



ISO-9002 CERTIFIED

established since 1988

Ashfaq Textile Mills Ltd.

38th ANNUAL REPORT 2026

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashfaq Ahmad
(Chief Executive / Managing Director)

Mr. Nadeem Ashfaq
(Executive Director)

Mr. Waseem Ashfaq
(Executive Director)

Mrs. Shazia Amjad
(Non-Executive Director)

Mrs. Nazia Irfan
(Non-Executive Director)

Mr. Abdul Wahid
(Independent, Non-Executive Director)

Syed Abuzar Hussain
(Independent, Non-Executive Director)

Mr. Muhammad Aqeel Idrees
(Independent, Non-Executive Director)

COMPANY SECRETARY

Mr. Nisar Ahmad

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Imran Khan

AUDITORS

RSM Avasi Hyder Liaquat Nauman.
Chartered Accountants

BANKERS

Alflah Bank Limited.

AUDIT COMMITTEE

Syed Abuzar Hussain (Chairman)
Mr. Nisar Ahmad (Secretary)
Mrs. Shazia Amjad (Member)
Mr. Muhammad Aqeel Idrees (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Aqeel Idrees (Chairman)
Mrs. Nazia Irfan (Member)
Mr. Abdul Wahid (Member)

SHARE REGISTRAR

M/s FD Registrar Services (SMC-PVT) Ltd.
1705, 17th Floor, Saima Trade Tower A,
I.I. Chundrigar Road, Karachi.

MAILING ADDRESS

8-A, Officers Colony # 1, Susan Road,
Faisalabad.

REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala
Road, Faisalabad.

CONTACT DETAILS

Phones: 92 (41) 2435101-02

E-mail

info@ashfaqtextile.com

Web-Site

www.ashfaqtextile.com

ASHFAQ TEXTILE MILLS LIMITED.

NOTICE OF MEETING

38th Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Tuesday 27th October, 2026 at 10:00 a.m. to transact the following business:-

Ordinary Business:

1. To confirm minutes of the last Meeting.
2. To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2026 together with the Directors and Auditors reports thereon.
3. To appoint auditors for the year ending June 30, 2027 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

---SD---

Ashfaq Ahmad
Chief Executive

Faisalabad: September 30, 2026.

NOTES:

1. The share transfer books of the Company shall remain closed from 21st October, 2026 to 27th October, 2026 (both days inclusive) and no transfer will be accepted during this period.
2. Share transfer received at the Companies Registrars office, M/s FD Registrar Services (SMC-PVT) Ltd., Office # 1705, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi before the close of business on 20th October 2026 will be treated in time.
3. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Companies registered office not less than 48 hours before the time of meeting.
4. Shareholders are requested to notify the change in their address if any, immediately.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) / original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

- i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.
- ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC/original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.
- vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

BRIEF HISTORY OF THE COMPANY

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Pakistan Stock Exchange Limited Karachi. The Company is ISO – 9002 certified. The Mills is located at 17–K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 243 Sulzer Shuttleless Machines out of which 158 are in operation.

At present the average production capacity of the plant is 30.711 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 11.701 Million Sq. Meters on 60 picks on the basis of 348 days three shifts per day.

VISION

To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.

MISSION

To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance.

To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.

DIRECTORS' REPORT

We are pleased to present our 38th Annual Report and Audited Accounts for the year ended June 30, 2026.

Highlights	2026 Rupees in Millions	2025 Rupees in Millions	Variance %
Sales	459.419	454.188	1.15
Gross Profit	19.850	42.636	(53.44)
Profit / (Loss) Before Tax	(16.056)	10.106	(258.88)
Profit / (Loss) After Tax	(16.902)	5.994	(381.98)
EPS	(0.36)	0.13	(376.92)

The company earned Gross Profit of Rs. 19.850 million in comparison to last year Gross Profit of Rs. 42.636 million .

After last year's positive turnaround, we were expecting this year to be a continuation of last year, however, multiple factors made a very negative impact on the market. First factor was USA's tariff war which has disoriented almost all the economies of the world as business are not able to predict the future, thus not able to take clear positions their future purchases which has resulted in a sharp fall in demand of fabrics. This was coupled with another major negative factor of an all-out war in the gulf region. This was has not only made the general public shy out of buying but also pushed an abnormal increase in the oil prices resulting in sharp increase in our cost of doing business and thirdly and most importantly the import of cheaper fabrics from overseas has flooded the market which can be described as a dagger in the back of our textile industry.

There are certain elements which are "force majeure" and somehow beyond control, like the USA Tariffs and war in the gulf, however, our government can very easily and quickly pluck the import of woven fabrics into Pakistan to protect its local industry which is employing millions of people directly and indirectly.

The management regretfully cannot recommend any payments of dividends or bonus shares for this year.

Marketing strategy and future prospects

Last year showed a turnaround because of our constant efforts to market our fabrics. However, floods in our country, USA tariffs, Gulf war and flooding of foreign manufactured fabrics imports into Pakistan are the factors directing towards another tough year for Pakistan textile industry.

Some of the above factors are beyond our control, however, permission to import fabrics into Pakistan is one factor which can be stopped by one decision by the government and can prove to be a life line for a weakening textile

We plead to the government to look into this and help support domestic manufacturing.

Corporate Social Responsibility

As per our strong belief that it is our social responsibility to give back to the community. We have proudly contributed Rs. 1,200,000 to "Faisalabad Liver Foundation Trust" to be used to provide free medicines and liver related lab tests to deserving patients.

Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Adverse movement in foreign exchange rates and commodity prices;
- Market disruption due to changes in tax laws and regulations to widen the tax net.

Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

Corporate and Financial Reporting Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and Prudent Judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern. But there exists material uncertainties as Company find difficulties in recovering direct cost incurred on production.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations of the Pakistan Stock Exchange.
8. The Board held four meetings during the year. Attendance by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	06
2	Mr. Nadeem Ashfaq	06
3	Mr. Waseem Ashfaq	06
4	Mrs. Shazia Amjad	06
5	Mrs. Nazia Irfan	05
6	Mr. Muhammad Aqeel Idrees	06
7	Mr. Abdul Wahid	06
8	Syed Abuzar Hussain	06

Leave of absence was granted to directors who could not attend one Board meeting.

9. Key operating and financial data for the last six years are annexed.

10. Audit Committee

Syed Abuzar Hussain	(Chairman)
Mr. Nisar Ahmad	(Secretary)
Mrs. Shazia Amjad	(Member)
Mr. Muhammad Aqeel Idrees	(Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the Head of Internal Audit and External Auditors as and when it was required.

11. Human Resources and Remuneration Committee.

The Board has also formed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Muhammad Aqeel Idrees	(Chairman)
Mrs. Nazia Irfan	(Member)
Mr. Abdul Wahid	(Member)

The Human Resources and Remuneration Committee met one time during the year. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and

practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Composition of Board**

The board consists of 6 male and 2 female directors with following composition:

Independent directors	3
Other non-executive directors	2
Executive directors	3
Total number of directors	8

13. **Remuneration Policy of Non-Executive Directors**

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

14. **Subsequent Events**

Your company had to make a tough decision to reduce our production capacity by temporarily closing 85 out of total installed 243 looms.

15. **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

16. **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and their spouses and minor children have made the following transaction of company shares.

Purchase	SALE
-	-

The CEO, Director, CFO and Executives do not hold any interest in the Company other than that disclosed in the pattern of the shareholding.

17. **Auditors**

The present auditors RSM Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

18. **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2026 is annexed.

19. **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our bankers

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

For and on behalf of Board of Director

FAISALABAD
DATE: September 30, 2026.

---SD---
DIRECTOR

---SD---
(ASHFAQ AHMAD)
Chief Executive Officer

FINANCIAL HIGHLIGHTS							
		2026	2025	2024	2023	2022	2021
(Rupees in Million)							
SALES	Rs.	459.419	454.188	456.610	335.984	507.740	453.352
GROSS PROFIT / (LOSS)	Rs.	19.85	42.636	(36.393)	(85.131)	64.208	54.292
NET PROFIT / (LOSS) AFTER TAX	Rs.	(16.902)	5.994	(57.851)	(79.878)	19.042	11.137
FIXED ASSTES	Rs.	964.859	999.451	1,016.484	899.680	935.154	963.504
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	-	-	-	-
ACCUMULATED PROFIT / (LOSS)	Rs.	123.243	125.935	91.606	131.305	238.966	244.649
GROSS PROFIT RATIO	%	4.32	9.39	(7.97)	(25.64)	12.65	11.98
NET PROFIT / (LOSS) RATIO	%	(3.68)	1.32	(12.67)	(23.77)	3.75	2.46
DEBT EQUITY RATIO	%	0:100	0:100	0:100	0:100	0:100	0:100
CURRENT RATIO	%	6.48	4.99	3.67	4.78	6.69	7.67
EARNING / (LOSS) PER SHARE	%	(0.36)	0.13	(1.24)	(1.72)	0.41	0.27
BONUS SHARES	%	-	-	-	-	10%	10%
DIVIDEND	Rs.	-	-	-	-	-	-

ڈائریکٹر ز رپورٹ

30 جون 2026 کو ختم ہونے والے سال کے اڑتیسویں سالانہ آڈینڈ مالیاتی اسٹیٹمنٹ بمعہ آڈیٹر ز رپورٹ بخوشی پیش کرتے ہیں۔
اس سال کے مالیاتی نتائج درج ذیل ہیں۔

تفصیل	روپے ملین میں	روپے ملین میں	اوسط فرق %
فروخت	459.419	454.188	1.15
کل نفع/(تقصان)	19.850	42.636	(53.44)
قبل از ٹیکس (تقصان)/نفع	(16.056)	10.106	(258.88)
بعد از ٹیکس (تقصان)/نفع	(16.902)	5.994	(381.98)
آمدنی فی شیئر (EPS)	(0.360)	0.130	(376.92)

کمپنی نے 19.850 ملین روپے مجموعی منافع حاصل کیا، جبکہ گزشتہ سال مجموعی منافع 42.636 ملین روپے تھا۔

گزشتہ سال کاروباری کارکردگی میں مثبت بہتری اور بحالی کے بعد ہمیں توقع تھی کہ رواں سال بھی یہ سلسلہ جاری رہے گا، تاہم متعدد عوامل نے مارکیٹ پر انتہائی منفی اثرات مرتب کیے۔ پہلا بڑا عامل امریکہ کی جانب سے شروع کی گئی ٹیرف وار (درآمدی محصولات کی جنگ) تھی، جس نے دنیا کی تقریباً تمام معیشتوں کو غیر یقینی صورتحال سے دوچار کر دیا۔ کاروباری ادارے مستقبل کے حالات کا درست اندازہ لگانے سے قاصر رہے، جس کے باعث وہ اپنی آئندہ خریداری کے حوالے سے واضح فیصلے نہ کر سکے۔ اس صورتحال کے نتیجے میں کپڑے کی طلب میں نمایاں کمی واقع ہوئی۔ اس کے ساتھ خلیجی خطے میں وسیع پیمانے پر جنگ نے صورتحال کو مزید سنگین بنا دیا۔ اس جنگ نے نہ صرف عام صارفین کو خریداری سے گریز کرنے پر مجبور کیا بلکہ تیل کی قیمتوں میں بھی غیر معمولی اضافہ کر دیا، جس کے نتیجے میں ہمارے کاروباری اخراجات میں نمایاں اضافہ ہوا۔

تیسرا اور سب سے اہم عامل بیرون ملک سے سستے کپڑے کی درآمد میں اضافہ تھا، جس نے مقامی مارکیٹ کو درآمدی کپڑے سے بھر دیا۔ اس صورتحال نے مقامی صنعت کاروں پر شدید دباؤ ڈالا اور پاکستان کی ٹیکسٹائل انڈسٹری کی مسابقتی صلاحیت کو بری طرح متاثر کیا۔ اسے ہماری ٹیکسٹائل انڈسٹری کی پشت میں خنجر گھونپنے کے مترادف قرار دیا جاسکتا ہے۔

بعض عوامل ایسے ہوتے ہیں جو ”فورس میجر“ (ناقابل اختیار حالات) کے زمرے میں آتے ہیں اور کسی حد تک ہمارے اختیار سے باہر ہوتے ہیں، جیسا کہ امریکہ کی جانب سے عائد کردہ ٹیرف وار خلیجی خطے میں جاری جنگ۔ تاہم، ہماری حکومت پاکستان میں بنے ہوئے کپڑے (Woven Fabrics) کی درآمد کو مؤثر پالیسی اقدامات کے ذریعے آسانی اور فوری طور پر محدود کر سکتی ہے، تاکہ مقامی صنعت کو تحفظ فراہم کیا جاسکے۔ یہ صنعت براہ راست اور بالواسطہ طور پر لاکھوں افراد کو روزگار فراہم کر رہی ہے انتظامیہ اس سال افسوس کے ساتھ منافع یا بونس حصص کی کس بھی ادائیگی کی سفارش نہیں کر سکتی۔

مارکیٹ کے حالات اور مستقبل کے خدوخال

گزشتہ سال ہماری مسلسل کوششوں اور اپنے کپڑوں کی مارکیٹنگ پر خصوصی توجہ کے باعث کاروباری کارکردگی میں بہتری اور بحالی دیکھنے میں آئی۔ تاہم، ہمارے ملک میں سیلاب، امریکہ کی جانب سے عائد کردہ ٹیرف، خلیجی خطے میں جنگ اور بیرون ملک تیار کردہ کپڑے کی پاکستان میں بڑے پیمانے پر درآمد جیسے عوامل اس بات کی نشاندہی کر رہے ہیں کہ پاکستان کی ٹیکسٹائل انڈسٹری کو ایک بار پھر ایک مشکل سال کا سامنا کرنا پڑ سکتا ہے۔

مندرجہ بالا عوامل میں سے بعض ہمارے اختیار سے باہر ہیں، تاہم پاکستان میں کپڑے کی درآمد کی اجازت ایک ایسا معاملہ ہے جسے حکومت صرف ایک فیصلے کے ذریعے روک سکتی ہے۔ ایسا فیصلہ پاکستان کی کمزور ہوتی ہوئی ٹیکسٹائل انڈسٹری کے لیے زندگی کی نئی امید ثابت ہو سکتا ہے اور مقامی صنعت کے تحفظ اور بقا میں اہم کردار ادا کر سکتا ہے۔

کمپنی کی سماجی ذمہ داری

ہماری سماجی اور معاشرتی ذمہ داری ہے کہ ہم معاشرے کی فلاح میں حصہ ڈالیں۔ لہذا ہم نے پیمائش کے مستحق مریضوں کے (مفت علاج) مکمل ادویات اور جگر سے متعلق ایب ٹیسٹ کے لئے فیصل آباد لیور فاؤنڈیشن ٹرسٹ کو -/1,200,000 روپے کا عطیہ دیا۔

بنیادی خطرات اور بے اعتدالی

کمپنی کو موروثی خطرات اور بے اعتدالی کی وجہ سے درج ذیل بنیادی خطرات متوقع ہیں۔

ملکی منفی تحریک کی وجہ سے غیر ملکی تجارتی قیمتوں اور فارن ایکسچینج ریٹ میں اتار چڑھاؤ۔

ٹیکس نیٹ کو وسیع کرنے کے لئے ٹیکس قوانین اور ضابطوں میں تبدیلی کاروباری رکاوٹ کا باعث ہے۔

اندرونی فنانس کنٹرول

آڈیٹرز اور مینجمنٹ کے مشترکہ فیصلوں سے کافی حد تک کمپنی نے کنٹرولز یقینی بنائے ہیں۔

کارپوریٹ گورننس

ہم کارپوریٹ گورننس کی تفصیل جس پر پوری طرح عمل کیا گیا ہے ہمراہ ہے۔

کارپوریٹ اور فنانسشیل رپورٹنگ کا فریم ورک

کوڈ آف کارپوریٹ گورننس پر عمل کرتے ہوئے ہم کارپوریٹ اور فنانسشیل رپورٹنگ کا فریم ورک درج کر رہے ہیں

- 1- کمپنی کی مینجمنٹ فنانسشیل اسٹیٹمنٹس اور کمپنی کے مجموعی معاملات کاروبار کے نتائج، نقدی بہاؤ اور لین دین میں تبدیلی شفاف اور درست پیش کرتی ہے۔
- 2- کمپنی کے حساب کا اندراج کمپنی آرڈیننس کے مطابق کیا جاتا ہے۔
- 3- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے۔ اکاؤنٹنگ یا اندازے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔
- 4- مالی گوشواروں کو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کے مطابق رکھا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام مضبوط ہے اور اس کی منوثر طریقے سے نگرانی اور عملدرآمد کیا گیا ہے۔
- 6- کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- پاکستان کے اسٹاک ایکسچینج کے اصولوں کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی مادی تجاوز نہیں ہوا۔
- 8- مینجمنٹ بورڈ نے سال کے دوران چار دفعہ اجلاس منعقد کئے جس میں مندرجہ ذیل حاضری رہی۔

نمبر شمار ڈائریکٹران کے نام حاضری کی تفصیل

06	1- اشفاق احمد صاحب
06	2- ندیم اشفاق صاحب
06	3- وسیم اشفاق صاحب
06	5- مسز شازیہ امجد صاحبہ
05	6- مسز نازیہ عرفان صاحبہ
06	4- محمد عقیل اور یس صاحب
06	7- عبدالواحد صاحب
06	8- سعید ابوزر حسین صاحب

جن ڈائریکٹرز نے غیر حاضری کے لیے درخواست دی ان کی درخواست کو منظور کیا گیا۔

9- پچھلے چھ سالوں کے کارکردگی کی تفصیل لف ہے۔

10- آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ پر عمل کرتے ہوئے آڈٹ کمیٹی کی تشکیل کی ہوئی ہے۔ جس کی تفصیل درج ذیل ہے۔

مستر سید ابوزر حسین	چیئر مین
مستر ثار احمد	سکرٹری
مسز شازیہ امجد	ممبر
مستر محمد عقیل اور یس	ممبر

آڈٹ کمیٹی کی میٹنگ ہر کوارٹر سے پہلے ہوتی ہے اور حساب کتاب کی چھان بین کر کے عبوری اور سالانہ حساب کتاب کی منظوری دیتی ہے۔ میٹنگ میں

انٹرنل آڈیٹرز کے سنیر اور ایکسٹرنل آڈیٹرز بھی شریک ہوتے ہیں۔

11- انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ قواعد و ضوابط کے مطابق چلتی ہے۔ مندرجہ ذیل اس کے ممبران ہیں۔

انسانی وسائل اور معاوضہ کمپنی کی اس سال ایک مینٹگ ہوئی اور کمپنی نے بورڈ کو اپنی سفارشات پیش کیں کہ کس طرح کمپنی کو ایک مضبوط ادارے کے طور پر چلایا جائے۔ ملازموں کی فلاح و بہبود کے متعلق بھی بہت سے پلان اور پالیسیوں پر عملدرآمد کے لیے سفارشات کیں تاکہ ادارہ اپنے اہداف حاصل کر سکے۔

12- مجموعی بورڈ

کمپنی کا بورڈ مندرجہ ذیل 6 مردوں اور 2 عورتوں پر مشتمل ہے

آزاد ڈائریکٹر۔ 3

غیر عملی ڈائریکٹر۔ 2

عملی ڈائریکٹر۔ 3

ڈائریکٹر ان کی کل تعداد۔ 8

13- آزاد ڈائریکٹر اور غیر عملی ڈائریکٹر کی معاوضہ کی پالیسی۔

کمپنی کے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے لیے غیر انتظامی اور آزاد ڈائریکٹر کی فیس کا تعین بورڈ وقتاً فوقتاً کرتا ہے۔

14- ضمنی واقعات۔

آپ کی کمپنی کو ایک مشکل فیصلہ کرتے ہوئے مجموعی طور پر نصب شدہ 243 لومز میں سے 85 لومز کو عارضی طور پر بند کر کے پیداواری صلاحیت میں کمی کرنا پڑی۔

15- حفاظتی اقدام اور ماحولیاتی آلودگی سے بچاؤ

ادارہ اس بات پر سختی سے عمل کرتا ہے کہ حفاظتی اقدامات پر پوری طرح عمل کیا جائے جو کہ قانون کے مطابق واجب ہیں اور ماحول کو صاف ستھرا رکھنے کے لیے ہر ممکن اقدام کیا جاتا ہے۔

16- کمپنی کے حصص کی تجارت

کمپنی کے جملہ ڈائریکٹران بشمول چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری نے کمپنی کے شیئروں کی درج ذیل تجارت ہوئی۔

خرید فروخت

1- - - -

چیف ایگزیکٹو آفیسر، ڈائریکٹر، چیف فنانشل آفیسر اور ایگزیکٹوز کو ماسوائے ان شیئروں کے جن کو بتایا گیا ہے اور کسی چیز میں دلچسپی نہ ہے۔

17- آڈیٹرز

موجودہ آڈیٹرز میسرز اوپس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس مستعفی ہو رہے ہیں مگر وہ دوبارہ تقرری کے لیے اپنے آپ کو پیش کر سکتے ہیں۔

آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

18- حصص کی تفصیل

حصص کی تفصیل جو کہ 30 جون، 2026 کو کمپنی کے حصہ دار ہیں ان کی تفصیل منسلک ہے۔

19- اعتراف

ہم اپنے بینکوں کی انتظامیہ کا بھی تہہ دل سے شکریہ ادا کرتے ہیں اور ان کی معاونت کو سراہتے ہیں۔

ڈائریکٹر ایک بار پھر کمپنی کے عملے اور کارکنوں کی مسلسل محنت، لگن اور خلوص نیت پر اپنی بھرپور قدر دانی کا اظہار کرتے ہیں۔

بورڈ آف ڈائریکٹر ان کی طرف سے فیصل آباد

--- SD ---

30 ستمبر، 2026

اشفاق احمد

چیف ایگزیکٹو آفیسر

فنانشل جھلکیاں

روپے ملین میں

	2021	2022	2023	2024	2025	2026	
فروخت	453.352	507.740	335.984	456.610	454.188	459.419	روپے
مجموعی نفع	54.292	64.208	(85.131)	(36.393)	42.636	19.850	روپے
خالص نفع بعد از ٹیکس	11.137	19.042	(79.878)	(57.851)	5.994	(16.902)	روپے
اثاثہ جات	963.504	935.154	899.680	1,016.484	999.451	964.859	روپے
طویل مدتی ذمے داری (مالیاتی ادارہ)	-	-	-	-	-	-	روپے
طویل مدتی ذمے داری (ڈائریکٹرز)	-	-	-	-	-	-	روپے
مجموعی نفع (نقصان)	244.649	238.966	131.305	91.606	125.935	123.243	روپے
نفع کا شرح کا تناسب	11.98	12.65	(25.64)	(7.97)	9.39	4.32	%
خالص نفع (نقصان) کا تناسب	2.46	3.75	(23.77)	(12.67)	1.32	(3.68)	%
لین دین کا تناسب	0:100	0:100	0:100	0:100	0:100	0:100	%
موجودہ تناسب	7.67	6.69	4.78	3.67	4.99	6.48	%
آمدنی (نقصان) فی شیئر	0.27	0.41	(1.72)	(1.24)	0.13	(0.36)	%
بونس شیئر	10%	10%	-	-	-	-	%
ڈیویڈنڈ	-	-	-	-	-	-	روپے

Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Ashfaq Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended Jun 30, 2026, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Dated : September 30, 2026.

---Sd---

Muhammad Aqeel Idrees
Chairman

چیرمین کی جائزہ رپورٹ

اشفاق ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ) گورننس ریگولیشنز

کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو 2019

کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2026 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری

ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری

اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہدیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار،

پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی،

بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داری کو موثر انداز سے پورا کرنا

شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا معی دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

دستخط

محمد عقیل ادریس

چیرمین

مورخہ 30 ستمبر، 2026

ASHFAQ TEXTILE MILLS LIMITED.

Gender Pay Gap Statement under SECP's Circular 10 of 2024.

For the year ended June 30, 2026.

The Company fully supports the principles of equal opportunity and fair remuneration regardless of gender. However, during the year ended June 30, 2026, the Company did not employ any female staff. Accordingly, the calculation of the gender pay gap is not applicable:

- | | |
|--------------------------|-----|
| 1. Mean Gender Pay Gap | NIL |
| 2. Median Gender Pay Gap | NIL |

The Company remains committed to promoting gender diversity and inclusion in its workforce and continue to explore initiatives aimed at encouraging female participation in its operations going forward.

----SD---

Chief Executive / Director

ASHFAQ TEXTILE MILLS LIMITED

PATERN OF SHAREHOLDING FORM "34" SHAREHOLDERS STATISTICS AS AT JUNE 30, 2026

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
184	1	-	100	4,466
211	101	-	500	66,250
98	501	-	1000	73,580
207	1001	-	5000	315,627
14	5001	-	10000	107,556
12	10001	-	15000	147,942
1	15001	-	20000	16,400
2	20001	-	25000	43,551
2	25001	-	30000	52,652
1	90001	-	95000	91,839
1	115001	-	120000	116,507
1	150001	-	155000	154,162
1	3580001	-	3585000	3,583,793
1	3670001	-	3675000	3,674,967
2	4615001	-	4620000	9,231,816
1	8670001	-	8675000	8,670,420
1	8675001	-	8680000	8,676,580
1	11535001	-	11540000	11,536,927
741				46,565,035

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	740	46,558,513	99.99
2	FINANCIAL INSTITUTIONS	1	6,522	0.01
		741	46,565,035	100.00

CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2026

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	11,536,927	24.7759
Mr. Nadeem Ashfaq	8,670,420	18.6200
Mr. Waseem Ashfaq	8,676,580	18.6333
Mrs. Shazia Amjad	3,675,632	7.8935
Mrs. Nazia Irfan	3,674,967	7.8921
Abdul Wahid	1,302	0.0028
Syed Abuzar Hussain	605	0.0013
Mr. Muhammad Aqeel Idrees	1,331	0.0029
Mrs. Uzma Nadeem	4,615,908	9.9128
Mrs. Memoni Waseem	4,615,908	9.9128
SHAREHOLDERS HOLDING 10% OR MORE:		
Mr. Ashfaq Ahmad	11,536,927	24.7759
Mr. Nadeem Ashfaq	8,670,420	18.6200
Mr. Waseem Ashfaq	8,676,580	18.6333
FINANCIAL INSTITUTIONS:		
IDBL (ICP UNIT)	6,522	0.0140
GENERAL PUBLIC:	1,088,933	2.3385
TOTAL	46,565,035	100

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

Ashfaq Textile Mills Limited
For the year ended June 30, 2026.

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

1. The total number of directors are eight as per the following:

Gender	Number
Male	6
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Aqeel Idrees Mr. Abdul Wahid Syed Abuzar Hussain
Non-Executive Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors*	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Female Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

*The fraction of one third is rounded up as the total number of directors are limited, hence three directors are required to take care of day to day operations of the company.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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;
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The following directors are exempt from the requirement of completing a Director's Training Program;

- Mr. Ashfaq Ahmad
- Mr. Nadeem Ashfaq
- Mr. Waseem Ashfaq
- Mrs. Shazia Amjad

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

- | | | |
|----|---------------------------|-----------|
| a. | Syed Abuzar Hussain | Chairman |
| b. | Mr. Nisar Ahmad | Secretary |
| c. | Mrs. Shazia Amjad | Member |
| d. | Mr. Muhammad Aqeel Idrees | Member |

b) HR and Remuneration Committee

- | | | |
|----|---------------------------|----------|
| a. | Mr. Muhammad Aqeel Idrees | Chairman |
| b. | Mrs. Nazia Irfan | Member |
| c. | Mr. Abdul Wahid | 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 (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee, quarterly
- b) HR and Remuneration Committee, yearly

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and 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 other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with certain requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Regulation No,	Explanation
10(A)	At present, the Board oversees Environmental, Social and Governance (ESG) matters and will comply with the requirements in due course.
19(1)	Remaining directors are well aware of their role and responsibilities as a member of the Board, however, they will complete their training in due course.
29(1) & 30 (1)	At present, formation of nomination committee and risk management committee are under consideration of the Board.

For and on behalf of the Board of Directors

---sd--

**Muhammad Aqeel Idrees
Chairman**

---sd---

**Ashfaq Ahmad
Chief Executive Officer**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ASHFAQ TEXTILE MILLS LIMITED**

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

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

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

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

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

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

---SD---

Place: Faisalabad
Date: 30-09-2026

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

UDIN: CR202610497Spt3OExZK

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASHFAQ TEXTILE MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of Ashfaq Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2026, the statement of profit or loss, the statement of other 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 other 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 June 30, 2026 and of the loss, other comprehensive loss, 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 ICAP Code of Ethics for Chartered Accountants (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.

Material Uncertainty relating to Going Concern

The Company is facing operational difficulties. The condition as set forth in Note 1.3, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

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 in 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 Bilal Ahmed.

---SD---

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Faisalabad

Date: 30-09-2026

UDIN: AR2026104972hxN8EpvD

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees		Note	2026 Rupees	2025 Rupees
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorised capital				Property, plant and equipment	9	964,859,956	999,451,152
100,000,000 ordinary shares				Long term security deposits	10	4,509,782	4,509,782
of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>			969,369,738	1,003,960,934
Issued, subscribed and paid up capital	4	465,650,350	465,650,350				
Capital reserve							
Surplus on revaluation of							
property, plant and equipment	5	390,827,345	406,916,694				
Revenue reserve							
Unappropriated profit		<u>123,243,380</u>	<u>125,934,870</u>				
		979,721,075	998,501,914				
NON CURRENT LIABILITIES							
Deferred liabilities							
Staff retirement gratuity	6	125,176,624	121,324,308				
Deferred taxation	7	95,586,930	101,638,408				
		220,763,554	222,962,716				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables	8	42,180,514	54,513,720	Stores, spares and loose tools	11	30,145,124	31,827,426
Provision for taxation - income tax	25	-	-	Contract costs	19.1.1	14,110,562	8,698,157
		42,180,514	54,513,720	Trade debts	12	108,962,671	124,711,116
				Loans and advances	13	27,846,972	30,940,593
				Prepayments	14	6,103,181	6,279,529
				Other receivables		326,312	517,912
				Tax refunds due from Government	15	39,702,322	47,316,533
				Short term Investment	16	7,491	6,960
				Cash and bank balances	17	46,090,772	21,719,190
						273,295,407	272,017,416
		<u>1,242,665,144</u>	<u>1,275,978,350</u>			<u>1,242,665,144</u>	<u>1,275,978,350</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Sales	18	459,419,896	454,188,824
Cost of sales	19	<u>439,569,372</u>	<u>411,553,145</u>
Gross profit / (loss)		19,850,524	42,635,679
Other income	20	<u>2,417,142</u>	<u>5,418,065</u>
		22,267,666	48,053,744
Selling cost - loading / unloading charges		<u>1,745,816</u>	<u>1,823,858</u>
Administrative expenses	21	<u>36,461,282</u>	<u>35,364,962</u>
Other operating expenses	22	<u>78,225</u>	<u>744,675</u>
Finance cost	23	<u>38,289</u>	<u>13,943</u>
		38,323,612	37,947,438
(Loss) / Profit for the year before levies and income tax		<u>(16,055,946)</u>	<u>10,106,306</u>
Levies	24	<u>5,742,859</u>	<u>5,678,749</u>
(Loss)/Profit for the year before taxation		<u>(21,798,805)</u>	<u>4,427,557</u>
Provision for taxation	25	<u>4,896,867</u>	<u>1,566,492</u>
(Loss)/Profit for the year		<u><u>(16,901,939)</u></u>	<u><u>5,994,049</u></u>
Earnings per share - Basic and diluted	26	<u><u>(0.36)</u></u>	<u><u>0.13</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
(Loss)/Profit for the year	(16,901,939)	5,994,049
Other comprehensive (loss) / income		
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of staff retirement gratuity	(2,646,339)	6,822,056
Related deferred tax	767,438	(1,978,396)
	(1,878,901)	4,843,660
Total comprehensive (loss) / income for the year	<u>(18,780,840)</u>	<u>10,837,709</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Capital Reserve	Revenue Reserve		
Issued, subscribed and paid up capital	Surplus on revaluation of property , plant and equipment	Unappropriated profit	Total	
-----Rupees-----				
Balance as at July 01, 2024	465,650,350	423,837,562	98,176,293	987,664,205
Total comprehensive income for the year				
Profit for the year	-	-	5,994,049	5,994,049
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss		-		
Remeasurement of staff retirement gratuity			6,822,056	6,822,056
Related deferred tax			(1,978,396)	(1,978,396)
			4,843,660	4,843,660
	-	-	10,837,709	10,837,709
Incremental depreciation on revalued assets for the year	-	(23,832,209)	23,832,209	-
Related deferred tax	-	6,911,341	(6,911,341)	-
	-	(16,920,868)	16,920,868	-
Balance as at June 30, 2025	465,650,350	406,916,694	125,934,870	998,501,914
Total comprehensive loss for the year				
(Loss) for the year	-	-	(16,901,939)	(16,901,939)
Other comprehensive (loss)				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of staff retirement gratuity	-	-	(2,646,339)	(2,646,339)
Related deferred tax	-	-	767,438	767,438
			(1,878,901)	(1,878,901)
	-	-	(18,780,840)	(18,780,840)
Incremental depreciation on revalued assets for the year	-	(22,661,055)	22,661,055	-
Related deferred tax	-	6,571,706	(6,571,706)	-
	-	(16,089,349)	16,089,349	-
Balance as at June 30, 2026	465,650,350	390,827,345	123,243,380	979,721,075

The annexed notes 1 to 34 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit for the year before levies and income tax		(16,055,946)	10,106,306
Adjustments for:			
Depreciation of property, plant and equipment	9.1	42,455,798	43,486,635
Provision for staff retirement gratuity	19 & 21	24,558,221	29,761,844
Gain on disposal of operating assets		-	(2,338,706)
Dividend income	20	(737)	(9,261)
Profit on deposits	20	(2,416,405)	(3,070,098)
Finance cost	23	38,289	13,943
Balances written off		78,225	-
Operating cash flows before working capital changes		48,657,445	77,950,663
Changes in working capital			
Decrease / (increase) in current assets			
Stores, spares and loose tools		1,682,302	6,780,828
Contract costs		(5,412,405)	(3,379,244)
Trade debts		15,748,445	(26,594,530)
Loans and advances		2,269,097	(1,723,503)
Prepayments		223,776	(71,266)
Other receivables		157,005	(470,529)
Tax refunds due from government		8,683,412	1,206,670
(Decrease) in current liabilities			
Trade and other payables		(12,397,316)	(11,462,765)
		10,954,316	(35,714,339)
Cash generated from operating activities		59,611,762	42,236,324
Finance cost paid	23	(38,289)	(13,943)
Income tax and levies paid		(6,401,658)	(6,748,876)
Staff retirement gratuity paid	6.3	(23,352,243)	(10,700,055)
Net cash generated from operating activities		29,819,572	24,773,450
(b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment	9	(864,600)	(27,614,693)
Advance for purchase of vehicle		(7,000,000)	-
Proceeds from disposal of operating assets		-	3,500,000
Short term investment made		(531)	(6,960)
Dividend received	20	737	9,261
Profit on deposits	20	2,416,405	3,070,098
Net cash (used in) investing activities		(5,447,989)	(21,042,294)

	2026 Rupees	2025 Rupees
Net increase in cash and cash equivalents (a+b)	24,371,582	3,731,156
Cash and cash equivalents at the beginning of the year	21,719,190	17,988,034
Cash and cash equivalents at the end of the year	<u>46,090,772</u>	<u>21,719,190</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

---SD---
CHIEF EXECUTIVE OFFICER

---SD---
DIRECTOR

'---SD---
CHIEF FINANCIAL OFFICER

ASHFAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1. GENERAL INFORMATION

- 1.1** Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017 on May 30, 2017) and subsequently converted into a public limited company. The Company is listed on Pakistan Stock Exchange Limited. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.
- 1.2** These financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency.
- 1.3** During the year, the Company has incurred a loss of Rs. 16.9 million, compared to a profit of Rs. 5.99 million in the previous year. Despite the implementation of multifaceted action plan in preceeding year, the company's margins and operating results were affected due to non realization of anticipated increase in sales prices and inability to reduce the direct costs, mainly due to adverse global geopolitical conditions. These factors indicate existence of material uncertainty related to events and conditions which may cast significant doubt on the Company's ability to continue as a going concern.

However, the management is of the view regardless of the aforementioned circumstances, it remains committed to better implement the anticipated action plan and take all the necessary and possible measures to improve the financial and operational performance of the company. Therefore, these financial statements have been prepared on going concern basis.

2. BASIS OF PREPARATION

2.1 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 as applicable in Pakistan comprise of IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of, directives and notifications issued under the Companies Act, 2017. Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ from IFRSs, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been published and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2025 and therefore, have been applied in preparing these financial statements.

i. Amendments to IAS 21 - Lack of exchangeability

- The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.
- If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date.
- The amendments have no material impact on the company's financial statements.

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

- There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2025 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements. □

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

- There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

The amendments clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent

The amendments clarify the treatment of non-recourse assets and contractually linked instruments.

The amendments require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for the annual periods beginning on or after January 01, 2026.

The amendments are not expected to have any material impact on the company's financial statements.

- **Annual Improvements to IFRS accounting standards Volume - II**

The amendments to IFRS – 1, 7, 9, 10 and IAS 7 are introduced to remove obsolete cross references, replacements, make the working consistent, clarifications and certain additions.

The amendments are effective for the annual reporting periods beginning on or after January 01, 2026.

The amendments are not expected to have any material impact on the company's financial statements.

- **IFRS 18 – Presentation and Disclosure in Financial Statements**

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations.

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM. IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes.

IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

The amendments are effective for the annual periods beginning on or after January 01, 2027.

The amendments may have a material impact on the company's financial statements in future periods.

- **IFRS 19 - Subsidiaries without Public Accountability: Disclosures**

IFRS 19, allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

The amendments are effective for the annual periods beginning on or after January 01, 2027.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments deal with situation where there is a sale or contribution of assets between investor and its associate or joint venture.

The amendments states that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date of the amendments have yet to be set by the Board, however earlier application of the amendments is permitted. The amendments are not expected to have any material impact on the company's financial statements.

- **Standards, amendments to standards and interpretations becoming effective in future period but not relevant**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except:

- certain property, plant and equipment are stated at valuation.
- staff retirement benefits carried at present value.
- short term Investments at fair value through statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

3.2 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

3.3 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

3.4 Taxation

Tax Liability is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Current tax

The charge for current taxation is calculated on taxable income using the notified rate of taxation after taking into account tax credits and rebates available, if any is recognized as "current income tax expense".

Levies

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income and based on revenue or other basis other than taxable income is classified as levy. Minimum taxes in excess over the amount designated as income tax is recognized as levy falling under the scope of IFRIC 21/IAS 37.

Deferred

Deferred tax is recognized using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset may be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

3.5 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

3.6 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost/valuation less accumulated depreciation and impairment in value, if any. Freehold land is stated at valuation less accumulated impairment in value, if any. Capital work in progress is stated at cost less accumulated impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which asset is acquired or capitalised, while no depreciation is charged for the month in which asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and machinery relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation on buildings and plant and machinery to the extent of incremental depreciation charged is transferred to unappropriated profit.

3.7 Impairment

The company assesses at each date of statement of financial position whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit or loss, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

3.10 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

3.11 Contract costs

Contract costs are recognised at average manufacturing costs incurred till date in respect of work in process satisfy performance obligation of the relevant sales contracts.

3.12 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

3.13 Investments

Investments are initially recognised / derecognised on trade date at cost being the fair value of consideration given including cash transaction. Trade date is the date that the Company commits to purchase or sell the investment. After initial recognition these are recognised and accounted for as follows:

Investments at fair value through profit or loss

These are the investments which are classified as held for trading and are acquired principally for the purpose of generating profit from short term fluctuation in price. Investments designated at fair value through profit or loss upon initial recognition also include those group of investments which are managed and their performance evaluated on fair value basis in accordance with the Company's documented investment strategy.

After initial recognition, such investments are remeasured at fair value determined with reference to the year end quoted rates (equity shares and investments in units of closed end funds at respective stock exchange rates, while the units of open end funds at their declared net asset value per unit). Gains or losses on remeasurments of these investments are recognised in the statement of profit or loss.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gain / loss on sale of investments is taken to income in the period in which it arises.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

3.15 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each date of statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the date of statement of financial position except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

3.16 Financial instruments

3.16.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss.

Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.16.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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

3.17 Offsetting of financial asset and financial liability

A financial asset and financial liability is offset and the net amount reported in the statement of financial position, if the company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.18 Related party transactions

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

3.19 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.
- Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Revenue is recognized by the Company on the following basis:

Revenue from sale of goods is recognized at the point in time when control of goods is transferred to customers

at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The control is transferred to the customer, generally, on delivery of goods which coincides with issuance of invoice to the customer

Interest income recognized on a time proportion basis on the principal amount outstanding and at the applicable rate.

Dividend income is recognized when the right to receive dividend is established.

3.20 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, revaluation of land, buildings and plant and machinery, provision for doubtful receivables and slow moving inventory, staff retirement gratuity, fair value of short term investments, taxation and contingencies. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4. Issued, subscribed and paid up capital

2026 Number of shares	2025 Number of shares		2026 Rupees	2025 Rupees
20,991,000	20,991,000	Ordinary shares of Rs. 10/- each fully paid in cash	209,910,000	209,910,000
25,574,035	25,574,035	Ordinary shares of Rs. 10/- each fully paid bonus shares	255,740,350	255,740,350
<u>46,565,035</u>	<u>46,565,035</u>		<u>465,650,350</u>	<u>465,650,350</u>

5. Revaluation surplus on property, plant and equipment

	Note	2026 Rupees	2025 Rupees
Opening balance	5.1	406,916,694	423,837,562
Transferred to unappropriated profit in respect of : Incremental depreciation		(22,661,055)	(23,832,209)
Related deferred tax liability on: Incremental depreciation on revalued assets		<u>6,571,706</u>	<u>6,911,341</u>
		<u>390,827,345</u>	<u>406,916,694</u>

- 5.1** Freehold land, building on freehold land and plant and machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Empire Enterprises (Private) Limited" as at June 30, 2024. The valuation is based on un-observable inputs which is Level 3 of fair value hierarchy.

6. Staff retirement gratuity

6.1 General description

The scheme provides terminal benefits for all the permanent employees of the company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2026 using Projected Unit Credit Method.

	Note	2026 Rupees	2025 Rupees
6.2 The amount recognised in the statement of financial position is as follows :			
Present value of defined benefit obligation	6.3	<u>125,176,624</u>	<u>121,324,308</u>

6.3 Movement in net liability recognised

Opening balance		121,324,308	109,084,575
Expenses recognised in statement of profit or loss	6.4	24,558,220	29,761,844
Paid / adjusted during the year		(23,352,243)	(10,700,055)
Remeasurement loss/ (gain) on obligation		2,646,339	(6,822,056)
Balance at June 30,		<u>125,176,624</u>	<u>121,324,308</u>

6.4 Expenses recognised in statement of profit or loss

Current service cost		11,921,308	12,699,725
Past service cost		-	2,071,023
Interest cost		12,636,912	14,991,096
		<u>24,558,220</u>	<u>29,761,844</u>
		2026	2025

6.5 Principal actuarial assumptions

Discount factor used	11.75% Per annum	14.75% Per annum
Expected rate of increase in salaries	10.75% Per annum	10.75% Per annum
Expected average remaining working lives of participating employees	7 years	7 years

6.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		-----Rupees-----	
Discount rate	100 bps	115,185,572	132,011,511
Salary increase rate	100 bps	132,235,119	114,844,888

The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	Note	2026 Rupees	2025 Rupees
7. Deferred taxation	7.1	<u>95,586,930</u>	<u>101,638,408</u>
Opening balance		101,638,408	101,226,504
Related to incremental depreciation on revalued assets		(6,571,706)	(6,911,341)
Related to remeasurement of staff retirement gratuity		(767,438)	1,978,396
Provided during the year		1,287,666	5,344,849
		<u>95,586,930</u>	<u>101,638,408</u>

7.1 It represents the following:

Deferred tax liability:			
Difference between accounting and tax bases of assets		190,242,415	193,133,800
Deferred tax asset			
Staff retirement gratuity		(36,301,221)	(35,184,049)
Tax credit and unused tax losses		(58,354,264)	(56,095,387)
Workers' profit participation and welfare fund		-	(215,956)
		<u>95,586,930</u>	<u>101,638,408</u>

8. Trade and other payables

Creditors		11,899,463	21,500,451
Accrued liabilities		20,360,456	20,706,967
Workers' profit participation fund- allocation for the year	8.1	-	542,549
Workers' welfare fund		-	202,126
Sales tax payable		3,850,551	4,612,121
Withholding taxes payable		224,932	222,483
Levies	24	5,742,859	5,678,749
Others		102,253	1,048,274
		<u>42,180,514</u>	<u>54,513,720</u>

8.1 Workers' profit participation fund:

Opening balance		542,549	-
Interest on funds utilised in the Company's business	23	<u>34,114</u>	-
		576,663	-
Paid to workers on behalf of the fund		<u>(576,663)</u>	-
		-	-
Allocation for the year		-	542,549
		<u>-</u>	<u>542,549</u>

9. Property, plant and equipment

Operating Assets
Advance against purchase of vehicle

	2026 Rupees	2025 Rupees
Operating Assets	957,859,956	999,451,152
Advance against purchase of vehicle	7,000,000	-
	<u>964,859,956</u>	<u>999,451,152</u>

9.1. Property, plant and equipment - Operating assets

	Freehold land (note 9.3)	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
At July 01, 2024									
Cost / valuation	83,460,000	244,261,448	962,860,572	7,503,030	16,398,903	2,990,295	70,689,343	34,100	1,388,197,691
Accumulated depreciation	-	(38,284,648)	(287,860,572)	(3,004,612)	(7,583,847)	(2,024,461)	(32,928,918)	(26,245)	(371,713,303)
Net book value	<u>83,460,000</u>	<u>205,976,800</u>	<u>675,000,000</u>	<u>4,498,418</u>	<u>8,815,056</u>	<u>965,834</u>	<u>37,760,425</u>	<u>7,855</u>	<u>1,016,484,388</u>
Year ended June 30, 2025									
Opening net book value	83,460,000	205,976,800	675,000,000	4,498,418	8,815,056	965,834	37,760,425	7,855	1,016,484,388
Additions	-	-	27,594,743	-	19,950	-	-	-	27,614,693
Disposal:									
Cost	-	-	-	-	-	-	(4,791,643)	-	(4,791,643)
Accumulated depreciation	-	-	-	-	-	-	3,630,349	-	3,630,349
	-	-	-	-	-	-	(1,161,294)	-	(1,161,294)
Depreciation charge	-	(5,149,420)	(33,887,659)	(224,921)	(441,584)	(48,292)	(3,734,366)	(393)	(43,486,635)
Closing net book value	<u>83,460,000</u>	<u>200,827,380</u>	<u>668,707,084</u>	<u>4,273,497</u>	<u>8,393,422</u>	<u>917,542</u>	<u>32,864,765</u>	<u>7,462</u>	<u>999,451,152</u>
At July 01, 2025									
Cost / valuation	83,460,000	244,261,448	990,455,315	7,503,030	16,418,853	2,990,295	65,897,700	34,100	1,411,020,741
Accumulated depreciation	-	(43,434,068)	(321,748,231)	(3,229,533)	(8,025,431)	(2,072,753)	(33,032,935)	(26,638)	(411,569,589)
Net book value	<u>83,460,000</u>	<u>200,827,380</u>	<u>668,707,084</u>	<u>4,273,497</u>	<u>8,393,422</u>	<u>917,542</u>	<u>32,864,765</u>	<u>7,462</u>	<u>999,451,152</u>
Year ended June 30, 2026									
Opening net book value	83,460,000	200,827,380	668,707,084	4,273,497	8,393,422	917,542	32,864,765	7,462	999,451,152
Additions	-	-	786,100	-	78,500	-	-	-	864,600
Depreciation charge	-	(5,020,685)	(33,465,960)	(213,675)	(422,750)	(45,877)	(3,286,476)	(373)	(42,455,796)
Closing net book value	<u>83,460,000</u>	<u>195,806,695</u>	<u>636,027,224</u>	<u>4,059,822</u>	<u>8,049,172</u>	<u>871,665</u>	<u>29,578,289</u>	<u>7,089</u>	<u>957,859,956</u>
At June 30, 2026									
Cost / valuation	83,460,000	244,261,448	991,241,415	7,503,030	16,497,353	2,990,295	65,897,700	34,100	1,411,885,341
Accumulated depreciation	-	(48,454,753)	(355,214,191)	(3,443,208)	(8,448,181)	(2,118,630)	(36,319,411)	(27,011)	(454,025,385)
Net book value	<u>83,460,000</u>	<u>195,806,695</u>	<u>636,027,224</u>	<u>4,059,822</u>	<u>8,049,172</u>	<u>871,665</u>	<u>29,578,289</u>	<u>7,089</u>	<u>957,859,956</u>
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

9.2 Depreciation for the year has been allocated as under:

Cost of goods sold
Administrative expenses

	2026 Rupees	2025 Rupees
Cost of goods sold	38,700,320	39,262,000
Administrative expenses	3,755,476	4,224,635
	<u>42,455,796</u>	<u>43,486,635</u>

9.3 The total area of land of the Company is 378,700.5 square feet which is used for head office and production unit.

9.6 Fair value measurement of the Company's property, plant and equipment

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the building on freehold land was determined using the market comparable approach that reflects the transaction prices for assets of comparable utility and age at the date of revaluation adjusted for obsolescence.

The fair value of the plant and machinery was determined based on the market comparable approach that reflects transaction prices for similar assets at the date of revaluation adjusted for depreciation.

The fair value measurement of revalued assets is based upon unobservable inputs (level 3).

- 9.7 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2026 and 2025 would have been as follows:

2026			
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	233,976,265	69,286,071	164,690,194
Plant and machinery	542,942,319	322,315,846	220,626,473
	<u>786,578,489</u>	<u>391,601,917</u>	<u>394,976,572</u>

2025			
	Cost	Accumulated depreciation	Written down value
	-----Rupees-----		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	233,976,265	65,063,245	168,913,020
Plant and machinery	542,156,219	310,713,082	231,443,137
	<u>785,792,389</u>	<u>375,776,327</u>	<u>410,016,062</u>

	2026 Rupees	2025 Rupees
10. Long term security deposits		
Against utilities	4,467,696	4,467,696
Others	<u>42,086</u>	<u>42,086</u>
	<u>4,509,782</u>	<u>4,509,782</u>
11. Stores, spares and loose tools		
Stores	12,928,425	13,808,502
Spares	17,043,837	17,840,031
Loose tools	<u>172,862</u>	<u>178,893</u>
	<u>30,145,124</u>	<u>31,827,426</u>

- 11.2 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2026 Rupees	2025 Rupees
12. Trade debts			
Considered good			
Unsecured			
Local		<u>108,962,671</u>	<u>124,711,116</u>

13. Loans and advances

Considered good			
Loans			
Employees	13.2	27,068,381	29,393,088
Advances			
Suppliers		149,000	148,135
For purchases / expenses		127,815	116,700
Income tax		<u>501,776</u>	<u>1,282,670</u>
		<u>27,846,972</u>	<u>30,940,593</u>

13.2 The loans are provided to employees under the terms of their employment as interest free loans.

	2026 Rupees	2025 Rupees
14. Prepayments		
Insurance	589,529	813,305
Levies	<u>5,513,652</u>	<u>5,466,224</u>
	<u>6,103,181</u>	<u>6,279,529</u>

15. Tax refunds due from Government

Sales tax	13,482,060	22,165,472
Income tax	<u>26,220,262</u>	<u>25,151,061</u>
	<u>39,702,322</u>	<u>47,316,533</u>

16. Short term Investments

Investments - at fair value through profit or loss		
NBP Financial Sector Income Fund		
699.01 units of Rs. 10.68/- each (2025: 6,960)	<u>7,491</u>	<u>6,960</u>

16.2 Effective rate of profit during the year ranges from 9.50% to 11.50% per annum (2025: 8.7% to 10.13% per annum) .

16.3 The fair value of the quoted securities is determined based on the quoted prices (unadjusted) in active market for identical assets. It represents Level 1 hierarchy.

	Note	2026 Rupees	2025 Rupees
17. Cash and bank balances			
Cash in hand		1,993,754	3,120,401
Cash at banks			
In current accounts		20,035,660	17,951,696
In deposit accounts	17.2	<u>24,061,358</u>	<u>647,093</u>
		<u>46,090,772</u>	<u>21,719,190</u>

17.2 Effective rate of profit during the year ranges from 7.45 % to 11.50% (2025: 7.09 % to 17.60%) per annum.

	Note	2026 Rupees	2025 Rupees
18. Sales			
Sizing and conversion income		542,115,501	535,942,815
Sales tax		(82,695,605)	(81,753,991)
		<u>459,419,896</u>	<u>454,188,824</u>
19. Cost of sales			
Cost of goods manufactured	19.1	439,569,372	411,553,145
19.1 Cost of goods manufactured			
Sizing cost		82,802,086	71,144,977
Salaries, wages and benefits		166,860,992	104,758,658
Staff retirement benefits		21,120,069	25,595,186
Fuel and power		93,349,464	139,979,297
Stores, spares and loose tools		42,277,915	30,461,513
Packing material		3,229,483	1,512,308
Repairs and maintenance		1,568,536	3,209,811
Insurance		3,771,067	4,327,552
Depreciation	9.2	<u>38,700,322</u>	<u>39,262,000</u>
		453,679,934	420,251,302
Less: Contract costs	19.1.1	<u>(14,110,562)</u>	<u>(8,698,157)</u>
		<u>439,569,372</u>	<u>411,553,145</u>
19.1.1 It represents costs accumulated on conversion of cloth in process for outside parties.			
20. Other income			
Income from financial assets:			
Dividend		737	9,261
Profit on deposits		2,416,405	3,070,098
Income from other than financial assets:			
Gain on disposal of operating assets		-	2,338,706
		<u>2,417,142</u>	<u>5,418,065</u>
21. Administrative expenses			
Directors' remuneration	27	10,035,000	10,560,000
Salaries and benefits		5,250,183	6,141,733
Staff retirement benefits		3,438,152	4,166,658
Utilities		1,474,666	1,954,633
Insurance		1,448,625	1,631,746
Rent, rates and taxes		1,241,285	595,443
Vehicles running and maintenance		2,188,671	900,446
Travelling and conveyance		541,682	283,456
Postage, telephone and telex		246,219	310,820
Printing and stationery		322,436	115,803
Auditors' remuneration	21.1	650,000	595,000
Legal and professional		141,480	133,000
Fees and subscriptions		1,336,695	1,307,006
Entertainment		1,002,041	36,159
Charity and donations	21.2	1,200,000	1,200,000
Depreciation	9.2	<u>3,755,476</u>	<u>4,224,635</u>
Others		<u>2,188,672</u>	<u>1,208,424</u>
		<u>36,461,282</u>	<u>35,364,962</u>
		2026 Rupees	2025 Rupees
21.1 Auditors' remuneration			
Assurance services			
Annual audit		550,000	500,000
Half yearly review		50,000	45,000
Non-assurance services		<u>50,000</u>	<u>50,000</u>
		<u>650,000</u>	<u>595,000</u>

21.2 These have been paid to Liver Foundation Trust in which Ashfaq Ahmad - Chief Executive Officer of the Company is a Trustee.

	Note	2026 Rupees	2025 Rupees
22. Other operating expenses			
Workers' profit participation fund		-	542,549
Workers' welfare fund		-	202,126
Balances written off		78,225	
		<u>78,225</u>	<u>744,675</u>

23. Finance cost

Bank charges		4,175	13,943
Interest on workers' profit participation fund		34,114	-
		<u>38,289</u>	<u>13,943</u>

24. Levies

Minimum tax differential	24.1	5,742,749	5,677,360
Final taxes	24.2	110	1,389
		<u>5,742,859</u>	<u>5,678,749</u>

24.1 The portion of minimum tax paid under section 113 of the Income Tax Ordinance, 2001 represents levy in terms of requirements of IFRIC 21/IAS 37.

24.2 The final tax paid under section 150 (2025: final tax under section 150) of the Income Tax Ordinance 2001 also represent levy in terms of requirements of IFRIC 21/IAS 37.

		2026 Rupees	2025 Rupees
25. Provision for taxation			
Current		387,173	-
For prior year		(5,284,040)	(1,566,492)
Deferred		<u>(4,896,867)</u>	<u>(1,566,492)</u>

25.1 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2026 Rupees	2025 Rupees
Current tax liability for the year as per applicable tax laws	5,742,859	5,678,749
Portion of current tax liability as per tax laws:		
representing income tax under IAS 12	-	-
representing levy in terms of requirements of IFRIC 21/IAS 37	<u>(5,742,859)</u>	<u>(5,678,749)</u>
Difference	<u>-</u>	<u>-</u>

25.1.1 The relationship between tax expenses and accounting loss has not been presented in the financial statements as the income of the company was subject to minimum and final tax under section 113 and 150 of the Income Tax Ordinance, 2001.

		2026 Rupees	2025 Rupees
26. Earnings per share - Basic and diluted			
(Loss) / Profit for the year	(Rupees)	<u>(16,901,939)</u>	<u>5,994,049</u>
Weighted average number of ordinary shares outstanding during the year	(Number)	<u>46,565,035</u>	<u>46,565,035</u>
Earnings per share - Basic and diluted	(Rupees)	<u>(0.36)</u>	<u>0.13</u>

26.1 There is no dilutive effect on the earnings per share of the Company.

27. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2026			2025		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Remuneration	2,653,200	4,070,250	6,719,551	2,653,200	4,422,000	6,602,609
House rent allowance	1,188,000	1,822,500	3,008,754	1,188,000	1,980,000	2,956,392
Conveyance allowance	118,800	182,250	300,875	118,800	198,000	295,639
	<u>3,960,000</u>	<u>6,075,000</u>	<u>10,029,180</u>	<u>3,960,000</u>	<u>6,600,000</u>	<u>9,854,640</u>
Number of persons	1	2	4	1	2	4

27.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs.55,045/- (2025: Rs. 188,944/-). The directors have waived off their meeting fee.

28. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Amounts due to / from related parties are shown under relevant notes to the financial statements and remuneration to chief executive officer, directors and executives are disclosed in Note 27. Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of related party	Relationship and percentage shareholding	Transaction during the year	2026	2025
Mrs. Uzma Nadeem	Spouse of director	Rent paid	915,000	150,000

29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2026	2025
Weaving		
Number of looms installed	243	243
Number of looms worked	158	243
Standard cloth production (Sq. meters)	30,711,000	30,711,000
Actual production (Sq. meters)	11,701,250	12,275,653
Sizing		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	959,267	1,005,681

29.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.

30. NUMBER OF EMPLOYEES

	2026	2025
Total number of employees as at the year end,	231	306
Average number of employees during the year	263	310

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

2026	2025
Rupees	Rupees

31.1 FINANCIAL INSTRUMENTS BY CATEGORIES**Financial assets at amortized cost:**

Deposits	4,509,782	4,509,782
Trade debts	108,962,671	124,711,116
Loan to employees	27,068,381	29,393,088
Other receivables	326,312	517,912
Cash and bank balances	46,090,772	21,719,190
	<u>186,957,918</u>	<u>180,851,088</u>

Financial assets at fair value through profit and loss:

Short term Investment	<u>7,491</u>	<u>6,960</u>
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Financial liabilities at amortized cost:

Trade and other payables	<u>32,362,171</u>	<u>43,255,692</u>
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31.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

31.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The company is exposed to concentration of credit risk towards a customer which represent 77.90% (2025: 95.05%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2026	2025
	Rupees	Rupees
Deposits	4,509,782	4,509,782
Trade debts	108,962,671	124,711,116
Loan	27,068,381	29,393,088
Other receivables	326,312	517,912
Short term Investments at fair value	7,491	6,960
Bank balances	<u>44,097,018</u>	<u>18,598,789</u>
	<u>184,971,655</u>	<u>177,737,647</u>

Due to the Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management do not expect non performance by these counter parties on their obligations towards the Company.

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. All the customers of the Company are situated in Pakistan. The trade debts as at reporting date were not past due.

31.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

i) Interest rate risk

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

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Fair value sensitivity analysis for fixed rate instruments

The Company has no fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The company is not exposed to any significant interest rate risk.

ii) 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to any currency risk.

iii) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of the equity securities as a result of changes in the levels of Stock Exchange indexes and the value of individual shares (including the units of mutual funds). The equity price risk exposure arises from the Company's short term investments for which prices in the future are uncertain. The company's policies to manage price risk through diversification and selection of securities within specified limits set by the internal risk management guidelines.

The Company is not exposed to any significant equity price risk.

31.3 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

31.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain 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 paid to shareholders, issue new shares or obtain long term financing from directors / financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. The capital structure of the Company consists of equity of the Company. Total capital comprises of shareholders' equity as shown in the statement of

financial position under 'share capital and reserves' and net debt (debt less cash and cash equivalents). The Company is not exposed to any capital risk.

32. SHARIAH COMPLIANCE STATUS DISCLOSURE

Disclosures in relation to the Statement of Financial Position - Assets

	2026	2025
Bank balances that are shariah compliant	42,713,181	10,040,854

	Note	2026 Rupees	2025 Rupees
Disclosures in relation to the Statement of Comprehensive Income			
1. Revenue earned from shariah compliant business	18	459,419,896	454,188,824
2. Source and detailed breakup of other income			
Earned from shariah compliant transactions			
Profit on deposits	20	1,554,446	535,435
Gain on disposal of operating assets		-	2,338,706
Earned from non-shariah compliant transactions			
Profit on deposits	20	861,959	2,534,663
Dividend income		737	9,261

Relationship with Shariah-complaint financial institutions

- Islamic banks

During the reporting period and as at the reporting date, the company maintained bank balances with Shariah-compliant financial institutions.

Name of institutions	Relationship with institutions
Faysal Bank Limited	Bank balance
Meezan Bank Limited	Bank balance

33. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on 30-09-2026 by the Board of Directors of the Company.

34. General

34.1 The figures have been rounded off to the nearest Rupees.

---Sd---
CHIEF EXECUTIVE OFFICER

---Sd---
DIRECTOR

---Sd---
CHIEF FINANCIAL OFFICER

PROXY FORM

The Corporate Secretary
ASHFAQ TEXTILE MILLS LTD.
8-A/1, Officer Colony,
Susan Road, Madina Town,
Faisalabad.

I/We _____ of _____
being member(s) of ASHFAQ TEXTILE MILLS LIMITED and holder of _____
Ordinary Shares as per Share Register Folio # _____ (In case of Central Depository System
Account Holder A/C # _____ Participant I.D. # _____) hereby
appoint _____ of _____
who is member of the Company as Register Folio # _____ (In case of Central Depository System Account
Holder A/C # _____ Participant I.D. # _____) or failing
him/her _____ of _____
who is member of the company as Register Folio # _____ (In case of Central Depository System
Account Holder A/C # _____ Participant I.D. # _____)
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be
held on Tuesday, October 27, 2026 at 10.00 a.m. at any adjournment thereof.

Signd this _____ day of _____ 2026.

Affix Rs. 5/-
Revenue
Stamp

Signature

(Signature appended above should agree with the
specimen signature registered with the Company.

NOTES:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company all such instruments of proxy shall be rendered invalid.
4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.
3. In case of 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 of the Company.

Mailing Address:

8-A Officers Colony # 1, Susan Road, Faisalabad.

Registered Office:

17 K.M., Main Faisalabad, Jaranwala Road, Faisalabad.

Tel: +92-41-2435101-02

E-mail: info@ashfaqtextile.com

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