# Annual Report
# 2024

Sapphire
Textile Mills


## Sapphire Textile Mills Limited: Crafting a Sustainable Future

At Sapphire Textile Mills Limited, sustainability is not just a commitment; it's woven into the very fabric of everything we do. As one of Pakistan's largest vertically integrated textile manufacturers, we seamlessly blend innovation, craftsmanship, and responsibility to deliver high-quality products that make a positive impact on both people and the planet.

Our journey is defined by more than just textiles. We are dedicated to advancing sustainability, from sourcing eco-friendly materials to implementing cutting-edge technologies. Every thread we produce tells a story of responsible manufacturing, mindful of our environmental footprint and focused on creating lasting value.

At Sapphire, we believe that trending textile manufacturing and sustainability can—and must—coexist. By investing in the well-being of our people, protecting natural resources, and driving forward-thinking innovations, we are crafting a future where textiles are as vibrant as they are sustainable. Join us as we continue this journey, creating products that not only enrich lives but also safeguard the world we all share.

Welcome to Sapphire Textile Mills Limited, where sustainability, innovation, and integrity come together to shape a brighter future.

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# COMPANY INFORMATION

## BOARD OF DIRECTORS
Mr. Mohammad Abdullah ........................ Chairman
Mr. Nadeem Abdullah ......................Chief Executive
Mr. Shahid Abdullah
Mr. Amer Abdullah
Mr. Yousuf Abdullah
Mr. Nabeel Abdullah
Mr. Umer Abdullah
Mr. Mirza Saleem Baig
Mr. Shahid Shafiq
Ms. Mashmooma Zehra Majeed

## AUDIT COMMITTEE
Mr. Shahid Shafiq .................................. Chairman
Mr. Amer Abdullah .................................... Member
Mr. Yousuf Abdullah .................................. Member
Mr. Mirza Saleem Baig ............................... Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE
Ms. Mashmooma Zehra Majeed ...........Chairperson
Mr. Nadeem Abdullah ................................ Member
Mr. Nabeel Abdullah ................................. Member
Mr. Umer Abdullah ..................................... Member
Mr. Shahid Shafiq ..................................... Member

## SHARES REGISTRAR
Hameed Majeed Associates (Pvt.) Ltd.

## CHIEF FINANCIAL OFFICER
Mr. Abdul Sattar

## TAX CONSULTANTS
Yousuf Adil
Chartered Accountants

## COMPANY SECRETARY
Mr. Zeeshan

## AUDITORS
ShineWing Hameed Chaudhri & Company
Chartered Accountants

## LEGAL ADVISOR
A. K. Brohi & Company

## BANKERS
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib metropolitan Bank Limited
Industrial and Commercial Bank of China
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Limited

## MILLS

**Spinning Units**
A-17, SITE, Kotri.
A-84, SITE Area, Nooriabad.
63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur.
1.5-KM, Warburton Road, Feroze Wattoan, Sheikhupura.

**Weaving Unit, Yarn Dyeing Unit, Printing & Processing Unit, Home Textile and Stitching Unit**
2-KM, Warburtan Road, Feroze Wattoan, Sheikhupura.

**Stitching Unit**
1.5-KM, Off. Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.

## REGISTERED OFFICE
212, Cotton Exchange Building
I. I. Chundrigar Road, Karachi.
Tel: +92 21 111 000 100

www.sapphire.com.pk/stml

# VISION & MISSION STATEMENT

## OUR VISION

To be one of the premier textile Company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business, our customer and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning and the fostering of framework and security of the safest work environment possible recognized as excellent citizen in the local and regional community through our financial and human resources support and our senility to the environment.

# OUR MISSION

Our mission is to be recognized as premier supplier to the markets we serve by providing quality yarns, fabric and other textile products to satisfy the needs of our customer.

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates.

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

# SAPPHIRE TEXTILE MILLS LIMITED
## AND ITS SUBSIDIARIES


Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics.

Sapphire Textile Mills Limited is part of Sapphire Group. Sapphire Textile Mills Limited being holding company has 11 subsidiaries out of which 8 are wholly owned subsidiries.

1. Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November 2015 – the project is operating following best industry practices and is yielding satisfactory results.

2. Sapphire Retail Limited

Sapphire Retail Limited ('the Company') was incorporated in Pakistan as a public company (limited by shares) under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on June 11, 2014. The Company is a wholly owned subsidiary of a listed company; Sapphire Textile Mills Limited ('the holding company'), and its registered office is situated at 7 A/K Main Boulevard, Gulberg II, Lahore. The Company is principally engaged in carrying out a business of trading of textile products that includes buying, selling, import and export of textile products and processing of textile goods and other allied products. Company operates through retails outlets in Pakistan and e-stores.

3. Triconboston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is 57.125% owned by Sapphire Textile Mills Limited. The company was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir. All the three projects have successfully commenced commercial operation in September, 2018.

4. Sapphire International ApS

Sapphire International APS is wholly owned subsidiary of Sapphire Textile Mills Limited and a limited liability Company incorporated in Denmark formed to strengthen exports.

5. **Designtex SMC-Private Limited**

Designtex SMC-Private Limited (the company) was incorporated as SMC Private Company limited by shares under Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is manufacturing of textile and ancillary products.

6. **Sapphire Real Estate (Private) Limited**

Sapphire Real Estate (Private) Limited is a wholly owned subsidiary and formed for the purpose of investment in real estate projects.

7. **Sapphire Chemicals (Private) Limited**

Sapphire Chemicals (Private) Limited is a wholly owned subsidiary company and formed for the purpose of manufacture and sale of chemical products. The company is in process of discussions with machinery suppliers and financial institutions to setup soda ash manufacturing facility with capacity of 220,000 tons per annum.

8. **Sapphire Green Energy (Private) Limited**

Sapphire Green Energy (Private) Limited a wholly owned subsidiary has been incorporated during the year 2023 with the purpose to make investment in Renewable Energy Projects.

9. **Sapphire Retail International Limited**

Sapphire Retail International Limited a wholly owned subsidiary has been incorporated during the current year with the purpose of textile retail operations in United Kingdom.

10. **Sapphire Retail Trading One Person Company L.L.C**

Sapphire Retail Trading One Person Company L.L.C a wholly owned subsidiary has been incorporated during the current year with the purpose of textile retail operations in United Arab Emirates.

11. **Creek Properties (Private) Limited**

Creek Properties (Private) Limited (the company) was incorporated as a private limited Company under Companies Act, 2017. Sapphire Real Estate (Private) Limited holds 65% shareholding of the company which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

# DIRECTORS' PROFILE

### MIAN MOHAMMAD ABDULLAH
(CHAIRMAN)

Mian Mohammad Abdullah, a leading and experienced industrialist of Pakistan is the chairman and founder of Sapphire Group of Companies. He has significant experience of working in different business environments and possesses wide experience of business establishment. At present group has stakes in Textile, Power, Dairy and Retail and is a prominent private sector employer.

Mian Abdullah is an active philanthropist and has served on Board of various philanthropic organizations. He has twice been bestowed with Pakistan's top civilian award, Sitara-e-Imtiaz in recognition of his contribution towards business.

### MR. NADEEM ABDULLAH
(CHIEF EXECUTIVE OFFICER)

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 20 years and is also a director in other group companies. He graduated from McGill University Canada. He is serving as Chief Executive Officer of company's subsidiaries in the renewable energy segment.

As Chief Executive Officer of the company, Mr. Nadeem contributed to Company's growth in terms of diversification in the value-added segment including retail and renewable energy. He has vast experience of business establishment and management. He led the business growth of the organization, introduced new product lines and managed the development of many value-added products. He was involved in the development of the group's textile operations, which provided him an in-depth understanding of the business. Mr. Nadeem has expertise in multiple disciplines including sales and marketing, supply chain management, product development and management etc.

### MR. SHAHID ABDULLAH

Mr. Shahid Abdullah has been associated with Sapphire Group since 1980. Being a director of various companies of Sapphire Group, he has to plan and forecast for both long and short-term positions. He introduced new lines in the textile business like knitting, cone dyeing, fabric dyeing and finishing. He has achieved considerable experience of spinning, weaving, knitting, dyeing, finishing and power generation. He has experience and is competent in business dealings, especially for procurement of plant and machinery, raw material and other assets. He is well-versed in sales promotion and has successfully created goodwill for Sapphire products in local as well as in export markets. He holds a bachelor's degree in commerce from University of Karachi. He is serving as Chief Executive Officer of Sapphire Fibres limited and Sapphire Electric Company Limited.

# DIRECTORS' PROFILE

### MR. AMER ABDULLAH

Mr. Amer Abdullah has a Master in Business Administration degree from the U.S. He joined the group at a young age and was appointed as director in 1990 in various group companies. He has undertaken various textile expansion projects and has diversified the dairy business. He is experienced in business dealings especially for procurement of plant and machinery, raw material and other assets. He has rich experience of sales promotion and has successfully added goodwill for Sapphire products in domestic as well as in export markets. He is serving as Chief Executive Officer of Diamond Fabrics Limited and Sapphire Dairies (Private) Limited.

### MR. YOUSUF ABDULLAH

Mr. Yousuf Abdullah has a Master in Business Administration degree from the UK. He is the Chief Executive Officer of Sapphire Finishing Mills Limited and is also on the board of other group business. He became Director in various companies of Sapphire Group in 1995. His vision was instrumental in introducing new lines in the textile businesses. Having considerable experience in sales promotion, he added remarkable goodwill of Sapphire products in local as well as international markets.

### MR. NABEEL ABDULLAH

Mr. Nabeel Abdullah has done his Bachelor of Science in Economics from the London School of Economics. He has also undertaken numerous professional courses from the Lahore University of Management Sciences. Before joining the Sapphire Group, he also interned at Citi, in their Commercial Bank, in London for 3 months. He with experience of textile manufacturer diversify business in to retailing which has paid off for the group and is enjoying impressive growth. Mr. Nabeel is the Chief Executive Officer of Sapphire Retail Limited and is currently overseeing raw material procurement, sales, production, accounts and finance of Sapphire Textile Mills Ltd.

## MR. UMER ABDULLAH

Mr. Umer Abdullah has done his Bachelor of Science in Economics from the University of Toronto. Before joining Sapphire Group, he interned at RBC capital markets, UHN and Akhuwat Foundation. He joined Sapphire in January 2018 and after rotating in various functions of the businesses he is now looking after the Home Textiles business and has ambitious plans to grow it.

## MR. MIRZA SALEEM BAIG

Mr. Mirza Saleem Baig is a seasoned banker and prominent financial professional. His professional experience in banking spans over three decades, including senior management positions in local and international banks. He has in-depth knowledge and expertise in Islamic, commercial, retail, consumer, and SME banking.

Mr. Mirza's key experiences included as head of Islamic and commercial banking at Habib Bank Limited, country manager at Mashreq Bank, head of personal banking & country risk manager at Standard Chartered Bank, Vice President at Banker's Equity Limited & Deputy manager at Real Estate Management Corporation.

He had done his MBA from the Institute of Business Administration, Karachi, an MS from the University of Nebraska-Lincoln, USA, and a BE from NED University of Engineering & Technology, Karachi. He is also serving on the board of Boost (Private) Limited, a fintech start-up company.

Outside his career, his engagements were:

Co-Chairman, of Pakistan Banks Association's subcommittee on SMEs, Member of a Technical Committee on Credit Guarantee, State Bank of Pakistan, Member of a Subcommittee of the Government of Pakistan's Task Force on SMEs, and Member of a Board of Governors, Pakistan Society for Training & Development. He was also a member of visiting faculty of IBA and NED Universities and was responsible for the course titled project management systems.

# DIRECTORS' PROFILE

### MR. SHAHID SHAFIQ

Mr. Shahid Shafiq has an MBA from the Institute of Business Administration (IBA), Karachi with a major in Accounting & Finance. He was awarded 2 Gold Medals at the IBA.

He was the Chief Executive Officer of a textile mill, and has served as the Vice Chairman of APTMA (Sind Zone) and a Member of its Central Managing Committee for a number of terms; and as the Vice Chairman of the Karachi Cotton Association (KCA) and as a Member of the KCA Board for multiple terms. He has served as a Member of the Board of the Privatisation Commission of Pakistan.

Owing to his abiding interest in the field of education, he is a Member of the Board of Governors of the IBA, the Chairman of its Audit & Finance Committee, and a Member of its Selection Board. He is a Member of the Board of Governors of the Textile University of Pakistan (TIP). Earlier, he was appointed by the President of Pakistan as a Member of the Syndicate of the Quaid-i-Azam University, Islamabad, and as the Chairman of a Search Committee to appoint a Vice-Chancellor of a Federal University.

He also volunteers on the Boards of a welfare Hospital and a School in Karachi.

### MS. MASHMOOMA ZEHRA MAJEED

Ms. Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of over 23 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 21 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd., as Management & Financial Consultant.

Currently, Ms. Majeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012.

She is on the Board of Atlas Honda Limited from March 13, 2020. She has previously served on the Board of Honda Atlas Cars (Pakistan) Limited from July 1, 2017 to March 13, 2020.

# **REVIEW REPORT**
# BY THE CHAIRMAN

## Governance

The governance framework established by Sapphire Textile Mills Limited is pivotal for ensuring corporate success and fostering confidence among stakeholders. Our governance structure has been meticulously crafted to align with the legal and regulatory requirements, thereby addressing the informational needs of our stakeholders effectively. This framework is anchored in the laws of Pakistan, particularly the Companies Act of 2017 and the Code of Corporate Governance, alongside other statutory and regulatory obligations pertinent to entities listed on the Pakistan Stock Exchange. To uphold compliance with these laws, the company has assembled a proficient and dedicated team, implementing a comprehensive code of conduct, a whistleblowing policy, and a code of business ethics, among other essential measures.

The financial year concluding on June 30, 2024, has seen the Board's performance and effectiveness rated as satisfactory. This assessment is derived from a thorough evaluation of key elements such as the organization's vision, mission, and values; involvement in strategic planning; policy formulation; oversight of business operations; management of financial resources; equitable treatment of employees; and the overall efficiency in executing the Board's responsibilities.

## Economic Front

The economic landscape for the financial year 2023-24 has been characterized by persistent challenges, including elevated inflation rates, increased taxation and high borrowing costs. Despite these hurdles, the implementation of tighter monetary and fiscal policies, coupled with record agricultural output and a stable currency, has contributed to the current inflation levels. Additionally, the government is showing a willingness to lower the policy rate, which may facilitate a gradual recovery in economic activity.

The constant increase in the cost of production is a challenge for the industry. Management is focused on building strategic alliances in the export market and developing innovative products to achieve sustainable profitability. The Company's investment portfolio is also expected to contribute positively in profitability.

## Acknowledgments:

On behalf of the board of directors, I extend my heartfelt gratitude to our shareholders, customers, and employees for their continued trust and support. I also acknowledge the commitment and diligence of the board of directors for their steadfast leadership and valuable contributions to the company's continued growth.

Mohammad Abdullah
Chairman

Lahore
26th September 2024

# DIRECTORS' REPORT
## TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2024.

**Financial Review**

The Summary of key financial numbers are presented below:

| | 2024 | 2023 |
|---|---|---|
| | ---- Rs. In 000' ---- | |
| Net turnover | **82,399,262** | 72,837,269 |
| Gross Profit | **11,062,973** | 10,369,684 |
| Profit from Operations | **13,240,037** | 9,384,894 |
| Other Income | **5,895,060** | 2,453,961 |
| Finance cost | **(6,395,038)** | (4,683,561) |
| Profit before taxation | **6,844,998** | 4,701,333 |
| Profit after taxation | **5,173,737** | 3,291,173 |

The company's net turnover increased to Rs.82.399 billion from Rs.72.837 billion. Turnover increased due to increase in sales volume of value added products and increase in selling prices. The Gross profit as a percentage of sales remain 13.43% in comparison of 14.24% during the corresponding year. Cost pressures, particularly energy cost put pressure on the gross profit margin. The finance cost during the year increased to Rs. 6.395 billion from Rs. 4.684 billion in the corresponding year. The company's finance cost increased significantly due to substantially high markup rates.

Profit after tax increased to Rs. 5.173 billion from Rs. 3.291 billion in the corresponding year. During the year healthy dividends from company's investments contribute in current year profit.

### Appropriation of Profit

| | Rs. In 000' |
|---|---|
| Profit Before Taxation | 6,844,998 |
| Less: Taxation | (1,671,261) |
| Profit after taxation | 5,173,737 |
| Actuarial loss on remeasurement of staff retirement benefits - net of deferred tax | (60,935) |
| Loss on sales of equity instrument at fair value | (1,306,133) |
| Add: Unappropriated profit brought forward | 29,412,164 |
| | 33,218,833 |
| **Appropriations** | |
| Final dividend for the year ended June 30, 2023 (100% i.e. Rs.10 per share) | (216,898) |
| Unappropriated Profit carried forward | 33,001,935 |
| **Subsequent effects** | |
| Final dividend for the year ended June 30, 2024 (100% i.e. Rs.10 per share) | (216,898) |
| Transfer of unappropriated profit to capital reserve against capacity expansions and long term investments | (29,400,000) |
| Unappropriated Profit Carried Forward | 3,385,037 |


## Earnings per Share

The earnings per share for the year ended June 30, 2024 is Rs.238.53 as compared to Rs.151.74 for last year ended June 30, 2023.

## Subsequent Events

### Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 100% i.e. Rs.10 per share for the year ended June 30, 2024.(June 30, 2023: 100%).

### Transfer to Reserves

The Board of Directors of the company has approved the creation of a reserve against capacity expansions and long term investments by transferring an amount of Rs.30.730 billion from general reserve and unappropriated profit to this reserve. The financial statements for the year ended 30 June 2024, do not include the effect of this allocation, which will be accounted for in the unconsolidated financial statements for the year ending 30 June 2025.

## Future Prospects

Textile sector is under pressure due to international recession. Additionally due to high cost of production in Pakistan our products are facing severe competition in the international market. Recent budgetary measures such as withdrawal of zero rating on local supplies under the Export Facilitation scheme (EFS), enhanced income tax withholding against exports and change in taxation regime from final tax to normal tax will further impacts competitiveness of industry. However, recent monetary easing by State Bank of Pakistan will help to ease cost pressure.

Management is optimistic to achieve sustainable profitability in current competitive environment due to its diversified business operations.

## Subsidiaries of Sapphire Textile Mills Limited

The Company owns eleven subsidiaries out of which eight are 100% owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Wind Power Company Limited

   The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November 2015 – the project is operating following best industry practices and is yielding satisfactory results.

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10. Sapphire Retail Trading One Person Company L.L.C

Sapphire Retail Trading One Person Company L.L.C a wholly owned subsidiary has been incorporated during the current year with the purpose of textile retail operations in United Arab Emirates.

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Creek Properties (Private) Limited (the company) was incorporated as a private limited Company under Companies Act, 2017. Sapphire Real Estate (Private) Limited holds 65% shareholding of the company which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

### Subsidiary formed subsequent to year end

Subsequent to year end the Company has formed wholly owned subsidiary "Sapphire Retail US Corporation" in United State of America for the purpose of textile retail operations.

## Board of Directors

The Board comprises of three (3) executive directors, four (4) non-executive directors and three (3) independent directors.

During the year four (4) meetings of the Board of Directors were held. The number of meetings attended by each Director is given here under:

| Name | Category | No of Meetings |
|---|---|---|
| Mr. Nadeem Abdullah | Executive Director | 4 |
| Mr. Nabeel Abdullah | Executive Director | 3 |
| Mr. Umer Abdullah | Executive Director | 4 |
| Mr. Mohammad Abdullah | Non- Executive Director | 4 |
| Mr. Shahid Abdullah | Non- Executive Director | 4 |
| Mr. Amer Abdullah | Non- Executive Director | 4 |
| Mr. Yousuf Abdullah | Non- Executive Director | 3 |
| Mr. Shahid Shafiq | Independent Director | 4 |
| Ms. Mashmooma Zehra Majeed | Independent Director | 3 |
| Mr. Mirza Saleem Baig | Independent Director | 4 |

## Audit Committee

The Audit Committee held four (4) meetings during the year. Attendance by each member were as follows:

| Name | No of Meetings |
|---|---|
| Mr. Mirza Saleem Baig | 4 |
| Mr. Amer Abdullah | 4 |
| Mr. Yousuf Abdullah | 3 |
| Mr. Shahid Shafiq | 4 |

## Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee held one (1) meeting during the year. Attendance by each member were as follows:

| Name | No of Meetings |
|---|---|
| Ms. Mashmooma Zehra Majeed | 1 |
| Mr. Nadeem Abdullah | 1 |
| Mr. Nabeel Abdullah | 1 |
| Mr. Umer Abdullah | 1 |
| Mr. Shahid Shafiq | 1 |

## Directors Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non- executive directors and independent directors are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No.43 to the financial statements.

## Statement on Corporate and Financial Reporting Frame Work

The Board of Directors periodically reviews the company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintaining a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

b) The company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.

f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.

g) There are no doubts about the company's ability to continue as a going concern.

h) There has been no material departure from the best practice of Corporate Governance.

i) A summary of key operating and financial data of the Company are annexed.

j) The Company is operating Employees' Provident Fund for its eligible employees. The value of investment of the fund as on June 30, 2024 is Rs.795 million.

k) Following transfer in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children.

| | |
|---|---|
| Mr. Muhammad Abdullah received shares as a gift from Mr. Mohammad Younus | 21,865 |
| Mr. Amer Abdullah received shares as a gift from Mrs. Shamshad Begum | 7,791 |
| Mr. Nadeem Abdullah received shares as a gift from Mrs. Shamshad Begum | 7,791 |
| Shares gifted by Mrs. Shamshad Begum to her sons and grandsons | 31,164 |

## Code of Conduct

The Code of Conduct has been communicated and acknowledged by each director and employee of the company.

## Related Party Transactions

The company is fully complied with the best practices on transfer pricing as contained in the listing regulation of the Stock Exchange of Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 44 to unconsolidated financial statements attached therein.

Details of pertinent related party transactions are placed before the Audit Committee and upon recommendation of the Board Audit Committee, the same are placed before the Board of Directors for review and approval in accordance with regulatory requirements.

## Corporate Social Responsibility

The company strongly believes in its responsibility towards community at large and has taken various steps in the area of education, health and the natural environment.

The company is an active participant of United Nations Global Compact Program. We are working in line with 2030 vision of United Nations by following global Sustainable Development Goals (SDGs).We are committed to forging partnerships that align with the principles of the United Nations Global Compact (UNGC). This commitment extends to our dedication to achieving Net Zero emissions, in harmony with our responsibility to contribute to the United Nations Sustainable Development Goals (UNSDGs). Through these partnerships, we aim to combine our strengths and resources with like-minded organizations to collectively address the challenges of climate change and sustainable development, making a positive impact on both our company and the global community.

During the year, company made generous donations for health, education and social welfare projects as reported in Note no.37 to the financial statement.

## Auditors

The present Auditors, M/s. Shinewing Hameed Chaudhri, Chartered Accountants will retire in Annual General Meeting and being eligible, have offered themselves for reappointment. The Board of Directors on recommendation of Audit Committee, proposes the appointment of M/s. Shinewing Hameed Chaudhri, Chartered Accountants, as external auditor of the Company for the year ending June 30, 2025.

## Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2024 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

## Board Evaluation

The Board of Directors has put in place an effective mechanism to review its performance on self assessment basis. The Board duly provides valuable guidance and ensures effective corporate governance.

## Acknowledgment

The Management would like to place on record its appreciation for the support of Board of Directors, regulatory authorities, shareholders, customers, financial institutions, suppliers and dedication and hard work of the Staff and Workers.

On behalf of the Board

**NADEEM ABDULLAH**
CHIEF EXECUTIVE
Lahore
September 26, 2024

**MOHAMMAD ABDULLAH**
CHAIRMAN / DIRECTOR

# CORPORATE SOCIAL RESPONSIBILITY

## Innovating Together for Sustainable Textiles

# PURPOSE

**Together, we will inspire**
and impact the
world with innovative,
high-quality and
responsibly-produced
textile solutions.

# SUSTAINABILITY AT SAPPHIRE

At Sapphire Textile Mills, sustainability drives our business strategy and operations. We recognize that modern success goes beyond economic growth, requiring equitable and inclusive development. To meet the challenges of today and tomorrow, we have prioritized sustainability across three key areas: Materials, Process, and People. These pillars guide our efforts to align with global goals and ensure we play a significant role in building a more sustainable future.

1. **Materials: Sustainable Sourcing and Innovation**
   We are committed to sourcing materials responsibly and reducing the environmental impact of our operations. Sapphire Textile focuses on sustainability in every aspect of material usage, from cotton farming to recycling initiatives

**Current Achievements:**

- Through our partnerships with WWF-Pakistan, we have launched projects in organic and regenerative cotton farming across thousands of acres, improving environmental outcomes and strengthening community livelihoods.
- In 2024, we incorporated recycled materials, reducing waste and advancing circularity efforts.

**Future Aspirations:**

- Expand sustainable sourcing efforts to enhance traceability and transparency throughout the supply chain.
- Further scale circularity initiatives to ensure material reuse, reducing reliance on virgin resources and minimizing waste.

2. Process: Efficiency and Renewable Energy

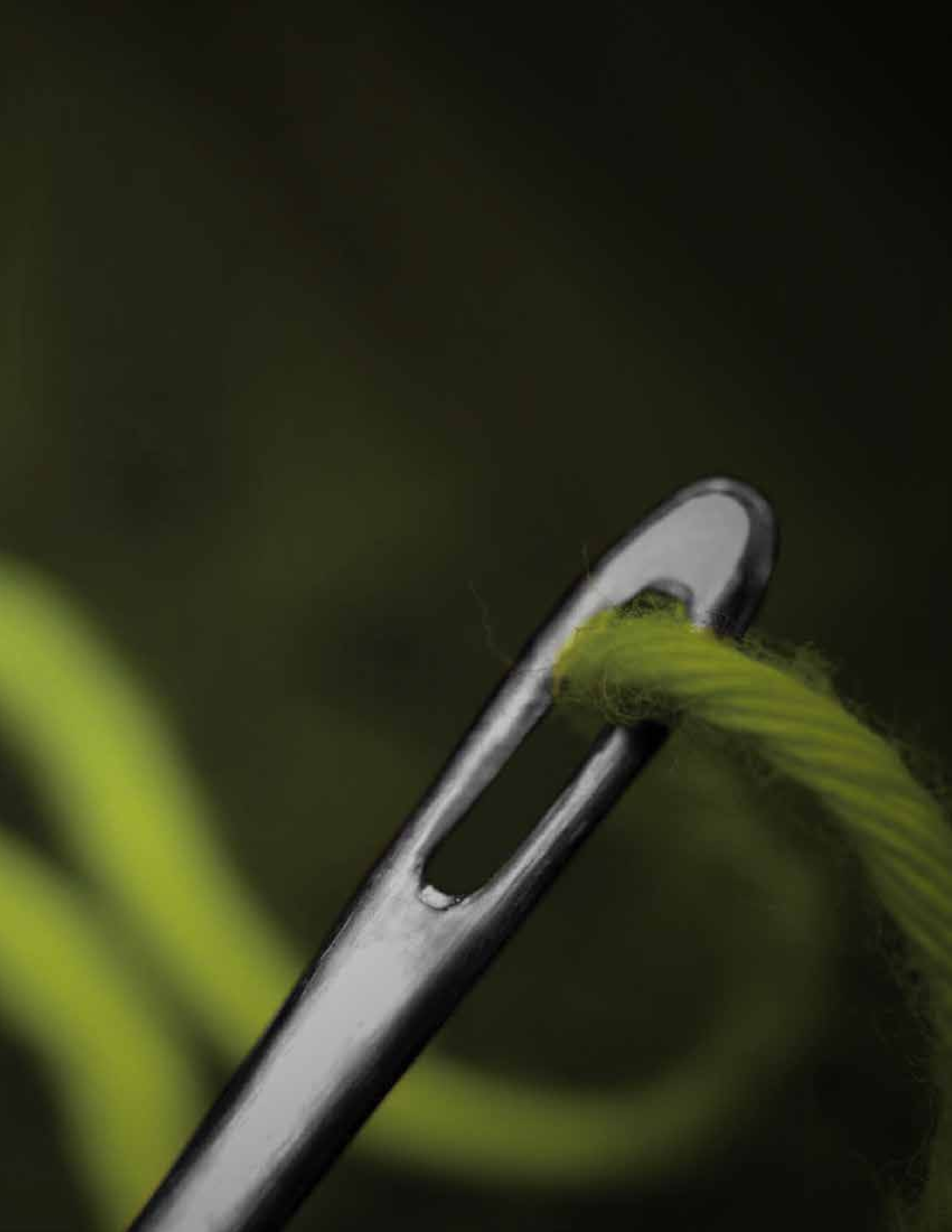
Sapphire Textile is committed to improving operational efficiency and reducing our carbon footprint through innovation and renewable energy solutions. We are dedicated to making our processes sustainable by integrating eco-friendly technologies.

Current Achievements:

- Our facilities are powered by a combination of a 17MW solar plant and biomass energy systems, significantly reducing our reliance on fossil fuels.
- The LEED Platinum certification for our stitching unit highlights our leadership in energy efficiency and sustainable building design.

Future Aspirations:

- Increase renewable energy capacity across all sites to meet global emissions reduction targets.
- Expand water conservation measures through advanced recycling systems and improved process optimization.



## 3. People: Empowerment and Inclusion

Our people are at the heart of our business. We uphold the highest standards in labor practices and are dedicated to creating a workplace that supports employee well-being and community development. Sapphire Textiles is committed to upholding human and labor rights based on the 1973 Constitution of Pakistan and the UN Universal Declaration of Human Rights, reflected in its 2021 COC revision.

| Key Commitments |
|---|
| Respect for life and security |
| Dignity and equality |
| Right to essential services (education, healthcare, information) |
| Freedom of expression |
| Economic freedom |
| Cultural and religious freedom |
| Non-discrimination across all statuses |

### Current Achievements:

- We adhere to ethical labor practices, including compliance with the Punjab Restriction on Child Labor Act and the UN Global Compact principles.
- Our Gender Balance Strategy 2025 & 2030 aims to close the gender pay gap, provide mentorship, and foster an inclusive culture through training and awareness programs.

- Future Aspirations:

- Strengthen educational and capacity-building programs to empower communities and workers in line with SDG 4 (Quality Education).

- Continue advancing gender equality and diversity, striving for an inclusive workforce with equal opportunities for all.
- Relevant SDGs:

## Life at Sapphire

- At Sapphire Textiles, we foster a vibrant and inclusive culture through various employee engagement events like Women's Day celebrations, Pinktober, Vitality Week, Cricket Gala, Blood Donation Drives, and Independence Day festivities, promoting well-being and community spirit.


1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

# CERTIFICATIONS & PARTNERSHIPS

Sapphire Textile Mills has a long-standing commitment to exceeding industry standards. We actively pursue certifications from leading organizations that recognize our dedication to ethical and sustainable practices. These rigorous certifications require us to meet stringent criteria in areas such as labor practices, health and safety, human rights, and environmental responsibility. We view achieving these certifications not simply as a mark of achievement, but as a fundamental reflection of our core values.

This commitment to external validation underscores our dedication to continuous improvement. By adhering to the high standards set by these certifications, we ensure that our practices are not only aligned with best practices but also demonstrably meet the expectations of our stakeholders around the world.

By going beyond simply listing certifications, this section highlights our proactive approach. We actively seek out these certifications, demonstrating that our commitment to ethical and sustainable practices is not merely a response to external demands, but a reflection of our core values. Furthermore, achieving these certifications is not a one-time accomplishment, but a springboard for continuous improvement. Ultimately, these certifications serve as a powerful symbol of o ur commitment to meeting the expectations of our global stakeholders.

# RAW MATERIALS: SUSTAINABLE SOURCING

At Sapphire Textiles, we embrace a comprehensive range of premium sustainable materials sourced globally.

# PARTNERSHIPS

## Complying with leading Environmental & Ethical/Social certifications of textile industry

### ENVIRONMENTAL

## SOCIAL/ETHICAL

# SAPPHIRE ACTION AGENDA

Sapphire Action Agenda aligns with the Sustainable Development Goals (SDGs) to ensure that our efforts in Materials, Processes, and People not only meet the demands of today but build a sustainable foundation for the future. We continue to innovate, empower, and collaborate, driving positive change for the environment, our communities, and the textile industry.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 56th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Monday, 28th October, 2024 at 03.00 p.m. at Trading Hall, situated at Cotton Exchange Building, I. I Chundrigar Road, Karachi to transact the following business:

## ORDINARY BUSINESS

1. To confirm minutes of the last General Meeting.

2. To receive, consider and adopt the Audited Financial Statements together with the Chairman's, Directors', and Auditors' Reports for the year ended 30th June, 2024.

   In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements have been uploaded on the website of the Company which can be downloaded from the following weblink and QR enabled code:

   http://www.sapphire.com.pk/stml/annualreports.htm

3. To approve the final Dividend for the year ended 30th June, 2024 as recommended by the Board of Directors.

4. To appoint auditors for the year ending 30th June 2025 and fix their remuneration. The present auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS:

5. To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.

(i) **RESOLVED THAT** the related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2024, be and are hereby ratified, approved, and confirmed.

(ii) **RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2025.

**FURTHER RESOLVED** those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

Any other Business:

6. Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017, and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed.

By Order of the Board

Karachi
26th September, 2024

Zeeshan
Company Secretary

## Note:

1) The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 22nd October, 2024 to 28th October, 2024 (both days inclusive). Transfers received in order, by the M/s. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 21st October, 2024, will be considered in time to entitle the transferees for payment of dividend, vote and to attend the meeting.

2) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote on his / her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

3) An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website:
www.sapphire.com.pk/stml

CDC shareholders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January, 2000 issued by Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies;

i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the above Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addressed and CNIC numbers shall be mentioned on the proxy form.

4) Any change of address of members should immediately be notified to the Company's Share Registrars, M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

5) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

Special arrangements for participating in the AGM through electronic means will be as under:

a. AGM will be held through Zoom application – a video link facility.

b. Members interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary's office by sending an e-mail with subject: "Registration for STML AGM" at the earliest but not later than 48 hours before AGM on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

Members are advised to mention their Name, Folio/CDC Account Number, CNIC Number, Valid email address and cell number.

Upon receipt of the above information from the interested members, the Company will send the login credentials at their e-mail address. On the date of AGM, members will be able to login and participate in the AGM proceedings through their smartphone/computer devices. The login facility shall be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification/ verification process.

6) The members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and immediately notify changes if any to the registrar of the company M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

7) Pursuant to Companies (Postal Ballot) Regulations 2018 read with Sections 143 to 145 of the Companies Act, 2017, members can exercise their right to vote through e-voting or postal ballot. The procedure for postal ballot and E-voting is given below.

### E-voting Procedure:

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 21 October 2024.

(b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of Hameed Majeed Associates (Private) Limited (being the e-voting service provider).

(c) The identity of the members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.

(d) E-voting lines will start on 24 October 2024, at 09:00 a.m. and shall close on 26 October 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

### Procedure for voting through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the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16
17

Chairman of the meeting through post at the below-mentioned address of office of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 26, 2024. The signature on the ballot paper shall match with the signature on CNIC.

8) Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017, Accordingly, a member having physical shares are encouraged to open a CDC sub-account with a broker or Investor Account directly with CDC to place their physical certificates into scrip less form.

9) An updated list of unclaimed dividends/shares of the Company is available on the Company's website www.sapphire.com.pk/stml. These are unclaimed dividends/shares which have remained unclaimed or unpaid for three years from the date these have become due and payable.

10) Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company M/s. Hameed Majeed Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then the Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or the physical folio of the shareholder.

11) (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

1. Persons appearing in Active Tax Payers List (ATL) 15%

2. Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

(iii) Further, according to clarification received from Federal Board of Revenue (FBR), the with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

(iv) Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of zakat. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on non-judicial stamp paper of Rs. 50.00 to the Shares Registrar, before the date of book closure.

In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

| Company Name | Folio / CDC (IAS/ SUB) Account # | Total Shares | Principal Share Holder | | Joint Shareholder(s) | |
|---|---|---|---|---|---|---|
| | | | Name and CNIC # | Share Holding Proportions (No of Shares) | Name and CNIC # | Share Holding Proportions (No of Shares) |
| | | | | | | |

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

(v) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@sapphiretextiles.com.pk and/or Hameed Majeed Associates (Private) Limited at phone: (021) 32424826 / 32469573 & email address: khi@hmaconsultants.com

(vi) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

12) The Securities and Exchange Commission of Pakistan has allowed the listed companies through SRO 389(I)/ 2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. However, any shareholder may request the company secretary in writing to provide a printed copy of annual report at their registered address free of cost, within seven (07) days of receipt of such request The shareholders who want to avail this facility may submit request form to the company share registrar The Financial Statements of the company for the year ended 30th June, 2024 along with reports have been placed on the company's website www.sapphire.com.pk/stml.

13) The Company shall provide a video conference facility to its members for attending the General Meeting at places other than the town in which the general meeting is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 07 days prior to the date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company (7) days before holding of the General Meeting:

"I/We, ___________ of ____________ being a member of Sapphire Textile Mills Limited Ltd, holder of ________ Ordinary Shares as per registered folio # __________ hereby opt for video conference facility at _____________."

____________________

Signature of Member

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

| Company / Date of Resolution | Amount of Investment approved | Amount of Investment made to date | Reason |
|---|---|---|---|
| Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26th Oct, 2015 | Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit (SBLC) in PKR equivalent up to approximately USD 10 Million in order to secure certain obligations of SWPCL. | Nil | This amount was amended in AGM held on 26th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve |
| Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017 | Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty-Four Million); | Nil | This amount was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required. |
| Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017 | Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and | Nil | This amount was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required |
| Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017 | To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Project, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee. | Nil | This amount of loan was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required |

## Material Changes in Financial Statements of Associated Company

### 1. SAPPHIRE WIND POWER COMPANY LIMITED

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir Sindh, which started Commercial operations in Nov 2015 – the project is operating following best industry practices and is yielding satisfactory results.

| Financial Results | Financial Year Ended June 30, 2024 Rupees | Financial Year Ended June 30, 2023 Rupees | Financial Year Ended June 30, 2016 Rupees |
|---|---|---|---|
| Net Sales | 6,688,207,479 | 4,136,782,386 | 1,584,896,926 |
| Gross Profit | 4,627,136,569 | 2,442,628,726 | 1,020,332,620 |
| Profit Before Tax | 5,162,095,805 | 1,662,396,844 | 678,614,077 |
| Profit After Tax | 5,141,303,981 | 1,653,669,861 | 678,235,929 |

### 2. TRICONBOSTON CONSULTING CORPORATION (PRIVATE) LIMITED

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating (3) three projects (Project A, Project B and Project C) having capacity of 49.735 MW each in Jhimpir Sindh. The Company has achieved Commercial Operations Date ('COD') on August 16, 2018, September 14, 2018 and September 11, 2018 by Project A, Project B and Project C respectively. The projects are operating following best industry practice and is yielding satisfactory results.

| Financial Results | Financial Year Ended June 30, 2024 Rupees | Financial Year Ended June 30, 2023 Rupees | Financial Year Ended June 30, 2017 Rupees |
|---|---|---|---|
| Net Sales | 20,936,160,649 | 14,510,992,988 | - |
| Gross Profit /(Loss) | 15,288,368,929 | 9,979,635,637 | (93,798,217) |
| Profit / (Loss) Before Tax | 11,771,025,852 | 6,531,575,552 | (94,039,713) |
| Profit /(Loss) After Tax | 11,455,972,112 | 6,444,026,438 | (95,055,582) |

## STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

### 1. Item relating to Number 5 (i) of the notice. Ratification and approval of the related party transactions

The Company carries out transactions with its associates and related parties in accordance with its policies, applicable laws, regulations and with approval of board of directors of the company. However, during the year since the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to the absence of requisite quorum for approval in Board of Directors meeting, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 44 to the unconsolidated financial statements for the year ended 30th June, 2024.

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business and periodically reviewed by the Board Audit Committee. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board for approval.

Transactions entered into with the related parties include but are not limited to, sale & purchase of goods, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable), donation paid, rental income and sharing of common expenses etc.

The nature of relationship with these related parties has also been indicated in the note 44 to the unconsolidated financial statements for the year ended 30th June, 2024.

2. Item relating to Number 5 (ii) of the notice. Authorization for the Board of Directors to approve the related party transactions during the year ending 30th June, 2025.

The Company shall be conducting transactions with its related parties during the year ending 30th June, 2025 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending 30th June, 2025 and such transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

# FINANCIAL HIGHLIGHTS
## FOR THE YEAR ENDED JUNE 30, 2024

| Particulars | UOM | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| **Profit & Loss** | | | | | | | |
| Sales | Rs. Million | 82,399 | 72,837 | 61,373 | 38,471 | 34,030 | 34,253 |
| Gross profit | Rs. Million | 11,063 | 10,370 | 11,859 | 6,350 | 4,835 | 5,406 |
| Operating profit / EBIT | Rs. Million | 13,240 | 9,385 | 11,117 | 5,342 | 3,866 | 5,031 |
| Profit before taxation | Rs. Million | 6,845 | 4,701 | 8,458 | 3,759 | 1,309 | 2,946 |
| Profit after taxation | Rs. Million | 5,174 | 3,291 | 7,016 | 3,263 | 1,179 | 2,559 |
| Cash dividend | Rs. Million | 217 | 217 | 217 | 325 | - | 522 |
| **Balance Sheet** | | | | | | | |
| Property, plant and equipment | Rs. Million | 25,066 | 23,645 | 19,921 | 14,714 | 13,119 | 12,595 |
| Investment & Other assets | Rs. Million | 16,693 | 14,801 | 13,918 | 14,493 | 13,844 | 14,513 |
| Net current assets | Rs. Million | 12,391 | 7,840 | 8,133 | 6,470 | 4,548 | 2,041 |
| Total assets employed | Rs. Million | 54,150 | 46,286 | 41,972 | 35,677 | 31,511 | 29,149 |
| Represented By: | | | | | | | |
| Share capital | Rs. Million | 217 | 217 | 217 | 217 | 217 | 201 |
| Reserves | Rs. Million | 36,700 | 28,022 | 25,893 | 20,802 | 16,260 | 16,181 |
| Shareholders' equity | Rs. Million | 36,917 | 28,239 | 26,110 | 21,019 | 16,477 | 16,382 |
| Long term loans | Rs. Million | 16,286 | 17,233 | 15,061 | 14,321 | 14,737 | 12,257 |
| Lease Liabilities | Rs. Million | 22 | 42 | 57 | - | - | - |
| Deferred liabilities | Rs. Million | 926 | 772 | 744 | 338 | 298 | 510 |
| | Rs. Million | 54,150 | 46,286 | 41,972 | 35,677 | 31,511 | 29,149 |
| **Cash Flow Statement** | | | | | | | |
| OOperating activities | Rs. Million | 1,484 | 2,764 | (5,826) | 20 | 19 | 1,791 |
| Investing activities | Rs. Million | 677 | (3,826) | (4,219) | (1,814) | (701) | (2,185) |
| Financing activities | Rs. Million | (2,245) | 1,364 | 10,061 | 1,835 | 610 | 436 |
| Cash and cash equivalents at the end of the year | Rs. Million | 330 | 413 | 99 | 75 | 34 | 97 |

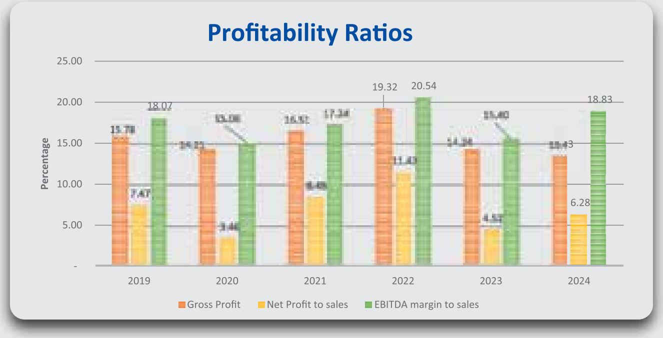
Sapphire Textile Mills

# FINANCIAL HIGHLIGHTS

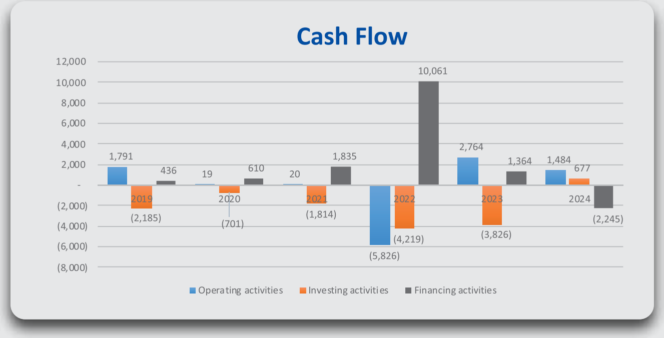
## FOR THE YEAR ENDED JUNE 30, 2024

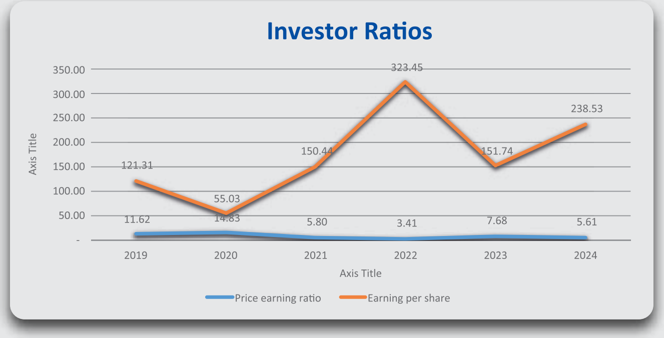
| Particulars | UOM | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| **RATIOS:** | | | | | | | |
| Profitability Ratios: | | | | | | | |
| Gross Profit to sales | Percentage | 13.43 | 14.24 | 19.32 | 16.51 | 14.21 | 15.78 |
| EBITDA to sales | Percentage | 18.83 | 15.40 | 20.54 | 17.24 | 15.06 | 18.07 |
| Net Profit to sales | Percentage | 6.28 | 4.52 | 11.43 | 8.48 | 3.46 | 7.47 |
| Return on equity | Percentage | 14.01 | 11.65 | 26.87 | 15.52 | 7.16 | 15.62 |
| Return on capital employed | Percentage | 9.55 | 7.11 | 16.71 | 9.15 | 3.74 | 8.78 |
| Liquidity Ratios: | | | | | | | |
| Current ratio | Times | 1.43 | 1.27 | 1.28 | 1.40 | 1.35 | 1.14 |
| Quick / acid test ratio | Times | 0.58 | 0.48 | 0.48 | 0.60 | 0.66 | 0.62 |
| Capital Structure ratios: | | | | | | | |
| Financial leverage ratio | Times | 0.94 | 1.30 | 1.35 | 1.20 | 1.43 | 1.35 |
| Weighted average cost of debt | Percentage | 18.36 | 12.71 | 7.55 | 6.26 | 9.34 | 8.56 |
| Debt to equity ratio | Times | 0.44 | 0.70 | 0.66 | 0.79 | 0.88 | 0.87 |
| Interest cover ratio | Times | 2.07 | 2.00 | 4.18 | 3.37 | 1.51 | 2.41 |
| Turnover ratios: | | | | | | | |
| Inventory turn over | Days | 121.69 | 134.91 | 132.80 | 123.84 | 102.47 | 81.95 |
| Inventory turn over ratio | Times | 2.92 | 2.64 | 2.68 | 2.83 | 3.38 | 4.20 |
| Debtor turnover | Days | 31.29 | 24.92 | 18.45 | 17.75 | 19.42 | 24.87 |
| Debtors turn over ratio | Times | 11.66 | 14.65 | 19.78 | 20.57 | 18.79 | 14.68 |
| Creditors turnover | Days | 15.69 | 16.39 | 14.12 | 16.22 | 13.35 | 10.93 |
| Creditors turnover ratio | Times | 23.26 | 22.27 | 25.85 | 22.50 | 27.35 | 33.38 |
| Fixed assets turn over ratio | Times | 3.38 | 3.34 | 3.54 | 2.76 | 2.65 | 2.85 |
| Total assets turn over ratio | Times | 1.04 | 1.00 | 1.00 | 0.80 | 0.77 | 0.80 |
| Operating cycle | Days | 137.29 | 143.44 | 137.14 | 125.37 | 108.55 | 95.89 |
| Investment / Market ratios: | | | | | | | |
| Earning per share | Rs. Per share | 238.53 | 151.74 | 323.45 | 150.44 | 55.03 | 121.31 |
| Price earning ratio | Times | 5.61 | 7.68 | 3.41 | 5.80 | 14.83 | 11.62 |
| Price to book ratio | Times | 0.79 | 0.90 | 0.92 | 0.90 | 1.07 | 1.82 |
| Dividend yield | Percentage | 0.7468 | 0.8579 | 0.9070 | 1.72 | - | 1.84 |
| Cash dividend per share | Rs. Per share | 10 | 10.00 | 10.00 | 15.00 | - | 26.00 |
| Dividend payout ratio | Percentage | 4.19 | 6.59 | 3.09 | 9.97 | - | 21.43 |
| Dividend cover ratio | Times | 23.853 | 15.174 | 32.345 | 10.03 | - | 4.67 |
| Breakup value per share | Rs. Per share | 1,702.04 | 1,301.32 | 1,203.23 | 969.05 | 759.64 | 776.49 |
| Market value per share at | | | | | | | |
| the end of the year | Rs. Per share | 1338.99 | 1165.64 | 1102.5 | 872.50 | 816.18 | 1,409.95 |
| Share Price - High during the year | Rs. Per share | 1724.00 | 1337.83 | 1300.75 | 1,144.32 | 1,440.00 | 1,410.98 |
| Share Price - Low during the year | Rs. Per share | 993.50 | 876.00 | 786.00 | 730.00 | 612.00 | 932.31 |
| EBITDA | Rs. In Million | 15,519 | 11,216 | 12,609 | 6,631 | 5,125 | 6,191 |

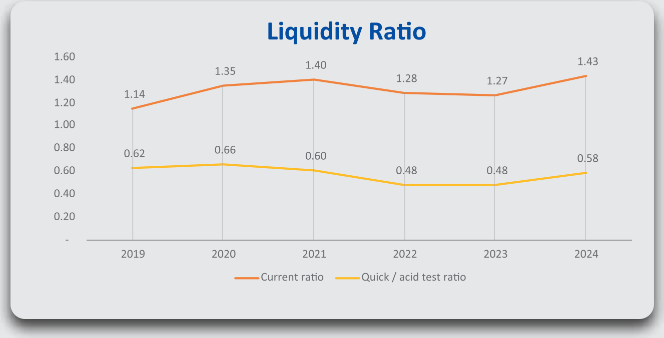
# GRAPHICAL PRESENTATION

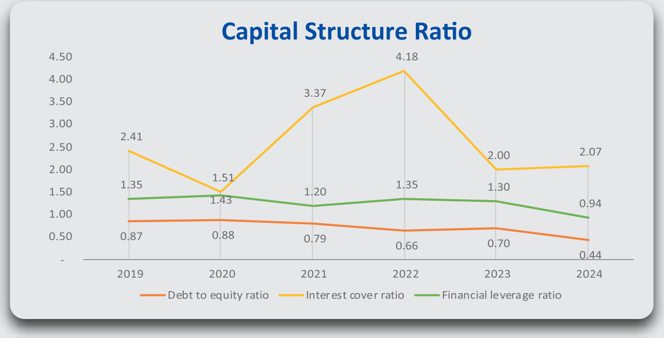


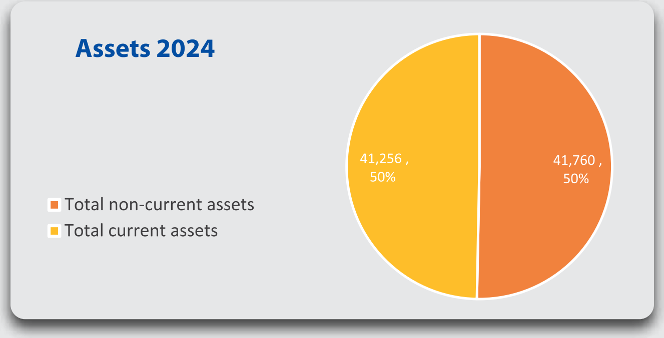


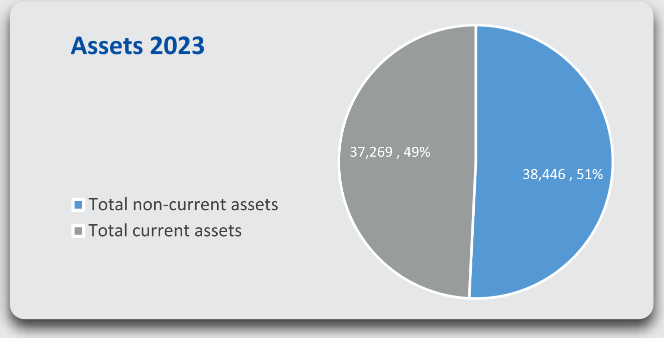


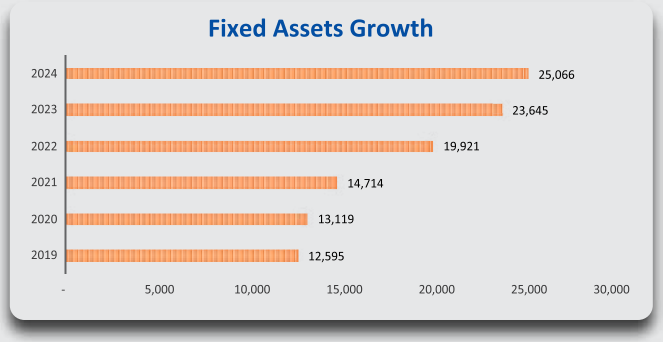



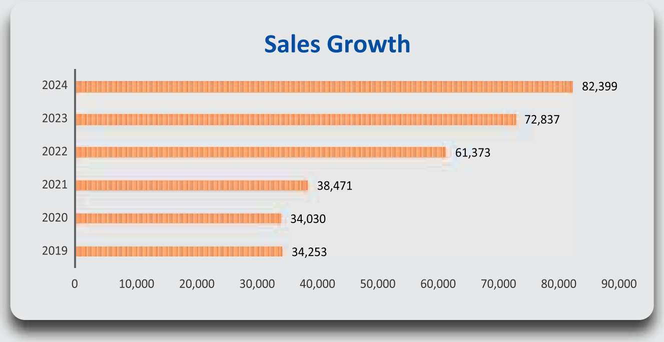



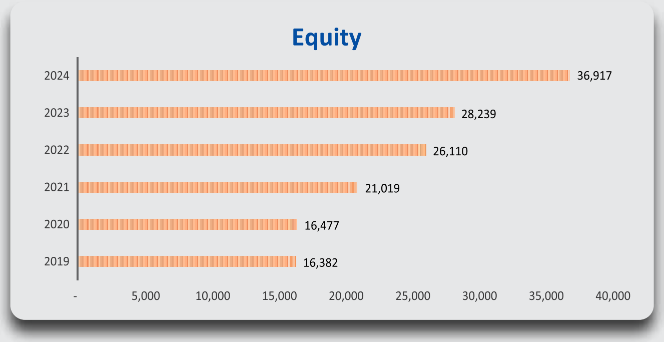



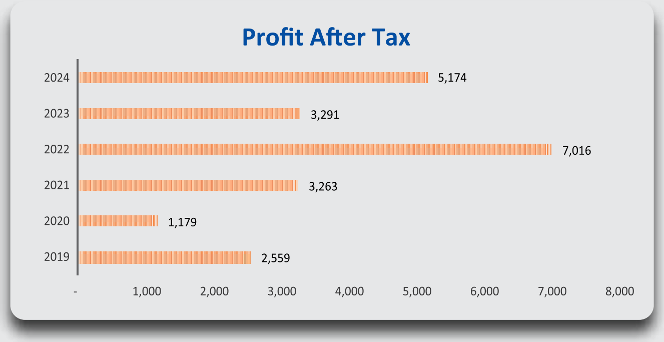



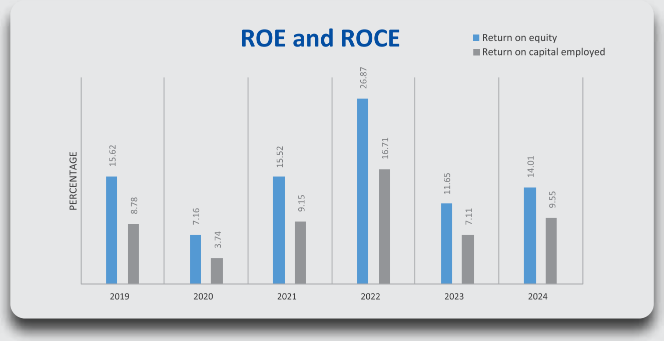
# GRAPHICAL
PRESENTATION

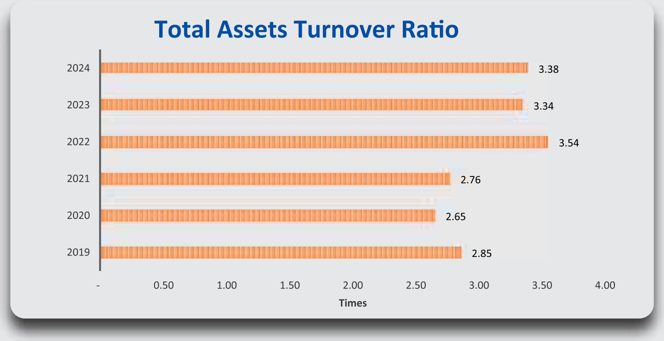


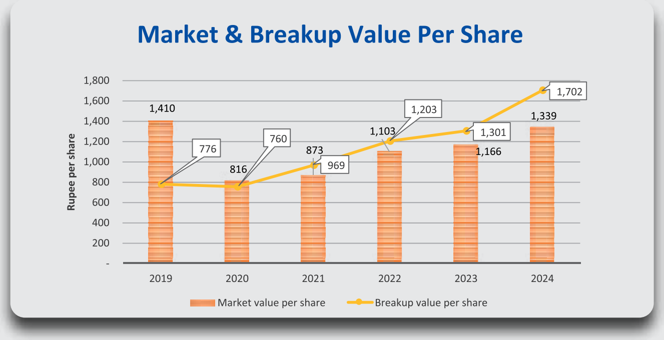



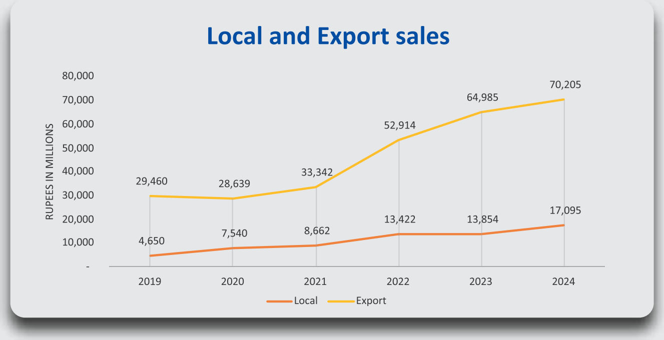



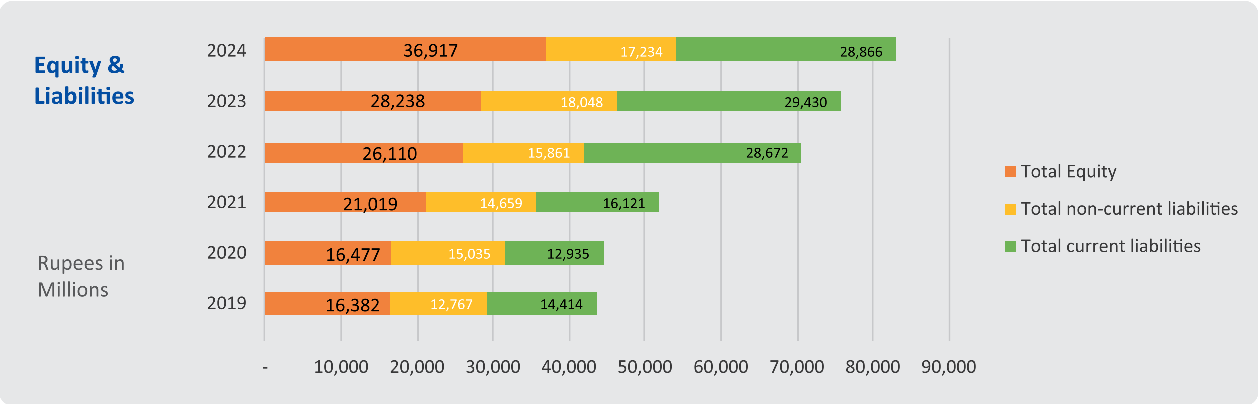



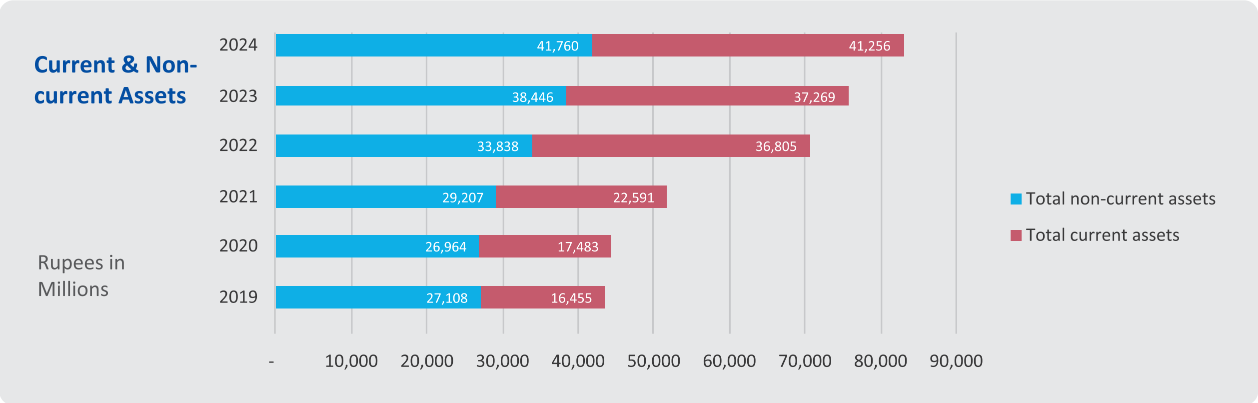



# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

AS AT JUNE 30, 2024

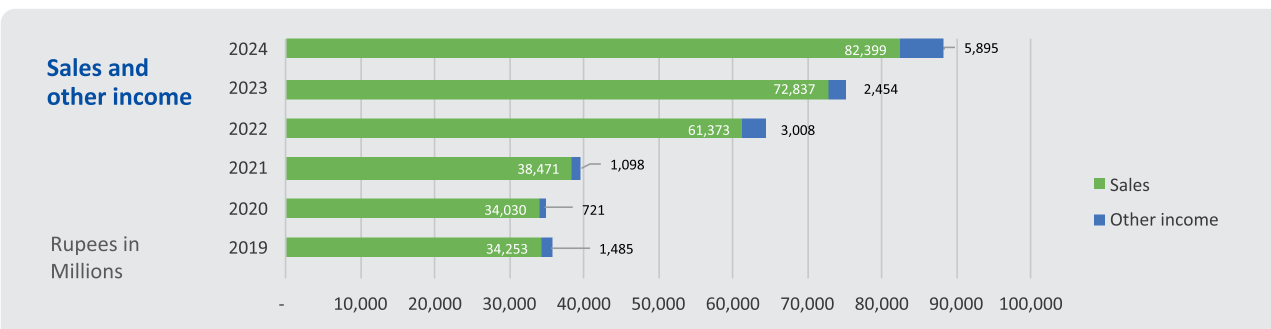
| Statement of Financial Position | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| | ------ | ------ | ------ | ---Rupees in '000--- | ------ | ------ |
| Total Equity | 36,916,853 | 28,238,454 | 26,109,673 | 21,018,586 | 16,476,548 | 16,382,080 |
| Total non-current liabilities | 17,233,523 | 18,047,533 | 15,861,348 | 14,658,568 | 15,034,790 | 12,766,693 |
| Total current liabilities | 28,865,552 | 29,429,625 | 28,671,603 | 16,121,258 | 12,934,942 | 14,414,170 |
| Total equity and liabilities | 83,015,928 | 75,715,612 | 70,642,625 | 51,798,412 | 44,446,280 | 43,562,943 |
| | | | | | | |
| Total non-current assets | 41,759,565 | 38,446,344 | 33,837,979 | 29,207,483 | 26,963,596 | 27,107,861 |
| Total current assets | 41,256,363 | 37,269,268 | 36,804,645 | 22,590,929 | 17,482,684 | 16,455,082 |
| Total assets | 83,015,928 | 75,715,612 | 70,642,625 | 51,798,412 | 44,446,280 | 43,562,943 |
| | ------ | ------ | ------ | ---Variance in %--- | ------ | ------ |
| Total Equity | 30.73 | 8.15 | 24.22 | 27.57 | 0.58 | 2.25 |
| Total non-current liabilities | (4.51) | 13.78 | 8.21 | (2.50) | 17.77 | (4.27) |
| Total current liabilities | (1.92) | 2.64 | 77.85 | 24.63 | (10.26) | 11.12 |
| Total equity and liabilities | 9.64 | 7.18 | 36.38 | 16.54 | 2.03 | 2.91 |
| | | | | | | |
| Total non-current assets | 8.62 | 13.62 | 15.85 | 8.32 | (0.53) | 0.46 |
| Total current assets | 10.70 | 1.26 | 62.92 | 29.22 | 6.24 | 7.22 |
| Total assets | 9.64 | 7.18 | 36.38 | 16.54 | 2.03 | 2.91 |

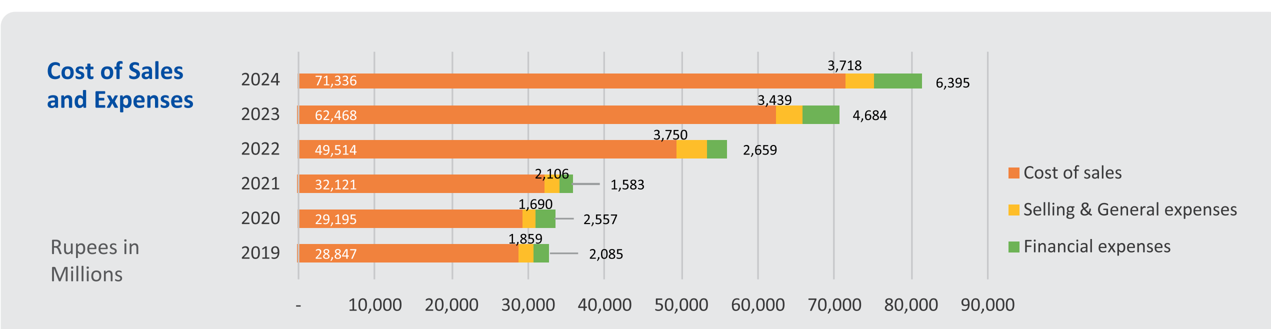


# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT
## AS AT JUNE 30, 2024

| Statement of Financial Position | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| | ---------------------------Rupees in '000--------------------------- | | | | | |
| Net Sales | 82,399,262 | 72,837,269 | 61,373,384 | 38,470,987 | 34,030,186 | 34,252,752 |
| Cost of sales | 71,336,289 | 62,467,586 | 49,514,316 | 32,120,873 | 29,195,495 | 28,847,019 |
| Gross profit | 11,062,973 | 10,369,684 | 11,859,068 | 6,350,114 | 4,834,691 | 5,405,733 |
| Distribution cost | 2,538,894 | 2,383,299 | 2,371,130 | 1,232,187 | 1,049,687 | 1,084,078 |
| Administrative expenses | 936,584 | 755,307 | 695,101 | 472,454 | 447,255 | 428,052 |
| Other operating expenses | 242,518 | 300,144 | 683,706 | 401,133 | 192,873 | 347,189 |
| Other operating income | 5,895,060 | 2,453,961 | 3,007,581 | 1,097,563 | 721,187 | 1,485,021 |
| Profit from operations | 13,240,036 | 9,384,894 | 11,116,712 | 5,341,903 | 3,866,063 | 5,031,435 |
| Finance cost | 6,395,038 | 4,683,561 | 2,659,056 | 1,582,533 | 2,556,977 | 2,085,427 |
| Profit before taxation | 6,844,998 | 4,701,333 | 8,457,656 | 3,759,370 | 1,309,086 | 2,946,008 |
| Provision for taxation | 1,671,261 | 1,410,160 | 1,442,104 | 496,434 | 129,996 | 386,568 |
| Profit after taxation | 5,173,737 | 3,291,173 | 7,015,552 | 3,262,936 | 1,179,090 | 2,559,440 |
| | ---------------------------Variance in %--------------------------- | | | | | |
| Net Sales | 13.13 | 18.68 | 59.53 | 13.05 | (0.65) | 18.54 |
| Cost of sales | 14.20 | 26.16 | 54.15 | 10.02 | 1.21 | 13.75 |
| Gross profit | 6.69 | (12.56) | 86.75 | 31.34 | (10.56) | 52.87 |
| Distribution cost | 6.53 | 0.51 | 92.43 | 17.39 | (3.17) | 7.13 |
| Administrative expenses | 24.00 | 8.66 | 47.13 | 5.63 | 4.49 | 3.51 |
| Other operating expenses | (19.20) | (56.10) | 70.44 | 107.98 | (44.45) | 191.83 |
| Other operating income | 140.23 | (18.41) | 174.02 | 52.19 | (51.44) | 10.13 |
| Profit from operations | 41.08 | (15.58) | 108.10 | 38.17 | (23.16) | 50.63 |
| Finance cost | 36.54 | 76.14 | 68.03 | (38.11) | 22.61 | 49.87 |
| Profit before taxation | 45.60 | (44.41) | 124.98 | 187.18 | (55.56) | 51.17 |
| Provision for taxation | 20.29 | (2.22) | 190.49 | 281.88 | (66.37) | 9.30 |
| Profit after taxation | 56.44 | (53.09) | 115.01 | 176.73 | (53.93) | 60.46 |



# VERTICAL ANALYSIS OF FINANCIAL STATEMETNS
AS AT JUNE 30, 2024

| | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % | Rs. in '000 | % |
| Balance Sheet | | | | | | | | | | | | |
| Total Equity | 36,916,853 | 44.47 | 28,238,454 | 37.30 | 26,109,673 | 36.96 | 21,018,586 | 40.58 | 16,476,548 | 37.07 | 16,382,080 | 37.61 |
| Total non-current liabilities | 17,233,523 | 20.76 | 18,047,533 | 23.84 | 15,861,348 | 22.45 | 14,658,568 | 28.30 | 15,034,790 | 33.83 | 12,766,693 | 29.31 |
| Total current liabilities | 28,865,552 | 34.77 | 29,429,625 | 38.87 | 28,671,603 | 40.59 | 16,121,258 | 31.12 | 12,934,942 | 29.10 | 14,414,170 | 33.09 |
| Total equity and liabilities | 83,015,928 | 100.00 | 75,715,612 | 100.00 | 70,642,625 | 100.00 | 51,798,412 | 100.00 | 44,446,280 | 100.00 | 43,562,943 | 100.00 |
| | | | | | | | | | | | | |
| Total non-current assets | 41,759,565 | 50.30 | 38,446,344 | 50.78 | 33,837,979 | 47.90 | 29,207,483 | 56.39 | 26,963,596 | 60.67 | 27,107,861 | 62.23 |
| Total current assets | 41,256,363 | 49.70 | 37,269,268 | 49.22 | 36,804,645 | 52.10 | 22,590,929 | 43.61 | 17,482,684 | 39.33 | 16,455,082 | 37.77 |
| Total assets | 83,015,928 | 100.00 | 75,715,612 | 100.00 | 70,642,625 | 100.00 | 51,798,412 | 100.00 | 44,446,280 | 100.00 | 43,562,943 | 100.00 |
| | | | | | | | | | | | | |
| Profit and Loss Account | | | | | | | | | | | | |
| Net Sales | 82,399,262 | 100.00 | 72,837,269 | 100.00 | 61,373,384 | 100.00 | 38,470,987 | 100.00 | 34,030,186 | 100.00 | 34,252,752 | 100.00 |
| Cost of sales | 71,336,289 | 86.57 | 62,467,586 | 85.76 | 49,514,316 | 80.68 | 32,120,873 | 83.49 | 29,195,495 | 85.79 | 28,847,019 | 84.22 |
| Gross profit | 11,062,973 | 13.43 | 10,369,684 | 14.24 | 11,859,068 | 19.32 | 6,350,113 | 16.51 | 4,834,691 | 14.21 | 5,405,733 | 15.78 |
| Distribution cost | 2,538,894 | 3.08 | 2,383,299 | 3.27 | 2,371,130 | 3.86 | 1,232,187 | 3.20 | 1,049,687 | 3.08 | 1,084,078 | 3.16 |
| Administrative expenses | 936,584 | 1.14 | 755,307 | 1.04 | 695,101 | 1.13 | 472,454 | 1.23 | 447,255 | 1.31 | 428,052 | 1.25 |
| Other operating expenses | 242,518 | 0.29 | 300,144 | 0.41 | 683,706 | 1.11 | 401,133 | 1.04 | 192,873 | 0.57 | 347,189 | 1.01 |
| Other operating income | 5,895,060 | 7.15 | 2,453,961 | 3.37 | 3,007,581 | 4.90 | 1,097,563 | 2.85 | 721,187 | 2.12 | 1,485,021 | 4.34 |
| Profit from operations | 13,240,036 | 16.07 | 9,384,894 | 12.88 | 11,116,712 | 18.11 | 5,341,903 | 13.89 | 3,866,063 | 11.36 | 5,031,435 | 14.69 |
| Finance cost | 6,395,038 | 7.76 | 4,683,561 | 6.43 | 2,659,056 | 4.33 | 1,582,533 | 4.11 | 2,556,977 | 7.51 | 2,085,427 | 6.09 |
| Profit before taxation | 6,844,998 | 8.31 | 4,701,333 | 6.45 | 8,457,656 | 13.78 | 3,759,370 | 9.77 | 1,309,086 | 3.85 | 2,946,008 | 8.60 |
| Provision for taxation | 1,671,261 | 2.06 | 1,410,160 | 1.94 | 1,442,104 | 2.35 | 496,434 | 1.29 | 129,996 | 0.38 | 386,568 | 1.13 |
| Profit after taxation | 5,173,737 | 6.25 | 3,291,173 | 4.51 | 7,015,552 | 11.43 | 3,262,936 | 8.48 | 1,179,090 | 3.47 | 2,559,440 | 7.47 |

# COMMENTS ON FINANCIAL STATEMENTS

## Statement of Financial Position

### Non-current assets

Non-current assets of the Company mainly constitute property, plant and equipment and long term investments in subsidiary companies and investment in blue chip shares. Value of property, plant and equipment increased as company has undertaken capacity enhancement / balancing, modernization and replacement.

Over six years, property, plant and equipment of Sapphire Textile Mills Limited have increased to Rs.25,066 million which is 109% higher than property, plant and equipment held in year 2019. The Company has made emphasis on vertical integration and established finishing, printing and dyeing facilities in these years for growth in value added products.

### Current assets

Current assets of the Company mainly constitute stock in trade, trade debts and short term investments in blue chip shares.

### Equity

The Company has sound equity aggregating Rs.36,917 million as on 30 June 2024.

### Long term financing

Long term financing of the Company has increased in comparison with last year. During the year the company obtained long term loans of Rs.1,910

# VERTICAL ANALYSIS OF FINANCIAL STATEMETNS
## AS AT JUNE 30, 2024

million for investment in plant and machinery. During the year, the company has also repaid long term loans aggregating Rs.2,406 million.

### Short term borrowings

Short term loans of the company as on June 30, 2024 were Rs. 14,476 million in comparison with Rs. 15,990 million in corresponding period.

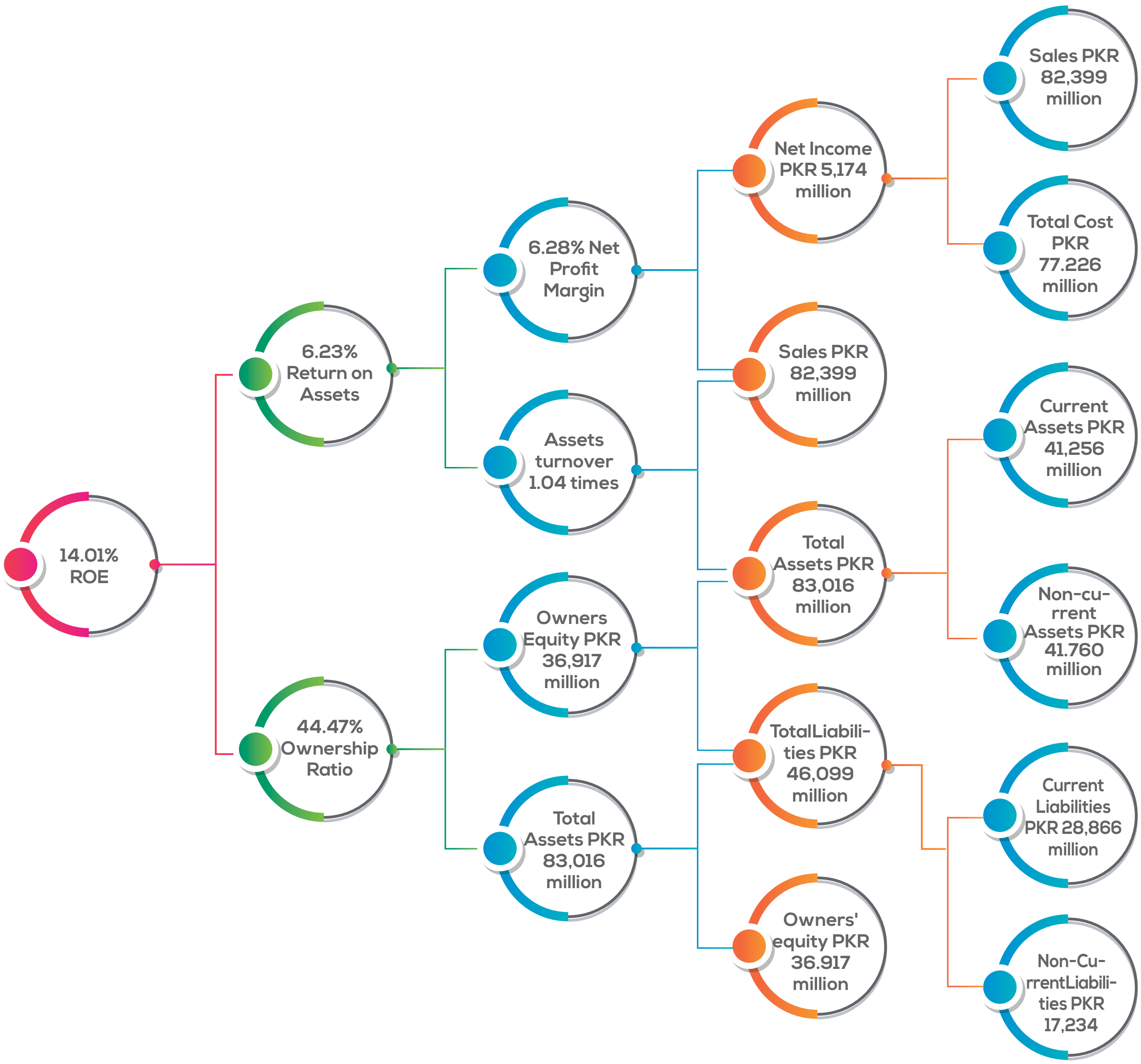
### Statement of Profit or Loss

Sales of the company has grown up by 140.56% over the last six years . However, during the current year sales have increased by 13.13% in comparison with last year. Gross profit as a percentage of sales has decreased from 15.78% to 13.43% over the period of six years.

Other income of the company mainly constitute dividend received from subsidiary companies, associated companies and blue chip companies.

The company's finance cost increased significantly due to substantially high markup rates.

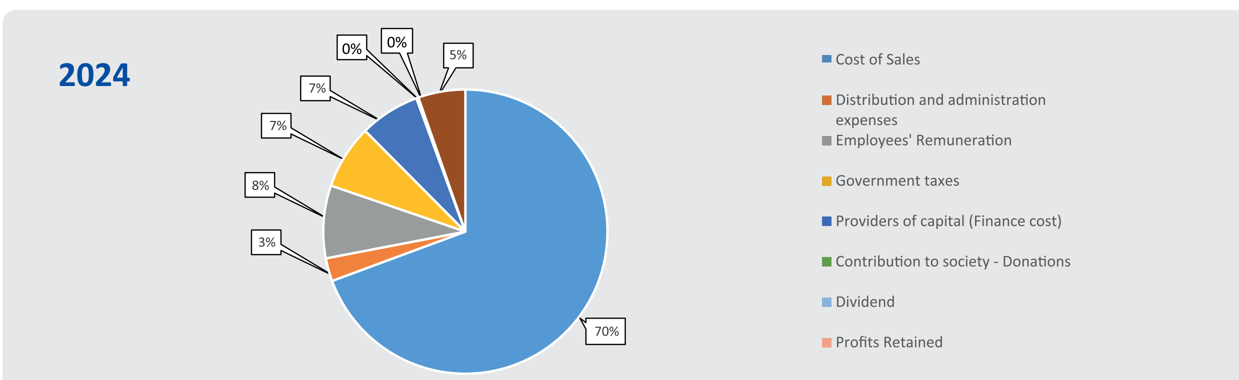
# DUPONT ANALYSIS
## FOR THE YEAR ENDED JUNE 30, 2024

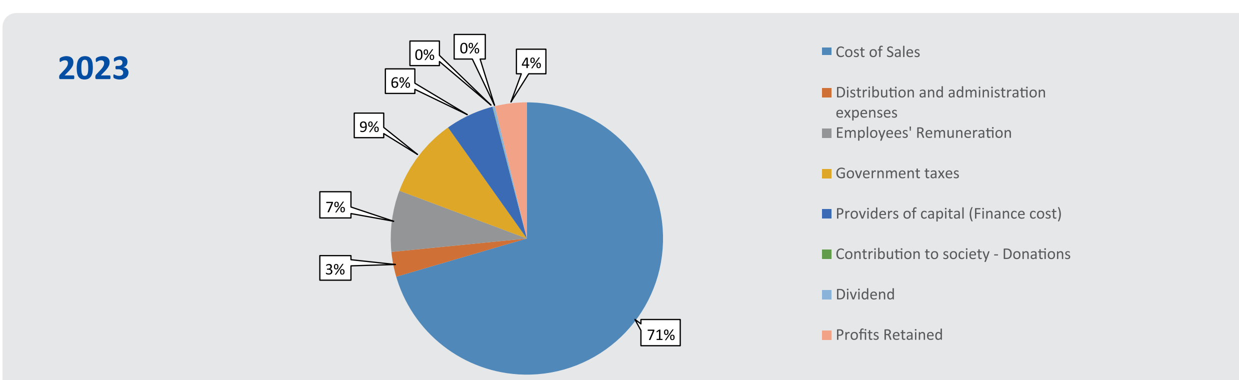



| | | 2024 | 2023 |
|---|---|---|---|
| Tax Burden | Percentage | 24.42 | 29.99 |
| Interest Burden | Percentage | 48.30 | 49.91 |
| EBIT to sales | Percentage | 16.07 | 12.88 |
| Return on Equity | Percentage | 14.01 | 11.65 |
| Total Assets Turnover | Times | 1.04 | 1.00 |
| Debt to equity ratio | Times | 0.44 | 0.70 |

# OUR VALUE ADITION AND ITS DISTRIBUTION
## FOR THE YEAR ENDED JUNE 30, 2024

| Statement of Financial Position | 2024 | | 2023 | |
|---|---|---|---|---|
| | Rs. in '000 | % age | Rs. in '000 | % age |
| **Wealth Generated** | | | | |
| Net Sales including sales tax | 87,404,443 | 93.68% | 78,936,906 | 96.98% |
| Other operating income | 5,895,060 | 6.32% | 2,453,961 | 3.02% |
| | 93,299,503 | 100.00% | 81,390,867 | 100.00% |
| **Value distribution** | | | | |
| Cost of Sales (excluding employees' remuneration, duties and taxes) | 64,711,016 | 69.36% | 57,354,857 | 70.47% |
| Distribution, administration (Excluding employees' remuneration and taxes) | 2,446,287 | 2.62% | 2,407,984 | 2.96% |
| Employees Remuneration | 7,723,452 | 8.28% | 5,922,321 | 7.28% |
| Government taxes (includes income tax, | | | | |
| WPPF, WWF, duties, federal & provincial taxes, sales tax etc) | 6,803,843 | 7.29% | 7,705,691 | 9.47% |
| Providers of capital (Finance cost) | 6,395,038 | 6.85% | 4,683,561 | 5.75% |
| Dividend | 216,898 | 0.23% | 216,898 | 0.27% |
| Contribution to society - Donations | 3,849 | 0.00% | 25,280 | 0.03% |
| Profit retained | 4,999,120 | 5.36% | 3,074,275 | 3.78% |
| | 93,299,503 | 100.00% | 81,390,867 | 100.00% |



# RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2024

| | 1st Quarter | | | 2nd Quarter | | | 3rd Quarter | | | 4th Quarter | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 24 | FY 23 | Change | FY 24 | FY 23 | Change | FY 24 | FY 23 | Change | FY 24 | FY 23 | Change | FY 24 | FY 23 | Change |
| | Rupees in millions | | | | | | | | | | | | | | |
| Particulars | | | | | | | | | | | | | | | |
| Sales | 19,747 | 18,296 | 8% | 20,361 | 16,365 | 24% | 21,556 | 18,218 | 18% | 20,735 | 19,958 | 4% | 82,399 | 72,837 | 13% |
| GP | 3,209 | 2,680 | 20% | 2,981 | 2,023 | 47% | 2,931 | 2,964 | -1% | 1,942 | 2,703 | -28% | 11,063 | 10,370 | 7% |
| EBITDA | 3,331 | 1,552 | 115% | 3,901 | 2,613 | 49% | 3,664 | 3,274 | 12% | 4,623 | 3,776 | 22% | 15,519 | 11,216 | 38% |
| PAT | 713 | 834 | -15% | 1,339 | 937 | 43% | 951 | 1,292 | -26% | 2,171 | 229 | 848% | 5,174 | 3,291 | 57% |
| | Rupee per share | | | Rupee per share | | | Rupee per share | | | Rupee per share | | | Rupee per share | | |
| EPS | 32.85 | 38.44 | -15% | 61.73 | 43.18 | 43% | 43.87 | 59.56 | -26% | 100.08 | 10.56 | 848% | 238.53 | 151.74 | 57% |

**SW** PAKISTAN

**SHINEWING HAMEED CHAUDHRI & CO.**
CHARTERED ACCOUNTANTS

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF SAPPHIRE TEXTILE MILLS LIMITED

**Review Report on the Statement of Compliance Contained in the 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 **SAPPHIRE TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Shinewing Hameed Chaudhri & co

LAHORE: September 30, 2024
UDIN: CR202410104JQwyFMX1Z

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

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# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company : Sapphire Textile Mills Limited (the Company)

Year ended : June 30, 2024

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

1. The total number of directors are Ten (10) as per the following:

a. Male : Nine (9)
b. Female : One (1)

2. The composition of the Board is as follows:

| Category | Names |
|---|---|
| Independent Directors(*) | Mr. Mirza Saleem Baig<br>Mr. Shahid Shafiq |
| Independent Director / Female | Ms. Mashmooma Zehra Majeed |
| Non-Executive Directors | Mr. Mohammad Abdullah<br>Mr. Shahid Abdullah<br>Mr. Amer Abdullah<br>Mr. Yousuf Abdullah |
| Executive Directors | Mr. Nadeem Abdullah<br>Mr. Nabeel Abdullah<br>Mr. Umer Abdullah |

(*)The independent director meets the criteria of independence under the Companies Act, 2017 ("the Act").

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The board has ensured that complete record of particulars of the significant policies along with the dates of approval or amendments has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.

8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.

9. Out of the total Ten (10) directors of the company, nine (9) Directors meet the requirements, five (5) Directors have already attained certification under the directors training program and four (4) directors meet the requirements of the exemption under regulation.

10. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.

11. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.

12. The Board has formed committees comprising of members given below:

### Committee

a) Audit Committee

- Mr. Shahid Shafiq (Chairman)
- Mr. Mirza Saleem Baig (Member)
- Mr. Yousuf Abdullah (Member)
- Mr. Amer Abdullah (Member)


REGGIANI

b) HR and Remuneration Committee

- Ms. Mashmooma Zehra Majeed (Chairperson)
- Mr. Nadeem Abdullah (Member)
- Mr. Nabeel Abdullah (Member)
- Mr. Umer Abdullah (Member)
- Mr. Shahid Shafiq (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

| | Committee | Frequency of meetings |
|---|---|---|
| a) | Audit Committee | Quarterly |
| b) | HR and Remuneration Committee | Annually |

15. The Board has set up an effective Internal Audit Function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parents, dependents and non-dependents children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

Regulation 6 (1) the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires that “each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors”. At time of election of Directors, the Company assessed its compliance with this Regulation. One third of the Company’s total number of Directors results in a fractional number (3.33). The fraction has not been rounded up to one and therefore, the Board of Directors currently has 3 independent Directors. The Company considers that the existing composition of the Board of Directors brings in the relevant experience and valuable contributions to the Board.

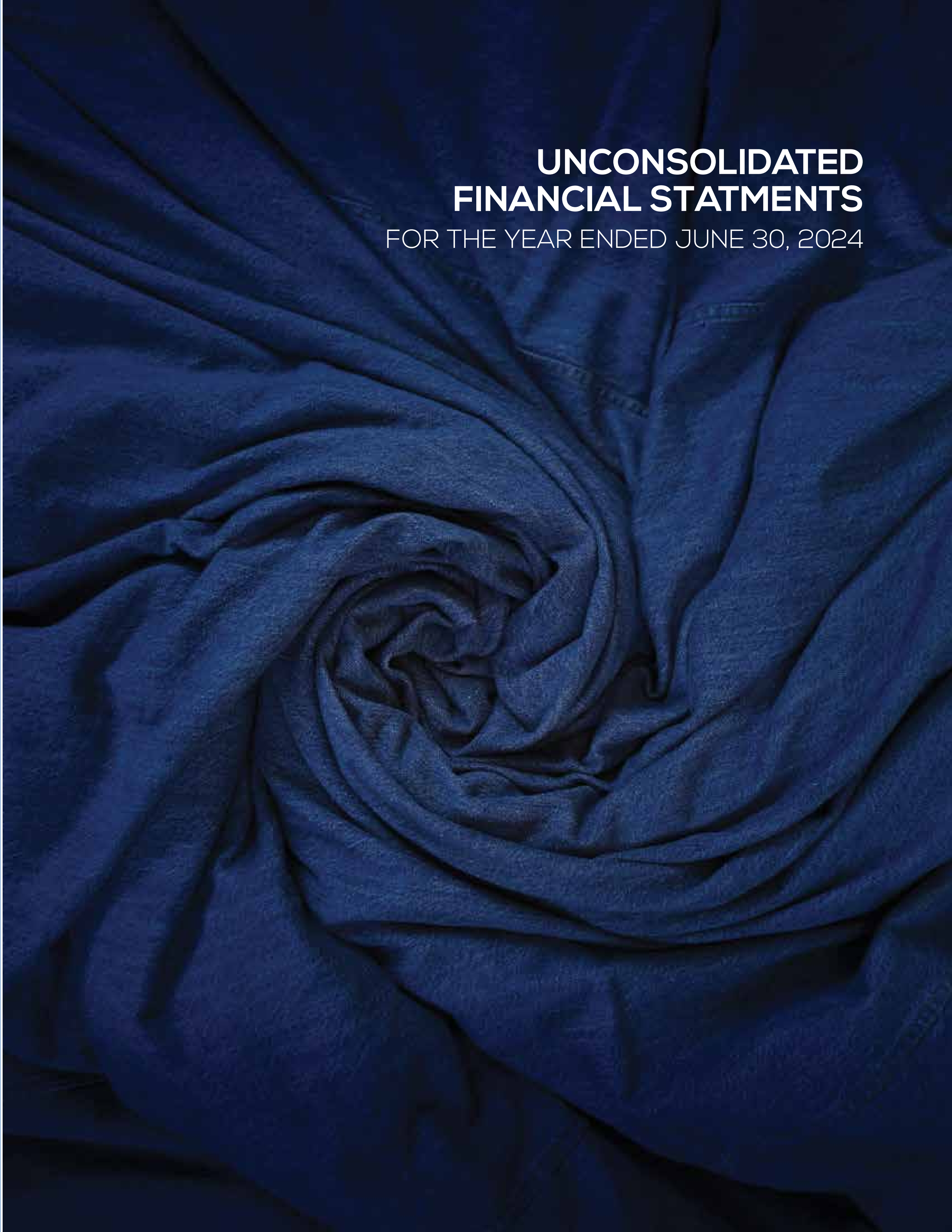
During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ,through its notification dated June 12, 2024. Management is currently evaluating these amendments and will ensure compliance with applicable regulations in a timely manner.

For and on behalf of the Board

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Lahore:
26th September, 2024



# UNCONSOLIDATED FINANCIAL STATMENTS

FOR THE YEAR ENDED JUNE 30, 2024

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Sapphire Textile Mills Limited**
**Report on the Audit of the Financial Statements**

## Opinion

We have audited the annexed financial statements of Sapphire Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2024, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matter

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

Following are the key audit matters:

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Capital expenditures**<br><br>Refer note 5 to the financial statements.<br><br>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy.<br><br>Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved.<br><br>For these reasons we considered it to be a key audit matter. | Our audit procedures included the following:<br><br>• Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system.<br><br>• Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices.<br><br>• Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework.<br><br>• Visited the mills where significant capital projects are ongoing to understand the nature of the projects.<br><br>• Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis.<br><br>• Reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.<br><br>• The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017. |

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 2 | Valuation of stock-in-trade<br><br>Rafer note 12 of the financial statements.<br><br>The total value of stock in trade as at the reporting date amounted to Rs.24.533 billion, representing 59.47% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods.<br><br>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.<br><br>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end. | We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:<br><br>• Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards.<br><br>• Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data.<br><br>• Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis.<br><br>• Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories.<br><br>• Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price.<br><br>• Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.<br><br>We reviewed the Company's disclosure in the financial statement in respect of stock in trade. |

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 3 | Revenue recognition<br>The principal activity of the Company is to engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation.<br><br>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process. | Our audit procedures included the following:<br><br>• Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition.<br>• Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices.<br>• Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period.<br>• Performed audit procedures to analyse variation in the price and quantity sold during the year.<br>• Performed recalculations of discounts as per the Company's policy on test basis.<br>• Understood and evaluated the accounting policy with respect to revenue recognition.<br>• Assessed the adequacy of disclosures made in the financial statements related to revenue. |

## Information Other than the Financial Statements and Auditors' 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 auditors' report thereon.

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

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

## Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

## Auditors' 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 auditors' 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 auditors' 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 upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 other 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 auditors' report is Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & co

**SHINEWING HAMEED CHAUDHRI & CO.**
**CHARTERED ACCOUNTANTS**

Lahore: September 30, 2024
UDIN: AR202410104o2Yjk1RMK

# STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 5 | 25,066,182,723 | 23,645,498,180 |
| Investment property | 6 | 168,394,648 | 31,750,000 |
| Long-term investments | 8 | 16,201,205,623 | 14,430,299,029 |
| Long-term loans and advances | 9 | 56,168,867 | 247,836,567 |
| Deferred tax assets | 26 | 175,222,497 | - |
| Long-term deposits | 10 | 92,390,956 | 90,960,692 |
| | | 41,759,565,314 | 38,446,344,468 |
| **Current assets** | | | |
| Stores, spares and loose tools | 11 | 693,108,108 | 606,426,292 |
| Stock in trade | 12 | 24,533,274,861 | 23,033,836,137 |
| Trade debts | 13 | 8,938,814,406 | 6,613,608,124 |
| Loans and advances | 14 | 163,741,461 | 138,757,698 |
| Trade deposits and short term prepayments | 15 | 1,015,000 | 18,014,999 |
| Other receivables | 16 | 1,287,506,274 | 1,210,135,511 |
| Short-term investments | 17 | 4,251,400,468 | 1,364,735,401 |
| Tax refunds due from Government | 18 | 1,057,328,166 | 3,870,665,885 |
| Cash and bank balances | 19 | 330,173,801 | 413,088,085 |
| | | 41,256,362,545 | 37,269,268,132 |
| **Total assets** | | 83,015,927,859 | 75,715,612,600 |
| **Equity and Liabilities** | | | |
| **Share capital and reserves** | | | |
| Authorised share capital | | | |
| 35,000,000 ordinary shares of Rs.10 each | | 350,000,000 | 350,000,000 |
| Issued, subscribed and paid-up capital | 20 | 216,897,910 | 216,897,910 |
| Reserves | 21 | 36,699,955,373 | 28,021,556,474 |
| **Total equity** | | 36,916,853,283 | 28,238,454,384 |
| **Non current liabilities** | | | |
| Long-term loans and other payables | 22 | 16,285,617,462 | 17,232,965,804 |
| Lease liabilities | 23 | 21,801,671 | 42,078,523 |
| Deferred income - Government grant | 24 | 231,865,017 | 301,695,117 |
| Staff retirement benefit - gratuity | 25 | 694,238,165 | 470,793,864 |
| | | 17,233,522,315 | 18,047,533,308 |
| **Current liabilities** | | | |
| Trade and other payables | 27 | 7,369,596,779 | 6,894,050,098 |
| Contract liabilities | 28 | 2,157,678,658 | 1,724,443,253 |
| Accrued mark-up | 29 | 790,101,417 | 1,201,060,662 |
| Short-term borrowings | 30 | 14,475,916,882 | 15,989,756,607 |
| Current portion of long-term liabilities | 31 | 4,070,224,745 | 3,618,531,938 |
| Unclaimed dividend | | 2,033,780 | 1,782,350 |
| | | 28,865,552,261 | 29,429,624,908 |
| **Total liabilities** | | 46,099,074,576 | 47,477,158,216 |
| **Contingencies and commitments** | 32 | | |
| **Total equity and liabilities** | | **83,015,927,859** | **75,715,612,600** |

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

Chief Executive Officer | Chairman / Director | Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS
## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees (Restated) |
|---|---|---|---|
| Net turnover | 33 | 82,399,261,523 | 72,837,269,483 |
| Cost of sales | 34 | (71,336,288,178) | (62,467,585,565) |
| Gross profit | | 11,062,973,345 | 10,369,683,918 |
| Distribution cost | 35 | (2,538,894,357) | (2,383,299,141) |
| Administrative expenses | 36 | (936,583,883) | (755,307,456) |
| Other operating expenses | 37 | (242,518,087) | (300,144,054) |
| Other income | 38 | 5,895,059,537 | 2,453,960,838 |
| Profit from operations | | 13,240,036,555 | 9,384,894,105 |
| Finance cost | 39 | (6,395,038,280) | (4,683,561,253) |
| Profit before revenue tax income tax and levy | | 6,844,998,275 | 4,701,332,852 |
| Final taxes - levy | 40 | (1,695,626,977) | (1,252,135,870) |
| Profit before income tax | | 5,149,371,298 | 3,449,196,982 |
| Income tax expense | 40 | 24,365,409 | (158,024,309) |
| Profit for the year | | 5,173,736,707 | 3,291,172,673 |
| Earnings per share - basic and diluted | 41 | 238.53 | 151.74 |

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

# STATEMENT OF OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2024

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Profit after taxation | 5,173,736,707 | 3,291,172,673 |
| Other comprehensive income | | |
| Items that may be reclassified to statement of profit or loss subsequently | | |
| Net - gain / (loss) on remeasurement of forward foreign currency contracts | 60,421,094 | 66,407,961 |
| Items that will not be reclassified to statement of profit or loss subsequently | | |
| Unrealised gain / (loss) on equity instruments at fair value through other comprehensive income | | |
| - long term | 2,022,077,846 | (654,795,600) |
| - short term | 2,081,112,456 | (316,846,986) |
| | 4,103,190,302 | (971,642,586) |
| Impact of deferred tax | (381,116,074) | - |
| Realised (loss) / gain on sale of investment at fair value through other comprehensive income | (1,306,132,939) | 40,895,292 |
| Actuarial loss on re-measurement of staff retirement benefit obligation | (99,893,804) | (40,258,587) |
| Impact of deferred tax | 38,958,584 | - |
| | (60,935,220) | (40,258,587) |
| | 2,355,006,069 | (971,005,881) |
| Total comprehensive income for the year | 7,589,163,870 | 2,386,574,753 |

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

Chief Executive Officer | Chairman / Director | Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2024

| | | Reserves | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital | | | Revenue | | | | |
| | Issued, subscribed and paid-up capital | Share premium | Fixed Assets Replacement | Fair value reserve of financial asset at fair value through OCI | Cash flow hedge reserve | General | Unappropriated profit | Sub-total | Total |
| | Rupees | | | | | | | | |
| Balance as at July 01, 2022 | 216,897,910 | 782,796,090 | 65,000,000 | (2,555,865,841) | (66,407,961) | 1,330,000,000 | 26,337,252,635 | 25,892,774,923 | 26,109,672,833 |
| Transaction with owners of the Company | | | | | | | | | |
| Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share | - | - | - | - | - | - | (216,897,910) | (216,897,910) | (216,897,910) |
| Total comprehensive income for the year ended June 30, 2023 | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 3,291,172,673 | 3,291,172,673 | 3,291,172,673 |
| Other comprehensive (loss) / income | - | - | - | (971,642,586) | 66,407,961 | - | (40,258,587) | (945,493,212) | (945,493,212) |
| | - | - | - | (971,642,586) | 66,407,961 | - | 3,250,914,086 | 2,345,679,461 | 2,345,679,461 |
| Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income | - | - | - | (40,895,292) | - | - | 40,895,292 | - | - |
| Balance as at June 30, 2023 | 216,897,910 | 782,796,090 | 65,000,000 | (3,568,403,719) | - | 1,330,000,000 | 29,412,164,103 | 28,021,556,474 | 28,238,454,384 |
| Transaction with owners of the Company | | | | | | | | | |
| Final dividend related to the year ended June 30, 2023 at the rate of Rs.10 per share | - | - | - | - | - | - | (216,897,910) | (216,897,910) | (216,897,910) |
| Total comprehensive income for the year ended June 30, 2024 | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 5,173,736,707 | 5,173,736,707 | 5,173,736,707 |
| Other comprehensive income / (loss) | - | - | - | 3,722,074,228 | 60,421,094 | - | (60,935,220) | 3,721,560,102 | 3,721,560,102 |
| | - | - | - | 3,722,074,228 | 60,421,094 | - | 5,112,801,487 | 8,895,296,809 | 8,895,296,809 |
| Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income | - | - | - | 1,306,132,939 | - | - | (1,306,132,939) | - | - |
| Balance as at June 30, 2024 | 216,897,910 | 782,796,090 | 65,000,000 | 1,459,803,448 | 60,421,094 | 1,330,000,000 | 33,001,934,741 | 36,699,955,373 | 36,916,853,283 |

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

# STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 42 | 7,790,341,853 | 9,241,656,185 |
| Change in long term loans, advances and deposits | | 190,237,436 | 41,832,380 |
| Finance cost paid | | (6,877,546,417) | (4,167,071,451) |
| Taxes refund / (paid) | | 563,041,943 | (2,219,266,389) |
| Staff retirement benefit paid | | (176,548,573) | (133,240,108) |
| Net cash generated from operating activities | | 1,489,526,242 | 2,763,910,617 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | (4,073,587,459) | (5,625,569,716) |
| Proceeds from disposal of operating fixed assets | | 330,345,952 | 106,242,835 |
| Investment in Subsidiary Companies | | (843,702,589) | (1,655,000,000) |
| Proceeds from sale of investment property | | 123,825,888 | - |
| Purchase of equity instruments | | (1,585,937,156) | (71,993,316) |
| Proceeds from sale of equity instrument | | 1,875,258,387 | 1,452,851,320 |
| Rental income received | | 146,305,174 | 80,116,356 |
| Dividend income received | | 4,698,044,593 | 1,884,533,359 |
| Interest income received | | 6,845,259 | 2,523,094 |
| Net cash generated from / (used in) investing activities | | 677,398,049 | (3,826,296,068) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long term finances - obtained | | 1,910,000,000 | 4,722,506,582 |
| - repaid | | (2,406,077,575) | (2,169,951,718) |
| Dividend paid | | (216,646,480) | (217,346,112) |
| Short term borrowings - net | | (1,513,839,725) | (953,474,588) |
| Repayment of lease liabilities | | (18,136,020) | (18,136,020) |
| Net cash (used in) / generated from financing activities | | (2,244,699,800) | 1,363,598,144 |
| Net (decrease) / increase in cash and cash equivalents | | (77,775,509) | 301,212,693 |
| Net foreign exchange difference | | (5,138,775) | 13,245,347 |
| Cash and cash equivalents - at beginning of the year | | 413,088,085 | 98,630,045 |
| Cash and cash equivalents - at end of the year | | 330,173,801 | 413,088,085 |

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

Chief Executive Officer | Chairman / Director | Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2024

### 1. LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on 11 March 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Company along with their respective locations:

| Business unit | Location |
|---|---|
| **Registered Office** | |
| Karachi | 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi |
| Lahore office | 4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore. |
| **Production Plants** | |
| Spinning | A-17,Site, Kotri |
| Spinning | A-84,Site Area, Nooriabad |
| Spinning | 63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur. |
| Spinning | 1.5-KM, Warburton Road, Feroze Wattoan, Sheikhupura |
| Weaving, Yarn Dyeing, Printing, Processing, Home Textile and Stitching | 2-KM, Warburton Road, Feroze Wattoan, Sheikhupura |
| Stitching | 1.5-KM, Off Defence Road, Bhubtian Chowk, Raiwind Road, Lahore. |

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment valued at fair value, derivative financial instruments which have been marked to market and staff retirement benefit - gratuity which is stated at present value of defined benefit obligation.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

### 2.4.1 Standards, amendments to approved accounting standards and interpretations that are effective and have been adopted by the Company

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

(a) IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 — Effective: January 01, 2023

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(b) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Effective: January 01, 2023

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The amendments have no impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Company and therefore, have not been presented here.

### 2.4.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been adopted by the Company

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(a) IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; — Effective: January 01, 2024

Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information.

(b) IFRS 16 Leases Effective: January 01, 2024

Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

(c) IAS 1 Presentation of Financial Statements Effective: January 01, 2024

Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement of the Company.

2.5 IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes (the Guidance) issued by ICAP

The Institute of Chartered Accountants of Pakistan (ICAP) issued the aforementioned Guidance through Circular No. 07 / 2024 dated May 15, 2024. In light of the said Guidance, as the minimum taxes and final taxes are not calculated on the 'taxable income' as defined in IAS 12 (Income Taxes) but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 (the Ordinance); accordingly, minimum taxes and final taxes should be accounted for under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) / IFRIC 21 (Levies) as levies (though these are charged under tax law) and not under IAS 12 as income taxes. Based on the Guidance, the minimum taxes under the Ordinance are hybrid taxes, which comprise of a component within the scope of IAS 12 and a component within the scope of IFRIC 21.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change

| | At June 30, 2024 | | | At June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Had there been no change in accouting policy | Impact of change in accounting policy | After change in accounting policy | Had there been no change in accouting policy | Impact of change in accounting policy | After change in accounting policy |
| | ..............................Rupees.............................. | | | | | |
| Effect on profit or loss and other comprehensive income | | | | | | |
| Final taxes - levy | - | 1,695,626,977 | 1,695,626,977 | - | 1,252,135870 | 1,252,135870 |
| Profit before income tax | 6,844,998,275 | 1,695,626,977 | 5,149,371298 | 4,701,332,852 | (1,252,135870) | 3,449,196,982 |
| Income tax expense | 1,671,261,568 | (1,695,626,977) | 24,365,409 | 1,410,160,179 | (1,252,135,870) | (158,024,309) |

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 the reported amount 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. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

### (a) 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.

### (b) 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.

### (c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss model. Management used actual credit loss experience over past years for the calculation of expected credit loss. Trade and other receivables are written off when there is no reasonable expectation of recovery.

### (d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 25.

### (e) Income taxes and deferred taxation

In making the estimates for income taxes and tax levies, the Company takes into account the current income tax laws 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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

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

### 4.1 Property, plant and equipment
### Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

### Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

### Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 5.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

Depreciation is charged to income on the reducing balance method at rates stated in note 5.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

### Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the statement of profit or loss.

### Impairment

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognized in income currently.

### Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalized and apportioned to the respective items of property, plant and equipment on completion.

## 4.1.1 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

## 4.1.2 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

### Depreciation of right of use asset

The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

## 4.2 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment property comprises of land and building. The Company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets. Depreciation is charged to income on the reducing balance method at rates stated in note 6.

## 4.3 Intangible assets

Intangible assets (including computer software) acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

### Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

### Amortization

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

## 4.4 Financial assets

### Initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost or fair value through other comprehensive income (FVTOCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15, Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset

### Subsequent Measurement

- Equity Instruments at FVTOCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. The Company transfers the gain / loss on investments disposed off to unappropriated profit within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Based on business model, the Company elected to classify its equity investments except for the investment in subsidiaries and associates as Investment at FVTOCI.

- Debt Instruments at FVTOCI

The Company measures financial assets at fair value through OCI if both of the following conditions are met and is not designated as at FVTPL:

(i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. However, the Company has no such instrument at the statement of financial position date.

- Debt Instruments at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments for which the Company has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

- Financial Assets measured at amortised cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Investments in Subsidiary and Associated Companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. Whenever indicators of impairment occurs, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense.

Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

### 4.5 Stores, spare and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

### 4.6 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Stock-in-trade is valued on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads.

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.

### 4.7 Trade debts and other receivables and related impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

### 4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

### 4.9 Impairment

#### (a) Financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

## 4.10 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

## 4.11 Financial liabilities

### Initial recognition and measurement

Financial liabilities are recognized initially at amortized cost or fair value through profit or loss.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

  Gains or losses during the year are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

- Financial liabilities at amortized cost

  After initial recognition, trade and other payables, unclaimed dividend, bank overdrafts and interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

  Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

### Derecognition

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.

### 4.12 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### 4.13 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings as interest expense.

### 4.14 Employees' retirement benefits

#### (a) Defined contribution plan

The Company operates an approved contributory provident fund for its eligible permanent employees as per terms of employment for which contributions are charged to income for the year.

The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary. The assets of the fund are held separately under the control of trustees.

#### (b) Defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. The amount arising as a result of remeasurement are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The Company faces the following risks on account of calculation of provision for employees benefits:

- Salary increase / inflation risk:

  The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

- Discount rate risk:

  The risk of changes in discount rate may have an impact on the plan's liability.

- Mortality risk:

  Actual mortality experience maybe different than that assumed in the calculation.

- Withdrawal risk:

  Actual withdrawals experience may different from that assumed in the calculation.

### 4.15 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in statement of other comprehensive income or directly in equity. In this case, the tax is also recognized in statement of other comprehensive income or directly in equity, respectively.

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in statement of other comprehensive income or directly in equity. In this case, the tax is also recognized in statement of other comprehensive income or directly in equity, respectively.

### Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

### Deferred

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

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The Company assesses at each reporting date whether its income is subject to tax under the Final Tax Regime or normal provision of the Income Tax Ordinance, 2001. It considers turnover trend of last three years as well as expected pattern of taxation of future years in order to recognize deferred tax.

## 4.16 Lease liability

‘The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as lessee

Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, dismantling cost, initial direct costs incurred, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated on lease term or useful life of the right of use asset whichever is shorter. The right-of-use assets are also subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses implicit rates available in the lease agreements, however, in case the interest rate implicit in the lease is not readily determinable, the Company uses incremental borrowing rate at the lease commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. During the year, the Company has recognized an amount of rent expense, in the statement of profit or loss, representing charge for short-term leases.

### 4.17 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of consideration to be paid in the future for goods and services, whether or not billed to the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are adjusted to the carrying amount of the respective liabilities.

### 4.18 Provisions

Provisions are recognized when the Company has a 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 can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

### 4.19 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognized in the statement of profit or loss.

### 4.20 Impairment of non financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the statement of profit or loss.

### 4.21 Derivative financial instruments

The Company designates derivative financial instruments as either cash flow hedge or fair value hedge.

#### a) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of capital reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

#### b) Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

### 4.22 Revenue recognition

The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

#### Sale of goods

- **Local Sales**

  The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

- **Export Sales**

  The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

#### Rendering of services

The Company provides garments stitching, yarn dyeing and fabric printing and processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

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

### Other sources of revenue

- Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.
- Revenue against scrap sales is recognized when control is transferred to customer. Consideration is always received at the time of delivery.
- All other income items are recognized on accrual basis.

### 4.23 Borrowing costs

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 the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commencing.

### 4.24 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognized in the period in which they are approved.

### 4.25 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 4.26 Related party transactions

All transactions with related parties are carried out by the Company on agreed terms. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **5. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | 23,524,817,361 | 20,469,781,334 |
| Right-of-use asset | 5.2 | 33,062,731 | 49,594,095 |
| Capital work-in-progress | 5.3 | 1,508,302,631 | 3,126,122,751 |
| | | 25,066,182,723 | 23,645,498,180 |

## 5.1 Operating fixed assets

| | Land | | Buildings on free - hold land | | | Buildings on lease - hold land | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Free - hold | Lease - hold | Factory building | Labour, staff colony and others | Office building | Factory building | Labour, staff colony and others | Leased building improvements | Plant and machinery | Electric installation | Fire fighting equipment | Electric equipment | Computer | Office equipment | Mills equipment | Furniture and fixtures | Vehicles | Total |
| | Rupees | | | | | | | | | | | | | | | | | |
| **At July 1, 2022** | | | | | | | | | | | | | | | | | | |
| Cost | 936,277,583 | 137,013,177 | 3,575,708,728 | 741,283,623 | 420,773,248 | 340,578,906 | 97,496,346 | 50,064,636 | 20,431,984,793 | 658,643,306 | 29,909,840 | 152,452,381 | 115,853,081 | 50,445,260 | 150,708,872 | 126,367,326 | 388,685,528 | 28,404,246,634 |
| Accumulated depreciation | - | - | 1,740,759,538 | 231,869,791 | 123,829,247 | 247,705,514 | 41,610,343 | 47,152,794 | 8,840,611,397 | 340,800,774 | 12,976,262 | 58,497,424 | 69,558,710 | 30,508,603 | 67,727,249 | 45,331,107 | 150,318,611 | 12,049,257,364 |
| Net book value | **936,277,583** | **137,013,177** | **1,834,949,190** | **509,413,832** | **296,944,001** | **92,873,392** | **55,886,003** | **2,911,842** | **11,591,373,396** | **317,842,532** | **16,933,578** | **93,954,957** | **46,294,371** | **19,936,657** | **82,981,623** | **81,036,219** | **238,366,917** | **16,354,989,270** |
| **Year ended June 30, 2023** | | | | | | | | | | | | | | | | | | |
| Opening net book value | 936,277,583 | 137,013,177 | 1,834,949,190 | 509,413,832 | 296,944,001 | 92,873,392 | 55,886,003 | 2,911,842 | 11,591,373,396 | 317,842,532 | 16,933,578 | 93,954,957 | 46,294,371 | 19,936,657 | 82,981,623 | 81,036,219 | 238,366,917 | 16,354,989,270 |
| Additions | 108,181,602 | - | 484,792,544 | 201,235,722 | - | 26,855,991 | 39,367,285 | - | 4,996,283,513 | 32,775,976 | 836,100 | 8,849,570 | 23,153,133 | - | 25,066,713 | 14,288,657 | 37,982,288 | 5,999,669,094 |
| Disposals: | | | | | | | | | | | | | | | | | | |
| - cost | - | - | - | - | - | - | - | - | 415,253,427 | - | - | 264,260 | 3,820,907 | 179,000 | 354,783 | - | 27,231,584 | 447,103,961 |
| - accumulated depreciation | - | - | - | - | - | - | - | - | (356,137,825) | - | - | (146,186) | (2,833,948) | (148,286) | (319,473) | - | (17,168,823) | (376,754,541) |
| | - | - | - | - | - | - | - | - | 59,115,602 | - | - | 118,074 | 986,959 | 30,714 | 35,310 | - | 10,062,761 | 70,349,420 |
| Depreciation charge | - | - | 201,092,589 | 34,573,627 | 14,847,200 | 9,970,423 | 4,434,604 | 582,368 | 1,417,363,028 | 33,542,813 | 1,735,162 | 9,957,946 | 16,789,418 | 1,984,117 | 9,685,327 | 8,782,133 | 49,186,855 | 1,814,527,610 |
| **Closing net book value** | **1,044,459,185** | **137,013,177** | **2,118,649,145** | **676,075,927** | **282,096,801** | **109,758,960** | **90,818,684** | **2,329,474** | **15,111,178,279** | **317,075,695** | **16,034,516** | **92,728,507** | **51,671,127** | **17,921,826** | **98,327,699** | **86,542,743** | **217,099,589** | **20,469,781,334** |
| **At June 30, 2023** | | | | | | | | | | | | | | | | | | |
| Cost | 1,044,459,185 | 137,013,177 | 4,060,501,272 | 942,519,345 | 420,773,248 | 367,434,897 | 136,863,631 | 50,064,636 | 25,013,014,879 | 691,419,282 | 30,745,940 | 161,037,691 | 135,185,307 | 50,266,260 | 175,420,802 | 140,655,983 | 399,436,232 | 33,956,811,767 |
| Accumulated depreciation | - | - | 1,941,852,127 | 266,443,418 | 138,676,447 | 257,675,937 | 46,044,947 | 47,735,162 | 9,901,836,600 | 374,343,587 | 14,711,424 | 68,309,184 | 83,514,180 | 32,344,434 | 77,093,103 | 54,113,240 | 182,336,643 | 13,487,030,433 |
| **Net book value** | **1,044,459,185** | **137,013,177** | **2,118,649,145** | **676,075,927** | **282,096,801** | **109,758,960** | **90,818,684** | **2,329,474** | **15,111,178,279** | **317,075,695** | **16,034,516** | **92,728,507** | **51,671,127** | **17,921,826** | **98,327,699** | **86,542,743** | **217,099,589** | **20,469,781,334** |
| **Year ended June 30, 2024** | | | | | | | | | | | | | | | | | | |
| Opening net book value | 1,044,459,185 | 137,013,177 | 2,118,649,145 | 676,075,927 | 282,096,801 | 109,758,960 | 90,818,684 | 2,329,474 | 15,111,178,279 | 317,075,695 | 16,034,516 | 92,728,507 | 51,671,127 | 17,921,826 | 98,327,699 | 86,542,743 | 217,099,589 | 20,469,781,334 |
| Additions | 559,655,123 | - | 1,080,095,933 | 161,715,027 | 199,629,245 | - | - | - | 3,117,596,550 | 102,101,593 | - | 5,320,000 | 93,327,353 | 710,000 | 45,533,404 | 181,252,810 | 144,470,541 | 5,691,407,579 |
| Transfer to investment property | 3,856,480 | - | 153,561,930 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 157,418,410 |
| Disposals: | | | | | | | | | | | | | | | | | | |
| - cost | 25,315,740 | - | 62,075,194 | 82,950,380 | 65,705,744 | - | - | 22,831,707 | 185,931,239 | 24,390,796 | 292,872 | 761,664 | 6,852,655 | 7,242,670 | 9,286,767 | 2,769,140 | 71,998,741 | 568,405,309 |
| - accumulated depreciation | - | - | (41,487,898) | (52,563,568) | (20,387,690) | - | - | (21,591,839) | (149,918,158) | (17,589,740) | (182,899) | (603,062) | (5,392,895) | (6,372,988) | (8,112,954) | (2,194,087) | (25,390,422) | (351,788,200) |
| | 25,315,740 | - | 20,587,296 | 30,386,812 | 45,318,054 | - | - | 1,239,868 | 36,013,081 | 6,801,056 | 109,973 | 158,602 | 1,459,760 | 869,682 | 1,173,813 | 575,053 | 46,608,319 | 216,617,109 |
| Depreciation charge | - | - | 278,591,808 | 37,796,980 | 20,733,768 | 10,760,734 | 4,540,934 | 440,592 | 1,753,953,720 | 36,144,738 | 1,602,443 | 10,049,380 | 31,140,331 | 1,824,157 | 12,879,926 | 14,475,057 | 47,401,465 | 2,262,336,033 |
| **Closing net book value** | **1,574,942,088** | **137,013,177** | **2,746,004,044** | **769,607,162** | **415,674,224** | **98,998,226** | **86,277,750** | **649,014** | **16,438,808,028** | **376,231,494** | **14,322,100** | **87,840,525** | **112,398,389** | **15,937,987** | **129,807,364** | **252,745,443** | **267,560,346** | **23,524,817,361** |
| **At June 30, 2024** | | | | | | | | | | | | | | | | | | |
| Cost | 1,574,942,088 | 137,013,177 | 4,924,960,081 | 1,021,283,992 | 554,696,749 | 367,434,897 | 136,863,631 | 27,232,929 | 27,944,680,190 | 769,130,079 | 30,453,068 | 165,596,027 | 221,660,005 | 43,733,590 | 211,667,439 | 319,139,653 | 471,908,032 | 38,922,395,627 |
| Accumulated depreciation | - | - | 2,178,956,037 | 251,676,830 | 139,022,525 | 268,436,671 | 50,585,881 | 26,583,915 | 11,505,872,162 | 392,898,585 | 16,130,968 | 77,755,502 | 109,261,616 | 27,795,603 | 81,860,075 | 66,394,210 | 204,347,686 | 15,397,578,266 |
| **Net book value** | **1,574,942,088** | **137,013,177** | **2,746,004,044** | **769,607,162** | **415,674,224** | **98,998,226** | **86,277,750** | **649,014** | **16,438,808,028** | **376,231,494** | **14,322,100** | **87,840,525** | **112,398,389** | **15,937,987** | **129,807,364** | **252,745,443** | **267,560,346** | **23,524,817,361** |
| **Depreciation rate (% - per annum)** | | | **10** | **5** | **5** | **10** | **5** | **20** | **10** | **10** | **10** | **10** | **30** | **10** | **10** | **10** | **20** | |

5.1.1 Freehold lands of the Company are located at Sheikhupura, Kasur and Lahore with an area of 1,554,764 (2023: 1,433,189) square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2023: 440,804) square yards.

### 5.1.2 The details of operating fixed assets disposed-off is as follows:

| Particulars of assets | Cost | Accumu- lated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Sold to: |
|---|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - - - - - - | - - - - - | Rupees | - - - - - | - - - - - - - - - - - - - - - - - | | |
| Assets having net book value exceeding Rs.500,000 each | | | | | | | |
| Land and Building | | | | | | | |
| Free-hold Land | 25,315,740 | - | 25,315,740 | 25,320,000 | 4,260 | Negotiation | Mr. Syed Khurram Badshah |
| Office Building- Free hold | 65,705,744 | 20,387,690 | 45,318,054 | 200,850,000 | 155,531,946 | - - - do - - - | M/s Sapphire Finishing Mills Limited (a related party) |
| Factory building | 67,355,844 | 47,753,266 | 19,602,578 | 497,978 | (19,104,600) | - - - do - - - | M/s Noor Construction |
| Residentail Building | 82,950,380 | 52,563,566 | 30,386,814 | 771,938 | (29,614,876) | - - - do - - - | - - - do - - - |
| | 241,327,708 | 120,704,522 | 120,623,186 | 227,439,916 | 106,816,730 | | |
| Plant and machinery | | | | | | | |
| Neutral Grounding Resistor | 1,900,000 | 583,674 | 1,316,326 | 196,721 | (1,119,605) | Negotiation | M/s Zee Square |
| Draw Frames | 5,380,184 | 4,840,179 | 540,005 | 1,106,557 | 566,552 | - - - do - - - | - - - do - - - |
| Simplex Machine | 3,300,000 | 2,781,527 | 518,473 | 614,754 | 96,281 | - - - do - - - | - - - do - - - |
| Transformer | 2,985,570 | 1,034,482 | 1,951,088 | 2,000,000 | 48,912 | - - - do - - - | M/s Hanif Trading Corporation |
| Slub Motion Device | 6,092,521 | 4,836,189 | 1,256,332 | 1,219,635 | (36,697) | - - - do - - - | M/s Ideal Trading Company |
| Filter For Waste Collection | 7,845,441 | 5,663,851 | 2,181,590 | 2,192,373 | 10,783 | - - - do - - - | M/s Hanif Trading Corporation |
| MPM - Complete Machine | 1,570,000 | 850,154 | 719,846 | 2,300,000 | 1,580,154 | - - - do - - - | M/s Reliance Cotton Spinning Mills Ltd (a related party) |
| Beater Machine | 1,223,608 | 129,159 | 1,094,449 | 1,200,000 | (492,845) | - - - do - - - | M/s Reliance Cotton Spinning Mills Ltd (a related party) |
| Transformer | 3,390,000 | 2,185,270 | 1,204,730 | 4,000,000 | 2,795,270 | - - - do - - - | M/s Trafo Link |
| Electric cables | 3,535,670 | 2,985,193 | 550,477 | 550,500 | 23 | - - - do - - - | M/s Ideal Trading Company |
| Dust & Waste Removal System | 6,329,145 | 2,714,406 | 3,614,739 | 3,617,000 | 2,261 | - - - do - - - | - - - do - - - |
| Ring Spinning Frame | 13,290,687 | 11,428,355 | 1,862,332 | 1,865,000 | 2,668 | - - - do - - - | - - - do - - - |
| Detection & Rejection System | 1,226,327 | 678,746 | 547,581 | 550,000 | 2,419 | - - - do - - - | - - - do - - - |
| Dust & Waste Removal System | 6,770,493 | 5,716,379 | 1,054,114 | 1,055,245 | 1,131 | - - - do - - - | - - - do - - - |
| Bales Braker | 16,228,665 | 15,669,909 | 558,756 | 560,000 | 1,244 | - - - do - - - | - - - do - - - |
| High Efficiency Boiler | 4,000,000 | 2,321,423 | 1,678,577 | 1,694,915 | 16,338 | - - - do - - - | M/s Allied Biolers |
| Electric cables | 8,763,055 | 7,626,021 | 1,137,034 | - | (1,137,034) | Write-off | - |
| Boiler | 5,412,500 | 4,613,088 | 799,412 | - | (799,412) | - - - do - - - | - |
| R.O Water Plan | 1,750,000 | 1,015,050 | 734,950 | - | (734,950) | - - - do - - - | - |
| Bio Gas Projector | 2,501,147 | 1,794,149 | 706,998 | - | (706,998) | - - - do - - - | - |
| Air Compressor | 7,645,371 | 6,942,496 | 702,875 | - | (702,875) | - - - do - - - | - |
| HS Rooter | 3,250,000 | 2,630,936 | 619,064 | - | (619,064) | - - - do - - - | - |
| Slub Device | 6,462,397 | 5,745,157 | 717,240 | - | (717,240) | - - - do - - - | - |
| | 120,852,781 | 94,785,793 | 26,066,988 | 24,722,700 | (1,344,288) | | |
| Electric Installation | | | | | | | |
| Ht Switchgear | 2,417,577 | 1,623,533 | 794,044 | 800,000 | 5,956 | Negotiation | M/s Ideal Trading Compnay |
| Electric Cables & Fitting | 14,696,362 | 10,856,337 | 3,840,025 | 3,845,000 | 4,975 | - - - do - - - | - - - do - - - |
| Electric cables | 1,079,934 | 204,445 | 875,489 | 885,000 | 9,511 | - - - do - - - | - - - do - - - |
| | 18,193,873 | 12,684,315 | 5,509,558 | 5,530,000 | 20,442 | | |
| Vehicles | | | | | | | |
| Kia Sorento | 7,852,000 | 2,807,526 | 5,044,474 | 5,200,000 | 155,526 | Negotiation | Mr. Faisal Ali |
| Range Rover | 50,000,000 | 14,533,333 | 35,466,667 | 50,000,000 | 14,533,333 | - - - do - - - | Mr. Muhammad Gulraiz Hussain |
| Kia Sportage | 6,371,000 | 1,428,166 | 4,942,834 | 5,029,551 | 86,717 | - - - do - - - | Mr. Waqas Dilawar |
| | 64,223,000 | 18,769,025 | 45,453,975 | 60,229,551 | 14,775,576 | | |
| Various assets having Net book value upto Rs.500,000 each | 123,807,947 | 104,844,545 | 18,963,402 | 12,423,785 | (6,539,617) | Negotiation | Various parties |
| 2024 | 568,405,309 | 351,788,200 | 216,617,109 | 330,345,952 | 113,728,843 | | |
| 2023 | 447,103,961 | 376,754,541 | 70,349,420 | 106,242,835 | 35,893,415 | | |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 5.2 | Right-of-use assets | | | |
| | Balance at beginning of the year | | 49,594,095 | 66,125,459 |
| | Depreciation charged during the year | 5.2.1 | (16,531,364) | (16,531,364) |
| | Balance at end of the year | | 33,062,731 | 49,594,095 |

5.2.1 This relates to offices obtained on rent in Tricon Corporate Centre situated at 73-E Main Jail Road, Gulberg II, Lahore. Lease term is for 5 years. Depreciation expense amounting to Rs.16.531 million (2023: Rs.16.531 million) has been charged to administrative expenses.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 5.3 | Capital work-in-progress | | | |
| | Civil works and buildings | | 538,842,800 | 1,117,697,511 |
| | Plant and machinery including in transit amounting Rs.29.357million (2023: Rs. 31.990 million) | 5.3.1 | 969,459,831 | 1,861,270,707 |
| | Electric installation | | - | 86,196,249 |
| | Mills equipment | | - | 54,000,153 |
| | Furniture and fixture | | - | 6,958,131 |
| | | | 1,508,302,631 | 3,126,122,751 |

5.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.2.246 million (2023: Rs.115.099 million) at the borrowing rate of 23.04% to 24.16% (2023:2.85% to 23.08%) per annum.

5.3.2 Movement in the capital work-in-progress

| Capital work-in-progress | July 1, 2023 | Additions during the year | Transferred to operating fixed assets | June 30, 2024 |
|---|---|---|---|---|
| Particulars | - - - - - - - - - - Rupees - - - - - - - - - - | | | |
| Civil works and buildings | 1,117,697,511 | 1,159,932,511 | (1,738,787,222) | 538,842,800 |
| Plant and machinery | 1,861,270,707 | 1,995,797,062 | (2,887,607,938) | 969,459,831 |
| Electric installation | 86,196,249 | - | (86,196,249) | - |
| Mills equipment | 54,000,153 | 4,215,450 | (58,215,603) | - |
| Computer | - | 1,990,661 | (1,990,661) | - |
| Furniture and fixture | 6,958,131 | 13,284,478 | (20,242,609) | - |
| | 3,126,122,751 | 3,175,220,162 | (4,793,040,282) | 1,508,302,631 |

| | July 1, 2022 | Additions during the year | Transferred to operating fixed assets | June 30, 2023 |
|---|---|---|---|---|
| | - - - - - - - - - - Rupees - - - - - - - - - - | | | |
| Civil works and buildings | 1,126,629,471 | 722,287,395 | (731,219,355) | 1,117,697,511 |
| Plant and machinery | 2,326,866,270 | 4,472,044,299 | (4,937,639,862) | 1,861,270,707 |
| Electric installation | 21,376,195 | 64,820,054 | - | 86,196,249 |
| Mills equipment | 25,350,193 | 32,090,144 | (3,440,184) | 54,000,153 |
| Furniture and fixture | - | 7,683,431 | (725,300) | 6,958,131 |
| | 3,500,222,129 | 5,298,925,323 | (5,673,024,701) | 3,126,122,751 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 5.4 | Depreciation charge has been allocated as follows: | | |
| | Cost of goods manufactured | 2,211,016,808 | 1,760,706,832 |
| | Distribution cost | 508,023 | 983,737 |
| | Administrative expenses | 50,811,202 | 52,837,041 |
| | | 2,262,336,033 | 1,814,527,610 |

## 6. INVESTMENT PROPERTY

| | Freehold Land | Building on Freehold Land | Total |
|---|---|---|---|
| | ------------Rupees------------ | | |
| **At July 1, 2022** | | | |
| Cost | 31,750,000 | - | 31,750,000 |
| Accumulated depreciation | - | - | - |
| Net book value | 31,750,000 | - | 31,750,000 |
| **Year ended June 30, 2023** | | | |
| Opening net book value | 31,750,000 | - | 31,750,000 |
| Depreciation charge | - | - | - |
| Opening net book value | 31,750,000 | - | 31,750,000 |
| **At June 30, 2023** | | | |
| Cost | 31,750,000 | - | 31,750,000 |
| Accumulated depreciation | - | - | - |
| Net book value | 31,750,000 | - | 31,750,000 |
| **Year ended June 30, 2024** | | | |
| Opening net book value | 31,750,000 | - | 31,750,000 |
| Transfer from operating fixed assets | 3,856,480 | 153,561,930 | 157,418,410 |
| Disposals: | | | |
| - cost | 12,700,000 | - | 12,700,000 |
| - accumulated depreciation | - | - | - |
| | 12,700,000 | - | 12,700,000 |
| Depreciation charge | - | (8,073,762) | (8,073,762) |
| Closing net book value | 22,906,480 | 145,488,168 | 168,394,648 |
| **At June 30, 2024** | | | |
| Cost | 22,906,480 | 153,561,930 | 176,468,410 |
| Accumulated depreciation | - | (8,073,762) | (8,073,762) |
| Net book value | 22,906,480 | 145,488,168 | 168,394,648 |
| Depreciation rate % per annum | - | 10 | |

6.1 These represents free-hold land situated at Raiwind Road, Lahore having an area of 3,000 (2023:5,000) square yards and factory land & building situated at 1.5 Km Bhubtian Chowk Raiwind Road, Lahore having a covered area of 26,030 square yards.

6.1.1 Fair value of the investment property was carried out on June 30, 2024. As per the valuation report the fair value of the investment property as at June 30, 2024 was Rs.1,220.792 million (2023: Rs.286 million).

6.1.2 The Company during the year has transferred factory land & building given on operating lease to Design Tex (SMC-Private) Limited (a wholly owned subsidiary company) from operating fixed asset to investment property.

6.1.3 The Company during the year has sold freehold costing Rs. 12.700 million against aggregate consideration of Rs. 123.825 million.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **7.** | **INTANGIBLE ASSETS** | | |
| | These represent computer software. | | |
| | Net carrying value as at July 1, | | |
| | Opening net book value | - | 8,333 |
| | Amortization for the year | - | (8,333) |
| | Net book value as at, | - | - |
| | Gross carrying value as at, | | |
| | Cost | 24,922,360 | 24,922,360 |
| | Accumulated amortization | (24,922,360) | (24,922,360) |
| | Net book value | - | - |
| | Amortization rate (% per annum) | 20 | 20 |

7.1 This represents fully amortised computer software that is still in use of the Company at the reporting date.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **8.** | **LONG TERM INVESTMENTS** | | | |
| | Subsidiary Companies - at cost | 8.1 | 12,171,125,659 | 11,327,423,070 |
| | Associated Companies - at cost | 8.2 | 475,976,276 | 475,976,276 |
| | Others - equity instruments | 8.3 | 3,554,103,688 | 2,626,899,683 |
| | | | 16,201,205,623 | 14,430,299,029 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 8.1 | Subsidiary Company - unquoted | | | |
| | Sapphire Wind Power Company Limited (SWPCL) | | | |
| | 228,228,737 ordinary shares of Rs.10 each<br>Equity held : 70% | 8.1.1 | 2,282,287,370 | 2,282,287,370 |
| | Sapphire Retail Limited | | | |
| | 200,000,000 ordinary shares of Rs.10 each<br>Equity held : 100% | | 2,000,000,000 | 2,000,000,000 |
| | Tricon Boston Consulting Corporation (Pvt.) Limited (TBCL) | | | |
| | 475,051,500 ordinary shares of Rs.10 each<br>Equity held : 57.125% | 8.1.1 | 5,224,375,700 | 5,224,375,700 |
| | Sapphire International ApS | | | |
| | 673,780 ordinary shares of DKK 1 each<br>Equity held : 100% | 8.1.2 | 15,760,000 | 15,760,000 |
| | Sapphire Real Estate (Private) Limited | | | |
| | 117,500,000 ordinary shares of Rs.10 each<br>Equity held : 100% | | 1,175,000,000 | 1,175,000,000 |
| | Sapphire Chemicals (Private) Limited | | | |
| | 110,000,000 (2023: 60,000,000) ordinary shares of Rs.10 each<br>Equity held : 100% | | 1,100,000,000 | 600,000,000 |
| | Sapphire Green Energy (Private) Limited | | | |
| | 3,000,000 ordinary shares of Rs.10 each<br>Equity held : 100% | | 30,000,000 | 30,000,000 |
| | Sapphire Retail International Limited | | | |
| | 486,000 ordinary shares of £ 1 each<br>Equity held : 100% | 8.1.3 | 174,954,649 | - |
| | Sapphire Retail Trading One Person Company LLC | | | |
| | 2,200 ordinary shares of AED 1000 each<br>Equity held : 100% | 8.1.3 | 168,747,940 | - |
| | | | 12,171,125,659 | 11,327,423,070 |

8.1.1 The shares of SWPCL and TBCL held by the company are under pledge as a security for debt finance arrangement for the wind energy project of SWPCL and TBCL, respectively.

8.1.2 Sapphire International ApS is a wholly owned Subsidiary Company incorporated as a limited liability company in Denmark and is formed to strengthen exports of the Holding Company and is engaged in selling textile products.

8.1.3 The Company during the year has formed wholly owned Subsidiaries i-e Sapphire Retail International Limited in United Kingdom and Sapphire Retail Trading One person Company LLC in United Arab Emirates for the purpose of textile retail operation in respective countries.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 8.2 | **Associated Companies - Quoted** | | | |
| | **Reliance Cotton Spinning Mills Limited** | | | |
| | 313,295 ordinary shares of Rs.10 each | | | |
| | Equity held: 3.04% | | 8,461,851 | 8,461,851 |
| | **Associated Companies - unquoted** | | | |
| | **Sapphire Power Generation Limited** | | | |
| | 4,234,500 ordinary shares of Rs.10 each | | | |
| | Equity held: 26.43% | | 113,705,500 | 113,705,500 |
| | **Sapphire Electric Company Limited** | | | |
| | 6,000,000 ordinary shares of Rs.10 each | | | |
| | Equity held: 1.42% | | 60,000,000 | 60,000,000 |
| | **Sapphire Holding Limited** | | | |
| | 10,000 ordinary shares of Rs.10 each | | | |
| | Equity held: 0.05% | | 100,000 | 100,000 |
| | **Sapphire Dairies (Private) Limited** | | | |
| | 23,500,000 ordinary shares of Rs.10 each | | | |
| | Equity held: 12.95% | | 235,000,000 | 235,000,000 |
| | **Foreign Company - Creadore A/S Denmark** | | | |
| | 3,675 ordinary shares of DKK 1,000 | | | |
| | Equity held: 49.00% | | 58,708,925 | 58,708,925 |
| | | | 475,976,276 | 475,976,276 |
| 8.3 | **Equity Instruments - at FVTOCI** | | | |
| | **Quoted** | | | |
| | **MCB Bank Limited** | | | |
| | 7,330,948 (2023: 4.120,740) ordinary shares of Rs.10 each - cost | | 662,498,768 | 224,625,605 |
| | Adjustment arising from re-measurement to fair value | | 1,001,773,047 | 247,075,502 |
| | | | 1,664,271,815 | 471,701,107 |
| | **Habib Bank Limited** | | | |
| | 15,232,862 (2023: 29,423,714) ordinary shares of Rs.10 each - cost | | 3,047,263,855 | 5,886,143,798 |
| | Adjustment arising from re-measurement to fair value | | (1,157,931,982) | (3,731,445,222) |
| | | | 1,889,331,873 | 2,154,698,576 |
| | **Unquoted** | | | |
| | **Jomo Technologies (Private) Limited** | | | |
| | 25,000,000 (2023: 25,000,000) ordinary shares of Rs.10 each | | 150,000,000 | 150,000,000 |
| | Less: provision for impairment | 8.3.1 | (150,000,000) | 150,000,000 |
| | | | - | - |
| | **TCC Management Services (Private) Limited** | | | |
| | 50,000 ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| | | 8.3.2 & 8.3.3 | 3,554,103,688 | 2,626,899,683 |

8.3.1 The management of the Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.

8.3.2 The Company has pledged 3.951 million (2023: 3.951 million) shares of MCB Bank Limited, 3.487 million (2023: 23.979 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 9. | LONG TERM LOANS AND ADVANCES | | | |
| | Loan to employees | 9.1 | 37,651,308 | 43,292,703 |
| | Advance for purchase of land | 9.2 | 15,493,559 | 204,543,864 |
| | Advance for vehicles | | 3,024,000 | - |
| | | | 56,168,867 | 247,836,567 |
| 9.1 | Loan to employees - unsecured (considered good) | | | |
| | Loans to employees | 9.1.1 | 85,438,279 | 88,549,021 |
| | Less: recoverable within one year and grouped under current assets | | 47,786,971 | 45,256,318 |
| | | | 37,651,308 | 43,292,703 |

9.1.1 These represent interest free loans provided to executives and permanent employees for various purposes in accordance with the terms of employment. These include loans which are secured against retirement benefits payable to the executives / employees on resignation / retirement. These are recoverable in equal monthly instalments. The present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is not considered material and hence not recognized.

9.2 This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhupura.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 10. | LONG TERM DEPOSITS | | | |
| | Security deposits held with: | | | |
| | Water and Power Development Authority | | 85,830,588 | 85,830,588 |
| | Sui Northern Gas Pipelines Limited | | 2,803,864 | 1,373,600 |
| | Others | 10.1 | 3,756,504 | 3,756,504 |
| | | | 92,390,956 | 90,960,692 |

10.1 It includes an amount of Rs.36,000 (2023: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 11. | STORES, SPARES AND LOOSE TOOLS | | | |
| | Stores | | 404,370,783 | 297,025,929 |
| | Spare parts | | 222,942,282 | 252,732,437 |
| | Loose tools | | 147,368 | 606,773 |
| | Items in transit | | 102,555,200 | 100,663,152 |
| | | | 730,015,633 | 651,028,291 |
| | Less: Provision for slow moving items | 11.1 | 36,907,525 | 44,601,999 |
| | | | 693,108,108 | 606,426,292 |
| 11.1 | Provision for slow moving items | | | |
| | Balance at beginning of the year | | 44,601,999 | 39,283,153 |
| | Provision made during the year | | - | 5,318,846 |
| | Less: provision reversed during the year | | 7,694,474 | - |
| | Balance at end of the year | | 36,907,525 | 44,601,999 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **12. STOCK IN TRADE** | | | |
| Raw materials: | | | |
| - at mills | | 13,082,347,927 | 14,689,903,498 |
| - in transit | | 3,234,446,675 | 1,674,171,675 |
| | | 16,316,794,602 | 16,364,075,173 |
| Work-in-process | | 1,692,571,224 | 1,332,041,251 |
| Finished goods - at mills | | 6,461,942,834 | 5,250,072,568 |
| Waste | | 61,966,201 | 87,647,145 |
| | | 24,533,274,861 | 23,033,836,137 |

12.1 Stock in trade include items costing Rs.9,624.514 million (2023: Rs.10,747.314 million) stated at their net realizable value aggregated Rs.8,582.814 million (2023: Rs.9,369.665 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.1,041.699 million (2023: Rs.1,377.649 million).

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **13. TRADE DEBTS** | | | |
| Considered good | | | |
| Local debts | 13.1 & 13.2 | 7,602,932,184 | 5,512,304,414 |
| Waste | | 45,237,220 | 46,145,020 |
| Others | | 7,466,909 | 15,764,378 |
| | | 7,655,636,313 | 5,574,213,812 |
| Considered good - secured | | | |
| Foreign debts | 13.5 | 1,330,643,502 | 1,083,724,158 |
| | | 8,986,279,815 | 6,657,937,970 |
| Less: provision for expected credit loss | 13.6 | 47,465,409 | 44,329,846 |
| | | 8,938,814,406 | 6,613,608,124 |

13.1 Local debts includes an amount of Rs.3,452.693 million (2023: Rs.1,954.671 million) receivable against indirect export sales.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **13.2 These include the following amounts due from related parties:** | | |
| Diamond Fabrics Limited | 19,378,449 | 55,006,728 |
| Sapphire Fibres Limited | 53,978,945 | - |
| Sapphire Finishing Mills Limited | 548,541,058 | 289,937,182 |
| Sapphire Retail Limited | 61,868,364 | 45,737,369 |
| Designtex (SMC) Private Limited | 1,755,148,626 | 1,390,325,441 |
| | 2,438,915,442 | 1,781,006,720 |

13.3 The aging of trade debts receivable from related parties as at reporting date is as follows:

| | Total amount receivable | Neither past due nor impaired | Past due but not impaired 0-30 days |
|---|---|---|---|
| | ---------------- | Rupees | ---------------- |
| 2024 | 2,438,915,442 | 2,301,618,166 | 137,297,276 |
| 2023 | 1,781,006,720 | 1,781,006,720 | - |

13.4 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.2,883.135 million (2023: Rs.2,928.754 million).

13.5 Foreign debts includes an amount of Rs.246.133 million (2023: Rs.121.093 million) from Sapphire International Aps, (a related party), against export sales.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 13.6 | Provision for expected credit loss | | | |
| | Balance at the beginning of the year | | 44,329,846 | 42,349,160 |
| | Charged during the year | | 3,135,563 | 1,980,686 |
| | Balance at the end of the year | | 47,465,409 | 44,329,846 |
| 14. | LOANS AND ADVANCES | | | |
| | Unsecured - Considered good | | | |
| | Current portion of long term loans to employees | 9.1 | 47,786,971 | 45,256,318 |
| | Advances to suppliers | | 110,748,876 | 85,086,661 |
| | Short term loans to employees | | 5,205,614 | 8,414,719 |
| | | | 163,741,461 | 138,757,698 |
| 15. | TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| | Security deposits | | 1,015,000 | 18,014,999 |
| 16. | OTHER RECEIVABLES | | | |
| | Dividend receivable | 16.1 | 9,000,000 | - |
| | Margin deposits | | - | 7,168,259 |
| | Deposits with High Court | | 19,430,291 | 19,430,291 |
| | Export rebate receivable | | 109,413,080 | 66,487,737 |
| | Receivable against sale of fixed assets | | 50,229 | - |
| | Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary) | 16.2 | 1,087,350,000 | 1,116,420,000 |
| | Unrealised gain on forward foreign currency contracts | | 61,604,864 | - |
| | Rent receivable | | 657,810 | 629,224 |
| | | | 1,287,506,274 | 1,210,135,511 |

16.1 This represents dividend receivable from Sapphire Electric Company Limited (a related party).

16.2 It includes an amount of Rs.1,057.35 million (2023: Rs.1,086.420 million) receivable against technical services and Rs.30 million (2023: Rs.30 million) representing receivable balance transferred to the Company from the subsidiary's previous sponsor at the time of its acquisition. The maximum aggregate amount during the year was Rs.1,087.350 million (2023: Rs.1,116.420 million).The amount is expected to be received during the year June 30, 2025, therefore the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not considered material and hence not recognized.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 17. | SHORT TERM INVESTMENTS | | | |
| | Equity instruments | 17.1 | 4,251,400,468 | 1,364,735,401 |

### 17.1 Equity Instruments - at FVTOCI

(Investment in quoted securities)

| No. of shares / certificates 2024 | No. of shares / certificates 2023 | Name of the investee company | Market value 2024 | Market value 2023 | Cost 2024 | Cost 2023 |
|---|---|---|---|---|---|---|
| | | | ----------Rupees---------- | | | |
| 23,828,497 | 26,985 ,346 | Bank AL-Habib Limited | 2,673,080,793 | 1,166,306,654 | 976,027,847 | 1,105,332,382 |
| 203,500 | 65,321 | Engro Corporation (Pakistan) Limited | 67,706,485 | 16,976,275 | 52,266,030 | 18,468,972 |
| 592,500 | 197,000 | Oil and Gas Development Company Limited | 80,206,725 | 15,366,000 | 59,568,791 | 20,490,173 |
| 548,500 | 288,000 | Fauji Fertilizer Company Limited | 89,613,930 | 28,350,720 | 53,521,744 | 31,509,886 |
| 448,000 | 1,124,332 | Meezan Bank Limited | 107,246,720 | 97,108,555 | 57,750,256 | 70,864,855 |
| 206,500 | 58,500 | Lucky Cement Limited | 187,239,745 | 30,542,265 | 130,166,784 | 41,274,019 |
| 879,800 | 85,800 | United Bank Limited | 225,439,952 | 10,084,932 | 148,471,947 | 10,829,113 |
| 2,880,000 | - | Dolment City REIT | 47,376,000 | - | 40,266,582 | - |
| 419,000 | - | Engro Fertilizer Company Limited | 69,646,180 | - | 33,876,596 | - |
| 48,100 | - | Mari Petroleum Company Limited | 130,463,554 | - | 75,009,345 | - |
| 6,900 | - | Nestle Pakistan Limited | 49,363,773 | - | 52,187,954 | - |
| 86,500 | - | Pakistan Oilfields Limited | 42,379,810 | - | 36,935,002 | - |
| 161,500 | - | Systems Limited | 67,555,450 | - | 68,098,687 | - |
| 53,360 | - | Colgate Palmolive Pakistan Limited | 65,094,931 | - | 75,962,467 | - |
| 85,989 | - | Lucky Core Industries Limited | 79,925,916 | - | 56,972,057 | - |
| 301,000 | - | National Foods Limited | 52,587,710 | - | 37,847,387 | - |
| 806,800 | - | The Hub Power Company Limited | 131,572,944 | - | 84,938,002 | - |
| 74,900 | - | Highnoon Laboratories Limited | 53,447,142 | - | 32,621,897 | - |
| 108,500 | - | Frieslandcampina Engro Pakistan Limited | 7,597,170 | - | 8,157,693 | - |
| 251,002 | - | Standard Chartered Bank Pakistan Limited | 15,481,803 | - | 13,855,343 | - |
| 558,249 | - | TPI Reit Fund I | 8,373,735 | - | 9,819,600 | - |
| | | | 4,251,400,468 | 1,364,735,401 | 2,104,322,011 | 1,298,769,400 |
| 972,295 | 972,295 | Gulshan Spinning Mills Limited | - | - | 17,441,370 | 17,441,370 |
| | | | 4,251,400,468 | 1,364,735,401 | 2,121,763,381 | 1,316,210,770 |
| Add: Adjustment arising from re-measurement to fair value | | | | | 2,129,637,087 | 48,524,631 |
| Market value | | | | | 4,251,400,468 | 1,364,735,401 |

17.1.1 The Company has pledged 4.080 million (2023:15.880 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **18. TAX REFUNDS DUE FROM GOVERNMENT** | | | |
| Income tax / levies - net | 18.1 | (360,397,564) | 379,850,364 |
| Sales tax receivable | | 2,056,607,994 | 4,068,043,564 |
| Less: provision against doubtful sales tax refunds | 18.2 | 638,882,264 | 577,228,043 |
| | | 1,417,725,730 | 3,490,815,521 |
| | | 1,057,328,166 | 3,870,665,885 |
| **18.1 Income tax / levies - net** | | | |
| Advance income tax / refundable / prepaid taxes | | 2,270,268,539 | 1,788,767,223 |
| Provision for income tax / levies | 18.1.1 | (2,630,666,103) | (1,408,916,859) |
| | | (360,397,564) | 379,850,364 |

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 18.1.1 | Provision for income tax / levies | | | |
| | Balance at the beginning of the year | | 1,408,916,859 | 1,450,432,496 |
| | Provision for the year | 40.5 | 2,190,717,735 | 1,410,160,179 |
| | | | 3,599,634,594 | 2,860,592,675 |
| | Less: Adjusted during the year against completed assessments | | (968,968,491) | (1,451,675,816) |
| | | | 2,630,666,103 | 1,408,916,859 |
| 18.2 | Provision against doubtful sales tax refunds | | | |
| | Balance at beginning of the year | | 577,228,043 | 508,576,045 |
| | Add: provision for the year | | 61,654,221 | 68,651,998 |
| | Balance at end of the year | | 638,882,264 | 577,228,043 |
| 19. | CASH AND BANK BALANCES | | | |
| | Cash-in-hand | | 400,000 | 702,580 |
| | Balances with banks on: current accounts | | | |
| | - local currency | | 21,565,862 | 35,578,234 |
| | - foreign currency | 19.1 | 206,977,167 | 374,402,561 |
| | | | 228,543,029 | 409,980,795 |
| | saving accounts | 19.2 | 101,230,772 | 2,404,710 |
| | | | 330,173,801 | 413,088,085 |

19.1 These include foreign currency accounts amounting to US.$ 708,339 (2023: US.$ 1,292,060) and EURO 33,052 (2023: EURO 16,017).

19.2 Effective rates of profit on saving account, during the year, ranged at 20.5% (2023: 12.74% to 20.16%) per annum.

## 20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2024 | 2023 | | 2024 | 2023 |
|---|---|---|---|---|
| ------- Numbers ------- | | | ------------Rupees------------ | |
| 7,813,391 | 7,813,391 | Ordinary shares of Rs.10 each fully paid in cash | 78,133,910 | 78,133,910 |
| 13,876,400 | 13,876,400 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 138,764,000 | 138,764,000 |
| 21,689,791 | 21,689,791 | | 216,897,910 | 216,897,910 |

20.1 The Company has only one class of shares which carry no right to fixed income.

20.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

20.3 As at the reporting date 6,723,815 (2023:6,722,155) shares of the Company are held by associated companies.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **21. RESERVES** | | | |
| Capital reserves | 21.1 | 2,307,599,538 | (2,720,607,629) |
| Revenue reserves | 21.2 | 34,392,355,835 | 30,742,164,103 |
| | | 36,699,955,373 | 28,021,556,474 |
| **21.1 Composition of capital reserves is as follows:** | | | |
| Share Premium | 21.1.1 | 782,796,090 | 782,796,090 |
| Fixed Assets Replacement Reserve | 21.1.2 | 65,000,000 | 65,000,000 |
| Fair value reserve of financial asset at fair value through OCI | 21.1.3 | 1,459,803,448 | (3,568,403,719) |
| | | 2,307,599,538 | (2,720,607,629) |

21.1.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued. This reserve can only be utilised for purposes specified in section 81 of the Companies Act, 2017.

21.1.2 This reserve represents funds set aside for the purchase of fixed assets in the future.

21.1.3 This represents unrealized loss on re-measurement of investments at fair value through OCI.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 21.2 Composition of revenue reserves is as follows: | | | |
| General reserves | 21.2.1 | 1,330,000,000 | 1,330,000,000 |
| Unappropriated profits | 21.2.2 | 33,001,934,741 | 29,412,164,103 |
| Cash flow hedge reserve | 21.2.3 | 60,421,094 | - |
| | | 34,392,355,835 | 30,742,164,103 |

21.2.1 This represents appropriation of profit in past years to meet future contingencies.

21.2.2 This represents the level of unrestricted funds available for general use and distribution among the shareholders.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **21.2.3 Gain on cash flow hedge:** | | | |
| Gain arising during the year | | 60,421,094 | - |
| Less: reclassification for gain included in profit or loss | | - | 66,407,961 |
| | | 60,421,094 | 66,407,961 |
| **22. LONG-TERM LOANS AND OTHER PAYABLES** | | | |
| Long term loans | 22.1 | 19,264,504,183 | 19,760,581,758 |
| Gas infrastructure development cess payable | 22.2 | 995,182,870 | 981,695,536 |
| | | 20,259,687,053 | 20,742,277,294 |
| Less: current portion grouped under current liabilities | | | |
| - long term loans | | (2,978,886,721) | (2,555,806,343) |
| - gas infrastructure development cess payable | | (995,182,870) | (953,505,147) |
| | | 16,285,617,462 | 17,232,965,804 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 22.1 | Long term loans - secured | | | |
| | Loans from banking companies | | | |
| | - Allied Bank Limited | 22.1.1 | 4,579,792,857 | 4,563,200,451 |
| | - Bank Alfalah Limited (a related party) | 22.1.2 | 738,387,883 | 876,712,229 |
| | - Bank AL - Habib Limited | 22.1.3 | 2,066,446,793 | 2,376,630,566 |
| | - The Bank of Punjab | 22.1.4 | 1,093,964,872 | 1,058,434,940 |
| | - Faysal Bank Limited | 22.1.5 | - | 9,672,000 |
| | - Habib Bank Limited | 22.1.6 | 5,877,068,908 | 5,686,665,520 |
| | - MCB Bank Limited | 22.1.7 | 741,157,935 | 831,626,032 |
| | - Meezan Bank Limited | 22.1.8 | 1,869,233,980 | 1,898,141,813 |
| | - United Bank Limited | 22.1.9 | 662,378,555 | 823,425,807 |
| | | | 17,628,431,783 | 18,124,509,358 |
| | Loans from other institutions | | | |
| | Pakistan Kuwait Investment Company (Private) Limited | 22.1.10 | 1,473,402,400 | 1,473,402,400 |
| | Pakistan China Investment Company (Private) Limited | 22.1.11 | 162,670,000 | 162,670,000 |
| | | | 1,636,072,400 | 1,636,072,400 |
| | | | 19,264,504,183 | 19,760,581,758 |

22.1.1 These loans carry mark-up ranging from 1.75% to 23.51% (2023: 1.00% to 22.20%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.6,378 million (2023: Rs.5,435 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.458 million (2023: Rs.627 million) as on reporting date. The company during the year has obtained another loan of Rs. 610 million in single tranch and repayable in 10 years with a grace period of 2 years.

22.1.2 These loans carry mark-up of 1.75% to 2.75% (2023: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2023: Rs.1,353 million) over specific plant & machinery..

22.1.3 These loans carry mark-up ranging from 2.50% to 23.40% (2023: 2.50% to 22.58%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2023: Rs.2,347 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,330 million (2023: Rs.1,356 million) as on reporting date.

22.1.4 These loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 22.46 % to 23.91% (2023: 16.54% to 23.08%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans secured against exclusive mortgagee charge of amounting to Rs.521 million (2023: Rs 521 million) over lands and charge of Rs.1,855 million (2023: Rs 1,855 million) over plant and machinery owned by the Company.

22.1.5 These loans carry mark-up ranging from 2.50% to 3.50% (2023: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2023: Rs.228 million) over specific plant & machinery. The Company has repaid this loan during the year.

22.1.6 These loans carry mark-up ranging from 2.5% to 23.03% (2023: 0.60% to 23.03%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.13,284 million (2023: Rs.11,550 million) over specific plant & machinery. The company during the year has obtained another loan of Rs. 1,300 million in single tranch and repayable in 10 years with a grace period of 2 years.

22.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2023: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2023: Rs.1,291 million) over specific plant & machinery.

22.1.8 These loans carry mark-up ranging from 3.50% to 23.91% (2023: 3.00% to 22.20%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,369 million (2023: Rs.2,248 million) over specific plant & machinery.

22.1.9 These loans carry mark-up at the rate of 2.50% (2023: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2023: Rs.1,403 million) over specific plant & machinery.

22.1.10 These loans carry mark-up ranging from 5.00% to 24.33% (2023:5.00% to 23.09%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2023: Rs.2,356) over specific plant and machinery.

22.1.11 These loans carry mark-up at rate of 5.00% (2023: 5.00%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2023: Rs.191 million) over specific plant and machinery.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 22.2 | Movement in Gas Infrastructure Development Cess payable | | | |
| | Balance of provision for GIDC | 22.2.1 | 981,695,536 | 950,772,005 |
| | Unwinding of interest | | 13,487,334 | 30,923,531 |
| | | | 995,182,870 | 981,695,536 |

22.2.1 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgement stated that the cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

The Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that Company has not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL & SSGCL from taking any coercive action against the Company.

The Company has recorded a liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 23. | LEASE LIABILITIES | | |
| | Lease liabilities | 42,078,523 | 56,576,868 |
| | Less: current portion grouped under current liabilities | 20,276,852 | 14,498,345 |
| | | 21,801,671 | 42,078,523 |
| 23.1 | Movement of lease liabilities | | |
| | Opening balance as at July 01, | 56,576,868 | 70,061,192 |
| | Interest charge for the year | 3,637,675 | 4,651,696 |
| | Payment made during the year | (18,136,020) | (18,136,020) |
| | Closing balance as at June 30, | 42,078,523 | 56,576,868 |

23.2 The lease commenced on July 15, 2021, the effective interest rate used as the discount factor (i.e. incremental borrowing rate) of 3 month KIBOR + 0.12% per annum at the time of inception of lease agreement. Lease payments and their present values are as follows:

| Particulars | 2024 Upto one year | 2024 From one to five years | 2024 Total | 2023 Upto one year | 2023 From one to five years | 2023 Total |
|---|---|---|---|---|---|---|
| | ---------- Rupees ---------- | | | | | |
| Minimum lease payments | 22,670,025 | 22,670,025 | 45,340,050 | 18,136,020 | 45,340,050 | 63,476,070 |
| Less: finance cost allocated to future periods | 2,393,173 | 868,354 | 3,261,527 | 3,637,675 | 3,261,527 | 6,899,202 |
| Present value of minimum lease payments | 20,276,852 | 21,801,671 | 42,078,523 | 14,498,345 | 42,078,523 | 56,576,868 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **24. DEFERRED INCOME - GOVERNMENT GRANT** | | | |
| Government grant on loans at below market rate of interest - net | 24.1 | 307,743,319 | 396,417,220 |
| Less: current portion grouped under current liabilities | | 75,878,302 | 94,722,103 |
| | | 231,865,017 | 301,695,117 |
| **24.1 Movement in account of Deferred Income - Government Grant** | | | |
| Opening balance | | 396,417,220 | 487,802,190 |
| Amortisation of grant | | (88,673,901) | (91,384,970) |
| Closing balance | | 307,743,319 | 396,417,220 |

24.1.1 As disclosed in Note 22 of the financial statements, the company has obtained loan from various banks during the preceding year under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75% (2023:1.5% to 1.75%) (SBP ratebank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

## 25. STAFF RETIREMENT BENEFIT - Gratuity

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **25.1 Amount recognized in the statement of financial position** | | |
| Net liability at the beginning of the year | 470,793,864 | 367,267,451 |
| Charge to statement of profit or loss | 300,099,070 | 196,507,934 |
| Remeasurement recognized in statement of other comprehensive income | 99,893,804 | 40,258,587 |
| Payments made during the year | (176,548,573) | (133,240,108) |
| Net liability at the end of the year | 694,238,165 | 470,793,864 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 25.2 | **Movement in the present value of defined benefit obligation** | | |
| | Balance at beginning of the year | 470,793,864 | 367,267,451 |
| | Current service cost | 237,939,639 | 156,672,154 |
| | Interest cost | 62,159,431 | 39,835,780 |
| | Benefits paid | (176,548,573) | (133,240,108) |
| | Remeasurements on obligation | 99,893,804 | 40,258,587 |
| | Balance at end of the year | 694,238,165 | 470,793,864 |
| 25.3 | **Expense recognized in statement of profit or loss** | | |
| | Current service cost | 237,939,639 | 156,672,154 |
| | Interest cost | 62,159,431 | 39,835,780 |
| | | 300,099,070 | 196,507,934 |
| 25.4 | **Remeasurements recognized in statement of other comprehensive income** | | |
| | Experience adjustment | 100,534,762 | 38,876,436 |
| | Actuarial loss / (gain) | (640,958) | 1,382,151 |
| | | 99,893,804 | 40,258,587 |

| | | 2024 | 2023 |
|---|---|---|---|
| 25.5 | **Actuarial assumptions used** | | |
| | Discount rate used for year-end obligation | 14.75% | 16.25% |
| | Expected rate of increase in future salaries | 13.75% | 15.25% |
| | Mortality rates (for death in service) | SLIC (2001-05) | SLIC (2001-05) |

## 25.6 Sensitivity analysis for actuarial assumptions

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

| | Change in assump-tions | Increase in assumption | Decrease in assumption |
|---|---|---|---|
| | | - - - - - Rupees - - - - - | |
| Discount rate | 1.00% | 634,777,400 | 759,285,519 |
| Increase in future salaries | 1.00% | 759,268,730 | 634,769,602 |

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

25.7 Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs.358.54 million.

25.8 The weighted average duration of defined benefit obligation is 9 years.

25.9 Historical information:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | | | Rupees | | |
| Present value of defined benefit obligation | 694,238,165 | 470,793,864 | 367,267,451 | 332,958,530 | 297,609,788 |
| Experience adjustment on obligation/acturial loss | 99,893,804 | 40,258,587 | 16,792,885 | (26,354,732) | 51,412,524 |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **26. DEFERRED TAXATION** | | |
| The balance of deferred tax is in respect of following major temporary differences | | |
| Taxable temporary differences arising in respect of: | | |
| - on short term investment | 381,116,074 | - |
| Deductible temporary differences arising in respect of: | | |
| - staff retirement benefit - gratuity | (270,752,885) | - |
| - provision for slow moving stores | (14,393,934) | - |
| - provision for doubtful tax refunds | (249,164,083) | - |
| - provision for impairment in trade debts | (18,511,510) | - |
| - lease liability - net | (3,516,159) | - |
| Deferred tax (asset) / lability | (175,222,497) | - |

26.1 The Company's income for the current and preceding tax year falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. In light of recent changes in the tax laws, made via Finance Act, 2024, the Company's income for tax year 2025 will now fall under normal tax regime. Due to this change the Company has recognised deferred tax on all taxable / deductible temporary differences as at the reporting date.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **27. TRADE AND OTHER PAYABLES** | | | |
| Creditors | 27.1 | 2,532,596,276 | 2,059,090,344 |
| Accrued liabilities | | 2,338,786,757 | 2,329,773,010 |
| Foreign bills payable against import | | 1,265,025,585 | 778,631,431 |
| Workers' profit participation fund | 27.2 | 127,399,680 | 99,949,036 |
| Workers' welfare fund | 27.3 | - | 705,887,455 |
| Infrastructure Development Cess | | 1,105,063,736 | 919,385,644 |
| Payable to provident fund | | 189,792 | - |
| Tax deducted at source | | 34,953 | 33,178 |
| Other | | 500,000 | 1,300,000 |
| | | 7,369,596,779 | 6,894,050,098 |
| **27.1 These balances include the following amounts due to related parties:** | | | |
| Reliance Cotton Spinning Mills Limited | | 14,650,080 | 476,130 |
| Sapphire Fibres Limited | | 57,772,076 | 21,760,274 |
| Sapphire Finishing Mills Limited | | - | 3,206,777 |
| Design Tex (SMC-Private) Limited | | 2,220,251 | - |
| | | 74,642,407 | 25,443,181 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **27.2 Workers' profit participation fund** | | | |
| Balance at beginning of the year | | 99,949,036 | 274,030,249 |
| Add: interest on funds utilized by the Company | | 988,139 | 4,984,316 |
| | | 100,937,175 | 279,014,565 |
| Less: payments made during the year | | 100,937,175 | 279,014,565 |
| | | - | - |
| Add: allocation for the year | | 127,399,680 | 99,949,036 |
| Balance at end of the year | | 127,399,680 | 99,949,036 |

27.3 Provisions for workers' welfare fund recognized in prior years have been reversed during the year. The Company is of the view that the balance amount is no more payable as matter already been decided by Honourable Supreme Court of Pakistan.

## 28. CONTRACT LIABILITIES

28.1 It includes advances received from Creadore A/S Denmark (a related party) amounting Rs.106.307 million (2023: Rs.92.605 million),

28.2 The balance of contract liability as at June 30, 2024, is expected to be recognized as revenue within one year.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **29. ACCRUED MARK-UP** | | | |
| Accrued mark-up on secured: | | | |
| - long term loans | | 360,577,139 | 432,609,913 |
| - short term borrowings | | 429,524,278 | 768,450,749 |
| | | 790,101,417 | 1,201,060,662 |
| **30. SHORT TERM BORROWINGS** | | | |
| Running finance under mark-up arrangements | 30.1 | 3,165,853,011 | 6,845,409,407 |
| Short term loans | 30.1 | 11,310,063,871 | 9,144,347,200 |
| | | 14,475,916,882 | 15,989,756,607 |

30.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.32,410 million (2023: Rs.30,740 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.5% to 24.43% (2023: 2.75% to 22.59%) on both local and foreign currency loans per annum payable monthly / quarterly. The aggregate short term finance facilities are secured against hypothecation charge of Rs.52,210 million (2023: Rs.48,855 million) on stock in trade, book debts, export bills under collection and pledge of shares. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,421 million (2023: Rs.1,052 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.32,899 million (2023:Rs.31,649 million) out of which the amount remained unutilized at the year-end was Rs.24,059 million (2023:Rs.19,404 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares.

Abovementioned facilities are expiring on various dates upto June 30, 2027.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **31. CURRENT PORTION OF LONG-TERM LIABILITIES** | | |
| Current portion of: | | |
| - long-term loans | 2,978,886,721 | 2,555,806,343 |
| - Gas infrastructure development cess | 995,182,870 | 953,505,147 |
| - lease liabilities | 20,276,852 | 14,498,345 |
| - deferred grant SBP TERF scheme | 75,878,302 | 94,722,103 |
| | 4,070,224,745 | 3,618,531,938 |

## 32. CONTINGENCIES AND COMMITMENTS

### 32.1 Contingencies

32.1.1 There are no contingencies to be reported as at year ended June 30, 2024 and June 30, 2023.

### 32.2 Commitments

32.2.1 Guarantees aggregating Rs. 3,083.556 million (2023: Rs.1,833.682 million) have been issued by banks of the Company.

32.2.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2024 the value of these cheques amounted to Rs.12,021.284 million (2023: Rs.7,252.893 million).

32.2.3 A commercial bank has issued a guarantee amounting Rs.45 million in favour of excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the Company.

32.2.4 A commercial bank has issued a guarantee amounting USD125,000 in favour of Directorate of Alternative Energy, Energy department Government of Sindh on behalf of Sapphire Green Energy (Pvt.) Limited (subsidiary company).

32.2.5 Refer to content of note 8.3.2, and 17.1.1 in relation to shares held as pledge / collateral.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **32.2.6 Commitments in respect of:** | | |
| - letters of credit for capital expenditure | 299,757,010 | 354,047,451 |
| - letters of credit for purchase of raw materials and stores, spare parts & chemicals | 1,835,511,723 | 3,316,729,423 |
| - capital expenditure other than letters of credit | 224,835,904 | 240,074,687 |
| - forward foreign currency contracts | 4,725,097,032 | - |

## 33. NET TURNOVER

Revenue from contracts with respect to type of goods and services and geographical market is presented below:

| | Export Sales | | Local Sales | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | Rupees | | | | | |
| Yarn | 32,858,958,232 | 27,132,889,833 | 6,430,470,462 | 7,243,274,712 | 39,289,428,694 | 34,376,164,545 |
| Fabric | 22,886,427,239 | 25,941,394,876 | 3,550,392,678 | 2,197,562,351 | 26,436,819,917 | 28,138,957,227 |
| Home textile products | 14,352,417,298 | 11,472,566,321 | 587,124,076 | 294,733,014 | 14,939,541,374 | 11,767,299,335 |
| Raw materials | - | - | 220,936,455 | 382,822,955 | 220,936,455 | 382,822,955 |
| Waste | 107,414,751 | 438,360,140 | 1,279,124,916 | 903,906,115 | 1,386,539,667 | 1,342,266,255 |
| Processing income | - | - | 5,027,401,042 | 2,831,500,643 | 5,027,401,042 | 2,831,500,643 |
| | 70,205,217,520 | 64,985,211,170 | 17,095,449,629 | 13,853,799,790 | 87,300,667,149 | 78,839,010,960 |
| Export rebate and duty drawback | | | | | 103,775,360 | 97,895,233 |
| Less: sales tax | | | | | 5,005,180,986 | 6,099,636,710 |
| | | | | | 82,399,261,523 | 72,837,269,483 |

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

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 33.2 | Export sales - Yarn | | |
| | Direct export | 6,760,992,026 | 6,374,426,623 |
| | In-direct export | 26,097,966,206 | 20,758,463,210 |
| | | 32,858,958,232 | 27,132,889,833 |
| 33.3 | Export sales - Fabric | | |
| | Direct export | 16,025,829,841 | 18,589,629,566 |
| | In-direct export | 6,860,597,398 | 7,351,765,310 |
| | | 22,886,427,239 | 25,941,394,876 |

33.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.262.378 million (2023: Rs.83.908 million) has been included in export sales.

33.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2024 amounting to Rs. 1,724.443 million have been recognized as revenue during the year (2023: Rs. 1,563.209 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 34. | COST OF SALES | | | |
| | Finished goods at beginning of the year | | 5,337,719,713 | 4,753,464,625 |
| | Cost of goods manufactured | 34.1 | 72,249,147,657 | 62,733,253,910 |
| | Cost of raw materials sold | 34.5 | 273,329,843 | 318,586,743 |
| | | | 72,522,477,500 | 63,051,840,653 |
| | | | 77,860,197,213 | 67,805,305,278 |
| | Finished goods at end of the year | | (6,523,909,035) | (5,337,719,713) |
| | | | 71,336,288,178 | 62,467,585,565 |
| 34.1 | Cost of goods manufactured | | | |
| | Work-in-process at beginning of the year | | 1,332,041,251 | 1,253,998,582 |
| | Raw materials consumed | 34.2 | 50,968,596,330 | 46,722,830,318 |
| | Salaries, wages and benefits | 34.3 | 6,625,273,210 | 5,112,728,880 |
| | Packing material consumed | | 1,394,897,182 | 813,257,347 |
| | Stores and spares consumed | | 1,976,907,425 | 1,583,397,038 |
| | Depreciation | 5.4 | 2,211,016,808 | 1,760,706,832 |
| | Fuel, power and water | | 8,139,159,737 | 5,849,709,263 |
| | Repair and maintenance | | 229,912,250 | 228,498,639 |
| | Insurance expenses | | 176,450,620 | 112,016,533 |
| | Vehicle running expenses | | 124,544,180 | 100,916,256 |
| | Travelling and conveyance | | 80,191,675 | 59,466,541 |
| | Printing and stationery | | 3,418,985 | 2,791,582 |
| | Legal and professional charges | | 8,567,937 | 7,320,007 |
| | Fees and subscription | | 60,560,465 | 45,271,923 |
| | Communication expenses | | 18,309,690 | 14,757,657 |
| | Other manufacturing expenses | 34.4 | 583,018,278 | 383,246,886 |
| | Rent, rates and taxes | | 5,033,976 | 10,693,434 |
| | Miscellaneous expenses | | 3,818,882 | 3,687,443 |
| | | | 73,941,718,881 | 64,065,295,161 |
| | Work-in-process at end of the year | | (1,692,571,224) | (1,332,041,251) |
| | | | 72,249,147,657 | 62,733,253,910 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 34.2 | **Raw materials consumed** | | |
| | Stocks at beginning of the year | 14,689,903,498 | 15,944,366,166 |
| | Purchases | 49,361,040,759 | 45,468,367,650 |
| | | 64,050,944,257 | 61,412,733,816 |
| | Stocks at end of the year | (13,082,347,927) | (14,689,903,498) |
| | | 50,968,596,330 | 46,722,830,318 |

34.3 Salaries, wages and benefits include Rs.300.099 million (2023: Rs.196.508 million) in respect of staff retirement benefit - gratuity and Rs.58.320 million (2023: Rs.46.261 million) contribution in respect of staff provident fund.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 34.4 | **Other manufacturing expenses** | | |
| | Cotton dyeing, bleaching and bale pressing charges | 347,233,802 | 161,340,856 |
| | Yarn dyeing and bleaching charges | 5,579,340 | 10,186,761 |
| | Fabric dyeing, bleaching, knitting and processing charges | 23,476,798 | 140,375,739 |
| | Weaving and yarn doubling charges | 152,836,561 | 44,777,376 |
| | Stitching, spinning, embroidery and other charges | 53,891,777 | 26,566,154 |
| | | 583,018,278 | 383,246,886 |

34.5 It includes salaries, wages and benefits amounting to Rs.1.381 million (2023: Rs.1.178 million), insurance amounting to Rs.2.762 million (2023: Rs.2.356 million) and finance cost amounting to Rs.29.995 million (2023: Rs.17.498 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 35. | **DISTRIBUTION COST** | | | |
| | Export development surcharge | | 94,701,927 | 91,219,166 |
| | Insurance | | 6,287,569 | 8,474,058 |
| | Commission | | 419,648,347 | 571,151,933 |
| | Freight and forwarding | | 1,057,480,406 | 1,052,675,899 |
| | Salaries and benefits | 35.1 | 516,514,081 | 352,846,166 |
| | Rent and utilities | | 19,082,801 | 16,701,600 |
| | Communication | | 49,550,663 | 31,124,061 |
| | Travelling, conveyance and entertainment | | 280,771,743 | 188,071,089 |
| | Repair and maintenance | | 26,185,130 | 20,924,811 |
| | Fees and subscription | | 23,482,838 | 22,884,783 |
| | Samples and advertising | | 6,617,443 | 1,191,779 |
| | Exhibition expenses | | 36,883,791 | 24,106,640 |
| | Printing and stationery | | 1,179,595 | 943,419 |
| | Depreciation | 5.4 | 508,023 | 983,737 |
| | | | 2,538,894,357 | 2,383,299,141 |

35.1 Salaries and benefits include Rs.19.328 million (2023: Rs.13.235 million) in respect of contribution to staff provident fund.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 36. | ADMINISTRATIVE EXPENSES | | | |
| | Directors' remuneration | | 74,400,000 | 74,400,000 |
| | Directors' meeting fee | | 950,000 | 1,600,000 |
| | Salaries and benefits | 36.1 | 506,314,460 | 380,745,600 |
| | Rent, rates and utilities | | 37,422,133 | 29,732,111 |
| | Communication | | 11,993,215 | 9,027,515 |
| | Printing and stationery | | 6,410,334 | 7,065,144 |
| | Travelling, conveyance and entertainment | | 55,581,387 | 47,711,601 |
| | Motor vehicle expenses | | 60,840,953 | 49,770,754 |
| | Repair and maintenance | | 32,877,461 | 33,191,518 |
| | Insurance expense | | 1,891,452 | 1,487,734 |
| | Legal and professional charges | | 41,107,627 | 26,623,991 |
| | Fees and subscription | | 27,744,854 | 14,331,541 |
| | Computer expenses | | 11,033,500 | 9,259,032 |
| | Advertisement | | 673,941 | 899,210 |
| | Depreciation-right-of-use asset | 5.2 | 16,531,364 | 16,531,364 |
| | Depreciation-owned assets | 5.4 | 50,811,202 | 52,837,041 |
| | Others | | - | 93,300 |
| | | | 936,583,883 | 755,307,456 |

36.1 Salaries and other benefits include Rs.17.296 million (2023: Rs.13.162 million) in respect of contribution to staff provident fund.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 37. | OTHER OPERATING EXPENSES | | | |
| | Workers' profit participation fund | 27.2 | 127,399,680 | 99,949,036 |
| | Workers' welfare fund | | - | 95,945,568 |
| | Auditors' remuneration | 37.2 | 4,197,146 | 3,009,900 |
| | Donations | | 3,848,940 | 25,279,687 |
| | Depreciation - investment property | 6 | 8,073,762 | - |
| | Amortization of intangible assets | | - | 8,333 |
| | Provision for stores, spares and loose tools | 11.1 | - | 5,318,846 |
| | Provision for doubtful sales tax refunds | | 61,654,221 | 68,651,998 |
| | Exchange loss on translation of receivable | | 29,070,000 | - |
| | Exchange loss on translation of foreign currency | | 5,138,775 | - |
| | Allowance for expected credit loss | | 3,135,563 | 1,980,686 |
| | | | 242,518,087 | 300,144,054 |

37.1 There are no expenses incurred in-connection with investment property other than depreciation.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 37.2 | Auditors' remuneration | | |
| | - Annual Audit fee | 2,500,000 | 1,698,900 |
| | - Half yearly review fee | 466,358 | 444,150 |
| | - Special audit fee | - | 406,000 |
| | - Code of corporate governance review fee | 85,850 | 85,850 |
| | - Other certification / services | 1,144,938 | 375,000 |
| | | 4,197,146 | 3,009,900 |

37.3 Donations exceeding 10% of the total donations of the Company

During the preceding year, donations to following organisation were greater than 10% of total donations made by the Company.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Abdullah Foundation | 37.3.1 | - | 5,000,000 |
| Sina Health Education & Welfare Trust | | - | 3,327,000 |
| | | - | 8,327,000 |

37.3.1 The Directors of the Company who have interest in Abdullah Foundation (donee)

| Name of Director | Interest in donee | Name and address of donee |
|---|---|---|
| Mr. Mohammad Abdullah | Director | |
| Mr. Shahid Abdullah | Director | |
| Mr. Nadeem Abdullah | Director | Abdullah Foundation, 312, Cotton Exchange |
| Mr. Amer Abdullah | Director | Building,I.I. Chandrigar Road, Karachi. |
| Mr. Yousuf Abdullah | Director | |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 38. | OTHER INCOME | | | |
| | Income from financial assets | | | |
| | Dividend income: | | | |
| | - from subsidiary and associated companies | | 3,716,013,849 | 1,286,495,393 |
| | - from other companies | | 982,030,744 | 598,037,966 |
| | | | 4,698,044,593 | 1,884,533,359 |
| | Interest income on saving accounts | | 6,845,259 | 2,523,094 |
| | | | 4,704,889,852 | 1,887,056,453 |
| | Income from assets other than financial assets | | | |
| | Gain on disposal of operating fixed assets | 5.1.3 | 113,728,843 | 35,893,415 |
| | Gain on sale of investment property | | 111,125,888 | - |
| | Exchange gain on translation of receivable | | - | 319,675,000 |
| | Reversal of provision for stores, spares and loose tools | 11.1 | 7,694,474 | - |
| | Rental income | | 146,333,760 | 80,229,940 |
| | Exchange gain on translation of foreign currency accounts | | - | 13,245,347 |
| | Reversal of workers' welfare fund | 27.3 | 705,484,175 | - |
| | Scrap sales [Net of sales tax aggregating Rs.35.524 million (2023: Rs.23.450 million)] | | 105,802,545 | 117,860,683 |
| | | | 1,190,169,685 | 566,904,385 |
| | | | 5,895,059,537 | 2,453,960,838 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 39. | FINANCE COST | | | |
| | Interest / mark-up on : | | | |
| | - short term finances | | 3,759,079,946 | 2,872,200,769 |
| | - long term loans | | 2,489,213,464 | 1,680,065,443 |
| | - lease liabilities | | 3,637,675 | 4,651,696 |
| | - Workers' Profit Participation Fund | 27.2 | 988,139 | 4,984,316 |
| | Exchange loss on foreign currency loans | | - | 32,995,449 |
| | Bank charges, commissionand others charges | | 142,119,056 | 88,663,580 |
| | | | 6,395,038,280 | 4,683,561,253 |
| 40. | LEVIES AND INCOME TAXATION | | | |
| 40.1 | Final tax levy | | | |
| | **Levy:** | | | |
| | - for the year | | 1,697,703,157 | 1,250,892,550 |
| | - for prior year | | (2,076,180) | 1,243,320 |
| | | | 1,695,626,977 | 1,252,135,870 |

40.2 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. As explained in note 2.5 the liability shall be the final tax fall under levy within the scope of IFRIC 21 / IAS 37.

40.3 Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under presumptive tax regime.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 40.4. | INCOME TAX | | | |
| | Current | | | |
| | - for the year | | 493,014,578 | 158,024,309 |
| | Deferred tax | | (517,379,987) | - |
| | | | (24,365,409) | 158,024,309 |

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

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Current tax liability for the year as per applicable tax laws | 2,190,717,735 | 1,408,916,859 |
| Portion of current tax liability as per tax laws, representing income tax under IAS 12 | 493,014,578 | 158,024,309 |
| Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37 | 1,697,703,157 | 1250,892,550 |
| Difference | - | - |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|

## 41. EARNINGS PER SHARE

### 41.1 Basic earnings per share

| | | 2024 | 2023 |
|---|---|---|---|
| Net profit for the year | | 5,173,736,707 | 3,291,172,673 |
| | | ------ Number of shares ------- | |
| Weighted average ordinary shares in issue | | 21,689,791 | 21,689,791 |
| | | ------------- Rupees ------------- | |
| Earnings per share | | 238.53 | 151.74 |

### 41.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|

## 42. CASH GENERATED FROM OPERATIONS

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Profit before taxation | | 6,844,998,275 | 4,701,332,852 |
| **Adjustments for non-cash charges and other items:** | | | |
| Depreciation on right-of-use asset | 5.2 | 16,531,364 | 16,531,364 |
| Depreciation on operating fixed assets | 5.4 | 2,262,336,033 | 1,814,527,610 |
| Depreciation on investment property | 6 | 8,073,762 | - |
| Amortization | 7 | - | 8,333 |
| Interest income | 38 | (6,845,259) | (2,523,094) |
| Gain on disposal of operating fixed assets | 38 | (113,728,843) | (35,893,415) |
| Gain on disposal of investment property | 38 | (111,125,888) | - |
| Dividend income | | | |
| - subsidiaries and associates | 38 | (3,716,013,849) | (1,286,495,393) |
| - others companies | 38 | (982,030,744) | (598,037,966) |
| Staff retirement benefit - gratuity | 25.3 | 300,099,070 | 196,507,934 |
| Provision for expected credit loss | 13.6 | 3,135,563 | 1,980,686 |
| Net foreign exchange difference | 37 & 38 | (29,070,000) | (332,920,347) |
| (Reversal of provision) / provision for stores, spares and loose tools | 11.1 | (7,694,474) | 5,318,846 |
| Provision against doubtful sales tax refundable | 18.2 | 61,654,221 | 68,651,998 |
| Unwinding of liability related to GIDC | 22.2 | 13,487,334 | 30,923,531 |
| Unwinding of Government grant | | (88,673,901) | (95,917,587) |
| Unwinding of lease liability | | 3,637,675 | 4,651,696 |
| Finance cost | | 6,466,587,172 | 4,710,908,164 |
| Rental income | 38 | (146,333,760) | (80,229,940) |
| Working capital changes | 42.1 | (2,988,681,898) | 122,330,913 |
| | | 7,790,341,853 | 9,241,656,185 |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **42.1 Working capital changes** | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare and loose tools | (78,987,342) | (104,253,287) |
| Stock-in-trade | (1,499,438,724) | 111,292,540 |
| Trade debts | (2,329,525,615) | (955,649,930) |
| Loans and advances | (24,983,763) | (3,437,536) |
| Trade deposits and short term prepayments | 16,999,999 | 18,863,752 |
| Other receivables | 20,876,088 | 216,193,675 |
| | (3,895,059,357) | (716,990,786) |
| Increase in current liabilities: | | |
| Trade and other payables | 473,142,054 | 678,087,035 |
| Contract liabilities | 433,235,405 | 161,234,664 |
| | 906,377,459 | 839,321,699 |
| | (2,988,681,898) | 122,330,913 |

## 43. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

| Particulars | Chief Executive 2024 | Chief Executive 2023 | Executives 2024 | Executives 2023 | Directors 2024 | Directors 2023 |
|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - Rupees - - - - - - - - - - - - | | | | | |
| Remuneration | 36,000,000 | 36,000,000 | 901,042,011 | 583,068,009 | 38,400,000 | 38,400,000 |
| Bonus | - | - | 90,555,716 | 83,686,292 | - | - |
| Medical | - | - | 11,559,405 | 7,813,108 | - | - |
| Contribution to provident fund | - | - | 48,866,840 | 30,546,126 | - | - |
| Other benefits | - | - | 38,553,905 | 27,579,208 | - | - |
| | 36,000,000 | 36,000,000 | 1,090,577,877 | 732,692,744 | 38,400,000 | 34,200,000 |
| Number of persons | 1 | 1 | 209 | 154 | 2 | 2 |

43.1 Certain executives are provided with Company maintained vehicles.

43.2 Meeting fee of Rs.0.950 million (2023: Rs.1.600 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Company.

43.3 The Chief Executive and Executive Directors were also provided with the telephones at residence.

## 44. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Subsidiary Companies, Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| Name of the related party | Basis of relationship | Percentage of shareholding |
|---|---|---|
| Sapphire Wind Power Co. Ltd. | Subsidiary Company | 70.00% |
| Tricon Boston Consulting Corporation (Pvt.) Ltd. | Subsidiary Company | 57.125% |
| Sapphire Retail Ltd. | Subsidiary Company | 100.00% |
| Sapphire International ApS | Subsidiary Company | 100.00% |
| Sapphire Real Estate (Pvt.) Ltd. | Subsidiary Company | 100.00% |
| Sapphire Chemicals (Pvt.) Ltd. | Subsidiary Company | 100.00% |
| Sapphire Green Energy (Pvt.) Ltd. | Subsidiary Company | 100.00% |
| Designtex (SMC-Private) Ltd. | Subsidiary of a subsidiary Company | 100.00% |
| Sapphire Retail International Ltd | Subsidiary Company | 100.00% |
| Sapphire Retail Trading One Person Company LLC | Subsidiary Company | 100.00% |
| Creadore A/S | Associated Company | 49.00% |
| Sapphire Power Generation Ltd. | Associated Company | 26.43% |
| Sapphire Dairies (Private) Ltd. | Common directorship | 12.95% |
| Reliance Cotton Spinning Mills Ltd. | Common directorship | 3.04% |
| Sapphire Electric Company Ltd. | Common directorship | 1.42% |
| Sapphire Holding Ltd. | Common directorship | 0.05% |
| Jomo Technologies (Private) Ltd. | Common directorship | 8.83% |
| Sapphire Fibres Limited | Common directorship | - |
| Yousuf Agencies (Pvt.) Ltd. | Common directorship | - |
| Sapphire Finishing Mills Ltd. | Common directorship | - |
| Amer Cotton Mills (Pvt.) Ltd. | Common directorship | - |
| Diamond Fabrics Limited | Common directorship | - |
| Bank Alfalah Limited | Investor in a subsidiary of the Company | - |
| Abdullah Foundation | Common directorship | - |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **Significant transactions with the related parties** | | |
| **i) Subsidiary Companies** | | |
| Sales / processing | 8,558,590,384 | 7,532,202,077 |
| Purchases | 7,838,077 | 957,254 |
| Investment made | 843,702,589 | 1,655,000,000 |
| Expenses charged to | 14,130,234 | 24,345,002 |
| Rental income | 133,026,000 | 68,873,500 |
| Dividend received | 3,678,749,997 | 975,307,163 |
| **ii) Associated Companies** | | |
| Sales / processing | 6,730,225,462 | 5,590,521,715 |
| Purchases / rent | 406,705,768 | 292,667,028 |
| Expenses charged to | 116,326,397 | 80,981,450 |
| Expenses charged by | 11,000,595 | 6,685,917 |
| Mark-up charged by | 223,470,662 | 141,528,807 |
| Dividend received | 37,263,852 | 311,188,231 |
| Dividend paid | 67,221,550 | 67,221,550 |
| Loans (repaid) / obtained - net | 225,689,550 | (776,499,270) |
| **iii) Key management personnel** | | |
| Salary and other employment benefits | 110,418,155 | 102,732,717 |
| **iv) Retirement Fund** | | |
| Contribution towards provident fund | 94,372,932 | 72,659,052 |
| **iv) Others** | | |
| Donation | - | 5,000,000 |
| Dividend paid | 71,659,040 | 71,659,040 |

## 45. FINANCIAL RISK MANAGEMENT

### 45.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimizes earnings volatility and provide maximum return to shareholders.

### (a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans and advances, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.45.4, the financial assets exposed to credit risk aggregated to Rs.18,539 million as at June 30, 2024 (2023: Rs.12,659.382 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 91% (2023: 84%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Long term investments | 3,554,103,688 | 2,626,899,683 |
| Long-term loans and advances | 56,168,867 | 247,836,567 |
| Long term deposits | 92,390,956 | 90,960,692 |
| Trade debts | 8,986,279,815 | 6,657,937,970 |
| Loans and advances | 90,686,555 | 96,963,740 |
| Trade deposits | 1,015,000 | 18,014,999 |
| Short term investments | 4,251,400,468 | 1,364,735,401 |
| Other receivables | 1,178,093,194 | 1,143,647,774 |
| Bank balances | 329,773,801 | 412,385,505 |
| | 18,539,912,344 | 12,659,382,331 |

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Company various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Domestic | 7,655,636,313 | 5,574,213,812 |
| Export | 1,330,643,502 | 1,083,724,158 |
| | 8,986,279,815 | 6,657,937,970 |

The majority of export debts of the Company are situated in Asia, Europe and North America.

Aging analysis of trade debtors is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Not due | 6,861,331,677 | 5,476,561,239 |
| 1 - 30 days | 1,677,017,662 | 976,299,359 |
| 31 - 60 days | 132,128,411 | 124,190,438 |
| 61 - 90 days | 80,345,040 | 35,104,170 |
| 91 - 180 days | 209,107,344 | 27,272,945 |
| 181 - 360 days | 26,349,681 | 18,509,819 |
| | 8,986,279,815 | 6,657,937,970 |

Set out below is the information about the credit risk exposure on the Company's local trade receivables assets using a provision matrix:

| | Not due | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days | 361 days or more |
|---|---|---|---|---|---|---|---|
| | Rupees | | | | | | |
| As at 30 June 2024 | | | | | | | |
| Estimated total gross carrying amount at default | 5,530,688,171 | 1,677,017,663 | 132,128,411 | 80,345,040 | 209,107,347 | 4,864,712 | 21,484,969 |
| Expected credit loss | 2,410,638 | 876,972 | 674,702 | 1,874,940 | 15,278,476 | 4,845,712 | 21,484,969 |
| Expected credit loss rate | 0.04% | 0.05% | 0.51% | 2.33% | 7% | 100% | 100% |
| As at 30 June 2023 | | | | | | | |
| Estimated total gross carrying amount at default | 4,392,837,109 | 976,299,359 | 124,190,438 | 35,104,170 | 27,272,945 | 1,507,120 | 17,002,671 |
| Expected credit loss | 14,255,472 | 1,170,369 | 953,020 | 1,198,808 | 8,314,823 | 1,434,683 | 17,002,671 |
| Expected credit loss rate | 0.32% | 0.12% | 0.77% | 3.42% | 30% | 95% | 100% |

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all exports are covered by letters of credit or other forms of credit insurance obtained from reputable banks.

The credit quality of the Company's bank balances can be assessed with reference to the external credit ratings as follows:

| | Rating | | |
|---|---|---|---|
| Name of Bank | short term | long term | agency |
| MCB Bank Limited | A1+ | AAA | PACRA |
| National Bank of Pakistan | A1+ | AAA | PACRA |
| United Bank Limited | A-1+ | AAA | JCR-VIS |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS |
| The Bank of Punjab | A1+ | AA+ | PACRA |
| Faysal Bank Limited | A1+ | AA | PACRA |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA |
| Bank Al-Habib Limited | A1+ | AAA | PACRA |
| Dubai Islamic Bank Pakistan Limited | A-1+ | AA | JCR-VIS |
| Allied Bank Limited | A1+ | AAA | PACRA |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA |
| Industrial and Commercial Bank of China | P-1 | A1 | Moody's |
| Soneri Bank Limited | A1+ | AA- | PACRA |
| Meezan Bank Limited | A-1+ | AAA | JCR-VIS |
| Askari Bank Limited | A1+ | AA+ | PACRA |
| Pak Kuwait Investment Company Private Limited | A1+ | AAA | PACRA |
| Pak China Investment Company Private Limited | A1+ | AAA | JCR-VIS |

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

## (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|
| | Rupees | | | | |
| June 30, 2024 | | | | | |
| Long term loans | 19,264,504,183 | 27,508,911,937 | 4,906,913,591 | 17,883,452,906 | 4,718,545,440 |
| Trade and other payables | 6,137,133,363 | 6,137,133,363 | 6,137,133,363 | - | - |
| Accrued mark-up / interest | 790,101,417 | 790,101,417 | 790,101,417 | - | - |
| Short term borrowings | 14,475,916,882 | 16,443,877,420 | 16,443,877,420 | - | - |
| Unclaimed dividend | 2,033,780 | 2,033,780 | 2,033,780 | - | - |
| GIDC payable | 995,182,870 | 995,182,870 | 995,182,870 | - | - |
| | 41,664,872,495 | 51,877,240,787 | 29,275,242,441 | 17,883,452,906 | 4,718,545,440 |

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|
| | Rupees | | | | |
| June 30, 2023 | | | | | |
| Long term loans | 19,760,581,758 | 30,587,920,382 | 4,990,743,721 | 19,798,693,404 | 5,798,483,257 |
| Trade and other payables | 5,168,827,963 | 5,168,827,963 | 5,168,827,963 | - | - |
| Accrued mark-up / interest | 1,201,060,662 | 1,201,060,662 | 1,201,060,662 | - | - |
| Short term borrowings | 15,989,756,607 | 17,874,049,134 | 17,874,049,134 | - | - |
| Unclaimed dividend | 1,782,350 | 1,782,350 | 1,782,350 | - | - |
| GIDC payable | 981,695,536 | 995,182,870 | 995,182,870 | - | - |
| | 43,103,704,876 | 55,828,823,361 | 30,231,646,700 | 19,798,693,404 | 5,798,483,257 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

## (c) Market risk

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

## (i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), and Swiss Frank (CHF) is as follows:

| For the year ended June 30, 2024 | Rupees | U.S.$ | Euro | JPY | CHF |
|---|---|---|---|---|---|
| Trade debts | (1,330,643,502) | (3,507,107) | (1,186,672) | - | - |
| Bank balances | (206,977,167) | (708,339) | (33,052) | - | - |
| Foreign bills payable against import | 1,265,025,585 | 4,474,262 | 58,984 | | |
| Net balance sheet exposure | (272,595,084) | 258,816 | (1,160,740) | - | - |
| Outstanding letters of credit | 2,135,268,733 | 5,957,776 | 1,340,785 | 4,790,618 | 212,609 |
| Foreign currency forward contracts | 4,725,097,032 | 8,945,533 | 7,029,451 | - | - |
| | 11,312,867,713 | 15,162,125 | 7,209,496 | 4,790,618 | 212,609 |

| For the year ended June 30, 2023 | Rupees | U.S.$ | Euro | JPY | CHF |
|---|---|---|---|---|---|
| Trade debts | (1,083,724,158) | (3,095,776) | (443,644) | - | - |
| Bank balances | (374,402,561) | (1,292,060) | (16,017) | - | - |
| Foreign bills payable against import | 778,631,431 | 2,536,677 | 166,604 | - | - |
| Net balance sheet exposure | (679,495,288) | (1,851,159) | (293,057) | - | - |
| Outstanding letters of credit | 3,670,776,874 | 11,977,671 | 675,189 | 924,000 | 85,498 |
| | 2,991,281,586 | 10,126,512 | 382,132 | 924,000 | 85,498 |

The following significant exchange rates have been applied:

| | Average rate at reporting date | | Reporting date rate | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| U.S. Dollar to Rupee | 278.50 | 286.15 | 278.75 / 278.25 | 286.40 / 285.90 |
| Euro to Rupee | 299.25 | 312.61 | 299.52 / 298.98 | 312.88 / 312.33 |
| Japanese Yen to Rupee | 1.7219 | 1.9785 | 1.7234 / 1.7204 | 1.9802 / 1.9767 |
| Swiss Frank to Rupee | 307.93 | 319.19 | 308.20 / 307.65 | 319.47 / 318.91 |

At June 30, 2024, if Rupee had strengthened by 10% against US Dollar, Euro and CHF with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Effect on profit for the year: | | |
| U.S. Dollar to Rupee | 7,201,555 | (38,041,317) |
| Euro to Rupee | (34,703,805) | (6,307,466) |
| | (27,502,249) | (44,348,783) |

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

### (ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Company arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

| | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|
| | - - - Effective rate - - - | | - - - Carrying amount - - - | |
| | % | % | - - - Rupees - - - | |
| **Fixed rate instruments** | | | | |
| **Financial assets** | | | | |
| Saving accounts | 20.50% | 12.74% to 20.16% | 101,230,772 | 2,404,710 |
| Financial liabilities | | | | |
| Long term finances | 1.75% to 5.00% | 1.50% to 6.00% | 8,680,676,679 | 10,173,321,202 |
| Short term borrowings | 5.50% to 19.25% | 2.75% to 18.00% | 3,165,853,010 | 3,047,970,662 |
| **Variable rate instruments** | | | | |
| **Financial liabilities** | | | | |
| Long term finances | 3.50% to 24.33% | 15.03% to 23.09% | 10,583,827,504 | 9,587,260,556 |
| Short term borrowings | 21.80% to 24.43% | 14.31% to 22.59% | 11,310,063,872 | 12,941,785,945 |

At June 30, 2024, if the interest rate on the Company's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.218.939 million (2023: Rs.225.290 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

### (iii) Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs.7,796.024 million (2023: Rs.3,982.156 million) are exposed to price risk due to changes in market price.
At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.779.602 million (2023: Rs.398.216 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Company.

## 45.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.7,796.024 million (2023: Rs.3,982.156 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

### Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## 45.3 Capital risk management

The Company's objective when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Total borrowings | 35,063,624,106 | 37,142,949,466 |
| Less: cash and bank balances | 330,173,801 | 413,088,085 |
| Net debt | 34,733,450,305 | 36,729,861,381 |
| Total equity | 36,916,853,283 | 28,238,454,384 |
| Total capital including net debt | 71,650,303,588 | 64,968,315,765 |
| Gearing ratio | 48% | 57% |

## 45.4 Financial instruments by category

| | As at June 30, 2024 | | |
|---|---|---|---|
| | Amortised cost | At fair value through OCI | Total |
| | ---------- Rupees ---------- | | |
| **Financial assets as per statement of financial position** | | | |
| Long-term investments | - | 3,554,103,688 | 3,554,103,688 |
| Long-term loans and advances | 56,168,867 | - | 56,168,867 |
| Long-term deposits | 92,390,956 | - | 92,390,956 |
| Trade debts | 8,986,279,815 | - | 8,986,279,815 |
| Loans to employees | 90,686,555 | - | 90,686,555 |
| Trade deposits | 1,015,000 | - | 1,015,000 |
| Other receivables | 1,287,506,274 | - | 1,287,506,274 |
| Short-term investments | - | 4,251,400,468 | 4,251,400,468 |
| Cash and bank balances | 330,173,801 | - | 330,173,801 |
| | 10,844,221,268 | 7,805,504,156 | 18,649,725,424 |

| | As at June 30, 2023 | | |
|---|---|---|---|
| | Amortised cost | At fair value through OCI | Total |
| | ---------- Rupees ---------- | | |
| Financial assets as per statement of financial position | | | |
| Long-term investments | - | 2,626,899,683 | 2,626,899,683 |
| Long-term loans and advances | 247,836,567 | - | 247,836,567 |
| Long-term deposits | 90,960,692 | - | 90,960,692 |
| Trade debts | 6,657,937,970 | - | 6,657,937,970 |
| Loans to employees | 96,963,740 | - | 96,963,740 |
| Trade deposits | 18,014,999 | - | 18,014,999 |
| Other receivables | 1,210,135,511 | - | 1,210,135,511 |
| Short-term investments | - | 1,364,735,401 | 1,364,735,401 |
| Cash and bank balances | 413,088,085 | - | 413,088,085 |
| | 8,734,937,564 | 3,991,635,084 | 12,726,572,648 |

| | Financial liabilities measured at amortised cost | |
|---|---|---|
| | 2024 | 2023 |
| Financial liabilities as per statement of financial position | ---- Rupees ---- | |
| Long-term loans and other payables | 16,285,617,462 | 17,232,965,804 |
| Deferred income - Government grant | 231,865,017 | 301,695,117 |
| Trade and other payables | 6,137,133,363 | 5,168,827,963 |
| Current portion of long-term liabilities | 4,070,224,745 | 3,618,531,938 |
| Unclaimed dividend | 2,033,780 | 1,782,350 |
| Short term borrowings | 14,475,916,882 | 15,989,756,607 |
| Accrued mark-up | 790,101,417 | 1,201,060,662 |
| | 41,992,892,666 | 43,514,620,441 |

## 46. RECOCILIATION OF MOVEMENT OF LIABILITES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

| | Liabilities | | | |
|---|---|---|---|---|
| | Lease liabilities | Long term loans | Short term borrowings | Dividend |
| | Rupees | | | |
| Balance as at July 01, 2023 | 56,576,868 | 19,760,581,758 | 15,989,756,607 | 1,782,350 |
| Changes from financing activities | | | | |
| Finances obtained | - | 1,910,000,000 | - | - |
| Finances repaid | - | (2,406,077,575) | (1,513,839,725) | - |
| Repayment of lease liabilities | (18,136,020) | - | - | - |
| Dividends paid | - | - | - | (216,646,480) |
| Dividend declared | - | - | - | 216,897,910 |
| Total changes from financing cash flows | 38,440,848 | 19,264,504,183 | 14,475,916,882 | 2,033,780 |
| Finance cost | 3,637,675 | - | - | - |
| Balance as at June 30, 2024 | 42,078,523 | 19,264,504,183 | 14,475,916,882 | 2,033,780 |

| | Liabilities | | | |
|---|---|---|---|---|
| | Lease liabilities | Long term loans | Short term borrowings | Dividend |
| | Rupees | | | |
| Balance as at July 01, 2022 | 70,061,192 | 17,208,026,894 | 16,943,231,195 | 2,230,552 |
| Changes from financing activities | | | | |
| Finances obtained | - | 4,722,506,582 | - | - |
| Finances repaid | - | (2,169,951,718) | (953,474,588) | - |
| Repayment of lease liabilities | (18,136,020) | - | - | - |
| Dividends paid | - | - | - | (217,346,112) |
| Dividend declared | - | - | - | 216,897,910 |
| Total changes from financing cash flows | 51,925,172 | 19,760,581,758 | 15,989,756,607 | 1,782,350 |
| Other changes / adjustments | | | | |
| Finance cost | 4,651,696 | - | - | |
| Balance as at June 30, 2023 | 56,576,868 | 19,760,581,758 | 15,989,756,607 | 1,782,350 |

## 47. CAPACITY AND PRODUCTION

### 47.1 Spinning

| | UOM | 2024 | 2023 |
|---|---|---|---|
| Number of spindles installed | | 176,792 | 164,072 |
| Number of spindles worked | | 170,598 | 161,600 |
| Total number of rotors installed | | 440 | 440 |
| Average number of rotors worked | | 440 | 418 |
| Number of shifts worked per day | | 3 | 3 |
| Installed capacity after conversion into 20's count | Lbs. | 141,120,505 | 128,675,806 |
| Actual production after conversion into 20's count | Lbs. | 137,997,348 | 118,897,563 |

| 47.2 | Weaving | UOM | 2024 | 2023 |
|---|---|---|---|---|
| | Total number of looms installed | | 435 | 435 |
| | Average number of looms worked | | 435 | 435 |
| | Number of shifts worked per day | | 3 | 3 |
| | Installed capacity at 50 picks/inch of fabric | Square mtrs. | 206,218,725 | 206,218,725 |
| | Actual production at 50 picks/inch of fabric | Square mtrs. | 168,128,883 | 169,115,859 |
| 47.3 | Finishing and Printing | | | |
| | Production capacity - average during the year | Mtrs. | 69,600,000 | 54,200,000 |
| | Actual production | Mtrs. | 65,565,974 | 48,098,788 |
| 47.4 | Yarn dyeing | | | |
| | Production capacity | KGs | 2,880,000 | 2,880,000 |
| | Actual production | KGs | 2,282,148 | 2,176,527 |

47.5 Stitching (formerly Home Textile Product)

The capacity of this unit is undeterminable due to multi products, involving varying processes of manufacturing and run length of order lots.

47.6 Reason for low production

Under utilization of available capacity is mainly due to normal maintenance / temporarily shut down and changes in production pattern.

## 48. NUMBER OF EMPLOYEES

| | 2024 | 2023 |
|---|---|---|
| Number of employees as at June 30, | 10,044 | 9,094 |
| Average number of employees as at June 30, | 9,483 | 8,936 |

## 49. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Textile Mills Limited Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

## 50. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

## 51. GENERAL

### 51.1 Non adjusting events subsequent to the reporting date

The Board of Directors, in their meeting held on September 26, 2024, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.216.898 million for the year ended June 30, 2024, for approval of the members at the Annual General Meeting to be held on October 28, 2024.

The Board of Directors has also approved the creation of a reserve against capacity expansions and long term investments by transferring an amount of Rs.30.730 billion from general reserve and unappropriated profit to this reserve. The financial statements for the year ended 30 June 2024, do not include the effect of this allocation, which will be accounted for in the unconsolidated financial statements for the year ending 30 June 2025.

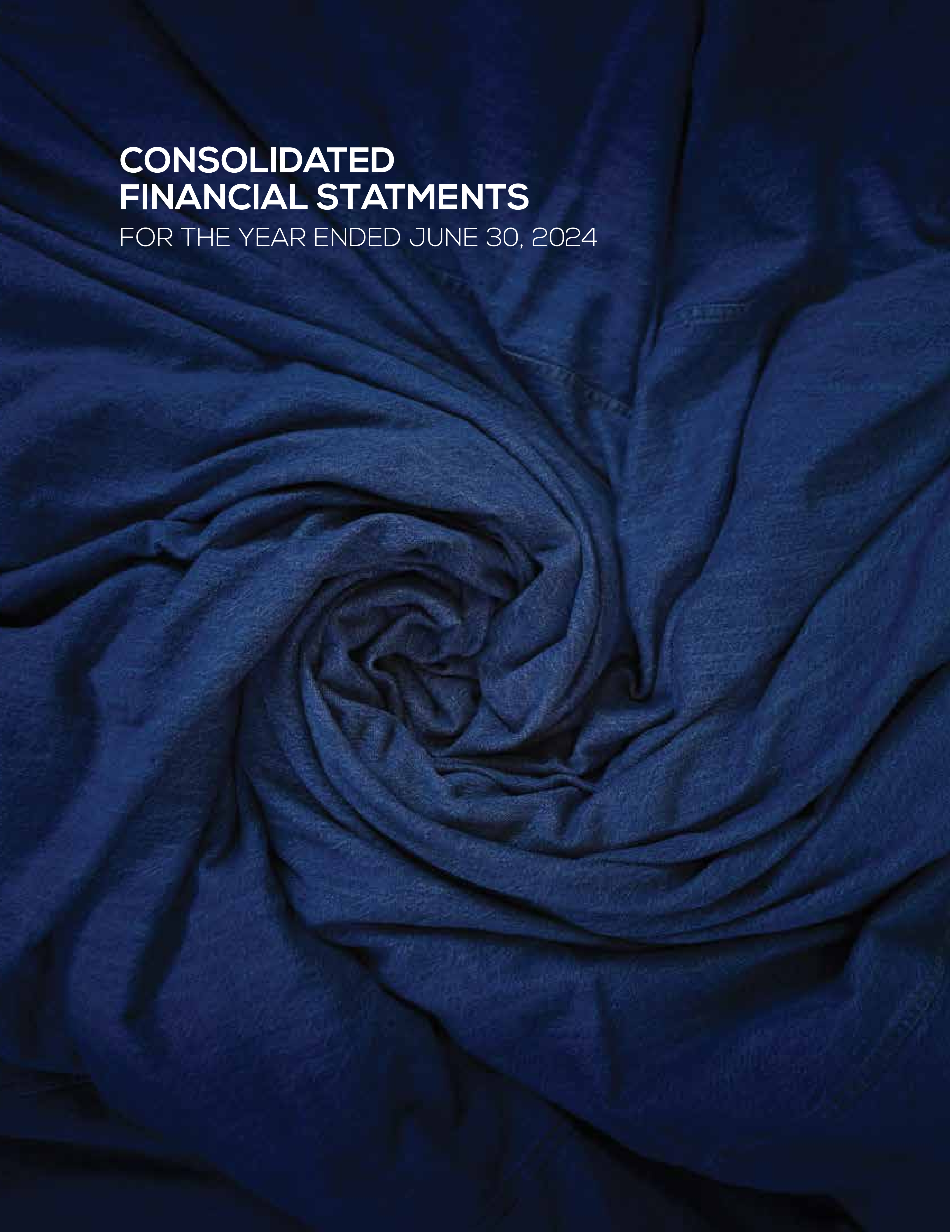
### 51.2 Date of authorisation for issue

These financial statements were authorized for issue on September 26, 2024 by the Board of Directors of the Company.

| | | |
|---|---|---|
| Chief Executive Officer | Chairman / Director | Chief Financial Officer |

# CONSOLIDATED FINANCIAL STATMENTS

FOR THE YEAR ENDED JUNE 30, 2024



# Directors’ Report to the Shareholders

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire International APS, Designtex (SMC-Private) Limited, Sapphire Real Estate (Private) Limited, Sapphire Chemicals (Private) Limited, Sapphire Green Energy (Private) Limited and Creek Properties (Private) Limited, it is our pleasure to present Directors’ Report with Audited Consolidated Financial Statements for the year ended June 30, 2024.

### Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhimpir which started Commercial operations in November 2015 – the project is operating following best industry practices and is yielding satisfactory results.

### Sapphire Retail Limited

Sapphire Retail Limited was incorporated in Pakistan as a public company (limited by shares) under the Companies Ordinance, 1984 (now the Companies Act, 2017) on June 11, 2014. The Company is a wholly owned subsidiary of a listed company; Sapphire Textile Mills Limited ('the holding company'), and its registered office is situated at 7 A/K Main Boulevard, Gulberg II, Lahore. The Company is principally engaged in carrying out a business of trading of textile products that includes buying, selling, import and export of textile products and processing of textile goods and other allied products. Company operates through retails outlets in Pakistan and e-stores. SRL operates 49 retail outlets throughout the country.

### Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is 57.125% owned by Sapphire Textile Mills Limited. The company was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir. All the three projects have successfully commenced commercial operation in September, 2018.

### Sapphire International APS

Sapphire International APS is wholly owned subsidiary of Sapphire Textile Mills Limited and a limited liability Company incorporated in Denmark formed to strengthen exports.

### Designtex SMC-Private Limited

Designtex SMC-Private Limited (the company) was incorporated as SMC Private Company limited by shares under Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is manufacturing of textile and ancillary products.

### Sapphire Real Estate (Private) Limited

Sapphire Real Estate (Private) Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited and formed for the purpose of investment in real estate projects.

### Sapphire Chemicals (Private) Limited

Sapphire Chemicals (Private) Limited is a wholly owned subsidiary and formed for the purpose of manufacture and sale of chemical products.

### Sapphire Green Energy (Private) Limited

Sapphire Green Energy (Private) Limited a wholly owned subsidiary has been incorporated during the year 2023 with the purpose to make investment in Renewable Energy Projects.

### Sapphire Retail International Limited

Sapphire Retail International Limited a wholly owned subsidiary has been incorporated during the current year with the purpose of textile retail operations in United Kingdom.

### Sapphire Retail Trading One Person Company L.L.C

Sapphire Retail Trading One Person Company L.L.C a wholly owned subsidiary has been incorporated during the current year with the purpose of textile retail operations in United Arab Emirates.

### Creek Properties (Private) Limited

Creek Properties (Private) Limited (the company) was incorporated in April 2022 as a private Company limited under Companies Act, 2017. During the current year, Sapphire Real Estate (Private) Limited has made further investment in the company and currently holds 65% shareholding of the company. Sapphire Real Estate (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

### Sapphire Retail US Corporation

Subsequent to year end the Company has formed wholly owned subsidiary in United State of America (Sapphire Retail US Corporation) for the purpose of textile retail operations.

On behalf of the Board

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Lahore
Dated: September 26, 2024

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Sapphire Textile Mills Limited**
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Matter

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

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Catalyst for success

Following are the key audit matters:

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 1 | Capital expenditures<br><br>Refer note 6 to the financial statements.<br><br>The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy.<br><br>Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved.<br><br>For these reasons we considered it to be a key audit matter. | Our audit procedures included the following:<br><br>• Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system.<br><br>• Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices.<br><br>• Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework.<br><br>• Visited the mills where significant capital projects are ongoing to understand the nature of the projects.<br><br>• Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis.<br><br>• Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.<br><br>• The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017. |

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 2 | Valuation of stock-in-trade<br><br>The total value of stock in trade as at the reporting date amounted to Rs.35.744 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 15 to the consolidated financial statements.<br><br>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.<br><br>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end. | We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:<br><br>• Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards.<br><br>• Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data.<br><br>• Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis.<br><br>• Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories.<br><br>• Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price.<br><br>• Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.<br><br>We reviewed the Company's disclosure in the financial statement in respect of stock in trade. |

| Sr. No. | Description | How the matter was addressed in our audit |
|---|---|---|
| 3 | Revenue recognition<br><br>The principal activity of the Group is to engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics and sale of electricity. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation.<br><br>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process. | Our audit procedures included the following:<br><br>• Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition.<br>• Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices.<br>• Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period.<br>• Performed audit procedures to analyse variation in the price and quantity sold during the year..<br>• Performed recalculations of discounts as per the Group's policy on test basis.<br>• Understood and evaluated the accounting policy with respect to revenue recognition.<br>• Assessed the adequacy of disclosures made in the financial statements related to revenue. |

### Information Other than the Financial Statements and Auditors' 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 consolidated financial statements and our auditors' report thereon.

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

### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group’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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ 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.

The Engagement partner on the audit resulting in this independent auditors’ report is Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & co

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Lahore: September 30, 2024
UDIN: AR2024101049QbpEo7Cm

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 6 | 89,205,020,831 | 90,519,780,639 |
| Investment property | 7 | 1,645,003,518 | 1,653,687,487 |
| Intangible assets | 8 | 473,371,621 | 490,399,716 |
| Exploration and evaluation assets | 9 | 130,928,274 | 112,928,274 |
| Long-term investments | 10 | 5,731,684,160 | 4,592,122,800 |
| Long-term loans and advances | 11 | 56,168,867 | 247,836,567 |
| Long-term deposits | 12 | 206,699,068 | 150,223,917 |
| Deferred tax asset | 13 | 560,483,654 | 102,668,565 |
| | | 98,009,359,993 | 97,869,647,965 |
| **Current assets** | | | |
| Stores, spares and loose tools | 14 | 979,660,671 | 902,029,694 |
| Stock in trade | 15 | 35,744,403,520 | 30,544,789,090 |
| Trade debts | 16 | 22,357,299,246 | 18,871,242,909 |
| Loans and advances | 17 | 393,632,520 | 387,542,942 |
| Trade deposits and short term prepayments | 18 | 106,648,789 | 166,555,404 |
| Other receivables | 19 | 2,768,669,455 | 1,592,848,230 |
| Short-term investments | 20 | 4,480,398,075 | 1,555,735,401 |
| Tax refunds due from Government | 21 | 2,796,342,932 | 5,076,764,070 |
| Cash and bank balances | 22 | 17,533,563,165 | 14,542,732,395 |
| | | 87,160,618,373 | 73,640,240,135 |
| **Total assets** | | 185,169,978,366 | 171,509,888,100 |
| **Equity and Liabilities** | | | |
| **Share capital and reserves** | | | |
| Authorised share capital | | | |
| 35,000,000 ordinary shares of Rs.10 each | | 350,000,000 | 350,000,000 |
| Issued, subscribed and paid-up capital | 23 | 216,897,910 | 216,897,910 |
| Reserves | 24 | 63,270,178,387 | 46,501,399,410 |
| Equity attributable to equity holders of the parent | | 63,487,076,297 | 46,718,297,320 |
| Non-controlling interests | | 20,176,661,419 | 16,209,725,347 |
| **Total equity** | | 83,663,737,716 | 62,928,022,667 |
| **Non current liabilities** | | | |
| Long-term loans and other payables | 25 | 46,035,980,643 | 57,392,418,645 |
| Lease liabilities | 26 | 3,221,082,755 | 2,434,828,151 |
| Deferred income - Government grant | 27 | 231,865,017 | 301,695,117 |
| Employee benefit obligations | 28 | 813,216,251 | 549,003,780 |
| | | 50,302,144,666 | 60,677,945,693 |
| **Current liabilities** | | | |
| Trade and other payables | 29 | 18,179,234,210 | 13,471,239,089 |
| Contract liabilities | 30 | 2,164,431,058 | 1,728,781,102 |
| Accrued mark-up | 31 | 1,048,890,952 | 1,541,612,059 |
| Short-term borrowings | 32 | 14,921,225,830 | 17,363,805,610 |
| Current portion of long-term liabilities | 33 | 14,557,530,151 | 13,796,699,529 |
| Unclaimed dividend | | 332,783,783 | 1,782,351 |
| | | 51,204,095,984 | 47,903,919,740 |
| **Total liabilities** | | 101,506,240,650 | 108,581,865,433 |
| **CONTINGENCIES AND COMMITMENTS** | 34 | | |
| **Total equity and liabilities** | | 185,169,978,366 | 171,509,888,100 |

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

Chief Executive Officer | Chairman / Director | Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS
## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees (Restated) |
|---|---|---|---|
| Net turnover | 35 | 137,298,442,336 | 109,496,981,039 |
| Cost of sales | 36 | (96,259,653,924) | (80,143,163,963) |
| Gross profit | | 41,038,788,412 | 29,353,817,076 |
| Distribution cost | 37 | (7,915,923,530) | (5,762,271,006) |
| Administrative expenses | 38 | (2,134,088,998) | (1,569,098,345) |
| Other operating expenses | 39 | (490,475,902) | (934,514,088) |
| Other income | 40 | 4,400,397,806 | 1,300,305,858 |
| Profit from operations | | 34,898,697,788 | 22,388,239,495 |
| Finance cost | 41 | (12,341,291,105) | (9,889,372,076) |
| Share of profit of associated companies | | 236,916,641 | 326,936,588 |
| Profit before revenue tax, income tax and levy | | 22,794,323,324 | 12,825,804,007 |
| Final taxes - levy | 42 | (1,824,870,110) | (1,309,033,979) |
| Profit before income tax | | 20,969,453,214 | 11,516,770,028 |
| Income tax expense | 42 | (1,242,790,639) | (793,612,566) |
| Profit for the year | | 19,726,662,575 | 10,723,157,462 |
| Attributable to: | | | |
| Equity holders of the parent | | 13,263,476,503 | 7,450,195,757 |
| Non-controlling interests | | 6,463,186,072 | 3,272,961,705 |
| | | 19,726,662,575 | 10,723,157,462 |
| Earnings per share - basic and diluted | 43 | 611.51 | 343.49 |

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2024

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Profit after taxation | 19,726,662,575 | 10,723,157,462 |
| Other comprehensive income | | |
| Items that may be reclassified to statement of profit or loss subsequently | | |
| Net - gain on remeasurement of forward foreign currency contracts | 60,421,094 | 66,407,961 |
| Net - gain on remeasurement of forward foreign currency contracts - associates | 216,447 | 1,067,571 |
| | 60,637,541 | 67,475,532 |
| Exchange difference on translation of foreign operations | (27,669,237) | 203,964,831 |
| Items that will not be reclassified to statement of profit or loss subsequently | | |
| Unrealised gain / (loss) on equity instruments at fair value through other comprehensive income | | |
| - long term | 2,022,077,846 | (654,795,600) |
| - short term | 2,081,112,456 | (316,846,986) |
| | 4,103,190,302 | (971,642,586) |
| Impact of deferred tax | (381,116,074) | - |
| Unrealised gain / (loss) on equity instruments at fair value through other comprehensive income - associates | 43,695,547 | (8,326,013) |
| Realised (loss) / gain on sale of investment at fair value through other comprehensive income | (1,306,132,939) | 40,895,292 |
| Actuarial loss on re-measurement of staff retirement benefit obligation | (104,307,271) | (40,642,376) |
| Actuarial loss on re-measurement of staff retirement benefit obligation - associates | (2,445,547) | (856,158) |
| Impact of deferred tax | 38,958,584 | - |
| | (67,794,234) | (41,498,534) |
| | 2,391,842,602 | (979,715,683) |
| Total comprehensive income for the year | 22,151,257,034 | 9,809,849,740 |
| Attributable to: | | |
| Equity holders of the parent | 15,688,070,962 | 6,536,888,035 |
| Non- controlling interests | 6,463,186,072 | 3,272,961,705 |
| | 22,151,257,034 | 9,809,849,740 |

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2024

| | Issued, subscribed and paid-up capital | Reserves | | | | | | | | Non-Controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital | | | Revenue | | | | Sub-total | | |
| | | Share premium | Fixed Assets Replacement | Fair value reserve of financial asset at fair value through OCI | Unrealized (loss)/gain on translation of foreign operation | Cash flow hedge reserve | General | Unappropriated profit | | | |
| | Rupees | | | | | | | | | | |
| Balance as at July 01, 2022 | 216,897,910 | 782,796,090 | 65,000,000 | (2,587,900,529) | 139,544,124 | (66,126,276) | 1,330,000,000 | 40,343,197,320 | 40,006,510,729 | 12,893,807,201 | 53,117,215,840 |
| Transaction with owners of the Company | | | | | | | | | | | |
| Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share | - | - | - | - | - | - | - | (216,897,910) | (216,897,910) | - | (216,897,910) |
| First & Second Interim dividend June 30, 2023 @ Rs.0.67476 per share-SWPCL | - | - | - | - | - | - | - | - | - | (132,000,000) | (132,000,000) |
| Third Interim dividend June 30, 2023 @ Rs.0.6134 per share-SWPCL | - | - | - | - | - | - | - | - | - | (60,000,000) | (60,000,000) |
| First Interim dividend June 30, 2023 @ Rs.1.11 per share-TBCL | - | - | - | - | - | - | - | - | - | (395,768,836) | (395,768,836) |
| Right shares issued by SRESL to NCI | | | | | | | | | - | 87,500,000 | 87,500,000 |
| Share of NCI arise at acquisition | | | | | | | | | - | 543,225,277 | 543,225,277 |
| Total comprehensive income for the year ended June 30, 2023 | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 7,450,195,757 | 7,450,195,757 | 3,272,961,705 | 10,723,157,462 |
| Other comprehensive (loss) / income | - | - | - | (979,968,599) | 203,964,831 | 67,475,532 | - | (41,498,534) | (750,026,770) | - | (750,026,770) |
| | - | - | - | (979,968,599) | 203,964,831 | 67,475,532 | - | 7,408,697,223 | 6,700,168,987 | 3,272,961,705 | 9,973,130,692 |
| Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income | - | - | - | (40,895,292) | - | - | - | 40,895,292 | - | - | - |
| Share of increase in reserves of associated companies under equity method | - | - | - | - | - | - | - | 11,617,604 | 11,617,604 | - | 11,617,604 |
| Balance as at June 30, 2023 | 216,897,910 | 782,796,090 | 65,000,000 | (3,608,764,420) | 343,508,955 | 1,349,256 | 1,330,000,000 | 47,587,509,529 | 46,501,399,410 | 16,209,725,347 | 62,928,022,667 |
| Transaction with owners of the Company | | | | | | | | | | | |
| Final dividend related to the year ended June 30, 2023 at the rate of Rs.10 per share | - | - | - | - | - | - | - | (216,897,910) | (216,897,910) | - | (216,897,910) |
| First Interim dividend June 30, 2024 @ Rs.1.46 per share-SWPCL | - | - | - | - | - | - | - | - | - | (142,500,000) | (142,500,000) |
| Second & Third Interim dividend June 30, 2024 @ Rs.1.07 per share-SWPCL | - | - | - | - | - | - | - | - | - | (210,000,000) | (210,000,000) |
| Final dividend related to the year ended June 30, 2023 @ Rs.1.2025 per share-TBCL | - | - | - | - | - | - | - | - | - | (428,750,000) | (428,750,000) |
| First Interim dividend June 30, 2024 @ Rs.1.2025 per share-TBCL | - | - | - | - | - | - | - | - | - | (428,750,000) | (428,750,000) |
| Second Interim dividend June 30, 2024 @ Rs.3.6075 per share-TBCL | - | - | - | - | - | - | - | - | - | (1,286,250,000) | (1,286,250,000) |
| Total comprehensive income for the year ended June 30, 2024 | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 13,263,476,503 | 13,263,476,503 | 6,463,186,072 | 19,726,662,575 |
| Other comprehensive (loss) / income | - | - | - | 3,765,769,775 | (27,669,237) | 60,637,541 | - | (67,794,234) | 3,730,943,845 | - | 3,730,943,845 |
| | - | - | - | 3,765,769,775 | (27,669,237) | 60,637,541 | - | 13,195,682,269 | 16,994,420,348 | 6,463,186,072 | 23,457,606,420 |
| Reclassification adjustment of realised loss on sale of equity instrument at fair value through other comprehensive income | - | - | - | 1,306,132,939 | - | - | - | (1,306,132,939) | - | - | - |
| Share of decrease in reserves of associated companies under equity method | - | - | - | - | - | - | - | (8,743,461) | (8,743,461) | - | (8,743,461) |
| Balance as at June 30, 2024 | 216,897,910 | 782,796,090 | 65,000,000 | 1,463,138,294 | 315,839,718 | 61,986,797 | 1,330,000,000 | 59,251,417,488 | 63,270,178,387 | 20,176,661,419 | 83,663,737,716 |

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2024

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 44 | 36,252,527,270 | 29,098,531,940 |
| Change in long term loans, advances and deposits | | 135,192,549 | 8,747,575 |
| Finance cost paid | | (12,402,502,759) | (8,834,607,400) |
| Taxes paid | | (1,668,841,293) | (3,388,363,461) |
| Staff retirement benefit paid | | (186,638,163) | (140,896,404) |
| Accumulating compensated absences paid | | (20,330,592) | - |
| **Net cash generated from operating activities** | | 22,109,407,012 | 16,743,412,250 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | (6,627,126,149) | (6,630,163,387) |
| Purchase of intangibles | | - | (35,122,794) |
| Purchase of investment property | | (4,462,257) | (1,621,937,487) |
| Exploration and evaluation expenditure | | (18,000,000) | (112,928,274) |
| Proceeds from disposal of investment property | | 123,825,888 | - |
| Proceeds from disposal of operating fixed assets | | 373,511,916 | 113,390,761 |
| Acquisition of subsidiary | | - | (846,044,544) |
| Investments in shares and certificates | | (1,623,934,764) | 1,237,006,684 |
| Proceeds from sale of equity instrument | | 1,875,258,387 | 1,452,851,320 |
| Rental income received | | 12,649,950 | 11,721,643 |
| Dividend income received - others | | 973,030,741 | 598,039,413 |
| Dividend income received - associates | | 37,263,851 | 311,186,781 |
| Interest income received | | 1,226,741,850 | 495,773,486 |
| **Net cash used in investing activities** | | (3,651,240,587) | (5,026,226,398) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long term finances - obtained | | 2,410,000,000 | 5,034,219,107 |
| - repaid | | (12,095,297,739) | (10,581,927,931) |
| Exchange (loss) / gain on translation of foreign subsidiaries | | (7,650,816) | 20,341,748 |
| Dividend paid | | (2,382,146,478) | (805,114,946) |
| Short term borrowings - net | | (2,442,579,780) | (848,775,912) |
| Lease liabilities | | (942,802,346) | (732,007,678) |
| Right shares issued by SRESL (Subsidary Company) to NCI | | - | 87,500,000 |
| **Net cash used in financing activities** | | (15,460,477,159) | (7,825,765,612) |
| **Net increase in cash and cash equivalents** | | 2,997,689,266 | 3,891,420,240 |
| Net foreign exchange difference | | (6,858,496) | 2,754,675,334 |
| Cash and cash equivalents - at beginning of the year | | 14,542,732,395 | 7,896,636,821 |
| Cash and cash equivalents - at end of the year | | 17,533,563,165 | 14,542,732,395 |

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

| Chief Executive Officer | Chairman / Director | Chief Financial Officer |
|---|---|---|

## 1. LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange.

The Holding Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printing of fabrics. Following are the business units of the Holding Company along with their respective locations:

| Business unit | Location |
|---|---|
| **Registered Office** | |
| Karachi | 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi |
| Lahore office | 4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore. |
| **Production Plants** | |
| Spinning | A-17,Site, Kotri |
| Spinning | A-84,Site Area, Nooriabad |
| Spinning | 63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur. |
| Spinning | 1.5-KM, Warburton Road, Feroze Wattoan, Sheikhupura |
| Weaving, Yarn Dyeing, Printing, Processing, | |
| Home Textile and Stitching | 2-KM, Warburton Road, Feroze Wattoan, Sheikhupura |
| Stitching | 1.5-KM, Off Defence Road, Bhubtian Chowk, Raiwind Road, Lahore. |

### 1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

| Subsidiary Companies | 2024 | 2023 |
|---|---|---|
| | % of shareholding | |
| (i) Sapphire Retail Limited - (SRL) | 100% | 100% |
| (ii) Sapphire Wind Power Company Limited - (SWPCL) | 70% | 70% |
| (iii) Tricon Boston Consulting Corporation (Private) Limited - (TBCL) | 57.125% | 57.125% |
| (iv) Sapphire International ApS | 100% | 100% |
| (v) Sapphire Real Estate (Private) Limited - (SRESL) | 100% | 100% |
| (vi) Sapphire Chemicals (Private) Limited - (SCPL) | 100% | 100% |
| (vii) Sapphire Green Energy (Private) Limited - (SGEL) | 100% | 100% |
| (viii) Creek Properties (Private) Limited - (Subsidiary of SRESL) CRPL | 65% | 65% |
| (ix) DesignTex (SMC-Pvt.) Limited - (Subsidiary of SRL) DTL | 100% | 100% |
| (x) Sapphire Retail Trading One Person Company L.L.C | 100% | - |
| (xi) Sapphire Retail International Limited | 100% | - |

(i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on June 11, 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. The principal business of SRL is to operate "Sapphire" brand retail outlets for the sale of textile and other products. SRL is principally engaged in carrying out a business of trading of textile products that includes buying, selling, import, export of textile and other allied products. SRL operates through retail outlets in Pakistan and e-stores. SRL operates 49 retail outlets throughout the country.

(ii) Sapphire Wind Power Company Limited (SWPCL) was incorporated in Pakistan as a public Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on December 27, 2006. Its registered office is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the its wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the Company by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

SWPCL's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

It has set up a wind power station of 52.80 MW gross capacity at the above mentioned location and achieved Commercial Operations Date ('COD') on November 22, 2015. It has an Energy Purchase Agreement ('EPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G'), for twenty years which commenced from the COD.

Memorandum of Understanding in respect of Power Tariffs

During the year 2020, a Memorandum of an Understanding ('MoU') was executed by and between the Committee for Negotiation with Independent Power Producers [on behalf of Government of Pakistan ('GoP')] and Pakistan Wind Energy Association [on behalf of Wind Power Projects ('WPPs') under the Renewable Energy Policy 2006]. Subsequently, SWPCL and CPPA-G have initialed a Master Agreement and an EPA Amendment (collectively referred to as the 'Agreements') for the power project. These Agreements have been initialed by SWPCL solely at the request of CPPA-G and the execution is subject to the respective approval of the lender that is pending.

Pursuant to the terms of these Agreements, SWPCL and CPPA-G have agreed to the matters of Mechanism for settlement of outstanding receivables, Reduction in the tariff components, Arrangement for debt restructuring, Reduction in the delayed payment markup spread rate from 4.5% to 2% for the first 60 days of delays in respect of recoverability of the outstanding receivables and an increase in the delayed payment markupspread rate from 2% to 4.5% after these 60 days, and Mechanism for streamlining of load curtailment and compensation thereof.

SWPCL's future transactions will be affected when these Agreements have been signed / executed. SWPCL based on the response from the lender informed CPPA-G that it will not be signing the Agreements.

(iii) Triconboston Consulting Corporation (Private) Limited (TBCL) was incorporated in Pakistan as a private Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on August 13, 2012. Its principle objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity. Its registered office is located at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.

TBCL has set up three wind power station of each 49.735 MW gross capacity at Deh, Kohistan 7/1 Tapo Jhimpir, Taluka and District Thatta in the province of Sindh measuring 3,852 acres. It has achieved Commercial Operations Date ('COD') on 16 August 2018, 14 September 2018 and 11 September 2018 by Project A, B and C respectively (collectively defined as 'Projects'). It has also signed three Energy Purchase Agreement ('EPA') with its sole customer for its Projects, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for twenty years which commenced from the COD.

(iv) Sapphire International ApS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Holding Company and is engaged in selling textiles. The Company was incorporated on August 27, 2019. Its registered office is located at Søgade 15, 1. th. 6000 Kolding, Denmark.

(v) Sapphire Real Estate (Private) Limited is 100% owned subsidiary incorporated on October 12, 2021 under the Companies Act, 2017 with the purpose of investment in real estate projects. The registered office of the Company is situated at 7-A/K, Main Boulevard, Gulberg II, Lahore.

(vi) Sapphire Chemicals (Private) Limited is a wholly owned subsidiary incorporated on 04 June, 2022 under the Companies Act, 2017. The principal line of business of the Company is to manufacture and sale chemical products.

(vii) Sapphire Green Energy (Private) Limited (the Company) was incorporated as a private limited company in Pakistan on January 17, 2023 under the Companies Act, 2017. The principal line of business of the company shall be to carry on all or any of the businesses of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith.

(viii) Creek Properties (Private) Limited (the Company) was incorporated in April 2022 as a private Company limited by shares under the Companies Act, 2017. The principal business of the Company is marketing and development of real estate projects.

(ix) Designtex (SMC-Private) Limited was incorporated in Pakistan on February 06, 2020 as a single member Private Company and as such being a private company limited by shares under the Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited. The Company is principally engaged in manufacturing, stitching and trading of textile and ancillary products. The head office of the Company is located at 1.5KM, Defence Road, Bhobtian Chowk, Off Raiwind Road, Lahore.

(x) Sapphire Retail Trading One Person Company L.L.C incorporated on November 30, 2023 in United Arab Emirates under the Companies Law No. 32 of 2021. The registered activities of the Company are blankets, towels, linens, readymade garments, novelties, textile, watches, clocks, watches & clocks spare parts, handbags, leather products, perfumes, and cosmetics trading. The address of the registered office of the Company is Office no 106-106, Bayan Business Center, Dubai Investment Park First, Dubai, United Arab Emirates.

(xi) Sapphire Retail International Limited is a private company limited by shares incorporated in England and Wales on November 07, 2023. The principal activity of the company is the retail sale of textiles in specialised stores and online.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for investment valued at fair value, derivative financial instruments which have been marked to market and staff retirement benefit - gratuity which is stated at present value of defined benefit obligation.

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees unless otherwise specified.

### 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

#### 2.4.1 Standards, amendments to approved accounting standards and interpretations that are effective and have been adopted by the Group

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for the financial year beginning on or after July 01, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

a) IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 — Effective: January 01, 2023

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

b) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Effective: January 01, 2023

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the consolidated financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Group develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the group applies the amendments.

The amendments have no impact on the Group's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Group and therefore, have not been presented here.

### 2.4.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been adopted by the Group

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

a) IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures — Effective: January 01, 2024

Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company group's liabilities, cash flows and exposure to liquidity risk.

The amendments are supplement requirements already in IFRS Accounting Standards and require a Group to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information.

b) IFRS 16 Leases — Effective: January 01, 2024

Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

c) IAS 1 Presentation of Financial Statements — Effective: January 01, 2024

Presentation of consolidated financial statements to clarify how to classify debt and other liabilities as current or non-current. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of consolidated financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption of the above amendments to accounting standards did not have any material effect on the consolidated financial statements of the Group.

## 2.5 IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes (the Guidance) issued by ICAP

The Institute of Chartered Accountants of Pakistan (ICAP) issued the aforementioned Guidance through Circular No. 07 / 2024 dated May 15, 2024. In light of the said Guidance, as the minimum taxes and final taxes are not calculated on the 'taxable income' as defined in IAS 12 (Income Taxes) but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 (the Ordinance); accordingly, minimum taxes and final taxes should be accounted for under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) / IFRIC 21 (Levies) as levies (though these are charged under tax law) and not under IAS 12 as income taxes. Based on the Guidance, the minimum taxes under the Ordinance are hybrid taxes, which comprise of a component within the scope of IAS 12 and a component within the scope of IFRIC 21.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change

| | As at June 30, 2024 | | | As at June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Had there been no change in accouting policy | Impact of change in accounting policy | After change in accounting policy | Had there been no change in accouting policy | Impact of change in accounting policy | After change in accounting policy |
| | ---------------------------------- Rupees ------------------------------------ | | | | | |
| Effect on profit or loss and other comprehensive income | | | | | | |
| Final taxes - levy | - | 1,824,870,110 | 1,824,870,110 | - | 1,309,033,979 | 1,309,033,979 |
| Profit before income tax | 22,794,323,324 | (1,824,870,110) | 20,969,453,214 | 12,825,804,007 | (1,309,033,979) | 11,516,770,028 |
| Income tax expense | 3,067,660,749 | (1,824,870,110) | 1,242,790,639 | 2,102,646,545 | (1,309,033,979) | 793,612,566 |

## 2.6 Exemption from applicability of certain interpretations to standards for Power Sector Companies

(a) SECP through SRO 986(I)/2019 dated 02 December 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before 01 January, 2019. Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a lease under IFRS 16, 'Leases'. Consequently, TBCL and SWPL (Subsidiary Companies) wind power plants' control, due to purchase of total output by CPPA-G, appears to fall under the scope of IFRS 16. Consequently, if the Group were to follow IFRS 16, the effect on the financial statements would be as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (35,401,536,180) | (38,215,668,661) |
| De-recognition of trade debts | (2,481,407,411) | (2,158,804,075) |
| Recognition of lease debtor | 37,160,709,335 | 40,214,648,739 |
| | (722,234,256) | (159,823,997) |
| (Decrease) / Increase in un-appropriated profit - | | |
| at the beginning of the year | (159,823,997) | 793,319,078 |
| Increase / (decrease) in profit for the year | (562,410,259) | (953,143,075) |
| Increase / (decrease) in un-appropriated profit - at the end of the year | (722,234,256) | (159,823,997) |

(b) In respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 67(I)/2023 dated 20 January 2023 partially modified its previous SRO 1177(I)/2021 dated 13 September 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 31 December 2024 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the TBCL and SWPCL (Subsidiary companies) have not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

### (a) Property, plant and equipment

The Group 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.

### (b) Stores & spares and stock-in-trade

The Group 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.

### (c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss model. Management used actual credit loss experience over past years for the calculation of expected credit loss. Trade and other receivables are written off when there is no reasonable expectation of recovery

### (d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 28.

(e) Income taxes

In making the estimates for income taxes, the Group takes into account the current income tax laws and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Group's view differs with the view taken by the income tax department at the assessment stage and where the Group 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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

(f) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(g) Discounting of lease payments

The lease payments are discounted using incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

(h) Foreign Currency translation rate

In determining the exchange rate used for the translation of monetary items due to lack of exchangeability at the reporting date (i.e. June 30, 2024), management uses judgement in determining the closing / spot rate (i.e. exchange rate for immediate delivery). Therefore, management uses the closing rate to which it would have access at the end of the reporting period, that is the rate available immediate before the reporting date.

## 4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

## 5. MATERIAL ACCOUNTING POLICY INFORMATION

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

### 5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling (NCI) interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 5.2 Property, plant and equipment

#### 5.2.1 Owned assets

Property, plant and equipment except for freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and capital work in progress are stated at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

#### Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

#### Depreciation

Depreciation is charged to income on the reducing balance method except to the effect that straight line method is used for assets of SWPCL, TBCL and SRL at rates stated in note 6.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

#### Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the consolidated statement of profit or loss.

#### Impairment

The Group assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognized in the consolidated statement of profit or loss.

#### Un-allocated capital expenditure

All costs or expenditures attributable to work in progress are capitalized and apportioned to the respective items of property, plant and equipment on completion.

### 5.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the consolidated statement of financial position date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

### 5.2.3 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

#### Depreciation of right of use asset

The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Group recognised right of use assets equal to the present value of lease payments.

### 5.2.4 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify 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.

### 5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment property comprises of land and building. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets. Depreciation is charged to consolidated statement of profit or loss using reducing balance method at the rates stated in note 7.

### 5.4 Intangible assets

Intangible assets (including computer software) acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

#### Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

#### Amortization

Amortization is charged to consolidated statement of profit or loss on straight line basis over a period of three to five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

### 5.5 Financial assets

#### Initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost or fair value through other comprehensive income (FVTOCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15, Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent Measurement

- Equity Instruments at FVTOCI

  Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. The Group transfers the gain / loss on investments disposed off to unappropriated profit within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Based on business model, the Group elected to classify its equity investments except for the investment in subsidiaries and associates as Investment at FVTOCI.

- Debt Instruments at FVTOCI

The Group measures financial assets at fair value through OCI if both of the following conditions are met and is not designated as at FVTPL:

(i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. However, the Group has no such instrument at the statement of financial position date.

- Debt Instruments at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments for which the Group has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

- Financial Assets measured at amortised cost

  The Group measures financial assets at amortized cost if both of the following conditions are met:

  (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

  (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

  The Group's financial assets at amortized cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### 5.6 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group except for Creadore A/S . When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The consolidated financial statements of foreign associate of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and the statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

## 5.7 Stores, spare parts and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

## 5.8 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Stock-in-trade is valued on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Stock of Certified Emission Reductions (CERs) is valued principally at the lower of cost and net realisable value.

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.

## 5.9 Trade debts and other receivables and related impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Group uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Group has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

## 5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

## 5.11 Impairment

### (a) Financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables , the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

## 5.12 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

## 5.13 Financial liabilities

### Initial recognition and measurement

Financial liabilities are recognized initially at amortized cost or fair value through profit or loss.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses during the year are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

- Financial liabilities at amortized cost

After initial recognition, trade and other payables, unclaimed dividend, bank overdrafts and interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in consolidated statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

#### Derecognition

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.

### 5.14 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### 5.15 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings as interest expense.

### 5.16 Employees' benefits

#### (a) Defined contribution plan

The Group operates an approved contributory provident fund for its eligible permanent employees as per terms of employment for which contributions are charged to income for the year.

The Group and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary. The assets of the fund are held separately under the control of trustees.

#### (b) Defined benefit plan

The Group operates an unfunded gratuity scheme for its eligible permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. The amount arising as a result of remeasurement are recognized in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

The Group faces the following risks on account of calculation of provision for employees benefits:

- Salary increase / inflation risk:

  The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

- Discount rate risk:

  The risk of changes in discount rate may have an impact on the plan's liability.

- Mortality risk:

  Actual mortality experience maybe different than that assumed in the calculation.

- Withdrawal risk:

  Actual withdrawals experience may different from that assumed in the calculation.

(c) Accumulating compensated absences

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences in accordance with the terms of employment. Under the terms, all employees are entitled to 15 days leave per year. The unavailed annual leaves can be carried forward up to a maximum of 30 leaves. An employee will be entitled to encash the accumulated annual leaves at the time of leaving employment service.

Provisions are made annually on the basis of unavailed accumulated leaves. The benefit is calculated with reference to last drawn salary and accumulated leave balances of the employees. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

### 5.17 Contingent liabilities

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or

- There is a present 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.

### 5.18 Contract liability

A contract liability is recognised for the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

### 5.19 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in statement of other comprehensive income or directly in equity. In this case, the tax is also recognized in consolidated statement of other comprehensive income or directly in equity, respectively.

The Group designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. The amount calculated not on the basis of taxable income, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

### Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The profits and gains of the Subsidiary companies - Sapphire Wind Power Group Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary companies (SWPCL & TBCL) are also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Federal Decree Law No. 47 of 2022 of U.A.E. is applicable on Sapphire Retail Trading One Person Company L.L.C (subsidiary company) for the purpose of its taxation. This law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the subsidiary Company's outlook of the law. Any income tax assets and liabilities for the current and future periods are measured at the amount expected to be settled with the Federal Tax Authority (FTA) in the United Arab Emirates.

### Deferred

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

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The Holding Company assesses at each reporting date whether its income is subject to tax under the Final Tax Regime or normal provision of the Income Tax Ordinance, 2001. It considers turnover trend of last three years as well as expected pattern of taxation of future years in order to recognize deferred tax.

## 5.20 Lease liability

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as lessee

Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, dismantling cost, initial direct costs incurred, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated on lease term or useful life of the right of use asset whichever is shorter. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses implicit rates available in the lease agreements, however, in case the interest rate implicit in the lease is not readily determinable, the Group uses incremental borrowing rate at the lease commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Ijarah

Ijarah is a contract whereby the owner of an asset transfers its usufruct (right to use) to another person for an agreed period at an agreed consideration. Under ijarah, the lessor retains title to the asset and bears all risks and rewards pertaining to ownership. The Group as a lessee has contracted ijarah agreements. Payments made under ijarah are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. During the year, the Group has recognized an amount of rent expense, in the statement of profit or loss, representing charge for short-term leases.

5.21 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of consideration to be paid in the future for goods and services, whether or not billed to the Group. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are adjusted to the carrying amount of the respective liabilities.

### 5.22 Provisions

Provisions are recognized when the Group has a 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 can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

### 5.23 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognized in the consolidated statement of profit or loss.

For the Group's companies in power sector, foreign exchange gains and losses resulting from the settlement and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized in property, plant and equipment in accordance with SRO 986(I)/2019 dated 02 September 2019 (previously SRO 24(I)/2012) of the SECP. Accordingly, the exchange difference of the Group's Power Sector subsidiaries have been capitalized.

### 5.24 Impairment of non financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the statement of profit or loss.

### 5.25 Derivative financial instruments

The Group designates derivative financial instruments as either cash flow hedge or fair value hedge.

#### a) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of capital reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

#### b) Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

### 5.26 Revenue recognition

The Group's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

#### Sale of goods

- Local Sales

  The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

- Export Sales

  The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

- Sale of electricity

  Revenue on account of energy is recognised on electricity output delivered to CPPA-G whereas on account of Non-Project Missed Volume is recognised when the event has occurred in terms of the EPA and underlying data is available. Both are recognised at the rates specified under the EPA. Delayed payment markup on amounts due under the EPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the EPA. Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

#### Rendering of services

The Group provides garments stitching, yarn dying and fabric processing services to local customers. These services are sold separately and the Group's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally on dispatch of the stitched/processed fabric / dyed yarn from the factory. There are no terms giving rise to variable consideration under the Group's contracts with its customers.

#### Other sources of revenue

- Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.
- Revenue against scrap sales is recognized when control is transferred to customer. Consideration is always received at the time of delivery.
- All other income items are recognized on accrual basis.

5.27 Borrowing costs

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 the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commencing.

5.28 Dividend and appropriation to reserves

Dividend and other appropriations to reserves are recognized in the period in which they are approved.

5.29 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.30 Segment reporting

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

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of property, plant and equipment, inventories, trade debts, loans and advances and cash and bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate payables.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Stitching, Textile retail and Power generation which also reflects the management structure of Group.

5.31 Related party transactions

All transactions with related parties are carried out by the Group on agreed terms. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **6. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 6.1 | 83,334,423,305 | 84,780,345,305 |
| Right-of-use asset | 6.2 | 3,421,994,196 | 2,533,107,980 |
| Capital work-in-progress | 6.3 | 2,379,387,074 | 3,137,111,098 |
| Major spare parts and stand-by equipment | 6.4 | 69,216,256 | 69,216,255 |
| | | 89,205,020,831 | 90,519,780,639 |

## 6.1 Operating fixed assets

June 30, 2024

| | Land | | On free - hold land | | | On lease - hold land | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Free - hold | Lease - hold | Factory building | Labour, staff colony and others | Office building | Factory building | Labour, staff colony and others | Leased building improvements | Plant and machinery | Electric installation | Fire fighting equipment | Electric equipment | Computer | Office equipment | Mills equipment | Furniture and fixtures | Vehicles | Total |
| | Rupees | | | | | | | | | | | | | | | | | Rupees |
| **Balance as at July 01, 2023** | | | | | | | | | | | | | | | | | | |
| **Cost** | 2,416,504,458 | 137,013,177 | 4,273,982,226 | 932,123,224 | 420,773,248 | 2,532,299,564 | 147,259,752 | 615,533,211 | 100,312,842,098 | 806,228,900 | 30,745,940 | 621,375,706 | 446,645,168 | 63,848,250 | 175,420,802 | 529,321,182 | 609,870,494 | 115,071,787,399 |
| **Accumulated depreciation** | - | - | (1,984,776,334) | (262,568,211) | (138,676,447) | (687,148,186) | (49,920,154) | (397,830,175) | (25,308,816,907) | (378,591,260) | (14,338,861) | (233,298,388) | (254,545,445) | (44,787,158) | (77,465,355) | (188,703,815) | (269,975,400) | (30,291,442,095) |
| **Net book value** | 2,416,504,458 | 137,013,177 | 2,289,205,892 | 669,555,013 | 282,096,801 | 1,845,151,378 | 97,339,598 | 217,703,036 | 75,004,025,191 | 427,637,640 | 16,407,079 | 388,077,318 | 192,099,723 | 19,061,092 | 97,955,447 | 340,617,367 | 339,895,094 | 84,780,345,305 |
| **For the year ended June 30, 2024** | | | | | | | | | | | | | | | | | | |
| **Additions during the year** | | | | | | | | | | | | | | | | | | |
| **-Direct Additions** | 714,479,364 | - | 1,080,095,933 | 161,715,027 | 199,629,245 | - | - | 384,800,547 | 3,118,779,880 | 129,664,032 | - | 239,465,772 | 211,158,119 | 9,522,293 | 45,533,404 | 427,006,913 | 188,497,009 | 6,910,347,538 |
| **-Net exchange gain capitalised (Note 6.1.4)** | - | - | - | - | - | (25,130,548) | - | - | (849,481,073) | - | - | - | - | - | - | - | - | (874,611,622) |
| **Disposals:** | | | | | | | | | | | | | | | | | | |
| **- Cost** | 25,315,740 | - | 62,075,194 | 82,950,380 | 65,705,744 | - | - | 23,614,707 | 185,931,239 | 24,390,796 | 292,872 | 196,722,622 | 7,843,950 | 8,391,989 | 9,286,767 | 10,810,595 | 121,438,272 | 824,770,867 |
| **- Accumulated Depreciation** | - | - | (41,487,898) | (52,563,568) | (20,387,690) | - | - | (21,591,839) | (149,918,158) | (17,589,740) | (182,899) | (177,641,250) | (6,092,162) | (7,522,307) | (8,112,954) | (6,873,487) | (43,978,753) | (553,942,705) |
| | 25,315,740 | - | 20,587,296 | 30,386,812 | 45,318,054 | - | - | 2,022,868 | 36,013,081 | 6,801,056 | 109,973 | 19,081,372 | 1,751,787 | 869,682 | 1,173,813 | 3,937,108 | 77,459,519 | 270,828,161 |
| **Impairment charge for the year** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Depreciation for the year** | - | - | (307,746,554) | (37,796,980) | (20,733,768) | (129,132,078) | (4,540,934) | (149,782,978) | (5,912,924,631) | (39,483,818) | (1,602,443) | (245,143,148) | (108,216,513) | (3,630,024) | (12,879,926) | (155,318,438) | (81,897,522) | (7,210,829,755) |
| | 3,105,668,082 | 137,013,177 | 3,040,967,975 | 763,086,248 | 415,674,224 | 1,690,888,752 | 92,798,664 | 450,697,737 | 71,324,386,286 | 511,016,798 | 14,694,663 | 363,318,570 | 293,289,542 | 24,083,679 | 129,435,112 | 608,368,734 | 369,035,062 | 83,334,423,305 |
| **Balance as at June 30, 2024** | | | | | | | | | | | | | | | | | | |
| **Cost** | 3,105,668,082 | 137,013,177 | 5,292,002,965 | 1,010,887,871 | 554,696,749 | 2,507,169,016 | 147,259,752 | 976,719,050 | 102,396,209,666 | 911,502,136 | 30,453,068 | 664,118,856 | 649,959,337 | 64,978,554 | 211,667,439 | 945,517,500 | 676,929,231 | 120,282,752,449 |
| **Accumulated depreciation** | - | - | (2,251,034,990) | (247,801,623) | (139,022,525) | (816,280,264) | (54,461,088) | (526,021,314) | (31,071,823,380) | (400,485,338) | (15,758,405) | (300,800,286) | (356,669,796) | (40,894,875) | (82,232,327) | (337,148,766) | (307,894,169) | (36,948,329,145) |
| **Net book value - June 30, 2024** | 3,105,668,082 | 137,013,177 | 3,040,967,975 | 763,086,248 | 415,674,224 | 1,690,888,752 | 92,798,664 | 450,697,737 | 71,324,386,286 | 511,016,798 | 14,694,663 | 363,318,570 | 293,289,542 | 24,083,679 | 129,435,112 | 608,368,734 | 369,035,062 | 83,334,423,305 |
| **Depreciation rate % per annum** | - | - | 10 | 5 | 5 | 5 & 10 | 5 | 20 | 5 & 10 | 10 & 33.33 | 10 | 10 & 33.33 | 30 & 33.33 | 10 & 33.33 | 10 | 10 & 15 | 20 | |

June 30 2023

| | Land | | On free - hold | | | On lease - hold | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Free - hold | Lease - hold | Factory building | Labour, staff colony and others | Office building | Factory building | Labour, staff colony and others | Leased building improvements | Plant & machinery | Electric installations | Fire fighting equipment | Electric equipments | Computers | Office equipments | Mills equipments | Furniture & fixtures | Vehicles | Total |
| | Rupees | | | | | | | | | | | | | | | | | Rupees |
| Balance as at July 01, 2022 | | | | | | | | | | | | | | | | | | |
| Cost | 1,557,065,775 | 137,013,177 | 3,789,189,682 | 730,887,502 | 420,773,248 | 2,134,648,319 | 107,892,467 | 713,105,962 | 83,291,171,637 | 766,753,505 | 29,909,840 | 563,074,142 | 359,915,885 | 65,174,850 | 150,708,872 | 608,480,226 | 545,184,258 | 95,970,949,347 |
| Accumulated depreciation | - | - | (1,763,745,049) | (227,994,584) | (123,829,247) | (581,139,980) | (45,485,550) | (398,460,799) | (20,947,209,347) | (344,019,179) | (12,603,699) | (216,517,532) | (207,720,856) | (42,774,285) | (68,099,501) | (188,360,200) | (211,905,340) | (25,379,865,148) |
| Net book value | 1,557,065,775 | 137,013,177 | 2,025,444,633 | 502,892,918 | 296,944,001 | 1,553,508,339 | 62,406,917 | 314,645,163 | 62,343,962,290 | 422,734,326 | 17,306,141 | 346,556,610 | 152,195,029 | 22,400,565 | 82,609,371 | 420,120,026 | 333,278,918 | 70,591,084,199 |
| For the year ended June 30, 2023 | | | | | | | | | | | | | | | | | | |
| Additions during the year | | | | | | | | | | | | | | | | | | |
| -Direct Additions | 859,438,683 | - | 484,792,544 | 201,235,722 | - | 26,855,991 | 39,367,285 | 39,994,468 | 5,001,758,846 | 39,475,395 | 836,100 | 144,433,674 | 102,639,361 | 550,901 | 25,066,713 | 96,924,998 | 102,478,582 | 7,165,849,262 |
| -Net exchange gain capitalised (Note 6.1.4) | - | - | - | - | - | 370,795,254 | - | - | 12,671,398,785 | - | - | - | - | - | - | - | - | 13,042,194,039 |
| Disposals: | | | | | | | | | | | | | | | | | | |
| - Cost | - | - | - | - | - | - | - | 137,567,219 | 651,487,170 | - | - | 86,132,110 | 15,910,078 | 1,877,501 | 354,783 | 176,084,042 | 37,792,346 | 1,107,205,249 |
| - Accumulated Depreciation | - | - | - | - | - | - | - | (98,735,299) | (424,738,518) | - | - | (35,060,606) | (12,476,948) | (1,133,776) | (319,473) | (75,724,376) | (23,570,766) | (671,759,762) |
| | - | - | - | - | - | - | - | 38,831,920 | 226,748,652 | - | - | 51,071,504 | 3,433,130 | 743,725 | 35,310 | 100,359,666 | 14,221,580 | 435,445,487 |
| Impairment charge for the year | - | - | - | - | - | - | - | (35,387,706) | - | - | - | (8,831,959) | (182,034) | - | - | (29,075,985) | - | (73,477,684) |
| Depreciation for the year | - | - | (221,031,285) | (34,573,627) | (14,847,200) | (106,008,206) | (4,434,604) | (62,716,968) | (4,786,346,078) | (34,572,081) | (1,735,162) | (43,009,503) | (59,119,503) | (3,146,649) | (9,685,327) | (46,992,006) | (81,640,826) | (5,509,859,024) |
| | 2,416,504,458 | 137,013,177 | 2,289,205,892 | 669,555,013 | 282,096,801 | 1,845,151,378 | 97,339,598 | 217,703,036 | 75,004,025,191 | 427,637,640 | 16,407,079 | 388,077,318 | 192,099,723 | 19,061,092 | 97,955,447 | 340,617,367 | 339,895,094 | 84,780,345,305 |
| Balance as at June 30, 2023 | | | | | | | | | | | | | | | | | | |
| Cost | 2,416,504,458 | 137,013,177 | 4,273,982,226 | 932,123,224 | 420,773,248 | 2,532,299,564 | 147,259,752 | 615,533,211 | 100,312,842,098 | 806,228,900 | 30,745,940 | 621,375,706 | 446,645,168 | 63,848,250 | 175,420,802 | 529,321,182 | 609,870,494 | 115,071,787,399 |
| Accumulated depreciation | - | - | (1,984,776,334) | (262,568,211) | (138,676,447) | (687,148,186) | (49,920,154) | (397,830,174) | (25,308,816,907) | (378,591,260) | (14,338,861) | (233,298,388) | (254,545,445) | (44,787,158) | (77,465,355) | (188,703,815) | (269,975,400) | (30,291,442,095) |
| Net book value - June 30, 2023 | 2,416,504,458 | 137,013,177 | 2,289,205,892 | 669,555,013 | 282,096,801 | 1,845,151,378 | 97,339,598 | 217,703,036 | 75,004,025,191 | 427,637,640 | 16,407,079 | 388,077,318 | 192,099,723 | 19,061,092 | 97,955,447 | 340,617,367 | 339,895,094 | 84,780,345,305 |
| Depreciation rate % per annum | - | - | 10 | 5 | 5 | 5 & 10 | 5 | 20 | 5 & 10 | 10 | 10 | 10 & 33.33 | 30 | 10 & 33.33 | 10 | 10 & 15 | 20 | |

6.1.1 Freehold lands of the Holding Company are located at Sheikhupura, Kasur and Lahore with an area of 1,554,764 (2023: 1,433,189) square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2023: 440,804) square yards.

6.1.2 Flagship store of SRL (subsidiary) is located at Gulberg, Lahore, Punjab with an area of 9,200 (2023: 9,200) square feet and freehold land of SRL located at Gurumangat Road, Lahore, Punjab with an area of 47,962 (2023: 47,962) square feet.

6.1.3 Freehold land of SCPL (subsidiary) is located at Khushab with an area of 344 acres (2023: 296 acres) for proposed plant site.

6.1.4 This represents the exchange differences capitalized in accordance with SRO 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/2012) of the SECP (as fully explained in note 5.23 to these consolidated financial statements). Had the subsidiary companies followed IAS 21, 'The Effects of Changes in Foreign Exchange Rates', the effect on the consolidated financial statements would be as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| **Consolidated Statement of Financial Position** | | |
| Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30, | (28,535,462,527) | (31,534,940,419) |
| **Consolidated Statement of profit or loss** | | |
| Decrease in cost of sales | 2,095,796,270 | 1,003,343,882 |
| Increase in other income | 107,231,968 | - |
| Decrease / (Increase) in other expenses | 796,449,654 | (13,042,194,039) |
| Increase/(decrease) in profit for the year | 2,999,477,892 | (12,038,850,157) |

6.1.5 Depreciation charge has been allocated as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Cost of goods manufactured | 6,534,819,113 | 5,246,194,317 |
| Distribution cost | 538,189,995 | 148,544,034 |
| Administrative expenses | 137,820,647 | 115,120,673 |
| | 7,210,829,755 | 5,509,859,024 |

### 6.1.6 The details of operating fixed assets disposed-off is as follows:

| Particulars of assets | Cost | Accumu-lated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Sold to |
|---|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - - - | | | | | | |
| **Assets having net book value exceeding Rs.500,000 each** | | | | | | | |
| **The Holding Company** | | | | | | | |
| **Land and Building** | | | | | | | |
| Free-hold Land | 25,315,740 | - | 25,315,740 | 25,320,000 | 4,260 | Negotiation | Mr. Syed Khurram Badshah |
| Office Building- Free hold | 65,705,744 | 20,387,690 | 45,318,054 | 200,850,000 | 155,531,946 | - - - do - - - | M/s Sapphire Finishing Mills Limited (a related party) |
| Factory building | 67,355,844 | 47,753,266 | 19,602,578 | 497,978 | (19,104,600) | - - - do - - - | M/s Noor Construction |
| Residential Building | 82,950,380 | 52,563,566 | 30,386,814 | 771,938 | (29,614,876) | - - - do - - - | - - - do - - - |
| | 241,327,708 | 120,704,522 | 120,623,186 | 227,439,916 | 106,816,730 | | |
| **Electric Installation** | | | | | | | |
| HT Switchgear | 2,417,577 | 1,623,533 | 794,044 | 800,000 | 5,956 | Negotiation | M/s Ideal Trading Compnay |
| Electric Cables & Fitting | 14,696,362 | 10,856,337 | 3,840,025 | 3,845,000 | 4,975 | - - - do - - - | - - - do - - - |
| LT-8 Misc. Electric Installation | 1,079,934 | 204,445 | 875,489 | 885,000 | 9,511 | - - - do - - - | - - - do - - - |
| | 18,193,873 | 12,684,315 | 5,509,558 | 5,530,000 | 20,442 | | |

| Particulars of assets | Cost | Accumu-lated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Sold to |
|---|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - - - | | | | | | |
| Assets having net book value exceeding Rs.500,000 each | | | | | | | |
| The Holding Company | | | | | | | |
| Plant and machinery | | | | | | | |
| Neutral Grounding Resistor | 1,900,000 | 583,674 | 1,316,326 | 196,721 | (1,119,605) | Negotiation | M/s Zee Square |
| Draw Frames | 5,380,184 | 4,840,179 | 540,005 | 1,106,557 | 566,552 | - - - do - - - | - - - do - - - |
| Simplex Machine | 3,300,000 | 2,781,527 | 518,473 | 614,754 | 96,281 | - - - do - - - | - - - do - - - |
| Transformer | 2,985,570 | 1,034,482 | 1,951,088 | 2,000,000 | 48,912 | - - - do - - - | M/s Hanif Trading Corporation |
| Slub Motion Device | 6,092,521 | 4,836,189 | 1,256,332 | 1,219,635 | (36,697) | - - - do - - - | M/s Ideal Trading Company |
| Filter For Waste Collection | 7,845,441 | 5,663,851 | 2,181,590 | 2,192,373 | 10,783 | - - - do - - - | M/s Hanif Trading Corporation |
| MPM - Complete Machine | 1,570,000 | 850,154 | 719,846 | 2,300,000 | 1,580,154 | - - - do - - - | M/s Reliance Cotton Spinning Mills Ltd (a related party) |
| Beater Machine | 1,223,608 | 129,159 | 1,094,449 | 1,200,000 | 105,551 | - - - do - - - | M/s Reliance Cotton Spinning Mills Ltd (a related party) |
| Transformer | 3,390,000 | 2,185,270 | 1,204,730 | 4,000,000 | 2,795,270 | - - - do - - - | M/s Trafo Link |
| Electric Cable | 3,535,670 | 2,985,193 | 550,477 | 550,500 | 23 | - - - do - - - | M/s Ideal Trading Company |
| Dust & Waste Removal System | 6,329,145 | 2,714,406 | 3,614,739 | 3,617,000 | 2,261 | - - - do - - - | - - - do - - - |
| Ring Spinning Frame | 13,290,687 | 11,428,355 | 1,862,332 | 1,865,000 | 2,668 | - - - do - - - | - - - do - - - |
| Detection & Rejection System | 1,226,327 | 678,746 | 547,581 | 550,000 | 2,419 | - - - do - - - | - - - do - - - |
| Dust & Waste Removal System | 6,770,493 | 5,716,379 | 1,054,114 | 1,055,245 | 1,131 | - - - do - - - | - - - do - - - |
| Bales Braker | 16,228,665 | 15,669,909 | 558,756 | 560,000 | 1,244 | - - - do - - - | - - - do - - - |
| High Efficiency Boiler | 4,000,000 | 2,321,423 | 1,678,577 | 1,694,915 | 16,338 | - - - do - - - | M/s Allied Biolers |
| Electric Cables | 8,763,055 | 7,626,021 | 1,137,034 | - | (1,137,034) | Write-off | - |
| Boiler | 5,412,500 | 4,613,088 | 799,412 | - | (799,412) | - - - do - - - | - |
| R.O Water Plan | 1,750,000 | 1,015,050 | 734,950 | - | (734,950) | - - - do - - - | - |
| Bio Gas Projector | 2,501,147 | 1,794,149 | 706,998 | - | (706,998) | - - - do - - - | - |
| Air Compressor | 7,645,371 | 6,942,496 | 702,875 | - | (702,875) | - - - do - - - | - |
| HS Rooter | 3,250,000 | 2,630,936 | 619,064 | - | (619,064) | - - - do - - - | - |
| Slub Device | 6,462,397 | 5,745,157 | 717,240 | - | (717,240) | - - - do - - - | - |
| | 120,852,781 | 94,785,793 | 26,066,988 | 24,722,700 | (1,344,288) | | |
| Vehicles | | | | | | | |
| Kia Sorento | 7,852,000 | 2,807,526 | 5,044,474 | 5,200,000 | 155,526 | Negotiation | Mr. Faisal Ali |
| Range Rover | 50,000,000 | 14,533,333 | 35,466,667 | 50,000,000 | 14,533,333 | - - - do - - - | Mr. Muhammad Gulraiz Hussain |
| Kia Sportage | 6,371,000 | 1,428,166 | 4,942,834 | 5,029,551 | 86,717 | - - - do - - - | Mr. Waqas Dilawar |
| | 64,223,000 | 18,769,025 | 45,453,975 | 60,229,551 | 14,775,576 | | |
| Subsidiary Companies | | | | | | | |
| Vehicles | | | | | | | |
| Land Cruiser | 30,812,500 | 9,449,167 | 21,363,333 | 26,000,000 | 4,636,667 | - - - do - - - | Mr. Rizwan Ahmed |
| Fortuner Legender | 13,150,000 | 4,272,934 | 8,877,066 | 10,343,945 | 1,466,879 | - - - do - - - | Syed Talal Hassan |
| | 43,962,500 | 13,722,101 | 30,240,399 | 36,343,945 | 6,103,546 | | |
| Electric equipment | | | | | | | |
| Generator | 1,510,000 | 923,896 | 586,104 | 68,254 | (517,850) | Negotiation | MARIA. B |
| Passenger Lift | 2,196,571 | 1,478,144 | 718,427 | 101,858 | (616,569) | --- do --- | MARIA. B |
| 100 KVA GENSET for Peshawar store | 3,230,000 | 798,080 | 2,431,920 | 600,000 | (1,831,920) | --- do --- | Outside Party |
| AC 4 Ton Cassette Type Inverter | 1,282,240 | 244,164 | 1,038,076 | - | (1,038,076) | Write-off | |
| AC 4 Ton Cassette Type Inverter | 2,020,425 | 365,083 | 1,655,342 | - | (1,655,342) | --- do --- | |
| Generator 100KVA | 3,400,000 | 339,711 | 3,060,289 | - | (3,060,289) | --- do --- | |
| Sapphire Beauty Top Header Black ACP | 1,345,135 | 217,421 | 1,127,714 | - | (1,127,714) | --- do --- | |
| SMD Screen (6.30*9.9ft) | 1,495,200 | 241,677 | 1,253,523 | - | (1,253,523) | --- do --- | |
| Electric Material | 4,797,105 | 359,308 | 4,437,797 | - | (4,437,797) | --- do --- | |
| | 21,276,676 | 4,967,484 | 16,309,192 | 770,112 | (15,539,080) | | |
| Furniture and fittings | | | | | | | |
| Kid's Furniture | 1,909,000 | 981,168 | 927,832 | - | (927,832) | Write-off | |
| Segmentation Work | 1,323,580 | 444,204 | 879,376 | - | (879,376) | --- do --- | |
| | 3,232,580 | 1,425,372 | 1,807,208 | - | (1,807,208) | | |
| Leasehold Improvement | | | | | | | |
| Parking Pavers Work | 783,000 | - | 783,000 | - | (783,000) | Write-off | |
| | 783,000 | - | 783,000 | - | (783,000) | | |
| Various assets having net book value upto Rs.500,000 each | 310,918,749 | 286,884,093 | 24,034,655 | 18,475,692 | (5,558,963) | Negotiation | Various parties |
| 2024 | 824,770,867 | 553,942,705 | 270,828,161 | 373,511,916 | 102,683,755 | | |
| 2023 | 1,107,205,249 | 671,759,762 | 435,445,487 | 113,390,761 | (322,054,726) | | |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **6.2 Right-of-use assets** | | | |
| Balance at beginning of the year | | 2,533,107,980 | 2,833,092,663 |
| Additions | | 1,695,671,798 | 455,382,858 |
| Disposals | | (20,812,559) | (157,060,397) |
| Depreciation charged during the year | 6.2.3 | (785,973,023) | (598,307,144) |
| Balance at end of the year | | 3,421,994,196 | 2,533,107,980 |

### 6.2.1 Movement in the Right-of-use assets:

| | Note | Land Rupees | Rented premises Rupees | Vehicles Rupees | Total Rupees |
|---|---|---|---|---|---|
| As at July 01, 2023 | | 73,785,306 | 2,290,651,454 | 168,671,220 | 2,533,107,980 |
| Additions during the year | | - | 1,595,174,055 | 100,497,743 | 1,695,671,798 |
| Depreciation expense | 6.2.3 | (5,126,475) | (726,466,180) | (54,380,368) | (785,973,023) |
| Disposals / Terminations | | - | (11,072,808) | (9,739,751) | (20,812,559) |
| As at June 30, 2024 | | 68,658,831 | 3,148,286,521 | 205,048,844 | 3,421,994,196 |
| | | | | | |
| As at July 01, 2022 | | 78,901,653 | 2,728,471,648 | 25,719,362 | 2,833,092,663 |
| Additions during the year | | - | 276,881,574 | 178,501,284 | 455,382,858 |
| Depreciation expense | 6.2.3 | (5,116,347) | (569,148,170) | (24,042,627) | (598,307,144) |
| Disposals | | - | (145,553,598) | (11,506,799) | (157,060,397) |
| As at June 30, 2023 | | 73,785,306 | 2,290,651,454 | 168,671,220 | 2,533,107,980 |

6.2.2 This represents right of use asset relating to land obtained from Govt. of Sindh, Land Utilization department, through Deputy Commissioner Thatta for a lease of 1,284 acres each for the three projects of TBCL (subsidiary) and land acquired from AEDB, situated in Jhimpir, District Thatta for a lease of 1,372 acres on which the wind power plant of SWPCL (subsidiary) is installed for a period of 20 years.

This includes right of use in respect of office obtained by TBCL (subsidiary) from Pakzon Electric Motors (Pvt.) Ltd (subleased, whereas Askari Development & Holdings (Pvt) Ltd. (ADHL) is the owner) located at 13th Floor, Askari Corporate Tower, Gulberg-III, Lahore, Punjab.

SRL (subsidiary) has lease contracts for rented premises (retail outlets). Leases of rented premises generally have lease terms between 2 and 12 years.

This includes lease related to offices obtained on rent in Tricon Corporate Centre situated at 73-E Main Jail Road, Gulberg II, Lahore by the Holding Company. Lease term is for 5 years. Depreciation expense amounting to Rs.16.531 million (2023: Rs.16.531 million) has been charged to administrative expenses.

SRL and DTL (subsidiaries) have lease contracts for vehicles. Leases of vehicles have lease terms between 4 and 5 years.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **6.2.3 Depreciation charge has been allocated as follows:** | | |
| Cost of goods manufactured | 106,748,704 | 89,253,866 |
| Distribution cost | 626,225,344 | 478,359,157 |
| Administrative expenses | 52,998,975 | 30,694,107 |
| | 785,973,023 | 598,307,144 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **6.3 Capital work-in-progress** | | | |
| Civil works and buildings | | 578,717,800 | 1,117,697,511 |
| Plant and machinery including in transit amounting Rs. 29.357 million (2023: Rs. 31.990 million) | 6.3.1 | 1,800,669,274 | 1,872,259,053 |
| Electric installation | | - | 86,196,250 |
| Mills equipment | | - | 54,000,153 |
| Furniture and fixture | | - | 6,958,131 |
| | | 2,379,387,074 | 3,137,111,098 |

6.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.2.246 million (2023: Rs.115.099 million) at the borrowing rate of 23.04% to 24.16% (2023: 2.85% to 23.08%) per annum pertaining to the Holding Company.

6.3.2 Movement in the capital work-in-progress

| Particulars | July 1, 2023 | Additions during the year | Transferred to operating fixed assets | June 30, 2024 |
|---|---|---|---|---|
| | - - - - - - - - - - Rupees - - - - - - - - - - | | | |
| Civil works and buildings | 1,117,697,511 | 1,199,807,511 | (1,738,787,222) | 578,717,800 |
| Plant and machinery | 1,872,259,053 | 2,816,018,158 | (2,887,607,937) | 1,800,669,274 |
| Electric installation | 86,196,250 | - | (86,196,250) | - |
| Mills equipment | 54,000,153 | 4,215,450 | (58,215,603) | - |
| Computer | - | 1,990,661 | (1,990,661) | - |
| Furniture and fixture | 6,958,131 | 13,284,478 | (20,242,609) | - |
| | 3,137,111,098 | 4,035,316,258 | (4,793,040,282) | 2,379,387,074 |

| Particulars | July 1, 2022 | Additions during the year | Transferred to operating fixed assets | June 30, 2023 |
|---|---|---|---|---|
| | - - - - - - - - - - Rupees - - - - - - - - - - | | | |
| Civil works and buildings | 1,299,204,315 | 722,287,395 | (903,794,199) | 1,117,697,511 |
| Plant and machinery | 2,326,866,270 | 4,494,020,993 | (4,948,628,210) | 1,872,259,053 |
| Electric installation | 21,376,195 | 64,820,055 | - | 86,196,250 |
| Mills equipment | 25,350,193 | 32,090,144 | (3,440,184) | 54,000,153 |
| Furniture and fixture | - | 7,683,431 | (725,300) | 6,958,131 |
| | 3,672,796,973 | 5,320,902,018 | (5,856,587,893) | 3,137,111,098 |

6.4 These spare parts and stand-by equipment are in the possession and control of SWPCL's (subsidiary Company) O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. As per the terms of the above mentioned O & M Agreement, O & M contractor will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement.

## 7. INVESTMENT PROPERTY

7.1 For the Holding Company this includes free-hold land situated at Raiwind Road, Lahore having an area of 3,000 (2023: 5,000) square yards. Fair value of the investment property was carried out on June 30, 2024. As per the valuation report the fair value of the investment property as at June 30, 2024 was Rs.174 million (2023: Rs.286 million).

7.1.1 This also includes lease-hold land situated at Korangi, Karachi for the Creek Properties (Private) Limited - (Subsidiary of Subsidiary Company - SRESL) having area of 24,926 square yards. As at June 30, 2024 fair value of the investment property was equal to its cost.

7.1.2 There is no rental income derived from investment property as at June 30, 2024 and June 30, 2023.

7.1.3 The Holding Company during the year has sold free-hold land costing Rs 12.700 million against net consideration of Rs 123.862 million.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **8.** | **INTANGIBLE ASSETS** | | | |
| | Computer software | 8.1 | 17,831,311 | 34,859,406 |
| | Goodwill | 8.3 | 455,540,310 | 455,540,310 |
| | | | 473,371,621 | 490,399,716 |
| **8.1** | **Computer software** | | | |
| | **Net carrying value as at July 1,** | | | |
| | Opening net book value | | 34,859,406 | 14,458,435 |
| | Additions during the year | | - | 35,122,794 |
| | Disposals during the year | | (5,933,497) | - |
| | Amortization for the year | | (11,094,598) | (14,721,823) |
| | Net book value as at June 30, | | 17,831,311 | 34,859,406 |
| | Gross carrying value as at June 30, | | | |
| | Cost | | 76,546,083 | 91,840,064 |
| | Accumulated amortization | | (58,714,772) | (56,980,658) |
| | **Net book value** | | 17,831,311 | 34,859,406 |
| | **Amortization rate (% per annum)** | | 20 & 33.33 | 20 & 33.33 |

8.1.1 This represents inventory, point of sale (POS) software and Econnect license which are being amortized over 3 years on straight line basis of SRL (Subsidiary Company).

8.2 Amortisation expense on computer software for the year has been charged to other operating expenses.

8.3 Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary Company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **9.** | **EXPLORATION AND EVALUATION ASSET** | | |
| | Rock salt exploration expenditures | 112,928,274 | 112,928,274 |
| | Limestone exploration expenditures | 18,000,000 | - |
| | | 130,928,274 | 112,928,274 |

9.1 This represents the exploration and evaluation cost incurred by Sapphire Chemicals (Private) Limited - (Subsidiary Company) on obtaining the exploration licenses and exploration of mines.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **10. LONG TERM INVESTMENTS** | | | |
| Associated Companies - at equity method | 10.1 | 2,177,580,472 | 1,965,223,117 |
| Others - Fair value through other comprehensive income | 10.2 | 3,554,103,688 | 2,626,899,683 |
| | | 5,731,684,160 | 4,592,122,800 |

**10.1 Associated Companies - Quoted**

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **Reliance Cotton Spinning Mills Limited**<br>313,295 ordinary shares of Rs.10 each<br>Equity held: 3.04% | 312,225,377 | 266,252,993 |
| **The breakup of equity investment is as follows:** | | |
| Cost | 8,461,851 | 8,461,851 |
| Dividend received | (1,263,852) | (2,369,723) |
| Accumulated profit | 305,027,378 | 260,160,865 |
| | 312,225,377 | 266,252,993 |

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2023: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 June 2024. RCSM was incorporated on 13 June 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **Associated Companies - unquoted** | | |
| **Sapphire Power Generation Limited (SPGL)**<br>4,234,500 ordinary shares of Rs.10 each<br>Equity held: 26.43% | 556,910,558 | 470,854,712 |
| **Sapphire Electric Company Limited (SECL)**<br>6,000,000 ordinary shares of Rs.10 each<br>Equity held: 1.42% | 312,010,020 | 308,626,671 |
| **Sapphire Holding Limited (SHL)**<br>10,000 ordinary shares of Rs.10 each<br>Equity held: 0.05% | 10,409,118 | 9,156,538 |
| **Sapphire Dairies (Private) Limited (SDL)**<br>23,500,000 ordinary shares of Rs.10 each<br>Equity held: 12.95% | 496,126,216 | 485,499,923 |
| **Foreign Company - Creadore A/S Denmark**<br>3,675 ordinary shares of DKK 1,000<br>Equity held: 49.00% | 489,899,183 | 424,832,280 |
| | 1,865,355,095 | 1,698,970,124 |

#### 10.1.1 The movement in the value of equity investments is as follows:

| | SPGL | SECL | SHL | SDL | Creadore A/S |
|---|---|---|---|---|---|
| **June 30, 2024** | | | (Rupees) | | |
| Cost | 113,705,500 | 60,000,000 | 100,000 | 235,000,000 | 58,708,925 |
| Dividend received | - | (36,000,000) | - | - | - |
| Accumulated profit | 443,205,058 | 288,010,020 | 10,309,118 | 261,126,216 | 431,190,258 |
| | 556,910,558 | 312,010,020 | 10,409,118 | 496,126,216 | 489,899,183 |
| Note Ref | 10.1.2 | 10.1.3 | 10.1.4 | 10.1.5 | 10.1.6 |
| **June 30, 2023** | | | | | |
| Cost | 113,705,500 | 60,000,000 | 100,000 | 235,000,000 | 58,708,925 |
| Dividend received | - | (18,000,000) | - | - | (290,817,058) |
| Accumulated profit | 357,149,212 | 266,626,671 | 9,056,538 | 250,499,923 | 656,940,413 |
| | 470,854,712 | 308,626,671 | 9,156,538 | 485,499,923 | 424,832,280 |

10.1.2 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2023: 26.43%) of SPGL's issued, subscribed and paid-up capital as at 30 June 2024. SPGL was incorporated in Pakistan as a public limited Company and is principally engaged in the business of electric power generation and distribution.

10.1.3 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2023: 1.42%) of SECL's issued, subscribed and paid-up capital as at 30 June 2024. SECL was incorporated in Pakistan as a public limited Company and the principal activity of the Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhupura. SECL is an associate of the Group due to common directorship.

10.1.4 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2023: 0.05%) of SHL's issued, subscribed and paid-up capital as at 30 June 2024. SHL was incorporated in Pakistan as a public limited Company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.1.5 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 12.95% (2023: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2024. SDL was incorporated as a private limited Company and is principally engaged in production of milk and milk products. During the previous year, SDL has issued right shares. However, Holding Company has not subscribed its portion.

10.1.6 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2023: 49%) of Creadore's share capital as at 30 June 2024. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

The summary of financial statements / reconciliation of the associates is as follows:

| | June 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | RCSML | SPGL | SECL | SHL | SDL | Creadore A/S |
| | Rupees | | | | | |
| Summarized Statement of Financial Position | | | | | | |
| Non-current assets | 7,069,157,145 | 2,304,128,947 | 9,755,407,037 | 22,100,910,086 | 5,243,944,948 | - |
| Current assets | 8,476,164,017 | 130,652,126 | 16,640,200,691 | 297,278,355 | 1,620,288,806 | 1,312,510,500 |
| | 15,545,321,162 | 2,434,781,073 | 26,395,607,728 | 22,398,188,441 | 6,864,233,754 | 1,312,510,500 |
| Non-current and current liabilities | 5,288,459,162 | 327,314,341 | 4,345,789,075 | 1,483,001,922 | 3,031,922,636 | 312,716,250 |
| Net assets | 10,256,862,000 | 2,107,466,732 | 22,049,818,653 | 20,915,186,519 | 3,832,311,118 | 999,794,250 |
| Reconciliation to carrying amount | | | | | | |
| Opening net assets | 8,746,631,140 | 1,781,813,304 | 21,810,716,621 | 18,398,359,754 | 3,750,228,658 | 867,004,653 |
| Profit for the year | 1,495,266,880 | 206,336,877 | 2,782,945,076 | 1,394,318,921 | 90,495,721 | 173,643,517 |
| Other comprehensive income / (loss) | 176,089,621 | 138,722,989 | - | 1,078,935,994 | (8,413,261) | (40,853,920) |
| Other adjustments | (119,957,641) | (19,406,438) | 285,040 | 43,571,850 | - | - |
| Dividend paid during the year | (41,168,000) | - | (2,544,128,084) | - | - | - |
| Closing net assets | 10,256,862,000 | 2,107,466,732 | 22,049,818,653 | 20,915,186,519 | 3,832,311,118 | 999,794,250 |
| Group's share (%) | 3.04% | 26.43% | 1.42% | 0.05% | 12.95% | 49.00% |
| Group's share | 312,225,377 | 556,910,558 | 312,010,020 | 10,409,118 | 496,126,216 | 489,899,183 |
| Carrying amount of investment | 312,225,377 | 556,910,558 | 312,010,020 | 10,409,118 | 496,126,216 | 489,899,183 |
| Summarized Statement of Profit or Loss | | | | | | |
| Revenue | 14,645,976,383 | - | 20,081,644,623 | 34,786,839 | 4,490,987,554 | 3,445,307,877 |
| Profit before revenue tax and income tax | 1,656,753,184 | 266,029,005 | 2,795,973,383 | 1,694,937,925 | 214,617,729 | 222,619,894 |
| Profit after tax | 1,495,266,880 | 206,336,877 | 2,782,945,076 | 1,394,318,921 | 90,495,721 | 173,643,517 |

| | June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | RCSML | SPGL | SECL | SHL | SDL | Creadore A/S |
| | Rupees | | | | | |
| Summarized Statement of Financial Position | | | | | | |
| Non current assets | 6,046,985,575 | 1,902,119,456 | 10,327,005,585 | 19,405,608,180 | 5,101,731,290 | - |
| Current assets | 9,268,167,752 | 136,829,212 | 16,780,036,083 | 186,285,374 | 1,375,109,451 | 1,392,967,880 |
| | 15,315,153,327 | 2,038,948,668 | 27,107,041,668 | 19,591,893,554 | 6,476,840,741 | 1,392,967,880 |
| Non-current and current liabilities | 6,568,522,187 | 257,135,364 | 5,296,325,047 | 1,193,533,800 | 2,726,612,083 | 525,963,227 |
| Net assets | 8,746,631,140 | 1,781,813,304 | 21,810,716,621 | 18,398,359,754 | 3,750,228,658 | 867,004,653 |
| Reconciliation to carrying amount | | | | | | |
| Opening net assets | 7,378,338,046 | 1,599,451,079 | 19,877,191,730 | 13,210,860,935 | 3,456,852,126 | 775,117,529 |
| Right shares issued | - | - | - | - | - | - |
| Profit for the year | 1,196,950,454 | 199,513,745 | 3,205,588,932 | 3,972,206,787 | 294,573,338 | 310,650,336 |
| Other comprehensive loss | (46,048,065) | (24,454,167) | - | (192,438,634) | (1,196,806) | - |
| Other adjustments | 294,580,705 | 7,302,647 | - | 1,407,730,666 | - | 374,740,988 |
| Dividend paid during the year | (77,190,000) | - | (1,272,064,041) | - | - | (593,504,200) |
| Closing net assets | 8,746,631,140 | 1,781,813,304 | 21,810,716,621 | 18,398,359,754 | 3,750,228,658 | 867,004,653 |
| Group's share - % | 3.04% | 26.43% | 1.42% | 5.00% | 12.95% | 49.00% |
| Group's Share | 266,252,993 | 470,854,712 | 308,626,671 | 9,156,538 | 485,499,923 | 424,832,280 |
| | 266,252,993 | 470,854,712 | 308,626,671 | 9,156,538 | 485,499,923 | 424,832,280 |
| Summarized Statement of Profit or Loss | | | | | | |
| Revenue | 11,048,839,608 | - | 18,968,182,302 | 19,166,116 | 3,400,928,456 | 2,873,152,555 |
| Profit before revenue tax and income tax | 1,275,251,834 | 231,347,096 | 3,206,566,586 | 4,097,703,348 | 297,188,899 | 471,529,943 |
| Profit after tax | 1,196,950,454 | 199,513,745 | 3,205,588,932 | 3,972,206,787 | 294,573,338 | 367,774,468 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 10.2 | Equity Instruments - at FVTOCI | | | |
| | Quoted | | | |
| | MCB Bank Limited | | | |
| | 7,330,948 (2023: 4.120,740) ordinary shares of Rs.10 each - cost | | 662,498,768 | 224,625,605 |
| | Adjustment arising from re-measurement to fair value | | 1,001,773,047 | 247,075,502 |
| | | | 1,664,271,815 | 471,701,107 |
| | Habib Bank Limited | | | |
| | 15,232,862 (2023: 29,423,714) ordinary shares of Rs.10 each - cost | | 3,047,263,855 | 5,886,143,798 |
| | Adjustment arising from re-measurement to fair value | | (1,157,931,982) | (3,731,445,222) |
| | | | 1,889,331,873 | 2,154,698,576 |
| | Unquoted | | | |
| | Jomo Technologies (Private) Limited | | | |
| | 25,000,000 (2023: 25,000,000) ordinary shares of Rs.10 each | | 150,000,000 | 150,000,000 |
| | Less: provision for impairment | 10.2.1 | (150,000,000) | (150,000,000) |
| | | | - | - |
| | TCC Management Services (Private) Limited | | | |
| | 50,000 ordinary shares ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| | | | 3,554,103,688 | 2,626,899,683 |

10.2.1 The management of the Holding Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.

10.2.2 The Holding Company has pledged 3.951 million (2023: 3.951 million) shares of MCB Bank Limited and 3.487 million (2023: 23.979 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 11. | LONG TERM LOANS AND ADVANCES | | | |
| | Loan to employees | 11.1 | 37,651,308 | 43,292,703 |
| | Advance for purchase of land | 11.2 | 15,493,559 | 204,543,864 |
| | Advance for vehicles | | 3,024,000 | - |
| | | | 56,168,867 | 247,836,567 |
| 11.1 | Loan to employees - unsecured (considered good) | | | |
| | Loans to employees | 11.1.1 | 85,438,279 | 88,549,021 |
| | Less: recoverable within one year and grouped under current assets | | (47,786,971) | (45,256,318) |
| | | | 37,651,308 | 43,292,703 |

11.1.1 These represent interest free loans provided to executives and permanent employees for various purposes in accordance with the terms of employment. These include loans which are secured against retirement benefits payable to the executives / employees on resignation / retirement. These are recoverable in equal monthly instalments. The present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is not considered material and hence not recognized.

11.2 This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhupura.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **12. LONG TERM DEPOSITS** | | | |
| Security deposits held with: | | | |
| Water and Power Development Authority | | 85,830,588 | 85,830,588 |
| Sui Northern Gas Pipelines Limited | | 2,803,864 | 1,373,600 |
| Others | 12.1 | 118,064,616 | 63,019,729 |
| | | 206,699,068 | 150,223,917 |

12.1 It includes an amount of Rs.36,000 (2023: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party. It also includes security deposits of Rs.6.214 million (2023: 2.038 million) against rented premises of TBCL (subsidiary Company) and security deposits of Rs.74.439 million (2023: 41.011 million) against rented retail outlets of SRL (subsidiary Company).

## 13. DEFERRED TAX ASSET

Deferred tax asset as at year end comprises of temporary differences relating to:

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Taxable temporary differences arising in respect of: | | | |
| Property and equipment | | - | (21,461,951) |
| Investment in associates | 13.1 | (45,564,529) | (38,668,671) |
| Unrealized loss on inventory | | - | (26,413,456) |
| Short Term investments | | (381,116,074) | - |
| Intangible assets | | (1,104,608) | - |
| Deductible temporary differences arising in respect of: | | | |
| Property and equipment | | 29,399,247 | - |
| Unrealized gain on inventory | | 83,137,452 | - |
| Leases - net | | 285,546,785 | 175,560,659 |
| Provision for slow moving stores | | 14,393,934 | - |
| Staff retirements benefits - gratuity | | 270,752,885 | - |
| Provision for accumulating compensated absences | | 18,821,318 | 13,651,984 |
| Provision for doubtful tax refunds | | 249,164,083 | - |
| Provision for impairment in trade debts | | 29,262,668 | - |
| Business loss carry forward | | 7,790,493 | - |
| | | 560,483,654 | 102,668,565 |

13.1 The temporary differences associated with investments in the Group's associates, for which a deferred tax liability has not been recognised in the periods presented, aggregate to Rs.330.559 million (2023: Rs.289.217 million). The Group has determined that the undistributed profits of its associates will not be distributed in the foreseeable future. Furthermore, the Group has also no intention to sell the investments in its associate in the foreseeable future. Hence, there are no income tax consequences attached to the payment of dividends in either 2024 or 2023 by the Group to its shareholders.

13.2 The Holding Company's income for the current and preceding tax year falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. In light of recent changes in the tax laws, made via Finance Act, 2024, the Holding Company's income for tax year 2025 will now fall under normal tax regime. The Holding Company has adjusted its temporary differences in view of opinion sought from its legal counsel on changes in tax regime and has recognised deferred tax on all taxable / deductible temporary differences as at the reporting date.

13.3 The income of power generation companies of the Group is exempt from taxation. Therefore, there is no deferred tax liability in respect of these companies.

13.4 DTL (Subsidiary Company) has not recognized deferred tax asset in respect of minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 amounting to Rs 123.078 million (2023: Rs 50.168 million) as currently, it believes that sufficient taxable profits would not be available to utilise these in the foreseeable future.

13.5 There are no taxable or deductible temporary differences in case of Sapphire International ApS and Sapphire Retail Trading One Person Company L.L.C. assets or liabilities.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 14. | STORES, SPARES AND LOOSE TOOLS | | | |
| | Stores | 14.2 & 14.3 | 690,923,348 | 592,629,333 |
| | Spare parts | | 222,942,282 | 252,732,437 |
| | Loose tools | | 147,368 | 606,773 |
| | Items in transit | | 102,555,200 | 100,663,152 |
| | | | 1,016,568,198 | 946,631,695 |
| | Less: provision for slow moving items | 14.1 | (36,907,527) | (44,602,001) |
| | | | 979,660,671 | 902,029,694 |
| 14.1 | Provision for slow moving items | | | |
| | Balance at beginning of the year | | 44,602,001 | 39,283,153 |
| | Provision made during the year | | - | 5,318,848 |
| | Less: provision reversed during the year | | 7,694,474 | - |
| | Balance at end of the year | | 36,907,527 | 44,602,001 |

14.2 This includes stores and spares amounting to Rs.111.051 million (2023: Rs.111.051 million) of SWPCL (subsidiary Company) which are in the possession and control of the SWPCL, O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement i.e. eight years from the Taking-Over Date.

14.3 This also includes spare parts and stand-by equipment of Rs.122.975 million (2023: 122.975 million) of TBCL (Subsidiary Company) which are in the possession and control of the Company's O & M contractor, General Electric International Inc., for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the Long Term Operation and Maintenance Agreement ('LTOMA') dated September 26, 2016 and as amended by Novation Agreement dated April 19, 2017. General Electric International Inc. will replenish and hand over these items to the Company on the expiry of the respective LTOMA Agreement i.e. eight years from the Commencement Date.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 15. | STOCK IN TRADE | | |
| | Raw materials: | | |
| | - at mills | 14,031,509,576 | 15,296,894,971 |
| | - in transit | 3,234,446,675 | 1,674,171,675 |
| | | 17,265,956,251 | 16,971,066,646 |
| | Work-in-process | 5,359,918,145 | 3,584,457,740 |
| | Finished goods - manufactured - at mills | 6,327,111,688 | 5,205,776,958 |
| | Finished goods - purchased - at mills | 6,729,451,235 | 4,695,840,601 |
| | Waste | 61,966,201 | 87,647,145 |
| | | 35,744,403,520 | 30,544,789,090 |

15.1 Stock in trade include items costing Rs.17,046.316 million (2023: Rs.15,812.164 million) stated at their net realizable value aggregated Rs.15,249.586 million (2023: Rs.14,057.678 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.1,796.729 million (2023: Rs.1,754.486 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 16. | TRADE DEBTS | | | |
| | Considered good | | | |
| | Other domestic debts | 16.1 & 16.2 | 5,900,434,965 | 4,173,823,641 |
| | CPPA-G | 16.3 | 14,981,371,673 | 13,279,384,813 |
| | Waste | | 45,237,220 | 46,145,020 |
| | Others | | 7,466,909 | 15,764,378 |
| | | | 20,934,510,767 | 17,515,117,852 |
| | Considered good - secured | | | |
| | Foreign debts | | 1,497,820,956 | 1,400,454,903 |
| | | | 22,432,331,723 | 18,915,572,755 |
| | Less: | | | |
| | provision for expected credit loss | 16.6 | 75,032,477 | 44,329,846 |
| | | | 22,357,299,246 | 18,871,242,909 |

16.1 Local debts include an amount of Rs.3,452.693 million (2023: Rs.1,954.671 million) receivable against indirect export sales.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 16.2 | These include the following amounts due from related parties: | | |
| | Diamond Fabrics Limited | 19,378,449 | 55,006,728 |
| | Sapphire Fibres Limited | 53,978,945 | - |
| | Sapphire Finishing Mills Limited | 548,541,058 | 289,937,182 |
| | | 621,898,452 | 344,943,910 |

16.3 These include amount of Rs.3,164.491 million (2023: Rs.2,586.292 million) receivable from CPPA-G by SWPCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 25.43% to 28.44% (2023: 14.90% to 26.58%) per annum. These include unbilled receivables aggregating to Rs.771.263 million (2023: Rs..830.860 million).

These also include amount of Rs.11,816.881 million (2023: 10,693.092 million) receivable from CPPA-G by TBCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 2% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 18.85% to 25.94% (2023: 9.79% to 24.05%) per annum. These include unbilled receivables aggregating to Rs.436.87 million (2023: Rs.223.94 million).

16.4 The aging of trade debts receivable from related parties as at reporting date is as follows:

| | Total Amount Receivable | Neither past due nor impaired |
|---|---|---|
| | ---------- Rupees | ---------- |
| 2024 | 621,898,452 | 621,898,452 |
| 2023 | 344,943,910 | 344,943,910 |

16.5 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.917.940 million (2023: Rs.1,085.187 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 16.6 | **Provision for expected credit loss** | | | |
| | Balance at the beginning of the year | | 44,329,846 | 42,349,160 |
| | Charged during the year | | 30,702,631 | 1,980,686 |
| | Balance at the end of the year | | 75,032,477 | 44,329,846 |
| 17. | **LOANS AND ADVANCES** | | | |
| | **Unsecured - Considered good** | | | |
| | Current portion of long term loans to employees | 11.1 | 47,786,971 | 45,256,318 |
| | Advances to suppliers | | 316,377,238 | 289,607,735 |
| | Short term loans to employees | | 29,468,311 | 52,678,889 |
| | | | 393,632,520 | 387,542,942 |
| 18. | **TRADE DEPOSITS AND SHORT TERM PREPAYMENTS** | | | |
| | Security deposits | | 10,437,944 | 63,217,948 |
| | Prepayments | | 96,210,845 | 103,337,456 |
| | | | 106,648,789 | 166,555,404 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **19.** | **OTHER RECEIVABLES** | | | |
| | Dividend receivable | | 9,000,000 | - |
| | Margin deposits | | - | 7,168,259 |
| | Deposits with High Court | | 19,430,291 | 19,430,291 |
| | Export rebate receivable | | 109,413,080 | 66,487,737 |
| | Receivable against sale of fixed assets | | 50,229 | - |
| | Unrealized gain on measurement of | | | |
| | forward foreign currency contracts | | 61,604,864 | - |
| | Recoverable from CPPA-G | | | |
| | as pass through items: | | | |
| | - Workers' profit participation fund | 19.1 | 1,462,123,278 | 985,492,272 |
| | - Withholding tax on dividend | | 14,393,750 | - |
| | - Insurance | 19.2 | 718,387,014 | 441,856,380 |
| | Rent receivable | | 657,810 | - |
| | Other receivables - considered good | | 373,609,139 | 72,413,291 |
| | | | 2,768,669,455 | 1,592,848,230 |

19.1 Under section 9.2(a) of the EPA, payments to Workers' Profit Participation Fund (WPPF) by SWPCL and TBCL (subsidiary Companies) are recoverable from CPPA-G as a pass-through item amounting to Rs.288.343 million (2023: Rs.178.897 million) and Rs.1,188.173 million (2023: Rs.806.895 million) respectively. Movement of WPPF is as follows:

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Opening balance | | 985,492,272 | 931,630,497 |
| Accrued for the year | 29.2 | 747,568,258 | 390,597,272 |
| Received during the year | | (270,937,252) | (336,735,497) |
| Closing balance | | 1,462,123,278 | 985,492,272 |

19.2 Under section 9.2(a) of the EPA with CPPA-G, insurance payments are recoverable from CPPA-G as a pass-through item.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **20.** | **SHORT TERM INVESTMENTS** | | | |
| | Equity instruments | 20.1 | 4,251,400,468 | 1,364,735,401 |
| | Others | 20.2 | 228,997,607 | 191,000,000 |
| | | | 4,480,398,075 | 1,555,735,401 |

## 20.1 Equity instruments - at FVTOCI (investment in quoted securities)

| 2024 | 2023 | Name of the investee company | Market value 2024 | Market value 2023 | Cost 2024 | Cost 2023 |
|---|---|---|---|---|---|---|
| No. of shares \ certificates | | | ---------- Rupees | | ---------- | |
| 23,828,497 | 26,985,346 | Bank AL-Habib Limited | 2,673,080,793 | 1,166,306,654 | 976,027,847 | 1,105,332,382 |
| 203,500 | 65,321 | Engro Corporation (Pakistan) Limited | 67,706,485 | 16,976,275 | 52,266,030 | 18,468,972 |
| 592,500 | 197,000 | Oil and Gas Development Company Limited | 80,206,725 | 15,366,000 | 59,568,791 | 20,490,173 |
| 548,500 | 288,000 | Fauji Fertilizer Company Limited | 89,613,930 | 28,350,720 | 53,521,744 | 31,509,886 |
| 448,000 | 1,124,332 | Meezan Bank Limited | 107,246,720 | 97,108,555 | 57,750,256 | 70,864,855 |
| 206,500 | 58,500 | Lucky Cement Limited | 187,239,745 | 30,542,265 | 130,166,784 | 41,274,019 |
| 879,800 | 85,800 | United Bank Limited | 225,439,952 | 10,084,932 | 148,471,947 | 10,829,113 |
| 2,880,000 | - | Dolment City REIT | 47,376,000 | - | 40,266,582 | - |
| 419,000 | - | Engro Fertilizer Company Limited | 69,646,180 | - | 33,876,596 | - |
| 48,100 | - | Mari Petroleum Company Limited | 130,463,554 | - | 75,009,345 | - |
| 6,900 | - | Nestle Pakistan Limited | 49,363,773 | - | 52,187,954 | - |
| 86,500 | - | Pakistan Oilfields Limited | 42,379,810 | - | 36,935,002 | - |
| 161,500 | - | Systems Limited | 67,555,450 | - | 68,098,687 | - |
| 53,360 | - | Colgate Palmolive Pakistan Limited | 65,094,931 | - | 75,962,467 | - |
| 85,989 | - | Lucky Core Industries Limited | 79,925,916 | - | 56,972,057 | - |
| 301,000 | - | National Foods Limited | 52,587,710 | - | 37,847,387 | - |
| 806,800 | - | The Hub Power Company Limited | 131,572,944 | - | 84,938,002 | - |
| 74,900 | - | Highnoon Laboratories Limited | 53,447,142 | - | 32,621,897 | - |
| 08,500 | - | Frieslandcampina Engro Pakistan Limited | 7,597,170 | - | 8,157,693 | - |
| 251,002 | - | Standard Chartered Bank Pakistan Limited | 15,481,803 | - | 13,855,343 | - |
| 558,249 | - | TPI Reit Fund I | 8,373,735 | - | 9,819,600 | - |
| | | | 4,251,400,468 | 1,364,735,401 | 2,104,322,011 | 1,298,769,400 |
| 972,295 | 972,295 | Gulshan Spinning Mills Limited | - | - | 17,441,370 | 17,441,370 |
| | | | 4,251,400,468 | 1,364,735,401 | 2,121,763,381 | 1,316,210,770 |
| Add: Adjustment arising from re-measurement to fair value | | | | | 2,129,637,087 | 48,524,631 |
| Market value | | | | | 4,251,400,468 | 1,364,735,401 |

20.1.1 The Holding Company has pledged 4.080 million (2023: 15.880 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

20.2 This represent investment made by Creek Properties (Private) Limited - (subsidiary of subsidiary Company - SRESL) in T-bill issued by Government of Pakistan. These carry profit rate from 18.25% to 21.30% (2023: 8.67% to 18.25%) per annum.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 21. | TAX REFUNDS DUE FROM GOVERNMENT | | | |
| | Income tax / levies - net | 21.1 | (515,390,543) | 136,923,823 |
| | Sales tax receivable | | 3,979,697,751 | 5,526,175,420 |
| | Less: provision against doubtful sales tax refunds | 21.2 | 667,964,276 | 586,335,173 |
| | | | 3,311,733,475 | 4,939,840,247 |
| | | | 2,796,342,932 | 5,076,764,070 |
| 21.1 | Income tax / levies - net | | | |
| | Advance income tax / refundable | | 2,482,794,896 | 1,826,470,712 |
| | Provision for income tax / levies | 21.1.1 | (2,998,185,439) | (1,689,546,889) |
| | | | (515,390,543) | 136,923,823 |
| 21.1.1 | Provision for income tax / levies | | | |
| | Balance at the beginning of the year | | 1,689,546,889 | 1,540,639,594 |
| | Provision for the year | | 3,867,648,818 | 2,112,493,342 |
| | | | 5,557,195,707 | 3,653,132,936 |
| | Less: Advance tax adjusted during the year against completed assessments | | (2,559,010,268) | (1,963,586,047) |
| | | | 2,998,185,439 | 1,689,546,889 |
| 21.2 | Provision against doubtful sales tax refunds | | | |
| | Balance at beginning of the year | | 586,335,173 | 508,576,045 |
| | Add: provision for the year | | 81,629,103 | 77,759,128 |
| | Balance at end of the year | | 667,964,276 | 586,335,173 |
| 22. | CASH AND BANK BALANCES | | | |
| | Cash-in-hand | | 181,398,781 | 86,221,965 |
| | Balances with banks on: | | | |
| | current accounts | | | |
| | - local currency | | 953,906,539 | 623,122,084 |
| | - foreign currency | 22.1 | 410,108,099 | 564,848,169 |
| | | | 1,364,014,638 | 1,187,970,253 |
| | saving accounts | | | |
| | - local currency | 22.2 | 760,499,070 | 315,980,281 |
| | - foreign currency | 22.3 & 22.4 | 11,691,515,666 | 11,138,559,896 |
| | | | 12,452,014,736 | 11,454,540,177 |
| | Term deposit receipts | 22.5 | 3,536,135,010 | 1,814,000,000 |
| | | | 17,533,563,165 | 14,542,732,395 |

22.1 These include foreign currency accounts amounting to US.$ 708,339 (2023: US.$ 1,292,060) and EURO 33,052 (2023: EURO 16,017) relating to the Holding Company, amount of US.$ 418,462 (2023: US.$ 609,645) pertaining to the Sapphire International ApS (subsidiary Company), amount of GBP 173,852 (2023: Nil) pertaining to the Sapphire Retail International Limited (subsidiary Company) and amount of AED 16,196 (2023: Nil) pertaining to Sapphire Retail Trading One Person Company L.L.C (subsidiary Company).

22.2 Effective rates of profit on saving account, during the year, ranged from 20% to 20.5% (2023: 12.74% to 20.16%) per annum.

22.3 This includes balances as at June 30, 2024 held in various accounts, established and maintained by the Triconboston Consulting Corporation (Private) Limited (subsidiary Company) pursuant to the Common Terms Agreement dated April 21, 2017 entered into by the subsidiary Company with Citibank, N.A. An amount of USD 29.76 million equivalent to Rs. 8,281.47 million (2023: USD 28.42 million equivalent to Rs. 8,146.54 million) is maintained in Debt Service Reserve Account for repayment of long term finance and payment of interest accrued and other related costs thereon to lenders. These deposits in savings accounts carry profits at the rates ranges from LIBID plus 4.35% to 4.70% (2023: 0.81% to 4.29%) per annum.

22.4 This includes balances as at 30 June 2024 held in various accounts established and maintained by the Sapphire Wind Power Company Limited (subsidiary Company) in pursuance to the Finance Agreement dated 31 March 2014 entered into by the subsidiary Company with International Development Finance Corporation (IDFC) and the Accounts Agreement dated 07 May 2014 entered into by the subsidiary Company with IDFC and various branches of CitiBank, N.A. USD 10.198 million equivalent to Rs 2,838.379 million (2023: USD 9.751 million equivalent to Rs 2,794.568 million) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to IDFC and USD 0.689 million equivalent to Rs 191.977 million (2023: USD 0.660 million equivalent to Rs 189.014 million) in Dollar Maintenance Reserve account for payments against O & M Agreements. These deposits saving accounts carry profits ranging from 4.37% to 4.62% (2023: 0.81% to 4.36%) per annum.

22.5 Effective rates of profit on term deposit receipts, during the year, ranged at 4.00% to 18.00% (2023: 4.00% to 14.20%) per annum.

## 23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2024 | 2023 | | 2024 | 2023 |
|---|---|---|---|---|
| ------- Numbers ------- | | | ------------Rupees------------ | |
| 7,813,391 | 7,813,391 | Ordinary shares of Rs.10 each fully paid in cash | 78,133,910 | 78,133,910 |
| 13,876,400 | 13,876,400 | Ordinary shares of Rs.10 each issued as fully paid bonus shares | 138,764,000 | 138,764,000 |
| 21,689,791 | 21,689,791 | | 216,897,910 | 216,897,910 |

23.1 The Holding Company has only one class of shares which carry no right to fixed income.

23.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

23.3 As at the reporting date 6,723,815 (2023: 6,722,155) shares of the Holding Company are held by associated companies.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **24. RESERVES** | | | |
| Capital reserves | 24.1 | 2,310,934,384 | (2,760,968,330) |
| Revenue reserves | 24.2 | 60,959,244,003 | 49,262,367,740 |
| | | 63,270,178,387 | 46,501,399,410 |
| **24.1. Composition of capital reserves is as follows:** | | | |
| Share Premium | 24.1.1 | 782,796,090 | 782,796,090 |
| Fixed Assets Replacement Reserve | 24.1.2 | 65,000,000 | 65,000,000 |
| Fair value reserve of financial asset at fair value through OCI | 24.1.3 | 1,463,138,294 | (3,608,764,420) |
| | | 2,310,934,384 | (2,760,968,330) |

24.1.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued. This reserve can only be utilised for purposes specified in section 81 of the Companies Act, 2017.

24.1.2 This reserve represents funds set aside for the purchase of fixed assets in the future.

24.1.3 This represents unrealized loss on re-measurement of investments at fair value through OCI.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **24.2 Composition of revenue reserves is as follows:** | | | |
| General reserves | 24.2.1 | 1,330,000,000 | 1,330,000,000 |
| Unappropriated profits | 24.2.2 | 59,251,417,488 | 47,587,509,529 |
| Unrealized gain on translation of foreign operations | | 315,839,718 | 343,508,955 |
| Cash flow hedge reserve | 24.2.3 | 61,986,797 | 1,349,256 |
| | | 60,959,244,003 | 49,262,367,740 |

24.2.1 This represents appropriation of profit in past years to meet future contingencies.

24.2.2 This represents the level of unrestricted funds available for general use and distribution among the shareholders.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **24..2.3 Gains on cash flow hedge:** | | | |
| Gain arising during the year | | 61,986,797 | 1,349,256 |
| Less: reclassification for gains / (losses) included in profit or loss | | 1,349,256 | (66,126,276) |
| | | 60,637,541 | 67,475,532 |
| **25. LONG-TERM LOANS AND OTHER PAYABLES** | | | |
| Long term loans | 25.1 | 46,035,980,643 | 57,364,228,256 |
| Gas infrastructure development cess payable | 25.2 | - | 28,190,389 |
| | | 46,035,980,643 | 57,392,418,645 |
| **25.1. Long-term loans** | | | |
| Loans from banking companies - secured | 25.1.1 | 20,695,359,803 | 20,814,865,800 |
| Loans from International Development Finance Corporation | 25.1.2 | 4,317,586,466 | 7,286,804,292 |
| Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG | 25.1.3 | 33,798,476,163 | 41,520,329,551 |
| | | 58,811,422,432 | 69,621,999,643 |
| **Less: current portion grouped under current liabilities** | | | |
| Loans from banking companies - secured | | (3,157,181,658) | (2,699,234,738) |
| Loans from International Development Finance Corporation | | (2,757,064,016) | (2,839,817,091) |
| Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG | | (6,861,196,115) | (6,718,719,558) |
| | | (12,775,441,789) | (12,257,771,387) |
| | | 46,035,980,643 | 57,364,228,256 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **25.1.1 Long term loans - secured** | | | |
| **Loans from banking companies** | | | |
| - Allied Bank Limited | 25.1.1.1 | 4,579,792,857 | 4,563,200,451 |
| - Bank Alfalah Limited (a related party) | 25.1.1.2 | 738,387,883 | 876,712,229 |
| - Bank AL - Habib Limited | 25.1.1.3 | 2,066,446,793 | 2,376,630,566 |
| - The Bank of Punjab | 25.1.1.4 | 1,904,820,492 | 1,412,718,982 |
| - Faysal Bank Limited | 25.1.1.5 | - | 9,672,000 |
| - Habib Bank Limited | 25.1.1.6 | 5,877,068,908 | 5,686,665,520 |
| - MCB Bank Limited | 25.1.1.7 | 741,157,935 | 831,626,032 |
| - Meezan Bank Limited | 25.1.1.8 | 1,869,233,980 | 1,898,141,813 |
| - United Bank Limited | 25.1.1.9 | 1,282,378,555 | 1,523,425,807 |
| | | 19,059,287,403 | 19,178,793,400 |
| **Loans from other institutions** | | | |
| Pakistan Kuwait Investment Group (Private) Limited | 25.1.1.10 | 1,473,402,400 | 1,473,402,400 |
| Pakistan China Investment Group (Private) Limited | 25.1.1.11 | 162,670,000 | 162,670,000 |
| | | 1,636,072,400 | 1,636,072,400 |
| | | 20,695,359,803 | 20,814,865,800 |

25.1.1.1 These loans carry mark-up ranging from 1.75% to 23.51% (2023: 1.00% to 22.20%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.6,378 million (2023: Rs.5,435 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs.458 million (2023: Rs.627 million) as on reporting date. The holding company during the year has obtained another loan of Rs. 610 million in a single tranche and it is repayable in 10 years with a grace period of 2 years.

25.1.1.2 These loans carry mark-up of 1.75% to 2.75% (2023: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2023: Rs.1,353 million) over specific plant & machinery

25.1.1.3 These loans carry mark-up ranging from 2.50% to 23.40% (2023: 2.50% to 22.58%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,170 million (2023: Rs.2,170 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs.1,330 million (2023: Rs.1,356 million) as on reporting date.

25.1.1.4 For the Holding Company, these loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 22.46 % to 23.91% (2023: 16.54% to 23.08%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans are secured against exclusive mortgage charge amounting to Rs.521 million (2023: Rs 521 million) over lands and charge of Rs.1,855 million (2023: Rs 1,855 million) over plant and machinery owned by the holding Company.

It includes Rs. Nil (2023: Rs.42.857 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-I in June 2020 to meet its long term capital requirements. The term of the loan was 4 years including 6 month grace period and the principal is repayable in equal quarterly installments. The loan is fully repaid during the current year. The mark-up was payable quarterly at a rate of 3 month KIBOR + 1.25% per annum. The facility was secured against first pari passu charge of Rs. 130 million inclusive of 25% margin over present and future movable fixed assets of the customer duly registered with SECP. The mark up rate charged during the period on the outstanding balance ranged from 22.44% to 24.15% ( 2023: 16.13% to 23.34%) per annum.

It also includes Rs.306.00 million (2023: Rs.306.00 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-II amounting to Rs 606 million made available to the company in order to finance the acquisition of property for construction of corporate office located at 36 - 37N Industrial Area, Gulberg II, Lahore out of which only Rs 306 million was availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.65% per annum. The term of the loan is 10 years including 2 years grace period and the principal is repayable in equal quarterly installments. The first Tranche of Rs. 306 million was secured against Ranking Charge over present and future fixed assets amounting PKR 408 million of the subsidiary Company registered with 25% margin upgraded to joint pari passu charge and exclusive charge of Rs 360,000,000 with 15%

margin over property 36-37N Industrial Area, Gulberg II, Lahore. For the second Tranche of PKR 300 million, there exists a pari passu charge over fixed assets of the subsidiary Company with 25% margin. The mark up rate charged during the period on the outstanding balance ranged from 21.45% to 23.79% (2023: 16.34% to 22.70%) per annum.

It also includes Rs.4.856 million (2023: Rs.5.427 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-III amounting to Rs. 100 million to finance installation of Solar Power Equipment at twenty Retail Chain Stores of subsidiary Company out of which Rs. 5,712,525 has been availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 1%. The facility was secured against Specific charge over solar machinery/equipment financed from BOP amounting Rs. 100 million with nil margin. Total tenure is 10 years with nil grace period. The mark up rate charged during the period on the outstanding balance ranged from 22.18% to 24.14% (2023: 16.76% to 23.05%) per annum.

It includes Rs.500 million (2023: Rs. Nil) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-IV amounting to Rs 500 million to finance the capital expenditure incurred on 13 new retail outlet stores along with modifications of 6 existing outlets. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.75%. The facility was secured against ranking charge over present and future fixed assets (excluding exclusively charged assets) of subsidiary Company to be registered with 25% margin. Total tenure is 10 years including 1 year grace period. The mark up rate charged during the period on the outstanding balance ranged from 21.64% to 22.64% (2023: Nil) per annum.

25.1.1.5 These loans carry mark-up ranging from 2.50% to 3.50% (2023: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2023: Rs.228 million) over specific plant & machinery. The Holding Company has repaid this loan during the year.

25.1.1.6 Theseloanscarrymark-uprangingfrom2.5%to23.03%(2023:0.60%to23.03%)obtainedindifferent tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.7,777 million (2023: Rs.7,777 million) and specific charge of Rs. 4,306 million (2023: Rs. 2,572 million) over plant & machinery. The Holding Company during the year has obtained another loan of Rs. 1,300 million in single tranche and repayable in 10 years with a grace period of 2 years.

25.1.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2023: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2023: Rs.1,291 million) over specific plant & machinery.

25.1.1.8 These loans carry mark-up ranging from 3.50% to 23.91% (2023: 3.00% to 22.20%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,369 million (2023: Rs.2,248 million) over specific plant & machinery.

25.1.1.9 For the holding Company, these loans carry mark-up at the rate of 2.50% (2023: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2023: Rs.1,403 million) over specific plant & machinery.

It includes Rs.620.00 million (2023: Rs.700.00 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL has obtained the long term loan from United Bank Limited for the purchase of company's flagship store measuring 27,600 Square feet, located at 9-C Block K College Road Gulberg II, Lahore. The facility is for 10 years tenure including 1 year grace period after which principal is repayable in equal quarterly instalments. The markup rate is 3 month KIBOR + 0.75% per annum. The loan is secured against exclusive equitable mortgage over specific land and building of Gulberg store of Rs.960,000,000. The mark up rate charged during the period on the outstanding balance ranged from 22.21% to 23.65% (2023: 15.91% to 22.73%) per annum.

25.1.1.10 These loans carry mark-up ranging from 5.00% to 24.33% (2023:5.00% to 23.09%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2023: Rs.2,356) over specific plant and machinery.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2023: 5.00%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2023: Rs.191 million) over specific plant and machinery.

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| **25.1.2 Loans from International Development Finance Corporation (IDFC)** | | |
| Opening balance | 7,286,804,292 | 7,245,061,342 |
| Exchange (gain) / loss | (173,784,830) | 2,519,596,175 |
| Amortization of transaction cost | 22,641,684 | 22,641,684 |
| | 7,135,661,146 | 9,787,299,201 |
| Repaid during the year | (2,818,074,680) | (2,500,494,909) |
| | 4,317,586,466 | 7,286,804,292 |
| Less: Current portion shown under current liabilities | (2,757,064,016) | (2,839,817,091) |
| | 1,560,522,450 | 4,446,987,201 |

25.1.2.1 This represents long term finance facility of USD 95 million obtained from IDFC for the construction of the wind power project of SWPCL (subsidiary Company) at Jhimpir in accordance with the Finance Agreement dated 31 March 2014. The security for the loan includes all the current and future assets of the subsidiary Company. It carries markup, payable quarterly, at the rate of three months Secured Overnight Financing Rate ('SOFR') plus 3.7% and 0.26% in respect of guarantee fee per annum and credit adjustment spread per annum, respectively (2023: London Inter-Bank Offered Rate ('LIBOR') plus 3.7% guarantee fee per annum). The mark up rate charged during the year on the outstanding balance ranged from 8.90% to 9.37% (2023: 4.48% to 8.90%). As of 30 June 2024, the principal amount of USD 15.590 million is repayable in three unequal semi annual installments ending on 10 October 2025 in accordance with the amortization schedule provided by IDFC.

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| **25.1.3 Loans from International Finance Corporation, Asian Development Bank , Islamic Development Bank and DEG** | | |
| Opening balance | 41,520,329,551 | 34,293,306,665 |
| Amortization of transaction cost | 42,710,268 | 38,914,836 |
| Exchange (gain) / loss | (1,016,846,594 | 12,980,587,910 |
| | 40,546,193,225 | 47,312,809,411 |
| Repaid during the year | (6,747,717,062) | (5,792,479,860) |
| | 33,798,476,163 | 41,520,329,551 |
| Less: Current portion shown under current liabilities | (6,861,196,115) | (6,718,719,558) |
| | 26,937,280,048 | 34,801,609,993 |

25.1.3.1 This represents long term finance facility of USD 237.60 million obtained from International Finance Corporation (IFC), Asian Development Bank (ADB), Islamic Development Bank (IsDB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG) for the construction of the wind projects of TBCL (subsidiary Company) at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of subsidiary Company. Security package also includes assignment of project agreements, pledge on all shares, assignment on insurance, and direct agreements with counterparties. It carries markup payable quarterly, at the rate of 3 months London Inter-Bank Offered Rate (LIBOR) plus 4.5% per annum. The balancing principal amount is repayable in 09 unequal semi annual installments ending on September 2028.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **25.1.3 Lender wise outstanding balance of loan is as follows:** | | | |
| | Project | | |
| International Finance Corporation (IFC) | A, B and C | 9,435,930,535 | 11,592,753,480 |
| Asian Development Bank (ADB) | A, B and C | 9,435,930,535 | 11,592,753,480 |
| Islamic Development Bank (IsDB) | A, B and C | 9,435,930,535 | 11,592,753,480 |
| Deutsche Investitions-und Entwicklungsgesellschaft (DEG) | A, B and C | 5,661,557,267 | 6,955,652,088 |
| | | 33,969,348,872 | 41,733,912,528 |
| Transaction cost | | (425,948,076) | (425,948,076) |
| Amortization of transaction cost | | 255,075,367 | 212,365,099 |
| | | (170,872,709) | (213,582,977) |
| | | 33,798,476,163 | 41,520,329,551 |
| **25.2 Movement in Gas Infrastructure Development Cess payable** | | | |
| Balance of provision for GIDC | 25.2.1 | 981,695,536 | 950,772,005 |
| Unwinding of interest | | 13,487,334 | 30,923,531 |
| | | 995,182,870 | 981,695,536 |
| Less: Current portion shown under current liabilities | | (995,182,870) | (953,505,147) |
| | | - | 28,190,389 |

25.2.1 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Holding Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgement stated that the cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

25.2.2 The Holding Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that Holding Company has not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL & SSGCL from taking any coercive action against the Holding Company.

The Holding Company has recorded a liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **26. LEASE LIABILITIES** | | | |
| Lease liabilities in respect of: | | | |
| Land | 26.1 | 54,233,573 | 50,917,388 |
| Rented premises | 26.2 | 3,719,868,309 | 2,740,375,967 |
| Vehicles | 26.2 | 158,008,063 | 134,235,688 |
| | | 3,932,109,945 | 2,925,529,043 |
| Less: Current portion shown under current liabilities | | | |
| Land | | (2,744,000) | (2,744,000) |
| Rented premises | | (661,861,125) | (454,842,157) |
| Vehicles | | (46,422,065) | (33,114,735) |
| | | (711,027,190) | (490,700,892) |
| | | 3,221,082,755 | 2,434,828,151 |

## 26.1 Movement of the lease liabilities recognized in respect of land during the year:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | SWPCL | TBCL | Total | SWPCL | TBCL | Total |
| | ----- Rupees ----- | | | | | |
| Balance as on July 01, | 26,436,676 | 24,480,712 | 50,917,388 | 25,470,744 | 22,367,028 | 47,837,772 |
| Payments made during the year | (2,744,000) | - | (2,744,000) | (2,744,000) | - | (2,744,000) |
| Unwinding of lease liability | 3,746,758 | 2,313,427 | 6,060,185 | 3,709,932 | 2,113,684 | 5,823,616 |
| | 27,439,434 | 26,794,139 | 54,233,573 | 26,436,676 | 24,480,712 | 50,917,388 |
| Less: Current portion shown under current liabilities | (2,744,000) | - | (2,744,000) | (2,744,000) | - | (2,744,000) |
| Balance as at June 30, | 24,695,434 | 26,794,139 | 51,489,573 | 23,692,676 | 24,480,712 | 48,173,388 |
| Note reference | 26.1.1 | 26.1.2 | | | | |

26.1.1 This represents liability in respect of a 20 years lease of 1,372 acres of land, acquired from AEDB, situated in Jhimpir, District Thatta, Sindh on which the wind power plant of SWPCL (subsidiary Company) is installed. The aforementioned land has been allocated to the subsidiary Company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated 13 February 2008. The subsidiary Company, in order to gain access to the land for conducting feasibility/other associated studies, had signed an Agreement to Lease with AEDB dated 21 September 2008. However, the formal site sub-lease agreement was signed on 11 March 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

26.1.2 This represents liability in respect of 1,284 acres of land each for Project A, Project B and Project C, acquired from Government of Sindh, Land Utilization department, through Deputy Commissioner Thatta, on which the wind power plants of TBCL (subsidiary Company) are installed. The aforementioned land has been allocated to the subsidiary Company by Government of Sindh for a period of thirty years for Wind Power Generation Projects under the land lease agreement. The term of land lease agreement has commenced from November 2011 and will end with the term of the EPA.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **Maturity analysis is as follows:** | | |
| Not later than 1 year | 2,744,000 | 2,744,000 |
| Later than 1 year but not later than 5 years | 13,720,000 | 15,092,000 |
| Later than 5 years | 108,584,813 | 98,980,814 |
| | 125,048,813 | 116,816,814 |
| Future finance charge | (70,815,240) | (65,899,426) |
| | 54,233,573 | 50,917,382 |
| Present value of finance lease liabilities | (2,744,000) | (2,744,000) |
| | 51,489,573 | 48,173,388 |

### Movement of the lease liabilities recognized in respect of rented premises and vehicles during the year:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Rented premises | Vehicles | Total | Rented | Vehicles | Total |
| | ----- Rupees ----- | | | | | |
| Balance as on July 01, | 2,740,375,967 | 134,235,688 | 2,874,611,655 | 3,049,067,751 | 16,982,473 | 3,066,050,224 |
| Additions during the year | 1,469,116,603 | 68,072,362 | 1,537,188,965 | 264,190,272 | 142,797,299 | 406,987,571 |
| Accretion of interest | 414,503,820 | 20,780,063 | 435,283,883 | 311,006,749 | 9,566,747 | 320,573,496 |
| Disposals / terminations | (19,810,745) | (9,339,040) | (29,149,785) | (179,108,890) | (10,627,068) | (189,735,958) |
| Payments made during the year | (884,317,336) | (55,741,010) | (940,058,346) | (704,779,915) | (24,483,763) | (729,263,678) |
| As at June 30, | 3,719,868,309 | 158,008,063 | 3,877,876,372 | 2,740,375,967 | 134,235,688 | 2,874,611,655 |
| Less: Current portion shown under current liabilities | (661,861,125) | (46,422,065) | (708,283,190) | (454,842,157) | (33,114,735) | (487,956,892) |
| Balance as at June 30, | 3,058,007,184 | 111,585,998 | 3,169,593,182 | 2,285,533,810 | 101,120,953 | 2,386,654,763 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Maturity analysis is as follows: | | | |
| Not later than 1 year | | 1,085,685,329 | 757,048,889 |
| Later than 1 year but not later than 5 years | | 3,026,534,259 | 2,206,306,094 |
| Later than 5 years | | 979,526,834 | 885,643,008 |
| | | 5,091,746,422 | 3,848,997,991 |
| Future finance charge | | (1,213,870,050) | (974,386,336) |
| | | 3,877,876,372 | 2,874,611,655 |
| Present value of finance lease liabilities | | (708,283,190) | (487,956,892) |
| | | 3,169,593,182 | 2,386,654,763 |

## 27. DEFERRED INCOME - GOVERNMENT GRANT

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Government grant SBP TERF scheme | 27.1 | 307,743,319 | 396,417,220 |
| Less: current portion grouped under current liabilities | | (75,878,302) | (94,722,103) |
| | | 231,865,017 | 301,695,117 |

### 27.1 Movement in account of Deferred Income - Government Grant

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Opening balance | 396,417,220 | 487,802,190 |
| Amount recognized as grant during the year | - | - |
| Amortisation of grant | (88,673,901) | (91,384,970) |
| Closing balance | 307,743,319 | 396,417,220 |

27.1.1 As disclosed in Note 25 of the consolidated financial statements, the Holding Company has obtained loan from various banks under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75% (2023: 1.5% to 1.75%) (SBP rate + bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

## 28. EMPLOYEE BENEFIT OBLIGATIONS

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Staff retirement benefit - gratuity | 28.1 | 745,681,388 | 499,560,048 |
| Accumulating compensated absences | 28.2 | 67,534,863 | 49,443,732 |
| | | 813,216,251 | 549,003,780 |

### 28.1 STAFF RETIREMENT BENEFIT - Gratuity

The Group obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

#### 28.1.1. Amount recognized in the statement of financial position

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Net liability at the beginning of the year | 499,560,048 | 383,178,025 |
| Charge to statement of profit or loss | 328,452,232 | 216,636,051 |
| Remeasurement recognized in statement of other comprehensive income | 104,307,271 | 40,642,376 |
| Payments made during the year | (186,638,163) | (140,896,404) |
| Net liability at the end of the year | 745,681,388 | 499,560,048 |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **28.1.2. Movement in the present value of defined benefit obligation** | | |
| Balance at beginning of the year | 499,560,048 | 383,178,025 |
| Current service cost | 262,438,075 | 175,199,350 |
| Interest cost | 66,014,157 | 41,436,701 |
| Benefits paid | (186,638,163) | (140,896,404) |
| Remeasurements on obligation | 104,307,271 | 40,642,376 |
| Balance at end of the year | 745,681,388 | 499,560,048 |
| **28.1.3. Expense recognized in statement of profit or loss** | | |
| Current service cost | 262,438,075 | 175,199,350 |
| Interest cost | 66,014,157 | 41,436,701 |
| | 328,452,232 | 216,636,051 |
| **28.1.4 Remeasurements recognized in statement of other comprehensive income** | | |
| Experience adjustment | 100,534,762 | 38,876,436 |
| Actuarial loss | 3,772,509 | 1,765,940 |
| | 104,307,271 | 40,642,376 |

| | 2024 | 2023 |
|---|---|---|
| **28.1.5 Actuarial assumptions used** | | |
| Discount rate used for year-end obligation | 14.75% | 16.25% |
| Expected rate of increase in future salaries | 13.75% | 15.25% |
| Mortality rates (for death in service) | SLIC (2001-05) | SLIC (2001-05) |

## 28.1.6 Sensitivity analysis for actuarial assumptions

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

| | Change in assumptions | Increase in assumption | Decrease in assumption |
|---|---|---|---|
| | ................. Rupees ........... | | |
| Discount rate | 1.00% | 682,284,937 | 814,991,705 |
| Increase in future salaries | 1.00% | 814,973,685 | 682,276,555 |

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28.1.7 Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs.395.331 million.

28.1.8 The weighted average duration of defined benefit obligation is 9 years..

28.1.9 Historical information:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | | ................. Rupees ........... | | | |
| Present value of defined benefit obligation | 745,681,388 | 499,560,048 | 383,766,355 | 337,535,758 | 297,609,788 |
| Experience adjustment on obligation / actuarial loss | 104,307,271 | (40,642,376) | 17,138,040 | (26,354,732) | 51,412,524 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 28.2 | Accumulating compensated absences | | | |
| | Opening liability | | 49,443,732 | 33,548,081 |
| | Charged to profit or loss | 28.2.1 | 38,421,723 | 27,792,559 |
| | Payment made during the year | | (20,330,592) | (11,896,908) |
| | Liability as at the year end | | 67,534,863 | 49,443,732 |
| 28.2.1 | Charge for the year has been allocated as follows: | | | |
| | Cost of sales | | 23,540,380 | 13,610,766 |
| | Administrative expenses | | 4,719,228 | 1,496,881 |
| | Distribution cost | | 10,162,115 | 12,684,912 |
| | | | 38,421,723 | 27,792,559 |
| 29. | TRADE AND OTHER PAYABLES | | | |
| | Creditors | 29.1 | 10,434,464,503 | 8,001,338,479 |
| | Accrued liabilities | | 3,355,042,368 | 1,801,785,719 |
| | Foreign bills payable against import | | 1,265,025,585 | 778,631,431 |
| | Workers' profit participation fund | 29.2 | 995,647,009 | 544,865,497 |
| | Workers' welfare fund | | 28,082,499 | 720,478,046 |
| | Infrastructure Development Cess | | 1,151,721,379 | 966,043,287 |
| | Lender fees and charges payable | | 7,082,239 | 12,307,703 |
| | Payable to provident fund | | 76,353,555 | 46,697,161 |
| | Tax deducted at source | | 664,805,395 | 529,766,386 |
| | Others | | 201,009,678 | 69,325,380 |
| | | | 18,179,234,210 | 13,471,239,089.00 |
| 29.1. | These balances include the following amounts due to related parties: | | | |
| | Reliance Cotton Spinning Mills Ltd. | | 14,650,080 | 476,130 |
| | Sapphire Fibres Limited | | 57,772,076 | 21,760,274 |
| | Sapphire Finishing Mills Limited | | - | 3,206,777 |
| | | | 72,422,156 | 25,443,181 |

| | | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|
| 29.1.1 | **Workers' profit participation fund** | | |
| | Balance at beginning of the year | 544,865,497 | 707,560,884 |
| | Add: interest on funds utilized by the | | |
| | Group Companies | 16,155,704 | 7,532,010 |
| | Add: recoverable from CPPA-G | 747,568,258 | 390,597,272 |
| | | 1,308,589,459 | 1,105,690,166 |
| | Less: payments made during the year | (518,024,992) | (712,545,204) |
| | | 790,564,467 | 393,144,962 |
| | Add: allocation for the year | 205,082,542 | 151,720,535 |
| | Balance at end of the year | 995,647,009 | 544,865,497 |

## 30. CONTRACT LIABILITIES

30.1 It includes advances received from Creadore A/S Denmark (a related party) amounting Rs.106.307 million (2023: Rs.92.605 million).

30.2 The balance of contract liability as at June 30, 2024, is expected to be recognized as revenue within one year.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 31. | **ACCRUED MARK-UP** | | | |
| | Accrued mark-up on secured: | | | |
| | - long term loans | | 566,453,080 | 690,068,302 |
| | - short term borrowings | | 482,437,872 | 851,543,757 |
| | | | 1,048,890,952 | 1,541,612,059 |
| 32. | **SHORT TERM BORROWINGS** | | | |
| | mark-up arrangements | 32.1 | 3,601,488,622 | 7,695,940,501 |
| | Short term loans | 32.1 | 11,310,063,871 | 9,144,347,200 |
| | Running Musharakah facility | 32.2 | 9,673,337 | 523,517,909 |
| | | | 14,921,225,830 | 17,363,805,610 |

32.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.36,210 million (2023: Rs.33,390 million).These finance facilities, during the year, carried mark-up at the rates ranged from 5.5% to 24.43% (2023: 2.75% to 22.59%) per annum on both local and foreign currency loans payable monthly / quarterly. The aggregate short term finance facilities are secured against hypothecation charge of Rs.52,210 million (2023: Rs.48,855 million) on stock in trade, book debts, export bills under collection and pledge of shares. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,421 million (2023: Rs.1,052 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.42,099 million (2023: Rs.32,299 million) out of which the amount remaining unutilized at the year-end was Rs.29,333 million (2023: Rs.20,026 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

32.2 This includes running Musharakah facility obtained by SRL - subsidiary Company from Meezan Bank Limited and Dubai Islamic Bank aggregating to Rs. 1,950,000,000 (2023: Rs. 1,300,000,000) at profit rate of 1 month KIBOR plus 0.15% and 3 month KIBOR plus 0.5% (2023: 1 month KIBOR plus 0.20% to 0.5%) per annum respectively. The amount utilized as at 30 June 2024, for Musharakah was Rs. 9,673,337 (2023: Rs. 619,446,514). The facilities are secured against First Joint Pari Passu Charge on the current assets of the subsidiary Company with 10% risk margin. The mark-up rate charged during the year on the outstanding balance ranges from 20.24% to 23.14% (2023: 14.30% to 21.70%) per annum.

Abovementioned facilities are expiring on various dates upto June 30, 2027.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 33. | CURRENT PORTION OF LONG-TERM LIABILITIES | | |
| | Current portion of: | | |
| | - long-term loans | 12,775,441,789 | 12,257,771,387 |
| | - gas infrastructure development cess | 995,182,870 | 953,505,147 |
| | - lease liabilities | 711,027,190 | 490,700,892 |
| | - deferred grant SBP TERF scheme | 75,878,302 | 94,722,103 |
| | | 14,557,530,151 | 13,796,699,529 |

## 34. CONTINGENCIES AND COMMITMENTS

### 34.1 Contingencies

On September 20, 2023, the Punjab Revenue Authority (PRA) issued a notice to TBCL (subsidiary Company) for failure to withhold tax on the consumption of taxable services. This notice was challenged by the subsidiary Company. Subsequently, on November 23, 2023, the subsidiary Company received an assessment order in response to the contested notice and adjudging a withholding sales tax default of Rs. 321.3 million along with applicable default surcharge and penalty. The subsidiary Company has since lodged an appeal against this order on January 01, 2024, with the Commissioner Appeals, PRA, which is pending adjudication.

On November 6, 2020, the Commissioner Income Tax ("CIT") issued a notice to TBCL (subsidiary Company) regarding delayed payments, incorrect filing of returns, excessive claims of input tax, and non-payment of sales tax on taxable services under the Sales Tax Act, 1990 and created an impugned demand of Rs. 1,220 million. Subsequently, the CIT issued an order against the notice which was contended by the subsidiary Company before the Commissioner Inland Revenue Appeals ("CIR-A"). On December 29, 2020, CIR-A issued an order and set aside the subsidiary Company's appeal by creating an impugned demand of Rs. 780.77 million. The subsidiary Company challenged this decision before the Honorable Appellate Tribunal Inland Revenue ("ATIR"), which ruled in favor of the subsidiary Company on November 15, 2021. The CIT being aggrieved with the ATIR's decision, has filed an appeal on November 06, 2023 with the Honorable Lahore High Court, which is pending adjudication.

Following are the guarantees to banks in relation to facilities extended by Sapphire Retail Limited (subsidiary of Sapphire Textile Mills Limited) to its subsidiary company Designtex (SMC-Private) Limited:

- Facility provided by Meezan Bank Limited against the Murabaha-Local/Musawamah-Import for import/purchase of cloth, fabric and other related items amounting to Rs 600,000,000
- Facility provided by Bank of Punjab against the running finance to meet the short term working capital requirements amounting to Rs 200,000,000
- Facility provided by Bank of Punjab against the Letter of credit to import raw material amounting to Rs 800,000,000.

### 34.2 Commitments

34.2.1 Guarantees aggregating Rs.3,083.555 million (2023: Rs.1,833.682 million) have been issued by banks of the holding Company.

34.2.2 Post dated Cheques have been issued by the holding Company to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2024 the value of these cheques amounted to Rs.12,021.284 million (2023: Rs.7,252.893 million).

34.2.3 A commercial bank has issued a guarantee amounting Rs.45 million in favour of excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the holding Company.

34.2.4 A commercial bank has issued a guarantee amounting USD125,000 in favour of Directorate of Alternative Energy, Energy department Government of Sindh on behalf of Sapphire Green Energy (Pvt.) Limited (subsidiary Company).

34.2.5 SWPCL (the subsidiary Company) has an agreement with General Electric in respect of restoration that includes procurement, supply, installation and commissioning of Wind Turbine Generator (WTG-04) destroyed in the previous year due to fire. The contract sum outstanding as of the reporting date is USD 1,413,034 (equivalent to Rs 393.954 million) against which services/machine parts are yet to be received by the subsidiary Company.

34.2.6 SRL (the subsidiary Company) has entered into arrangement with Meezan Bank for Car Ijarah (Lease) facility for brand new locally assembled non-commercial vehicles for which current portion (0-1 years) of future commitments amounts to Rs 12,305,844 (2023: Rs 30,185,343) and non-current portion (More than 01 but less than 05 years) amounts to Rs 12,003,801 (2023: Rs 55,069,068).

34.2.7 SRL (the subsidiary Company) has entered into lease arrangements for its retail shops with various landlords. As of the reporting date, the Company has not received possession of these stores, and the underlying assets are not available for use. Therefore, a right-of-use asset and lease liability for these leases have not been recognized in accordance with the requirements of IFRS 16.

| Addresses of shops | Per annum rentals as per agreement |
|---|---|
| Mall of Sargodha | 6.75% of Net Sales |
| 5 Star Hyderi Market Karachi | 27,000,000 |
| Aziz Bhatti Road Sialkot | 36,000,000 |
| AAA Project Bahria Pindi | 5.5% of Net sales |
| Dulkusha Manzil Bahawalpur | 17,400,000 |
| Judicial Colony Gujranwala | 20,400,000 |

34.2.6 Refer to content of note 10.2.2 and 20.1.1 in relation to shares held as pledge / collateral.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **37.2.7. Commitments in respect of :** | | |
| - letters of credit for capital expenditure | 299,757,010 | 354,047,451 |
| - letters of credit for purchase of raw materials and stores, spare parts & chemicals | 7,559,981,723 | 5,746,967,423 |
| - capital expenditure other than letters of credit | 224,835,904 | 240,074,687 |
| - forward foreign currency contracts | 4,725,097,032 | - |
| - commitments in respect of short term lease | - | 63,540,906 |

## 35. NET TURNOVER

Segment wise disaggregation of revenue from contracts with respect to type of goods and services is presented below:

| | Export Sales | | Local Sales | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | Rupees | | | | | |
| Yarn | 32,858,958,232 | 27,132,889,833 | 6,422,652,385 | 7,243,274,712 | 39,281,610,617 | 34,376,164,545 |
| Fabric | 22,529,079,065 | 26,191,890,525 | 1,720,038,759 | 919,407,375 | 24,249,117,824 | 27,111,297,900 |
| Clothing items | 1,256,227,397 | 1,088,755,714 | 46,990,215,098 | 29,848,132,003 | 48,246,442,495 | 30,936,887,717 |
| Home textile products | 14,877,821,941 | 11,472,566,321 | 849,296,374 | 766,777,409 | 15,727,118,315 | 12,239,343,730 |
| Raw materials | - | - | 220,936,455 | 382,822,955 | 220,936,455 | 382,822,955 |
| Accessories | - | - | 1,737,979,817 | 1,109,750,284 | 1,737,979,817 | 1,109,750,284 |
| Waste | 107,414,751 | 438,360,140 | 1,279,124,916 | 903,858,434 | 1,386,539,667 | 1,342,218,574 |
| Processing income | - | - | 1,311,762,471 | 542,080,508 | 1,311,762,471 | 542,080,508 |
| Power Generation | - | - | 30,595,766,866 | 18,647,775,374 | 30,595,766,866 | 18,647,775,374 |
| | 71,629,501,386 | 66,324,462,533 | 91,127,773,141 | 60,363,879,054 | 162,757,274,527 | 126,688,341,587 |
| Add: Export rebate | | | | | 103,775,360 | 97,895,233 |
| Less: Sales tax | | | | | (16,865,143,912) | (11,250,560,141) |
| Less: Discounts to customers | | | | | (8,697,463,639) | (6,038,695,640) |
| | | | | | 137,298,442,336 | 109,496,981,039 |

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

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 35.2 | Export sales - Yarn | | |
| | Direct export | 6,760,992,026 | 6,374,426,623 |
| | Indirect export | 26,097,966,206 | 20,758,463,210 |
| | | 32,858,958,232 | 27,132,889,833 |
| 35.3 | Export sales - Fabric | | |
| | Direct export | 15,668,481,667 | 18,840,125,215 |
| | Indirect export | 6,860,597,398 | 7,351,765,310 |
| | | 22,529,079,065 | 26,191,890,525 |

35.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.262.378 million (2023: Rs.83.908 million) has been included in export sales.

35.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2023 amounting to Rs. 1,724.443 million have been recognized as revenue during the year (2023: Rs. 1,563.209 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 36. | COST OF SALES | | | |
| | Finished goods at beginning of the year | | 5,293,424,103 | 4,889,731,628 |
| | Cost of goods manufactured | 36.1 | 75,222,592,169 | 65,748,950,262 |
| | Cost of raw materials sold | 36.5 | 273,329,843 | 318,586,743 |
| | Cost of sales - purchased for resale | | 21,859,385,698 | 14,479,319,433 |
| | | | 97,355,307,710 | 80,546,856,438 |
| | | | 102,648,731,813 | 85,436,588,066 |
| | Finished goods at end of the year | | (6,389,077,889) | (5,293,424,103) |
| | | | 96,259,653,924 | 80,143,163,963 |
| 36.1 | Cost of goods manufactured | | | |
| | Work-in-process at beginning of the year | | 3,584,457,740 | 3,328,083,871 |
| | Raw materials consumed | 36.2 | 36,490,744,082 | 35,952,542,239 |
| | Salaries, wages and benefits | 36.3 | 9,613,716,131 | 7,340,559,155 |
| | Packing material consumed | | 1,674,808,459 | 964,772,883 |
| | Stores and spares consumed | | 2,094,813,074 | 2,109,392,390 |
| | Depreciation-right-of-use asset | 6.2.3 | 106,748,704 | 89,253,866 |
| | Depreciation-owned assets | 6.1.5 | 6,534,819,113 | 5,246,194,317 |
| | Fuel, power and water | | 8,382,904,156 | 6,022,267,647 |
| | Repair and maintenance | | 2,870,236,317 | 2,384,528,375 |
| | Insurance expenses | | 352,992,228 | 231,049,524 |
| | Vehicle running expenses | | 175,707,168 | 134,308,328 |
| | Site management expenses | | 174,048,480 | 127,067,407 |
| | Travelling and conveyance | | 408,349,748 | 267,332,198 |
| | Printing and stationery | | 17,826,727 | 9,435,296 |
| | Legal and professional charges | | 124,547,742 | 67,546,543 |
| | Fees and subscription | | 80,147,326 | 51,337,882 |
| | Communication expenses | | 38,659,138 | 30,813,174 |
| | Other manufacturing expenses | 36.4 | 7,588,676,773 | 4,837,646,476 |
| | Rent, rates and taxes | | 36,200,965 | 33,781,876 |
| | Security | | 69,863,253 | 52,488,026 |
| | Miscellaneous expenses | | 162,242,990 | 53,006,529 |
| | | | 80,582,510,314 | 69,333,408,002 |
| | Work-in-process at end of the year | | (5,359,918,145) | (3,584,457,740) |
| | | | 75,222,592,169 | 65,748,950,262 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 36.2 | **Raw materials consumed** | | |
| | Stocks at beginning of the year | 15,296,894,971 | 16,533,577,569 |
| | Purchases | 35,225,358,687 | 34,715,859,641 |
| | | 50,522,253,658 | 51,249,437,210 |
| | Stocks at end of the year | (14,031,509,576) | (15,296,894,971) |
| | | 36,490,744,082 | 35,952,542,239 |

36.3 Salaries, wages and benefits include Rs.326.883 million (2023: Rs.216.636 million) in respect of staff retirement benefit - gratuity, Rs.110.786 million (2023: Rs.96.348 million) for contribution in respect of staff provident fund and Rs.23.540 million (2023: Rs.13.610 million) in respect of provision for accumulating compensated absences.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 36.4 | **Other manufacturing expenses** | | |
| | Cotton dyeing, bleaching and bale pressing charges | 347,233,802 | 117,219,476 |
| | Yarn dyeing and bleaching charges | 5,579,340 | 10,186,761 |
| | Fabric dyeing, bleaching, knitting and processing charges | 1,652,153,249 | 3,157,189,737 |
| | Weaving and yarn doubling charges | 152,836,561 | 44,777,376 |
| | Stitching, spinning, embroidery and other charges | 3,152,780,182 | 38,230,181 |
| | Embroidery charges | 2,278,093,639 | 1,470,042,945 |
| | | 7,588,676,773 | 4,837,646,476 |

36.5 It includes salaries, wages and benefits amounting to Rs.1.381 million (2023: Rs.1.178 million), insurance amounting to Rs.2.762 million (2023: Rs.2.356 million) and finance cost amounting to Rs.29.995 million (2023: Rs.17.498 million).

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 37. | **DISTRIBUTION COST** | | | |
| | Export development surcharge | | 94,701,927 | 91,219,166 |
| | Insurance | | 17,563,643 | 26,073,207 |
| | Commission | | 419,648,347 | 571,151,933 |
| | Freight and forwarding | | 1,268,052,568 | 1,305,988,592 |
| | Salaries and benefits | 37.1 | 1,773,926,099 | 1,115,853,423 |
| | Rent and utilities | 37.2 | 170,936,496 | 178,245,125 |
| | Communication | | 60,652,054 | 43,635,586 |
| | Travelling, conveyance and entertainment | | 307,741,106 | 213,823,075 |
| | Fuel, power and water | | 388,286,674 | 276,986,742 |
| | Repair and maintenance | | 124,938,134 | 93,607,147 |
| | Fees and subscription | | 278,167,230 | 22,884,783 |
| | Legal and professional charges | | 25,653,674 | 21,910,493 |
| | Samples and advertising | | 1,251,428,741 | 702,697,864 |
| | Packing material | | 21,334,420 | 87,636,475 |
| | Exhibition expenses | | 36,883,791 | 24,106,640 |
| | Retail outlet expenses | | 458,128,468 | 275,966,425 |
| | Printing and stationery | | 26,875,527 | 83,581,139 |
| | Depreciation-right-of-use asset | 6.2.3 | 626,225,344 | 478,359,157 |
| | Depreciation-owned assets | 6.1.5 | 538,189,995 | 148,544,034 |
| | Others | | 26,589,292 | - |
| | | | 7,915,923,530 | 5,762,271,006 |

37 .1 Salaries and benefits include Rs. 48.288 million (2023: Rs.33.537 million) in respect of contribution to staff provident fund and Rs.10.162 million (2023: Rs.12.685 million) in respect of provision for accumulating compensated absences.

37.2 This includes Rs 137,092,891 (2023: Rs. 130,051,322) in respect of variable lease payments and Ijarah lease rentals amounting to Rs.1,109,775 (2023: Rs.1,005,356) related to SRL (subsidiary Company).

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **38. ADMINISTRATIVE EXPENSES** | | | |
| Directors' remuneration | | 98,400,000 | 98,400,000 |
| Directors' meeting fee | | 2,450,000 | 3,400,000 |
| Salaries and benefits | 38.1 | 902,234,800 | 688,908,754 |
| Rent, rates and utilities | 38.2 | 89,417,760 | 68,623,063 |
| Communication | | 19,192,791 | 15,828,223 |
| Printing and stationery | | 10,529,083 | 8,984,903 |
| Travelling, conveyance and entertainment | | 189,539,474 | 98,979,148 |
| Motor vehicle expenses | | 72,782,411 | 63,657,109 |
| Repair and maintenance | | 80,333,677 | 75,244,547 |
| Insurance expense | | 13,823,790 | 15,072,497 |
| Legal and professional charges | | 220,987,771 | 145,166,322 |
| Fees and subscription | | 149,999,151 | 49,025,560 |
| Computer expenses | | 44,770,532 | 60,594,787 |
| Advertisement | | 673,941 | 899,210 |
| Depreciation-right-of-use asset | 6.2.3 | 52,998,975 | 30,694,108 |
| Depreciation-owned assets | 6.1.5 | 137,820,647 | 115,120,674 |
| Monitoring charges | | 5,897,595 | 4,618,576 |
| Others | | 42,236,600 | 25,880,864 |
| | | 2,134,088,998 | 1,569,098,345 |

38.1 Salaries and other benefits include Rs.29.710 million (2023: Rs.21.760 million) in respect of contribution to staff provident fund, Rs 1.570 million (2023: Nil) in respect of staff retirement benefit-gratuity and Rs.4.719 million (2023: Rs.1.497 million) in respect of provision for accumulating compensated absences.

38.2 This includes certain leases of building with lease terms of 12 months or less related to SRL (subsidiary Company). SRL applies the 'short-term lease' recognition exemptions for these leases.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **39. OTHER OPERATING EXPENSES** | | | |
| Workers' profit participation fund | 29.2 | 205,082,542 | 151,720,535 |
| Workers' welfare fund | | 13,491,908 | 110,536,160 |
| Auditors' remuneration | 39.1 | 45,210,942 | 19,974,793 |
| Donations | | 73,969,960 | 45,646,512 |
| Amortization of intangible assets | 8.1 | 11,094,598 | 14,721,823 |
| Provision for stores, spares and loose tools | 14.1 | - | 5,318,848 |
| Provision for doubtful sales tax refunds | 21.2 | 81,629,103 | 77,759,128 |
| Balance written off during the year | | 16,055,999 | 107,654,879 |
| Loss on sale of fixed assets | 39.3 | - | 322,054,726 |
| Depreciation - investment property | | 446,226 | - |
| Exchange loss on foreign currency accounts | | 6,858,496 | - |
| Allowance for expected credit loss | | 30,702,631 | 1,980,686 |
| Impairment of fixed assets | | - | 77,145,998 |
| Intangible assets written off | | 5,933,497 | - |
| | | 490,475,902 | 934,514,088 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 39.1 | Auditors' remuneration | | |
| | - Annual Audit fee | 14,127,400 | 8,398,400 |
| | - Half yearly review fee | 466,358 | 444,150 |
| | - Special audit fee | - | 406,000 |
| | - Code of corporate governance review fee | 85,850 | 85,850 |
| | - Group reporting | 1,879,600 | 181,500 |
| | - Other certification / services | 2,005,938 | 1,048,300 |
| | - Taxation services | 25,283,951 | 8,801,050 |
| | - Out of pocket expenses | 1,361,845 | 609,543 |
| | | 45,210,942 | 19,974,793 |
| | Shinewing Hameed Chaudhri & Co. - Chartered Accountants | | |
| | - Annual Audit fee | 2,918,500 | 2,088,900 |
| | - Half yearly review fee | 466,358 | 444,150 |
| | - Code of corporate governance review fee | 85,850 | 85,850 |
| | - Other certification / services | 1,144,938 | 568,300 |
| | | 4,615,646 | 3,187,200 |
| | A.F Ferguson & Company | | |
| | - Audit fee | 5,513,400 | 4,349,300 |
| | - Group reporting | 1,879,600 | 181,500 |
| | - Other assurance services | 576,000 | 480,000 |
| | - Taxation services | 25,283,951 | 8,801,050 |
| | - Out of pocket expenses | 1,145,845 | 413,523 |
| | | 34,398,796 | 14,225,373 |
| | EY Ford Rhodes | | |
| | - Special Audit fee | - | 406,000 |
| | | - | 406,000 |
| | Yousuf Adil - Chartered Accountants | | |
| | - Annual Audit fee | 2,160,000 | 1,960,200 |
| | - Other certification / services | 285,000 | - |
| | - Out of pocket expenses | 216,000 | 196,020 |
| | | 2,661,000 | 2,156,220 |
| | Afford Bond Holdings Limited - Chartered Accountants | | |
| | - Annual Audit fee | 3,535,500 | - |
| | | 3,535,500 | - |

### 39.2 Donations exceeding 10% of the total donations of the Group

Donations to following organisation are greater than 10% of total donations i.e. Rs.7,396,996 (2023: Rs.4,564,651) of the Group.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Abdullah Foundation | 39.2.1 | 37,799,300 | 5,000,000 |
| Metro Pakistan Limited | | 18,316,172 | 4,950,000 |

39.2.1 The Directors of the Group who have interest in Abdullah Foundation (donee) are following:

| Name of Director | Interest in donee | Name and address of donee |
|---|---|---|
| Mr. Mohammad Abdullah | Director | |
| Mr. Shahid Abdullah | Director | Abdullah Foundation, 312, Cotton |
| Mr. Nadeem Abdullah | Director | Exchange Building,I.I. Chandrigar |
| Mr. Amer Abdullah | Director | Road, Karachi. |
| Mr. Yousuf Abdullah | Director | |

39.3. It Includes Nil (2023: Rs.167.633 million) for SWPCL (subsidiary Company), representing the net book value of the Wind Turbine Generator (WTG-04) derecognized during the previous year due to the fire incident on September 26, 2022, at one of the Wind Turbine Generators (WTG-04) installed in Jhimpir, Sindh. The WTG-04 was completely shut down for evacuation of power and isolated from the remaining turbines and associated power infrastructure. SWPCL (subsidiary Company) assessed that WTG-04 was fully damaged and there would be no future inflows from it; therefore, its net book value was charged off. The incident resulted in a reduction of capacity from 52.8 MW to 51.2 MW.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **40. OTHER INCOME** | | | |
| Income from financial assets | | | |
| Dividend income | | 982,030,741 | 598,039,413 |
| Interest income on saving accounts and term deposit certificates | | 1,226,741,850 | 495,773,486 |
| | | 2,208,772,591 | 1,093,812,899 |
| Income from assets other than financial assets | | | |
| Gain on disposal of operating fixed assets | 6.1.6 | 102,683,755 | - |
| Gain on sale of investment property | | 111,125,888 | - |
| Reversal of provision for stores, spares and loose tools | 14.1 | 7,694,474 | - |
| Reversal of workers' welfare fund | | 705,484,175 | |
| Liabilities written back | | 36,125,751 | - |
| Commission on use of Point of Sales (POS) machines from Bank | | 7,850,000 | - |
| Rental income | | 13,307,760 | 11,206,003 |
| Exchange gain on translation of foreign currency accounts | | - | 16,513,069 |
| Gain on termination of lease liabilities | | 8,337,226 | 32,675,562 |
| Credit balance written back | | 24,328,890 | 92,014 |
| Net gain on disposal of associate | | - | 7,846,832 |
| Scrap sales | | 148,823,318 | 138,159,479 |
| Insurance claim | 40.1 | 1,025,863,978 | - |
| | | 2,191,625,215 | 206,492,959 |
| | | 4,400,397,806 | 1,300,305,858 |

40.1 As referred to in note 39.3, SWPCL (subsidiary Company) filed a claim with the Insurer for loss / damage due to fire and for business interruption. In the current year, an interim payment of USD 3.535 million (equivalent to Rs 1,003.179 million) has been received against the claim filed, however, the final amount of the claim is yet to be ascertained and is expected to be finalized in the next year. Consequently, the remaining amount will be recognised when it is accepted by the Insurer.

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **41. FINANCE COST** | | | |
| Interest / mark-up on : | | | |
| - short term finances | | 4,058,271,531 | 3,226,376,169 |
| - long term loans | | 7,253,216,986 | 5,888,685,698 |
| - lease liabilities | | 441,344,068 | 326,397,115 |
| - Workers' Profit Participation Fund | 29.2 | 16,155,704 | 7,532,010 |
| Exchange loss on foreign currency loans | | - | 32,995,449 |
| Amortization of loan transaction cost | | 65,351,952 | 61,556,520 |
| Lender's fees and charges | | 24,946,786 | 42,269,021 |
| Bank charges, commission and others charges | | 482,004,078 | 303,560,094 |
| | | 12,341,291,105 | 9,889,372,076 |
| **42. LEVIES AND INCOME TAXATION** | | | |
| **42.1 Final tax levy** | | | |
| Levy: | | | |
| - for the year | | 1,826,946,290 | 1,307,790,659 |
| - for prior year | | (2,076,180) | 1,243,320 |
| | | 1,824,870,110 | 1,309,033,979 |

42.2 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. As explained in note 2.5 the liability shall be the final tax fall under levy within the scope of IFRIC 21 / IAS 37.

42.3 DTL's and SRL's (subsidiary Companies) represents provision for taxation under the relevant provisions of the Income Tax Ordinance, 2001 and for the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 5.19.

42.4 Numeric tax rate reconciliation is not presented as the Group's major income is chargeable to tax under presumptive tax regime.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **42.5 Income tax** | | |
| Current | | |
| - for the year | 2,092,086,228 | 876,425,113 |
| - Adjustments in respect of prior years | (49,307,520) | (72,965,754) |
| Deferred tax | (799,988,069) | (9,846,793) |
| | 1,242,790,639 | 793,612,566 |
| **42.6 Reconciliation of current tax charge charged as per tax laws for theyear, with current tax recognised in the profit and loss account, is as follows:** | | |
| Current tax liability for the year as per applicable tax laws | 3,919,032,518 | 2,184,215,772 |
| Portion of current tax liability as per tax laws, representing income tax under IAS 12 | 2,092,086,228 | 876,425,113 |
| Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37 | 1,826,946,290 | 1,307,790,659 |
| Difference | - | - |

| | | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|
| 43. | EARNINGS PER SHARE | | |
| 43.1 | Basic earnings per share | | |
| | Net profit for the year | 13,263,476,503 | 7,450,195,757 |
| | | ------ Number of shares ------- | |
| | Weighted average ordinary shares in issue | 21,689,791 | 21,689,791 |
| | | ------------- Rupees ------------- | |
| | Earnings per share | 611.51 | 343.49 |

**43.2 Diluted earnings per share**

A diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 42. | CASH GENERATED FROM OPERATIONS | | | |
| | Profit before taxation and share of profit of associated companies | | 22,557,406,683 | 12,498,867,419 |
| | Adjustments for non-cash charges and other items: | | | |
| | Depreciation on right-of-use asset | 6.2 | 785,973,023 | 598,307,144 |
| | Depreciation on operating fixed assets | 6.1.5 | 7,210,829,755 | 5,509,859,024 |
| | Depreciation on investment property | | 446,226 | - |
| | Amortization of intangible assets | 8.1 | 11,094,598 | 14,721,823 |
| | Interest income | 40 | (1,226,741,850) | (495,773,486) |
| | (Gain) / Loss on disposal of operating fixed assets | 40 | (102,683,755) | 322,054,726 |
| | Loss on disposal of intangible assets | 39 | 5,933,497 | - |
| | Gain on termination of lease liabilities | 40 | (8,337,226) | (32,675,562) |
| | Gain on disposal of investment property | 40 | (111,125,888) | - |
| | Dividend income | 40 | (982,030,741) | (598,039,413) |
| | Staff retirement benefit - gratuity | 28.1.3 | 328,452,232 | 216,636,051 |
| | Accumulating compensated absences | 28.2.1 | 38,421,723 | - |
| | Balance written off during the year | 39 | 16,055,999 | 107,654,879 |
| | Provision for expected credit loss | 16.6 | 30,702,631 | 1,980,686 |
| | Amortization of transaction cost | 25.1.2 & 25.1.3 | 65,351,952 | 61,556,520 |
| | Impairment of fixed assets | 39 | - | 77,145,998 |
| | Net foreign exchange difference | 40 | 6,858,496 | (16,513,069) |
| | (Reversal of provision) / Provision for stores, spares and loose tools | 14.1 | (7,694,474) | 5,318,848 |
| | Provision against doubtful sales tax refundable | 21.2 | 81,629,103 | 77,759,128 |
| | Unwinding of liability related to GIDC | 25.2 | 13,487,334 | 30,923,531 |
| | Unwinding of Government grant | | (88,673,901) | (96,996,782) |
| | Credit balance written-back | | (24,328,890) | (92,014) |
| | Unwinding of lease liability | | 441,344,068 | 326,397,115 |
| | Finance cost | | 11,909,781,652 | 9,567,491,692 |
| | Rental income | 40 | (13,307,760) | (11,206,003) |
| | Working capital changes | 44.1 | (4,686,100,770) | 933,153,685 |
| | | | 36,252,743,717 | 29,098,531,940 |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **44. Working capital changes** | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare and loose tools | (69,936,503) | (102,710,897) |
| Stock-in-trade | (5,199,614,430) | (1,368,728,466) |
| Trade debts | (3,533,998,737) | 688,570,931 |
| Loans and advances | (6,089,578) | (186,968,637) |
| Trade deposits and short term prepayments | 59,906,615 | (22,688,937) |
| Other receivables | (1,104,558,551) | (294,640,667) |
| | (9,854,074,737) | (1,287,166,673) |
| Increase in current liabilities: | | |
| Trade and other payables | 4,732,324,011 | 2,055,092,215 |
| Contract liabilities | 435,649,956 | 165,228,143 |
| | 5,167,973,967 | 2,220,320,358 |
| | (4,686,100,770) | 933,153,685 |

## 45. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

| | Chief Executive | | Executives | | Directors | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | ------------------- Rupees ------------------- | | | | | |
| Remuneration | 36,000,000 | 36,000,000 | 1,800,738,489 | 1,195,503,841 | 38,400,000 | 38,400,000 |
| Bonus | - | - | 281,705,908 | 218,214,185 | - | - |
| Medical | - | - | 35,816,460 | 15,325,217 | - | - |
| Contribution to provident fund | - | - | 93,324,544 | 60,459,863 | - | - |
| Leave encashment and other benefits | - | - | 53,141,186 | 60,563,686 | - | - |
| | 36,000,000 | 36,000,000 | 2,264,726,587 | 1,550,066,792 | 38,400,000 | 38,400,000 |
| Number of persons | 1 | 1 | 450 | 352 | 2 | 2 |

45.1 Certain executives are provided with Group maintained vehicles.

45.2 Meeting fee of Rs.2.450 million (2023: Rs.3.400 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Group.

45.3 The Chief Executive and Executive Directors were also provided with the fee use of telephones at residence.

## 46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Group in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Group has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| Name of the related party | Basis of relationship | Percentage of shareholding |
|---|---|---|
| Creadore A/S | Associated Group | 49.00% |
| Sapphire Power Generation Ltd. | Associated Group | 26.43% |
| Sapphire Dairies (Private) Ltd. | Common directorship | 12.95% |
| Reliance Cotton Spinning Mills Ltd. | Common directorship | 3.04% |
| Sapphire Electric Group Ltd. | Common directorship | 1.42% |
| Sapphire Holding Ltd. | Common directorship | 0.05% |
| Jomo Technologies (Private) Ltd. | Common directorship | 8.83% |
| Sapphire Fibres Limited | Common directorship | - |
| Yousuf Agencies (Pvt.) Ltd. | Common directorship | - |
| Sapphire Finishing Mills Ltd. | Common directorship | - |
| Amer Cotton Mills (Pvt.) Ltd. | Common directorship | - |
| Diamond Fabrics Limited | Common directorship | - |
| Bank Alfalah Limited | Investor in a subsidiary of the Group | - |
| Abdullah Foundation | Common directorship | - |

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| **Significant transactions with the related parties are following:** | | |
| **i) Associated Companies** | | |
| Sales / processing | 6,730,225,462 | 5,590,521,715 |
| Purchases / Rent | 406,705,768 | 292,667,028 |
| Expenses charged to | 116,326,397 | 80,981,450 |
| Expenses charged by | 11,000,595 | 6,685,917 |
| Mark-up charged by | 223,470,661 | 141,528,807 |
| Dividend received | 37,263,852 | 311,188,231 |
| Dividend paid | 2,563,471,550 | 541,913,575 |
| Loans obtained / (repaid) - net | 225,689,550 | (776,499,270) |
| **ii) Key management personnel** | | |
| Salary and other employment benefits | 110,418,155 | 102,732,717 |
| **iii) Retirement Fund** | | |
| Contribution to provident fund | 188,148,764 | 151,646,036 |
| **iv) Others** | | |
| Donation | 37,799,300 | 5,000,000 |
| Dividend paid | 71,659,040 | 263,659,040 |

## 47. FINANCIAL RISK MANAGEMENT

### 47.1 Financial risk factors

The Group has exposures to the following risks from its use of financial instruments:

- credit risk;

- liquidity risk; and

- market risk (including currency risk, interest rate risk and other price risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group’s Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board is also responsible for developing and monitoring the Group’s risk management policies.

The Group’s overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimizes earnings volatility and provide maximum return to shareholders.

### (a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans and advances, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note 47.4, the financial assets exposed to credit risk aggregated to Rs.53,093.775 million as at June 30, 2024 (2023: Rs.41,457.808 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 94% (2023: 95%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Long term investments | 5,731,684,160 | 4,592,122,800 |
| Long-term loans and advances | 56,168,867 | 247,836,567 |
| Long term deposits | 206,699,068 | 150,223,917 |
| Trade debts | 22,432,331,723 | 18,915,572,755 |
| Loans and advances | 393,632,520 | 141,227,910 |
| Trade deposits | 10,437,944 | 63,217,948 |
| Short term investments | 4,251,400,468 | 1,364,735,401 |
| Other receivables | 2,659,256,375 | 1,526,360,493 |
| Bank balances | 17,352,164,384 | 14,456,510,430 |
| | 53,093,775,509 | 41,457,808,221 |

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Group's various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Export sales made to major customers are secured through letters of credit.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Domestic | 20,934,510,767 | 17,515,117,852 |
| Export | 1,497,820,956 | 1,400,454,903 |
| | 22,432,331,723 | 18,915,572,755 |

The majority of export debts of the Group are situated in Asia, Europe and North America.

Aging analysis of trade debtors is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Not due | 12,609,824,402 | 14,643,558,608 |
| 1 - 30 days | 3,594,557,626 | 3,410,404,518 |
| 31 - 60 days | 265,511,406 | 32,592,664 |
| 61 - 90 days | 4,426,355,754 | 117,675,214 |
| 91 - 180 days | 1,170,930,782 | 152,287,689 |
| 181 - 360 days | 277,865,210 | 456,015,581 |
| 361 days or more | 87,286,543 | 103,038,481 |
| | 22,432,331,723 | 18,915,572,755 |

Set out below is the information about the credit risk exposure on the Group's local trade receivables assets using a provision matrix:

| | Not due | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days | 361 days or more |
|---|---|---|---|---|---|---|---|
| | ---- Rupees ---- | | | | | | |
| **As at June 30, 2024** | | | | | | | |
| Estimated total gross carrying amount at default | 11,112,003,442 | 3,594,557,627 | 265,511,406 | 4,426,355,754 | 1,170,930,785 | 256,380,241 | 108,771,512 |
| Expected credit loss | 2,410,638 | 876,972 | 674,702 | 1,874,940 | 15,278,476 | 4,864,712 | 49,052,037 |
| Expected credit loss rate | 0.02% | 0.02% | 0.25% | 0.04% | 1.30% | 1.90% | 45.10% |
| **As at June 30, 2023** | | | | | | | |
| Estimated total gross carrying amount at default | 13,243,103,705 | 3,410,404,518 | 32,592,664 | 117,675,214 | 152,287,689 | 456,015,581 | 103,038,481 |
| Expected credit loss | 14,255,472 | 1,170,369 | 953,020 | 1,198,808 | 8,314,823 | 1,434,683 | 17,002,671 |
| Expected credit loss rate | 0.11% | 0.03% | 2.92% | 1.02% | 5.46% | 0.31% | 16.50% |

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all exports are covered by letters of credit or other forms of credit insurance obtained from reputable banks.

The credit quality of the Group's bank balances can be assessed with reference to the external credit ratings as follows:

| Name of Bank | Rating | | |
|---|---|---|---|
| | short term | long term | agency |
| MCB Bank Limited | A1+ | AAA | PACRA |
| National Bank of Pakistan | A1+ | AAA | PACRA |
| United Bank Limited | A-1+ | AAA | JCR-VIS |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS |
| The Bank of Punjab | A1+ | AA+ | PACRA |
| Faysal Bank Limited | A1+ | AA | PACRA |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA |
| Bank Al-Habib Limited | A1+ | AAA | PACRA |
| Bank Alfalah Limited | A1+ | AAA | PACRA |
| Dubai Islamic Bank Pakistan Limited | A-1+ | AA | JCR-VIS |
| Allied Bank Limited | A1+ | AAA | PACRA |
| Citibank N.A. Pakistan | P-1 | A1 | Moody's |
| Citibank N.A. London | P-1 | Aa3 | Moody's |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA |
| Industrial and Commercial Bank of China | P-1 | A1 | Moody's |
| Soneri Bank Limited | A1+ | AA- | PACRA |
| Meezan Bank Limited | A-1+ | AAA | JCR-VIS |
| Askari Bank Limited | A1+ | AA+ | PACRA |
| Pak Kuwait Investment Group Private Limited | A1+ | AAA | PACRA |
| Pak China Investment Group Private Limited | A1+ | AAA | JCR-VIS |

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|
| | ----- | ----- | Rupees | ----- | ----- |
| June 30, 2024 | | | | | |
| Long term loans | 58,811,422,432 | 67,210,388,476 | 14,595,553,558 | 47,329,540,095 | 5,285,294,823 |
| Lease liabilities | 3,932,109,945 | 5,729,222,541 | 1,250,274,057 | 2,991,650,367 | 1,487,298,117 |
| Trade and other payables | 16,003,783,323 | 22,812,370,942 | 22,812,370,942 | - | - |
| Accrued mark-up / interest | 1,048,890,952 | 1,020,307,089 | 1,020,307,089 | - | - |
| Short term borrowings | 14,921,225,830 | 16,889,186,368 | 16,889,186,368 | - | - |
| Unclaimed dividend | 332,783,783 | 332,783,780 | 332,783,780 | - | - |
| GIDC payable | 995,182,870 | 995,182,870 | 995,182,870 | - | - |
| | 96,045,399,135 | 114,989,442,066 | 57,895,658,664 | 50,321,190,462 | 6,772,592,940 |

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|
| | ----- | ----- | Rupees | ----- | ----- |
| June 30, 2023 | | | | | |
| Long term loans | 69,621,999,643 | 84,759,673,819 | 17,973,989,207 | 57,831,630,718 | 8,954,053,894 |
| Lease liabilities | 2,925,529,043 | - | - | - | - |
| Trade and other payables | 11,239,852,259 | 11,289,295,991 | 11,289,295,991 | - | - |
| Accrued mark-up / interest | 1,541,612,059 | 1,541,612,059 | 1,541,612,059 | - | - |
| Short term borrowings | 17,363,805,610 | 19,248,098,137 | 19,248,098,137 | - | - |
| Unclaimed dividend | 1,782,351 | 1,782,351 | 1,782,351 | - | - |
| GIDC payable | 981,695,536 | 995,182,870 | 995,182,870 | - | - |
| | 103,676,276,501 | 117,835,645,227 | 51,049,960,615 | 57,831,630,718 | 8,954,053,894 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

### (c) Market risk

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

### (i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), Swiss Frank (CHF), GBP Pound and AED is as follows:

| For the year ended June 30, 2024 | Rupees | U.S.$ | Euro | JPY | CHF | AED | GBP |
|---|---|---|---|---|---|---|---|
| Trade debts | (1,497,820,956) | (4,990,910) | (1,186,915) | - | - | - | - |
| Bank balances | (12,101,623,765) | (43,255,962) | (33,530) | - | - | (16,196) | (181,297) |
| Foreign bills payable against import | 1,265,025,585 | 4,474,262 | 58,984 | - | - | - | - |
| Long term loans - secured | 38,116,062,629 | 143,855,183 | - | - | - | - | - |
| Net balance sheet exposure | 25,781,643,493 | 100,082,573 | (1,161,461) | - | - | (16,196) | (181,297) |
| Outstanding letters of credit | 2,135,268,733 | 5,957,776 | 1,340,785 | 4,790,618 | 212,609 | - | - |
| Foreign currency forward contracts | 4,725,097,032 | 8,945,533 | 7,029,451 | - | - | - | - |
| | 32,642,009,258 | 114,985,882 | 7,208,775 | 4,790,618 | 212,609 | (16,196) | (181,297) |

| For the year ended June 30, 2023 | Rupees | U.S.$ | Euro | JPY | CHF |
|---|---|---|---|---|---|
| Trade debts | (1,400,454,903) | (4,203,614) | (443,644) | - | - |
| Bank balances | (11,703,408,065) | (39,463,060) | (16,017) | - | - |
| Foreign bills payable against import | 778,631,431 | 2,536,677 | 166,604 | - | - |
| Long term loans - secured | 48,807,133,843 | 170,714,004 | - | - | - |
| Net balance sheet exposure | 36,481,902,306 | 129,584,008 | (293,057) | - | - |
| Outstanding letters of credit | 3,670,776,874 | 11,977,671 | 675,189 | 924,200 | 85,498 |
| | 40,152,679,180 | 141,561,679 | 382,132 | 924,200 | 85,498 |

The following significant exchange rates have been applied:

| | Average rate at reporting date | | Reporting date rate | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| U.S. Dollar to Rupee | 278.50 | 286.15 | 278.75 / 278.25 | 286.40 / 285.90 |
| Euro to Rupee | 299.25 | 312.61 | 299.52 / 298.98 | 312.88 / 312.33 |
| Japanese Yen to Rupee | 1.7219 | 1.9785 | 1.7234 / 1.7204 | 1.9802 / 1.9767 |
| Swiss Frank to Rupee | 307.93 | 319.19 | 308.20 / 307.65 | 319.47 / 318.913 |
| AED to Rupee | 76.30 | - | 76.38 / 76.24 | - |
| GBP to Rupee | 351.62 | - | 351.93 / 351.3 | - |

At June 30, 2024, if Rupee had strengthened by 10% against US Dollar, Euro, AED and GBP with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **Effect on profit for the year:** | | |
| U.S. Dollar to Rupee | 2,787,299,658 | 3,704,806,774 |
| Euro to Rupee | (34,756,720) | (9,153,049) |
| AED to Rupee | (123,575) | - |
| GBP to Rupee | (6,374,765) | - |
| | 2,746,044,597 | 3,695,653,725 |

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

(ii) **Interest rate risk**

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

Majority of the interest rate risk of the Group arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

| | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|
| | - - - Effective rate - - - | | - - - Carrying amount - - - | |
| | % | % | - - - R u p e e s - - - | |
| Fixed rate instruments | | | | |
| Financial assets | | | | |
| Saving accounts | 20% to 20.5% | 12.74% to 20.16% | 12,452,014,736 | 11,454,540,177 |
| Financial liabilities | | | | |
| Long term finances | 1.75% to 5.00% | 1.50% to 6.00% | 8,680,676,679 | 10,173,241,202 |
| Short term borrowings | 5.50% to 19.25% | 2.50% to 18.00% | 3,165,853,010 | 3,047,970,662 |
| Variable rate instruments | | | | |
| Financial liabilities | | | | |
| Long term finances | | | | |
| - foreign currency loan | 5.59% to 10.07% | 4.48% to 8.90% | 38,116,062,629 | 48,807,133,843 |
| - local currency loan | 3.50% to 24.33% | 15.03% to 23.09% | 12,014,683,124 | 10,641,624,598 |
| Short term borrowings | | | | |
| - local currency loan | 21.80% to 24.43% | 14.31% to 22.59% | 11,755,372,820 | 14,315,834,948 |

At June 30, 2024, if the interest rate on the Group's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.618.861 million (2023: Rs.631.230 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

### (iii) Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.8,346.227 million (2023: Rs.4,386.925 million) are exposed to price risk due to changes in market price.

At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.834.623 million (2023: Rs.438.693 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Group.

### 47.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Group's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.7,796.025 million (2023: Rs.3,982.156 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

### Valuation techniques used to determine fair values

Level 1: TThe fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## 47.3 Capital risk management

The Group's objective when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Group that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Total borrowings | 73,732,648,262 | 86,985,805,253 |
| Less: cash and bank balances | 17,533,563,165 | 14,542,732,395 |
| Net debt | 56,199,085,097 | 72,443,072,858 |
| Total equity | 63,487,076,297 | 46,718,297,320 |
| Total capital including net debt | 119,686,161,394 | 119,161,370,178 |
| Gearing ratio | 46.96% | 60.79% |

## 47.4 Financial instruments by category

| | As at June 30, 2024 | | |
|---|---|---|---|
| | Amortised cost | At fair value through OCI | Total |
| | ----------Rupees---------- | | |
| **Financial assets as per statement of financial position** | | | |
| Long-term loans and advances | 56,168,867 | - | 56,168,867 |
| Long-term deposits | 206,699,068 | - | 206,699,068 |
| Trade debts | 22,432,331,723 | - | 22,432,331,723 |
| Loans to employees | 114,906,590 | - | 114,906,590 |
| Trade deposits | 10,437,944 | - | 10,437,944 |
| Other receivables | 2,768,669,455 | - | 2,768,669,455 |
| Short-term investments | - | 4,480,398,075 | 4,480,398,075 |
| Cash and bank balances | 17,533,563,165 | - | 17,533,563,165 |
| | 43,122,776,812 | 4,480,398,075 | 47,603,174,887 |

| | As at June 30, 2023 | | |
|---|---|---|---|
| | Amortised cost | At fair value through OCI | Total |
| | ----------Rupees---------- | | |
| Financial assets as per statement of financial position | | | |
| Long-term loans and advances | 247,836,567 | - | 247,836,567 |
| Long-term deposits | 150,223,917 | - | 150,223,917 |
| Trade debts | 18,915,572,755 | - | 18,915,572,755 |
| Loans to employees | 141,227,910 | - | 141,227,910 |
| Trade deposits | 63,217,948 | - | 63,217,948 |
| Other receivables | 1,592,848,230 | - | 1,592,848,230 |
| Short-term investments | - | 1,555,735,401 | 1,555,735,401 |
| Cash and bank balances | 14,542,732,395 | - | 14,542,732,395 |
| | 35,653,659,722 | 1,555,735,401 | 37,209,395,123 |

| | Financial liabilities measured at amortised cost | |
|---|---|---|
| | 2024 | 2023 |
| | ----------Rupees---------- | |
| Financial liabilities as per statement of financial position | | |
| Long-term loans and other payables | 46,035,980,643 | 57,392,418,645 |
| Deferred income - Government grant | 231,865,017 | 301,695,117 |
| Trade and other payables | 16,003,783,323 | 11,239,852,259 |
| Current portion of long-term liabilities | 14,557,530,151 | 13,796,699,529 |
| Unclaimed dividend | 332,783,783 | 1,782,351 |
| Short term borrowings | 14,921,225,830 | 17,363,805,610 |
| Accrued mark-up | 1,048,890,952 | 1,541,612,059 |
| | 93,132,059,699 | 101,637,865,570 |

## 48. RECOCILIATION OF MOVEMENT OF LIABILITES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

| | Liabilities | | | |
|---|---|---|---|---|
| | Lease liabilities | Long term liabilities | Short term borrowings | Dividend |
| | -----------------Rupees----------------- | | | |
| Balance as at July 01, 2023 | 2,925,529,043 | 69,621,999,643 | 17,363,805,610 | 1,782,351 |
| **Changes from financing activities** | | | | |
| Finances obtained | - | 2,410,000,000 | - | - |
| Finances repaid | - | (12,095,297,739) | (2,442,579,780) | - |
| Additions to lease liabilities during the year | - | - | - | - |
| Repayment of lease liabilities | ( (942,802,346) | - | - | - |
| Dividends paid | - | - | - | (2,382,146,478) |
| Dividend declared | - | - | - | 2,713,147,910 |
| **Total changes from financing cash flows** | **1,982,726,697** | **59,936,701,904** | **14,921,225,830** | **332,783,783** |
| **Other changes / adjustments** | | | | |
| Deffered grant | - | - | - | - |
| Amortization of transaction cost | - | 65,351,952 | - | - |
| Exchange Gain / Loss | - | (1,190,631,424) | - | - |
| Additions / Disposals during the year - Net | 1,508,039,180 | - | - | - |
| Finance cost | 441,344,068 | - | - | - |
| Balance as at **June 30, 2024** | **3,932,109,945** | **58,811,422,432** | **14,921,225,830** | **332,783,783** |

| | Lease liabilities | Long term liabilities | Short term borrowings | Dividend |
|---|---|---|---|---|
| | Liabilities | | | |
| | Rupees | | | |
| Balance as at July 01, 2022 | 3,113,887,996 | 59,607,967,862 | 18,212,581,522 | 2,230,551 |
| Changes from financing activities | | | | |
| Finances obtained | - | 5,034,219,107 | - | - |
| Finances repaid | - | (10,581,927,931) | (848,775,912) | - |
| Additions to lease liabilities during the year | - | - | - | - |
| Repayment of lease liabilities | (732,007,678) | - | - | - |
| Dividends paid | - | - | - | (805,114,946) |
| Dividend declared | - | - | - | 804,666,746 |
| Total changes from financing cash flows | 2,381,880,318 | 54,060,259,038 | 17,363,805,610 | 1,782,351 |
| Other changes / adjustments | | | | |
| Amortization of transaction cost | - | 61,556,520 | - | - |
| Exchange Gain / Loss | - | 15,500,184,085 | - | - |
| Additions to lease liabilities during the year | 217,251,613 | - | - | - |
| Finance cost | 326,397,112 | - | - | - |
| Balance as at June 30, 2023 | 2,925,529,043 | 69,621,999,643 | 17,363,805,610 | 1,782,351 |

## 49. CAPACITY AND PRODUCTION

| | UOM | 2024 | 2023 |
|---|---|---|---|
| **49.1 Spinning** | | | |
| Number of spindles installed | | 176,792 | 164,072 |
| Number of spindles worked | | 170,598 | 161,600 |
| Number of rotors installed | | 440 | 440 |
| Average number of rotors worked | | 440 | 418 |
| Number of shifts worked per day | | 3 | 3 |
| Installed capacity after conversion into 20's count | Lbs. | 141,120,505 | 128,675,806 |
| Actual production after conversion into 20's count | Lbs. | 137,997,348 | 118,897,563 |
| **49.2 Weaving** | | | |
| Total number of looms installed | | 435 | 435 |
| Average number of looms worked | | 435 | 435 |
| Number of shifts worked per day | | 3 | 3 |
| Installed capacity at 50 picks/inch of fabric | Square mtrs. | 206,218,725 | 206,218,725 |
| Actual production at 50 picks/inch of fabric | Square mtrs. | 168,128,883 | 169,115,859 |
| **49.3 Finishing and Printing** | | | |
| Production capacity - average during the year | Mtrs. | 69,600,000 | 54,200,000 |
| Actual production | Mtrs. | 65,565,974 | 48,098,788 |
| **49.4 Yarn dying** | | | |
| Production capacity | KGs | 2,880,000 | 2,880,000 |
| Actual production | KGs | 2,282,148 | 2,176,527 |

### 49.5 Home Textile and Stitching

The capacity of this unit is undeterminable due to multi products, involving varying processes of manufacturing and run length of order lots.

| 49.6 Power Generation | UOM | 2024 | 2023 |
|---|---|---|---|
| Installed capacity | MWh | 597,537 | 597,537 |
| Actual energy delivered | MWh | 406,372 | 449,312 |

### 49.7 Reason for low production

Under utilization of available capacity is mainly due to normal maintenance / temporarily shut down and run length of order lots.

Due to low wind speed during the year, Plants of TBCL (power sector subsidiary companies) produced less energy than benchmark of 35% capacity factor of TBCL.

## 50. SEGMENT ANALYSIS

### 50.1 SEGMENT RESULTS

| | Spinning | Weaving | Processing, printing, Home Textile, Textile Retail and Others | Power Generation | Elimination of inter segment transactions | Total |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| For the year ended June 30, 2024 | | | | | | |
| Net turnover | 49,967,624,613 | 27,732,873,503 | 60,302,286,185 | 27,624,368,128 | (28,328,710,093) | 137,298,442,336 |
| Cost of sales | (46,411,044,959) | (24,129,559,768) | (46,338,896,651) | (7,708,862,630) | 28,328,710,085 | (96,259,653,924) |
| Gross Profit | 3,556,579,655 | 3,603,313,735 | 13,963,389,534 | 19,915,505,498 | - | 41,038,788,412 |
| Distribution cost | (672,931,768) | (808,428,436) | (6,434,563,326) | - | - | (7,915,923,530) |
| Administrative expenses | (631,577,483) | (178,883,637) | (973,538,094) | (350,089,784) | - | (2,134,088,998) |
| | (1,304,509,251) | (987,312,073) | (7,408,101,420) | (350,089,784) | - | (10,050,012,528) |
| Profit before taxation and unallocated income and expenses | 2,252,070,404 | 2,616,001,662 | 6,555,288,114 | 19,565,415,714 | - | 30,988,775,884 |
| Depreciation on operating fixed assets | 898,789,161 | 381,180,022 | 1,552,476,369 | 4,378,384,203 | - | 7,210,829,755 |
| Depreciation on right-to-use assets | - | - | 770,816,188 | 15,156,835 | - | 785,973,023 |
| For the year ended June 30, 2023 | | | | | | |
| Net turnover | 42,413,434,196 | 24,314,195,610 | 48,908,819,901 | 18,647,775,374 | (24,787,244,043) | 109,496,981,038 |
| Cost of sales | (40,664,236,422) | (20,052,293,704) | (37,988,366,868) | (6,225,511,011) | 24,787,244,043 | (80,143,163,962) |
| Gross Profit | 1,749,197,774 | 4,261,901,906 | 10,920,453,033 | 12,422,264,363 | - | 29,353,817,076 |
| Distribution cost | (649,429,714) | (789,571,994) | (4,323,269,298) | - | - | (5,762,271,006) |
| Administrative expenses | (528,814,864) | (123,265,047) | (644,464,214) | (272,554,220) | - | (1,569,098,345) |
| | (1,178,244,578) | (912,837,041) | (4,967,733,512) | (272,554,220) | - | (7,331,369,351) |
| Profit before taxation and unallocated income and expenses | 570,953,196 | 3,349,064,865 | 5,952,719,521 | 12,149,710,143 | - | 22,022,447,725 |
| Depreciation on operating fixed assets | 743,747,013 | 398,832,301 | 877,647,561 | 3,489,632,149 | - | 5,509,859,024 |
| Depreciation on right-to-use assets | - | - | 593,190,797 | 5,116,347 | - | 598,307,144 |

### Reconciliation of operating results with profit after tax is as follows:

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Total results for reportable segments | 30,988,775,884 | 22,022,447,725 |
| Other operating expenses | (490,475,902) | (934,514,088) |
| Other income | 4,400,397,806 | 1,300,305,858 |
| Finance cost | (12,341,291,105) | (9,889,372,076) |
| Share of profit of associated companies | 236,916,641 | 326,936,588 |
| Profit before taxation | 22,794,323,324 | 12,825,804,007 |
| Taxation | (3,067,660,749) | (1,309,033,979) |
| Profit for the year | 19,726,662,575 | 11,516,770,028 |

## 50.2 SEGMENT ASSETS AND LIABILITIES

| | Spinning | Weaving | Processing, printing, Home Textile, Textile Retail and Others | Power Generation | Total |
|---|---|---|---|---|---|
| | Rupees | | | | |
| For the year ended June 30, 2024 | | | | | |
| Segment assets | 27,954,692,581 | 10,982,153,006 | 39,153,314,910 | 88,492,936,179 | 166,583,096,675 |
| Segment Liabilities | 21,068,983,267 | 7,860,134,747 | 24,721,955,037 | 41,694,774,397 | 95,345,847,448 |
| As at June 30, 2023 | | | | | |
| Segment assets | 26,822,361,516 | 9,606,922,400 | 31,057,690,982 | 88,958,686,932 | 156,445,661,830 |
| Segment Liabilities | 15,013,384,070 | 8,275,820,659 | 25,484,008,117 | 51,594,030,113 | 100,367,242,959 |

### Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Total for reportable segments assets | 166,583,096,675 | 156,445,661,830 |
| Unallocated assets | 18,586,881,691 | 15,064,226,270 |
| Total assets as per statement of financial position | 185,169,978,366 | 171,509,888,100 |
| Total for reportable segments liabilities | 95,345,847,448 | 100,367,242,959 |
| Unallocated liabilities | 6,160,393,202 | 8,214,622,474 |
| Total liabilities as per statement of financial position | 101,506,240,650 | 108,581,865,433 |

## 51. NUMBER OF EMPLOYEES

| | 2024 | 2023 |
|---|---|---|
| Number of employees as at June 30, | 14,734 | 15,183 |
| Average number of employees as at June 30, | 13,839 | 14,956 |

## 52. PROVIDENT FUND RELATED DISCLOSURE

The Group Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

## 53. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

| | Rupees |
|---|---|
| Accumulating compensated absences previously included in 'Trade and other payables', now classified in 'Employee benefit obligation' | 49,443,732 |

### 54. GENERAL

### 54.1 Non adjusting events subsequent to the reporting date

The Board of Directors of the Holding Company , in their meeting held on September 26, 2024, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.216.898 million for the year ended June 30, 2024, for approval of the members at the Annual General Meeting to be held on October 28, 2024.

The Board of Directors has also approved the creation of a reserve against capacity expansions and long term investments by transferring an amount of Rs.30.730 billion from general reserve and unappropriated profit to this reserve. The financial statements for the year ended 30 June 2024, do not include the effect of this allocation which will be accounted for in the unconsolidated financial statements for the year ending 30 June 2025.

### 54.2 Date of authorisation for issue

These financial statements were authorized for issue on September 26, 2024 by the Board of Directors of the Holding Company.

| Chief Executive Officer | Chairman / Director | Chief Financial Officer |
|---|---|---|

# PATTERN OF SHAREHOLDING
## OF THE SHARES HELD BY THE SHAREHOLDERS OF SAPPHIRE TEXTILE MILLS LIMITED AS AT JUNE 30, 2024

| NUMBER OF SHAREHOLDERS | SHAREHOLDING FROM | TO | TOTAL NUMBER OF SHARES HELD |
|---|---|---|---|
| 272 | 1 | 100 | 4,422 |
| 48 | 101 | 500 | 11,312 |
| 23 | 501 | 1,000 | 16,468 |
| 26 | 1,001 | 5,000 | 60,841 |
| 6 | 5,001 | 10,000 | 47,766 |
| 2 | 10,001 | 15,000 | 25,453 |
| 2 | 15,001 | 20,000 | 37,119 |
| 4 | 20,001 | 25,000 | 91,933 |
| 1 | 30,001 | 35,000 | 30,240 |
| 4 | 35,001 | 40,000 | 147,783 |
| 1 | 40,001 | 45,000 | 42,891 |
| 1 | 45,001 | 50,000 | 46,617 |
| 1 | 55,001 | 60,000 | 57,424 |
| 1 | 60,001 | 65,000 | 62,167 |
| 1 | 75,001 | 80,000 | 78,345 |
| 1 | 85,001 | 90,000 | 89,223 |
| 2 | 140,001 | 145,000 | 282,853 |
| 1 | 155,001 | 160,000 | 156,750 |
| 2 | 185,001 | 190,000 | 378,540 |
| 2 | 215,001 | 220,000 | 434,516 |
| 1 | 225,001 | 230,000 | 227,988 |
| 4 | 235,001 | 240,000 | 952,154 |
| 1 | 275,001 | 280,000 | 277,128 |
| 1 | 285,001 | 290,000 | 285,809 |
| 1 | 295,001 | 300,000 | 300,000 |
| 1 | 405,001 | 410,000 | 408,301 |
| 1 | 530,001 | 525,000 | 520,319 |
| 1 | 565,001 | 570,000 | 567,114 |
| 1 | 570,001 | 575,000 | 573,152 |
| 1 | 605,001 | 610,000 | 609,683 |
| 1 | 655,001 | 660,000 | 657,788 |
| 3 | 780,001 | 785,000 | 2,352,516 |
| 1 | 790,001 | 795,000 | 791,291 |
| 2 | 795,001 | 800,000 | 1,600,000 |
| 1 | 995,001 | 1,000,000 | 998,015 |
| 2 | 1,025,001 | 1,030,000 | 2,052,000 |
| 4 | 1,065,001 | 1,070,000 | 4,269,870 |
| 2 | 1,070,001 | 1,075,000 | 2,144,000 |
| 430 | | | 21,689,791 |

* Note: The slabs representing nil holding have been omitted.

# CATEGORIES OF SHAREHOLDERS
## AS AT JUNE 30, 2024

| Sr. # | Particulars | No. of Shares Held | Percentage % |
|---|---|---|---|
| | Directors, Chief Executive Officer, and their spouse and minor children. | 7,172,179 | 33.07 |
| | Associated Companies, Undertakings and Related Parties | 6,723,815 | 31.00 |
| | NIT and ICP | 1,002,515 | 4.62 |
| | Banks, Development Financial Institutions, | | |
| | Non Banking Financial Institutions | 129 | 0.00 |
| | Modarabas and Mutual Funds | 1,020 | 0.00 |
| | Share holders holding 10% | - | - |
| | General Public | | |
| | Local | 6,418,485 | 29.59 |
| | Foreign | 259 | 0.00 |
| | Other Companies | 371,389 | 1.71 |
| | | 21,689,791 | 100.00 |

# PATTERN OF SHAREHOLDING
## AS AT JUNE 30, 2024

| | | No of Shares Held |
|---|---|---|
| A. | ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES | |
| | ATMZ Company (Private) Limited | 1,305,508 |
| | Channel Holdings (Private) Limited | 1,305,508 |
| | Crystal Enterprises (Pvt) Limited | 3,104 |
| | Reliance Cotton Spinning Mills Limited | 100,223 |
| | Resource Corporation (Pvt) Limited | 1,305,508 |
| | Salman Ismail (SMC-Private) Limited | 639,923 |
| | Sapphire Holding Limited | 285,809 |
| | Sapphire Power Generation Limited | 306,333 |
| | SFL CORPORATION (PVT) LIMITED | 7,989 |
| | STM CORPORATION (PVT) LIMITED | 156,750 |
| | Synergy Holdings (Pvt) Limited | 1,305,500 |
| | Yousuf Agencies (Private) Limited | 1,660 |
| B. | DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN | |
| | DIRECTORS & THEIR SPOUSES | |
| | Mr. Mohammad Abdullah | 520,319 |
| | Mr. Yousuf Abdullah | 805,744 |
| | Mr. Amer Abdullah | 320,019 |
| | Mr. Shahid Abdullah | 427,741 |
| | Mr. Nabeel Abdullah | 1,072,000 |
| | Mr. Umer Abdullah | 1,072,000 |
| | Mr. Mirza Saleem Baig | 532 |
| | Mr. Shahid Shafiq | 510 |
| | Mrs. Shamshad Begum | 657,789 |
| | Mrs. Ambareen Amer | 489,540 |
| | Mrs. Shireen Shahid | 708,594 |
| | Ms. Mashmooma Zehra Majeed | 500 |
| CHIEF EXECUTIVE OFFICER & HIS SPOUSE | | |
| | Mr. Nadeem Abdullah | 662,375 |
| | Mrs. Noshaba Nadeem | 434,516 |
| C. | NIT & ICP | |
| | CDC - Trustee National Investement (Unit) Trust | 998,015 |
| | National Investment Trust Limited | 4,500 |
| D. | BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS | |
| | National Bank of Pakistan | 129 |
| E) | MODARABAS AND MUTUAL FUNDS | |
| | CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 1,020 |
| F) | GENERAL PUBLIC | |
| | A. Local | 6,418,485 |
| | B. Foreign | 259 |
| G) | OTHER COMPANIES | 371,389 |
| | TOTAL | 21,689,791 |

| | No of Shares Held |
|---|---|
| SHAREHOLDERS HOLDING 10% OR MORE | NIL |
| H) DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN | |
| Mr. Muhammad Abdullah received shares as a gift from Mr. Mohammad Younus | 21,865 |
| Mr. Amer Abdullah received shares as a gift from Mrs. Shamshad Begum | 7,791 |
| Mr. Nadeem Abdullah received shares as a gift from Mrs. Shamshad Begum | 7,791 |
| Shares gifted by Mrs. Shamshad Begum to her sons and grandsons | (31,164) |

# BALLOT PAPER FOR VOTING THROUGH POST

Annual General Meeting to be held on Monday, October 28, 2024 at 3:00 pm
at Trading Hall, Cotton Exchange Building, I. I Chundrigar Road, Karachi
Phone: +92 21 111 000 100 Website: www. sapphiretextiles.com.pk/stml

Designated email address of the Chairman at which the duly filled-in ballot paper may be sent:
contact@sapphiretextiles.com.pk

| | |
|---|---|
| Name of shareholder/joint shareholders | |
| Registered Address | |
| Number of shares held and folio number | |
| CNIC No./Passport No (in case of foreigner)<br>(Copy to be attached) | |
| Additional Information and enclosures<br>(In case of representative of body corporate, corporation and Federal Government) | |

I/we hereby exercise my/our vote in respect of the below resolution(s) through postal ballot by conveying my/our assent or dissent the following resolution by placing tick ( ) mark in the appropriate box below:

| Sr. No. | Nature and Description of Resolutions | No. of ordinary shares for which votes cast | I/We assent to the Resolutions (FOR) | I/We dissent to the Resolutions (AGAINST) |
|---|---|---|---|---|
| 01 | Agenda No:05<br>To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.<br>(i) RESOLVED THAT the related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2024, be and are hereby ratified, approved, and confirmed.<br>(ii) RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2025.<br>FURTHER RESOLVED those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval. | | | |

Signature of shareholder

Place: ________________Date: __________________

## NOTES/ PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the Registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 26, 2024. Copy of CNIC/ Passport (in case of a foreigner) should be enclosed with the postal ballot form.

2. Postal ballot forms should reach the chairman of the meeting on or before October 26, 2024, during working hours. Any postal ballot received after this date, will not be considered for voting.

3. Signature on postal ballot should match with signature on CNIC/ Passport (In case of a foreigner).

4 Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot paper will be rejected.

5. In case of representative of body corporate and corporation, postal ballot insist he accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.

6. Ballot paper has also been placed on the website of the Company www.sapphire.com.pk/stml. Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

# SAPPHIRE TEXTILE MILLS LIMITED

## For the year ended 30 June 2024

# PROXY FORM

I/ We ______________________________________________of ______________________ Folio No / CDC and or Sub Account No ___________________________________________________ being a member(s) of Sapphire Textile Mills Limited, and a holder of _________________Ordinary Shares, do hereby appoint _______________________of __________________________________ or failing him/ her ____________________ of __________________________________ who is also a member of Sapphire Textile Mills Limited, vide registered Folio No / CDC and or Sub Account No _________________ to act as Proxy on my/ our behalf at 56th Annual General Meeting of the Company to be held on Monday, 28th October, 2024 at 3.00 p.m, at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi as well as through Video Conferencing (VC) and / or any adjournment thereof.

Signed on this_____day of_______________2024

Signature of shareholder: _________________________
CNIC No: _________________________________________
Folio No / CDC and or Sub Account No: _______________
Email address: ____________________________________

Signature of proxy participant ________________________
CNIC No: _________________________________________
Folio No / CDC and or Sub Account No: _______________
Email address: ____________________________________

Revenue Stamp of Rs. 5/-

(Signature should agree with the specimen signature registered with the Company)

Notes:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-.
2. In the case of Bank or Company, the proxy form must be executed under its company stamp and signed by authorized person.
3. Power of Attorney or other authority (if any) under which this proxy form is signed, a certified copy of that Power of Attorney must be deposited along with this form.
4. This proxy form duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
   i) The proxy form shall be witnessed by two persons, whose names, addresses CNIC numbers shall be mentioned on the form.
   ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
   iv) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

| 1. Witness: | | 2. Witness: | |
|---|---|---|---|
| Signature : | ______________________ | Signature : | ______________________ |
| Name : | ______________________ | Name : | ______________________ |
| CNIC : | ______________________ | CNIC : | ______________________ |
| Address : | ______________________ | Address : | ______________________ |

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The Company Secretary

**SAPPHIRE TEXTILE MILLS LIMITED**
212, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi.

# پراکسی فارم سفائر ٹیکسٹائل ملز لمیٹڈ

برائے سال تتمہ 30 جون، 2024

میں /ہم ------------------------------ جس کا تعلق ------------------------------ سے ہے،فولیو نمبر / CDCیا ذیلی اکاؤنٹ نمبر

------------------سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں، اور ------------------عمومی حصص رکھتے ہیں، بذریعہ (ممبر کا نام)

------------------ جو کہ (شہر کا نام) ------------------ سے متعلق ہے، اور ان کا فولیو نمبر CDC/ اکاؤنٹ نمبر

------------------ ہے، یا ان کے ناکام رہنے کی صورت میں (ممبر کا نام) ------------------ جو کہ (شہر کا نام)

------------------متعلق ہے،اوران کا فولیونمبر/CDC اکاؤنٹ نمبر------------------ہے جوسفائر ٹیکسٹائل ملز لمیٹڈ کے رکن/اراکین

ہے/ہیں کو بروز پیر 28 اکتوبر، 2024 کو دوپہر 3:00 بجے ٹریڈنگ ہال، کاٹن ایکس چینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے 56 ویں سالانہ اجلاس عام اور کسی زیرالتوا اجلاس میں شرکت کیلئے اپنا/ہمارا پراکسی مقرر کرتا/ کرتے/ کرتی ہوں

اس دستاویز پر مورخہ------------------ 2024 کو دستخط ہوئے

| |
|---|
| پانچ روپے کا<br>ریونیو اسٹیمپ |

پراکسی کے دستخط------------------

شناختی کارڈ نمبر:------------------

فولیو نمبر/سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر------------------

ای میل ایڈریس:------------------

حصص یافتہ کے دستخط------------------

شناختی کارڈ نمبر:------------------

فولیو نمبر/سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر------------------

ای میل ایڈریس:------------------

(دستخط کمپنی کے ساتھ رجسٹرڈ نمونے کے دستخط کے مطابق ہونے چاہیں)

نوٹس:

1۔ کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا محصول ٹکٹ نہ لگایا جائے۔

2۔ بینک یا کمپنی ہونے کی صورت میں پراکسی فارم پر مجاز شخص کے دستخط کے ساتھ کمپنی کی مہر لازم ہے۔

3۔ مختارنامہ یا دیگر کوئی اتھارٹی (اگر کوئی ہے) جس کے پراکسی فارم پر دستخط ثبت ہوں، کی مصدقہ نقل اس فارم کے ساتھ جمع کرایا جانا چاہیے۔

4۔ پراکسی فارم اجلاس سے 48 گھنٹے قبل تک کمپنی کے شیئر رجسٹرار آفس میں مکمل طور پر پُر اور دستخط کے ساتھ موصول ہوجانا چاہیے۔

**5۔** سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں

(i) پراکسی فارم پر دو افراد جن کے نام اور شناختی کارڈ نمبر بمع پتہ کے موجود ہوں، بطور گواہ ضروری ہیں۔

(ii) بنیفیشل اونرز اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول فارم کے ساتھ منسلک ہوں۔

(iii) پراکسی اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔

(iv) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ معہ پراکسی کے نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ہمراہ کمپنی کے پاس جمع کرایا جانا چاہیے

گواہ نمبر **1**

دستخط------------------

نام------------------

پتہ------------------

شناختی کارڈ نمبر------------------

گواہ نمبر **2**

دستخط------------------

نام------------------

پتہ------------------

شناختی کارڈ نمبر------------------

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The Company Secretary

**SAPPHIRE TEXTILE MILLS LIMITED**
212, Cotton Exchange Building,
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FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP

**سفائر کیمیکلز (پرائیویٹ) لمیٹڈ**

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جیسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کیلئے قائم کیا گیا ہے۔

**سفائر گرین انرجی (پرائیویٹ) لمیٹڈ**

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے 2023 کے دوران قائم کیا گیا۔ کمپنی کا مقصد قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنا ہے۔

**سفائر ریٹیل انٹرنیشنل لمیٹڈ**

سفائر ریٹیل انٹرنیشنل لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے برطانیہ میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال قائم کیا گیا۔

**سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی**

سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال کے دوران قائم کیا گیا۔

**کریک پراپرٹیز (پرائیویٹ) لمیٹڈ**

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفائر رئیل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی رئیل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

**سال کے اختتام کے بعد قائم کردہ ذیلی کمپنی**

سال کے اختتام کے بعد کمپنی نے ''ریاست ہائے متحدہ امریکہ میں مکمل طور ملکیتی کمپنی'' سفائر ریٹیل یو ایس کارپوریشن قائم کی جس کا مقصد ٹیکسٹائل ریٹیل آپریشنز کو دیکھنا ہے۔

بورڈ کی طرف

| | | |
|---|---|---|
| لاہور | **ندیم عبداللہ** | **محمد عبداللہ** |
| مورخہ: 26 ستمبر 2024 | چیف ایگزیکٹو | چیئرمین/ڈائریکٹر |

# ڈائریکٹرز رپورٹ برائے حصص یافتگان

سفائر ونڈ پاور کمپنی لمیٹڈ کی ہولڈنگ کمپنی، سفائر ریٹیل لمیٹڈ، ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سفائر انٹرنیشنل اے پی ایس، ڈیزائن ٹیکس (ایس ایم سی۔ پرائیویٹ) لمیٹڈ، سفائر ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ، سفائر کیمیکلز (پرائیویٹ) لمیٹڈ، سفائر گرین انرجی (پرائیویٹ) لمیٹڈ، سفائر ریٹیل انٹرنیشنل لمیٹڈ، سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی اور کریک پراپرٹیز (پرائیویٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون، 2024 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ کے ہمراہ آڈٹ شدہ کنسالیڈیٹیڈ مالی گوشوارے پیش کرنا ہمارے لئے باعث مسرت ہے۔

### سفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الفلاح لمیٹڈ ہے۔ کمپنی نے جھمپیر سندھ میں 52.80 ایم ڈبلیو گنجائش کا ایک ونڈ فارم قائم کیا ہے جس نے نومبر 2015ء میں کمرشل آپریشنز کا آغاز کر دیا ہے۔ پراجیکٹ حسب ذیل بہترین کارکردگی کے ساتھ اطمینان بخش نتائج کا حامل ہے۔

### سفائر ریٹیل لمیٹڈ

سفائر ریٹیل لمیٹڈ (ایس آر ایل) سفائر ٹیکسٹائل ملز لمیٹڈ کا ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ''سفائر'' برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ کمپنی بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت سے متعلق کاروبار کے علاوہ ٹیکسٹائل مصنوعات اور دیگر متعلقہ اشیاء کی خرید و فروخت، درآمد، برآمد اور بیرونی مینوفیکچرنگ سہولیات کے ذریعے ان کی پروسیسنگ کرتی ہے۔ ایس آر ایل پاکستان میں ریٹیل آؤٹ لیٹس اور آن لائن اسٹورز کے ذریعے آپریٹ کرتی ہے۔ ایس آر ایل کے اس وقت ملک بھر میں 49 ریٹیل آؤٹ لیٹس ہیں۔

### ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی 57.125 فیصد کی ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو جھمپیر سندھ میں 50 ایم ڈبلیو کے تین پروجیکٹ چلا رہی ہے۔ پراجیکٹ حسب ذیل صنعتوں میں عملدرآمد میں مصروف ہیں اور اطمینان بخش نتائج کے حامل ہیں۔

### سفائر انٹرنیشنل اے پی ایس

سفائر انٹرنیشنل اے پی ایس، سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ لائیبلیٹی کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کیلئے قائم کیا گیا ہے۔

### ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے بطور ایس ایم سی پرائیویٹ کمپنی قائم کیا گیا۔ یہ کمپنی مکمل طور پر ملکیتی سفائر ریٹیل لمیٹڈ کی ذیلی کمپنی ہے جبکہ سفائر ریٹیل لمیٹڈ، سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

### سفائر ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفائر ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جسے ریئل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

### بورڈ کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے خود تشخیصی بنیادوں پر اپنی کارکردگی کا جائزہ لینے کیلئے ایک موثر میکنزم قائم کیا ہے۔ بورڈ کمپنی کی ترقی اور کارکردگی کو بہتر بنانے کیلئے قابل قدر رہنمائی فراہم کرتا ہے اور موثر کارپوریٹ گورننس کو یقینی بناتا ہے۔

### اظہار تشکر

کمپنی کی انتظامیہ بورڈ آف ڈائریکٹرز، ریگولیٹری حکام، حصص یافتگان، صارفین، مالی اداروں، سپلائرز کی معاونت اور ملازمین اور ورکرز کی لگن اور انتھک محنت کیلئے ان سے داد تحسین کا اظہار کرتی ہے۔

**منجانب بورڈ**

| | | |
|---|---|---|
| لاہور | **ندیم عبداللہ** | **محمد عبداللہ** |
| 26 ستمبر، 2024 | چیف ایگزیکٹو | چیئرمین/ڈائریکٹر |

## ضابطہ اخلاق

کمپنی کے ہر ڈائریکٹر اور ملازم کو ضابطہ اخلاق اور ان پر عمل درآمد سے متعلق آگاہ کیا گیا ہے۔

## متعلقہ پارٹی کے ساتھ لین دین

کمپنی اسٹاک ایکس چینج آف پاکستان کے لسٹنگ ریگولیشنز میں درج بہترین طریقوں کے مطابق ٹرانسفر پرائسنگ کے اصولوں کی مکمل پاسداری کرتی ہے۔ متعلقہ پارٹیوں کے ساتھ تمام لین دین قیمتوں کے قابل موازنہ ان کنٹرولڈ طریقہ کار کے مطابق معمول کی قیمت پر انجام دیا۔

سال کے دوران کمپنی نے متعلقہ پارٹیوں کے ساتھ لین دین کیا۔ ان لین دین کی تفصیلات غیر مربوط مالی گوشواروں کے نوٹ 44 میں بیان کی گئی ہے۔

متعلقہ پارٹیوں کے اہم لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں۔ بورڈ آڈٹ کمیٹی کی سفارش پر انہیں نظر ثانی اور منظوری کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے تاکہ ریگولیٹری تقاضوں کے مطابق عمل کیا جا سکے۔

## کارپوریٹ کی سماجی ذمہ داری

کمپنی کمیونٹی کی فلاح و بہبود کے حوالے سے اپنی ذمہ داری پر مضبوط یقین رکھتی ہے۔ کمپنی نے تعلیم، صحت اور ماحولیاتی کے تحفظ کے شعبوں میں مختلف اقدامات اٹھائے ہیں۔

کمپنی کی اقوام متحدہ گلوبل کمپیکٹ پروگرام میں بھرپور شرکت ہے۔ ہم عالمی پائیدار ترقی کے اہداف (ایس ڈی جیز) پر عمل درآمد کرتے ہوئے اقوام متحدہ کے وژن 2030 کے مطابق کام کر رہے ہیں۔ ہم اقوام متحدہ گلوبل کمپیکٹ (یو این جی سی) کے اصولوں سے ہم آہنگ شراکت داریوں کے فروغ کیلئے پرعزم ہیں۔ ہم ذمہ داری کے ساتھ اقوام متحدہ کے پائیدار ترقی کے اہداف (یو این ایس ڈی جیز) میں کردار ادا کرتے ہوئے کاربن کے زیرو اخراج کے حصول کیلئے کوشاں ہیں۔ ان شراکت داریوں کے ذریعے ہم اپنے جیسے اداروں کے ساتھ طاقتوں اور وسائل کو یکجا کرنا چاہتے ہیں تاکہ موسمیاتی تبدیلی اور پائیدار ترقی کے چیلنجز سے نبرد آزما ہونے کے ساتھ ساتھ ہماری کمپنی اور عالمی برادری کے لئے مثبت اثرات مرتب ہو سکیں۔
سال کے دوران کمپنی نے صحت، تعلیم اور سماجی بہبود کے منصوبوں کیلئے فراخدلی سے عطیات دیے جو مالی گوشواروں کے نوٹ 37 میں بیان ہیں۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام میں ریٹائر ہو جائیں گے اور انہیں اہلیت کی بنا پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارش پر میسرز شائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس 30 جون، 2025 کو ختم ہونے والے سال کیلئے کمپنی کے بیرونی آڈیٹرز کے طور پر مقرر کرنے کی تجویز دیتے ہیں۔

## شیئر ہولڈنگ کا پیٹرن

30 جون، 2024 تک کمپنی کے شیئر ہولڈنگ کا پیٹرن منسلک ہے۔ یہ بیان کمپنیز ایکٹ 2017 کے سیکشن (f)(2)227 کے مطابق تیار کیا گیا ہے۔

### ڈائریکٹرز کا معاوضہ

بورڈ اراکین کے معاوضہ تعین بورڈ خود کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے تعین کے فیصلہ میں شامل نہ ہو۔ کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی تاہم اجلاسوں میں شرکت کیلئے انہیں فیس دی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضہ کی تفصیلات مالی گوشواروں کے نوٹ 43 میں بیان کی گئی ہے۔

### کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیان

بورڈ آف ڈائریکٹرز وقتاً فوقتاً کمپنی کی اسٹریٹجک سمت کا جائزہ لیتے ہیں۔ کمپنی کے کاروباری منصوبے اور اہداف چیف ایگزیکٹو کی طرف سے طے کیے جاتے ہیں جن کا بورڈ کی طرف سے جائزہ لیا جاتا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کیلئے پرعزم ہے۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کا جائزہ لیا اور اس بات کی تصدیق کی کہ

(اے) کمپنی کے مالی گوشوارے معہ نوٹس کمپنیز ایکٹ 2017 کے مطابق تیار کئے گئے ہیں جو کمپنی کے امور کار، اس کی سرگرمیوں کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(بی) کمپنی کے حساب کتاب کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔

(سی) مالیاتی گوشواروں اور اکاؤنٹنگ کے اندازوں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

(ڈی) مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس)، جہاں تک وہ پاکستان میں قابل اطلاق ہیں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

(ای) انٹرنل کنٹرولز کے سسٹم کا بورڈ کی آڈٹ کمیٹی کی طرف سے مسلسل جائزہ لیا جاتا ہے جسے موثر انداز میں نافذ کیا گیا ہے۔ سسٹم کو مزید بہتر بنانے کیلئے جائزہ اور نگرانی کا عمل جاری ہے۔

(ایف) ٹیکسوں، ڈیوٹیز، لیویز اور چارجز کی مد میں ادائیگی کے حوالے سے تمام واجبات فراہم کئے گئے ہیں اور معمول کے مطابق ادا کئے جائیں گے یا جہاں دعویٰ کو قرض کے طور پر تسلیم نہیں کیا گیا، اسے اکاؤنٹس کے نوٹس میں مشروط واجبات کے طور پر ظاہر کیا گیا ہے۔

(جی) جاری خدشات کے تناظر میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت پر کوئی شک وشبہات نہیں ہے۔

(ایچ) کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کی مادی روگردانی نہیں کی گئی۔

(آئی) اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ لف ہے

(جے) کمپنی اپنے اہل ملازمین کیلئے ایمپلائی پروویڈنٹ فنڈ قائم کیا ہے۔ 30 جون، 2024 تک فنڈ کی سرمایہ کاری کی مالیت 795 ملین روپے ہے۔

(کے) ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں مندرجہ ذیل منتقلی کی گئی۔

| | |
|---|---|
| عبداللہ نے محمد یوسف سے بطور تحفہ حصص وصول کیے | 21,865 |
| عامر عبداللہ نے شمشاد بیگم سے بطور تحفہ حصص وصول کئے | 7,791 |
| ندیم عبداللہ نے شمشاد بیگم سے بطور تحفہ حصص وصول کئے | 7,791 |
| شمشاد بیگم کی طرف سے اپنے بیٹوں اور پوتوں کو تحفہ میں دیئے گئے حصص | 31,164 |

| | | |
|---|---|---|
| جناب عمر عبداللہ | ایگزیکٹو ڈائریکٹر | 4 |
| جناب محمد عبداللہ | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب شاہد عبداللہ | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب عامر عبداللہ | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب یوسف عبداللہ | نان آزاد ڈائریکٹر | 3 |
| جناب شاہد شفق | آزاد ڈائریکٹر | 4 |
| محترمہ مشمومہ زہرا مجید | آزاد ڈائریکٹر | 3 |
| جناب مرزا سلیم بیگ | آزاد ڈائریکٹر | 4 |

## آڈٹ کمیٹی

آڈٹ کمیٹی کے سال کے دوران 4 اجلاس منعقد ہوئے۔ ہر رکن کی شرکت کی تفصیل درج ذیل ہیں

| نام | اجلاسوں کی تعداد |
|---|---|
| جناب مرزا سلیم بیگ | 4 |
| جناب عامر عبداللہ | 4 |
| جناب یوسف عبداللہ | 3 |
| جناب شاہد شفیق | 4 |

## انسانی وسائل ومعاوضہ کمیٹی

انسانی وسائل ومعاوضہ کمیٹی کا سال کے دوران ایک اجلاس منعقد ہوا۔ اجلاس میں ہر ڈائریکٹر کی شرکت کی تفصیل درج ذیل ہے۔

| نام | اجلاسوں کی تعداد |
|---|---|
| محترمہ مشمومہ زہرا مجید | 1 |
| جناب ندیم عبداللہ | 1 |
| جناب نبیل عبداللہ | 1 |
| جناب عمر عبداللہ | 1 |
| جناب شاہد شفیق | 1 |

**6۔سفائر رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ**

سفائر رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جسے رئیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

**7۔سفائر کیمیکلز (پرائیویٹ) لمیٹڈ**

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کیلئے قائم کیا گیا ہے۔کمپنی کا 220,000 ٹن سالانہ گنجائش کی حامل سوڈا ایش مینوفیکچرنگ فیکٹری کے قیام کیلئے مشینری سپلائرز اور مالیاتی اداروں کے ساتھ بات چیت کا عمل جاری ہے۔

**8۔سفائر گرین انرجی (پرائیویٹ) لمیٹڈ**

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے 2023 کے دوران قائم کیا گیا۔کمپنی کا مقصد قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنا ہے۔

**9۔سفائر ریٹیل انٹرنیشنل لمیٹڈ**

سفائر ریٹیل انٹرنیشنل لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے برطانیہ میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال قائم کیا گیا۔

**10۔سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی**

سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال کے دوران قائم کیا گیا۔

**11۔کریک پراپرٹیز (پرائیویٹ) لمیٹڈ**

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔سفائر رئیل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ذیلی کمپنی ہے۔کمپنی کی بنیادی کاروباری سرگرمی رئیل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

**سال کے اختتام کے بعد قائم کردہ ذیلی کمپنی**

سال کے اختتام کے بعد کمپنی نے ''ریاست ہائے متحدہ امریکہ میں مکمل طور ملکیتی کمپنی'' سفائر ریٹیل یو ایس کارپوریشن قائم کی جس کا مقصد ٹیکسٹائل ریٹیل آپریشنز کو دیکھنا ہے۔

**بورڈ آف ڈائریکٹرز**

بورڈ آف ڈائریکٹرز 3 ایگزیکٹو ڈائریکٹرز، 4 نان ایگزیکٹو ڈائریکٹرز اور 3 آزاد ڈائریکٹرز پر مشتمل ہے۔

**سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ہر ڈائریکٹر کی طرف سے اجلاس میں شرکت کی تفصیلات درج ذیل ہیں**

| نام | عہدہ | اجلاس میں شرکت کی تعداد |
|---|---|---|
| جناب ندیم عبداللہ | ایگزیکٹو ڈائریکٹر | 4 |
| جناب نبیل عبداللہ | ایگزیکٹو ڈائریکٹر | 3 |

## مستقبل کی پیش بینی

ٹیکسٹائل سیکٹر عالمی کساد بازاری کے باعث دباؤ کا شکار ہے۔ پاکستان میں مصنوعات کی تیاری کی بہت زیادہ لاگت کے باعث ہماری مصنوعات کو عالمی مارکیٹ میں شدید مسابقت کا سامنا ہے۔ ایکسپورٹ فسیلیٹیشن اسکیم (ای ایف ایس) کے تحت مقامی سپلائی پر زیرو ریٹنگ کا خاتمہ، برآمدات پر انکم ٹیکس ود ہولڈنگ میں اضافہ اور ٹیکس کے نظام کو فائنل ٹیکس سے نارمل ٹیکس میں تبدیل کرنے جیسے حالیہ بجٹ اقدامات سے انڈسٹری کیلئے مسابقتی ماحول پر مزید منفی اثرات مرتب ہوں گے تاہم اسٹیٹ بینک کی طرف سے شرح سود میں کمی سے لاگت کے دباؤ کو کم کرنے میں مدد ملے گی۔

انتظامیہ کمپنی کے متنوع کاروباری آپریشنز کے باعث موجودہ مسابقتی ماحول میں پائیدار منافع کے حصول کیلئے پرامید ہے۔

## سفائر ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں 11 ذیلی کمپنیاں ہیں جن میں سے 8 کمپنیوں کی 100 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ ہر ذیلی کمپنی کا مختصر تعریف درج ذیل ہے۔

### 1۔ سفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الفلاح لمیٹڈ ہے۔ کمپنی نے جھمپیر سندھ میں 52.80 ایم ڈبلیو گنجائش کا ایک ونڈ فارم قائم کیا ہے جس نے نومبر 2015ء میں کمرشل آپریشنز کا آغاز کر دیا ہے۔ پراجیکٹ حسب ذیل بہترین کارکردگی کے ساتھ اطمینان بخش نتائج کا حامل ہے۔

### 2۔ سفائر ریٹیل لمیٹڈ

سفائر ریٹیل لمیٹڈ (ایس آر ایل) سفائر ٹیکسٹائل ملز لمیٹڈ کا ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ''سفائر'' برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ کمپنی بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت سے متعلق کاروبار کے علاوہ ٹیکسٹائل مصنوعات اور دیگر متعلقہ اشیاء کی خرید و فروخت، درآمد، برآمد اور بیرونی مینوفیکچرنگ سہولیات کے ذریعے ان کی پروسیسنگ کرتی ہے۔ ایس آر ایل پاکستان میں ریٹیل آؤٹ لیٹس اور ای اسٹورز کے ذریعے آپریٹ کرتی ہے۔ ایس آر ایل کے اس وقت ملک بھر میں 49 ریٹیل آؤٹ لیٹس ہیں۔

### 3۔ ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی 57.125 فیصد کی ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو جھمپیر سندھ میں 50 میگاواٹ کے تین پروجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر 2018ء میں کمرشل آپریشن کامیابی سے آغاز کر دیا ہے۔

### 4۔ سفائر انٹرنیشنل اے پی ایس

سفائر انٹرنیشنل اے پی ایس، سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ لائیبلیٹی کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کیلئے قائم کیا گیا۔

### 5۔ ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے بطور ایس ایم سی پرائیویٹ کمپنی قائم کیا گیا۔ یہ کمپنی مکمل طور پر ملکیتی سفائر ریٹیل لمیٹڈ کی ذیلی کمپنی ہے جبکہ سفائر ریٹیل لمیٹڈ، سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

## منافع کا تصرف

| روپے '000' میں | |
|---|---|
| قبل از ٹیکس مناف | 6,844,998 |
| ٹیکسیشن کی ادائیگی | (1,671,261) |
| بعد از ٹیکس منافع | 5,173,737 |
| عملے کی ریٹائرمنٹ کے فوائد کے دوبارہ حساب کتاب پر حقیقی نقصان ـ موثر ٹیکس صافی | (60,935) |
| منصفانہ قدر پر ا یکویٹی کی فروخت پر نقصان | (1,306,133) |
| آگے بڑھتا ہوا غیر خرچ شدہ منافع | 29,412,164 |
| | 33,218,833 |
| تصرفات | |
| 30 جون، 2023 کو ختم ہونے والے سال کیلئے حتمی منافع منقسمہ (100 فیصد یعنی فی حصص 10 روپے) | (216,898) |
| آگے بڑھتا ہوا غیر خرچ شدہ منافع | 33,001,935 |
| بعد کے اثرات | |
| 30 جون، 2024 کو ختم ہونے والے سال کیلئے حتمی منافع منقسمہ (100 فیصد یعنی فی حصص 10 روپے) | (216,898) |
| پیداواری صلاحیت میں اضافہ اور طویل مدتی سرمایہ کاریوں کے عوض کیپٹل ریزرو میں غیر خرچ شدہ منافع کی منتقلی | (29,400,000) |
| آگے بڑھتا ہوا غیر خرچ شدہ منافع | 3,385,037 |

## فی حصص آمدن

30 جون، 2024 کو ختم ہونے والے سال کیلئے فی حصص آمدن 30 جون، 2023 کے 151.74 روپے کے مقابلے میں 238.53 روپے رہی۔

## بعد کے اثرات

### منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون، 2024 کو ختم ہونے والے سال کیلئے 100 فیصد یعنی فی حصص 10 روپے نقد منافع منقسمہ کی تجویز کرنے میں خوشی محسوس کرتے ہیں۔ (30 جون، 2023: 100 فیصد)

### ذخائر کی منتقلی

بورڈ آف ڈائریکٹرز نے 26 ستمبر، 2024 کو منعقدہ اپنے اجلاس میں پیداوار صلاحیت میں توسیع اور طویل مدتی سرمایہ کاری کیلئے ذخائر قائم کرنے کی منظوری دی جس کیلئے عمومی ذخائر اور غیر تصرف شدہ منافع میں سے 30.730 بلین روپے اس ذخائر میں منتقل کئے گئے۔ 30 جون، 2024 کو ختم ہونے والے سال کیلئے مالی گوشواروں میں یہ اختصاص شامل نہیں جسے 30 جون، 2025 کو ختم ہونے والے سال کیلئے غیر مربوط مالی گوشواروں میں شامل کیا جائے گا۔

# حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

**سفائر ٹیکسٹائل ملز لمیٹڈ**

**سال مختتمہ 30 جون، 2024**

ڈائریکٹرز رپورٹ برائے حصص یافتگان کمپنی کے ڈائریکٹرز 30 جون، 2024 کو ختم ہونے والے سال کیلئے اپنی رپورٹ کے ہمراہ کمپنی کے آڈٹ شدہ مالی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

**مالی کارکردگی کا جائزہ**

اہم مالی اعداد وشمار کا خلاصہ درج ذیل ہیں

| | 2024 | 2023 |
|---|---|---|
| | روپے '000' میں | |
| خالص آمدن | 82,399,262 | 72,837,269 |
| مجموعی منافع | 11,062,973 | 10,369,684 |
| آپریشنز سے حاصل منافع | 13,240,037 | 9,384,894 |
| دیگر آمدن | 5,895,060 | 2,453,961 |
| مالی لاگت | (6,395,038) | (4,683,561) |
| قبل از ٹیکس منافع | 6,844,998 | 4,701,333 |
| بعد از ٹیکس منافع | 5,173,737 | 3,291,173 |

کمپنی کی خالص آمدن 72.837 بلین روپے سے بڑھ کر 82.399 بلین روپے ہوگئی جس کی بنیادی وجہ ویلیو ایڈیڈ مصنوعات کی فروخت کے حجم اور قیمت فروخت میں اضافہ ہے۔ فروخت کے تناسب کے طور پر مجموعی منافع گزشتہ سال کے 14.24 فیصد کے مقابلے میں 13.43 فیصد رہا۔ لاگتوں بالخصوص توانائی کی لاگت کے باعث مجموعی منافع دباؤ کو شکار رہا۔ سال کے دوران سود کی بلند شرح کی وجہ سے کمپنی کی مالی لاگت گزشتہ سال کے 4.684 بلین سے بڑھ کر 6.395 بلین روپے ہوگئی۔

بعد از ٹیکس منافع گزشتہ سال کے 3.291 بلین روپے کے مقابلے میں بڑھ کر 5.173 بلین روپے ہوگیا۔ سال کے دوران کمپنی کا سرمایہ کاریوں سے حاصل بہتر منافع منقسمہ رواں سال کے منافع میں اضافہ کا باعث بنا۔

# چیئرمین کی طرف سے جائزہ رپورٹ

## گورننس

سفائر ٹیکسٹائل ملز لمیٹڈ کی طرف سے قائم کردہ گورننس فریم ورک کارپوریٹ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے درمیان اعتماد کے فروغ کیلئے اہمیت کا حامل ہے۔ ہمارا گورننس کا ڈھانچہ قانونی اور ریگولیٹری تقاضوں سے ہم آہنگ بنانے کیلئے بڑی احتیاط کے ساتھ تیار کیا گیا جس سے ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو موثر انداز سے نمٹنے میں مدد ملی۔ ہمارا فریم ورک پاکستانی قوانین بالخصوص کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ساتھ ساتھ پاکستان اسٹاک ایکس چینج پر لسٹڈ اداروں سے متعلق دیگر قانونی اور ریگولیٹری تقاضوں پر قائم کیا گیا۔ ان قوانین کے ساتھ تعمیل پر کاربند رہنے کیلئے کمپنی نے ایک قابل اور جانفشانی سے کام کرنے والی ٹیم بنائی ہے جو جامع ضابطہ اخلاق، وسل بلوئنگ کی پالیسی، کاروباری اخلاقیات کے ضابطہ پر عمل درآمد کیلئے دیگر ضروری اقدامات اٹھا رہی ہے۔

30 جون، 2024 کو ختم ہونے والا سال بورڈ کی کارکردگی اور کمپنی کے امور کو موثر انداز سے چلانے کے حوالے سے اطمینان بخش رہا۔ کارکردگی کا مذکورہ تجزیہ ادارے کے نصب العین، مشن اور اقدار، اسٹریٹجک منصوبہ بندی، پالیسی کی تشکیل، کاروباری آپریشنز کی نگرانی، مالی وسائل کا انتظام، ملازمین کے ساتھ مساوی سلوک اور بورڈ کی ذمہ داریوں کو انجام دینے میں مجموعی کارکردگی جیسے اہم عوامل کے تفصیلی جائزہ سے حاصل ہوا ہے

## معاشی محاذ

مالی سال 24-2023 کیلئے معاشی منظر نامہ مسلسل چیلنجز کا شکار رہا ہے جس میں افراط زر کی بلند شرح، ٹیکسوں اور قرض کی لاگتوں میں اضافہ شامل ہے۔ ان مشکلات کے باوجود سخت زری اقدامات، مالی پالیسیوں کے نفاذ اور زرعی شعبہ کی بہتر کارکردگی اور کرنسی کے استحکام نے افراط زر کی موجودہ سطح میں اہم کردار ادا کیا۔ اس کے علاوہ حکومت پالیسی ریٹ میں کمی کرنے میں رضامند نظر آتی ہے جس سے اقتصادی سرگرمی کی بتدریج بحالی میں مدد مل سکتی ہے۔

پیداواری لاگت میں مسلسل اضافہ انڈسٹری کیلئے ایک چیلنج ہے۔ کمپنی کی انتظامیہ پائیدار منافع کے حصول کیلئے ایکسپورٹ مارکیٹ میں اسٹریٹجک اتحاد قائم کرنے اور جدید مصنوعات کی تیار پر توجہ مرکوز کئے ہوئے ہے۔ توقع ہے کہ کمپنی کا سرمایہ کاری پورٹ فولیو بھی منافع کے تناظر میں مثبت حصہ ڈالے گا۔

## اظہار تشکر

بورڈ آف ڈائریکٹرز کی طرف سے میں حصص یافتگان، صارفین اور ملازمین سے ان کے مسلسل اعتماد اور معاونت پر اظہار تشکر کرتا ہوں۔ میں بورڈ آف ڈائریکٹرز کی مستقل قیادت اور کمپنی کی مسلسل ترقی میں ان کے قیمتی کردار اور محنت کو بھی تسلیم کرتا ہوں۔

محمد عبداللہ

چیئرمین

لاہور

26 ستمبر 2024

# Notes

# Notes

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