CORPORATE BRIEFING SESSION

SURAJ COTTON MILLS LIMITED

FOR THE YEAR ENDED JUNE 30, 2026

FY 2025-26

Index

01 Company Profile, Vision, Mission and Core Values

02 FY 2025-26 at a Glance

03 Products and Services (IFRS 8)

04 Geographical Areas and Major Customers (IFRS 8)

05 Operational Performance

06 Financial Performance: 4-Year Comparison

07 Explanation of Material Variations

08 Key Revenue Drivers

09 Key Business Risks

10 Outlook and Forward-Looking Statements

11 Questions Received in Advance

12 Open Questions and Answers

Company Profile

Suraj Cotton Mills Limited was incorporated in Pakistan as a public limited company on December 18, 1984 and is listed on the Pakistan Stock Exchange. It is an integrated textile manufacturer of premium-quality yarn and woven fabrics, serving domestic and international markets.

The Company operates modern spinning and weaving facilities, producing a diverse range of high-quality cotton yarn and grey fabrics using advanced technology and a skilled workforce. Its products are recognized for quality, consistency and competitiveness across global markets.

The Company is committed to continuous improvement, innovation, operational efficiency and customer satisfaction. Through investment in modern machinery, technology and workforce development, it strives to maintain high production standards while promoting environmental sustainability and social responsibility.
Strong corporate governance, transparency, ethical business practices and regulatory compliance remain central to its operations, supporting sustainable growth and long-term shareholder value creation.

WHAT GUIDES US

Vision & Mission



VISION

To be a globally competitive textile manufacturer, driving long-term value through quality, innovation, operational excellence, resource efficiency, and responsible growth.



MISSION

We manufacture premium-quality yarn and woven fabrics for customers in Pakistan and international markets. Through continuous improvement, technological advancement, and people development, we deliver reliable performance, pursue value-added growth, and operate responsibly to create lasting value for our stakeholders.

HOW WE WORK

Core Values

Integrity

We do what is right, honor our commitments, and act with honesty, fairness, and transparency.

Customer Commitment

We understand our customers' needs and earn their trust through quality, reliability, and responsive service.

Excellence

We take ownership, uphold high standards, and continuously improve our performance.

Innovation

We challenge conventional thinking and use ideas, data, and technology to develop better products, processes, and solutions.

Respect and Safety

We safeguard the health, safety, and dignity of our people while supporting their growth and development.

Teamwork

We collaborate openly across functions and work together to achieve shared goals.

Accountability

We take ownership of our decisions, actions, and results, and are accountable for our commitments.

Sustainability

We use energy, water, materials, and natural resources responsibly, reducing waste and environmental impact.

HEADLINE RESULTS

FY 2025-26 at a Glance

Net sales (PKR M) +4.5%

28,650

vs FY25: 27,411

Gross profit (PKR M) +23.0%

2,812

Margin 9.8% (FY25: 8.3%)

Profit after tax (PKR M) +61.0%

1,801

vs FY25: 1,119

Earnings per share +61.0%

Rs. 36.90

FY25: Rs. 22.92

Dividend per share 2x

Rs. 10.00

FY25: Rs. 5.00

Break-up value per share +15.0%

Rs. 319.2

FY25: Rs. 277.5

OPERATING SEGMENTS

Products and Services

Spinning

100% cdd and combed yarn

13,580

External revenue, PKR M (+24.6%)

Weaving

Greige fabric in a variety of constructions.

15,071

External revenue, PKR M (-8.7%)

PKR million	Spinning FY26	Spinning FY25	Weaving FY26	Weaving FY25	Total FY26	Total FY25
External revenue	13,579.6	10,900.9	15,070.5	16,510.5	28,650.1	27,411.5
Inter-segment revenue	6,217.2	8,415.8	-	-	-	-
Gross profit	**1,249.0**	**897.0**	**1,563.0**	**1,390.0**	**2,812.0**	**2,287.0**
Gross margin on total revenue	6.3%	4.6%	10.4%	8.4%	9.8%	8.3%
Segment profit*	**919.0**	**618.1**	**1,265.5**	**1,096.8**	**2,184.5**	**1,714.9**

Geographical Areas and Major Customers

Revenue by geographical location (PKR million)

Country	FY 2025-26	FY 2024-25	% of FY26
Pakistan	27,135.0	26,456.9	94.7%
Portugal	1,016.4	850.9	3.5%
Spain	178.3	-	0.6%
Italy	144.4	30.0	0.5%
Estonia	97.5	-	0.3%
Lithuania	71.6	-	0.2%
China	6.9	36.6	<0.1%
Germany	-	34.9	-
Sri Lanka	-	2.2	-
Total	**28,650.1**	**27,411.5**	**100.0%**

Sales by type (PKR million)

Local sales
FY25: 26,156.0
26,709.3 +2.1%

Export sales
FY25: 954.5
1,515.1 +58.7%

Processing income
FY25: 301.0
425.7 +41.5%

Major customers

Revenue is earned from a large mix of customers; no single customer is reported as a major customer under IFRS 8 (note 43.5). All non-current assets are located in Pakistan.

Operational Performance

Spinning utilisation

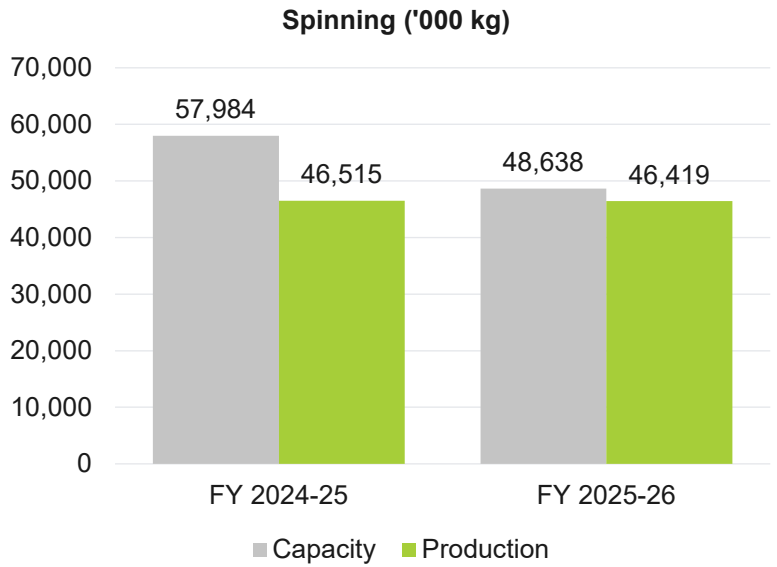
95.4% FY25: 80.2%

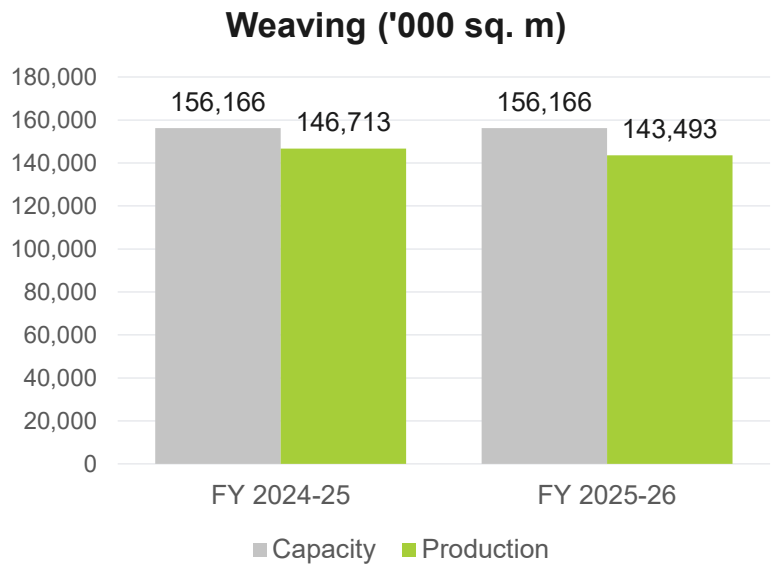
Capacity 48,638 | Production 46,419 ('000 kg, 20s count)
FY25: 57,984 | 46,515

Weaving utilisation

91.9% FY25: 93.9%

Capacity 156,166 | Production 143,493 ('000 sq. m, 50 picks)
FY25: 156,166 | 146,713





- Spinning capacity was lower in FY26 following the suspension of operations at the Karachi spinning unit; utilisation rose to 95.4%.
- Under-utilisation in spinning and weaving was mainly due to low demand.

Profit and Loss

PKR million	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23
Sales - net	**28,650.1**	**27,411.5**	**29,744.3**	**18,860.3**
Cost of sales	25,838.1	25,124.4	27,348.1	18,402.4
Gross profit	**2,812.0**	**2,287.0**	**2,396.2**	**458.0**
Distribution and selling expenses	261.1	268.1	286.9	209.7
Administrative expenses	366.4	304.0	317.8	260.6
Other operating expenses	237.0	159.8	179.7	115.1
Other operating income	594.6	645.3	769.1	332.0
Operating profit before finance costs	**2,542.0**	**2,200.4**	**2,380.8**	**204.6**
Finance costs	126.2	189.9	407.3	319.9
Profit / (loss) before levy and taxation	**2,415.8**	**2,010.5**	**1,973.5**	**(115.3)**
Levy (presented separately from FY 2023-24)	23.3	131.6	229.1	-
Taxation	591.6	760.2	738.0	297.0
Profit / (loss) after taxation	**1,801.0**	**1,118.7**	**1,006.4**	**(412.3)**
Earnings / (loss) per share (Rs.)	**36.90**	**22.92**	**20.62**	**(9.29)**

Balance Sheet

PKR million	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23
Property, plant and equipment	8,186.6	8,547.0	8,462.1	9,119.7
Stock-in-trade	5,170.3	7,389.6	5,964.7	5,819.1
Trade debts	3,324.8	3,220.6	2,756.2	3,046.7
Current assets	14,504.0	13,773.5	12,841.8	10,911.9
Total assets	25,506.6	24,294.2	22,847.0	21,177.1
Shareholders' equity	15,582.2	13,545.8	12,135.0	10,797.4
Long term financing	1,866.5	2,470.7	3,061.8	3,545.3
Deferred liabilities	1,545.7	1,586.3	1,253.0	918.7
Short term financing	145.4	1,164.7	977.0	1,226.3
Trade and other payables	4,675.8	3,836.4	3,788.4	3,279.9
Current liabilities	6,512.2	5,036.9	4,992.3	4,447.6

Cash Flow

PKR million	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23
Cash and cash equivalents at beginning of year	163.4	378.8	142.6	420.7
Net cash generated from / (used in) operating activities	**5,911.5**	**(324.3)**	**1,917.4**	**(439.6)**
Net cash (used in) / generated from investing activities	(3,973.0)	881.9	(789.7)	(679.0)
Net cash (used in) / generated from financing activities	(1,992.8)	(772.9)	(891.5)	840.4
Net increase / (decrease) in cash and cash equivalents	(54.3)	(215.4)	236.2	(278.2)
Cash and cash equivalents at end of year	**109.2**	**163.4**	**378.8**	**142.6**
Depreciation and amortisation	758.3	781.6	804.5	667.3
Capital expenditure	585.4	894.9	150.3	1,986.0

4-YEAR COMPARISON

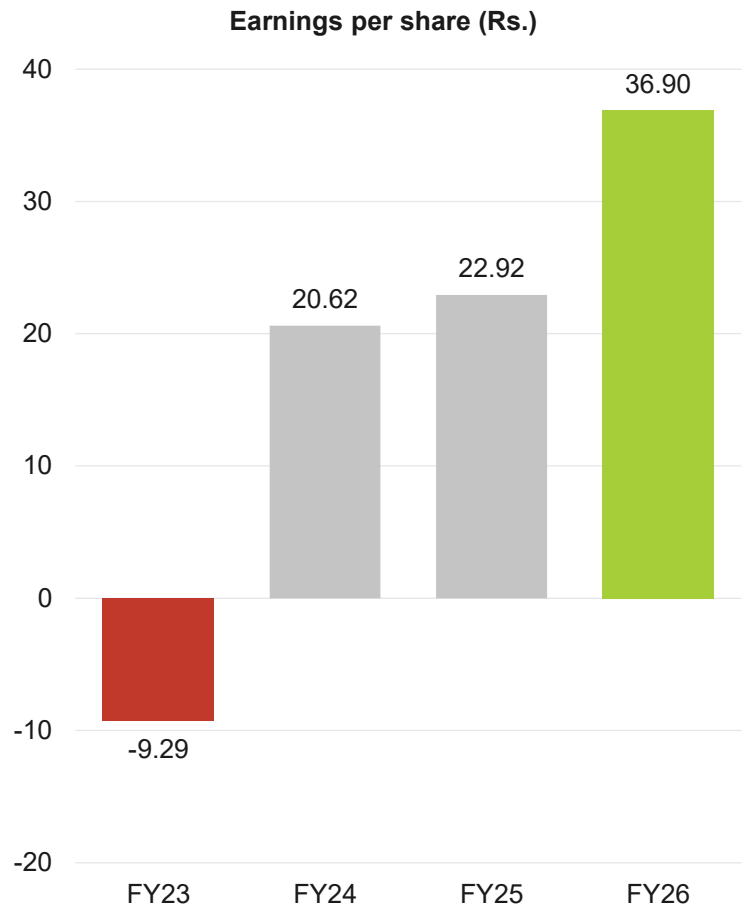
Key Ratios

Ratio	Unit	FY 2025-26	FY 2024-25	FY 2023-24	FY 2022-23
Gross profit margin	%	**9.8**	8.3	8.1	2.4
Operating profit margin	%	**8.9**	8.0	8.0	1.1
Net profit margin	%	**6.3**	4.1	3.4	(2.2)
Return on average equity	%	**12.4**	8.7	8.8	(3.7)
Return on capital employed	%	**14.6**	13.7	15.7	1.4
Return on average assets	%	**7.2**	4.7	4.6	(2.0)
Current ratio	times	**2.2**	2.1	2.0	1.8
Quick ratio	times	**1.4**	1.0	1.1	0.9
Days in receivables	days	**41.7**	39.8	35.6	54.7
Days in inventory	days	**88.7**	97.0	78.6	118.8
Days in creditors	days	**93.0**	72.7	68.2	91.6
Total liabilities to total assets	%	**38.9**	44.2	46.9	49.0

4-YEAR COMPARISON

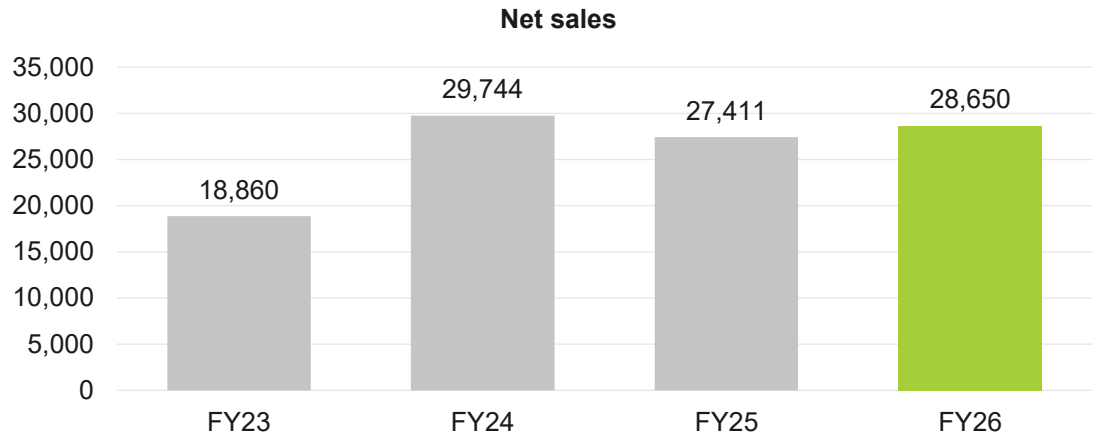
Shareholder Returns

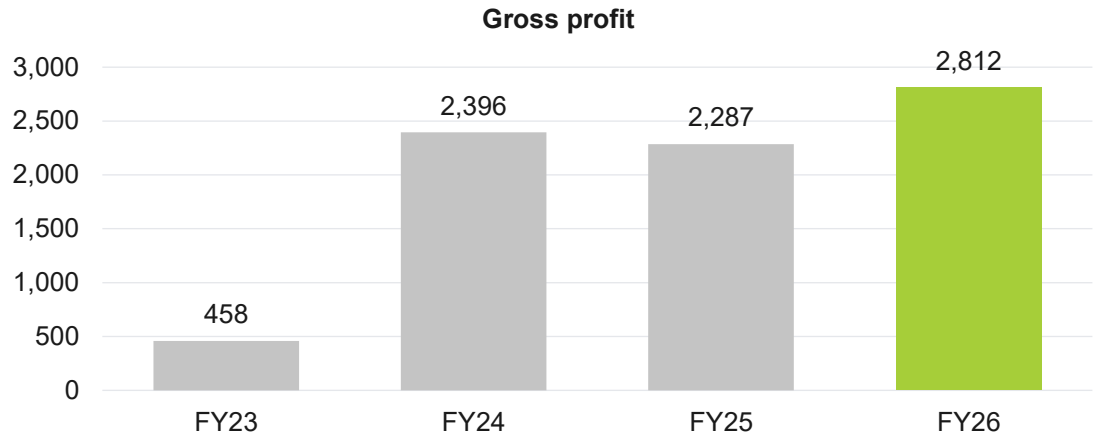
Indicator	Unit	FY26	FY25	FY24	FY23
Earnings / (loss) per share	Rs.	**36.90**	22.92	20.62	(9.29)
Cash dividend per share	Rs.	**10.00***	5.00	5.00	1.00
Bonus shares	%	**-**	-	-	10
Break-up value per share	Rs.	**319.2**	277.5	248.6	243.3
Price earnings ratio	times	**3.6**	5.1	6.5	(11.8)
Market price - closing	Rs.	**131.7**	117.9	133.2	110.1
Market price - high / low	Rs.	**161.3 / 88.0**	150.0 / 106.0	157.3 / 88.0	215.0 / 84.8
Debt : equity	ratio	**16:84**	21:79	25:75	23:77

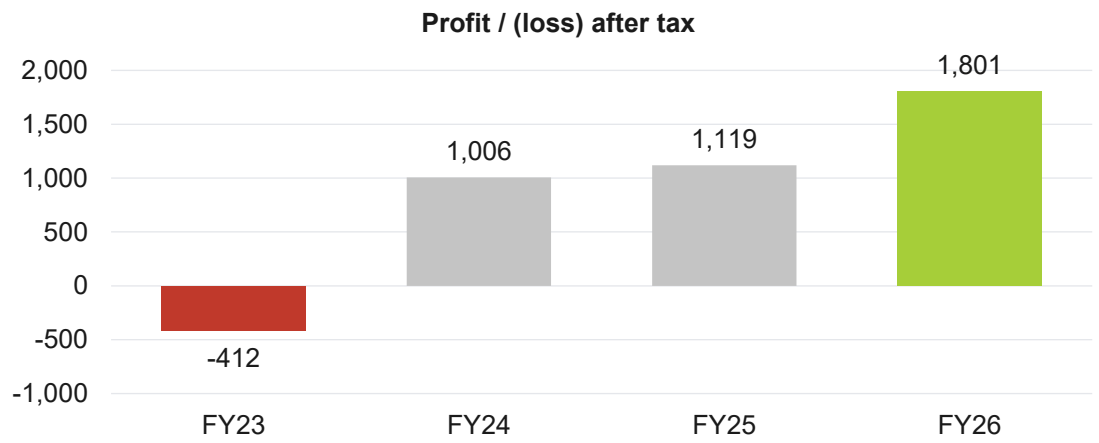


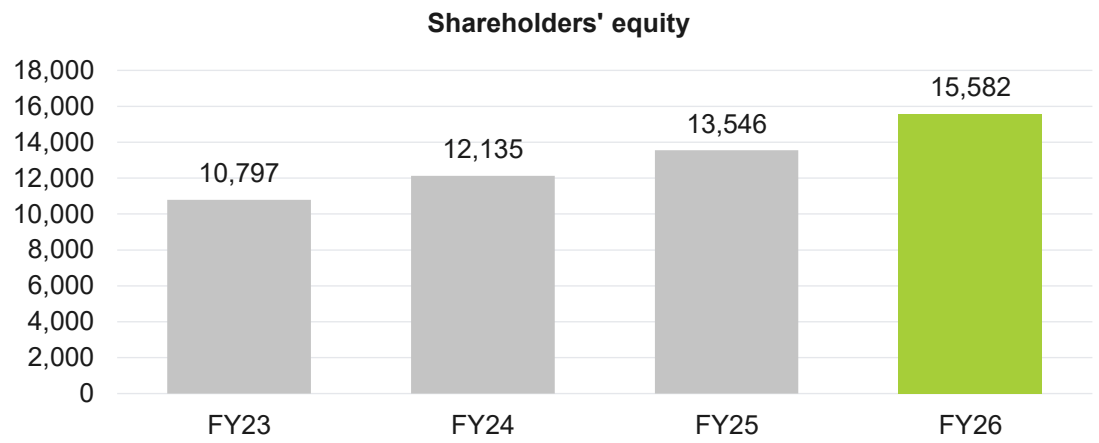
PKR MILLION, FY 2023-24 TO FY 2025-26

Financial Trends









Material Variations: Profit and Loss

PKR million	FY26	FY25	Change	Main reason
Net sales	28,650.1	27,411.5	+4.5%	Export sales up 58.7% and processing income up 41.5%; spinning external sales up 24.6%, weaving down 8.7%.
Gross profit	2,812.0	2,287.0	+23.0%	Cost of sales grew 2.8%, slower than revenue, on better raw material procurement and lower energy cost from alternative sources (solar).
Administrative expenses	366.4	304.0	+20.5%	Higher employee and benefit costs and continued CSR expenses.
Other operating expenses	237.0	159.8	+48.3%	Higher WPPF/WWF on higher profit; provisions for slow-moving stores (28.9 M) and credit losses (11.5 M).
Other operating income	594.6	645.3	-7.9%	Lower gains on disposal of investments and fixed assets, partly offset by higher dividend income.
Finance costs	126.2	189.9	-33.5%	Easing interest rates and lower average borrowings.
Levy and taxation	614.9	891.9	-31.1%	Lower levy (23.3 M vs 131.6 M) and lower taxation.
Profit after taxation	**1,801.0**	**1,118.7**	+61.0%	**Margin improvement, lower finance cost and lower tax charge.**

Green = favourable to profit; **red** = unfavourable to profit.

Material Variations: Balance Sheet and Cash Flow

PKR million	FY26	FY25	Change	Main reason
Stock-in-trade	5,170.3	7,389.6	**-30.0%**	Raw material inventory reduced to 2,106 M from 3,779 M.
Other receivables	92.9	968.2	**-90.4%**	Sales tax refundable reduced to 79.9 M from 911.0 M.
Short term investments	5,068.5	1,238.6	**+309.2%**	Surplus cash deployed, mainly in mutual funds (3,366 M vs 111 M).
Long term investments	2,091.9	1,365.0	**+53.3%**	New investments and fair value gains through OCI (479 M).
Short term financing	145.4	1,164.7	**-87.5%**	Net repayment of short-term borrowings of 1,019 M.
Long term financing	1,866.5	2,470.7	**-24.5%**	Scheduled repayments of 729 M.
Trade and other payables	4,675.8	3,836.4	**+21.9%**	Higher trade and other payables at year end.
Operating cash flow	**5,911.5**	**(324.3)**	**n.m.**	**Release of working capital, mainly lower inventory and sales tax refunds.**

WHAT POWERS OUR TOP LINE

Key Revenue Drivers

01

Integrated operations

Spinning feeds weaving, supporting consistent quality and efficient production planning.

02

Product range and quality

100% cotton cdd, combed & and fabric in a variety of constructions.

03

Export growth

Export sales rose 58.7% to PKR 1,515 M, led by Portugal, Spain and Italy.

04

Customer relationships

A large, diversified customer base across domestic and international markets.

05

Cost efficiency

Better raw material procurement and lower energy cost from alternative sources

06

High utilisation

Spinning utilisation of 95.4% and weaving utilisation of 91.9%.

Key Business Risks

RISK	DESCRIPTION	MITIGATION
Strategic	Utility prices and energy mix, financial charges, and domestic and international demand; competition from imported yarn and greige fabric.	Continuous monitoring by management and the Risk Management & Sustainability Committee; captive and solar power.
Operational	Raw material availability and cotton prices; production or supply disruptions.	Local and international sourcing; business continuity and disaster recovery plans; self-sufficient power generation.
Financial	Exchange rate movements, interest rates, credit and liquidity risk.	Available risk management tools and strict financial discipline; reduced borrowings (debt : equity 16:84).
Compliance	Changes in laws, regulations, taxation and trade policy; litigation.	Transparent reporting framework; strong compliance culture; specialised legal advisers.

LOOKING AHEAD

Outlook

Regulation and competition

Management expects the operating environment to remain shaped by regulatory and trade developments and by competition from imported yarn and greige fabric.

Energy costs

Energy costs, including gas for captive power generation, will remain an important factor in the cost structure, as grid electricity is costly and not available to fully meet the Company's requirements.

Cotton supply

Cotton availability and prices will depend on domestic crop conditions and international market trends; the Company is sourcing from both local and international markets.

Our focus

The Company will focus on operational efficiency, cost optimisation, prudent financial management, product quality and technology, and intends to move downstream for greater value addition. Stakeholders will be informed when the Company is ready to implement this.

Questions Received in Advance

Questions submitted before the session through (web link / email), with management's responses.

QUESTIONS & ANSWERS

Thank you

INVESTOR QUERIES

corp.info@suraj.com

+92-42-35760379