertakings and related parties.

17,396,833

25.77

2.3.3 NIT and ICP

2,218,269

3.29

2.3.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.

4,536,588

6.72

2.3.5 Insurance Companies

12,694

0.02

2.3.6 Modarabas and Mutual Funds

3,100

0.00

2.3.7 Share holders holding 10%

45,395,883

67.25

2.3.8 General Public

a. Local

6,238,353

9.24

b. Foreign

-

-

2.3.9 Others - Joint Stock Companies / Co-operative Societies.

7,490,708

11.10

3- PREFERENCE SHARES:

3.1 Banks.

16,940,000

61.60

3.2 Investment Companies.

10,560,000

38.40

Signature of Chief Executive/ Secretary

Name of Signatory

NISAR AHMAD ALVI

Designation

COMPANY SECRETARY

CNIC Number

3 3 1 0 4 - 2 6 9 3 4 6 0 - 9

Date

Day

3 0

Month

0 9

Year

2 0 2 6

NAME WISE CATEGORIES OF SHARE HOLDERS SUMMARY

AS ON 30 JUNE 2026

Categories of shareholders	Shares Held	Total Shares	Percentage
ORDINARY SHARES:			
2.3.1 Directors:			
MR. SHAHID NAZIR AHMAD Chief Executive Officer	1,556,718		
MR. NASEER AHMAD SHAH Chairman	42,187		
MR. SHAHID IQBAL Director	5,000		
MALIK SHAHID MEHMOOD Director	500		
MR. SHOAIB AHMAD KHAN Director	-		
(NIT Nominee)			
MR. SHIBIN YANG Director	-		
(Shanghai Challenge - Nominee)			
MS. CHEN YAN Director	-		
(Shanghai Challenge - Nominee)			
	20,362,500	21,966,905	32.54
SPOUSE:			
2.3.2 Associated Undertakings:			
SHANGHAI CHALLENGE TEXTILE CO., LIMITED	-	17,396,833	25.77
2.3.3 NIT And ICP:			
IDBL (ICP UNIT)	4,100		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,214,169	2,218,269	3.29
2.3.4 Financial Institutions:			
Banks:			
NATIONAL BANK OF PAKISTAN	-	4,536,588	6.72
2.3.5 Insurance Companies:			
AGRO GENERAL INSURANCE COMPANY LIMITED	7,594		
ASIA INSURANCE COMPANY LIMITED	5,000		
DELTA INSURANCE COMPANY LTD.	100	12,694	0.02
2.3.6 Modarabas And Mutual Fund:			
THIRD PRUDENTIAL MODARABA	2,900		
UNICAP MODARABA	200	3,100	0.00
2.3.7 Shareholders Holding 10% or More:			
MRS. NAZIA NAZIR	20,362,500		
ZHEJIANG XINAO INDUSTRY COMPANY LIMITED	7,636,550		
SHANGHAI CHALLENGE TEXTILE CO., LIMITED	17,396,833	45,395,883	67.25

NAME WISE CATEGORIES OF SHARE HOLDERS SUMMARY

AS ON 30 JUNE 2026

Categories of shareholders	Shares Held	Total Shares	Percentage
2.3.8 General Public:	-	6,238,353	9.24
2.3.9 Joint Stock Companies And Others:			
ADAM SECURITIES LTD. - MF	10,000		
AL-HABIB CAPITAL MARKETS (PRIVATE) LIMITED - MF	5,000		
BAWA SECURITIES (PVT) LTD. - MF	4,600		
CHASE SECURITIES PAKISTAN (PRIVATE) LIMITED - MF	1,000		
FORTRESS TEXTILES (PVT) LIMITED	2,616,462		
FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	13,252		
H M INVESTMENTS (PVT) LIMITED	4,900		
INTEGRATED EQUITIES LIMITED	33,799		
JS GLOBAL CAPITAL LIMITED	138		
KOHISTAN CORPORATION (PVT) LTD.	4,387,500		
MAPLE LEAF CAPITAL LIMITED	1		
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD.-MF	53,400		
MRA SECURITIES LIMITED - MF	94,671		
N. U. A. SECURITIES (PRIVATE) LIMITED - MF	2,000		
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	35,492		
NH SECURITIES (PVT) LIMITED	5		
PAKISTAN KUWAIT INVST.(PVT) LTD	2,600		
PRUDENTIAL CAP.MANAGEMENT LTD.	1,600		
SAVARI (Pvt) LIMITED	900		
SOFTWARE CREATIONS (PVT) LIMITED	121,374		
STANDARD CAPITAL SECURITIES (PRIVATE) LIMITED	4,000		
TRUST SECURITIES & BROKERAGE LIMITED - MF	2,000		
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	3,249		
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	92,605		
Y.S. SECURITIES & SERVICES (PVT) LTD.	160	7,490,708	11.10
3. PREFERENCE SHARES:			
3.1 Banks:			
ASKARI BANK LIMITED	-	2,500,000	
HABIB BANK LIMITED	-	4,440,000	
MCB BANK LIMITED	-	5,000,000	
NATIONAL BANK OF PAKISTAN	-	5,000,000	
		16,940,000	61.60
3.2 Investment Companies:			
KOHISTAN CORPORATION (PVT) LTD.	-	250,000	
SUNDAR IMPEX (PVT) LIMITED	-	10,310,000	
		10,560,000	38.40
		27,500,000	100.00

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 42nd Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, 17/1 New Civil Lines, Bilal Road, Faisalabad on Tuesday, 27th October, 2026 at 11.00 A.M. to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 28th October, 2025.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2026 together with the Chairman's Review, Directors' Report and Auditors' Report thereon.

In accordance with section 223 of the Companies Act, 2017 and pursuant to SRO 389 (I)/2023 dated 21 March, 2023, the Annual Report of the Company for the year ended June 30, 2026, including the annual audited financial statements have been uploaded on the website of the company which can be accessed through the following web link and QR enabled code;

Web Link	QR Enabled code
https://masoodtextile.com/wp-content/uploads/2026/10/Annual-Financial-Statement-for-the-Year-ended-30-06-2026.pdf	

3. To approve the payment of cash dividend @ 10.00% (Rs. 1.00 per ordinary share), as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the financial year ending June 30, 2027 and to fix their remuneration. M/s Riaz Ahmad & Company, Chartered Accountants, retire and, being eligible, offer themselves for reappointment.
5. To consider any other business that may be placed before the meeting with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD



(Nisar Ahmad Alvi, FCA)
Company Secretary

Faisalabad
30 September 2026

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 20th to 27th October, 2026 (both days inclusive). Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 19th October, 2026 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 20th to 27th October, 2026 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. Rs.1.29 per share. Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 19th October, 2026 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his / her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.
4. The AGM can be attended by shareholders using smart phones/tablets/computers. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at waqasahmad@mtmho.com by October 25, 2026.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number.	Email address

5. The members who are registered after the necessary verification shall be provided with a video link by the Company at the same email address that they emailed the Company with. The Login facility will remain open from the start of the meeting till its proceedings are concluded.
6. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
7. Pursuant to Finance Act, 2026, the Company is liable to withhold Income Tax @ 15 % from the Filers and 30 % from the non-Filers under the provisions of Section 150 of the Income Tax Ordinance, 2001. Kindly ensure your status from Active Tax Payer's List, available at FBR's website, before disbursement of Dividend by the Company. Individuals without CNIC(s) will be treated non-Filers, since their status cannot be verified from FBR.

8. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980. Moreover, the shareholders who have not yet submitted their Computerized National Identity Cards to the Company are requested once again to send attested copies thereof at their earliest. Otherwise, their Dividend will be withheld for lack of complete information.
9. The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.
10. Shareholders who have not collected their Dividend / Physical shares so far are advised to contact our Share Registrar to collect / enquire about their Unclaimed Dividend or Share, if any.
11. As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investors account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.
12. Pursuant to Section 223(6) of the Companies Act, 2017, S.R.O. 389(I)/2023 dated March 21, 2023 and S.R.O. 452(I)/2025 dated March 17, 2025, the Notice of Annual General Meeting and Annual Report shall also be transmitted through email to members whose email addresses are available with the Company. Members are requested to ensure that their updated email addresses are provided to the Company/Share Registrar or, in case of CDC account holders, to their respective Participants. A member may request a hard copy of the Annual Report on the prescribed form available on the Company's website, which shall be provided free of cost within the prescribed period.
13. In pursuance of Section 185(1) of the Companies Act, 2017, and S.R.O.452(I)/2025 dated March 17, 2025, no gifts will be distributed at the meeting.

2027 میں عالمی افراط زر میں متوقع کمی اور امریکہ و یورپ کے خریداروں کی جانب سے خریداری کے ذرائع میں مسلسل تنوع اختیار کیے جانے سے ملبوسات کی طلب میں بہتری آنے کا امکان ہے، جس سے کمپنی کے لیے مزید ترقی کے مواقع پیدا ہو سکتے ہیں۔ تاہم، بحالی کی رفتار کا انحصار جزوی طور پر مشرق وسطیٰ میں ہونے والی پیش رفت اور امریکی ٹریف پالیسی پر ہوگا۔ **Global Ratings S&P** کی جانب سے جولائی 2026 میں پاکستان کی طویل مدتی خود مختار کریڈٹ ریٹنگ کو **B+** سے بڑھا کر **B** کرنا معاشی استحکام اور اصلاحات میں پیش رفت کی عکاسی کرتا ہے، جبکہ مسلسل مالیاتی نظم و ضبط اور ساختی اصلاحات برآمدی مسابقت کو مزید تقویت فراہم کریں گی۔

کمپنی مقامی اور بین الاقوامی ذرائع سے کپاس، دھواگے اور پالنے شری خریداری کو مسلسل بہتر بنا رہی ہے تاکہ مسابقتی قیمتوں اور قابل اعتماد رسد کو یقینی بنایا جاسکے اور منافع کے مارجن کو سہارا ملے۔ اپنے نفاذی شراکت دار کے ساتھ تعاون کے ذریعے کمپنی کو مصدقہ **Regenerative Agriculture (regenagri)** کپاس سازگار شرائط پر حاصل کرنے میں مدد ملتی ہے، جس سے کمپنی اعلیٰ معیار کے صارفین کے آرڈرز پورے کرنے اور ذمہ دارانہ ذرائع سے خریداری کے تقاضوں کو پورا کرنے کے قابل ہوتی ہے۔

کمپنی کا اپنا گریڈ انٹیشن اور بیک اپ کپھو پاور پلانٹ پیداوار کے تسلسل کو برقرار رکھنے میں معاون ہیں۔ کمپنی کا سولر منصوبہ جزوی طور پر فعال ہو چکا ہے، جبکہ مکمل کیوشنگ سے توانائی کے اخراجات اور کاربن اخراج میں مزید کمی متوقع ہے۔ کمپنی نے بھاپ کی پیداوار کے لیے بالیو ماس بواکسز کا جزوی استعمال بھی شروع کر دیا ہے اور توانائی کے اخراجات کی کارکردگی بہتر بنانے، درآمدی کٹے پر انحصار کم کرنے اور کاربن کے کم اخراج میں معاونت کے لیے ان کی صلاحیت میں اضافے کا منصوبہ رکھتی ہے۔

آپریٹل لچک، توانائی کے متنوع ذرائع اور منظم ہتھاط خریداری کے طریقہ کار کمپنی کی بدلتی ہوئی تجارتی، توانائی اور لاجسٹکس کی صورتحال سے نمٹنے کی صلاحیت کو مزید مضبوط کریں گے۔ ہتھاط مالیاتی اور ورکنگ کیپیٹل مینجمنٹ کے تعاون سے یہ اقدامات کمپنی کو ترقی کے مواقع سے فائدہ اٹھانے اور شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے لیے مضبوط بنیاد فراہم کرتے ہیں۔

اعتراف

بورڈ آف ڈائریکٹرز کمپنی کے معزز شیئر ہولڈرز اور قابل قدر صارفین کا ان کے مسلسل اعتماد، بھروسے اور تعاون پر دلی طور پر شکر یہ ادا کرتا ہے۔ بورڈ کمپنی کے تمام شعبوں اور درجات میں کام کرنے والے ملازمین کی محنت، لگن، عزم اور اجتماعی کاوشوں کو بھی قدر کی نگاہ سے دیکھتا ہے، جن کی خدمات نے سال کے دوران کمپنی کے آپریشنز کے تسلسل کو برقرار رکھنے اور اس کی ترقی میں اہم کردار ادا کیا ہے۔ بورڈ کو یقین ہے کہ تمام اسٹیک ہولڈرز کے مسلسل تعاون اور انتظامیہ و ملازمین کی مشترکہ کاوشوں کے ساتھ کمپنی آنے والے سالوں میں اپنی پوزیشن کو مزید مستحکم کرے گی، بدلتے ہوئے کاروباری ماحول سے مؤثر انداز میں نمٹے گی اور پائیدار ترقی کے حصول کے لیے اپنی کوششیں جاری رکھے گی۔



ڈائریکٹر



ڈائریکٹر

فیصل آباد 30 ستمبر 2026ء

بورڈ کمپنی کے کاروبار سے متعلق اہم اور ابھرتے ہوئے پائیداری کے خطرات اور مواقع کی مسلسل نگرانی اور جائزہ لیتا ہے، جن میں موسمیاتی خطرات، توانائی کے اخراجات اور دستیابی، وسائل کے مؤثر استعمال، ماحولیاتی تلفی، ملازمین کی فلاح و بہبود اور اسٹیک ہولڈرز کی بدلتی ہوئی توقعات شامل ہیں۔ ایسے خطرات کے انتظام اور تدارک کے لیے مناسب اقدامات کیے جاتے ہیں، جبکہ ان مواقع سے فائدہ اٹھانے کی کوشش بھی کی جاتی ہے جو آپریشنل کارکردگی اور طویل مدتی کارپوریٹ قدر میں معاون ہوں۔

اپنے پائیداری کے اقدامات کے ایک حصے کے طور پر، کمپنی نے مجموعی طور پر 6.2 میگا واٹ سولر فوٹو وولٹک (Solar Photovoltaic) صلاحیت کامیابی سے فعال کر دی ہے، جو اس وقت آپریشنل ہے۔ مزید تقریباً 3.8 میگا واٹ سولر فوٹو وولٹک صلاحیت کی تنصیب کا کام جاری ہے۔ تکمیلی ٹیسٹنگ اور کامیاب کمیشننگ سے مشروط، کمپنی کی مجموعی آپریشنل سولر صلاحیت بڑھ کر تقریباً 10.0 میگا واٹ ہونے کی توقع ہے۔ اس اقدام کا مقصد توانائی کے اخراجات کو بہتر بنانا، گروے فراہم کردہ بجلی پر انحصار کم کرنا اور کمپنی کے ماحولیاتی و پائیداری کے مقاصد کی حمایت کرنا ہے۔

بورڈ تنوع، مساوات اور شمولیت (DE&I - Diversity, Equity and Inclusion) کے فروغ کے لیے بھی پُر عزم ہے، جس میں صنفی مساوات، صنفی شمولیت (Gender Mainstreaming) اور مساوی مواقع شامل ہیں، اور یہ اصول کمپنی کے بورڈ، انتظامیہ اور افرادی قوت کے تمام شعبوں میں نافذ ہیں۔ کمپنی میرٹ، انصاف، وقار اور باہمی احترام پر مبنی کام کے ماحول کو فروغ دینے کا سلسلہ جاری رکھے ہوئے ہے اور متعلقہ طریقہ کار کا قابل اطلاق تقاضوں کے مطابق باقاعدگی سے جائزہ لیتی ہے۔

پائیداری سے متعلق اپنی ذمہ داریوں کو مؤثر طور پر انجام دینے کے لیے، بورڈ نے پائیداری سے متعلق اضافی ذمہ داریاں بورڈ کی ایک موجودہ کمپنی کو سونپ دی ہیں۔ یہ کمپنی متعلقہ پائیداری کے خطرات اور مواقع، DE&I سے متعلق طریقہ کار، پائیداری سے متعلق قابل اطلاق قوانین و ضوابط کی تعمیل اور متعلقہ انکشافات (Disclosures) کی نگرانی کرتی ہے اور ان امور کے بارے میں بورڈ کو رپورٹ پیش کرتی ہے۔

بورڈ وقتاً فوقتاً کمپنی کی پائیداری کی حکمت عملی، ترجیحات اور کارکردگی کا جائزہ لیتا ہے اور قابل اطلاق ریگولیٹری تقاضوں اور متعلقہ SECP رجسٹرڈ اصولوں کے مطابق اپنی ESG پالیسیوں اور انکشافات کو مزید مضبوط بنانے کے لیے پُر عزم ہے۔

اہم تبدیلیاں اور وعدے / ذمہ داریاں :-

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی یا عہد التزام رونما نہیں ہوا۔

مستقبل کا منظر نامہ :-

مضبوط آرڈر پوزیشن کے باعث آمدنی کے تسلسل اور استحکام کی توقع کے ساتھ، کمپنی مالی سال 2027 (FY2027) میں داخل ہو رہی ہے اور اس پوزیشن میں ہے کہ رواں سال حاصل ہونے والے منافع کے مارجن میں بہتری کو مزید مستحکم کر سکے۔ مستحکم کسٹمر تعلقات اور مینوفیکچرنگ کے تجربے سے فائدہ اٹھاتے ہوئے، کمپنی ان مواقع کو ترجیحی بنیادوں پر اختیار کرے گی جو منافع کے مارجن میں بہتری اور ویلیو ایڈڈ ملبوسات کی پیکٹش کو مزید مضبوط بنانے میں معاون ہوں۔ مصنوعات میں جدت، آپریشنل پیداواری صلاحیت میں بہتری، مختصر لیڈ ٹائم اور مسلسل بروقت ترسیل اس حکمت عملی کی بنیاد ہوں گے، جو صارفین کو برقرار رکھنے اور پائیدار و منافع بخش ترقی میں معاون ثابت ہوں گے۔

صنعتی تنخواہ کا فرق:-

کمپنی داخلی طور پر تجربہ کرتی ہے تاکہ یہ جانچا جاسکے کہ صنعتی اجرت میں برابری کیڈرز، درجات اور یکساں نوعیت کی ملازمتوں کی بنیاد پر برقرار ہے یا نہیں۔ خواتین کو ای کیڈرز میں کام کرنے والے مردوں کے مقابلے میں اوسطاً مساوی اجرت کی ادائیگی کو یقینی بنانے کے لیے ضروری ایڈجسٹمنٹس کیے جاتے ہیں۔ مزید برآں، کمپنی کا ماننا ہے کہ قابل تقابل کیڈرز اور درجات میں خواتین اور مردوں کو دی جانے والی اجرت میں کوئی نمایاں فرق موجود نہیں ہے۔

ہراسانی کے خلاف پالیسی:-

کمپنی کسی بھی قسم کے امتیازی سلوک، ہراسانی اور غنڈہ گردی (Bullying)، تشدد، امتیازی تفریق، نیز جنس، جسمانی صلاحیت، جنسی رجحان، قومیت، صنعتی شناخت، نسل، مذہب، عمر، صنعتی پس منظر، ثقافتی اور اخلاقی عقائد یا ذات کی بنیاد پر کسی بھی قسم کے امتیاز کی ممانعت کرتی ہے۔ کمپنی اپنے تمام شعبہ ہائے کار میں کسی بھی قسم کے امتیازی سلوک، تشدد، تشدد کی دھمکی، دھمکانے یا خوف زدہ کرنے، یا ایسے کسی بھی طرز عمل کی مکمل طور پر ممانعت کرتی ہے جو مذکورہ اعمال کی طرف لے جاتا ہو۔

صحت، حفاظتی اور ماحولیاتی اور کارپوریٹ سماجی ذمہ داری-

ملازمین کی صحت، حفاظت اور ماحولیاتی تحفظ ہماری بنیادی اقدار میں شامل ہیں، اور کمپنی ماحول کی بہتری اور معاشرے کی فلاح و بہبود کے لیے باقاعدگی سے مختلف اقدامات کرتی ہے۔ ہم صحت اور حفاظتی امور سے متعلق باقاعدگی سے آگاہی پروگرام منعقد کرتے ہیں۔

کمپنی نے اپنی تمام پیداواری سہولیات میں آگ بجھانے کے آلات اور گاڑیاں بھی فراہم کر رکھی ہیں۔ ایک مخصوص کلیٹک / ڈپنٹری ماہر اور اہل عملے کے زیر انتظام ہے، جہاں 24 گھنٹے، ہفتے کے ساتوں دن (24/7) ہنگامی طبی سہولیات فراہم کی جاتی ہیں۔ ہم اس امر کو بھی یقینی بناتے ہیں کہ ہماری پیداواری سہولت تمام متعلقہ ماحولیاتی معیارات کی مکمل پابندی کرے۔

کارپوریٹ سماجی ذمہ داری (CSR) ہماری حکمت عملی کا ایک اہم حصہ ہے، جس کے تحت ہم اپنے ارد گرد کی کمیونٹیز اور متعلقہ شراکت داروں (Stakeholders) کے ساتھ طویل مدتی تعلقات قائم کرتے ہیں۔ باہمی مفاد پر مبنی یہ تعلقات کمپنی کی سادھ کو بہتر بنانے، کمپنی کے کاروبار اور مصنوعات کے لیے احترام کو فروغ دینے اور ایک پائیدار مسابقتی برتری حاصل کرنے میں معاون ثابت ہوتے ہیں

ماحولیاتی، سماجی اور گورننس (ESG) اور پائیداری کی رپورٹنگ کے ترویجی مقاصد سے متعلق بورڈ کا بیان:-

کمپنی ماحولیاتی، سماجی اور گورننس (ESG - Environmental, Social and Governance) سے متعلق امور اور پائیداری (Sustainability) کو ذمہ دارانہ کارپوریٹ گورننس، طویل مدتی کاروباری استحکام اور پائیدار قدر پیدا کرنے کے اہم اجزاء تسلیم کرتی ہے۔ Listed Companies (Code of Corporate Governance, 2019) Regulations کے ضابطہ 10A کے مطابق، بورڈ پائیداری سے متعلق خطرات اور مواقع کی گورننس اور نگرانی کا ذمہ دار ہے اور اس نے متعلقہ ESG امور کو کمپنی کی اسٹرٹجک ترجیحات اور فیصلہ سازی میں شامل کر لیا ہے۔

ڈائریکٹرز کا معاوضہ :-

30 جون 2026 کو ختم ہونے والے سال کے دوران ڈائریکٹرز کو ادا کی جانے والی مراعات / معاوضے کی تفصیل کنسولیدیٹڈ مالیاتی بیانات کے نوٹ نمبر 44 میں دی گئی ہے، جو سالانہ رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کے تعین کے لیے پالیسی وضع کی ہے۔ اس پالیسی کی نمایاں خصوصیات درج ذیل ہیں:

کمپنی نے اپنے غیر انتظامی ڈائریکٹرز (Executive Directors - Non) کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کیا۔

ڈائریکٹرز کے معاوضے اور میٹنگ فیس کا تعین اور منظوری بورڈ آف ڈائریکٹرز نے دی ہے۔ معاوضے کا پیکیج اس طرح ترتیب دیا گیا ہے کہ بورڈ میں موزوں امیدواروں اور باصلاحیت افراد کو راغب کیا جاسکے۔

کسی بھی ڈائریکٹر کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ہونے والے تمام سفری، قیام و طعام اور دیگر اخراجات فراہم کیے جاتے ہیں یا ان کی ادائیگی کی جاتی ہے۔

اندرونی اور مالیاتی کنٹرولز کی موزونیت :-

بورڈ آف ڈائریکٹرز نے اندرونی اور مالیاتی کنٹرولز کا ایک مؤثر نظام قائم کیا ہے جو اس امر کو یقینی بناتا ہے کہ۔

(a) کارروائیوں کا مؤثر اور کارآمد انداز میں انجام دیا جانا

(b) کمپنی کے اثاثوں کا تحفظ

(c) قابل اطلاق قوانین اور ضوابط کی پابندی

(d) قابل اعتماد مالیاتی رپورٹنگ

کمپنی کا اندرونی آڈٹ کا شعبہ باقاعدگی سے معیاری عملیاتی طریقہ کار اور متعلقہ مالیاتی کنٹرولز کے نفاذ کا جائزہ لیتا اور اس کی نگرانی کرتا ہے۔

اندرونی آڈٹ کی رپورٹس، اندرونی آڈٹ پلان کے مطابق، آڈٹ کمیٹی کے سامنے پیش کی جاتی ہیں۔ چنانچہ، آڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرولز کے فریم ورک کی موثریت اور مالیاتی بیانات کا جائزہ لیتی ہے۔

بیرونی آڈیٹرز :-

موجودہ آڈیٹرز، میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اپنی مدت تقرری مکمل ہونے پر ریٹائر ہو رہے ہیں اور چونکہ وہ دوبارہ تقرری کے لیے اہل ہیں، اس لیے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ انہوں نے تصدیق کی ہے کہ انہوں نے انٹرنیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے تسلی بخش QCR رینٹنگ حاصل کر رکھی ہے اور انٹرنیشنل آئیٹھس اسٹینڈرڈز بورڈ فار اکاؤنٹنٹس (IESBA) کی جانب سے جاری کردہ، اور ICAP کی جانب سے اختیار کردہ، پیشہ ور اکاؤنٹنٹس کے لیے انٹرنیشنل کوڈ آف آئیٹھس کی تعمیل بھی کی ہے۔

بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ انہیں 30 جون 2027 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ مقرر کیا جائے، جبکہ ان کی فیس باہمی رضامندی سے طے کی جائے گی۔

بورڈ کی کمیٹیوں کے اجلاس اور حاضری:-

سال کے دوران بورڈ کی کمیٹیوں کی تشکیل اور ان کے متعلقہ اراکین کی حاضری درج ذیل رہی۔

ڈائریکٹر کا نام	آؤٹ کمیٹی کے اجلاس - 5	انسانی وسائل اور معاوضہ کمیٹی اور پائیداری کے اجلاس - 2	نامزدگی کمیٹی کے اجلاس - 1	رنگ منجمنٹ کمیٹی کے اجلاس - 1
جناب ملک شاہد محمود	5	2	1	قابل اطلاق نہیں
جناب نصیر احمد شاہ	5	قابل اطلاق نہیں	1	1
جناب شاہد اقبال	5	2	1	1
جناب شاہد نذیر احمد	قابل اطلاق نہیں	2	قابل اطلاق نہیں	1

کمیٹیوں کی تشکیل:-

انسانی وسائل اور معاوضہ پائیداری کمیٹی	آؤٹ کمیٹی
جناب شاہد اقبال	جناب ملک شاہد محمود
جناب شاہد نذیر احمد	جناب نصیر احمد شاہ
جناب ملک شاہد محمود	جناب شاہد اقبال

رنگ منجمنٹ کمیٹی	نامزدگی کمیٹی
جناب شاہد نذیر احمد	جناب نصیر احمد شاہ
جناب نصیر احمد شاہ	جناب ملک شاہد محمود
جناب شاہد اقبال	جناب شاہد اقبال

بورڈ اہم انتظامی امور سے متعلق فیصلے کرنے کا ذمہ دار ہے، جن میں اہم کاروباری سرگرمیوں اور قانون کے تحت مقرر کردہ دیگر امور کا نفاذ بھی شامل ہے۔ یہ فیصلے طے شدہ معیارات کے مطابق متعلقہ امور پر غور و خوض کرنے، خطرات کا جائزہ لینے اور ان امور کو مناسب اہمیت دینے کے بعد کیے جاتے ہیں۔ بورڈ فرائض کی انجام دہی کی نگرانی اور اس کی مانیٹرنگ کا بھی ذمہ دار ہے۔

پیٹرن آف شیئر ہولڈنگ:-

30 جون 2026 کو کمپنی کے حصص کی ملکیت کا خاکہ اس سالانہ رپورٹ کے ساتھ منسلک ہے اور اس رپورٹ کا لازمی حصہ ہے۔

بورڈ کی تشکیل :-

کوڈ آف کارپورٹ گورننس کی ضروریات کے مطابق کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنعتی تنوع کی بھی حوصلہ افزائی کرتی ہے۔

بورڈ کی تشکیل کی پیروی :-

کل ڈائریکٹرز کی تعداد - 07

01 ♀
عورت

06 ♂
مرد

بورڈ کی تشکیل :-

02 آزاد ڈائریکٹرز

04 نان ایگزیکٹو ڈائریکٹرز

01 ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کا اجلاس :-

ڈائریکٹرز کی چار میٹنگز مالی سال کیلئے منعقد ہوئی جو درج ذیل ہیں۔

نمبر شمار	ڈائریکٹر کا نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب نصیر احمد شاہ	چیرمین	4
2	جناب شاہد نذیر احمد	چیف ایگزیکیوٹو آفیسر	3
3	ملک شاہد محمود	آزاد ڈائریکٹر	4
4	جناب شاہد اقبال	آزاد ڈائریکٹر	4
5	جناب شعیب احمد خان (منتخب NIT)	ڈائریکٹر	4
6	مس چین یان (منتخب شنگھائی چینج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹر	2
7	جناب شیائمن یاگم (منتخب شنگھائی چینج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹر	4

منافع تقسیم (ڈیویڈنڈ) - ترجیحی اور عام حصص :-

کمپنی نے 60.0 ملین ترجیحی حصص جاری کیے تھے، جن کی مالیت 600.0 ملین روپے ہے۔ ان ترجیحی حصص کی میعاد مکمل ہونے کے بعد واپسی (Redemption) کمپنی کے اختیار پر ہے۔ ترجیحی منافع تقسیم سالانہ بنیاد پر چھ ماہ کے اوسط KIBOR بمعہ 200 پیس پوائنٹس کی شرح سے قابل ادا ہوگی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے سال کے لیے کمپنی کے بقایا ترجیحی حصص پر ترجیحی حصص یافتگان کے حق میں فی حصص 1.29 روپے ترجیحی منافع تقسیم تجویز کیا ہے۔

کمپنی کی مالی کارکردگی اور مالی حیثیت کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے مالی سال کے لیے ہر عام حصص پر 1.00 روپے، یعنی 10.00 فیصد، حتمی نقد منافع (Final Cash Dividend) کی سفارش کی ہے۔ مذکورہ منافع کی ادائیگی آئندہ سالانہ جنرل میٹنگ میں معزز شیئر ہولڈرز کی منظوری سے مشروط ہوگی۔

کارپوریٹ گورننس :-

بورڈ آف ڈائریکٹرز اور انتظامیہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور PSX ریگولیشنز کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ کمپنی شفافیت اور افشاء پر خصوصی زور دیتے ہوئے اچھی کارپوریٹ گورننس کے اصولوں اور طریقہ کار کے لیے پُر عزم ہے۔ آپ کی کمپنی مالی اور غیر مالی معلومات کی درستگی، جامعیت اور شفافیت کو مزید بہتر بنانے کے لیے اپنی سرگرمیوں اور کارکردگی کی مسلسل نگرانی کے عزم پر قائم ہے۔

کارپوریٹ قوانین کی تعمیل میں، بورڈ کے اراکین / ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں۔

1- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات، کمپنی کی مالی حالت، اس کے کاروباری نتائج، نقد رقم کے بہاؤ اور حقوق ملکیت میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

2- اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی پالیسیاں مستقل طور لاگو ہوتی ہیں۔ اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

4- مالیاتی بیانات کی تیاری کے سلسلے میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات جو پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے۔

5- انٹرنل کنٹرول کا نافذ نظام، بہترین انداز سے بنایا گیا ہے اور اسے موثر انداز میں لاگو کیا گیا ہے۔

6- کمپنی کے بطور ایک جاری کاروباری ادارے کے طور پر اپنا کاروبار جاری رکھنے کی صلاحیت کے بارے میں کوئی اہم شکوک و شبہات نہیں ہیں

7- حصص یافتگان کا طریقہ کار کو بھی اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

کلیدی آپریٹنگ اور مالیاتی اعداد شمار :-

اس رپورٹ میں پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد شمار دیے گئے ہیں۔

16.6 فیصد تک بہتر ہوا (2025: 15.2 فیصد)، جبکہ دیگر آمدنی سے قبل آپریٹنگ منافع فروخت کے 8.3 فیصد تک بڑھ گیا (2025: 7.3 فیصد)۔ دیگر آمدنی کم ہو کر 189 ملین روپے رہ گئی (2025: 561 ملین روپے)، جس کی بنیادی وجہ پاکستانی روپے کی امریکی ڈالر کے مقابلے میں قدر میں بہتری کے باعث زرمبادلہ کے منافع میں کمی تھی۔ مالیاتی اخراجات میں 22.4 فیصد کمی ہوئی اور یہ 2,994 ملین روپے رہے، جس میں محتاط ورکنگ کیپٹل مینجمنٹ، قرض لینے کے ذرائع کے بہتر امتزاج اور اوسط قرض لینے کی شرحوں میں کمی، بشمول ایکسپورٹ ری فنانس ریٹ میں کمی، نے معاونت فراہم کی۔ نتیجتاً، لیوی اور ٹیکس سے قبل منافع میں 28.9 فیصد اضافہ ہوا اور یہ 1,310 ملین روپے تک پہنچ گیا، جبکہ 614 ملین روپے کی لیوی کے بعد ٹیکس سے قبل منافع میں 76.8 فیصد اضافہ ہوا اور یہ 696 ملین روپے رہا۔

ٹیکس کے بعد منافع میں 516.3 فیصد نمایاں اضافہ ہوا اور یہ 809 ملین روپے تک پہنچ گیا (2025: 131 ملین روپے)۔ بنیادی فی حصص آمدنی (Basic EPS) میں نوگنا سے زائد اضافہ ہوا اور یہ 11.46 روپے رہی (2025: 1.20 روپے)، جبکہ رقیق شدہ فی حصص آمدنی (Diluted EPS) بڑھ کر 10.86 روپے ہو گئی (2025: 1.11 روپے)۔

سال کے دوران کمپنی نے اپنی زمین اور عمارتوں کی دوبارہ تشخیص (Revaluation) ایک آزاد ماہر تشخیص کی جانب سے کی گئی ویلیویشن کی بنیاد پر کروائی۔ اس دوبارہ تشخیص کے نتیجے میں 6,908 ملین روپے کا اضافی سرپلس حاصل ہوا، جسے قابل اطلاق مالیاتی رپورٹنگ فریم ورک کے مطابق ایکویٹی (Equity) میں تسلیم کیا گیا ہے۔ دوبارہ تشخیص کی مزید تفصیلات مالیاتی بیانات کے نوٹ نمبر 6 میں ظاہر کی گئی ہیں۔

کمپنی کے تقابلی مالیاتی نتائج ذیل میں پیش کیے گئے ہیں۔

مالی سرخیاں:-

2025 روپے ہزاروں میں	2026 روپے ہزاروں میں	تفصیل
59,201,769 (50,181,120)	49,840,841 (41,571,624)	آمدنی
		لاگت سبز
9,020,649 (3,467,922)	8,269,217 (2,865,623)	مجموعی نفع
(1,195,895)	(1,198,795)	ڈسٹری بیوٹن خرچہ
(42,952)	(89,566)	کاروبار کے انتظامی اخراجات
560,727	188,743	دیگر اخراجات
		دیگر آمدن
4,874,607 (3,858,226)	4,303,976 (2,994,105)	آپریٹنگ منافع
		مالی لاگت
1,016,381 (623,040)	1,309,871 (614,311)	لیوی اور ٹیکس سے قبل منافع
		لیوی
393,341 (262,062)	695,560 113,511	نفع ٹیکس کی ادائیگی سے پہلے
		ٹیکسز
131,279	809,071	نفع ٹیکس کی ادائیگی کے بعد
1.20	11.46	آمدنی فی حصص بنیادی (روپیہ)
1.11	10.86	آمدنی فی حصص ڈائلوٹڈ کی کر کے (روپیہ)

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی اہم تبدیلی یا پابندی واقع نہیں ہوئی ہے۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹرز کو یہ رپورٹ پیش کرتے ہوئے مسرت ہو رہی ہے کہ وہ 30 جون 2026 کو اختتام پذیر ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز کی رپورٹ، پیش کر رہے ہیں۔ یہ رپورٹ کمپنیز ایکٹ، 2017 اور سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق تیار کی گئی ہے۔

معاشی جائزہ:-

مالی سال 2026 کے دوران عالمی معاشی ماحول بدستور غیر یقینی کا شکار رہا۔ امریکہ کی بدلتی ہوئی ٹیرف پالیسی اور روس۔یوکرین تنازع کے تسلسل نے بین الاقوامی تجارت کو متاثر کیا، جبکہ سال کے دوسرے نصف میں مشرق وسطیٰ میں ہونے والی پیش رفت کے باعث آہٹائے ہر مز کے ذریعے بحری نقل و حمل میں خلل پیدا ہوا، جس کے نتیجے میں توانائی، مال برداری اور بیسہ کے اخراجات میں اضافہ ہوا۔ عالمی معاشی نمو میں اعتدال آیا اور افراط زر میں قدرے اضافہ ہوا، تاہم آئی ایم ایف کی جولائی 2026 کی World Economic Outlook Update کے مطابق 2027 میں عالمی افراط زر میں کمی متوقع ہے، جس سے معاشی حالات میں بتدریج بہتری کی راہ ہموار ہونے کی توقع ہے۔

پاکستان کی معیشت نے حالیہ برسوں میں حاصل ہونے والے معاشی استحکام کی بنیاد پر اپنی پیش رفت جاری رکھی، جبکہ حقیقی مجموعی ملکی پیداوار (GDP) کی عبوری شرح نمو گزشتہ سال کی 3.2 فیصد کے مقابلے میں بڑھ کر 3.7 فیصد ہو گئی۔ بیرون ملک مقیم پاکستانیوں کی ترسیلات زر ریکارڈ سطح تک پہنچ گئیں اور اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں بھی بہتری آئی، تاہم درآمدات میں اضافے کے باعث جاری کھاتے کا توازن معمولی خسارے میں چلا گیا۔ سال کے دوسرے نصف میں افراط زر کے دباؤ میں دوبارہ اضافہ ہوا، کیونکہ توانائی کی بلند قیمتوں کے اثرات صارفین کی قیمتوں تک منتقل ہوئے، جس کے نتیجے میں اوسط افراط زر گزشتہ سال کے 4.5 فیصد کے مقابلے میں بڑھ کر 7.1 فیصد ہو گیا۔ اسٹیٹ بینک آف پاکستان نے دسمبر 2025 میں پالیسی ریٹ کو کم کر کے 10.5 فیصد کر دیا تھا، تاہم افراط زر پر قابو پانے کے لیے اپریل 2026 میں اسے بڑھا کر 11.5 فیصد کر دیا گیا، اور اس کے بعد سے پالیسی ریٹ اسی سطح پر برقرار رکھا گیا ہے۔

ملبوسات کی صنعت کا جائزہ - نٹ ویئر شعبہ:-

پاکستان کی نٹ ویئر برآمدات میں مالی سال 2026 کے دوران کمی واقع ہوئی اور یہ تقریباً 5 ارب امریکی ڈالر رہیں، جبکہ برآمدات کی مالیت اور مقدار دونوں گزشتہ سال کے مقابلے میں کم رہیں اور سال کے اختتام کی جانب برآمدی ترسیلات میں مزید کمی دیکھی گئی۔ نٹ ویئر ملک کی ٹیکسٹائل برآمدات کی سب سے بڑی انفرادی کیٹیگری ہے اور شعبے کی مجموعی برآمدی آمدنی میں ایک چوتھائی سے زائد حصہ رکھتی ہے۔ اس کے برعکس، تیار ملبوسات کی برآمدات میں اضافہ ریکارڈ کیا گیا، جس سے ظاہر ہوتا ہے کہ سست روئی کا اثر مجموعی ملبوسات کی صنعت کے بجائے بالخصوص نٹ ویئر مصنوعات تک محدود رہا۔

کاروباری اور پیداواری حالات بدستور مشکل رہے۔ مشرق وسطیٰ میں ہونے والی پیش رفت کے باعث توانائی اور مال برداری کے اخراجات میں اضافے نے پیداوار اور مصنوعات کی ترسیل کی لاگت میں اضافہ کیا۔ بھڈ فیکس کس کے لیے ایک اہم خام مال، مقامی کپاس کی پیداوار گزشتہ سال کے مقابلے میں تقریباً مستحکم رہی، جبکہ مقامی رسد میں کمی کو پورا کرنے کے لیے صنعت بدستور درآمد شدہ کپاس پر انحصار کرتی رہی۔

مالیاتی اور عملیاتی کارکردگی:-

مالی سال کے دوران فروخت میں 15.8 فیصد کمی واقع ہوئی اور یہ 49,841 ملین روپے رہی (59,202:2025 ملین روپے)، جو پاکستان کی نٹ ویئر برآمدات میں کمی کی عکاسی کرتی ہے۔ فروخت میں کمی کے باوجود منظم اور مؤثر لاگت مینجمنٹ کے نتیجے میں منافع میں بہتری آئی۔ مجموعی منافع کا تناسب

چیرمین کا جائزہ

یہ میرے لیے اعزاز کی بات ہے کہ میں زیر غور مالی سال کے دوران بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار کے حوالے سے چیرمین کا جائزہ پیش کر رہا ہوں۔

30 جون 2026 کو ختم ہونے والا مالی سال ایک ایسے مشکل اور مسلسل تبدیل ہوتے ہوئے کاروباری ماحول کی عکاسی کرتا ہے جس میں عالمی منڈی کے بدلتے ہوئے حالات، لاگت میں اضافہ، مسابقتی دباؤ اور بین الاقوامی تجارت میں مسلسل غیر یقینی صورتحال نمایاں رہی۔ ان چیلنجز کے باوجود، کمپنی نے آپریشنل نظم و ضبط، صارفین کے ساتھ مضبوط تعلقات، قدر میں اضافے اور پائیدار ترقی پر اپنی توجہ برقرار رکھی، جبکہ برآمدات پر مبنی ٹیکسٹائل اور ملبوسات کی مارکیٹ میں اپنی پوزیشن کو مزید مستحکم کرنے کے لیے بھی مسلسل اقدامات کیے۔

بورڈ نے مسابقتی مارکیٹ میں پیداواری صلاحیت میں اضافے، لاگت کے ڈھانچے کو بہتر بنانے اور کاروباری استحکام برقرار رکھنے کے لیے انتظامیہ کی کوششوں کی مسلسل معاونت کی۔ وسائل کے مختار اور مؤثر استعمال، عمل میں بہتری، توانائی کی بچت، مصنوعات کے معیار اور صارفین کی بدلتی ہوئی ضروریات کے مطابق بروقت رد عمل پر مزید توجہ مرکوز کی گئی۔ اسی دوران، کمپنی اپنی مصنوعات اور خدمات کے معیار کو برقرار رکھنے اور بین الاقوامی ٹیکسٹائل و ملبوسات کی منڈیوں میں اپنی پوزیشن مضبوط بنانے کے لیے پُر عزم رہی۔ ان اقدامات کا مقصد آئندہ برسوں میں پائیدار ترقی اور مسابقتی صلاحیت میں بہتری کے لیے ایک مضبوط بنیاد فراہم کرنا ہے۔

مزید برآں، ڈائریکٹرز نے اعلیٰ معیار کی کارپوریٹ گورننس، شفافیت، جوابدہی اور اخلاقی طرز عمل کو برقرار رکھتے ہوئے مسلسل نگرانی اور اسٹریٹجک رہنمائی فراہم کی۔ بورڈ اور اس کی کمیٹیوں نے کمپنی کی کارکردگی، مالی حیثیت، خطرات اور تعمیری تعمیل کے نظام کی نگرانی کی، جبکہ اندرونی کنٹرولز اور رسک مینجمنٹ کے طریقہ کار کو مزید مضبوط بنانے پر بھی مسلسل توجہ دی گئی، تاکہ اسٹیک ہولڈرز کے مفادات کا تحفظ اور کمپنی کی طویل مدتی پائیداری کو یقینی بنایا جاسکے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے ملازمین اور انتظامی ٹیم کی محنت، لگن اور عزم کو خراج تحسین پیش کرتا ہوں۔ اس کے ساتھ ساتھ، میں اپنے صارفین، سپلائرز، مالیاتی اداروں، کاروباری شراکت داروں اور شیئر ہولڈرز کا بھی ان کے مسلسل اعتماد اور تعاون پر تہہ دل سے شکریہ ادا کرتا ہوں۔

بورڈ تمام اسٹیک ہولڈرز کے لیے پائیدار ترقی اور طویل مدتی قدر کے فروغ کے اپنے عزم پر قائم ہے۔

چیرمین

فیصل آباد

30 ستمبر 2026ء

پراکسی فارم

حصص کی تعداد _____ فلیو نمبر _____ سی ڈی سی کھاتہ نمبر _____
 میں / ہم مسمی / مسماة _____ ساکن _____
 بحیثیت ممبر مسعود ٹیکسٹائل ملز لمیٹڈ، مسمی / مسماة _____ ساکن _____
 کمپنی ممبر کو بطور (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کا 42 واں سالانہ اجلاس عام منعقد ہر روز منگل بتاریخ 27 اکتوبر 2026 بوقت صبح 11:00 بجے بشمول التوا سالانہ اجلاس عام بابت مسعود ٹیکسٹائل ملز لمیٹڈ یونیورسل ہاؤس الیاء، نیوسول لائین بلال روڈ فیصل آباد میں ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____ 2026۔

مجھ کو گواہ مسمی / مسماة _____
 نام _____
 ولایت / زوجیت _____
 ساکن اسکند _____

دستخط _____ گواہ _____
 گواہ کی موجودگی میں دستخط شدہ _____
 (دستخط کمپنی میں موجود رجسٹرڈ کے مطابق ہونے چاہیں)
 قومی شناختی کارڈ نمبر _____
 دستخط گواہ _____
 قومی شناختی کارڈ نمبر _____

پچاس روپے کی ریونیو سٹپ
 چسپاں کریں

انہم نوٹ:

- (۱) پراکسیز کے منور ہونے کے لئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بعد دستخط گواہان اور رسیدی ٹکٹ کمپنی کے رجسٹرڈ آفس واقعہ یونیورسل ہاؤس الیاء، نیوسول لائین بلال روڈ فیصل آباد پر موصول ہونی چاہئیں۔
- (۲) سی ڈی سی حصص داران اور پراکسی ہولڈرز اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لئے اپنے اصلی کمپیوٹر یا قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈرز اپنے کمپیوٹر یا قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔
- (۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بعد نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

FORM OF PROXY

No. of Ordinary Shares Held..... Folio No..... CDC A/c No.....

I/We.....

of

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint.....

.....
(NAME)

of.....

.....
(ADDRESS)

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held at its Registered Office at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad, on Tuesday, the 27th day of October, 2026 at 11.00 A.M. or any adjournment thereof.

As witnessed my hands this..... day of..... 2026.....

Signed by me in the presence of witness:.....

.....
(Signature of witness)

.....
CNIC.....

.....
(Member's Signature)

.....
CNIC.....

.....
(Signature of witness)

.....
CNIC.....

*Fifty Rupees
Revenue
Stamp*

Notes:

- 1- Proxies, in order to be effective, must be received at the Company's Registered Office Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad, not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 2- CDC beneficial owners and proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in Original to prove his/her identity and in case of proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.
- 3- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with Proxy form or may be provided at the time of meeting.

Registered Office

Masood Textile Mills Limited
Universal House, 17/1 New Civil Lines,
Bilal Road, Faisalabad.

Mills

Masood Textile Mills Limited
32-KM, Sheikhpura Road Faisalabad
www.masoodtextile.com

