FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®

WEAVING THE FUTURE

ANNUAL REPORT 2026

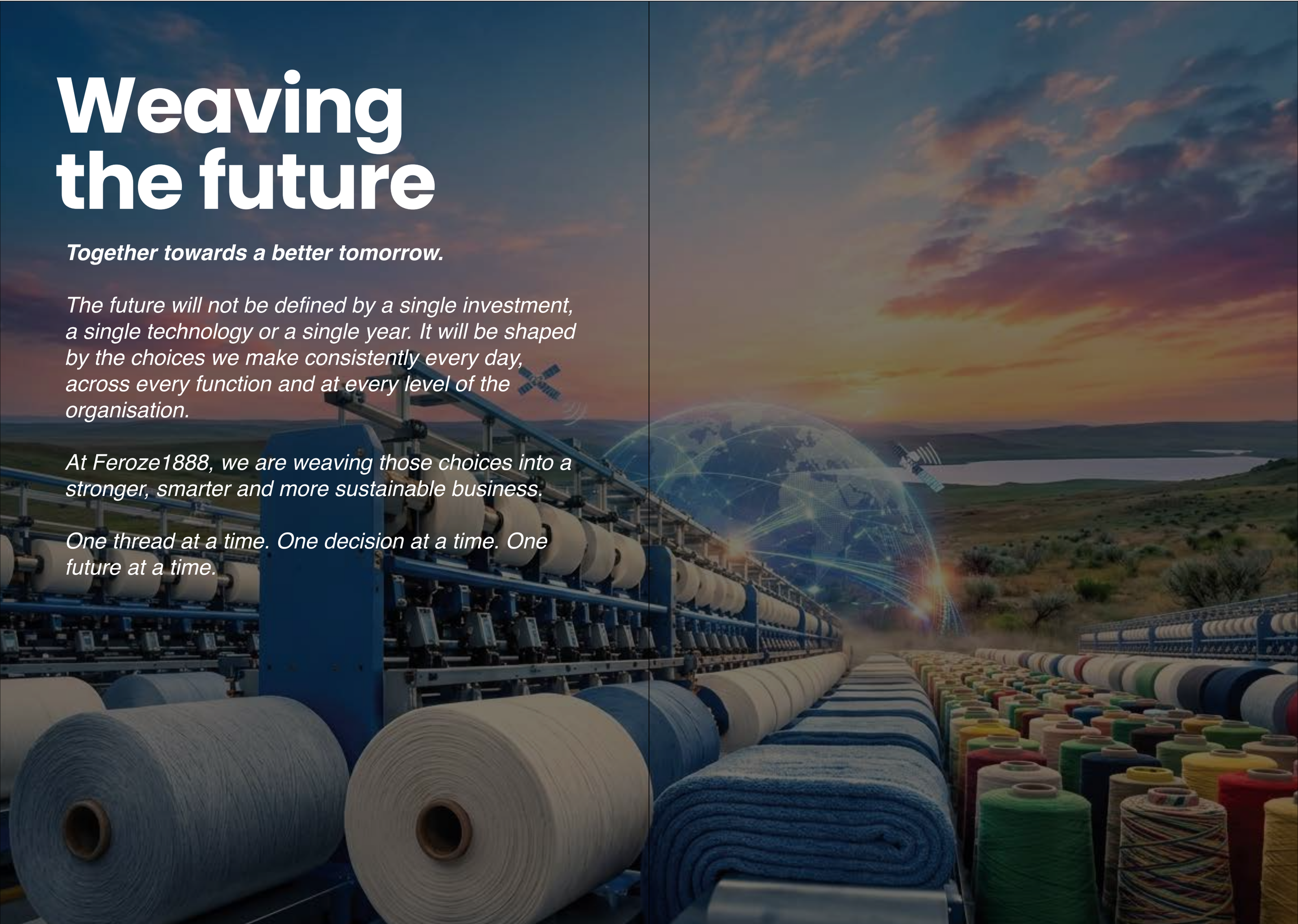
Weaving the future

Together towards a better tomorrow.

The future will not be defined by a single investment, a single technology or a single year. It will be shaped by the choices we make consistently every day, across every function and at every level of the organisation.

At Feroze1888, we are weaving those choices into a stronger, smarter and more sustainable business.

One thread at a time. One decision at a time. One future at a time.



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Our Foundation

Resilience in our foundation. Discipline in our choices. Confidence in our future.

Every strong fabric begins with a strong foundation. At Feroze1888, that foundation is built through the choices we make to strengthen our business today while preparing it for the demands of tomorrow.

ORGANIZATIONAL OVERVIEW

OUR VISION

Our aim is to be a market leader in textile manufacturing with our strong commitment to 3Ps (People- Planet-Prosperity). We will prosper by creating unmatchable value for our global customers & stakeholders through our exceptional quality products & services.

OUR MISSION

We are a leading vertically integrated industry known for its state of the art machinery, infrastructure, standardized systems, production processes and adopting the ideology of 3Ps (People-Planet- Prosperity). We are committed to the ongoing learning, development & growth of our valued employees. Our focus is on building an environment of prosperity & gratification for all our customers & stakeholders through our operational excellence & solution based innovations.

ETHICS

Integrity, transparency and professionalism underpin Feroze1888 Mills' business values. We are committed to conducting business ethically, upholding our commitments and maintaining zero tolerance for fraud and misconduct. These principles are embedded in our Code of Conduct and reinforced through relevant policies and standard operating procedures.

CULTURE

Our PROSPER® core values shape a value-driven culture built on collaboration, continuous development and excellence. We empower our people to think creatively, act proactively and deliver their best. We value diversity, trust our people and foster a culture of professionalism, innovation and high performance.

Code of Conduct

Code of Conduct – Our Ethical Framework

The Code of Conduct serves as the ethical compass for all employees and directors. It emphasizes respect, responsibility, and the protection of company resources while prohibiting misuse of authority, facilitation payments, conflicts of interest, and any form of unethical behavior. This framework reinforces our zero-tolerance policy against corruption, ensuring that every decision reflects honesty, fairness, and respect for stakeholders.

Key principles of the Code include:

- Protection of Assets & Confidentiality – Responsible use of Company property, secure handling of confidential and personal information, and respect for third-party intellectual property.
- Compliance & Integrity – Adherence to legal, regulatory, and Company requirements; prohibition of insider trading; and commitment to accurate and transparent financial reporting.
- Ethical Transactions – Strict prohibition of unethical financial and non-financial dealings. Employees must not accept or offer gifts, favors, or entertainment of any kind from vendors, suppliers, or other stakeholders, regardless of value.
- Safeguarding Interests – Avoidance of conflicts of interest, political or sectarian activities in the workplace, and behaviours that may compromise Company values.
- Respect & Inclusion – Promotion of a safe, inclusive, and harassment-free workplace built on mutual respect, non-discriminatory, equal employment opportunity, and professional conduct.
- Health, Safety & Environment – Commitment to a secure work environment, responsible use of resources, and adherence to health and safety protocols.
- Accountability & Reporting – Encouragement of reporting unethical or unlawful conduct through established channels, with zero tolerance for retaliation. Employees are required to abide by the Code themselves and remain vigilant for others. They must report all malpractices to their supervisors / head of the departments / Head of Human Resource and where needed make use of Whistle Blow platform.

The Code is periodically reviewed and revised to ensure alignment with evolving best practices, laws, and regulatory requirements.

Anti-Corruption Programs at Feroze1888

Integrity at Feroze1888 is not merely an obligation; it is the foundation of our reputation and long- term success. The Company is committed to conducting its business ethically, transparently, responsibly, and in compliance with applicable laws and regulations.

Our approach to preventing corruption and misconduct is guided by a framework of policies and standards that establish clear expectations for ethical business conduct. The Code of Conduct sets out the principles and standards expected of employees in the discharge of their responsibilities, while the Whistle-Blowing Policy provides a framework for raising concerns regarding suspected wrongdoing or misconduct. The Gift & Entertainment Policy establishes appropriate principles governing gifts, hospitality and entertainment in the context of business relationships. The Anti- Harassment Policy further reinforces the Company's commitment to maintaining a respectful and professional workplace.

These policies collectively support a culture of integrity, accountability and responsible decision- making. Employees and other stakeholders are expected to conduct themselves in a manner consistent with the Company's ethical standards and to avoid conduct that could compromise the Company's integrity or reputation.

Feroze1888 believes that maintaining high standards of ethical conduct is a shared responsibility. Through its policies and governance framework, the Company seeks to foster an environment in which concerns can be raised appropriately, conflicts of interest and improper conduct are avoided, and business relationships are conducted with fairness and transparency.

The Company remains committed to upholding these principles as an integral part of responsible corporate governance and sustainable long-term value creation.

Whistle-Blowing Policy

Feroze1888 recognizes that maintaining a culture of integrity and accountability requires employees and other stakeholders to have access to secure and transparent channels through which concerns can be raised. The Company's Whistle-Blowing Policy provides a framework for reporting suspected unethical or illegal practices and is intended to enable employees, directors and other stakeholders to raise concerns confidentially and without fear of repercussions.

Under the Policy, concerns may be reported through a dedicated email channel that is accessible only to designated authorities, namely the Chairman of the Board of Directors, Chairman of the Board Audit Committee, and Chairperson of the Board Human Resource & Remuneration Committee. The restricted access to the reporting channel is intended to support the confidentiality of information submitted through the mechanism. The Company's Whistle-Blowing Policy provides for two-way communication between the whistleblower and the designated recipients. Where a report is submitted anonymously, the whistleblower may provide a discreet e-mail address to remain reachable for any necessary follow-up or clarification during the investigation, while their identity remains protected.

The scope of the Policy covers a broad range of unethical practices and misconduct, including, but not limited to:

- fraud or fraudulent financial reporting;
- manipulation of Company records or forgery of documents;
- exploitation or misuse of authority;
- unauthorized disclosure of confidential information;
- knowing violation of applicable laws and regulations;
- misappropriation or abuse of Company assets;
- harassment in any form;
- misrepresentation of facts for personal advantage; and
- economically wasteful acts or concealment of misconduct.

During the year ended June 30, 2026, no whistle-blowing cases were reported through the Company's designated reporting mechanism. The Company recognizes that the effectiveness of a whistle-blowing framework depends not only on the availability of reporting channels but also on awareness of the mechanism and confidence in its confidentiality and protection from retaliation. Accordingly, the Company remains committed to maintaining awareness of the Policy and fostering an environment in which concerns can be raised responsibly and in good faith. The Whistle-Blowing Policy is formally reviewed by the Board of Directors at least once every three years to assess its continued suitability, adequacy and effectiveness, with earlier review triggered where warranted by a change in circumstances.

The Whistle-Blowing Policy forms part of the Company's broader commitment to ethical conduct, transparency and accountability and supports its objective of maintaining high standards of corporate governance.

Core Values - PROSPER®

PEOPLE DEVELOPMENT

We are committed to invest in employees personal and professional development and creating an environment that instigate the ownership for self - learning.

RESPECT

We believe in crafting a culture of respect and dignity for all our customers, stakeholders, vendors, employees and community.

OWNERSHIP & ACCOUNTABILITY

Our work is our pride. We take full ownership of it and hold ourselves accountable for all our actions, interactions within and between teams.

SUCCESS WILL

We possess a strong will to succeed under all circumstances.

PROACTIVE

We believe in being proactive while facing challenges, adopting technology, systems and procedures.

EXCELLENCE IN WORK

Our commitment is to enhance customer satisfaction by fostering an environment of self-reliance, efficiency and integrity in all that we do.

RELIABILITY

We demonstrate reliability through our team work and consistent quality in products and services.

FEROZE1888 at a Glance

Feroze1888 is a leading manufacturer and exporter of specialized yarn and terry textile products in Pakistan. Since commencing its journey in the early 1970s, the Company has progressively developed its capabilities and established a strong presence in the global textile market.

The Company operates a state-of-the-art, vertically integrated terry towel manufacturing facility and, through its partnership with 1888 Mills USA, is positioned as a progressive global manufacturer of quality textile products serving the Home, Hospitality and Healthcare sectors.

Feroze1888 is committed to maintaining high standards across its operations, with a focus on product quality, operational excellence, customer satisfaction and employee well-being. The Company believes that its commitment to the Triple Bottom Line (3Ps) — People, Planet and Prosperity — provides an important foundation for responsible and sustainable business growth.

The Company seeks to provide a professional and conducive work environment that supports employee engagement, empowerment and opportunities for professional growth at all levels.

Our Motto:

- Excellent execution every time
- Customer satisfaction

Our Commitments:

- Environmentally responsible production processes
- Consistent product quality
- A conducive and professional work environment
- Employee engagement and empowerment

Key Products and Markets

The Company is principally engaged in the manufacture and export of home textile and healthcare products to customers across international markets, with a particular focus on the United States, United Kingdom and European markets.

Its product portfolio comprises a broad range of terry and non-terry textile products, including white, dyed, printed, dobby and jacquard products in various sizes and categories. Our products include hand, bath, kitchen, beach towels, bathrobes, baby t-shirts and patient gowns.

Through its manufacturing capabilities, product range and international market presence, Feroze1888 serves diverse customer requirements across the Home, Hospitality and Healthcare segments.

Company Information

Board of Directors

Mr. Abdul Rehman Yaqub	Chairman
Mr. Shabbir Ahmed	Non-Executive Director
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Perwez Ahmed	Non-Executive Director
Mr. Zain Ashraf Mukaty	Non-Executive Director
Mr. Anas Rahman	Non-Executive Director
Mr. Temoor Ashraf Mukaty	Non-Executive Director
Mr. Moin M. Fudda	Independent Director
Ms. Hina Usmani	Independent Director
Ms. Aminah Zahid Zaheer	Independent Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member
Mr. Temoor Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member

Chief Financial Officer
Ms. Javeria Siddiqui

Company Secretary
Mr. Faizan Zafar

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

External Auditors
Grant Thornton Anjum Rahman,
Chartered Accountants
1st and 3rd Floor, Modern Motor House, Beaumount Road, Karachi.

Internal Auditors
A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road,
City Railway Colony Karachi.

Registered Office
Plot # H-23/4-A, Scheme # 3, Landhi Industrial Area, Landhi, Karachi.

Corporate Office
K&N Centre, 2nd and 3rd Floors, 160 Banglore Town, Shahrah -e-Faisal, Karachi.

Factory Addresses

Sindh:
- Plot # H-23/4-A, H-23/4-B, H-23/4-B1 & H- 23/3-II, Scheme # 3, Landhi Industrial Area, Landhi, Karachi.
- Plot # B-4/A, SITE, Karachi.
- Plot # A-5/D and A-5/D1, SITE,Karachi.
- Plot # C-3, SITE, Karachi.
- Plot # C-31 SITE, Karachi.
- Plot # 342/A, Haroonabad, SITE, Karachi.
- Plot # PL-15, North Karachi Industrial Area, Karachi.
- Plot # ST-03, North Karachi Industrial Area, Karachi.
- Survey # 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi.

Balochistan:
Plot# D-12 to D-20, K-1 to K-3, M-30 (Survey # 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1, 94/1), HITE, Hub Lasbela, Balochistan.

Legal Advisor
Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e- Iqbal,
Block 9, Clifton, Karachi.

Share Registrar/Transfer Agent
FAMCO Share Registration Services (PVT) Ltd
8-F, Next to Hotel Faran Nursery, Block-6,
PECHS, Shahrah-e-Faisal, Karachi.

Website
http://www.feroze1888.com

Ownership and Operating Structure

Feroze1888 Mills Limited is a listed company incorporated and operating in Pakistan. The Company conducts its manufacturing and other operations in Pakistan and exports its products to customers in various countries. Being a listed company, its shareholding is distributed among a number of shareholders. No single shareholder ultimately owns or controls the Company.

Directors' Profile

Mr. Abdul Rehman Yaqub
Chairman / Non-Executive Director

Mr. Abdul Rehman Yaqub ventured into the textile industry in the United States almost five decades ago. Beginning his journey as a young entrepreneur with a strong work ethic and a clear vision, he established Eastern Imports Ltd., a textile sales and distribution company. Within a few years, he expanded the business internationally through the acquisition of manufacturing facilities in Bangladesh and Sri Lanka.

As the business continued to grow, Mr. Abdul Rehman also focused on strengthening the Company's presence in the United States. His vision and entrepreneurial leadership led to the merger of Eastern Imports Ltd. with another niche textile company, resulting in the formation of Eastern-Shelnor, Inc. (ESN). Building on the success of ESN, another significant milestone followed when ESN merged with a textile manufacturing company, giving rise to 1888 Mills, LLC. Over the years, Mr. Yaqub has leveraged his extensive knowledge and deep understanding of the global textile industry to shape the strategic direction and growth of the Company. His ability to bring together people from diverse cultures, geographies, and backgrounds has been instrumental in establishing 1888 Mills as a pioneer in global textile manufacturing, with operations spanning Pakistan, Bangladesh and Cambodia.

Today, Mr. Abdul Rehman is recognized as a prominent global business leader whose entrepreneurial vision, international outlook, and commitment to the textile industry continue to contribute to the Company's growth and evolution.

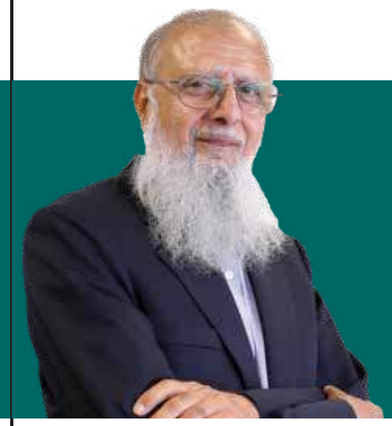
Other Directorships
1888 Mills, LLC
GMI Funds, LLC
Grangeford USA Inc
Feroze1888 Mills UK Private Limited

Mr. Shabbir Ahmed
Non-Executive Director

Mr. Shabbir Ahmed belongs to a family who has diversified stake in industries, trade and commerce for many decades in Pakistan. He himself is engaged in the business for almost 45 years both independently and in joint ventures / partnership with other family members as well as other business houses and individuals. In addition to trading / commercial activities he has a substantial stake in textile sector.

He has contributed extensively on advancement in textile sector including exploration of export market, contract negotiation and customer retention. Mr. Shabbir is highly respected in the business community as a man of commitment

Other Directorships
UTI Industries (Pvt.) Ltd

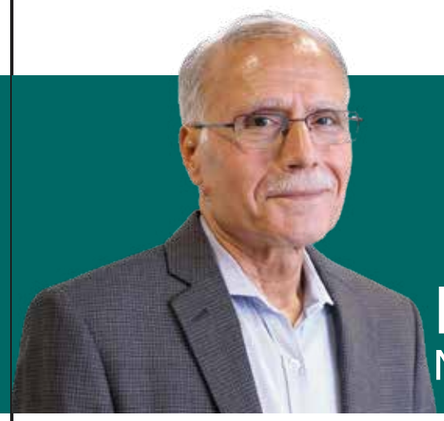


Mr. Khaleequr Rahman
Non-Executive Director

Mr. Khaleequr Rahman is with the textile industry for more than four decades. Belonging to a family in business for generations, he was made part of business during his education days and started to learn and understand the textile and other family businesses.

With the broadening of experience and exposure, his role was enhanced over time and ultimately assigned the responsibility to lead the business. After assuming the role, he strongly emphasized on change in culture, adopting and practicing the more proven technological advancements and made all his efforts to adopt good practices and introduced the culture of high performance with maximum economization. With his vision and leadership capabilities and foresightedness, he not only enhanced the volume and profit by many folds but also built on principles of Sustainability to rank as largest terry manufacturing concern in the Country.

Other Directorships
The ILM Foundation
Jamiyat Taleem ul Quran
Nigehban (Pvt.) Ltd
Jamiayat Punjabi Saudagran-e-Delhi – Honorary Treasurer
Indus Hospital Health Network - Member



Mr. Perwez Ahmed
Non-Executive Director

Mr. Perwez Ahmed's career began nearly five decades ago and his association with Feroze1888 is from the beginning as he was among the founding members of the Company. With his business acumen & cross industry experience he has ventured into pharmaceutical industry as well and is a director on the board for one of the leading pharmaceutical companies in Pakistan.

Mr. Perwez is very active in the textile community to date and had represented the Company in various associations & forums over the years. Over the span of his professional service, he has proven his expertise in strategically leading the business with a strong acumen in finance, sales, marketing, and general management. He has very strong interpersonal & communication skills and is actively involved in philanthropic activities too.

Other Directorships
The Patient's Behbud Society for AKUH
M&N Impex (Pvt.) Ltd
Friendship Dairies (Pvt.) Ltd
Macter International Limited

Mr. Zain Ashraf Mukaty
Non-Executive Director

Mr. Zain Ashraf Mukaty holds a dual degree in Economics and Engineering from the University of Pennsylvania's Jerome Fisher Program in Management and Technology. He began his career at Cornerstone Research in New York before returning to Pakistan.

He currently serves as Chief Executive Officer of Pakistan Aluminum Beverage Cans Limited (PABC), a publicly listed company, and is actively engaged in strategic leadership across Liberty Group's diversified portfolio. He has led the development and execution of Liberty Wind Power 1 & 2 (100 MW) and serves on the Steering Committees of Engro Powergen Thar Limited and National Resources Limited, a mining exploration company.

Previously, Mr. Mukaty served as Chief Executive Officer of Oncogen Pharma (Private) Limited, where he oversaw the development of Pakistan's first fully compliant oncology drugs manufacturing facility. His role encompassed project design, execution, technology transfer, and commercialization.

Mr. Mukaty is also a member of the Board of Advisors of NOWPDP (Network of Organizations Working with Persons with Disabilities, Pakistan).

Other Directorships

Liberty Mills Limited
Liberty Power Tech Limited
Pakistan Aluminum Beverage Cans Limited
Oncogen Pharma (Pvt.) Limited
Liberty Thar Power (Pvt.) Limited
Liberty Solar Energy Limited
Liberty Cold Storage 1 (Pvt.) Limited
Liberty Cold Storage 2 (Pvt.) Limited
Liberty Agriculture Storage (Private) Limited
Liberty Green Storage (Private) Limited
Liberty Power Holding (Private) Limited
Agrivault Storage (Pvt.) Limited
Classic Home Linen (Private) Limited
Coldharvest Storage (Pvt.) Limited
Infinity Metals (Pvt.) Limited
NOWPDP

Mr. Anas Rahman
Non-Executive Director

Mr. Anas Rahman holds an MBA in Marketing from the Institute of Business Management (IoBM), Karachi. With over two decades of leadership experience in the textile sector, he has served in key executive roles, including Director Marketing, Chief Executive Officer, and Vice Chairman of Feroze1888 Mills Limited.

A visionary and strategic thinker, Mr. Rahman is recognized for his strong leadership capabilities and proven track record of guiding teams to achieve sustainable growth. Beyond textiles, he has successfully diversified into agriculture, pharmaceuticals, and other industries, demonstrating business acumen across multiple sectors.

He is also a Certified Director from the Pakistan Institute of Corporate Governance, further strengthening his expertise in corporate governance and strategic oversight.

Other Directorships
Frieden Management (Pvt.) Limited
Crafters Polypropylene Packages (Pvt) Limited
Premier1888 Ltd
Friendship Dairies (Pvt.) Limited
Dost-e-Zeest Foundation
Frieden Farms
Frieden Rice Mills
Pacific Rice Mills
Feroze1888 Mills UK Private Limited

Mr. Temoor Ashraf Mukaty
Non-Executive Director

Mr. Temoor Ashraf Mukaty is a passionate young professional, having graduated from Babson College, Boston, with a degree in Finance and Accounts in 2016, Since returning to Pakistan in the same year, he has been actively contributing to the growth and strategic direction of the Liberty Group.

At the helm of Liberty Group affairs, Mr. Temoor has demonstrated exceptional leadership, with a particular focus on Liberty Mills Limited and its associated companies. Within this pivotal role, he is spearheading initiatives to expand the product range and strategically enhance vertical integration. His forward-thinking approach and energetic drive are key drivers behind the ongoing success and evolution of Liberty Mills Limited and its associated companies.

Beyond operational responsibilities, Mr. Temoor is deeply engaged in the financial landscape of the Liberty Group. Actively managing investments in the Group's publicly listed equities, he employs his financial acumen to navigate the complexities of the market, ensuring optimal returns and portfolio performance. Furthermore, he plays a crucial role in identifying new areas for investment, aligning the group's portfolio with emerging opportunities in the ever-evolving business landscape.

Mr. Temoor Ashraf Mukaty commitment to excellence, combined with his innovative strategies in both operations and investments, showcases his integral role in shaping the success and sustained growth of the Liberty Mills Limited and its associated companies.

Other Directorships
Liberty Mills Limited
Liberty Power Holding (Pvt.) Limited

Mr. Moin M. Fudda

Independent Director

Mr. Moin M. Fudda has over 50 years of distinguished corporate and diplomatic experience. He holds an MBA in Risk Management Insurance from St. John's University, New York, and a B.S. in Insurance and Economics from R.C.D. College of Insurance, Tehran.

Drawing on his expertise in risk management, he has served as Managing Director of the Karachi Stock Exchange (PSX), CEO of the National Commodity Exchange (PMEX) and Chairman of the National Clearing Company of Pakistan Limited. As MD–KSE, he was elected Chairman of the Corporate Governance Task Force of the Federation of Euro-Asian Stock Exchanges (FEAS). In collaboration with the Securities and Exchange Commission of Pakistan (SECP), he contributed to establishing the Pakistan Institute of Corporate Governance (PICG). He is a Certified Corporate Governance Trainer accredited by the International Finance Corporation and a member of PICG's faculty. He also assisted the Ministry of Finance in drafting the Corporate Governance Rules for Public Sector Enterprises and authored the Corporate Governance Guide for Family-Owned Businesses.

Earlier, Mr. Fudda held senior positions in insurance and reinsurance, including Associate at Stewart Wrightson, Lloyd's Insurance Brokers; COO, Reinsurance at American International Group (AIG); Executive Director of Pakistan Reinsurance Company Limited; Country Chief of New Zealand Insurance and Commercial Union (CU, now part of Aviva); and Founder Managing Director of CU Life (now Jubilee Life Insurance). He was also an Adjunct Assistant Professor at the College of Insurance, New York, and Country Director at the Center for International Private Enterprise, an affiliate of the U.S. Chamber of Commerce.

He is currently the Country Representative of SCOR, France, and has served as Honorary Consul General of New Zealand in Pakistan since 1989. He was awarded the New Zealand 1990 Commemoration Medal by the Queen of New Zealand and appointed an Honorary Officer of the New Zealand Order of Merit (ONZM) in 2002. In 2006, he was conferred the Sitara-e-Imtiaz by the President of Pakistan.

Other Directorship

Gadoon Textile Mills Limited
Lucky Textile Mills Limited
Pak Suzuki Motor Company Limited
IT Minds Limited

Ms. Aminah Zahid Zaheer

Independent Director

Ms. Aminah Zahid Zaheer is the Managing Director of Zahid Zaheer & Associates, a Karachi-based multi-disciplinary management consultancy. Prior to relocating to Pakistan, she served as Regional Finance Director – Asia Pacific at The Body Shop International Pte Ltd, based in Singapore. She has over 30 years of diverse experience with leading global FMCG companies, including Unilever, Johnson Wax, Johnson & Johnson, L'Oréal SA and The Body Shop, with extensive geographic and cultural exposure across Asia Pacific, including Dubai, China, Australia and Singapore.

Ms. Zaheer holds an MBA in Finance from The Institute of Business Administration (IBA), Karachi, completed in 1990. She has also undertaken numerous training programmes with INSEAD, France; CFA Institute, Singapore; Johnson Learning Institute; and Cornell University, USA. Certified by PICCG in Corporate Governance Leadership Skills, she completed the Directors Training Program on Corporate Governance from PICG in 2007, followed by a refresher in 2018.

A passionate advocate of corporate governance, Ms. Zaheer specialises in business start-ups, acquisitions, mergers and joint ventures, restructuring and integration, corporate strategy and brand creation. Over the past two decades, she has served as an Executive and Independent Director on the boards of renowned private and publicly listed companies. She serves on Board Executive, Audit, IT & IS, ESG and Capital Increase Committees, and chairs the Board Human Resource & Remuneration and Risk Committees.

Ms. Zaheer is a certified trainer and has conducted corporate governance training at PICG and Directors Training modules at LUMS, Pakistan. She is committed to promoting sustainability and gender equality in Pakistan and is an integral member of the Patients Aid Society (JPMC Karachi) and Behbood Association Pakistan, actively contributing to philanthropy and community development.

Other Directorship

National Foods Limited

Ms. Hina Usmani
Independent Director

Hina Usmani is a Fellow Chartered Accountant and Fellow Corporate Secretary with over 30 years of experience in assurance, corporate finance, risk management and corporate governance. She is the Founder and Managing Parter of Usmani & Co., Chartered Accountants, and a Partner at Ilyas Saeed & Co., Chartered Accountants, a member firm of MGI Worldwide. She has led assurance, taxation and advisory engagements for large manufacturing entities and pubic sector organization. Prior to entering practice, she served as Executive Director Finance at First Leasing Corporation and as EVP-Risk Management & Credit Monitoring Cell at First Women Bank Limited.

She was the first woman elected to the Council of the Institute of Chartered Accountants of Pakistan (ICAP), where she served for eight years, including as its first woman Vice President, and currently serves on it's Audit & Ethics Board. Internationally, she is a member of the Stakeholder Advisory Council of the International Foundation for Ethics and Audit. She is also an Independent Director of Trans Karachi, where she chairs the Board Audit and Finance & Risk Management Committees.

A published contributor to IFAC's Knowledge Gateway, she is a leading advocate for gender inclusion in the accountancy profession, having led ICAP's CA Women Committee and chaired the Women Leadership Committee of the South Asian Federation of Accountants and created significant impact on women participation in CA profession

Other Directorships
Trans Karachi
Usmani Consulting (Private) Ltd

Mr. Rehan Rahman
Chief Executive Officer

Mr. Rehan Rahman has served as the Chief Executive Officer of Feroze1888 Mills since April 2016. With over two decades of industry experience, he combines entrepreneurial foresight with professional management, having built deep cross-functional expertise across operations, leadership, and governance.

Raised in an entrepreneurial environment, he gained early exposure to leadership and operational responsibilities by leading multiple functions within family-owned businesses in his formative years. A keen learner with an adaptable and growth-oriented mindset, he developed a strong understanding of organizational dynamics and people management, complemented by a pragmatic and solutions-driven approach.

At Feroze1888 Mills, Mr. Rahman has led transformative growth while focusing on strengthening a culture of diversity, equity & inclusion, underpinned by mutual respect, and fostering an environment of accountability and empowerment where ownership and leadership are shared across teams.

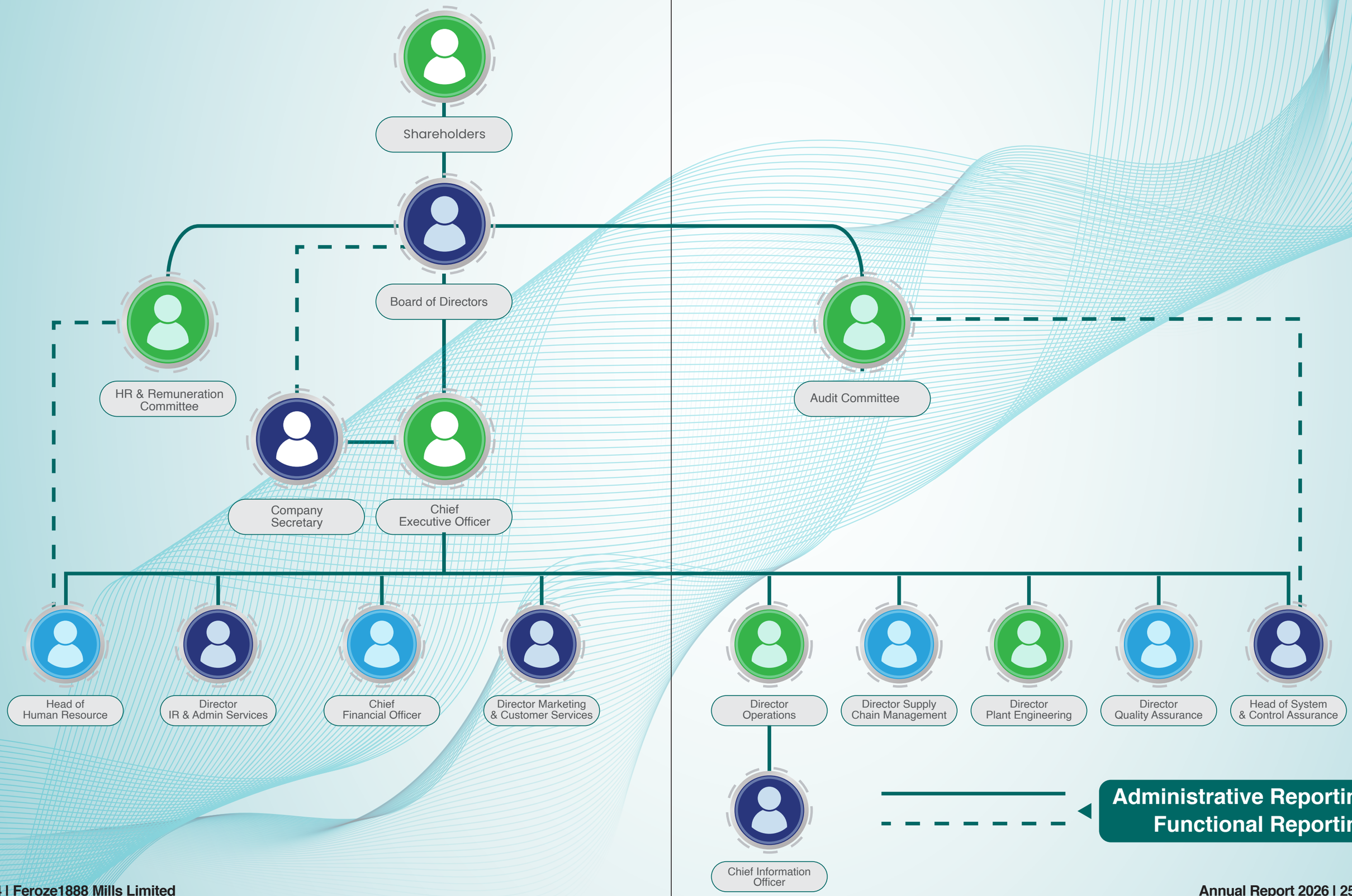
Under his strategic leadership, Feroze1888 Mills has achieved significant milestones, including record-breaking revenues, expanded production capacity, impactful talent development, and global recognition for sustainability and customer excellence.

Beyond business, Mr. Rahman actively promotes community engagement and philanthropy, embedding social responsibility as a core value.

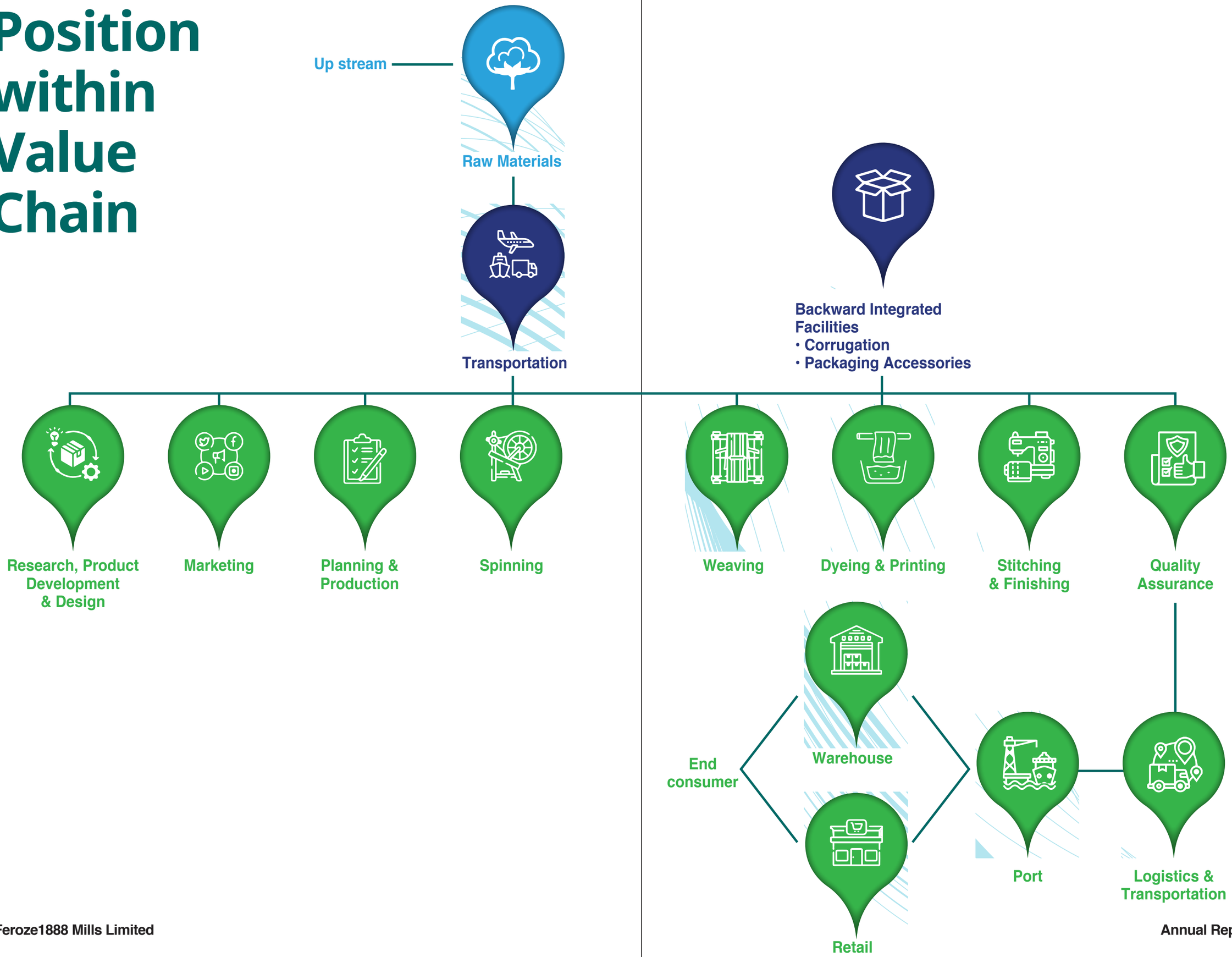
In August 2026, Mr. Rahman was re-appointed to the position for a further three-year term, reflecting the Board's continued confidence in his leadership and ability to advance the Company's strategic direction.

Other Directorships
1888 Mills, LLC
Premier1888 Mills Limited
Feroze1888 Mills UK Private Limited

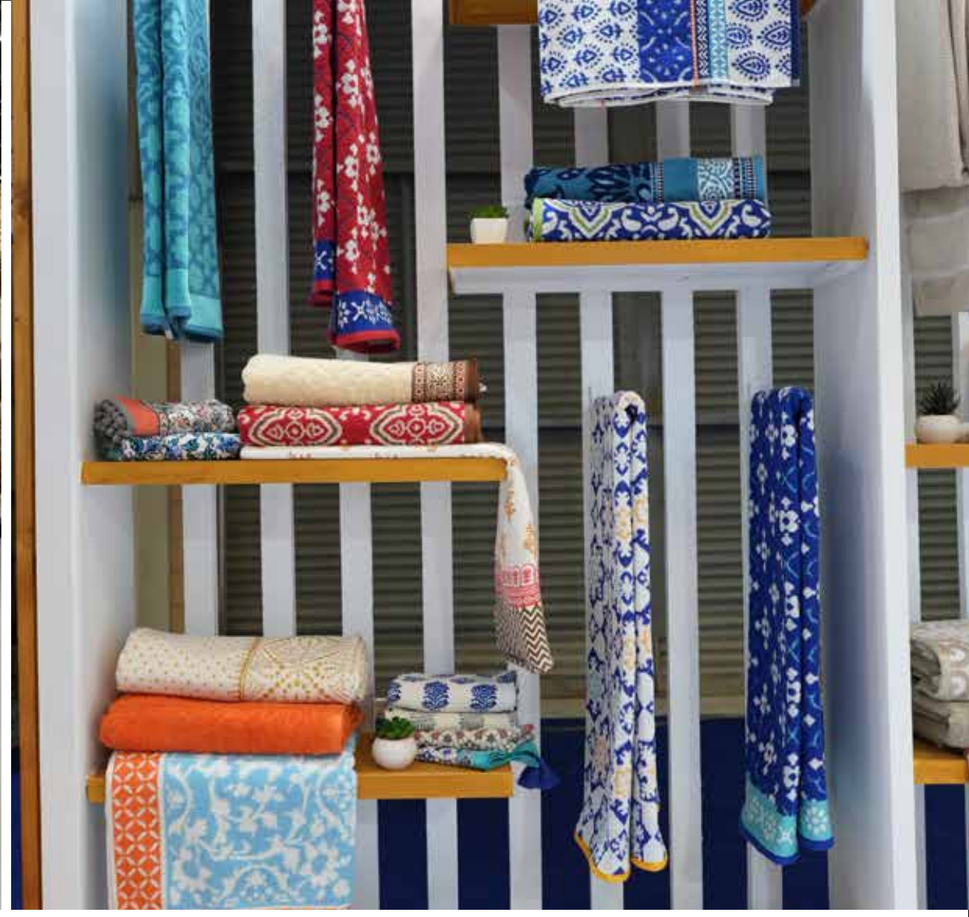
Organizational Chart

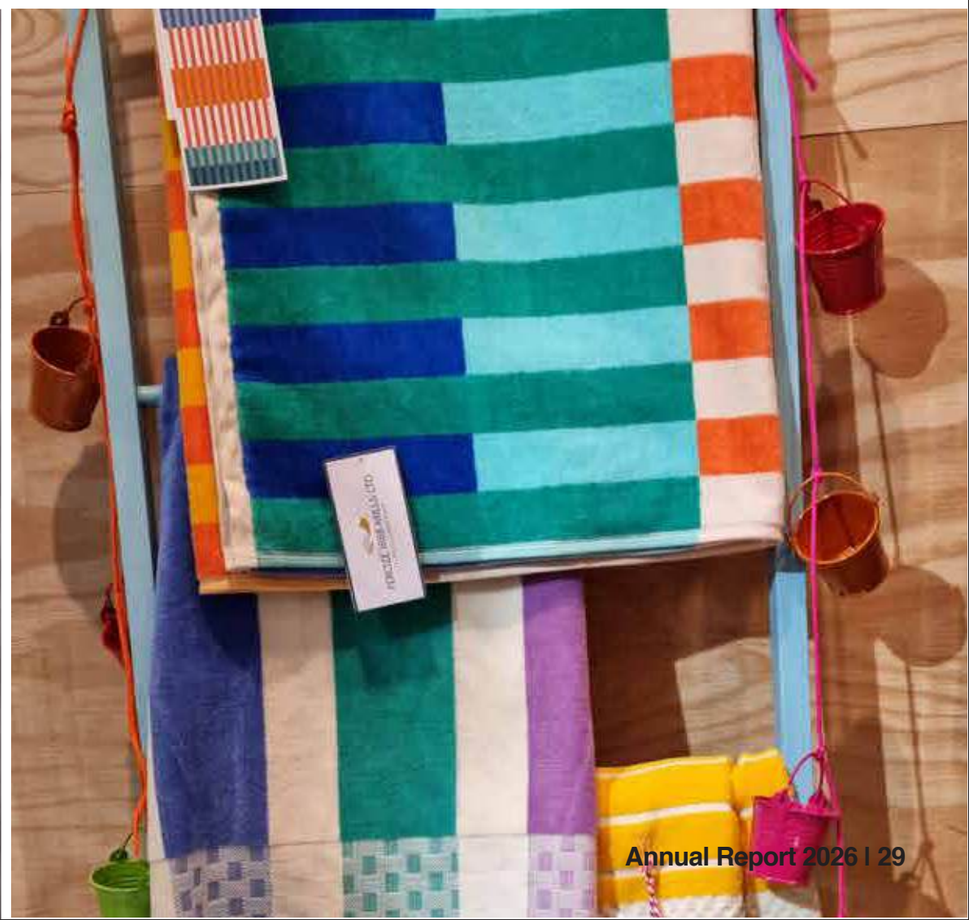


Position within Value Chain

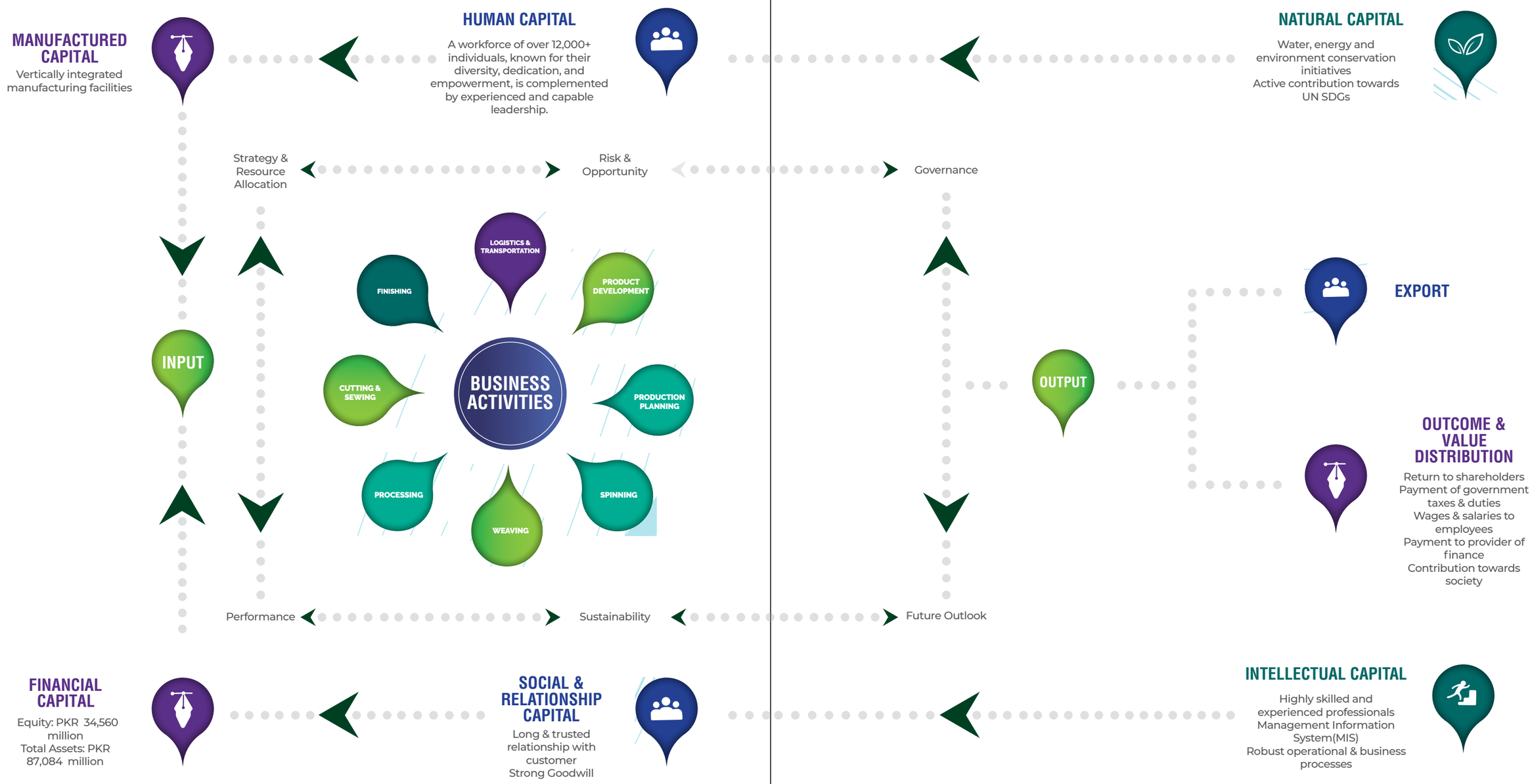


Product Glimpses





Business Model



Geographical Spread

Manufacturing Plants
• Sindh • Balochistan

Awards & Achievements

40th Corporate Excellence Award

Feroze1888 Mills Ltd was recognized with the 40th Corporate Excellence Award 2025 by the Management Association of Pakistan (MAP), marking our 7th consecutive win in the Textile Composite Sector.

Employer of the Year Award and Disability Inclusion Excellence Award

Feroze1888 received two distinguished awards presented by the Employers' Federation of Pakistan at different events, namely the 3rd Disability Inclusion Recognition Award 2025 in the Diamond Category, and the 11th Employer of the Year Award 2025, in which the company secured 2nd position.

These recognitions reflect our continued commitment to building a workplace where accessibility, equity, and inclusion are embedded in how we operate and engage with our people.

As an organization, we remain committed to strengthening our workplace culture and driving sustainable growth.

EFP Women Empowerment and Gender Equality-Diamond recognition award

Feroze 1888 Mills Limited was recognized with the EFP women empowerment and gender equality award in the Diamond category. We continue to make sustained efforts towards our commitment to DE&I remain central focused to strengthen an organizational culture where every person feels valued, respected and empowered.

23rd Annual Environment Excellence Awards 2026

Feroze1888 also won the 23rd Annual Environmental Excellence Award 2026 organized by NFEH (National Forum for Environment & Health),

Significant Events During The Year And After The Reporting Period

During FY 2025-26, the Company migrated its core business operations from the Oracle/legacy platforms to SAP S/4HANA which represented a significant step in strengthening the integration and efficiency of the Company's business processes and technology environment.

Subsequent to the year-end (June 30, 2026), Board elections were held in July 2026, at which the Board was re-elected for a fresh term of three years; Ms. Huma Pasha did not contest re-election (upon completion of 3 consecutive terms) and Ms. Hina Usmani was elected as an Independent Director in her place.

Our Legacy, Woven Over Time

1970

WEAVING UNIT
Laying the foundation of Feroze1888 Mills Limited with the inauguration of Weaving Unit

1980

STITCHING UNIT
A Stitch in time saves nine- Inauguration of Stitching Unit

1985

SPINNING UNIT
Whirling the Fabulous Quality of Yarn with the inauguration of Spinning Unit at Hub Location

1996

DYEING & PROCESSING UNIT
Inducing the Colors of Life to the Fabric- Opening of Dyeing & Processing Unit

2006

WAREHOUSE
Preserving the Eminence of Cotton- Laying the foundation of large warehousing facility

2007

MERGER OF FEROZE TEXTILE & FRIENDSHIP TEXTILE
Sky is the limit- Merger of Feroze Textile Industries & Friendship Textile Mills to expand & create excellence

2008

WASTE WATER TREATMENT PLANT
Reflecting our strong belief in playing our role to save Environment

2008

FIBER DYEING FACILITY
Setting an example in Terry Textile Sector with the inauguration of Fiber Dyeing Facility

2009

ACQUISITION OF NAQSHBANDI INDUSTRIES LIMITED
Expanding the business- Acquired Naqshbandi Industries

2010

NAKSHBANDI'S NAME CHANGED TO FEROZE1888
Expanding the Horizons- Conversion of Nakshbandi into Feroze1888

2012

MERGER OF FEROZE TEXTILE INDUSTRIES & FEROZE1888
Unification of business acumen- Merger of Feroze Textile Industries & Feroze1888

2014

PRINTING FACILITY
Adding Value, Creativity & Vivacity in our products- Set up of Printing Facility

2016

WATER RECLAIM PLANT
A Promise to Sustainability & Better Environment- Waste Water is recycled & reused in our processes

2017

EMBROIDERY
To augment product range installed embroidery setup

2018

PACKAGING
Inauguration of fully automated Corrugated Carton manufacturing plant & other packaging accessories

2019-2025

NEW PRODUCT LINE & PRODUCTION CAPACITY ENHANCEMENT
New product line (Woven & knitted) added in our portfolio. Spinning & Weaving manufacturing capacity enhanced

2026

DIGITAL TRANSFORMATION
Implementation of SAP S/4HANA

Our Business

Creating relevance for our customers. Value through our products. Growth for tomorrow.

Every thread carries the potential to create something of greater value. At Feroze1888, our business continues to evolve by moving closer to our customers, strengthening our product portfolio and investing in capabilities that enable us to deliver greater value. From value-added products and customer intimacy to innovation and market responsiveness, we are weaving together the capabilities that turn our expertise into enduring customer relationships and sustainable growth.

EXTERNAL ENVIRONMENT, STRATEGY & RESOURCE ALLOCATION AND FUTURE OUTLOOK

External Environment And Stakeholders

Legislative And Regulatory Environment

Feroze1888 Mills Limited operates within a comprehensive legal and regulatory framework applicable to publicly listed companies and the textile and export industries in Pakistan.

The Company complies with applicable requirements of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and Pakistan Stock Exchange (PSX) regulations. The Company is also subject to laws and regulations relating to taxation, customs, trade and foreign exchange, as well as applicable labor, occupational health and safety and environmental laws. These requirements may evolve in response to changes in legislation, regulatory policies, economic conditions and international trade practices, potentially affecting the Company's operations, costs, reporting obligations and business processes.

Feroze1888 maintains appropriate processes and professional resources to monitor relevant legislative and regulatory developments and support compliance with requirements applicable to its operations. The Company assesses the implications of material regulatory changes and incorporates relevant requirements into its business and operational processes, as appropriate.

Given the Company's export-oriented operations, changes in trade regulations, customs requirements, taxation, foreign exchange controls and other applicable requirements may also influence its ability to access international markets and conduct cross-border transactions. The Company continues to monitor these developments as part of its broader assessment of the external operating environment.

Government Policies and Sector Environment

Government policies relating to Pakistan's textile and export sector has a direct bearing on the Company's production costs, taxation, energy availability and export competitiveness. During the year, the sector faced continued increases and volatility in electricity and gas tariffs and frequent changes in export incentives and taxation requirements, creating uncertainty for export-oriented businesses. These pressures were compounded by increasing competition from regional textile-producing countries, and evolving trade- policy and geopolitical developments including the escalation of tensions in the Middle East during the latter part of the year which added volatility to international energy prices, freight and logistics costs. The Company continues to closely monitor these developments, given the sensitivity of its export-oriented business model to global economic and geopolitical situations and domestic government policies and regulations, and factors them into its operational and strategic planning.

Legitimate Needs And Interests Of Key Stakeholders, And Industry Trends

Stakeholders	Legitimate Needs & Interests	Industry Trends	Our Response
Customers	Quality, reliability, competitive pricing, timely delivery, sustainability and traceability	Sustainable sourcing, buyer compliance, traceability, shorter lead times and product innovation	Product innovation, quality management, vertical integration, traceability and sustainability initiatives
Shareholders	Sustainable returns, transparency, governance and capital efficiency	Market volatility, ESG integration and increasing disclosure expectations	Disciplined capital allocation, governance, risk management and transparent reporting
Employees	Safe workplace, fair compensation, development and equal opportunity	Skills shortages, automation, digitalization and changing workforce expectations	Training, OHS, employee development, engagement and inclusive workplace practices
Suppliers	Fair dealings, continuity, clear requirements and development	Supply chain resilience, responsible sourcing and cost pressures	Supplier relationship management, strategic sourcing, assessments and responsible procurement
Regulators / Government	Legal, tax, labor, environmental and reporting compliance	Increasing regulatory and sustainability requirements	SAP S/4HANA implementation, Compliance systems, monitoring, reporting and environmental management
Communities / Society	Employment, environmental responsibility and social development	Increasing expectations for responsible corporate citizenship	Community investment, employment, resource efficiency and social initiatives

STEEPLE Analysis

	S SOCIAL	T TECHNOLOGICAL	E ENVIRONMENTAL	E ECONOMIC	P POLITICAL	L LEGAL	E ETHICAL
Description and Possible Impact	Changing demographics, workforce expectations, social values and customer preferences continue to influence the textile industry. The availability of skilled human resources, employee well-being and the Company's relationship with surrounding communities are important considerations for sustainable business operations.	Rapid technological developments are transforming manufacturing, supply-chain management, business processes and customer expectations. The adoption of modern technologies can improve operational efficiency, decision-making and competitiveness, while failure to keep pace with technological developments may increase operational and competitive pressures.	Increasing environmental awareness, resource constraints, climate-related considerations and evolving environmental requirements are influencing the textile industry. Efficient use of water and energy, responsible management of waste and effluents, and reduction of environmental impacts are increasingly important for sustainable manufacturing and continued access to international markets.	The Company's performance is influenced by macroeconomic conditions, including exchange rates, interest rates, inflation, energy costs, raw material prices and demand in international markets. Volatility in these factors can affect production costs, margins, working capital requirements and the competitiveness of exports.	Changes in political conditions, government policies, taxation, customs and duty structures, trade policies and other government measures may influence the cost structure, investment environment and competitiveness of the textile industry. Changes in policies affecting exports, imports, energy and industrial activity may also have an impact on business operations.	The Company's operations are subject to a broad and evolving legal and regulatory framework covering corporate matters, taxation, labor, environmental protection, occupational health and safety, exports and other areas relevant to its operations. Changes in laws and regulatory requirements may increase compliance obligations and associated costs.	High standards of integrity, transparency and responsible business conduct are essential to maintaining the confidence of customers, employees, suppliers, regulators and other stakeholders. Unethical conduct, including corruption, fraud or conflicts of interest, may expose an organization to financial, legal and reputational risks.
Organizational Response	The Company remains committed to providing a safe, supportive and inclusive workplace while continuously developing the skills and capabilities of its workforce. It also contributes to the well-being of communities through initiatives relating to healthcare, education and other social development areas. The Company continues to strengthen its workplace practices and certifications relating to employee health, safety and well-being.	The Company continues to invest in the modernization and upgrading of its manufacturing facilities and equipment and in developing the technological capabilities of its employees. During the year, the Company also completed the migration of its enterprise resource planning platform from Oracle / legacy systems to SAP S/4HANA, strengthening the digital foundation for integrated business processes, information management and decision-making. The Company continues to evaluate technological developments relevant to its manufacturing and business operations.	The Company operates an Environmental Management System certified under ISO 14001:2015 and an Occupational Health and Safety Management System certified under ISO 45001:2018. It continues to focus on efficient use of natural resources and reduction of its environmental footprint. Water treatment facilities have been implemented to facilitate the recovery and reuse of a substantial portion of wastewater. The Company also maintains certifications including GOTS, STEP, GRS and RCS, supporting responsible production and sustainability requirements across relevant markets.	The Company maintains a disciplined approach to financial and liquidity management and monitors its capital structure with a focus on maintaining an appropriate debt-to-equity balance. Its treasury function actively monitors foreign exchange movements and manages associated risks through ppropriate risk management strategies. The Company also maintains a strong focus on cost management and efficient procurement to support operational and financial resilience.	The Company continuously monitors developments in the political and policy environment, particularly those relating to taxation, duties, trade and other matters relevant to its operations. Management assesses the potential implications of such developments and adjusts business and operational strategies where appropriate. The Company also engages with relevant industry stakeholders and associations on matters affecting the textile sector.	The Company places strong emphasis on compliance with applicable laws, regulations and regulatory requirements. Relevant legal and regulatory developments are monitored on an ongoing basis and communicated to the concerned functions for appropriate action. Dedicated professionals and external advisers, where required, support the Company in addressing legal, tax and regulatory matters and ensuring continued compliance.	Ethical and responsible business conduct remains an integral part of the Company's values and governance framework. The Company is committed to maintaining high standards of integrity, accountability and professionalism in its dealings with all stakeholders. It maintains a zero-tolerance approach towards corrupt and fraudulent practices and promotes transparency, responsible decision-making and compliance with its established policies and procedures.

Competitive Position and Risk Management

Competitive Landscape and Market Positioning

The global textiles and apparel market remains competitive, with sourcing decisions increasingly influenced by cost, quality, lead times, product innovation, traceability and sustainability requirements. Major producing countries, including China, Bangladesh, Vietnam, Türkiye and India, continue to compete on scale, cost efficiency, manufacturing capabilities and market access. Pakistan competes primarily through its integrated cotton-based value chain, manufacturing expertise and established relationships with international customers.

The competitive environment is also being influenced by developments in international trade arrangements. Developments with regards to preferential tariff arrangements between UK and India and the European Union-India Free Trade Agreement process, may influence the competitive dynamics and relative tariff positions of textile-exporting countries in key markets.

Global geopolitical and supply-chain developments also remain relevant to the textile industry. Disruptions affecting major maritime trade routes can influence transit times, vessel availability and freight costs, while fluctuations in cotton and other raw-material prices can affect procurement planning and manufacturing costs. These factors reinforce the importance of supply-chain resilience, efficient inventory management and close coordination with customers and suppliers.

Demand conditions across major export markets continue to evolve, with consumer purchasing patterns, inflationary pressures and inventory management influencing buying decisions. Customers increasingly seek competitive pricing alongside consistent quality, reliable delivery, product innovation and credible sustainability practices.

Feroze1888 continues to focus on strengthening its market position through customer responsiveness, operational efficiency, product development and sustainable manufacturing practices. Guided by its brand promise, “Weaving a Better World®”, the Company remains focused on meeting evolving customer requirements across the retail, hospitality and healthcare segments.

Our strategic priorities include:

- Market and product development: Expanding market presence and customer segments while broadening product offerings and driving product innovation.
- Supply-chain resilience and integration: Enhancing vertical integration, supply-chain resilience and operational efficiency.
- Sustainability and traceability: Advancing the 3R philosophy — Reduce, Reuse, Recycle — and strengthening farm-to-shelf traceability and sustainable manufacturing practices.
- Execution excellence: Maintaining consistent quality and delivery performance while responding to evolving customer requirements.

SEASONALITY

The Company’s business is influenced by seasonal demand patterns in its key export markets, particularly the United States and Europe. Production is primarily driven by customer requirements, international retail calendars and seasonal demand variations around major retail seasons and promotional periods in our target markets.

The Company manages such seasonal variations through production and capacity planning, inventory management and alignment of procurement with customer orders and anticipated demand. Its vertically integrated operations provide greater flexibility in coordinating the supply chain and responding to changes in customer requirements. While certain periods may experience higher order volumes, the Company’s diversified customer base and export markets support continuity of operations throughout the year.

SWOT Analysis

Risks & Opportunities Report

Risk Management

Risk management is an integral part of the Company's approach to achieving strategic objectives, sustaining operations, and creating long-term value. The Company recognizes risk as the effect of uncertainty on objectives and acknowledges that risks may present both challenges and opportunities in the pursuit of its goals.

Risk Management Framework

The Company has established a comprehensive Risk Management Framework aligned with ISO 31000 principles. The Framework provides a structured and consistent approach to identifying, assessing, prioritizing, treating, monitoring, and reporting risks and opportunities across the organization. In today's dynamic environment, risk extends beyond operational and financial exposures to include reputational, regulatory, and emerging sustainability considerations that may influence the Company's ability to adapt and thrive.

Governance and Accountability

Risk management is embedded in the Company's culture, processes, and governance structures. Staff are empowered to manage risks within their areas, supported by independent assurance and audit activities that validate the effectiveness of controls. Clear reporting lines ensure that timely and relevant information reaches decision-makers, enabling sound management within defined risk appetite and tolerance levels.

The Board of Directors has overall responsibility for oversight of the Risk Management Framework, while the Chief Executive and Executive Leadership Team are accountable for its implementation. Department Heads act as risk owners for their respective areas, supported by designated Risk Coordinators.
Significant, emerging, and changing risks are monitored and escalated through established reporting structures.

Sustainability related Risks and Opportunities

The Company recognizes that sustainability related risks and opportunities may affect its strategy, operations, financial performance, reputation, and long-term stability. Oversight of such risks and opportunities has been delegated to the Board Audit Committee recently.

Managing Risks and Opportunities

The Company adopts a risk-based approach to decision-making and continuously monitors its internal and external environment to identify emerging risks, assess their potential impact, and implement appropriate responses. Risk responses may include mitigation, acceptance, transfer, or avoidance, while opportunities are pursued where they support strategic objectives and long-term value creation.

Through this integrated approach, the Company is well positioned to address both material and emerging risks while capitalizing on opportunities that strengthen adaptability, enhance stakeholder trust, and support sustainable growth.

Risks & Opportunities Report

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences	Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
Strategic Risk	High competition in global market	High	External	Ongoing	Likely	Potential reduction in profit margins due to pricing pressure from regional competitors, particularly given the country's higher energy and financing costs. Increased competitive pressure may also affect sales growth and market share, particularly due to the Company's concentration in the US and EU markets.	• Senior management regularly conducts market analyses to assess evolving customer needs and global towel sourcing patterns; • Continuous enhancement of product quality through research and development; • Leveraging technology to improve cost competitiveness; • Focus on innovation and operational efficiency; • Expansion into new export markets to reduce concentration; and • Strengthening customer relationships and market development.	Expand market share and reinforce market presence through innovation, efficient cost management, consistent product quality, customer diversification and differentiated product offerings.	2
Strategic Risk	Technological obsolescence of production facilities and IT infrastructure	Medium	External / Internal	Long term / Ongoing	Likely	Failure to keep pace with technological advancements, including automation, real-time production monitoring, predictive maintenance and digital quality capabilities, may result in process inefficiencies, higher production costs and erosion of competitive positioning.	• Capital investment in expansion projects and BMR initiatives incorporating advanced technology; • SAP S/4HANA implementation has strengthened the Company's ERP and MIS backbone; • Continued upgrades to IT infrastructure and SAP capabilities for reporting, analytics and decision support; and • Ongoing evaluation of automation, real-time production monitoring and predictive-maintenance capabilities.	Timely investment in advanced production and digital infrastructure can improve operational synergies, process efficiency, cost competitiveness, product quality, reporting and decision-making, supporting sustained competitive advantage.	7
Financial / Commercial Risks	Credit risk stemming from customer defaults	Low	External	Medium Term / Ongoing	Remote	Customer payment defaults may adversely affect cash flows, profitability and working capital, particularly where customer concentration or changes in customers' financial condition increase exposure.	• Regular monitoring of receivable ageing and recoveries; • Reconciliation and confirmation processes; • Diversification of export markets and customer base; and • Credit Committee review of customer credit limits and terms based on creditworthiness and associated risks.	Effective receivables and credit management supports stronger cash flows and financial resilience, while disciplined credit assessment can support a healthier and more diversified customer portfolio.	8
Financial Risk	Foreign exchange movements and currency competitiveness	- High	External	Medium Term	Likely	Movements in foreign exchange rates can affect the Company's USD exposure, operational and capital expenditures and pricing decisions. Moreover, adverse currency movements also impact company's competitiveness vs the regional players.	• Company's Treasury function actively monitors foreign exchange markets; • The Company benefits from a natural hedge for USD exposure; • Foreign exchange exposures are managed through financial derivatives, including forward contracts, in line with the Board-approved policy; and • Continued monitoring of cost structures and pricing strategy to protect margins independent of currency movements.	Managing currency fluctuations effectively helps the Company mitigate risks while creating opportunities to sustain and enhance profitability across diverse area.	4
Operational Risk	Increase in the cost of raw materials / insufficient supply of raw materials	High	External	Medium Term /	Very likely	Raw materials account for a significant portion of cost of goods sold. Increases in prices or constraints in availability, particularly of cotton, can adversely affect profitability, pricing competitiveness, production planning and margins.	• Regular monitoring of raw material markets; • Upgraded storage capacity to support timely procurement; • Strategies to improve operational efficiency and cost control; and • Procurement planning and forward-buying decisions aligned with market conditions to manage cost and supply exposure.	Improve consumption of materials through research and development.	1
Operational Risk	Fluctuations in the supply and costs of energy, fuel, and water.	High	External	Medium Term	Very likely	Fuel, electricity and water are essential to textile manufacturing. Interruptions in supply or increases in energy and utility costs can materially affect production costs, operational efficiency, profitability and competitiveness.	• Diversified energy-source strategy to reduce reliance on any single source; • Continued investment in solar and captive power generation; • Wastewater treatment plant to support operational requirements and compliance; and • Monitoring of energy policy and tariff developments to support timely adjustment of energy sourcing and cost planning.	Pursuing a diversified energy mix to reduce reliance on any single source, while enhancing efficiency and lowering cost	6
Operational Risk	Turnover of skilled staff	Low	Internal	Short Term	Likely	High turnover among skilled employees may disrupt operations and make it difficult and more costly to source suitable replacements. The availability of technically skilled and digitally trained resources is also important following the transition to SAP S/4HANA.	• Supportive working environment; growth opportunities; • Market-based remuneration; • Career planning and development through mentoring and training; • Succession planning; and • Continued investment in SAP and professional training and development to build technically capable and digitally skilled resources and strengthen succession coverage for key roles.	Focused personnel development and training can strengthen innovation, operational continuity and the Company's ability to attract and retain technically capable talent.	12

Risks & Opportunities Report

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences	Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
Commercial Risk	Imposition of tariffs and trade protectionism in export markets.	Medium - High	External	Medium Term	Very likely	Changes in tariffs and trade protectionism in key export markets increase landed costs, reduce demand, require pricing concessions and place pressure on export sales and margins. Competitive pressure may also increase as competing countries may obtain improved preferential market access.	• Maintain competitive export pricing and volumes; • Diversify export markets and customer base; • Closely monitor tariff developments in key markets and assess their impact on pricing and sourcing decisions; and • Strengthen customer relationships and product differentiation.	Market diversification and product differentiation can reduce dependence on individual markets and customers. The Company may also benefit from sourcing diversification by customers seeking alternatives to higher-tariff origins.	3
Commercial Risk	Economic downturn	Medium	External	Medium Term / Ongoing	Likely	An economic slowdown or weaker consumer spending in key export markets may reduce customer orders, affect product demand and place pressure on production utilization and margins.	• Maintain premium product quality and a strong export footprint; • Monitor consumer spending, inflation, interest-rate and economic trends in key export markets; and • Adjust production and sales planning in response to changing demand conditions.	Flexible production and operations planning can help optimize capacity utilization during economic slowdowns.	10
Natural Risk	Suspension of operations due to natural disaster	Medium	External	Long term / Ongoing	Likely	Natural disasters, including heavy rainfall and urban flooding, may disrupt production, employee attendance, supply chains and other operations and may result in financial obligations for restoration.	• Disaster recovery planning, business continuity arrangements and insurance coverage; • Precautionary and safety measures to support timely resumption of operations; and • Off-site hosting of ERP data supports resilience against localized disruptions.	Robust business continuity and disaster recovery arrangements can improve resilience and support faster recovery following operational disruptions.	11
Compliance Risk	Non-compliance with applicable laws and regulations	Medium	Internal	Short term	Remote	Non-compliance with applicable laws and regulations may result in penalties, legal action, financial consequences and reputational damage.	Professional legal and compliance support, supplemented by external advisors, to monitor applicable legal and regulatory requirements and support compliance across employment and labour laws, tax obligations, corporate governance and the Companies Act, 2017.	A proactive compliance framework supports stable operations, reduces regulatory exposure and strengthens stakeholder confidence.	9
Geopolitical Risk	Disruption to shipping and logistics routes, and damage to data centers due to geopolitical conflict in the Gulf / Red Sea region	High	External	Short to Medium Term / Ongoing	Likely	Geopolitical disruptions affecting the Gulf, Strait of Hormuz or Red Sea corridors may cause vessel rerouting, extended transit times, higher freight rates and marine insurance premiums, and temporary restrictions on shipping services. This may increase landed export costs, delay customer deliveries and affect energy import costs. Damage to data centers can impact the continuity of operations.	• Close monitoring of regional shipping advisories and route availability; • Flexibility in logistics partners and routing options; • Proactive shipment planning and customer communication regarding potential delivery impacts; and • Assessment of alternative routing and shipment timing where commercially feasible. • Change of data center location to other geography.	Building logistics resilience and routing flexibility can strengthen delivery reliability and reduce the Company's exposure to future regional disruptions. Engagement with SAP to work out robust data recovery and business continuity plans.	5

Strategy And Resource Allocation

Strategic Objectives And Resource Allocation

Feroze1888 is committed to building a sustainable and successful future by making informed and responsible choices today. The Company continues to strengthen its organization through effective leadership, a high-performance culture, professional excellence and financial discipline, with a focus on creating sustainable value and delivering long-term returns for its stakeholders.

SALES GROWTH & PROFITABILITY

Time Horizon	Medium to Long Term
Key Strategies	• Ongoing optimization, expanding capacity, and enhancing efficiency • Expand export markets and diversify the customer base • Improve margins through pricing discipline, product mix and cost efficiency • Strengthen real-time financial monitoring and reporting discipline
Strategies Directly Affected By	Social & Environmental changes
Resources Allocated (Capitals)	Financial, human, social and relationship capital.
KPIs Monitored Value Created For	Gross profit margin improvement; revenue growth across markets; new export destinations added; profitability versus prior year, Improved customer satisfaction index Economy, Customers & Shareholders

OPERATIONAL EXCELLENCE

Time Horizon	Medium to Long Term
Key Strategies	• Strengthen production, inventory and procurement process discipline • Reduce quality defects and embed a continuous-improvement culture
Strategies Directly Affected By	Technological & Environmental changes
Resources Allocated (Capitals)	Financial, Intellectual, Human, Manufactured Capital
KPIs Monitored	Fostering & monitoring of a strong kaizen culture, Process compliance improvement; quality defect reduction
Value Created For	Shareholders, Employees & Customers

RISK MINIMIZATION THROUGH BUSINESS DIVERSIFICATION

Time Horizon	Medium to Long Term
Key Strategies	• Explore and assess new markets and product segments • Pursue geographic diversification to reduce concentration risk
Strategies Directly Affected By	Geographic change, Social & environmental challenges.
Resources Allocated (Capitals)	Financial, Human, Social & Relationship Capital
KPIs Monitored	Profitability ratios; new export destinations and customer segments added; return on capital employed
Value Created For	Shareholders & Employees

CUSTOMER INTIMACY & MARKET DEVELOPMENT

Time Horizon	Medium to Long Term
Key Strategies	• Strengthen customer relationships through quality assurance and reliable, on-time delivery • Expand the addressable market through new customer onboarding • Shorten lead times
Strategies Directly Affected By	Social & Environmental changes
Resources Allocated (Capitals)	Financial, Human, Intellectual, Social & Relationship Capital
KPIs Monitored	Customer satisfaction; customer claims and complaints; on-time delivery performance; new customers onboarded
Value Created For	Customers & Shareholders

ENVIRONMENTAL STEWARDSHIP, SOCIAL IMPACT & UN SDGS

Time Horizon	Medium to Long Term
Key Strategies	• Reduce emissions and expand renewable energy use. • Increase water recycling, resource efficiency, and reduce water footprint. • Improve circularity in our value chain and increase waste recycling. • Improve human capital management mechanisms and uphold high standards of workplace safety. • Engage supply chain partners on sustainability performance and deliver community impact.
Strategies Directly Affected By	Social, Technological & Environmental changes
Resources Allocated (Capitals)	Financial, Human, Social & Relationship, Natural Capital
KPIs Monitored	Emissions reduction, renewable energy adoption, water recycling improvement, sustainability training participation, community impact & CSR, Lost Time Injury Frequency Rate (LTIFR) & safety metrics.
Value Created For	Environment, Community, Employees, Supply Chain Partners

BE AN EMPLOYER OF CHOICE

Time Horizon	Medium to Long Term
Key Strategies	• Invest in talent acquisition, development and succession planning • Sustain a culture of diversity, equity and inclusion • Strengthen training and cross-functional collaboration • Implementing transparent performance management mechanisms.
Strategies Directly Affected By	Social & Environmental changes
Resources Allocated (Capitals)	Financial, Human, Social & Relationship Capital
KPIs Monitored	Employee turnover; employee engagement; workforce diversity representation; training participation; succession-plan coverage
Value Created For	Employees

DIGITAL TRANSFORMATION & INNOVATION

Time Horizon	Medium to Long Term
Key Strategies	• Optimize SAP S/4HANA capabilities to strengthen process integration, real- time insights, and operational efficiency • Advance digital tools and analytics across key business processes • Expand automation and connected-technology adoption • Foster a culture of continuous improvement and innovation
Strategies Directly Affected By	Technological & social developments
Resources Allocated (Capitals)	Financial, Intellectual, Manufactured, Human Capital
KPIs Monitored	SAP S/4HANA utilization; digital process adoption; automation coverage
Value Created For	Employees & Shareholders

Linkage of Strategic Objectives with Vision, Mission and Overall Objectives

Vision

Our aim is to be a market leader in textile manufacturing with our strong commitment to 3Ps (People-Planet-Prosperity). We will prosper by creating unmatchable value for our global customers & stakeholders through our exceptional quality products & services.

Mission

We are a leading vertically integrated industry known for its state of the art machinery, infrastructure, standardized systems, production processes and adopting the ideology of 3Ps (People-Planet-Prosperity). We are committed to the ongoing learning, development & growth of our valued employees. Our focus is on building an environment of prosperity & gratification for all our customers & stakeholders through our operational excellence & solution based innovations.

The 3Ps Underpinning the Strategy

People — employee learning, development and growth; workplace safety; diversity and community impact.
Planet — emissions reduction, water stewardship, circularity, and science-based climate transition targets.
Prosperity — profitable growth, market diversification, and unmatched value creation for customers and stakeholders.

How Each Strategic Objective Supports Vision and Mission

- Sales Growth & Profitability : Delivers the "Prosperity" commitment in the 3Ps and the Vision's aim to prosper by creating unmatchable value for global customers & stakeholders.
- Operational Excellence : Directly builds the Mission's state of the art machinery, infrastructure, standardized systems and production processes, and its commitment to operational excellence.
- Risk Minimization through Business Diversification : Safeguards the Vision's ambition to be a market leader by strengthening resilience and long-term stakeholder prosperity.
- Customer Intimacy & Market Development : Advances the Vision's promise of unmatchable value for global customers through exceptional quality products & services.
- Environmental Stewardship, Social Impact & UN SDGs : Embeds the "Planet" and "People" dimensions of the 3Ps — community impact, workplace safety, and resource stewardship.
- Be an Employer of Choice : Fulfils the Mission's commitment to the ongoing learning, development & growth of our valued employees and the "People" pillar of the 3Ps.
- Digital Transformation & Innovation : Advances the Mission's solution-based innovations and reinforces standardized systems as the backbone of a world-class operation.

Key Resources And Capabilities Of The Company Which Provide Sustainable Competitive Advantage

As a leading textile exporter in the Country, the Company's sustained success amid ongoing external challenges is largely due to the exceptional efforts of our dedicated workforce. Our employees, our most valuable asset, have consistently shown their commitment and support, driving the Company's growth. It is clear that our strong purpose and deeply rooted values are the foundation of our sustainable competitive advantage. Additionally, other key resources and capabilities include the following:

Capability	Description
Integrated Manufacturing Platform	Fully vertically and backward integrated operations enabling end-to-end quality control, faster lead times and cost efficiencies unavailable to non-integrated competitors.
Technology-Driven Operational Intelligence	SAP S/4HANA implementation across core business functions, providing real-time data visibility, process-compliance enforcement and a foundation for advanced analytics and timely & effective decision making.
Established International Customer Relationships	Long-standing relationships with leading international buyers, supported by internationally recognized quality certification and a structured customer- experience framework.
Sustainability	Investments in renewable energy, water-recycling infrastructure, emissions reduction and alignment with global sustainability goals which is increasingly becoming a prerequisite for premium international buyers.
Talent & Organizational Culture	A skilled, experienced workforce supported by structured training, succession planning, DE&I initiatives and a continuous-improvement culture.

Strategic Decision-Making

Management, under guidance of the Board of Directors, continuously improves its capabilities to proactively identify risks and develop effective risk mitigation strategies while shaping the strategic roadmap. The Board regularly assesses the Company's strategic direction, business plans, and performance. Furthermore, the Board has established sub-committees, each with clearly defined roles and responsibilities detailed in their terms of reference. Strategic decisions are discussed by these committees, which also oversee the organizational culture, including approaches to risk management and mechanisms for addressing integrity and ethical issues. These topics are regularly reviewed and updated, with committee members conducting quarterly assessments.

Key Performance Indicators And Their Future Relevance

KPIs, as explained under Strategic Objectives and Resource Allocation section, will continue to be relevant in near future.

CAPITAL, FINANCIAL RESILIENCE AND SIGNIFICANT CHANGES

Significant Changes from Prior Years

There were no significant changes to the Company's structure, objectives or strategies compared to the previous year, and no plans for restructuring or discontinuance of operations in the near future. Our approach to significant business decisions is guided by our responsibility to safeguard and grow long-term shareholder value while preserving competitive position.

Major Capital Expenditure

In evaluating major capital expenditure, rigorous criteria are applied encompassing expected returns, strategic alignment, risk exposure, and the Company's broader capacity.

Major capital expenditure during the year was concentrated on renewable energy projects, enhancement of specific weaving capacity and migration from Oracle/legacy systems to SAP S/4HANA, together with routine capital expenditure.

Significant Plans and Decisions

In the near future, there are no plans for any restructuring or discontinuance of operations.

Defaults In Payment of Debt And Repayment Plan

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue as at financial year end.

Strategy To Overcome Liquidity Pressures And Operational Losses

The Company's ability to generate sufficient liquidity is a significant strength, when coupled with financial discipline, provides management with the flexibility to finance business expansion and invest in cost-saving initiatives. The Company maintains a strong capital structure, bolstered by shareholders' equity. The Company has the legacy of timely payments and there have been no defaults against any payment due to financial institutions, vendors, Government agencies, etc. The management is confident to successfully manage the liquidity position in future as well.

Due to strong financial position, Feroze1888 enjoys good business relationship with all reputable banks and financial institutions of the Country. The Company regularly monitors the debt-equity to effectively manage the capital structure and other financing ratio.

Forward-Looking Statement

Prevailing global and Pakistan economic conditions during FY26 are discussed in the Directors' Report. This section builds on that context and focuses on the outlook for FY27.

The global economy enters FY27 amid heightened geopolitical tensions, ongoing conflicts, trade disruptions and evolving tariff policies. These factors may continue to influence global demand, energy and commodity prices, freight rates, supply chains and the competitiveness of export-oriented businesses. Despite these challenges, global economic activity has remained resilient. The outlook, however, remains subject to risks from renewed conflict, commodity price volatility and increasing trade restrictions and policy uncertainty.

For Pakistan, the macroeconomic environment is expected to remain on a gradual recovery path, supported by continued engagement with the IMF, strengthening financial resilience and structural reforms. The outlook remains sensitive to energy and commodity prices, external demand and the pace of reforms. Over the medium term, sustaining macroeconomic stability will depend on continued fiscal discipline, energy-sector reforms, prudent monetary and exchange rate management, and measures to support investment and export competitiveness.

The textile export sector is expected to remain vulnerable during FY27, with demand influenced by global economic conditions, customer demand, evolving trade and tariff policies, geopolitical developments and international sourcing patterns.

The evolving U.S. tariff and trade environment remains an important consideration for Pakistan's textile exports, particularly given the importance of the U.S. market to the Company. Changes in tariff structures or relative tariff positions could place pressure on customer pricing, order volumes, margins and Pakistan's competitiveness against other textile-exporting countries.

Other key challenges include intense regional competition, particularly in price-sensitive business; volatility in cotton and yarn prices; high and volatile energy costs; freight and logistics disruptions; longer customer and inventory cycles; and limited ability to pass through increases in raw material and operating costs. Going forward, the sector's competitiveness will increasingly depend on value addition, customer and market diversification, supply-chain resilience, energy efficiency, technology adoption and the ability to meet rising customer expectations relating to sustainability, traceability and compliance.

Against this backdrop, the Company's focus for FY27 will remain on protecting margins, strengthening cash generation and maintaining operational resilience. The Company will pursue disciplined cost management and tighter working capital management, including optimization of inventory levels, to mitigate pressure on cash flows and finance costs. Raw material prices will have to be closely monitored, with procurement and production decisions aligned to prevailing market conditions. Energy remains a significant cost driver, especially in context of geopolitical tensions that erupted in second half of this financial year. The Company will maximize the benefits of existing and planned energy investments to improve efficiency and reduce exposure to volatility in energy costs.

The Company will continue to strengthen customer and market diversification, focus on value-added products and improve productivity to address intense regional competition and limited pricing flexibility. Successful implementation and continued stabilization of the SAP S/4HANA ERP system is expected to further enhance business visibility, planning and decision-making.

The Company will also continue to strengthen its sustainability and compliance credentials and monitor geopolitical developments, trade policies, energy and freight markets, foreign exchange movements and broader economic conditions, adapting its operational and financial plans as appropriate.

Company Performance against Last Year's Projections

FY26 unfolded broadly in line with the principal challenges identified in last year's forward-looking statement, while the conflict between the United States and Iran introduced additional unforeseen challenges. Elevated energy costs, together with policy-related uncertainty, remained significant challenges and weighed on margins. Nevertheless, export revenues grew, supported by resilient demand in key markets, while lower raw material finance costs together with effective currency exposure management improved bottom-line performance.

Sources of Information

The projections and forecasts are based on published economic research, official data, market and industry information, customer and supplier interactions, and internal assessments. Key assumptions include macroeconomic and market trends, raw material, energy and freight costs, regulatory and taxation developments, exchange rates, customer requirements, competitive conditions, and the Company's operational capacity and plans.

The projections and forecasts are prepared internally, and no external consultants have been engaged or consulted in their preparation.

This Annual Report contains, or may contain, forward-looking statements that reflect management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Such statements can be identified by words including "anticipates," "expects," "plans," "will," "estimates," "forecasts," "projects," "intends," "may," and similar expressions, or their negative variations. They may also be recognized by the fact that they do not strictly relate to historical or present facts. Typically, these statements address the Company's growth strategy, financial performance, product pipeline, approvals, potential developments, and investment programs.

Stakeholders are advised to carefully consider these forward-looking statements, understanding that numerous factors—both known and unknown—may cause actual outcomes to differ materially. These factors include reliance on assumptions that may prove inaccurate as well as a wide range of risks and uncertainties. No forward-looking statement is a guarantee of future performance, and actual results may vary significantly. The Company undertakes no obligation to update or revise forward-looking statements and cautions stakeholders against placing undue reliance on them.

Our Transformation

Turning transformation into insight. Insight into action. Action into progress.

Every strong fabric evolves through the way its threads are connected. At Feroze1888, transformation is about connecting people, processes, technology and data to create a smarter, more agile organisation. By strengthening how we capture information, make decisions and execute, we are building the intelligence and capabilities that will shape how we work today and how we compete tomorrow.

CORPORATE GOVERNANCE

Chairman's Review

Dear Shareholders

It is my privilege to present the Chairman's Review for the financial year ended June 30, 2026. The year under review was characterized by a gradually stabilizing domestic economy, persistent global uncertainties and continued pressure on the textile industry. Against this backdrop, Feroze1888 Mills Limited remained focused on strengthening its fundamentals, enhancing operational efficiency and building resilience for sustainable long-term growth.

The global economy remained challenging during the year, shaped by geopolitical tensions, evolving trade policies, uneven economic growth and cautious consumer spending in major markets. Uncertainty in international trade and intensifying competition among textile- producing countries continued to influence sourcing decisions and pricing across global markets. Pakistan's economy showed signs of stabilization during FY2025-26. Economic activity improved gradually, supported by macroeconomic stabilization measures, easing inflationary pressures during significant periods of the year and greater exchange rate stability. However, the business environment remained challenging, with high energy costs, fiscal pressures, elevated taxation and financing costs continuing to affect the competitiveness of export-oriented sectors.

Despite the challenging operating environment, the Company remained focused on protecting its competitive position and strengthening the foundations for future growth. During the year, we continued to focus on operational efficiencies, prudent cost management, procurement optimization, energy efficiency and disciplined working capital management. We continued to invest selectively in our manufacturing capabilities, technology and infrastructure with the objective of improving productivity, enhancing product quality and strengthening our long-term cost competitiveness. We also remained focused on deepening relationships with our international customers by consistently delivering quality, reliability and responsible sourcing.

The successful implementation and continued stabilization of our SAP S/4HANA platform have also provided an important foundation for improving visibility, strengthening controls and enabling better data-driven decision-making across the organization. We remain committed to further leveraging technology and digital capabilities to improve operational and financial performance.

At Feroze1888, sustainability remains integral to our business strategy. We continued to pursue initiatives aimed at improving energy efficiency, optimizing resource utilization, reducing environmental impact and strengthening responsible manufacturing practices. Our sustainability agenda remains aligned with the United Nations Sustainable Development Goals and our commitment to creating long-term value for all stakeholders.

Looking ahead, the global and domestic outlook remains cautiously optimistic but uncertain. While macroeconomic stability in Pakistan provides a more supportive foundation for businesses, exporters continue to face significant challenges from international competition, energy costs, commodity price volatility, geopolitical developments and evolving trade dynamics. Demand in our key international markets is expected to remain competitive, with customers continuing to emphasize price, quality, speed, sustainability and supply chain reliability. Our strategic priorities will therefore, remain focused on strengthening customer relationships, expanding value-added and differentiated product offerings, improving operational productivity, optimizing energy consumption, maintaining financial discipline and selectively investing in capacity and technology.

We believe that the investments made in our people, manufacturing capabilities, technology and sustainability initiatives will strengthen our ability to navigate near-term uncertainties and position the Company for sustainable growth over the longer term.

In July 2026, the previous Board completed its tenure, and a new Board of Directors was elected for a three-year term. On behalf of the Board and the Company, I would like to express my sincere appreciation to Ms. Huma Pasha for her guidance and commitment to the Company over the years. We are also pleased to welcome Ms. Hina Usmani as a newly elected Director and look forward to her valuable contribution to the Board and the continued growth of the Company.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued trust and confidence in Feroze1888 Mills Limited. I also acknowledge the dedication of our employees, the continued support of our customers and partners, and the commitment of all stakeholders who contribute to our success.

Together, we remain committed to building a stronger, more competitive and sustainable Feroze1888 for the future.

Abdul Rehman Yaqub
Chairman

CEO's Message

Assalam-o-Alaikum,

FY 2025–26 was a demanding year for Pakistan's textile industry. Cost pressures remained high, competition in international markets intensified, and evolving trade conditions added further uncertainty. In this environment, maintaining competitiveness required a clear focus on customer service, operational efficiency, cost discipline and prudent financial management.

Our response during the year was therefore practical and consistent. We focused to maintain reliable deliveries for our global customers, improving efficiency across our manufacturing facilities, manage working capital with discipline, and strengthen the processes that support the business.

A significant milestone during the year was the successful enterprise-wide implementation of SAP S/4HANA. This represents an important step in the Company's digital transformation journey bringing our manufacturing, supply chain, and financial operations onto a common platform, providing better visibility of business performance and greater consistency in the way information is captured and used. As the Company continues to stabilize and mature on the platform, we expect the investment to support stronger process controls, better coordination and more informed and timely decision-making.

Despite a challenging operating environment, our financial performance improved during the year, reflecting the resilience of our operations and the benefit of our cost and efficiency initiatives. Our sales revenue increased to Rs. 67.7 billion (FY25: Rs. 66.1 billion) while profit after tax was Rs. 804.3 million (FY25: Rs. 99.0 million).

The outlook for the FY 2026-27 remains challenging. Trade-policy measures in key export markets, fluctuations in energy and other input costs, and continued pressures across global shipping and supply chains may continue to affect the industry. At the same time, we see opportunities arising from a gradual recovery of international demand, further diversification into value-added products, and Pakistan's improving macroeconomic stability. We are not assuming that these conditions will ease quickly. Instead, our approach will remain focused on what we can control—operational execution, customer responsiveness, productivity, cost management, working capital and disciplined capital allocation.

Feroze1888 Mills enters FY 2026–27 with strengthened enterprise systems, established manufacturing capabilities, and long-standing relationships with customers around the world. Our priority will be to convert these strengths into tangible and sustainable business outcomes. We will remain focused on deriving the full value from our investment in SAP into practical operating improvements, execute consistently against customer requirements, and maintain prudent control over costs and capital.

I am grateful to our customers and business partners for their continued confidence in Feroze1888 Mills. I also thank the Board for its guidance and our employees for the commitment, skill, and effort they bring to the business every day.

Sincerely Yours,

Rehan Rahman
Chief Executive Officer

Directors' Report

The Board of Directors are pleased to present the Annual Report, together with the audited financial statements and Auditors' Report thereon, for the year ended June 30th, 2026.

ECONOMIC OVERVIEW

During the year under review, the global economy remained resilient despite heightened geopolitical tensions, evolving trade policies, increased protectionism and disruptions to global supply chains. Global economic activity continued to be supported by private consumption, investment in technology and improving financial conditions, although growth remained below historical averages. According to the International Monetary Fund (IMF), global growth is estimated at around 3.0% for 2026, with global trade facing increased pressure from tariff measures and geopolitical developments. The escalation of conflict in the Middle East during the latter part of the fiscal year further contributed to volatility in energy prices, shipping costs and global supply chains.

Pakistan's economy continued its transition from stabilization towards a gradual recovery during FY2025–26. According to the Pakistan Economic Survey 2025–26, real GDP growth accelerated to approximately 3.7%, compared with 3.18% in the preceding year. The improvement was supported by better macroeconomic management, growth in Large-Scale Manufacturing, resilience in agriculture, exchange rate stability and continued reforms under the IMF Extended Fund Facility (EFF) Programme. The industrial sector grew by 3.51%, while Large-Scale Manufacturing recorded growth of approximately 6.1%.

Inflation remained relatively contained during most of the year, although price pressures increased towards the end of the fiscal year due to higher international energy prices and geopolitical disruptions. Average CPI inflation for July–April FY2025–26 stood at 6.2%, compared with 4.7% during the corresponding period of the previous year. The exchange rate remained broadly stable, averaging around Rs. 280.65 per US dollar during FY2025–26, compared with Rs. 279.35 per US dollar in FY2024–25. Fiscal consolidation continued to strengthen during the year. During July–March FY2025–26, the fiscal deficit narrowed to 0.7% of GDP compared with 2.6% during the corresponding period of the previous year, while the primary surplus improved to 3.2% of GDP from 3.0%. The improvement reflected stronger revenue mobilization, lower mark-up expenditure and continued expenditure discipline. The external sector remained resilient despite a widening merchandise trade deficit. During July–March FY2025–26, Pakistan recorded a current account surplus of US$72 million, supported by strong workers' remittances, which increased by 8.2% to US$30.3 billion. Foreign exchange reserves also improved, reaching US$21.8 billion by end-March 2026, while the exchange rate remained broadly stable.

The economic outlook, however, remained subject to external risks, including geopolitical developments, commodity price volatility, global trade restrictions, shipping disruptions and changes in tariff policies in major export markets. These factors continue to require prudent economic management and sustained efforts towards improving productivity, export competitiveness and diversification.

INDUSTRY OVERVIEW

The textile sector continues to be the backbone of Pakistan's export-oriented economy and remains the country's largest manufacturing and merchandise-export sector. During FY2025–26, the sector demonstrated resilience despite challenging global trading conditions, domestic cotton supply constraints and continued pressure on production and energy costs.

Pakistan's textile exports remained broadly stable during the year. According to the latest Pakistan Bureau of Statistics (PBS) data, textile exports increased marginally by 0.26% to US$17.93 billion during FY2025–26 compared with US$17.89 billion in FY2024–25. The performance of the sector was mixed across individual product categories. Value-added segments continued to demonstrate relative resilience, with readymade garment exports increasing by approximately 3.9% to US$4.29 billion, while cotton yarn exports increased by approximately 12.4% to US$765 million. Knitwear exports, however, declined by around 0.9% to US$4.97 billion, while bedwear exports remained broadly unchanged at approximately US$3.11 billion. Cotton cloth exports declined by approximately 7.6%, while towel exports declined by around 1.9% to USD 1.06 billion.

The overall performance reflects the continued importance of value-added textile products in sustaining Pakistan's export earnings. Demand from established international markets remained supportive, while exchange rate stability and export facilitation measures helped maintain competitiveness. At the same time, the industry continued to face challenges arising from domestic cotton availability, elevated energy and manufacturing costs, global demand uncertainty and increasing competition from regional textile-producing countries.

The year also witnessed increased volatility in international trade and logistics. Changes in tariff policies, geopolitical tensions and disruptions in shipping routes resulted in higher freight, insurance and transit costs, creating additional pressure on exporters. The escalation of geopolitical tensions in the Middle East during the latter part of the year further increased uncertainty in energy and logistics markets.

Against this backdrop, Pakistan's textile industry remains well positioned to benefit from the continuing shift towards value-added products, product diversification, sustainability and supply- chain resilience. However, sustained competitiveness will depend on improvements in energy efficiency, productivity, technology, cotton availability, product innovation and market diversification, together with a predictable and supportive policy environment.

For Feroze1888, these industry dynamics reinforce the importance of operational efficiency, disciplined cost management, energy optimization, technology adoption and continued investment in value-added manufacturing capabilities. Management remains focused on strengthening the Company's competitive position and enhancing its ability to respond effectively to changing customer requirements and global market conditions.

REVIEW OF OPERATIONS & FINANCIAL RESULTS

A brief overview of performance of your Company for the year ended 30th June 2026 is stated below:

	Rs. in '000	
	Jun-26	Jun-25
Sales- net	67,734,669	66,110,531
Gross profit	8,411,353	9,070,084
Profit before levies and income tax	1,626,070	631,497
Profit after levies and income tax	804,269	99,023
Earnings per Share (EPS) – Rs.	2.01	0.25

The Company's sales revenue increased by Rs. 1.6 billion, representing growth of approximately 2.5%. However, persistent cost pressures, particularly higher energy costs, led to an increase in production costs and consequently placed pressure on gross profitability. Although finance costs declined year- on-year, they remained elevated and continued to weigh on overall profitability. The bottom line was supported by exchange gains and a one-time remeasurement gain on SIDC liability, which partially offset the impact of higher production and financing costs, resulting in profit after tax of Rs. 804.3 million. Despite these challenges, the Company remained focused on improving operational efficiency and continued to make strategic investments in key business drivers to strengthen its long-term sustainability and resilience.

EVALUATION OF COMPANY'S PERFORMANCE

The performance of the Company is evaluated through a comprehensive framework that considers a range of financial and non-financial indicators. These include industry trends and statistics, the performance of peer companies, historical financial and operational performance, macroeconomic developments, and changes in the domestic and international business environment that may impact the Company's operations.

Annual budgets and business plans are prepared based on the Company's strategic objectives and prevailing market conditions. Actual performance is monitored and compared with approved budgets and key performance indicators at regular intervals throughout the year. Significant variances are analyzed to identify underlying causes and appropriate corrective measures are taken, where required, to ensure that the Company remains aligned with its strategic, operational and financial objectives.

The evaluation process enables Management and the Board to assess the Company's performance, identify emerging risks and opportunities, optimize the allocation of resources and take timely decisions to support sustainable growth and enhance shareholder value.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

In view of international uncertainty, higher interest rates, rising raw material and electricity costs, and the resulting pressure on cash flows, the Directors did not recommend any final cash dividend for the year ended June 30, 2026. Future dividend distributions will remain subject to the Company's financial position, investments needs and availability of sufficient operating cash flows.

DEFAULT OF REPAYMENTS, DEBT/LOAN ETC.

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue at financial year end.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company.

ADEQUACY OF INTERNAL CONTROLS

The Board of Directors has established and maintained a sound system of internal controls, which is designed to safeguard the Company's assets, ensure the reliability and integrity of financial and operational information, promote operational efficiency, and support compliance with applicable laws, regulations and internal policies. The internal control framework is implemented across all levels of the Company and is subject to continuous monitoring and improvement.

The Company's independent internal audit function is outsourced to A.F. Ferguson & Co. (AFF), a member firm of the PwC network, which comprises suitably qualified and experienced professionals. The independence of the internal audit function enables objective assessment and assurance over the effectiveness of the Company's governance, risk management and internal control processes.

Internal audits are conducted in accordance with an annual risk-based internal audit plan, which is reviewed and approved by the Board Audit Committee (BAC). The audit plan is developed considering the Company's strategic and operational objectives, key business risks, changes in the business environment, regulatory requirements and areas requiring enhanced management attention.

The BAC oversees the effectiveness of the internal control framework and regularly reviews the reports and recommendations arising from internal audits. AFF independently evaluates the adequacy and effectiveness of internal controls and reports its observations and recommendations to the appropriate levels of management and the BAC. Management is responsible for implementing agreed corrective actions, with their status monitored and reported to the BAC.

The Board, through the BAC and the independent internal audit function, continues to strengthen the Company's internal control environment through regular assessment, monitoring and timely remediation of identified control gaps.

PRINCIPAL RISKS, UNCERTAINTIES AND MANAGEMENT RESPONSE

The Company remains well positioned to navigate the challenges and uncertainties arising from the evolving domestic and international business environment. Management, supported by its collective expertise, experience and robust business reporting framework, maintains close oversight of both internal developments and external factors that may impact the Company's operations and performance.

To facilitate timely identification and management of emerging risks, the Company has established cross-functional teams comprising relevant business functions. These teams meet regularly to deliberate on key business developments, operational matters and emerging risks and to formulate coordinated and proactive responses. Management also remains focused on optimizing the utilization of the Company's production and marketing capabilities to strengthen competitiveness and respond effectively to changing customer and market requirements.

The Board of Directors, through Management and the established governance framework, continues to proactively assess the Company's principal internal and external risks and takes appropriate measures to mitigate their potential impact. During the year under review, the Company faced a number of challenges, including:

- Moderating demand and increased competition in key international export markets;
- Continued increases and volatility in electricity and gas tariffs, resulting in sustained pressure on manufacturing costs;
- Elevated finance costs and the impact of prevailing interest rates on working capital requirements;
- Frequent changes in export incentives, taxation and customs regimes, creating uncertainty for export-oriented businesses;
- Persistent increases in the overall cost of doing business, including energy, labour, logistics and other input costs;
- Limited long-term policy visibility and planning for the textile and export industry;
- Geopolitical and political uncertainties, together with evolving trade policies and regulatory requirements in key markets.

In response to these challenges, Management continues to implement a comprehensive range of risk mitigation measures. These include prudent foreign exchange risk management and hedging, energy efficiency and optimization initiatives, continuous improvement in production processes, investment in technology and automation, strengthening of compliance and international certifications, diversification of export markets and customers, and disciplined cost and working capital management.

The Company remains committed to enhancing operational resilience, improving productivity and maintaining financial discipline while continuing to invest in initiatives that strengthen its long-term competitiveness and sustainable growth.

AUDITORS

The existing auditors, Messrs. Grant Thornton Anjum Rahman, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the BAC for their re-appointment as the Auditors of the Company for the financial year ending June 30, 2027, at a mutually agreed fee.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

At Feroze1888, we recognize that responsible operations depend on maintaining high standards of environmental compliance, occupational health and safety, and operational risk management. During FY 2026, our EHS initiatives focused on strengthening workplace safety, managing operational risks, enhancing employee awareness, and maintaining effective environmental controls across all facilities. Management remains committed to embedding EHS considerations into operational planning and decision-making, supported by appropriate policies, procedures, training, inspections, monitoring and corrective actions to promote a safe and responsible workplace.

SUSTAINABILITY, CORPORATE SOCIAL RESPONSIBILITY AND DE&I

At the heart of our business is a belief that growth is meaningful only when it benefits everyone it touches - our people, our partners, our communities, and the planet we share. Guided by our core values of PROSPER this year, we deepened our commitment to building a sustainable future by aligning our operations, values and community initiatives to build a sustainable and inclusive future.

Environmental Responsibility - During the year, the Company continued to take proactive measures to reduce energy consumption, water usage, and waste generation across its operations. Mitigation initiatives such as expanding renewable energy, improving resource efficiency, increasing water recycling, and promoting circularity are closely monitored through dashboards, controls, and audits. These measures not only lower our footprint but also strengthen resilience against climate-related risks.

Social Impact - The Company recognizes its role in fostering inclusive growth and improving quality of life. Major CSR initiatives undertaken during the year focused on Education, Healthcare and Community Development creating long-term positive impact. Internally, our diversity, equity, and inclusion (DE&I) initiatives promote equal opportunity, inclusive hiring and career advancement opportunities. Training, awareness, and secure reporting mechanisms reinforce a safe, respectful, and misconduct-free workplace.

Governance & Ethical Practices - We uphold high standards of governance, transparency and ethical conduct in all business dealings. Clear responsibilities, objectives and accountability mechanisms support the effective implementation and oversight of our sustainability initiatives. Progress against approved objectives and budgets is regularly reviewed by management, while stakeholder engagement helps ensure that our approach remains responsive to evolving expectations and continues to create meaningful and measurable impact.

The Board remains committed to integrating sustainability, CSR and DE&I principles into the Company's strategy, ensuring responsible growth that benefits all stakeholder. The details regarding the activities during the year are given in the section Sustainability & Corporate social Responsibility section of the Annual Report.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY TOWARDS THE PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND DIRECTORS ' COMPLIANCE STATEMENT

Management acknowledges its responsibility for the preparation and fair presentation of the Company's financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017), and other applicable regulatory requirements. Management is also responsible for establishing and maintaining such internal controls as it considers necessary to enable the preparation of financial statements that are free from material misstatement, whether arising from fraud or error.

The Directors confirm that:

- The financial statements prepared by Management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company as required under the applicable laws and regulations.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates and judgments are based on reasonable, prudent and supportable assumptions.
- The financial statements have been prepared in accordance with the applicable accounting and reporting standards as notified in Pakistan and the requirements of the Companies Act, 2017. Where there has been any departure from the applicable requirements, the same has been appropriately disclosed and explained in the financial statements.
- The Company maintains an effective system of internal control designed to provide reasonable assurance regarding the reliability of financial reporting, safeguarding of assets, prevention and detection of fraud and errors, and compliance with applicable laws and regulations. The internal control system is regularly reviewed and strengthened where considered necessary.
- The Company has adequate resources to continue its operations and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.
- The Directors are fully conversant with their duties and responsibilities under the applicable corporate laws, regulations and governance requirements and discharge their responsibilities with due care and diligence.
- The Company has complied, in all material respects, with the applicable requirements of the Code of Corporate Governance and other relevant regulatory requirements. Any exceptions, if applicable, have been appropriately disclosed in the Annual Report.

REVIEW OF RELATED PARTY TRANSACTIONS

In compliance with the Companies Act, 2017, Code of Corporate Governance and other applicable laws and regulations, details of all related party transactions are placed periodically before the Board Audit Committee and upon their recommendation, the same are placed before the Board of Directors for review and approval. The details of transactions (if any) where majority of directors are interested are also placed annually before the members for approval.

COMPOSITION OF THE BOARD

In line with the requirements of the Regulations, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The total number of directors as at June 30, 2026 are eleven including Chief Executive as a deemed director as per the following:

Male	9
Female	2

The current composition of the Board is as follows:

Executive Director	1
Non-Executive Directors	7
Independent Directors	3

ELECTION OF DIRECTORS

On 20 July 2026, the election of Directors was held in accordance with the requirements of the Companies Act, 2017. The Directors' profiles are disclosed on page 16 of this Annual Report.

COMMITTEES OF THE BOARD

The Board of Directors has formed the Board Audit Committee and Board HR & Remuneration Committee. These were re-constituted on 03 August 2026 following election of directors as explained above. Their latest composition is as follows:

Board Audit Committee	Status
Mr. Moin M. Fudda	Chairman
Mr. Khaleeq ur Rahman	Member
Mr. Temoor Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee	Status
Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member

DIRECTORS' REMUNERATION

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

DIRECTORS' TRAINING

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2026 is annexed.

FUTURE OUTLOOK AND CHALLENGES

Pakistan's macroeconomic environment is expected to remain on a gradual recovery path during FY2026–27, supported by continued engagement with the International Monetary Fund (IMF), improved external buffers and ongoing macroeconomic reforms. The IMF's latest assessment projects real GDP growth of approximately 3.5% in FY2026–27, while inflation is expected to moderate over the medium term, although near-term price pressures remain a key risk. Continued fiscal consolidation, broadening of the tax base, improved revenue mobilization, energy-sector reforms and prudent monetary and exchange rate policies will remain critical to sustaining macroeconomic stability and supporting durable economic growth.

The external environment, however, remains challenging. Geopolitical tensions, particularly the conflict in the Middle East, have increased uncertainty around international energy prices, freight costs, global demand and supply chains. The IMF has highlighted that these developments could weigh on Pakistan's growth and balance of payments during FY2026–27, while higher commodity prices may place additional pressure on inflation.

The global textile industry is expected to remain highly competitive in FY2026–27, with demand influenced by global economic conditions, evolving trade policies, tariff structures and shifting sourcing strategies of international customers. Competition from regional textile-producing countries is expected to remain intense, while increasing emphasis on sustainability, traceability, product quality, compliance and supply-chain resilience will continue to influence sourcing decisions. Pakistan's textile industry nevertheless has opportunities to strengthen its position through greater value addition, product diversification, technological modernization, energy efficiency and expansion into new markets.

The Company expects the operating environment in FY2026–27 to remain challenging however, believes that opportunities will arise from the continued recovery in international demand, supply- chain diversification and increasing customer focus on reliable and compliant sourcing partners. The Company will continue to focus on strengthening its competitive position through market diversification, technology upgrades, productivity improvement, compliance readiness and renewable energy initiatives.

Management remains focused on disciplined cost management, efficient working capital deployment, prudent financial and foreign exchange risk management, and continuous improvement in manufacturing processes. Ongoing investments in energy optimization, technology and digital capabilities are expected to further enhance productivity, operational efficiency and business resilience. The successful implementation and continued stabilization of the SAP S/4HANA platform during the year represent an important milestone in the Company's digital transformation journey. Going forward, the Company will continue to leverage SAP and other digital capabilities to further streamline processes, strengthen controls, improve operational and financial visibility, and enhance the quality and speed of decision-making. Management remains committed to using technology as a key enabler of sustainable productivity improvement, cost competitiveness and long-term value creation.

The Company will continue to closely monitor developments in international trade policies, geopolitical conditions, energy prices, exchange rates and customer demand and will take timely measures to mitigate emerging risks. With a proactive approach to risk management, continued investment in operational capabilities and sustained engagement with customers and other stakeholders, the Company remains well positioned to navigate the evolving business environment and capitalize on opportunities for sustainable growth in FY2026–27.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we extend our sincere appreciation to our shareholders, customers, employees and business partners for their continued trust, confidence and support. Despite the evolving and challenging business environment, the Company has remained focused on executing its strategy, strengthening its capabilities and creating sustainable value for all stakeholders.

We remain confident in the Company's ability to navigate the challenges ahead and capitalize on emerging opportunities. With the continued commitment and collective efforts of our stakeholders, we look forward to building on our progress, strengthening our resilience and delivering sustainable long-term value.

For and on behalf of the Board of Directors.

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Karachi
Date: 7th September 2026

حصص یافتگی کی ترتیب

کمپنیز ایکٹ 2017 کے مطابق 30 جون 2026 تک حصص یافتگی کی ترتیب سالانہ رپورٹ کے ساتھ منسلک ہے۔

مُستقبل کا منظر نامہ اور مُشکلات کا جائزہ

پاکستان کا میکرو اکنامک ماحول مالی سال 27–2026 کے دوران بتدریج بحالی کی راہ پر گامزن رہنے کی توقع ہے۔ اس بحالی کو بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ مسلسل تعاون، بیرونی مالیاتی ذخائر میں بہتری اور جاری معاشی اصلاحات سے مدد ملنے کی توقع ہے۔ آئی ایم ایف کے تازہ ترین جائزے کے مطابق، مالی سال 27–2026 میں حقیقی جی ڈی پی کی شرحِ نمو تقریباً 3.5% فیصد رہنے کی توقع ہے جبکہ درمیانی مدت کے دوران مہنگائی میں کمی آنے کی توقع ہے تاہم قلیل مدت میں قیمتوں میں اضافے کا دباؤ بدستور ایک اہم خطرہ رہے گا۔ مسلسل مالیاتی استحکام، ٹیکس بیس کو وسیع کرنا، محصولات کی وصولی میں بہتری، توانائی کے شعبے میں اصلاحات اور محتاط زری و شرحِ مبادلہ کی پالیسیوں کا تسلسل میکرو اکنامک استحکام کو برقرار رکھنے اور پائیدار معاشی ترقی کو فروغ دینے کے لیے بدستور انتہائی اہم رہے گا۔

بیرونی ماحول تاہم بدستور مشکل کا شکار ہے۔ جغرافیائی و سیاسی کشیدگی، بالخصوص مشرقِ وسطیٰ میں جاری تنازع، نے بین الاقوامی توانائی کی قیمتوں، مال برداری کے اخراجات، عالمی طلب اور رسد کے سلسلوں کے حوالے سے غیر یقینی صورتحال میں اضافہ کر دیا ہے۔ آئی ایم ایف نے نشاندہی کی ہے کہ یہ پیش رفت مالی سال 27–2026 کے دوران پاکستان کی معاشی ترقی اور توازنِ ادائیگی پر منفی اثر ڈال سکتی ہے جبکہ اجناس کی قیمتوں میں اضافے سے مہنگائی پر مزید دباؤ پڑنے کا خدشہ ہے۔

عالمی ٹیکسٹائل صنعت سے توقع ہے کہ مالی سال 27–2026 میں مسابقت کی سطح بدستور بلند رہے گی جبکہ طلب عالمی معاشی حالات، بدلتی ہوئی تجارتی پالیسیوں، ٹیرف کے ڈھانچے اور بین الاقوامی خریداروں کی اپنی مصنوعات کی خریداری کے ذرائع سے متعلق تبدیل ہوتی ہوئی حکمتِ عملیوں سے متاثر ہوگی۔ علاقائی ٹیکسٹائل پیدا کرنے والے ممالک سے مسابقت بدستور شدید رہنے کی توقع ہے جبکہ پائیداری، مصنوعات کی قابلِ سراغی، معیار، ضابطوں کی پابندی اور سپلائی چین کی مضبوطی پر بڑھتی ہوئی توجہ بھی خریداروں کے ذرائعِ خریداری سے متعلق فیصلوں پر مسلسل اثر انداز ہوتی رہے گی تاہم، پاکستان کی ٹیکسٹائل صنعت کے پاس ویلیو ایڈیشن میں اضافہ، مصنوعات میں تنوع، ٹیکنالوجی کو جدید بنانا، توانائی کی کارکردگی بہتر بنانا اور نئی منڈیوں میں توسیع کے ذریعے اپنی پوزیشن مزید مضبوط بنانے کے مواقع موجود ہیں۔

کمپنی کو توقع ہے کہ مالی سال 27–2026 میں کاروباری ماحول بدستور چیلنجنگ رہے گا تاہم کمپنی کا ماننا ہے کہ بین الاقوامی طلب میں مسلسل بحالی، سپلائی چین میں تنوع اور قابلِ اعتماد اور ضابطوں کی پابندی کرنے والے سپلائی پارٹنرز پر صارفین کی بڑھتی ہوئی توجہ کے نتیجے میں نئے مواقع پیدا ہوں گے۔ کمپنی مارکیٹ میں تنوع، ٹیکنالوجی کو جدید بنانے، پیداواری صلاحیت میں بہتری، ضابطوں کی پابندی کے لیے تیاری اور قابلِ تجدید توانائی کے اقدامات کے ذریعے اپنی مسابقتی پوزیشن کو مزید مضبوط بنانے پر مسلسل توجہ مرکوز رکھے گی۔

انتظامیہ اخراجات کے مؤثر اور محتاط انتظام، ورکنگ کیپیٹل کے مؤثر استعمال، مالیاتی اور زرمبادلہ کے خطرات کے محتاط انتظام اور پیداواری عمل میں مسلسل بہتری پر اپنی توجہ برقرار رکھے ہوئے ہے۔ توانائی کے مؤثر استعمال، ٹیکنالوجی اور ڈیجیٹل صلاحیتوں میں جاری سرمایہ کاری سے پیداواری صلاحیت، عملیاتی کارکردگی اور کاروباری استحکام میں مزید بہتری آنے کی توقع ہے۔ سال کے دوران SAP S/4HANA پلیٹ فارم کا کامیاب نفاذ اور اس کے نظام کو مسلسل مستحکم کرنا کمپنی کی ڈیجیٹل تبدیلی کے سفر میں ایک اہم سنگِ میل ہے۔ انتظامیہ ٹیکنالوجی کو پائیدار پیداواری بہتری، لاگت کے اعتبار سے مسابقتی صلاحیت اور طویل مدتی قدر میں اضافے کے

لیے ایک اہم ذریعے کے طور پر استعمال کرنے کے لیے پُرعزم ہے۔

کمپنی بین الاقوامی تجارتی پالیسیوں، جغرافیائی و سیاسی حالات، توانائی کی قیمتوں، شرحِ مبادلہ اور صارفین کی طلب میں ہونے والی پیش رفت پر مسلسل گہری نظر رکھے گی اور ابھرتے ہوئے خطرات کو کم کرنے کے لیے بروقت اقدامات کرے گی۔ ایک فعال اور پیشگی خطرات کے انتظام کے طریقۂ کار، عملیاتی صلاحیتوں میں مسلسل سرمایہ کاری اور صارفین و دیگر متعلقہ فریقین کے ساتھ مستقل رابطے کے ذریعے کمپنی بدلتے ہوئے کاروباری ماحول سے نمٹنے اور مالی سال 27–2026 میں پائیدار ترقی کے مواقع سے فائدہ اٹھانے کے لیے خود کو مضبوط پوزیشن میں رکھتی ہے۔

اظہارِ تشکُّر

بورڈ آف ڈائریکٹرز کی جانب سے، ہم اپنے شیئر ہولڈرز، صارفین، ملازمین اور کاروباری شراکت داروں کا ان کے مسلسل اعتماد، بھروسے اور تعاون پر دلی طور پر شکریہ ادا کرتے ہیں۔ بدلتے ہوئے اور چیلنجنگ کاروباری ماحول کے باوجو، کمپنی نے اپنی حکمتِ عملی پر مؤثر عمل درآمد، اپنی صلاحیتوں کو مزید مضبوط بنانے اور تمام متعلقہ اسٹیک ہولڈرز کے لیے پائیدار قدر پیدا کرنے پر اپنی توجہ برقرار رکھی ہے۔

ہمیں کمپنی کی آئندہ آنے والے چیلنجز سے مؤثر انداز میں نمٹنے اور ابھرتے ہوئے مواقع سے بھرپور فائدہ اٹھانے کی صلاحیت پر مکمل اعتماد ہے۔ اپنے اسٹیک ہولڈرز کے مسلسل عزم اور مشترکہ کاوشوں کے ساتھ، ہم اپنی موجودہ پیش رفت کو مزید مستحکم کرنے، اپنی کاروباری مضبوطی اور لچک کو مزید بہتر بنانے اور طویل مدتی پائیدار قدر کی فراہمی کے لیے پُرامید ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

ریحان رحمان
چیف ایگزیکٹو آفیسر

امینہ زاہد ظہیر
ڈائریکٹر

کراچی
مورخہ: ۷ ستمبر ۲۰۲۶ء

نان-ایگزیکٹو ڈائریکٹرز	7
آزاد ڈائریکٹرز	3

ڈائریکٹرز کا انتخاب

20 جولائی 2026 کو، ڈائریکٹرز کا انتخاب کمپنیز ایکٹ، 2017 کی تعمیل کے مطابق ہوا۔ ڈائریکٹرز کے پروفائلز سالانہ رپورٹ کے صفحہ 16 پر ظاہر کیے گئے ہیں۔

بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی اور بورڈ ہیومن ریسورسز اینڈ ریمونریشن کمیٹی تشکیل دی ہے۔ مذکورہ کمیٹیوں کو ڈائریکٹرز کے انتخاب کے بعد، جیسا کہ اوپر بیان کیا گیا ہے، 03 اگست 2026 کو دوبارہ تشکیل دیا گیا۔ ان کمیٹیوں کی تازہ ترین تشکیل درج ذیل ہے:

بورڈ آڈٹ کمیٹی	حیثیت
جناب معین ایم فدا	چیئرمین
جناب خلیق الرحمان	رکن
جناب تیمور اشرف مکاتی	رکن
محترمہ آمنہ زاہد ظہیر	رکن

بورڈ ایچ آر اینڈ ریمونریشن کمیٹی	حیثیت
محترمہ آمنہ زاہد ظہیر	چیئرپرسن
جناب معین ایم فدا	رکن
جناب زین اشرف مکاتی	رکن

ڈائریکٹرز کا مُعاوضہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنی کے آرٹیکلز آف ایسوسی ایشنز کے تحت، بورڈ آف ڈائریکٹرز نے نان - ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کے معاوضے کی پالیسی کو منظور کیا ہے، جس کے تحت کمپنی اپنے نان - ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کرتی ہے۔ بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کا معاوضہ وقتاً فوقتاً بورڈ کے ذریعے طے کیا جائے گا اور اس کی منظوری دی جائے گی۔

ڈائریکٹرز کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض کی انجام دہی کے لیے مناسب تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پی ایس ایکس کی رول بک کے قواعد وضوابط کے تحت اپنے اختیارات اور ذمے داریوں سے آگاہ ہیں۔

ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات اس کی صورتحال، اس کے آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کی منصفانہ اور درست عکاسی کرتے ہیں۔
- کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے۔ اکاؤنٹنگ سے متعلق تخمینے اور فیصلے معقول، محتاط اور قابلِ اعتماد مفروضوں کی بنیاد پر کئے گئے ہیں۔
- مالیاتی گوشوارے پاکستان میں نافذ کردہ قابلِ اطلاق اکاؤنٹنگ اور رپورٹنگ کے معیارات اور کمپنیز ایکٹ 2017 کی ضروریات کے مطابق تیار کئے گئے ہیں۔ جہاں قابلِ اطلاق تقاضوں سے کسی قسم کا انحراف کیا گیا ہو، وہاں اس کی مناسب وضاحت اور تفصیل مالیاتی گوشواروں میں ظاہر کی گئی ہے۔
- کمپنی ایک مؤثر اندرونی کنٹرول کا نظام برقرار رکھتی ہے، جس کا مقصد مالیاتی رپورٹنگ کی قابلِ اعتمادیت، اثاثوں کے تحفظ، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کی نشاندہی، اور قابل اطلاق قوانین وضوابط کی پابندی کے حوالے سے معقول یقین دہانی فراہم کرنا ہے۔ اندرونی کنٹرول کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے اور جہاں ضروری سمجھا جائے، اسے مزید مؤثر اور مضبوط بنایا جاتا ہے۔
- کمپنی کے پاس اپنی کاروباری سرگرمیاں جاری رکھنے کے لیے مناسب وسائل موجود ہیں اور ڈائریکٹرز کو معقول توقع ہے کہ مستقبل قریب میں بھی کمپنی کے پاس اپنی کاروباری سرگرمیاں جاری رکھنے کے لیے کافی وسائل موجود رہیں گے لہٰذا، مالیاتی گوشوارے کاروبار کے تسلسل کی بنیاد پر تیار کئے گئے ہیں۔
- ڈائریکٹرز قابلِ اطلاق کارپوریٹ قوانین، ضوابط اور گورننس سے متعلق تقاضوں کے تحت اپنی ذمے داریوں اور فرائض سے مکمل طور پر آگاہ ہیں اور اپنی ذمے داریاں مناسب احتیاط، ذمے داری اور پیشہ ورانہ دیانت داری کے ساتھ انجام دیتے ہیں۔
- کمپنی نے تمام اہم پہلوؤں میں کارپوریٹ گورننس کے ضابطہ اور دیگر متعلقہ ضابطہ جاتی تقاضوں کی پابندی کی ہے۔ اگر کوئی استثناء موجود ہو تو اسے سالانہ رپورٹ میں مناسب طور پر ظاہر کیا گیا ہے۔

متعلقہ پارٹی سے لین دین کا جائزہ

کمپنیز ایکٹ 2017، کوڈ آف کارپوریٹ گورننس اور دیگر قابلِ اطلاق قوانین اور ضابطوں کے تحت، لین دین کی تمام تر تفصیلات وقتاً فوقتاً بورڈ آڈٹ کمیٹی کے سامنے اور پھر ان کی سفارش پر بورڈ آف ڈائریکٹرز (بورڈ آف ڈایکٹرز) کے جائزے اور منظوری کے لیے پیش کی جاتی ہیں۔ اگر ڈائریکٹرز کی اکثریت کسی لین دین میں دلچسپی رکھتی ہو ایسی لین دین سے متعلق تفصیلات (اگر ہوں تو)، سالانہ منظوری کے لیے ممبران کے سامنے بھی رکھی جاتی ہیں۔

بورڈ کی تشکیل

ضوابط کے تحت کمپنی اپنے بورڈ میں آزاد اور نان - ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ 30 جون 2026 تک ڈائریکٹرز، جن کی کُل تعداد 11 ہے اور جس میں چیف ایگزیکٹو آفیسر شامل ہیں ان کی تفصیل درجِ ذیل ہے:

حضرات	9
خواتین	2

بورڈ کی موجودہ تشکیل حسبِ ذیل ہے:

ایگزیکٹو ڈائریکٹر	1

استحکام اور کارپوریٹ سماجی ذمہ داری اور ڈی ای اینڈ آئی

ہمارے کاروبار کی بنیاد اس یقین پر قائم ہے کہ ترقی اسی وقت بامعنی ہوتی ہے جب اس کے ثمرات ان تمام لوگوں تک پہنچیں جو اس سے وابستہ ہیں — ہمارے ملازمین، ہمارے شراکت دار، ہماری کمیونٹیز اور زمین جسے ہم سب اپنا گھر کہتے ہیں۔اس سال، اپنے بنیادی اقدار PROSPER کی رہنمائی میں، ہم نے ایک پائیدار مستقبل کی تعمیر کے عزم کو مزید مضبوط کیا۔ اس مقصد کے لیے ہم نے اپنے کاروباری امور، اقدار اور معاشرتی اقدامات کو اس انداز میں ہم آہنگ کیا تاکہ ایک پائیدار اور سب کو شامل کرنے والے مستقبل کی بنیاد رکھی جا سکے۔

ماحولیاتی ذمے داری - سال کے دوران، کمپنی نے اپنی کاروباری سرگرمیوں کے دوران توانائی کے استعمال، پانی کے استعمال اور فضلے کی پیداوار میں کمی لانے کے لیے مؤثر اور پیشگی اقدامات کا سلسلہ جاری رکھا۔ قابلِ تجدید توانائی کے استعمال میں اضافہ، وسائل کے مؤثر استعمال کو بہتر بنانا، پانی کی ری سائیکلنگ میں اضافہ اور وسائل کے دوبارہ استعمال کے فروغ جیسے ماحولیاتی اثرات میں کمی لانے والے اقدامات کی باقاعدگی سے نگرانی ڈیش بورڈز، کنٹرولز اور آڈٹس کے ذریعے کی جاتی ہے۔ یہ اقدامات نہ صرف ماحول پر ہمارے اثرات کو کم کرتے ہیں بلکہ موسمیاتی تبدیلی سے متعلق خطرات کے مقابلے میں ہماری مضبوطی اور لچک کو بھی بہتر بناتے ہیں۔

سماجی اثرات - کمپنی جامع اور سب کو شامل کرنے والی ترقی کو فروغ دینے اور معیارِ زندگی کو بہتر بنانے میں اپنے کردار کو تسلیم کرتی ہے۔ سال کے دوران کئے گئے اہم کارپوریٹ سماجی ذمے داری کے اقدامات میں تعلیم، صحت کی دیکھ بھال اور کمیونٹی کی ترقی پر خصوصی توجہ مرکوز کی گئی، جن کے نتیجے میں طویل مدت تک مثبت اثرات مرتب ہوئے۔ اندرونی طور پر، ہماری تنوع، مساوات اور شمولیت (ڈی ای اینڈ آئی) سے متعلق اقدامات مساوی مواقع، جامع بھرتی کے عمل اور ملازمین کے لیے پیشہ ورانہ ترقی و کیریئر میں آگے بڑھنے کے یکساں مواقع کو فروغ دیتے ہیں۔ تربیت، آگاہی اور محفوظ رپورٹنگ کے طریقۂ کار ایک محفوظ، باعزت اور بدعنوانی و غیر اخلاقی رویّوں سے پاک کام کے ماحول کو مزید مضبوط بناتے ہیں۔

گورننس اور اخلاقی اصول - ہم اپنے تمام کاروباری معاملات میں اعلیٰ معیار کی گورننس، شفافیت اور اخلاقی طرزِ عمل کو برقرار رکھتے ہیں۔ واضح ذمے داریاں، متعین اہداف اور جواب دہی کے مؤثر نظام ہماری پائیداری سے متعلق اقدامات کے مؤثر نفاذ اور ان کی نگرانی میں معاون ثابت ہوتے ہیں۔ منظور شدہ اہداف اور بجٹ کے مقابلے میں پیش رفت کا انتظامیہ کی جانب سے باقاعدگی سے جائزہ لیا جاتا ہے جبکہ اسٹیک ہولڈرز کے ساتھ رابطہ اور مشاورت اس بات کو یقینی بنانے میں مدد دیتی ہے کہ ہمارا طریق کار بدلتی ہوئی توقعات کے مطابق مؤثر اور موزوں رہے اور بامعنی و قابلِ پیمائش اثرات پیدا کرتا رہے۔

بورڈ اس بات کے لیے پُرعزم ہے کہ پائیداری، کارپوریٹ سماجی ذمے داری (سی ایس آر) اور تنوع، مساوات و شمولیت (ڈی ای اینڈ آئی) کے اصولوں کو کمپنی کی حکمتِ عملی میں شامل رکھا جائے تاکہ ایسی ذمے دارانہ ترقی کو یقینی بنایا جا سکے جو تمام اسٹیک ہولڈرز کے لیے فائدہ مند ہو۔ سال کے دوران کی جانے والی سرگرمیوں سے متعلق تفصیلات سالانہ رپورٹ کے سیکشن ''استحکام اور کارپوریٹ سماجی ذمے داری'' میں دی گئی ہیں۔

مالیاتی گوشوارے اور ڈائریکٹرز کے تعمیلی بیان کی تیاری اور پیش کش کے بارے میں انتظامیہ کی ذمے داری کا بیان

انتظامیہ اس بات کی ذمے داری کو تسلیم کرتی ہے کہ کمپنی کے مالیاتی گوشوارے پاکستان میں قابلِ اطلاق اکاؤنٹنگ اور رپورٹنگ کے معیارات، کمپنیز ایکٹ 2017 (of 2017XIX) کی ضروریات اور دیگر قابلِ اطلاق قانونی و ضابطہ جاتی تقاضوں کے مطابق تیار کئے جائیں اور کمپنی کی مالی صورتحال کی منصفانہ اور درست عکاسی کریں۔ انتظامیہ اس بات کی بھی ذمے دار ہے کہ وہ ایسے اندرونی کنٹرولز قائم کرے اور برقرار رکھے جنہیں وہ ضروری سمجھتی ہے تاکہ ایسے مالیاتی گوشوارے تیار کئے جا سکیں جو کسی بھی اہم غلط بیانی سے پاک ہوں، خواہ وہ دھوکہ دہی یا کسی غلطی کے نتیجے میں پیدا ہوئی ہو۔

ابھرتے ہوئے خطرات کی بروقت شناخت اور انتظام کو آسان بنانے کے لیے، کمپنی نے متعلقہ کاروباری افعال پر مشتمل کراس فنکشنل ٹیمیں قائم کی ہیں۔ یہ ٹیمیں باقاعدگی سے اہم کاروباری ترقیات، آپریشنل امور اور ابھرتے ہوئے خطرات پر غور و فکر کے لیے ملتی ہیں اور مربوط و پیشگی ردعمل تیار کرتی ہیں۔ انتظامیہ کمپنی کی پیداوار اور مارکیٹنگ صلاحیتوں کے استعمال کو بہتر بنانے پر بھی توجہ مرکوز رکھتی ہے تاکہ مسابقت کو مضبوط بنایا جا سکے اور بدلتے ہوئے صارفین اور مارکیٹ کی ضروریات کا مؤثر جواب دیا جا سکے۔

بورڈ آف ڈائریکٹرز، انتظامیہ اور قائم شدہ گورننس فریم ورک کے ذریعے، کمپنی کے اہم داخلی اور بیرونی خطرات کا پیشگی جائزہ لیتا رہتا ہے اور ان کے ممکنہ اثرات کو کم کرنے کے لیے مناسب اقدامات کرتا ہے۔ جائزہ سال کے دوران، کمپنی کو کئی چیلنجز کا سامنا کرنا پڑا، جن میں شامل ہیں:

- طلب کو معتدل کرنا اور اہم بین الاقوامی برآمدی منڈیوں میں بڑھتی ہوئی مسابقت؛
- بجلی اور گیس کے نرخوں میں مسلسل اضافہ اور اتار چڑھاؤ، جس کے نتیجے میں مینوفیکچرنگ اخراجات پر مسلسل دباؤ پڑتا ہے؛
- بڑھتے ہوئے مالیاتی اخراجات اور موجودہ شرح سود کا ورکنگ کیپٹل کی ضروریات پر اثر؛
- برآمدی مراعات، ٹیکسیشن اور کسٹمز کے نظام میں بار بار تبدیلیاں، جو برآمدی کاروباروں کے لیے غیر یقینی صورتحال پیدا کرتی ہیں؛
- کاروبار کرنے کی مجموعی لاگت میں مسلسل اضافہ، جس میں توانائی، مزدوری، لاجسٹکس اور دیگر اِن پٹ اخراجات شامل ہیں؛
- ٹیکسٹائل اور برآمدی صنعت کے لیے طویل مدتی پالیسی کی محدود نمائش اور منصوبہ بندی؛
- جغرافیائی سیاسی اور سیاسی غیر یقینی صورتحال، ساتھ ہی اہم مارکیٹوں میں بدلتی ہوئی تجارتی پالیسیاں اور ضابطہ جاتی تقاضے۔

ان چیلنجز کے جواب میں، انتظامیہ خطرات کم کرنے کے جامع اقدامات پر عمل جاری رکھے ہوئے ہے۔ ان میں محتاط غیر ملکی زرمبادلہ کے خطرے کا انتظام اور ہیجنگ، توانائی کی بچت اور اصلاح کے اقدامات، پیداواری عمل میں مسلسل بہتری، ٹیکنالوجی اور خودکاری میں سرمایہ کاری، تعمیل اور بین الاقوامی سرٹیفیکیشنز کو مضبوطی برآمدی منڈیوں اور صارفین کی تنوع اور منظّم لاگت اور ورکنگ کیپٹل مینجمنٹ شامل ہیں۔

کمپنی آپریشنل لچک کو بڑھانے، پیداواری صلاحیت کو بہتر بنانے اور مالی نظم و ضبط برقرار رکھنے کے لیے پرعزم ہے جبکہ اس کے طویل مدتی مسابقت اور پائیدار ترقی کو مضبوط بنانے والے اقدامات میں سرمایہ کاری جاری رکھے ہوئے ہے۔

محاسب (آڈیٹرز)

موجودہ آڈیٹرز، میسر گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کی وجہ سے دوبارہ تقرری کے لیے خود کو پیش کر چکے ہیں۔ بورڈ آف ڈائریکٹرز نے 30 جون 2027 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کے لیے بی اے سی کی سفارشات کی توثیق کی۔

ماحولیات، صحت اور حفاظت (ای ایچ ایس)

ہم فیروز ۱۸۸۸ تسلیم کرتے ہیں کہ ذمے دارانہ آپریشنز ماحولیاتی تعمیل، پیشہ ورانہ صحت و حفاظت اور آپریشنل رسک مینجمنٹ کے اعلیٰ معیار کو برقرار رکھنے پر منحصر ہیں۔ مالی سال 2026 کے دوران، ہمارے ای ایچ ایس اقدامات کا مرکز کام کی جگہ کی حفاظت کو مضبوط بنانے، آپریشنل خطرات کا انتظام، ملازمین کی آگاہی بڑھانے اور تمام سہولیات میں مؤثر ماحولیاتی کنٹرولز کو برقرار رکھنے پر تھا۔ انتظامیہ ای ایچ ایس کے پہلوؤں کو آپریشنل منصوبہ بندی اور فیصلہ سازی میں شامل کرنے کے لیے پرعزم ہے، جس کی حمایت مناسب پالیسیوں، طریقہ کار، تربیت، معائنے، نگرانی اور اصلاحی اقدامات سے ہوتی ہے تاکہ ایک محفوظ اور ذمے دار کام کی جگہ کو فروغ دیا جا سکے۔

آپریشنز اور مالیاتی نتائج کا جائزہ

30 جون 2026ء کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی کا ایک مختصر جائزہ درج ذیل میں بیان کیا گیا ہے:

روپے "000"		
	جون 2026	جون 2025
خالص فروخت	**67,734,669**	66,110,531
مجموعی منافع	**8,411,353**	9,070,084
لیویز اور انکم ٹیکس سے پہلے منافع	**1,626,070**	631,497
لیویز اور انکم ٹیکس کے بعد منافع	**804,269**	99,023
فی حصص آمدنی (ای پی ایس) - روپے	**2.01**	0.25

کمپنی کی فروخت سے حاصل ہونے والی محاصل میں 1.6 ارب روپے کا اضافہ ہوا، جو تقریباً 2.5% فیصد کی نمو ظاہر کرتا ہے۔ تاہم لاگت کے مسلسل دباؤ، خصوصاً توانائی کی قیمتوں میں اضافے کے باعث پیداواری اخراجات میں اضافہ ہوا، جس کے نتیجے میں مجموعی منافع پر دباؤ پڑا۔ اگرچہ مالیاتی اخراجات میں گزشتہ سال کے مقابلے میں کمی واقع ہوئی تاہم یہ اخراجات اب بھی بلند سطح پر رہے اور کمپنی کے مجموعی منافع پر مسلسل منفی اثر ڈالتے رہے۔ مجموعی منافع پر زرمبادلہ کے منافع (ایکس چینج گین) اور ایس آئی ڈی سی کی واجب الادا رقم کی پیمائش سے حاصل ہونے والے منافع نے مثبت اثر ڈالا، جس سے زیادہ پیداواری اور مالیاتی اخراجات کے اثرات میں جزوی طور پر کمی آئی۔ نتیجتاً ٹیکس کے بعد منافع 804.3 ملین روپے رہا۔ اس کے باوجود، کمپنی نے آپریشنل کارکردگی کو بہتر بنانے پر اپنی توجہ برقرار رکھی اور اہم کاروباری شعبوں میں حکمتِ عملی کے تحت سرمایہ کاری جاری رکھی، تاکہ کمپنی کی طویل مدتی پائیداری اور مشکلات کا مقابلہ کرنے کی صلاحیت کو مزید مضبوط بنایا جا سکے۔

کمپنی کی کارکردگی کا جائزہ

کمپنی کی کارکردگی کا جائزہ ایک جامع فریم ورک کے ذریعے لیا جاتا ہے جو مختلف مالیاتی اور غیر مالی اشاریوں کو مدنظر رکھتا ہے۔ ان میں صنعت کے رجحانات اور اعداد و شمار، ہم منصب کمپنیوں کی کارکردگی، تاریخی مالی اور عملی کارکردگی، میکرو اکنامک ترقیات اور ملکی و بین الاقوامی کاروباری ماحول میں تبدیلیاں شامل ہیں جو کمپنی کے آپریشنز پر اثر انداز ہو سکتی ہیں۔

سالانہ بجٹ اور کاروباری منصوبے کمپنی کے اسٹریٹجک مقاصد اور موجودہ مارکیٹ حالات کی بنیاد پر تیار کئے جاتے ہیں۔ اصل کارکردگی کی نگرانی کی جاتی ہے اور سال بھر باقاعدگی سے منظور شدہ بجٹ اور کلیدی کارکردگی کے اشاریوں سے موازنہ کیا جاتا ہے۔ اہم فرق کا تجزیہ کیا جاتا ہے تاکہ بنیادی وجوہات کی نشاندہی کی جا سکے اور جہاں ضرورت ہو مناسب اصلاحی اقدامات کئے جاتے ہیں تاکہ کمپنی اپنے اسٹریٹجک، آپریشنل اور مالی مقاصد کے ساتھ ہم آہنگ رہے۔

جائزے کا عمل انتظامیہ اور بورڈ کو کمپنی کی کارکردگی کا جائزہ لینے، ابھرتے ہوئے خطرات اور مواقع کی نشاندہی کرنے، وسائل کی تقسیم کو بہتر بنانے اور پائیدار ترقی کی حمایت اور شیئر ہولڈر ویلیو بڑھانے کے لیے بروقت فیصلے کرنے کے قابل بناتا ہے۔

واقعات مابعد

سال کے اختتام اور اس رپورٹ کی تیاری کے دوران کمپنی کے مالیاتی معاملات میں کسی قسم کی تبدیلی لانے والا کوئی عمل ظہور پذیر نہیں ہوا۔

بین الاقوامی غیر یقینی صورتحال، زیادہ شرح سود، خام مال اور بجلی کی بڑھتی ہوئی قیمتیں اور نقد بہاؤ پر دباؤ کے پیش نظر، ڈائریکٹرز نے 30 جون 2026ء کو ختم ہونے

والے سال کے لیے کوئی حتمی نقد ڈیویڈنڈ کی سفارش نہیں کی۔ مستقبل میں ڈیویڈنڈ کی تقسیم کمپنی کی مالی حالت، سرمایہ کاری کی ضروریات اور مناسب آپریٹنگ کیش فلو کی دستیابی کے تابع رہے گی۔

قرض اور واجب الادا رقوم کی ادائیگی

کمپنی بہترین کاروباری اصولوں کی پاسداری کے تحت بروقت ادائیگی کی ذمے داری کو بخوبی سمجھتی ہے۔ زیرِ جائزہ سال کے قرض / قرض کی ادائیگی، یہاں تک کہ ٹیکسز، ڈیوٹیز اور لیویز کی مد میں بھی کسی قسم کی کوئی رقم واجب الادا نہیں ہے۔

کاروبار کی نوعیت میں تبدیلی

مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کسی قسم کی کوئی تبدیلی نہیں آئی ہے۔

مؤثر اندرونی کنٹرولز

بورڈ آف ڈائریکٹرز نے اندرونی کنٹرولز کا ایک مضبوط نظام قائم کیا اور برقرار رکھا ہے، جو کمپنی کے اثاثوں کی حفاظت، مالی اور آپریشنل معلومات کی قابل اعتمادیت اور سالمیت کو یقینی بنانے، آپریشنل کارکردگی کو فروغ دینے اور متعلقہ قوانین، ضوابط اور داخلی پالیسیوں کی تعمیل کی حمایت کے لیے ڈیزائن کیا گیا ہے۔ اندرونی کنٹرول فریم ورک کمپنی کی تمام سطحوں پر نافذ کیا گیا ہے اور مسلسل نگرانی اور بہتری کے تابع ہے۔

کمپنی کے آزادانہ داخلی آڈٹ کا شعبہ آؤٹ سورس کیا گیا ہے، جو اے ایف فرگوسن اینڈ کمپنی (اے ایف ایف)، جو پی ڈبلیو سی نیٹ ورک کی ایک رکن فرم ہے، کے ذریعے انجام دیا جاتا ہے۔ اس شعبے میں مناسب قابلیت اور تجربہ رکھنے والے ماہرین شامل ہیں۔ داخلی آڈٹ کے شعبے کی آزادی کمپنی کے گورننس، رسک مینجمنٹ اور داخلی کنٹرول کے نظام کی مؤثریت کا غیر جانب دارانہ جائزہ لینے اور اس حوالے سے یقین دہانی فراہم کرنے میں معاون ثابت ہوتی ہے۔

اندرونی محاسبہ (آڈٹ) سالانہ خطرات پر مبنی اندرونی آڈٹ پلان کے مطابق کئے جاتے ہیں، جس کا جائزہ بورڈ آڈٹ کمیٹی لیتی ہے اور اسے منظور کرتی ہے۔ آڈٹ پلان تیار کرتے وقت کمپنی کے اسٹریٹجک اور آپریشنل مقاصد، اہم کاروباری خطرات، کاروباری ماحول میں ہونے والی تبدیلیاں، قانونی و ریگولیٹری تقاضے اور وہ شعبے جہاں انتظامیہ کی خصوصی توجہ درکار ہو، کو مدِنظر رکھا جاتا ہے۔

بورڈ آڈٹ کمیٹی اندرونی کنٹرول کے نظام کی مؤثریت کی نگرانی کرتی ہے اور باقاعدگی سے اندرونی آڈٹ سے حاصل ہونے والی رپورٹس اور سفارشات کا جائزہ لیتی ہے۔ اے اے ایف (اندرونی آڈٹ فنکشن) آزادانہ طور پر اندرونی کنٹرولز کی مناسبیت اور مؤثریت کا جائزہ لیتا ہے اور اپنے مشاہدات اور سفارشات متعلقہ انتظامیہ اور بودڑ آڈٹ کمیٹی کو پیش کرتی ہے۔ انتظامیہ اس بات کی ذمے دار ہے کہ متفقہ اصلاحی اقدامات پر عمل درآمد کرے۔ ان اقدامات کی پیش رفت اور موجودہ صورتحال کی نگرانی کی جاتی ہے اور اس کی رپورٹ بورڈ آڈٹ کمیٹی کو دی جاتی ہے۔

بورڈ آڈٹ کمیٹی اور آزاد داخلی آڈٹ کے شعبے کے ذریعے، باقاعدہ جائزے، نگرانی اور شناخت کئے گئے کنٹرول کے نقائص کو بروقت دور کرنے کے عمل کے ذریعے کمپنی کے داخلی کنٹرول کے نظام کو مسلسل مزید مضبوط بنا رہا ہے۔

غیر یقینی صورتحال اور بنیادی خطرات

کمپنی اب بھی بدلتے ہوئے ملکی اور بین الاقوامی کاروباری ماحول سے پیدا ہونے والے چیلنجز اور غیر یقینی صورتحال سے نمٹنے کے لیے اچھی پوزیشن میں ہے۔ انتظامیہ، اپنی اجتماعی مہارت، تجربے اور مضبوط کاروباری رپورٹنگ فریم ورک کی مدد سے، اندرونی پیش رفت اور بیرونی عوامل دونوں پر قریبی نگرانی رکھتی ہے جو کمپنی کے آپریشنز اور کارکردگی پر اثر انداز ہو سکتے ہیں۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون2026 کوختم ہونے والے مالی سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ آڈیٹرز کی رپورٹ بشمول سالانہ رپورٹ حاضر خدمت ہے۔

اقتصادی جائزہ

زیرِ جائزہ سال کے دوران ، عالمی معیشت نے بلند جغرافیائی و سیاسی کشیدگی ، بدلتی ہوئی تجارتی پالیسیوں ، بڑھتی ہوئی تحفظ پسندانہ پالیسیوں اور عالمی سپلائی چین میں رکاوٹوں کے باوجود اپنی مضبوطی برقرار رکھی۔ عالمی معاشی سرگرمیوں کو نجی شعبے کی کھپت ،ٹیکنالوجی میں سرمایہ کاری اور مالی حالات میں بہتری سے مسلسل سہارا ملتا رہا ، تاہم معاشی ترقی کی شرح تاریخی اوسط کے مقابلے میں کم رہی۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے مطابق ، سال2026 میں عالمی اقتصادی ترقی کی شرح تقریباً3.0% فیصد رہنے کا اندازہ ہے جبکہ محصولات سے متعلق اقدامات اور جغرافیائی و سیاسی پیش رفت کے باعث عالمی تجارت کو بڑھتے ہوئے دباؤ کا سامنا ہے۔ مالی سال کے آخری حصے میں مشرقِ وسطیٰ میں تنازع میں اضافے نے توانائی کی قیمتوں ، شپنگ کے اخراجات اور عالمی سپلائی چینز میں مزید اتار چڑھاؤ پیدا کرنے میں اہم کردار ادا کیا۔

پاکستان کی معیشت نے مالی سال2026-2025 کے دوران استحکام کی جانب منتقلی کے مرحلے سے آگے بڑھتے ہوئے بتدریج بحالی کا سفر جاری رکھا۔ پاکستان اکنامک سروے2026-2025 کے مطابق حقیقی مجموعی ملکی پیداوار کی شرحِ نمو تقریباً3.7% فیصد تک پہنچ گئی جبکہ گزشتہ مالی سال میں یہ شرح3.18% فیصد تھی۔ اس بہتری کو بہتر معاشی انتظام ، بڑے پیمانے کی صنعت میں ترقی ، زرعی شعبے کی مضبوط کارکردگی ،شرحِ مبادلہ میں استحکام اور آئی ایم ایف ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) پروگرام کے تحت جاری اصلاحات سے تقویت ملی۔صنعتی شعبے میں3.51% فیصد اضافہ ہوا جبکہ بڑے پیمانے کی مینوفیکچرنگ میں تقریباً6.1% فیصد کی شرح سے ترقی ریکارڈ کی گئی۔

مہنگائی سال کے بیشتر حصے میں نسبتاً محدود رہی اگرچہ مالی سال کے آخر میں بین الاقوامی توانائی کی قیمتوں میں اضافے اور جغرافیائی سیاسی رکاوٹوں کی وجہ سے قیمتوں کا دباؤ بڑھ گیا۔ مالی سال جولائی2025 تا اپریل2026 کے لیے اوسطاً C P I مہنگائی6.2% فیصد رہی ، جو پچھلے سال کے اسی عرصے میں4.7% فیصد تھی۔ تبادلہ کی شرح عمومی طور پر مستحکم رہی ، مالی سال2026-2025 کے دوران اوسطاً280.65 روپے فی امریکی ڈالر رہی جبکہ مالی سال2025-2024 میں فی امریکی ڈالر 279.35 روپے تھی۔ مالی استحکام سال کے دوران مضبوط ہوتا رہا۔ مالی سال جولائی2025 تا مارچ2026 کے دوران، مالی خسارہ G D P کے0.7% فیصد تک کم ہوگیا جو پچھلے سال کے اسی عرصے میں2.6% فیصد تھا جبکہ پرائمری سرپلس3.0% فیصد سے بڑھ کر3.2% فیصد ہوگیا۔ اس بہتری کی وجہ محصولات کے حصول میں اضافہ ، مارک اَپ کے اخراجات میں کمی اور اخراجات پر مسلسل نظم وضبط کا برقرار رہنا تھا۔ بیرونی شعبہ تجارتی اشیاء کے تجارتی خسارے میں اضافے کے باوجود مضبوط اور مستحکم رہا۔ مالی سال جولائی2025 سے مارچ2026 کے دوران پاکستان نے 72 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا ،جس میں بیرونِ ملک مقیم پاکستانیوں کی ترسیلاتِ زر نے اہم کردار ادا کیا۔ ترسیلاتِ زر میں8.2% فیصد اضافہ ہوا اور یہ بڑھ کر30.3 ارب امریکی ڈالر ہوگئیں۔ زرمبادلہ کے ذخائر میں بھی بہتری آئی اور مارچ2026 کے اختتام تک یہ بڑھ کر21.8 ارب امریکی ڈالر ہو گئے جبکہ شرحِ مبادلہ مجموعی طور پر مستحکم رہی۔

تاہم معاشی منظرنامہ بیرونی خطرات کے تابع رہا ، ان میں جغرافیائی سیاسی پیش رفت ، اشیاء کی قیمتوں میں اتار چڑھاؤ ، عالمی تجارتی پابندیاں ، جہاز رانی میں خلل اور برآمدات کی بڑی منڈیوں میں محصولات (ٹیرف) کی پالیسیوں میں تبدیلیاں شامل ہیں۔ یہ عوامل اب بھی محتاط معاشی انتظام اور پیداواریت ، برآمدی مسابقت اور تنوع کو بہتر بنانے کی مسلسل کوششوں کا تقاضا کرتے ہیں۔

صنعتی جائزہ

پاکستا ن کی معیشت میں ٹیکسٹائل اور ملبوسات کا شعبہ ریڑھ کی ہڈی کی حیثیت رکھتا ہے اور بدستور ملک کا سب سے بڑا مینوفیکچرنگ اور اشیاء کی برآمدات کا شعبہ ہے۔مالی سال2026–2025 کے دوران ، اس شعبے نے مشکل عالمی تجارتی حالات ، ملک میں کپاس کی رسد میں کمی اور پیداواری وتوانائی کے اخراجات پر مسلسل دباؤ کے باوجود اپنی مضبوط کارکردگی کا مظاہرہ کیا۔

پاکستان کی ٹیکسٹائل برآمدات سال کے دوران مجموعی طور پر تقریباً مستحکم رہیں۔ پاکستان بیورو آف اسٹیٹسٹکس (پی بی ایس) کے تازہ ترین اعداد وشمار کے مطابق، مالی سال2026-2025 کے دوران ٹیکسٹائل برآمدات میں معمولی0.26% فیصد اضافہ ہوا اور یہ17.93 ارب امریکی ڈالر تک پہنچ گئیں جبکہ مالی سال2025-2024 میں یہ برآمدات17.89 ارب امریکی ڈالر تھیں۔

ٹیکسٹائل صنعت اب بھی پاکستان کی برآمدی معیشت کی ریڑھ کی ہڈی ہے اور ملک کاسب سے بڑا مینوفیکچرنگ اور مرچنڈائز برآمدی شعبہ ہے۔مالی سال 26–2025 کے دوران ، اس شعبے نے عالمی تجارتی حالات ، گھریلو کپاس کی فراہمی کی پابندیوں اور پیداوار وتوانائی کی قیمتوں پر مسلسل دباؤ کے باوجود اپنی مضبوطی کا مظاہرہ کیا۔مختلف مصنوعات کے زمروں میں اس شعبے کی کارکردگی ملی جلی رہی۔ ویلیو ایڈڈ شعبوں نے نسبتاً لچک کا مظاہرہ جاری رکھا ، اس دوران تیار شدہ ملبوسات کی برآمدات تقریباً3.9% فیصد اضافے کے ساتھ 4.29 ارب امریکی ڈالر تک پہنچ گئیں جبکہ سوتی دھاگے کی برآمدات میں تقریباً12.4% فیصد اضافہ ہوا اور یہ 765 ملین امریکی ڈالر تک جا پہنچیں۔ تاہم نٹ ویئر کی برآمدات تقریبا0.9% کم ہوکر4.97 ارب امریکی ڈالر رہ گئیں جبکہ بیڈ ویئر کی برآمدات تقریبا3.11 ارب امریکی ڈالر رہیں۔ سوتی کپڑے کی برآمدات میں تقریباً7.6% فیصد کمی جبکہ تولیوں کی برآمدات میں تقریباً1.9% فیصد کمی واقع ہوئی اور یہ کم ہوکر1.06 ارب امریکی ڈالر رہ گئیں۔

مجموعی کارکردگی اس بات کی عکاسی کرتی ہے کہ پاکستان کی برآمدی آمدنی کو برقرار رکھنے میں ویلیو ایڈڈ ٹیکسٹائل مصنوعات کی اہمیت بدستور برقرار ہے۔ عالمی سطح پر قائم شدہ اہم منڈیوں سے طلب معاون رہی جبکہ شرحِ مبادلہ میں استحکام اور برآمدات میں سہولت فراہم کرنے والے اقدامات نے مسابقتی حیثیت کو برقرار رکھنے میں مدد دی۔ اسی دوران ،صنعت کو ملک میں کپاس کی دستیابی ، توانائی اور پیداواری لاگت میں اضافے ، عالمی طلب میں غیر یقینی صورتحال اور خطے کے دیگر ٹیکسٹائل پیدا کرنے والے ممالک سے بڑھتی ہوئی مسابقت کے باعث مسلسل چیلنجز کا سامنا رہا۔

اس سال بین الاقوامی تجارت اور لاجسٹکس کے شعبے میں بھی اتار چڑھاؤ میں اضافہ دیکھنے میں آیا۔ ٹیرف پالیسیوں میں تبدیلیوں ، جغرافیائی سیاسی کشیدگی اور شپنگ روٹس میں رکاوٹوں کے باعث فریٹ ، انشورنس اور ٹرانزٹ اخراجات میں اضافہ ہوا ، جس سے برآمد کنندگان پر مزید دباؤ پڑا۔ سال کے دوسرے نصف میں مشرقِ وسطیٰ میں جغرافیائی سیاسی کشیدگی میں اضافے نے توانائی اور لاجسٹکس کی منڈیوں میں غیر یقینی صورتحال کو مزید بڑھا دیا۔

اس پس منظر میں ، پاکستان کی ٹیکسٹائل انڈسٹری ویلیو ایڈڈ مصنوعات ،مصنوعات میں تنوع ، پائیداری اور سپلائی چین کی مضبوطی کی جانب جاری عالمی رجحان سے فائدہ اٹھانے کے لیے ایک مضبوط پوزیشن میں ہے۔ تاہم طویل مدت تک مسابقتی حیثیت برقرار رکھنے کے لیے توانائی کی کارکردگی میں بہتری ، پیداواری صلاحیت میں اضافہ ، جدید ٹیکنالوجی کا استعمال ، کپاس کی دستیابی ،مصنوعات میں جدت اور نئی مارکیٹوں میں رسائی ضروری ہوگی۔اس کے ساتھ ساتھ ایک مستحکم ، قابلِ پیشگوئی اور معاون حکومتی پالیسی کا ماحول بھی انتہائی اہم ہوگا۔

فیروز ۱۸۸۸ کے لیے ،صنعت میں موجود یہ بدلتی ہوئی صورتحال آپریشنل کارکردگی بہتر بنانے ، اخراجات پر مؤثر اور محتاط کنٹرول رکھنے ، توانائی کے مؤثر استعمال ، جدید ٹیکنالوجی کو اپنانے اور ویلیو ایڈڈ مینوفیکچرنگ کی صلاحیتوں میں مسلسل سرمایہ کاری کی اہمیت کو مزید اجاگر کرتی ہے۔ انتظامیہ کمپنی کی مسابقتی پوزیشن کو مزید مضبوط بنانے اور صارفین کی بدلتی ہوئی ضروریات اور عالمی مارکیٹ کے حالات کے مطابق مؤثر انداز میں ردِعمل دینے کی صلاحیت کو بہتر بنانے پر مسلسل توجہ مرکوز کئے ہوئے ہے۔

REPORT OF THE AUDIT COMMITTEE

COMPOSITION

The Company has formed a Board Audit Committee in line with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Committee comprises four Non-Executive Directors, including two independent directors. The Chairman is one of the Independent Directors.

Mr. Moin M. Fudda	Independent Director (the Chairman)
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Temoor Ashraf Mukaty	Non-Executive Director
Ms. Aminah Zahid Zaheer	Independent Director

All the Committee members possess significant economic, financial and business expertise, and are financially literate. The names and profiles of the Committee members are part of this Annual Report.

ROLE

The Committee monitors the effectiveness of the Company's financial reporting, systems of internal control and risk management and the integrity of the Company's external and internal audit processes.

RESPONSIBILITIES

- Overseeing and obtaining assurance that the process to identify, manage and mitigate principal and emerging financial risks are appropriately addressed by the management and that internal controls are appropriately designed and functioning effectively.
- Reviewing the financial statements and related disclosures, and ensuring adherence to applicable legal, regulatory, and listing requirements.
- Reviewing the effectiveness of the Company's internal audit function, the Company's internal financial controls and systems of internal control and risk management.
- Overseeing the appointment, remuneration, independence and performance of the external auditors and ensuring the integrity of the audit process, including any permissible non-audit services provided to the Company.
- Assessing the adequacy of mechanisms that allow employees to confidentially raise concerns regarding possible improprieties in financial reporting or other issues and for those matters to be investigated.
- Overseeing the Company's sustainability and ESG-related matters, including strategies, targets, policies, risks, compliance and related disclosures, and reporting to the Board on their integration into the Company's strategy and operations.

MEETINGS HELD

The Committee held four meetings during the year under the Chairmanship of Mr. Moin M. Fudda, with members attendance disclosed in the Directors' Report. During these meetings, the Committee reviewed and deliberated on the key matters in accordance with its Terms of Reference and made informed recommendations to the Board of Directors (BOD).

Its oversight encompassed the review of the internal and external auditors findings, evaluation of internal controls and management process, review of related party transactions of the Company, tax and legal updates and the financial reporting matters (including the annual results for the year ended June 30, 2026), before recommending them to the BOD for approval.

The Chief Executive Officer and the Chief Financial Officer of the Company attended the meetings by invitation, Internal Auditors were present at all the meetings, while the External Auditors joined when the matters relevant to their responsibilities were on the agenda. Departmental heads were also available for the appropriate items of the agenda, as deemed necessary.

REPORT AND CONCLUSIONS REACHED

The Committee has concluded its annual review of the Company's operations for the year ended June 30, 2026. Based on reviews and discussions held during its meetings, the Committee reports the following:

- The Committee has reviewed the quarterly, half yearly and annual financial statements of the Company and recommended them for approval by the BOD. These financial statements present a true and fair view of the Company's financial position, operating results, cash flows and changes in equity for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements and acknowledged their responsibility for the fair presentation of the financial statements, the accuracy of reporting, and compliance with applicable regulations and accounting standards.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the applicable International Financial Reporting Standards (IFRS) as notified by the Securities and Exchange Commission of Pakistan (SECP).
- The Committee's review of the financial statements also included a detailed consideration of related matters, all of which were addressed in accordance with applicable accounting and reporting standards. No additional matters required discussion beyond those already disclosed in the financial statements.
- The contents of the External Audit Report are in line with the applicable regulations, and the auditors have issued an unmodified audit report on the financial statements.
- Appropriate accounting policies have been applied consistently, except for any changes that have been adequately disclosed in the financial statements. Accounting estimates are based on reasonable and prudent judgments.
- The Company's internal control system is sound in design and has been continually assessed for its adequacy and effectiveness.
- Proper, accurate and comprehensive accounting records have been maintained by the Company.
- All Related Party transactions were reviewed by the Committee prior to their approval by the BOD.
- The Company's risk management approach has been disclosed in the risk assessment section of the Directors' Report. The nature of key risks and their corresponding mitigation measures are also disclosed in the relevant sections of the financial statements.
- Throughout the year, the Company has complied, without any material departure, with the mandatory provisions of the Pakistan Stock Exchange's Code of Corporate Governance, the Company's code of conduct and values and the best practices of governance throughout the year.
- The Company's Annual Report is properly structured to provide comprehensive and relevant information in sufficient detail. It not only includes financial information in line with the applicable reporting framework but also presents insightful financial analysis in an accessible format. Besides the core financial information, it also covers background information on the Company and its directors, comprehensive management reviews, future outlook, stakeholders' information and corporate governance practices. The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and that it provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

EVALUATION OF INTERNAL AUDIT FUNCTION

The Company has devised and implemented an effective internal control framework, which also includes an independent Internal Audit Function.

- The Internal Auditors review the Company's risk management and control processes and conduct audits in accordance with the Internal Audit Plan approved by the Committee;
- The internal audit function has direct access to the Committee;
- The Committee reviewed the internal audit findings and observations, along with management's agreed actions. These findings were carefully considered by the Committee, and management was provided guidance to take appropriate corrective measures. Accordingly, as and when necessary, the Committee escalates matters to the BOD for their review and action;
- The Committee ensured that the internal audit function had unrestricted access to management, as well as the right to seek information and explanations required; and
- The Committee regularly reviewed the performance of the Internal Auditors on an ongoing basis throughout the year, considering factors such as the quality of audit work, adequacy of audit coverage in line with the approved Internal Audit Plan, and responsiveness to the Committee's directions.
- The Committee held a meeting with the Internal Auditors without the presence of the management.

EVALUATION OF EFFECTIVENESS OF EXTERNAL AUDIT PROCESS

- The statutory auditors of the Company, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, completed their audit of the financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2026. They will retire upon the conclusion of the upcoming Annual General Meeting;
- The Committee reviewed and discussed the key audit matters and observations with the external auditors. The Committee held a meeting with the external auditors in absence of the management;
- The external auditors have direct access to both the Committee and the Internal Auditors, ensuring the effectiveness, independence and objectivity of the audit process; and
- The Committee annually reviews the performance, independence and cost of the external auditors. Being eligible for reappointment under the Listing Regulations, the Committee has recommended to the BOD the reappointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, for the financial year 2026-27. A resolution to this effect has been proposed for approval at the forthcoming Annual General Meeting.

SELF-EVALUATION OF THE COMMITTEE PERFORMANCE

The Committee believes it has satisfactorily discharged its responsibilities in line with its terms of reference as approved by the BOD. It conducts an annual evaluation of its own effectiveness through a self-assessment process, which involves completing a formal checklist in the form of a questionnaire.

Grant Thornton

Independent Auditor's Review Report

Grant Thornton Anjum Rahman
1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FEROZE 1888 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 Feroze 1888 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 with 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.

Chartered Accountants
Place: Karachi
Date: 05 October 2026
UDIN: CR202610093NJyC8HBQr

STATEMENT OF COMPLIANCE WITH CCG REGULATIONS 2019

FEROZE1888 MILLS LIMITED
FOR THE YEAR ENDED 30TH JUNE 2026

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of Directors are eleven, including the Chief Executive Officer as a deemed Director, as per the following:

a)	Male	9
b)	Female	2

2. The composition of Board is as follows:

As at 30 June 2026			As at 20 July 2026*		
Independent Directors	3	Mr. Moin M. Fudda Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Independent Directors	3	Mr. Moin M. Fudda Ms. Aminah Zahid Zaheer Ms. Hina Usmani
Non-Executive Directors	7	Mr. Abdul Rehman Yaqub Mr. Shabbir Ahmed Mr. Khaleequr Rahman Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty Mr. Temoor Ashraf Mukaty	Non-Executive Directors	7	Mr. Abdul Rehman Yaqub Mr. Shabbir Ahmed Mr. Khaleequr Rahman Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty Mr. Temoor Ashraf Mukaty
Executive Director	1	Mr. Rehan Rahman, CEO	Executive Director	1	Mr. Rehan Rahman, CEO
Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Female Directors	2	Ms. Aminah Zahid Zaheer Ms. Hina Usmani

**Composition since election of directors on 20 July 2026*

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 vision and mission statements, 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 the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations;

7. All 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 has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;

9. Following Directors have completed Directors' Training Program till 30 June 2026:

1.	Mr. Abdul Rehman Yaqub *	Chairman/Non-Executive Director
2.	Mr. Shabbir Ahmed	Non-Executive Director
3.	Mr. Khaleeq ur Rehman	Non-Executive Director
4.	Mr. Perwez Ahmed	Non-Executive Director
5.	Mr. Anas Rahman	Non-Executive Director
6.	Mr. Zain Ashraf Mukaty	Non-Executive Director
7.	Mr. M. Moin Fudda *	Independent Director
8.	Ms. Huma Pasha	Independent Director
9.	Ms. Aminah Zahid Zaheer	Independent Director
10.	Mr. Rehan Rahman	Chief Executive Officer
11.	Ms. Hina Usmani	Independent Director

**Exempt from requirement based on experience*

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board 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) Board Audit Committee

Board Audit Committee	Independent / Non-Executive Director	Status
Mr. Mr. Moin M. Fudda	Independent Director	Chairman
Mr. Khaleequr Rahman	Non-Executive Director	Member
Mr. Temoor Ashraf Mukaty	Non-Executive Director	Member
Ms. Aminah Zahid Zaheer	Independent Director	Member

b) Board Human Resource & Remuneration Committee

Board Human Resource & Remuneration Committee	Independent / Non-Executive Director	Status
Ms. Aminah Zahid Zaheer	Independent Director	Chairperson
Mr. Moin M. Fudda	Non-Executive Director	Member
Mr. Zain Ashraf Mukaty	Non-Executive Director	Member

Note: Election of directors was held on 20 July 2026. Committees were reconstituted on 03 August 2026.

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 Committees was as per following:

	Board Audit Committee	Four meetings were held during the year
	Board HR and Remuneration Committee	One meeting was held during the year

15. The Board has outsourced the internal audit function to A. F. Ferguson & Co., Chartered Accountants who 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 Financial Officer, Head of Internal Audit, Company Secretary or Directors 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 requirements of regulations 3, 7, 8, 27, 32, 33 and 36 have been complied with.

19. Regulation 6(1) stipulates that it is mandatory for each listed company to have at least two or one third members of the Board, whichever is higher, as Independent Directors. In a Board comprising 11 Directors (including the CEO), one third would equate to 3.667 persons. The fraction contained in such one-third is not rounded up as the Company has suitably experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently.

20. In compliance with Regulation 10A, the Board has delegated sustainability-related oversight to the Board Audit Committee. In accordance with Regulation 29, the Board directly handles the functions of the Nomination Committee, as no separate committee has been constituted. Further, in accordance with Regulation 30, in place of a dedicated Risk Management Committee, the Board Audit Committee provides oversight of the Company's risk and control environment through its mandate as approved by the Board.

Rehan Rahman
Chief Executive Officer

Abdul Rehman Yaqub
Chairman

Karachi
Dated: 07 September 2026

GOVERNANCE FRAMEWORK

Board of Directors

Mr. Abdul Rehman Yaqub	Mr. Shabbir Ahmed	Mr. Khaleequr Rahman	Mr. Perwez Ahmed	Mr. Zain Ashraf Mukaty	Mr. Anas Rahman	Mr. Temoor Ashraf Mukaty	Mr. Moin M. Fudda	Ms. Hina Usmani*	Ms. Aminah Zahid Zaheer	Mr. Rehan Rahman
Non-Executive							Independent Director			Executive
7							3			1

Chairman of the Board	Chief Executive Officer
Mr. Abdul Rehman Yaqub	Mr. Rehan Rahman

Board Committees	
Board Audit Committee	Board Human Resource and Remuneration Committee
4 Members	3 Members

Mr. Moin M. Fudda	Mr. Khaleequr Rahman	Ms. Aminah Zahid Zaheer	Mr. Temoor Ashraf Mukaty

Ms. Aminah Zahid Zaheer	Mr. Moin M. Fudda	Mr. Zain Ashraf Mukaty

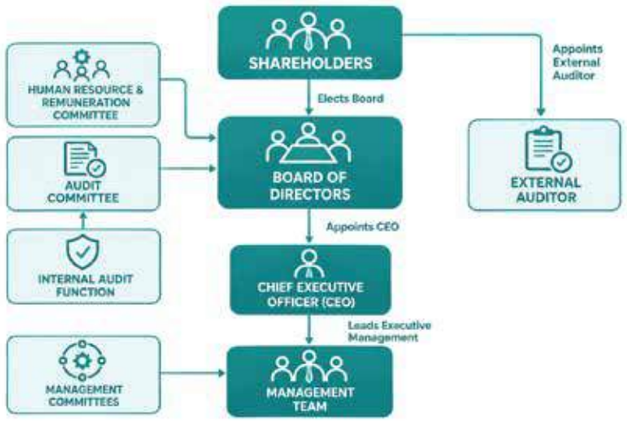
** Ms. Hina Usmani was elected in July 2026, replacing Ms. Huma Pasha, who completed three consecutive terms.*

Governance Structure and Delegation of Authority

Corporate Governance refers to a framework through which Board of Directors ("the Board") ensures accountability, fairness, responsibility and transparency in the Company's relationship with all its stakeholders and sustainable value creation for them. Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies.

Division of responsibilities and duties between the shareholders, the Board and the CEO are regulated inter alia by the Companies Act, 2017, the Company's Articles of Association, the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Our approach towards corporate governance ensures ethical behavior, transparency and accountability and it is ensured that the Company follows the direction defined by its Core Values, current regulatory frameworks and global best practices.



ROLES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors is responsible for the overall management and strategic direction of the Company. The Board's key responsibilities include the implementation of policies on the following significant matters:

- Approving the Company's vision, mission and strategic direction.
- Overseeing financial performance and reporting.
- Ensuring effective internal controls and risk management.
- Approving and reviewing major corporate policies.
- Ensuring compliance with applicable laws and regulations.
- Promoting ethical conduct and good corporate governance.
- Protecting the interests of shareholders and other stakeholders.
- Overseeing succession planning and senior management.
- Evaluating the performance of the Board, its committees and individual directors

MATTERS DELEGATED TO THE MANAGEMENT

Chief Executive Officer of the Company has been entrusted by the Board with the primary responsibility of conducting the routine business operations in an effective and ethical manner, in line with the Board's approved strategies and goals including annual targets of production, sales, revenues, cost, profitability and compliance with legal requirements. The management is responsible for the identification and administration of key risks and opportunities which could impact the Company in the ordinary course of business. It is also the responsibility of the Company's management to establish and maintain a system of internal controls and financial reporting in conformity with the approved accounting standards and the requirements of the Companies Act, 2017.

ROLE OF THECHAIRMAN	ROLE OF THE CEO
The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development.	The CEO holds primary responsibility for managing the company and overseeing its procedures in financial and other operational matters. This role operates under the oversight and direction of the Board, in accordance with the Companies Act, 2017.
The Chairman bears responsibility for overseeing and directing the Board's activities. This includes setting agendas, providing guidance, and approving or delegating the approval of meeting minutes.	The responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations
The Chairman ensures the Board remains efficient in its primary functions of establishing and executing the company's vision and strategic direction.	The CEO of the Company is to whom all Business and Functional heads directly or indirectly report and is responsible for presentation of the Company's aims and policies to the Government and all stakeholders.

BOARD COMMITTEES

Board of Directors have constituted Audit Committee and Human Resource and Remuneration Committee to work under its guidance. Details about the composition and terms of reference of both committees are as under:

(i) BOARD AUDIT COMMITTEE

The Audit Committee of the Board of Directors of Feroze1888 Mills Limited (hereinafter the Committee') shall assist the Board of Directors in the oversight of:

a) The integrity of Financial Statements of the Company;
b) Effectiveness of:
   i) External Audit, with respect to the appointment of, rotation, qualification and independence of External Auditors and the conduct of Audit;
   ii) The system of Internal Control;
   iii) The Internal Audit Function;
   iv) The compliance, including compliance with legal and regulatory requirements.
   v) Monitoring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof

It consists of four members including its Chairman. Two members are Non-Executive Directors, while Chairman and one member of Committee are Independent Directors including a female director. Its meetings are held in every quarter for reviewing and recommending the Company's Financial Statements. In addition, the Board can convene a special meeting of this Committee to discuss any special agenda.

TERMS OF REFERENCE

a) Financial Reporting:

- Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, through discussion with Management and External Auditors (where relevant) focusing on:

  i. significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  ii. sufficiency of disclosures in the financial statements and compliance with all regulatory and statutory requirements;
  iii. going concern assumption;
  iv. any changes in accounting policies and practices;
  v. significant adjustments resulting from the auditor review;
  vi. effects of off-balance sheet structures, if any;
  vii. effects of forthcoming regulatory and accounting initiatives on the financial statements; and
  viii. all related party transactions.
  ix. compliance with applicable accounting standards;

- Review of proposed write-offs in detail for justification/rationale and compliance with policies.

- Review of preliminary announcements of results prior to external communication and publication.

b) Internal Controls and Risk Management:

- Determination of appropriate measures to safeguard the Company's assets.

- Ascertainment of the adequacy and effectiveness of the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchase and sales, receipts and payments, assets and liabilities and reporting structure.

- Review of the effectiveness of the Company's internal controls and risk management systems.

- Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports.

- Review of the Company policies and amendments thereto.

- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO and to consider remittance of any matter to the External Auditors or to any other external body.

- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.

(c) Internal Audit:

- Review of scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

- Review and recommend to the Board on the appointment of the Internal Auditors

- Review and approval of the annual internal audit plan.

- Review of internal audit reports and Management's responsiveness to the findings and recommendations of the Internal Auditors relating to effectiveness of systems for internal control, financial reporting and risk management.

- Monitoring and review of performance of the internal audit function to evaluate its effectiveness in the context of the Company's overall risk management system.

(d) External Audit:

- Consider and make recommendation to the Board on the appointment and removal of External Auditors, their audit fees, the provision of any service permissible to be rendered to the Company by the External Auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the Committee and where it acts otherwise it shall record the reasons thereof.

- Facilitate the external audit and discuss major observations of the auditors arising from interim and final audits and any other matters that the auditors may wish to highlight (in the absence of management, where necessary).

- Review Management Letter issued by the External Auditors and management's responses thereto.

- Ensuring coordination between the Internal Auditors and External Auditors of the Company.

(e) Environmental, Social and Governance related Matters:

- Advise the Board on setting and periodically reviewing the Company's sustainability and ESG strategies, priorities, and targets, ensuring alignment with regulatory requirements, stakeholder expectations, and long-term value creation.
- Oversee the development and implementation of sustainability and ESG- related policies to manage the Company's impact on the economy, environment, and people.

- Advise the Board on emerging sustainability risks and opportunities, including climate-related and regulatory developments, and their implications for the Company's strategy.

- Ensure effective DE&I policies are in place and reviewed regularly for relevance and alignment with best practices.

- Ensure appropriate objectives, targets, and KPIs are in place and monitored for all key sustainability areas, including Diversity, Equity & Inclusion (DE&I), with transparent reporting to stakeholders.

- Review and recommend key sustainability-related projects and communications to support implementation of the strategy.

- Oversee compliance with applicable sustainability-related laws and regulations and ensure timely and accurate disclosures to stakeholders.

- Submit periodic updates and an annual report to the Board on the integration of sustainability principles into the Company's strategy and operations.

(f) Other Matters:

- Consider any other matter assigned to it by the Board or by the Regulators.

(ii) HUMAN RESOURCE & REMUNERATION COMMITTEE

There is a Human Resource and Remuneration (HR&R) Committee to assist the Board in:

a) Recommending Human resource management policies to the Board;
b) Recommending to the Board, the function, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and the Internal Audit Head.
c) Consideration and approval on recommendation of CEO on such matters for key management positions who report directly to CEO.

The Committee consists of three Board members, with two Independent Directors and one Non- Executive Director. The Chairperson of the Committee is an independent female director.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities are as under:

- The Committee shall ensure that plans are in place for orderly succession of Executive Officers including the Chief Executive.
- The Committee shall review and discuss the Company's organizational structure with the CEO for appropriateness to the Company's business strategy and future plans.
- The Committee shall recommend to the Board the framework or broad policy for the remuneration of the Company's Chairman, Board members, Chief Executive, and other Executive Officers. In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code of Corporate Governance and associated guidance.
- The Committee may seek assistance from outside in consideration to fulfill its duties and responsibilities.
- The Committee shall undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Director's Report, disclosing the name, qualification and major terms of the appointment.
- Performance appraisal of all direct reports of CE should be presented to the BHR & RC and subsequently taken to the Board for review.

ATTENDANCE IN THE MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES OF BOARD

S. No.	Name of Directors	Board of Directors' Meeting	Board Audit Committee Meeting	Board Human Resource and Remuneration Committee
1.	Mr. Abdul Rehman Yaqub	5/5	NM	NM
2.	Mr. Rehan Rahman	5/5	4/4 ***	1/1 ***
3.	Mr. Shabbir Ahmed	1/5	NM	NM
4.	Mr. Khaleequr Rahman	5/5	4/4	NM
5.	Mr. Perwez Ahmed	5/5	NM	NM
6.	Mr. Zain Ashraf Mukaty	5/5	NM	0/1
7.	Mr. Anas Rahman	5/5	NM	NM
8.	Mr. Temoor Ashraf Mukaty	3/5	3/4	NM
9.	Mr. Moin M. Fudda	5/5	4/4	1/1
10.	Ms. Huma Pasha	4/5	NM	NM
11.	Ms. Aminah Zahid Zaheer	5/5	4/4	1/1

NM Non-member of Board Committees
**** By invitation*

Companies In Which The Executive Director Is Serving As Non-executive Director

There is one company in which the executive director of the organization is serving as non-executive director. The details has been given in the directors' profile section of this annual report.

Independent Directors and Justification for Independence

Under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, every listed company must have at least two independent directors, or one-third of Board members, whichever is higher. An independent director shall meet the definition and criteria in Section 166 of the Companies Act, 2017.

The Board includes 03 Independent Directors i.e. Mr. Moin M. Fudda, Ms. Hina Usmani, and Ms. Aminah Zahid Zaheer who meet the abovementioned independence criteria. They are individuals of high integrity and professional standing who are independent of management and free from any relationship or circumstances that could materially affect their independence. Their presence on the Board strengthens objective decision-making, governance oversight and protection of stakeholders' interests.

Diversity in the Board

The Board recognizes that diversity in skills, knowledge, experience, perspectives and background strengthens Board effectiveness and supports balanced decision-making — enhancing collective competence, challenge and oversight in support of sustainable long-term value creation. The Board includes female representation, members with financial literacy, and individuals with experience across multiple industries and sectors.

The Board goes beyond applicable requirements and has 02 female directors on the Board i.e. Ms. Aminah Zahid Zaheer and Ms. Hina Usmani.

Changes to the Board

No director resignations, appointments or casual vacancies occurred during the year ended June 30, 2026. Subsequent to year-end, Board elections were held in July 2026, at which the Board was re-elected for a fresh term; all directors other than Ms. Huma Pasha were re-elected, and Ms. Hina Usmani was elected in her place.

Chairman's Commitments

Beyond his role as Chairman of Feroze1888 Mills Limited, Mr. Abdul Rehman Yaqub also serves as a director on the boards of 1888 Mills LLC, GMI Funds LLC, and Grangeford USA Inc. and the company's wholly-owned subsidiary, Feroze1888 Mills UK Private Limited.

Board, Committees and CEO Performance Evaluation

Effective governance begins with the Board's commitment to fulfilling its fiduciary responsibilities under the Companies Act, 2017 and the Corporate Governance Regulations, 2019. The Board guides the Company's strategy, oversees compliance and supports sustainable growth. The evaluation process reviews the effectiveness of its governance framework, leadership and decision-making, while identifying opportunities for continuous improvement.

The Board is evaluated on its strategic guidance, oversight of management, risk management, internal controls, meeting participation, decision-making, governance practices, legal compliance and contribution to the Company's long-term objectives.

The Chairman is assessed on Board leadership, meeting effectiveness, promotion of constructive dialogue and support for sound governance.

Board Committees are evaluated based on the effectiveness of their oversight, the quality of their recommendations, meeting frequency and contribution to governance and internal controls.

The Board reviews the evaluation results and identifies areas for improvement to strengthen the Company's governance framework.

The Board formally evaluates the CEO's performance each year against KPIs agreed through the Board HR & Remuneration Committee. These KPIs cover delivery of Company objectives, financial performance, growth initiatives, crisis management and sustainability goals.The Board formally evaluates the CEO's performance each year against these KPIs.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Feroze1888 has always believed in going the extra mile and staying ahead with legal formalities. In view of this strategy, the Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of global best business practices in addition to the mandatory regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best corporate reporting practices as recommended jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountant of Pakistan (ICMAP).
- The Board of Directors of the Company consists of two female directors and both are independent directors. Whereas, the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires each listed company to have at least one female director.
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc. in the Annual Report.
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment in order to continuously improve, achieve and exceed global standards.

External Oversight of Functions

With the objective of maintaining a sound internal control environment, the Company's independent internal audit function is outsourced to A.F. Ferguson & Co. (AFF), Chartered Accountants who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company

Internal audits are conducted in accordance with an internal audit plan reviewed and approved by the Board Audit Committee. The plan is risk-based and aligned with the Company's organizational objectives and priorities, including risks that may affect the achievement of those objectives.

The Board Audit Committee oversees the effectiveness of the Company's internal control framework, while AFF independently evaluates and provides assurance on the adequacy and effectiveness of the internal controls and risk management framework through its internal audit activities.

Related Party Transactions

Under SECP SRO 1194(I)/2018 and Section 208 of the Companies Act, 2017, the Board has approved a Related Party Transactions Policy. The Company maintains proper records of all related party transactions, disclosed in the Notes to the Financial Statements in accordance with the Fourth Schedule of the Companies Act, 2017. Details of all related party transactions are placed periodically before the Board Audit Committee and, on its recommendation, before the Board for review and approval.

The Company confirms it did not enter into any contract or arrangement with a related party during the year, other than in the ordinary course of business. Furthermore, all such transactions were carried out on an arm's-length basis. During the year, ordinary recurring transactions involving directors' interests primarily pertained to the annual renewal of lease rental agreements with related entities; all relevant interests were formally disclosed to the Board, recorded in the minutes, with interested directors refraining from participating in discussions and voting on these matters.

BOARD MEETING HELD OUTSIDE PAKISTAN

During the year all Board of Directors and Committee meetings were held in Pakistan.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

The Code of Conduct implemented by the Board provides guidance to strictly avoid conflict of interest (or even the perception of a potential conflict) between the director's personal, social, financial or political interests and the advancement of the Company's business interests, the interests of its customers and with other directors.

SHARES HELD BY SPONSORS/DIRECTORS

As at June 30, 2026, the Sponsors, Directors and Executives of the Company held the following number of shares.

Particulars	Number of Shares
Sponsors and Directors	229,452,671
Associates	120,490,030
Executives	26,098,234

BOARD APPROVED POLICIES

Risk Management and Internal Controls

The Board has approved a Risk Management Framework, aligned with ISO 31000. Risk management is carried out Company-wide by the Executive Leadership Team and reviewed by the Board from time to time; management monitors risks and risk-management procedures to identify, assess and mitigate identified or emerging risks.

Director's Interest in Significant Contracts and Arrangements

All directors are required to disclose any direct or indirect interest in contracts or arrangements entered into by the Company, in accordance with the Companies Act, 2017, the Code of Corporate Governance and company policy. Disclosed interests are recorded in Board minutes and duly reviewed/approved by the Board.

Remuneration of Non-Executive and Independent Directors

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

Retention of Board Fee by the Executive Director

Executive Director of Feroze1888 may serve as Non-Executive Director on the board of any other Company by virtue of the Companies Act 2017. Fees paid by any other Company in compliance with remuneration policy of respective Company, approved by the Board of Directors may be retained by the Executive Director in lieu of services rendered as Non-Executive Director.

HUMAN RESOURCE MANAGEMENT

DEI Policy

Our Diversity & Inclusion Policy sets the tone for a fair, equitable and inclusive workplace across Feroze1888 Mills Limited. The Policy reinforces our commitment to providing equal opportunities for all employees, with decisions relating to recruitment, development, promotion and remuneration based on merit, capability and performance, without discrimination or gender bias. It further promotes gender diversity, equal access to growth and development opportunities, fair compensation, mutual respect and a safe working environment supported by a zero-tolerance approach to harassment and discrimination. Through clear accountability at various levels within the company, the Policy embeds principles of fairness, equity and inclusion into our everyday practices and supports the creation of a diverse workforce where individuals are valued, respected and empowered to contribute to the Company's sustainable success.

Fair and Merit Based Hirings – Recruitment Policy

Feroze1888 Mills Limited is committed to maintaining a fair, transparent and merit-based recruitment process that enables the Company to attract and retain talent aligned with its current and future business requirements. Our Recruitment Policy promotes equal opportunity for all candidates, irrespective of gender, and provides for clearly defined and consistently applied selection standards, including interviews, technical assessments and other appropriate evaluation mechanisms. Recruitment decisions are based on qualifications, capabilities, experience and merit, while measures such as cross-functional panel interviews for management positions support objectivity and impartiality in the selection process. Through structured workforce planning, management trainee programs and paid internships, the Company continues to develop a sustainable talent pipeline while providing opportunities for professional growth and contributing to a diverse, capable and future- ready workforce.

Performance Management Policy

Our performance management framework is designed to align individual contribution with the Company's strategic objectives while fostering a culture of accountability, transparency and continuous development. Employees are assessed against clearly defined KRAs and KPIs, complemented by relevant leadership competencies and multi-source feedback at applicable management levels. The framework provides a consistent and merit-based basis for career progression, promotions, development and recognition, enabling employees to understand expectations, strengthen capabilities and progress based on performance. Through this approach, the Company continues to build a high-performing and accountable workforce focused on sustainable business results.

Learning and development Policy

People development remains a key focus of our human capital strategy, with a structured Learning & Development framework aimed at strengthening the knowledge, skills and competencies required for current and future roles. Learning needs are identified through performance discussions and skills-gap assessments, covering both technical and behavioral capabilities, and addressed through on-the-job learning, internal and external training, seminars and conferences. The effectiveness of learning interventions is monitored through post-training feedback and, where applicable, linkage with performance outcomes. This approach supports continuous learning, professional growth and employee well-being while strengthening the Company's talent pipeline and organizational capabilities.

Succession Planning Policy

Our Succession Planning framework supports business continuity by identifying critical roles and developing a strong internal pipeline of high-potential talent to assume positions of greater responsibility. Potential successors are assessed on performance, competencies and readiness, with tailored development plans encompassing functional expertise, cross-functional exposure, coaching, training and other learning interventions. Progress is reviewed through defined milestones and feedback mechanisms, enabling the Company to strengthen leadership capabilities, retain key talent and maintain an effective management bench. This structured approach helps mitigate key-person and talent gaps while ensuring the availability of capable leaders to support the Company's long-term growth and operational resilience.

Social and Environmental Responsibility

The Company is committed to conducting its business responsibly, with due regard to its employees, communities and the environment. It upholds applicable legal and ethical requirements and promotes integrity, transparency and responsible business practices across its operations and stakeholder relationships. The Company is committed to minimizing its environmental impact through responsible and sustainable practices, while maintaining a safe and healthy working environment for its employees and surrounding communities. As part of its commitment to society, the Company supports initiatives in education, healthcare, capacity building and other areas of social welfare, including support for employees, their families and deserving members of the wider community.

Communication with Stakeholders

The Company strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. In this relation an Investors Grievance Policy has been approved by the Board of Directors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments (if any). Further, all information disclosed to the public is in accordance with the Rule Book of the Pakistan Stock Exchange Limited ("PSX"), as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company also gives its shareholder the option to express their grievances and any other enquiries electronically via its website. Main principles of the Investors Grievance Policy are as follows:

- All the investors are treated fairly and equally at all times;
- Complaints raised by investors are dealt with courtesy, fairness and in a timely manner;
- The Management works in good faith and without prejudice towards the interests of any of the investors.

Dividend Policy

The Company does not follow a fixed, formally named dividend policy document; dividend decisions are made annually by the Board based on that year's profitability, liquidity, capital requirements, investment plans, financial position and future business needs. At its meeting held on September 7, 2026, the Board decided not to recommend any dividend for the year ended June 30, 2026, given prevailing economic conditions.

Whistle-Blowing Policy

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. In accordance with the Company's continued commitment to good governance, a Whistle-Blowing Policy has been adopted under which whistleblowers face no repercussions and reported non-conformances are investigated fairly, transparently and confidentially through a channel accessible only to the Chairman of the Board, the Chairman of the Audit Committee, and the Chairperson of the HR & Remuneration Committee. During the year ended June 30, 2026, zero whistleblowing cases were reported.

Anti-Harassment Policy

The Board of Directors of Feroze1888 Mills Limited is committed to safeguarding the dignity, rights, and wellbeing of all employees through the implementation of a comprehensive Anti-Harassment Policy aimed at maintaining a safe, respectful, inclusive, and harassment-free workplace. The Company enforces a zero-tolerance approach toward sexual, psychological, mental, and physical harassment—including bullying, humiliation, intimidation, and favoritism—whether occurring directly, indirectly, or across electronic and social media.

The Anti-Harassment Policy applies across the organization to all management and non-management employees, contractual staff, management trainees, and interns, while guiding interactions with vendors, auditors, and customers. A dedicated three-member committee—comprising a female representative, a senior management official, and a senior employee—is mandated to receive and investigate grievances confidentially, with reporting oversight to the Board HR & Remuneration Committee. The framework ensures confidential reporting avenues, impartial due process, and strict protection of all parties against retaliation or victimization.

Through awareness, accountability and robust grievance mechanisms, the Company seeks to ensure that every individual can work with dignity, security and confidence, free from harassment, intimidation or discrimination.

Where allegations are substantiated, appropriate disciplinary measures are enforced by the Competent Authority. Formulated in alignment with the Protection against Harassment of Women at the Workplace Act, 2010, the Anti-Harassment Policy is subject to formal review at least once every three years. Implementation of the policy is audited by an independent third-party auditor. During the year ended June 30, 2026, three cases were reported, investigated and closed by the Anti-Harassment Committee.

Safety of Records

The Company considers information as one of the most valued business asset and place great emphasis on storage and safe custody of its financial and non-financial records. The Company's physical records are managed, retained and disposed-off in effective and efficient manner. The records are kept at secure places with adequate safety measures in place. All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The Company believes and practices that the information should be accessed on a need-to- know basis. For this purpose, the Company has put in place a mechanism to define required access control measures to Company's information, applications and system resources in a controlled environment to protect the privacy, security and confidentiality of all stored data, both physical and electronic.

Procurement, Waste Management and Emission Control

The Company adopts a comprehensive approach to managing and reporting its policies, encompassing key areas such as procurement, waste management, and emissions control. In procurement, the Company prioritizes sustainable sourcing practices, adhering to ethical and environmental standards. Waste management practices are diligently implemented, focusing on reduction, reuse, and responsible disposal to minimize environmental impact. Emissions control measures are rigorously enforced to curtail the Company's carbon footprint. The Company's commitment to transparency is evident in its robust reporting mechanisms, which provide stakeholders with accurate insights into its policies, practices, and progress in these vital areas.

Security Clearance of Foreign Directors

Security clearance of foreign directors is initially conducted by the Company Secretariat, verifying documentation as required under prevailing law, and finally carried out by the SECP, subject to clearance by the Ministry of Interior.

IT GOVERNANCE AND CYBERSECURITY

Risk Oversight Function for Cybersecurity

The Company regards information as one of its valuable business assets and places emphasis on the secure custody, transmission and storage of financial and non-financial data. The Company has aligned its policies and procedures to support the effective use of IT resources in achieving its strategic and operational objectives while managing information and cybersecurity-related risks.

An IT Steering Committee has been established with the mandate to oversee IT governance and cybersecurity matters of the Company. The Chief Information Officer (CIO) is responsible for managing cybersecurity risks and assessments and presents relevant findings and recommendations to the IT Steering Committee.

IT Governance Policy

The Company has established and implemented an IT Governance Policy to provide a framework for effective benefits realization and optimal utilization of IT resources. The Company's IT governance framework focuses on IT risk management, strengthening internal controls, automation of business functions and supporting structured decision-making, while ensuring alignment of IT initiatives with the Company's strategic and operational requirements.

Cybersecurity Policy

The Company's cybersecurity framework is designed to protect data and the integrity of computing assets belonging to, or connecting to, the Company's network and to manage cybersecurity threats throughout the lifecycle of a potential cyber-attack. The framework is based around five core functions

- Identify
- Protect
- Detect
- Respond
- Recover

These functions provide a structured approach to identifying cybersecurity risks, protecting systems and information, detecting potential threats, responding to cybersecurity incidents and recovering critical operations.

Cybersecurity Risk Oversight Function and Engagement

Information and data security, along with effective risk management, remain important to the Company's operations. Cybersecurity matters are overseen through the IT Steering Committee, with the CIO managing cybersecurity risk assessments and presenting relevant findings and recommendations to the Committee.

The Internal Audit function conducts reviews relating to network and cybersecurity matters, with relevant findings reported to the Board Audit Committee. This provides an additional layer of oversight over the Company's cybersecurity controls and procedures.

In addition to these measures, we also have a dedicated IT Security position, internationally renowned infosec service provider managing company's Security Operation Center (SOC) reinforcing the Company's commitment to cyber resilience.

Controls and Procedures about Cybersecurity Risks

Implementing an Early Warning System (EWS) is integral to minimizing harm and losses while disseminating vital warning information regarding identified vulnerabilities considered as risks.

The Company has partnered with a multinational information security firm for the operation of its Security Operations Center (SOC) for critical IT assets. The SOC incorporates threat intelligence, Security Information and Event Management (SIEM) and Security Orchestration, Automation and Response (SOAR) capabilities and provides continuous 24×7 monitoring and support.

The Company also maintains an Early Warning System (EWS) for identifying and disseminating information relating to potential vulnerabilities. Cybersecurity controls and procedures are monitored through system and firewall log analysis.

Key controls and procedures include:

- Network and web application firewalls;
- Internet access management;
- Email security gateway;
- Disaster Recovery Plan;
- Contingency Plan;
- Endpoint security systems;
- Server Patch Management;
- Restricted Administrative Privileges;
- Physical security protocols;
- Extended Detection and Response (XDR); and
- Security Orchestration, Automation and Response (SOAR).

During FY25, the Company conducted an external cybersecurity risk assessment to identify potential vulnerabilities and support the strengthening of its cyber resilience.

IT Compliance & Cybersecurity Audit

The Company conducts regular network and cybersecurity reviews, with relevant findings reported to the Board Audit Committee. The Company also engages external information security expertise in strengthening its cybersecurity capabilities. The SOC arrangement provides 24×7 monitoring of critical IT assets through the integration of threat intelligence, SIEM and SOAR capabilities.

The Company has also implemented an Endpoint Detection and Response (EDR)-enabled Advanced Endpoint Protection system as part of its cybersecurity controls.

BUSINESS CONTINUITY PLANNING

The Company continues to maintain business continuity arrangements to safeguard critical business functions and minimize disruption arising from unforeseen or adverse circumstances.

During the year, the successful migration of the Company's core business operations from the Oracle/legacy platforms to SAP S/4HANA represented a significant step in strengthening the integration and efficiency of the Company's business processes and technology environment.

Following the migration, continued stabilization of the SAP S/4HANA environment remains a key focus, with ongoing efforts to address operational requirements, refine processes and strengthen system integration. These efforts continue to support the continuity of critical business processes and contributed to a more stable and integrated technology environment as the Company transitioned to the new platform.

DISASTER RECOVERY PLANNING

To address information security risks, we have implemented an effective disaster recovery plan designed to quickly contain and reduce the impact of disasters. This plan allows for a smooth transition to backup operations, enabling the rapid restoration of our data center's normal functions. Through this proactive approach, we ensure that critical operations experience minimal disruption after a disaster.

Our DRP is organized into four distinct phases

- Disaster Assessment
- Disaster Recovery Activation
- DR Site/Data Center Rebuild Phase
- Return Home

Digital Transformation of IT

Industry 4.0, often referred to as the Fourth Industrial Revolution, represents a significant evolution in digital technology, driven by interconnected technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), real-time data access, and cyber-physical systems. These technologies are transforming the way businesses operate, make decisions, and manage information.

The Company continues to proactively explore opportunities to enhance its core business functions through advanced IT technologies. For over a decade, its core business operations were supported by Oracle / legacy systems. During the year, the Company successfully completed the migration of its core business operations from Oracle/legacy systems to SAP S/4HANA, with the transition completed in October 2025.

Building on this transformation, digitalization remains a key focus of the Company's IT strategy. The Company is exploring further opportunities to leverage SAP across business processes, alongside Artificial Intelligence-enabled decision support systems, Business Intelligence, Robotic Process Automation (RPA), cloud computing, and mobile applications for shop-floor operations. These initiatives are aimed at strengthening business process management, enhancing reporting capabilities, improving information management, and enabling more informed and timely decision-making across the organization.

Artificial Intelligence (AI) Initiatives

As part of its ongoing digital transformation journey, the Company is progressively adopting Artificial Intelligence (AI) and AI-enabled systems to strengthen operational efficiency, improve business visibility, and support data-driven decision-making across its vertically integrated operations. The Company is evaluating and implementing AI use cases continuously across various functions, leveraging data generated through SAP, Business Intelligence platforms, operational systems, and other digital technologies.

AI-enabled dashboards are being utilized that helps us in data driven decision. This also helps us in analyzing large volumes of operational and business data, identify trends and anomalies, generate predictive insights and provide management with timely information for informed decision-making.

The Company will continue to explore and implement relevant AI use cases in line with its business priorities, with appropriate governance, controls, data security, and human oversight. These initiatives form an important part of the Company's broader digital transformation strategy and are intended to enhance productivity, operational resilience, resource optimization, and sustainable value creation.

Staff Trainings on Cybersecurity Risks

The Company recognizes employee awareness as an important component of its cybersecurity framework. The IT and security teams regularly conduct training sessions covering cybersecurity best practices and potential risks associated with email usage, web browsing and physical security practices, including tailgating and proper document disposal.

These initiatives are aimed at strengthening employees' awareness of cybersecurity threats and vulnerabilities and reinforcing the importance of safeguarding data, information and IT systems.

ENTERPRISE RESOURCE PLANNING

Enterprise Resource Planning (ERP) is an important component of the Company's IT environment, integrating core business processes through a common technology platform and supporting information flow, reporting and management decision-making.

Migration from Oracle / Legacy Systems to SAP

In October 2025, the Company migrated to SAP S/4HANA, completing the transition of its core business operations from Oracle / legacy systems. This represents one of the most significant digital changes undertaken by the Company in recent years and marks an important milestone in the continued development of its technology environment.

The migration was undertaken to strengthen process integration, platform standardization, scalability, controls, compliance and reporting capabilities. By bringing finance, supply chain and operational processes onto an integrated platform, SAP provides greater visibility over business activities and supports more timely and informed decision-making.

The SAP environment also provides a foundation for the Company's continued digital transformation, including the potential adoption of Business Intelligence, Robotic Process Automation (RPA) and Artificial Intelligence (AI).

Implementation and Continuous Improvement

The migration was implemented through a structured process covering data migration, user acceptance testing and staff training, with due consideration to business continuity. Following implementation, the IT management team continues to obtain user feedback and identify opportunities for system and process improvements.

The Company also continues to enhance its IT infrastructure and conduct in-house training to support effective utilization of the ERP environment and alignment with its operational requirements.

ERP Systems Assurance and Controls

The Company's System and Control Assurance (SCA) Department provides oversight of the ERP environment, including assessments of system security, access to sensitive data and segregation of duties. The Company also engages a leading external firm for periodic independent assessments in these areas.

These measures, together with ongoing system development, infrastructure enhancements and user training, support the effective operation, security and control environment of the Company's ERP platform.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT AND RELATIONSHIP MANAGEMENT

Feroze1888 Mills Limited is a vertically integrated textile manufacturing organization with operational control over the processes involved in towel and terry fabric production. The Company's diverse stakeholder base provides valuable perspectives that help shape its business and sustainability priorities.

The Company recognizes stakeholders as important contributors to its progress and remains committed to understanding and responding to their expectations. Regular engagement helps integrate sustainability into core operations, strengthen business resilience and identify opportunities to create long-term value.

Feroze1888 is committed to maintaining open and meaningful dialogue with its stakeholders and considering their feedback in its business decisions and sustainability initiatives.

Stakeholder Group	Mode of Engagement	Frequency	Value Created	Value
Shareholders / Investors	•Annual General Meeting •Corporate briefing sessions •Dedicated investor information through Company website •Annual and interim reports • Regulatory announcements, notices etc. through PSX •Company Secretariat and investor correspondence	Ongoing/ Annual	• Timely access to information • Sustainable shareholder returns • Transparent governance • Visibility on business outlook	• Maintain transparent communication • Strengthen corporate governance • Pursue sustainable growth • Apply disciplined capital allocation
Customers	• Customer meetings and regular correspondence • Conferences, exhibitions, seminars and industry events • Customer visits and factory presentations • Customer surveys and feedback • Quality and social-compliance audits • Product development and technical discussions	Ongoing/ As required	• Consistent product quality • Reliable delivery • Product development • Responsive service • Compliance with customer requirements	• Strengthen quality assurance • Improve delivery performance • Respond to customer feedback • Support product innovation • Maintain required certifications and standards
Employees	• Team engagement activities • Surveys and feedback mechanisms • Whistle-blowing and anti-harassment channels • Training and development programs • Health and safety awareness initiatives • Bi-annual performance reviews	Ongoing/ As applicable	• Fair remuneration and benefits • Safe working environment • Skills and career development • Clear performance expectations • Employee wellbeing	• Provide competitive benefits • Strengthen workplace safety • Invest in training and development • Maintain open feedback channels • Support employee wellbeing
Suppliers	• Onboarding and assessments • Performance reviews and audits • Site visits and quality assessments • Supplier Code of Conduct • Discussions on quality, delivery and commercial matters	Ongoing/ As required	• Fair commercial dealings • Timely payments • Clear requirements • Business opportunities • Supplier development	• Apply transparent procurement practices • Assess supplier performance • Promote responsible sourcing • Support supplier development • Maintain clear contractual terms

Stakeholder Group	Engagement	Frequency	Created	Value
Banks / Financial Institutions	• Regular meetings with relationship managers • Annual reports and financial statements • Financial projections and business updates • Discussions on financing requirements and banking facilities	Ongoing/ As required	• Timely financial information • Visibility on business performance • Clarity on financing requirements • Fulfilment of contractual obligations • Stable banking relationship	• Maintain regular communication • Provide relevant financial information • Meet financing obligations • Maintain prudent financial management • Communicate significant business developments
Media	• Company website • Social media platforms • Regulatory and stock exchange disclosures	Ongoing/ As required	• Timely corporate information • Access to business developments • Information on sustainability initiatives • Transparent communication	• Provide accurate information • Ensure timely disclosures • Maintain consistent corporate communication • Follow responsible digital communication practices
Local Communities	• Community development programs • Education and healthcare initiatives • Scholarships and support programs • Awareness sessions and workshops • Internships and placement opportunities • Industrial visits and community interactions • Social and humanitarian initiatives	Ongoing/ As required	• Education and healthcare support • Skills development opportunities • Employment opportunities • Community development • Environmental and social support	• Support education and healthcare • Provide skills and learning opportunities • Implement community initiatives • Support local development • Promote environmental responsibility
Government & Regulators	• Statutory filings and returns • Regulatory correspondence and responses • Inspections and audits • Participation in relevant government or regulatory initiatives	Ongoing/ As required	• Timely statutory information • Regulatory cooperation • Compliance with applicable requirements • Contribution through taxes and economic activity	• Maintain regulatory compliance • Submit timely statutory information • Respond promptly to regulatory matters • Monitor regulatory developments • Maintain constructive engagement
Industry Associations	• Participation in meetings and activities of relevant textile and trade associations • Seminars and conferences • Industry surveys • Engagement on matters affecting the textile and export industry	Ongoing/ As required	•Industry representation and participation •Sharing of industry knowledge and experience •Input into sector-related discussions •Support for industry development	•Participate in relevant association forums •Share relevant industry information and experience •Contribute to industry consultations and initiatives •Participate in training and knowledge-sharing programs

STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE THE MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

The Company ensures that the interest of the minority Shareholders is protected. In order to ensure their participation in general meetings, Feroze1888 management takes following steps:

- All notices related to the Shareholders' meetings are being announced timely through Pakistan Stock Exchange and also published in newspapers in English and Urdu language as per the specified timeline and requirements.
- All notices of the Shareholders' meetings are dispatched at the registered addresses of the Shareholders available with the Company as per regulatory requirement to acquaint them with the agenda of the meeting.
- The Company is placing the Annual Report on its website ahead of the AGM and is also furnishing hard copies to shareholders who have requested them.
- Shareholders are facilitated and encouraged in appointing proxies in case they are unable to attend the AGM in person. For this purpose, proxies in English and Urdu Language is sent to the members along with the notices and also available on our website.
- Shareholders are encouraged to comment, raise queries and provide feedback in the meeting.
- It is also ensured to comply with all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in general meetings.

PRESENCE OF AUDIT COMMITTEE CHAIRMAN AT THE AGM

Shareholders are invited to attend all General Meetings and are encouraged to raise their concerns and queries. The Chairman of the Board Audit Committee, certain other Members of the Board, the Chief Executive Officer and senior management personnel attended the Annual General Meeting held during the year to address shareholders' concerns and queries relating to the financial statements for the year ended 30 June 2025, the activities of the Board Audit Committee and other matters falling within the Committee's responsibilities.

INVESTORS' RELATIONS SECTION ON THE CORPORATE WEBSITE

Feroze1888 Mills Limited is committed to maintain strong and transparent relations with all stakeholders including the investors and shareholders. In an effort to harness the relationship with the investors and shareholders and to provide them accurate, transparent and timely information, the Company has maintained a dedicated section on its website (http://www.feroze1888.com). The website is regularly updated to ensure that the Company meets its regulatory requirements and provides all relevant information, including audited annual reports, to its stakeholders.

ISSUES RAISED IN THE LAST AGM

The last Annual General Meeting (AGM) of the Company was held at the Institute of Chartered Accountants of Pakistan on October 23, 2025, at 10:00 a.m. The AGM was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Board Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities. The shareholders approved the financial statements and the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants, as the external auditors of the Company. During the meeting, general clarifications were sought by shareholders on the Company's Annual Report.

CORPORATE BRIEFING SESSION

The idea behind the Company's investor engagement through CBS is to give the right perspective of the business affairs of the Company to the investors (both existing and potential) which helps them in making their investment decisions.

To attract maximum audience, the CBS was held digitally through Zoom on November 11, 2025. During the meeting the senior management briefed the following matters about the Company:

- Governance structure and Board composition
- Value chain and operations
- Product portfolio
- Awards and recognitions received during the year
- Sustainability performance snapshot
- FY 2024-25 financial performance and key cost drivers
- Q1 2025-26 performance trends

Thereafter a Question & Answer session was held.

For more details on the corporate briefing session, please refer to the presentation delivered during the meeting, placed on our website at: https://feroze1888.com/investor/investor-media/corporate- briefing/.

REDRESSAL OF INVESTORS' COMPLAINTS

The Company believes in protecting the interests of its investors and shareholders. Shareholders give their feedback in General Meetings and are encouraged to do so, allowing the Company to have a good understanding of their views on operations and decisions. Accordingly, a grievance/feedback system has been established that provides an avenue for reporting and resolution of all complaints/queries on a timely basis.

Investors can lodge their grievances through multiple channels:

- An online investor complaint form is available on the Company's website, allowing investors to directly submit their queries and grievances.

- Investors may also address their grievances in writing or via email directly to the Company Secretary at secretary@feroze1888.com.

- In case a complaint has not been properly redressed by the Company, the investor may lodge the complaint with the Securities and Exchange Commission of Pakistan (SECP).

All grievances/queries received through these channels are resolved and communicated to investors on a timely basis after due verification procedures.

No significant complaint was received from investors during the year ended June 30, 2026.

Our Sustainability

Caring for our people. Protecting our planet. Creating lasting prosperity.

Every thread connects us to something greater. At Feroze1888, responsibility is woven into how we operate, how we treat our people, how we use our resources and how we contribute to the communities around us. Through our commitment to People, Planet and Prosperity, we are embedding sustainability into our decisions today to create lasting value for our stakeholders and a better tomorrow for generations to come.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY (CSR)

ABOUT THIS REPORT

Reporting Period

Financial Year
July 2025 – June 2026

01

REPORTING PERIOD
ANNUAL

02

AVAILABLE VERSION
The report is available in both online and printed versions in English. The online version can be accessed at: w w w.feroze1 88 8.com.

03

REPORT CONTENT
The contents of this report have been developed based on stakeholder engagement and the applicable Sustainability Reporting Standards. The report covers material matters that are relevant to the Company's business strategy and reflect its significant economic, environmental and social impacts, as well as matters of interest to the Company and its stakeholders.

04

ASSURANCE
The contents of the current report have been reviewed by the Company's Sustainability Team.

05

CHANGES IN REPORTING / RESTATEMENT OF INFORMATION
There have been no significant changes to, or restatements of, the information presented in the previous report.

06

CONTACT FOR FEEDBACK
The Company values feedback on its sustainability reporting and welcomes comments, questions and suggestions. Stakeholders may contact the Sustainability Team at su g gesti on s@feroze1 88 8.com .

CHAIRMAN'S OVERVIEW

Chairman's overview on how the Company's sustainable practices can affect long term value creation

At Feroze1888 Mills, sustainability is integral to our business strategy and governance philosophy. Our pursuit of sustainable enterprise is anchored in the principles of People, Planet, and Prosperity—a framework that ensures our commercial objectives remain aligned with environmental stewardship and societal well-being.

The global operating environment is experiencing significant transformation, driven by climate risks, evolving regulatory regimes, and heightened stakeholder expectations. In this landscape, long-term resilience and competitiveness depend on an organization's ability to embed ESG considerations directly into core operations. We view this transition as a strategic opportunity to de-risk our business, optimize resource utilization, and strengthen operational agility.

Our investments in renewable energy, water conservation, circular manufacturing, and process efficiency have yielded measurable operational gains while reducing our environmental footprint. Simultaneously, our focus on workplace safety, continuous employee development, and community initiatives in health and education reinforces the human and social capital essential to our productivity, innovation, and long-term stability.

Global buyers and institutional partners increasingly evaluate supply chains on transparency, traceability, and verifiable sustainability credentials. By maintaining high standards of ethical sourcing, compliance, and governance, we continue to reinforce strategic trust and protect our preferred-supplier status in international markets.

Sustainable practices directly enhance enterprise value: they mitigate operational and regulatory risks, lower operating costs over time, and position the Company to capture high- value market opportunities. We remain dedicated toward sustainable, responsible growth that preserves natural and human resources while delivering enduring value to our stakeholders.

Abdul Rehman Yaqub
Chairman

LEADERSHIP STATEMENT

Esteemed Stakeholders,

I am pleased to present Feroze1888 Mills Limited's Sustainability Report for FY2025–26, integrated as part of our Annual Report FY2025–26. This Report reflects our ongoing efforts to embed sustainability into our business strategy, operations and decision-making, while providing greater transparency on how we create value though our ESG priorities.

Our approach is anchored in a balanced commitment to People, Planet and Prosperity. The Report highlights our progress in environmental stewardship through investments in renewable and clean energy, energy efficiency, afforestation, water recycling and resource conservation. These efforts are complemented by initiatives focused on emissions reduction, responsible waste management and advancing circularity across our operations. Our science- based targets for GHG emissions reduction continue to provide clear direction for our climate transition journey.

We remain committed to our people and communities through continued investment in employee learning and development, occupational health and safety, diversity, equity and inclusion, and opportunities for persons with disabilities. Our education, healthcare and other community initiatives further reflect our efforts to promote fair, equitable, safe and responsible business conduct and create positive social impact.

The Report also highlights responsible practices across our value chain, including supplier engagement, responsible sourcing and greater awareness of environmental, social and ethical standards, alongside our exploration of sustainable materials, innovative technologies and resource-efficient approaches to textile production.

A central focus of our sustainability journey is progressively aligning our disclosures with international standards. This supports our broader efforts to strengthen systems, processes and governance, enhance transparency and accountability, and create long-term value for our stakeholders.

We recognize that sustainability is a continuous journey rather than a destination. As business challenges and the impacts of climate change evolve, we remain focused on strengthening our performance and creating lasting value.

I thank our Board, management, employees, business partners and stakeholders for their continued trust and support. Together, we remain committed to advancing towards a more resilient, responsible and sustainable future.

Rehan Rahman
Chief Executive Officer

STATUS OF ADOPTION OF CSR GUIDELINES

Feroze1888 Mills Limited is committed to responsible corporate citizenship and the principles of Corporate Social Responsibility (CSR). The Company integrates social, environmental and economic considerations into its business practices and sustainability initiatives, with a focus on empowering communities, promoting inclusion, strengthening stakeholder relationships and creating lasting positive impact through responsible business practices and strategic partnerships.

SUSTAINABILITY GOVERNANCE AT FEROZE1888

Strong governance structures underpin the Company's approach to sustainability and climate-related matters. During FY26, the Feroze1888 Climate Change Committee, headed by the Chief Executive Officer (CEO) and comprising Senior Leadership and relevant functional members, served as the Company's highest-level management forum for sustainability and climate-related matters. The Committee monitored sustainability objectives, targets and performance, reviewed related disclosures, and oversaw environmental and social initiatives.

Subsequent to year-end, the Board of Directors delegated oversight of sustainability-related risks and opportunities to the Board Audit Committee (BAC), including oversight of sustainability strategy, targets, policies, risks, compliance and related disclosures. The Climate Change Committee continues to oversee sustainability matters at management level, with relevant functional heads responsible for implementation within their respective areas.

OUR SUSTAINABILITY-ALIGNED BUSINESS MODEL

Our business model integrates sustainability into the way we create and preserve long-term value. We seek to balance economic performance, social responsibility and environmental stewardship, recognizing that resilient business growth depends on responsible management of our people, resources and relationships.

Economic Performance

We pursue sustainable financial growth through operational efficiency, innovation, responsible resource management and strategic investment, creating value for shareholders, customers, employees and the wider economy.

Social Responsibility

We promote a safe, inclusive and supportive workplace, respect human rights and invest in employee development and community engagement. Responsible business practices extend across our value chain and support positive social outcomes.

Environmental Stewardship

We focus on efficient use of resources, reducing emissions, conserving water and energy, managing waste and adopting sustainable technologies to minimize our environmental footprint.

By integrating these three dimensions into our strategy and operations, we strengthen business resilience and support the creation of sustainable long-term value for our stakeholders.

SUSTAINABILITY STRATEGY

At Feroze1888 Mills Limited, "Weaving A Better World" reflects our commitment to creating sustainable value across our operations and value chain. Our sustainability strategy is anchored in the Triple Bottom Line — People, Planet and Prosperity — and informed by the United Nations Sustainable Development Goals (UNSDGs). These pillars guide our priorities and support a balanced approach to social responsibility, environmental stewardship and long-term economic value.

PEOPLE I Empowering Our People and Communities

Our people are central to achieving our sustainability ambitions. Their development, well- being and continued growth are integral to our sustainability strategy. Our Social Promise is to:

- Develop and empower our human capital.
- Provide safe, fair, inclusive and respectful workplaces.
- Promote diversity, equity and equal opportunity.
- Strengthen employee capabilities through learning and development.
- Build meaningful relationships with stakeholders and communities.
- Support employee well-being and sustained productivity.

PLANET I Protecting Resources and Building Resilience

Our Planet-First approach focuses on reducing our environmental footprint through responsible resource management, sustainability initiatives and value-chain decarbonization. Our priorities are to:

- Improve resource efficiency and promote responsible consumption and sourcing.
- Reduce greenhouse gas emissions and strengthen climate resilience.
- Embed sustainability considerations into product development and innovation.
- Advance circularity, reuse and recycling while reducing waste.
- Promote nature-based solutions and biodiversity through afforestation.

PROSPERITY I Creating Sustainable Long-Term Value

We seek to create sustainable value for our business, value chain partners, stakeholders and communities. Our priorities are to:

- Pursue responsible economic growth while preserving natural resources.
- Develop enduring partnerships across our value chain.
- Uphold transparency, integrity and responsible business practices.
- Strengthen climate-smart leadership and environmental accountability.
- Support community development through training, financial assistance and social initiatives.

Key Highlights

Environment

Saved **600,000+** GJ Energy (FY 26)

Saved **49,000+** TCO2e of GHG Emissions (FY 26)

7% Reduction in Energy Intensity and **14%** Reduction in GHG Intensity compared to FY '24-25

185,000 Trees planted through our biodiversity restoration projects since FY'20

Expansion in Renewable and Clean Energy Share with total installed capacity of **15 MW** Solar and **30 TPH** Biomass Steam Generation

Water saving FY 26: **700+** M Gals

Sustainability training **450 + manhours**

Diverted 5,000+ tons of waste from disposal

Social

34,000 + man-hours of training were provided

Providing educational assistance to **1,600 +** employee children

Lives impacted **19,000+ souls** since 2022

Investment in CSR Activities **16 Million PKR**

116 PWDs being supported through employment opportunities

Sponsored marriages of **121 couples** since FY '20

Cultivating Talent: Internship opportunity for **45 students**

The mean and median gender pay gap is 9.5 % and 3.8 % respectively*

** The reported gender pay gap reflects differences in workforce composition, including grade, role, lenght of service and experience, and should not be interpreted as a difference in remuneration for employees performing the same role or work of equal value*

Governance

Women ratio (board) **18%**

Our Certifications

Environmental

Social

Quality

Security

Our Undertakings

MATERIALITY ASSESSMENT

Our commitment to sustainability is embedded in a structured and data-driven approach to identifying, prioritizing, and addressing key environmental, social, and governance (ESG) factors that influence our business and stakeholders. Feroze1888 Mills Limited conducts its materiality assessment in accordance with the principles of GRI and IFRS, applying a dual materiality approach to identify topics relevant to key stakeholders and those that could reasonably affect the Company's current and future financial prospects. This approach considers both Impact Materiality and Financial Materiality through Outside-In and Inside- Out perspectives, enabling us to assess the effects of external factors and climate-related risks and opportunities on our financial performance, financial position and cash flows, while also considering our environmental footprint and social impacts.

Our materiality assessment focuses on identifying emerging issues, assessing their significance and aligning priorities with our strategic objectives and resource allocation. Relevant topics are identified through stakeholder engagement, internal discussions, customer requirements, industry practices, regulatory developments and emerging trends. Topics are assessed through a double materiality approach, considering impact and financial materiality. The resulting priorities inform action plans, resource allocation, and the monitoring, measurement and reporting of material information.

Materiality Matrix of Feroze1888.

Financial Materiality	Low	Medium	High
High	Governance & Business Ethics Regulatory Compliance (beyond environment) Indirect Economic Impacts	Share Value / Profitability Market Presence Data Security Supply Chain Management and Responsible Sourcing	Energy Consumption/Renewable Energy Greenhouse Gas Emissions Water & Effluents Technological obsolescence of production facilities and infrastructure
Medium	Management of Chemicals in Products Partnership and Relations	Child Labour Employee Recruitment, Diversity & Equal Opportunity & Performance Circularity Anti-Corruption Fair Wage & Non-Discrimination	Waste Reduction Labour Conditions in the Supply Chain Human Rights Environmental Impacts in the Supply Chain
Low	Marketing & Labelling Anti-Competitive Behavior	Sustainable Packaging Training and Education	Biodiversity Local Community / Public Health & Well-being

Impact Materiality

PEOPLE | Our People. Our Strength. Our Future.

People are the core of our organization. Every success we achieve comes from them, and they drive our sustainable growth. At Feroze1888 we focus on employee well-being and aim to build a culture where inclusion, safety, diversity and skill development are part of every step of a person's professional journey.

Our Core Values of PROSPER shape that culture. To deliver on our objectives we need to upskill our workforce, so we give people equal access to training that builds technical and soft skills. This supports individual growth as well as operational excellence. Our commitment to the personal, professional and overall well-being of our people underpins every facet of our organization.

We promote inclusive leadership through development programs, meaningful engagement, growth opportunities and competitive benefits. Our ethical and fair employment practices are based on respect for human rights and strict adherence to national regulations, aligned with the United Nations Sustainable Development Goals (SDGs). We provide safe and dignified working conditions, and support a culture of transparency through effective feedback and grievance mechanisms.

Empowering Every Voice, Valuing Every Difference

We are committed to maintaining a diverse, equitable and inclusive workplace where employees are treated with dignity, respect and fairness. We believe diverse perspectives contribute to innovation, better decision-making and sustainable business growth. Our employment practices are based on merit and equal opportunity, with recruitment, development, promotion and remuneration decisions guided by relevant qualifications, experience, performance and organizational requirements.

We seek to provide employees with equitable access to opportunities, resources and professional development, irrespective of gender, age, disability, ethnicity, religion or background.

Respecting Rights, Upholding Fairness

Respect for human rights is fundamental to our employment practices and extends across our operations and value chain. We maintain zero tolerance for child labor and prohibit forced, bonded, involuntary, trafficked and prison labor. Recruitment processes include appropriate age verification, while employment is expected to be freely undertaken without coercion, intimidation or unlawful restrictions.

Our people management practices are aligned with the principles of SA8000, including workers' rights, freedom of association, safe and healthy working conditions, fair working hours and fair compensation. We also maintain channels through which employees can raise workplace concerns and participate in lawful forms of worker representation.

Our Code of Conduct establishes expectations for professional and ethical behavior, responsible decision-making and compliance with applicable policies and laws. Regular awareness and communication initiatives reinforce these principles and support a culture of integrity, respect and accountability.

Talent Meets Opportunity

Our recruitment and selection practices focus on attracting and developing capable talent while promoting equal opportunity, diversity and inclusion. We seek to maintain fair and transparent processes based on relevant qualifications, experience, skills and organizational requirements, while supporting the development of local talent.

Our Grievance Mechanism provides employees with a channel to raise workplace concerns, including matters relating to discrimination. Concerns are reviewed through established processes to support appropriate resolution and reinforce a workplace culture based on fairness and respect.

We remain committed to strengthening employee capabilities, supporting career development and creating opportunities for individuals to contribute meaningfully to the organization.

Valuing Contribution, Supporting Our People

We are committed to providing fair and equitable compensation and benefits in accordance with applicable laws, employment requirements and responsible employment practices. Our remuneration approach considers job responsibilities, experience, performance and other relevant factors, while seeking consistency and fairness across comparable roles.

We recognize that fair compensation contributes to employee well-being and engagement. Through our wages, benefits and broader employee support practices, we seek to recognize employee contributions, support sustainable careers and maintain a respectful and equitable workplace.

Empowering Women, Enabling Potential

Nigehban, our dedicated child development program, continues to support our female workforce by providing a safe, nurturing environment for their children. Purpose-built facilities enable employees to remain focused on their work while their children receive attentive care in an environment that supports their well-being and early development.

Working mothers are recognized and appreciated through our Mother's Day celebrations, which reflect our culture of inclusion and support. We also offer paid maternity leave, which helps women maintain a healthy balance between their professional and personal lives.

As part of our employee well-being program, we organized Breast Cancer Awareness activities to promote early detection, prevention and health management among employees. The campaign encouraged a more proactive approach to health care and raised awareness of women's health concerns.

Inclusion Without Barriers

We are building an accessible and inclusive environment where persons with disabilities (PWDs) can flourish. Equal opportunities, awareness-raising and supportive working practices help ensure every employee can contribute and achieve.

Colors of Ability. To advance our diversity and inclusion initiative, we created Colors of Ability, an awareness program that highlights the talents, points of view and contributions of people with diverse abilities. It encouraged our employees to be inclusive and helped build a culture of respect and belonging.

Aaghaz Internship Program. Aaghaz continued to create meaningful opportunities for persons with disabilities to gain workplace exposure and professional experience. It reflects our commitment to inclusive employment and to developing diverse talent. This year it hosted 9 interns.

KDSP Carnival. As a community-focused organization, we took part in the KDSP Carnival to raise awareness and promote inclusion for people with Down syndrome and other developmental challenges. It was a chance to meet communities, talk about equal opportunities and strengthen our commitment to social inclusion. This fun-filled activity reaffirmed our commitment to giving back to society and learning from the experience.

Colors of Ability

Aaghaz Internship

KDSP Carnival

Collective Wedding Ceremony

We continue to place special emphasis on the "Social" part of our ESG journey through community care programs that support the well-being and social uplift of our staff and their families. This year we organized our 8th Collective Wedding Ceremony, continuing our tradition of sharing responsibility and caring for our employees.

Since 2020, the program has supported the weddings of 121 couples, including employees and their family members. Every ceremony was carried out in a dignified, respectful and caring manner. The program continues to gain the trust and appreciation of our employees and reflects our commitment to harmony, employee well-being, compassion and inclusion.

Father's Day Celebration

We celebrated Father's Day as an opportunity to recognize and appreciate the fathers within our workforce and acknowledge their contributions. The celebration encouraged appreciation and meaningful engagement among employees, while reinforcing our commitment to employee well-being, inclusion and a supportive workplace culture.

Building Capabilities, Shaping Futures

Culture and organizational development are core to our long-term prosperity. They drive growth, innovation, operational excellence and employee engagement. We believe our people are our greatest asset, and we are building a culture where learning, professional development and knowledge sharing are a way of life.

Our environment encourages learning, creates opportunities for development and supports a strong culture of accountability and collaboration. We give employees the skills, knowledge and capabilities they need to work in a changing business environment, which improves individual performance and the resilience of the organization. Learning is not limited to formal training. Through technical and functional programs, leadership development and behavioral training, we develop a capable, flexible and future-oriented workforce ready for new industry trends and technological change.

Employees at all levels can improve their skills through structured learning pathways, on-the- job training, mentoring, coaching and leadership development programs. Cross-functional cooperation and knowledge sharing are promoted as key elements of innovation, problem- solving and continuous improvement. This year we delivered more than 1,800 training sessions and 34,000+ training hours to management and non-management employees.

We also identify and develop high-potential individuals and encourage succession planning and advancement from within. By investing in future talent, we aim to build a leadership pipeline for long-term business success. Employees are encouraged to take ownership of their own development and to support the organization's goals and objectives. This focus on learning also helps foster a culture of accountability and responsibility. In doing this, we continue to build our workforce capacity, improve employee engagement and enable our people to achieve our strategic objectives and deliver long-term value to our stakeholders.

LEARNING PROGRAMS

Crack the Financial Code. Designed to increase employees' financial literacy and awareness, this program gave practical knowledge on financial planning and responsible decision-making. It supported personal and professional growth for participants.

Dear Future Me. This activity encouraged employees to reflect on their personal aspirations and professional goals, to think and plan for the future and to develop themselves.

Beyond the Breakpoint. This program focused on perseverance, adaptability and continuous improvement in facing challenges at work and in personal life. Through engaging discussions and activities, employees were encouraged to build resilience and embrace challenges.

The Art of Resilience. Employees received practical resources to help them adapt to change, face adversity and stay healthy. The initiative highlighted how adaptability and emotional strength support lasting success.

PROSPERSHIP. Our premier internship program develops the students of today into the leaders of tomorrow. It offers hands-on experience, guidance and skill-building, giving interns valuable industry knowledge. This year, we had 37 interns coming from diverse backgrounds and fields.

Crack the Financial Code

Dear Future Me

Beyond the Breakpoint

The Art of Resilience

Prospership

EMPLOYEE ENGAGEMENT AND AWARENESS

Ultimate Office Bingo. Created to promote interaction, collaboration and team building, this activity helped build relationships at work and created an enjoyable work environment.

League of Legends. Through friendly competition and teamwork, this activity gave employees the chance to connect. It encouraged cooperation, interaction and team building among colleagues.

Aao Daftar Chalein. This engagement initiative invites employees' children to experience a day in the life of an office employee. Through the day, children take part in different activities and plant visits and learn what it is like to work in an office.

Safety First, Always

We are dedicated to a safe, healthy and secure workplace for our employees, contractors and stakeholders. Our Occupational Health and Safety (OH&S) policy is built on this commitment, backed by our values and the stewardship of top management, and forms part of our People- First strategy.

We use it not only to ensure compliance, but also to keep employees safe, make people aware of workplace hazards and put effective preventive controls in place. Our OH&S practices follow internationally accepted standards, including ISO 45001, STeP, Sedex and SA8000, along with all relevant local and international laws and customer requirements. Unsafe acts, behaviors and conditions that could endanger or harm anyone are not tolerated.

We hold regular safety training and communication sessions on chemical safety, machine safety, ergonomics and emergency preparedness, so everyone understands the safety policies and practices that support shared responsibility and vigilance. We use a systematic hierarchy of controls to anticipate, assess and reduce hazards. Every incident is investigated so that corrective and preventive actions reduce the risk of it happening again.

For emergencies, we have fire and emergency response systems, a certified emergency response team with the right protective equipment, first-aid facilities, ambulances and specially developed first-aid readiness measures. Our Medical Assistance Clinic (MAC) on our premises makes healthcare and first aid easily accessible to every employee during working hours. Full-time qualified doctors and medical staff are available for immediate assistance, routine medical checks and primary care.

Continuous Improvement (Kaizen): Better Every Day

Our journey towards continuous learning and operational excellence keeps shaping Feroze1888 into a more innovative, agile and resilient organization. We build on Kaizen and Lean principles to create a culture where every employee can spot inefficiencies, bring forward new ideas and take part in improving our processes.

We support this with structured programs in Lean manufacturing and continuous improvement. The training gives employees advanced problem-solving skills, which helps them improve productivity and quality and reduce waste. Learning workshops and cross- functional sessions kept employees actively involved in Kaizen during the year, and they act as change agents for sustainable operational excellence.

Recognition matters too. Our Annual Kaizen Ceremony celebrates employees' innovative ideas and shares best practices, which boosts motivation, engagement, healthy competition and innovation. Through Lean thinking and continuous improvement, we keep building cost efficiency, operational discipline and employee ownership. This culture encourages problem- solving and proactive contributions that add value for all stakeholders, and it helps us stay adaptable and competitive over the long term.

PLANET | Weaving a Greener Future

Feroze1888 is recognized for its premium-quality textile products serving the home, hospitality and healthcare sectors. Operating in an industry facing evolving operational challenges in Pakistan, we have developed an operations strategy that combines sustainability with the flexibility required to respond to changing customer preferences and market needs. Sustainability is embedded throughout our operations, from responsible sourcing at the beginning of the value chain through to manufacturing and product delivery. This integrated approach reinforces our position as a market leader in responsible manufacturing while supporting environmental stewardship and innovation across the industry.

Our approach places particular emphasis on waste reduction and elimination, resource efficiency and the increased use of sustainable raw materials. We upcycle production waste to maximize the value of materials and minimize their environmental impact, while working with ethical suppliers to promote responsible procurement throughout our value chain.

Innovation and the adoption of industry best practices remain central to our approach. By translating proven practices into our operations and continuously seeking more sustainable ways of working, we aim to reduce our environmental footprint, strengthen responsible sourcing and improve the efficiency with which resources are used. These efforts reflect our continued commitment to advancing sustainable manufacturing and creating long-term value for our stakeholders.

Our environmental performance is driven by continuous efforts and innovation across energy efficiency, emissions reduction, waste management, recycling and resource recovery, and the conservation of natural resources. The sections that follow highlight our measurable progress across these areas. Collectively, these initiatives support our contribution to global sustainability goals, create long-term value for stakeholders and contribute to a cleaner, healthier and more sustainable future for generations to come.

Guided by Science, Driven by Action

Our carbon management strategy is based on the Greenhouse Gas (GHG) Protocol Corporate Standard and ISO 14064. We plan to strengthen our climate action by reporting openly and using data to guide our decisions. Our targets have been validated as science-based by SBTi, which keeps our decarbonization strategy in line with the latest climate science.

OUR SCIENCE-BASED TARGETS • BASE YEAR 2021

42% Reduction in absolute Scope 1 and 2 emissions by 2030

40% Reduction in absolute Scope 3 emissions (purchased goods and services, fuel- and energy-related activities, upstream and downstream transportation and distribution) by 2033

To meet these goals, we continue to invest in renewable energy and energy-efficient technologies, and further accelerate clean production processes and sustainable sourcing. Our priorities are operational emissions, resource efficiency, supplier involvement across the value chain and building climate resilience across the organization. Bringing climate into our operations and supply chain moves us towards becoming a low-carbon organization and helps us reach the common goal of limiting global warming to 1.5°C, in line with the Paris Agreement. Our actions show our commitment to building long-term value for all stakeholders and reducing our impact on the planet.

From Measurement to Meaningful Action

Good emissions data helps us manage climate risk and take effective action. Since 2021 we have systematically monitored and reported our emissions and built a strong baseline to measure our reductions. We report all Scope 1 and Scope 2 emissions at all our operational facilities, following the GHG Protocol and SBTi requirements. Calculations use internationally accepted methods and emission factors, such as those from UK DEFRA, the IPCC and the IEA, along with national factors where available, to keep results consistent, transparent and comparable. We also monitor emissions from biomass fuels, which are tracked separately from fossil fuel emissions as per the GHG Protocol.

We reduced our emissions from 184,000+ tCO_2e in FY 2024-25 to 169,000+ tCO_2e in FY 2025 - 26. This was possible by phasing out fossil fuels in our energy mix, increasing our installed renewable energy capacity and improving operational efficiency, and it is aligned with our approved near-term science-based targets.

	FY 2024-25	FY 2025-26
Scope 1	165,601	140,913
Scope 2	18,897	28,695
Total (Scope 1 + 2)	184,498	169,608

Powering Today, Transitioning for Tomorrow

Our energy mix is a blend of conventional and renewable sources. It keeps our operations running consistently while we move forward on decarbonization and sustainable growth. Electricity across our sites comes from the national grid, natural-gas-based captive generation, diesel generators and on-site solar. Steam, which is crucial to our manufacturing, comes from coal, biomass, waste heat recovery boilers and furnace oil (HFO). This diversified mix keeps our operations resilient while we shift to cleaner and more efficient sources.

Solar and biomass together supplied 17.9% of our energy.

Solar power. We have invested significantly in on-site renewable electricity. Our installed solar capacity of 15 MW generates renewable electricity, reduces our dependence on grid power and lowers our carbon footprint. Continued expansion of solar supports our science- based targets, strengthens energy security and contributes to a more sustainable and resilient energy mix.

Biomass steam. To reduce our reliance on fossil fuels for heat, we operate a 30 TPH biomass boiler that produces steam from renewable biomass fuel. It replaces conventional fuels with lower-carbon alternatives and increases the share of renewable energy in our fuel mix. Besides cutting greenhouse gas emissions, this investment supports resource efficiency and sustainable manufacturing.

Energy management. Energy efficiency is one of the main pillars of our climate action. Our ISO 50001 Energy Management System gives us a structured way to track energy use, find opportunities to improve efficiency and keep raising our performance. We build energy management into daily decisions through routine energy reviews, equipment performance monitoring and employee engagement.

Energy intensity. Improving energy intensity is a major priority. We optimize production processes, use energy-efficient technologies and bring renewable energy into our processes. We aim to cut energy use in manufacturing, raise equipment efficiency and teach our employees the importance of conserving energy. Automation improvements, inverters, waste heat recovery, effective lighting and better controls all help lower energy intensity, which also reduces operating costs and environmental impact and increases our contribution to global climate targets and sustainable industrial growth.

Our energy efficiency projects saved 600,000+ GJ of energy and 49,000+ tCO_2e of emissions this year. Our spending on green technology is shown in the Key Highlights section.

Water Stewardship

Water is a valuable resource and an essential part of our manufacturing. As Pakistan's water crisis deepens, we are determined to protect water resources, optimize how we use water and adopt circular water practices in our operations. Our main sources are municipal water supply, third-party water, groundwater, and recycled water from our own treatment and recovery systems.

To reduce our dependence on freshwater, we keep investing in water-efficient technologies, process improvements and water recycling infrastructure.

Treating and reusing wastewater. We have a dedicated Effluent Treatment Plant (ETP) and Water Recycling Plant that treat wastewater in line with applicable local and international environmental requirements. Treated water is recovered and reused within our operations, which reduces freshwater withdrawal and promotes responsible discharge.

Saving water. Several water efficiency projects delivered substantial savings from manufacturing this year:

- counter-current washing reuses water across the washing stages, so we use less freshwater;
- advanced exhaust dyeing technology reduces water use and improves efficiency in wet processing;
- state-of-the-art condensate recovery systems let us reuse water and depend less on freshwater in daily operations.

Recycling and reuse. Our water recycling and reclamation systems are strengthening circular water management. Reclaimed water use rose by 9% compared with last year as we recover as much water as possible and conserve freshwater while water consumption reduced by more than 700 M US gallons due to various efficiency initiatives.

Through continuous improvement, investment in water-efficient technologies and responsible wastewater management, we remain committed to reducing our water footprint and contributing to long-term water security.

From Waste to Value

Waste management is an essential part of our environmental responsibility. As a large-scale textile manufacturer, we work to minimize waste, recover as many resources as we can and reduce the environmental impact of disposal. We follow the waste hierarchy, which puts prevention, reduction, reuse and recycling ahead of disposal. Process optimization, preventive maintenance, material efficiency and employee awareness help us cut waste at source.

Separate storage and handling areas keep waste properly segregated, collected and managed in line with legislation and industry best practice. Hazardous waste is handled by government- authorized waste handlers. Non-hazardous waste is sent for recycling and recovery wherever this is technically and economically feasible, which reduces our reliance on landfill. Regular monitoring, process controls and staff engagement programs help us improve segregation and recover more waste.

We are moving from a linear "take-make-dispose" economy to a circular one, where we reduce, reuse, recycle and regenerate resources. Our operating waste is turned into valuable resources through dedicated recycling facilities, which reduces our reliance on virgin materials and creates environmental and economic value. Total waste diverted from disposal during FY25-26 was 5,867 tons, representing 18% of total waste generated.

Responsible Packaging and Circular Solutions

Our Waste Recycling Unit plays an important role in advancing resource efficiency and circularity across our operations. By recovering and reusing process and cotton waste, we reduce our reliance on virgin materials and minimize waste generated during production. During FY 2025-26, 5,423 tons of cotton waste and 629 tons of poly bags were recycled. We also repurposed waste materials into products such as plastic pallets, hangers, hooks, trims and accessories, extending the useful life of materials that would otherwise be discarded.

These efforts are complemented by the application of Kaizen principles to identify opportunities for reducing waste at source and improving resource efficiency. Through these initiatives, we continue to embed circular practices within our operations while reducing environmental impact and creating value from waste.

Recycled poly. Our current recycling practices allow us to use recycled poly for our in-house operations, which greatly reduces our dependence on fresh plastic.

Recycled accessories. Recovered materials are turned into a range of products that support a circular value chain and reduce the need for fresh raw material. These products show that we can convert waste streams into useful materials, reduce disposal and create additional value.

Paper-based packaging. We use corrugated packaging that meets the standards of recognized sustainability brands such as the Forest Stewardship Council (FSC). These certifications support responsible forestry, recycled content certification and material traceability. We continue to minimize virgin materials and build up circular packaging, with improvements in our packaging production and higher recycled content in the finished product.

Recycling cotton and textile waste. Our recycling programs recover cotton and textile waste from our manufacturing and return it to production as raw material. Reintroducing recycled fibers into production minimizes waste, conserves natural resources and contributes to the circular economy in textiles.

Savings from Kaizen Initiatives

Our commitment to operational excellence is reflected in the continuous improvement culture embedded across our operations. Through Kaizen initiatives, employees identify practical opportunities to reduce waste, conserve resources and improve the efficiency of production processes. These initiatives not only support our circular value chain but also demonstrate how employee engagement and operational discipline can translate into measurable environmental and resource savings.

During FY 2025-26, Kaizen initiatives resulted in savings of 3,000+ tons of steam, 205,000+ kWh of electricity and >4 million liters of water. These improvements contribute to waste prevention, resource conservation and more efficient use of materials across our operations.

Sustainable Materials

Our approach to responsible procurement considers the environmental and social impacts associated with the materials we source. We seek to increase the use of responsibly sourced and certified materials, including sustainable cotton and recycled fibers, while supporting traceability, resource efficiency and responsible agricultural practices.

We source certified cotton and sustainable fibers from suppliers meeting recognized sustainability standards. These materials support our efforts to reduce the environmental impact associated with raw material sourcing while maintaining the quality and performance expected of our textile products.

Green Chemistry and Chemical Management

We apply the principles of Green Chemistry to promote safer production, protect people and the environment, and strengthen regulatory and customer compliance. Our chemical management framework covers the complete chemical lifecycle—from procurement and storage to handling, use, transport and disposal—with a risk-based approach to assessing chemical hazards and environmental and occupational health impacts.

Chemicals used in our manufacturing processes are assessed against applicable Restricted Substances Lists (RSLs) and Manufacturing Restricted Substances Lists (MRSLs). We also implement Zero Discharge of Hazardous Chemicals (ZDHC) requirements to promote the elimination of hazardous substances and the adoption of safer alternatives. Our controls include chemical risk and hazard assessments, compatibility and classification reviews, Safety Data Sheet (SDS) verification, safe storage and handling procedures, and periodic compliance monitoring and audits.

Digital tools further strengthen our chemical governance and transparency. BHive supports chemical inventory verification and formulation transparency, while the ZDHC Gateway enables verification of chemical products against ZDHC MRSL requirements and supports the adoption of safer alternatives. Higg FEM, through the Worldly platform, supports consistent reporting and assessment of our environmental performance.

Through continuous improvement, supplier engagement and stronger chemical transparency, we continue to advance responsible chemical management and reduce environmental impact across our operations and value chain.

Biodiversity and Ecosystem Restoration

Biodiversity plays an important role in strengthening climate resilience and supporting sustainable development. This is why we are working on afforestation and mangrove plantations as part of our environmental plans, to play our part in restoring ecosystems and increase green cover.

We are helping restore degraded landscapes, supporting natural habitats and encouraging nature-based solutions that help with carbon sequestration and ecological resilience. These efforts are designed to have positive effects beyond our own footprint, benefit local communities and improve ecosystem services.

Mangrove restoration remains an important part of our biodiversity plan. Mangroves safeguard coastlines, support biodiversity, improve environmental quality and act as natural carbon sinks. Our plantation and restoration work helps secure the long-term health of these valuable ecosystems.

This year we planted 15,000 more trees, bringing our total to more than 185,000 trees since FY20. This strengthens our commitment to biodiversity, ecosystem restoration and climate change mitigation. These projects show our dedication to delivering lasting value to the environment and our role in building a more sustainable and resilient future.

Innovation for a Circular Economy

We continue to invest in research, development and product innovation to embed sustainability and circularity across our textile value chain. Our approach focuses on reducing reliance on virgin resources, diverting waste from disposal and developing products and processes that use resources more efficiently.

Our portfolio of sustainable innovations includes recycled cotton and regenerated fibers, which support resource efficiency and the reuse of textile waste; biodegradable viscose, which is designed to break down more readily under suitable conditions; and Circulose®, made from recycled textile waste. We also explore pineapple leaf fibre and bamboo-based textiles, providing alternative fiber sources with resource-efficiency and upcycling benefits. In addition, we employ Fuzetech, an innovative finishing technology that enhances fabric performance and durability without the use of conventional chemical finishing treatments, supporting more sustainable manufacturing practices.

Together, these innovations support our ambition to integrate sustainability into product design, improve resource efficiency and advance a more circular textile economy.

PROSPERITY | Creating Value That Lasts

Leading Responsibly, Governing with Integrity

Integrity, transparency and accountability are core values of our corporate culture. We keep strengthening our governance systems so that we can identify, assess and mitigate corruption risks in all business activities in a proactive way.

We are committed to operational excellence while developing our workforce, practicing sustainable manufacturing and contributing to Pakistan's economy in an inclusive way through innovation.

We place a high priority on awareness and compliance, with thorough training and communication on anti-corruption measures that strengthen our ethical foundation. To make sure everyone understands their responsibility to uphold ethical standards, board members, staff and business partners receive customized guidance based on their responsibilities and local settings.

We apply a zero-tolerance approach to bribery, corruption, fraud and unethical practices across the value chain. This includes disciplinary measures and termination of contracts where necessary, so that trust and integrity of compliance are maintained over the long term.

Fair Competition, Ethical Business

We are committed to conducting business fairly and transparently and complying with applicable competition and antitrust/competition laws. Our policies and Code of Conduct provide guidance on ethical business practices, responsible decision-making and appropriate business conduct.

Our Code of Conduct, Whistleblowing Policy, Gift & Entertainment Policy and Anti- Harassment Policy establish clear expectations and mechanisms for raising and addressing concerns. These measures support a culture of fairness, integrity and accountability while helping us manage ethical and regulatory risks.

Building Trust Across Our Supply Chain

Our suppliers and value chain partners are integral to our ability to deliver consistent quality, meet customer expectations and uphold responsible business practices. We engage with local and international suppliers and, where appropriate, source from domestic businesses to support local economic activity and strengthen the local supply base.

Supplier selection and onboarding consider environmental, social, ethical and governance factors, including labor and human rights, occupational health and safety, environmental practices, business ethics and regulatory compliance.

We continue to engage with suppliers and monitor their performance to strengthen transparency, manage ESG-related risks and support reliable, resilient and responsible supply chains.`

Built on Trust, Driven by Quality

Feroze1888 continues to strengthen its position in the global terry textile and specialty yarn markets through customer engagement, product innovation and operational excellence. Our customer-centric approach focuses on understanding evolving customer expectations, responding to market trends and continuously improving the quality, performance and delivery of our products and services.

We maintain regular engagement with customers through surveys, meetings, performance reviews and direct interactions. Customer feedback and market insights are systematically considered in identifying opportunities to enhance product quality, develop innovative solutions, improve processes and strengthen service delivery.

Our commitment to consistent quality, reliability, transparency and timely delivery supports trusted, long-term customer relationships. At the same time, continuous improvement and data-driven decision-making help us proactively address operational, environmental and social risks and remain responsive to changing market requirements.

Through these efforts, we seek to create sustained value for our customers while strengthening our long-term competitiveness and relationships across international markets.

Carbon Disclosure and Transparency

We report our climate performance through CDP (Carbon Disclosure Project), which builds transparency and stakeholder trust and shows our long-term commitment to climate action. We report to CDP every year to meet our customers' requirements and expectations. It is not only a reporting exercise: we use insights from the CDP process to inform our operational priorities and identify opportunities for improvement.

Building Sustainability Capability

We turn awareness into action through structured sustainability training that strengthens employees' understanding of ESG risks and opportunities. Our sustainability team runs interactive "Sustainability in Action" workshops that train our workforce on the principles of sustainability and on the role each person can play in making our processes sustainable and resilient to the challenges of a changing climate. The workshops focus on how to bring the SDGs into daily operations and on the key steps we can take to deliver our science-based emissions targets. This year we delivered more than 450 hours of sustainability training.

Product Stewardship and Responsible Labelling

Responsible sourcing, product stewardship and certified production form an integral part of our sustainability approach. We use recognized certifications and standards to support responsible material sourcing, environmental performance and product integrity, while providing greater transparency to customers and other stakeholders.

Our certifications include FSC, GRS/RCS, GOTS/OCS, Higg FEM, OEKO-TEX® STeP and Vegan certification, covering areas such as responsibly sourced materials, recycled and organic content, environmental performance, sustainable textile processing and product attributes. These certifications support our efforts to meet evolving customer expectations, strengthen supply chain transparency and embed responsible practices across our products and operations.

LOOKING AHEAD

We continue to build on the success of integrating economic prosperity with environmental responsibility and social progress, focused on delivering long-term value to all stakeholders. We are continuously building the resilience of our business and value chain through innovation, good governance, operational excellence and climate leadership. In an ever- changing world, we are committed to sustainable business growth, responsible use of resources and making a positive difference to our people, our communities, our customers and the environment.

We aim to create a future that is inclusive, resilient and sustainable, making sustainability a core part of our strategy and decision-making, so that we can deliver on our motto of Weaving a Better World for everyone, everywhere.

SUSTAINABILITY & CSR SNAPSHOT

Feroze1888 is committed to Corporate Social Responsibility and to the "Social" part of our ESG journey. Through community care programs, inclusion initiatives, learning and engagement activities, we support the well-being of our people, their families and the communities around us. Here are some highlights from FY 2025-26.

Nigehban: Care for Our Working Mothers

Our child development program, Nigehban, gives women in our workforce peace of mind. Purpose-built facilities provide a safe, nurturing environment where every child is cared for with attention, affection and a focus on early development.

Celebrating Fatherhood

We marked Father's Day by recognizing and appreciating the fathers within our workforce and celebrating their contributions to their families and the organization. The occasion provided an opportunity for employee engagement and appreciation, while reinforcing our commitment to well-being, inclusion and a supportive workplace culture.

Breast Cancer Awareness

As part of our employee well-being program, we organized Breast Cancer Awareness activities to promote early detection, prevention and health management. The campaign encouraged a more proactive approach to health care and raised awareness of women's health.

Colors of Ability

This awareness program highlights the talents, points of view and contributions of people with diverse abilities. It encouraged our employees to be inclusive and helped build a culture of respect and belonging.

KDSP Carnival

We took part in the KDSP Carnival to raise awareness and promote inclusion for people with Down syndrome and other developmental challenges. It was a chance to meet communities, talk about equal opportunities and reaffirm our commitment to giving back to society.

Aaghaz Internship Program

Aaghaz gives differently-abled individuals workplace exposure and professional experience. It reflects our commitment to inclusive employment and to developing diverse talent. This year it hosted 09 interns.

Planting for the Future

Through afforestation and mangrove plantation, we planted 15,000 more trees this year, bringing the total to more than 185,000 since FY20. Mangroves protect coastlines, support biodiversity and act as natural carbon sinks.

ADVANCING OUR UN SUSTAINABLE DEVELOPMENT GOALS

UN Goals	KPIs	Status
	Reduce GHG emissions by 15% from the FY:2024-2025 (Baseline Emissions= 185,958 tons CO2e; Target= 158,064 tons CO2e)	Scope 1 and 2 emissions decreased by 8% from FY:2024-25
	Increase Water Recycle volume by 10% from FY'25 baseline. (Baseline= 253.3 Million gallons)	Increased by 9%
	Engage suppliers in calculating and reducing value chain emissions.	Conducted online training session for suppliers
	Deliver a minimum of 400 man-hours of training on sustainability-related topics.	A total of 450+ man-hours of training were successfully completed during the reporting period.
	Plant a minimum of 215,000 trees/saplings to contribute towards climate change mitigation. (Baseline= FY'20)	A total of 185,000+ trees/saplings are planted since FY'20
	Impacting lives of 23,000 people through executing different CSR activities (Baseline= FY'23)	Impacted lives of more than 19,000 people through various CSR activities
	Provide at least 30,000 manhours of trainings to employees (Management + non-management)	Total 34,000 + Man-hours of training were delivered to employees (management + non- management)
	Increase female representation in management and non-management positions to 66% during FY'25 from the baseline of FY'23. (Baseline = 435; Target= 722)	Absolute female strength is 640
	Increase 38% of PWDs in management and non-management cadre from the baseline of FY'23 (Baseline= 105; Target= 145)	Number of PWDS increased to 116

Our Operations

Optimising every resource. Improving every process. Strengthening every outcome.

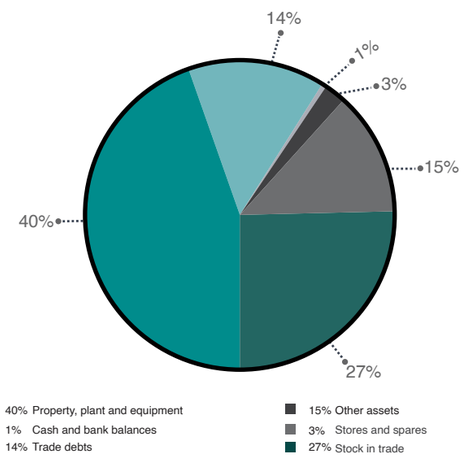
Every efficient operation is built on the disciplined use of resources, processes and technology. At Feroze1888, we continue to challenge how we operate from energy and water to materials, machinery and processes to improve productivity, reduce costs and strengthen our competitiveness. Through focused investments, operational optimisation and a culture of continuous improvement, we are weaving efficiency into the way we manufacture, consume resources and create value.

PERFORMANCE AND POSITION

Financials at a Glance

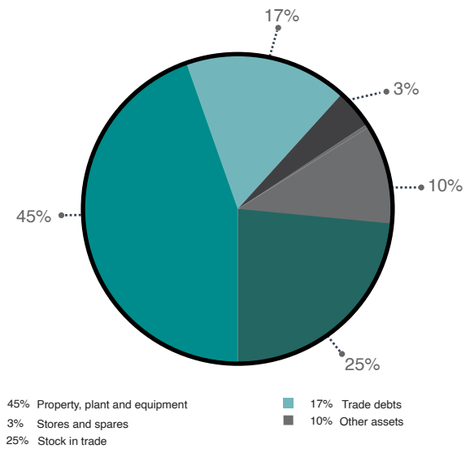
Assets - FY 2026

Percentage



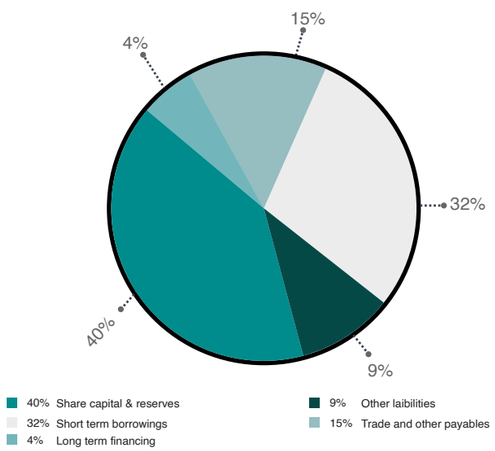
Assets - FY 2025

Percentage



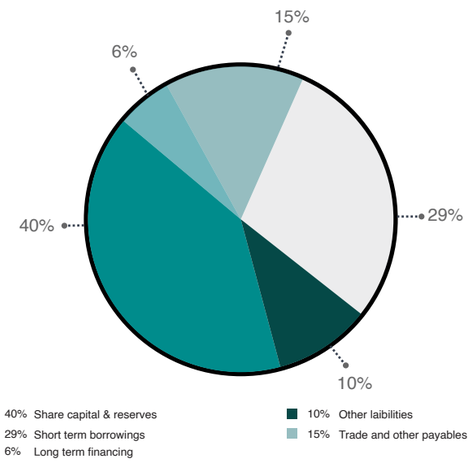
Equity and Liabilities - FY 2026

Percentage



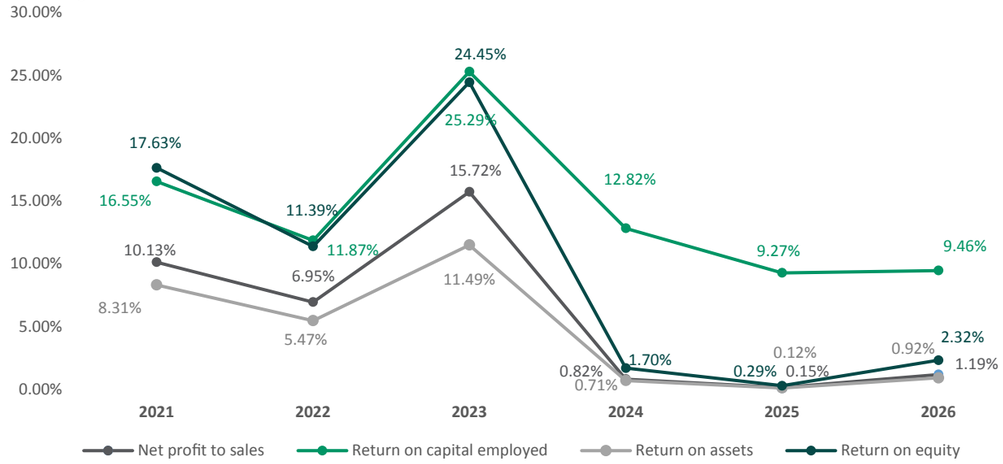
Equity and Liabilities - FY 2025

Percentage



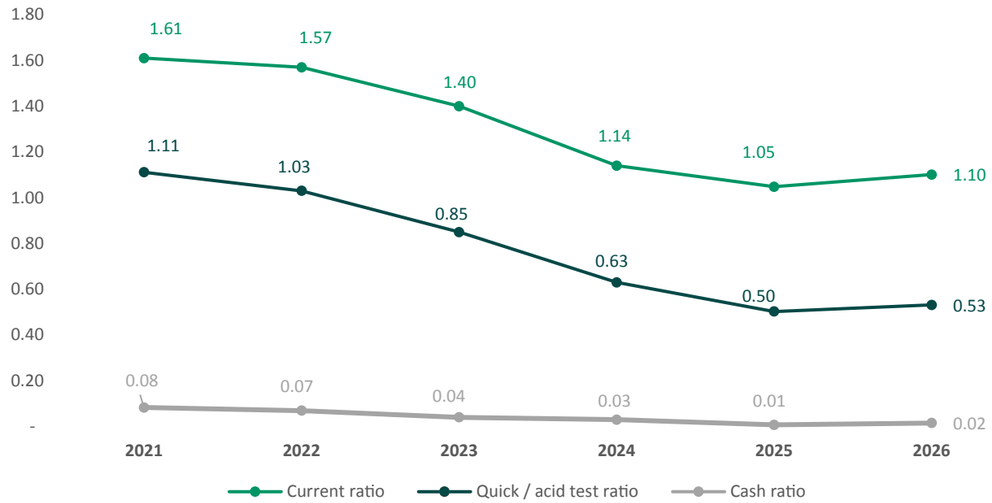
Profitability Ratio

Percentage



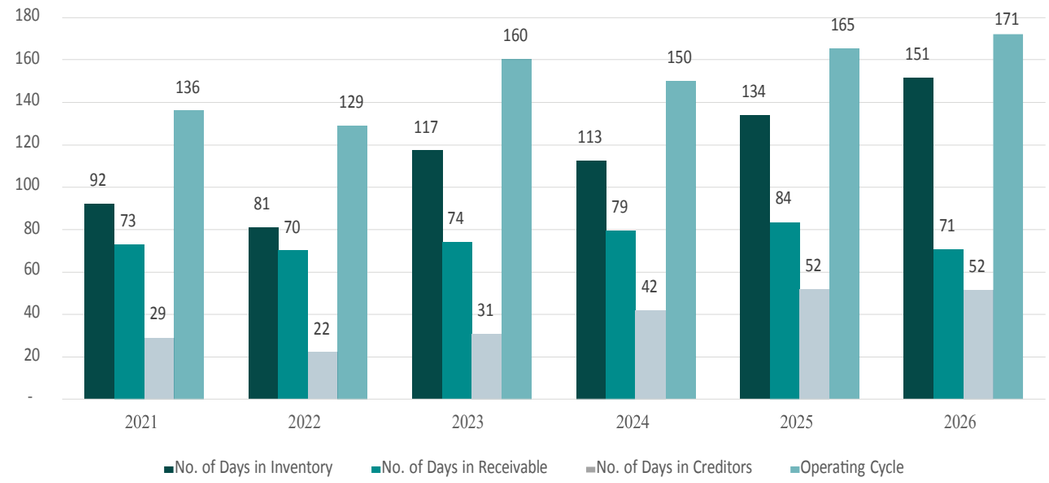
Liquidity Ratios

Rs. in million



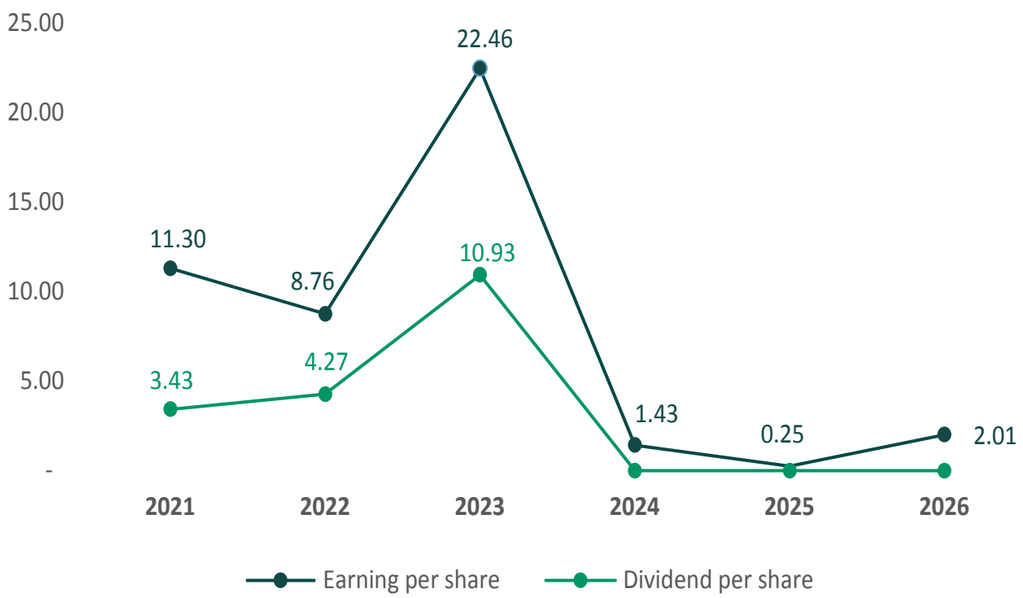
Operating Cycle

Days



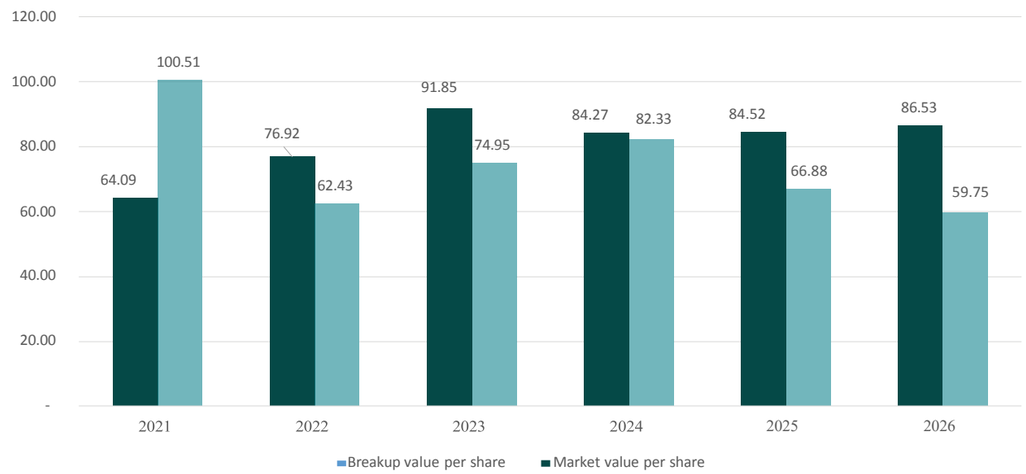
EPS vs Dividend per Share

Rupees



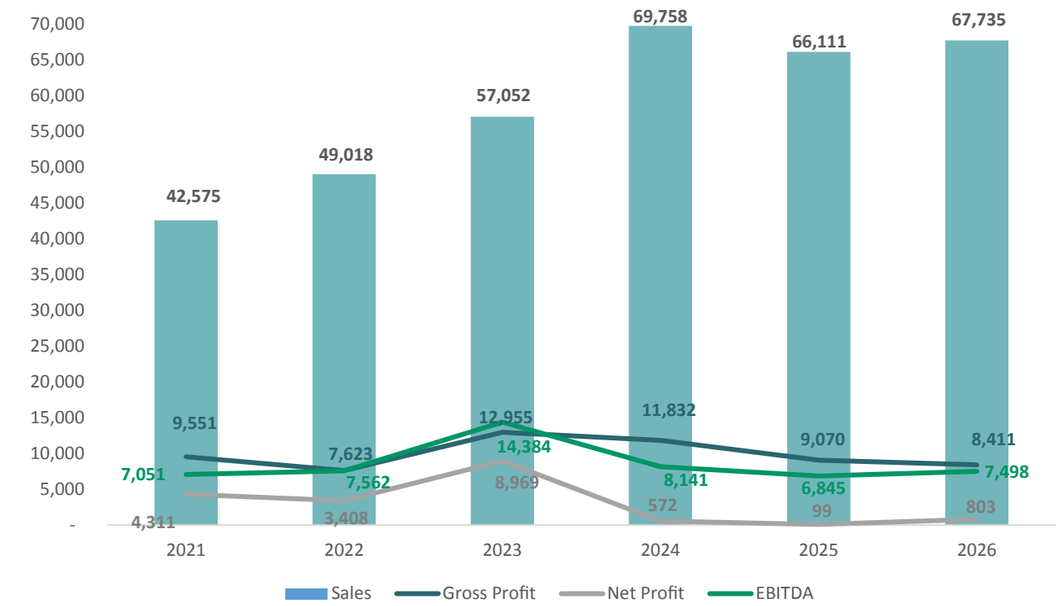
Market Value vs Book Value

Rupees



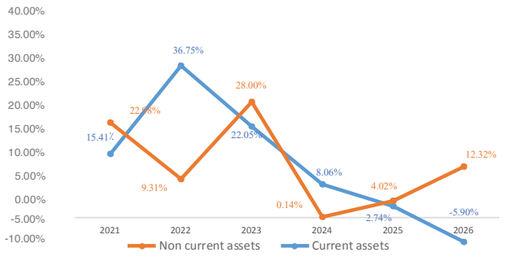
Turnover & Profitability

Rs. in million

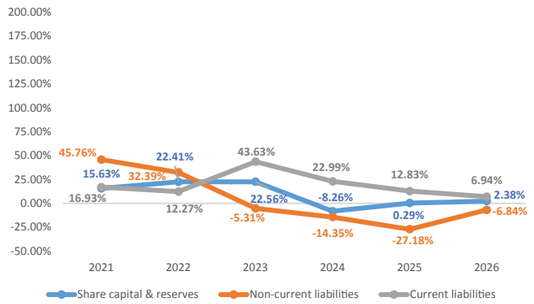


Horizontal & Vertical Analysis Statement of Financial Position

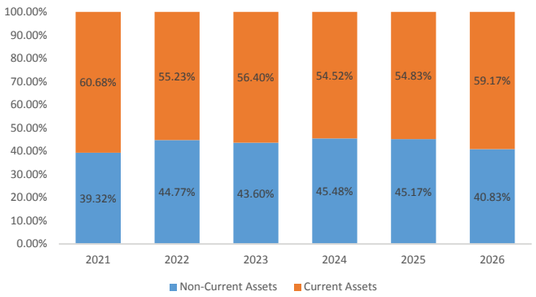
Horizontal Analysis of Total Assets



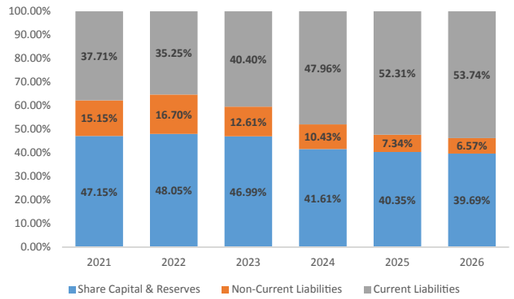
Horizontal Analysis of Total Equity & Liabilities



Vertical Analysis of Total Assets

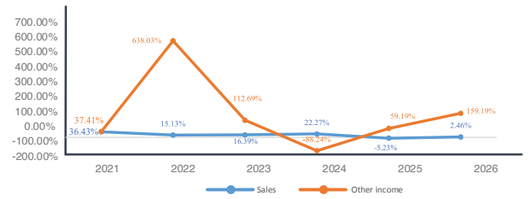


Vertical Analysis of Total Equity and Liabilities

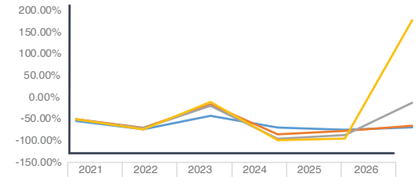


Horizontal & Vertical Analysis Statement of Profit or Loss

Horizontal Analysis of Income

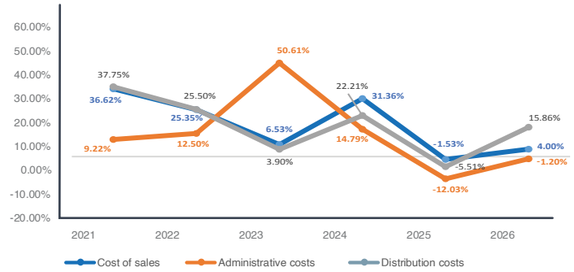


Horizontal Analysis of Profit

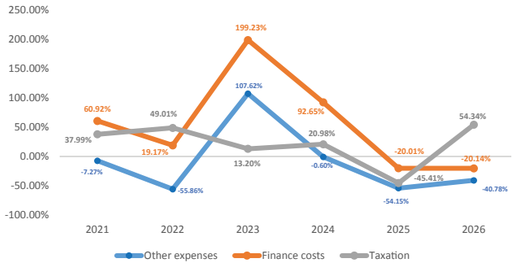


	2021	2022	2023	2024	2025	2026
Gross profit	35.78%	-20.18%	69.94%	-8.67%	-23.34%	-7.26%
Operating profit	47.29%	-10.50%	145.85%	-54.25%	-31.27%	2.97%
Profit before taxation	45.85%	-13.96%	137.23%	-84.17%	-59.20%	157.35%
Profit after taxation	46.78%	-20.94%	163.15%	-93.62%	-82.70%	711.29%

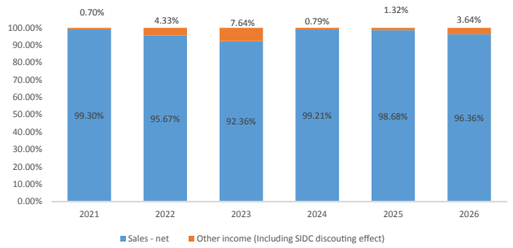
Horizontal Analysis of Expenses



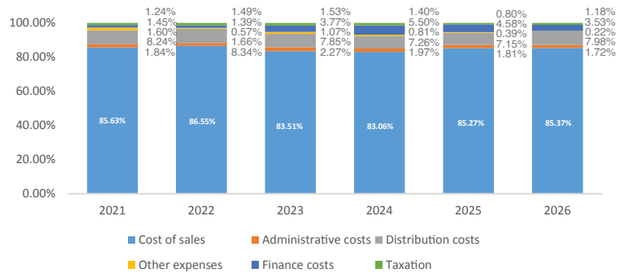
Horizontal Analysis of Expenses



Vertical Analysis of Total Income



Vertical Analysis of Total Expenses



Ratios

		2026	2025	2024	2023	2022	2021
Profitability Ratios							
Gross profit ratio	%	12.42%	13.72%	16.96%	22.71%	15.55%	22.43%
Net profit to sales	%	1.19%	0.15%	0.82%	15.72%	6.95%	10.13%
Return on capital employed	%	9.46%	9.27%	12.79%	25.29%	11.87%	16.55%
Return on assets	%	0.92%	0.12%	0.71%	11.49%	5.47%	8.31%
EBITDA margin to sales	%	11.07%	10.35%	11.67%	25.21%	15.43%	16.56%
Return on equity	%	2.32%	0.29%	1.70%	24.45%	11.39%	17.63%
Operating leverage ratio	Times	1.21	5.98	(2.44)	8.90	(0.69)	1.30
Shareholders' Funds	Times	0.40	0.40	0.42	0.47	0.48	0.47
Return on Shareholders' Funds	%	2.32%	0.29%	1.70%	24.45%	11.39%	17.63%
Liquidity Ratios							
Current ratio	Times	1.10	1.05	1.14	1.40	1.57	1.61
Quick / acid test ratio	Times	0.53	0.50	0.63	0.85	1.03	1.11
Cash to current liabilties	Times	0.02	0.01	0.03	0.04	0.07	0.08
Cash flow from operation to sales	Times	0.01	(0.02)	0.05	0.07	0.11	0.05
Cash flow to capital expenditures	Times	0.24	(0.28)	0.59	0.48	0.61	0.51
Cash flow from operations coverage ratio	Times	0.01	(0.02)	0.08	0.13	0.24	0.10
Activity / Turnover Ratio							
Average total asset turnover	Times	0.79	0.80	0.88	0.81	0.86	0.90
Average fixed asset turnover	Times	1.87	1.79	1.98	1.85	2.04	2.25
No. of Days in Inventory	Days	151	134	113	117	81	92
No. of Days in Receivable	Days	71	84	79	74	70	73
No. of Days in Creditors	Days	52	52	42	31	22	29
Operating Cycle	Days	171	165	150	160	129	136
Investment / Market ratio							
Earning per share - basic & diluted	PKR	2.01	0.25	1.43	22.46	8.76	11.30
Price earning ratio	Times	29.73	267.52	57.57	3.34	7.13	8.89
Cash dividend per share	PKR	-	-	-	10.93	4.27	3.43
Price to book ratio	Times	0.27	0.32	0.41	0.38	0.39	0.74
Dividend yield ratio	Times	-	-	-	0.15	0.07	0.03
Dividend payout ratio	Times	-	-	-	0.49	0.49	0.30
Dividend cover ratio	Times	-	-	-	2.05	2.05	3.29
Breakup value per share with surplus	PKR	86.53	84.52	84.27	91.85	76.92	64.90
Breakup value per share without surplus	PKR	78.99	76.98	76.73	84.31	69.19	60.19
Market value per share at the year end	PKR	59.75	66.88	82.33	74.95	62.43	100.51
Highest market value during the year	PKR	89.17	82.33	96.50	82.00	103.13	127.48
Lowest market value during the year	PKR	35.48	55.05	67.98	55.00	59.85	80.01
Capital Structure							
Debt to equity ratio (book value)*	%	15.39%	21.16%	26.54%	27.19%	31.64%	28.27%
Debt to equity ratio (market value) **	%	20.94%	25.17%	25.55%	31.17%	37.25%	18.13%
Interest cover ratio	Times	1.86	1.32	1.46	6.38	8.58	11.83
Financial leverage ratio	Times	1.52	1.48	1.40	1.13	1.08	1.12
Weighted average cost of debt	%	6.22%	9.07%	13.30%	7.34%	2.54%	2.61%
Net assets per share	Times	86.53	84.52	84.27	91.85	74.94	64.90
Employee Productivity Ratio							
Production per employee	Kg	2,999	2,763	3,412	3,400	3,656	4,122
Revenue per employee	PKR in '000	4,534	4,551	5,588	5,230	3,877	3,362
Others							
Spares inventory as % of Total Asset	%	0.31%	0.51%	0.27%	0.22%	0.33%	0.40%
Maintenance cost as % of operating expenses	%	13.94%	11.81%	12.11%	12.14%	1.89%	2.07%

** Debt = long term finance, government grant & current maturity of long term finance & government grant*
*** Debt = long term finance & current maturity of long term finance*

Horizontal Analysis - Statement of Financial Position

	2026		2025		2024		2023		2022		2021	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Assets												
Non current assets												
Property, plant and equipment	35,120,284	(6.10)	37,400,223	2.52	36,480,872	7.49	33,939,059	22.09	27,798,524	36.88	20,308,105	15.42
Other non current assets	439,784	12.38	391,342	29.84	301,395	205.81	98,557	9.67	89,866	4.16	86,279	13.63
	35,560,068	(5.90)	37,791,565	2.74	36,782,267	8.06	34,037,616	22.05	27,888,390	36.75	20,394,384	15.41
Current assets												
Store and spares	2,773,064	6.68	2,599,521	(11.99)	2,953,568	65.09	1,789,066	(3.61)	1,856,132	42.42	1,303,298	47.02
Stock-in-trade	23,883,047	12.29	21,268,341	27.37	16,698,257	8.08	15,449,584	56.11	9,896,667	17.30	8,437,202	2.03
Trade debts	11,928,522	(16.57)	14,298,043	(10.45)	15,967,407	10.97	14,389,491	64.14	8,766,599	(13.34)	10,115,920	48.56
Advances, deposits, prepayments and other receivables	10,037,221	60.41	6,257,294	38.55	4,516,359	(27.76)	6,251,998	58.72	3,938,956	(4.12)	4,108,247	31.77
Taxation – net	2,183,427	91.63	1,139,409	421.56	218,463	(52.07)	455,778	82.17	250,197	(12.13)	284,732	(39.72)
Short-term investments	-	-	-	(100.00)	2,688,956	(38.36)	4,362,587	(46.57)	8,165,334	45.86	5,598,019	47.80
Cash and bank balances	718,622	133.06	308,346	(70.77)	1,054,766	(21.09)	1,336,630	(12.58)	1,529,044	(5.91)	1,625,126	(27.71)
	51,523,903	12.32	45,870,954	4.02	44,097,776	0.14	44,035,134	28.00	34,402,929	9.31	31,472,544	22.98
Total assets	87,083,971	4.09	83,662,519	3.44	80,880,043	3.60	78,072,750	25.33	62,291,319	20.10	51,866,928	19.89
Share capital and reserves												
Issued, subscribed and paid-up capital	3,994,090	-	3,994,090	-	3,994,090	-	3,994,090	-	3,994,090	6.00	3,768,009	-
Reserves	30,565,439	2.70	29,762,073	0.33	29,663,050	(9.26)	32,691,791	26.03	25,939,234	25.40	20,684,867	19.02
	34,559,529	2.38	33,756,163	0.29	33,657,140	(8.26)	36,685,881	22.56	29,933,324	22.41	24,452,876	15.63
Liabilities												
Non-current liabilities	230,846	(27.17)	316,972	(81.56)	1,718,644	20.42	1,427,225	104.05	699,462	54.79	451,864	120.04
Deferred liabilities	3,936,373	(19.94)	4,916,936	(25.20)	6,573,385	(16.15)	7,839,253	(1.39)	7,949,533	46.96	5,409,360	7.92
Long-term financing	699,993	(22.99)	908,925	532.97	143,596	(68.48)	455,578	9.08	417,640	(36.77)	660,502	284.73
Lease liabilities	855,620	100.00	-	-	-	(100.00)	-	-	-	-	-	-
Sindh Infrastructure Development Cess	-	-	-	-	-	-	127,082	(90.48)	1,334,357	-	1,334,357	100.00
Long-term provisions	5,722,832	(6.84)	6,142,833	(27.18)	8,435,625	(14.35)	9,849,138	(5.31)	10,400,992	32.39	7,856,083	45.76
Current liabilities												
Trade and other payables	13,193,526	8.76	12,131,309	12.23	10,809,785	22.74	8,807,199	51.95	5,796,268	(2.72)	5,958,050	(10.36)
Provisions	3,723,480	(22.61)	4,811,404	9.30	4,402,049	2.11	4,311,044	100.00	-	-	-	-
Short-term borrowings	27,914,648	14.92	24,289,748	17.14	20,735,654	30.41	15,900,000	10.42	14,400,000	22.55	11,750,000	21.89
Current portion of non-current liabilities	1,613,782	(24.76)	2,144,912	(4.62)	2,248,712	21.79	1,846,327	14.68	1,609,962	(3.58)	1,669,712	381.85
Other current liabilities	356,174	(7.76)	386,150	(34.67)	591,078	(12.19)	673,161	346.47	150,773	(16.33)	180,207	95.12
	46,801,610	6.94	43,763,523	12.83	38,787,278	22.99	31,537,731	43.63	21,957,003	12.27	19,557,969	16.93
Total equity and liabilities	87,083,971	4.09	83,662,519	3.44	80,880,043	3.60	78,072,750	25.33	62,291,319	20.10	51,866,928	19.89

Vertical Analysis - Statement of Financial Position

	2026		2025		2024		2023		2022		2021	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Assets												
Non current assets												
Property, plant and equipment	35,120,284	40.33	37,400,223	44.70	36,480,872	45.11	33,939,059	43.47	27,798,524	44.63	20,308,105	39.15
Other non-current assets	439,784	0.51	391,342	0.47	301,395	0.37	98,557	0.13	89,866	0.14	86,279	0.17
	35,560,068	40.84	37,791,565	45.17	36,782,267	45.48	34,037,616	43.60	27,888,390	44.77	20,394,384	39.32
Current assets												
Store and spares	2,773,064	3.18	2,599,521	3.11	2,953,568	3.65	1,789,066	2.29	1,856,132	2.98	1,303,298	2.51
Stock-in-trade	23,883,047	27.43	21,268,341	25.42	16,698,257	20.65	15,449,584	19.79	9,896,667	15.89	8,437,202	16.27
Trade debts	11,928,522	13.70	14,298,043	17.09	15,967,407	19.74	14,389,491	18.43	8,766,599	14.07	10,115,920	19.50
Advances, deposits, prepayments and other receivables	10,037,221	11.53	6,257,294	7.48	4,516,359	5.58	6,251,998	8.01	3,938,956	6.32	4,108,247	7.92
Taxation – net	2,183,427	2.51	1,139,409	1.36	218,463	0.27	455,778	0.58	250,197	0.40	284,732	0.55
Short-term investments	-	-	-	-	2,688,956	3.32	4,362,587	5.59	8,165,334	13.11	5,598,019	10.79
Cash and bank balances	718,622	0.83	308,346	0.37	1,054,766	1.31	1,336,630	1.71	1,529,044	2.45	1,625,126	3.13
	51,523,903	59.17	45,870,954	54.83	44,097,776	54.52	44,035,134	56.40	34,402,929	55.23	31,472,544	60.68
Total assets	87,083,971	100.00	83,662,519	100.00	80,880,043	100.00	78,072,750	100.00	62,291,319	100.00	51,866,928	100.00
Share capital & reserves												
Issued, subscribed and paid-up capital	3,994,090	4.59	3,994,090	4.77	3,994,090	4.94	3,994,090	5.12	3,994,090	6.41	3,768,009	7.26
Reserves	30,565,439	35.10	29,762,073	35.57	29,663,050	36.67	32,691,791	41.87	25,939,234	41.64	20,684,867	39.88
	34,559,529	39.69	33,756,163	40.34	33,657,140	41.61	36,685,881	46.99	29,933,324	48.05	24,452,876	47.14
Liabilities												
Non-current liabilities												
Deferred liabilities	230,846	0.27	316,972	0.38	1,718,644	2.12	1,427,225	1.83	699,462	1.12	451,864	0.87
Long-term financing	3,936,373	4.52	4,916,936	5.88	6,573,385	8.13	7,839,253	10.04	7,949,533	12.76	5,409,360	10.43
Lease liabilities	699,993	0.80	908,925	1.09	143,596	0.18	455,578	0.58	417,640	0.67	660,502	1.28
Sindh Infrastructure Development Cess	855,620	0.98	-	-	-	-	-	-	-	-	-	-
Long-term provisions	-	-	-	-	-	-	127,082	0.16	1,334,357	2.15	1,334,357	2.57
	5,722,832	6.57	6,142,833	7.35	8,435,625	10.43	9,849,138	12.61	10,400,992	16.70	7,856,083	15.15
Current liabilities												
Trade and other payables	13,193,526	15.15	12,131,309	14.51	10,809,785	13.37	8,807,199	11.28	5,796,268	9.31	5,958,050	11.49
Provisions	3,723,480	4.28	4,811,404	5.75	4,402,049	5.44	4,311,044	5.52	-	-	-	-
Short-term borrowings	27,914,648	32.05	24,289,748	29.03	20,735,654	25.64	15,900,000	20.37	14,400,000	23.12	11,750,000	22.65
Current portion of non-current liabilities	1,613,782	1.85	2,144,912	2.56	2,248,712	2.78	1,846,327	2.36	1,609,962	2.58	1,669,712	3.22
Other current liabilities	356,174	0.41	386,150	0.46	591,078	0.73	673,161	0.87	150,773	0.24	180,207	0.35
	46,801,610	53.74	43,763,523	52.31	38,787,278	47.96	31,537,731	40.40	21,957,003	35.25	19,557,969	37.71
Total equity and liabilities	87,083,971	100.00	83,662,519	100.00	80,880,043	100.00	78,072,750	100.00	62,291,319	100.00	51,866,928	100.00

Comments on Statement of Financial Position

Assets
Non-Current Assets:

Non-current assets primarily comprise property, plant and equipment, which increased by PKR 14,812 million in 2026, reflecting a CAGR of 11.58% over the last five years. This growth is mainly attributable to ongoing expansion, modernization, and balancing of manufacturing facilities including clean energy initiatives.

Current Assets:

Current assets primarily include stock-in-trade, stores and spares, trade receivables, other receivables, and short-term investments. Over the last five years, stock-in-trade along with stores & spares have consistently grown, driven by business expansion, rising material costs, and notable currency devaluation. Meanwhile, trade receivables have moved in line with the growth in sales revenue during this period.

Liabilities

Non-Current Liability:

The non- current liabilities have reduced by 7% from last year, primarily due to reduction in long term financing and lease liabilities. However, this decrease has been partly off-set by an increase due to de-recognition of SIDC provision this year and reported as long term liability.

Current Liability:

Current liabilities have risen owing to higher short-term borrowings and an increase in trade and other payables, in line with the growing needs of the business.

Equity

Shareholders' equity, comprising share capital and reserves, has grown at a CAGR of 7.16% over the past five years, mainly supported by retained profits. In 2026, equity recorded a higher increase compared to the previous year owing to better profitability.

Horizontal Analysis - Statement of Profit or Loss

	2026		2025		2024		2023		2022		2021	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Sales	67,734,669	2.46	66,110,531	(5.23)	69,757,601	22.27	57,051,733	16.39	49,018,456	15.13	42,575,465	36.43
Cost of sales	(59,323,316)	4.00	(57,040,447)	(1.53)	(57,925,400)	31.36	(44,096,387)	6.53	(41,394,974)	25.35	(33,024,265)	36.62
Gross profit	8,411,353	(7.26)	9,070,084	(23.34)	11,832,201	(8.67)	12,955,346	69.94	7,623,482	(20.18)	9,551,200	35.78
Administrative costs	(1,196,770)	(1.20)	(1,211,338)	(12.03)	(1,376,943)	14.79	(1,199,518)	50.61	(796,432)	12.50	(707,938)	9.22
Distribution costs	(5,542,798)	15.86	(4,784,251)	(5.51)	(5,062,989)	22.21	(4,142,936)	3.90	(3,987,443)	25.50	(3,177,152)	37.75
Other expenses	(153,161)	(40.78)	(258,643)	(54.15)	(564,144)	(0.60)	(567,527)	107.62	(273,355)	(55.86)	(619,275)	(7.27)
	(6,892,729)	10.21	(6,254,232)	(10.71)	(7,004,076)	18.51	(5,909,981)	16.86	(5,057,230)	12.27	(4,504,365)	24.35
Other income	2,290,949	159.19	883,893	59.19	555,227	(88.24)	4,721,338	112.69	2,219,811	638.03	300,776	37.41
Operating profit	3,809,573	2.97	3,699,745	(31.27)	5,383,352	(54.25)	11,766,703	145.85	4,786,063	(10.50)	5,347,611	47.29
Effect of discounting of SIDC	265,932	100.00	-	-	-	-	-	-	-	-	-	-
Finance costs	(2,450,338)	(20.14)	(3,068,248)	(20.01)	(3,835,632)	92.65	(1,991,012)	199.23	(665,374)	19.17	(558,327)	60.92
Profit before levies and income tax	1,625,167	157.35	631,497	(59.20)	1,547,720	(84.17)	9,775,691	137.23	4,120,689	(13.96)	4,789,284	45.85
Final taxes	(700,426)	3.24	(678,440)	(29.79)	(966,316)	8.24	(892,756)	25.35	(712,235)	49.01	(477,993)	37.99
Profit/(loss) before income tax	924,741	(2,069.92)	(46,943)	100.00	581,404	(93.45)	8,882,935	160.61	3,408,454	(20.94)	4,311,291	46.78
Income tax	(121,375)	(183.15)	145,966	(1,710.57)	(9,063)	(110.47)	86,522	100.00	-	-	-	-
Net profit for the year	803,366	711.29	99,023	(82.70)	572,341	(93.62)	8,969,457	163.15	3,408,454	(20.94)	4,311,291	46.78

Vertical Analysis - Statement of Profit or Loss

	2026		2025		2024		2023		2022		2021	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Sales - net	67,734,669	100.00	66,110,531	100.00	69,757,601	100.00	57,051,733	100.00	49,018,456	100.00	42,575,465	100.00
Cost of sales	(59,323,316)	(87.58)	(57,040,447)	(86.28)	(57,925,400)	(83.04)	(44,096,387)	(77.29)	(41,394,974)	(84.45)	(33,024,265)	(77.57)
Gross profit	8,411,353	12.42	9,070,084	13.72	11,832,201	16.96	12,955,346	22.71	7,623,482	15.55	9,551,200	22.43
Administrative costs	(1,196,770)	(1.77)	(1,211,338)	(1.83)	(1,376,943)	(1.97)	(1,199,518)	(2.11)	(796,432)	(1.62)	(707,938)	(1.66)
Distribution costs	(5,542,798)	(8.18)	(4,784,251)	(7.24)	(5,062,989)	(7.26)	(4,142,936)	(7.26)	(3,987,443)	(8.13)	(3,177,152)	(7.46)
Other expenses	(153,161)	(0.23)	(258,643)	(0.39)	(564,144)	(0.81)	(567,527)	(0.99)	(273,355)	(0.57)	(619,275)	(1.46)
	(6,892,729)	(10.18)	(6,254,232)	(9.46)	(7,004,076)	(10.04)	(5,909,981)	(10.36)	(5,057,230)	(10.32)	(4,504,365)	(10.58)
Other income	2,290,949	3.38	883,893	1.34	555,227	0.80	4,721,338	8.27	2,219,811	4.53	300,776	0.71
Operating profit	3,809,573	5.62	3,699,745	5.60	5,383,352	7.72	11,766,703	20.62	4,786,063	9.76	5,347,611	12.56
Effect of discounting of SIDC	265,932	0.39	-	-	-	-	-	-	-	-	-	-
Finance costs	(2,450,338)	(3.62)	(3,068,248)	(4.64)	(3,835,632)	(5.50)	(1,991,012)	(3.49)	(665,374)	(1.36)	(558,327)	(1.31)
Profit before levies and income tax	1,625,167	2.40	631,497	0.96	1,547,720	2.22	9,775,691	17.13	4,120,689	8.40	4,789,284	11.25
Final taxes	(700,426)	(1.03)	(678,440)	(1.03)	(966,316)	(1.39)	(892,756)	(1.56)	(712,235)	(1.45)	(477,993)	(1.12)
Profit/(loss) before income tax	924,741	1.37	(46,943)	(0.07)	581,404	0.83	8,882,935	15.57	3,408,454	6.95	4,311,291	10.13
Income tax	(121,375)	(0.18)	145,966	0.22	(9,063)	(0.01)	86,522	0.15	-	-	-	-
Net profit for the year	803,366	1.19	99,023	0.15	572,341	0.82	8,969,457	15.72	3,408,454	6.95	4,311,291	10.13

Comments on Statement of Profit or Loss

Sales

Over the last five years, revenues have grown from Rs. 42.58 billion in 2021 to Rs. 67.73 billion in 2026, reflecting a CAGR of 9.73%. This increase is largely attributable to the management's consistent focus on sustaining and expanding market share and customer base, along with the positive impact of overall rupee devaluation on net turnover. Sales has increased marginally from last year. However, this increase has been partly off-set by rupee appreciation.

Cost of Sales

Cost of sales increased from Rs. 33.02 billion in 2021 to Rs. 59.32 billion in 2026. The increase in cost of sales is primarily attributable to the growth in business operations. However, substantial increases in raw material prices and rising energy and fuel costs continue to pose challenges in keeping costs under control and require significant initiatives to ensure cost competitiveness.

Operating Profit

Operating profit declined from Rs. 5.35 billion in 2021 to Rs. 3.81 billion in 2026, largely due to the factors mentioned above. Nevertheless, management has continued to focus on improving efficiencies and achieving economies of scale despite these challenges.

Profit After Tax

The Company experienced a significant increase in net profit in 2026, which has increased to Rs. 803 million from Rs. 99 million in 2025. This increase was primarily driven by increase in exchange gain, one-time gain due to effect of discounting of SIDC, and reduced finance cost during the year.

Summary of Cash flow Statement

	2026	2025	2024	2023	2022	2021
	(Rupees in 000')					
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation	1,625,167	631,497	1,547,720	9,775,691	4,120,689	4,789,284
Adjustments for:						
Depreciation and Amortization	3,688,208	3,145,235	2,758,055	2,617,326	2,776,155	1,703,743
Operating fixed assets written off	-	82,289	18,481	1,314	2,028	-
(Gain) / loss on disposal of operating fixed assets	12,540	844	490	(8,828)	(6,147)	20,821
Allowance for expected credit loss on trade debts	-	1,344	(835)	39,198	6,985	6,163
(Gain) / loss on derivative financial instruments	(687,532)	89,512	(53,539)	-	-	-
Finance costs	2,450,338	3,068,248	3,835,632	1,991,012	665,374	558,327
Provision for gratuity	-	416,299	373,669	242,052	291,073	217,839
Charge against provisions - net	-	-	-	1,226,394	-	-
Exchange (gain) / loss net	(1,363,893)	(797,898)	418,987	-	-	-
Effect of discounting	(265,932)	-	-	-	-	-
Interest on bank deposit	(157)	(19,714)	(54,250)	(60,694)	(64,539)	(49,237)
Advances written off	-	-	1,873	-	-	-
Provision for slow moving and obsolete stores and spares	-	-	-	-	22,161	14,677
Reversal of provision against doubtful advances	-	-	-	(1,461)	(39,878)	(62,901)
Dividend income on open ended mutual fund units	(303)	(40,578)	(202,929)	(534,842)	(373,304)	(188,638)
	3,833,269	5,945,581	7,095,634	5,511,471	3,279,908	2,220,794
Changes in working capital						
Stores and spares	(173,543)	354,047	(1,164,502)	67,066	(574,995)	(431,480)
Stock-in-trade	(2,614,706)	(4,570,084)	(1,248,673)	(5,552,917)	(1,459,465)	(167,574)
Trade debts	3,623,533	1,669,364	(1,577,081)	(4,531,805)	1,342,336	(3,312,580)
Provisions	514,343	409,355	(36,077)	-	-	-
Advances, deposits, prepayments and other receivables	(3,106,292)	(1,948,970)	1,787,305	(2,281,625)	207,429	(933,706)
Trade and other payables	1,299,446	1,386,508	1,680,803	3,773,438	(189,248)	637,500
	(457,219)	(2,699,780)	(558,225)	(8,525,843)	(673,943)	(4,207,840)
Cash generated from operations	5,001,217	3,877,298	8,085,129	6,761,319	6,726,654	2,802,238
Finance costs paid	(2,368,873)	(3,273,129)	(3,917,954)	(1,560,388)	(599,004)	(485,281)
Final taxes paid	(1,865,819)	(1,453,420)	(738,064)	(642,321)	-	-
Income taxes paid	-	-	-	(369,495)	(677,700)	(290,343)
Long-term deposits	27,303	49,229	(147,051)	(14,880)	(9,174)	(16,580)
Sindh Infrastructure Development Cess paid	(240,504)	-	-	-	-	-
Gratuity paid	(200,228)	(275,250)	(124,774)	(95,271)	(123,107)	(41,175)
	(4,648,121)	(4,952,570)	(4,927,843)	(2,682,355)	(1,408,985)	(833,379)
Net cash generated from / (used in) operating activities	353,096	(1,075,272)	3,157,286	4,078,964	5,317,669	1,968,859
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditure	(1,464,703)	(3,884,174)	(5,391,969)	(8,441,079)	(8,761,292)	(3,827,021)
Proceeds from disposal of operating fixed assets	21,010	61,655	17,343	23,630	28,334	61,611
Short-term investments encashed / (made)	-	2,729,534	1,876,560	4,337,589	(2,567,315)	(3,810,376)
Interest received on bank deposit	157	19,714	54,250	60,694	66,279	55,386
Dividend income received on open ended mutual fund units	303	-	-	-	373,304	188,638
Net cash used in investing activities	(1,443,233)	(1,073,271)	(3,443,816)	(4,019,166)	(10,860,690)	(7,331,762)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	(8)	(47)	(3,546,513)	(1,980,887)	(1,148,581)	(909,265)
Long-term financing obtained – net	(1,825,867)	(1,790,400)	(1,040,449)	549,052	2,618,337	1,705,579
Short-term borrowings obtained – net	3,711,681	3,554,094	4,835,654	1,500,000	2,650,000	2,110,000
Proceeds against right issue	-	-	-	-	1,571,748	-
Principal portion of lease liabilities paid	(385,393)	(361,524)	(244,026)	(320,377)	(244,565)	(166,275)
Net cash generated from / (used in) financing activities	1,500,413	1,402,123	4,666	(252,212)	5,446,939	2,740,039
Net increase in cash and cash equivalents	410,276	(746,420)	(281,864)	(192,414)	(96,082)	(2,622,864)
Cash and cash equivalents at the beginning of the year	308,346	1,054,766	1,336,630	1,529,044	1,625,126	4,247,990
Cash and cash equivalents at the end of the year	718,622	308,346	1,054,766	1,336,630	1,529,044	1,625,126

Comments on Statement of Cash Flow

Operating Activities:

The Company's operating cash flow has increased in 2026, mainly due to better profits, higher trade debtors recovery, and better vendor payment management as compared to last year. Finance costs also remained low because of lower interest rates from last year.

Investing Activities:

Cash used in investing activities was Rs. 1.44 billion compared to Rs. 1.07 billion in 2025. The fixed capital expenditure was limited to essential projects being undertaken during the year.

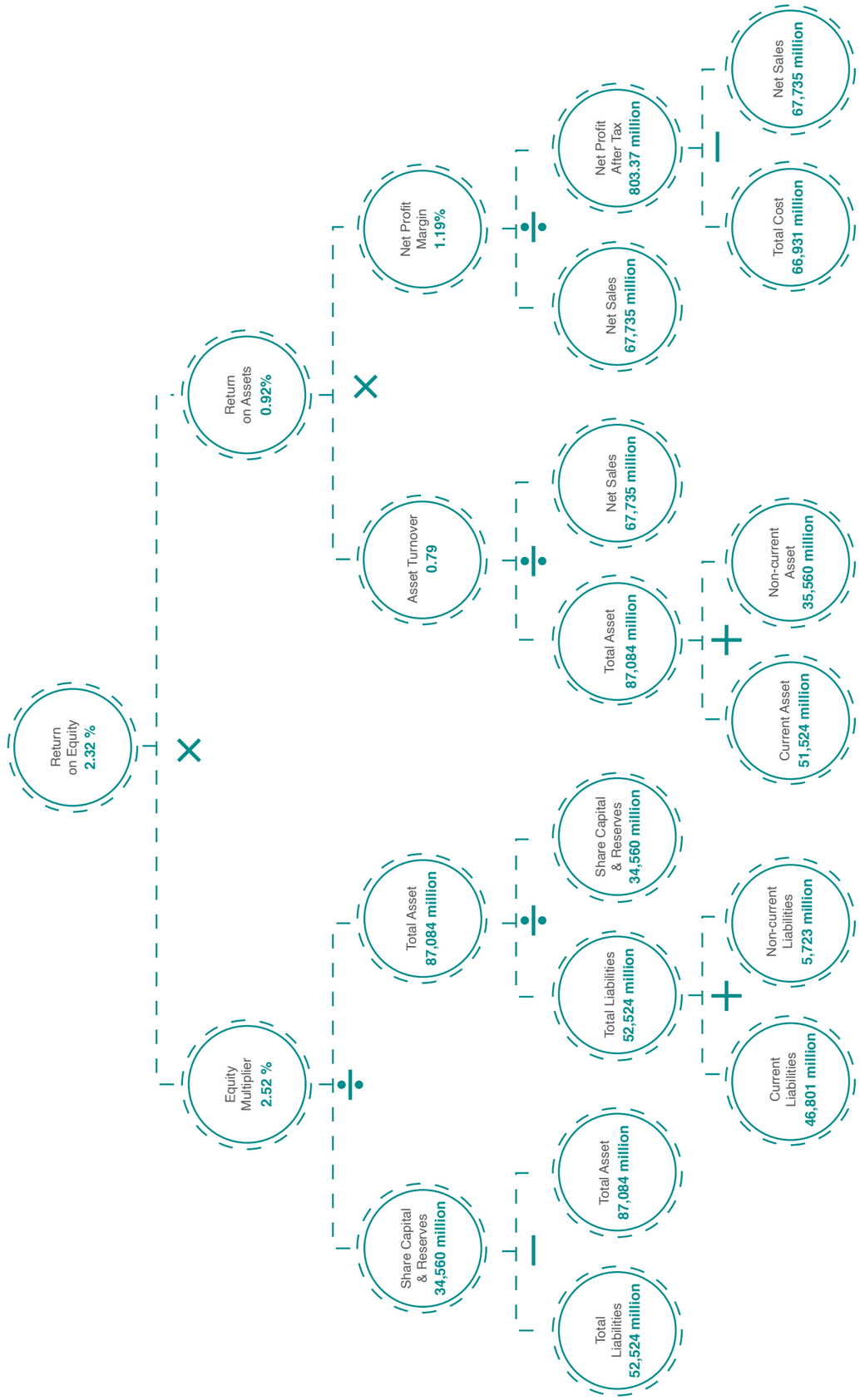
Financing Activities:

Financing activities generated Rs. 1.50 billion in cash flows in 2026, reflecting higher short-term borrowings of Rs. 3.70 billion, partially offset by repayments of long-term financing facilities. The increase in short term borrowings reflect higher working capital demand during the year.

Statement of Value Addition and its Distrubution

	2026		2025	
	Rupees in 000'	%	Rupees in 000'	%
Wealth generated				
Sales including sales tax	67,985,949	96.38%	66,379,827	98.69%
Other operating income	2,290,949	3.25%	883,893	1.31%
Effect of discounting of SIDC	265,932	0.38%	-	-
	70,542,830	100%	67,263,720	100%
Brought-in-material & services	(49,029,097)	-69.50%	(48,153,945)	-71.59%
	21,513,733	30.50%	19,109,775	28.41%
Wealth distribution				
To Employees				
Salaries, benefit and other cost	13,450,682	62.52%	11,950,564	62.54%
To Government				
Final tax, Income tax, sales tax, excise duty and others	1,108,013	5.15%	815,337	4.27%
To Society				
Donation towards education and health	13,126	0.06%	31,368	0.16%
To Provider of capital				
Cash dividend to shareholder	-	0.00%	-	0.00%
Finance cost	2,450,338	11.39%	3,068,248	16.06%
To Company				
Depreciation, amortization & retained profit	4,491,574	20.88%	3,244,258	16.98%
	21,513,733	100%	19,109,775	100%

Dupont Analysis



Year	ROE	Profit Margin	Total Asset Turnover	Equity Multiplier
2026	2.32%	1.19%	0.79	2.52
2025	0.29%	0.15%	0.80	2.48
2024	1.70%	0.82%	0.88	2.40
2023	24.75%	15.72%	0.81	2.11
2022	11.39%	6.95%	0.86	2.14
2021	17.63%	10.13%	0.90	2.12

Comments on DuPont Analysis

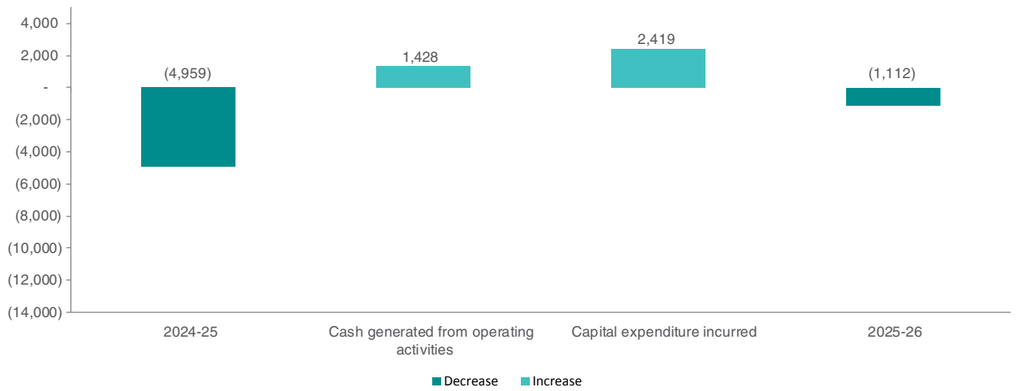
- Profit margin of the Company increased in the current year on account of lower raw material cost, higher exchange gain, one-time gain due to effect of discounting of SIDC, and reduced finance cost during the year.
- The asset base of the company has improved slightly during the current year mainly on account of inventory, advances and receivables from government.
- The Financial Leverage ratio of the Company has increased due to short-term loans obtained to finance working capital requirement.

Free Cash Flow

	2026	2025
	------- Rupees in '000 -------	
Cash generated from operating activities	353,096	(1,075,272)
Less: Capital expenditure incurred	(1,464,703)	(3,884,174)
	(1,111,607)	(4,959,446)

Free Cashflow

Rs. in million



Statement of Cash Flow Direct Method

	2026	2025
	---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceed from customers	70,562,882	67,948,344
Proceed from Government refundable	1,325,309	588,639
	71,888,191	68,536,983
Payment to suppliers / service providers etc.	(53,971,634)	(53,154,313)
Payment to employees	(12,915,341)	(11,505,372)
Finance costs paid	(2,368,873)	(3,273,129)
Sindh Infrastructure Development Cess paid	(240,504)	-
Income taxes paid	(1,865,819)	(1,453,420)
Long-term deposits	27,303	49,229
Gratuity paid	(200,228)	(275,250)
	(71,535,096)	(69,612,255)
Net cash (used in) / generated from operating activities	353,096	(1,075,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,464,703)	(3,884,174)
Proceeds from disposal of operating fixed assets	21,010	61,655
Short-term investments encashed	-	2,729,534
Dividend received	303	-
Interest received on bank deposit	157	19,714
Net cash used in investing activities	(1,443,233)	(1,073,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(8)	(47)
Long-term financing – net	(1,825,867)	(1,790,400)
Short-term borrowings – net	3,711,681	3,554,094
Lease rentals paid	(385,393)	(361,524)
Net cash generated from financing activities	1,500,413	1,402,123
Net increase in cash and cash equivalents	410,276	(746,420)
Cash and cash equivalents at the beginning of the year	308,346	1,054,766
Cash and cash equivalents at the end of the year	718,622	308,346

Quarterly Performance

Particualar	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales	17,255,500	100.0%	15,098,613	100.0%	17,328,104	100.0%	18,052,452	100.0%	67,734,669	100.0%
Cost of sales	(15,175,078)	-87.9%	(13,503,332)	-89.4%	(15,385,905)	-88.8%	(15,259,001)	-84.5%	(59,323,316)	-87.6%
Gross profit	2,080,422	12.1%	1,595,281	10.6%	1,942,199	11.2%	2,793,451	15.5%	8,411,353	12.4%
Administrative costs	(376,229)	-2.2%	(255,919)	-1.7%	(271,472)	-1.6%	(293,150)	-1.6%	(1,196,770)	-1.8%
Distribution costs	(1,207,257)	-7.0%	(1,135,088)	-7.5%	(1,358,637)	-7.8%	(1,841,816)	-10.2%	(5,542,798)	-8.2%
Other expenses	(8,534)	0.0%	(37,083)	-0.2%	(27,871)	-0.2%	(79,673)	-0.4%	(153,161)	-0.2%
	(1,592,020)	-9.2%	(1,428,090)	-9.5%	(1,657,980)	-9.6%	(2,214,639)	-12.3%	(6,892,729)	-10.2%
	488,402	2.8%	167,191	1.1%	284,219	1.6%	578,812	3.2%	1,518,624	2.2%
Other income	351,375	2.0%	705,325	4.7%	558,413	3.2%	675,836	3.7%	2,290,949	3.4%
Operating Profit	839,777	4.9%	872,516	5.8%	842,632	4.9%	1,254,648	7.0%	3,809,573	5.6%
Effect of discounting of SIDC	-	0.0%	-	0.0%	-	0.0%	265,932	1.5%	265,932	0.4%
Finance costs	(586,013)	-3.4%	(665,982)	-4.4%	(580,628)	-3.4%	(617,715)	-3.4%	(2,450,338)	-3.6%
Profit before taxation	253,764	1.5%	206,534	1.4%	262,004	1.5%	902,865	5.0%	1,625,167	2.4%
Taxes and Levies	(213,079)	-1.2%	(189,654)	-1.3%	(220,994)	-1.3%	(198,074)	-1.1%	(821,801)	-1.2%
Profit after taxation	40,685	0.2%	16,880	0.1%	41,010	0.2%	704,791	3.9%	803,366	1.2%
Earning per share	0.10		0.04		0.10		1.76		2.01	

Composition of Imported Material vs. Local Raw Material and Sensitivity Analysis

For the year ended June 30, 2026

The Company is the foremost manufacturer and exporter of textile products in the country. Its raw materials include fibers, yarns, dyes and chemicals, packing materials, and various commercial services. For the year ended June 30, 2026, imported and locally sourced raw materials accounted for 60% and 40% of the cost of sales, compared to 62% and 38% in the previous year.

The Company's cost of sales is expected to rise or fall by 3.6% and 7.2% respectively if foreign currency fluctuations are 10% and 20%. This indicates a high sensitivity to such fluctuations, as they significantly impact the overall cost of sales. This analysis assumes that all other variables, particularly interest rates, remain unchanged.

Analysis on Financial & Non - Financial Performance

Financial Performance

I. Financial Performance in comparison with Prior year

In the fiscal year being reviewed, the company has achieved net sales revenue of PKR 67,735 million, reflecting an increase of 2.46% from the previous year. However, the company faced various challenges related to costs, including rising energy prices, inflationary pressures on key cost components following the current geo-political situation despite positive impact of declining raw material prices and policy rates. As a result, the bottom line clocked in at PKR 803 million versus PKR 99 million in the previous year, reflecting a significant increase of 7.11x.

The comprehensive analysis of the Company's financial performance in comparison to the prior year has been reported in the financial and operations overview section of Directors' Report. Further details can also be viewed in the section six years analysis of financial statement of this Annual Report.

II. Financial performance in comparison with Budget

The management maintains a rigorous approach to budget formulation and oversight, ensuring that financial, operational, and capital plans approved during the budgeting process are effectively executed. Budgets, once established, are subject to continuous and systematic monitoring to ensure strict accountability in expenditures. This ongoing scrutiny enables management to evaluate the quality of service delivery, monitor the progress of strategic initiatives, and identify emerging trends that may affect future operational and financial performance.

This year's performance was generally in line with the approved budget.

Key Performance Indicators

Key Performance Indicator (KPI) is a measurable value that illustrates how effectively the company is achieving its key business objectives. The company employs KPIs at various levels to assess its success in meeting these targets. Below, we have outlined the specific KPIs used to evaluate progress against objectives:

Non - Financial Indicators

Capital Form	Objective	KPI Monitored
Manufactured Capital	Customer Satisfaction	Maintaining high product quality throughout the entire production process ensures that our offerings consistently meet customer expectations.
	Process improvement and innovation	The application of Kaizen techniques across different levels of the organization and investment in capital expenditure has led to several significant enhancements.
Human Capital	Employee's engagement and participation	The company has continuously arranged various activities and events focused on enhancing employee well-being, skill development, and personal growth. Consequently, this has led to a notable increase in employee retention rates.
	Health & Safety	Health and safety measures are central to the company's core philosophy. The company regularly holds refresher sessions to maintain employee health and safety.
Natural Capital	Adopting and promoting environmental good practices	Various initiatives have been launched by the Company to adopt the principles of Reduce, Reuse, and Recycle (the 3Rs). These aim to reduce natural resource consumption and mitigate harmful emissions prior to release, ultimately seeking to lessen the company's environmental impact.
Financial Capital	Maximizing market share and expanding customer base	Consistent growth in sales revenue has enabled the company to strengthen its position in the country's terry exports market and expand its customer base.
Social and Relationship Capital	Responsibility & contribution towards society	The company actively participated in and made significant contributions to various CSR initiatives.
Intellectual Capital	Recruitment, retention and development of employee competencies	As a core company value, a variety of training sessions have been organized to improve the skills set and development of employees at every level.

Budget

The company places strong emphasis on its non-financial objectives and has allocated funds for developing its manufactured, human, social, and relationship capital for the coming year. Management rigorously track these KPIs, investigating any significant deviations from the previous year to implement corrective actions.

Methods and Assumptions used in compiling the Key Performance Indicators

A key performance indicator reflects the parameters and factors that can significantly influence a company's financial and non-financial performance. The company employs various methods and assumptions when compiling its financial and non-financial indicators. All indicators are developed based on the fundamental assumptions outlined below and are reviewed and monitored regularly.

The primary assumptions used for compiling non-financial indicators include export market trends, customer relationship building, stakeholder expectations, and process improvements through various technological advancements.

The key assumptions used for compiling financial indicators are below:

Financial Position

- Appropriateness of capital mix in the Company.
- Change in operating cycle.
- Monitoring current ratio.

Financial performance

- Growth in export sales performance.
- Exploring opportunities to source best quality raw materials on competitive prices.
- Monitoring key components of variable cost.
- Initiating and maintaining techniques for optimal fixed cost absorption.

Liquidity Position

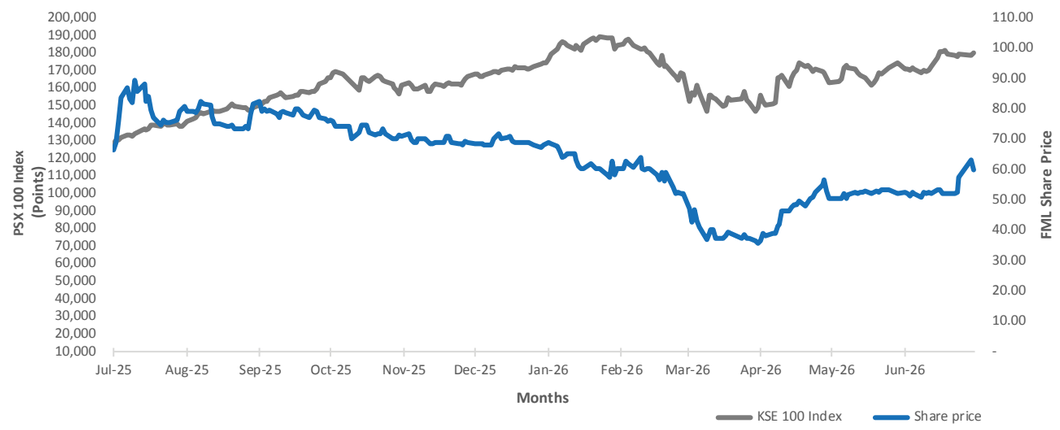
- Monitoring on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.

Share Price Information and Sensitivity analysis

Share Price sensitivity analysis

Share prices are influenced by various factors, such as overall market performance, investor confidence in the economy and specific sectors, the company's fundamental health, availability of cost-effective raw materials, and government policies or regulations. Positive market sentiment and news can also contribute to share price fluctuations.

As a responsible and compliant organization, Feroze1888 ensures that it disseminates price-sensitive information to Pakistan stock exchange in accordance with listing regulations in a timely manner. On July 1, 2025, FML's share price was PKR 66.47, which decreased to PKR 59.75 by June 30, 2026. As illustrated in the graph, during this period, the share price fluctuated, reaching a low of PKR 35.48 on March 31, 2026, and a high of PKR 89.17 on July 10, 2025.



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Our Future

Building on what we have. Investing in what matters. Preparing for what lies ahead.

The future is shaped by the foundations we build today. At Feroze1888, the strength we have developed, the transformation we have embraced, the value we create, the efficiency we pursue and the responsibility we carry provide the threads for what comes next. We will continue to invest with purpose, adapt with agility and pursue opportunities that strengthen our competitiveness and create sustainable long-term value. Because the future is not something we simply anticipate it is something we continuously weave, together.

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Adoption and Statement of Adherence with the International Integrated Report Framework (IIRF)

Feroze1888 is working with a strategy of value creation for the organization and its stakeholders. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is Company's core strength. For users of this report, it is imperative to ensure, that the information is presented in such a way that it enables the stakeholders to better understand the activities of the Company. It also assures that the Company concisely reports material information depicting how well it is performing in non-financial dimensions that affect the quality of the Company's formulated strategy and its execution. The Company has adopted the Integrated Reporting Framework to give an overview of its philosophy to explain connection between financial and non-financial information. The business strategy information is linked directly to business activities and non-financial information, and provides explanations accordingly. Integration of financial, social and environmental information is one of the most effective way for an organization to report its performance and activities and to demonstrate, to the market and society, the importance of linking sustainability issues to business strategies.

Management Approach:

Feroze1888 is in the process of adopting the International Integrated Reporting Framework (IIRF) and is committed to upholding best practices in corporate governance. This framework necessitates a strong commitment from the Company's management, which is ultimately responsible for the messages conveyed to all stakeholders. Connectivity of the information is another aspect which needs to be addressed properly. Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The management believes that maximizing stakeholder value can be achieved through increased revenue and effective cost control measures.

Application of the Integrated Reporting Framework:

The Company adheres to the proper application of the International Integrated Reporting Framework which is divided into two major segments:

- Guiding Principle of this Report
- Content Element of this Report

Guiding Principle of this Report

- Strategic Focus & Future Orientation
- Stakeholders' Engagement
- Materiality
- Conciseness
- Reliability & Completeness
- Consistency & Comparability

Content Element of this Report

- CompanyOverview &External Environment
- Basis of Presentation
- Outlook
- Risk & Opportunities
- Financial Performance
- Corporate Governance
- Strategy & Resource Allocation
- Business Model

Statement of Unreserved Compliance

of International Financial Reporting Standards (IFRSs)

The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed in note 2.4 of the financial statements. However, the management believes that these standards and interpretation do not have any material impact on the financial statements of the Company.

Grant Thornton

Independent Auditor's Report

To the members of Feroze 1888 Mills Limited
Report on the Audit of the Financial Statements

Grant Thornton Anjum Rahman
1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

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INDEPENDENT AUDITOR'S REPORT

To the members of Feroze1888 Mills Limited

Report on the Audit of unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of Feroze1888 Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2026, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policies 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof confirm 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, total 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 unconsolidated 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.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated 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:

Key audit matter	How the matter was addressed in our audit
Inventory valuation	
As disclosed in note 10 to the unconsolidated financial statements, stock in trade amounted to Rs. 23,883,047 million which constitutes approximately 27% of the total assets of the Company. These are valued at lower of cost or Net Realizable Value (NRV). Given the significance of stock in trade to the Company's total assets and the level of judgement and estimates involved, we have identified it as a key audit matter.	Our procedures, amongst others, included the following: - obtained an understanding of controls over purchases and valuation of stock-in-trade and tested their design, implementation and operating effectiveness. - performed observation of inventory counts and physical inspection of the stock held as the year end. - assessed NRV by comparing management's estimation of future selling prices for the products with the selling process achieved subsequent to the reporting period. - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
Revenue recognition	
As disclosed in note 24 to the unconsolidated financial statements, the Company generates revenue from local and export sale of towels. We identified revenue recognition and its reporting in the unconsolidated financial statements as a key audit matter primarily due it being a key performance indicator, inherent risk of material misstatement and the amount of audit efforts in relation to this area.	Our procedures, amongst others, included the following: - obtained an understanding of the Company's processes in place for revenue recognition and tested key controls. - performed analytical review procedures and other test of details over revenue including cut-off procedures to check that revenue has been recognized in the appropriate accounting period. - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Information Other than the unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 unconsolidated financial statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 of the Company are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated financial statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current year 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Zakat and Ushr Ordinance, 1980 (XVII of 1980).

Other Matter

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

Chartered Accountants
Place: Karachi
Date: 05 October 2026
UDIN: AR2026100933RgmKinPG

Unconsolidated Financial Statements

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	2026	2025
		----------(Rupees in '000)----------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	35,120,284	37,400,223
Intangible assets	6	282,241	206,496
Long-term deposits	7	157,543	184,846
Long-term investment	8	3,759	-
		35,563,827	37,791,565
Current assets			
Stores and spares	9	2,773,064	2,599,521
Stock-in-trade	10	23,883,047	21,268,341
Trade debts	11	11,928,522	14,298,043
Advances, deposits, prepayments and other receivables	12	10,037,221	6,257,294
Taxation - net		2,183,427	1,139,409
Cash and bank balances	13	714,880	308,346
		51,520,161	45,870,954
TOTAL ASSETS		87,083,988	83,662,519
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	3,994,090	3,994,090
Share premium		1,571,733	1,571,733
Merger reserve		543,413	543,413
Revaluation surplus on land		3,010,172	3,010,172
Accumulated profit		25,441,024	24,636,755
		34,560,432	33,756,163
Non-current liabilities			
Deferred liabilities	15	230,846	316,972
Long-term financing	16	3,936,373	4,916,936
Lease liabilities	17	699,993	908,925
Sindh Infrastructure Development Cess	18	855,620	-
		5,722,832	6,142,833
Current liabilities			
Trade and other payables	19	13,192,640	12,131,309
Provisions	20	3,723,480	4,811,404
Short-term borrowings	21	27,914,648	24,289,748
Accrued mark-up	22	353,812	383,780
Current portion of deferred liabilities	15	88,882	102,166
Current portion of long-term financing	16	1,060,951	1,806,845
Current portion of lease liabilities	17	223,738	235,901
Current portion of Sindh Infrastructure Development Cess		240,211	-
Unclaimed dividend		2,362	2,370
		46,800,724	43,763,523
Commitments	23		
TOTAL EQUITY AND LIABILITIES		87,083,988	83,662,519

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
		----------(Rupees in '000)----------	
Sales	24	67,734,669	66,110,531
Cost of sales	25	(59,323,316)	(57,040,447)
Gross profit		8,411,353	9,070,084
Administrative costs	26	(1,195,867)	(1,211,338)
Distribution costs	27	(5,542,798)	(4,784,251)
Other expenses	28	(153,161)	(258,643)
		(6,891,826)	(6,254,232)
		1,519,527	2,815,852
Other income	29	2,290,949	883,893
Operating profit		3,810,476	3,699,745
Effect of discounting of SIDC	18.1	265,932	-
Finance costs	30	(2,450,338)	(3,068,248)
Profit before levies and income tax		1,626,070	631,497
Levies			
Minimum tax		(700,338)	(672,495)
Final tax		(88)	(5,945)
		(700,426)	(678,440)
Profit / (loss) before income tax		925,644	(46,943)
Taxation	31		
Prior		(121,375)	145,966
Net profit for the year		804,269	99,023
		----------(Rupees)----------	
Earnings per share - basic and diluted	32	2.01	0.25

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
	----------(Rupees in '000)----------	
Net profit for the year	804,269	99,023
Other comprehensive income	-	-
Total comprehensive income for the year	804,269	99,023

The annexed notes 1 to 42 form an integral part of these Unconsolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total Reserves	Total
		Merger reserve*	Share premium	Revaluation surplus on land	Accumulated profit		
	----------(Rupees in '000)----------						
Balance as at 30 June 2024	3,994,090	543,413	1,571,733	3,010,172	24,537,732	29,663,050	33,657,140
Net profit for the year	-	-	-	-	99,023	99,023	99,023
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	99,023	99,023	99,023
Balance as at 30 June 2025	3,994,090	543,413	1,571,733	3,010,172	24,636,755	29,762,073	33,756,163
Net profit for the year	-	-	-	-	804,269	804,269	804,269
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	804,269	804,269	804,269
Balance as at 30 June 2026	3,994,090	543,413	1,571,733	3,010,172	25,441,024	30,566,342	34,560,432

* Represents surplus created at the time of merger between Feroze1888 Mills Limited and Feroze Textile Industries (Private) Limited in the year 2011-2012

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		----------(Rupees in '000)----------	
Profit before levies and income tax		1,626,070	631,497
Adjustments for non-cash items:			
Depreciation on operating fixed assets	5.3	3,339,963	2,889,410
Depreciation on right-of-use assets	5.6.1	338,460	250,459
Amortisation on intangible assets	25.1	9,785	5,366
Property, plant and equipment - written off		-	82,289
Loss on disposal of operating fixed assets	28	12,540	844
Allowance for ECL		-	1,344
(Gain) / loss on derivative financial instruments	29	(687,532)	89,512
Finance costs	30	2,450,338	3,068,248
Provision for gratuity		-	416,299
Exchange gain	29	(1,363,893)	(797,898)
Effect of discounting	18.1	(265,932)	-
Interest on bank accounts	29	(157)	(19,714)
Dividend income	29	(303)	(40,578)
		3,833,269	5,945,581
Working capital changes:			
Stores and spares		(173,543)	354,047
Stock in trade		(2,614,706)	(4,570,084)
Trade debts		3,623,533	1,669,364
Advances, deposits, prepayments and other receivables		(3,106,292)	(1,948,970)
Trade and other payables		1,298,560	1,386,508
Provisions		514,343	409,355
		(458,105)	(2,699,780)
Cash generated from operations		5,001,234	3,877,298
Finance costs paid		(2,368,873)	(3,273,129)
Income tax and levies paid		(1,865,819)	(1,453,420)
Gratuity paid		(200,228)	(275,250)
Sindh Infrastructure Development Cess paid		(240,504)	-
Long-term deposits - net		27,303	49,229
Net cash generated from / (used in) operating activities		353,113	(1,075,272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure during the year		(1,464,703)	(3,884,174)
Proceeds from disposal of operating fixed assets	5.4	21,010	61,655
Investment made during the year		(3,759)	-
Investments encashed during the year		-	2,729,534
Dividend received		303	-
Interest received on bank accounts		157	19,714
Net cash used in investing activities		(1,446,992)	(1,073,271)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		(1,825,867)	(1,790,400)
Short-term borrowings - net		3,711,681	3,554,094
Lease rentals paid		(385,393)	(361,524)
Dividend paid		(8)	(47)
Net cash generated from financing activities		1,500,413	1,402,123
Net increase/ (decrease) in cash and cash equivalents		406,534	(746,420)
Cash and cash equivalents at the beginning of the year		308,346	1,054,766
Cash and cash equivalents at the end of the year	13	714,880	308,346

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

JAVERIA SIDDIQUI	REHAN RAHMAN	AMINAH ZAHID ZAHEER
Chief Financial Officer	Chief Executive Officer	Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1 THE COMPANY AND ITS OPERATIONS

1.1 Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in production and export of towels.

1.2 These are separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost less impairment, if any.

1.3 Geographical location and address of business units

Particulars	Location	Total area (in acres)
Corporate Office	Plot # 160, Bangalore Town, Shahrah-e-Faisal Road, Darwaish Colony, Karachi	
Registered Office / Production plants	H-23/4-A (Registered Office), H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi	34.47
	Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi	124.23
	Plot # D-12 to D-20, K-1 to K-3, M-30 (Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1, 94/1) HITE, Hub, Lasbela, Balochistan	28.86
	Plot # 342/A, Haroonabad, SITE, Karachi	0.04
	Plot # B-4/A, A-5/D, A-5/D1, C-3 and C-31, SITE, Karachi	10.16
	Plot # PL-15 and ST-03, North Karachi Industrial Area, Karachi	1.98

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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 Standard Board as notified under the Companies Act, 2017 (the Act); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in these unconsolidated financial statements.

2.3 Functional and presentation currency

These unconsolidated financial statements are prepared in Pakistani Rupees, which is the functional and presentation currency of the Company.

2.4 New accounting standards

Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Company's accounting period beginning on 01 July 2025, but are considered either to be not relevant or to not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on or after 01 July 2026. However, the Company expects that these standards (other than IFRS 18) will not have any material impact on the Company's unconsolidated financial statements in the period of initial application. The Company is currently working to identify all impacts that IFRS 18 will have on the unconsolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates judgments and estimates which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the accounting policies, management has made the following judgement and estimates which are significant to the unconsolidated financial statements:

Property, plant and equipment

The estimates for revalued amounts of land are based on valuation performed by external professional valuer while estimates of useful life and residual value are based on recommendation of in house technical department of the Company. The Company reviews appropriateness of these estimates on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Inventories

The Company reviews the Net Realisable Value (NRV) based on estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale of stock-in-trade to assess any diminution in the respective carrying values and also review the inventories for obsolescence according to degree of ageing based on a specific criteria.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. The Company, based on the availability of the latest information, estimates the value of provision to be recorded in the financial statements, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

Taxation

In making the estimates for taxation, the Company refers to current income tax laws and the decisions of appellate authorities on certain issues in the past.

4 MATERIAL ACCOUNTING POLICIES

4.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is stated at revalued amount less impairment, if any. Depreciation is charged to statement of profit or loss applying the reducing balance method except for lease hold improvement and major overhauling cost of turbine and generators which are depreciated on straight line basis.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major overhauling which increases asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gain or losses on disposal of operating property, plant and equipment, if any, are recongised in the statement of profit or loss

Revaluation of land is carried out on each asset class separately with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of each asset is credited in 'revaluation surplus on land' account. A decrease in the carrying amount arising on revaluation of each asset is charged to profit or loss to the extent that it exceeds the balance, if any, held in the 'revaluation surplus on land' account.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

4.2 Right-of-use assets and lease liabilities

The Company recognises a right-of-use asset at the commencement date of the lease. These are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. These are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date the Company uses its incremental borrowing rate (IBR). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

4.3 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

4.4 Investment

Investment in subsidiary is stated at cost. Provision is made for permanent impairment in the value of investment, if any.

4.5 Stores and spares

These are valued at lower of moving average cost and NRV, except items in-transit, which are valued at cost comprising invoice value plus other charges incurred thereon up to the date of unconsolidated statement of financial position.

4.6 Stock-in-trade

These are valued at lower of cost and NRV except items in transit, which are valued at cost comprising invoice value plus other charges incurred thereon up to the date of unconsolidated statement of financial position. Cost of raw material is determined using weighted average cost comprising invoice price plus other charges incurred thereon up to the unconsolidated statement of financial position date. Cost in relation to finished goods and work-in-process comprises of the cost of direct material, direct labour and relevant manufacturing expenses that have been incurred in bringing the inventories to their present location and condition.

4.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.7.1 Financial assets

i) Initial recognition and measurement

On initial recognition, financial assets are classified at amortised cost; Fair Value through Other Comprehensive Income (FVTOCI) or Fair Value through Profit or Loss (FVTPL). These are measured at fair value and transaction cost, if any, except for financial asssets at FVTPL, in which case, transaction cost is charged to statement of profit or loss.

ii) **Subsequent measurement**

- **At amortized cost**

These are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

- **At FVTPL**

These are subsequently measured at fair value with net changes in fair value recognised in statement of profit or loss.

- **At FVTOCI**

The Company does not have any financial assets at FVTOCI as of the reporting date.

iii) **Derecognition**

A financial asset is derecognised when the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognised the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

iv) **Impairment**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company applies a simplifed approach in calculating for its financial assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.7.2 Financial liabilities

i) **Initial recognition and measurement**

On initial recognition, financial liabilities are classified at amortised cost or FVTPL and these are measured at fair value less transaction cost, if any, except for financial liabilities at FVTPL, in which case, transaction cost is charged to statement of profit or loss.

ii) **Subsequent measurement**

- **At amortized cost**

These are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

- **At FVTPL**

These are subsequently measured at fair value with net changes in fair value recognised in statement of profit or loss.

iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

4.7.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly

4.8 Government grants

Government grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related loan.

4.9 Foreign currency transactions and translation

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates which approximate those prevailing at the unconsolidated statement of financial position date. Exchange differences are recognised in the unconsolidated statement of profit or loss.

4.10 Revenue from contract with customers

Sale of goods

Revenue from sale of goods is recognized when or as control of goods have been transferred to a customer at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates.

Other income

Return on bank accounts is recognized on accrual basis using an effective interest rate method.
Dividend income is recognized when the right to receive such payment is established.
Other revenues are accounted when performance obligations are met.

4.11 Taxation

Current / Levies

The charge for current taxation is computed in accordance with Income Tax Ordinance, 2001 (the Ordinance).The Company has elected to designate the amount computed in accordance with the Ordinance as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax is recognized as a levy.

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized. The carrying amount of deferred tax assets is reviewed at each unconsolidated statement of financial position date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

4.12 Dividend and appropriation to reserves

Dividend is recognised in the unconsolidated financial statements in which these are approved. Dividend approved subsequent to the unconsolidated statement of financial position date is considered as a non-adjusting event and is recognised in the subsequent unconsolidated financial statements.

	Note	2026	2025
		----------(Rupees in '000)----------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	31,501,382	30,456,744
Capital work-in-progress	5.5	2,786,152	5,825,134
Right-of-use assets	5.6	832,750	1,118,345
		35,120,284	37,400,223

5.1 Operating fixed assets

2026

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation
	As at 01 July 2025	Additions	Disposals	As at 30 June 2026	As at 01 July 2025	Disposals	Charge for the year	As at 30 June 2026	As at 30 June 2026	Rate % per annum
	---------- (Rupees in '000) ----------									
Freehold land	548,729	-	-	548,729	-	-	-	-	548,729	-
Building on freehold land	148,250	-	-	148,250	125,233	-	2,301	127,534	20,716	10%
Leasehold land	3,915,053	30,000	-	3,945,053	-	-	-	-	3,945,053	-
Building on leasehold land	11,344,952	1,599,950	-	12,944,902	3,817,404	-	802,013	4,619,417	8,325,485	10%
Leasehold improvements	235,024	-	(2,431)	232,593	231,628	(2,431)	3,396	232,593	-	40% - 65%
Plant and machinery	29,331,082	2,501,037	(148,780)	31,683,339	12,194,554	(125,225)	2,335,581	14,404,910	17,278,429	Note 5.1.1
Electric fittings / equipment	1,306,914	185,649	-	1,492,563	437,653	-	91,814	529,467	963,096	10%
Office equipment	363,534	20,330	(10,844)	373,020	181,284	(8,923)	28,738	201,099	171,921	15%
Computers	228,225	25,106	(12,827)	240,504	153,362	(11,831)	26,015	167,546	72,958	30%
Furniture and fixtures	116,077	28,348	(4,951)	139,474	35,475	(2,189)	30,342	63,628	75,846	10%
Vehicles	217,826	27,731	(6,190)	239,367	122,329	(1,874)	19,763	140,218	99,149	20%
	47,755,666	4,418,151	(186,023)	51,987,794	17,298,922	(152,473)	3,339,963	20,486,412	31,501,382	

2025

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation
	As at 01 July 2024	Additions	Disposals/ Write off	As at 30 June 2025	As at 01 July 2024	Disposals	Charge for the year	As at 30 June 2025	As at 30 June 2025	Rate % per annum
	---------- (Rupees in '000) ----------									
Freehold land	548,729	-	-	548,729	-	-	-	-	548,729	-
Building on freehold land	148,250	-	-	148,250	122,676	-	2,557	125,233	23,017	10%
Leasehold land	3,836,428	78,625	-	3,915,053	-	-	-	-	3,915,053	-
Building on leasehold land	10,188,232	1,156,720	-	11,344,952	3,012,746	-	804,658	3,817,404	7,527,548	10%
Leasehold improvements	235,024	-	-	235,024	231,269	-	359	231,628	3,396	40% - 65%
Plant and machinery	27,125,956	2,554,851	(349,725)	29,331,082	10,567,438	(264,769)	1,891,885	12,194,554	17,136,528	Note 5.1.1
Electric fittings / equipment	1,191,338	126,540	(10,964)	1,306,914	351,872	(7,475)	93,256	437,653	869,261	10%
Office equipment	346,689	29,161	(12,316)	363,534	150,855	(10,124)	40,553	181,284	182,250	15%
Computers	240,614	29,461	(41,850)	228,225	167,011	(38,859)	25,210	153,362	74,863	30%
Furniture and fixtures	182,297	10,130	(76,350)	116,077	63,841	(38,966)	10,600	35,475	80,602	10%
Vehicles	192,680	33,880	(8,734)	217,826	107,831	(5,834)	20,332	122,329	95,497	20%
	44,236,237	4,019,368	(499,939)	47,755,666	14,775,539	(366,027)	2,889,410	17,298,922	30,456,744	

5.1.1 Depreciation is charged based on expected useful life of asset at the rate, ranging from 10% to 35% on reducing balance method except for major overhauling cost of turbine and generators which are depreciated at the rate of 33% on straight line basis.

5.2 The latest valuation was carried out by an independent valuer - M/s. Iqbal A. Nanjee & Co. (Private) Limited on 30 June 2022 on the basis of present market values for similar sized plots in the vicinity of land. Had there been no revaluation, the net book value of freehold and leasehold land would have been Rs.181.79 million and Rs. 1,347.77 million respectively. The fair value of the land subject to revaluation model falls under level 3 of fair value hierarchy. Forced sale value as per the last revaluation report as of 30 June 2022 of freehold and lease hold land is Rs.535.67 million and Rs.3,514.13 million respectively.

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

	Note	2026	2025
		----------(Rupees in '000)----------	
Cost of sales	25.1	3,271,368	2,800,247
Administrative costs	26	31,788	49,979
Distribution costs	27	36,807	39,184
		3,339,963	2,889,410

5.4 The details of disposals/ write offs of operating fixed assets having net book value of more than Rs. 500,000/- during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	----------Rupees in '000 ----------						
Gas Generator	34,549	31,094	3,455	2,869	(586)	Negotiation	Third party
Winding Machine Autocone	16,389	13,948	2,441	820	(1,621)	Negotiation	Third party
Air Compressor	5,877	4,534	1,343	8	(1,335)	Negotiation	Third party
Hydro Extractor Machine	2,502	1,217	1,285	131	(1,154)	Negotiation	Third party
Motor Car	4,560	608	3,952	4,628	676	Negotiation	Third party
Long Ribbon Machine	3,359	2,708	651	249	(402)	Negotiation	Third party
Stitching Machine Long Ribbon	3,359	2,708	651	249	(402)	Negotiation	Third party
Auto Longitudinal Heming Machine	4,679	3,747	932	249	(683)	Negotiation	Third party
Solar Energy Generation System	3,519	2,190	1,329	615	(714)	Negotiation	Third party
Steam Generator	1,534	912	622	131	(491)	Negotiation	Third party
Poly Recycle Machine	5,487	3,242	2,245	1,230	(1,015)	Negotiation	Third party
Fire Alarm and Smoke Detector System	5,684	4,648	1,036	-	(1,036)	Write off	-
Containerized Gas Engine	4,975	3,897	1,078	-	(1,078)	Write off	-
	96,473	75,453	21,020	11,179	(9,841)		
Items having net book value of less than Rs. 500,000	89,550	77,020	12,530	9,831	(2,699)		
2026	186,023	152,473	33,550	21,010	(12,540)		
2025	499,939	366,027	133,912	61,655	(72,259)		

	2026	2025
	----------(Rupees in '000)----------	
5.5 Capital work-in-progress		
Building on leasehold land	1,353,899	3,058,539
Plant and machinery	1,359,311	2,634,896
Furniture and fixtures	36,554	38,316
Office equipment	36,388	93,383
	2,786,152	5,825,134
5.5.1 The movement in capital work-in-progress is as follows:		
Balance at the beginning of the year	5,825,134	6,666,574
Capital expenditure during the year	1,341,192	3,294,290
Transferred to operating fixed assets	(4,380,174)	(4,135,730)
Balance at the end of the year	2,786,152	5,825,134

	Note	2026	2025
		----------(Rupees in '000)----------	
5.6 Right-of-use assets - premises			
Balance at the beginning of the year:			
Cost		2,296,144	1,280,940
Accumulated depreciation		(1,177,799)	(927,340)
Net book value		1,118,345	353,600
Movement in carrying value for the year:			
Opening net book value		1,118,345	353,600
Lease re-assessments during the year		52,865	1,043,274
Lease terminated during the year		-	(28,070)
Depreciation charge for the year	5.6.1	(338,460)	(250,459)
Closing net book value		832,750	1,118,345
Balance at the end of the year			
Cost		2,349,009	2,296,144
Accumulated depreciation		(1,516,259)	(1,177,799)
Net book value		832,750	1,118,345
5.6.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:			
Cost of sales	25.1	297,196	199,051
Administrative costs	26	41,264	51,408
		338,460	250,459

5.6.2 The right-of-use assets are depreciated over a life of 2 - 5 years.

6 INTANGIBLE ASSETS

Software	6.1	279,810	230
Intangibles under development	6.2	2,431	206,266
		282,241	206,496

6.1 Software

COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	AMORTIZATION
As at 01 July 2025	Additions	As at 30 June 2026	As at 01 July 2025	Charge for the year	As at 30 June 2026	As at 30 June 2026	Rate % per annum
---------- (Rupees in '000) ----------							%
65,106	289,363	354,469	64,876	9,783	74,659	279,810	6.67% - 20%

COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	AMORTIZATION
As at 01 July 2024	Additions	As at 30 June 2025	As at 01 July 2024	Charge for the year	As at 30 June 2025	As at 30 June 2025	Rate % per annum
---------- (Rupees in '000) ----------							
65,106	-	65,106	59,510	5,366	64,876	230	20%

	2026	2025
	----------(Rupees in '000)----------	
6.2 Intangibles under development		
Balance at the beginning of the year	206,266	61,724
Capital expenditure during the year	85,528	144,542
Transferred to operating assets	(289,363)	-
Balance at the end of the year	2,431	206,266

	Note	2026	2025
		----------(Rupees in '000)----------	
7 LONG-TERM DEPOSITS			
Related parties:			
M&N Impex (Private) Limited		30,725	22,266
Nigehban (Private) Limited		29,595	23,673
UTI Industries (Private) Limited		11,318	11,318
Frieden Management (Private) Limited		5,143	17,587
		76,781	74,844
Other than related parties		80,762	110,002
		157,543	184,846
8 LONG-TERM INVESTMENT			
Wholly owned subsidiary			
Feroze 1888 Mills UK Private Limited, United Kingdom			
10,000 shares of GBP 1/- each		3,759	-
9 STORES AND SPARES			
General stores		382,474	572,004
Chemicals		1,100,450	547,978
Packing stores		1,213,882	1,230,339
	9.1	2,696,806	2,350,321
Stores and spares in transit		76,258	249,200
		2,773,064	2,599,521

9.1 Include items costing Rs. 54.87 million (2025: Rs. 48.51 million) which have been valued at their NRV of Rs. 18.68 million (2025: Rs. 8.99 million).

	Note	2026	2025
		----------(Rupees in '000)----------	
10 STOCK-IN-TRADE			
Raw materials			
in hand		5,879,097	6,102,464
in transit		1,099,354	2,176,790
		6,978,451	8,279,254
Work-in-progress	10.1	10,983,198	8,535,582
Finished goods		5,921,398	4,453,505
	10.2	23,883,047	21,268,341

10.1 Include inventory of Rs.1,202.62 million (2025: Rs. 282.14 million) held with various parties for processing.

10.2 Include items costing Rs.1381.88 million (2025: Rs. 833.88 million) which have been valued at their NRV of Rs. 924.06 million (2025: Rs. 436.14 million).

11 TRADE DEBTS

	Note	2026	2025
		----------(Rupees in '000)----------	
Considered good			
Export			
Secured	11.1	1,455,504	3,482,171
Unsecured	11.2	10,307,371	10,618,058
		11,762,875	14,100,229
Local			
Unsecured		165,647	197,814
		11,928,522	14,298,043
Considered doubtful		-	69,799
Allowance for ECL		-	(69,799)
		-	-
		11,928,522	14,298,043

11.1 These are secured by way of letters of credit.

11.2 Include due from the following related parties. These are neither past due nor impaired:

	2026	2025
1888 Mills LLC	1,607,391	1,491,336
Premier 1888 Limited	302,776	970,374
	1,910,167	2,461,710

11.3 The maximum aggregate amount outstanding from the related parties at any time during the year calculated with reference to month end balances is as follows:

	2026	2025
	----------(Rupees in '000)----------	
1888 Mills LLC	2,932,999	1,757,263
Premier 1888 Limited	821,855	970,374

12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2026	2025
Considered good		
Advances		
Suppliers	2,118,494	736,378
Employees	5,040	3,097
	2,123,534	739,475
Deposits	55,844	20,427
Prepayments	160,971	61,404
Other receivables		
Derivative financial instruments	687,532	-
Export rebate	1,542,663	1,384,891
Drawback of local taxes and levies receivable	63,083	637,742
Technology upgradation fund scheme	89,278	89,278
Sales tax refundable	5,267,075	3,126,208
Due from Premier 1888 Limited - a related party	23,021	47,687
Others	24,220	150,182
	7,696,872	5,435,988
	10,037,221	6,257,294
Considered doubtful	-	24,323
Allowance for ECL	-	(24,323)
	-	-
	10,037,221	6,257,294

13 CASH AND BANK BALANCES

	2026	2025
	----------(Rupees in '000)----------	
Conventional - current accounts:		
Local currency	302,926	61,775
Foreign currency	169,346	87,374
	472,272	149,149
Conventional - savings account:		
Local currency	-	16,468
	472,272	165,617
Islamic - current accounts:		
Local currency	40,638	36,733
Foreign currency	76,837	30,026
	117,475	66,759
	589,747	232,376
Cash in hand:		
Local currency	10,651	5,824
Foreign currency	114,482	70,146
	125,133	75,970
	714,880	308,346

14 SHARE CAPITAL

14.1 Authorised capital

2026	2025		2026	2025
--------- Number of Shares ---------			----------(Rupees in '000)----------	
400,000,000	400,000,000	Ordinary shares of Rs.10/- each	4,000,000	4,000,000

14.2 Issued, subscribed and paid-up capital

2026	2025		2026	2025
--------- Number of Shares ---------			----------(Rupees in '000)----------	
		Ordinary shares of Rs. 10/- each		
139,336,670	139,336,670	- Issued as fully paid in cash	1,393,367	1,393,367
859,020	859,020	- Issued as bonus shares	8,590	8,590
259,213,336	259,213,336	- Issued against consideration other than cash (operating fixed asset)	2,592,133	2,592,133
399,409,026	399,409,026		3,994,090	3,994,090

14.3 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

15 DEFERRED LIABIILITIES - Government grant

	Note	2026	2025
		----------(Rupees in '000)----------	
Balance at beginning of the year		419,138	532,884
Amortization during the year		(99,410)	(113,746)
Balance at end of the year		319,728	419,138
Current portion		(88,882)	(102,166)
		230,846	316,972

16 LONG-TERM FINANCING - secured

	Note	2026	2025
		----------(Rupees in '000)----------	
Conventional:			
Long Term Finance Facility (LTFF)	16.1	683,128	1,620,749
Temporary Economic Refinance Facility (TERF)	16.2	2,759,493	3,330,598
Renewable solar financing scheme	16.3	536,317	595,194
		3,978,938	5,546,541
Islamic:			
Long Term Finance Facility (LTFF)	16.1	-	17,080
Temporary Economic Refinance Facility (TERF)	16.2	905,386	1,047,160
Renewable solar financing scheme	16.3	113,000	113,000
		1,018,386	1,177,240
		4,997,324	6,723,781
Current portion		(1,060,951)	(1,806,845)
		3,936,373	4,916,936

16.1 Represent financing facilities obtained from various conventional and Islamic banks under LTFF Scheme by State Bank of Pakistan (SBP) repayable in five to ten years through half yearly and quarterly installments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% per annum. These facilities are secured against specific charge on plant and machinery of the Company.

16.2 Represent financing facilities obtained from various conventional and Islamic banks under TERF Scheme by SBP repayable in six to ten years through semi-annual and quarterly installments latest by September 2032 and have been recognized at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% per annum. The differential mark-up has been recognized as government grant which will be amortized over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company.

16.3 Represent financing facilities obtained from various conventional and Islamic banks under SBP financing scheme for renewable solar financing repayable in ten years through half yearly and quarterly installments. These carry mark-up at the SBP rate plus spread ranging from 0.50% to 4%. These are secured against specific hypothecation charge over plant and machinery of the Company.

16.4 Movement in long term financing

	Note	2026	2025
		----------(Rupees in '000)----------	
Balance at beginning of year		7,142,919	8,933,319
Additions during the year		-	65,830
Payments during the year		(1,825,867)	(1,856,230)
Balance at end of the year		5,317,052	7,142,919

17 LEASE LIABILITIES

	Note	2026	2025
Balance at the beginning of the year		1,144,826	451,932
Lease re-assessments during the year		52,865	1,043,274
Lease terminated during the year		-	(38,220)
Interest charge	30	111,433	49,364
Lease rentals paid		(385,393)	(361,524)
Balance at the end of the year		923,731	1,144,826
Current portion		(223,738)	(235,901)
		699,993	908,925

17.1 The amount of future payment under the lease arrangements and the period in which these payments will become due are as follows:

	2026			2025		
	Minimum lease payment	Mark-up	Present value of minimum lease payment	Minimum lease payment	Mark-up	Present value of minimum lease payment
	---------- Rupees in '000 ----------					
Less than one year	287,964	48,984	238,980	351,940	78,615	273,325
One to five years	825,107	140,356	684,751	1,122,164	250,663	871,501
	1,113,071	189,340	923,731	1,474,104	329,278	1,144,826

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18 SINDH INFRASTRUCTURE DEVELOPMENT CESS

	Note	2026	2025
		----------(Rupees in '000)----------	
Sindh Infrastructure Development Cess		1,602,267	-
Effect of discounting	18.1	(265,932)	-
Payment made during the year		(240,504)	-
As at the end of the year		1,095,831	-
Current portion		(240,211)	-
		855,620	-

18.1 During the year, the Company entered into an agreement with the Government of Sindh to settle the liability in 51 installments payable by 15 April 2040. Accordingly, the Company has recorded the said liability at its present value using a discount rate of 4.50% per annum and the resulting effect of discounting is recognised as other income.

19 TRADE AND OTHER PAYABLES

	Note	2026	2025
		----------(Rupees in '000)----------	
Creditors	19.1	8,392,665	7,730,290
Accrued liabilities	19.2	3,249,852	2,596,672
Gratuity payable	19.3	1,239,907	1,440,135
Workers' Profits Participation Fund	19.4	85,583	33,239
Workers' Welfare Fund	19.5	34,932	68,363
Witholding taxes payable		61,166	36,295
Contract liabilities		74,073	88,823
Refund liabilities		13,002	14,571
Payable to Provident Fund	19.6	39,915	33,409
Others		1,545	-
Derivative financial instruments		-	89,512
		13,192,640	12,131,309

19.1 Include Rs. 653.18 million (2025: Rs. 1,388.10 million) due to 1888 Mills LLC (a related party).

19.2 Include Rs. 233.73 million (2025: Rs. 56.78 million) due to 1888 Mills LLC (a related party).

19.3 The Company operated an approved gratuity fund for its eligible employees till 30 June 2025 and accordingly, gratuity payable was recorded on the basis of last drawn salaries of respective employees till 30 June 2025. The movement in gratuity payable is as follows:

	Note	2026	2025
		----------(Rupees in '000)----------	
Opening balance		1,440,135	1,299,086
Provision during the year		-	416,299
Payments made during the year		(200,228)	(275,250)
Closing balance		1,239,907	1,440,135

19.4 Workers' Profits Participation Fund

	Note	2026	2025
Balance at the beginning of the year		33,239	33,028
Interest on Workers' Profits Participation Fund		-	319
Charge for the year	28	85,583	33,239
		118,822	66,586
Payments made during the year		(33,239)	(33,347)
Balance at the end of the year		85,583	33,239

19.5 Workers' Welfare Fund

	2026	2025
Balance at the beginning of the year	68,363	55,908
Charge for the year	34,932	13,567
Payments made during the year	(68,363)	(1,112)
Balance at the end of the year	34,932	68,363

19.6 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

20 PROVISIONS

	2026	2025
	----------(Rupees in '000)----------	
Legal provisions	1,241,368	2,685,355
Gas Infrastructure Development Cess (GIDC)	1,524,979	1,524,979
Gas levy	527,618	155,653
Regasified Liquefied Natural Gas (RLNG)	300,646	300,646
Others	128,869	144,771
	3,723,480	4,811,404

20.1 Movement of provisions is as follows:

	Legal provisions	GIDC (note 20.1.1)	Gas Levy	RLNG	Others	Total
	---------- Rupees in '000 ----------					
Balance at the beginning of the year	2,685,355	1,524,979	155,653	300,646	144,771	4,811,404
Provisions made during the year	244,100	-	687,613	-	158,869	1,090,582
Utilized / adjusted during the year	(1,688,087)	-	(315,648)	-	(174,771)	(2,178,506)
Balance at the end of the year	1,241,368	1,524,979	527,618	300,646	128,869	3,723,480

20.1.1 In 2021, the Honorable Supreme Court of Pakistan (SCP) upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intra vires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that the burden of GIDC had not been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act, 2015. The Court vide its order dated 18 September 2020 granted stay to the Company. The Company without prejudice to the suit filed, has booked a provision under the relevant accounting standards.

21 SHORT-TERM BORROWINGS - secured

	Note	2026	2025
		----------(Rupees in '000)----------	
Export re-finance:			
Conventional		15,220,000	12,820,000
Islamic		4,330,000	6,450,000
	21.1	19,550,000	19,270,000
Foreign exchange loans:			
Conventional		4,666,104	2,448,917
Islamic		3,698,544	2,570,831
	21.2	8,364,648	5,019,748
		27,914,648	24,289,748

21.1 Represent export re-finance facilities from various conventional and Islamic banks carrying mark-up at the rates ranging from SBP export re-finance rate plus spread of 1% per annum. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of the reporting date, unutilized portion for these facilities is Rs. 720 million (2025 Rs. 1,798 million)

21.2 Represent foreign exchange loans from various conventional and Islamic banks carrying mark-up at the rates ranging from 4% to 5.65% (2025:4.8% to 7.5%) per annum and will expire by December 2026 (2025: November 2025). These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of the reporting date, unutilized portion for these facilities is Rs. 1,126 million (2025: Rs. 644 million).

21.3 As of the reporting date, the Company has various unutilized running finance facilities of Rs. 2,794 million (2025: Rs. 2,751 million).

22 ACCRUED MARK-UP

	Note	2026	2025
		----------(Rupees in '000)----------	
Long-term financing			
Conventional		27,206	36,824
Islamic		868	5,784
		28,074	42,608
Short-term borrowings			
Conventional		207,348	246,918
Islamic		118,390	94,254
		325,738	341,172
		353,812	383,780

23 COMMITMENTS

	Note	2026	2025
Outstanding letters of credit	23.1	2,153,833	2,460,407
Outstanding letters of guarantee	23.1	3,824,704	3,373,345
Capital expenditure		79,796	352,915
Post dated cheques		16,527,030	16,825,896

23.1 Total facilities for letters of credit amount to Rs. 13,650 million (2025: 11,300 million) and for letters of guarantee amount to Rs. 4,121 million (2025: 4,621 million).

24 SALES - net

	Note	2026	2025
		----------(Rupees in '000)----------	
Local		1,600,346	1,699,963
Export	24.1	65,550,414	63,879,802
		67,150,760	65,579,765
Export rebate		864,258	818,385
		68,015,018	66,398,150
Sales tax		(251,280)	(269,296)
Trade discounts		(29,069)	(18,323)
		(280,349)	(287,619)
		67,734,669	66,110,531

24.1 Represent sales made to the following geographical regions:

	Note	2026	2025
		----------(Rupees in '000)----------	
North America		48,202,830	45,075,997
South America		-	61,359
Europe		15,579,848	16,110,024
Asia		1,587,095	2,238,440
Africa		89,267	271,445
Australia		91,374	122,537
		65,550,414	63,879,802

24.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 74.9 million (2025: Rs. 114.2 million).

25 COST OF SALES

	Note	2026	2025
		----------(Rupees in '000)----------	
Opening stock of finished goods		4,453,505	4,160,377
Cost of goods manufactured	25.1	60,791,209	57,333,575
		65,244,714	61,493,952
Closing stock of finished goods	10	(5,921,398)	(4,453,505)
		59,323,316	57,040,447

	Note	2026	2025
25.1 Cost of goods manufactured		----------(Rupees in '000)----------	
Raw material consumed	25.1.1	29,489,372	30,361,610
Stores and spares consumed		8,968,491	7,143,211
Salaries, wages and other benefits	25.1.2	11,874,441	10,539,971
Fuel, power and water		8,633,121	7,360,126
Insurance		77,188	88,714
Repairs and maintenance		231,287	292,196
Communication and transportation		262,598	206,610
Rent		14,687	9,190
Depreciation on operating fixed assets	5.3	3,271,368	2,800,247
Depreciation on right-of-use assets	5.6.1	297,196	199,051
Amortisation on intangible assets		138	5,366
Quality control and inspection		54,220	99,663
Others		64,718	40,273
		63,238,825	59,146,228
Opening work-in-progress		8,535,582	6,722,929
Closing work-in-progress	10	(10,983,198)	(8,535,582)
		60,791,209	57,333,575
25.1.1 Raw material consumed			
Opening stock		8,279,254	5,814,951
Purchases during the year		28,188,569	32,825,913
		36,467,823	38,640,864
Closing stock	10	(6,978,451)	(8,279,254)
		29,489,372	30,361,610

25.1.2 Include Rs. 417.45 million (2025: Rs. 127.63 million) in respect of provident fund.

	Note	2026	2025
26 ADMINISTRATIVE COSTS		----------(Rupees in '000)----------	
Directors' meeting fee		13,547	16,282
Salaries and benefits	26.1	809,879	832,986
Utilities		13,293	13,163
Repairs and maintenance		32,278	42,628
Communication		19,085	12,961
Rent, rates, taxes and license fee		89,327	36,903
Conveyance and traveling		24,183	14,072
Legal and professional		32,447	22,240
Fees and subscriptions		14,376	36,630
Depreciation on operating fixed assets	5.3	31,788	49,979
Depreciation on right-of-use assets	5.6.1	41,264	51,408
Amortisation on intangible assets		9,647	-
Security and janitorial services		31,138	40,665
Training and development expense		4,308	8,936
Others		29,307	32,485
		1,195,867	1,211,338

26.1 Include Rs. 33.03 million (2025: Rs.31.8 million) in respect of provident fund.

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	Note	2026	2025
27 DISTRIBUTION COSTS		----------(Rupees in '000)----------	
Salaries and benefits	27.1	680,779	544,368
Freight and insurance		1,298,299	1,027,695
Inspection and forwarding charges		757,744	494,693
Marketing and other related expenses		2,584,917	2,365,447
Depreciation on operating fixed assets	5.3	36,807	39,184
Export development surcharge		66,490	166,656
Conveyance and travelling		30,907	80,503
Others		86,855	65,705
		5,542,798	4,784,251

27.1 Include Rs. 25.72 million (2025: Rs.19.67 million) in respect of provident fund.

	Note	2026	2025
28 OTHER EXPENSES		----------(Rupees in '000)----------	
Property, plant and equipment - written off		-	82,289
Loss on disposal of operating fixed assets - net		12,540	844
Workers' Profit Participation Fund	19.4	85,583	33,239
Workers' Welfare Fund		34,932	13,567
Allowance for ECL		-	1,344
Loss on derivative financial instruments		-	89,512
Donations	28.1 & 28.2	13,126	31,368
Auditors' remuneration	28.3	6,980	6,480
		153,161	258,643

28.1 Donation exceeding higher of Rs. 1 million or 10% of total donations are as follows:

Name of Donee	Note	2026	2025
		----------(Rupees in '000)----------	
Karachi Vocational Training Center		4,200	3,900
Karachi Down Syndrome Program		2,000	2,000
Bait ul Sukoon		2,000	2,000
The Indus Hospital & Health Network		-	5,000
Network of Organizations Working for People With Disabilities Pakistan (NOWPDP) -		-	1,000
		8,200	13,900

28.2 Include the following in which directors were interested:

Name of Directors	Name and address of donee	Interest in Donee
Zain Ashraf Mukaty	NOWPDP Bungalow no. 83/1, Rizvi Shaheed Road, Saddar, Karachi	Advisor to Board
Khaleequr Rehman	The Indus Hospital & Health Network Plot C-76, Sector 31/5, opposite Darussalam Society, Korangi Crossing, Karachi.	Chairman Endowment Committee

	Note	2026	2025
28.3 Auditors' remuneration		----------(Rupees in '000)----------	
Audit fee		4,143	3,643
Half yearly review		1,228	1,228
Other certifications		792	792
Out of pocket expenses		337	337
Sales tax		480	480
		6,980	6,480

29 OTHER INCOME

	2026	2025
	----------(Rupees in '000)----------	
Income from financial assets:		
Exchange gain - net	1,363,893	797,898
Gain on derivative financial instruments	687,532	-
Dividend income - shariah compliant	303	40,578
Interest on bank accounts - conventional	157	19,714
	2,051,885	858,190
Income from non-financial assets:		
Insurance claim	25,510	10,874
Scrap sales	72,323	10,151
Liabilities no longer payable - written back	140,502	-
Others	729	4,678
	239,064	25,703
	2,290,949	883,893

30 FINANCE COSTS

	2026	2025
Markup / interest on:		
Long-term financing:		
- Conventional	128,278	176,524
- Islamic	30,477	32,443
	158,755	208,967
Short-term borrowings:		
- Conventional	1,107,866	1,789,016
- Islamic	675,201	751,167
	1,783,067	2,540,183
Lease liabilities	111,433	49,364
Workers' Profits Participation Fund	-	319
	2,053,255	2,798,833
Bills discounting	218,218	50,912
Bank charges	178,865	218,503
	2,450,338	3,068,248

31 TAXATION

31.1 No tax reconciliation is given as provision made during the year represents minimum tax under section 154 of the Ordinance.

31.2 The Company has carried out an assessment of deferred taxation on temporary differences as at the statement of financial position date. However, in accordance with its accounting policy, the Company has not recognized a net deferred tax asset of Rs. 5,003 million (2025: Rs. 5,997 million) in these unconsolidated financial statements.

32 EARNINGS PER SHARE – basic and diluted

	2026	2025
	----------(Rupees in '000)----------	
Net profit for the year	804,269	99,023
	------ (Number of shares) ------	
Weighted average number of ordinary shares in issue	399,409,026	399,409,026
	---------- Rupees ----------	
Earnings per share - basic and diluted	2.01	0.25

32.1 There is no dilutive effect on the basic earnings per share of the Company.

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33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Particular	2026			2025		
	Chief Executive Officer	Executives	Total	Chief Executive Officer	Executives	Total
	---------- Rupees in '000 ----------					
Managerial remuneration	69,984	1,963,198	2,033,182	69,984	1,741,674	1,811,658
Bonus	8,748	240,594	249,342	8,748	213,264	222,012
Retirement benefits	4,640	117,454	122,094	4,640	107,670	112,310
Leave encashment	-	940	940	-	780	780
Other benefits	2,916	192	3,108	2,916	3,348	6,264
	86,288	2,322,378	2,408,666	86,288	2,066,736	2,153,024
Numbers	1	603	604	1	519	520

33.1 The Chief Executive Officer is provided with Company maintained car. Other executives are covered under Company's health insurance plans along with their dependents.

34 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary, companies with common directorship, directors (including their relatives), major shareholders of the Company, key management personnel and retirement benefit funds. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2026	2025
	----------(Rupees in '000)----------	
Associated companies (common directorship)		
Sales	7,422,185	6,468,929
Purchases	11,294	11,668
Marketing fee	1,999,622	2,100,314
Lease rentals paid	282,888	265,873
Rent expense	9,596	9,190
Donation	-	6,000
Directors		
Meeting fee	13,547	16,282
Key management personnel		
Remuneration paid	133,691	126,334
Post-employment benefits	7,573	6,907
Other related parties		
Contribution to Provident Fund	476,216	179,132

34.1 Following are the related parties with whom the Company has entered into transactions or have arrangement / agreement in place.

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC	Common Directorship	1.09%
Premier 1888 Limited	Common Directorship	-
Indus Hospital Health Network	Common Directorship	-
M&N Impex (Private) Limited	Common Directorship	-
Frieden Management (Private) Limited	Common Directorship	0.10%
Nigehban (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Liberty Mills Limited	Common Directorship	9.21%
Frieden Farms	Common Directorship	-
NOWPDP	Entity under significant influence of Director	-
Grangeford USA Inc	Common Directorship	9.81%
GMI Fund, LLC	Common Directorship	0.60%
Feroze1888 Mills Limited - Provident Fund	Defined Contribution Plan	-
Feroze1888 Mills Limited - Gratuity Fund	Defined Benefit Plan	-
Mr. Rehan Rahman	Chief Executive / Director	2.24%
Mr. Abdul Rahman Yaqub	Director	-
Mr. Khaleequr Rahman	Director	12.97%
Mr. Shabbir Ahmed	Director	19.29%
Mr. Perwez Ahmed	Director	14.48%
Mr. Anas Rahman	Director	15.00%
Mr. Zain Ashraf Mukaty	Director	-
Mr. Temoor Ashraf Mukaty	Director	-
Mr. Moin M. Fudda	Director	0.0001%
Ms. Huma Pasha	Director	0.0001%
Ms. Aminah Zahid Zaheer	Director	0.0001%
Ms. Javeria Siddiqui	Key Management Personnel	-
Mr. Faizan Zafar	Key Management Personnel	-

* Shareholding of directors include shares held by their relatives.

34.2 Associated companies incorporated outside Pakistan

Name	Country of Incorporation
Premier 1888 Limited	Bangladesh
1888 Mills LLC	United States of America
GMI Fund, LLC	United States of America
Grangeford USA Inc	United States of America

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e., market 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.The senior management of the Company oversees the management of these risks and provides policies for overall risk management, as well as policies covering specific areas. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

35.1 Market risk

It is the risk that fair value of future cash flows will fluctuate because of changes in market prices. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

35.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. At the statement of financial position date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Long-term financing	4,997,324	6,723,781
Lease liabilities	923,731	1,144,826
Short-term borrowings	27,914,648	24,289,748

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity of variable rate instruments to a reasonably possible change in interest rate, with all other variables held constant on the Company profit before levies and income tax:

	Increase / decrease in basis points	Effect on profit before levies and income tax Rs' in 000
2026	± 100	279,146
2025	± 100	242,733

35.1.2 Currency risk

Currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in the foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

The Company's exposure to foreign currency risk is as follows:

2026	CHF	GBP	JPY	EUR	USD
Trade debts	-	-	-	1,719.55	40,329.00
Cash and bank balances	-	-	-	(102.60)	1,332.00
Trade and other payables	(140.96)	(8.49)	(5,031.10)	1,616.95	(19,939.00)
Closing exchange rate	343.62	368.02	1.71	316.92	278.16
Average exchange rate	352.61	374.90	1.80	326.00	280.11

2025	CHF	GBP	JPY	EUR	USD
Trade debts	-	-	-	107.37	49,810
Cash and bank balances	-	-	-	0.79	775
Trade and other payables	-	-	-	-	`(4,358)
Closing exchange rate	-	-	-	332.66	278.34
Average exchange rate	-	-	-	303.96	283.24

The sensitivity of the Company profit before income tax and levies to a reasonably possible change in the exchange rates, with all other variables held constant is as follows:

	Increase / decrease in exchange rate	Effect on profit before income tax and levies Rs' in 000
2026	± 10%	648,334
2025	± 10%	1,315,330

The Company manages its currency risk by close monitoring of currency markets.

35.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices other than those arising from currency risk or interest rate risk. As of the reporting date, the Company is not materially exposed to such risk.

35.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management of the Company regularly conducts detailed analysis of its credit risk. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the unconsolidated statement of financial position date is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Trade debts	10,473,018	10,815,872
Advances	2,123,534	739,475
Other receivables	47,241	197,869
Bank balances	589,747	232,376
	13,233,540	11,985,592

Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates are as follows:

	2026	2025
	----------(Rupees in '000)----------	
Bank balances		
A1+	545,326	984,336
A1	44,421	11,932
	589,747	996,268
Derivative financial instruments		
A1+	661,183	89,512
A1	26,349	-
	687,532	89,512

Trade debts

The aging of trade debts at the unconsolidated statement of financial position date is as follows:

	Neither past due nor impaired	1 - 60 days	Past due 61 - 90 days	More than 90 days	Total
	---------- Rupees in '000 ----------				
2026	11,193,210	584,846	87,160	63,306	11,928,522
2025	13,881,784	397,435	18,266	70,357	` 14,367,842

35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2026	Up to 1 year	1 – 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------			
Long-term financing	1,060,951	3,524,695	731,406	5,317,052
Lease liabilities	287,964	825,107	-	1,113,071
Trade and other payables	12,998,052	-	-	12,998,052
Short-term borrowings	27,914,648	-	-	27,914,648
Accrued mark-up	353,812	1,115,568	720,180	2,189,560
Unclaimed dividend	2,362	-	-	2,362
	42,617,789	5,465,370	1,451,586	49,534,745

2025	Up to 1 year	1 – 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------			
Long-term financing	1,806,845	5,160,764	175,310	7,142,919
Lease liabilities	351,940	1,122,164	-	1,474,104
Trade and other payables	10,621,836	-	-	10,621,836
Short-term borrowings	24,289,748	-	-	24,289,748
Accrued mark-up	383,780	1,235,440	954,120	2,573,340
Unclaimed dividend	2,370	-	-	2,370
	37,456,519	7,518,368	1,129,430	46,104,317

35.3.1 Changes in liabilities from financing activities

	01 July 2025	Net cash flows	Non cash item	30 June 2026
	---------- Rupees in '000 ----------			
Long-term financing	6,723,781	(1,885,212)	158,755	4,997,324
Short-term borrowings	24,289,748	1,841,833	1,783,067	27,914,648
Lease liabilities	1,144,826	(385,393)	164,298	923,731
Unclaimed dividend	2,370	(47)	-	2,362
	32,160,725	(428,819)	2,106,120	33,838,065

35.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it in 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 shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratio as at unconsolidated statement of financial position date is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Long-term financing	3,936,373	4,916,936
Current portion of long-term financing	1,060,951	1,806,845
Lease liabilities	699,993	908,925
Current portion of lease liabilities	223,738	235,901
Short-term borrowings	27,914,648	24,289,748
Accrued mark-up	353,812	383,780
Total debt	34,189,515	32,542,135
Cash and bank balances	(714,880)	(308,346)
Net debt	33,474,635	32,233,789
Share capital	3,994,090	3,994,090
Reserves	30,566,300	29,762,031
Total capital	34,560,390	33,756,121
Capital and net debt	68,035,025	65,989,910
Gearing ratio	49.20%	48.85%

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

35.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Below table shows fair value of the assets analysed based on the following:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

As of the reporting date, all financial instruments of the Company are carried at amortized cost except for derivative financial instruments which are carried at FVTPL. The carrying values of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate fair values.

	Note	2026	2025
		----------(Rupees in '000)----------	
36. SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017			
Disclosures in relation to the unconsolidated statement of financial position - Liability side:			
Financing as per islamic mode			
- Long term financing	16	1,018,386	1,177,240
- Short term financing	21	8,028,544	9,020,831
Accrued markup on conventional loans	22	234,554	283,742
Shariah compliant derivative financial instrument		-	4,003
Disclosures in relation to the unconsolidated statement of financial position - Asset side:			
Shariah compliant derivative financial instrument	12	369,488	-
Shariah compliant bank balances	13	117,475	66,759
Disclosures in relation to the unconsolidated statement of profit and loss:			
Revenue earned from a shariah compliant business segment	24	67,734,669	66,110,531
Break-up of late payments or liquidated damages		N/A	N/A
Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates		N/A	N/A
Exchange gain earned from actual currency	29	1,363,893	797,898
Exchange gains / (loss) earned using conventional derivative financial instruments	29	277,481	(85,509)
Exchange gain/(loss) using shariah complaint derivative financial instruments		410,051	(4,003)
Profit paid on islamic mode of financing	30	686,458	924,526
Total Interest earned on any conventional loan or advance		N/A	N/A
Gain from short-term investments - shariah compliant		N/A	N/A
Source and detailed breakup of other income			
Shariah compliant			
Exchange gain - net	29	1,363,893	797,898
Gain on derivative financial instruments	29	410,051	(4,003)
Dividend income	29	303	40,578
Scrap sales	29	72,323	10,151
Liabilities no longer payable - written back	29	140,502	-
Allowance for ECL	29	-	-
Non-Shariah compliant			
Gain on derivative financial instruments	29	277,481	(85,509)
Interest on bank accounts - conventional	29	157	19,714
Insurance claim	29	25,510	10,874
Effect of discounting	29	-	-

Relationship with shariah compliant financial institution

Name	Relationship
Meezan Bank Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings
Bank Islami Pakistan Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings
Faysal Bank Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings

37 PRODUCTION CAPACITY

	2026	2025
Spinning		
Total number of spindles installed	78,792	78,792
Average number of spindles worked	78,432	74,903
Total number of rotors installed	3,928	3,312
Average number of rotors worked	3,862	3,238
Weaving		
Total number of looms installed	441	451
Average number of looms worked	437	412

The production capacity and its comparison with actual production of processing and stitching is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

38 OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 97.62% (2025: 97.81%) of the total gross revenue of the Company.
All non-current assets of the Company at 30 June 2026 are located in Pakistan.

Sales made by the Company to two major customers constitute 33.10% (2025: 33.96%) and 13.86% (2025: 13.47%) of the total sales.

39 NON ADJUSTING EVENT AFTER REPORTING DATE

Subsequent to the year end, the Board of Directors in its meeting held on 7th Sepetember 2026 has proposed final cash dividend @ Nill per share amounting to Rs. Nill million for approval of the members at the Annual General Meeting.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 September 2026 by the Board of Directors of the Company.

41 NUMBER OF PERSONS EMPLOYED

Number of persons employed as at 30 June 2026 were 14,938 (2025: 14,526) and average number of persons employed during the year were14,732 (2025: 14,615).

42 GENERAL

42.1 All figures in these unconsolidated financial statements are rounded off to the nearest thousand, unless otherwise stated.

42.2 Corresponding figures have been re-arranged and re-classified for the purpose of better presentation. However, there are no material reclassification to report.

JAVERIA SIDDIQUI	REHAN RAHMAN	AMINAH ZAHID ZAHEER
Chief Financial Officer	Chief Executive Officer	Director

Grant Thornton

Independent Auditor's Report

Grant Thornton Anjum Rahman
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Karachi, Pakistan.

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INDEPENDENT AUDITOR'S REPORT

To the members of Feroze1888 Mills Limited

Report on the Audit of consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Feroze1888 Mills Limited (the Holding Company) and its subsidiary (together referred to as 'the Group'), which comprise the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan

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 Consolidated financial statements section of our report*. We are independent of the Group 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.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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:

Key audit matter	How the matter was addressed in our audit
Inventory valuation	
As disclosed in note 9 to the consolidated financial statements, stock in trade amounted to Rs. 23,883,047 million which constitutes approximately 27% of the total assets of the Group. These are valued at lower of cost or Net Realizable Value (NRV). Given the significance of stock in trade to the Group's total assets and the level of judgement and estimates involved, we have identified it as a key audit matter.	Our procedures, amongst others, included the following: - obtained an understanding of controls over purchases and valuation of stock-in-trade and tested their design, implementation and operating effectiveness. - performed observation of inventory counts and physical inspection of the stock held as the year end. - assessed NRV by comparing management's estimation of future selling prices for the products with the selling process achieved subsequent to the reporting period. - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
Revenue recognition	
As disclosed in note 23 to the consolidated financial statements, the Group generates revenue from local and export sale of towels. We identified revenue recognition and its reporting in the consolidated financial statements as a key audit matter primarily due it being a key performance indicator, inherent risk of material misstatement and the amount of audit efforts in relation to this area.	Our procedures, amongst others, included the following: - obtained an understanding of the Group's processes in place for revenue recognition and tested key controls. - performed analytical review procedures and other test of details over revenue including cut-off procedures to check that revenue has been recognized in the appropriate accounting period. - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Information Other than the consolidated 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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 consolidated financial statements of the current year 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.

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

Chartered Accountants
Place: Karachi
Date: 05 October 2026
UDIN: AR202610093CpJDON6ev

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	2026	2025
		----------(Rupees in '000)----------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	35,120,284	37,400,223
Intangible assets	6	282,241	206,496
Long-term deposits	7	157,543	184,846
		35,560,068	37,791,565
Current assets			
Stores and spares	8	2,773,064	2,599,521
Stock-in-trade	9	23,883,047	21,268,341
Trade debts	10	11,928,522	14,298,043
Advances, deposits, prepayments and other receivables	11	10,037,221	6,257,294
Taxation - net		2,183,427	1,139,409
Cash and bank balances	12	718,622	308,346
		51,523,903	45,870,954
TOTAL ASSETS		87,083,971	83,662,519
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	3,994,090	3,994,090
Share premium		1,571,733	1,571,733
Merger reserve		543,413	543,413
Revaluation surplus on land		3,010,172	3,010,172
Accumulated profit		25,440,121	24,636,755
		34,559,529	33,756,163
Non-current liabilities			
Deferred liabilities	14	230,846	316,972
Long-term financing	15	3,936,373	4,916,936
Lease liabilities	16	699,993	908,925
Sindh Infrastructure Development Cess	17	855,620	-
		5,722,832	6,142,833
Current liabilities			
Trade and other payables	18	13,193,526	12,131,309
Provisions	19	3,723,480	4,811,404
Short-term borrowings	20	27,914,648	24,289,748
Accrued mark-up	21	353,812	383,780
Current portion of deferred liabilities	14	88,882	102,166
Current portion of long-term financing	15	1,060,951	1,806,845
Current portion of lease liabilities	16	223,738	235,901
Current portion of Sindh Infrastructure Development Cess		240,211	-
Unclaimed dividend		2,362	2,370
		46,801,610	43,763,523
Commitments	22		
TOTAL EQUITY AND LIABILITIES		87,083,971	83,662,519

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
		----------(Rupees in '000)----------	
Sales	23	67,734,669	66,110,531
Cost of sales	24	(59,323,316)	(57,040,447)
Gross profit		8,411,353	9,070,084
Administrative costs	25	(1,196,770)	(1,211,338)
Distribution costs	26	(5,542,798)	(4,784,251)
Other expenses	27	(153,161)	(258,643)
		(6,892,729)	(6,254,232)
		1,518,624	2,815,852
Other income	28	2,290,949	883,893
Operating profit		3,809,573	3,699,745
Effect of discounting of SIDC	17.1	265,932	-
Finance costs	29	(2,450,338)	(3,068,248)
Profit before levies and income tax		1,625,167	631,497
Levies			
Minimum tax		(700,338)	(672,495)
Final tax		(88)	(5,945)
		(700,426)	(678,440)
Profit / (loss) before income tax		924,741	(46,943)
Taxation	30		
Prior		(121,375)	145,966
Net profit for the year		803,366	99,023
		----------(Rupees)----------	
Earnings per share - basic and diluted	31	2.01	0.25

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
	----------(Rupees in '000)----------	
Net profit for the year	803,366	99,023
Other comprehensive income	-	-
Total comprehensive income for the year	803,366	99,023

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total Reserves	Total
		Merger reserve*	Share premium	Revaluation surplus on land	Accumulated profit		
	----------(Rupees in '000)----------						
Balance as at 30 June 2024	3,994,090	543,413	1,571,733	3,010,172	24,537,732	29,663,050	33,657,140
Net profit for the year	-	-	-	-	99,023	99,023	99,023
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	99,023	99,023	99,023
Balance as at 30 June 2025	3,994,090	543,413	1,571,733	3,010,172	24,636,755	29,762,073	33,756,163
Net profit for the year	-	-	-	-	803,366	803,366	803,366
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	803,366	803,366	803,366
Balance as at 30 June 2026	3,994,090	543,413	1,571,733	3,010,172	25,440,121	30,565,439	34,559,529

* Represents surplus created at the time of merger between Feroze1888 Mills Limited and Feroze Textile Industries (Private) Limited in the year 2011-2012

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		----------(Rupees in '000)----------	
Profit before levies and income tax		1,625,167	631,497
Adjustments for non-cash items:			
Depreciation on operating fixed assets	5.3	3,339,963	2,889,410
Depreciation on right-of-use assets	5.6.1	338,460	250,459
Amortisation on intangible assets	24.1	9,785	5,366
Property, plant and equipment - written off		-	82,289
Loss on disposal of operating fixed assets	27	12,540	844
Allowance for ECL		-	1,344
(Gain) / loss on derivative financial instruments	28	(687,532)	89,512
Finance costs	29	2,450,338	3,068,248
Provision for gratuity		-	416,299
Exchange gain	28	(1,363,893)	(797,898)
Effect of discounting	17.1	(265,932)	-
Interest on bank accounts	28	(157)	(19,714)
Dividend income	28	(303)	(40,578)
		3,833,269	5,945,581
Working capital changes:			
Stores and spares		(173,543)	354,047
Stock in trade		(2,614,706)	(4,570,084)
Trade debts		3,623,533	1,669,364
Advances, deposits, prepayments and other receivables		(3,106,292)	(1,948,970)
Trade and other payables		1,299,446	1,386,508
Provisions		514,343	409,355
		(457,219)	(2,699,780)
Cash generated from operations		5,001,217	3,877,298
Finance costs paid		(2,368,873)	(3,273,129)
Income tax and levies paid		(1,865,819)	(1,453,420)
Gratuity paid		(200,228)	(275,250)
Sindh Infrastructure Development Cess paid		(240,504)	-
Long-term deposits - net		27,303	49,229
Net cash generated from / (used in) operating activities		353,096	(1,075,272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure during the year		(1,464,703)	(3,884,174)
Proceeds from disposal of operating fixed assets	5.4	21,010	61,655
Investments encashed during the year		-	2,729,534
Dividend received		303	-
Interest received on bank accounts		157	19,714
Net cash used in investing activities		(1,443,233)	(1,073,271)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		(1,825,867)	(1,790,400)
Short-term borrowings - net		3,711,681	3,554,094
Lease rentals paid		(385,393)	(361,524)
Dividend paid		(8)	(47)
Net cash generated from financing activities		1,500,413	1,402,123
Net increase/ (decrease) in cash and cash equivalents		410,276	(746,420)
Cash and cash equivalents at the beginning of the year		308,346	1,054,766
Cash and cash equivalents at the end of the year	12	718,622	308,346

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1 THE GROUP AND ITS OPERATIONS

1.1 The Group comprises of Feroze1888 Mills Limited (the Holding Company) and its wholly owned subsidiary namely, Feroze1888 Miiis UK Private Limited.

1.2 Feroze1888 Mills Limited (the Holding Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in production and export of towels.

1.3 Feroze1888 Mills UK Private Limited, the wholly owned subsidiary, is incorporated in England & Wales as a Private Limited Company. The principal activity of the Subsidiary Company is to engage in the e-commerece business of terry and knitted products.

1.4 Geographical location and address of business units

Particulars	Location	Total area (in acres)
a) Feroze 1888 Mills Limited		
Corporate Office	Plot # 160, Bangalore Town, Shahrah-e-Faisal Road, Darwaish Colony, Karachi	
Registered Office / Production plants	H-23/4-A (Registered Office), H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi	34.47
	Survey No. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi	124.23
	Plot # D-12 to D-20, K-1 to K-3, M-30 (Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1, 94/1) HITE, Hub, Lasbela, Balochistan	28.86
	Plot # 342/A, Haroonabad, SITE, Karachi	0.04
	Plot # B-4/A, A-5/D, A-5/D1, C-3 and C-31, SITE, Karachi	10.16
	Plot # PL-15 and ST-03, North Karachi Industrial Area, Karachi	1.98
b) Feroze 1888 Mills UK Private Limited		
Registered Office	36 Scotts Road, Bromley Kent, England	

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 Standard Board as notified under the Companies Act,2017 (the Act); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in these consolidated financial statements.

2.3 Functional and presentation currency

These consolidated financial statements are prepared in Pakistani Rupees, which is the functional and presentation currency of the Holding Company.

2.4 Basis of consolidation

Subsidiary is incorporated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

The assets, liabilities, income and expenses of subsidiary company are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary's shareholder equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full. The Subsidiary has same reporting period as that of the Holding Company. The accounting policies of the Subsidiary are consistent with accounting policies of the Group.

2.5 New accounting standards

Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Group's accounting period beginning on 01 July 2025, but are considered either to be not relevant or to not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's accounting periods beginning on or after 01 July 2026. However, the Group's expects that these standards (other than IFRS 18) will not have any material impact on the Group's consolidated financial statements in the period of initial application. The Group's is currently working to identify all impacts that IFRS 18 will have on the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates judgments and estimates which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the accounting policies, management has made the following judgement and estimates which are significant to the consolidated financial statements:

Property, plant and equipment

The estimates for revalued amounts of land are based on valuation performed by external professional valuer while estimates of useful life and residual value are based on recommendation of in house technical department of the Holding Company. Holding The Company reviews appropriateness of these estimates on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Holding Company uses the technical resources available to the Holding Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Inventories

The Holding Company reviews the Net Realisable Value (NRV) based on estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale of stock-in-trade to assess any diminution in the respective carrying values and also review the inventories for obsolescence according to degree of ageing based on a specific criteria.

Provisions

Provisions are recognised when the Holding Company has a present legal or constructive obligation 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. The Holding Company, based on the availability of the latest information, estimates the value of provision to be recorded in the financial statements, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

Taxation

In making the estimates for taxation, the Holding Company refers to current income tax laws and the decisions of appellate authorities on certain issues in the past.

4 MATERIAL ACCOUNTING POLICIES

4.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is stated at revalued amount less impairment, if any. Depreciation is charged to statement of profit or loss applying the reducing balance method except for lease hold improvement and major overhauling cost of turbine and generators which are depreciated on straight line basis.

Maintenance and repairs are charged to consolidated statement of profit or loss as and when incurred. Major overhauling which increases asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gain or losses on disposal of operating property, plant and equipment, if any, are recongised in the consolidated statement of profit or loss

Revaluation of land is carried out on each asset class separately with sufficient regularity so that the fair value and carrying value do not differ materially at the consolidated statement of financial position date. Any revaluation increase arising on the revaluation of each asset is credited in 'revaluation surplus on land' account. A decrease in the carrying amount arising on revaluation of each asset is charged to profit or loss to the extent that it exceeds the balance, if any, held in the 'revaluation surplus on land' account.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

4.2 Right-of-use assets and lease liabilities

The Holding Company recognises a right-of-use asset at the commencement date of the lease. These are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. These are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

At the commencement date of the lease, the Holding Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date the Holding Company uses its incremental borrowing rate (IBR). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

4.3 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

4.4 Stores and spares

These are valued at lower of moving average cost and NRV, except items in-transit, which are valued at cost comprising invoice value plus other charges incurred thereon up to the date of consolidated statement of financial position.

4.5 Stock-in-trade

These are valued at lower of cost and NRV except items in transit, which are valued at cost comprising invoice value plus other charges incurred thereon up to the date of consolidated statement of financial position. Cost of raw material is determined using weighted average cost comprising invoice price plus other charges incurred thereon up to the consolidated statement of financial position date. Cost in relation to finished goods and work-in-process comprises of the cost of direct material, direct labour and relevant manufacturing expenses that have been incurred in bringing the inventories to their present location and condition.`

4.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.6.1 Financial assets

i) Initial recognition and measurement

On initial recognition, financial assets are classified at amortised cost; Fair Value through Other Comprehensive Income (FVTOCI) or Fair Value through Profit or Loss (FVTPL). These are measured at fair value and transaction cost, if any, except for financial asssets at FVTPL, in which case, transaction cost is charged to consolidated statement of profit or loss.

ii) Subsequent measurement

- At amortized cost

  These are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

- At FVTPL

  These are subsequently measured at fair value with net changes in fair value recognised in statement of profit or loss.

- At FVTOCI

  The Group does not have any financial assets at FVTOCI as of the reporting date.

iii) Derecognition

A financial asset is derecognised when the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognised the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

iv) Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company applies a simplifed approach in calculating for its financial assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.6.2 Financial liabilities

i) Initial recognition and measurement

On initial recognition, financial liabilities are classified at amortised cost or FVTPL and these are measured at fair value less transaction cost, if any, except for financial liabilities at FVTPL, in which case, transaction cost is charged to consolidated statement of profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

ii) Subsequent measurement

- At amortized cost

  These are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

- At FVTPL

  These are subsequently measured at fair value with net changes in fair value recognised inconsolidatedstatement of profit or loss.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss

4.6.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

4.7 Government grants

Government grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related loan.

4.8 Foreign currency transactions and translation

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates which approximate those prevailing at the consolidated statement of financial position date. Exchange differences are recognised in the consolidated statement of profit or loss.

4.9 Revenue from contract with customers

Sale of goods

Revenue from sale of goods is recognized when or as control of goods have been transferred to a customer at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates.

Other income

Return on bank accounts is recognized on accrual basis using an effective interest rate method.
Dividend income is recognized when the right to receive such payment is established.
Other revenues are accounted when performance obligations are met.

4.10 Taxation

Current / Levies

The charge for current taxation is computed in accordance with Income Tax Ordinance, 2001 (the Ordinance).The Holding Company has elected to designate the amount computed in accordance with the Ordinance as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax is recognized as a levy.

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized. The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

4.11 Dividend and appropriation to reserves

Dividend is recognised in the consolidated financial statements in which these are approved. Dividend approved subsequent to the consolidated statement of financial position date is considered as a non-adjusting event and is recognised in the subsequent consolidated financial statements.

	Note	2026	2025
		----------(Rupees in '000)----------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	31,501,382	30,456,744
Capital work-in-progress	5.5	2,786,152	5,825,134
Right-of-use assets	5.6	832,750	1,118,345
		35,120,284	37,400,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

5.1 Operating fixed assets

Description	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation
	As at 01 July 2025	Additions	Disposals	As at 30 June 2026	As at 01 July 2025	Disposals	Charge for the year	As at 30 June 2026	As at 30 June 2026	Rate % per annum
	---------- (Rupees in '000) ----------									
2026										
Freehold land	548,729	-	-	548,729	-	-	-	-	548,729	-
Building on freehold land	148,250	-	-	148,250	125,233	-	2,301	127,534	20,716	10%
Leasehold land	3,915,053	30,000	-	3,945,053	3,817,404	-	-	3,817,404	3,945,053	-
Building on leasehold land	11,344,952	1,599,950	-	12,944,902	231,628	(2,431)	802,013	4,619,417	8,325,485	10%
Leasehold improvements	235,024	-	(2,431)	232,593	12,194,554	(125,225)	3,396	232,593	-	40% - 65%
Plant and machinery	29,331,082	2,501,037	(148,780)	31,683,339	437,653	-	2,335,581	14,404,910	17,278,429	Note 5.1.1
Electric fittings / equipment	1,306,914	185,649	-	1,492,563	181,284	(8,923)	91,814	529,467	963,096	10%
Office equipment	363,534	20,330	(10,844)	373,020	153,362	(11,831)	28,738	201,099	171,921	15%
Computers	228,225	25,106	(12,827)	240,504	35,475	(2,189)	26,015	167,546	72,958	30%
Furniture and fixtures	116,077	28,348	(4,951)	139,474	122,329	(1,874)	30,342	63,628	75,846	10%
Vehicles	217,826	27,731	(6,190)	239,367	17,298,922	(152,473)	19,763	140,218	99,149	20%
	47,755,666	4,418,151	(186,023)	51,987,794	17,298,922	(152,473)	3,339,963	20,486,412	31,501,382	

Description	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation
	As at 01 July 2024	Additions	Disposals	As at 30 June 2025	As at 01 July 2024	Disposals	Charge for the year	As at 30 June 2025	As at 30 June 2025	Rate % per annum
	---------- (Rupees in '000) ----------									
2025										
Freehold land	548,729	-	-	548,729	-	-	-	-	548,729	-
Building on freehold land	148,250	-	-	148,250	122,676	-	2,557	125,233	23,017	10%
Leasehold land	3,836,428	78,625	-	3,915,053	-	-	-	-	3,915,053	-
Building on leasehold land	10,188,232	1,156,720	-	11,344,952	3,012,746	-	804,658	3,817,404	7,527,548	10%
Leasehold improvements	235,024	-	-	235,024	231,269	-	359	231,628	3,396	40% - 65%
Plant and machinery	27,125,956	2,554,851	(349,725)	29,331,082	10,567,438	(264,769)	1,891,885	12,194,554	17,136,528	Note 5.1.1
Electric fittings / equipment	1,191,338	126,540	(10,964)	1,306,914	351,872	(7,475)	93,256	437,653	869,261	10%
Office equipment	346,689	29,161	(12,316)	363,534	150,855	(10,124)	40,553	181,284	182,250	15%
Computers	240,614	29,461	(41,850)	228,225	167,011	(38,859)	25,210	153,362	74,863	30%
Furniture and fixtures	182,297	10,130	(76,350)	116,077	63,841	(38,966)	10,600	35,475	80,602	10%
Vehicles	192,680	33,880	(8,734)	217,826	107,831	(5,834)	20,332	122,329	95,497	20%
	44,236,237	4,019,368	(499,939)	47,755,666	14,775,539	(366,027)	2,889,410	17,298,922	30,456,744	

5.1.1 Depreciation is charged based on expected useful life of asset at the rate, ranging from 10% to 35% on reducing balance method except for major overhauling cost of turbine and generators which are depreciated at the rate of 33% on straight line basis.

5.2 The latest valuation was carried out by an independent valuer - M/s. Iqbal A. Nanjee & Co. (Private) Limited on 30 June 2022 on the basis of present market values for similar sized plots in the vicinity of land. Had there been no revaluation, the net book value of freehold and leasehold land would have been Rs.181.79 million and Rs. 1,347.77 million respectively. The fair value of the land subject to revaluation model falls under level 3 of fair value hierarchy. Forced sale value as per the last revaluation report as of 30 June 2022 of freehold and lease hold land is Rs.535.67 million and Rs.3,514.13 million respectively.

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

	Note	2026	2025
		----------(Rupees in '000)----------	
Cost of sales	24.1	3,271,368	2,800,247
Administrative costs	25	31,788	49,979
Distribution costs	26	36,807	39,184
		3,339,963	2,889,410

5.4 The details of disposals/ write offs of operating fixed assets having net book value of more than Rs. 500,000/- during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss on disposal	Mode of disposal	Particulars of purchasers
	----------Rupees in '000 ----------						
Gas Generator	34,549	31,094	3,455	2,869	(586)	Negotiation	Third party
Winding Machine Autocone	16,389	13,948	2,441	820	(1,621)	Negotiation	Third party
Air Compressor	5,877	4,534	1,343	8	(1,335)	Negotiation	Third party
Hydro Extractor Machine	2,502	1,217	1,285	131	(1,154)	Negotiation	Third party
Motor Car	4,560	608	3,952	4,628	676	Negotiation	Third party
Long Ribbon Machine	3,359	2,708	651	249	(402)	Negotiation	Third party
Stitching Machine Long Ribbon	3,359	2,708	651	249	(402)	Negotiation	Third party
Auto Longitudinal Heming Machine	4,679	3,747	932	249	(683)	Negotiation	Third party
Solar Energy Generation System	3,519	2,190	1,329	615	(714)	Negotiation	Third party
Steam Generator	1,534	912	622	131	(491)	Negotiation	Third party
Poly Recycle Machine	5,487	3,242	2,245	1,230	(1,015)	Negotiation	Third party
Fire Alarm and Smoke Detector System	5,684	4,648	1,036	-	(1,036)	Write off	-
Containerized Gas Engine	4,975	3,897	1,078	-	(1,078)	Write off	-
	96,473	75,453	21,020	11,179	(9,841)		
Items having net book value of less than Rs. 500,000	89,550	77,020	12,530	9,831	(2,699)		
2026	186,023	152,473	33,550	21,010	(12,540)		
2025	499,939	366,027	133,912	61,655	(72,259)		

5.5 Capital work-in-progress

	2026	2025
	----------(Rupees in '000)----------	
Building on leasehold land	1,353,899	3,058,539
Plant and machinery	1,359,311	2,634,896
Furniture and fixtures	36,554	38,316
Office equipment	36,388	93,383
	2,786,152	5,825,134

5.5.1 The movement in capital work-in-progress is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Balance at the beginning of the year	5,825,134	6,666,574
Capital expenditure during the year	1,341,192	3,294,290
Transferred to operating fixed assets	(4,380,174)	(4,135,730)
Balance at the end of the year	2,786,152	5,825,134

5.6 Right-of-use assets - premises

Balance at the beginning of the year:		
Cost	2,296,144	1,280,940
Accumulated depreciation	(1,177,799)	(927,340)
Net book value	1,118,345	353,600
Movement in carrying value for the year:		
Opening net book value	1,118,345	353,600
Lease re-assessments during the year	52,865	1,043,274
Lease terminated during the year	-	(28,070)
Depreciation charge for the year	(338,460)	(250,459)
Closing net book value	832,750	1,118,345
Balance at the end of the year		
Cost	2,349,009	2,296,144
Accumulated depreciation	(1,516,259)	(1,177,799)
Net book value	832,750	1,118,345

5.6.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:

Cost of sales	297,196	199,051
Administrative costs	41,264	51,408
	338,460	250,459

5.6.2 The right-of-use assets are depreciated over a life of 2 - 5 years.

6 INTANGIBLE ASSETS

Software	279,810	230
Intangibles under development	2,431	206,266
	282,241	206,496

6.1 Software

COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	AMORTIZATION
As at 01 July 2025	Additions	As at 30 June 2026	As at 01 July 2025	Charge for the year	As at 30 June 2026	As at 30 June 2026	Rate % per annum
---------- (Rupees in '000) ----------							%
65,106	289,363	354,469	64,876	9,783	74,659	279,810	6.67% - 20%

COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	AMORTIZATION
As at 01 July 2024	Additions	As at 30 June 2025	As at 01 July 2024	Charge for the year	As at 30 June 2025	As at 30 June 2025	Rate % per annum
---------- (Rupees in '000) ----------							
65,106	-	65,106	59,510	5,366	64,876	230	20%

		2026	2025
		----------(Rupees in '000)----------	
6.2	**Intangibles under development**		
	Balance at the beginning of the year	206,266	61,724
	Capital expenditure during the year	85,528	144,542
	Transferred to operating assets	(289,363)	-
	Balance at the end of the year	2,431	206,266
7	**LONG-TERM DEPOSITS**		
	Related parties:		
	M&N Impex (Private) Limited	30,725	22,266
	Nigehban (Private) Limited	29,595	23,673
	UTI Industries (Private) Limited	11,318	11,318
	Frieden Management (Private) Limited	5,143	17,587
		76,781	74,844
	Other than related parties	80,762	110,002
		157,543	184,846
8	**STORES AND SPARES**		
	General stores	382,474	572,004
	Chemicals	1,100,450	547,978
	Packing stores	1,213,882	1,230,339
		2,696,806	2,350,321
	Stores and spares in transit	76,258	249,200
		2,773,064	2,599,521

8.1 Include items costing Rs. 54.87 million (2025: Rs. 48.51 million) which have been valued at their NRV of Rs. 18.68 million (2025: Rs. 8.99 million).

		2026	2025
		----------(Rupees in '000)----------	
9	**STOCK-IN-TRADE**		
	Raw materials:		
	- in hand	5,879,097	6,102,464
	- in transit	1,099,354	2,176,790
		6,978,451	8,279,254
	Work-in-progress	10,983,198	8,535,582
	Finished goods	5,921,398	4,453,505
		23,883,047	21,268,341

9.1 Include inventory of Rs. 1,202.62 million (2025: Rs. 282.14 million) held with various parties for processing.

9.2 Include items costing Rs. 1381.88 million (2025: Rs. 833.88 million) which have been valued at their NRV of Rs. 924.06 million.

		2026	2025
		----------(Rupees in '000)----------	
10	**TRADE DEBTS**		
	Considered good		
	Export:	1,455,504	3,482,171
	Unsecured	103,071,371	10,618,058
		11,762,875	14,100,229
	Local: Unsecured	165,647	197,814
		11,928,522	14,298,043
	Considered doubtful	-	69,799
	Allowance for ECL	-	(69,799)
		-	-
		11,928,522	14,298,043

10.1 These are secured by way of letters of credit.

10.2 Include due from the following related parties. These are neither past due nor impaired:

		2026	2025
		----------(Rupees in '000)----------	
	1888 Mills LLC	1,607,391	1,491,336
	Premier 1888 Limited	302,776	970,374
		1,910,167	2,461,710
10.3	The maximum aggregate amount outstanding from the related parties at any time during the year calculated with reference to month end balances is as follows:		
	1888 Mills LLC	2,932,999	1,757,263
	Premier 1888 Limited	821,855	970,374
11	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Considered good		
	Advances		
	Suppliers	2,118,494	736,378
	Employees	5,040	3,097
		2,123,534	739,475
	Deposits	55,844	20,427
	Prepayments	160,971	61,404
	Other receivables		
	Derivative financial instruments	687,532	-
	Export rebate	1,542,663	1,384,891
	Drawback of local taxes and levies receivable	63,083	637,742
	Technology upgradation fund scheme	89,278	89,278
	Sales tax refundable	5,267,075	3,126,208
	Due from Premier 1888 Limited - a related party	23,021	47,687
	Others	24,220	150,182
		7,696,872	5,435,988
		10,037,221	6,257,294
	Considered doubtful	-	24,323
	Allowance for ECL	-	(24,323)
		-	-
		10,037,221	6,257,294
12	**CASH AND BANK BALANCES**		
	Conventional - current accounts:		
	Local currency	302,926	61,775
	Foreign currency	173,088	87,374
		476,014	149,149
	Conventional - savings account:		
	Local currency	-	16,468
		476,014	165,617
	Islamic - current accounts:		
	Local currency	40,638	36,733
	Foreign currency	76,837	30,026
		117,475	66,759
		593,489	232,376
	Cash in hand:		
	Local currency	10,651	5,824
	Foreign currency	114,482	70,146
		125,133	75,970
		718,622	308,346

13 SHARE CAPITAL

13.1 Authorised capital

2026	2025		2026	2025
---------- Number of Shares ----------			----------(Rupees in '000)----------	
400,000,000	400,000,000	Ordinary shares of Rs.10/- each	4,000,000	4,000,000

13.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs. 10/- each		
139,336,670	139,336,670	- Issued as fully paid in cash	1,393,367	1,393,367
859,020	859,020	- Issued as bonus shares	8,590	8,590
259,213,336	259,213,336	- Issued against consideration other than cash (operating fixed asset)	2,592,133	2,592,133
399,409,026	399,409,026		3,994,090	3,994,090

13.3 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

14 DEFERRED LIABIILITIES - Government grant

	Note	2026	2025
		----------(Rupees in '000)----------	
Balance at beginning of the year		419,138	532,884
Amortization during the year		(99,410)	(113,746)
Balance at end of the year		319,728	419,138
Current portion		(88,882)	(102,166)
		230,846	316,972

15 LONG-TERM FINANCING - secured

Conventional:			
Long Term Finance Facility (LTFF)	15.1	683,128	1,620,749
Temporary Economic Refinance Facility (TERF)	15.2	2,759,493	3,330,598
Renewable solar financing scheme	15.3	536,317	595,194
		3,978,938	5,546,541
Islamic:			
Long Term Finance Facility (LTFF)	15.1	-	17,080
Temporary Economic Refinance Facility (TERF)	15.2	905,386	1,047,160
Renewable solar financing scheme	15.3	113,000	113,000
		1,018,386	1,177,240
		4,997,324	6,723,781
Current portion		(1,060,951)	(1,806,845)
		3,936,373	4,916,936

15.1 Represent financing facilities obtained from various conventional and Islamic banks under LTFF Scheme by State Bank of Pakistan (SBP) repayable in five to ten years through half yearly and quarterly installments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% per annum. These facilities are secured against specific charge on plant and machinery of the Holding Company.

15.2 Represent financing facilities obtained from various conventional and Islamic banks under TERF Scheme by SBP repayable in six to ten years through semi-annual and quarterly installments latest by September 2032 and have been recognized at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% per annum. The differential mark-up has been recognized as government grant which will be amortized over the period of facility. These facilities are secured against specific charge on plant and machinery of the Holding Company.

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15.3 Represent financing facilities obtained from various conventional and Islamic banks under SBP financing scheme for renewable solar financing repayable in ten years through half yearly and quarterly installments. These carry mark-up at the SBP rate plus spread ranging from 0.50% to 4%. These are secured against specific hypothecation charge over plant and machinery of the Holding Company.

15.4 Movement in long term financing

	Note	2026	2025
		----------(Rupees in '000)----------	
Balance at beginning of year		7,142,919	8,933,319
Additions during the year		-	65,830
Payments during the year		(1,825,867)	(1,856,230)
Balance at end of the year		5,317,052	7,142,919

16 LEASE LIABILITIES

Balance at the beginning of the year		1,144,826	451,932
Lease re-assessments during the year		52,865	1,043,274
Lease terminated during the year		-	(38,220)
Interest charge	29	111,433	49,364
Lease rentals paid		(385,393)	(361,524)
Balance at the end of the year		923,731	1,144,826
Current portion		(223,738)	(235,901)
		699,993	908,925

16.1 The amount of future payment under the lease arrangements and the period in which these payments will become due are as follows:

	2026			2025		
	Minimum lease payment	Mark-up	Present value of minimum lease payment	Minimum lease payment	Mark-up	Present value of minimum lease payment
	---------- Rupees in '000 ----------					
Less than one year	287,964	48,984	238,980	351,940	78,615	273,325
One to five years	825,107	140,356	684,751	1,122,164	250,663	871,501
	1,113,071	189,340	923,731	1,474,104	329,278	1,144,826

17 SINDH INFRASTRUCTURE DEVELOPMENT CESS

	Note	2026	2025
		----------(Rupees in '000)----------	
Sindh Infrastructure Development Cess		1,602,267	-
Effect of discounting	17.1	(265,932)	-
Payment made during the year		(240,504)	-
As at the end of the year		1,095,831	-
Current portion		(240,211)	-
		855,620	-

17.1 During the year, the Holding Company entered into an agreement with the Government of Sindh to settle the liability in 51 installments payable by 15 April 2040. Accordingly, the Holding Company has recorded the said liability at its present value using a discount rate of 4.50% per annum and the resulting effect of discounting is recognised as other income.

18 TRADE AND OTHER PAYABLES

	Note	2026	2025
		----------(Rupees in '000)----------	
Creditors	18.1	8,393,551	7,730,290
Accrued liabilities	18.2	3,249,852	2,596,672
Gratuity payable	18.3	1,239,907	1,440,135
Workers' Profits Participation Fund	18.4	85,583	33,239
Workers' Welfare Fund	18.5	34,932	68,363
Witholding taxes payable		61,166	36,295
Contract liabilities		74,073	88,823
Refund liabilities		13,002	14,571
Payable to Provident Fund	18.6	39,915	33,409
Others		1,545	-
Derivative financial instruments		-	89,512
		13,193,526	12,131,309

18.1 Include Rs. 653.18 million (2025: Rs. 1,388.10 million) due to 1888 Mills LLC (a related party).

18.2 Include Rs. 233.73 million (2025: Rs. 56.78 million) due to 1888 Mills LLC (a related party).

18.3 The Holding Company operated an approved gratuity fund for its eligible employees till 30 June 2025 and accordingly, gratuity payable was recorded on the basis of last drawn salaries of respective employees till 30 June 2025. The movement in gratuity payable is as follows:

	Note	2026	2025
		----------(Rupees in '000)----------	
Opening balance		1,440,135	1,299,086
Provision during the year		-	416,299
Payments made during the year		(200,228)	(275,250)
Closing balance		1,239,907	1,440,135

18.4 Workers' Profits Participation Fund

Balance at the beginning of the year		33,239	33,028
Interest on Workers' Profits Participation Fund		-	319
Charge for the year	27	85,583	33,239
		118,822	66,586
Payments made during the year		(33,239)	(33,347)
Balance at the end of the year		85,583	33,239

18.5 Workers' Welfare Fund

Balance at the beginning of the year		68,363	55,908
Charge for the year		34,932	13,567
Payments made during the year		(68,363)	(1,112)
Balance at the end of the year		34,932	68,363

18.6 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

19 PROVISIONS

	2026	2025
	----------(Rupees in '000)----------	
Legal provisions	1,241,368	2,685,355
Gas Infrastructure Development Cess (GIDC)	1,524,979	1,524,979
Gas levy	527,618	155,653
Regasified Liquefied Natural Gas (RLNG)	300,646	300,646
Others	128,869	144,771
	3,723,480	4,811,404

19.1 Movement of provisions is as follows:

	Legal provisions	GIDC (note 20.1.1)	Gas Levy	RLNG	Others	Total
	---------- Rupees in '000 ----------					
Balance at the beginning of the year	2,685,355	1,524,979	155,653	300,646	144,771	4,811,404
Provisions made during the year	244,100	-	687,613	-	158,869	1,090,582
Utilized / adjusted during the year	(1,688,087)	-	(315,648)	-	(174,771)	(2,178,506)
Balance at the end of the year	1,241,368	1,524,979	527,618	300,646	128,869	3,723,480

19.1.1 In 2021, the Honorable Supreme Court of Pakistan (SCP) upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intra vires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Holding Company filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that the burden of GIDC had not been passed to its customers and thus, the Holding Company is not liable to pay GIDC under GIDC Act, 2015. The Court vide its order dated 18 September 2020 granted stay to the Company. The Holding Company without prejudice to the suit filed, has booked a provision under the relevant accounting standards.

20 SHORT-TERM BORROWINGS - secured

	Note	2026	2025
		----------(Rupees in '000)----------	
Export re-finance:			
Conventional		15,220,000	12,820,000
Islamic		4,330,000	6,450,000
	20.1	19,550,000	19,270,000
Foreign exchange loans:			
Conventional		4,666,104	2,448,917
Islamic		3,698,544	2,570,831
	20.2	8,364,648	5,019,748
		27,914,648	24,289,748

20.1 Represent export re-finance facilities from various conventional and Islamic banks carrying mark-up at the rates ranging from SBP export re-finance rate plus spread of 1% per annum. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Holding Company. As of the reporting date, unutilized portion for these facilities is Rs. 720 million (2025 Rs. 1,798 million)

20.2 Represent foreign exchange loans from various conventional and Islamic banks carrying mark-up at the rates ranging from 4% to 5.65% (2025:4.8% to 7.5%) per annum and will expire by December 2026 (2025: November 2025). These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Holding Company. As of the reporting date, unutilized portion for these facilities is Rs. 1,126 million (2025: Rs. 644 million).

20.3 As of the reporting date, the Holding Company has various unutilized running finance facilities of Rs. 2,794 million (2025: Rs. 2,751 million).

21 ACCRUED MARK-UP

	2026	2025
	----------(Rupees in '000)----------	
Long-term financing		
Conventional	27,206	36,824
Islamic	868	5,784
	28,074	42,608
Short-term borrowings		
Conventional	207,348	246,918
Islamic	118,390	94,254
	325,738	341,172
	353,812	383,780

22 COMMITMENTS

	Note	2026	2025
		----------(Rupees in '000)----------	
Outstanding letters of credit	22.1	2,153,833	2,460,407
Outstanding letters of guarantee	22.1	3,824,704	3,373,345
Capital expenditure		79,796	352,915
Post dated cheques		16,527,030	16,825,896

22.1 Total facilities for letters of credit amount to Rs. 13,650 million (2025: 11,300 million) and for letters of guarantee amount to Rs. 4,121 million (2025: 4,621 million).

23 SALES - net

	Note	2026	2025
		----------(Rupees in '000)----------	
Local		1,600,346	1,699,963
Export			
	23.1	65,550,414	63,879,802
		67,150,760	65,579,765
Export rebate		864,258	818,385
		68,015,018	66,398,150
Sales tax		(251,280)	(269,296)
Trade discounts		(29,069)	(18,323)
		(280,349)	(287,619)
		67,734,669	66,110,531

23.1 Represent sales made to the following geographical regions:

North America	48,202,830	45,075,997
South America	-	61,359
Europe	15,579,848	16,110,024
Asia	1,587,095	2,238,440
Africa	89,267	271,445
Australia	91,374	122,537
	65,550,414	63,879,802

23.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 74.9 million (2025: Rs. 114.2 million).

24 COST OF SALES

	Note	2026	2025
		----------(Rupees in '000)----------	
Opening stock of finished goods		4,453,505	4,160,377
Cost of goods manufactured	24.1	60,791,209	57,333,575
		65,244,714	61,493,952
Closing stock of finished goods	9	(5,921,398)	(4,453,505)
		59,323,316	57,040,447

24.1 Cost of goods manufactured

Raw material consumed	24.1.1	29,489,372	30,361,610
Stores and spares consumed		8,968,491	7,143,211
Salaries, wages and other benefits	24.1.2	11,874,441	10,539,971
Fuel, power and water		8,633,121	7,360,126
Insurance		77,188	88,714
Repairs and maintenance		231,287	292,196
Communication and transportation		262,598	206,610
Rent		14,687	9,190
Depreciation on operating fixed assets	5.3	3,271,368	2,800,247
Depreciation on right-of-use assets	5.6.1	297,196	199,051
Amortisation on intangible assets		138	5,366
Quality control and inspection		54,220	99,663
Others		64,718	40,273
		63,238,825	59,146,228
Opening work-in-progress		8,535,582	6,722,929
Closing work-in-progress	9	(10,983,198)	(8,535,582)
		60,791,209	57,333,575

24.1.1 Raw material consumed

	Note	2026	2025
		----------(Rupees in '000)----------	
Opening stock		8,279,254	5,814,951
Purchases during the year		28,188,569	32,825,913
		36,467,823	38,640,864
Closing stock	9	(6,978,451)	(8,279,254)
		29,489,372	30,361,610

24.1.2 Include Rs. 417.45 million (2025: Rs. 127.63 million) in respect of provident fund.

25 ADMINISTRATIVE COSTS

Directors' meeting fee		13,547	16,282
Salaries and benefits	25.1	809,879	832,986
Utilities		13,293	13,163
Repairs and maintenance		32,278	42,628
Communication		19,085	12,961
Rent, rates, taxes and license fee		89,327	36,903
Conveyance and traveling		24,183	14,072
Legal and professional		32,447	22,240
Fees and subscriptions		15,279	36,630
Depreciation on operating fixed assets	5.3	31,788	49,979
Depreciation on right-of-use assets	5.6.1	41,264	51,408
Amortisation on intangible assets		9,647	-
Security and janitorial services		31,138	40,665
Training and development expense		4,308	8,936
Others		29,307	32,485
		1,196,770	1,211,338

25.1 Include Rs. 33.03 million (2025: Rs.31.8 million) in respect of provident fund.

26 DISTRIBUTION COSTS

Salaries and benefits	26.1	680,779	544,368
Freight and insurance		1,298,299	1,027,695
Inspection and forwarding charges		757,744	494,693
Marketing and other related expenses		2,584,917	2,365,447
Depreciation on operating fixed assets	5.3	36,807	39,184
Export development surcharge		66,490	166,656
Conveyance and travelling		30,907	80,503
Others		86,855	65,705
		5,542,798	4,784,251

26.1 Include Rs. 25.72 million (2025: Rs.19.67 million) in respect of provident fund.

27 OTHER EXPENSES

Property, plant and equipment - written off		-	82,289
Loss on disposal of operating fixed assets - net		12,540	844
Workers' Profit Participation Fund	18.4	85,583	33,239
Workers' Welfare Fund		34,932	13,567
Allowance for ECL		-	1,344
Loss on derivative financial instruments		-	89,512
Donations	27.1 & 27.2	13,126	31,368
Auditors' remuneration	27.3	6,980	6,480
		153,161	258,643

27.1 Donation exceeding higher of Rs. 1 million or 10% of total donations are as follows:

Name of Donee	2026	2025
	----------(Rupees in '000)----------	
Karachi Vocational Training Center	4,200	3,900
Karachi Down Syndrome Program	2,000	2,000
Bait ul Sukoon	2,000	2,000
The Indus Hospital & Health Network	-	5,000
Network of Organizations Working for People With Disabilities Pakistan (NOWPDP)	-	1,000
	8,200	13,900

27.2 Include the following in which directors were interested:

Name of Directors	Name and address of donee	Interest in Donee
Zain Ashraf Mukaty	NOWPDP Bungalow no. 83/1, Rizvi Shaheed Road, Saddar, Karachi	Advisor to Board
Khaleequr Rehman	The Indus Hospital & Health Network Plot C-76, Sector 31/5, opposite Darussalam Society, Korangi Crossing, Karachi.	Chairman Endowment Committee

27.3 Auditors' remuneration	2026	2025
	----------(Rupees in '000)----------	
Audit fee	4,143	3,643
Half yearly review	1,228	1,228
Other certifications	792	792
Out of pocket expenses	337	337
Sales tax	480	480
	6,980	6,480

28 OTHER INCOME

Income from financial assets:		
Exchange gain - net	1,363,893	797,898
Gain on derivative financial instruments	687,532	-
Dividend income - shariah compliant	303	40,578
Interest on bank accounts - conventional	157	19,714
	2,051,885	858,190
Income from non-financial assets:		
Insurance claim	25,510	10,874
Scrap sales	72,323	10,151
Liabilities no longer payable - written back	140,502	-
Others	729	4,678
	239,064	25,703
	2,290,949	883,893

29 FINANCE COSTS

Markup / interest on:		
Long-term financing:		
- Conventional	128,278	176,524
- Islamic	30,477	32,443
	158,755	208,967
Short-term borrowings:		
- Conventional	1,107,866	1,789,016
- Islamic	675,201	751,167
	1,783,067	2,540,183
Lease liabilities	111,433	49,364
Workers' Profits Participation Fund	-	319
	2,053,255	2,798,833
Bills discounting	218,218	50,912
Bank charges	178,865	218,503
	2,450,338	3,068,248

30 TAXATION

30.1 No tax reconciliation is given as provision made during the year represents minimum tax under section 154 of the Ordinance.

30.2 The Holding Company has carried out an assessment of deferred taxation on temporary differences as at the statement of financial position date. However, in accordance with its accounting policy, the Holding Company has not recognized a net deferred tax asset of Rs. 5,003 million (2025: Rs. 5,997 million) in these consolidated financial statements.

31 EARNINGS PER SHARE – basic and diluted	2026	2025
	----------(Rupees in '000)----------	
Net profit for the year	803,366	99,023
	------ (Number of shares) ------	
Weighted average number of ordinary shares in issue	399,409,026	399,409,026
	---------- Rupees ----------	
Earnings per share - basic and diluted	2.01	0.25

31.1 There is no dilutive effect on the basic earnings per share of the Group

32 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Particular	2026			2025		
	Chief Executive Officer	Executives	Total	Chief Executive Officer	Executives	Total
	---------- Rupees in '000 ----------					
Managerial remuneration	69,984	1,963,198	2,033,182	69,984	1,741,674	1,811,658
Bonus	8,748	240,594	249,342	8,748	213,264	222,012
Retirement benefits	4,640	117,454	122,094	4,640	107,670	112,310
Leave encashment	-	940	940	-	780	780
Other benefits	2,916	192	3,108	2,916	3,348	6,264
	86,288	2,322,378	2,408,666	86,288	2,066,736	2,153,024
Numbers	1	603	604	1	519	520

32.1 The Chief Executive Officer is provided with Holding Company maintained car. Other executives are covered under Company's health insurance plans along with their dependents.

33 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary, companies with common directorship, directors (including their relatives), major shareholders of the Company, key management personnel and retirement benefit funds. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2026	2025
	----------(Rupees in '000)----------	
Associated companies (common directorship)		
Sales	7,422,185	6,468,929
Purchases	11,294	11,668
Marketing fee	1,999,622	2,100,314
Lease rentals paid	282,888	265,873
Rent expense	9,596	9,190
Donation	-	6,000
Directors		
Meeting fee	13,547	16,282
Key management personnel		
Remuneration paid	133,691	126,334
Post-employment benefits	7,573	6,907
Other related parties		
Contribution to Provident Fund	476,216	179,132

33.1 Following are the related parties with whom the Group has entered into transactions or have arrangement / agreement in place.

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC	Common Directorship	1.09%
Premier 1888 Limited	Common Directorship	-
Indus Hospital Health Network	Common Directorship	-
M&N Impex (Private) Limited	Common Directorship	-
Frieden Management (Private) Limited	Common Directorship	0.10%
Nigehban (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Liberty Mills Limited	Common Directorship	9.21%
Frieden Farms	Common Directorship	-
NOWPDP	Entity under significant influence of Director	-
Grangeford USA Inc	Common Directorship	9.81%
GMI Fund, LLC	Common Directorship	0.60%
Feroze1888 Mills Limited - Provident Fund	Defined Contribution Plan	-
Feroze1888 Mills Limited - Gratuity Fund	Defined Benefit Plan	-
Mr. Rehan Rahman	Chief Executive / Director	2.24%
Mr. Abdul Rahman Yaqub	Director	-
Mr. Khaleequr Rahman	Director	12.96%
Mr. Shabbir Ahmed	Director	19.29%
Mr. Perwez Ahmed	Director	14.48%
Mr. Anas Rahman	Director	15.00%
Mr. Zain Ashraf Mukaty	Director	-
Mr. Temoor Ashraf Mukaty	Director	-
Mr. Moin M. Fudda	Director	0.0001%
Ms. Huma Pasha	Director	0.0001%
Ms. Aminah Zahid Zaheer	Director	0.0001%
Ms. Javeria Siddiqui	Key Management Personnel	-
Mr. Faizan Zafar	Key Management Personnel	-

* Shareholding of directors include shares held by their relatives.

33.2 **Associated companies incorporated outside Pakistan**

Name	Country of Incorporation
Premier 1888 Limited	Bangladesh
1888 Mills LLC	United States of America
GMI Fund, LLC	United States of America
Grangeford USA Inc	United States of America

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks i.e., market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.The senior management of the Group oversees the management of these risks and provides policies for overall risk management, as well as policies covering specific areas. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

34.1 Market risk

It is the risk that fair value of future cash flows will fluctuate because of changes in market prices. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured.

34.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. At the statement of financial position date, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Long-term financing	4,997,324	6,723,781
Lease liabilities	923,731	1,144,826
Short-term borrowings	27,914,648	24,289,748

The Group analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity of variable rate instruments to a reasonably possible change in interest rate, with all other variables held constant on the Group's profit before levies and income tax:

	Increase / decrease in basis points	Effect on profit before levies and income tax Rs' in 000
2026	± 100	279,146
2025	± 100	242,733

34.1.2 Currency risk

Currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in the foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to the risk of changes in foreign exchange rates relate primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency).

The Group's exposure to foreign currency risk is as follows:

2026	CHF	GBP	JPY	EUR	USD
Trade debts	-	-	-	1,719.55	40,329.00
Cash and bank balances	-	-	-	(102.60)	1,332.00
Trade and other payables	(140.96)	(8.49)	(5,031.10)	1,616.95	(19,939.00)
Closing exchange rate	343.62	368.02	1.71	316.92	278.16
Average exchange rate	352.61	374.90	1.80	326.00	280.11

2025	CHF	GBP	JPY	EUR	USD
Trade debts	-	-	-	107.37	49,810
Cash and bank balances	-	-	-	0.79	775
Trade and other payables	-	-	-	-	` (4,358)
Closing exchange rate	-	-	-	332.66	278.34
Average exchange rate	-	-	-	303.96	283.24

The sensitivity of the Group's profit before income tax and levies to a reasonably possible change in the exchange rates, with all other variables held constant is as follows:

	Increase / decrease in exchange rate	Effect on profit before income tax and levies Rs' in 000
2026	± 10%	648,334
2025	± 10%	1,315,330

The Group manages its currency risk by close monitoring of currency markets.

34.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices other than those arising from currency risk or interest rate risk. As of the reporting date, the Group is not materially exposed to such risk.

34.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management of the Group regularly conducts detailed analysis of its credit risk. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the consolidated statement of financial position date is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Trade debts	10,473,018	10,815,872
Advances	2,123,534	739,475
Other receivables	47,241	197,869
Bank balances	593,489	232,376
	13,237,282	11,985,592

Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates are as follows:

	2026	2025
	----------(Rupees in '000)----------	
Bank balances		
A1+	549,068	984,336
A1	44,421	11,932
	593,489	996,268
Derivative financial instruments		
A1+	661,183	89,512
A1	26,349	-
	687,532	89,512

Trade debts

The aging of trade debts at the consolidated statement of financial position date is as follows:

	Neither past due nor impaired	Past due 1 - 60 days	61 - 90 days	More than 90 days	Total
	---------- Rupees in '000 ----------				
2026	11,193,210	584,846	87,160	63,306	11,928,522
2025	13,881,784	397,435	18,266	70,357	` 14,367,842

34.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2026	Up to 1 year	1 – 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------			
Long-term financing	1,060,951	3,524,695	731,406	5,317,052
Lease liabilities	287,964	825,107	-	1,113,071
Trade and other payables	12,998,938	-	-	12,998,938
Short-term borrowings	27,914,648	-	-	27,914,648
Accrued mark-up	353,812	1,115,568	720,180	2,189,560
Unclaimed dividend	2,362	-	-	2,362
	42,618,675	5,465,370	1,451,586	49,535,631

2025	Up to 1 year	1 – 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------			
Long-term financing	1,806,845	5,160,764	175,310	7,142,919
Lease liabilities	351,940	1,122,164	-	1,474,104
Trade and other payables	10,621,836	-	-	10,621,836
Short-term borrowings	24,289,748	-	-	24,289,748
Accrued mark-up	383,780	1,235,440	954,120	2,573,340
Unclaimed dividend	2,370	-	-	2,370
	37,456,519	7,518,368	1,129,430	46,104,317

34.3.1 Changes in liabilities from financing activities

	01 July 2025	Net cash flows	Non cash item	30 June 2026
	---------- Rupees in '000 ----------			
Long-term financing	6,723,781	(1,885,212)	158,755	4,997,324
Short-term borrowings	24,289,748	1,841,833	1,783,067	27,914,648
Lease liabilities	1,144,826	(385,393)	164,298	923,731
Unclaimed dividend	2,370	(47)	-	2,362
	32,160,725	(428,819)	2,106,120	33,838,065

34.4 Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratio as at consolidated statement of financial position date is as follows:

	2026	2025
	----------(Rupees in '000)----------	
Long-term financing	3,936,373	4,916,936
Current portion of long-term financing	1,060,951	1,806,845
Lease liabilities	699,993	908,925
Current portion of lease liabilities	223,738	235,901
Short-term borrowings	27,914,648	24,289,748
Accrued mark-up	353,812	383,780
Total debt	34,189,515	32,542,135
Cash and bank balances	(718,622)	(308,346)
Net debt	33,470,893	32,233,789
Share capital	3,994,090	3,994,090
Reserves	30,565,397	29,762,031
Total capital	34,559,487	33,756,121
Capital and net debt	68,030,380	65,989,910
Gearing ratio	49.20%	48.85%

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

34.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Below table shows fair value of the assets analysed based on the following:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

As of the reporting date, all financial instruments of the Company are carried at amortized cost except for derivative financial instruments which are carried at FVTPL. The carrying values of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate fair values.

35 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	Note	2026	2025
		----------(Rupees in '000)----------	
Disclosures in relation to the consolidated statement of financial position - Liability side:			
Financing as per islamic mode			
- Long term financing	15	1,018,386	1,177,240
- Short term financing	20	8,028,544	9,020,831
Accrued markup on conventional loans	21	234,554	283,742
Shariah compliant derivative financial instrument		-	4,003
Disclosures in relation to the consolidated statement of financial position - Asset side:			
Shariah compliant derivative financial instrument	11	369,488	-
Shariah compliant bank balances	12	117,475	66,759
Disclosures in relation to the consolidated statement of profit and loss:			
Revenue earned from a shariah compliant business segment	23	67,734,669	66,110,531
Break-up of late payments or liquidated damages		N/A	N/A
Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates		N/A	N/A
Exchange gain earned from actual currency	28	1,363,893	797,898
Exchange gains / (loss) earned using conventional derivative financial instruments	28	277,481	(85,509)
Exchange gain/(loss) using shariah complaint derivative financial instruments		410,051	(4,003)
Profit paid on islamic mode of financing	29	686,458	924,526
Total Interest earned on any conventional loan or advance		N/A	N/A
Gain from short-term investments - shariah compliant		N/A	N/A
Source and detailed breakup of other income			
Shariah compliant			
Exchange gain - net	28	1,363,893	797,898
Gain on derivative financial instruments	28	410,051	(4,003)
Dividend income	28	303	40,578
Scrap sales	28	72,323	10,151
Liabilities no longer payable - written back	28	140,502	-
Allowance for ECL	28	-	-
Non-Shariah compliant			
Gain on derivative financial instruments	28	277,481	(85,509)
Interest on bank accounts - conventional	28	157	19,714
Insurance claim	28	25,510	10,874
Effect of discounting	28	-	

Relationship with shariah compliant financial institution

Name	Relationship
Meezan Bank Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings
Bank Islami Pakistan Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings
Faysal Bank Limited	Diminishing Musharaka Forward contracts Bank balances Borrowings

36 PRODUCTION CAPACITY

	2026	2025
	----------(Rupees in '000)----------	
Spinning		
Total number of spindles installed	78,792	78,792
Average number of spindles worked	78,432	74,903
Total number of rotors installed	3,928	3,312
Average number of rotors worked	3,862	3,238
Weaving		
Total number of looms installed	441	451
Average number of looms worked	437	412

The production capacity and its comparison with actual production of processing and stitching is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

37 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 97.62% (2025: 97.81%) of the total gross revenue of the Company.

All non-current assets of the Company at 30 June 2026 are located in Pakistan.

Sales made by the Company to two major customers constitute 33.10% (2025: 33.96%) and 13.86% (2025: 13.47%) of the total sales.

38 NON ADJUSTING EVENT AFTER REPORTING DATE

Subsequent to the year end, the Board of Directors in its meeting held on 7th September 2026 has proposed final cash dividend @ Nil per share amounting to Rs. Nil million for approval of the members at the Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 September 2026 by the Board of Directors of the Company.

40 NUMBER OF PERSONS EMPLOYED

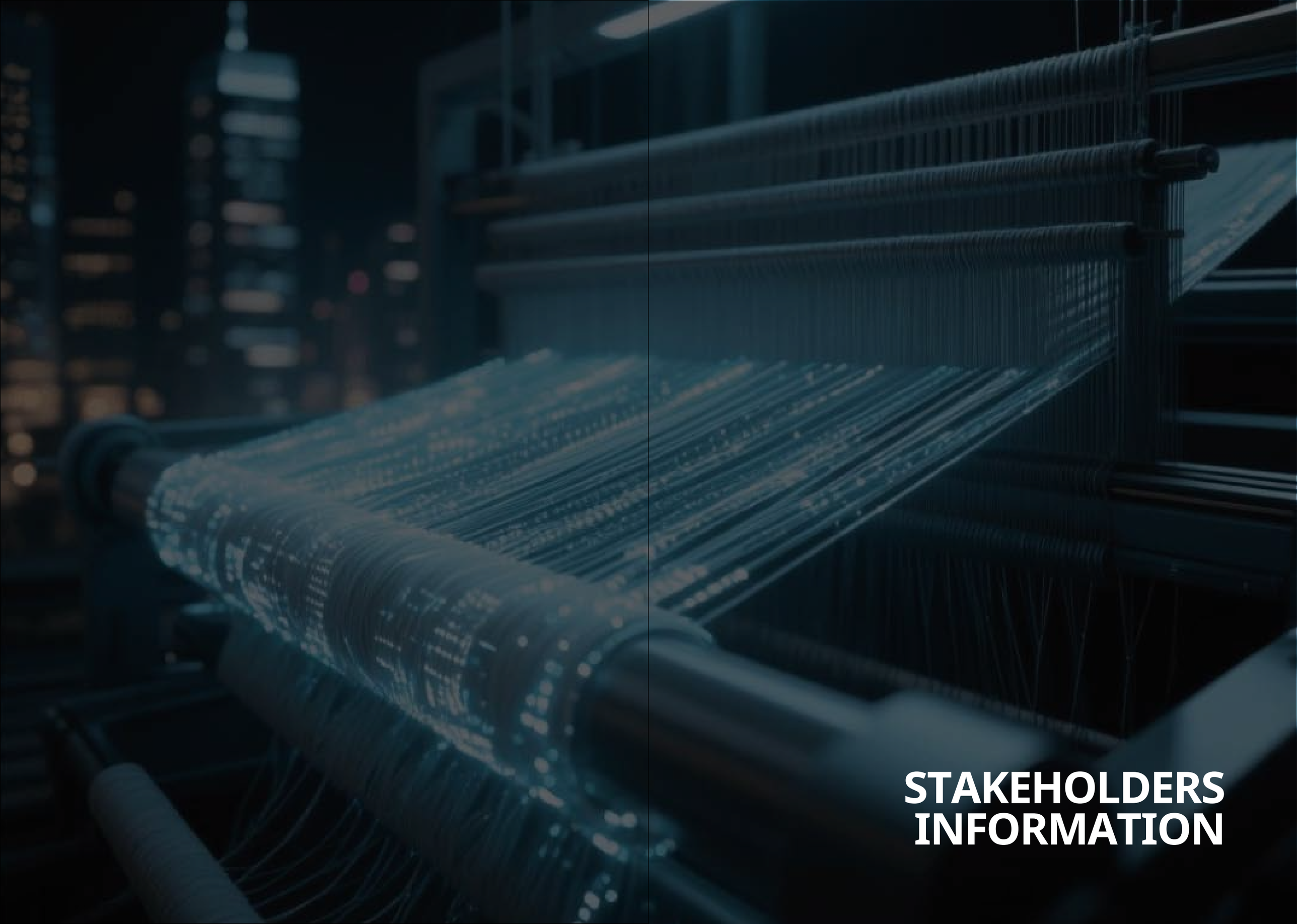
Number of persons employed as at 30 June 2026 were 14,938 (2025: 14,526) and average number of persons employed during the year were14,732 (2025: 14,615).

41 GENERAL

41.1 All figures in these consolidated financial statements are rounded off to the nearest thousand, unless otherwise stated.

41.2 Corresponding figures have been re-arranged and re-classified for the purpose of better presentation. However, there are no material reclassification to report.

JAVERIA SIDDIQUI	REHAN RAHMAN	AMINAH ZAHID ZAHEER
Chief Financial Officer	Chief Executive Officer	Director



STAKEHOLDERS INFORMATION

Calendar of notable events

Calendar of Corporate Events July 2025 to June 2026

August 2025	82nd BOD for Annual Financial Statement 30 June 2025	Friday, 29 August 2025
September 2025	83rd BOD for Annual Budget for the year 2025-26	Tuesday, 02 September 2025
October 2025	53rd Annual General Meeting for the year ended 30 June 2025	Thursday, 23 October 2025
October 2025	84th BOD for 1st Quarter Ended 30 September 2025	Wednesday, 29 October 2025
November 2025	Corporate Briefing Session	Tuesday, 11 November 2025
February 2026	85th BOD for 2nd Quarter/Half Year ended 31 December 2025	Thursday, 26 February 2026
April 2026	86th BOD for 3rd Quarter Ended 31 March 2026	Wednesday, 29 April 2026

Calendar of other events

Calendar of Corporate Events July 2025 to June 2026

Month	Event	Date
Aug-25	Independence Day (14) (**)	Thursday, August 14, 2025
Sep-25	Eid Milad Un Nabi (6) (*)	Thursday, September 05, 2025
	Defense Day (06) (*)	Friday, September 06, 2025
	International Sign Languages Day (23) (**)	Tuesday, September 23, 2025
	World Hearth Day (29) (**)	Monday, September 29, 2025
	The KIN – Company's 1st Quarter Magazine	Tuesday, September 30, 2025
Oct-25	World Sight Day (03) (**)	Wednesday, October 9, 2025
	World Mental Health Day (10) (*)	Friday, October 10, 2025
	Breast Cancer Awareness Day (13) (**)	Monday, October 13, 2025
Nov-25	Iqbal Day (09)	Sunday, November 09, 2025
	World Quality Day (11) (**)	Tuesday, November 11, 2025
	World Diabetes Day (14) (**)	Friday, November 14, 2025
Dec-25	International Day of Persons with Disabilities (3) (**)	Wednesday, December 03, 2025
	Human Rights Day (10) (*)	Wednesday, December 10, 2025
	Quaid-e-Azam Day (25) (*)	Thursday, December 25, 2025
	The KIN – Company's 2nd Quarter Magazine	Wednesday, December 31, 2025
Jan-26	Heimtex Germany (Textile Fair) (2nd Week)	Tuesday, January 13, 2026 Friday, January 16, 2026
Feb-26	World Cancer Day (04) (*)	Wednesday, February 04, 2026
Mar-26	International Women's Day (08)	Sunday, March 08, 2026
	Eid-ul-Fitr (20) (*)	Friday, March 20, 2026
	World Water Day (22) (*)	Sunday, March 22, 2026
	Pakistan Day (23) (*)	Monday, March 23, 2026
	The KIN – Company's 3rd Quarter Magazine	Tuesday, March 31, 2026
Apr-26	World Health Day (07) (**)	Tuesday, April 07, 2026
	Earth Day (22) (*)	Wednesday, April 22, 2026
	Health & Safety Day (28) (*)	Tuesday April 28, 2026
May-26	Labour Day (01) (*)	Friday May 01, 2026
	World Firefighters Day (04) (**)	Monday May 04, 2026
	Mother's Day (10) (**)	Sunday May 10, 2026
	World Hypertension Day (17) (**)	Sunday May 17, 2026
	Eid-ul- Azha (26) (*)	Tuesday May 26, 2026
	World No Tobacco Day (31) (**)	Sunday May 31, 2026
Jun-26	World Environment Day (05) (**)	Friday June 05, 2026
	World Blood Donor Day (14) (**)	Sunday June 14, 2026
	Fathers' Day (15) (*)	Monday June 15, 2026
	The KIN – Company's 4th Quarter Magazine	Tuesday June 30, 2026

* Flyer
**Activity / Flyer

Pattern of holdings of the shares held by the Shareholders as at 30 June 2026

No of Shareholders	Shareholdings				Total shares held
809	From	1	to	100	19,684
381	From	101	to	500	112,227
169	From	501	to	1,000	141,523
244	From	1,001	to	5,000	584,979
61	From	5,001	to	10,000	457,344
21	From	10,001	to	15,000	252,887
12	From	15,001	to	20,000	222,618
8	From	20,001	to	25,000	197,225
6	From	25,001	to	30,000	175,860
3	From	30,001	to	35,000	100,999
2	From	35,001	to	40,000	71,493
1	From	40,001	to	45,000	44,900
1	From	45,001	to	50,000	50,000
1	From	70,001	to	75,000	72,000
1	From	130,001	to	135,000	132,513
2	From	145,001	to	150,000	295,055
1	From	175,001	to	180,000	178,250
1	From	195,001	to	200,000	200,000
1	From	300,001	to	305,000	304,500
1	From	380,001	to	385,000	383,000
1	From	390,001	to	395,000	393,913
1	From	530,001	to	535,000	531,171
1	From	590,001	to	595,000	590,912
1	From	1,125,001	to	1,130,000	1,126,000
1	From	1,135,001	to	1,140,000	1,139,734
1	From	1,480,001	to	1,485,000	1,481,000
1	From	2,075,001	to	2,080,000	2,079,019
1	From	2,375,001	to	2,380,000	2,378,056
2	From	2,745,001	to	2,750,000	5,500,000
1	From	3,395,001	to	3,400,000	3,397,442
1	From	4,230,001	to	4,235,000	4,230,566
1	From	4,335,001	to	4,340,000	4,337,654
1	From	4,995,001	to	5,000,000	5,000,000
1	From	6,565,001	to	6,570,000	6,565,231
1	From	6,880,001	to	6,885,000	6,880,032
2	From	6,890,001	to	6,895,000	13,780,790
1	From	7,345,001	to	7,350,000	7,347,618
2	From	7,370,001	to	7,375,000	14,747,592
1	From	7,625,001	to	7,630,000	7,625,688
1	From	8,005,001	to	8,010,000	8,009,796
1	From	8,285,001	to	8,290,000	8,286,796
1	From	8,960,001	to	8,965,000	8,963,796
1	From	10,030,001	to	10,035,000	10,033,785
1	From	10,540,001	to	10,545,000	10,541,494
1	From	13,105,001	to	13,110,000	13,105,422
1	From	14,040,001	to	14,045,000	14,044,901
1	From	14,915,001	to	14,920,000	14,917,699
1	From	14,995,001	to	15,000,000	15,000,000
1	From	18,445,001	to	18,450,000	18,447,546
1	From	21,490,001	to	21,495,000	21,491,135
1	From	36,785,001	to	36,790,000	36,787,800
1	From	37,395,001	to	37,400,000	37,400,000
1	From	39,190,001	to	39,195,000	39,192,607
1	From	50,055,001	to	50,060,000	50,056,774
1763					399,409,026

Pattern of Shareholding

As at 30 June 2026

Categories of Shareholders	Number of shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their Spouse	11	119,329,016	29.88
Associated Companies, undertakings and related parties	6	120,490,030	30.17
NIT, Mutual Funds and Investment Companies	1	13	0.00
Banks, Development Financial Institutions, Non-Banking Financial Institutions Insurance & Others	18	583,518	0.15
Joint Stock Companies	4	6,484,827	1.62
Individuals	1723	152,521,622	38.19
	1,763	399,409,026	100.00

Pattern of Shareholding

As at 30 June 2026

Shareholders' Category		Number of Shareholders	Number of Shares held
Directors, Chief Executive Officer and their Spouse(s)			
Mr. Abdul Rehman Yaqub	Director/Chairman	-	-
Mr. Rehan Rahman	Chief Executive	1	8,963,796
Mr. Khaleequr Rahman	Director	1	13,105,422
Mr. Shabbir Ahmed	Director	1	50,056,774
Mr. Perwez Ahmed	Director	1	10,541,494
Mr. Zain Ashraf Mukaty	Director	-	-
Mr. Anas Rahman	Director	1	6,565,231
Mr. Temoor Ashraf Mukaty	Director	-	-
Mr. Moin M. Fudda	Director	1	500
Ms.Huma Pasha	Director	1	530
Ms. Aminah Zahid Zaheer	Director	1	530
Mrs. Shahnaz Rahman (Spouse)	Spouse	1	8,286,796
Mrs. Saba Perwez (Spouse)	Spouse	1	14,917,699
Mrs. Sana Rehan (Spouse)	Spouse	1	6,890,244
Associated Companies, undertaking and related parties		6	120,490,030
NIT, Mutual Funds and Investment Companies			
M/s. Shirazi Investment Ltd		1	13
Banks, Development Financial Institutions, Non-Banking Financial Institutions Insurance & Others		18	583,518
Joint Stock Companies		4	6,484,827
Executives		3	26,098,234
Shareholders holding 5% or more voting interest:			
M/s. Grangeford USA Inc		1	39,192,607
M/s. Liberty Mills Limited		1	36,787,800
M/s. Liberty Power Tech Limited		1	37,400,000
Mr. Shabbir Ahmed		1	50,056,774
Ms. Qudsia Junaid		1	21,491,135

During the year, shares held by one of the director in the Company were transferred by way of gift.

Name	Shares Transferred from	Shares Transferred to	2026 Shareholding	2025 Shareholding
Mr. Shabbir Ahmed	10,000,000	-	50,056,774	60,056,774
Ms. Qudisa Junaid	-	10,000,000	21,491,135	11,491,135

Notice of 54th Annual General Meeting

Notice is hereby given that Annual General Meeting (the "AGM") of the Members of Feroze1888 Mills Limited (the "Company") will be held on Tuesday, October 27, 2026 at 04:00 p.m. at C-3, SITE, Karachi, / video link to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30 June, 2026 together with the Chairman's Review, Directors' and Auditors' reports thereon.

2. To appoint statutory auditors for the year ending 30 June 2027 and to fix their remuneration. The present Auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants have retired and, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

3. To ratify additional audit fee for Financial Year 2025-26 by passing the following ordinary resolution:

   RESOLVED THAT the additional audit fee of Rs. 500,000 charged by M/s. Grant Thornton Anjum Rahman, Chartered Accountants, for the audit of the consolidated financial statements for the year ended 30 June 2026, as recommended by the Board of Directors, be and is hereby ratified.

   A statement under Section 134(3) of the Companies Act, 2017 setting out the material facts concerning the above Special Business is annexed to this Notice.

ANY OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

By order of the Board
Faizan Zafar
Company Secretary

Karachi:
October 06, 2026

Notes:

1. In accordance with Section 223 of the Companies Act, 2017 and SRO 389(I)/2023 dated 21 March 2023, the Financial Statements of the Company along with notice of AGM have been uploaded on the Company's website and can be downloaded from the following link and QR enabled code:

   https://feroze1888.com/wp-content/uploads/2026/10/Annual-Report-2025-2026.pdf

2. The Share Transfer Books of the Company will remain closed from Tuesday, October 20, 2026, to Tuesday, October 27, 2026 (both days inclusive) for the purpose of holding the AGM. During this period, no transfer of shares will be accepted for registration. Transfers received at the office of the Share Registrar by the close of business on Monday, October 19, 2026, will be considered in time for the purpose of attending and voting at the AGM.

3. A member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote instead of him/her. A proxy must be a member of the company. An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority to be valid must be received at the Registered Office of the Company or at the Office of the Share Registrar not later than forty-eight hours before the time for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments shall be rendered invalid. The proxy shall produce his/her Original National Identify Card or Passport to prove his/her identity.

4. Members are requested to submit copies of their CNICs and promptly notify any change in their address by writing to the office of the registrar.

5. Members should quote their Folio/CDC number in all correspondence and at the time of attending the Meeting.

6. The shareholders interested in attending the General Meeting through Zoom video link facility, are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of the AGM at secretary@feroze1888.com or through share registrar of the company M/s. FAMCO Share Registration Services (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery Block-6, PECHS, Shahrah-e-Faisal, Karachi by providing the following details:

Name of Shareholders	CNIC No.	Folio / CDC	Cell No.	Email Address

   - Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
   - On the day of meeting, the shareholders will be able to login and participate in the proceedings through their smart phone or computer devices from any convenient location.
   - The login facility will be opened twenty (20) minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

7. Members are requested to have their updated email addresses and cell phone numbers incorporated in their physical folio with the Share Registrar of the Company and with their Participant or Broker / CDC Investor Account Services for shares held in electronic form.

8. Section 72 of the Companies Act 2017 (the 'Act') requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. The shareholders having physical shares are encouraged to convert their shares into book-entry form at the earliest. The shareholders of the Company may contact the Share Registrar, namely M/s. FAMCO Share Registration Services (Pvt.) Ltd for the conversion of physical shares into book-entry form.

9. In compliance of section 244 of the Companies Act, 2017, an updated list for unclaimed shares/dividends declared by the Company are appearing on the Company's website at https://feroze1888.com/investor/investor-relations/others/. Claims can be lodged either at the Company's Office or submitted to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Ltd for receipt of dividend / shares.

10. In compliance with SRO 452(I)/2025, the Notice of General Meeting and Annual Audited Financial Statements will be sent to members via email.

11. As per section 185 of Companies Act, 2017 read with SECP Circular No. 2 of 2018 and S.R.O. 452(1)/2025 dated March 17, 2025, companies are strictly prohibited from offering gifts or incentives to shareholders at General Meetings. Accordingly, no gifts/incentives will be distributed at the AGM.

12. Shareholders are requested to follow the code of conduct prescribed under sub-regulation (2) of Regulation 55 of the Companies Regulations, 2024 while attending the Annual General Meeting.

GUIDELINES FOR CDC ACCOUNT HOLDERS ISSUED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

For attending the Meeting:

I. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card at the time of attending the meeting.

II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxy

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) number shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her Original CNIC or Original Passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless is has been provided earlier) along with proxy form to the Company.

Registered Office
Feroze1888 Mills Limited
H-23/4A, Scheme # 3
Landhi Industrial Area, Karachi

Share Registrar
FAMCO Share Registration Services (Pvt.) Ltd
8-F, Next to Hotel Faran, Nursery
Block-6 PECHS, Shahrah-e-Faisal, Karachi

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business at Item No. 3 of the Notice of the 54th Annual General Meeting of the Company to be held on Tuesday, 27 October 2026.

M/s. Grant Thornton Anjum Rahman, Chartered Accountants, the statutory auditors of the Company, were appointed to audit the financial statements for the year ended 30 June 2026 at a fee of Rs. 6 million. During the audit, the Company's consolidated financial statements for the year ended 30 June 2026 were also audited in relation to the Company's UK-based subsidiary, resulting in an additional audit fee of Rs. 500,000.

On recommendation of the Board Audit Committee, the Board approved the additional fee subject to ratification by the members at the Annual General Meeting. Accordingly, members are requested to ratify the additional audit fee of Rs. 500,000. The same fee has also been included in the proposed audit fee for the financial year ending 30 June 2027.

The Directors of the Company have no direct or indirect interest in the above business, except to the extent of their shareholding in the Company.

✓ لاگ ان سہولت اجلاس کے وقت سے 20 منٹ قبل کھول دی جائیگی تا کہ شناخت اور تصدیق کے عمل کے بعد شرکاء کی اجلاس میں شرکت کو یقینی بنایا جاسکے۔

۷۔ ممبران سے درخواست ہے کہ اپنے فزیکل فولیو میں اپنے ای میل اور سیل نمبر کمپنی کے شیئر رجسٹرار کے ہاں اور الیکٹرونک شکل میں حصص رکھنے کی صورت میں اپنے پارٹیسپنٹ یا بروکر / سی ڈی سی انویسٹر سروسز کے ہاں اپ ڈیٹ کریں۔

۸۔ کمپنیز ایکٹ 2017 کا سیکشن 72 تمام کمپنیوں سے مطالبہ کرتا ہے کہ وہ ایکٹ کے نفاد کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں اندراج کروائیں فزیکل شیئرز رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے شیئرز کو جلد از جلد بک انٹری فارم میں تبدیل کریں۔ کمپنی کے شیئر ہولڈرز شیئر رجسٹرار فیمکو شیئر رجسٹریشن سروسز (پرائیوٹ) لمیٹڈ یعنی فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے لئے رابطہ کرسکتے ہیں۔

۹۔ بحوالہ کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت غیر دعوے دار حصص/ڈیویڈنڈ کی تازہ ترین فہرست اور تفصیلات کمپنی کی ویب سائٹ https://feroze1888.com/investor/investor-relations/others پر جاری کر دی گئی ہیں۔ حصص/ڈیویڈنڈ کی وصولی و رسید کے لیے دعوے یا تو کمپنی کے دفتر یا پھر کمپنی کے شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیوٹ) لمیٹڈ، میں جمع کرائے جا سکتے ہیں۔

۱۰۔ ایس آر او 452(I)/2025 کی تعمیل میں، جنرل میٹنگ کا نوٹس اور سالانہ آڈٹ شدہ مالیاتی گوشوارے شیئر ہولڈرز کو ای میل پتہ کے ذریعے بھیجے جائے گے۔

۱۱۔ کمپنیز ایکٹ 2017 کی دفعہ 185، SECP سرکلر نمبر 2 آف 2018 اور S.R.O. 452(1)/2025 مورخہ 17 مارچ 2025 کے مطابق، کمپنیوں کو جنرل میٹنگ میں اپنے شیئر ہولڈرز کو تحائف یا کسی بھی قسم کی مراعات دینے سے منع کیا گیا ہے۔ لہٰذا، سالانہ اجلاس عام کے موقع پر شیئر ہولڈرز میں کوئی تحفہ یا مراعات تقسیم نہیں کی جائیں گی۔

۱۲۔ حصص یافتگان سے درخواست کی جاتی ہے کہ وہ سالانہ اجلاس عام میں شرکت کے دوران کمپنیز ریگولیشنز 2024 کے ریگولیشن 55 کی ذیلی شق نمبر (2) کے تحت مقرر کردہ ضابطہ اخلاق پر عمل کریں۔

سیکیوریٹیز اینڈ ایکسچینج کمیشن کی جانب سے سی ڈی سی اکاؤنٹ ہولڈرز کے لیے جاری کردہ ہدایات:۔

اجلاس میں شرکت کیلئے :۔

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، وہ اجلاس میں شرکت کے وقت اپنا اصل شناختی کارڈ پیش کر کے اپنی شناخت کو ثابت کرسکتا / کرسکتی ہے۔

(ii) کاروباری ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا ہو) پیش کرنا ہوگا۔

پراکسیز نامزد کرنے کے لئے:۔

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، کو درج بالا مطلوبہ شرائط کے تحت پراکسی فارم جمع کرانا ہوگا۔

(ii) پراکسی فارم کی دو افراد کی جانب سے گواہی دی گئی ہو جن کا نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کرنا ہوگا۔

(iii) بینیفیشل اونر اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ پیش کرنی ہوں گی۔

(iv) اجلاس کے وقت اصل کمپیوٹرائزڈ قومی شناختی کاڈر یا اصل پاسپورٹ پیش کرنا ہوگا۔

(v) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرار داد / مختار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا گیا ہوتو) کمپنی کو پراکسی فارم کے ہمراہ پیش کرنا ہوگا۔

رجسٹرڈ آفس:
فیروز 1888 ملز لمیٹڈ
H-23/4، اسکیم نمبر 3
لانڈھی انڈسٹریل ایریا، کراچی
www.feroze1888.com
Email: secretary@feroze1888.com
Phone # +92 21 35083643

شیئر رجسٹرار:
فیمکو شیئر رجسٹریشن سروسز (پرائیوٹ) لمیٹڈ
8-F فاران ہوٹل کے فوری بعد، نرسری،
بلاک۔6، PECHS، شاہراہِ فیصل، کراچی
www.famcosrs.com
Email: info.shares@famcosrs.com
Phone # +92 21 34380101-5

کمپنی ایکٹ 2017 کی دفعہ (3)134 کے تحت بیان

یہ بیان کمپنی کے 54واں سالانہ اجلاس عام کے نوٹس میں شامل ایجنڈا نمبر ۳ کے خصوصی امور کے متعلق اہم حقائق بیان کرنا ہے جو بروز منگل 27 اکتوبر 2026 کو منعقد ہونے والی ہے۔

میسرز گرانٹ تھارنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کمپنی کے قانونی آڈیٹرز ہیں، کو 30 جون 2026 کو ختم ہونے والے مالی سال کے مالیاتی اسٹیٹمینٹس کے آڈٹ کے لئے 60 لاکھ روپے (چھ ملین) کی فیس پر مقرر کیا گیا تھا۔ آڈٹ کے دوران، کمپنی کے جون 2026 کو ختم ہونے والے مالی سال کے (مجموعی مالیاتی اسٹیٹمینٹس) کا بھی کمپنی کی برطانیہ میں قائم (ذیلی کمپنی) کے حوالے سے آڈٹ کیا گیا، جس کے نتیجے میں 5 لاکھ روپے اضافی آڈٹ فیس عائد ہوئی۔

بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے مذکورہ اضافی فیس کی منظوری اس شرط کے ساتھ دی کہ سالانہ اجلاس عام میں حصص یافتگان سے اس کی توثیق کرائی جائے گی۔ لہذا، حصص یافتگان سے درخواست کی جاتی ہے کہ 5 لاکھ کی اضافی آڈٹ فیس کی توثیق فرمائیں۔ یہی فیس 30 جون 2027 کو ختم ہونے والے مالی سال کے لئے مجوزہ آڈٹ فیس میں بھی شامل کی گئی ہے۔

کمپنی کے ڈائریکٹرز کا مذکورہ بالا کاروبار میں کوئی براہ راست یا بالواسطہ مفاد نہیں ہے، سوائے اس حد تک کہ وہ کمپنی کے حصص رکھتے ہیں۔

فیروز1888 ملز لمیٹڈ

54واں سالانہ اجلاس عام کا نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کے ممبران کا 54 واں سالانہ اجلاس عام بروز منگل 27 اکتوبر 2026 بوقت 04:00 بجے بمقام C3، سائٹ، کراچی/ویڈیو لنک کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائیگا۔

عمومی امور:

۱۔ 30 جون 2026ء کو ختم شدہ سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی اسٹیٹمینٹس بشمول ان پر چیئرمین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، غور کرنا اور اختیار کرنا۔

۲۔ 30 جون 2027ء کو ختم ہونے والے سال کے لیے قانونی آڈیٹرز کا تقرر اور ان کا اعزازیہ مقرر کرنا۔ موجودہ آڈیٹرز میسرز گرانٹ تھارنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں۔ اور دوبارہ تقرری کے لئے اہل ہونے کے ناطے اپنی خدمات پیش کر چکے ہیں۔

خصوصی امور:

۳۔ مالی سال 26-2025 کے لئے اضافی آڈٹ فیس کی توثیق کے لئے درج ذیل عام قرار دار کو منظور کرنا۔

قراد پایا کہ میسرز گرانٹ تھارنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کی جانب سے 30 جون 2026 کو ختم ہونے والے سال کے (مجموعی مالیاتی اسٹیٹمینٹس) کے آڈٹ کے سلسلے میں وصول کی جانے والی 5 لاکھ روپے کی اضافی آڈٹ فیس، جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے، کی توثیق کی جاتی ہے۔

مذکورہ خصوصی امور سے متعلق حقائق پر مشتمل کمپنیز ایکٹ 2017 کی دفعہ (3)134 کے تحت بیان اس نوٹس کے ساتھ منسلک ہے۔

دیگر امور:

۴۔ چیئرمین مجلس کی اجازت سے دیگر امور پر کاروائی۔

حسب الحکم بورڈ

(فیضان ظفر)

کمپنی سیکرٹری

کراچی: **6 اکتوبر 2026ء**

نوٹس

۱۔ کمپنیز ایکٹ 2017 کے سیکشن 223 اور SRO389(I)/2023 مورخہ 21 مارچ 2023 کے مطابق کمپنی کے مالیاتی اسٹیٹمینٹس اور سالانہ اجلاس عام کا نوٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دیا گیا ہے جس کو مندرجہ ذیل لنک کے ذریعے ڈاؤن لوڈ کیا جا سکتا ہے یا (QR) فعال کوڈ کے ذریعے رسائی حاصل کی جا سکتی ہے:

https://feroze1888.com/wp-content/uploads/2026/10/Annual-Report-2025-2026.pdf

۲۔ کمپنی کی حصص کی بندش بروز منگل 20 اکتوبر 2026ء تا منگل 27 اکتوبر 2026ء تک (بشمول دونوں ایام) بند رہے گی۔ اس مدت کے دوران، رجسٹریشن ے لیے حصص کی کوئی منتقلی قبول نہیں کی جائے گی۔ مورخہ 19 اکتوبر 2026ء بروز پیر کو کاروبار کے اختتام تک حصص رجسٹرار کے دفتر میں موصول ہونے والی منتقلیاں (اے جی ایم) میٹنگ میں شرکت اور حقِ رائے دہی کے لیے اہل سمجھی جائیں گی۔

۳۔ کمپنی کا ایک رکن جو اجلاس ہذا میں شرکت اور ووٹ دینے کا حقدار ہوگا، وہ اپنی جگہ اجلاس میں شرکت، گفتگو اور ووٹ دینے کے لئے کسی دوسرے کو اپنا مجاز مقرر کر سکتا ہے، مجاز فرد لازمی طور پر کمپنی ممبر ہونا چاہئے، مجاز مقرر کئے جانے والے دستاویز اور پاور آف اٹارنی یا بورڈ کی قرارداد جس کی جانب سے وہ دستخط شدہ ہو یا اس پاور آف اتھارٹی کی notarially سرٹیفائیڈ کاپی اجلاس کے مقررہ وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار کے دفتر میں لازمی موصول ہو جانی چاہئے، ایک رکن ایک سے زائد مجاز مقرر کرنے کا حقدار نہیں، اگر کوئی رکن ایک سے زائد مجاز مقرر کرے گا یا مجاز فرد سے متعلق ایک سے زائد دستاویز کمپنی میں جمع کرائے گا ایسی تمام دستاویز نا قابلِ عمل تصور ہوں گی۔ مجاز فرد کو اپنی شناخت ثابت کرنے کے لیے اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

۴۔ حصص یافتگان سے درخواست ہے کہ وہ اپنی کمپیوٹرائزڈ شناختی کارڈ کی نقل جمع کروائیں اور اپنے پتے میں کسی بھی تبدیلی کی صورت میں شیئر رجسٹرار آفس میں فوری طور پر مطلع کریں۔

۵۔ حصص یافتگان کو مراسلت کے لیے اور اجلاس میں شرکت کے وقت اپنا فولیو/سی ڈی سی نمبر درج کرنا ہوگا۔

۶۔ حصص یافتگان جو اجلاسِ عام میں ویڈیو لنک سہولت (زوم) کے ذریعے شرکت کرنے کے خواہشمند ہیں جو کہ گوگل پلے اسٹور اور ایپل اسٹور سے ڈاؤن لوڈ کیا جا سکتا ہے۔ ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں اے جی ایم کے انعقاد سے کم از کم دو کاروباری روز قبل ای میل secretary@feroze1888.com پر یا کمپنی کے شیئر رجسٹرار فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ واقع F-8 متصل ہوٹل فاران، نرسری بلاک PECHS6 شاہراہِ فیصل کراچی میں مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرالیں۔

حصص یافتگان کا نام	سی این آئی سی نمبر	فولیو/سی ڈی سی	موبائل نمبر	ای میل پتہ

- خواہشمند شیئر ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کردے گی۔
- ✓ خواہشمند شیئر ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کردے گی۔
- ✓ مٹینگ کے دن شیئر ہولڈرز بذریعہ اپنے اسمارٹ فون اور کمپیوٹر آلات کے ذریعے لاگ ان اور کاروائی میں حصہ لے سکیں گے۔

BCR Criteria Checklist

S. No.	Statement of Clause	Page No.
1	**Organizational Overview and External Environment**	
1.01	Mission, vision, code of conduct, ethical, principal and core values.	6-11
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	13
1.03	Geographical location and address of all business units including sales units and plants.	14,33
1.04	The legislative and regulatory environment in which the company operates.	40
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	15
1.06	Name and country of origin of the holding company / subsidiary company, if such companies are a foreign company.	-
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	15
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	24-25
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	64-71
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	-
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	26-27
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.\	42-43
	b) The effect of seasonality on business in terms of production and sales.	44
1.13	The legitimate needs, interests of key stakeholders and industry trends.	41
1.14	SWOT Analysis of the company.	45
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	44
1.15	History of major events.	36-37
1.15	Details of significant events occurred during the year and after the reporting period.	35

2	Strategy and Resource Allocation	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	52-53
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including	52-53
	a) Financial Capital;	
	b) Human Capital;	
	c) Manufactured Capital;	
	d) Intellectual Capital;	
	e) Social and Relationship Capital; and	
	f) Natural Capital.	
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	55
2.04	Company's strategy on market development, product and service development.	-
2.05	The effects of the given factors on the company strategy and resource allocation:	52-53
	a) Technological Changes;	
	b) Sustainability reporting and challenges;	
	c) Initiatives taken by the company in promoting and enabling innovation; and	
	d) Resource shortages (if any).	
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	52-53
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives	54
2.08	Board's statement on the internal controls including IT controls of the company.	66
2.09	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	55-56
2.10	a) Information about defaults in payment of any debt with reasons and its repayment plan;	56
	b) Board strategy to overcome liquidity problems and plans to meet operational losses.	56

3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external), including sustainability-related risks and	46-51
3.02	Company's robust assessment of the principal risks and uncertainties being faced, including those that would threaten the business model, future performance and solvency or liquidity. This may include operational risk, IT risk, regulatory risk, legal risk, political risk, strategic risk, and credit risk etc.	
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	

3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	46-51

4	Sustainability Disclosures & Corporate Social Responsibility (CSR)	
4.01	Disclosure of the role of the Board to address the company's sustainability risks and opportunities, as required under the recent amendments of the SECP 'Listed Companies (Code of Corporate Governance) Regulations, 2019, SECP SRO 920/2024 dated June 12, 2024 for the following:	
	a) Disclosures of company specific sustainability-related risks and opportunities (climaterelated risks and opportunities) and their impact on the financial performance in the short, medium and long term and how these are managed or mitigated;	-
	b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrices designed by the company to demonstrate the performance and progress of the company.	-
	c) Disclosure of company's sustainability and DE&I related strategies, priorities and targets, the measures taken to promote in the company as well as performance against these targets are periodically reviewed and monitored.	122-128
	d) Boards are encouraged to adopt of the SECP's ESG Disclosure Guidelines (https://www.secp.gov.pk/document/secp-esg-disclosure-guidelines-for-listed-companies/)	-
4.02	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability:	122-141
	• Social initiatives - financial inclusion, research and development, employment generation, community health and education, and health and safety of staff etc.;	
	• Environmental initiatives - climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle), how does the company reduce pollution, depletion and degradation of natural resources; and indirect like investment/financing in green /sustainable project.	
	• Technological innovation - use of advanced technology, innovative ideas leading to sustainability practices like energy-efficient processes or eco-friendly product designs;	
	• Information on consumption and management of materials, energy, water, emissions and waste.	
4.03	a) Has the board established a dedicated sustainability committee, having at least one female director, or assign additional responsibilities to an existing board committee.	117
	b) Has the committee submitted to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	-
4.04	Board's statement for the adoption of CSR best practices including Board's commitment to promote CSR and how the company's sustainable practices can affect the financial performance of the company.	117
4.05	Highlights of the company's performance, policies, initiatives for CSR.	119

5	Governance	
5.01	Board composition:	
	a) Leadership structure of those charged with governance;	90
	b) Name of independent directors indicating justification for their independence;	90
	c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience;	95
	d) Profile of each director including education, experience and engagement in other entities as CEO, Director CFO or Trustee etc.;	16-23
	e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	94
5.02	A brief description about role of the Chairman and the CEO.	91
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	90-91
5.04	Chairman's Review Report on the overall performance of the board including:	60-61, 66, 95
	a) Effectiveness of the role played by the board in achieving the company's objectives;	
	b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year';	
	c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	90
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	95
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	-
5.08	Details of formal orientation courses for directors.	70
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	87
5.10	Description of external oversight of various functions like systems audit or internal audit by Description of external oversight of various functions like systems audit or internal audit by and systems.	96
5.11	Disclosure about related party transactions:	
	a) Approved policy for related party transactions;	96
	b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding;	205-206, 243-245
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering intosuch contract or arrangement;	-
	d) Disclosure of director's interest in related party transactions;	205-206, 243-245
	e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	96

5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Risk Management and internal control policies.	97
	b) Disclosure of director's interest in significant contracts and arrangements	97
	c) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	97
	d) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	97
	e) Security clearance of foreign directors.	100
	f) Board meetings held outside Pakistan.	96
	g) Human resource management including:	97-98
	• Preparation of succession plan;	
	• Merit based recruitment;	
	• Performance based appraisal system;	
	• Promotion, reward and motivation;	
	• Training and development;	
	• Diversity, Equity & Inclusion (DE&I) policy; and	
	• Employee engagement /feedback.	
	h) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.	98
	i) Communication with stakeholders.	99
	j) Dividend policy	99
	k) Investors' relationship and grievances.	99
	l) Employee's health, safety and protection.	-
	m) Whistle blowing policy	99
	n) anti-harassment policy to safeguard the rights and well-being of employees.	99
	o) Safety of records of the company.	100
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	102-103

5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	86
5.15	Disclosure about:	
	a) Shares held by Sponsors / Directors / Executives;	97
	b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter,Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	255-257
5.16	Details about Board meetings and its attendance.	94
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	91-94
5.18	Timely Communication:	
	Date of authorization of financial statements by the board of directors:	
	Within 40 days - 6 marks	
	Within 50 days - 6 marks (in case of holding company who has listed subsidiary /subsidiaries) Within 60 days - 3 marks	
	(Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	-
	a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / Independent directors including the Chairman of the Audit Committee.	
	b) Committee's overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed.	
	c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.	
	d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	
	e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures.	
	f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as tohow auditor's objectivity and independence is safeguarded.	
	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	

	h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	
	i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	110
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:	104
	a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system;	
	b) Management support in the effective implementation and continuous updation;	
	c) Details about user training of ERP software;	
	d) How the company manages risks or control risk factors on ERP projects;	
	e) How the company assesses system security, access to sensitive data and segregation of duties.	
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance	40
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	159

6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between:	144-147
	a) Past and current performance;	
	b) Performance against targets /budget; and	
	The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits.	
6.02	a) Analysis of financial ratios (**Annexure I**) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators.	
	b) Explanation of negative change in the performance as compared to last year.	
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summaryof Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g.Zakat).	
6.05	a) Information about business segment and non-business segment; and	

	b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	
6.06	Disclosure of market share of the company and share price sensitivity analysis.	170
6.07	Statement of value added and its distribution with graphical presentation:	159
	a) Employees as remuneration;	
	b) Government as taxes (separately direct and indirect);	
	c) Shareholders as dividends;	
	d) Providers of financial capital as financial charges;	
	e) Society as donation; and	
	f) Retained within the business.	
6.08	Statement of Economic value added (EVA)	-
	[EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	
6.09	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	-

7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	30-31
7.02	Explanation of any material changes in the entity's business model during the year.	55

8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the IT system/ controls and AI strategy of the company including compliance of legal and regulatory requirements regarding data privacy and cyber security and how the board is engaging with management in case of any breaches	101-104
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	
8.03	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
8.04	Disclosure about company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents	
8.05	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
8.06	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
8.07	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (Artificial Intelligence (AI), RPA, Data Analytics, Block Chain, Cloud Computing etc.) to improve transparency and governance, value creation and reporting.	
8.08	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	

9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	56-57
9.02	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year and whether the performance of the company is aligned with the forward forward looking statement.	
9.03	Disclosures about the company's future plans for AI adoption and its potential impact on the company's long-term strategy.	-
9.04	Disclosure about company's future Research & Development initiatives.	-
9.05	Sources of information and assumptions used for projections / forecasts in the forward looking statement, and any assistance taken by any external consultant.	56-57

10	Stakeholders Relationship and Engagement	
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	108-111
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed.	
	These engagements may be with:	
	a) Institutional investors;	
	b) Customers & suppliers;	
	c) Banks and other lenders;	
	d) Media;	
	e) Regulators;	
	f) Local committees; and	
	g) Analysts.	
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	
10.04	Investors' Relations section on the corporate website with all relevant information including audited annual reports are available in the section.	
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and	
	b) Disclosure of brief summary of Corporate Analyst briefing conducted during the year.	
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	-

10.09	Disclosure of whistle blowing mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in the Audit Committee's report.	09

11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	68-69
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	263

12	Specific Disclosures of the Financial Statements below	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (**Annexure II**).	
Annexure - II	1 Fair value of Property, Plant and Equipment.	176-251
	2 Particulars of significant / material assets and immovable property including location and area of land.	
	3 Capacity of an industrial unit, actual production and the reasons for shortfall.	
	4 Specific disclosures required for shariah compliant companies / companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	
	5 Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53(I)/2022 dated January 12, 2022)	
	6 Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	
	7 Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the r asset, the person in whose name and possession or control it is held shall be disclosed.	

PROXY FORM

PROXY FORM (Option 1)

I/We

of

being a member of Feroze1888 Mills Limited holding

Ordinary shares as per the Share Register Folio No. and/or CDC

Participant I. D. No. and Account/Sub-Account No.

hereby appoint of

or failing him/her

PROXY FORM E-voting (Option 2)

I/We

of

being a member of Feroze1888 Mills Limited holding

Ordinary shares as per the Share Register Folio No. and/or CDC

Participant I. D. No. and Account/Sub-Account No.

hereby appoint of

or failing him/her

as my/our proxy to vote for me and on my/our behalf at the Annual General Meeting of the Company to be held at C3, SITE, Karachi on Tuesday, October 27, 2026 at 04:00 p.m. and at any adjournment thereof.

Signature of Member	Signature on Revenue Stamp of Rs. 5/-
Name of Member	
Folio No./CDC No.	

WITNESSES:

1.	2.
Signature	Signature
Name	Name
Address	Address
CNIC/Passport No.	CNIC/Passport No.

NOTES:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy should be a member of the Company.
- If a member is unable to attend the meeting, he/she/they may complete and sign this form and send it to the Company Secretary at the Registered Office so as to reach not less than 48 hours before the time appointed for holding the meeting.
- For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met:

i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

ii. Attested copies of CNIC or the passport of the beneficial owner(s) and the proxy shall be proved with the proxy form.

iii. The proxy shall produce his/her CNIC or original passport at the time of the meeting.

iv. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

فیروز 1888 ملز لمیٹڈ

پراکسی فارم

پراکسی فارم (آپشن 1)

میں/ہم _____

پتہ _____

بحیثیت ممبر / ممبران فیروز 1888 ملز لمیٹڈ حصص _____

عمومی حصص شیئر رجسٹر کے فولیو نمبر کے تحت _____ اور / یا سی ڈی سی _____

ممبر / ممبران کی آئی ڈی نمبر _____ اور اکاؤنٹ / سب اکاؤنٹ نمبر _____

نامزد کرتا ہوں _____ پتہ _____

یا ان کے نا جانے پر _____

پراکسی فارم ای۔ووٹنگ (آپشن 2)

میں/ہم _____

پتہ _____

بحیثیت ممبر / ممبران فیروز 1888 ملز لمیٹڈ حصص _____

عمومی حصص شیئر رجسٹر کے فولیو نمبر کے تحت _____ اور/یا سی ڈی سی _____

ممبر / ممبران کی آئی ڈی نمبر _____ اور اکاؤنٹ / سب اکاؤنٹ نمبر _____

نامزد کرتا ہوں _____ پتہ _____

یا ان کے نا جانے پر _____

بطور پراکسی وہ میری/ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاسِ عام بمقام C3 سائٹ، کراچی بروز منگل 27 اکتوبر 2026 بوقت دوپہر 04:00 منعقد ہورہا ہے، اس میں یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

ممبر دستخط _____

ممبر کا نام: _____

فولیو نمبر سی ڈی سی نمبر _____

ریونیو اسٹامپ پر دستخط
رقم-/5 روپے

گواہان

	۱)		۲)
دستخط	_____	دستخط	_____
نام	_____	نام	_____
پتہ	_____	پتہ	_____
شناختی کارڈ نمبر / پاسپورٹ نمبر	_____	شناختی کارڈ نمبر / پاسپورٹ نمبر	_____

نوٹس:

- ایک رکن جو اجلاسِ عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے وہ تحریری طور پر کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کرسکتا ہے۔ پراکسی کمپنی کا ممبر ہونا چاہئے۔
- اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مع دستخط مکمل کر کے کمپنی سیکریٹری کو رجسٹرڈ آفس پر اجلاس کے مقررہ وقت سے 48 گھنٹے قبل بھجوائیں۔
- CDC اکاؤنٹ ہولڈرز / کارپوریٹ انٹیٹیس

مندرجہ بالا شقوں کے علاوہ مندرجہ ذیل تقاضوں کو پورا کریں:

(I) پراکسی فارم میں دو گواہان کے نام دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔

(II) پراکسی فارم کیساتھ رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول بھی منسلک کریں۔

(III) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔

(IV) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط کیساتھ (اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کو جمع کروائیں۔

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