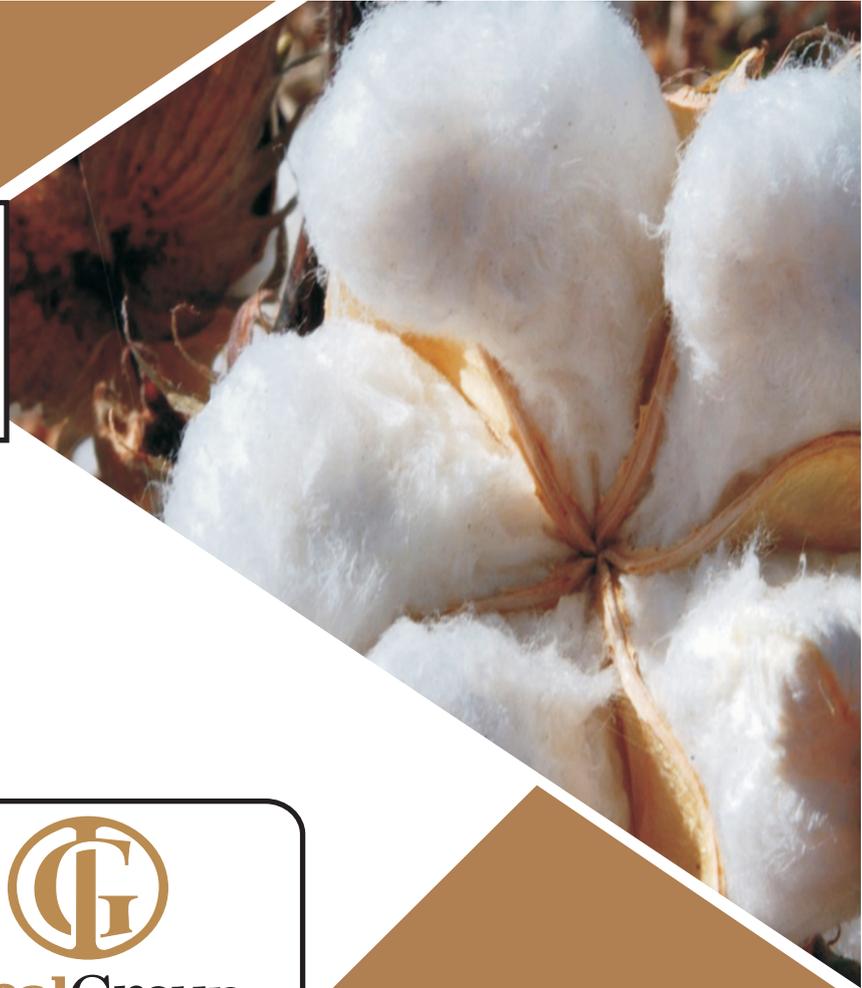


**37th | Annual
Report
2024-25**



IDEAL

SPINNING MILLS LIMITED

**IDEAL SPINNING UNIT
IDEAL WEAVING UNIT
IDEAL SOCKS UNIT**

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VISION

To deliver innovation and quality to our customers by following a progressive and on time approach and further the cause of a sustainable future by promoting an eco friendly approach in all our operations.

MISSION

To be a foremost Company receptive to the needs of our customers, acknowledge for consistently providing fine quality products and services by understanding the customer's behaviour and preparing fully to meet the challenges of global market and to maximize profit by making best efforts in production planning, quality of products and making strategies.

COMPANY INFORMATION

| | |
|---|--|
| CHAIRMAN: | MR. MOHAMMAD SAEED |
| CHIEF EXECUTIVE OFFICER: | MR. AMJAD SAEED |
| DIRECTORS: | MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD AZHAR (INDEPENDENT) MR. RIZWAN-UL-HASSAN (INDEPENDENT) |
| AUDIT COMMITTEE: | |
| CHAIRMAN | MR. MUHAMMAD AZHAR |
| MEMBER | MR. MUHAMMAD SAEED |
| MEMBER | MR. AHSAN SAEED |
| H.R. & REMUNERATION COMMITTEE: | |
| CHAIRMAN | MR. MUHAMMAD AZHAR |
| MEMBER | MR. AHSAN SAEED |
| MEMBER | MRS. RUBINA AMJAD |
| NOMINATION COMMITTEE: | |
| CHAIRMAN | MR. OMER SAEED |
| MEMBER | MR. AHSAN SAEED |
| MEMBER | MR. KHIZER SAEED |
| RISK MANAGEMENT COMMITTEE: | |
| CHAIRMAN | MR. AHSAN SAEED |
| MEMBER | MR. OMER SAEED |
| MEMBER | MR. KHIZER SAEED |
| SUSTAINABILITY COMMITTEE: | |
| CHAIRMAN | MR. MUHAMMAD AZHAR |
| MEMBER | MR. AHSAN SAEED |
| MEMBER | MRS. RUBINA AMJAD |
| CHIEF FINANCIAL OFFICER: | MR. MUHAMMAD KASHIF ZAHUR |
| COMPANY SECRETARY: | MR. MUHAMMAD NADEEM |
| SHARE REGISTRAR: | F. D. Registrar Services Pvt. Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi. |
| AUDITORS: | M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS |
| BANKERS: | BANK AL-FALAH LTD NATIONAL BANK OF PAKISTAN BANK AL-HABIB LTD THE BANK OF PUNJAB HABIB BANK LIMITED SAMBA BANK LTD MEEZAN BANK LTD |
| REGISTERED OFFICE: | ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com |
| FACTORY: | 35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD. |

NOTICE OF 37TH ANNUAL GENERAL MEETING IDEAL SPINNING MILLS LIMITED

Notice is hereby given that the 37th Annual General Meeting (AGM) of the Shareholders of IDEAL SPINNING MILLS LIMITED will be held at 40/5, Business Centre 4th Floor Mumtaz Hassan Road Near "SBP" Karachi on Tuesday October 28, 2025 at 10:15 a.m. to transact the following business:-

The Company has also arranged the participation of shareholders through video facility. The detailed procedure is mentioned later in the notes. Following businesses will be transacted during the meeting:

ORDINARY BUSINESSES

1. To confirm Minutes of the Last Extra Ordinary General Meeting held on Monday August 11, 2025.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2025, together with the reports of the directors and auditors.
3. To appoint auditors for the ensuing year and fix their remuneration.
4. Any other business with the permission of the Chair.

Karachi:
September 30, 2025


 By order of the Board
MUHAMMAD NADEEM
 Company Secretary

Notes:

1. Online Participation in the Annual General Meeting

In order to facilitate and for the safety and well-being of the shareholders, the Company in addition to convening a physical meeting, has also arranged the attendance of the shareholders virtually through video link facility. The shareholders who are interested in attending the AGM proceedings online may send the below information along with the valid copy of both sides of CNIC with the subject "Registration for Ideal Spinning Mills Limited AGM" at nadeem@idealsm.com for their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by October 24, 2025.

| Shareholder's Name | Folio / CDC No. | No. of shares held | CNIC No. | Cell No. | Registered Email ID |
|--------------------|-----------------|--------------------|----------|----------|---------------------|
|--------------------|-----------------|--------------------|----------|----------|---------------------|

A detailed procedure shall be communicated through the email directly to the shareholders who have provided their valid email IDs and the same shall be placed at the Company's website: <https://www.idealsm.com> in the investor relations section.

The shareholders can also provide their comments/suggestions for the agenda items of the AGM at the email address nadeem@idealsm.com.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 18, 2025 to October 28, 2025 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received at Share Registrar Office M/s F.D Registrar Services (Pvt) Ltd, 17th Floor Saima Trade Tower-A, I.I. Chundrigar Road Karachi /4000 at the close of business on October 17, 2025, will be treated in time to attend and vote at the meeting.

3. For Attending the Meeting

In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Cards (CNIC) or original passport at the time of attending the meeting.

In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

4. Proxy

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the meeting. Instrument appointing a proxy must be deposited at the registered office of the Company at least forty-eight hours before the time of the meeting.

To facilitate identification for the right to attend the Annual General Meeting, the shareholder whose holdings are on the Central Depository Company (CDC) or his Proxy should authenticate his identity by showing his original CNIC or original passport at the time of attending the meeting, along with the Participant's Identity Number and Shareholder's account number allocated by the Central Depository Company.

In case of corporate entity, the Board of Directors' Resolution/Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

5. Notice to Shareholders who have not provided their CNIC

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s F.D Registrar Services (Pvt) Ltd, in case of non-receipt of the copy of a valid CNIC, the Company would be constrained under section 243(3) of the Companies Act, 2017, to withhold dividend (if any) of such shareholders.

6. Deposit of Physical Shares in CDC Account.

As per Section 72 of the Companies Act, 2017, every existing listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

7. Placement of Financial Statements on Website

Pursuant to the notification of the SFCP (SRO 634(I)/2014) dated: 10th July 2014 the financial Statements of the Company have been placed on Company's website at www.idealsm.com

8. Unclaimed Dividends And Share Certificates:

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected/unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. FD Registrar Services (Pvt) Ltd 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271905 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any.

9. Prohibition of Distribution of Gifts

Considering S.R.O.452(1)2025 DATED 17th March 2025, No gifts will be distributed to the shareholders of the Company at the General Meeting being prohibited under Section 185 of Act, 2017.

10. Change of Address

The Shareholders are requested to intimate any changes in their addresses to the Share Registrar, M/s F.D Registrar Services (Pvt) Ltd.

آئیڈیل اسپننگ ملز لمیٹڈ

اطلاع برائے 37 واں سالانہ اجلاس

مطلع کیا جاتا ہے کہ آئیڈیل اسپننگ ملز لمیٹڈ کے حصص یافتگان کا ستریسواں (37) سالانہ اجلاس عام (AGM) بروز منگل 28 اکتوبر 2025 کو صبح 10:15 بجے 404/5 بزنس سینٹر چوتھی منزل، ممتاز حسن روڈ نزد "SBP" کراچی میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

- 1۔ آخری غیر معمولی اجلاس عام (EOGM) منعقدہ بروز پیر 11 اگست 2025 کی کارروائی کی توثیق۔
- 2۔ 30 جون 2025 کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ اکاؤنٹس معہڈاٹریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظور۔
- 3۔ اگلے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ طے کرنا۔
- 4۔ چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔



بحکم بورڈ
محمد ندیم
کمپنی سیکریٹری

کراچی 30 ستمبر 2025ء

گزارشات:

1۔ سالانہ اجلاس عام میں آن لائن شرکت:
کمپنی نے حصص یافتگان کی بہبود اور تحفظ کی خاطر انہیں سہولت فراہم کرنے کا فیصلہ کرتے ہوئے اجلاس عام میں ویڈیو لنک کے ذریعے بھی آن کی حاضری کا اہتمام کیا ہے۔ حصص یافتگان جو سالانہ اجلاس عام (AGM) کی آن لائن کارروائی میں دلچسپی رکھنے ہوں، وہ اپنے درست کمپیوٹرائزڈ شناختی کارڈ کی دونوں اطراف کی نقل (اسکین کر کے یا تصویر کھینچ کر) عنوان میں "رجسٹریشن آف آئیڈیل اسپننگ ملز لمیٹڈ AGM" ٹائپ کر کے اپنے مقرر کردہ پراسی کی توثیق کیلئے nadeem@idealsm.com پر بھیج دیں۔ رجسٹریشن کے مقصد کیلئے اس قسم کی معلومات باقاعدہ رجسٹرڈ دست اوی میل آئی ڈی کے ذریعے 24 اکتوبر 2025 تک فراہم کر دی جائیں۔

| حصص یافتگان کا نام | فولیو ای ڈی ٹی نمبر | ملکیتی حصص کی تعداد | CNIC نمبر | موبائل | رجسٹرڈ ای میل آئی ڈی |
|--------------------|---------------------|---------------------|-----------|--------|----------------------|
| | | | | | |

ان حصص یافتگان کو ایک تفصیلی طریقہ کار ای میل کے ذریعے براہ راست بھیج دیا جائیگا، جنہوں نے اپنی درست ای میل آئی ڈی فراہم کی ہیں، نیز اس تفصیلی طریقہ کار کو کمپنی کی ویب سائٹ <https://www.idealsm.com> کے انویسٹر ریلیشن سیکشن میں بھی فراہم کیا جائیگا۔

حصص یافتگان سالانہ اجلاس عام کے ایجنڈے یا امور سے متعلق اپنی رائے / مشورے ای میل ایڈریس nadeem@idealsm.com پر بھی فراہم کر سکتے ہیں۔

2۔ حاضری کی کتابوں کی بندش:
سالانہ اجلاس عام کیلئے کمپنی کے حصص یافتگان کی کتابوں کی بندش 18 اکتوبر 2025 تا 28 اکتوبر 2025 (بشمول دونوں ایام) بند رہیں گی۔ اس مدت کے دوران کسی بھی حصص یافتگان کی منتقلی کی رجسٹریشن قبول نہیں کی جائیگی۔ شیئرز رجسٹرار میسرز F.D رجسٹرار میسرز (پرائیویٹ) لمیٹڈ میں 17 اکتوبر 2024 کو دفتر کی اوقات ختم ہونے تک موصول ہونے والی منتقلی کارروائی اجلاس عام میں شرکت اور ووٹ دینے کے حق کو بروقت تصور کیا جائیگا۔

3۔ اجلاس میں حاضری کیلئے:
انفرادی فرد ہونے کی صورت میں کھاتے دار یا ذیلی کھاتے دار اور / یا دیگر افراد جن کے حصص گروپ کا وٹ کی صورت میں ہیں اور ان کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہیں، وہ اپنی شناخت کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کریں گے۔

کارپوریٹ ادارے ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نامزد فرد کے نمونہ دستخط اجلاس عام میں حاضری کے وقت (اگر پہلے سے فراہم نہ کیے گئے ہوں) پیش کیے جائیں گے۔

4۔ پراسی:
ایک ممبر جو اجلاس عام میں شرکت اور ووٹ دینے کا اختیار رکھتا ہے وہ اجلاس میں اپنی جگہ کسی دوسرے شخص کو بطور پراسی مقرر کر سکتا ہے جسے اس ممبر کی جگہ شرکت کرنے بولے اور ووٹ دینے کا اختیار ہوگا۔ پراسی کو ووٹ ہونے کیلئے مطلوب دستاویز کا کمپنی کے رجسٹرڈ آفس میں اجلاس کے آغاز سے 48 گھنٹے قبل موصول ہونا ضرور ہے۔

سالانہ اجلاس عام میں شرکت کے سلسلے میں شناخت کی سہولت کیلئے حصص یافتگان جن کے حصص سینٹرل ڈائریکٹری (CDC) میں ہیں یا ان کا پراسی اپنی شناخت کیلئے اصل CNIC یا اصل پاسپورٹ اجلاس عام میں حاضری کے وقت پیش کرے گا، جن کے ساتھ شریک کار شناختی نمبر اور حصص یافتگان کا وٹ نمبر بھی پیش کیا جائیگا، جو سینٹرل ڈائریکٹری سے منتقل کیا ہو۔

کارپوریٹ ادارے ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نامزد فرد کے نمونہ دستخط اجلاس عام میں حاضری کے وقت پیش کیے جائیں گے۔

5۔ CNIC فراہم نہ کرنے والے حصص یافتگان کو نوٹس:
وہ انفرادی ممبران جنہوں نے ابھی تک اپنے موثر کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل / کمپنی / شیئرز رجسٹرار کو فراہم نہیں کی ہیں، انہیں ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ جلد از جلد اپنے CNIC کی نقل / کمپنی کے شیئرز رجسٹرار میسرز F.D رجسٹرار میسرز (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ درست CNIC کی نقل موصول نہ ہونے کی صورت میں کمپنی ایکٹ 2017 کی دفعہ (3) 243 کے تحت کمپنی ایسے حصص یافتگان کے منافع منقسمہ (اگر ہو) کو روکنے پر مجبور ہوگی۔

6۔ سی ڈی ای کا وٹ میں طبعی حصص جمع کروائیں:
کمپنی ایکٹ 2017 کی دفعہ 72 کی شرٹ کے تحت لیکچر کمپنی کیلئے لازمی ہے کہ وہ اپنے طبعی حصص کو ایک انٹری فارم میں منتقل کرانیں۔ لہذا حصص یافتگان سے گزارش ہے کہ اپنے حصص کو ایک انٹری میں تبدیل کرانیں۔

7۔ کمپنی کی ویب سائٹ پر مالیاتی اکاؤنٹس کی پبلسٹیٹ:
سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن (SRO634(I)/2014) بتاریخ جولائی 10، 2014 کے مطابق کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.idealsm.com پر آویزاں کر دیئے گئے ہیں۔

8۔ غیر دعوی شدہ منافع منقسمہ اور شیئرز:
کمپنی کے شیئرز ہولڈرز کو بذریعہ مطلع کیا جاتا ہے کہ ریکارڈ کے مطابق کچھ غیر دعوی شدہ / غیر وصول شدہ / غیر ادا شدہ منافع منقسمہ ہیں۔ ایسے شیئرز ہولڈرز جنہوں نے اپنے منافع منقسمہ / شیئرز وصول نہیں کئے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر دعوی شدہ منافع منقسمہ / شیئرز کو ہمارے شیئرز رجسٹرار میسرز F.D رجسٹرار میسرز (پرائیویٹ) لمیٹڈ 17 ویں منزل، صائمہ ٹریڈ ٹاور A-آئی آئی چندر نگر روڈ، کراچی سے فون نمبر 1905-3227-21-10092-21 ای میل fdregistrar@yahoo.com پر دوران ایام کار رابطہ کریں۔

9۔ مخالف کی تقسیم کی ممانعت:
الیں آرا 225(1)/452 مورخہ 17 مارچ 2025 کو مد نظر رکھتے ہوئے، جنرل میٹنگ میں کمپنی کے حصص یافتگان کو کوئی مخالف نہیں دیئے جائیں گے جو کمپنی ایکٹ، 2017 کے سیکشن 185 کے تحت ممنوع ہے۔

10۔ پی سی تبدیلی:
حصص یافتگان سے گزارش ہے کہ اپنے رجسٹرڈ پتے میں کسی بھی تبدیلی سے متعلق معلومات سے شیئرز رجسٹرار میسرز F.D رجسٹرار میسرز (پرائیویٹ) لمیٹڈ کو آگاہ کریں۔

CHAIRMAN'S REVIEW**FOR THE YEAR ENDED JUNE 30, 2025**

The Board has diligently prepared and approved the Directors' Report, ensuring its inclusion with the Company's quarterly and annual financial statements. This report has been developed in full compliance with all applicable laws and regulations.

In line with its responsibilities, the Board has overseen the recruitment, evaluation, and compensation of key executives, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit. The Board has also ensured that its members receive timely and adequate information, keeping them well-informed of developments between meetings.

The Board has exercised its authority strictly within the powers prescribed by relevant laws and regulations, demonstrating a consistent commitment to compliance in all decisions and actions. Essential agendas and supporting documents were circulated in advance of Board and Committee meetings to facilitate thorough review and deliberation. Non-executive and independent directors continued to play an equal and integral role in all significant Board decisions.

Despite various challenges, the Company adopted effective cost management strategies, leading to a reduction in distribution, administrative, and financial expenses. As a result, the loss before tax decreased to Rs. 274.752 million, compared to Rs. 356.929 million in the corresponding period of the previous year. However, after incorporating the deferred tax adjustment, the Company reported an after-tax loss of Rs. 423.559 million, as against a loss of Rs. 322.240 million in the same period last year.

Recognizing the importance of addressing these challenges, the Company has proactively undertaken measures to mitigate their impact. The management team continues to closely monitor the situation and evaluate multiple strategies aimed at improving financial performance. We remain firmly committed to achieving sustainable growth and creating long-term value for our stakeholders. With the right measures in place, we are confident in our ability to successfully navigate these challenges and emerge stronger in the future.



Muhammad Saeed
Chairman
Faisalabad
September 30, 2025

چیئر مین کا جائزہ

30 جون 2025 کو ختم ہونے والے سال کے لیے

بورڈ نے پوری محنت اور ذمہ داری کے ساتھ ڈائریکٹرز کی رپورٹ تیار کی اور اس کی منظوری دی، تاکہ اسے کمپنی کی سہ ماہی اور سالانہ مالیاتی بیانات کے ساتھ شامل کیا جاسکے۔ یہ رپورٹ تمام متعلقہ قوانین اور ضوابط کی مکمل پابندی کے ساتھ تیار کی گئی ہے۔ اپنی ذمہ داریوں کے مطابق، بورڈ نے چیف ایگزیکٹو آفیسر (CEO)، چیف فنانشل آفیسر (CFO)، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ سمیت اہم ایگزیکٹو کی بھرتی، کارکردگی کا جائزہ اور معاوضے کے معاملات کی نگرانی کی۔ بورڈ نے اس بات کو بھی یقینی بنایا کہ اس کے ارکان کو بروقت اور مناسب معلومات فراہم کی جائیں تاکہ وہ اجلاس کے درمیانی عرصے میں بھی حالات سے باخبر رہیں۔

بورڈ نے اپنے اختیارات صرف ان حدود کے اندر استعمال کیے جو متعلقہ قوانین اور ضوابط میں متعین ہیں، اور ہر فیصلے اور اقدام میں مستقل طور پر قواعد و ضوابط کی پابندی کا مظاہرہ کیا۔ بورڈ اور کمیٹی اجلاس کے ایجنڈے اور معاون دستاویزات پیشگی تقسیم کی گئیں تاکہ ارکان مکمل غور و خوض کر سکیں۔ غیر انتظامی اور آڈٹ ایئر کیٹرز نے بھی تمام اہم فیصلوں میں مساوی اور موثر کردار ادا کیا۔

مختلف چیلنجز کے باوجود، کمپنی نے موثر لاگت نظم و نسق کی حکمت عملیاں اختیار کیں، جس کے نتیجے میں تقسیم، انتظامی اور مالیاتی اخراجات میں کمی واقع ہوئی۔ اس کے باعث ٹیکس سے پہلے کا نقصان کم ہو کر 274.752 ملین روپے رہ گیا۔ جو گزشتہ سال کی اس مدت میں 356.929 ملین روپے تھا۔ تاہم موخر شدہ ٹیکس ایڈجسٹمنٹ کو شامل کرنے کے بعد، کمپنی نے ٹیکس کے بعد 423.559 ملین روپے کا نقصان رپورٹ کیا۔ جبکہ گزشتہ سال کی اسی مدت میں یہ نقصان 322.240 ملین روپے تھا۔

ان چیلنجز سے نمٹنے کی اہمیت کو مد نظر رکھتے ہوئے کمپنی نے ان کے اثرات کو کم کرنے کے لیے موثر اقدامات کیے ہیں۔ انتظامیہ مسلسل صورتحال کی نگرانی کر رہی ہے اور مالی کارکردگی کو بہتر بنانے کے لیے مختلف حکمت عملیاں زیر غور ہیں۔ ہم پائیدار ترقی اور اپنے اسٹیک ہولڈرز کے لیے طویل مدتی قدر کی تخلیق کے لیے پرعزم ہیں۔ ہمیں یقین ہے کہ درست اقدامات کے ساتھ ہم ان چیلنجز پر قابو پالیں گے اور مستقبل میں زیادہ مضبوط ہو کر ابھریں گے۔

Muhammad Sajid

محمد سعید (چیئر مین)

فیصل آباد

مورخہ: 30 ستمبر 2025

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Ideal Spinning Mills Limited feel pleasure to present 37th Annual Report accompanied by the Audited Financial Statements of the company for the year ended June 30, 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:

We are delighted to present our 2025 business review,

Global economic volatility, coupled with escalating costs of raw materials and labor, has significantly undermined the competitiveness of Pakistan's textile industry. The situation is further aggravated by recurring energy shortages and power outages, which continue to disrupt production. Adding to these difficulties is the intense competition from regional rivals such as Bangladesh, India, and Vietnam, who are rapidly expanding their textile sectors with attractive pricing and superior product quality. Collectively, these factors pose a serious threat to Pakistan's market share in the global textile arena.

To secure the IMF bailout, the government was required to increase electricity and fuel tariffs, which in turn constrained overall economic activity. As a result, our management encountered multiple challenges, including escalating raw material and energy prices, a mandated rise in minimum wages, and continued strain on yarn prices due to the import of cheaper yarn from competing countries.

Despite the challenges highlighted above, the Company implemented effective cost management measures, resulting in reductions in distribution, administrative, and financial expenses. Consequently, the loss before tax declined to Rs. 274.752 million, as compared to Rs. 356.929 million in the corresponding period of the previous year. However, after accounting for the deferred tax adjustment, the Company posted an after-tax loss of Rs. 423.559 million, against a loss of Rs. 322.240 million in the same period last year.

In the face of these challenges, we remain fully committed to our shareholders. We are actively addressing these issues through strategic measures aimed at optimizing operations and enhancing cost efficiency. Our core objective remains the creation of long-term value for all stakeholders. The Company's operational results are summarized as follows:

| | (RUPEES IN THOUSAND) | |
|---|----------------------|-------------------|
| | <u>30.06.2025</u> | <u>30.06.2024</u> |
| REVENUE FROM CONTRACTS WITH CUSTOMERS | 3,583,528 | 5,559,463 |
| COST OF SALES | (3,501,445) | (5,351,493) |
| GROSS PROFIT | 82,083 | 207,970 |
| DISTRIBUTION COST | (78,910) | (112,587) |
| ADMINISTRATIVE EXPENSES | (240,219) | (302,575) |
| OTHER EXPENSES | (5,770) | (5,935) |
| OTHER INCOME | 96,175 | 35,757 |
| FINANCE COST | (128,111) | (179,559) |
| LOSS BEFORE TAXATION AND LEVY | (274,752) | (356,929) |
| LEVY | (44,750) | (69,463) |
| LOSS BEFORE TAXATION | (319,502) | (426,392) |
| TAXATION | (104,057) | 104,152 |
| LOSS AFTER TAXATION | (423,559) | (322,240) |
| LOSS PER SHARE-BASIC AND DILUTED (RUPEES) | (42.70) | (32.48) |

ECONOMIC AND INDUSTRY OVERVIEW:

Pakistan's currency recently reached of Rs. 281.85 against the US dollar. The rising cost of imports and raw materials has created significant challenges, leading to shortages of key inputs.

Looking ahead, the industry is expected to remain under pressure, with subdued demand in both domestic and export markets, alongside rising energy costs. Despite these headwinds, the Company remains resilient, pursuing innovative strategies to navigate the challenges while maintaining its strong commitment to quality and sustainability.

PRINCIPAL RISKS AND UNCERTAINTIES:

Risk assessment is a continuous and integral process designed to identify uncertainties that may threaten the achievement of the Company's objectives. If not addressed in a timely manner, such risks could result in significant losses. These uncertainties may arise from both internal and external factors. The key categories of risks that could potentially impact the Company's operations are outlined below:

- **Strategic Risks:** These involve uncertainties and untapped opportunities related to the Company's strategic objectives. Strategic risks are a primary concern for the Board of Directors as they affect the overall business rather than specific units.
- **Commercial Risks:** These relate to potential losses stemming from interactions with trading partners or the dynamics of the markets in which the Company operates.
- **Operational Risks:** These arise from internal factors such as procedural inefficiencies, personnel challenges, or system failures.
- **Financial Risks:** This broad category covers risks associated with financing, liquidity, profitability, and credit exposure.

The Company maintains continuous vigilance and adopts proactive mitigation measures to minimize these risks, thereby safeguarding stakeholder interests and ensuring the successful achievement of its objectives.

HEALTH SAFETY AND ENVIRONMENT:

The Company is committed to upholding the highest standards of Health, Safety, and Environment (HSE) to ensure sustainable performance. In line with this commitment, Standard Operating Procedures (SOPs) have been promptly implemented to address environmental challenges, with a particular focus on combating climate change by reducing greenhouse gas emissions, notably carbon dioxide (CO₂) and methane. Strict adherence to these SOPs reflects the Company's dedication to HSE excellence and long-term sustainability.

CORPORATE SOCIAL RESPONSIBILITY:

The Company acknowledges its corporate social responsibility (CSR) to the community and remains committed to supporting it.

INTERNAL CONTROL SYSTEM:

The Board of Directors acknowledges its critical responsibility in overseeing the Company's internal control system and ensures its ongoing effectiveness through robust implementation and regular monitoring.

The Company has established a comprehensive internal control framework that encompasses transparent structures, clearly defined authority limits, and well-assigned responsibilities, all supported by detailed policies and procedures. This framework is designed to drive operational efficiency, safeguard Company assets, ensure compliance with applicable laws and regulations, and deliver reliable financial reporting.

DIVIDEND POLICY

In accordance with regulatory requirements, the Board has adopted a transparent Dividend

Policy, balancing the need for shareholder returns with reinvestment for long-term growth. For the year under review, no dividend has been recommended due to losses.

Board Evaluation

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board conducted its annual performance evaluation through a structured self-assessment process. The results confirmed that the Board has been effective in discharging its responsibilities, while also highlighting areas for further improvement in long-term strategy and governance.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE:

The company has diligently adhered to all stipulations outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019. A comprehensive statement confirming this compliance is attached herewith in this annual report.

FUTURE OUTLOOK:

The Company anticipates a positive outlook for its financial performance in the coming year, supported by substantial investments in the modernization and replacement of machinery. These strategic initiatives are expected to deliver long-term benefits and strengthen operational efficiency. In addition, the Company is focused on enhancing its self-energy generation capabilities to further reduce production costs.

We remain confident that continued government support for the textile sector will reinforce the growth potential of exporting industries, thereby contributing to both the Company's progress and the country's economic development.

BOARD COMPOSITION, REMUNERATION AND MEETINGS:

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

The Board's composition and detail of the directors and meetings attended is as under:

Composition of the Board:

| Category | Male | Female | Total |
|------------------------|----------|----------|----------|
| Executive Director | 2 | - | 2 |
| Non-Executive Director | 3 | 1 | 4 |
| Independent Director | 2 | - | 2 |
| Total | 7 | 1 | 8 |

Detail of the directors and meetings attended:

| Name of Directors | Designation | Attendance |
|----------------------------|-----------------------------------|------------|
| Mr. Muhammad Saeed | Chairman (Non-Executive Director) | 4 |
| Mr. Amjad Saeed | Chief Executive Officer | 4 |
| Mr. Omer Saeed | Executive Director | 4 |
| Mrs. Rubina Amjad (Female) | Non-Executive Director | 4 |
| Mr. Ahsan Saeed | Non-Executive Director | 4 |
| Mr. Khizer Saeed | Non-Executive Director | 4 |
| Mr. Muhammad Azhar | Independent Director | 4 |
| Mr. Rizwan-ul-Hassan | Independent Director | 4 |

Our company maintains a well-defined policy and transparent procedures for the remuneration of its Directors, aligning with the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

For comprehensive details on the remuneration, including Director Fees for attending board meetings, and compensation for the Chief Executive Officer, please refer to Note 34 in the financial statements.

CHAIRMAN'S REVIEW

The Directors hereby affirm the Chairman's review report on the company's performance.

OUTSTANDING STATUTORY PAYMENTS:

All pending payments are of a routine and negligible nature.

RETIREMENT BENEFITS FUNDS:

The Company maintains an unfunded gratuity scheme for its employees, as indicated in the financial statements.

AUDITORS:

The current auditors, M/S RIAZ AHMAD & CO. Chartered Accountants, who are eligible, have expressed their willingness for re-appointment for the year 2025-2026, in line with the recommendation of the audit committee.

PATTERN OF SHAREHOLDING:

The pattern of shareholding as of June 30, 2025, is included in the annex.

RELATED PARTY TRANSACTIONS:

All dealings with related parties are conducted on an arm's length basis within the normal course of business and are in full conformity with the relevant provisions of the Companies Act 2017. Pricing is established in accordance with the comparable uncontrolled price method, and the Company is in strict compliance with the best practices in transfer pricing as stipulated in the listing regulations of the Pakistan Stock Exchanges (PSX).

BOARD COMMITTEES:

The Board in compliance with the Code of Corporate Governance has established following committees and their composition is as under:

A. Audit Committee:

| Name | Designation |
|--------------------|--------------------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Muhammad Saeed | Member |
| Mr. Ahsan Saeed | Member |

B. Human Resource And Remuneration Committee:

| Name | Designation |
|--------------------|--------------------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Ahsan Saeed | Member |
| Mrs. Rubina Amjad | Member |

C. Nomination Committee:

| Name | Designation |
|------------------|--------------------|
| Mr. Omer Saeed | Chairman |
| Mr. Ahsan Saeed | Member |
| Mr. Khizer Saeed | Member |

D. Risk Management Committee:

| Name | Designation |
|------------------|--------------------|
| Mr. Ahsan Saeed | Chairman |
| Mr. Omer Saeed | Member |
| Mr. Khizer Saeed | Member |

E. Sustainability Committee:

| Name | Designation |
|--------------------|--------------------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Ahsan Saeed | Member |
| Mrs. Rubina Amjad | Member |

CORPORATE GOVERNANCE:

The Board acknowledges the pivotal role that well-structured corporate governance practices play in fostering accountability. We are steadfast in our commitment to upholding elevated corporate governance standards to preserve and enhance stakeholder value. The Board has demonstrated diligence and has made significant contributions to steer the Company in its strategic endeavors. Our Company maintains a robust relationship with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange, ensuring unwavering compliance with the principles of Good Corporate Governance in both word and deed. A comprehensive statement affirming our adherence to the best practices of Corporate Governance is provided in the annex.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

In accordance with the regulations of the Pakistan Stock Exchange and as mandated by the Companies Act, 2017, we are pleased to affirm the following:

1. The financial statements, meticulously prepared by our management, accurately reflect the Company's financial position, operating results, cash flows, and changes in equity.
2. Properly maintained books of accounts are in place for the Company.
3. We have consistently applied appropriate accounting policies, and our accounting estimates are grounded in reasonable and prudent judgment.
4. The preparation of financial statements adheres to the International Financial Reporting Standards, as relevant in Pakistan. Our internal control system is well-structured, effectively implemented, and continually monitored.
5. There is no uncertainty regarding the Company's ability to continue as a going concern.
6. We have maintained alignment with the best practices of corporate governance, as outlined in the listing regulations, with no significant deviations.
7. A summarized form of key operational and financial data from the past six years is provided in the annex.

EVENTS AFTER THE REPORTING PERIOD:**Appropriations:**

In view of the financial performance during the year, which resulted in a loss, the Board of Directors has considered it inadvisable to recommend a cash dividend for approval at the Annual General Meeting. The Board has instead resolved to prioritize the prudent allocation of resources towards addressing current challenges, strengthening the Company's financial position, and ensuring long-term sustainability.

Other events:

Subsequent to the reporting period, significant developments have taken place. The management, in view of the continued heavy losses, sought shareholders' approval through an Extraordinary General Meeting (EOGM) held on August 11, 2025, for the closure of the Company's spinning operations and the sale of its production machinery. The Company is closely assessing the potential implications of this measure and will take appropriate actions to mitigate its impact.

A detailed evaluation and disclosure of these events, in line with regulatory requirements, will be presented in the upcoming report to ensure full transparency.

The Company remains firmly committed to delivering sustainable growth and creating long-term value for its stakeholders. With the right strategies and measures in place, we are confident in our ability to navigate these challenges and emerge stronger.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for loyalty and devotion to work, by staff and workers for the company. The relationship between management and workers remained very cordial and we hope that these will further improve in the years to come.

The Board extends its gratitude for the unwavering loyalty and dedication displayed by our staff and workers. The relationship between the management and our workforce has been exceptionally harmonious, and we anticipate further enhancements in the years ahead.

On Behalf of the Board

Amjad Saeed
Chief Executive Officer



Omer Saeed
Director

September 30, 2025

ڈائریکٹر کی رپورٹ برائے شیئر ہولڈرز

آئیڈیل اسپننگ ملز لمیٹڈ کے ڈائریکٹرز کو خوشی ہے کہ وہ کمپنی کے 37 ویں سالانہ مالی سال ختم شدہ 30 جون 2025 کے آڈٹ شدہ مالی گوشوارے پیش کر رہے ہیں۔

اہم کاروباری سرگرمیاں اور جائزہ

عالمی معیشت میں غیر یقینی صورتحال، خام مال اور محنت کشوں کی بڑھتی ہوئی لاگت کے ساتھ مل کر پاکستان کی ٹیکسٹائل صنعت کی مسابقت کو نمایاں طور پر متاثر کر رہی ہے۔ اس صورتحال کو توانائی کی قلت اور بجلی کی بندش مزید سنگین بنا رہی ہے۔ جو پیداوار میں مسلسل رکاوٹ کا سبب بنتی ہیں۔ ان مشکلات میں اضافہ اس وقت ہوتا ہے جب خطے کے حریف ممالک، جیسے بنگلہ دیش، بھارت اور ویتنام اپنی ٹیکسٹائل صنعتوں کو تیزی سے وسعت دے رہے ہیں اور پرکشش قیمتوں اور اعلیٰ معیار کے ساتھ عالمی منڈی میں جگہ بنا رہے ہیں۔ یہ تمام عوامل مل کر پاکستان کے عالمی مارکیٹ میں حصے کے لیے ایک سنگین خطرہ پیدا کر رہے ہیں۔

حکومت کو آئی ایم ایف بیل آؤٹ پیکیج حاصل کرنے کے لیے بجلی اور ایندھن کے نرخ بڑھانے پڑے جس سے اقتصادی سرگرمیاں محدود ہو گئیں۔ اس کے باعث ہماری انتظامیہ کو متعدد مشکلات کا سامنا کرنا پڑا، جن میں خام مال اور توانائی کی بڑھتی قیمتیں، کم از کم اجرت میں لازمی اضافہ اور مقابلہ ممالک سے سستا دھاگہ درآمد ہونے کے سبب مقامی دھاگے کی قیمتوں پر دباؤ شامل ہیں۔

مندرجہ بالا چیلنجز کے باوجود کمپنی نے مؤثر لاگت کے انتظامی اقدامات اپنائے۔ جس کے نتیجے میں تقسیم، انتظامی اور مالیاتی اخراجات میں نمایاں کمی واقع ہوئی۔ اس کے نتیجے میں ٹیکس سے قبل کا نقصان گھٹ کر 274.752 ملین روپے رہا، جو گزشتہ سال کی اسی مدت میں 356.929 ملین روپے تھا۔ تاہم، موخر شدہ ٹیکس کی ایڈجسٹمنٹ کو شامل کرنے کے بعد کمپنی نے بعد از ٹیکس 423.559 ملین روپے کا نقصان ظاہر کیا، جبکہ گزشتہ سال اسی مدت میں یہ نقصان 322.240 ملین روپے تھا۔

ان مشکلات کے باوجود ہم اپنے شیئر ہولڈرز کے ساتھ مکمل طور پر پر عزم ہیں۔ ہم ان مسائل کے حل کے لیے حکمت عملی پر مبنی اقدامات کر رہے ہیں تاکہ آپریشنز کو بہتر بنایا جاسکے اور لاگت کی کارکردگی کو مزید مؤثر بنایا جاسکے۔ ہمارا بنیادی مقصد تمام اسٹیک ہولڈرز کے لیے طویل المدتی قدر پیدا کرنا ہے۔

کمپنی کے مالی نتائج کا خلاصہ درج ذیل ہے۔

| (روپے ہزار میں) | | |
|-----------------|-------------|-----------------------------|
| 30-06-2025 | 30-06-2024 | |
| 3,583,528 | 5,559,463 | گاہکوں سے معاہدوں کی آمدنی |
| (3,501,445) | (5,351,493) | قیمت فروخت |
| 82,083 | 207,970 | مجموعی منافع |
| (78,910) | (112,587) | تقسیم کے اخراجات |
| (240,219) | (302,575) | انتظامی اخراجات |
| (5,770) | (5,935) | دیگر اخراجات |
| 96,175 | 35,757 | دیگر آمدنی |
| (128,111) | (179,559) | مالیاتی اخراجات |
| (274,752) | (356,929) | ٹیکس اور لیوی سے پہلے نقصان |
| (44,750) | (69,463) | لیوی |
| (319,502) | (426,392) | ٹیکس سے پہلے نقصان |
| (104,057) | 104,152 | ٹیکس |
| (423,559) | (322,240) | بعد از ٹیکس نقصان |
| (42.70) | (32.48) | فی حصہ نقصان بنیادی (روپے) |

حالیہ دنوں میں پاکستان کی کرنسی امریکی ڈالر کے مقابلے میں **281.85** روپے کی سطح پر پہنچ گئی ہے۔ درآمدات اور خام مال کی بڑھتی ہوئی لاگت نے سنگین مشکلات پیدا کی ہیں۔ جس کے نتیجے میں اہم اجزاء کی قلت دیکھنے میں آئی ہے۔

آئندہ دنوں میں بھی صنعت پر دباؤ برقرار رہنے کی توقع ہے کیونکہ ملکی اور برآمدی دونوں منڈیوں میں طلب کمزور ہے جبکہ توانائی کی قیمتیں مسلسل بڑھ رہی ہیں۔ ان رکاوٹوں کے باوجود، کمپنی پر عزم ہے اور چیلنجز سے نمٹنے کے لیے جدید حکمت عملیاں اختیار کر رہی ہے، ساتھ ہی معیار اور پائیداری کے عزم پر مضبوطی سے قائم ہے۔

بنیادی خطرات اور غیر یقینی صورت حال

خطرات کا جائزہ ایک مسلسل اور بنیادی عمل ہے، جس کا مقصد ان غیر یقینی عوامل کی نشاندہی کرنا ہے جو کمپنی کے مقاصد کے حصول میں رکاوٹ بن سکتے ہیں۔ اگر ان خطرات کو بروقت دور نہ کیا جائے تو یہ نمایاں نقصانات کا سبب بن سکتے ہیں۔ یہ غیر یقینی صورت حال اندرونی اور بیرونی دونوں عوامل سے جنم لے سکتی ہے۔ کمپنی کے کام پر اثر انداز ہونے والے اہم خطرات مندرجہ ذیل ہیں:

اسٹریٹیجک خطرات: یہ خطرات کمپنی کے اسٹریٹیجک مقاصد سے متعلق غیر یقینی عوامل اور غیر استعمال شدہ مواقع پر مشتمل ہوتے ہیں۔ اسٹریٹیجک خطرات بورڈ آف ڈائریکٹرز کے لیے بنیادی تشویش کا باعث ہیں۔ کیونکہ یہ مخصوص شعبوں کے بجائے پورے کاروبار پر اثر انداز ہوتے ہیں۔

تجارتی خطرات: یہ خطرات تجارتی شراکت داروں سے تعلقات یا ان مارکیٹوں کے حالات سے پیدا ہوتے ہیں جن میں کمپنی کام کر رہی ہے، اور ان ممکنہ مالی نقصانات کا باعث بن سکتے ہیں۔

عملیاتی خطرات: یہ خطرات اندرونی عوامل سے جنم لیتے ہیں، جیسے طریقہ کار کی کمزوریاں، عملے کے مسائل، یا نظام کی خرابی۔ مالیاتی خطرات: یہ ایک وسیع اصطلاح ہے جس میں فنانسنگ، منافع، لیکویڈیٹی اور قرضوں سے وابستہ مختلف قسم کے خطرات شامل ہیں۔

کمپنی مسلسل چوکسی برقرار رکھتی ہے اور فعال حکمت عملیوں کے ذریعے ان خطرات کو کم سے کم کرنے کی کوشش کرتی ہے تاکہ اسٹیک ہولڈرز کے مفادات کا تحفظ کیا جاسکے اور مقاصد کے کامیاب حصول کو یقینی بنایا جاسکے۔

صحت، حفاظت اور ماحولیات

کمپنی صحت، حفاظت اور ماحولیات کے اعلیٰ ترین معیارات پر عمل درآمد کی مکمل طور پر پابند ہے تاکہ پائیدار کارکردگی کو یقینی بنایا جاسکے۔ اس عزم کے تحت بروقت نافذ (SOPs) ماحولیاتی چیلنجز سے نمٹنے کے لیے اور اس کے اثرات کم کرنے کے لیے معیاری عملی اقدامات کیے گئے ہیں، جن میں خاص طور پر ماحولیاتی تبدیلی اور میتھین کے اخراج میں (CO2) گرین ہاؤس گیسوں، خصوصاً کاربن ڈائی آکسائیڈ کی کمی کے لیے (SOPs) پر سختی سے عمل درآمد پر توجہ مرکوز کی گئی ہے۔ صحت، حفاظت اور ماحولیات کے اعلیٰ معیار اور طویل المدتی پائیداری کے عزم کو ظاہر کرتا ہے۔

کارپوریٹ سوشل ریسپانسیبلٹی

کمپنی اپنی سماجی ذمہ داری کو تسلیم کرتی ہے اور برادری کو معاونت کے لیے پرعزم ہے۔

اندرونی کنٹرول نظام

بورڈ آف ڈائریکٹرز اس بات کو تسلیم کرتا ہے کہ کمپنی کے اندرونی کنٹرول نظام کی نگرانی اس کی ایک نہایت اہم ذمہ داری ہے، اور یہ اس نظام کی موثر عملداری اور باقاعدہ نگرانی کے ذریعے اس کی مسلسل بہتری کو یقینی بناتا ہے۔

کمپنی نے ایک جامع اندرونی کنٹرول سسٹم فریم ورک تشکیل دیا ہے، جس میں شفاف ڈھانچے، واضح طور پر متعین اختیارات کی حدود، اور ذمہ داریوں کی مناسب تقسیم شامل ہے، جو تفصیلی پالیسیوں اور طریقہ کار کے ذریعے معاونت یافتہ ہے۔ یہ فریم ورک آپریشنل کارکردگی کو بہتر بنانے، کمپنی کے اثاثوں کے تحفظ، متعلقہ قوانین و ضوابط کی پاسداری کو یقینی بنانے، اور مستند مالیاتی رپورٹنگ فراہم کرنے کے لیے وضع کیا گیا ہے۔

منافع کی تقسیم کی پالیسی

ریگولیشنری تقاضوں کے مطابق بورڈ نے ایک شفاف منافع کی تقسیم کی پالیسی اختیار کی ہے، جو حصص یافتگان کو منافع کی واپسی اور طویل مدتی ترقی کے لیے دوبارہ سرمایہ کاری کے درمیان توازن قائم کرتی ہے۔ زیر جائزہ سال کے دوران ہونے والے نقصانات کے باعث کسی بھی منافع کی سفارش نہیں کی گئی۔

بورڈ کا جائزہ

لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 کی تعمیل میں بورڈ نے اپنی سالانہ کارکردگی کا جائزہ ایک منظم خود تشخیصی عمل کے ذریعے لیا۔ نتائج سے تصدیق ہوئی کہ بورڈ نے اپنی ذمہ داریوں کو موثر طریقے سے نبھایا ہے، جبکہ طویل مدتی حکمت عملی اور گورننس میں مزید بہتری کے امکانات کو بھی اجاگر کیا گیا ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان

کمپنی نے فہرست شدہ کمپنیوں کے ضابطہ اخلاق برائے کارپوریٹ گورننس 2019 کی تمام شقوں پر پوری محنت اور ذمہ داری کے ساتھ عمل درآمد کیا ہے۔ اس تعمیل کی تصدیق کرنے والا جامع بیان اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

مستقبل کا جائزہ

کمپنی آئندہ سال اپنی مالی کارکردگی کے حوالے سے مثبت نتائج کی توقع رکھتی ہے، جس کی بنیاد جدیدیت اور مشینری کی تبدیلی میں کی جانے والی نمایاں سرمایہ کاری ہے۔ یہ حکمت عملی طویل المدتی فوائد فراہم کرے گی اور عملی استعداد میں مزید بہتری لائے گی۔ اس کے علاوہ کمپنی اپنی توانائی کی خود پیداوار کی صلاحیت بڑھانے پر بھی توجہ دے رہی ہے تاکہ پیداواری اخراجات میں مزید کمی کی جاسکے۔ ہمیں یقین ہے کہ ٹیکسٹائل کے شعبے کے لیے حکومت کی جاری معاونت برآمدی صنعتوں کی ترقی کی صلاحیت کو مزید مستحکم کرے گی، جس سے نہ صرف کمپنی کی ترقی میں مدد ملے گی بلکہ ملک کی معاشی نمو میں بھی مثبت کردار ادا ہوگا۔

بورڈ کی تشکیل، معاوضہ اور اجلاس
 کارپوریٹ گورننس کے ضابطہ اخلاق کی ضرورت کے مطابق، کمپنی اپنے بورڈ میں آزاد اور غیر انتظامی ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ
 جنس کی متنوع شمولیت کی بھی حوصلہ افزائی کرتی ہے۔
 بورڈ کی تشکیل ڈائریکٹرز کی تفصیلات اور منعقدہ اجلاسوں میں ان کی شرکت درج ذیل ہے۔

| بورڈ کی تشکیل | | | |
|---------------|--------|-----|-----------------------|
| کل | خواتین | مرد | عہدہ |
| 2 | - | 2 | ایگزیکٹو ڈائریکٹر |
| 4 | 1 | 3 | نان ایگزیکٹو ڈائریکٹر |
| 2 | - | 2 | آزاد ڈائریکٹر |
| 8 | 1 | 7 | کل |

تفصیلات اور شرکت کردہ اجلاسوں کی فہرست

| حاضری | عہدہ | ڈائریکٹر کا نام |
|-------|-----------------------|-----------------|
| 4 | چیرمین (نان ایگزیکٹو) | محمد سعید |
| 4 | چیف ایگزیکٹو آفیسر | امجد سعید |
| 4 | ایگزیکٹو ڈائریکٹر | عمر سعید |
| 4 | نان ایگزیکٹو ڈائریکٹر | روبینہ امجد |
| 4 | نان ایگزیکٹو ڈائریکٹر | احسن سعید |
| 4 | نان ایگزیکٹو ڈائریکٹر | خضر سعید |
| 4 | آزاد ڈائریکٹر | محمد اظہر |
| 4 | آزاد ڈائریکٹر | رضوان الحسن |

ہماری کمپنی نے اپنے ڈائریکٹرز کے معاوضے کے لیے ایک واضح پالیسی اور شفاف طریقہ کار مرتب کر رکھا ہے، جو کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 کے مطابق ہے۔
تفصیلی معلومات کے لیے جن میں بورڈ اجلاسوں میں شرکت کرنے والے ڈائریکٹرز کی فیس اور چیف ایگزیکٹو آفیسر کے معاوضے کی تفصیل شامل ہے براہ کرم مالی گوشوارہ کا نوٹ نمبر 34 ملاحظہ فرمائیں۔

چئیرمین کا جائزہ

ڈائریکٹرز اس بات کی توثیق کرتے ہیں کہ کمپنی کی کارکردگی پر چئیرمین کا جائزہ رپورٹ درست ہے۔

زیر غور التواء قانونی ادائیگیاں

تمام زیر غور التواء ادائیگیاں معمولی اور غیر اہم نوعیت کی ہیں۔

ریٹائرمنٹ بینیفٹس فنڈز

کمپنی اپنے ملازمین کے لیے ایک غیر فنڈز گریجویٹی اسکیم برقرار رکھتی ہے جس کی تفصیل مالی بیانات میں درج ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس جو اس کے اہل ہیں، نے سال 2025-2026 کے لیے دوبارہ تفری پر اپنی آمدگی ظاہر کی ہے جو آڈٹ کمیٹی کی سفارش کے مطابق ہے۔

شیر ہولڈنگ کا پیٹرن

30 جون 2025 تک کاشیر ہولڈنگ پیٹرن ضمیمہ میں شامل ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ تمام لین دین کاروبار کے معمول کے دائرے میں کیے جاتے ہیں۔ جو کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے مطابق ہیں۔ قیمتوں کا تعین قابل موازنہ غیر کنٹرول شدہ قیمت کے طریقہ کار (PSX) کی لسٹنگ کے تحت کیا جاتا ہے۔ اور کمپنی پاکستان اسٹاک ایکسچینج ریگولیشن میں بیان کردہ ٹرانسفر پرائسنگ کی بہترین پالیسیوں پر سختی سے عمل پیرا ہے۔

بورڈ کمیٹیاں

۱۔ آڈٹ کمیٹی:

نام عہدہ

۱۔ محمد اظہر (چیئرمین)

۲۔ محمد سعید (ممبر)

۳۔ احسن سعید (ممبر)

۲۔ افرادی وسائل اور معاوضہ کمیٹی:

نام عہدہ

۱۔ محمد اظہر (چیئرمین)

۲۔ احسن سعید (ممبر)

۳۔ روبینہ امجد (ممبر)

۳۔ نامزدگی کمیٹی:

نام عہدہ

۱۔ عمر سعید (چیئرمین)

۲۔ احسن سعید (ممبر)

۳۔ خضر سعید (ممبر)

۴۔ رسک مینجمنٹ کمیٹی:

نام عہدہ

۱۔ احسن سعید (چیئرمین)

۲۔ عمر سعید (ممبر)

۳۔ خضر سعید (ممبر)

۵۔ پائیداری کمیٹی:

- نام عہدہ
- ۱۔ محمد اطہر (چیئرمین)
 - ۲۔ احسن سعید (ممبر)
 - ۳۔ روبینہ امجد (ممبر)

کارپوریٹ گورننس

بورڈ اس امر کا اعتراف کرتا ہے کہ منوٹر اور منظم کارپوریٹ گورننس کے طریقہ کار جو اب دہی کو فروغ دینے میں کلیدی کردار ادا کرتے ہیں۔ ہم اس بات کے پختہ عزم پر قائم ہیں کہ اعلیٰ کارپوریٹ گورننس کے معیارات کو برقرار رکھتے ہوئے تمام اسٹیک ہولڈرز کی قدر و قیمت کو محفوظ اور مزید بہتر بنایا جائے۔ بورڈ نے اپنی ذمہ داریوں کی ادائیگی میں بھرپور محنت اور توجہ کا مظاہرہ کیا ہے اور کمپنی کو اس کی اسٹریٹجک سمت میں رہنمائی فراہم کرنے میں نمایاں کردار ادا کیا ہے۔ ہماری کمپنی کا پاکستان سیکورٹی اینڈ ایکسچینج کمیشن اور پاکستان اسٹاک ایکسچینج کے ساتھ مضبوط تعلق قائم ہے تاکہ اچھے کارپوریٹ گورننس کی بہترین روایات پر عمل درآمد کی تصدیق کرنے والا ایک جامع بیان ضمیمہ میں شامل ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- پاکستان اسٹاک ایکسچینج کے قواعد و ضوابط اور کمپنیز ایکٹ 2017 کی ہدایات کے مطابق ہم درج ذیل باتوں کی توثیق کرتے ہیں
- ۱۔ مالی بیانات: کمپنی کے مالی بیانات ہماری مینجمنٹ کی جانب سے انتہائی باریک بینی اور درستگی کے ساتھ تیار کیے گئے ہیں جو کمپنی کی مالی حیثیت، کاروباری نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کو درست طور پر ظاہر کرتے ہیں۔
 - ۲۔ اکاؤنٹس کی درستگی: کمپنی کے لیے باقاعدہ اور مکمل طور پر درست اکاؤنٹس کی کتابیں قائم اور محفوظ رکھی گئی ہیں۔
 - ۳۔ اکاؤنٹنگ پالیسی: مناسب اکاؤنٹنگ پالیسی کو مستقل بنیادوں پر اختیار کیا گیا ہے اور اکاؤنٹنگ کے تخمینے محتاط اور معقول فیصلوں پر مبنی ہیں۔
 - ۴۔ بین الاقوامی معیار کی پیروی: مالی بیانات کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز کے مطابق کی گئی ہے۔ کمپنی کا داخلی کنٹرول سسٹم مضبوط، منوٹر اور مسلسل مانیتئر کیا جا رہا ہے۔
 - ۵۔ جاری تشویش کے طور پر کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی غیر یقینی صورت حال نہیں ہے۔
 - ۶۔ کارپوریٹس گورننس کی پاسداری: لسٹنگ ریگولیشنز کے تحت کارپوریٹ گورننس کے بہترین اصولوں پر عمل درآمد کیا گیا ہے اور کسی قسم کی بڑی خلاف ورزی موجود نہیں ہے۔
 - ۷۔ مالی اور عملی اعداد و شمار: گزشتہ چھ سالوں کے اہم مالی اور عملی اعداد و شمار کا خلاصہ ضمیمہ میں فراہم کیا گیا ہے۔

رپورٹنگ پیریڈ کے بعد کے واقعات منافع کی تقسیم

سال کے دوران ہونے والے نقصان کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے یہ مناسب نہیں سمجھا کہ سالانہ عام اجلاس میں کیش ڈیویڈنڈ کی سفارش کی جائے۔ اس کے بجائے بورڈ نے فیصلہ کیا ہے کہ وسائل کو دانشمندانہ طریقے سے موجودہ چیلنجز سے نمٹنے، کمپنی کی مالی پوزیشن کو مستحکم کرنے اور طویل مدتی پائیداری کو یقینی بنانے پر مرکوز کیا جائے۔

دیگر واقعات

رپورٹنگ پیریڈ کے بعد نمایاں پیش رفت سامنے آئی ہے۔ کمپنی کو درپیش مسلسل بھاری نقصانات کے پیش نظر مینجمنٹ نے 11 اگست 2025 کو منعقدہ ایک غیر معمولی عام اجلاس (EOGM) کے ذریعے شیئر ہولڈرز کی منظوری حاصل کی ہے کہ کمپنی کے اسپننگ آپریشنز کو بند کیا جائے اور اس کی پروڈکشن مشینری کو فروخت کر دیا جائے۔ کمپنی ان اقدامات کے ممکنہ اثرات کا باریک بینی سے جائزہ لے رہی ہے اور ضرورت کے مطابق مناسب اقدامات اٹھائے گی تاکہ ان کے منفی اثرات کو کم سے کم کیا جاسکے۔ ان واقعات کی تفصیلی جانچ اور انکشاف، ریگولیٹری تقاضوں کے مطابق آنے والی رپورٹ میں شامل کیا جائے گا تاکہ شفافیت برقرار رکھی جاسکے۔

کمپنی اپنی پائیدار ترقی اور اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے عزم پر قائم ہے۔ درست حکمت عملیوں اور اقدامات کے ساتھ ہمیں یقین ہے کہ ہم ان چیلنجز پر قابو پائیں گے اور مزید مضبور ہو کر ابھریں گے۔

اعتراف

بورڈ اپنے سٹاف اور ورکرز کی کمپنی سے وفاداری اور محنت کو خراج تحسین پیش کرتا ہے۔ مینجمنٹ اور ورکرز کے درمیان تعلقات نہایت خوشگوار اور دوستانہ رہے ہیں اور ہمیں امید ہے کہ آنے والے سالوں میں یہ تعلقات مزید بہتر ہوں گے۔ بورڈ اس موقع پر ہمارے تمام ملازمین اور ورکرز کی غیر متزلزل وفاداری اور لگن پر دل کی گہرائیوں سے اظہار تشکر کرتا ہے۔ یہ ہم آہنگ اور تعاون پر مبنی تعلق مستقبل میں مزید ترقی کی راہ ہموار کرے گا۔



عمر سعید (ڈائریکٹر)



امجد سعید (چیف ایگزیکٹو آفیسر)

30 ستمبر 2025

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019

IDEAL SPINNING MILLS LIMITED FOR THE YEAR ENDED JUNE 30, 2025

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

1. The total number of directors is eight as per the following:
 - a. Male: Seven
 - b. Female: One
2. The composition of the board is as follows:

| Category | Name |
|----------------------------|---|
| a. Independent directors | Mr. Muhammad Azhar Mr. Rizwan-UI- Hassan |
| b. Non-executive directors | Mr. Muhammad Saeed Mr. Ahsan Saeed Mr. Khizer Saeed |
| c. Executive directors | Mr. Amjad Saeed Mr. Omer Saeed |
| d. Female director | Mrs. Rubina Amjad |

Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these regulations. Hence, the fraction of independent directors has not been rounded up.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the 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 "the Act" and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has already arranged Directors' Training program for the following:

| Name | Category |
|-------------------|------------------------|
| Mr. Omer Saeed | Executive Director |
| Mrs. Rubina Amjad | Non-Executive Director |

| | |
|------------------|------------------------|
| Mr. Ahsan Saeed | Non-Executive Director |
| Mr. Khizer Saeed | Non-Executive Director |

Moreover, our following two directors meet the exemption criteria of minimum 14 years of education and 15 years of experience on the boards of listed companies, hence are exempt from Directors' Training Program:

| | |
|--------------------|------------------------|
| Mr. Muhammad Saeed | Non-Executive Director |
| Mr. Amjad Saeed | Executive Director |

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations .
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below. -
 - a. Audit Committee

| | |
|--------------------|----------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Muhammad Saeed | Member |
| Mr. Ahsan Saeed | Member |
 - b. HR and Remuneration Committee

| | |
|--------------------|----------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Ahsan Saeed | Member |
| Mrs. Rubina Amjad | Member |
 - c. Nomination Committee

| | |
|------------------|----------|
| Mr. Omer Saeed | Chairman |
| Mr. Ahsan Saeed | Member |
| Mr. Khizer Saeed | Member |
 - d. Risk Management Committee

| | |
|------------------|----------|
| Mr. Ahsan Saeed | Chairman |
| Mr. Omer Saeed | Member |
| Mr. Khizer Saeed | Member |
 - e. Sustainability Committee

| | |
|--------------------|----------|
| Mr. Muhammad Azhar | Chairman |
| Mr. Ahsan Saeed | Member |
| Mrs. Rubina Amjad | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees during the financial year ended June 30, 2025, were as per following:
 - a. Audit Committee: Quarterly
 - b. HR and Remuneration Committee: Annually
 - c. Nomination Committee: Annually
 - d. Risk Management Committee: Annually
 - e. Sustainability Committee : Annually

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is 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 director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Sr. No. | Requirement | Explanation of Non-Compliance | Regulation Number |
|---------|--|--|-------------------|
| 1 | Directors' Training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. | The Independent director Mr. Muhammad Azhar and Mr. Rizwan-ul-Hassan did not attend the director's training program due to tight schedule. However, company is arranging directors' training program as early as possible. | 19(1) |
| 2 | Female Executive's Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020. | The Company will arrange directors' training program for its female executive in next financial year. | 19(3)(i) |
| 3 | Training of Head of Department At least one head of department every year is required to be trained under the Director's Training Program from July 2022. | The Company will organize the training of its one head of department each year from next financial year. | 19(3)(ii) |



Signatures

MUHAMMAD SAEED
CHAIRMAN
30 September 2025



Signatures

OMER SAEED
DIRECTOR

KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS

| PARTICULARS | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|----------------------|-----------|-----------|-----------|-----------|-----------|
| | (Rupees in Millions) | | | | | |
| <u>FINANCIAL POSITION</u> | | | | | | |
| Paid up capital | 99.200 | 99.200 | 99.200 | 99.200 | 99.200 | 99.200 |
| Fixed assets at cost / revalued amount | 3,007.770 | 3,109.927 | 2,939.739 | 2,871.105 | 2,312.58 | 1,997.710 |
| Fixed assets (Lease) at cost | | | | | - | - |
| Accumulated depreciation | 1,447.480 | 1,417.373 | 1,285.757 | 1,140.293 | 1,039.79 | 946.906 |
| Current assets | 976.991 | 1,469.253 | 1,890.975 | 1,606.192 | 1,492.735 | 1,053.24 |
| Current liabilities | 2,354.703 | 2,587.709 | 2,479.681 | 1,637.064 | 1,474.098 | 1,102.113 |
| <u>INCOME</u> | | | | | | |
| Sales | 3,583.528 | 5,559.463 | 6,859.842 | 6,095.257 | 4,793.15 | 3,923.725 |
| Other income | 96.175 | 35.757 | 52.339 | 29.721 | 7.681 | 11.389 |
| Pre levy & tax (loss)/ Profit | (274.752) | (356.929) | (585.098) | 515.257 | 296.777 | 146.668 |
| Levy | (44.750) | (69.463) | (78.152) | | | |
| Taxation | - | - | - | (192.224) | (94.473) | (39.721) |
| Taxation | (104.057) | 104.152 | 109.180 | | | |
| <u>STATISTICS AND RATIOS</u> | | | | | | |
| Pre levy & tax (loss)/Profit to sales % | (7.667) | (6.420) | (8.53) | 8.45 | 6.19 | 3.74 |
| Pre levy & tax (loss)/Profit to capital % | (276.967) | (359.810) | (589.82) | 519.41 | 299.17 | 147.85 |
| Current ratio | 1:0.41 | 1:0.57 | 1:0.76 | 1:0.98 | 1:1.01 | 1:0.96 |
| Paid up value per share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Loss / Earnings after levy & tax per share (Rs.) | (42.70) | (32.48) | (55.85) | 32.56 | 20.39 | 10.78 |
| Cash dividend % | - | - | - | 20 | 18 | 13 |
| Break up value per share (Rs.) | 18.460 | 61.140 | 81.04 | 137.06 | 103.42 | 69.58 |

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Ideal Spinning 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 Ideal Spinning Mills Limited (the Company) for the year ended 30 June 2025 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2025.

**RIAZ AHMAD & COMPANY**
Chartered Accountants**Faisalabad****Date:** 30 September, 2025.**UDIN:** CR202510184KGzNB9axS

INDEPENDENT AUDITOR'S REPORT

To the members of Ideal Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Ideal Spinning Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2025 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|---|--|
| 1. | <p>Inventory existence and valuation</p> <p>Inventories as at 30 June 2025 amounting to Rupees 380.320 million, break up of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools of Rupees 97.109 million - Stock-in-trade of Rupees 283.211 million <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to their size, representing 14.87% of the total assets of the Company as at 30 June 2025, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements). - Stores, spare parts and loose tools (Note 15) and Stock-in-trade (Note 16) to the financial statements. | <p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements. |



| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|---|---|
| 2. | <p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 3,583.528 million for the year ended 30 June 2025.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.19 to the financial statements). - Revenue from contracts with customers (Note 23 to the financial statements). | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 30 September, 2025.

UDIN: AR202510184pye6H7uP0

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

| | NOTE | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) | NOTE | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
|--|------|------------------------------|------------------------------|------|------------------------------|------------------------------|
| EQUITY AND LIABILITIES | | | | | | |
| SHARE CAPITAL AND RESERVES | | | | | | |
| Authorized share capital | | | | | | |
| 20,000,000 (2024: 20,000,000) ordinary shares of Rupees 10 each | | 200,000 | 200,000 | | 1,572,160 | 1,704,424 |
| Issued, subscribed and paid up share capital | | | | | | |
| 9,920,000 (2024: 9,920,000) ordinary shares of Rupees 10 each fully paid in cash | | 99,200 | 99,200 | 11 | - | 864 |
| Sponsors' loans | 3 | 241,800 | 241,800 | 12 | 8,919 | 2,122 |
| Capital reserves | | | | | | |
| Equity portion of shareholders' loans | | 183,291 | 183,291 | 13 | - | 104,120 |
| Surplus on revaluation of freehold land | 4 | 360,555 | 360,555 | 14 | 1,581,079 | 1,811,530 |
| | | 543,846 | 543,846 | | | |
| Accumulated loss | | (701,726) | (278,321) | | | |
| Total equity | | 183,120 | 606,525 | | | |
| LIABILITIES | | | | | | |
| NON-CURRENT LIABILITIES | | | | | | |
| Long term financing | 5 | - | 70,000 | 15 | 97,109 | 102,607 |
| Staff retirement gratuity | 6 | 20,247 | 16,549 | 16 | 283,211 | 685,338 |
| | | 20,247 | 86,549 | 17 | 187,627 | 227,534 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | 7 | 550,470 | 854,186 | 18 | 15,782 | 17,677 |
| Accrued mark-up | 8 | 13,179 | 28,568 | 19 | 2,114 | 939 |
| Short term borrowings | 9 | 1,788,458 | 1,610,813 | 20 | 42,875 | 23,290 |
| Unclaimed dividend | | 2,596 | 2,599 | 21 | 306,549 | 315,506 |
| Current portion of long term financing | 5 | - | 91,543 | 22 | 41,724 | 96,362 |
| | | 2,354,703 | 2,587,709 | | 976,991 | 1,469,253 |
| TOTAL LIABILITIES | | 2,374,950 | 2,674,258 | | | |
| CONTINGENCIES AND COMMITMENTS | 10 | | | | | |
| TOTAL EQUITY AND LIABILITIES | | 2,558,070 | 3,280,783 | | 2,558,070 | 3,280,783 |

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


AMIR SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR


MUHAMMAD KASHIF ZAHUR
 CHIEF FINANCIAL OFFICER

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2025**

| | NOTE | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
|--|------|------------------------------|------------------------------|
| REVENUE FROM CONTRACTS WITH CUSTOMERS | 23 | 3,583,528 | 5,559,463 |
| COST OF SALES | 24 | (3,501,445) | (5,351,493) |
| GROSS PROFIT | | <u>82,083</u> | <u>207,970</u> |
| DISTRIBUTION COST | 25 | (78,910) | (112,587) |
| ADMINISTRATIVE EXPENSES | 26 | (240,219) | (302,575) |
| OTHER EXPENSES | 27 | (5,770) | (5,935) |
| OTHER INCOME | 28 | 96,175 | 35,757 |
| FINANCE COST | 29 | (128,111) | (179,559) |
| LOSS BEFORE TAXATION AND LEVY | | <u>(274,752)</u> | <u>(356,929)</u> |
| LEVY | 30 | (44,750) | (69,463) |
| LOSS BEFORE TAXATION | | <u>(319,502)</u> | <u>(426,392)</u> |
| TAXATION | 31 | (104,057) | 104,152 |
| LOSS AFTER TAXATION | | <u><u>(423,559)</u></u> | <u><u>(322,240)</u></u> |
| LOSS PER SHARE - BASIC AND DILUTED (RUPEES) | 32 | <u><u>(42.70)</u></u> | <u><u>(32.48)</u></u> |

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR


MUHAMMAD KASHIF ZAHUR
 CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

| | NOTE | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
|--|--------|------------------------------|------------------------------|
| LOSS AFTER TAXATION | | (423,559) | (322,240) |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurements of staff retirement gratuity | 6.3 | 217 | 110 |
| Deferred income tax related to remeasurements | 14.1.1 | (63) | (32) |
| | | 154 | 78 |
| Surplus on revaluation of freehold land | | - | 124,698 |
| | | 154 | 124,776 |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| Other comprehensive income for the year - net of deferred income tax | | 154 | 124,776 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(423,405)</u> | <u>(197,464)</u> |

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

| | ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL | SPONSORS' LOANS | CAPITAL RESERVES | | | UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS) | TOTAL EQUITY |
|---|--|--------------------|---|---|---------|---|-----------------|
| | | | Equity portion of shareholders' loans | Surplus on revaluation of freehold land | Total | | |
| Balance as at 30 June 2023 | 99,200 | 241,800 | 183,291 | 235,857 | 419,148 | 43,841 | 803,989 |
| Loss for the year | - | - | - | - | - | (322,240) | (322,240) |
| Other comprehensive income for the year | - | - | - | 124,698 | 124,698 | 78 | 124,776 |
| Total comprehensive loss for the year | - | - | - | 124,698 | 124,698 | (322,162) | (197,464) |
| Balance as at 30 June 2024 | 99,200 | 241,800 | 183,291 | 360,555 | 543,846 | (278,321) | 606,525 |
| Loss for the year | - | - | - | - | - | (423,559) | (423,559) |
| Other comprehensive income for the year | - | - | - | - | - | 154 | 154 |
| Total comprehensive loss for the year | - | - | - | - | - | (423,405) | (423,405) |
| Balance as at 30 June 2025 | 99,200 | 241,800 | 183,291 | 360,555 | 543,846 | (701,726) | 183,120 |

RUPEES IN THOUSAND

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



AIJJAD SAEED
CHIEF EXECUTIVE OFFICER



OMIER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

| | NOTE | 2025 (RUPEES IN THOUSAND) | 2024 |
|--|------|------------------------------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 33 | 146,832 | 270,763 |
| Finance cost paid | | (135,043) | (189,092) |
| Income tax and levy paid | | (64,335) | (61,300) |
| Staff retirement gratuity paid | 6 | (12,607) | (78,205) |
| Net decrease in long term loans | | - | 47 |
| Net increase in long term deposits and prepayments | | (6,797) | (215) |
| Net cash used in operating activities | | (71,950) | (58,002) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on property, plant and equipment | | (32,825) | (61,804) |
| Proceeds from disposal of property, plant and equipment | | 42,500 | 8,892 |
| Net cash from / (used in) investing activities | | 9,675 | (52,912) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term financing | | (105,000) | (35,000) |
| Dividend paid | | (3) | (202) |
| Acquisition of short term borrowings - net | | 112,645 | 171,490 |
| Net cash from financing activities | | 7,642 | 136,288 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | (54,633) | 25,374 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 96,362 | 70,988 |
| Net foreign exchange difference on translating cash and bank balances | | (5) | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 22 | 41,724 | 96,362 |

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

1. THE COMPANY AND ITS OPERATIONS

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited on 30 September 1991. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

Geographical location and addresses of all business units of the Company, except for the registered office given above are as follows:

| Offices and manufacturing units | Address |
|--|---|
| Head Office | 1088, Jail Road, Faisalabad |
| Spinning and Weaving Units | 32-KM Sheikhpura Road, Tehsil Jaranwala, District Faisalabad |
| Socks Unit | 5-KM Cantt. Road, Shorkot City |
| Regional Office | 506-D, 5th Floor, City Tower, 6-K, Main Boulevard, Gulberg-II, Lahore |

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

a) Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future period affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

The estimate for revalued amount of freehold land is based on valuation performed by external professional valuer. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment along with intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

Recovery of deferred income tax assets

Deferred income tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Provisions

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

Inventories

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

Income tax and levy

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

Contingencies

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

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

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 6.4 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' – Classification of liabilities as current or non-current;
- Amendments to IFRS 16 'Leases' – Lease liability in a sale and leaseback transaction;
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – Supplier finance arrangements.

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

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following standard, amendments and improvements to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2025 or later periods:

Classification and Measurements of Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments') effective for annual periods beginning on or after 01 January 2026. These amendments address matters identified during the past - implementation review of the classification and measurement requirements of IFRS 9.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

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

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

As per the current scenario, the Company will fall in Phase-III of the criteria as per the order from Securities and Exchange Commission of Pakistan (SECP) dated 31 December 2024. Therefore the effective date of these two sustainability standards for the Company is for annual reporting periods beginning on or after 01 July 2027.

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

- * IFRS 7 Financial Instruments: Disclosures;
- * IFRS 9 Financial Instruments; and
- * IAS 7 Statement of Cash flows.

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

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

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

2.2 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

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

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

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 11.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions upto the month preceding the month of disposal. The assets' residual values and useful lives are reviewed by the management at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.3 Intangible assets

Computer softwares acquired by the Company are stated at cost less accumulated amortization and any identified impairment loss. The amortization is made applying the straight line method at the rates stated in Note 12 to these financial statements.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

Ordinary shares are classified as equity and recognized at their face value. Discount or premium on issuance of shares is separately reported in statement of changes in equity. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction, net of tax.

2.6 Borrowing cost

Interest, mark-up and other charges on long-term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term financing. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.7 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.8 Cash and cash equivalents

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

2.9 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these benefits, such estimates are subject to certain uncertainties. Remeasurements changes which comprise actuarial gains and losses are recognized in other comprehensive income in the period in which these arise.

2.10 Provisions

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

2.11 Taxation and levy**Current**

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

Deferred

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

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

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is declared.

2.13 Financial instruments**i) Classification and measurement of financial instruments****Financial assets****a) Classification**

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortized cost

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

For assets measured at fair value through profit or loss, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

b) Measurement

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

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

Debt instruments

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

a) Amortized cost

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

b) Fair value through profit or loss (FVTPL)

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

Financial liabilities

Financial liabilities are classified and measured at amortized cost or at Fair Value Through Profit or Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

ii) Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

iii) **De-recognition of financial assets and financial liabilities**

a) **Financial assets**

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

b) **Financial liabilities**

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

iv) **Offsetting of financial instruments**

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

2.14 Borrowings

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

2.15 Government grants

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

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

2.16 Trade debts and other receivables

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

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

2.17 Trade and other payables

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

2.18 Functional and presentation currency along with foreign currency transactions and translation

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss.

2.19 Revenue recognition

i) **Revenue from contracts with customers**

a) **Sale of goods**

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

b) Processing services

The Company provides conversion / CMT services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

v) Other income recognition**a) Interest**

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

b) Rent

Rent revenue is recognised on straight line basis over the lease term.

c) Other revenue

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

2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

The Company has three reportable business segments: Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Socks (Manufacturing socks from yarn, elastic and other ancillary materials).

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.21 (Loss) / earnings per share

The Company presents Loss Per Share (LPS) or Earnings Per Share (EPS) data for its ordinary shares. LPS / EPS is calculated by dividing the (loss) / profit of the Company by the weighted average number of ordinary shares outstanding during the year.

2.22 Contingent assets

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

2.23 Contingent liabilities

Contingent liabilities are disclosed when the Company has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or when amount of this obligation cannot be measured with sufficient reliability.

3. SPONSORS' LOANS

These loans are interest free and payable at the discretion of the Company.

| | 2025 | 2024 |
|--|----------------------|----------------|
| | (RUPEES IN THOUSAND) | |
| 4. SURPLUS ON REVALUATION OF FREEHOLD LAND | | |
| Balance as at 01 July | 360,555 | 235,857 |
| Surplus arised on revaluation of freehold land during the year | - | 124,698 |
| Balance as at 30 June | <u>360,555</u> | <u>360,555</u> |
| 5. LONG TERM FINANCING | | |
| From banking company - secured | | |
| Diminishing musharakah (Note 5.1) | - | 105,000 |
| Unsecured | | |
| From sponsor director / shareholder (Note 5.2) | - | 56,543 |
| | <u>-</u> | <u>161,543</u> |
| Less: Current portion shown under current liabilities | - | 91,543 |
| | <u>-</u> | <u>70,000</u> |
| 5.1 | | |
| Whole of the outstanding amount of the diminishing musharakah was repaid on 03 December 2024 to Meezan Bank Limited. It carried profit at the rate of 3 Month KIBOR plus 2% with floor of 5% and cap of 30% having repricing and payment on quarterly basis. This loan was secured against equitable mortgage of Rupees 278.547 million over property located at 1088, Jail Road, Faisalabad owned by Mrs. Rubina Amjad, Director of the Company along with the personal guarantee of six directors of the Company. | | |
| 5.2 From sponsor director / shareholder | | |
| Opening balance | 56,543 | 48,518 |
| Add: Fair value adjustment (Note 29) | 8,457 | 8,025 |
| | <u>65,000</u> | <u>56,543</u> |
| Less: Transferred to short term borrowings (Note 9.5) | 65,000 | - |
| Closing balance | <u>-</u> | <u>56,543</u> |
| 5.2.1 | | |
| This represented unsecured interest free loans obtained from a sponsor director / shareholder of the Company. This loan was due to be repaid in one bullet installment on 30 May 2025. However this amount has now been transferred to short term borrowings. A portion of the loan of Rupees 65 million along with the sponsors' loan shown in Note 3 are subordinated to bank borrowings amounting to Rupees 306.616 million collectively. Fair value of the loan was estimated at the present value of future cash flows discounted at effective rate of 16.54% (2024: 16.54%) per annum. | | |
| 6. STAFF RETIREMENT GRATUITY | | |
| Actuarial valuation was carried out as at 30 June 2025. The detail of the actuarial valuation is as follows: | | |
| Reconciliation of the movements during the year in the staff retirement gratuity | | |
| Opening balance | 16,549 | 120,777 |
| Provision for the year (Note 6.2) | 16,522 | 55,016 |
| Retirement benefit due but not paid | - | (80,929) |
| Retirement benefit paid | (12,607) | (78,205) |
| Remeasurements (Note 6.3) | (217) | (110) |
| Closing balance | <u>20,247</u> | <u>16,549</u> |

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|---|------------------------------|----------|
| 6.1 Changes in present value of defined benefit obligation | | |
| Present value of defined benefit obligation | 16,549 | 120,777 |
| Current service cost | 33,005 | 49,724 |
| Interest cost | 1,614 | 6,697 |
| Gains arising on plan settlement | (18,097) | (1,405) |
| Retirement benefit due but not paid | - | (80,929) |
| Retirement benefit paid | (12,607) | (78,205) |
| Remeasurements: | | |
| Actuarial losses from changes in financial assumptions | 167 | 290 |
| Experience adjustments | (384) | (400) |
| | 20,247 | 16,549 |
| 6.2 Provision for the year | | |
| Current service cost | 33,005 | 49,724 |
| Gains arising on plan settlement | (18,097) | (1,405) |
| Interest cost | 1,614 | 6,697 |
| | 16,522 | 55,016 |
| 6.3 Remeasurements | | |
| Actuarial losses from changes in financial assumptions | 167 | 290 |
| Experience adjustments | (384) | (400) |
| | (217) | (110) |

| | 2025 | 2024 |
|---|---------------------------------|---------------------------------|
| 6.4 Principal actuarial assumptions used | | |
| Discount rate used for interest cost in profit or loss charge (per annum) | 15.75% | 16.25% |
| Discount rate used for year end obligation (per annum) | 11.75% | 14.75% |
| Expected rate of salary increase (per annum) | 11.75% | 14.75% |
| Average duration of the defined benefit obligation | 2 | 2 |
| Mortality rates | SLIC 2001-05 set back 1 year | SLIC 2001-05 set back 1 year |
| Withdrawal rate | Age based | Age based |
| Retirement assumption | Age 60 | Age 60 |

6.5 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2026 is Rupees 18.398 million.

6.6 Expected benefit payments for the future years:

| One year | 1-2 years | 2-4 years | Over 4 years |
|------------------------------|-----------|-----------|--------------|
| -----RUPEES IN THOUSAND----- | | | |
| 9,817 | 10,481 | 20,646 | 54,297 |

6.7 Sensitivity analysis on defined benefit obligation:

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

| | 2025 | 2024 |
|---|-------|-------|
| Discount rate | 1.00% | 1.00% |
| Increase in assumption (Rupees in thousand) | (419) | (325) |
| Decrease in assumption (Rupees in thousand) | 441 | 342 |
| Future salary increase | 1.00% | 1.00% |
| Increase in assumption (Rupees in thousand) | 522 | 409 |
| Decrease in assumption (Rupees in thousand) | (504) | (396) |

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 6.4.

6.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

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

b) Demographic risks

Mortality risk

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

Withdrawal risk

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

| | 2025 | 2024 |
|--|----------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 7. TRADE AND OTHER PAYABLES | | |
| Creditors (Note 7.1) | 439,761 | 533,443 |
| Accrued liabilities | 57,559 | 220,374 |
| Contract liabilities - unsecured (Note 23.2) | 7,890 | 48,985 |
| Income tax deducted at source | 6,124 | 6,361 |
| Sales tax payable | 5,699 | 9,248 |
| Workers' welfare fund | 10,305 | 10,305 |
| Gas Infrastructure Development Cess (GIDC) payable (Note 7.2) | 21,383 | 21,383 |
| Others | 1,749 | 4,087 |
| | <u>550,470</u> | <u>854,186</u> |
| 7.1 These include amounts due to following related parties: | | |
| Blue Moon Filling Station | 10,290 | 10,290 |
| Ideal Socks | 2,949 | 3,329 |
| | <u>13,239</u> | <u>13,619</u> |
| 7.2 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan upheld this GIDC Act, 2015 to be constitutional and intra-vires. | | |
| 8. ACCRUED MARK-UP | | |
| Long term financing | - | 2,149 |
| Short term borrowings | 13,179 | 26,419 |
| | <u>13,179</u> | <u>28,568</u> |
| 9. SHORT TERM BORROWINGS | | |
| From banking companies - secured | | |
| Cash finances (Note 9.1 and 9.4) | - | 105,762 |
| Running finances (Note 9.2 and 9.4) | 182,353 | 198,427 |
| Other short term finances (Note 9.3 and 9.4) | 400,862 | 476,756 |
| | <u>583,215</u> | <u>780,945</u> |
| Others - unsecured | | |
| Other related parties (Note 9.5) | 1,205,243 | 829,868 |
| | <u>1,788,458</u> | <u>1,610,813</u> |
| 9.1 These form part of total credit facility of Rupees 462.943 million (2024: Rupees 1,200 million). Rates of mark-up range from 13.22% to 22.83% (2024: 23.10% to 24.91%) per annum during the year on balances outstanding. | | |
| 9.2 These form part of total credit facility of Rupees 200 million (2024: Rupees 200 million). Rates of mark-up range from 13.08% to 23.99% (2024: 22.12% to 26.40%) per annum during the year on balances outstanding. | | |
| 9.3 These form part of total credit facility of Rupees 540 million (2024: Rupees 1,214 million). Rates of mark-up range from 8.00% to 25.69% (2024: 17.50% to 26.04%) per annum during the year on balances outstanding. | | |
| 9.4 These finances are secured against joint pari passu charge over present and future fixed and current assets, pledge of stocks and lien on import / export documents. These are further secured by the personal guarantee of the directors of the Company. | | |
| 9.5 These represent interest free loans from Chief Executive Officer, directors and sponsor of the Company to meet the Company's working capital requirements. These also include an amount of Rupees 65 million (Note 5.2) which was transferred from long term financing during the year. | | |

10. CONTINGENCIES AND COMMITMENTS**a) Contingencies**

i) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (2024: Rupees 4.791 million) paid on such items as receivable balance. Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, therefore no provision has been recognized in these financial statements.

ii) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million (2024: Rupees 11.957 million) on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. Against the order, an appeal has been filed by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these financial statements as the management is hopeful for positive outcome.

iii) An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 4.953 million (2024: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

iv) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 6.177 million (2024: Rupees 6.177 million). The guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition No. 4841 / 2021 dated 13 August 2021, in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgment of Sindh High Court, Karachi and leave to appeal was granted. However, the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

v) Faisalabad Electric Supply Company Limited (FESCO), being aggrieved of the decision made by Lahore High Court, Lahore on 18 August 2022 against the fuel price adjustment for the month of July 2022 of Rupees 16.585 million, filed CPLA 1231-L/2023 against the Company in Supreme Court of Pakistan on 19 May 2023. On 16 October 2023 Supreme Court of Pakistan converted it into appeal and allowed it. However, on advice of legal counsel, no provision is made in these financial statements in view of possible favourable outcome for the Company.

vi) Guarantees of Rupees 95.611 million (2024: Rupees 94.294 million) are given by the banks of the Company to SNGPL against gas connections and to FESCO against electricity connections.

b) Commitments

i) Letters of credit for capital expenditure and other than capital expenditure are of Rupees Nil (2024: Rupees 36.566 million).

ii) Commitments arising from short term lease to be recognised on a straight line basis as expense under the practical expedient applied by the Company with respect to IFRS 16 are of Rupees 4.520 million (2024: Rupees 5.085 million) which are to be paid within one year (2024: within one year).

11. PROPERTY, PLANT AND EQUIPMENT

| | 2025 | 2024 |
|--------------------------------------|----------------------|-----------|
| | (RUPEES IN THOUSAND) | |
| Operating fixed assets (Note 11.1) | 1,560,290 | 1,692,554 |
| Capital work-in-progress (Note 11.2) | 11,870 | 11,870 |
| | 1,572,160 | 1,704,424 |



11.1 Operating fixed assets

| | Freehold land | Buildings | Plant and machinery | Stand-by equipment | Electric installations | Factory equipment | Office equipment | Computers | Electric appliances | Furniture and fixtures | Vehicles | Total |
|---|---------------|-----------|---------------------|--------------------|------------------------|-------------------|------------------|-----------|---------------------|------------------------|-------------|-------------|
| At 30 June 2023 | 272,072 | 463,497 | 1,691,385 | 158,177 | 95,797 | 37,134 | 3,083 | 14,988 | 16,952 | 3,565 | 183,089 | 2,939,739 |
| Cost / revalued amount | (152,911) | (921,283) | (44,086) | (11,125) | (50,866) | (1,768) | (1,412) | (7,482) | (1,701) | (84,123) | (1,285,757) | (1,285,757) |
| Accumulated depreciation | - | 310,586 | 770,102 | 114,091 | 44,931 | 26,009 | 1,315 | 4,576 | 9,470 | 1,864 | 98,966 | 1,653,982 |
| Net book value | 272,072 | - | - | - | - | - | - | - | - | - | - | - |
| Year ended 30 June 2024 | 272,072 | 310,586 | 770,102 | 114,091 | 44,931 | 26,009 | 1,315 | 4,576 | 9,470 | 1,864 | 98,966 | 1,653,982 |
| Opening net book value | - | - | 48,964 | 5,881 | 200 | - | - | - | 381 | - | 2,903 | 58,329 |
| Additions / transferred from capital work-in-progress | 124,698 | - | - | - | - | - | - | - | - | - | - | 124,698 |
| Revaluation surplus (Note 4) | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals: | - | - | (10,924) | - | - | - | - | - | - | - | (1,915) | (12,839) |
| Cost: | - | - | 2,708 | - | - | - | - | - | - | - | 1,792 | 4,500 |
| Accumulated depreciation | - | - | (6,216) | - | - | - | - | - | - | - | (123) | (8,339) |
| Depreciation charge | - | (15,528) | (79,019) | (11,752) | (4,511) | (2,601) | (132) | (1,373) | (981) | (187) | (20,052) | (136,116) |
| Closing net book value | 396,770 | 295,058 | 731,831 | 108,220 | 40,620 | 23,408 | 1,183 | 3,203 | 8,870 | 1,677 | 81,714 | 1,692,554 |
| At 30 June 2024 | 396,770 | 463,497 | 1,729,425 | 164,058 | 95,997 | 37,134 | 3,083 | 14,988 | 17,333 | 3,565 | 184,077 | 3,109,827 |
| Cost / revalued amount | - | (168,439) | (987,594) | (55,838) | (55,377) | (13,726) | (1,900) | (11,785) | (6,463) | (1,868) | (102,363) | (1,417,373) |
| Accumulated depreciation | - | 295,058 | 731,831 | 108,220 | 40,620 | 23,408 | 1,183 | 3,203 | 8,870 | 1,677 | 81,714 | 1,692,554 |
| Net book value | 396,770 | - | - | - | - | - | - | - | - | - | - | - |
| Year ended 30 June 2025 | 396,770 | 295,058 | 731,831 | 108,220 | 40,620 | 23,408 | 1,183 | 3,203 | 8,870 | 1,677 | 81,714 | 1,692,554 |
| Opening net book value | - | - | 25,157 | - | 6,823 | 282 | - | 270 | 182 | 111 | - | 32,825 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals: | - | - | (130,599) | - | - | - | - | - | - | - | (4,383) | (134,982) |
| Cost: | - | - | 90,757 | - | - | - | - | - | - | - | 3,485 | 94,242 |
| Accumulated depreciation | - | - | (39,842) | - | - | - | - | - | - | - | (898) | (40,740) |
| Depreciation charge | - | (14,755) | (73,579) | (10,823) | (4,414) | (2,365) | (118) | (1,008) | (903) | (172) | (16,212) | (124,349) |
| Closing net book value | 396,770 | 280,303 | 643,567 | 97,397 | 43,029 | 21,325 | 1,065 | 2,465 | 8,149 | 1,616 | 64,604 | 1,560,290 |
| At 30 June 2025 | 396,770 | 463,497 | 1,623,983 | 164,058 | 102,820 | 37,416 | 3,083 | 15,258 | 17,515 | 3,676 | 179,694 | 3,007,770 |
| Cost / revalued amount | - | (183,194) | (980,416) | (66,661) | (59,791) | (16,091) | (2,018) | (12,793) | (9,366) | (2,060) | (115,090) | (1,447,460) |
| Accumulated depreciation | - | 280,303 | 643,567 | 97,397 | 43,029 | 21,325 | 1,065 | 2,465 | 8,149 | 1,616 | 64,604 | 1,560,290 |
| Net book value | - | - | - | - | - | - | - | - | - | - | - | - |
| Annual rate of depreciation (%) | - | 5 | 10 | 10 | 10 | 10 | 10 | 30 | 10 | 10 | 20 | - |

11.1.1 Freehold land of the Company was revalued as at 24 June 2024 by Mughal Associates Evaluators and Consulting Engineers, an independent valuer using market value method. Previously the revaluations were carried out on 23 June 2021, 08 December 2017 and 30 June 2016 by independent valuers. The book value of freehold land on cost basis is Rupees 36,215 million (2024: Rupees 36,215 million).

11.1.2 Forced sale value of freehold land as per last revaluation held on 24 June 2024 was Rupees 337,254 million.

11.1.3 Depreciation charged for the year has been allocated as follows:

| | 2025 | 2024 |
|-----------------------------------|----------------------|---------|
| | (RUPEES IN THOUSAND) | |
| Cost of sales (Note 24) | 94,573 | 102,174 |
| Administrative expenses (Note 26) | 29,776 | 33,942 |
| | 124,349 | 136,116 |

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

| Description | Quantity | Cost | Accumulated depreciation | Net book value | Sale proceeds | (Loss) / gain | Mode of disposal | Particulars of purchasers |
|--|----------|---------|--------------------------|----------------|---------------|---------------|------------------|--|
| ----- (RUPEES IN THOUSAND) ----- | | | | | | | | |
| Plant and machinery | | | | | | | | |
| Rieter Draw Frame | 1 | 11,753 | 8,093 | 3,660 | 1,500 | (2,160) | Negotiation | AW Trading Company, Khurrianwala, Tehsil Jaranwala, District Faisalabad. |
| Muratic Mach Coner 21-C | 1 | 6,720 | 3,800 | 2,920 | 3,150 | 230 | Negotiation | Mubashar Brothers, Samundari Road, Faisalabad. |
| Ring Frames | 12 | 54,109 | 30,781 | 23,328 | 25,200 | 1,872 | Negotiation | Asm Textile Mills Limited, Faisalabad. |
| Ring Frames | 3 | 13,527 | 7,748 | 5,779 | 6,300 | 521 | Negotiation | AW Trading Company, Khurrianwala, Tehsil Jaranwala, District Faisalabad. |
| Vehicles | | | | | | | | |
| Suzuki Cultus | 1 | 1,898 | 1,268 | 630 | 650 | 20 | Negotiation | Naeem Khadim Vrk, New Garden Town, Lahore. |
| Sub Total | | 88,007 | 51,690 | 36,317 | 36,800 | 483 | | |
| Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000 | | | | | | | | |
| | | 46,975 | 42,552 | 4,423 | 5,700 | 1,277 | | |
| Total | | 134,982 | 94,242 | 40,740 | 42,500 | 1,760 | | |

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

| Particulars | Location | Area of land | Covered area |
|--|--|--------------|--------------|
| | | Acres | Sq. Ft. |
| Manufacturing facilities and vacant land | 32-KM Sheikhpura Road, Tehsil Jaranwala, District Faisalabad | 22.544 | 392 967 |
| Head office (Note 11.1.6) | 1088, Jail Road, Faisalabad | 0.250 | 24 728 |
| Other office (Note 11.1.7) | 1204, 12th Floor, Tricon Corporate Center, Jail Road, Lahore | - | 5 273 |

11.1.6 This building is constructed and capitalized on the land which is in the name of a director of the Company.

11.1.7 The covered area at this location consists of building only because of multi-storey plaza.

11.2 Capital work-in-progress

| | Stand-by equipment | Intangible assets | Total |
|---|--------------------|-------------------|---------|
| At 30 June 2023 | - | 8,395 | 8,395 |
| Add: Additions during the year | 9,356 | - | 9,356 |
| Less: Transferred to operating fixed assets during the year | (5,881) | - | (5,881) |
| At 30 June 2024 | 3,475 | 8,395 | 11,870 |
| Movement during the year | - | - | - |
| At 30 June 2025 | 3,475 | 8,395 | 11,870 |

2025 2024
(RUPEES IN THOUSAND)

12. INTANGIBLE ASSETS

Computer softwares

Net carrying value basis

| | | |
|-------------------------------|----------------|----------------|
| Opening net book value | 864 | 2,659 |
| Less: Amortization (Note 26) | 864 | 1,795 |
| Closing net book value | - | 864 |
| Gross carrying amount | | |
| Cost | 8,116 | 8,116 |
| Accumulated amortization | (8,116) | (7,252) |
| Closing net book value | - | 864 |
| Amortization rate (per annum) | 20% and 33.33% | 20% and 33.33% |

12.1 The computer softwares are fully amortized but still in use of the Company.

13. LONG TERM DEPOSITS AND PREPAYMENTS

| | | |
|--|-------|-------|
| Security deposits (Note 13.1) | 1,789 | 1,789 |
| Margin against bank guarantee | 7,000 | - |
| Prepayments | 768 | 929 |
| | 9,557 | 2,718 |
| Less: Current portion shown under current assets (Note 19) | 638 | 596 |
| | 8,919 | 2,122 |

13.1 These mainly include interest free security deposits placed with utility companies for the provision of utility connections.

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|--|------------------------------|-----------|
| 14. DEFERRED INCOME TAX ASSET | | |
| Taxable temporary difference | | |
| Accelerated tax depreciation and amortization | (150,981) | (162,372) |
| Deductible temporary differences | | |
| Staff retirement gratuity | 5,872 | 28,269 |
| Unused tax losses, unabsorbed tax depreciation and amortization | 241,576 | 173,449 |
| Allowances for doubtful receivables | 2,422 | 882 |
| Unused tax credits against minimum tax and alternate corporate tax | 184,657 | 168,711 |
| | 434,527 | 371,311 |
| Deferred income tax asset | 283,546 | 208,939 |
| Unrecognized deferred income tax asset (Note 14.2 and Note 14.3) | (283,546) | (104,819) |
| At the end of the year | - | 104,120 |
| 14.1 Movement in the deferred income tax asset / (liability) balance is as follows: | | |
| At the beginning of the year | (104,120) | - |
| (Less) / add: | | |
| -accelerated tax depreciation and amortization | (11,391) | 45,981 |
| -staff retirement gratuity | 22,397 | (3,751) |
| -unused tax losses | (68,127) | (74,953) |
| -provision for GIDC | - | 4,341 |
| -allowances for doubtful receivables | (1,540) | - |
| -unused tax credits against minimum tax and alternate corporate tax | (15,946) | (168,711) |
| -unrecognized deferred income tax asset | 178,727 | 92,973 |
| | 104,120 | (104,120) |
| | - | (104,120) |
| 14.1.1 Charged to the statement of profit or loss: | | |
| Net movement of temporary differences (Note 14.1) | 104,120 | (104,120) |
| Remeasurement of staff retirement gratuity | 63 | 32 |
| | 104,057 | (104,152) |

14.2 The Company has unused tax losses of Rupees 833.020 million which include unabsorbed tax depreciation of Rupees 309.973 million and tax losses of Rupees 523.047 million which will expire as follows:

| Accounting year to which tax loss relates | Amount of tax loss | Accounting year in which tax loss will expire |
|---|--------------------|---|
| RUPEES IN THOUSAND | | |
| 2025 | 110,748 | 2031 |
| 2024 | 134,846 | 2030 |
| 2023 | 277,453 | 2029 |
| | 523,047 | |

Deferred income tax asset has been recognized against Rupees 142.687 million of unused tax losses, unabsorbed tax depreciation and amortization. While deferred income tax asset is not recognized on the remaining amount of Rupees 98.889 million.

- 14.3** The Company has unused tax credits against minimum tax and alternative corporate tax available for carry forward under Section 113 and 113C of the Income Tax Ordinance, 2001 as detailed below. Deferred income tax asset is not recognized against these tax credits.

| Accounting year to which the minimum tax / alternative corporate tax relates | Nature | Amount of tax | Accounting year in which tax credit will expire |
|--|---------------------------|---------------------------|---|
| | | RUPEES IN THOUSAND | |
| 2025 | Minimum tax | 44,750 | 2028 |
| 2024 | Minimum tax | 54,621 | 2027 |
| 2023 | Minimum tax | 59,725 | 2026 |
| 2022 | Alternative corporate tax | 3,948 | 2032 |
| 2021 | Minimum tax | 21,613 | 2026 |
| | | 184,657 | |

15. STORES, SPARE PARTS AND LOOSE TOOLS

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|-------------|------------------------------|----------------|
| Stores | 53,202 | 49,314 |
| Spare parts | 43,430 | 52,888 |
| Loose tools | 477 | 405 |
| | 97,109 | 102,607 |

16. STOCK-IN-TRADE

| | | |
|---|----------------|----------------|
| Raw materials (Note 16.1 and Note 16.2) | 126,579 | 266,905 |
| Work-in-process | 14,553 | 84,013 |
| Finished goods | 141,353 | 333,375 |
| Waste | 726 | 1,045 |
| | 283,211 | 685,338 |

- 16.1** Raw materials include stock in transit of Rupees 24.510 million (2024: Rupees 79.109 million).

- 16.2** These include stock of Rupees Nil (2024: Rupees 4.533 million) sent to outside parties for processing.

- 16.3** Stock in trade includes stock amounting to Rupees 22.896 million (2024: Rupees Nil) valued at net realizable value.

- 16.4** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 5.856 million (2024: Rupees Nil).

17. TRADE DEBTS

Considered good:

| | | |
|--|----------------|----------------|
| Secured (against letters of credit) | 8,770 | 31,697 |
| Unsecured | 185,024 | 198,826 |
| | 193,794 | 230,523 |
| Less: Allowance for expected credit losses (Note 17.3) | 6,167 | 2,989 |
| | 187,627 | 227,534 |

- 17.1** Trade debts in respect of foreign and local jurisdictions is given under:

| | | |
|--------------------------|----------------|----------------|
| Denmark | 638 | 44,489 |
| Germany | 8,770 | 18,869 |
| Netherlands | 149 | 134 |
| Portugal | 47,661 | 12,827 |
| United Kingdom | 964 | - |
| United States of America | 34,300 | 33,150 |
| Pakistan | 95,145 | 118,065 |
| | 187,627 | 227,534 |

- 17.2** Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 30 days in case of local sales and 30 to 120 days in case of export sales.

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|--|------------------------------|--------------|
| 17.3 Allowance for expected credit losses | | |
| Opening balance | 2,989 | 2,989 |
| Add: Recognized during the year (Note 27) | 3,178 | - |
| Closing balance | <u>6,167</u> | <u>2,989</u> |

18. LOANS AND ADVANCES

Considered good:

Employees - interest free

– Executives

 against expenses

485 2,595

– Other employees

 against expenses

2,173 1,462

 against salary (Note 18.1)

1,317 579

3,490 2,041

3,975 4,636

Current portion of long term loans

- 147

Advances to suppliers / contractors

13,991 12,244

Letters of credit

- 701

17,966 17,728

Less: Provision for doubtful loans and advances (Note 18.2)

2,184 51

15,782 17,677

- 18.1** These represent interest free loans given to employees for meeting their personal expenditure. These are secured against balance to the credit of employees in the staff retirement gratuity and are recoverable in equal monthly installments.

18.2 Provision for doubtful loans and advances

| | | |
|---|--------------|-----------|
| Opening balance | 51 | 51 |
| Add: Recognized during the year (Note 27) | 2,133 | - |
| Closing balance | <u>2,184</u> | <u>51</u> |

19. SHORT TERM DEPOSITS AND PREPAYMENTS

| | | |
|---|--------------|------------|
| Deposits | 517 | 40 |
| Prepayments | 959 | 303 |
| Current portion of long term deposits and prepayments (Note 13) | 638 | 596 |
| | <u>2,114</u> | <u>939</u> |

| | 2025 | 2024 |
|--|---|------------------|
| | (RUPEES IN THOUSAND) | |
| 20. ADVANCE INCOME TAX AND LEVY - NET | | |
| Advance income tax - net | | |
| Advance income tax | 109,235 | 118,888 |
| Less: Provision for taxation | (40,269) | (40,269) |
| | 68,966 | 78,619 |
| Levy payable - net | | |
| Prepaid levy | 18,659 | 14,134 |
| Less: Levy payable | (44,750) | (69,463) |
| | (26,091) | (55,329) |
| | <u>42,875</u> | <u>23,290</u> |
| 21. OTHER RECEIVABLES | | |
| Considered good: | | |
| Sales tax refundable / receivable | 277,739 | 289,764 |
| Export rebate | 24,122 | 21,542 |
| Others | 4,688 | 4,200 |
| | <u>306,549</u> | <u>315,506</u> |
| 22. CASH AND BANK BALANCES | | |
| With banks: | | |
| On current accounts (Note 22.1) | 14,225 | 73,412 |
| On PLS saving accounts | 26,016 | 21,636 |
| | <u>40,241</u> | <u>95,048</u> |
| Cash in hand | 1,483 | 1,314 |
| | <u>41,724</u> | <u>96,362</u> |
| 22.1 | These include foreign currency accounts containing USD 2,028 and Euro 152 (2024: USD 1,959 and Euro Nil). | |
| 23. REVENUE FROM CONTRACTS WITH CUSTOMERS | | |
| Local sales (Note 23.1) | 2,934,003 | 4,393,740 |
| Export sales | 645,963 | 1,158,249 |
| Export rebate | 3,562 | 7,474 |
| | <u>3,583,528</u> | <u>5,559,463</u> |
| 23.1 Local sales | | |
| Yarn / socks | 2,021,640 | 4,405,587 |
| Waste | 21,018 | 26,696 |
| Sizing income | - | 1,849 |
| Conversion income / CMT income / cloth sale | 1,000,621 | 723,333 |
| Lyocell / viscose / cotton | 418,846 | 34,625 |
| | <u>3,462,125</u> | <u>5,192,090</u> |
| Less: Sales tax | 528,122 | 798,350 |
| | <u>2,934,003</u> | <u>4,393,740</u> |
| 23.2 | The Company has recognized revenue of Rupees 38.080 million (2024: Rupees 31.059 million) from amounts included in contract liabilities (Note 7) at the year end. | |

| | 2025 | 2024 |
|---|-----------------------------|------------------|
| | (RUPEES IN THOUSAND) | |
| 24. COST OF SALES | | |
| Raw materials consumed (Note 24.1) | 1,368,585 | 3,063,299 |
| Cost of raw material sold | 366,256 | 26,130 |
| Salaries, wages and other benefits (Note 24.2) | 383,449 | 423,914 |
| Stores, spare parts and loose tools consumed | 149,800 | 193,946 |
| Packing materials consumed | 100,817 | 185,242 |
| Sizing materials consumed | 61,078 | 27,410 |
| Outside processing / conversion and other charges | 11,241 | 54,709 |
| Repair and maintenance | 1,676 | 3,209 |
| Fuel and power | 680,010 | 1,008,284 |
| Insurance | 14,442 | 15,275 |
| Rent, rates and taxes (Note 24.3) | 6,780 | 6,930 |
| Other factory overheads | 937 | 897 |
| Depreciation (Note 11.1.3) | 94,573 | 102,174 |
| | <u>3,239,644</u> | <u>5,111,419</u> |
| Work-in-process | | |
| Opening stock | 84,013 | 99,755 |
| Closing stock | (14,553) | (84,013) |
| | <u>69,460</u> | <u>15,742</u> |
| Cost of goods manufactured | <u>3,309,104</u> | <u>5,127,161</u> |
| Finished goods | | |
| Opening stock | 334,420 | 558,752 |
| Closing stock | (142,079) | (334,420) |
| | <u>192,341</u> | <u>224,332</u> |
| | <u>3,501,445</u> | <u>5,351,493</u> |
| 24.1 Raw materials consumed | | |
| Opening stock | 266,905 | 288,868 |
| Add: Purchased during the year | 1,228,259 | 3,041,336 |
| | <u>1,495,164</u> | <u>3,330,204</u> |
| Less: Closing stock | (126,579) | (266,905) |
| | <u>1,368,585</u> | <u>3,063,299</u> |
| 24.2 Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 8.023 million (2024: Rupees 41.355 million). | | |
| 24.3 These include rent in respect of short term leases amounting to Rupees 6.780 million (2024: Rupees 6.780 million). | | |
| 25. DISTRIBUTION COST | | |
| Salaries and other benefits (Note 25.1) | 14,086 | 15,521 |
| Outward freight and handling | 21,000 | 31,041 |
| Commission to selling agents | 37,476 | 61,127 |
| Travelling and accommodation | 1,790 | 1,505 |
| Postage and telephone | 2,340 | 337 |
| Others | 2,218 | 3,056 |
| | <u>78,910</u> | <u>112,587</u> |
| 25.1 Salaries and other benefits include staff retirement gratuity amounting to Rupees 1.261 million (2024: Rupees 2.123 million). | | |

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|--|------------------------------|---------|
| 26. ADMINISTRATIVE EXPENSES | | |
| Salaries, wages and other benefits (Note 26.1) | 102,283 | 135,136 |
| Directors' remuneration | 11,600 | 11,600 |
| Rent, rates and taxes | 6,946 | 7,302 |
| Legal and professional | 1,611 | 849 |
| Insurance | 6,093 | 6,101 |
| Travelling and conveyance | 9,365 | 5,637 |
| Vehicles' running | 21,730 | 32,083 |
| Entertainment | 10,300 | 13,252 |
| Auditor's remuneration (Note 26.2) | 1,435 | 1,360 |
| Advertisement | 91 | 79 |
| Postage and telephone | 6,220 | 9,902 |
| Electricity, gas and water | 13,552 | 18,064 |
| Printing and stationery | 1,417 | 2,527 |
| Repair and maintenance | 5,065 | 8,252 |
| Fee and subscription | 3,223 | 6,000 |
| Miscellaneous | 8,648 | 8,694 |
| Amortization (Note 12) | 864 | 1,795 |
| Depreciation (Note 11.1.3) | 29,776 | 33,942 |
| | 240,219 | 302,575 |
| 26.1 Salaries, wages and other benefits include staff retirement gratuity amounting to Rupees 7.238 million (2024: Rupees 11.538 million). | | |
| 26.2 Auditor's remuneration | | |
| Audit fee | 1,200 | 1,200 |
| Half yearly review | 110 | 110 |
| Certification and other services | 125 | 50 |
| | 1,435 | 1,360 |
| 27. OTHER EXPENSES | | |
| Donation (Note 27.1) | 440 | 575 |
| Trade debts written off | 19 | 42 |
| Allowance for expected credit loss (Note 17.3) | 3,178 | - |
| Net exchange loss | - | 5,318 |
| Provision for doubtful loans and advances (Note 18.2) | 2,133 | - |
| | 5,770 | 5,935 |
| 27.1 Whole of the donation was given to Faisalabad Women Chamber of Commerce and Industry where a director Mrs. Rubina Amjad is Executive Member. | | |
| 28. OTHER INCOME | | |
| Income from financial assets | | |
| Profit on deposits with banks (Note 28.1) | 2,648 | 3,232 |
| Net exchange gain | 701 | - |
| | 3,349 | 3,232 |
| Income from non-financial assets | | |
| Gain on disposal of property, plant and equipment | 1,760 | 553 |
| Rental income | 22,891 | 18,355 |
| Credit balances written back | 68,175 | 13,617 |
| | 92,826 | 32,525 |
| | 96,175 | 35,757 |
| 28.1 Rate of profit on bank deposits as disclosed in Note 22 ranges from 5.72% to 16.00% (2024: 6.75% to 20.50%) per annum. | | |

| | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
|---|--|------------------------------|
| 29. FINANCE COST | | |
| Mark-up on: | | |
| Long term financing | 8,994 | 29,901 |
| Short term borrowings | 102,893 | 130,346 |
| Fair value adjustment of loans from sponsor director / shareholder (Note 5.2) | 8,457 | 8,025 |
| Bank charges and commission | 7,767 | 11,287 |
| | <u>128,111</u> | <u>179,559</u> |
| 30. LEVY | | |
| Charge for the year: | | |
| Current (Note 30.1) | 44,750 | 68,755 |
| Prior year | - | 708 |
| | <u>44,750</u> | <u>69,463</u> |
| 30.1 | The provision for current levy represents minimum tax on turnover as per Income Tax Ordinance, 2001. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not given in view of unused tax losses of the Company as given in Note 14.2 to these financial statements. | |
| 31. TAXATION | | |
| Deferred | <u>104,057</u> | <u>(104,152)</u> |
| 32. LOSS PER SHARE - BASIC AND DILUTED | | |
| There is no dilutive effect on the basic loss per share which is based on: | | |
| | 2025 | 2024 |
| Loss for the year (Rupees in thousand) | <u>(423,559)</u> | <u>(322,240)</u> |
| Weighted average number of ordinary shares (Numbers) | <u>9 920 000</u> | <u>9 920 000</u> |
| Loss per share (Rupees) | <u>(42.70)</u> | <u>(32.48)</u> |
| | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
| 33. CASH GENERATED FROM OPERATIONS | | |
| Loss before taxation and levy | (274,752) | (356,929) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation (Note 11.1.3) | 124,349 | 136,116 |
| Amortization (Note 12) | 864 | 1,795 |
| Gain on disposal of property, plant and equipment (Note 11.1.4) | (1,760) | (553) |
| Provision for staff retirement gratuity (Note 6.2) | 16,522 | 55,016 |
| Allowance for expected credit losses (Note 27) | 3,178 | - |
| Net exchange (gain) / loss | (999) | 176 |
| Finance cost (Note 29) | 128,111 | 179,559 |
| Credit balances written back (Note 28) | (68,175) | (13,617) |
| Provision for doubtful loans and advances (Note 27) | 2,133 | - |
| Working capital changes (Note 33.1) | 217,361 | 269,200 |
| | <u>146,832</u> | <u>270,763</u> |
| 33.1 Working capital changes | | |
| Decrease / (increase) in current assets | | |
| - Stores, spare parts and loose tools | 5,498 | 31,390 |
| - Stock-in-trade | 402,127 | 262,037 |
| - Trade debts | 37,733 | 139,901 |
| - Loans and advances | (238) | 2,671 |
| - Short term deposit and prepayments | (1,175) | (608) |
| - Other receivables | 8,957 | 3,366 |
| | <u>452,902</u> | <u>438,757</u> |
| Decrease in trade and other payables | <u>(235,541)</u> | <u>(169,557)</u> |
| | <u>217,361</u> | <u>269,200</u> |

33.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

| | 2025 | | | | 2024 | | | |
|-----------------------------------|----------------------|-----------------------|--------------------|-----------|----------------------|-----------------------|--------------------|-----------|
| | Long term financing | Short term borrowings | Unclaimed dividend | Total | Long term financing | Short term borrowings | Unclaimed dividend | Total |
| | (RUPEES IN THOUSAND) | | | | (RUPEES IN THOUSAND) | | | |
| Balance as at 01 July | 161,543 | 1,610,813 | 2,599 | 1,774,955 | 188,518 | 1,439,323 | 2,801 | 1,630,642 |
| Other changes - non cash movement | (56,543) | 65,000 | - | 8,457 | 8,025 | - | - | 8,025 |
| Short term borrowings - net | - | 112,645 | - | 112,645 | - | 171,490 | - | 171,490 |
| Repayment of long term financing | (105,000) | - | - | (105,000) | (35,000) | - | - | (35,000) |
| Dividend paid | - | - | (3) | (3) | - | - | (202) | (202) |
| Balance as at 30 June | - | 1,788,458 | 2,596 | 1,791,054 | 161,543 | 1,610,813 | 2,599 | 1,774,955 |

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, directors and executives of the Company is as follows:

| | Chief Executive Officer | | Director (Note 34.2) | | Executives | |
|---------------------------------------|-------------------------|-------|----------------------|-------|------------|--------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | (RUPEES IN THOUSAND) | | | | | |
| Managerial remuneration | 5,455 | 5,455 | 4,364 | 4,364 | 37,557 | 48,085 |
| Allowances | | | | | | |
| Others | 545 | 545 | 436 | 436 | 3,756 | 4,808 |
| Staff retirement gratuity paid | - | - | - | - | 1,011 | 5,498 |
| | 6,000 | 6,000 | 4,800 | 4,800 | 42,324 | 58,391 |
| Number of persons | 1 | 1 | 1 | 1 | 20 | 25 |

34.1 Chief Executive Officer, some directors and certain executives are provided with Company maintained vehicles and are entitled to reimbursement of travelling expenses and other utilities.

34.2 This represents remuneration paid to Mr. Omer Saeed, a Director of the Company.

34.3 During the year, an amount of Rupees 800,000 (2024: Rupees 800,000) was paid to eight directors (2024: eight directors) as meeting fee.

34.4 Apart from the meeting fee, no remuneration was paid to non-executive directors of the Company.

35. NUMBER OF EMPLOYEES

| | 2025 | 2024 |
|---|------|------|
| Number of employees as at 30 June (Note 35.1) | 684 | 637 |
| Average number of employees during the year | 942 | 838 |

35.1 These represent the total number of employees employed by the Company at the year end including permanent employees and others who have not become eligible to be permanent.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

| Name | Basis of relationship | Nature of transactions | 2025 | 2024 |
|---|---|---|----------------------|---------|
| | | | (RUPEES IN THOUSAND) | |
| Associated company / undertakings: | | | | |
| Blue Moon Filling Station | Director of the Company is the member of Board of Trustees | Fuel purchased | - | 4,341 |
| Waqas Spinning Mills (Private) Limited | Common directorship | Rental expense | 4,500 | 4,500 |
| | | Sales | - | 8,813 |
| Ideal Socks | Directors of the Company are the members of Board of Trustees | Rental expense | 2,280 | 2,280 |
| Other related parties | | | | |
| Directors and sponsors | Members of board of directors, key management personnel and sponsor | Loans obtained from directors/sponsor-net | 310,375 | 217,515 |

36.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 34.



37. PLANT CAPACITY AND ACTUAL PRODUCTION

| | | 2025 | 2024 |
|--|-----------|-------------|-------------|
| Spinning | | | |
| 100 % plant capacity converted to 20s count based on 3 shifts per day for 807 shifts (2024: 1 098 shifts) | (Kgs.) | 9 894 615 | 17 836 890 |
| Actual plant capacity converted to 20s count based on 3 shifts per day for 672 shifts (2024: 1 080 shifts) | (Kgs.) | 5 524 932 | 11 154 492 |
| Weaving | | | |
| 100 % plant capacity converted to 60 picks based on 3 shifts per day for 1 095 shifts (2024: 1 098 shifts) | (Sq.Mtr.) | 27 458 309 | 28 879 736 |
| Actual plant capacity converted to 60 picks based on 3 shifts per day for 933 shifts (2024: 715 shifts) | (Sq.Mtr.) | 14 392 097 | 11 023 054 |

Socks

Capacity of such unit cannot be determined due to nature of its operations.

37.1 REASONS FOR LOW PRODUCTION

Production remained low during the year due to operational constraints faced in spinning segment. The limited availability of resources and adjustments in processes contributed to reduced output in production of weaving segment. Moreover periodical scheduled maintenance was also the factor for low production of weaving segment.

38. SEGMENT INFORMATION

| | Spinning | | Weaving | | Socks | | Elimination of inter-segment transactions | | Total - Company | |
|--|-------------|-------------|-----------|-----------|-----------|-----------|---|-----------|-----------------|-------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenue from contracts with customers | | | | | | | | | | |
| External | 2,069,723 | 3,755,153 | 714,176 | 828,045 | 798,629 | 976,265 | - | - | 3,583,528 | 5,559,463 |
| Inter-segment | 224,932 | 224,184 | - | - | - | - | (224,932) | (224,184) | - | - |
| Cost of sales | 2,294,655 | 3,979,337 | 714,176 | 828,045 | 799,629 | 976,265 | (224,932) | (224,184) | 3,583,528 | 5,559,463 |
| Gross (loss) / profit | (2,377,637) | (3,871,628) | (726,813) | (827,555) | (621,927) | (876,494) | 224,932 | 224,184 | (3,501,445) | (5,351,493) |
| Distribution cost | (82,982) | 107,709 | (12,637) | 490 | 177,702 | 99,771 | - | - | 82,083 | 207,970 |
| Administrative expenses | (1,241) | (12,209) | (4,832) | (14,548) | (72,837) | (85,830) | - | - | (78,910) | (112,587) |
| Other income | (74,276) | (153,127) | (68,562) | (65,730) | (97,381) | (83,718) | - | - | (240,219) | (302,575) |
| (Loss) / profit before taxation and unallocated expenses | 36,774 | 35,481 | 6,812 | 276 | 52,589 | - | - | - | 96,175 | 35,757 |
| Unallocated expenses: | (121,725) | (22,146) | (79,219) | (79,512) | 60,073 | (69,777) | - | - | (140,871) | (171,435) |
| Other expenses | | | | | | | | | | |
| Finance cost | | | | | | | | | (5,770) | (5,935) |
| Levy | | | | | | | | | (128,111) | (179,559) |
| Taxation | | | | | | | | | (44,750) | (69,463) |
| Loss after taxation | | | | | | | | | (104,057) | 104,152 |
| | | | | | | | | | (423,559) | (322,240) |

38.1 Reconciliation of reportable segment assets and liabilities

| | Spinning | | Weaving | | Socks | | Total - Company | |
|--|-----------|-----------|---------|---------|-----------|---------|-----------------|-----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Total assets as per statement of financial position | 1,466,161 | 2,118,682 | 367,375 | 446,044 | 681,659 | 588,647 | 2,515,195 | 3,153,373 |
| Unallocated assets: | | | | | | | | |
| Deferred income tax asset | | | | | | | | 104,120 |
| Advance income tax and levy - net | | | | | | | 42,875 | 23,290 |
| Total assets as per statement of financial position | 1,036,555 | 1,438,188 | 256,507 | 247,302 | 1,081,888 | 988,768 | 2,558,070 | 3,280,783 |
| Total liabilities as per statement of financial position | | | | | | | 2,374,950 | 2,674,258 |

38.2 Geographical information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

| | Spinning | | Weaving | | Socks | | Total - Company | |
|--------------------------|----------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | (RUPEES IN THOUSAND) | | | | | | | |
| Belgium | - | - | 12 | 78,494 | 71,652 | 66,635 | 71,664 | 145,129 |
| China | - | - | - | - | 1,350 | - | 1,350 | - |
| Denmark | - | - | - | - | 180,595 | 153,249 | 180,595 | 153,249 |
| Germany | - | - | - | - | 51,979 | 44,473 | 51,979 | 44,473 |
| Netherlands | - | - | - | - | 51,955 | 92,731 | 51,955 | 92,731 |
| Poland | - | - | - | - | - | 30,692 | - | 30,692 |
| Portugal | - | - | 118 | 218,236 | 47,623 | - | 47,741 | 218,236 |
| Spain | - | - | - | 21,994 | 22,114 | 36,938 | 22,114 | 58,932 |
| United Kingdom | - | - | - | - | 12,958 | 104,096 | 12,958 | 104,096 |
| United States of America | - | - | - | - | 209,169 | 318,187 | 209,169 | 318,187 |
| Pakistan | 2,069,723 | 3,755,153 | 714,046 | 509,321 | 150,234 | 129,264 | 2,934,003 | 4,393,738 |
| | <u>2,069,723</u> | <u>3,755,153</u> | <u>714,176</u> | <u>828,045</u> | <u>799,629</u> | <u>976,265</u> | <u>3,583,528</u> | <u>5,559,463</u> |

38.3 Disaggregation of revenue from contracts with customers by major products / service lines

| | | | | | | | | |
|---|------------------|------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Yarn / socks / lycocell / viscose / cotton | 2,062,597 | 3,744,381 | 3,268 | - | 651,809 | 859,242 | 2,717,674 | 4,603,623 |
| Waste | 7,126 | 10,772 | - | - | 10,424 | 11,849 | 17,550 | 22,621 |
| Conversion income / CMT income / cloth sale / sizing income | - | - | 710,908 | 828,045 | 137,396 | 105,174 | 848,304 | 933,219 |
| | <u>2,069,723</u> | <u>3,755,153</u> | <u>714,176</u> | <u>828,045</u> | <u>799,629</u> | <u>976,265</u> | <u>3,583,528</u> | <u>5,559,463</u> |

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

38.5 Revenue is recognized at the point in time as per terms and conditions of underlying contracts with customers.

38.6 Revenue from major customers

The Company's revenue is earned from a long mix of customers.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks namely market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimise the potential adverse effects of these risks on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

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

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

| | 2025 | 2024 |
|----------------------|---------|---------|
| Trade debts - USD | 157,520 | 346,776 |
| Cash at banks - USD | 2,028 | 1,959 |
| | 159,548 | 348,735 |
| Trade debts - Euro | 143,898 | 43,511 |
| Cash at banks - Euro | 152 | - |
| | 144,050 | 43,511 |

Following significant exchange rates were applied during the year:

Rupees per US Dollar

| | | |
|---------------------|--------|--------|
| Average rate | 280.95 | 282.45 |
| Reporting date rate | 283.60 | 278.30 |

Rupees per Euro

| | | |
|---------------------|--------|--------|
| Average rate | 315.07 | 305.80 |
| Reporting date rate | 332.25 | 297.88 |

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 4.655 million (2024: Rupees 5.446 million) lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

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

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

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

| | 2025 (RUPEES IN THOUSAND) | 2024 |
|----------------------------------|------------------------------|---------|
| Fixed rate instruments | | |
| Financial liabilities | | |
| Short term borrowings | 182,000 | 132,000 |
| Floating rate instruments | | |
| Financial assets | | |
| Bank balances - saving accounts | 26,016 | 21,636 |
| Financial liabilities | | |
| Long term financing | - | 105,000 |
| Short term borrowings | 401,215 | 648,945 |

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 3.752 million (2024: Rupees 7.323 million) higher / lower, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

| | | |
|--------------------|---------|---------|
| Loans and advances | 1,317 | 726 |
| Deposits | 9,306 | 1,829 |
| Trade debts | 187,627 | 227,534 |
| Other receivables | 4,688 | 4,200 |
| Bank balances | 40,241 | 95,048 |
| | 243,179 | 329,337 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

The Company attempts to control credit risk by monitoring credit exposures limiting transactions with the specific counterparties and continually assessing the credit worthiness of the counterparties.

The Company's policy is to enter into financial contracts in accordance with the policies and guidelines approved by the management. Credit risk arises from trade debts, bank balances, other receivables, loans, advances and deposits.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales are usually secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company's exposure to credit risk related to trade debts due from other than the related party is as follows:

| | GROSS AMOUNT | | EXPECTED CREDIT LOSS | |
|--------------------|----------------------|----------------|----------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (RUPEES IN THOUSAND) | | (RUPEES IN THOUSAND) | |
| Not past due | 116,017 | 207,149 | - | - |
| Upto 1 month | 43,092 | 10,053 | - | - |
| 1 to 6 months | 24,012 | 8,956 | - | - |
| 6 months to 1 year | 4,506 | 1,376 | - | - |
| More than 1 year | 6,167 | 2,989 | 6,167 | 2,989 |
| | <u>193,794</u> | <u>230,523</u> | <u>6,167</u> | <u>2,989</u> |

The management believes that all unimpaired amounts are collectable in full, based on historical payment behaviour and extensive analysis of consumer credit risk.

| Rating | | | 2025 | 2024 |
|------------|-----------|--------|----------------------|------|
| Short term | Long term | Agency | (RUPEES IN THOUSAND) | |

Banks

Conventional Accounts

| Bank Name | Short term | Long term | Agency | 2025 | 2024 |
|---------------------------------|------------|-----------|--------|---------------|---------------|
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 1,724 | 1,693 |
| MCB Bank Limited | A1+ | AAA | PACRA | 418 | 1,186 |
| Allied Bank Limited | A1+ | AAA | PACRA | 206 | 89 |
| United Bank Limited | A1+ | AAA | VIS | 1 | 28 |
| Faysal Bank Limited | A1+ | AA | PACRA | 692 | 22 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 17 | 356 |
| Habib Bank Limited | A1+ | AAA | VIS | 101 | 177 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 160 | 167 |
| Bank Alfalah Limited | A1+ | AAA | PACRA | 25,897 | 21,408 |
| Bank Al-Habib Limited | A1+ | AAA | PACRA | 20 | 7 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 7,681 | 24,634 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 15 | 56 |
| | | | | <u>36,932</u> | <u>49,823</u> |

Shariah Compliant Accounts

| Bank Name | Short term | Long term | Agency | 2025 | 2024 |
|----------------------------------|------------|-----------|--------|---------------|---------------|
| AlBaraka Bank (Pakistan) Limited | A1 | AA- | VIS | 1,178 | 1,169 |
| Habib Bank Limited | A1+ | AAA | VIS | 43 | 203 |
| Meezan Bank Limited | A1+ | AAA | VIS | 2,086 | 43,849 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | 2 | 4 |
| | | | | <u>3,309</u> | <u>45,225</u> |
| | | | | <u>40,241</u> | <u>95,048</u> |

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2025, the Company had Rupees 619.728 million (2024: Rupees 1,853.055 million) available borrowing limits from financial institutions and Rupees 41.724 million (2024: Rupees 96.362 million) cash and bank balances. Moreover, the Company has Rupees 208.134 million (2024: Rupees 490.440 million) unfunded borrowing limits out of which Rupees 101.788 million (2024: Rupees 137.037 million) were utilized. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2025:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | More than 2 years |
|--|------------------|------------------------|------------------|-------------|-----------|-------------------|
| ----- RUPEES IN THOUSAND ----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Trade and other payables | 460,859 | 460,859 | 460,859 | - | - | - |
| Unclaimed dividend | 2,596 | 2,596 | 2,596 | - | - | - |
| Accrued mark-up | 13,179 | 13,179 | 13,179 | - | - | - |
| Short term borrowings | 1,788,458 | 1,819,700 | 1,819,700 | - | - | - |
| | <u>2,265,092</u> | <u>2,296,334</u> | <u>2,296,334</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Contractual maturities of financial liabilities as at 30 June 2024:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | More than 2 years |
|--|------------------|------------------------|------------------|----------------|---------------|-------------------|
| ----- RUPEES IN THOUSAND ----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 161,543 | 207,948 | 28,690 | 91,744 | 47,649 | 39,865 |
| Trade and other payables | 779,136 | 779,136 | 779,136 | - | - | - |
| Unclaimed dividend | 2,599 | 2,599 | 2,599 | - | - | - |
| Accrued mark-up | 28,568 | 28,568 | 28,568 | - | - | - |
| Short term borrowings | 1,610,813 | 1,693,185 | 1,546,231 | 146,954 | - | - |
| | <u>2,582,659</u> | <u>2,711,436</u> | <u>2,385,224</u> | <u>238,698</u> | <u>47,649</u> | <u>39,865</u> |

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

39.2 Financial instruments by categories

| | 2025 (RUPEES IN THOUSAND) | 2024 (RUPEES IN THOUSAND) |
|---|------------------------------|------------------------------|
| At amortized cost | | |
| Assets as per statement of financial position | | |
| Loans and advances | 1,317 | 726 |
| Deposits | 9,306 | 1,829 |
| Trade debts | 187,627 | 227,534 |
| Other receivables | 4,688 | 4,200 |
| Cash and bank balances | 41,724 | 96,362 |
| | <u>244,662</u> | <u>330,651</u> |
| Liabilities as per statement of financial position | | |
| Long term financing | - | 161,543 |
| Trade and other payables | 460,859 | 779,136 |
| Unclaimed dividend | 2,596 | 2,599 |
| Accrued mark-up | 13,179 | 28,568 |
| Short term borrowings | 1,788,458 | 1,610,813 |
| | <u>2,265,092</u> | <u>2,582,659</u> |

39.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

| | 2025 | | | 2024 | | |
|---|-----------------------|----------------------------------|--|-----------------------|----------------------------------|--|
| | Financial assets | Other than financial assets | Total as per statement of financial position | Financial assets | Other than financial assets | Total as per statement of financial position |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| Assets as per statement of financial position | | | | | | |
| Long term deposits and prepayments | 8,789 | 130 | 8,919 | 1,789 | 333 | 2,122 |
| Trade debts | 187,627 | - | 187,627 | 227,534 | - | 227,534 |
| Loans and advances | 1,317 | 14,465 | 15,782 | 726 | 16,951 | 17,677 |
| Short term deposits and prepayments | 517 | 1,597 | 2,114 | 40 | 899 | 939 |
| Other receivables | 4,688 | 301,861 | 306,549 | 4,200 | 311,306 | 315,506 |
| Cash and bank balances | 41,724 | - | 41,724 | 96,362 | - | 96,362 |
| | <u>244,662</u> | <u>318,053</u> | <u>562,715</u> | <u>330,651</u> | <u>329,489</u> | <u>660,140</u> |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| | 2025 | | | 2024 | | |
| | Financial liabilities | Other than financial liabilities | Total as per statement of financial position | Financial liabilities | Other than financial liabilities | Total as per statement of financial position |
| ----- (RUPEES IN THOUSAND) ----- | | | | | | |
| Liabilities as per statement of financial position | | | | | | |
| Long term financing | - | - | - | 161,543 | - | 161,543 |
| Trade and other payables | 460,859 | 89,611 | 550,470 | 779,136 | 75,050 | 854,186 |
| Unclaimed dividend | 2,596 | - | 2,596 | 2,599 | - | 2,599 |
| Accrued mark-up | 13,179 | - | 13,179 | 28,568 | - | 28,568 |
| Short term borrowings | 1,788,458 | - | 1,788,458 | 1,610,813 | - | 1,610,813 |
| | <u>2,265,092</u> | <u>89,611</u> | <u>2,354,703</u> | <u>2,582,659</u> | <u>75,050</u> | <u>2,657,709</u> |

39.4 Offsetting financial assets and financial liabilities

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

39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings (except subordinated loans) obtained by the Company as referred to in Note 9. Equity represents 'total equity' as shown in the statement of financial position and the portion of loan from sponsor director / shareholder which is subordinated to bank borrowings as referred in Note 5.2.1. Total capital employed includes 'total equity' plus 'borrowings'. The Company's strategy remained unchanged from last year.

| | | 2025 | 2024 |
|------------------------|----------------------|-----------|-----------|
| Borrowings | (Rupees in thousand) | 1,723,642 | 1,707,540 |
| Total equity | (Rupees in thousand) | 247,936 | 671,341 |
| Total capital employed | (Rupees in thousand) | 1,971,578 | 2,378,881 |
| Gearing ratio | (Percentage) | 87.42 | 71.78 |

The increase in gearing ratio resulted primarily from loss after taxation of the Company.

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. The fair value hierarchy is as follows:

Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

Level 1: Quoted market price in an active market for an identical instrument.

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

Level 3: Valuation techniques using significant un-observable inputs.

However as at reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

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

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------|---------|---------|
| -----RUPEES IN THOUSAND----- | | | | |
| At 30 June 2025 | | | | |
| Freehold land | - | 396,770 | - | 396,770 |
| At 30 June 2024 | | | | |
| Freehold land | - | 396,770 | - | 396,770 |

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

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

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

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land at least after every three years. The latest valuation of freehold land was performed by Messrs Mughal Associates Evaluators and Consulting Engineers as at 24 June 2024.

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

42. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 11 July 2025, Board of Directors of the Company has unanimously decided to dispose of the Company's major portion of plant and machinery and stand-by equipment of its spinning segment. This decision was later approved by the members of the Company in the Extraordinary General Meeting held on 11 August 2025 in which Chief Executive Officer and certain directors were authorized to carry out the transactions and perform other formalities. However, this event has been considered as non-adjusting event under IAS 10 'Events After the Reporting Period' and has not been recognized in these financial statements

43. DISCLOSURES REQUIREMENTS FOR COMPANY NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE ACTIVITIES

| Description | Note | 2025 | 2024 |
|--|---------|----------------------|-----------|
| | | (RUPEES IN THOUSAND) | |
| Financing (long-term and short-term) obtained as per Islamic mode | | | |
| Long term financing | | - | 161,543 |
| Short term borrowings | 9 | 1,205,243 | 829,868 |
| Interest or mark-up accrued on any conventional loan or advance | | | |
| Short term borrowings | 29 | 102,893 | 130,346 |
| Shariah-compliant bank deposits and bank balances | | | |
| Bank balances | 39.1(b) | 3,309 | 45,225 |
| Revenue earned from shariah compliant business segment | 23 | 3,583,528 | 5,559,463 |
| Exchange gain earned from actual currency - net | 28 | 701 | - |
| Profit earned from Shariah-compliant bank deposits and bank balances | 28 | 13 | 26 |
| Profit paid on Islamic mode of financing | 29 | 8,994 | 30,765 |
| Total interest earned on any conventional loan or advance | 28 | 2,635 | 3,206 |
| Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income | | | |
| Shariah-compliant | | | |
| Net exchange gain | 28 | 701 | - |
| Rental income | 28 | 22,891 | 18,355 |
| Gain on disposal of property plant and equipment | 28 | 1,760 | 553 |
| Profit earned from shariah compliant bank deposits / bank balances | 28 | 13 | 26 |
| Credit balances written back | 28 | 68,175 | 13,617 |
| Non-compliant | | | |
| Profit earned from non-compliant bank deposits / bank balances | 28 | 2,635 | 3,206 |

There were no liquidity damages or late payments during the year. Moreover, there were no investments by the Company. The relationship with all shariah compliant banks for the current year is related to bank accounts as given in Note 39.1(b).



44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 September, 2025 by the Board of Directors of the Company.

45. GENERAL

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER

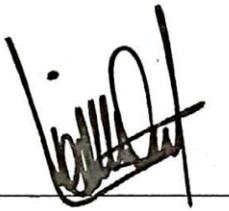

OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

Gender pay gap statement under Circular No 10 dated 17 April 2024 .

Following is gender pay gap calculated for the year ended **30-06-2025**

- (i) Mean Gender Pay Gap : Nil
- (ii) Median Gender Pay Gap : Nil
- (iii) Any other data : Nil



OMER SAEED
DIRECTOR

30 September 2025

FORM - 20

THE COMPANIES ACT , 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **IDEAL SPINNING MILLS LIMITED**2.1 Pattern of holding of the shares held by the shareholders **30-06-2025**

| 2.2 No. of Shareholders | Shareholdings | | Total Shares Held |
|-------------------------|---------------|---------|-------------------|
| | From | To | |
| 535 | 1 | 100 | 43304 |
| 613 | 101 | 500 | 266715 |
| 71 | 501 | 1000 | 65452 |
| 85 | 1001 | 5000 | 222033 |
| 15 | 5001 | 10000 | 125595 |
| 4 | 10001 | 15000 | 48138 |
| 1 | 20001 | 25000 | 21174 |
| 1 | 25001 | 30000 | 26718 |
| 2 | 40001 | 45000 | 81000 |
| 1 | 45001 | 50000 | 47599 |
| 1 | 55001 | 60000 | 56500 |
| 1 | 60001 | 65000 | 60176 |
| 1 | 170001 | 175000 | 175000 |
| 1 | 210001 | 215000 | 214274 |
| 1 | 225001 | 230000 | 227000 |
| 1 | 535001 | 540000 | 535726 |
| 1 | 625001 | 630000 | 628396 |
| 1 | 880001 | 885000 | 883000 |
| 1 | 890001 | 895000 | 890726 |
| 1 | 920001 | 925000 | 922300 |
| 2 | 930001 | 935000 | 1865876 |
| 1 | 965001 | 970000 | 968300 |
| 1 | 1540001 | 1545000 | 1544998 |
| 1,342 | | | 9,920,000 |

Categories of Shareholding
As at June 30,2025

| Categories of Shareholding | Numbers | Shares held | Percentage (%) |
|---|-------------|------------------|----------------|
| Associated companies,Undertakings and Related Parties | | | |
| NIT and ICP | 3 | 1,000 | 0.01 |
| Directors,Chief Executive & theirs spouse and Adult Children | | | |
| Mr.Muhammad Saeed Sheikh (Chairman) | 1 | 5,000 | 0.05 |
| Mr.Amjad Saeed (Chief Executive) | 2 | 2,080,724 | 20.98 |
| Mrs.Rubina Amjad (Director) | 2 | 1,105,000 | 11.14 |
| Mr.Umar Saeed (Director) | 2 | 1,110,000 | 11.19 |
| Mr.Khizar Saeed (Director) | 2 | 1,857,300 | 18.72 |
| Mr.Ahsan Saeed (Director) | 2 | 1,105,876 | 11.15 |
| Mr.Muhammad Azhar (Independent Director) | 1 | 500 | 0.01 |
| Mr.Rizwan-ul-Hassan (Independent Director) | 1 | 100 | 0.00 |
| Executives | | | |
| Public Sector Companies and Corporations | | | |
| Banks,Development Finance Institutions, | 1 | 369 | 0.00 |
| Non - Banking Finance Institutions, | | | |
| Jont Stock Companies | 5 | 2,400 | 0.02 |
| Insurance Companies,Modaraba and Mutual Funds | 1 | 628,396 | 6.33 |
| Individuals | 1317 | 1,961,047 | 19.77 |
| Others | 2 | 62,288 | 0.63 |
| Total | 1342 | 9,920,000 | 100.00 |

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

| Name of Shareholder | No of Sharrs held | Percentage |
|--|-------------------|------------|
| Amjad Saeed | 2,080,724 | 20.98 |
| Rubina Amjad | 1,105,000 | 11.14 |
| Umar Saeed | 1,110,000 | 11.19 |
| Khizar Saeed | 1,857,300 | 18.72 |
| Ahsan Saeed | 1,105,876 | 11.15 |
| Kanwal Saeed | 1,024,800 | 10.33 |
| CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 628,396 | 6.33 |

**Statement showing shares bought and sold by directors, CEO,CFO,
Company secretary and the minor family members
form 01 July 2024 to 30 June 2025**

| S.NO | Name | Designation | Shares bought | Shares sold |
|------|--------------------------|-------------------------|---------------|-------------|
| 1 | Mr.Mohammad Saeed Sheikh | Chairman | - | - |
| 2 | Mr.Amjad Saeed | Chief Executive | - | - |
| 3 | Mrs.Rubina Amjad | Director | - | - |
| 4 | Mr.Omer Saeed | Director | - | - |
| 5 | Mr.Khizer Saeed | Director | - | - |
| 6 | Mr.Ahsan Saeed | Director | - | - |
| 7 | Mr.Muhammad Azhar | Independent Director | - | - |
| 8 | Mr.Rizwan-ul-Hassan | Independent Director | - | - |
| 9 | Muhammad Kashif Zahur | Chief Financial Officer | - | - |
| 10 | Mr.Muhammad Nadeem | Company Secretary | - | - |



M/S F.D.Registrar Services (SMC-Pvt) Ltd.,
 1705,17th Floor Saima Trade Tower-A
 I.I.Chundrigar Road Karachi-74000

Dear Sir

The Share Registrar Ideal Spinning Mills Ltd
Request for E-Transmission of Annual Report

Pursuant to S.R.O.787(1)/2014 dated September 08,2014 issued by the Securities and Exchange Commission of Pakistan (SECP),kindly note requisite information for electronic transmission of annual balance sheet and profit and loss account, auditor’s report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) {collectively referred to as ‘Annual Report’} of Ideal Spinning Mills Ltd (ISM).The email address provided hereunder may please be recorded in the members’ register of the Company being maintained under Section 473 of the Companies Act 2017.

| Particulars | |
|--------------------------------------|--|
| Name of shareholder | |
| Folio No./ CDC ID No. | |
| CNIC No. | |
| Passport No.(for Foreign shareholder | |
| E-mail address | |
| Land line Telephone No. | |
| Cell No. | |

It is stated that the above-mentioned information is correct and I hereby agree and give my consent for future transmission of the Company’s Annual Report via email address provided above.

It is further stated that being the shareholder of Company, it my responsibility to communicate any change in the registered email address in a timely manner.

Yours Truly,

 Shareholder’s Signature
 Complete Address -----

Copy to -----
 The Company Secretary
 Ideal Spinning Mills Ltd
 404/05, Business Centre, Mumtaz Hasan Road
 Karachi



THE MANAGER
F.D.REGISTRAR SERVICES(SMC-PVT) LTD
OFFICE#.1705, 17TH FLOOR, TRADE TOWER
A-II,CHUNDRIGAR ROAD KARACHI
KARACHI-74000
TEL:92-21-32271905-6

DATE: _____

MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

Dear Sir,

I hereby communicate to receive my future dividend directly in my bank account as detailed below

| | |
|--|--|
| A. Shareholder's Detail | |
| Name of Company | |
| Name of shareholder | |
| Folio No. /CDC Participant ID A/c No. | |
| CNIC No. | |
| Passport No. (in case of foreign shareholder) | |
| Land Line Phone Number | |
| Cell Number | |
| E-mail address of shareholder | |
| B. Shareholder's Bank Detail | |
| Title of bank account | |
| Bank Account (IBAN 24-DIGITS starting with PK) | |
| Bank Name | |
| Bank's Branch Name | |
| Branch's complete address | |

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above-mentioned information to the above addresses as soon as these occur.

Signature of shareholder

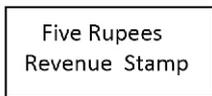


**FORM OF PROXY
37th ANNUAL GENERAL MEETING**

I/We _____ S/o/D/o/W/o _____
of _____ being a member
of **IDEAL SPINNING MILLS LIMITED** and holder of _____ Ordinary Shares as per Share Register
Folio No. _____ and/or CDC Participant ID No. _____ and Account / Sub-account _____
No _____ do hereby appoint Mr./Mrs./Miss _____
_____ Folio No./CDC No. of _____ failing him/her .
Mr./Mrs./Miss _____ Folio No./CDC No. _____ of
_____ as my/our proxy to attend, act and vote for me/us on my/our behalf at Annual General
Meeting of the Company to be held on Tuesday, October 28, 2025 at 10.15 a.m at **404 -405, 4th Floor
Business Centre Mumtaz Hassan Road Karachi** and at any adjournment thereof in the same manner
as I/we myself/ourselves would vote if personally present at such meeting.

Signature of Shareholder
Folio / CDC A/C NO.

Signature of Proxy



Signed this _____ day of _____ 2025

WITNESS:

- | | |
|----------------------|----------------------|
| 1. Signature ----- | 2. Signature ----- |
| Name ----- | Name ----- |
| Address ----- | Address ----- |
| CNIC No. ----- | CNIC No. ----- |
| or Passport No.----- | or Passport No.----- |

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on member’s behalf.
2. If a member is unable to attend the meeting. He/She may complete and sign this form and send it to the Company’s Share Registrar M/s. F.D. Registrar Service (PVT) Limited 1705 17th Floor Saima Trade Tower A, I.I. Chundrigar Road Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
3. For CDC Account Holders / Corporate Entities; in addition to the above the following Requirements have to be met:
 - (a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers be stated on the form.
 - (b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

© The proxy shall produce his original CNIC or original passport at the time of the meeting. 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.

آئیڈیل اسپننگ ملز لمیٹڈ

کمرہ نمبر 404-405، چوتھی منزل، بزنس سینٹر، ممتاز حسن روڈ، کراچی۔

پراکسی فارم اجلاس عام

میں / ہم _____ ولد / دختر / زوجہ _____

ساکن _____ جو کہ آئیڈیل اسپننگ ملز لمیٹڈ کا رکن ہوں / ہیں اور حصص رجسٹر میں درج فولیو نمبر _____ کے مطابق _____ عدد عام حصص کا مالک ہوں / ہیں اور / یا سی ڈی سی شریک آئی ڈی نمبر _____ اور اکاؤنٹ / سب اکاؤنٹ نمبر _____ رکھتا / رکھتے ہوں / ہوں، عدم موجودگی کی صورت میں جناب / محترمہ / مس _____ (فولیو نمبر / سی ڈی سی نمبر _____) کو، میرا / ہمارا پراکسی مقرر کرنا / کرتے ہیں تاکہ وہ اجلاس عام جو کہ بروز منگل 28 اکتوبر، 2025 کو صبح 10:15 بجے کمرہ نمبر 404-405، چوتھی منزل، بزنس سینٹر، ممتاز حسن روڈ، کراچی - 74000 پر منعقد ہو گا، یا اس کے کسی التواء شدہ اجلاس میں، میری / ہماری نمائندگی کرتے ہوئے شرکت کرے / کریں، کارروائی میں حصہ لے / لیں اور میرے / ہمارے حق میں اسی طرح ووٹ دے / دیں جیسے میں / ہم خود وہاں موجود ہوتے۔

تاریخ: _____ دن _____ 2025

پانچ روپے
ریونیو اسٹامپ

دستخط رکن شینر بولڈر
فولیو / سی ڈی سی اکاؤنٹ نمبر

دستخط پراکسی

گواہان:

دستخط

گواہان:

دستخط

نام:

پتہ:

نام:

پتہ:

قومی شناختی کارڈ / پاسپورٹ نمبر: _____ قومی شناختی کارڈ / پاسپورٹ نمبر: _____

ہدایات:

کوئی بھی رکن جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو، وہ تحریری طور پر پراکسی مقرر کر سکتا ہے جو اس کی جگہ اجلاس میں شرکت کرے اور ووٹ دے۔

اگر کوئی رکن اجلاس میں شرکت کرنے سے قاصر ہو تو وہ یہ فارم مکمل کر کے دستخط کرے اور کمپنی کے شینر رجسٹرار ایف ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، پتہ: 1705، 17 ویں منزل، سیما ٹریڈ ٹاور-اے، آئی آئی چندریگر روڈ، کراچی کو اجلاس کے وقت سے کم از کم 48 گھنٹے قبل ارسال کرے۔

سی ڈی سی اکاؤنٹ بولڈرز / کارپوریٹ اداروں کے لیے مندرجہ ذیل شرائط کا پورا ہونا بھی لازم ہے پراکسی فارم دو گواہوں کے دستخط سے تصدیق شدہ ہو جن کے نام، پتے اور قومی شناختی کارڈ نمبر فارم پر درج ہوں۔

مفاد یافتہ مالک اور پراکسی کی تصدیق شدہ شناختی کارڈ / پاسپورٹ کی نقول فارم کے ساتھ فراہم کی جائیں۔

پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہو گا۔

کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمع نمونہ دستخط کے (اگر پہلے سے جمع نہ کروایا گیا ہو پراکسی فارم کے ساتھ کمپنی کو جمع کروانا ہو گا۔