AUDITED
FINANCIAL STATEMENTS
OF
ADAM SUGAR MILLS LIMITED
FOR THE YEAR ENDED
SEPTEMBER 30, 2025

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD

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Adam Sugar Mills Ltd.

HEAD OFFICE :
HAJI ADAM CHAMBERS,
P.O. BOX 4274,
ALTAF HUSSAIN ROAD,
NEW CHALLI,
KARACHI-PAKISTAN
NTN: 0709384-5

Adam Sugar Mills Limited

DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear Members,

On behalf of the Board, we welcome you to the 60th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2025.

FINANCIAL RESULTS

	PKR
Profit after taxation and levies	46,133,837
Incremental depreciation, net-off deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	109,951,638
Un-appropriated profit brought forward	984,363,904
Un-appropriated profit carried forward	1,115,003,447

OPERATING RESULTS

	2025	2024
Cane Crushed-Metric Tons	651,341	684,186
Sugar Recovery Rate	8.81%	10.13%
Sugar Produced-Metric Tons	57,442	69,369
Commenced Crushing on	21/11/2024	25/11/2023
Stopped Crushing on	15/03/2025	07/03/2024
Number of Season Days	115	104
EPS – basic & diluted	2.67	4.23

The financial year 2024-25 was very challenging, coupled with crop diseases resulting low sucrose recovery, time to time Government interventions such as imposing lifting embargo, closing of portal etc. Despite these obstacles, due to efficient management, favorable selling rates during some months of the year and specially effect of export of sugar rates during the year improved average selling price resulting to an increase of 34% growth in net turnover, reaching PKR 10.841 billion.

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Industry is still waiting for the fulfillment of Government's promise of De-regulation. Government has only deregulated the cane purchase price however, selling price in actual is dictated by Government by imposing rate(s) linked to PBS rates and control of increase of selling price on monthly basis during the last few months of the financial year.

FUTURE PROSPECTS

As mentioned in our June 2025 Quarterly Report regarding initial survey of sugar cane crop which suggested a bumper crop. Current year sugar crop is not only quantitatively increased but also qualitatively better than previous season. This is due to more acreage coverage and also yield per acre is increased. Though flooding had devastating effect on other crops however it helped better sugar cane crop with good sucrose recovery.

As of December 31, 2025, the Company has crushed 222,261 M.Ton of sugarcane with an average recovery of 9.14 %, producing 19,420 M.Ton of sugar.

As we move forward to the next financial year, challenges as discussed above persists and will affect the industry. Nevertheless, Governments' efforts towards fiscal stabilization and privatization of SOEs will bring positive impact on overall economy. The 1st privatization of PIA is successfully completed giving positive intention of the Government to bring private sector to run businesses.

As mentioned above sugar production will be higher due to bumper sugar cane crop, we are therefore hope full that Government will allow export of sugar and decision regarding exports will come on right time rather after lapse of demand in international markets resulting in low rates.

STATEMENT OF CORPORATE AND FINANCIAL REPROTING FRAMEWORK

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The names of the persons who, at any time during the financial year, were Directors of the Company are given below:

    1. Mr. Junaid G. Adam
    2. Mr. Ghulam Ahmed Adam
    3. Mr. Omar G. Adam
    4. Mr. Jawaid Ahmed
    5. Mr. Saleem Parekh
    6. Mrs. Humera Diwan
    7. Ms. Sarah Adam

- The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

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- The company has maintained proper books of accounts as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- The system of internal control is sound in design and effectively implemented.
- There is no significant doubt as to the ability of the company to continue as an on-going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.
- The management of the Company follows the rigorous approach to risk management which is essential to running a successful sustainable business.
- The main trends and factors likely to affect the future development, performance and position of the Company's business are described in "**Future Prospects**".
- There are no contents with regard to modification in the Auditor's Report.
- Pattern of Shareholding is attached in the Annual Report.

COMPOSITION OF BOARD OF DIRECTORS

The total number of Directors is 7 and its composition as on January 06, 2025 was as under:

Non-executive directors:

Mr. Junaid G. Adam (Chairman)
Mr. Jawaid Ahmed

Executive directors:

Mr. Ghulam Ahmed Adam (Chief Executive)
Mr. Omar G. Adam; and

Independent director:

Mr. Saleem Parekh
Mrs. Humaira Diwan

The requirement of 1/3 independent Directors equals to 2.33, fraction of which is less than 0.5 and therefore, as per the applicable regulations is rounded down to 2.

Female Director

Ms. Sarah Adam

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BOARD MEETINGS

During the period five meetings of the Board of Directors were held. Participation of directors is as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1. Mr. Ghulam Ahmed Adam	5
2. Mr. Jawaid Ahmed	5
3. Mr. Junaid G. Adam	4
4. Mr. Omar G. Adam	5
5. Mr. Saleem Parekh	5
6. Mrs. Humera Diwan	1
7. Ms. Sarah Adam	1

Leave of absence was granted to Directors who could not attend the meetings.

CORPORATE SOCIAL RESPONSIBILITY

The Company remains committed to social responsibility by providing free education at its Mills site and organizing free eye camps for the community.

The Company is running a free school at its Mills site where children of Company's staff and adjoining areas are enrolled.

During the financial year ending September 30, 2025, one eye camp was organized in November 2024 where 1076 surgeries were performed.

ENVIROMENT

The Company has initiated the installation of a Water Treatment Plant, with design approval underway, ensuring environmental sustainability in compliance with Punjab EPA guidelines.

DIVIDEND

The Board of Directors in their meeting held on January 05, 2026, has recommended a final cash dividend for the year ended September 30, 2025 at PKR 4 per share i.e. 40%.

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AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the auditors of the Company retires and offers them for reappointment. The Audit Committee has recommended their reappointment for the year 2025-2026.

EMPLOYEE RELATIONS

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

On behalf of the Directors

Karachi: January 05, 2026

OMAR G. ADAM
Director

GHULAM AHMED ADAM
Chief Executive

ADAM SUGAR MILLS LIMITED KARACHI

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Adam Sugar 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 **Adam Sugar Mills Limited** ('the Company') for the year ended **September 30, 2025** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, except for the above instance(s) of non-compliance, 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 Regulations as applicable to the Company for the year ended September 30, 2025.

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs **9, 18 and 19** of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Explanation for non-compliance is required (Non-Mandatory)	9	As per Regulation 19, it is encouraged that all directors serving on the Board obtain the prescribed certification under a Directors' Training Program offered by institutions, whether local or foreign, that meet the criteria specified and approved by the Commission. A newly appointed director may obtain the certification within one year from the date of appointment to the Board. Two directors have successfully completed the Directors' Training Program. Three directors—Mr. Jawaid Ahmed, Mr. Ghulam Ahmed Adam, and Mr. Junaid G. Adam—meet the criteria for exemption from the Directors' Training Program. The remaining directors, Mrs. Humaira Diwan and Ms. Sarah Adam, have not yet obtained certification under the Directors' Training Program and are expected to complete the required training in the near future.

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(2)	Mandatory	18	As per Regulation 6 of the Regulations, a listed company is required to have at least two or one-third of the total number of directors, whichever is higher, as independent directors. During the year ended September 30, 2025, the total number of directors of the Company was seven; however, the Company had only one independent director. This situation arose due to the fact that Mrs. Humera Diwan, who was elected by the Company as an Independent Director at the Annual General Meeting held on January 27, 2023, does not meet the criteria of independence as prescribed under the Companies Act, 2017 and the Regulations, as her name does not appear in the databank of independent directors maintained by the Pakistan Institute of Corporate Governance (PICG) in terms of Section 166(1) of the Companies Act, 2017, and as at September 30, 2025 she also holds 13.93% (2024: 14.13%) shareholding in the Company, which exceeds the maximum permissible limit of 10% as prescribed by the SECP.
(3)	Explanation for non-compliance is required (Non-Mandatory)	18	As per Regulation 08 of the Regulations, it is mandatory that the executive directors, including the chief executive officer, shall not be more than one third of the Board. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2025, the number of executive directors of the Company has been 3. As per management, one of the directors is since incorporation of the Company and other 2 are also directors for more than 2 decades. All 3 executive directors are fully involved in the management of the Company; therefore, any change in executive directors will adversely affect the operations of the Company.
(4)	Explanation for non-compliance is required (Non-Mandatory)	19	As per Section 192(1) of the Companies Act, 2017, the board of directors of a listed company must appoint a chairman from among the non-executive directors, who shall hold office for a term of three years. During the board meeting held on July 29, 2024, Mr. Junaid G. Adam was appointed as Chairman of the Board of Directors (BOD) following the resignation of Mr. Jawaid Ahmad as chairman of the board. However, Mr. Junaid G. Adam does not meet the statutory requirement to serve as Chairman as he is an executive director (since he devotes substantially the whole of his time to the operations of the Company).

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(5)	Explanation for non-compliance is required (Non-Mandatory)	19	As per the Regulation 10A, the Board is responsible for governance and oversight of sustainability risks and opportunities and, for this purpose, is required / encouraged to take a number of measures including, in particular, implementation of policies to promote diversity, equity and inclusion (DE&I); taking steps to proactively understand and address the principal as well as emerging sustainability risks and opportunities; ensuring that the Company's sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored; and establishment of dedicated sustainability committee having at least one female director, or assignment of additional responsibilities to an existing board committee. In accordance with Regulation 10A, the process of compliance is currently underway, and the matter remains under consideration by the Board. Upon finalization, the Board will assume and discharge all responsibilities prescribed under Regulation 10A until it deems it appropriate to establish a dedicated Sustainability Committee.
(6)	Explanation for non-compliance is required (Non-Mandatory)	19	As per the Regulation no. 29 of the Regulations, the Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in the circumstances. As stated in paragraph 19 of the Statement of Compliance, the Company has not established a separate Nomination committee. The Board effectively discharges all the responsibilities of Nomination Committee as recommended by the Code. It regularly monitors and assesses the requirements with respect to any changes needed on Board's committees including chairmanship of those committees. The Board also actively monitors requirements regarding its structure, size and composition and timely reviews and adapts any necessary changes in that regard.
(7)	Explanation for non-compliance is required (Non-Mandatory)	19	As per Regulation No. 30 of the Regulations, the Board may constitute a separate committee, designated as the Risk Management Committee, comprising such number and class of directors as it may deem appropriate under the circumstances. As stated in paragraph 19 of the Statement of Compliance, the Company has not established a separate Risk Management Committee. Instead, the Board, through its Audit Committee, reviews key risks to ensure that a sound system of risk identification, risk management, and related internal and systemic controls is maintained. All material controls, including financial, operational, and compliance controls, are regularly monitored and reviewed. The Board further ensures that appropriate and robust risk mitigation measures are in place.

Karachi.
Date: January 05, 2026
UDIN: CR202510210bLexPKXTJ

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the members of Adam Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Adam Sugar Mills Limited** ('the Company'), which comprise the statement of financial position as at **September 30, 2025,** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information ('the financial statements'), 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at **September 30, 2025** and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, 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 of this other information, we are required to report that fact. However, we have nothing to report in this regard.

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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 the financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: January 05, 2026
UDIN: AR202510210kMn647f0t

Adam Sugar Mills Limited

Statement of Financial Position

As at September 30, 2025

	Note	2025	(Restated) 2024	(Restated) 2023
		------ Rupees ------		
ASSETS				
Non-current assets				
Property, plant and equipment	4	**6,651,978,276**	6,418,184,008	6,553,381,086
Intangible assets	5	**2,008,500**	-	-
Long term advances		**3,691,600**	30,864,400	1,503,424
Long term deposits		**4,191,581**	4,191,581	4,306,481
		6,661,869,957	6,453,239,989	6,559,190,991
Current assets				
Stores and spares	6	**124,247,835**	154,330,437	178,672,213
Stock in trade	7	**801,926,516**	3,249,144,346	1,827,839,307
Short term investments	8	**25,020,460**	25,020,460	25,204,970
Trade debts - unsecured	9	**743,312,197**	506,643,021	98,357,818
Loans, advances, deposits and prepayments	10	**137,680,227**	89,558,315	75,388,674
Others receivables - considered good	11	**10,822,087**	12,549,818	11,456,837
Bank balances	12	**26,807,240**	53,025,872	35,231,198
		1,869,816,562	4,090,272,269	2,252,151,017
Total assets		**8,531,686,519**	10,543,512,258	8,811,342,008
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital		**250,000,000**	250,000,000	250,000,000
Issued, subscribed and paid-up capital	13	**172,909,620**	172,909,620	172,909,620
Capital reserves:				
Surplus on revaluation of property, plant and equipment- net	14	**3,418,092,417**	3,528,044,055	3,680,599,141
Share premium		**172,909,620**	172,909,620	172,909,620
Capital contribution from director		**18,601,691**	18,601,691	18,601,691
		3,609,603,728	3,719,555,366	3,872,110,452
Revenue reserves	15	**1,315,003,447**	1,184,363,904	1,052,517,319
		5,097,516,795	5,076,828,890	5,097,537,391
Non-current liabilities				
Subordinated loan from Chief Executive		-	-	20,411,807
Long term financing	16	**454,813,156**	219,882,722	312,254,709
Deferred liabilities	17	**1,250,659,803**	1,307,390,047	1,329,350,977
Provident fund payable		**5,050,558**	4,945,994	4,267,808
		1,710,523,517	1,532,218,763	1,666,285,301
Current liabilities				
Short term borrowings	18	**870,099,304**	2,718,924,732	664,802,282
Subordinated loan from Chief Executive	19	**24,959,714**	22,571,399	-
Trade and other payables	20	**615,697,275**	835,408,349	1,090,915,331
Accrued markup	21	**26,843,124**	208,113,890	78,451,764
Current maturity of long term financing	16	**150,780,809**	115,055,580	96,771,337
Current maturity of deferred income - Government grant		**1,010,766**	1,618,314	2,110,493
Unclaimed dividend		**7,613,657**	7,156,698	6,251,126
Taxation - net	22	**26,641,558**	25,615,643	108,216,983
		1,723,646,207	3,934,464,605	2,047,519,316
Contingencies and commitments	23			
Total equity and liabilities		**8,531,686,519**	10,543,512,258	8,811,342,008

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

Chief Executive | Director | Chief Financial Officer

Adam Sugar Mills Limited

Statement of Profit or Loss

For the year ended September 30, 2025

	Note	2025	(Restated) 2024
		-----------------Rupees-----------------	
Sales revenue - net	*24*	**10,841,042,745**	8,055,242,392
Cost of sales	*25*	**(10,127,300,649)**	(7,130,102,302)
Gross profit		**713,742,096**	925,140,090
Administrative expenses	*26*	**(211,393,947)**	(193,741,440)
Selling and distribution costs	*27*	**(48,991,786)**	(15,230,695)
		(260,385,733)	(208,972,135)
Operating profit		**453,356,363**	716,167,955
Finance costs	*28*	**(289,545,057)**	(565,808,995)
Other income	*29*	**18,027,323**	23,385,919
Other operating expenses	*30*	**(32,528,786)**	(33,178,867)
		(304,046,520)	(575,601,943)
Profit before levies and taxation		**149,309,843**	140,566,012
Levies	*31*	**(60,015,857)**	(34,028,673)
Profit before taxation		**89,293,986**	106,537,339
Taxation - net	*32*	**(43,160,149)**	(33,452,020)
Profit after taxation		**46,133,837**	73,085,319
Earnings per share - basic and diluted	*33*	**2.67**	4.23

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

Chief Executive **Director** **Chief Financial Officer**

Adam Sugar Mills Limited

Statement of Comprehensive Income
For the year ended September 30, 2025

	2025	(Restated) 2024
	Rupees	
Profit after taxation	**46,133,837**	73,085,319
Other comprehensive income / (loss) for the year		
Items that will not be reclassified subsequently to profit or loss		
Gain on remeasurement of defined benefit obligation	**732,106**	149,922
Related deferred tax effect	**(241,595)**	(49,474)
	490,511	100,448
Effect of change in tax rate on the deferred tax liability on revaluation surplus	**-**	(33,375,900)
Total comprehensive income for the year	**46,624,348**	39,809,867

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

Chief Executive

Director

Chief Financial Officer

Adam Sugar Mills Limited

Statement of Changes in Equity
For the year ended September 30, 2025

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total
		Surplus on revaluation of property, plant and equipment - net	Share premium	Capital contribution from Director	General reserve	Unappropriated profits	
	Rupees						
Balance as at September 30, 2023 (as previously reported)	172,909,620	3,780,726,839	172,909,620	18,601,691	200,000,000	918,513,735	5,263,661,505
Effect of correction of prior period errors (refer note 41)	-	(100,127,698)	-	-	-	(65,996,416)	(166,124,114)
Balance as at September 30, 2023 (as restated)	172,909,620	3,680,599,141	172,909,620	18,601,691	200,000,000	852,517,319	5,097,537,391
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax - restated	-	(119,179,186)	-	-	-	119,179,186	-
Total comprehensive income for the year ended September 30, 2024							
- Profit after taxation (restated)	-	-	-	-	-	73,085,319	73,085,319
- Other comprehensive income (restated)	-	(33,375,900)	-	-	-	100,448	(33,275,452)
	-	(33,375,900)	-	-	-	73,185,767	39,809,867
Transactions with owners:							
Final cash dividend @ 35% for the year ended September 30, 2023	-	-	-	-	-	(60,518,368)	(60,518,368)
Balance as at September 30, 2024 - restated	172,909,620	3,528,044,055	172,909,620	18,601,691	200,000,000	984,363,904	5,076,828,890
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(109,951,638)	-	-	-	109,951,638	-
Total comprehensive income for the year ended September 30, 2025							
- Profit after taxation	-	-	-	-	-	46,133,837	46,133,837
- Other comprehensive income	-	-	-	-	-	490,511	490,511
	-	-	-	-	-	46,624,348	46,624,348
Transactions with owners:							
Final cash dividend @ 15% for the year ended September 30, 2024	-	-	-	-	-	(25,936,443)	(25,936,443)
Balance as at September 30, 2025	172,909,620	3,418,092,417	172,909,620	18,601,691	200,000,000	1,115,003,447	5,097,516,795

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

Chief Executive

Director

Chief Financial Officer

Adam Sugar Mills Limited

Statement of Cash Flows

For the year ended September 30, 2025

	Note	2025	(Restated) 2024
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and taxation		149,309,843	140,566,012
Adjustments:			
Depreciation on property, plant and equipment	4.1	278,874,707	282,001,899
Gain on disposal of fixed assets	29	-	(1,360,117)
Provision for provident fund		2,746,564	3,097,800
Finance costs	28	289,545,057	561,243,026
Amortization of deferred grant - net	29	(1,606,444)	(2,224,191)
Interest on unwinding of the loan		2,388,315	-
Interest recognized on unwinding of the liability		2,515,997	-
Provision for staff retirement benefits	17.2.2	4,084,187	3,221,872
Profit on savings account	29	(1,176,257)	(141,423)
Profit on term deposits	29	(590,603)	(5,810,224)
Provision against slow-moving stores and spares	30	4,826,099	23,900,275
		581,607,622	863,928,917
Operating profit before working capital changes		730,917,465	1,004,494,929
Working capital changes:			
Decrease / (increase) in current assets			
Stores and spares including long term spares		30,290,017	441,501
Stock in trade		2,447,217,830	(1,421,305,039)
Trade debts		(236,669,176)	(408,285,203)
Loans, advances and prepayments		(48,121,912)	(14,169,641)
Increase / (decrease) in current liabilities			
Trade and other payables		(235,667,274)	(245,085,047)
		1,957,049,485	(2,088,403,429)
Cash (used in) / generated from operations		2,687,966,950	(1,083,908,500)
Financial costs paid		(470,815,821)	(425,754,236)
Payment to provident fund		(2,642,000)	(2,419,614)
Payment against workers' profit participation fund		-	(29,071,238)
Staff retirement benefits paid		(25,555)	(278,511)
Taxes paid		(148,023,929)	(189,844,726)
		(621,507,305)	(647,368,325)
Net cash (used in) / generated from operating activities		2,066,459,645	(1,731,276,825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(487,999,122)	(147,194,704)
Addition to intangibles		(2,008,500)	-
Proceed from sale of operating fixed assets		-	1,750,000
Long term advances- net		-	(29,360,976)
Long term deposit received		-	114,900
Short term investments- net		-	184,510
Profit received on saving accounts	29	1,176,257	141,423
Profit received on term deposit accounts		2,318,334	4,717,243
Net cash used in investing activities		(486,513,031)	(169,647,604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing-net		(911,726,995)	1,122,268,000
Dividend paid		(25,479,484)	(59,612,796)
Long term loan obtained		384,687,698	-
Long term loan repaid		(116,548,032)	(75,790,551)
Net cash generated from / (used in) financing activities		(669,066,813)	986,864,653
Net (decrease) / increase in cash and cash equivalents		910,879,801	(914,059,776)
Cash and cash equivalents at the beginning of the year		(977,166,466)	(63,106,690)
Cash and cash equivalents at the end of the year	34	(66,286,665)	(977,166,466)

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

Chief Executive | **Director** | **Chief Financial Officer**

Adam Sugar Mills Limited

Notes to the Financial Statements
For the year ended September 30, 2025

1. STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan on October 19, 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company under the provisions of the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and subsequently, the Companies Act, 2017, promulgated in May 2017). In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange ("the Exchange"). The Company is principally engaged in the manufacturing and sale of white sugar.

The geographical location and address of the Company's business units, including plant, are as under:

Head office: The Company's registered office is situated at First Floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Mill: The Company's plant is located at Chak #4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance with the applicable accounting and reporting standards

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provision of, and directives issued under, the Companies Act, 2017.

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

2.2 Basis of measurement of items in these financial statements

Items included in these financial statements have been measured at their historical cost except for freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less accumulated depreciation charged thereon.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
Timing of revenue recognition	*Local sales revenue* : Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises. *Export sales revenue* : Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	- Estimation of useful lives and residual values of the operating fixed assets - Estimation of revalued amounts of freehold land, factory building, non-factory building and plant and machinery.
Deferred taxation	Recognition of deferred tax asset on unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax credits can be utilised

2.5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.5.1 *Amendments to existing standards that became effective during the year*

The following new or amended standards and interpretations became effective during the period which are considered to be relevant to the Company's financial statements :

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The above amendments / interpretations do not likely have an effect on the financial statements of the Company except noted below:

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 October, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2024:

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for accompany to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Amendment in IAS 21 'The Effects of Changes in Foreign Exchange Rates', - lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.

The International Accounting Standards (the IASB or the Board) issued Amendments to IFRS 9 and FRS 7. Amendments to the 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 or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

- Clarify how to assess the contractual cash now characteristics of financial assets that include environmental, social and governance (ESG)-Linked features and other similar contingent features.

- Clarify the treatment of non-recourse assets and contractually linked instruments (CLI)

- 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 (FVTOCI).

- Annual Improvements - Volume Eleven:

- Hedge Accounting by a First-time Adopter (Amendments to IFRS 1) - Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. The amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

- Gain or Loss on Derecognition (Amendments to IFRS 7) - Paragraph B38 of IFRS 7 has been amended to update the language on unobservable inputs and to include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

- Introduction (Amendments to Guidance on implementing IFRS 7) - Paragraph IG1 of the Guidance on implementing IFRS 7 has been amended to clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

- Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) - Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

- Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7) - Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

- Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9) - Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 Leases and an extinguishment of a lease liability in accordance with IFRS 9.

- Transaction Price (Amendments to IFRS 9) - Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term "transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.

- Determination of a 'De Facto Agent' (Amendments to IFRS 10) - Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in 874 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendment is intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.

- Cost Method (Amendments to IAS 7) - Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method".

The above standards, amendments to approved accounting standards and interpretations have not been early adopted by the Company and are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at September 30, 2024:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards)

- IFRS 18 (Presentation and Disclosure in Financial Statements)

- IFRS 19 (Subsidiaries without Public Accountability: Disclosures)

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except freehold land, factory building, non-factory buildings and plant and machinery which are stated at revalued amounts less accumulated depreciation charged thereon.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation on additions is charged from the date when the assets become available for use till the date of disposal. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 4.1 to these financial statements.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Any revaluation increase arising on the revaluation of freehold land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of 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 statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realized on disposal of revalued fixed assets is credited directly to unappropriated profits.

Capital work-in progress

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

3.2 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow-moving inventory based on the management's best estimate regarding their future usability.

3.3 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The **costs of purchase** of inventories comprise the purchase price, duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the **first-in, first-out (FIFO)** cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

3.4 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the customer obtain control of the goods sold this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.5 **Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks, if any, which are repayable on demand and form an integral part of the Company's cash management.

3.6 **Financial assets**

3.6.1 ***Initial recognition, classification and measurement***

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost.
(b) fair value through other comprehensive income (FVOCI); and
(c) fair value through profit or loss (FVTPL);

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

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

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.6.2 ***Subsequent measurement***

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

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(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.6.3 ***Impairment***

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

3.6.4 ***De-recognition***

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.7 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

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

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.8 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.9 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.10 Employee benefits

Post-employment benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates an unfunded provident scheme for its mills employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the workers and officers to the plan.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

Post-employment benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its head office employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.11 Revenue

Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract.

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognised when the customer obtains control of the promised goods. This is further analysed as below:

(a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from export sales is recognized when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel, and there remains no other unfulfilled obligation to be satisfied by the Company.

3.12 Other income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the applicable rate of return.

3.13 Levies and taxation

Levies

A levy is an outflow of resources embodying economic benefits imposed by the government that does not meet the definition of income tax provided in the International Accounting Standard (IAS) 12 'Income Taxes' because it is not based on taxable profit.

In these financial statements, levy includes final tax under section 154 of the Income Tax Ordinance, 2001 and minimum tax under section 113 of the Income Tax Ordinance,2001 over the normal tax liability computed there under, Workers' Welfare Fund expense and Workers' Profit Participation Fund expense.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.14 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

3.15 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	**2025**	2024
		Rupees	
Operating fixed assets	*4.1*	**6,225,458,341**	6,371,399,758
Capital work in progress	*4.2*	**388,549,985**	3,780,786
Capital Spares		**37,969,950**	43,003,464
		6,651,978,276	6,418,184,008

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