



AMIR NAWAZ & COMPANY

CHARTERED ACCOUNTANTS

Amir Nawaz Chaudhry

ACA, LLB, FPFA, FCPA, CICA, M.Com, B.Com
Chartered Accountant
Advocate High Court

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE)
LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

OPINION

We have audited the annexed financial statements of **SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED** (Company), which comprise the balance sheet as at June 30, 2025 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, accompanying financial statements of the Company for the year ended June 30, 2025 are prepared in all material respects, in accordance with the financial reporting provisions as prescribed in notes to the financial statements.

BASIS FOR OPINION

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

EMPHASIS OF MATTER - BASIS OF ACCOUNTING AND RESTRICTION ON DISTRIBUTION AND USE

We draw attention to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the management in submission to financial institutions in complying with their reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management and financial institutions and tax purposes should not be distributed to or used by parties other than the management or financial institutions and tax purpose. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of the financial statements, and for such internal control as the 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,

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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. Those charged with governance 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.

We communicate with those charged with governance 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.

Multan
Dated: July 30, 2025


AMIR NAWAZ & COMPANY
Chartered Accountants


SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
Assets			
Non current assets			
Property, plant and equipment	4	126,295,427	135,892,208
Intangible assets - software	5	60,670	67,411
Long term deposits	6	2,059,200	2,059,200
		<u>128,415,297</u>	<u>138,018,819</u>
Current assets			
Stores, spares and tools	7	295,810	205,960
Stock in trade	8	329,159,030	103,616,004
Trade debtors	9	705,200	645,000
Advance, deposits and investments	10	92,500	92,500
Advance taxes	11	72,484,409	26,749,804
Cash and bank balances	12	169,345	71,155
		<u>402,906,294</u>	<u>131,380,423</u>
		<u>531,321,591</u>	<u>269,399,242</u>
Equity and Liabilities			
Authorized capital			
160,971 (2024: 160,971) ordinary shares of Rs. 1,000/- each		<u>160,971,000</u>	<u>160,971,000</u>
Share capital and reserves			
Issued, subscribed and paid up capital	13	159,756,000	159,756,000
Deposit for shares	14	114,311,610	114,311,610
Unappropriated loss		<u>(76,944,189)</u>	<u>(84,788,286)</u>
		<u>197,123,421</u>	<u>189,279,324</u>
Current liabilities			
Trade and other payables	15	328,258,696	74,364,420
Taxation	16	5,939,474	5,755,498
		<u>334,198,170</u>	<u>80,119,918</u>
Contingencies and commitments			
	17	-	-
		<u>531,321,591</u>	<u>269,399,242</u>

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

Khawaja Muhammad Ali
 Chief Executive
 SPUN YARN
 Research & Development
 Company (Pvt) Ltd.



Khawaja Muhammad Mansoor
 Director





SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
Sales - Net	18	475,157,916	460,623,080
Cost of sales	19	<u>465,019,634</u>	<u>458,955,659</u>
Gross profit		10,138,282	1,667,421
Distribution cost	20	<u>651,480</u>	<u>635,930</u>
Administrative expenses	21	<u>4,310,587</u>	<u>4,084,936</u>
Other operating expenses	22	<u>1,037,473</u>	-
Operating profit/(loss)		<u>5,999,540</u>	<u>4,720,866</u>
Other income	23	<u>9,830,762</u>	<u>5,471,640</u>
Profit before other cost		<u>13,969,504</u>	<u>2,418,195</u>
Other cost	24	-	479
Profit before finance cost		<u>13,969,504</u>	<u>2,417,716</u>
Finance cost	25	<u>185,933</u>	<u>215,048</u>
Profit before taxation		<u>13,783,571</u>	<u>2,202,668</u>
Taxation	26	<u>5,939,474</u>	<u>5,755,498</u>
Profit / (Loss) after taxation		<u>7,844,097</u>	<u>(3,552,830)</u>
Earning / (Loss) per share	27	<u>49.10</u>	<u>(22.24)</u>

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

Khawaja Muhammad Ali
 Chief Executive
SPUN YARN
 Research & Development
 Company (Pvt) Ltd.

Khawaja Muhammad Mansoor
 Director

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SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
Profit / (Loss) for the year	7,844,097	(3,552,830)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	<u>7,844,097</u>	<u>(3,552,830)</u>

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

Khawaja Muhammad Ali
Chief Executive

SPUN YARN
Research & Development
Company (Pvt) Ltd.

Khawaja Muhammad Mansoor
Director



SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
Cash Flow From Operating Activities		
Profit before taxation	13,783,571	2,202,668
Adjustment for:		
Depreciation	9,774,071	11,160,736
Amortization	6,741	7,490
Finance cost	185,933	215,048
	<u>9,966,745</u>	<u>11,383,274</u>
Operating cash flows before changes in working capital	23,750,316	13,585,942
Changes in working capital		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and tools	(89,850)	943,020
Stock in trade	(225,543,026)	(28,669,784)
Trade debtors	(60,200)	(102,200)
Advance, deposits and investments	-	-
Advance taxes	(45,734,605)	(14,341,927)
	<u>253,894,276</u>	<u>32,916,260</u>
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(17,533,405)	(9,254,631)
Cash flow from/(used in) operating activities	6,216,911	4,331,311
Tax paid	(5,755,498)	(3,021,160)
Finance cost	(185,933)	(215,048)
Net cash flow from/(used in) operating activities	<u>275,480</u>	<u>1,095,103</u>
Cash Flow From Investing Activities		
Purchase of operating fixed assets	(5,968,398)	(6,743,246)
Disposal of operating fixed assets	5,791,108	291,849
Net cash flow from/(used in) investing activities	<u>(177,290)</u>	<u>(6,451,397)</u>
Cash Flow From Financing Activities		
Payment of liabilities against LTF	-	-
Deposit for shares	-	-
Net cash flow from/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>98,190</u>	<u>(5,356,294)</u>
Cash and cash equivalents at the beginning of the year	<u>71,155</u>	<u>5,427,449</u>
Cash and cash equivalents at the end of the year:	<u>169,345</u>	<u>71,155</u>

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

Khawaja Muhammad Ali
Chief Executive
Research & Development
Company (Pvt) Ltd.



Khawaja Muhammad Mansoor
Director

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SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Issued, subscribed and paid up capital	Deposit for shares	Unappropriated loss	Total
	----- Rupees -----			
Balance as at June 30, 2023	159,756,000	114,311,610	(81,235,456)	192,832,154
Loss for the year			(3,552,830)	(3,552,830)
Balance as at June 30, 2024	159,756,000	114,311,610	(84,788,286)	189,279,324
Profit for the year			7,844,097	7,844,097
Balance as at June 30, 2025	159,756,000	114,311,610	(76,944,189)	197,123,421

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

Khawaja Muhammad Ali
Chief Executive
SPUN YARN
 Research & Development
 Company (Private) Ltd

Khawaja Muhammad Mansoor
Director

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SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1- Legal Status and Operations

Spun Yarn Research and Development Company (Private) Limited (the Company) is limited by shares was incorporated in Pakistan on June 27, 2011 as a Private Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is principally engaged in manufacturing and sale of yarn.

Geographical location and addresses of business:

Registered office/Head office

House No. 1, Green Homes, Nawab Pur Road, Multan.

Mill

22-KM, Khanewal Road, Qadirpur Rawan, Multan.

2- Basis of Preparation

2.1- Statement of compliance

The 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 Standard Board (IASB) as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2- Basis of measurement

These financial statements have been prepared under the historical cost convention except disclosed otherwise in the accounting policy notes.

2.3- Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

2.4- Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed as follows;

2.4.1- Property, plant and equipment

The company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

2.4.2- Stores & spares and stock-in-trade

The company estimates the net realizable value of stores & spares and stock in trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

2.4.3- Income Taxes

In making the estimates for income taxes the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3- Significant Accounting Policies

The significant 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, unless otherwise stated.

**3.1- Property, plant and equipment
Company's owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, and capital work-in-progress. Which are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the erection construction period and attributable expenses in bringing the assets to their working condition.

Depreciation on all assets except freehold land and capital work-in-progress is taken to profit and loss account applying reducing balance method at the rates stated in fixed assets schedule. Depreciation is charged when asset is put into the use as intended by the management till asset is derecognized.

Gains / Losses on disposal of fixed asset are taken to profit and loss account. Normal repairs and maintenance are taken to profit and loss account as and when incurred. Major improvements and modifications are capitalized and the assets replaced, if any, other than those kept as stand-by, are retired.



The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the assets. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the period / year.

Capital work in progress

Capital work in progress is stated at cost. 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.

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

Major improvements and modifications are capitalized. Minor repairs and replacements are taken to profit and loss account.

Leased assets

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/loss on disposal of intangible assets is taken to profit and loss account.

3.2- Stores, Spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items except items-in-transit which are stated at cost accumulated to the balance sheet date.

3.3- Stock in trade

Basis of valuation are as follows:

Particulars	Mode of Valuation
Raw materials	
- At mill	- Weighted Average Cost
- In transit	- At cost accumulated to the balance sheet date.
Work in process	- At manufacturing cost.
Finished goods	- At lower of cost and net realizable value.
Waste	- At net realizable value.



Cost in relation to work in process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realizable value signifies the selling price in the ordinary course of business less Cost of completion and Cost necessary to be incurred to effect such sale.

3.4- Trade debts & other receivables

Trade debts and other receivables 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 and irrecoverable are written off when identified.

3.5- Advances, deposits, prepayments and other receivables

Advances, deposits, prepayments and other receivables are included in current assets, except for having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

3.6- 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 and balances with banks.

3.7- Borrowings & borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost that asset.

3.8- Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value the consideration to be paid in future for goods and services, whether or not billed to the Company.

3.9- Provisions

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



3.10- Taxation

3.10.1 Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and taxes rebate available, if any , or provisions of minimum tax However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.10.2 Deffered

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the tax base (the amount used for taxation purposes). In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical release-27 of Institute of Chartered Accounts of Pakistan.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits can be utilized. Deferred tax liabilities are generally recognized for the taxable temporary differences, Deferred, tax assets and liabilities are based on the expected tax rates applicable at the time of reversal.

3.11- Offsetting

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

3.12- Revenue Recognition

Sales are recorded on dispatch of goods to customers.

Return on investments and deposit is accounted for on time proportion basis.

Dividend incomes are accounted for when the right to receive is established.

Gain on sale and lease-back transactions is deferred and is credited to Profit and Loss Account over the term.



4- Property, plant and equipment
Operating fixed assets

2025
Rupees

Note

2024
Rupees

4.1

126,295,427

135,892,208

4.1- Operating fixed assets

Cost	Freehold land	Building on freehold land	Plant & machinery	Electric installations	Furniture & fixture	Office equipments	Vehicles	Mechanical/ Electric appliances	Total
Balance as at June 30, 2023	13,046,960	81,905,830	98,471,236	36,269,423	845,590	867,558	11,242,502	1,563,507	244,212,606
Disposal during the year	-	-	4,423,000	-	-	268,790	(1,113,315)	-	6,743,246
Addition during the year	-	-	4,423,000	-	-	268,790	2,051,456	-	6,743,246
Balance as at June 30, 2024	13,046,960	81,905,830	102,894,236	36,269,423	845,590	1,136,348	12,180,643	1,563,507	249,842,537
Depreciation									
Balance as at June 30, 2023	-	26,726,579	52,004,189	18,789,044	332,435	408,064	4,525,250	825,498	103,611,059
Disposal during the year	-	-	-	-	-	-	(821,466)	-	-
Charge for the year	-	2,758,963	5,089,005	1,748,038	51,316	72,828	1,366,785	73,801	11,160,736
Balance as at June 30, 2024	-	29,485,542	57,093,194	20,537,082	383,751	480,892	5,070,569	899,299	113,950,329
Written down value as at June 30, 2024	13,046,960	52,420,288	45,801,042	15,732,341	461,839	655,456	7,110,074	664,208	135,892,208
Cost									
Balance as at June 30, 2024	13,046,960	81,905,830	102,894,236	36,269,423	845,590	1,136,348	12,180,643	1,563,507	249,842,537
Disposal during the year	-	-	-	-	-	-	(10,709,440)	-	(10,709,440)
Addition during the year	-	1,041,301	4,220,198	-	-	576,899	130,000	-	5,968,398
Balance as at June 30, 2025	13,046,960	82,947,131	107,114,434	36,269,423	845,590	1,713,247	1,601,203	1,563,507	245,101,495
Depreciation									
Balance as at June 30, 2024	-	29,485,542	57,093,194	20,537,082	383,751	480,892	5,070,569	899,299	113,950,329
Disposal during the year	-	-	-	-	-	-	(4,918,332)	-	(4,918,332)
Charge for the year	-	2,673,079	5,002,124	1,573,234	46,184	123,236	289,793	66,421	9,774,071
Balance as at June 30, 2025	-	32,158,621	62,095,318	22,110,316	429,935	604,128	442,030	965,720	118,806,068
Written down value as at June 30, 2025	13,046,960	50,788,510	45,019,116	14,159,107	415,655	1,109,119	1,159,173	597,787	126,295,427
Rate of depreciation									
	-	5%	10%	10%	10%	10%	20%	10%	

Depreciation for the year has been apportioned as under:

Cost of sales	Administrative expense
19	21
9,578,590	195,481
10,937,521	223,215
118,806,068	11,160,736



	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
5- Intangible assets - software			
Computer software license fee	5.1	<u>60,670</u>	<u>67,411</u>
5.1- Computer software license fee			
Cost			
Opening balance		156,600	156,600
Addition during the year		-	-
Closing balance		<u>156,600</u>	<u>156,600</u>
Amortization			
Opening balance		89,189	81,699
Charge for the year		<u>6,741</u>	<u>7,490</u>
Closing balance		<u>95,930</u>	<u>89,189</u>
Written down value			
		<u>60,670</u>	<u>67,411</u>
Rate of Amortization			
		10%	10%
6- Long term deposits			
Security deposit - MEPCO		<u>2,059,200</u>	<u>2,059,200</u>
It represents bank guarantee provided to MEPCO issued by Bank Al Habib Limited Gulgasht Branch, Multan against 100% cash margin.			
		<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
7- Stores, spares and tools			
Stores		<u>295,810</u>	<u>205,960</u>
8- Stock in trade			
Raw material		240,825,400	40,825,400
Work in process		2,288,780	3,518,230
Finished goods		84,784,120	56,931,970
Packing material		1,154,880	1,895,204
Waste		<u>105,850</u>	<u>445,200</u>
		<u>329,159,030</u>	<u>103,616,004</u>
9- Trade debtors - Considered good			
Local - unsecured		<u>705,200</u>	<u>645,000</u>
10- Advance, deposits and investments			
Security deposit - office building		<u>92,500</u>	<u>92,500</u>



	2025	2024
	Rupees	Rupees
11- Advance taxes		
Advance sales tax	49,192,161	6,236,267
Advance income tax	23,292,248	20,513,537
	<u>72,484,409</u>	<u>26,749,804</u>
12- Cash and bank balances		
Cash in hand	4,058	22,823
Cash at bank		
Current account	159,960	48,028
Deposit account	5,327	304
	<u>165,287</u>	<u>48,332</u>
	<u>169,345</u>	<u>71,155</u>
13- Issued, subscribed and paid up capital		
Number of shares		
2025	2024	
100,010	100,010	Ordinary shares of Rs. 1,000/- each issued to private sector fully paid in cash
		100,010,000
59,746	59,746	Ordinary shares of Rs. 1,000/- each issued to Ministry of Industries, Govt. of Pakistan fully paid in cash
		59,746,000
		<u>159,756,000</u>
		<u>159,756,000</u>
14- Deposit for shares		
It represents the deposit from private sector shareholders for the issuance of ordinary shares by the company.		
	2025	2024
	Rupees	Rupees
15- Trade and other payables		
Trade creditors	227,750,691	32,998,368
Accrued liabilities	13,223,420	17,374,159
Advances from customers	87,284,585	23,991,893
	<u>328,258,696</u>	<u>74,364,420</u>
16- Taxation		
Opening balance	5,755,498	3,021,160
Add: Provision made during the year		
Current year	5,939,474	5,755,498
	11,694,972	8,776,658
Less: Payments/Adjustments against completed assessments	<u>(5,755,498)</u>	<u>(3,021,160)</u>
	<u>5,939,474</u>	<u>5,755,498</u>

The income tax assessment of the company has been completed upto the tax year 2024.



7- Contingencies and commitments

There are no contingencies and commitments at the statement of financial position date.

	2025	2024
	Rupees	Rupees
18- Sales - Net		
Local		
Gross Sales	560,686,346	542,456,711
Sales Tax	<u>(85,528,430)</u>	<u>(82,747,633)</u>
	475,157,916	459,709,078
Export	-	914,002
	<u>475,157,916</u>	<u>460,623,080</u>
19- Cost of sales		
Raw material consumed	19.1 310,860,139	262,045,336
Stores and spares consumed	19.2 462,150	943,020
Packing material consumed	19.3 3,499,643	5,510,716
Salaries, wages and benefits	19.4 15,452,345	14,614,571
Power and fuel	149,574,104	177,592,576
Communication	105,900	88,560
Rent expense	878,400	798,600
Repair and maintenance	415,872	396,450
Depreciation	4.1 9,578,590	10,937,521
Others	<u>475,841</u>	<u>455,289</u>
	491,302,984	473,382,639
Adjustment of work in process		
Opening stock	3,518,230	2,991,520
Closing stock	<u>(2,288,780)</u>	<u>(3,518,230)</u>
	1,229,450	(526,710)
Cost of goods manufactured	492,532,434	472,855,929
Adjustment of finished goods		
Opening stock	56,931,970	40,958,000
Closing stock	<u>(84,784,120)</u>	<u>(56,931,970)</u>
	<u>(27,852,150)</u>	<u>(15,973,970)</u>
	464,680,284	456,881,959
Adjustment of waste		
Opening stock	445,200	2,518,900
Closing stock	<u>(105,850)</u>	<u>(445,200)</u>
	339,350	2,073,700
	<u>465,019,634</u>	<u>458,955,659</u>



	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
19.1- Raw material consumed		
Opening stock	40,825,400	26,297,600
Add: Purchase during the year	<u>510,860,139</u>	<u>276,573,136</u>
	551,685,539	302,870,736
Less: Closing stock	<u>(240,825,400)</u>	<u>(40,825,400)</u>
	<u>310,860,139</u>	<u>262,045,336</u>
19.2- Stores and spares consumed		
Opening stock	205,960	1,148,980
Add: Purchase during the year	<u>552,000</u>	-
	757,960	1,148,980
Less: Closing stock	<u>(295,810)</u>	<u>(205,960)</u>
	<u>462,150</u>	<u>943,020</u>
19.3- Packing material consumed		
Opening stock	1,895,204	2,180,200
Add: Purchase during the year	<u>2,759,319</u>	<u>5,225,720</u>
	4,654,523	7,405,920
Less: Closing stock	<u>(1,154,880)</u>	<u>(1,895,204)</u>
	<u>3,499,643</u>	<u>5,510,716</u>
19.4- Salaries, wages and benefits		
Factory staff salaries	13,452,458	12,705,850
Staff welfare expenses	816,232	798,350
Travelling and conveyance	87,580	85,100
Mixing, packing and bale pressing charges	520,245	499,280
Vehicle running and maintenance	98,780	85,980
Labour electricity bill	178,950	171,251
Staff house rent	<u>298,100</u>	<u>268,760</u>
	<u>15,452,345</u>	<u>14,614,571</u>
20- Distribution cost		
Freight expenses	<u>651,480</u>	<u>635,930</u>



	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
21- Administrative expenses			
Salaries and wages		1,650,200	1,411,867
Directors meeting expenses		16,800	20,000
Travelling and conveyance		149,165	177,475
Vehicle running and maintenance		331,620	305,896
Rent expense		966,000	878,450
Entertainment		39,586	37,207
Communication		134,025	125,669
Printing and stationery		163,890	151,705
Legal and professional charges		232,500	225,200
Auditors remuneration	21.1	100,000	100,000
Depreciation	4.1	195,481	223,215
Amortization	5.1	6,741	7,490
Repair and maintenance		17,589	28,960
Fee and subscriptions		16,000	16,000
Insurance		237,240	324,740
Market committee		25,300	25,300
Others		28,450	25,762
		<u>4,310,587</u>	<u>4,084,936</u>
21.1- Auditors remuneration			
Audit fee		85,000	85,000
Out of pocket expenses		15,000	15,000
		<u>100,000</u>	<u>100,000</u>
22- Other operating expenses			
Workers profit participation fund		741,052	-
Workers welfare fund		296,421	-
		<u>1,037,473</u>	<u>-</u>
23- Other income			
Profit from bank/deposits		-	302,929
Sale of scrape		4,525,870	4,290,560
Gain on disposal of assets		5,304,892	878,151
		<u>9,830,762</u>	<u>5,471,640</u>
24- Other cost			
Loss on foreign currency exchange		-	479
25- Finance cost			
Bank charges and commission		185,933	215,048



	<u>Note</u>	<u>2025 Rupees</u>	<u>2024 Rupees</u>
26- Taxation			
Current year	26.1	<u>5,939,474</u>	<u>5,755,498</u>

26.1- Provision for current year taxation represents tax payable U/S 113 of the Income Tax Ordinance, 2001.

27- Earning / (Loss) per share			
Basic		<u>7,844,097</u>	<u>(3,552,830)</u>
(Loss) / Profit for the year		<u>159,756</u>	<u>159,756</u>
Number of share			
(Loss) / Earning per share		<u>49.10</u>	<u>(22.24)</u>
28- Number of Employees		<u>137</u>	<u>137</u>

29- General
Figures have been rounded off to the nearest rupee.

30- Date of authorization
These financial statements have been authorized for issue on _____ by the board of directors of the Company.

Khawaja Muhammad Ali
Chief Executive
Research & Development
Company (Pvt) Ltd.

Khawaja Muhammad Mansoor
Director


