Sapphire
Textile Mills

ANNUAL REPORT

2025

SAPPHIRE TEXTILE MILLS LIMITED

Sapphire Textile Mills Limited:

Leading with Purpose, Innovating for Tomorrow

At Sapphire Textile Mills Limited, sustainability isn't an add-on — it's the foundation of our growth and the thread that connects every stage of our operations. As Pakistan's most advanced vertically integrated textile enterprise, we bring together scale, precision, and innovation to deliver solutions that go beyond textiles and into the future of responsible manufacturing.

Our story is one of transformation — weaving tradition with technology, and progress with purpose. From sourcing regenerative and sustainably certified fibers to embedding smart manufacturing systems, every decision reflects our commitment to reducing impact while amplifying value. We see sustainability not as a milestone, but as a continuous journey of resilience, adaptation, and leadership.

In a world where textiles define lifestyles, we are reshaping what it means to create responsibly. By investing in our people, embracing circularity, and pioneering industry benchmarks in sustainability, Sapphire is not just responding to change — we are driving it.

Welcome to Sapphire Textile Mills Limited: where integrity meets innovation, and where every thread contributes to a future that is smarter, cleaner, and stronger.

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COMPANY INFORMATION

Board Of Directors

Mr. Mohammad Abdullah
Chairman / Non - Executive Director

Mr. Nadeem Abdullah
Chief Executive / Executive Director

Mr. Shahid Abdullah
Non - Executive Director

Mr. Amer Abdullah
Non - Executive Director

Mr. Yousuf Abdullah
Non - Executive Director

Mr. Nabeel Abdullah
Executive Director

Mr. Umer Abdullah
Executive Director

Mr. Mirza Saleem Baig
Independent Director

Mr. Shahid Shafiq
Independent Director

Ms. Mashmooma Zehra Majeed
Independent Director

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

Registered Office

212, Cotton Exchange Building,
I. I. Chundrigar Road, Karachi.
Tel: +92 21 111 000 100
www.sapphire.com.pk/stml

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.

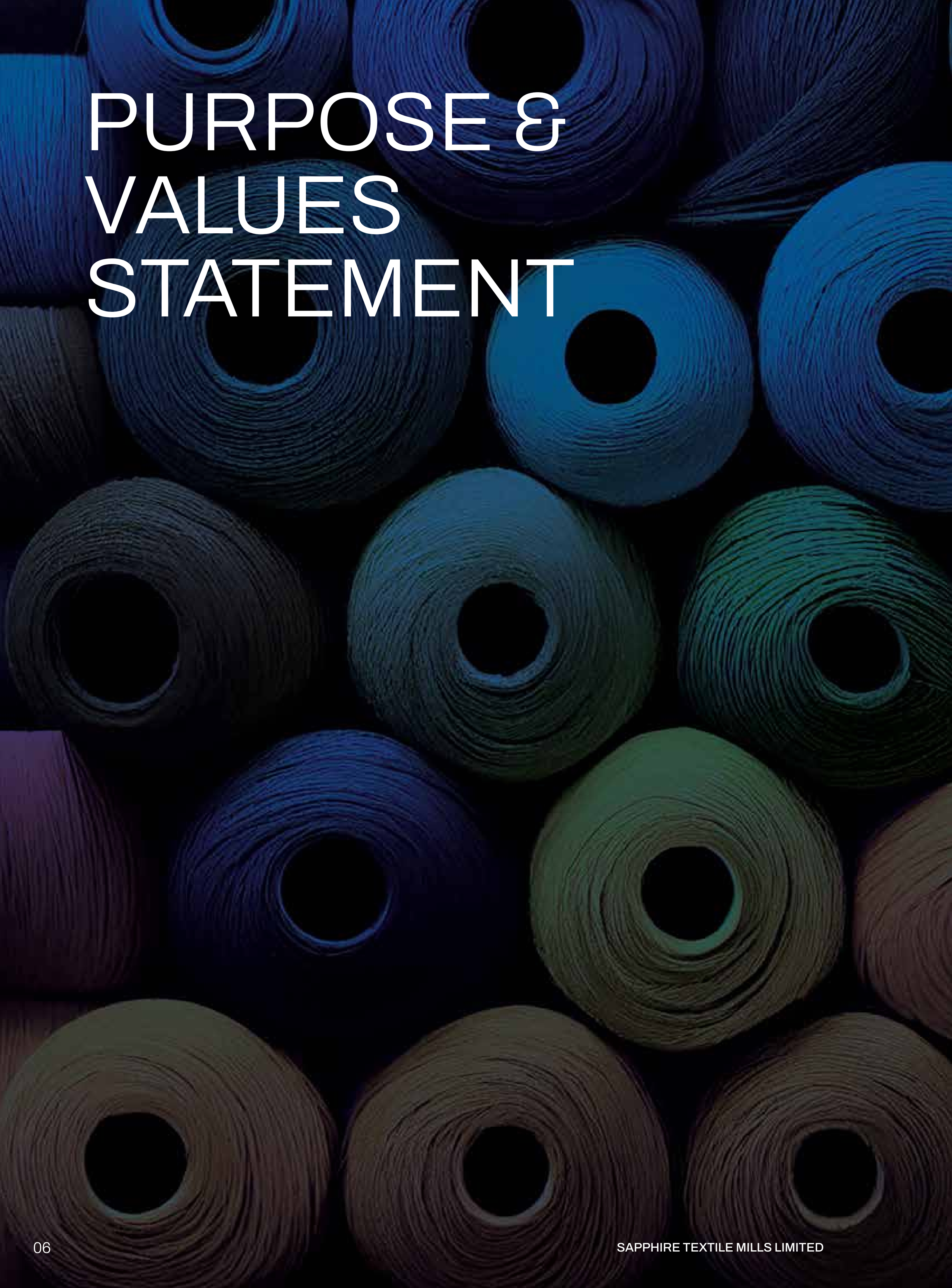
Weaving unit, yarn dyeing unit, Printing & processing unit, Home Textile and Stitching unit

2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.

Stitching unit

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

PURPOSE & VALUES STATEMENT



PURPOSE

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

VALUES

At our company's core lies a commitment to building a better future, driven by a set of fundamental values. We champion sustainability, recognizing the importance of creating eco-friendly environments for generations to come. We embrace agility, understanding that change is inevitable. Our passion fuels our drive to not only succeed ourselves, but to rise by uplifting others. Humility keeps us grounded in our shared purpose, reminding us that we are all part of a larger mission. We are also committed to rigorous intellectual inquiry, acting as interrogators of ideas to ensure we are always pushing boundaries and seeking innovative solutions. We deeply value relationships and are driven by exploration, always seeking to expand our horizons and uncover new possibilities.

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 owns twelve subsidiaries out of which nine 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.

2. **Sapphire Retail Limited**

    Sapphire Retail Limited (SRL) is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of SRL is to operate "Sapphire" brand retail outlets for the sale of textile and other products. SRL operates 51 retail outlets throughout the country and also has online presence through its e-store.

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 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 with the purpose of textile retail operations in United Kingdom. The company has opened two retail outlets, one in Bradford and the other in Birmingham, 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 with the purpose of textile retail operations in United Arab Emirates. The company has opened one retail outlet in Sharjah, 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.

12. Sapphire Retail US Corporation

Sapphire Retail US Corporation, a wholly owned subsidiary, has been incorporated during the current year with the purpose of textile retail operations in United States of America.

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 21 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.

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 Limited.

DIRECTORS' PROFILE

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.

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 24 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 23 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 regulations, 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 Board's annual self-evaluation for the fiscal year 2024-2025 reflected satisfactory results. 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 environment in Pakistan during the financial year 2025 improved reflected in the form of low interest rate, stable exchange and a narrowing current account deficit . However high energy cost, high taxation and low domestic cotton is a challenge for textile industry.

Currently, the country has faced additional pressure from widespread flooding in key agricultural regions, particularly in Punjab and Sindh. The resulting damage to the crops, disrupt the industrial supply chain and is expected to further increase input costs for industries. This development may also lead to increased reliance on imports, thereby placing further strain on the trade balance.

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. These measures, along with prudent capital allocation and a diversified investment portfolio, are expected to support long-term sustainable profitability.

Acknowledgments:

On behalf of the board of directors, I extend my heartfelt gratitude to our shareholders, customers, partners and dedicated staff 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
September 25, 2025

چیئرمین جائزہ رپورٹ برائے سال مختتمہ 30 جون، 2025

گورننس

سفائر ٹیکسٹائل ملز لمیٹڈ کی طرف سے قائم کردہ گورننس فریم ورک ادارہ کی مجموعی کامیابی اور اسٹیک ہولڈرز کے مابین اعتماد کے فروغ کیلئے ضروری ہے۔ کمپنی کے گورننس انفراسٹرکچر کو قانونی اور ریگولیٹری ضابطوں کے مطابق نہایت احتیاط کے ساتھ تیار کیا گیا جس سے اسٹیک ہولڈرز کی اطلاعات اور معلومات سے متعلق ضروریات کو موثر انداز سے پورا کیا جاتا ہے۔ یہ فریم ورک پاکستانی قوانین بالخصوص کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ساتھ پاکستان اسٹاک ایکس چینج پر لسٹڈ کمپنیوں سے متعلق دیگر قانونی اور ریگولیٹری ذمہ داریوں کے تحت تیار کیا گیا۔ ان قوانین کی تعمیل کیلئے کمپنی نے ایک تجربہ کار اور پرعزم ٹیم تشکیل دی ہے جو جامع ضابطہ اخلاق، وسل بلوؤنگ پالیسی اور کاروباری اخلاقیات کے ساتھ دیگر اہم اقدامات کو جانفشانی سے نافذ کرتی ہے۔

مالی سال 2025-2024 کیلئے بورڈ کے سالانہ خود تجزیاتی جائزہ کے نتائج تسلی بخش رہے۔ یہ جائزہ اہم عوامل کے مکمل اور جامع تجزیہ پر مبنی ہے جن میں ادارے کے وژن، مشن اور اقدار، اسٹریٹجک منصوبہ بندی میں شمولیت، پالیسی کی تشکیل، بزنس آپریشنز کی نگرانی، مالیاتی وسائل کا انتظام، ملازمین کے ساتھ یکساں برتاؤ اور بورڈ کی ذمہ داریوں کی انجام دہی میں مجموعی کارکردگی شامل ہیں۔

معاشی جائزہ

مالی سال 2025 کے دوران پاکستان میں معاشی ماحول میں بہتری دیکھنے کو ملی جس کی بنیادی وجوہات میں کم شرح سود، مستحکم زرمبادلہ اور حسابات جاریہ کے خسارے میں کمی شامل ہیں۔ تاہم توانائی کی زیادہ لاگت، ٹیکسوں میں اضافہ، کپاس کی پیداوار میں کمی ٹیکسٹائل انڈسٹری کیلئے ایک چیلنج ہے۔

ملک کو اس وقت بلخصوص پنجاب اور سندھ میں زرعی علاقوں میں بڑے پیمانے پر آنے والے سیلاب کے نتیجہ میں اضافی دباؤ کا سامنا ہے۔ سیلاب سے فصلیں تباہ ہوگئیں، صنعتی سپلائی چین میں خلل پیدا ہوا اور صنعتوں کیلئے پیداواری لاگتوں میں مزید اضافہ کا امکان ہے۔ موجودہ صورتحال سے درآمدات پر انحصار بڑھ سکتا ہے جس سے تجارتی توازن پر مزید بوجھ پڑے گا۔ کمپنی کی انتظامیہ ایکسپورٹ مارکیٹ میں اسٹریٹجک اتحاد قائم کرنے اور پائیدار منافع کے حصول کیلئے جدید مصنوعات کی تیاری پر توجہ مرکوز کئے ہوئے ہے۔ ان اقدامات کے ساتھ ساتھ محتاط سرمایہ مختص کرنے اور متنوع سرمایہ کاری پورٹ فولیو سے طویل المدتی پائیدار منافع کو سہارا ملنے کی توقع ہے ۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی طرف سے میں حصص یافتگان، صارفین، شراکت دار اور ملازمین کی طرف سے مسلسل اعتماد اور معاونت پر ان کا دل سے شکریہ ادا کرتا ہوں۔ میں بورڈ آف ڈائریکٹرز کے کمپنی کی مسلسل ترقی کیلئے ثابت قدمی، مضبوط قیادت اور گرانقدر کردار کیلئے عزم اور لگن کا اعتراف کرتا ہوں۔

محمد عبداللہ
چیئرمین

لاہور
مورخہ: 25 ستمبر، 2025

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, 2025.

Financial Review

The Summary of key financial numbers are presented below:

	2025	2024
	Rupees in "000"	
Net Turnover	93,258,687	82,399,262
Gross Profit	12,733,690	11,062,973
Profit From Operations	11,350,590	13,240,037
Other Income	3,434,049	5,895,060
Finance Cost	(4,666,516)	(6,395,038)
Profit Before Taxation	6,684,074	6,844,998
Taxation	2,733,107	1,671,261
Profit After Taxation	3,950,967	5,173,737

During the current year the Company's net turnover increased to Rs. 93.259 billion in comparison of Rs.82.399 billion in corresponding year. Turnover increased by 13.18% due to increase in sales volume of value added products. The Gross profit as a percentage of sales remain 13.65% in comparison of 13.43% during the corresponding year. Other income during the year decreased to Rs. 3.434 billion in comparison of Rs5.895 billion in corresponding year. Other income decreased due to decrease in dividends from energy segment. The finance cost during the year decreased to Rs. 4.666 billion from Rs. 6.395 billion in the corresponding year.

The Company's finance cost primarily decreased due to decrease in policy rate and lower rate foreign currency financing. Taxation expense for the year increased due to change in tax regime from final tax to normal tax. As a result of tax regime change, Company during the current year recognized deferred tax expense amounting Rs.574 million in comparison of deferred tax income amounting Rs. 517 million during the corresponding year. Profit after tax decreased to Rs. 3.951 billion from Rs. 5.174 billion in the corresponding year. Profit after tax for the current year decreased due to decrease in dividend income and higher taxation despite lower finance cost.

Appropriation of Profit

	Rs. In 000'
Profit Before Taxation	6,684,074
Less: Taxation	(2,733,107)
Profit after taxation	3,950,967
Add: Unappropriated profit brought forward	33,001,935
Transfer to Capital reserve against capacity expansions and long term investments	(29,400,000)
Actuarial loss on remeasurement of staff retirement benefits - net of deferred tax	(20,993)
Gain on sales of equity instrument at fair value	444,130
	7,976,039
Appropriations	
Final dividend for the year ended June 30, 2024 (100% i.e. Rs.10 per share)	(216,898)
Interim dividend for the year ended June 30, 2025 (255% i.e. Rs.25.5 per share)	(553,090)
Unappropriated Profit carried forward	7,206,051

Earnings per Share

The earnings per share for the year ended June 30, 2025 is Rs.182.16 as compared to Rs.238.53 for last year ended June 30, 2024.

Dividend

The Board of Directors of the company have recommended to treat interim dividend already paid @255% i.e. Rs. 25.50 per share as final dividend for the year ended June 30, 2025 (2024:100%).

Future Prospects

Structural issues of Pakistan in the form of high energy cost, reduced domestic cotton production and regulatory tax burdens are impacting competitiveness of textile industry. Successful trade negotiations with U.S. for reduced tariffs on Pakistan textile goods in comparison with regional competitors is an opportunity for growth. However reforms for reduction in energy cost and lower tax burden are needed to capitalize the opportunity and enhance competitiveness of industry.

Steps also need to be taken to enhance production of local cotton to reduce reliance on imported cotton.

The Company is trying its best to remain competitive and is investing in renewable energy to manage energy cost and modernizing machinery for operational efficiency.

Subsidiaries of Sapphire Textile Mills Limited

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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 with the purpose to make investment in Renewable Energy Projects.

9. **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.

10. **Sapphire Retail International Limited**

    Sapphire Retail International Limited, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United Kingdom. The company has opened two retail outlets, one in Bradford and the other in Birmingham, United Kingdom.

11. **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 with the purpose of textile retail operations in United Arab Emirates. The company has opened one retail outlet in Sharjah, United Arab Emirates.

12. **Sapphire Retail US Corporation**

    Sapphire Retail US Corporation, a wholly owned subsidiary, has been incorporated during the current year with the purpose of textile retail operations in United States of America.

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 hereunder:

Name	No of Meetings
Mr. Nadeem Abdullah Executive Director	4
Mr. Nabeel Abdullah Executive Director	4
Mr. Umer Abdullah Executive Director	4
Mr. Mohammad Abdullah Non-Executive Director	3
Mr. Shahid Abdullah Non-Executive Director	4
Mr. Amer Abdullah Non-Executive Director	4
Mr. Yousuf Abdullah Non-Executive Director	2
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. Shahid Shafiq	4
Mr. Mirza Saleem Baig	4
Mr. Amer Abdullah	4
Mr. Yousuf Abdullah	2

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, 2025 is Rs.962 million.

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

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.

Risk Management

The Board of Directors of the Company acknowledged that the effective risk management is a critical component of long-term business sustainability, especially in the dynamic and competitive textile industry. In accordance with the Code of Corporate Governance applicable in Pakistan, the Audit Committee has been entrusted with the responsibility to oversee the Company's risk management framework.

The Company has implemented a robust Enterprise Risk Management (ERM) framework that is integrated across all functions from procurement of raw materials to production, compliance, exports, and supply chain operations. This framework enables the Company to proactively identify, assess, and mitigate risks that could potentially impact its operational efficiency, financial performance, and strategic objectives.

Given the inherent volatility in global textile markets, currency fluctuations, energy costs, compliance with international quality standards, and geopolitical developments, the risk management process is reviewed to ensure its effectiveness and alignment with evolving business conditions.

The Audit Committee actively reviews the Company's risks, evaluates the adequacy of internal controls, and monitors the implementation of mitigation strategies. Material and emerging risks are escalated to the Board of Directors to facilitate timely and informed decision-making.

The Company has a clearly defined organizational structure with established reporting lines and a transparent delegation of authority. Senior management is responsible for executing the risk management policies, carrying out internal control procedures, and conducting risk assessments. Internal audit functions and self-assessment mechanisms help ensure that identified risks are addressed efficiently and reported to the Audit Committee.

This integrated and responsive risk management approach supports the Company's objective to remain resilient, competitive, and compliant in a challenging textile sector environment, while protecting shareholder interests and maintaining sustainable growth.

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, 2026.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2025 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

Mohammad Abdullah
Chairman / Director

Lahore
September 25, 2025

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 دوباری تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارش پر میسرز شائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس 30 جون، 2026 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، 2025 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۔

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

ندیم عبداللہ
چیف ایگزیکٹو

محمد عبداللہ
چیئرمین/ڈائریکٹر

لاہور
مورخہ: 25 ستمبر، 2025

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 کررہے ہیں۔ ہم اقوام متحدہ گلوبل کمپیکٹ (یواین 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 (یواین 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 ہوسکیں۔

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۔

رسک مینجمنٹ

کمپنی کے بورڈ آف ڈائریکٹرز اس بات کو تسلیم کرتے ہیں کہ بالخصوص متحرک اور مسابقتی ٹیکسٹائل انڈسٹری میں طویل مدت کاروباری پائیداری کیلئے موثر رسک مینجمنٹ انتہائی ضروری ہے۔ پاکستان میں قابل اطلاق کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کو کمپنی کے رسک مینجمنٹ فریم ورک کی نگرانی کی ذمہ داری سونپی گئی ہے۔

کمپنی نے خام مال کی خریداری سے پیداوار، کمپلائنس، ایکسپورٹس اور سپلائی چین آپریشنز تک تمام شعبوں میں ایک مضبوط انٹرپرائز رسک مینجمنٹ (ای آر ایم) فریم ورک نافذ کیا ہے۔ یہ فریم ورک کمپنی کو خطرات کی نشاندہی، تجزیہ اور ان میں کمی کرنے کے قابل بناتا ہے جو کمپنی کی آپریشنل موثریت، مالی کارکردگی اور اسٹریٹجک مقاصد کو ممکنہ طور پر متاثر کرسکتے ہیں۔

عالمی ٹیکسٹائل مارکیٹ میں موجود غیر یقینی صورتحال، زرِمبادلہ کی شرح میں اتار چڑھاؤ، توانائی کی لاگت، بین الاقوامی معیار کے تقاضوں پر عمل درآمد اور علاقائی سیاسی حالات کے پیش نظر کمپنی اپنے رسک مینجمنٹ کے عمل کا باقاعدگی سے جائزہ لیتی ہے تاکہ اس کی موثریت برقرار رہے اور اسے بدلتے ہوئے کاروباری حالات کے مطابق ہم آہنگ کیا جاسکے۔

آڈٹ کمیٹی، کمپنی کے خطرات کا جائزہ لیتی ہے، مناسب انٹرنل کنٹرولز کا تجزیہ کرتی ہے اور خطرات سے نمٹنے کی حکمت عملیوں کے نفاذ کی نگرانی کرتی ہے۔ مواد اور ابھرتے ہوئے خطرات سے بورڈ آف ڈائریکٹرز کو آگاہ کیا جاتا ہے تاکہ اس حوالے سے بروقت اور بہتر فیصلہ سازی کی جاسکے۔

کمپنی متعین رپورٹنگ لائنز اور اختیارات کی شفاف تقسیم کے ساتھ واضح تنظیمی ڈھانچہ رکھتی ہے۔ اعلیٰ قیادت رسک مینجمنٹ پالیسیوں پر عمل درآمد، اندرونی کنٹرول کے طریقہ کار اپنانے اور خطرات کے تجزیہ کرنے کی ذمہ دار ہے۔ اس کے علاوہ اندرونی آڈٹ کے افعال اور خود احتسابی کے طریقہ کار اس بات کو یقینی بناتے ہیں کہ نشاندہی کردہ رسک کو موثر انداز سے نمٹا جاسکے اور اس کی رپورٹ آڈٹ کمیٹی کو پیش کی جائے۔

رسک مینجمنٹ کا مربوط اور موثر طریقہ کار کمپنی کے اس مقصد کی تکمیل میں معاون ہے کہ وہ ٹیکسٹائل سیکٹر کے چیلنجنگ ماحول میں بھی مزاحمتی صلاحیت برقرار اور مسابقتی پوزیشن قائم رکھے اور قواعد وضوابط کی پاسداری کرنے کے ساتھ ساتھ حصص یافتگان کے مفادات کا تحفظ کرتے ہوئے پائیدار ترقی کو یقینی بنائے۔

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 پر عزم 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 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 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، 2025 تک فنڈ کی سرمایہ کاری کی مالیت 962 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 منتقلی کی گئی۔

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 ایکسچینج 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 تا کہ ریگولیٹری تقاضوں کے مطابق عمل کیا جا سکے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 3 ایگزیکٹوڈائریکٹرز، 4 نان ایگزیکٹوڈائریکٹرز 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	ایگزیکٹوڈائریکٹر	4
جناب نبیل عبداللہ	ایگزیکٹوڈائریکٹر	4
جناب عمر عبداللہ	ایگزیکٹوڈائریکٹر	4
جناب محمد عبداللہ	نان ایگزیکٹوڈائریکٹر	3
جناب شاہد عبداللہ	نان ایگزیکٹوڈائریکٹر	4
جناب عامر عبداللہ	نان ایگزیکٹوڈائریکٹر	4
جناب یوسف عبداللہ	نان ایگزیکٹوڈائریکٹر	2
جناب شاہد شفیق	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 شاہد شفیق	4
جناب مرزا سلیم بیگ	4
جناب عامر عبداللہ	4
جناب یوسف عبداللہ	2

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

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۔

6۔ 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۔

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۔ کمپنی کا مقصد قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنا ہے۔

9۔ کریک پراپرٹیز (پرائیویٹ) لمیٹڈ

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفائر ریئل 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 ریئل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

10۔ 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 قائم کیا گیا۔ کمپنی نے برطانیہ کے شہر براڈفورڈ اور برمنگھم میں ایک ایک ریٹیل آؤٹ کھولا ہے۔

11۔ 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 قائم کیا گیا۔ کمپنی نے متحدہ عرب امارات، شارجہ میں ایک ریٹیل آؤٹ کھولا ہے۔

12۔ سفائر ریٹیل یو ایس کارپوریشن

سفائر ریٹیل یو ایس کارپوریشن مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے رواں سال ریاست ہائے متحدہ امریکہ میں ٹیکسٹائل کے ریٹیل آپریشنز کے مقصد کیلئے قائم کیا گیا۔

فی حصص آمدن

30 جون، 2025 کوختم ہونے والے سال کیلئے فی حصص آمدن 30 جون، 2024 کی 238.53 روپے فی حصص آمدن کے مقابلے میں 182.16 روپے رہی۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ 255 فیصد یعنی 25.50 روپے فی حصص کے حساب سے پہلے ادا کئے گئے عبوری منافع کو 30 جون 2025 کو مکمل ہونے والے سال کے لیے حتمی منافع منقسمہ تصور کیا جائے۔(2024: 100 فیصد)

مستقبل کی پیش بینی

توانائی کی زیادہ لاگت، مقامی کپاس کی کم پیداوار اور ٹیکس کے بوجھ جیسے ڈھانچہ جاتی مسائل پاکستان کی ٹیکسٹائل انڈسٹری کی مسابقتی صلاحیت کو متاثر کر رہے ہیں۔ دوسری طرف امریکہ کے ساتھ کامیاب تجارتی مذاکرات کے نتیجے میں پاکستانی ٹیکسٹائل مصنوعات پر علاقائی حریفوں کے مقابلے میں کم ٹیرف لاگو ہونے کا امکان ہے، صنعت کے لیے ایک اہم ترقی کا موقع فراہم کرتے ہیں۔ تاہم اس موقع سے فائدہ اٹھانے اور صنعت کی مسابقت میں اضافہ کیلئے توانائی کی لاگت میں کمی اور ٹیکس کے بوجھ کو کم کرنے کے لیے اصلاحات کی ضرورت ہے۔ دوسری طرف درآمدی کپاس پر انحصار کم کرنے کیلئے مقامی کپاس کی پیداوار میں اضافہ کرنے کے اقدامات بھی ضروری ہیں۔

کمپنی مسابقتی ماحول میں اپنی جگہ برقرار رکھنے کی بہترین کوششیں کر رہی ہے۔ کمپنی توانائی کی لاگت میں کمی لانے کیلئے قابلِ تجدید توانائی میں سرمایہ کاری جبکہ آپریشنل استعداد کار بڑھانے کے لیے مشینری کو جدید خطوط پر استوار کر رہی ہے۔

سفائر ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں 12 ذیلی کمپنیاں ہیں جن میں سے 9 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۔ 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 51 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 میگا واٹ کے تین پروجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر، 2018 میں کمرشل آپریشن کامیابی سے آغاز کر دیا ہے۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹرز 30 جون، 2025 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 و شمار کا خلاصہ درج ذیل ہیں

	2025	2024
	روپے '000' میں	
خالص آمدن	93,258,687	82,399,262
مجموعی منافع	12,733,690	11,062,973
آپریشنز سے حاصل منافع	11,350,590	13,240,037
دیگر آمدن	3,434,049	5,895,060
مالی لاگت	(4,666,516)	(6,395,038)
قبل از ٹیکس منافع	6,684,074	6,844,998
ٹیکسیشن	2,733,107	1,671,261
بعد از ٹیکس منافع	3,950,967	5,173,737

موجودہ سال کے دوران کمپنی کی خالص آمدن 13.18 فیصد اضافہ کے ساتھ 82.399 بلین روپے سے بڑھ کر 93.259 بلین روپے ہوگئی جس کی بنیادی وجہ ویلیو ایڈیڈ مصنوعات کی فروخت کے حجم اور قیمت فروخت میں اضافہ ہے۔ فروخت کے فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 13.43 فیصد کے مقابلے میں 13.65 رہا۔ سال کے دوران دیگر آمدن گزشتہ سال کی 5.895 بلین روپے کے مقابلے میں کم ہو کر 3.434 بلین روپے ہوگئی۔ جس کی وجہ انرجی سیگمنٹ سے منافع منقسمہ میں کمی ہے۔ سال کے دوران کمپنی کی مالی لاگت گزشتہ سال کی 6.397 بلین روپے سے کم ہو کر 4.666 بلین روپے رہ گئی جس کی بنیادی وجہ پالیسی ریٹ میں کمی اور کم شرحِ سود پر غیر ملکی کرنسی میں فنانسنگ ہے۔ ٹیکس رجیم میں حتمی ٹیکس سے نارمل ٹیکس میں تبدیلی کی وجہ سے سال کیلئے ٹیکسیشن کے اخراجات بڑھے۔ ٹیکس رجیم میں تبدیلی کے نتیجے میں کمپنی نے موجودہ سال میں 574 ملین روپے کے موخر شدہ ٹیکس اخراجات تسلیم کئے جبکہ گزشتہ سال کے اسی عرصے میں 517 ملین روپے کی موخر شدہ ٹیکس آمدنی ریکارڈ کی گئی تھی۔ بعد از ٹیکس منافع گزشتہ سال کے 5.174 بلین روپے کے مقابلے میں کم ہو کر 3.951 بلین روپے ہوگیا۔ منافع منقسمہ کی آمدن میں کمی اور کم مالی لاگت کے باوجود بہت زیادہ ٹیکسیشن کی وجہ سے موجودہ سال کیلئے بعد از ٹیکس منافع میں کمی ہوئی۔

منافع کا تصرف

	روپے '000' میں
قبل از ٹیکس منافع	6,684,074
ٹیکس کی ادائیگی	(2,733,107)
بعد از ٹیکس منافع	3,950,967
آگے بڑھتا ہوا غیر خرچ شدہ منافع	33,001,935
پیداواری صلاحیت میں اضافہ اور طویل مدتی سرمایہ کاریوں کے عوض کیپٹل ریزرو میں منتقلی	(29,400,000)
ملازمین کی ریٹائرمنٹ پر ملنے والے فوائد کے دوبارہ تخمینہ پر ایکچوریل نقصان۔ موخر ٹیکس ایڈجسٹمنٹ کے بعد صافی	(20,993)
منصفانہ قدر پر ایکویٹی انسٹرومنٹ کی فروخت پر منافع	444,130
	7,976,039
تصرفات	
30 جون، 2024 کو ختم ہونے والے سال کیلئے حتمی منافع منقسمہ (100 فیصد یعنی فی حصص 10 روپے)	(216,898)
30 جون، 2025 کو ختم ہونے والے سال کیلئے عبوری منافع منقسمہ (255 فیصد یعنی فی حصص 25.5 روپے)	(553,090)
آگے بڑھتا ہوا غیر خرچ شدہ منافع	7,206,051

CORPORATE SOCIAL RESPONSIBILITY

INNOVATIVE TOGETHER FOR SUSTAINABLE TEXTILES

PURPOSE

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

SUSTAINABILITY SECTION OF FINANCIAL REPORT

1. Introduction

This sustainability disclosure reflects Sapphire Textile Mills' strong commitment to generating long-term value for its stakeholders. It provides clear insights into the company's environmental, social, and governance (ESG) performance, aligned with its strategic vision, roadmap, and key operational initiatives. Sustainability is integrated into the core of business operations, strengthening resilience and ensuring responsible growth.

2. Materiality Overview and Key Focus Areas

Sapphire Textile Mills prioritizes areas with the greatest potential impact on commercial viability, social relevance, and stakeholder relationships. Material issues are identified through comprehensive assessments and regular stakeholder engagement with investors, customers, suppliers, employees, regulators, and communities. Engagement channels include surveys, audits, consultations, and disclosures, fostering transparent communication and alignment on critical issues such as product quality, compliance, social development, and environmental stewardship.

3. Risk Management

In today's dynamic environment, risks arise from economic volatility, regulatory changes, climate impacts, and operational challenges.

- **Economic Risks:** Political instability, inflation, and evolving policy frameworks affect operational efficiency and supply chain stability, requiring resilient business models.

- **Climate-Related Risks:** Climate change poses significant risks through resource intensity and emissions. Sapphire mitigates these by shifting its stitching unit entirely to solar energy, fulfilling 98% of steam requirements with biomass boilers, and supporting organic and regenerative cotton farming that improves soil health and reduces synthetic input reliance.

- **Regulatory & Compliance Risks:** A structured compliance program ensures adherence to local and international laws on tax, labour, health, safety, environment, and product standards, minimising legal and reputational risks.

- **Operational & Supply Chain Risks:** Supply chain vulnerabilities are addressed through sustainable sourcing, partner collaboration, and continuous monitoring to ensure safety, quality, and sustainability standards.

4. Sustainability Vision, Roadmap & SDG Mapping

Sapphire Textile Mills is committed to advancing sustainability in line with the United Nations Sustainable Development Goals (SDGs). Projects are mapped against priority SDGs to track progress, address gaps, and direct resources toward maximum positive impact.

Employment generation, vocational training programs, and community development through Abdullah Foundation.

Inclusion and diversity policies, equal opportunity employment, and community engagement initiatives.

Support for agricultural initiatives, including organic cotton farming and food security projects.

Infrastructure support for local communities, such as safe drinking water points and mobile ambulance services.

Healthcare support through Abdullah Foundation, medical camps, partnerships with hospitals like Jinnah Hospital.

Abdullah Scholars Program, Sapphire School of Learning, and partnerships with TCF (The Citizens Foundation).

Gender diversity initiatives, women empowerment projects, and flexible workplace policies.

Effluent Treatment Plant, Reverse Osmosis Plant, Cooling Water Recovery Systems, and water conservation initiatives.

Wind and solar energy projects, transition to renewable energy sources, and biomass energy utilization.

Ethical labor practices, workplace safety, skill-building programs, and adherence to global certifications (e.g., SA8000, Sedex).

Advanced recycling technologies and green infrastructure projects.

Sustainable raw material sourcing, waste management systems, and traceability programs like Digital Product Passport.

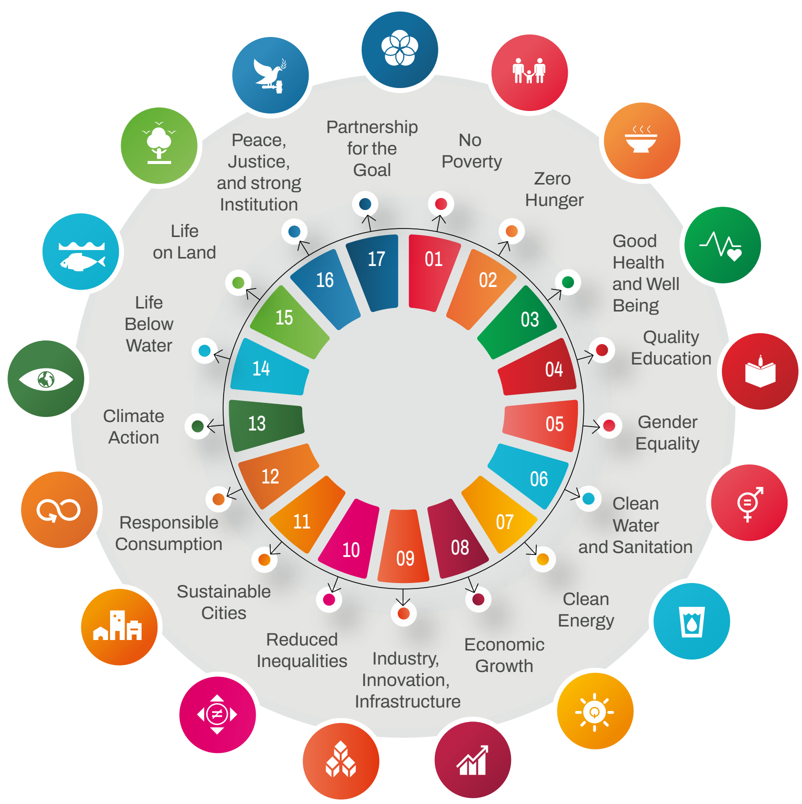
Renewable energy projects, reducing carbon emissions, and climate-resilient farming practices.

Compliance with wastewater discharge standards to minimize marine pollution.

Biodiversity conservation projects, plantation drives, and regenerative cotton farming practices.

Governance frameworks, anti-corruption policies, and adherence to global labor rights standards.

Collaboration with WWF, GIZ, Pillio, WE program, Better Cotton Initiative, and other organizations to promote sustainability.

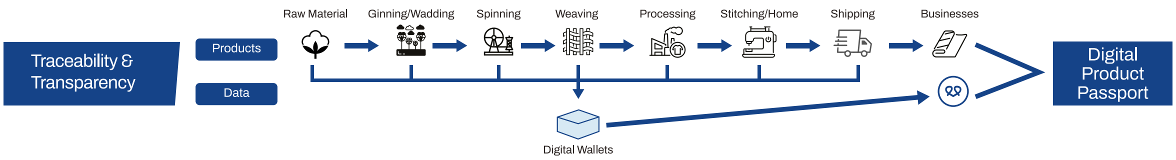


5. Resource Management

Materials

Sustainability Meets Traceability

We are committed to enhancing traceability across our supply chain by adopting advanced digital platforms and blockchain-based solutions. These technologies allow us to accurately monitor and verify raw materials—such as cotton, recycled fibres, and synthetics—at every stage of production. By aligning with global standards and Digital Product Passport requirements, we promote ethical sourcing, transparency, and accountability, reinforcing trust with stakeholders and meeting evolving sustainability expectations.



Cotton Farming Projects

Cotton Farming

Cotton farming is central to Sapphire's sustainability agenda, with initiatives spanning both **organic** and **regenerative** agriculture. The Organic Cotton Project reduces chemical inputs, improves pest management, and builds farmer resilience through more than 800 training sessions on sustainable standards, soil fertility, and occupational health. Women's empowerment is a core focus, with skill development in apiculture, vegetable growing, and safer working conditions. The project also strengthens supply chain traceability through non-GMO seed multiplication, farmer–ginner linkages, and certifications such as GOTS and OCS.

Project Impact

- 11,800 acres of area utilized
- 300+ farmers empowered
- 100 percent traceable organic cotton

Khuzdar

Area:
3,300 acres
Farmers:
308
Yield:
6,400 bales

Bahawalpur

Area:
8,500 acres
Farmers:
41
Yield:
1,3000 bales

The Regenerative Cotton Project takes sustainability further by restoring soil fertility, increasing water retention, and enhancing biodiversity through agroforestry, cover cropping, and reduced tillage. It promotes renewable energy adoption, occupational safety, and women's economic participation in stitching and embroidery programs. Collaborative efforts with government agencies extend to livestock management, children's education, and distribution of solar-powered equipment. These initiatives advance both environmental restoration and rural socio-economic development.

Project Impact

- 1600+ acres of area utilized
- 180+ farmers empowered
- 100 percent traceable regenerative cotton

Regen Cotton

Area:
1,684 acres

Farmers:
189

Yield:
2,600 bales

5.2. Process

Process & Environmental Stewardship

Environmental governance is embedded through a robust Environmental Management System aligned with ISO standards.

- **Carbon & Energy:** Sapphire has committed to the Science-Based Targets initiative (SBTi), targeting a 42% reduction in Scope 1 and 2 GHG emissions by 2030. Clean energy measures include 16 MW of solar power covering major production operations, wind capacity of 200 MW through subsidiaries, and biomass boilers that replace fossil fuels. Collectively, these reduce tens of thousands of metric tons of CO_2 annually.

- **Green Buildings:** The Stitching Unit is LEED Platinum certified, underscoring sustainable construction and energy efficiency.

- **Water Stewardship:** Wastewater is treated and reused extensively, with up to 40% of water recycled for production activities through advanced recovery and recycling systems.

- **Waste & Chemicals:** Hazardous and non-hazardous waste is responsibly managed, with ZDHC Supplier to Zero certification, Zero Liquid Discharge initiatives, and Higg FEM certification demonstrating best practices in responsible chemical and resource management.

5.3 Our People and Culture

Sapphire prioritises employee well-being, human rights, and inclusive culture.

- **Code of Conduct & Integrity:** The company enforces strict policies on ethics, anti-corruption, and fair labour.
- **Safe & Inclusive Workplace:** A zero-tolerance policy on child or forced labour is in place. Diversity initiatives include gender pay gap analysis, mentorship programs, parental leave, and childcare facilities. Training on unconscious bias and leadership strengthens inclusion.
- **Health & Safety:** Systems aligned with ISO 45001 ensure occupational health, chemical safety, and fire preparedness, with frequent drills and awareness programs.
- **Employee Voice:** Speak Up & Whistleblowing policies provide safe reporting mechanisms for grievances and misconduct.

Community Impact

Through the **Abdullah Foundation**, Sapphire drives social impact with initiatives in education, healthcare, and community development. Key efforts include free water outlets for emergency services, training centres for unskilled workers, a mobile ambulance service, 24/7 pharmacies, safe drinking water points, and partnerships with PESSI to improve healthcare access for workers and communities.

Education:

Sapphire School of Learning (SSL)

SSL provides subsidized education from Pre-Classes to Grade 10 in Ferozwatwan, empowering underprivileged children through academic and social growth.

1,500+
Active learners

650+
Families positively impacted through affordable education

100+
Employment opportunities created for local educators and staff

Hunar Foundation:

Healthcare Assistant Program

In partnership with The Hunar Foundation, the program equips underprivileged youth with healthcare skills to boost employability and strengthen the medical workforce.

56
Graduates from the inaugural batch (Feb 25, 2025)

74%
Job placement rate within 3 months of graduation

146%
Increase in enrollment for the second batch, reflecting rising demand

Healthcare Partners:

Abdullah Scholars

Program:

Need- and merit-based scholarships are provided to top students in STEM degrees at leading universities to promote higher education and growth opportunities.

120+
No. of Abdullah Scholars

Academic Partners:

Healthcare

The Kidney Center (TKC)

Abdullah Foundation has supported TKC's growth, especially in expanding dialysis services and clinics.

- Dialysis capacity: 82,500 sessions annually
- Deluxe dialysis unit: 8 machines in private cubicles
- Clinic expansion: Added 10 new rooms and
- ETT/ECHO labs
- Construction: Modular Operation Theater Complex

Emergency Care Center,

Jhimpir, Sindh

In partnership with GE Renewable Energy and Sapphire Wind Power Co., Abdullah Foundation is establishing an emergency medical centre at Sapphire Wind Farm, Jhimpir, Sindh.

- **Capacity:** Up to 60 patients daily.
- **Features:** Modern equipment, a pharmacy, and a certified ambulance.
- **Partner:** Aga Khan Medical University Hospital for healthcare provision.

Jinnah Hospital,

Lahore

Since 2015, Abdullah Foundation has partnered with Jinnah Hospital to improve healthcare for underserved patients.

- **Pediatrics Ward Renovation:** Refurbished with modern equipment for improved child care
- **Administrative Block Upgrade:** Enhanced doctors'rooms and wards for better service delivery
- **Increased Capacity:** Strengthening the hospital's ability to manage rising patient volumes

Sports

Sponsorships

We support emerging athletic talent by sponsoring youth in national and international sporting events—promoting inclusion, confidence, and global representation.

Special Olympics:

Sponsored special athletes Minahil Asim and Shah Galoon Hayat for the 2025 Special Olympics World Winter Games in Torino, Italy, fully supporting their participation in snowshoeing and enabling them to proudly represent Pakistan on the global stage.

International Squash Sponsorship:

Supported Sehrish Ali, currently ranked No. 2 in the ESF U-13, by covering her participation in 6 local and 3 international tournaments annually, including all related logistics and expenses.

Community Impact

Through the **Abdullah Foundation**, Sapphire drives social impact with initiatives in education, healthcare, and community development. Key efforts include free water outlets for emergency services, training centres for unskilled workers, a mobile ambulance service, 24/7 pharmacies, safe drinking water points, and partnerships with PESSI to improve healthcare access for workers and communities.

6. Way Forward

Sapphire Textile Mills recognises the financial challenges posed by Pakistan's economic volatility and climate-related risks. To address these, the company is strengthening resilience by investing in renewable energy, clean technologies, and efficient energy systems to reduce costs and emissions. Workforce development remains a priority, ensuring safety, skills, and competitive compensation.

Sustainability efforts extend across the supply chain through partner training, while community investments continue in education, healthcare, skills, and sports. Adhering to recognised sustainability frameworks, Sapphire reaffirms its commitment to innovation, transparency, and responsible growth, driving progress toward net-zero goals and contributing to wider industry transformation.

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 our 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

ENVIRONMENTAL

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

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.

GENDER PAY GAP STATEMENT

Under SECP Circular 10 of 2024

Sapphire Textile Mills Limited (STML) is committed to cultivating a fair and equitable workplace. Our commitment to Diversity, Equity, and Inclusion (DE&I) is central to our talent acquisition and employee engagement strategies, strengthen our diverse talent pipeline, and reinforce our foundational commitment to building an inclusive organization where every employee can thrive.

The gender pay gap on an overall basis for the year ended June 30, 2025, is as under:

- Median Gender Pay Gap is -6.56%.
- Mean Gender Pay Gap is -57.53%

The remuneration philosophy at STML does not differentiate based on gender. Employee remuneration is determined based on several factors, including professional experience, tenure, education, job role, performance, market dynamics and geographical location.

To foster a fair and inclusive workplace, we focuses on non-discriminatory recruitment process, gender neutral advancement opportunities and fair / merit based promotions. We also have embedded key policies across the organization, including provisions for sabbaticals, parental leave (maternity and paternity), and strict anti-harassment measures.

Nadeem Abdullah
Chief Executive

Lahore
September 25, 2025

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 57th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Monday, 27th October, 2025 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, 2025.

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 appoint auditors for the year ending 30th June 2026 and fix their remuneration. The present auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment and the Board of Directors has recommended their appointment

Special Business:

4. 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, 2025, 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, 2026.

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:

5. To transact any other business with the permission of the chair.

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

Zeeshan
Company Secretary

Karachi
Dated: 25th September, 2025

NOTES:

1. **Closure of Share Transfer Books:**

   The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 21st October, 2025 to 27th October, 2025 (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 20th October, 2025, will be considered in time to vote and to attend the meeting.

2. **Right to Appoint Proxy:**

   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. **Proxy Form Availability & CDC Guidelines:**

   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. **Change of Address**:

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. **Participation in AGM via Zoom (Electronic Means)**:

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. **Submission of CNIC**:

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. **Voting through E-Voting and Postal Ballot**:

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 20 October 2025.

(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 **23 October 2025**, at **09:00 a.m.** and shall close on **25 October 2025** 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 Chairman of the meeting through post at the registered office address of the Company / Share Registrar or through email at contact@ sapphiretextiles.com.pk, by close of business on October 25, 2025. The signature on the ballot paper shall match with the signature on CNIC.

Note:

Under the provision of S.R.O 451(I)/2025 issued by SECP to be read in conjunction with section 134 of the Companies Act 2017, for all businesses classified as "Special Business", the voting by the members of the listed company shall only be through postal ballot and for the purpose of this there shall be no voting by show of hands by members of the listed company who attend the general meeting physically.

Further, the members who did not cast their vote through the electronic voting facility and by post prior to the date of the general meeting, shall be allowed to cast his/her vote on the day of the general meeting by way of a ballot paper only.

8. Conversion of Physical Shares to CDC Account:

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. Unclaimed Dividends/Shares:

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. Mandatory Electronic Dividend Payment:

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. Annual Financial Statements via QR Code

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, 2025 along with reports have been placed on the company's website www.sapphire.com.pk/stml.

12. Video Conference Facility for Shareholders in Other Cities:

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

13. Prohibition on companies for providing gifts or incentives

The SECP, through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

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 Limited (SWPCL) 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, 2017 and 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, 2017 and is in the process of implementation as and when required

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
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, 2017 and is in the process of implementation as and when required

Material Changes in Financial Statements of Associated Companies

1. Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Limited 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, 2025 Rupees	Financial Year Ended June 30, 2024 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	4,466,431,379	6,688,207,479	1,584,896,926
Gross Profit	2,321,943,467	4,625,848,369	1,020,332,620
Profit Before Tax	2,585,315,896	5,162,095,805	678,614,077
Profit After Tax	2,545,001,930	5,141,303,981	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, 2025 Rupees	Financial Year Ended June 30, 2024 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	15,489,962,130	20,936,160,649	-
Gross Profit /(Loss)	9,804,399,130	15,280,063,609	(93,798,217)
Profit / (Loss) Before Tax	7,094,569,999	11,771,025,852	(94,039,713)
Profit /(Loss) After Tax	6,809,977,348	11,455,972,112	(95,055,582)

Statement of Material Facts Under Section 134 (3) Of The Companies Act, 2017

1. Item relating to Number 4 (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, 2025.

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, 2025.

2. Item relating to Number 4 (ii) of the notice.

Authorization for the Board of Directors to approve the related party transactions during the year ending 30th June, 2026.

The Company shall be conducting transactions with its related parties during the year ending 30th June, 2026 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, 2026 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.

SAPPHIRE TEXTILE MILLS LIMITED
YEAR AT A GLANCE 2025

01
Revenue
93,258,687
Rs in 000

02
Gross Profit
12,733,690
Rs in 000

03
Gross Profit Ratio
13.65
%

04
Profit before taxes and levy
6,684,074
Rs in 000

05
Profit after taxes
3,950,967
Rs in 000

06
Earnings per share
182.16
Rs.

07
Total Assets
96,375,515
Rs in 000

08
Total Equity
42,747,020
Rs in 000

09
Current ratio
1.46
Times

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2025

Particulars	UOM	2025	2024	2023	2022	2021	2020
Profit & Loss							
Sales	Rs. Million	93,259	82,399	72,837	61,373	38,471	34,030
Gross profit	Rs. Million	12,734	11,063	10,370	11,859	6,350	4,835
Operating profit / EBIT	Rs. Million	11,351	13,240	9,385	11,117	5,342	3,866
Profit before taxation	Rs. Million	6,684	6,845	4,701	8,458	3,759	1,309
Profit after taxation	Rs. Million	3,951	5,174	3,291	7,016	3,263	1,179
Cash dividend	Rs. Million	770	217	217	217	325	–
Balance Sheet							
Property, plant and equipment	Rs. Million	26,434	25,066	23,645	19,921	14,714	13,119
Investment & Other assets	Rs. Million	18,372	16,693	14,801	13,918	14,493	13,844
Net current assets	Rs. Million	16,261	12,391	7,840	8,133	6,470	4,548
Total assets employed	Rs. Million	61,066	54,150	46,286	41,972	35,677	31,511
Represented By:							
Share capital	Rs. Million	217	217	217	217	217	217
Reserves	Rs. Million	42,530	36,700	28,022	25,893	20,802	16,260
Shareholders' equity	Rs. Million	42,747	36,917	28,239	26,110	21,019	16,477
Long term loans	Rs. Million	16,255	16,286	17,233	15,061	14,321	14,737
Lease Liabilities	Rs. Million	121	22	42	57	–	–
Deferred liabilities	Rs. Million	1,943	926	772	744	338	298
		61,066	54,150	46,286	41,972	35,677	31,511
Cash Flow Statement							
Operating activities	Rs. Million	(2,955)	1,490	2,764	(5,826)	20	19
Investing activities	Rs. Million	(1,761)	677	(3,826)	(4,219)	(1,814)	(701)
Financing activities	Rs. Million	4,526	(2,245)	1,364	10,061	1,835	610
Cash and cash equivalents at the end of the year	Rs. Million	153	330	413	99	75	34

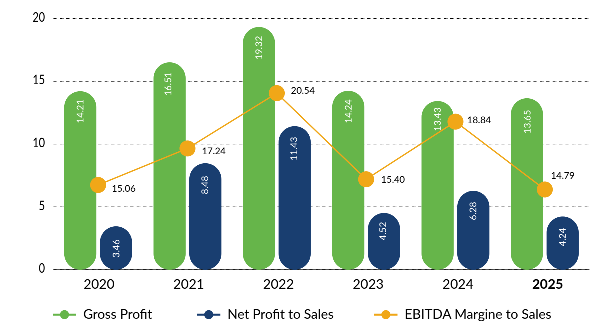
FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2025

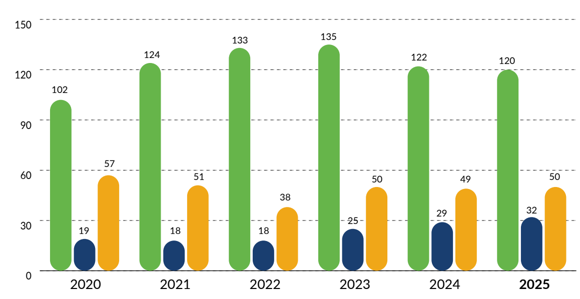
Particulars	UOM	2025	2024	2023	2022	2021	2020
RATIOS:							
Profitability Ratio's:							
Gross Profit to sales	Percentage	13.65	13.43	14.24	19.32	16.51	14.21
EBITDA to sales	Percentage	14.79	18.84	15.40	20.54	17.24	15.06
Net Profit to sales	Percentage	4.24	6.28	4.52	11.43	8.48	3.46
Return on equity	Percentage	9.24	14.01	11.65	26.87	15.52	7.16
Return on capital employed	Percentage	6.47	9.55	7.11	16.71	9.15	3.74
Liquidity Ratios:							
Current ratio	Times	1.46	1.43	1.27	1.28	1.40	1.35
Quick / acid test ratio	Times	0.66	0.58	0.48	0.48	0.60	0.66
Capital Structure ratios							
Financial leverage ratio	Times	0.92	0.94	1.30	1.35	1.20	1.43
Weighted average cost of debt	Percentage	11.92%	18.36%	12.71%	7.55	6.26	9.34
Debt to equity ratio	Times	0.46	0.52	0.70	0.66	0.79	0.88
Interest cover ratio	Times	2.43	2.07	2.00	4.18	3.37	1.51
cash flow to capital structure	Times						
Turnover Ratios:							
Inventory turn over	Days	120	122	135	133	124	102
Inventory turn over ratio	Times	2.95	2.92	2.64	2.68	2.83	3.38
Debtor turnover	Days	32	29	25	18	18	19
Debtors turn over ratio	Times	11.53	12.75	14.65	19.78	20.57	18.79
Creditors turnover	Days	50	49	50	38	51	57
Creditors turnover ratio	Times	24.93	23.26	22.27	25.85	22.50	27.35
Fixed assets turn over ratio	Times	3.62	3.38	3.34	3.54	2.76	2.65
Total assets turn over ratio	Times	1.04	1.04	1.00	1.00	0.80	0.77
Operating cycle	Days	102	102	110	113	91	65
Investment / Market Ratio's:							
Earning per share	Rs. Per share	182.16	238.53	151.74	323.45	150.44	55.03
Price earning ratio	Times	6.57	5.61	7.68	3.41	5.80	14.83
Price to book ratio	Times	0.61	0.79	0.90	0.92	0.90	1.07
Dividend yield	Percentage	2.96	0.75	0.86	0.91	1.72	-
Cash dividend per share	Rs. Per share	35.50	10.00	10.00	10.00	15.00	-
Dividend payout ratio	Percentage	19.49	4.19	6.59	3.09	9.97	-
Dividend cover ratio	Times	5.13	23.853	15.174	32.345	10.03	-
Breakup value per share	Rs. Per share	1,970.84	1,702.04	1,301.32	1,203.23	969.05	759.64
Market value per share at the end of the year	Rs. Per share	1,197.58	1338.99	1165.64	1102.5	872.50	816.18
Share Price - High during the year	Rs. Per share	1,379.00	1724.00	1337.83	1300.75	1,144.32	1,440.00
Share Price - Low during the year	Rs. Per share	1,001.00	993.50	876.00	786.00	730.00	612.00
EBITDA	Rs. In Million	13,796	15,527	11,216	12,609	6,631	5,125

GRAPHICAL PRESENTATION

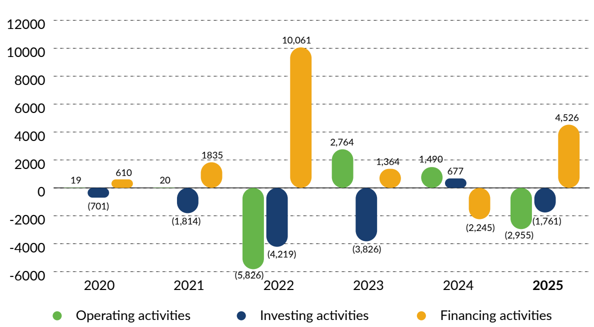
Profitability Ratios



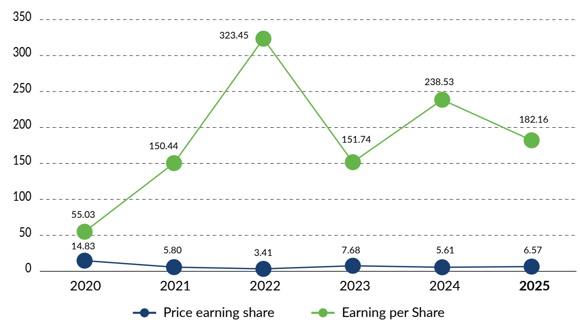
Turnover



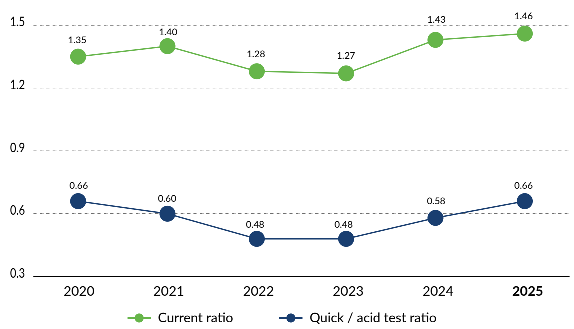
Cash Flow



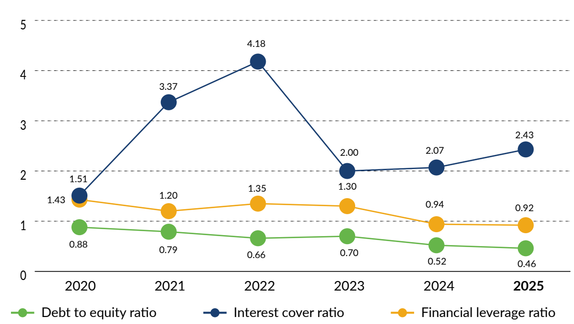
Investor Ratios



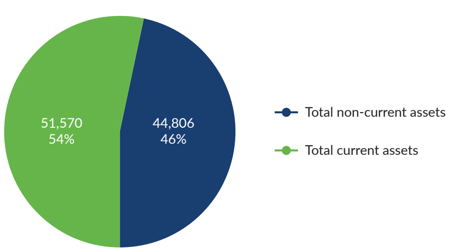
Liquidity Ratio



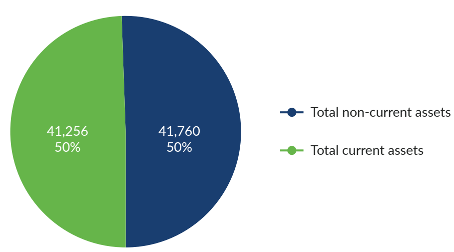
Capital Structure Ratio



Assets 2025

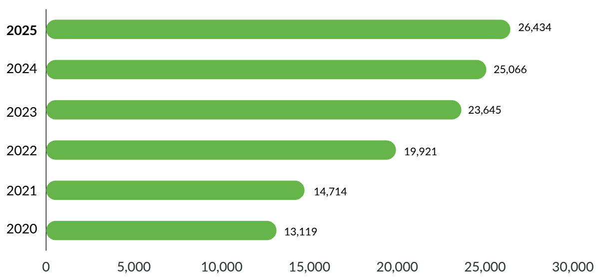


Assets 2024

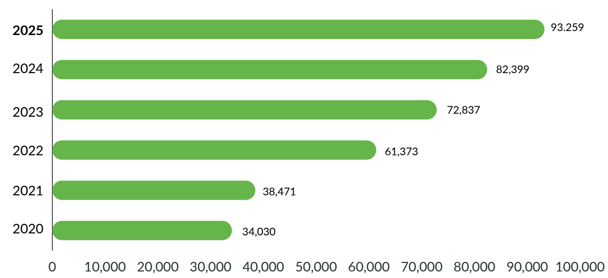


GRAPHICAL PRESENTATION

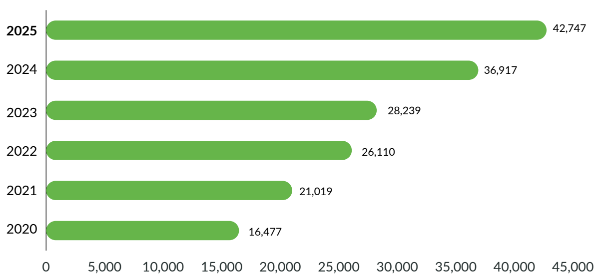
Fixed assets growth



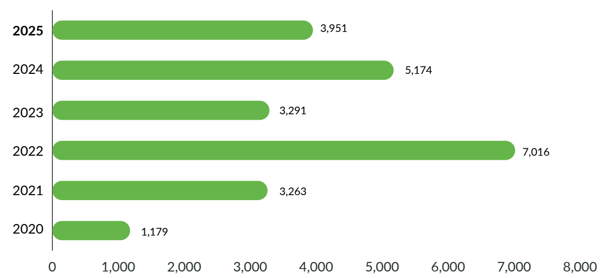
Sales Growth



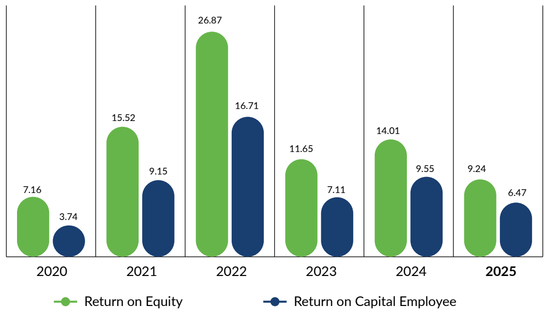
Equity



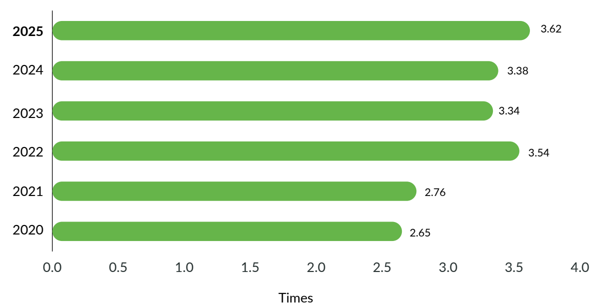
Profit After tax



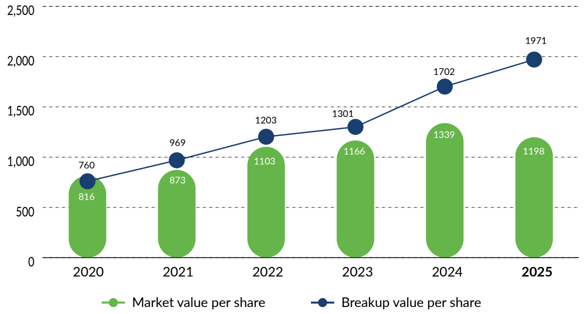
ROE and ROCE



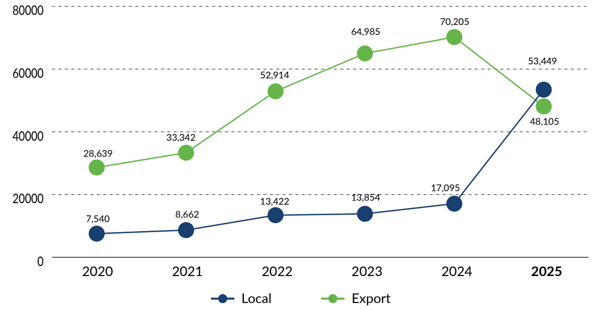
Total Assets Turnover Ratio



Market & Breakup value per share



Export sales and local sales

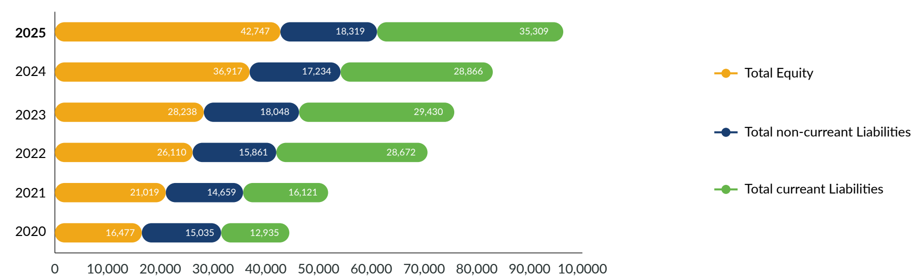


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

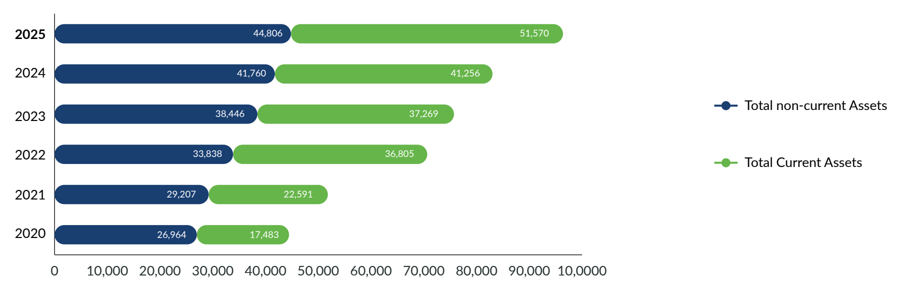
AS AT JUNE 30, 2025

STATEMENT OF FINANCIAL POSITION	2025	2024	2023	2022	2021	2020
				Rupees in 'ooo'		
Total Equity	42,747,020	36,916,853	28,238,454	26,109,673	21,018,586	16,476,548
Total non-current liabilities	18,319,254	17,233,523	18,047,533	15,861,348	14,658,568	15,034,790
Total current liabilities	35,309,241	28,865,552	29,429,625	28,671,603	16,121,258	12,934,942
Total Equity and Liabilities	96,375,515	83,015,928	75,715,612	70,642,625	51,798,412	44,446,280
Total non-current assets	44,805,584	41,759,565	38,446,344	33,837,979	29,207,483	26,963,596
Total current assets	51,569,931	41,256,363	37,269,268	36,804,645	22,590,929	17,482,684
Total assets	96,375,515	83,015,928	75,715,612	70,642,625	51,798,412	44,446,280
Total Equity	15.79	30.73	8.15	24.22	27.57	0.58
Total non-current liabilities	6.30	(4.51)	13.78	8.21	(2.50)	17.77
Total current liabilities	22.32	(1.92)	2.64	77.85	24.63	(10.26)
	16.09	9.64	7.18	36.38	16.54	2.03
Total non-current assets	7.29	8.62	13.62	15.85	8.32	(0.53)
Total current assets	25.00	10.70	1.26	62.92	29.22	6.24
Total assets	16.09	9.64	7.18	36.38	16.54	2.03

Equity & Liabilies



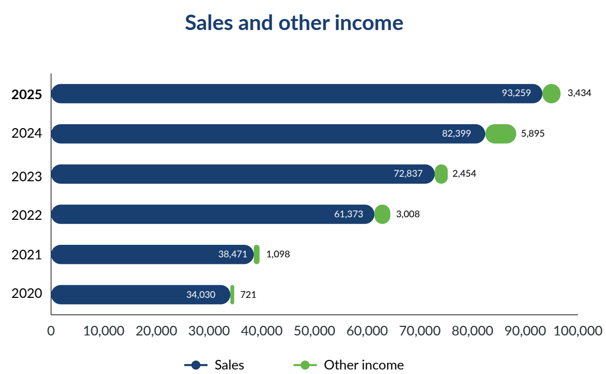
Current & Non-current Assets

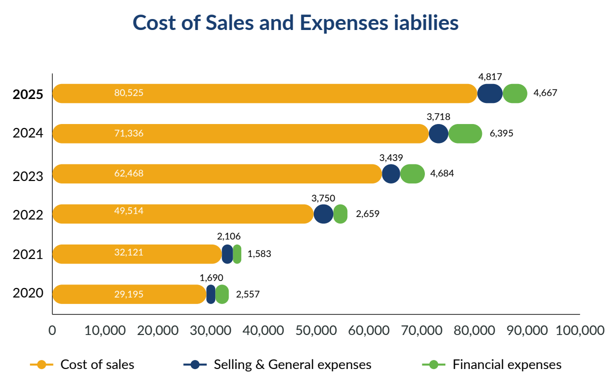


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

AS AT JUNE 30, 2025

STATEMENT OF PROFIT AND LOSS	2025	2024	2023	2022	2021	2020
			Rupees in 'ooo'			
Net Sales	93,258,687	82,399,262	72,837,269	61,373,384	38,470,987	34,030,186
Cost of sales	80,524,998	71,336,289	62,467,586	49,514,316	32,120,873	29,195,495
Gross profit	12,733,690	11,062,973	10,369,684	11,859,068	6,350,113	4,834,691
Distribution cost	3,345,405	2,538,894	2,383,299	2,371,130	1,232,187	1,049,687
Administrative expenses	1,145,782	936,584	755,307	695,101	472,454	447,255
Other operating expenses	325,962	242,518	300,144	683,706	401,133	192,873
Other operating income	3,434,049	5,895,060	2,453,961	3,007,581	1,097,563	721,187
Profit from operations	11,350,590	13,240,036	9,384,894	11,116,712	5,341,903	3,866,063
Finance cost	4,666,516	6,395,038	4,683,561	2,659,056	1,582,533	2,556,977
Profit before taxation	6,684,074	6,844,998	4,701,333	8,457,656	3,759,370	1,309,086
Provision for taxation	2,733,107	1,671,261	1,410,160	1,442,104	496,434	129,996
Profit after taxation	3,950,967	5,173,737	3,291,173	7,015,552	3,262,936	1,179,090
			Variance in %			
Net Sales	13.18	13.13	18.68	59.53	13.05	(0.65)
Cost of sales	12.88	14.20	26.16	54.15	10.02	1.21
Gross profit	15.10	6.69	(12.56)	86.75	31.34	(10.56)
Distribution cost	31.77	6.53	0.51	92.43	17.39	(3.17)
Administrative expenses	22.34	24.00	8.66	47.13	5.63	4.49
Other operating expenses	34.41	(19.20)	(56.10)	70.44	107.98	(44.45)
Other operating income	(41.75)	140.23	(18.41)	174.02	52.19	(51.44)
Profit from operations	(14.27)	41.08	(15.58)	108.10	38.17	(23.16)
Finance cost	(27.03)	36.54	76.14	68.03	(38.11)	22.61
Profit before taxation	(2.35)	45.60	(44.41)	124.98	187.18	(55.56)
Provision for taxation	63.54	18.52	(2.22)	190.49	281.88	(66.37)
Profit after taxation	(23.63)	57.20	(53.09)	115.01	176.73	(53.93)





VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

AS AT JUNE 30, 2025

	2025		2024		2023		2022		2021		2020	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Balance Sheet												
Total Equity	42,747,020	44.35	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
Total non-current liabilities	18,319,254	19.01	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
Total current liabilities	35,309,241	36.64	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
Total equity and liabilities	96,375,515	100.00	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
Total non-current assets	44,805,584	46.49	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
Total current assets	51,569,931	53.51	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
Total assets	96,375,515	100.00	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
Profit and Loss Account												
Net Sales	93,258,687	100.00	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
Cost of sales	80,524,998	86.35	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
Gross profit	12,733,690	13.65	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
Distribution cost	3,345,405	3.59	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
Administrative expenses	1,145,782	1.23	936,584	1.14	755,307	1.04	695,101	1.13	472,454	1.23	447,255	1.31
Other operating expenses	325,962	0.35	242,518	0.29	300,144	0.41	683,706	1.11	401,133	1.04	192,873	0.57
Other operating income	3,434,049	3.68	5,895,060	7.15	2,453,961	3.37	3,007,581	4.90	1,097,563	2.85	721,187	2.12
Profit from operations	11,350,590	12.17	13,240,036	16.07	9,384,894	12.88	11,116,712	18.11	5,341,902	13.89	3,866,062	11.36
Finance cost	4,666,516	5.00	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
Profit before taxation	6,684,074	7.17	6,844,998	8.31	4,701,333	6.45	8,457,656	13.78	3,759,369	9.77	1,309,085	3.85
Provision for taxation	2,733,107	2.93	1,671,261	2.03	1,410,160	1.94	1,442,104	2.35	496,434	1.29	129,996	0.38
Profit after taxation	3,950,967	4.24	5,173,737	6.28	3,291,173	4.52	7,015,552	11.43	3,262,935	8.48	1,179,089	3.46

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.26,434 million which is 101% higher than property, plant and equipment held in year 2020. 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 mainly include inventories, receivables, and short-term investments in stable, blue-chip equities, ensuring both liquidity and capital preservation.

Equity

As of June 30, 2025 equity hit Rs.42,747 million, reinforcing our financial strength.

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.2,969 million for investment in plant and machinery. During the year, the company has also repaid long term loans aggregating Rs. 2,753 million.

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS
AS AT JUNE 30, 2025

Short term borrowings

Short term loans of the company as on June 30, 2025 were Rs. 19,597 million in comparison with Rs. 14,476 million in corresponding period.

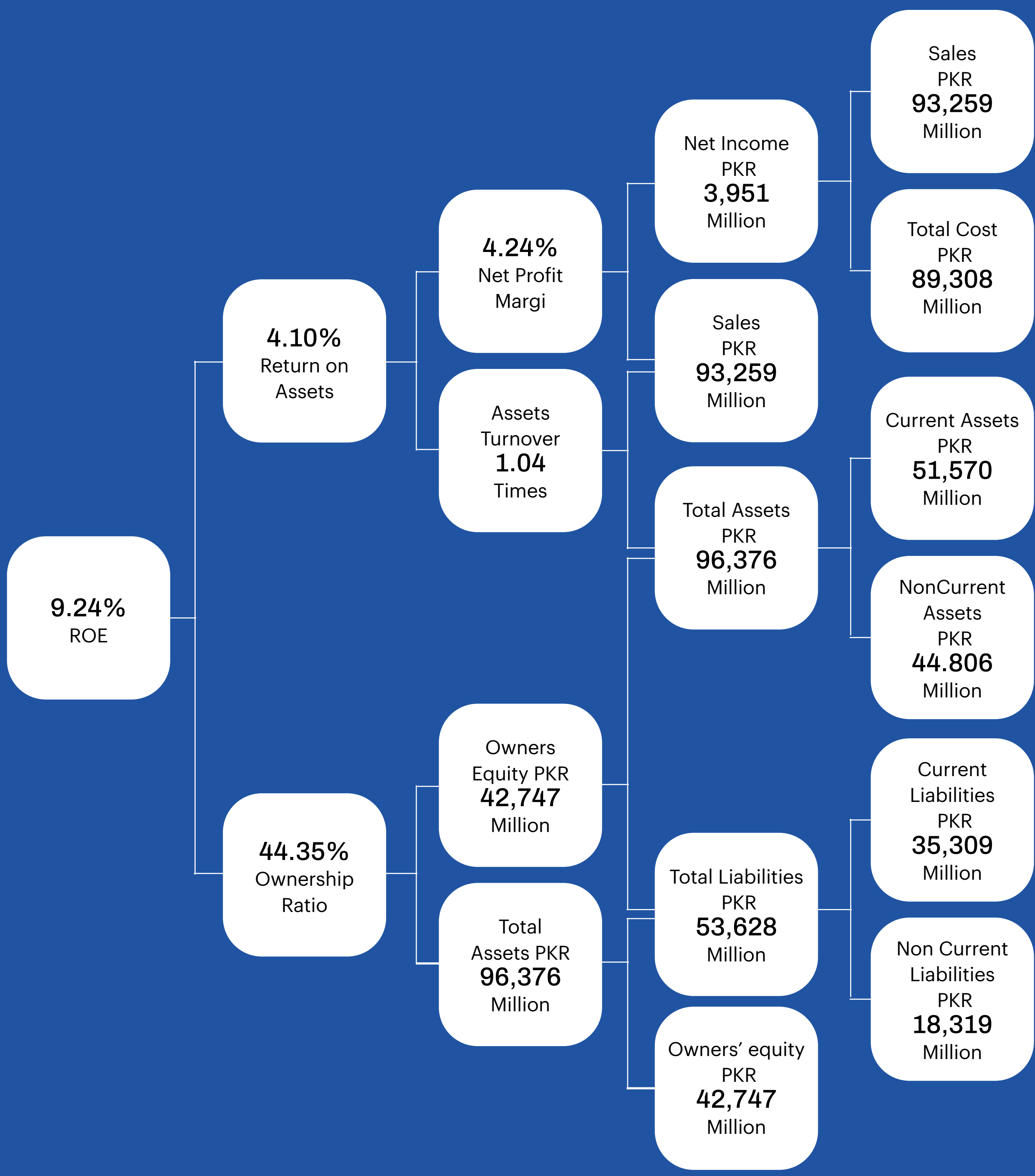
Profit and Loss

Sales of the company has grown up by 174.05% over the last six years . However, during the current year sales have increased by 13.18% in comparison with last year. Gross profit as a percentage of sales has dcreased from 14.21% to 13.65% 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 decreased due to lower mark up rates.

DUPONT ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025



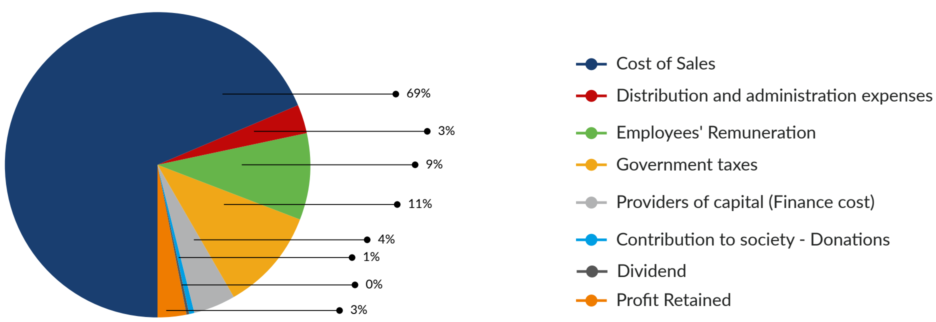
		2025	2024
Tax Burden	Percentage	40.89	24.42
Interest Burden	Percentage	41.11	48.30
EBIT to sales	Percentage	12.17	16.07
Return on Equity	Percentage	9.24	14.01
Total Assets Turnover	Times	1.04	1.04
Debt to equity ratio	Times	0.46	0.44

OUR VALUE ADITION AND ITS DISTRIBUTION

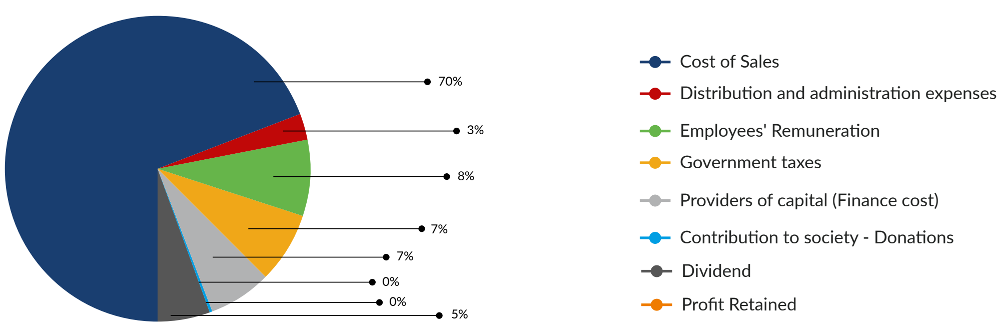
FOR THE YEAR ENDED JUNE 30, 2025

	2025		2024		2023		2022		2021		2020	
	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age
Wealth Generated												
Net Sales including sales tax	101,678,319	96.73%	87,404,443	93.68%	78,936,906	96.98%	66,438,127	95.67%	42,133,817	97.46%	36,686,968	98.07%
Other operating income	3,434,049	3.27%	5,895,060	6.32%	2,453,961	3.02%	3,007,581	4.33%	1,097,563	2.54%	721,187	1.93%
	105,112,368	100.00%	93,299,503	100.00%	81,390,867	100.00%	69,445,708	100.00%	43,231,380	100.00%	37,408,155	100.00%
Value distribution												
Cost of Sales (excluding employees' remuneration, duties and taxes)	72,236,089	68.72%	64,711,016	69.36%	57,354,857	70.47%	44,958,532	64.74%	28,292,381	65.44%	25,481,132	68.12%
Distribution, administration (Excluding employees' remuneration and taxes)	3,176,813	3.02%	2,446,287	2.62%	2,407,984	2.96%	2,351,885	3.39%	1,293,270	2.99%	1,073,158	2.87%
Employees Remuneration	9,714,101	9.24%	7,723,452	8.28%	5,922,321	7.28%	5,434,659	7.83%	4,358,810	10.08%	4,210,658	11.26%
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, sales tax etc)	11,310,746	10.76%	6,803,843	7.29%	7,705,691	9.47%	6,953,483	10.01%	4,407,719	10.20%	2,875,552	7.69%
Providers of capital (Finance cost)	4,666,516	4.44%	6,395,038	6.85%	4,683,561	5.75%	2,659,056	3.83%	1,582,533	3.66%	2,556,977	6.84%
Dividend	769,988	0.73%	216,898	0.23%	216,898	0.27%	216,898	0.31%	325,347	0.75%	-	0.00%
Contribution to society - Donations	42,553	0.04%	3,849	0.00%	25,280	0.03%	72,543	0.10%	33,732	0.08%	31,590	0.08%
Profit retained	3,195,562	3.04%	4,999,120	5.36%	3,074,275	3.78%	6,798,653	9.79%	2,937,588	6.80%	1,179,089	3.15%
	105,112,368	100.00%	93,299,503	100.00%	81,390,867	100.00%	69,445,708	100.00%	43,231,380	100.00%	37,408,155	100.00%

2025



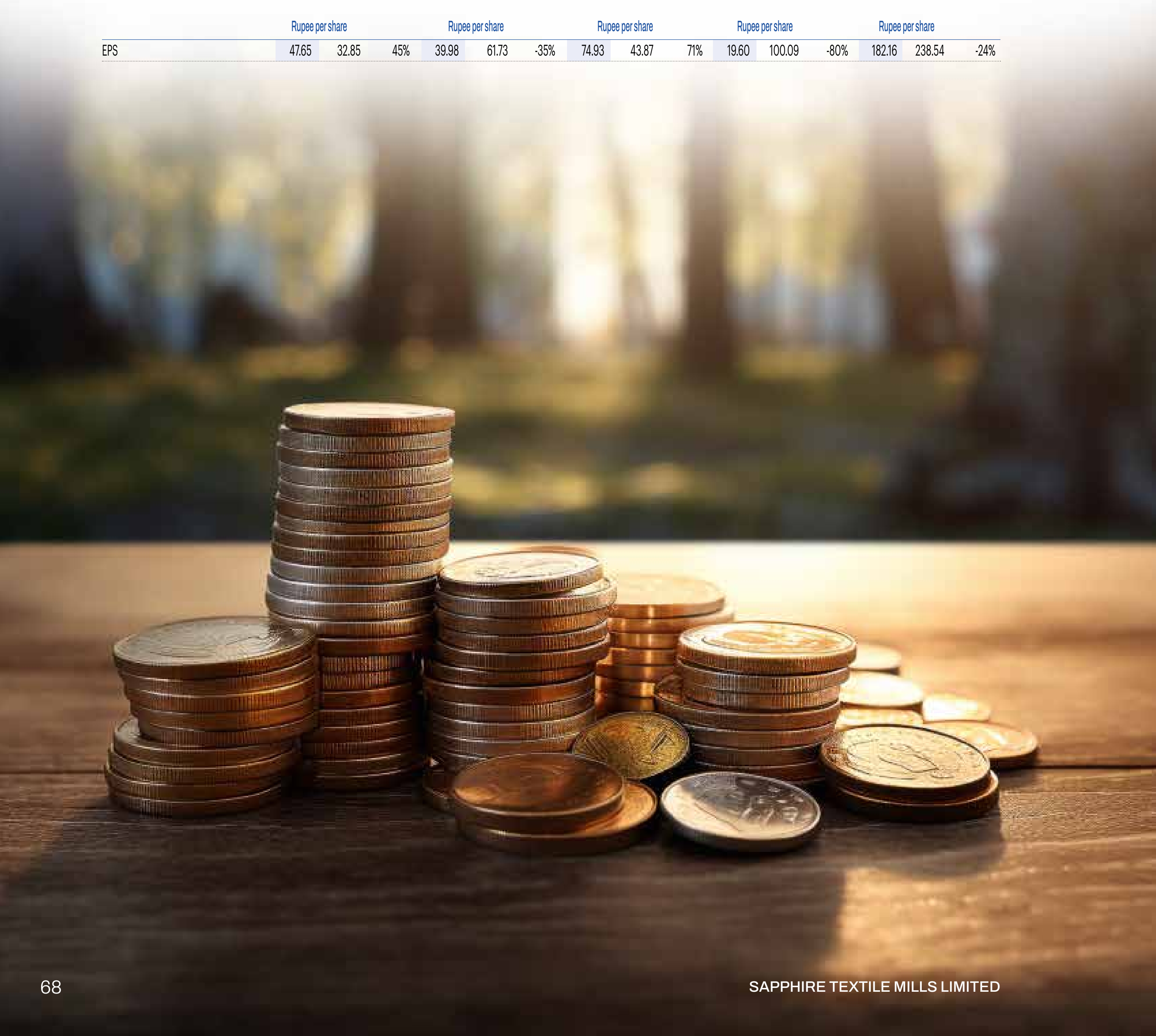
2024



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2025

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	FY 25'	FY 24'	Change	FY 25'	FY 24'	Change	FY 25'	FY 24'	Change	FY 25'	FY 24'	Change	FY 25'	FY 24'	Change
	Rupees in millions														
Particulars															
Sales	23,559	19,747	19%	23,206	20,361	14%	24,619	21,556	14%	21,875	20,735	5%	93,259	82,399	13%
GP	3,769	3,209	17%	3,130	2,981	5%	3,047	2,931	4%	2,789	1,942	44%	12,734	11,063	15%
EBITDA	3,470	3,331	4%	3,365	3,901	-14%	4,291	3,664	17%	2,671	4,623	-42%	13,796	15,519	-11%
PAT	1,034	713	45%	867	1,339	-35%	1,625	951	71%	425	2,171	-80%	3,951	5,174	-24%
	Rupee per share			Rupee per share			Rupee per share			Rupee per share			Rupee per share		
EPS	47.65	32.85	45%	39.98	61.73	-35%	74.93	43.87	71%	19.60	100.09	-80%	182.16	238.54	-24%



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, 2025 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, 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, 2025.

Shinewing Hameed Chaudhri & co.

Lahore: September 30, 2025
UDIN: CR202510104JU9szFQM3

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Osman Hameed Chaudhri

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, 2025

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(*) Independent Director / Female	Mr. Mirza Saleem Baig Mr. Shahid Shafiq Ms. Mashmooma Zehra Majeed
Non-Executive Directors	Mr. Mohammad Abdullah Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah
Executive Directors	Mr. Nadeem Abdullah Mr. Nabeel Abdullah 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. Further, the Company is committed to ensure full compliance with the Directors' Training Program (DTP) requirements and will take necessary measures to facilitate the completion of DTP for the remaining director(s), as well as for the female executive and the head(s) of department, in accordance with the guidelines prescribed by the Code of Corporate Governance, 2019.

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)

b) HR and Remuneration Committee

- Ms. Mashmooma Zehra Majeed (Chairperson)
- Mr. Nadeem Abdullah (Member)
- Mr. Umer Abdullah (Member)
- Mr. Shahid Shafiq (Member)
- Mr. Nabeel Abdullah (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 and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and 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.

The roles and responsibilities pertaining to Board nominations and risk management are being duly discharged by existing Committees, as outlined below:

(i) The Human Resource & Remuneration Committee is performing the functions of the Nomination Committee, including responsibilities related to the appointment, evaluation, and succession planning of directors and senior management. As these functions are effectively covered, a separate Nomination Committee has not been constituted.

(ii) The Board Audit Committee is entrusted with oversight of the Company's risk management framework. It reviews the Company's risk profile, internal controls, and mitigation strategies. In view of this, the formation of a separate Risk Management Committee is not considered necessary.

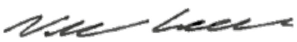
Further, The Company has established a Sustainability Team, comprising senior executives, which periodically reviews and monitors sustainability-related initiatives.

To strengthen the governance framework, responsibilities related to sustainability risks and opportunities have been entrusted to the Board Audit Committee.

For and on behalf of the Board

MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR



NADEEM ABDULLAH

CHIEF EXECUTIVE

Lahore:

25th September, 2025

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, 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, 2025 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters 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:

S. No.	Description	How the matter was addressed in our audit
1.	**Capital expenditures** Refer note 5 to the financial statements. The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2025. 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. 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. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - 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. - 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. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - 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. - 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.

S. No.	Description	How the matter was addressed in our audit
2.	**Inventory existence and valuation** Refer note 12 to the financial statements. The total value of stock in trade as at the reporting date amounted to Rs.28.433 billion, representing 55.14% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. 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. 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: - Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - 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. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - 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. We reviewed the Company's disclosure in the financial statement in respect of stock in trade.

S. No.	Description	How the matter was addressed in our audit
3.	**Revenue recognition** 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. 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: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - 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. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Company's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - 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

Lahore: September 30, 2025
UDIN: AR202510104Pp0FuAVJK

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
Assets			
Non current assets			
Property, plant and equipment	5	26,433,773,204	25,066,182,723
Investment property	6	153,811,557	168,394,648
Long-term investments	8	18,058,672,125	16,201,205,623
Long-term loans and advances	9	61,178,437	56,168,867
Deferred tax assets	26	-	175,222,497
Long-term deposits	10	98,148,246	92,390,956
		44,805,583,569	41,759,565,314
Current assets			
Stores, spares and loose tools	11	885,592,506	693,108,108
Stock in trade	12	28,433,524,343	24,533,274,861
Trade debts	13	9,721,683,648	8,938,814,406
Loans and advances	14	201,919,917	163,741,461
Short term deposits	15	153,208,672	1,015,000
Other receivables	16	1,577,571,950	1,287,506,274
Short-term investments	17	7,031,015,869	4,251,400,468
Tax refunds due from Government	18	3,412,026,926	1,057,328,166
Cash and bank balances	19	153,387,486	330,173,801
		51,569,931,317	41,256,362,545
Total assets		96,375,514,886	83,015,927,859
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	42,530,122,429	36,699,955,373
Total equity		42,747,020,339	36,916,853,283
Non current liabilities			
Long-term loans and other payables	22	16,254,979,207	16,285,617,462
Lease liabilities	23	120,813,263	21,801,671
Deferred income - Government grant	24	169,620,752	231,865,017
Staff retirement benefit - gratuity	25	832,934,148	694,238,165
Deferred tax liability	26	940,906,510	-
		18,319,253,880	17,233,522,315
Current liabilities			
Trade and other payables	27	9,912,351,480	7,369,596,779
Contract liabilities	28	1,722,396,530	2,157,678,658
Accrued mark-up	29	771,368,299	790,101,417
Short-term borrowings	30	19,596,928,908	14,475,916,882
Current portion of long-term liabilities	31	3,303,930,595	4,070,224,745
Unclaimed dividend		2,264,855	2,033,780
		35,309,240,667	28,865,552,261
Total liabilities		53,628,494,547	46,099,074,576
CONTINGENCIES AND COMMITMENTS	32		
Total equity and liabilities		96,375,514,886	83,015,927,859

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 June 30, 2025

	Note	2025 Rupees	2024 Rupees
Net turnover	33	93,258,687,325	82,399,261,523
Cost of sales	34	(80,524,997,640)	(71,336,288,178)
Gross profit		12,733,689,685	11,062,973,345
Distribution cost	35	(3,345,404,599)	(2,538,894,357)
Administrative expenses	36	(1,145,781,514)	(936,583,883)
Other operating expenses	37	(325,962,196)	(242,518,087)
Other income	38	3,434,048,887	5,895,059,537
Profit from operations		11,350,590,263	13,240,036,555
Finance cost	39	(4,666,516,224)	(6,395,038,280)
Profit before revenue tax, income tax and levy		6,684,074,039	6,844,998,275
Revenue and levy taxes	40	(1,512,892,057)	(1,695,626,977)
Profit before income tax		5,171,181,982	5,149,371,298
Income tax expense	40	(1,220,215,300)	24,365,409
Profit for the year		3,950,966,682	5,173,736,707
Earnings per share – basic and diluted	41	182.16	238.53

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 June 30, 2025

	Note	2025 Rupees	2024 Rupees
Profit for the year		3,950,966,682	5,173,736,707
Other comprehensive income			
Items that may be reclassified to statement of profit or loss subsequently			
Net – (loss) /gain on remeasurement of forward foreign currency contracts		(108,448,112)	60,421,094
Items that will not be reclassified to statement of profit or loss subsequently			
Exchange gain on translation of investment in foreign currency	8.3.3	2,052,868	–
Unrealised gain on equity instruments at fair value through other comprehensive income			
– long term		1,853,330,513	2,022,077,846
– short term		1,479,028,579	2,081,112,456
		3,332,359,092	4,103,190,302
Impact of deferred tax		(555,782,775)	(381,116,074)
Realised gain /(loss) on sale of investment at fair value through other comprehensive income		444,129,898	(1,306,132,939)
Actuarial loss on re-measurement of staff retirement benefit obligation		(34,414,947)	(99,893,804)
Impact of deferred tax		13,421,829	38,958,584
		(20,993,118)	(60,935,220)
		3,199,713,097	2,355,006,069
Total comprehensive income for the year		7,044,284,535	7,589,163,870

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 June 30, 2025

		Reserves									
		Capital					Revenue				
	Issued, subscribed and paid-up capital	Share premium	Fixed Assets Replacement	Capital reserve against capacity expansions and long term investments	Exchange gain on translation of foreign Investment	Fair value reserve of financial asset at fair value through OCI	Cash flow hedge reserve	General reserves	Unappropriated profit	Sub-total	Total
	Rupees										
Balance as at July 01, 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											
loss 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
Transfer of reserves (note 21.1.4)	-	-	-	30,730,000,000	-	-	-	(1,330,000,000)	(29,400,000,000)	-	-
Transaction with owners of the Company											
Final dividend related to the year ended											
June 30, 2024 at the rate of Rs.10 per share	-	-	-	-	-	-	-	-	(216,897,910)	(216,897,910)	(216,897,910)
Interim dividend related to the year ended											
June 30, 2025 at the rate of Rs.25.5 per share	-	-	-	-	-	-	-	-	(553,089,671)	(553,089,671)	(553,089,671)
Total comprehensive income for the											
year ended June 30, 2025											
Profit for the year	-	-	-	-	-	-	-	-	3,950,966,682	3,950,966,682	3,950,966,682
Other comprehensive income / (loss)	-	-	-	-	2,052,868	2,776,576,317	(108,448,112)	-	(20,993,118)	2,649,187,955	2,649,187,955
	-	-	-	-	2,052,868	2,776,576,317	(108,448,112)	-	3,929,973,564	6,600,154,637	6,600,154,637
Reclassification adjustment of realised											
gain on sale of equity instrument at fair value											
through other comprehensive income	-	-	-	-	-	(444,129,898)	-	-	444,129,898	-	-
Balance as at June 30, 2025	216,897,910	782,796,090	65,000,000	30,730,000,000	2,052,868	3,792,249,867	(48,027,018)	-	7,206,050,622	42,530,122,429	42,747,020,339

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 June 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	6,560,586,388	7,790,341,853
Change in long term loans, advances and deposits		(10,766,860)	190,237,436
Finance cost paid		(4,663,352,454)	(6,877,546,417)
Taxes (paid) / refund		(4,616,351,512)	563,041,943
Staff retirement benefit paid		(224,623,285)	(176,548,573)
Net cash (used in) / generated from operating activities		(2,954,507,723)	1,489,526,242
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,808,854,161)	(4,073,587,459)
Proceeds from disposal of operating fixed assets		237,147,910	330,345,952
Investment in Subsidiary Companies		(950,000,000)	(843,702,589)
Proceeds from sale of investment property		–	123,825,888
Purchase of equity instruments		(2,436,387,952)	(1,585,937,156)
Proceeds from sale of equity instrument		2,083,718,009	1,875,258,387
Rental income received		213,923,106	146,305,174
Dividend income received		2,891,350,366	4,698,044,593
Interest income received		7,783,786	6,845,259
Net cash (used in) / generated from investing activities		(1,761,318,936)	677,398,049
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – obtained		2,968,590,242	1,910,000,000
– repaid		(2,753,308,511)	(2,406,077,575)
Dividend paid		(769,756,506)	(216,646,480)
Short term borrowings – net		5,121,012,026	(1,513,839,725)
Repayment of lease liabilities		(40,685,985)	(18,136,020)
Net cash generated from / (used in) financing activities		4,525,851,266	(2,244,699,800)
Net decrease in cash and cash equivalents		(189,975,393)	(77,775,509)
Net foreign exchange difference		13,189,078	(5,138,775)
Cash and cash equivalents - at beginning of the year		330,173,801	413,088,085
Cash and cash equivalents - at end of the year		153,387,486	330,173,801

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 June 30, 2025

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 NEW / AMENDMENTS IN STANDARDS AND INTERPRETATION DURING HE YEAR

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

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'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; and
- 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.

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) Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments — Effective: January 01, 2026

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at FVOCI.

b) IFRS 18 Presentation and Disclosure in Financial Statements — Effective: January 01, 2027

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management–defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

c) IFRS S1 General Requirement for Disclosure of Sustainability–Related Financial Information — Effective: July 01, 2025

IFRS S2 Climate Related Disclosures

These standards include the core framework for the disclosure of material information about sustainability–related risk, opportunities across an entities' value chain and set out the requirements for entities to disclose information about climate related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability related risks and opportunities that is useful to primary user of general purpose financial reporting in making decisions relating to providing resources to the entity. The standard provide guidance on identifying sustainability related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate related disclosures. IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entities prospects over the short, medium and long term. In addition, IFRS S2 requires and entities to consider other industries based metrics and seven cross–industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage identified material climate related risks and opportunities. The cross–industry metrics include disclosure on green house gas ('GHG') emissions, transition risks, physical risks, climate related opportunities, capital development, internal carbon prices and remuneration.

The management anticipate that adoption of the above standards, amendments and interpretations in the future period will not have any material effect on the financial statement of the Company other than the presentations and disclosures.

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.

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 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

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 Company 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.

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 dying and fabric 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	2025 Rupees	2024 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	24,382,916,014	23,524,817,361
Right-of-use asset	5.2	123,203,852	33,062,731
Capital work-in-progress	5.3	1,927,653,338	1,508,302,631
		26,433,773,204	25,066,182,723

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, 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	37,796,980.00	20,733,768.00	10,760,734.00	4,540,934.00	440,592.00	1,753,953,720	36,144,738.00	1,602,443.00	10,049,380.00	31,140,331.00	1,824,157.00	12,879,926.00	14,475,057.00	47,401,465.00	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
Year ended June 30, 2025																		
Opening 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
Additions *	20,035,868	-	153,887,907	307,616,455	-	3,757,050	76,630,421	-	2,376,114,161	33,439,629	-	23,450,528	50,087,554	3,844,477	55,681,227	69,747,787	215,210,390	3,389,503,454
Disposals:																		
- cost	-	6,915,875	-	-	-	-	-	-	402,227,552	774,400	-	4,747,702	6,108,440	676,223	112,140	-	47,365,400	468,927,732
- accumulated depreciation	-	-	-	-	-	-	-	-	(306,937,455)	(431,581)	-	(2,191,290)	(4,516,798)	(559,810)	(60,225)	-	(26,229,094)	(340,926,253)
	-	6,915,875	-	-	-	-	-	-	95,290,097	342,819	-	2,556,412	1,591,642	116,413	51,915	-	21,136,306	128,001,479
Depreciation charge	-	-	282,595,863	43,866,043	20,794,469	10,097,468	6,581,192	129,803	1,819,993,239	39,026,872	1,432,209	10,823,346	42,445,494	1,784,319	15,368,611	29,901,802	78,562,592	2,403,403,322
Closing net book value	1,594,977,956	130,097,302	2,617,296,088	1,033,357,574	394,879,755	92,657,808	156,326,979	519,211	16,899,638,853	370,301,432	12,889,891	97,911,295	118,448,807	17,881,732	170,068,065	292,591,428	383,071,838	24,382,916,014
At June 30, 2025																		
Cost	1,594,977,956	130,097,302	5,078,847,988	1,328,900,447	554,696,749	371,191,947	213,494,052	27,232,929	29,918,566,799	801,795,308	30,453,068	184,298,853	265,639,119	46,901,844	267,236,526	388,887,440	639,753,022	41,842,971,349
Accumulated depreciation	-	-	2,461,551,900	295,542,873	159,816,994	278,534,139	57,167,073	26,713,718	13,018,927,946	431,493,876	17,563,177	86,387,558	147,190,312	29,020,112	97,168,461	96,296,012	256,681,184	17,460,055,335
Net book value	1,594,977,956	130,097,302	2,617,296,088	1,033,357,574	394,879,755	92,657,808	156,326,979	519,211	16,899,638,853	370,301,432	12,889,891	97,911,295	118,448,807	17,881,732	170,068,065	292,591,428	383,071,838	24,382,916,014
Depreciation rate (% - per annum)			10	5	5	10	5	20	10 & 20	10	10	10	30	10	10	10	20	

*Plant and machinery include machinery costing Rs.40.423 million purchased from Reliance Cotton Spinning Mills Limited (a related party).

5.1.1 Freehold lands of the Company are located at Sheikhupura, Kasur and Lahore with an area of 1,566,350 (2024: 1,554,764) square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 426,284 (2024: 440,804) square yards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

5.1.2 The details of operating fixed assets disposed–off / written–off is as follows:

Particulars of assets	Cost	Accumulated 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							
Lease Hold Land	6,915,875	–	6,915,875	110,295,000	103,379,125	Negotiaton	M/s. Convil Pakistan Pvt Ltd.
Plant and machinery							
Ring Frames Ejm-128	36,946,061	20,896,669	16,049,392	17,443,795	1,394,403	Negotiaton	M/s. Grace Tex International.
Loptex Machines	34,042,117	28,777,561	5,264,556	4,915,255	(349,301)	-----do-----	M/s. Grace Tex International.
Frames Ge/Base	17,676,841	15,341,744	2,335,097	2,372,881	37,784	-----do-----	M/s. Grace Tex International.
Simplex Machines	8,107,529	5,909,299	2,198,230	1,949,153	(249,077)	-----do-----	M/s. Grace Tex International.
Murta Automatic Winders	15,813,567	13,149,597	2,663,970	3,898,305	1,234,335	-----do-----	M/s. Grace Tex International.
Air Dryers	3,048,781	1,939,063	1,109,718	450,692	(659,026)	-----do-----	M/s. Grace Tex International.
Link Coners	4,237,288	35,310	4,201,978	4,246,254	44,276	-----do-----	M/s. Grace Tex International.
Comber Machines	72,440,999	59,757,090	12,683,909	13,008,580	324,671	-----do-----	M/s. Grace Tex International.
Circuit Breakers	2,025,196	1,446,533	578,663	5,085	(573,578)	-----do-----	M/s. Hussain Ali and Co.
Argus Pannels	5,113,781	3,615,634	1,498,147	325,593	(1,172,554)	-----do-----	M/s. Hussain Ali and Co.
Plastic Sliver Cans	6,497,313	3,865,878	2,631,435	380,085	(2,251,350)	-----do-----	M/s. Hussain Ali and Co.
Plastic Ring Bobbin Broken	2,091,037	1,428,771	662,266	847,460	185,194	-----do-----	M/s. Hussain Ali and Co.
Simplex frames	9,715,444	1,545,363	8,170,081	9,900,000	1,729,919	-----do-----	M/s. Hassan & Co.
Ring Spinning Frames	2,290,217	689,519	1,600,698	2,961,244	1,360,546	-----do-----	M/s. Hassan & Co.
Murata Trays	976,979	294,140	682,839	890,000	207,161	-----do-----	M/s. Hassan & Co.
Dust & Waste Removal							
System	26,989,283	19,160,912	7,828,371	2,118,169	(5,710,202)	-----do-----	M/s. Agha Traders.
Sets Dust & Waste Removal	3,847,701	639,680	3,208,021	3,220,339	12,318	-----do-----	M/s. Hassan & Co.
3X Dx-8 Double Delivery							
Coiler	8,242,300	7,155,520	1,086,780	1,246,276	159,496	-----do-----	M/s. Grace Tex International
E-30 Unilap Without Sliver							
Cans	7,942,060	7,350,637	591,423	847,458	256,035	-----do-----	M/s. Grace Tex International
Dust & Waste Removal							
System	3,854,720	1,678,096	2,176,624	2,355,932	179,308	-----do-----	M/s. Hussain Ali and Co.
Heald Frames	2,460,668	1,860,971	599,697	–	(599,697)		Written-off
Rider Less Grobtex Altop-D	5,619,615	4,250,040	1,369,575	–	(1,369,575)		Written-off
Hybrid Power Frames	10,704,600	8,095,748	2,608,852	–	(2,608,852)		Written-off
Air Jet Shuttleless Loom	16,014,844	14,378,933	1,635,911	1,639,886	3,975	Negotiation	M/s. Siddique Electric.
Electronice Jacquard							
Machine	27,899,078	25,025,944	2,873,134	2,880,114	6,980	Negotiation	M/s. Siddique Electric.
Oil Microfiltration machines	1,650,000	1,135,810	514,190	520,000	5,810	Negotiation	M/s. Fine Engineering.
Machinery Rotters	8,766,293	5,977,166	2,789,127	2,500,000	(289,127)	Negotiation	M/s. Grace Tex International.
	345,014,312	255,401,628	89,612,684	80,922,556	(8,690,128)		
Electric Installation							
Lt & LV Panels	4,631,212	2,098,210	2,533,002	5,700,000	3,166,998	Negotiation	M/s. Hassan & Co.

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
			Rupees				
Vehicles							
MG - HS	6,291,000	2,908,958	3,382,042	4,100,000	717,958	Negotiation	Mr. Muhammad Ashraf
Toyota Corolla	2,350,000	1,691,609	658,391	2,250,000	1,591,609	Negotiation	Mr. Shaukat Ali
Hyundai Tucson	6,013,600	3,132,417	2,881,183	7,000,000	4,118,817	Negotiation	Mr. Deepak Kumar
Audi E-Tron	15,570,900	10,521,776	5,049,124	7,500,000	2,450,876	Negotiation	M/s Suzuki Canal Motors
Toyota Fortuner	9,986,000	4,116,895	5,869,105	5,869,105	-	Company policy	Mr. Humayon Haroon (employee)
Toyota Altis	5,000,000	2,314,667	2,685,333	3,019,476	334,143	Negotiation	Mr. Asif Rafiq (employee)
	45,211,500	24,686,322	20,525,178	29,738,581	9,213,403		
Various assets having net book value upto Rs.500,000 each	67,154,833	58,740,093	8,414,740	14,922,170	6,507,430	Negotiation	Various Parties
2025	468,927,732	340,926,253	128,001,479	241,578,307	113,576,830		
2024	568,405,309	351,788,200	216,617,109	330,345,952	113,728,843		

	Note	2025 Rupees	2024 Rupees
5.2 Right–of–use assets			
Balance at beginning of the year		33,062,731	49,594,095
Addition during the year		117,437,599	–
Depreciation charged during the year	5.2.1	(27,296,478)	(16,531,364)
Balance at end of the year		123,203,852	33,062,731

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 to 10 years. Depreciation expense amounting to Rs.27.296 million (2024: Rs.16.531 million) has been charged to administrative expenses.

	Note	2025 Rupees	2024 Rupees
5.3 Capital work–in–progress			
Civil works and buildings		723,331,940	538,842,800
Plant and machinery including in transit amounting Rs.49.465 million (2024: Rs. 29.357 million)	5.3.1	1,202,778,898	969,459,831
Furniture and fixture		1,542,500	–
		1,927,653,338	1,508,302,631

5.3.1 Additions to capital work–in–progress include borrowing cost capitalized aggregating Rs.2.770 million (2024: Rs.2.246 million) at the borrowing rate of 11.56% to 11.57% (2024:23.04% to 24.16%) per annum.

5.3.2 Movement in the capital work–in–progress

Particulars	July 1, 2024	Additions during the year	Transferred to operating fixed assets	June 30, 2025
	Rupees			
Civil works and buildings	538,842,800	726,380,973	(541,891,833)	723,331,940
Plant and machinery	969,459,831	2,355,281,339	(2,121,962,272)	1,202,778,898
Furniture and fixture	–	1,542,500	–	1,542,500
	1,508,302,631	3,083,204,812	(2,663,854,105)	1,927,653,338

	July 1, 2023	Additions during the year	Transferred to operating fixed assets	June 30, 2024
	Rupees			
Civil works and buildings	1,117,697,511	1,159,932,511	(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

	Note	2025 Rupees	2024 Rupees
5.4 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	34.1	2,343,182,555	2,211,016,808
Distribution cost	35	501,590	508,023
Administrative expenses	36	59,719,177	50,811,202
		2,403,403,322	2,262,336,033

		Freehold Land	Building on Freehold Land	Total
			Rupees	
6.	**INVESTMENT PROPERTY**			
	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
	Year ended June 30, 2025			
	Opening net book value	22,906,480	145,488,168	168,394,648
	Depreciation charge	–	14,583,091	14,583,091
	Closing net book value	22,906,480	130,905,077	153,811,557
	At June 30, 2025			
	Cost	22,906,480	153,561,930	176,468,410
	Accumulated depreciation	–	22,656,853	22,656,853
	Net book value	22,906,480	130,905,077	153,811,557
	Depreciation rate % per annum	–	10	

6.1 These represents free-hold land situated at Raiwind Road, Lahore having an area of 3,000 (2024:3,000) square yards and factory land & building situated at 1.5 Km Bhubtian Chowk Raiwind Road, Lahore having a covered area of 26,030 (2024: 26,030) square yards.

6.2 As per the latest valuation report of the building and fair value of land determined by the management aggregate fair value of the investment property as at June 30, 2025 was Rs.1,303.067 million (2024: Rs.1,220.792 million).

6.3 The Company, during the preceding 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.

6.4 The Company, during the preceding year, has sold freehold costing Rs.12.700 million against net consideration of Rs.123.825 million.

7. INTANGIBLE ASSETS

This represents fully amortised computer software costing Rs.23.412 million that is still in use of the Company at the reporting date.

		Note	2025 Rupees	2024 Rupees
8.	LONG TERM INVESTMENTS			
	Subsidiary Companies – at cost	8.1	13,121,125,659	12,171,125,659
	Associated Companies – at cost	8.2	475,976,276	475,976,276
	Others – equity instruments	8.3	4,461,570,190	3,554,103,688
			18,058,672,125	16,201,205,623
8.1	Subsidiary Company – unquoted			
	Sapphire Wind Power Company Limited (SWPCL)			
	228,228,737 ordinary shares of Rs.10 each			
	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			
	Equity held: 100%		2,000,000,000	2,000,000,000
	Triconboston Consulting Corporation (Pvt.) Limited (TBCL)			
	475,051,500 ordinary shares of Rs.10 each			
	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			
	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			
	Equity held: 100%		1,175,000,000	1,175,000,000
	Sapphire Chemicals (Private) Limited			
	200,000,000 (2024: 110,000,000)			
	ordinary shares of Rs.10 each			
	Equity held: 100%		2,000,000,000	1,100,000,000
	Sapphire Green Energy (Private) Limited			
	8,000,000 (2024:3,000,000)			
	ordinary shares of Rs.10 each		80,000,000	30,000,000
	Equity held: 100%			
	Sapphire Retail International Limited			
	486,000 ordinary shares of £ 1 each			
	Equity held: 100%	8.1.3	174,954,649	174,954,649
	Sapphire Retail Trading One PersonCompany LLc			
	2,200 ordinary shares			
	of AED 1000 each			
	Equity held: 100%	8.1.3	168,747,940	168,747,940
			13,121,125,659	12,171,125,659

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 Sapphire Retail International Limited is a wholly owned Subsidiary Company incorporated in United Kingdom and Sapphire Retail Trading One person Company LLC is a wholly owned Subsidiary Company incorporated in United Arab Emirates. These companies have been formed for the purpose of textile retail operation in the respective countries.

		2025 Rupees	2024 Rupees
8.2	Associated Companies -Quoed		
	Reliance Cotton Spinning Mills Limited		
	313,295 ordinary shares of Rs.10 each		
	Equity held: 2.94%	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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

		Note	2025 Rupees	2024 Rupees
8.3	Equity Instruments – at FVTOCI			
	Quoted			
	MCB Bank Limited			
	7,611,168 (2024: 7,330,948) ordinary shares of Rs.10 each – cost	8.3.1	734,489,158	662,498,768
	Adjustment arising from re-measurement to fair value		1,460,115,008	1,001,773,047
			2,194,604,166	1,664,271,815
	Habib Bank Limited			
	11,624,362 (2024: 15,232,862) ordinary shares of Rs.10 each – cost	8.3.1	2,325,395,517	3,047,263,855
	Adjustment arising from re-measurement to fair value		(242,426,091)	(1,157,931,982)
			2,082,969,426	1,889,331,873
	Unquoted			
	Jomo Technologies (Private) Limited			
	25,000,000 (2024: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
	Less: provision for impairment	8.3.2	(150,000,000)	(150,000,000)
			–	–
	TCC Management Services (Private) Limited			
	50,000 ordinary shares of Rs.10 each		500,000	500,000
	RTS Textiles Group Limited			
	5,440,945 ordinary shares 0.07 GBP each	8.3.3	146,090,967	–
	Adjustment arising from re-measurement to fair value		37,405,631	–
			183,496,598	–
			4,461,570,190	3,554,103,688

8.3.1 The Company has pledged 2.851 million (2024: 3.951 million) shares of MCB Bank Limited, Nil (2024: 3.487 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

8.3.2 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.

8.3.3 The Company, during the year, has made investment in shares of RTS Textile Group Limited and acquired 5,440,945 shares. Consideration in foreign currency amounting to 380,866 GBP was paid. As at June 30, 2025 fair value of investment has been determined based on the management assessment.

	Note	2025 Rupees	2024 Rupees
9. LONG TERM LOANS AND ADVANCES			
Loan to employees	9.1	47,896,237	37,651,308
Advance for purchase of land	9.2	5,000,000	15,493,559
Advance for vehicles		8,282,200	3,024,000
		61,178,437	56,168,867
9.1 Loan to employees – unsecured (considered good)			
Loans to employees	9.1.1	104,248,933	85,438,279
Less: recoverable within one year and grouped under current assets		56,352,696	47,786,971
		47,896,237	37,651,308

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.

	Note	2025 Rupees	2024 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		4,057,164	2,803,864
Others	10.1	8,260,494	3,756,504
		98,148,246	92,390,956

10.1 It includes an amount of Rs.36,000 (2024: Rs.36,000) deposit with Yousuf Agencies (Private) Limited – a related party.

	Note	2025 Rupees	2024 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores		551,479,843	404,370,783
Spare parts		247,805,293	222,942,282
Loose tools		115,830	147,368
Items in transit		109,319,739	102,555,200
		908,720,705	730,015,633
Less: provision for slow moving items	11.1	23,128,199	36,907,525
		885,592,506	693,108,108

		2025 Rupees	2024 Rupees
11.1	Provision for slow moving items		
	Balance at beginning of the year	36,907,525	44,601,999
	Less: provision reversed during the year	13,779,326	7,694,474
	Balance at end of the year	23,128,199	36,907,525
12.	STOCK IN TRADE		
	Raw materials:		
	– at mills	16,250,863,653	13,082,347,927
	– in transit	3,411,115,888	3,234,446,675
		19,661,979,541	16,316,794,602
	Work–in–process	1,844,583,487	1,692,571,224
	Finished goods – at mills	6,898,842,934	6,461,942,834
	Waste	28,118,381	61,966,201
		28,433,524,343	24,533,274,861

12.1 Stock in trade include items costing Rs.8,074.512 million (2024: Rs.9,624.514 million) stated at their net realizable value aggregated Rs.7,626.177 million (2024: Rs.8,582.814 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.448.335 million (2024: Rs.1,041.699 million).

		Note	2025 Rupees	2024 Rupees
13.	TRADE DEBTS			
	Considered good			
	Local debts	13.1 & 13.2	7,712,752,450	7,602,932,184
	Waste		60,106,657	45,237,220
	Others		7,091,863	7,466,909
			7,779,950,970	7,655,636,313
	Considered good – secured			
	Foreign debts	13.5	1,993,266,060	1,330,643,502
			9,773,217,030	8,986,279,815
	Less:			
	provision for expected credit loss	13.6	51,533,382	47,465,409
			9,721,683,648	8,938,814,406

13.1 Local debts includes an amount of Rs.33.123 million (2024: Rs.3,452.693 million) receivable against indirect export sales.

		2025 Rupees	2024 Rupees
13.2	These include the following amounts due from related parties:		
	Diamond Fabrics Limited	56,764,604	19,378,449
	Sapphire Fibres Limited	57,186,163	53,978,945
	Sapphire Finishing Mills Limited	273,688,905	548,541,058
	Sapphire Retail Limited	41,432,874	61,868,364
	Designtex (SMC) Private Limited	1,465,044,921	1,755,148,626
		1,894,117,467	2,438,915,442

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	
2025	1,894,117,467	1,894,117,467	–
2024	2,438,915,442	2,301,618,166	137,297,276

13.4 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.2,666.008 million (2024: Rs.2,883.135 million).

13.5 Foreign debts includes an amount of Rs.140.932 million (2024: Rs.246.133 million) from Sapphire International Aps, (a related party), against export sales.

		Note	2025 Rupees	2024 Rupees
13.6	Provision for expected credit loss			
	Balance at the beginning of the year		47,465,409	44,329,846
	Charged during the year		4,067,973	3,135,563
	Balance at the end of the year		51,533,382	47,465,409
14.	LOANS AND ADVANCES			
	Unsecured – Considered good			
	Current portion of long term			
	loans to employees	9.1	56,352,696	47,786,971
	Advances to suppliers		137,571,204	110,748,876
	Short term loans to employees		7,996,017	5,205,614
			201,919,917	163,741,461
15.	SHORT TERM DEPOSITS			
	Security deposits		153,208,672	1,015,000

		Note	2025 Rupees	2024 Rupees
16.	OTHER RECEIVABLES			
	Dividend receivable	16.1	34,650	9,000,000
	Margin deposits	16.2	272,852,538	–
	Deposits with High Court		19,430,291	19,430,291
	Export rebate receivable		170,958,277	109,413,080
	Receivable against sale of fixed assets		4,430,397	50,229
	Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary)	16.3	1,107,680,000	1,087,350,000
	Receivable against sale of shares		1,573,413	–
	Unrealised gain on forward foreign currency contracts		–	61,604,864
	Rent receivable		352,384	657,810
	Receivable against insurance claim		260,000	–
			1,577,571,950	1,287,506,274

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

16.2 These represents margin deposits withheld by the banks against bank guarantees and shipping guarantee.

16.3 It includes an amount of US.$ 3.800 million equivalent to Rs.1,077.68 million (2024: US.$ 3.800 million equivalent to Rs.1,057.35 million) receivable against technical services and Rs.30 million (2024: 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.1,107.68 million (2024: Rs.1,087.350 million). The amount is expected to be received in near future, therefore the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not considered material and hence not recognized. As per the management assessment no provision is required to be recorded in respect of expected credit loss on this receivable amount.

		Note	2025 Rupees	2024 Rupees
17.	SHORT TERM INVESTMENTS			
	Equity instruments	17.1	7,031,015,869	4,251,400,468

17.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of shares / certificates 2025	No. of shares / certificates 2024	Name of the investee company	Market value 2025	Market value 2024	Cost 2025	Cost 2024
			Rupees			
18,529,726	23,828,497	Bank AL-Habib Limited	2,923,620,168	2,673,080,793	758,990,187	976,027,847
1,424,740	203,500	Engro Holdings Limited	260,100,514	67,706,485	235,765,227	52,266,030
		Oil and Gas Development				
818,500	592,500	Company Limited	180,528,360	80,206,725	116,925,961	59,568,791
2,324,295	548,500	Fauji Fertilizer Company Limited	912,076,601	89,613,930	573,572,556	53,521,744
1,047,434	448,000	Meezan Bank Limited	347,800,460	107,246,720	201,609,761	57,750,256
1,762,510	206,500	Lucky Cement Limited	626,114,052	187,239,745	266,131,772	130,166,784
-	879,800	United Bank Limited	-	225,439,952	-	148,471,947
4,565,408	2,880,000	Dolment City REIT	123,311,670	47,376,000	71,534,917	40,266,582
727,500	419,000	Engro Fertilizer Company Limited	135,016,725	69,646,180	101,043,338	33,876,596
413,900	48,100	Mari Energies Limited	259,469,771	130,463,554	103,136,321	75,009,345
8,791	6,900	Nestle Pakistan Limited	61,941,386	49,363,773	65,348,186	52,187,954
-	86,500	Pakistan Oilfields Limited	-	42,379,810	-	36,935,002
1,670,000	161,500	Systems Limited	178,973,900	67,555,450	147,641,091	68,098,687
133,028	53,360	Colgate Palmolive Pakistan Limited	177,592,380	65,094,931	168,325,829	75,962,467
129,779	85,989	Lucky Core Industries Limited	206,253,871	79,925,916	102,811,239	56,972,057
320,658	301,000	National Foods Limited	104,928,917	52,587,710	41,773,457	37,847,387
-	806,800	The Hub Power Company Limited	-	131,572,944	-	84,938,002
74,900	74,900	Highnoon Laboratories Limited	73,998,204	53,447,142	32,621,897	32,621,897
		Frieslandcampina Engro				
794,968	108,500	Pakistan Limited	69,376,857	7,597,170	71,126,978	8,157,693
1,236,216	251,002	Standard Chartered Bank Pakistan Limited	75,161,933	15,481,803	68,508,324	13,855,343
245,102	558,249	TPL Reit Fund I	3,458,389	8,373,735	4,311,344	9,819,600
34,300	-	Faysal Bank Limited	2,391,396	-	1,644,751	-
1,350,831	-	Habib Metropolitan Bank Limited	133,624,203	-	121,250,965	-
33,000	-	Haleon Pakistan Limited	24,298,890	-	29,157,834	-
94,522	-	Abbott Laboratories (Pakistan) Limited	91,880,110	-	72,457,457	-
152,000	-	Pakistan Petroleum Limited	25,865,840	-	18,705,386	-
		Wafi Energy (formerly Shell Pakistan				
179,930	-	Limited)	33,231,272	-	30,514,055	-
			7,031,015,869	4,251,400,468	3,404,908,833	2,104,322,011
972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
			7,031,015,869	4,251,400,468	3,422,350,203	2,121,763,381
Add: Adjustment arising from re-measurement to fair value					3,608,665,666	2,129,637,087
Market value					7,031,015,869	4,251,400,468

17.1.1 The Company has pledged 4.080 million (2024:4.080 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

		Note	2025 Rupees	2024 Rupees
18.	TAX REFUNDS DUE FROM GOVERNMENT			
	Income tax / levies – net	18.1	(771,807,198)	(360,397,564)
	Sales tax receivable		4,925,029,844	2,056,607,994
	Less: provision against doubtful sales tax refunds	18.2	741,195,720	638,882,264
			4,183,834,124	1,417,725,730
			3,412,026,926	1,057,328,166
18.1	Income tax / levies – net			
	Advance income tax / refundable / prepaid taxes		2,573,912,544	2,270,268,539
	Provision for income tax / levies	18.1.1	(3,345,719,742)	(2,630,666,103)
			(771,807,198)	(360,397,564)
18.1.1	Provision for income tax / levies			
	Balance at the beginning of the year		2,630,666,103	1,408,916,859
	Provision for the year	40.5	2,159,339,296	2,190,717,735
			4,790,005,399	3,599,634,594
	Less: Adjusted during the year against			
	completed assessments		(1,444,285,657)	(968,968,491)
			3,345,719,742	2,630,666,103
18.2	Provision against doubtful sales tax refunds			
	Balance at beginning of the year		638,882,264	577,228,043
	Add: provision for the year		102,313,456	61,654,221
	Balance at end of the year		741,195,720	638,882,264
19.	CASH AND BANK BALANCES			
	Cash–in–hand		400,000	400,000
	Balances with banks on:			
	current accounts			
	– local currency		12,462,808	21,565,862
	– foreign currency	19.1	136,264,740	206,977,167
			148,727,548	228,543,029
	saving accounts	19.2	4,259,938	101,230,772
			153,387,486	330,173,801

19.1 These include foreign currency accounts amounting to US.$ 454,948 (2024: US.$ 708,339) and EURO 21,796 (2024: EURO 33,052).

19.2 Effective rates of profit on saving account, during the year, ranged from 9.25% to 19.0% (2024: 20.5%) per annum.

20. ISSUED, SUBSCRIBED AND PAID–UP CAPITAL

2025	2024		2025	2024
Number			Rupees	
		Ordinary shares of Rs.10 each fully paid		
7,813,391	7,813,391	in cash	78,133,910	78,133,910
		Ordinary shares of Rs.10 each issued as		
13,876,400	13,876,400	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 17,109,081 (2024:6,723,815) shares of the Company are held by associated companies.

	Note	2025 Rupees	2024 Rupees
21. RESERVES			
Capital reserves	21.1	35,370,045,957	2,307,599,538
Revenue reserves	21.2	7,160,076,472	34,392,355,835
		42,530,122,429	36,699,955,373
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	3,792,249,867	1,459,803,448
Reserve for capacity expansion projects and long term investment			
Revenue reserves	21.1.4	30,730,000,000	–
		35,370,045,957	2,307,599,538

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 gain on re–measurement of investments at fair value through OCI.

21.1.4 The Company has pursued an ongoing strategy of expansion and diversification, resulting in substantial investments and capacity expansion projects, balancing, modernization and replacement (BMR) initiatives and other long term growth projects over the year. In light of this, the Board of Directors, in its meeting on Sep 26, 2024, approved the transfer of Rs.30.730 billion from revenue reserves and un-appropriated profit to a capital reserve. This reserve will not be available for distribution by way dividends.

		Note	2025 Rupees	2024 Rupees
21.2	Composition of revenue reserves is as follows:			
	General reserves	21.2.1	–	1,330,000,000
	Unappropriated profits	21.2.2	7,206,050,622	33,001,934,741
	Cash flow hedge reserve	21.2.3	(48,027,018)	60,421,094
	Exchange gain on translation of foreign investment	21.2.4	2,052,868	–
			7,160,076,472	34,392,355,835

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.

		2025 Rupees	2024 Rupees
21.2.3	(Loss) / gain on cash flow hedge:		
	(Loss) / gain arising during the year	(48,027,018)	60,421,094

21.2.4 This represents exchange gain arisen on translation on investments made in foreign currency.

		Note	2025 Rupees	2024 Rupees
22.	LONG-TERM LOANS AND OTHER PAYABLES			
	Long term loans	22.1	19,479,785,914	19,264,504,183
	Gas infrastructure development cess payable	22.2	–	995,182,870
			19,479,785,914	20,259,687,053
	Less: current portion grouped under current liabilities			
	– long term loans		(3,224,806,707)	(2,978,886,721)
	– gas infrastructure development cess payable		–	(995,182,870)
			16,254,979,207	16,285,617,462

		Note	2025 Rupees	2024 Rupees
22.1	Long term loans – secured			
	Loans from banking companies			
	– Allied Bank Limited	22.1.1	4,848,814,088	4,579,792,857
	– Bank Alfalah Limited			
	(a related party)	22.1.2	599,521,261	738,387,883
	– Bank AL – Habib Limited	22.1.3	1,641,128,020	2,066,446,793
	– The Bank of Punjab	22.1.4	1,091,651,478	1,093,964,872
	– Habib Bank Limited	22.1.5	5,888,744,667	5,877,068,908
	– MCB Bank Limited	22.1.6	642,732,635	741,157,935
	– Meezan Bank Limited	22.1.7	1,728,896,772	1,869,233,980
	– United Bank Limited	22.1.8	501,331,303	662,378,555
	– Dubai Islamic Bank Limited	22.1.9	1,000,000,000	–
			17,942,820,224	17,628,431,783
	Loans from other institutions			
	Pakistan Kuwait Investment			
	Company (Private) Limited	22.1.10	1,389,546,004	1,473,402,400
	Pakistan China Investment			
	Company (Private) Limited	22.1.11	147,419,686	162,670,000
			1,536,965,690	1,636,072,400
			19,479,785,914	19,264,504,183

22.1.1 These loans carry mark-up ranging from 1.75% to 20.84% (2024: 1.75% to 23.51%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.7,554 million (2024: Rs.6,378 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.644 million (2024: Rs.458 million) as on reporting date. The company during the year has obtained another loan of Rs. 975 million 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% (2024: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2024: Rs.1,353 million) over specific plant & machinery.

22.1.3 These loans carry mark-up ranging from 2.50% to 22.49% (2024: 2.50% to 23.40%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,170 million (2024: Rs.2,170 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.822 million (2024: Rs.1,330 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 installments 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 12.64% to 21.24% (2024: 22.46% to 23.91%) 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 (2024: Rs 521 million) over lands and charge of Rs.1,855 million (2024: Rs 1,855 million) over plant and machinery owned by the Company.

22.1.5 These loans carry mark–up ranging from 2.5% to 21.90% (2024: 2.50% to 23.03%) obtained in different tranches and are repayable in quarterly installments ranging from 26 to 32. These loans are secured against general hypothecation charge of Rs.7,777 million (2024: Rs.7,777 million) and specific charge of Rs.5,640 million (2024: Rs.4,306 million) over plant & machinery. The Company during the year has obtained another loan of Rs.993 million (2024:Rs. 1,300 million) and repayable in 10 years with a grace period of 2 years.

22.1.6 These loans carry mark–up ranging from 1.50% to 2.50% (2024: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2024: Rs.1,291 million) over specific plant & machinery.

22.1.7 These loans carry mark–up ranging from 3.50% to 22.66% (2024: 3.50% to 23.91%) obtained in different tranches and are repayable in 32 to 40 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,369 million (2024: Rs.2,369 million) over specific plant & machinery.

22.1.8 These loans carry mark–up at the rate of 2.50% (2024: 2.50%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2024: Rs.1,403 million) over specific plant & machinery.

22.1.9 The Company, during the year, has obtained a loan of Rs.1,000 million, repayable over 7 years with a grace period of 2 years. This loan carries a mark–up ranging from 11.38% to 12.41% and is repayable in 20 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,267 million over specific plant and machinery.

22.1.10 These loans carry mark–up ranging from 5.00% to 22.91% (2024:5.00% to 24.33%) 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% (2024: 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 (2024: Rs.191 million) over specific plant and machinery.

		Note	2025 Rupees	2024 Rupees
22.2	Movement in Gas Infrastructure Development Cess payable			
	Balance of provision for GIDC	22.2.1	–	981,695,536
	Unwinding of interest		–	13,487,334
			–	995,182,870

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 recorded the liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return. Time period of 48 months has passed and the matter is still pending in SHC, hence; the entire liability has now been reclassified as current liability.

		Note	2025 Rupees	2024 Rupees
23.	LEASE LIABILITIES			
	Lease liabilities		140,727,025	42,078,523
	Less: current portion grouped under current liabilities		19,913,762	20,276,852
			120,813,263	21,801,671
23.1	Movement of lease liabilities			
	Opening balance as at July 01,		42,078,523	56,576,868
	Addition during the year	23.3	117,437,599	–
	Interest charge for the year		21,896,888	3,637,675
	Payment made during the year		(40,685,985)	(18,136,020)
	Closing balance as at June 30,		140,727,025	42,078,523

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.

23.3 The lease commenced on August 1, 2024, the effective interest rate used as the discount factor (i.e. incremental borrowing rate) of 3 month KIBOR + 0.5% per annum at the time of inception of lease agreement.

23.4 Lease payments and their present values are as follows:

	2025				2024		
Particulars	Upto one year	From one to five years	More than five years	Total	Upto one year	From one to five years	Total
	Rupees						
Minimum lease payments	42,487,581	101,170,605	148,123,875	291,782,061	22,670,025	22,670,025	45,340,050
Less: finance cost allocated to future periods	22,573,819	84,050,292	44,430,925	151,055,036	2,393,173	868,354	3,261,527
Present value of minimum lease payments	19,913,762	17,120,313	103,692,950	140,727,025	20,276,852	21,801,671	42,078,523

		Note	2025 Rupees	2024 Rupees
24.	**DEFERRED INCOME – GOVERNMENT GRANT**			
	Government grant on loans at below			
	market rate of interest – net	24.1	228,830,878	307,743,319
	Less: current portion grouped under			
	current liabilities		59,210,126	75,878,302
			169,620,752	231,865,017
24.1	**Movement in account of Deferred Income**			
	– Government Grant			
	Opening balance		307,743,319	396,417,220
	Amortisation of grant		(78,912,441)	(88,673,901)
	Closing balance		228,830,878	307,743,319

24.1.1 As detailed in note 22 of the financial statements, the 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% (2024:1.5% to 1.75%) (SBP rate bank spread) per annum and repayable in 32 equal quarterly installments 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:

		2025 Rupees	2024 Rupees
25.1	**Amount recognized in the statement of financial position**		
	Net liability at the beginning of the year	694,238,165	470,793,864
	Charge to statement of profit or loss	328,904,321	300,099,070
	Remeasurement recognized in statement of other		
	comprehensive income	34,414,947	99,893,804
	Payments made during the year	(224,623,285)	(176,548,573)
	Net liability at the end of the year	832,934,148	694,238,165

		2025 Rupees	2024 Rupees
25.2	Movement in the present value of defined benefit obligation		
	Balance at beginning of the year	694,238,165	470,793,864
	Current service cost	243,070,159	237,939,639
	Interest cost	85,834,162	62,159,431
	Benefits paid	(224,623,285)	(176,548,573)
	Remeasurements on obligation	34,414,947	99,893,804
	Balance at end of the year	832,934,148	694,238,165
25.3	Expense recognized in statement of profit or loss		
	Current service cost	243,070,159	237,939,639
	Interest cost	85,834,162	62,159,431
		328,904,321	300,099,070
25.4	Remeasurements recognized in statement of other comprehensive income		
	Experience adjustment	36,181,559	100,534,762
	Actuarial gain	(1,766,612)	(640,958)
		34,414,947	99,893,804

		2025	2024
25.5	Actuarial assumptions used		
	Discount rate used for year-end obligation	11.75%	14.75%
	Expected rate of increase in future salaries	10.75%	13.75%
	Mortality rates (for death in service)	SLIC	SLIC
		(2001-05)	(2001-05)

25.6 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%	761,594,218	910,976,763
Increase in future salaries	1.00%	910,956,620	761,584,862

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, 2026 amounts to Rs.364.63 million.

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

25.9 Historical information:

	2025	2024	2023	2022	2021
			Rupees		
Present value of defined benefit obligation	832,934,148	694,238,165	470,793,864	367,267,451	332,958,530
Experience adjustment on obligation / actuarial loss	34,414,947	99,893,804	40,258,587	16,792,885	(26,354,732)

25.10 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
			Rupees		
As at June 30, 2025	91,214,673	102,867,350	340,248,772	859,082,012	1,393,412,807

	2025 Rupees	2024 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 accelerated tax depreciation	653,870,365	–
– on long term and short term investment	995,398,848	381,116,074
Deductible temporary differences arising in respect of:		
– staff retirement benefit – gratuity	(324,844,318)	(270,752,885)
– provision for slow moving stores	(9,019,998)	(14,393,934)
– provision for doubtful tax refunds	(289,066,331)	(249,164,083)
– provision for impairment in trade debts	(20,098,019)	(18,511,510)
– provision for impairment in investments	(58,500,000)	–
– lease liability – net	(6,834,037)	(3,516,159)
Deferred tax liability / (asset)	940,906,510	(175,222,497)

26.1 Deferred tax expense amounting Rs.555.782 million (2024: Rs.381.116 million) relating to unrealised fair value gain on investments and deferred tax income amounting Rs.13.421 million (2024: Rs.38.958 million) relating to actuarial loss on staff retirement benefit – gratuity have been routed through other comprehensive income. All other movements for deferred tax expense / income have been routed through profit or loss.

26.2 The Company has not recognised deferred tax asset amounting Rs.566.891 million relating to minimum tax paid under section 113 of the Income Tax Ordinance, 2001. based on the grounds that in future taxable profits may not be available against which this tax credit can be obtained. This minimum tax pertains to tax year 2025 and shall expire in tax year 2028.

		Note	2025 Rupees	2024 Rupees
27.	TRADE AND OTHER PAYABLES			
	Creditors	27.1	2,543,199,729	2,532,596,276
	Accrued liabilities		2,946,182,944	2,338,786,757
	Foreign bills payable against import		1,513,054,087	1,265,025,585
	Workers' profit participation fund	27.2	114,970,847	127,399,680
	Workers' welfare fund – for the year		43,035,645	–
	Infrastructure Development Cess		1,699,633,856	1,105,063,736
	Payable to provident fund		4,836	189,792
	Tax deducted at source		2,169,520	34,953
	Provision for gas infrastructure development cess	22.2	995,182,870	–
	Others		1,300,000	500,000
	Unrealized loss on forward foreign currency contracts		53,617,146	–
			9,912,351,480	7,369,596,779
27.1	These balances include the following amounts due to related parties:			
	Reliance Cotton Spinning Mills Limited		15,532,070	14,650,080
	Sapphire Fibres Limited		48,860,067	57,772,076
	Sapphire Finishing Mills Limited		47,837,495	–
	Design Tex (SMC–Private) Limited		9,204,000	2,220,251
	Diamond Fabrics Limited		1,617,031	–
			123,050,663	74,642,407
27.2	Workers' profit participation fund			
	Balance at beginning of the year		127,399,680	99,949,036
	Add: interest on funds utilized by the Company		5,933,073	988,139
			133,332,753	100,937,175
	Less: payments made during the year		133,332,753	100,937,175
			–	–
	Add: allocation for the year		114,970,847	127,399,680
	Balance at end of the year		114,970,847	127,399,680

28. CONTRACT LIABILITIES

28.1 It includes advances received from Creadore A/S Denmark (a related party) amounting Rs.Nil (2024: Rs.106.307 million).

28.2 The balance of contract liability as at June 30, 2025 is expected to be recognized as revenue within one year.

	Note	2025 Rupees	2024 Rupees
29. ACCRUED MARK-UP			
Accrued mark-up on secured:			
- long term loans		279,077,535	360,577,139
- short term borrowings		492,290,764	429,524,278
		771,368,299	790,101,417
30. SHORT TERM BORROWINGS			
Running finance under mark-up arrangements	30.1	7,506,965,470	3,165,853,011
Short term loans	30.1	12,089,963,438	11,310,063,871
		19,596,928,908	14,475,916,882

30.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.35,910 million (2024: Rs.32,410 million). These finance facilities, during the year, carried mark-up at the rates ranged from 3.00% to 22.49% (2024: 5.5% to 24.43%) 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.58,044 million (2024: Rs.52,210 million) on stock in trade, book debts and export bills under collection. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,544 million (2024: Rs.1,421 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.40,205 million (2024:Rs.32,899 million) out of which the amount remained unutilized at the year-end was Rs.29,594 million (2024: Rs.24,059 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.

		2025 Rupees	2024 Rupees
31.	CURRENT PORTION OF LONG – TERM LIABILITIES		
	Current portion of:		
	– long term loans	3,224,806,707	2,978,886,721
	– Gas infrastructure development cess	–	995,182,870
	– lease liabilities	19,913,762	20,276,852
	– deferred govt grant	59,210,126	75,878,302
		3,303,930,595	4,070,224,745

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 There are no contingencies to be reported as at year ended June 30, 2025 and June 30, 2024.

32.2 Commitments

32.2.1 Guarantees aggregating Rs.3,179.939 million (2024: Rs.3,083.555 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, 2025 the value of these cheques amounted to Rs.10,159.126 million (2024: Rs.12,021.284 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 8.3.1 and 17.1.1 in relation to shares held as pledge / collateral.

		2025 Rupees	2024 Rupees
32.2.6	Commitments in respect of:		
	– letters of credit for capital expenditure	538,278,071	299,757,010
	– letters of credit for purchase of raw materials and stores, spare parts & chemicals	2,749,598,603	1,835,511,723
	– capital expenditure other than letters of credit	220,064,994	224,835,904
	– forward foreign currency contracts	4,190,219,763	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	
	2025	2024	2025	2024	2025	2024
	Rupees					
Yarn	5,548,368,248	32,858,958,232	40,609,066,007	6,430,470,462	46,157,434,255	39,289,428,694
Fabric	22,600,423,671	22,886,427,239	5,599,552,757	3,550,392,678	28,199,976,428	26,436,819,917
Home textile products	19,956,203,436	14,352,417,298	1,389,917,408	587,124,076	21,346,120,844	14,939,541,374
Raw materials	-	-	85,366,821	220,936,455	85,366,821	220,936,455
Waste	-	107,414,751	1,432,769,173	1,279,124,916	1,432,769,173	1,386,539,667
Processing income	-	-	4,332,173,070	5,027,401,042	4,332,173,070	5,027,401,042
	48,104,995,355	70,205,217,520	53,448,845,236	17,095,449,629	101,553,840,591	87,300,667,149
Export rebate and duty drawback					124,478,465	103,775,360
Less: sales tax					8,419,631,731	5,005,180,986
					93,258,687,325	82,399,261,523

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

	2025 Rupees	2024 Rupees
33.2 Export sales – yarn		
- Direct export	5,291,137,456	6,760,992,026
- In-direct export	257,230,792	26,097,966,206
	5,548,368,248	32,858,958,232
Export sales - fabric		
- Direct export	21,114,960,904	16,025,829,841
- In-direct export	1,485,462,767	6,860,597,398
	22,600,423,671	22,886,427,239

33.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.68.946 million (2024: Rs.262.378 million) has been included in export sales.

33.4 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. 2,144.494 million have been recognized as revenue during the year (2024: Rs. 1,724.443 million).

		Note	2025 Rupees	2024 Rupees
34.	COST OF SALES			
	Finished goods at beginning of the year		6,523,909,035	5,337,719,713
	Cost of goods manufactured	34.1	80,856,021,694	72,249,147,657
	Cost of raw materials sold	34.5	72,028,226	273,329,843
			80,928,049,920	72,522,477,500
			87,451,958,955	77,860,197,213
	Finished goods at end of the year		(6,926,961,315)	(6,523,909,035)
			80,524,997,640	71,336,288,178

		Note	2025 Rupees	2024 Rupees
34.1	Cost of goods manufactured			
	Work-in-process at beginning of the year		1,692,571,224	1,332,041,251
	Raw materials consumed	34.2	54,948,588,260	50,968,596,330
	Salaries, wages and benefits	34.3	8,288,908,371	6,625,273,210
	Packing material consumed		1,887,046,875	1,394,897,182
	Stores and spares consumed		1,941,494,055	1,976,907,425
	Depreciation	5.4	2,343,182,555	2,211,016,808
	Fuel, power and water		9,578,530,764	8,139,159,737
	Repair and maintenance		382,462,108	229,912,250
	Insurance expenses		191,051,318	176,450,620
	Vehicle running expenses		127,531,614	124,544,180
	Travelling and conveyance		82,700,214	80,191,675
	Printing and stationery		3,292,202	3,418,985
	Legal and professional charges		7,143,488	8,567,937
	Fees and subscription		65,762,678	60,560,465
	Communication expenses		18,800,533	18,309,690
	Other manufacturing expenses	34.4	1,131,040,051	583,018,278
	Rent, rates and taxes		6,441,792	5,033,976
	Miscellaneous expenses		4,057,079	3,818,882
			82,700,605,181	73,941,718,881
	Work-in-process at end of the year		(1,844,583,487)	(1,692,571,224)
			80,856,021,694	72,249,147,657

		Note	2025 Rupees	2024 Rupees
34.2	Raw materials consumed			
	Stocks at beginning of the year		13,082,347,927	14,689,903,498
	Purchases		58,117,103,986	49,361,040,759
			71,199,451,913	64,050,944,257
	Stocks at end of the year		(16,250,863,653)	(13,082,347,927)
			54,948,588,260	50,968,596,330

34.3 Salaries, wages and benefits include Rs.328.904 million (2024: Rs.300.099 million) in respect of staff retirement benefit – gratuity and Rs.69.294 million (2024: Rs.58.320 million) contribution in respect of staff provident fund.

		2025 Rupees	2024 Rupees
34.4	Other manufacturing expenses		
	Cotton dyeing, bleaching and bale pressing charges	315,828,990	347,233,802
	Yarn dyeing and bleaching charges	1,294,800	5,579,340
	Fabric dyeing, bleaching, knitting and processing charges	327,587,597	23,476,798
	Weaving and yarn doubling charges	383,314,702	152,836,561
	Stitching, spinning, embroidery and other charges	103,013,962	53,891,777
		1,131,040,051	583,018,278

34.5 It includes salaries, wages and benefits amounting to Rs.0.313 million (2024: Rs.1.381 million), insurance amounting to Rs.0.317 million (2024: Rs.2.762 million) and finance cost amounting to Rs.5.162 million (2024: Rs.29.995 million).

		Note	2025 Rupees	2024 Rupees
35.	DISTRIBUTION COST			
	Export development surcharge		112,255,664	94,701,927
	Insurance		5,084,044	6,287,569
	Commission		701,169,717	419,648,347
	Freight and forwarding		1,370,806,069	1,057,480,406
	Salaries and benefits	35.1	678,106,103	516,514,081
	Rent and utilities		17,526,148	19,082,801
	Communication		80,011,160	49,550,663
	Travelling, conveyance and entertainment		254,882,649	280,771,743
	Repair and maintenance		31,848,388	26,185,130
	Fees and subscription		28,609,405	23,482,838
	Samples and advertising		2,668,171	6,617,443
	Exhibition expenses		60,884,360	36,883,791
	Printing and stationery		1,051,131	1,179,595
	Depreciation	5.4	501,590	508,023
			3,345,404,599	2,538,894,357

35.1 Salaries and benefits include Rs.25.893 million (2024: Rs.19.328 million) in respect of contribution to staff provident fund.

	Note	2025 Rupees	2024 Rupees
36. ADMINISTRATIVE EXPENSES			
Directors' remuneration		90,600,000	74,400,000
Directors' meeting fee		1,650,000	950,000
Salaries and benefits	36.1	654,836,135	506,314,460
Rent, rates and utilities		39,323,627	37,422,133
Communication		13,511,649	11,993,215
Printing and stationery		7,231,325	6,410,334
Travelling, conveyance and entertainment		50,739,848	55,581,387
Motor vehicle expenses		71,434,794	60,840,953
Repair and maintenance		32,635,657	32,877,461
Insurance expense		2,015,214	1,891,452
Legal and professional charges		25,187,607	41,107,627
Fees and subscription		53,911,090	27,744,854
Computer expenses		12,696,515	11,033,500
Advertisement		2,992,398	673,941
Depreciation–right–of–use asset	5.2	27,296,478	16,531,364
Depreciation–owned assets	5.4	59,719,177	50,811,202
		1,145,781,514	936,583,883

36.1 Salaries and other benefits include Rs.23.397 million (2024: Rs.17.296 million) in respect of contribution to staff provident fund.

	Note	2025 Rupees	2024 Rupees
37. OTHER OPERATING EXPENSES			
Workers' profit participation fund	27.2	114,970,847	127,399,680
Workers' welfare fund		43,035,645	–
Auditors' remuneration	37.2	4,438,184	4,197,146
Donations	37.3	42,553,000	3,848,940
Depreciation – investment property	6	14,583,091	8,073,762
Provision for doubtful sales tax refunds	18	102,313,456	61,654,221
Exchange loss on translation of receivable		–	29,070,000
Exchange loss on translation of foreign currency		–	5,138,775
Allowance for expected credit loss		4,067,973	3,135,563
		325,962,196	242,518,087

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

		2025 Rupees	2024 Rupees
37.2	Auditors' remuneration		
	– Annual Audit fee	2,750,000	2,500,000
	– Half yearly review fee	536,311	466,358
	– Code of corporate governance review fee	94,435	85,850
	– Other certification / services	1,057,438	1,144,938
		4,438,184	4,197,146

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

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

	Note	2025 Rupees	2024 Rupees
Abdullah Foundation	37.3.1	34,000,000	–

37.3.1 Following directors of the Company are also directors in Abdullah Foundation (donee):

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

		Note	2025 Rupees	2024 Rupees
38.	OTHER INCOME			
	Income from financial assets			
	Dividend income:			
	– from subsidiary and associated companies		1,876,390,300	3,716,013,849
	– from other companies		1,014,960,066	982,030,744
			2,891,350,366	4,698,044,593
	Interest income on saving accounts		7,783,786	6,845,259
			2,899,134,152	4,704,889,852
	Income from assets other than financial assets			
	Gain on disposal of operating fixed assets	5.1.2	113,576,830	113,728,843
	Gain on sale of investment property		–	111,125,888
	Exchange gain on translation of receivable	16.3	20,330,000	–
	Reversal of provision for stores, spares and loose tools	11.1	13,779,326	7,694,474
	Rental income		213,617,680	146,333,760
	Exchange gain on translation of foreign currency accounts		13,189,078	–
	Reversal of workers' welfare fund		–	705,484,175
	Scrap sales [Net of sales tax aggregating Rs.43.373 million (2024: Rs.35.524 million)]		160,421,821	105,802,545
			534,914,735	1,190,169,685
			3,434,048,887	5,895,059,537
39.	FINANCE COST			
	Interest / mark-up on :			
	– short term finances		2,585,758,323	3,759,079,946
	– long term loans		1,952,147,689	2,489,213,464
	– lease liabilities		21,896,888	3,637,675
	– Workers' Profit Participation Fund	27.2	5,933,073	988,139
	Bank charges, commission and others charges		100,780,251	142,119,056
			4,666,516,224	6,395,038,280
40.	LEVIES AND LEVY TAXES			
40.1	Final tax levy			
	Levy:			
	– for the year		1,512,909,136	1,697,703,157
	– for prior year		(17,079)	(2,076,180)
			1,512,892,057	1,695,626,977

40.2 This represents income tax payable on dividend income under section 150 and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability has been recognised as levy in align with 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 final and minimum tax regime.

		2025 Rupees	2024 Rupees
40.4	Income tax		
	Current		
	– for the year	646,447,239	493,014,578
	Deferred tax	573,768,061	(517,379,987)
		1,220,215,300	(24,365,409)

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:

	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws	2,159,339,296	2,190,717,735
Portion of current tax liability as per tax laws, representing income tax under IAS 12	646,447,239	493,014,578
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,512,892,057	1,697,703,157
Difference	–	–

		2025	2024
41.	EARNINGS PER SHARE		
41.1	Basic earnings per share		
	Net profit for the year	3,950,966,682	5,173,736,707
		Number of shares	
	Weighted average ordinary shares in issue	21,689,791	21,689,791
		Rupees	
	Earnings per share	182.16	238.53

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, 2025 and June 30, 2024 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2025 Rupees	2024 Rupees
42.	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		6,684,074,039	6,844,998,275
	Adjustments for non–cash charges and other items:			
	Depreciation on right–of–use asset	5.2	27,296,478	16,531,364
	Depreciation on operating fixed assets	5.4	2,403,403,322	2,262,336,033
	Depreciation on investment property	6	14,583,091	8,073,762
	Interest income	38	(7,783,786)	(6,845,259)
	Gain on disposal of operating fixed assets	38	(113,576,830)	(113,728,843)
	Gain on disposal of investment property	38	–	(111,125,888)
	Dividend income			
	– subsidiaries and associates	38	(1,876,390,300)	(3,716,013,849)
	– others companies	38	(1,014,960,066)	(982,030,744)
	Staff retirement benefit – gratuity	25.3	328,904,321	300,099,070
	Provision for expected credit loss	13.6	4,067,973	3,135,563
	Net foreign exchange difference	37 & 38	(20,330,000)	(29,070,000)
	Reversal of provision for stores, spares			
	and loose tools	11.1	(13,779,326)	(7,694,474)
	Provision against doubtful sales tax refundable	18.2	102,313,456	61,654,221
	Unwinding of liability related to GIDC	22.2	–	13,487,334
	Unwinding of Government grant		(78,912,441)	(88,673,901)
	Unwinding of lease liability		21,896,888	3,637,675
	Finance cost		4,644,619,336	6,466,587,172
	Rental income	38	(213,617,680)	(146,333,760)
	Exchange (gain) / loss on translation of foreign			
	currency accounts		(13,189,078)	5,138,775
	Working capital changes	42.1	(4,318,033,009)	(2,993,820,673)
			6,560,586,388	7,790,341,853
42.1	Working capital changes			
	(Increase) / decrease in current assets:			
	Stores, spare and loose tools		(178,705,072)	(78,987,342)
	Stock–in–trade		(3,900,249,482)	(1,499,438,724)
	Trade debts		(829,712,484)	(2,329,525,615)
	Loans and advances		(38,178,456)	(24,983,763)
	Trade deposits and short term prepayments		(152,193,672)	16,999,999
	Other receivables		(339,413,150)	15,737,313
			(5,438,452,316)	(3,900,198,132)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		1,555,701,435	473,142,054
	Contract liabilities		(435,282,128)	433,235,405
			1,120,419,307	906,377,459
			(4,318,033,009)	(2,993,820,673)

43. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

	Chief Executive		Executives		Directors	
	2025	2024	2025	2024	2025	2024
Particulars	Rupees					
Remuneration	36,000,000	36,000,000	1,228,429,502	901,042,011	54,600,000	38,400,000
Bonus	–	–	127,208,173	90,555,716	–	–
Medical	–	–	15,306,269	11,559,405	–	–
Contribution to provident fund	–	–	62,534,082	48,866,840	–	–
Other benefits	–	–	56,832,463	38,553,905	–	–
	36,000,000	36,000,000	1,490,310,490	1,090,577,877	54,600,000	38,400,000
Number of persons	1	1	251	209	2	2

43.1 Certain executives are provided with Company maintained vehicles.

43.2 Meeting fee of Rs.1.650 million (2024: Rs.0.950 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 free use of 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%

Name of the related party	Basis of relationship	Percentage of shareholding
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	2.94%
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	–
Diamond Fabrics Ltd.	Common directorship	–
Bank Alfalah Ltd.	Investor in a subsidiary of the Company	–
Abdullah Foundation	Common directorship	–

	2025 Rupees	2024 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Sales / processing	9,248,226,767	8,558,590,384
Purchases	24,253,114	7,838,077
Investment made	950,000,000	843,702,589
Expenses charged to	6,625,352	14,130,234
Rental income	200,310,000	133,026,000
Dividend received	1,848,124,999	3,678,749,997
ii) Associated Companies		
Sales / processing	4,977,320,870	6,730,225,462
Purchases / rent	1,107,006,040	406,705,768
Purchases of fixed asset	40,423,729	–
Investment made	146,909,967	–
Expenses charged to	136,624,191	116,326,397
Expenses charged by	24,742,597	11,000,595
Mark–up charged by	184,202,470	223,470,662
Dividend received	28,265,301	37,263,852
Dividend paid	597,158,422	67,221,550
Loans (repaid) / obtained – net	(31,457,799)	225,689,550

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

		2025 Rupees	2024 Rupees
iii)	**Key management personnel**		
	Salary and other employment benefits	140,077,900	110,418,155
iv)	**Retirement Fund**		
	Contribution towards provident fund	118,583,789	94,372,932
iv)	**Others**		
	Donation	34,000,000	–
	Dividend paid	76,828,960	71,658,960

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 audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(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.23,250 million as at June 30, 2025 (2024: Rs.18,539 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 92% (2024: 91%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2025 Rupees	2024 Rupees
Long term investments	4,461,570,190	3,554,103,688
Long-term loans and advances	61,178,437	56,168,867
Long term deposits	98,148,246	92,390,956
Trade debts	9,773,217,030	8,986,279,815
Loans and advances	112,244,950	90,643,893
Trade deposits	153,208,672	1,015,000
Short term investments	7,031,015,869	4,251,400,468
Other receivables	1,406,613,673	1,178,093,194
Bank balances	152,987,486	329,773,801
	23,250,184,553	18,539,869,682

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:

	2025 Rupees	2024 Rupees
Domestic	7,779,950,970	7,655,636,313
Export	1,993,266,060	1,330,643,502
	9,773,217,030	8,986,279,815

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

Aging analysis of trade debtors is as follows:

	2025 Rupees	2024 Rupees
Not due	7,347,785,502	6,861,331,677
1 – 30 days	1,828,423,833	1,677,017,662
31 – 60 days	253,442,733	132,128,411
61 – 90 days	41,127,471	80,345,040
91 – 180 days	268,731,062	209,107,344
181 – 360 days	12,221,460	4,864,712
361 days or more	21,484,969	21,484,969
	9,773,217,030	8,986,279,815

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 2025							
Estimated total gross carrying amount at default	5,354,519,442	1,828,423,833	253,442,733	41,127,471	268,731,062	12,221,460	21,484,969
Expected credit loss	2,879,990	660,162	629,883	258,522	17,203,986	8,415,870	21,484,969
Expected credit loss rate	0.05%	0.04%	0.25%	0.63%	6%	69%	100%
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	4,864,712	21,484,969
Expected credit loss rate	0.04%	0.05%	0.51%	2.33%	7%	100%	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 Banks	Short term	Long term	Agency
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A1+	AAA	VIS
Habib Bank Limited	A1+	AAA	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	A1+	AA	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	VIS
Askari Bank Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AAA	PACRA
Pak Kuwait Investment Company Private Limited	A1+	AAA	PACRA
Pak China Investment Company Private Limited	A1+	AAA	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, 2025					
Long term loans	19,479,785,914	26,167,431,541	4,813,396,501	17,244,632,033	4,109,403,007
Trade and other payables	8,054,711,132	8,054,711,132	8,054,711,132	-	-
Accrued mark-up / interest	771,368,299	771,368,299	771,368,299	-	-
Short term borrowings	19,596,928,908	20,830,479,692	20,830,479,692	-	-
Unclaimed dividend	2,264,855	2,264,855	2,264,855	-	-
	47,905,059,108	55,826,255,519	34,472,220,479	17,244,632,033	4,109,403,007

	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	17,883,452,806	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	17,883,452,806	4,718,545,440

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:

	Rupees	U.S.$	Euro	JPY	CHF
For the year ended June 30, 2025					
Trade debts	(1,993,266,060)	(5,026,794)	(1,708,555)	-	-
Bank balances	(136,264,740)	(454,948)	(21,796)	-	-
Foreign bills payable against import	1,513,054,087	4,829,374	385,433	-	36,350
Net balance sheet exposure	(616,476,713)	(652,368)	(1,344,918)	-	36,350
Outstanding letters of credit	3,287,876,674	9,540,953	1,150,930	-	222,000
Foreign currency forward contracts	4,190,219,763	13,453,968	1,200,000	-	
	6,861,619,724	22,342,553	1,006,012	-	258,350

	Rupees	U.S.$	Euro	JPY	CHF
For the year ended June 30, 2024					
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	-	-
	6,587,770,681	15,162,125	7,209,496	4,790,618	212,609

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
U.S. Dollar to Rupee	283.85	278.50	284.10 / 283.60	278.75 / 278.25
Euro to Rupee	332.54	299.25	332.83 / 332.25	299.52 / 298.98
Japanese Yen to Rupee	1.9684	1.7219	1.9701 / 1.9667	1.7234 / 1.7204
Swiss Frank to Rupee	355.19	307.93	355.50 / 354.87	308.20 / 307.65

At June 30, 2025, if Rupee had strengthened by 10% against US Dollar and Euro 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.

	2025 Rupees	2024 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(18,501,156)	7,201,555
Euro to Rupee	(44,684,901)	(34,703,805)
	(63,186,057)	(27,502,249)

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:

	2025	2024	2025	2024
	Effective rate		Carrying amount	
	Percentage		Rupees	
Fixed rate instruments				
Financial assets				
Saving accounts	9.25% to 19.00%	20.50%	4,259,938	101,230,772
Financial liabilities				
Long term finances	1.75% to 5.00%	1.75% to 5.00%	7,979,229,315	8,680,676,679
Short term borrowings	3.00% to 5.50%	5.50% to 19.25%	7,506,965,470	3,165,853,010
Variable rate instruments				
Financial liabilities				
Long term finances	11.29% to 22.91%	3.50% to 24.33%	11,500,556,600	10,583,827,504
Short term borrowings	7.25% to 22.49%	21.80% to 24.43%	12,089,963,438	11,310,063,872

At June 30, 2025, 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.235.905 million (2024: Rs.218.939 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.11,317.051 million (2024: Rs.7,813.406 million) are exposed to price risk due to changes in market price.

At June 30, 2025, 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.1,131.705 million (2024: Rs.781.347 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].

Level 1 financial assets: The Company's financial assets measured at level 1 fair value amounts to Rs.11,317.051 million (2024: Rs.7,813.466 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Level 3 financial assets: The Company's financial assets measured at level 3 fair value amounts to Rs.183.996 million (2024: Rs. 0.500 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.

	2025 Rupees	2024 Rupees
Total borrowings	39,305,545,700	34,048,164,384
Less: cash and bank balances	153,387,486	330,173,801
Net debt	39,152,158,214	33,717,990,583
Total equity	42,747,020,339	36,916,853,283
Total capital including net debt	81,899,178,553	70,634,843,866
Gearing ratio	48%	48%

45.4 Financial instruments by category

	As at June 30, 2025		
	Amortised cost	At fair value through OCI	Total
	Rupees		
Financial assets as per statement of financial position			
Long-term investments	–	4,461,570,190	4,461,570,190
Long-term loans and advances	61,178,437	–	61,178,437
Long-term deposits	98,148,246	–	98,148,246
Trade debts	9,773,217,030	–	9,773,217,030
Loans to employees	112,244,950	–	112,244,950
Trade deposits	153,208,672	–	153,208,672
Other receivables	1,577,571,950	–	1,577,571,950
Short-term investments	–	7,031,015,869	7,031,015,869
Cash and bank balances	153,387,486	–	153,387,486
	11,928,956,771	11,492,586,059	23,421,542,830

	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	90,643,893	–	90,643,893
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
	10,844,178,606	7,805,504,156	18,649,682,762

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
Financial liabilities as per statement of financial position		
Long-term loans and other payables	16,254,979,207	16,285,617,462
Deferred income - Government grant	169,620,752	231,865,017
Trade and other payables	8,054,711,132	6,137,133,363
Current portion of long-term liabilities	3,303,930,595	4,070,224,745
Unclaimed dividend	2,264,855	2,033,780
Short term borrowings	19,596,928,908	14,475,916,882
Accrued mark-up	771,368,299	790,101,417
	48,153,803,748	41,992,892,666

46. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	Rupees			
Balance as at July 01, 2024	42,078,523	19,264,504,183	14,475,916,882	2,033,780
Changes from financing activities				
Finances obtained	117,437,599	2,968,590,242	-	-
Finances repaid	-	(2,753,308,511)	5,121,012,026	-
Repayment of lease liabilities	(40,685,985)	-	-	-
Dividends paid	-	-	-	(769,756,506)
Dividend declared	-	-	-	769,987,581
Total changes from financing cash flows	118,830,137	19,479,785,914	19,596,928,908	2,264,855
Other changes / adjustments				
Finance cost	21,896,888	-	-	-
Balance as at June 30, 2025	140,727,025	19,479,785,914	19,596,928,908	2,264,855
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

		UOM	2025	2024
47.	CAPACITY AND PRODUCTION			
47.1	Spinning			
	Number of spindles installed		175,472	176,792
	Number of spindles worked		173,632	170,598
	Total number of rotors installed		440	440
	Average number of rotor worked		438	440
	Number of shifts worked per day		3	3
	Installed capacity after conversion			
	into 20's count	Lbs.	139,957,363	141,120,505
	Actual production after conversion			
	into 20's count	Lbs.	135,328,875	137,997,348
47.2	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.	175,676,415	168,128,883
47.3	Finishing and Printing			
	Production capacity	Mtrs.	69,000,000	69,000,000
	Actual production	Mtrs.	63,882,291	65,565,974
47.4	Yarn dyeing			
	Production capacity	KGs	2,880,000	2,880,000
	Actual production	KGs	2,222,035	2,282,148

47.5 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.

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.

		2025	2024
48.	NUMBER OF EMPLOYEES		
	Number of employees as at June 30,	9,743	10,044
	Average number of employees as at June 30,	10,292	9,483

49. PROVIDENT FUND RELATED DISCLOSURE

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

	2025		2024	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
50. SHAHRIAH SCREENING DISCLOSURE				
Statement of Financial Position – Assets				
Long term investments	18,058,672,125	–	16,201,205,623	–
Short term investments	4,222,075,285	2,808,940,584	3,068,711,409	1,182,689,059
Bank balances	152,949,403	438,085	330,042,160	131,641
Statement of Financial Position – Liability				
Long term finances	16,750,889,142	2,728,896,772	17,395,270,203	1,869,233,980
Short term borrowings	9,926,411,883	2,163,551,555	9,919,095,378	1,390,968,493
Running finances under mark-up arrangements	5,036,704,517	2,470,260,953	2,755,151,786	410,701,225
Accrued mark-up	625,528,948	145,839,351	669,613,954	120,487,463
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant business segments	–	93,258,687,325	–	82,399,261,523
Un-realised gain on investments				
a) Long term investment	1,853,330,513	–	2,022,077,846	–
b) Short term investment	384,348,970	1,094,679,609	1,740,350,875	340,761,581
Other income				
a) Profit on bank deposits	7,783,786	–	6,845,259	–
b) Dividend Income	2,787,631,229	103,719,137	4,628,030,162	70,014,431
c) Exchange gain /(loss) on actual currency	13,189,078	–	(5,138,775)	–
Mark-up on running finances under mark-up arrangements	678,944,207	316,845,163	936,483,453	370,706,946
Mark-up on short term finances	1,516,008,050	153,656,165	2,492,715,911	329,880,582
Mark-up on long term finances	1,760,618,103	191,529,586	2,275,183,787	214,029,677

The Company have banking relation with the following shariah-compliant financial institutions:

a) Meezan Bank Limited
b) Bank Islami Pakistan Limited
c) Dubai Islamic Bank Pakistan Limited
d) Faysal Bank Limited

51. 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.

52. GENERAL

These financial statements were authorized for issue on September 25, 2025 by the Board of Directors of the Company.

Chief Executive Officer

Chairman / Director

Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, Creek Properties (Private) Limited, Sapphire Retail International Limited, Sapphire Retail Trading One Person Company L.L.C and Sapphire Retail US Corporation, it is our pleasure to present Directors' Report with audited Consolidated Financial Statements for the year ended June 30, 2025.

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 (SRL) is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of SRL is to operate "Sapphire" brand retail outlets for the sale of textile and other products. SRL operates 51 retail outlets throughout the country and also has online presence through its e-store.

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.

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 and formed for the purpose of investment in real estate projects.

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.

Sapphire Green Energy (Private) Limited

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

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.

Sapphire Retail International Limited

Sapphire Retail International Limited, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United Kingdom. The company has opened two retail outlets, one in Bradford and the other in Birmingham, 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 with the purpose of textile retail operations in United Arab Emirates. The company has opened one retail outlet in Sharjah, United Arab Emirates.

Sapphire Retail US Corporation

Sapphire Retail US Corporation, a wholly owned subsidiary, has been incorporated during the current year with the purpose of textile retail operations in United States of America.

On behalf of the Board

Nadeem Abdullah
Chief Executive

Mohammad Abdullah
Chairman / Director

Lahore
Dated: September 25, 2025

سفائرگرین انرجی (پرائیویٹ) لمیٹڈ

سفائرگرین انرجی (پرائیویٹ) لمیٹڈمکمل طور پر ملکیتی ذیلی کمپنی ہے جسے قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنے کے مقصد کے تحت 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) لمیٹڈ 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی رئیل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل 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 قائم کیا گیا۔ کمپنی نے برطانیہ کے شہر بریڈفورڈ اور برمنگھم میں ایک ایک ریٹیل آوٹ کھولا ہے۔

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 قائم کیا گیا۔ کمپنی نے شارجہ، متحدہ عرب امارات میں ایک ریٹیل آوٹ کھولا ہے۔

سفائر ریٹیل یو ایس کارپوریشن

سفائر ریٹیل یو ایس کارپوریشن مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے رواں سال ریاست ہائے متحدہ امریکہ میں قائم کیا گیا ہے جس کا مقصد ٹیکسٹائل ریٹیل آپریشنز کو دیکھنا ہے۔

بورڈ کی طرف

ندیم عبداللہ
چیف ایگزیکٹو

محمد عبداللہ
چیئرمین/ڈائریکٹر

لاہور
مورخہ: 25 ستمبر، 2025

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سفائر ونڈ پاور کمپنی لمیٹڈ، سفائر ریٹیل لمیٹڈ، ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سفائر انٹرنیشنل اے پی ایس، ڈیزائن ٹیکس (ایس ایم سی - پرائیویٹ) لمیٹڈ، سفائر رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ، سفائر کیمیکلز (پرائیویٹ) لمیٹڈ، سفائر گرین انرجی (پرائیویٹ) لمیٹڈ، کریک پراپرٹیز (پرائیویٹ لمیٹڈ)، سفائر ریٹیل انٹرنیشنل لمیٹڈ، سفائر ریٹیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی اور سفائر ریٹیل یوایس کارپوریشن کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون، 2025 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ کے ہمراہ آڈٹ شدہ کنسالیڈیٹڈ 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 کردیا 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۔ 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 51 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 پراجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر، 2018 میں کمرشل آپریشن کا کامیابی سے آغاز کردیا ہے۔

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۔

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 سفائر ریٹیل لمیٹڈ کی ملکیتی 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 رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفائر رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے رئیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

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۔ 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۔

INDEPENDENT AUDITOR'S REPORT

To the Members of Sapphire Textile Mills Limited
Report on the Audit of 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, 2025, 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, 2025, 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 Matters

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.

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1.	**Capital expenditures** Refer note 6 to the financial statements. The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2025. 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. 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. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - 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. - 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. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - 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. - 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.

S. No.	Description	How the matter was addressed in our audit
2.	**Valuation of stock-in-trade** The total value of stock in trade as at the reporting date amounted to Rs.42.874 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 15 to the consolidated financial statements. 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. 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: - Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - 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. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - 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. We reviewed the Group's disclosure in the consolidated financial statement in respect of stock in trade.

S. No.	Description	How the matter was addressed in our audit
3.	**Revenue recognition** 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. 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: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - 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. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Group's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - Assessed the adequacy of disclosures made in the financial statements related to revenue.

Information Other than the Consolidated 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 Consolidated 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.

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

Auditors' Responsibilities for the Audit of the Consolidated 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

Lahore: September 30, 2025
UDIN: AR202510104xzrDgWqAn

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
Assets			
Non current assets			
Property, plant and equipment	6	89,753,201,787	89,205,020,831
Investment property	7	1,644,567,641	1,645,003,518
Intangible assets	8	462,887,168	473,371,621
Exploration and evaluation assets	9	135,428,274	130,928,274
Long-term investments	10	7,065,858,068	5,731,684,160
Long-term loans and advances	11	66,665,011	56,168,867
Long-term deposits	12	224,723,128	206,699,068
Deferred tax asset	13	-	560,483,654
		99,353,331,077	98,009,359,993
Current assets			
Stores, spares and loose tools	14	1,196,630,130	979,660,671
Stock in trade	15	42,874,980,902	35,744,403,520
Trade debts	16	22,847,820,047	22,357,299,246
Loans and advances	17	319,352,919	393,632,520
Trade deposits and short term prepayments	18	337,525,221	106,648,789
Other receivables	19	3,047,688,935	2,768,669,455
Short-term investments	20	7,286,637,117	4,480,398,075
Tax refunds due from Government	21	5,456,638,983	2,796,342,932
Cash and bank balances	22	19,411,721,135	17,533,563,165
		102,778,995,389	87,160,618,373
Total assets		202,132,326,466	185,169,978,366
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	74,947,632,741	63,270,178,387
Equity attributable to equity holders of the parent		75,164,530,651	63,487,076,297
Non-controlling interests		22,618,917,226	20,176,661,419
Total equity		97,783,447,877	83,663,737,716
Non current liabilities			
Long-term loans and other payables	25	38,055,329,359	46,035,980,643
Lease liabilities	26	3,472,238,576	3,221,082,755
Deferred income - Government grant	27	169,620,752	231,865,017
Deferred tax liability	13	481,397,794	-
Employee benefit obligations	28	944,933,052	813,216,251
		43,123,519,533	50,302,144,666
Current liabilities			
Trade and other payables	29	23,508,335,673	18,179,234,210
Contract liabilities	30	1,780,955,845	2,164,431,058
Accrued mark-up	31	950,759,085	1,048,890,952
Short-term borrowings	32	21,561,623,899	14,921,225,830
Current portion of long-term liabilities	33	13,421,419,699	14,557,530,151
Unclaimed dividend		2,264,855	332,783,783
		61,225,359,056	51,204,095,984
Total liabilities		104,348,878,589	101,506,240,650
CONTINGENCIES AND COMMITMENTS	34		
Total equity and liabilities		202,132,326,466	185,169,978,366

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 June 30, 2025

	Note	2025 Rupees	2024 Rupees
Net turnover	35	152,504,059,304	137,298,442,336
Cost of sales	36	(115,828,966,273)	(96,259,653,924)
Gross profit		36,675,093,031	41,038,788,412
Distribution cost	37	(10,068,014,966)	(7,915,923,530)
Administrative expenses	38	(2,541,192,920)	(2,134,088,998)
Other operating expenses	39	(739,437,917)	(490,475,902)
Other income	40	3,018,396,460	4,400,397,806
Profit from operations		26,344,843,688	34,898,697,788
Finance cost	41	(9,397,543,336)	(12,341,291,105)
Share of profit of associated companies		342,722,537	236,916,641
Profit before revenue tax, income tax and levy		17,290,022,889	22,794,323,324
Final taxes – levy	42	(1,714,365,370)	(1,824,870,110)
Profit before income tax		15,575,657,519	20,969,453,214
Income tax expense	42	(2,438,540,940)	(1,242,790,639)
Profit for the year		13,137,116,579	19,726,662,575
Attributable to:			
Equity holders of the parent		9,442,985,772	13,263,476,503
Non-controlling interests		3,694,130,807	6,463,186,072
		13,137,116,579	19,726,662,575
Earnings per share – basic and diluted	43	435.37	611.51

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 June 30, 2025

	2025 Rupees	2024 Rupees
Profit after taxation	13,137,116,579	19,726,662,575
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
Net –(loss) / gain on remeasurement of forward foreign currency contracts	(108,448,112)	60,421,094
Net – (loss) /gain on remeasurement of forward foreign currency contracts – associates	(229,939)	216,447
	(108,678,051)	60,637,541
Exchange difference on translation of foreign operations	82,208,798	(27,669,237)
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on equity instruments at fair value through other comprehensive income		
– long term	1,853,330,513	2,022,077,846
– short term	1,479,028,579	2,081,112,456
	3,332,359,092	4,103,190,302
Impact of deferred tax	(555,782,775)	(381,116,074)
Unrealised gain on equity instruments at fair value through other comprehensive income – associates	36,411,554	43,695,547
Realised gain /(loss) on sale of investment at fair value through other comprehensive income	444,129,898	(1,306,132,939)
Actuarial (loss) on re-measurement of staff retirement benefit obligation – net of tax	(39,859,809)	(104,307,271)
Actuarial (loss) on re-measurement of staff retirement benefit obligation – associates	(2,367,782)	(2,445,547)
Impact of deferred tax	13,421,829	38,958,584
	(28,805,762)	(67,794,234)
	3,228,312,007	2,391,842,602
Total comprehensive income for the year	16,338,959,333	22,151,473,481
Attributable to:		
Equity holders of the parent	12,644,828,526	15,688,287,409
Non- controlling interests	3,694,130,807	6,463,186,072
	16,338,959,333	22,151,473,481

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 June 30, 2025

	Issued, subscribed and paid-up capital	Reserves – Capital: Share premium	Reserves – Capital: Fixed Assets Replacement	Reserves – Capital: Capital reserve against capacity expansions and long term investments	Reserves – Capital: Fair value reserve of financial asset at fair value through OCI	Reserves – Capital: Unrealized (loss)/gain on translation of foreign operation	Reserves – Revenue: Cash flow hedge reserve	Reserves – Revenue: General	Reserves – Revenue: Unappropriated profit	Sub-total	Non-Controlling Interests	Total
	Rupees											
Balance as at July 01, 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
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 gain 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
Transactions with owners												
Final dividend @ Rs. 10 per share - STML	-	-	-	-	-	-	-	-	(216,897,910)	(216,897,910)	-	(216,897,910)
Interim dividend @ Rs. 25.5 per share - STML	-	-	-	-	-	-	-	-	(553,089,671)	(553,089,671)	-	(553,089,671)
First interim dividend @ Rs.1.8403 per share - SWPCL	-	-	-	-	-	-	-	-	-	-	(180,000,000)	(180,000,000)
First interim dividend @ Rs.3.00625 per share - TBCL	-	-	-	-	-	-	-	-	-	-	(1,071,875,000)	(1,071,875,000)
Reclassification	-	-	-	30,730,000,000	-	-	-	(1,330,000,000)	(29,400,000,000)	-	-	-
Total comprehensive income for the year ended June 30, 2025												
Profit for the year	-	-	-	-	-	-	-	-	9,442,985,772	9,442,985,772	3,694,130,807	13,137,116,579
Other comprehensive (loss) / income	-	-	-	-	2,812,987,871	82,208,798	(108,678,051)	-	(28,805,762)	2,757,712,856	-	2,757,712,856
	-	-	-	-	2,812,987,871	82,208,798	(108,678,051)	-	9,414,180,010	12,200,698,628	3,694,130,807	15,894,829,435
Reclassification adjustment of realised loss on sale of equity instrument at fair value through other comprehensive income	-	-	-	-	(444,129,898)	-	-	-	444,129,898	-	-	-
Adjustment on account of group taxation of subsidiary companies (SRL &DTL) -note 5.19	-	-	-	-	-	-	-	-	229,730,844	229,730,844	-	229,730,844
Share of increase in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	17,012,462	17,012,462	-	17,012,462
Balance as at June 30, 2025	216,897,910	782,796,090	65,000,000	30,730,000,000	3,831,996,267	398,048,516	(46,691,254)	-	39,186,483,122	74,947,632,741	22,618,917,226	97,783,447,877

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 June 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	44	29,304,831,342	36,252,527,270
Change in long term loans, advances and deposits		(112,860,197)	135,192,549
Finance cost paid		(9,032,577,355)	(12,402,502,759)
Taxes paid		(6,247,089,696)	(1,668,841,293)
Staff retirement benefit paid		(244,420,257)	(186,638,163)
Accumulating compensated absences paid		(13,621,657)	(20,330,592)
Net cash generated from operating activities		13,654,262,180	22,109,407,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,447,010,742)	(6,627,126,149)
Purchase of investment property		–	(4,462,257)
Exploration and evaluation expenditure		(4,500,000)	(18,000,000)
Proceeds from disposal of investment property		–	123,825,888
Proceeds from disposal of operating fixed assets		255,321,535	373,511,916
Investments in shares and certificates		(2,463,011,608)	(1,623,934,764)
Proceeds from sale of equity instrument		2,083,718,009	1,875,258,387
Rental income received		13,613,106	12,649,950
Dividend income received - others		1,023,926,864	973,030,741
Dividend income received - associates		28,263,852	37,263,851
Interest income received		1,155,857,201	1,226,741,850
Net cash used in investing activities		(6,353,821,783)	(3,651,240,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		4,115,608,853	2,410,000,000
- repaid		(12,666,769,167)	(12,095,297,739)
Exchange gain /(loss) on translation of foreign subsidiaries		20,786,372	(7,650,816)
Dividend paid		(2,352,381,509)	(2,382,146,478)
Short term borrowings - net		6,638,345,217	(2,442,579,780)
Lease liabilities		(1,221,927,397)	(942,802,346)
Net cash used in financing activities		(5,466,337,632)	(15,460,477,159)
Net increase in cash and cash equivalents		1,834,102,766	2,997,689,266
Net foreign exchange difference		44,055,204	(6,858,496)
Cash and cash equivalents - at beginning of the year		17,533,563,165	14,542,732,395
Cash and cash equivalents - at end of the year		19,411,721,135	17,533,563,165

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

Chief Executive Officer

Chairman / Director

Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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 and Stitching (formerly Home Textile)	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	2025	2024
		% 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 (Pvt.) Limited - (SRESL)	100%	100%
(vi)	Sapphire Chemicals (Pvt.) 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%	100%
(xi)	Sapphire Retail International Limited	100%	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 and to buy, sell, import, export and processing through outside manufacturing facilities of textile goods and other allied products. SRL operates through retail outlets in Pakistan and e–stores. SRL operates 51 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 previous years, a memorandum of an Understanding('MoU') was executed by and between the Committee for negotiation with Independent Power Procedures [on behalf of government of Pakistan('GoP') and Pakistan Wind Energy Association [on behalf of Wind Independent power Producers ('WIPPs') under the Renewable Energy Policy 2006]. Subsequently, the Company and CPPA–G have initiated a Master Agreement and an EPA Amendment (collectively referred to as the 'Agreement') for the power project .At that time, these Agreements had been initialled by the Company solely at the request of CPPA–G and the execution was subject to the respective approval of the lender. The lender didn't grant approval and Agreements could not be signed and executed.

In 2024, Government of Pakistan ("GoP") constituted the Task Force on Energy Sector Reforms ("TF") to engage with Wind Independent Power Producers ("WIPPs") for rationalization of generation tariffs in the Country. The TF initiated discussions in Jan 2025. Since discussions are still in progress and no agreement has been finalized and signed yet, hence, no adjustment to this effect has been incorporated in these financial statements.

(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.

Memorandum of Understanding in respect of Power Tariffs

During previous years, a memorandum of an Understanding('MoU') was executed by and between the Committee for negotiation with Independent Power Procedures [on behalf of government of Pakistan('GoP') and Pakistan Wind Energy Association [on behalf of Wind Independent power Producers ('WIPPs') under the Renewable Energy Policy 2006]. Subsequently, the Company and CPPA–G have initiated a Master Agreement and an EPA Amendment (collectively referred to as the 'Agreement') for the power project .At that time, these Agreements had been initialled by the Company solely at the request of CPPA–G and the execution was subject to the respective approval of the lender. The lender didn't grant approval and Agreements could not be signed and executed.

In 2024, Government of Pakistan ("GoP") constituted the Task Force on Energy Sector Reforms ("TF") to engage with Wind Independent Power Producers ("WIPPs") for rationalization of generation tariffs in the Country. The TF initiated discussions in Jan 2025. Since discussions are still in progress and no agreement has been finalized and signed yet, hence, no adjustment to this effect has been incorporated in these financial statements.

(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 NEW / AMENDMENTS IN STANDARDS AND INTERPRETATION DURING THE YEAR

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

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'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 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; and
- 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.

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) Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments — Effective: January 01, 2026

The amendments clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at FVOCI.

b) IFRS 18 Presentation and Disclosure in Financial Statements — Effective: January 01, 2027

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management–defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

c) IFRS S1 General Requirement for Disclosure of Sustainability–Related Financial Information — Effective: July 01, 2025

IFRS S2 Climate Related Disclosures

These standards include the core framework for the disclosure of material information about sustainability–related risk, opportunities across an entities' value chain and set out the requirements for entities to disclose information about climate related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability related risks and opportunities that is useful to primary user of general purpose financial reporting in making decisions relating to providing resources to the entity. The standard provide guidance on identifying sustainability related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate related disclosures. IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entities prospects over the short, medium and long term. In addition, IFRS S2 requires and entities to consider other industries based metrics and seven cross–industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage identified material climate related risks and opportunities. The cross–industry metrics include disclosure on green house gas ('GHG') emissions, transition risks, physical risks, climate related opportunities, capital development, internal carbon prices and remuneration.

The management anticipate that adoption of the above standards, amendments and interpretations in the future period will not have any material effect on the financial statement of the Group other than the presentations and disclosures.

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

(a) SECP through SRO 986(I)/2019 dated September 02, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before January 01, 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:

	2025 Rupees	2024 Rupees
De-recognition of property, plant and equipment	(33,948,639,962)	(35,401,536,180)
De-recognition of trade debts	(2,146,093,572)	(2,481,407,411)
Recognition of lease debtor	32,273,398,083	37,160,709,335
	(3,821,335,451)	(722,234,256)
(Decrease) / Increase in un-appropriated profit -		
at the beginning of the year	(722,234,256)	(159,823,997)
Increase / (decrease) in profit for the year	(3,099,101,195)	(562,410,259)
Increase / (decrease) in un-appropriated profit -		
at the end of the year	(3,821,335,451)	(722,234,256)

(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 December 31, 2024. Furthermore, SECP vide its SRO 1784(I)/ 2024 dated November 04, 2024 further extended the exemption period till financial year ending on or before December 31, 2025. However, all 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, 2025), 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 June 30, 2025. 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 and TBCL 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 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.

Group tax adjustments

During the year, on September 10, 2024, the Securities and Exchange Commission of Pakistan (SECP) granted permission to register the Subsidiaries Companies (SRL & DTL),as a Group for the purpose of group taxation Section 59AA of the Income Tax Ordinance ,2001. Consequently, the Subsidiaries Companies (SRL & DTL), is being taxed as a single fiscal unit from the tax year 2025 onwards.

Current and deferred taxes based on the consolidated results of the Subsidiaries Companies (SRL & DTL) are allocated within the Subsidiary Companies on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at the Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged directly to equity in the year in which they arise.

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 September 02, 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, 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	2025 Rupees	2024 Rupees
6.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	6.1	83,674,400,565	83,334,423,305
	Right-of-use asset	6.2	3,545,057,057	3,421,994,196
	Capital work-in-progress	6.3	2,464,527,910	2,379,387,074
	Major spare parts and stand-by equipment	6.4	69,216,255	69,216,256
			89,753,201,787	89,205,020,831

6.1 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	Leased vehicles	Total
										Rupees									
Balance as at July 01, 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)	(526,021,313)	(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	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
For the year ended June 30, 2025																			
Additions during the year																			
-Direct Additions	47,920,782	-	1,203,914,907	307,616,455	-	3,757,050	76,630,421	811,375,996	2,376,599,345	43,801,420	-	244,391,692	167,959,254	13,288,744	55,681,227	337,689,185	283,396,188	-	5,974,022,665
-Net exchange gain capitalised (Note 6.1.4)	-	-	-	-	-	13,758,612	-	-	1,738,354,378	-	-	-	-	-	-	-	-	-	1,752,112,990
Disposals:																			
- Cost	-	6,915,875	-	-	-	-	-	3,918,949	402,239,766	774,400	-	27,298,250	33,588,023	1,197,711	112,140	13,050,939	50,978,336	-	540,074,389
- Accumulated Depreciation	-	-	-	-	-	-	-	(2,822,138)	(306,942,942)	(431,581)	-	(23,837,574)	(15,099,883)	(1,081,295)	(60,225)	(9,793,681)	(29,842,029)	-	(389,911,348)
	-	6,915,875	-	-	-	-	-	1,096,811	95,296,824	342,819	-	3,460,676	18,488,140	116,416	51,915	3,257,258	21,136,307	-	150,163,041
Impairment charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	(322,916,644)	(43,866,043)	(20,794,469)	(126,454,185)	(6,581,192)	(175,428,356)	(5,960,586,415)	(50,226,390)	(1,432,209)	(118,522,975)	(123,668,503)	(7,368,801)	(15,368,611)	(143,961,587)	(118,818,974)	-	(7,235,995,353)
	3,153,588,864	130,097,302	3,921,966,238	1,026,836,660	394,879,755	1,581,950,229	162,847,893	1,085,548,566	69,383,456,770	504,249,009	13,262,454	485,726,610	319,092,152	29,887,206	169,695,813	798,839,074	512,475,969	-	83,674,400,565
Balance as at June 30, 2025																			
Cost	3,153,588,864	130,097,302	6,495,917,872	1,318,504,326	554,696,749	2,524,684,678	223,890,173	1,784,176,097	106,108,923,623	954,529,156	30,453,068	881,212,298	784,330,568	77,069,587	267,236,526	1,270,155,746	909,347,083	-	127,468,813,715
Accumulated depreciation	-	-	(2,573,951,634)	(291,667,666)	(159,816,994)	(942,734,449)	(61,042,280)	(698,627,531)	(36,725,466,853)	(450,280,147)	(17,190,614)	(395,485,687)	(465,238,416)	(47,182,381)	(97,540,713)	(471,316,672)	(396,871,114)	-	(43,794,413,150)
Net book value - June 30, 2025	3,153,588,864	130,097,302	3,921,966,238	1,026,836,660	394,879,755	1,581,950,229	162,847,893	1,085,548,566	69,383,456,770	504,249,009	13,262,454	485,726,610	319,092,152	29,887,206	169,695,813	798,839,074	512,475,969	-	83,674,400,565
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	5 & 10	10 & 33.33	10	10	30 & 33.33	10 & 33.33	10	10 & 15	20	20	
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	-	115,071,787,400
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	2,416,504,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,037	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	-	-	-	-	-	(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
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)	-	(5,509,859,024)
	3,105,668,082	137,013,177	3,040,967,975	763,086,248	415,674,224	1,690,888,752	92,798,664	450,697,738	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	-	85,035,394,036
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	976,719,051	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	-	120,282,752,450
Accumulated depreciation	-	-	(2,251,034,990)	(247,801,623)	(139,022,525)	(816,280,264)	(54,461,088)	(526,021,313)	(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	450,697,738	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	10	10 & 33.33	30	10 & 33.33	10	10 & 15	20	20	

6.1.1 Freehold lands of the Holding Company are located at Sheikhupura, Kasur and Lahore with an area of 1,566,350 (2024: 1,554,764) square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 426,284 (2024: 440,804) square yards.

6.1.2 Flagship store of SRL (subsidiary) is located at Gulberg, Lahore, Punjab with an area of 9,200 (2024: 9,200) square feet and freehold land of SRL located at Gurumangat Road, Lahore, Punjab and Gulberg II Scheme, Lahore, Punjab with an area of 47,962 (2024: 47,962 sqft) square feet and area of 25,516 (2024: Nil) square feet respectively.

6.1.3 Freehold land of SCPL (subsidiary) is located at Khushab with an area of 380.9 acres (2024: 344 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:

		2025 Rupees	2024 Rupees
	Consolidated Statement of Financial Position		
	Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30,	(26,991,006,981)	(28,535,462,527)
	Consolidated Statement of profit or loss		
	Decrease in cost of sales	2,036,812,828	2,095,796,270
	Increase in other income	–	107,231,968
	(Increase) / Decrease in other expenses	(492,357,282)	796,449,654
	Increase in profit for the year	1,544,455,546	2,999,477,892
6.1.5	**Depreciation charge has been allocated as follows:**		
	Cost of goods manufactured	6,678,831,894	6,534,819,113
	Distribution cost	398,638,289	538,189,995
	Administrative expenses	158,525,146	137,820,647
		7,235,995,329	7,210,829,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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							
Lease-hold Land	6,915,875	-	6,915,875	110,295,000	103,379,125	Negotiation	M/s. Convil Pakistan Pvt Ltd.
Plant and machinery							
Ring Frame Ejm-128	36,946,061	20,896,669	16,049,392	17,443,795	1,394,403	Negotiation	M/s. Grace Tex International.
Loptex Machine	34,042,117	28,777,561	5,264,556	4,915,255	(349,301)	-----do-----	M/s. Grace Tex International.
Frame Ge/Base	17,676,841	15,341,744	2,335,097	2,372,881	37,784	-----do-----	M/s. Grace Tex International.
Simplex Machine	8,107,529	5,909,299	2,198,230	1,949,153	(249,077)	-----do-----	M/s. Grace Tex International.
Murta Automatic Winder	15,813,567	13,149,597	2,663,970	3,898,305	1,234,335	-----do-----	M/s. Grace Tex International.
Air Dryer	3,048,781	1,939,063	1,109,718	450,692	(659,026)	-----do-----	M/s. Grace Tex International.
Link Coner	4,237,288	35,310	4,201,978	4,246,254	44,276	-----do-----	M/s. Grace Tex International.
Comber Machine	72,440,999	59,757,090	12,683,909	13,008,580	324,671	-----do-----	M/s. Grace Tex International.
Circuit Breakers	2,025,196	1,446,533	578,663	5,085	(573,578)	-----do-----	M/s. Hussain Ali and Co.
Argus Pannel	5,113,781	3,615,634	1,498,147	325,593	(1,172,554)	-----do-----	M/s. Hussain Ali and Co.
Plastic Sliver Can	6,497,313	3,865,878	2,631,435	380,085	(2,251,350)	-----do-----	M/s. Hussain Ali and Co.
Plastic Ring Bobbin Broken	2,091,037	1,428,771	662,266	847,460	185,194	-----do-----	M/s. Hussain Ali and Co.
Misc Items From Assets	9,715,444	1,545,363	8,170,081	9,900,000	1,729,919	-----do-----	M/s. Hassan & Co.
Ring Spinning Frame	2,290,217	689,519	1,600,698	2,961,244	1,360,546	-----do-----	M/s. Hassan & Co.
Murata Tray	976,979	294,140	682,839	890,000	207,161	-----do-----	M/s. Hassan & Co.
Dust & Waste Removal System	26,989,283	19,160,912	7,828,371	2,118,169	(5,710,202)	-----do-----	M/s. Agha Traders.
Sets Dust & Waste Removal	3,847,701	639,680	3,208,021	3,220,339	12,318	-----do-----	M/s. Hassan & Co.
3X Dx-8 Double Delivery Coiler	8,242,300	7,155,520	1,086,780	1,246,276	159,496	-----do-----	M/s. Grace Tex International
E-30 Unilap	7,942,060	7,350,637	591,423	847,458	256,035	-----do-----	M/s. Grace Tex International
Dust & Waste Removal System	3,854,720	1,678,096	2,176,624	2,355,932	179,308	-----do-----	M/s. Hussain Ali and Co.
Air Jet Shuttleless Loom	16,014,844	14,378,933	1,635,911	1,639,886	3,975	-----do-----	M/s. Siddique Electric.
Electronice Jacquard Machine	27,899,078	25,025,944	2,873,134	2,880,114	6,980	-----do-----	M/s. Siddique Electric.
Oil Microfiltration	1,650,000	1,135,810	514,190	520,000	5,810	-----do-----	M/s. Fine Engineering.
Machinery Rotter	8,766,293	5,977,166	2,789,127	2,500,000	(289,127)	-----do-----	M/s. Grace Tex International.
Heald Frames	2,460,668	1,860,971	599,697	-	(599,697)		Written-off
Rider Less Grobtex Altop-D	5,619,615	4,250,040	1,369,575	-	(1,369,575)		Written-off
Hybrid Power Frame	10,704,600	8,095,748	2,608,852	-	(2,608,852)		Written-off
	345,014,312	255,401,628	89,612,684	80,922,556	(8,690,128)		
Electric Installation							
Lt & LV Panels	4,631,212	2,098,210	2,533,002	5,700,000	3,166,998	Negotiation	M/s. Hassan & Co.

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	Rupees						
Vehicles							
Toyota Fortuner	9,986,000	4,116,895	5,869,105	5,869,105	-	Company policy	Mr. Humayon Haroon (employee)
MG HS	6,291,000	2,908,958	3,382,042	4,100,000	717,958	Negotiations	Mr. Muhammad Ashraf
Toyota Corolla	2,350,000	1,691,609	658,391	2,250,000	1,591,609	- - - do - - -	Mr. Shoukat Ali
Hyundai Tuscon	6,013,600	3,132,417	2,881,183	7,000,000	4,118,817	- - - do - - -	Mr. Deepak Kumar
Toyota Altis	5,000,000	2,314,667	2,685,333	3,019,476	334,143	- - - do - - -	Mr. Asif Rafique (employee)
Audi E-Tron 50 Quattro	15,570,900	10,521,776	5,049,124	7,500,000	2,450,876	- - - do - - -	M/s Suzuki Canal Motors
	45,211,500	24,686,322	20,525,178	29,738,581	9,213,403		
Various assets having net book value upto Rs.500,000 each	138,301,490	107,725,188	30,576,302	28,665,398	(1,910,904)	Negotiation	Various parties
2025	540,074,389	389,911,348	150,163,041	255,321,535	105,158,494		
2024	824,770,867	553,942,705	270,828,161	373,511,916	102,683,755		

		Note	2025 Rupees	2024 Rupees
6.2	Right–of–use assets			
	Balance at beginning of the year		3,421,994,196	2,533,107,980
	Additions		1,153,531,701	1,695,671,798
	Modifications		244,014	–
	Disposals		(127,354,679)	(20,812,559)
	Depreciation charged during the year	6.2.3	(903,358,177)	(785,973,023)
	Balance at end of the year		3,545,057,055	3,421,994,196

6.2.1 Movement in the Right–of–use assets:

	Note	Land	Rented premises	Vehicles	Total
		Rupees			
As at July 01, 2024		68,658,831	3,148,286,521	205,048,844	3,421,994,196
Additions during the year		–	1,100,221,616	53,310,084	1,153,531,700
Modifications during the year		–	–	244,014	244,014
Depreciation expense	6.2.3	(5,116,349)	(837,105,253)	(61,136,575)	(903,358,177)
Disposals / Terminations		–	(63,370,347)	(63,984,332)	(127,354,679)
As at June 30, 2025		63,542,482	3,348,032,538	133,482,035	3,545,057,055

	Note	Land	Rented premises	Vehicles	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

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 1284 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) and vehicles. 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 to 10 years. Depreciation expense amounting to Rs.27.296 million (2024: 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 of 4 years.

		Note	2025 Rupees	2024 Rupees
6.2.3	Depreciation charge has been allocated as follows:			
	Cost of goods manufactured		124,876,062	106,748,704
	Distribution cost		694,097,090	626,225,344
	Administrative expenses		84,385,025	52,998,975
			903,358,177	785,973,023
6.3	Capital work–in–progress			
	Civil works and buildings		898,471,786	578,717,800
	Plant and machinery including in transit amounting Rs. 49.465 million (2024: Rs. 29.357 million)	6.3.1	1,564,513,624	1,800,669,274
	Furniture and Fixture		1,542,500	–
			2,464,527,910	2,379,387,074

6.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.2.770 million (2024: Rs.2.246 million) at the borrowing rate of ranging from 11.56% to 11.57% (2024: 23.04% to 24.16%) per annum pertaining to the Holding Company.

	July 1, 2024	Additions during the year	Transferred to operating fixed assets	June 30, 2025
	Rupees			
Particulars				
Civil works and buildings	578,717,800	908,242,819	(588,488,833)	898,471,786
Plant and machinery	1,800,669,274	2,603,647,526	(2,839,803,176)	1,564,513,624
Furniture and Fixture	–	1,542,500	–	1,542,500
	2,379,387,074	3,513,432,845	(3,428,292,009)	2,464,527,910

	July 1, 2023	Additions during the year	Transferred to operating fixed assets	June 30, 2024
	Rupees			
Particulars				
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

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.

		Freehold Land	Leasehold Land	Building on Leasehold Land	Total
		Rupees			
7.	INVESTMENT PROPERTY				
	Year ended June 30, 2024				
	Opening net book value	31,750,000	1,621,937,487	–	1,653,687,487
	Additions	–	–	4,462,257	4,462,257
	Disposals:				
	– cost	12,700,000	–	–	12,700,000
	– accumulated depreciation	–	–	–	–
		12,700,000	–	–	12,700,000
	Depreciation charge	–	–	(446,226)	(446,226)
	Closing net book value	19,050,000	1,621,937,487	4,016,031	1,645,003,518
	At June 30, 2024				
	Cost	19,050,000	1,621,937,487	4,462,257	1,645,449,744
	Accumulated depreciation	–	–	(446,226)	(446,226)
	Net book value	19,050,000	1,621,937,487	4,016,031	1,645,003,518
	Year ended June 30, 2025				
	Opening net book value	19,050,000	1,621,937,487	4,016,031	1,645,003,518
	Depreciation charge	–	–	(435,877)	(435,877)
	Closing net book value	19,050,000	1,621,937,487	3,580,154	1,644,567,641
	At June 30, 2025				
	Cost	19,050,000	1,621,937,487	4,462,257	1,645,449,744
	Accumulated depreciation	–	–	(882,103)	(882,103)
	Net book value	19,050,000	1,621,937,487	3,580,154	1,644,567,641
	Depreciation rate % per annum	–	–	10	
	Note Ref	7.1	7.2		

7.1 For the Holding Company this represents free-hold land situated at Raiwind Road, Lahore having an area of 3,000 (2024: 3,000) square yards. As per the latest valuation report fair value of investment property as at June 30, 2025 was Rs.210 million (2024: Rs.174 million).

7.2 This represents 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, 2025 fair value of the investment property was equal to its cost.

7.3 There is no rental income derived from investment property as at June 30, 2025 and June 30, 2024.

		Note	2025 Rupees	2024 Rupees
8.	INTANGIBLE ASSETS			
	Computer software	8.1	7,346,858	17,831,311
	Goodwill	8.3	455,540,310	455,540,310
			462,887,168	473,371,621

			2025 Rupees	2024 Rupees
8.1	Computer software			
	Net carrying value as at July 1,			
	Opening net book value		17,831,311	34,859,406
	Disposals during the year		–	(5,933,497)
	Amortization for the year		(10,484,453)	(11,094,598)
	Net book value as at June 30,		7,346,858	17,831,311
	Gross carrying value as at June 30,			
	Cost		76,546,083	76,546,083
	Accumulated amortization		(69,199,225)	(58,714,772)
	Net book value		7,346,858	17,831,311
	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.

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.

		2025 Rupees	2024 Rupees
9.	EXPLORATION AND EVALUATION ASSET		
	Rock salt exploration expenditures	112,928,274	112,928,274
	Limestone exploration expenditures	22,500,000	18,000,000
		135,428,274	130,928,274

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	2025 Rupees	2024 Rupees
10.	LONG TERM INVESTMENTS			
	Associated Companies – at equity method	10.1	2,604,287,878	2,177,580,472
	Others – Fair value through other comprehensive income	10.2	4,461,570,190	3,554,103,688
			7,065,858,068	5,731,684,160
10.1	Associated Companies – Quoted			
	Reliance Cotton Spinning Mills Limited			
	313,295 ordinary shares of Rs.10 each			
	Equity held: 2.94%		433,231,615	312,225,377
	The breakup of equity investment is as follows:			
	Cost		8,461,851	8,461,851
	Dividend received		(1,263,852)	(1,263,852)
	Accumulated profit		426,033,616	305,027,378
			433,231,615	312,225,377

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 2.94% (2024: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 June 2025. 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.

	2025 Rupees	2024 Rupees
Associated Companies – unquoted		
Sapphire Power Generation Limited (SPGL)		
4,234,500 ordinary shares of Rs.10 each		
Equity held: 26.43%	756,630,949	556,910,558
Sapphire Electric Company Limited (SECL)		
6,000,000 ordinary shares of Rs.10 each		
Equity held: 1.42%	263,978,522	312,010,020
Sapphire Holding Limited (SHL)		
10,000 ordinary shares of Rs.10 each		
Equity held: 0.05%	13,281,485	10,409,118
Sapphire Dairies (Private) Limited (SDL)		
23,500,000 ordinary shares of Rs.10 each		
Equity held: 12.95%	518,973,859	496,126,216
Foreign Company – Creadore A/S Denmark		
3,675 ordinary shares of DKK 1,000		
Equity held: 49.00%	618,191,448	489,899,183
	2,171,056,263	1,865,355,095

10.1.1 The movement in the value of equity investments is as follows:

	SPGL	SECL	SHL	SDL	Creadore A/S
			Rupees		
June 30, 2025					
Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(27,000,000)	-	-	-
Accumulated profit	642,925,449	230,978,522	13,181,485	283,973,859	559,482,524
	756,630,949	263,978,522	13,281,485	518,973,859	618,191,449
Note Ref	10.1.2	10.1.3	10.1.4	10.1.5	10.1.6
June 30, 2024					
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

10.1.2 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2024: 26.43%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2025. 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% (2024: 1.42%) of SECL's issued, subscribed and paid-up capital as at June 30,2025. 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% (2024: 0.05%) of SHL's issued, subscribed and paid-up capital as at June 30,2025. 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% (2024: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2025. SDL was incorporated as a private limited Company and is principally engaged in production of milk and milk products.

10.1.6 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2024: 49%) of Creadore's share capital as at June 30, 2025. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

The summary of financial statements / reconciliation of the associates is as follows:

	June 30, 2025					
	RCSML	SPGL	SECL	SHL	SDL	Creadore A/S
	Rupees					
Summarized Statement of Financial Position						
Non-current assets	14,019,093,514	3,242,126,679	9,303,341,096	28,745,301,457	5,546,280,225	–
Current assets	13,227,618,685	99,852,175	11,979,866,731	401,884,876	2,032,563,414	1,409,081,040
	27,246,712,199	3,341,978,854	21,283,207,827	29,147,186,333	7,578,843,639	1,409,081,040
Non-current and current liabilities	12,516,878,766	478,728,137	2,627,785,964	2,460,512,728	3,570,046,628	147,465,840
Net assets	14,729,833,433	2,863,250,717	18,655,421,863	26,686,673,605	4,008,797,011	1,261,615,200
Reconciliation to carrying amount						
Opening 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
Profit for the year	2,940,239,831	694,310,693	(1,486,300,683)	5,110,456,590	192,166,692	136,469,060
Other comprehensive income / (loss)	792,328,696	99,795,954	–	650,817,236	(15,680,799)	125,351,890
Other adjustments	781,570,906	(38,322,662)	–	10,213,260	–	–
Dividend paid during the year	(41,168,000)	–	(1,908,096,107)	–	–	–
Closing net assets	14,729,833,433	2,863,250,717	18,655,421,863	26,686,673,605	4,008,797,011	1,261,615,200
Group's share (%)	2.94%	26.43%	1.42%	0.05%	12.95%	49.00%
Group's share	433,231,615	756,630,949	263,978,522	13,281,485	518,973,859	618,191,448
Carrying amount of investment	433,231,615	756,630,949	263,978,522	13,281,485	518,973,859	618,191,448
Summarized Statement of Profit or Loss						
Revenue	17,836,238,966	–	11,867,609,878	86,886,123	5,033,253,283	4,135,426,061
Profit before revenue tax and income tax	3,899,853,170	833,099,948	(1,457,216,558)	6,103,664,808	348,311,545	174,960,333
Profit after tax	2,940,239,831	694,310,693	(1,486,300,683)	5,110,456,590	192,166,692	136,469,060

	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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

		Note	2025 Rupees	2024 Rupees
10.2	Equity Instruments – at FVTOCI			
	Quoted			
	MCB Bank Limited			
	7,611,168 (2024: 7,330,948) ordinary shares of Rs.10 each – cost		734,489,173	662,498,768
	Adjustment arising from re-measurement to fair value		1,460,115,008	1,001,773,047
			2,194,604,181	1,664,271,815
	Habib Bank Limited			
	11,624,362 (2024: 15,232,862) ordinary shares of Rs.10 each – cost		2,325,395,517	3,047,263,855
	Adjustment arising from re-measurement to fair value		(242,426,091)	(1,157,931,982)
			2,082,969,426	1,889,331,873
	Unquoted			
	Jomo Technologies (Private) Limited			
	25,000,000 (2024: 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)
			–	–
	RTS Textiles Group Limited			
	5,440,945 ordinary shares of 0.07 GBP each	10.2.3	146,090,967	–
	Adjustment arising from re-measurement to fair value		37,405,616	–
			183,496,583	–
	TCC Management Services (Private) Limited			
	50,000 (2024: 50,000) ordinary shares ordinary shares of Rs.10 each		500,000	500,000
			4,461,570,190	3,554,103,688

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 2.851 million (2024: 3.951 million) shares of MCB Bank Limited, Nil (2024: 3.487 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

10.2.3 The Holding Company, during the year, has made investment in shares of RTS Textile Group Limited and acquired 5,440,945 shares. Consideration in foreign currency amounting to 380,866 GBP was paid. As at June 30, 2025 fair value of investment has been determined based on the management assessment.

		Note	2025 Rupees	2024 Rupees
11.	LONG TERM LOANS AND ADVANCES			
	Loan to employees	11.1	47,896,237	37,651,308
	Advance for purchase of land	11.2	10,486,574	15,493,559
	Advance for vehicles		8,282,200	3,024,000
			66,665,011	56,168,867
11.1	Loan to employees – unsecured (considered good)			
	Loans to employees	11.1.1	104,248,933	85,438,279
	Less: recoverable within one year and grouped under current assets		(56,352,696)	(47,786,971)
			47,896,237	37,651,308

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	2025 Rupees	2024 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		4,057,164	2,803,864
	Others	12.1	134,835,376	118,064,616
			224,723,128	206,699,068

12.1 It includes an amount of Rs.36,000 (2024:Rs.36,000) deposit with Yousuf Agencies (Private) Limited – a related party. It also includes security deposits of Rs.6.214 million (2024:Rs.6.214 million) against rented premises of TBCL (subsidiary Company) and security deposits of Rs.76.614 million (2024:Rs.74.439 million) against rented retail outlets of SRL (subsidiary Company).

13. DEFERRED TAX (LIABILITY) / ASSET

Deferred tax (liability) /asset as at year end comprises of temporary differences relating to:

	Note	2025 Rupees	2024 Rupees
Taxable temporary differences arising in respect of:			
– on accelerated tax depreciation		(646,186,141)	–
– on investment in associates	13.1	(63,715,465)	(45,564,529)
– on short term investment		(995,398,848)	(381,116,074)
– on intangible assets – amortization		(1,779,176)	(1,104,608)
Deductible temporary differences arising in respect of:			
– on accelerated tax depreciation		–	29,399,247
– on long term security deposits / Security deposits – Vehicles		53,245,988	–
– on unrealized gain on inventory		51,199,216	83,137,452
– on lease liability – net		330,106,309	285,546,785
– on provision for slow moving stores		9,019,998	14,393,934
– on staff retirements benefits – gratuity		324,844,318	270,752,885
– on provision for acc. compensated absences		7,655,461	18,821,318
– on provision for doubtful tax refunds		289,066,331	249,164,083
– on provision for impairment in trade debts		41,399,059	29,262,668
– provision for impairment in investments		58,500,000	–
– on business loss carry forward		60,645,156	7,790,493
		(481,397,794)	560,483,654

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.410.587 million (2024: Rs.330.559 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 2025 or 2024 by the Group to its shareholders.

13.2 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.

13.3 The Holding 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.566.891 as currently, it believes that sufficient taxable profits would not be available to utilise these in the foreseeable future.

13.4 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	2025 Rupees	2024 Rupees
14.	STORES, SPARES AND LOOSE TOOLS			
	Stores	14.2 & 14.3	862,517,467	690,923,348
	Spare parts		247,805,293	222,942,282
	Loose tools		115,830	147,368
	Items in transit		109,319,739	102,555,200
			1,219,758,329	1,016,568,198
	Less: provision for slow moving items	14.1	(23,128,199)	(36,907,527)
			1,196,630,130	979,660,671
14.1	Provision for slow moving items			
	Balance at beginning of the year		36,907,527	44,602,001
	Provision made during the year		951,648	–
	Less: provision reversed during the year		14,730,976	7,694,474
	Balance at end of the year		23,128,199	36,907,527

14.2 This includes stores and spares amounting to Rs.111.051 million (2024: 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 (2024: 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.

		2025 Rupees	2024 Rupees
15.	STOCK IN TRADE		
	Raw materials:		
	– at mills	17,621,768,558	14,031,509,576
	– in transit	3,411,115,888	3,234,446,675
		21,032,884,446	17,265,956,251
	Work–in–process	5,901,262,121	5,359,918,145
	Finished goods – manufactured – at mills	6,894,973,063	6,327,111,688
	Finished goods – purchased – at mills	9,017,742,891	6,729,451,235
	Waste	28,118,381	61,966,201
		42,874,980,902	35,744,403,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

15.1 Stock in trade include items costing Rs.18,592.887 million (2024: Rs.17,046.316 million) stated at their net realizable value aggregated Rs.16,531.346 million (2024: Rs.15,249.586 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.2,061.541 million (2024: Rs.1,796.729 million).

		Note	2025 Rupees	2024 Rupees
16.	TRADE DEBTS			
	Considered good			
	Other domestic debts	16.1 & 16.2	6,418,745,722	5,900,434,965
	CPPA–G	16.3	13,300,961,137	14,981,371,673
	Waste		60,106,657	45,237,220
	Others		7,091,863	7,466,909
			19,786,905,379	20,934,510,767
	Considered good – secured			
	Foreign debts		3,167,066,104	1,497,820,956
			22,953,971,483	22,432,331,723
	Less: provision for expected credit loss	16.6	106,151,436	75,032,477
			22,847,820,047	22,357,299,246

16.1 Local debts include an amount of Rs.33.123 million (2024: Rs.3,452.693 million) receivable against indirect export sales.

		2025 Rupees	2024 Rupees
16.2	These include the following amounts due from related parties:		
	Diamond Fabrics Limited	56,764,604	19,378,449
	Sapphire Fibres Limited	57,186,119	53,978,945
	Sapphire Finishing Mills Limited	273,688,905	548,541,058
		387,639,628	621,898,452

16.3 These include amount of Rs.2,146.094 million (2024: Rs.3,164.491 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 16.34% to 24.72% (2024: 25.43% to 28.44%) per annum.

These also include amount of Rs.11,154.868 million (2024: 11,816.881 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 13.84% to 23.94% (2024: 18.85% to 25.94%) per annum. These include unbilled receivables aggregating to Rs.66.72 million (2024: Rs.436.87 million).

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

	Total amount receivable Rupees	Neither past due nor impaired Rupees
2025	387,639,628	387,639,628
2024	621,898,452	621,898,452

16.5 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.822.928 million (2024: Rs.917.940 million).

		Note	2025 Rupees	2024 Rupees
16.6	**Provision for expected credit loss**			
	Balance at the beginning of the year		75,032,477	44,329,846
	Charged during the year		31,118,959	30,702,631
	Balance at the end of the year		106,151,436	75,032,477
17.	**LOANS AND ADVANCES**			
	Unsecured - Considered good			
	Current portion of long term loans to employees	11.1	56,352,696	47,786,971
	Advances to suppliers		235,141,622	316,377,238
	Short term loans to employees		27,858,601	29,468,311
			319,352,919	393,632,520
18.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		169,217,427	10,437,944
	Prepayments		168,307,794	96,210,845
			337,525,221	106,648,789

		Note	2025 Rupees	2024 Rupees
19.	OTHER RECEIVABLES			
	Dividend receivable		34,650	9,000,000
	Margin deposits		296,852,538	–
	Deposits with High Court		19,430,291	19,430,291
	Export rebate receivable		170,958,277	109,413,080
	Receivable against sale of fixed assets		4,430,397	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	1,440,872,289	1,462,123,278
	– Withholding tax on dividend		18,221,875	14,393,750
	– Insurance	19.2	611,310,035	718,387,014
	Rent receivable		352,384	657,810
	Accrued Interest on bank deposit		16,364,460	–
	Other receivables – considered good		468,861,739	373,609,139
			3,047,688,935	2,768,669,455

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.290.311 million (2024: Rs.288.343 million) and Rs.1,150.560 million (2024: Rs.1,188.173 million) respectively. Movement of WPPF is as follows:

	Note	2025 Rupees	2024 Rupees
Opening balance		1,462,123,278	985,492,272
Accrued for the year	29.2	448,729,110	747,568,258
Received during the year		(469,980,099)	(270,937,252)
Closing balance		1,440,872,289	1,462,123,278

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	2025 Rupees	2024 Rupees
20.	SHORT TERM INVESTMENTS			
	Equity instruments	20.1	7,031,015,869	4,251,400,468
	Others	20.2	255,621,248	228,997,607
			7,286,637,117	4,480,398,075

20.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of shares / certificates 2025	No. of shares / certificates 2024	Name of the investee company	Market value 2025	Market value 2024	Cost 2025	Cost 2024
			Rupees			
18,529,726	23,828,497	Bank AL-Habib Limited	2,923,620,168	2,673,080,793	758,990,187	976,027,847
1,424,740	203,500	Engro Holdings Limited	260,100,514	67,706,485	235,765,227	52,266,030
818,500	592,500	Oil and Gas Development Company Limited	180,528,360	80,206,725	116,925,961	59,568,791
2,324,295	548,500	Fauji Fertilizer Company Limited	912,076,601	89,613,930	573,572,556	53,521,744
1,047,434	448,000	Meezan Bank Limited	347,800,460	107,246,720	201,609,761	57,750,256
1,762,510	206,500	Lucky Cement Limited	626,114,052	187,239,745	266,131,772	130,166,784
–	879,800	United Bank Limited	–	225,439,952	–	148,471,947
4,565,408	2,880,000	Dolment City REIT	123,311,670	47,376,000	71,534,917	40,266,582
727,500	419,000	Engro Fertilizer Company Limited	135,016,725	69,646,180	101,043,338	33,876,596
34,300	–	Faysal Bank Limited	2,391,396	–	1,644,751	–
1,350,831	–	Habib Metropolitan Bank Limited	133,624,203	–	121,250,965	–
413,900	48,100	Mari Energies Limited	259,469,771	130,463,554	103,136,321	75,009,345
8,791	6,900	Nestle Pakistan Limited	61,941,386	49,363,773	65,348,186	52,187,954
–	86,500	Pakistan Oilfields Limited	–	42,379,810	–	36,935,002
152,000	–	Pakistan Petroleum Limited	25,865,840	–	18,705,386	–
179,930	–	Wafi energy (formerly Shell Pakistan Limited)	33,231,272	–	30,514,055	–
1,670,000	161,500	Systems Limited	178,973,900	67,555,450	147,641,091	68,098,687
133,028	53,360	Colgate Palmolive Pakistan Limited	177,592,380	65,094,931	168,325,829	75,962,467
129,779	85,989	Lucky Core Industries Limited	206,253,871	79,925,916	102,811,239	56,972,057
320,658	301,000	National Foods Limited	104,928,917	52,587,710	41,773,457	37,847,387
–	806,800	The Hub Power Company Limited	–	131,572,944	–	84,938,002
74,900	74,900	Highnoon Laboratories Limited	73,998,204	53,447,142	32,621,897	32,621,897
794,968	108,500	Frieslandcampina Engro Pakistan Limited	69,376,857	7,597,170	71,126,978	8,157,693
33,000	–	Haleon Pakistan limited	24,298,890	–	29,157,834	–
1,236,216	251,002	Standard Chartered Bank Pakistan Limited	75,161,933	15,481,803	68,508,324	13,855,343
94,522	–	Abbott Laboratories (Pakistan) Limited	91,880,110	–	72,457,457	–
245,102	558,249	TPL Reit Fund I	3,458,389	8,373,735	4,311,344	9,819,600
			7,031,015,869	4,251,400,468	3,404,908,833	2,104,322,011
972,295	972,295	Gulshan Spinning Mills Limited	–	–	17,441,370	17,441,370
			7,031,015,869	4,251,400,468	3,422,350,203	2,121,763,381
Add: Adjustment arising from re-measurement to fair value					3,608,665,666	2,129,637,087
Market value					7,031,015,869	4,251,400,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

20.1.1 The Holding Company has pledged 4.080 million (2024: 4.080 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

20.2 This amount represents 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 9.50% to 19.00% (2024: 18.25% to 21.30%) per annum.

		Note	2025 Rupees	2024 Rupees
21.	TAX REFUNDS DUE FROM GOVERNMENT			
	Income tax / levies - net	21.1	(492,872,697)	(515,390,543)
	Sales tax receivable		6,780,614,637	3,979,697,751
	Less: provision against doubtful sales tax refunds	21.2	831,102,957	667,964,276
			5,949,511,680	3,311,733,475
			5,456,638,983	2,796,342,932
21.1	Income tax / levies – net			
	Advance income tax / refundable		2,788,302,345	2,482,794,896
	Provision for income tax / levies	21.1.1	(3,281,175,042)	(2,998,185,439)
			(492,872,697)	(515,390,543)
21.1.1	Provision for income tax / levies			
	Balance at the beginning of the year		2,998,185,439	1,689,546,889
	Provision for the year		3,652,675,875	3,867,648,818
			6,650,861,314	5,557,195,707
	Less: Advance tax adjusted during the year against completed assessments		(3,369,686,272)	(2,559,010,268)
			3,281,175,042	2,998,185,439
21.2	Provision against doubtful sales tax refunds			
	Balance at beginning of the year		667,964,276	586,335,173
	Add: provision for the year		163,138,681	81,629,103
	Balance at end of the year		831,102,957	667,964,276
22.	CASH AND BANK BALANCES			
	Cash-in-hand		86,794,589	181,398,781
	Balances with banks on:			
	current accounts			
	- local currency		2,802,657,567	953,906,539
	- foreign currency	22.1	801,339,001	410,108,099
			3,603,996,568	1,364,014,638
	saving accounts			
	- local currency	22.2	482,310,555	760,499,070
	- foreign currency	22.3 & 22.4	12,189,256,573	11,691,515,666
			12,671,567,128	12,452,014,736
	Term deposit receipts	22.5	3,049,362,850	3,536,135,010
			19,411,721,135	17,533,563,165

22.1 These include foreign currency accounts amounting to US.$ 454,948 (2024: US.$ 708,339) and EURO 21,796 (2024: EURO 33,052) relating to the Holding Company, amount of US.$ 577,782 (2024: US.$ 418,462) pertaining to the Sapphire International ApS (subsidiary Company), amount of GBP 1,090,346 (2024: 173,852) pertaining to the Sapphire Retail International Limited (subsidiary Company) and amount of AED 1,866,087 (2024: AED 16,196) 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 8.0% to 19.00% (2024: 20% to 20.5%) per annum.

22.3 This includes balances as at June 30, 2025 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 30.92 million equivalent to Rs. 8,768.51 million (2024: USD 29.76 million equivalent to Rs. 8,281.47 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 3.24% to 4.60% (2024: 4.35% to 4.70%) per annum.

22.4 This includes balances as at June 30, 2025 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 10.597 million equivalent to Rs 3,005.30 million (2024: USD 10.198 million equivalent to Rs 2,838.379 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 0.715 million equivalent to Rs 201.510 million (2024: USD 0.689 million equivalent to Rs 191.977 million) in Dollar Maintenance Reserve account for payments against O & M Agreements. These deposits saving accounts carry profits ranging from 3.24% to 4.62% (2024: 4.37% to 4.62%) per annum.

22.5 Effective rates of profit on term deposit receipts, during the year, ranged at 4.00% to 18.00% (2024: 4.00% to 18.00%) per annum.

23. ISSUED, SUBSCRIBED AND PAID–UP CAPITAL

2025	2024		2025	2024
Number			Rupees	
		Ordinary shares of Rs.10 each fully paid		
7,813,391	7,813,391	in cash	78,133,910	78,133,910
		Ordinary shares of Rs.10 each issued as		
13,876,400	13,876,400	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 17,109,081 (2024: 6,723,815) shares of the Holding Company are held by associated companies.

		Note	2025 Rupees	2024 Rupees
24.	RESERVES			
	Capital reserves	24.1	35,409,792,357	2,310,934,384
	Revenue reserves	24.2	39,537,840,384	60,959,244,003
			74,947,632,741	63,270,178,387
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	3,831,996,267	
	Reserve for capacity expansion projects and long term investment	24.1.4	30,730,000,000	1,463,138,294
			35,409,792,357	2,310,934,384

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.

24.1.4 The Company has pursued an ongoing strategy of expansion and diversification, resulting in substantial investments and capacity expansion projects, balancing, modernization and replacement (BMR) initiatives and other long term growth projects over the year. In light of this, the Board of Directors, in its meeting on Sep 26, 2024, approved the transfer of Rs.30.730 billion from revenue reserves and un-appropriated profit to a capital reserve. This reserve will not be available for distribution by way dividends.

		Note	2025 Rupees	2024 Rupees
24.2	Composition of revenue reserves is as follows:			
	General reserves	24.2.1	-	1,330,000,000
	Unappropriated profits	24.2.2	39,186,483,122	59,251,417,488
	Unrealized gain on translation of - foreign operation		398,048,516	315,839,718
	Cash flow hedge reserve	24.2.3	(46,691,254)	61,986,797
			39,537,840,384	60,959,244,003

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	2025 Rupees	2024 Rupees
24.2.3 (Loss) / gains on cash flow hedge:			
(Loss) / gain arising during the year		(46,691,254)	61,986,797
25. LONG–TERM LOANS AND OTHER PAYABLES			
Long term loans	25.1	38,055,329,359	46,035,980,643
Gas infrastructure development			
cess payable	25.2	–	–
		38,055,329,359	46,035,980,643
25.1 Long–term loans			
Loans from banking companies – secured	25.1.1	21,580,957,313	20,695,359,803
Loans from International Development			
Finance Corporation	25.1.2	1,590,371,554	4,317,586,466
Loans from International Finance			
Corporation, Asian Development			
Bank , Islamic Development			
Bank and DEG	25.1.3	27,458,351,769	33,798,476,163
		50,629,680,636	58,811,422,432
Less: current portion grouped under			
current liabilities			
Loans from banking companies – secured		(3,627,264,483)	(3,157,181,658)
Loans from International Development			
Finance Corporation		(1,590,371,554)	(2,757,064,016)
Loans from International Finance			
Corporation, Asian Development Bank,			
Islamic Development Bank and DEG		(7,356,715,240)	(6,861,196,115)
		(12,574,351,277)	(12,775,441,789)
		38,055,329,359	46,035,980,643

	Note	2025 Rupees	2024 Rupees
25.1.1 Long term loans – secured			
Loans from banking companies			
– Allied Bank Limited	25.1.1.1	4,848,814,088	4,579,792,857
– Bank Alfalah Limited (a related party)	25.1.1.2	599,521,261	738,387,883
– Bank AL-Habib Limited	25.1.1.3	1,641,128,020	2,066,446,793
– The Bank of Punjab	25.1.1.4	2,255,804,266	1,904,820,492
– Dubai Islamic Bank	25.1.1.5	1,000,000,000	–
– Habib Bank Limited	25.1.1.6	5,888,744,667	5,877,068,908
– MCB Bank Limited	25.1.1.7	642,732,635	741,157,935
– Meezan Bank Limited	25.1.1.8	1,728,896,772	1,869,233,980
– United Bank Limited	25.1.1.9	1,041,331,303	1,282,378,555
– Habib Bank Limited – UK		397,018,611	–
		20,043,991,623	19,059,287,403
Loans from other institutions			
Pakistan Kuwait Investment Company (Private) Limited	25.1.1.10	1,389,546,004	1,473,402,400
Pakistan China Investment Company (Private) Limited	25.1.1.11	147,419,686	162,670,000
		1,536,965,690	1,636,072,400
		21,580,957,313	20,695,359,803

25.1.1.1 These loans carry mark-up ranging from 1.75% to 20.84% (2024: 1.75% to 23.51%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.7,554 million (2024: Rs.6,378 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs.644 million (2024: Rs.458 million) as on reporting date. The holding company during the year has obtained another loan of Rs. 975 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% (2024: 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 (2024: Rs.1,353 million) over specific plant & machinery.

25.1.1.3 These loans carry mark-up ranging from 2.50% to 22.49% (2024: 2.50% to 23.40%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.3,264 million (2024: 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.822 million (2024: Rs.1,330 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 12.64'% to 21.24% (2024: 22.46% to 23.91%) 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 (2024: Rs 521 million) over lands and charge of Rs.1,855 million (2024: Rs 1,855 million) over plant and machinery owned by the holding Company.

It also includes Rs.Nil (2024: 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 in prior years. The mark–up is payable quarterly at a rate of 3 month KIBOR + 0.65% per annum. The term of the loan was 10 years including 2 years grace period and the principal was repayable in 32 equal quarterly instalments starting on July 29, 2024. During the year, the Company fully settled the outstanding loan balance prior to its maturity in order to obtain disbursement of a new Term Finance Facility of Rs 750,000,000, as disclosed below. The loan was secured against ranking charge over present and future fixed assets of the Company amounting to Rs 408,000,000 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. The mark up rate charged during the year on the outstanding balance ranged from 12.38% to 22.34% per annum (2024: 21.45% to 23.79% per annum).

This also includes Rs.750 million (2024: Nil) term finance facility – V comprising Rs 500 million to refinance capital expenditure already incurred for setting up 13 new retail outlets and modifying 6 existing outlets, and Rs 250 million to finance capital expenditure for establishing new retail stores under the 2024–2025 store expansion plan. The mark–up is payable quarterly at 3–month KIBOR plus 0.50% per annum. The facility is secured by a ranking charge over the Company's present and future fixed assets, with a 25% margin. The loan has a tenure of 5 years with no grace period. The mark–up rate charged during the year on the outstanding balance ranged from 11.67% to 12.32% per annum. The loan is repayable in 19 equal quarterly instalments ending on March 7, 2030.

It also includes Rs.4.284 million (2024: 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 12.83% to 22.78% (2024: 22.18% to 24.14%) per annum.

It includes Rs.447.368 million (2024: Rs.500 million) 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 12.65% to 22.69% (2024: 21.64% to 22.64) per annum.

25.1.1.5 The Holding Company, during the year, has obtained a loan of Rs.1,000 million, repayable over 7 years with a grace period of 2 years. This loan carries a mark–up ranging from 11.38% to 12.41% and is repayable in 20 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,267 million over specific plant and machinery of the Holding Company.

25.1.1.6 These loans carry mark-up ranging from 2.5% to 21.90% (2024: 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.7,777 million (2024: Rs.7,777 million) and specific charge of Rs. 5,640 million (2024: Rs. 4,306 million) over plant & machinery. The Holding Company during the year has obtained another loan of Rs. 933 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% (2024: 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 (2024: Rs.1,291 million) over specific plant & machinery of the Holding Company.

25.1.1.8 These loans carry mark-up ranging from 3.50% to 22.66% (2024: 3.50% to 23.91%) 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 (2024: Rs.2,369 million) over specific plant & machinery of the Holding Company.

25.1.1.9 For the Holding Company, these loans carry mark-up at the rate of 2.50% (2024: 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 (2024: Rs.1,403 million) over specific plant & machinery.

It includes Rs.540.00 million (2024: Rs.620.00 million) obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL has obtained this loan 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 12.91% to 21.01% (2024: 22.21% to 23.65%) per annum.

25.1.1.10 These loans carry mark-up ranging from 5.00% to 22.91% (2024:5.00% to 24.33%) 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 million) over specific plant and machinery of the Holding Company.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2024: 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 (2024: Rs.191 million) over specific plant and machinery of the Holding Company.

		2025 Rupees	2024 Rupees
25.1.2	Loans from International Development Finance Corporation (IDFC)		
	Opening balance	4,317,586,466	7,286,804,292
	Exchange (gain) / loss	55,957,708	(173,784,830)
	Amortization of transaction cost	22,703,728	22,641,684
		4,396,247,902	7,135,661,146
	Repaid during the year	(2,805,876,348)	(2,818,074,680)
		1,590,371,554	4,317,586,466
	Less: Current portion shown under current liabilities	(1,590,371,554)	(2,757,064,016)
		–	1,560,522,450

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 March 31, 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 (2024: 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). The mark up rate charged during the year on the outstanding balance ranged from 8.17% to 9.27% (2024: 8.90% to 9.37%). As of June 30, 2025, the last principal amount of USD 5.62 million is repayable on October 10, 2025 in accordance with the amortization schedule provided by IDFC.

		2025 Rupees	2024 Rupees
25.1.3	Loans from International Finance Corporation, Asian Development Bank , Islamic Development Bank and DEG		
	Opening balance	33,798,476,163	41,520,329,551
	Amortization of transaction cost	41,091,686	42,710,268
	Exchange (gain) / loss	579,532,528	(1,016,846,594)
		34,419,100,377	40,546,193,225
	Repaid during the year	(6,960,748,608)	(6,747,717,062)
		27,458,351,769	33,798,476,163
	Less: Current portion shown under current liabilities	(7,356,715,240)	(6,861,196,115)
		20,101,636,529	26,937,280,048

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 SOFR plus a credit adjustment spread (CAS) of 0.26161% and additional spread of 4.5% per annum. The balancing principal amount is repayable in 07 unequal semi annual installments ending on September 2028.

	Note	2025 Rupees	2024 Rupees
Lender wise outstanding balance of loan is as follows:	Project		
International Finance Corporation (IFC)	A, B and C	7,663,370,220	9,435,930,535
Asian Development Bank (ADB)	A, B and C	7,663,370,220	9,435,930,535
Islamic Development Bank (IsDB)	A, B and C	7,663,370,220	9,435,930,535
Deutsche Investitions–und Entwicklungsgesellschaft (DEG)	A, B and C	4,598,022,132	5,661,557,267
		27,588,132,792	33,969,348,872
Transaction cost		(425,948,076)	(425,948,076)
Amortization of transaction cost		296,167,053	255,075,367
		(129,781,023)	(170,872,709)
		27,458,351,769	33,798,476,163

	Note	2025 Rupees	2024 Rupees
25.2 Movement in Gas Infrastructure Development Cess payable			
Balance of provision for GIDC	25.2.1	–	981,695,536
Unwinding of interest		–	13,487,334
		–	995,182,870
Less: Current portion shown under current liabilities		–	(995,182,870)
		–	–

25.2.1 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 Holding 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 Holding Company.

The Holding Company recorded the liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return. Time period of 48 months has passed and the matter is still pending in SHC, hence; the entire liability has now been reclassified as current liability.

	Note	2025 Rupees	2024 Rupees
26. LEASE LIABILITIES			
Lease liabilities in respect of:			
Land	26.1	58,048,623	54,233,573
Rented premises	26.2	3,841,241,131	3,719,868,309
Vehicles	26.2	130,417,382	158,008,063
		4,029,707,136	3,932,109,945
Less: Current portion shown under current liabilities			
Land		(2,744,000)	(2,744,000)
Rented premises		(687,210,001)	(661,861,125)
Vehicles		(43,834,765)	(46,422,065)
		(733,788,766)	(711,027,190)
		3,295,918,370	3,221,082,755

26.1 Movement of the lease liabilities recognized in respect of land during the year:

	2025			2024		
	SWPCL	TBCL	Total	SWPCL	TBCL	Total
	Rupees					
Balance as on July 01,	27,439,434	26,794,139	54,233,573	26,436,676	24,480,712	50,917,388
Payments made during the year	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Unwinding of lease liability	4,027,005	2,532,045	6,559,050	3,746,758	2,313,427	6,060,185
	28,722,439	29,326,184	58,048,623	27,439,434	26,794,139	54,233,573
Less: Current portion shown under current liabilities	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Balance as at June 30,	25,978,439	29,326,184	55,304,623	24,695,434	26,794,139	51,489,573
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.

	2025 Rupees	2024 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	27,997,394	13,720,000
Later than 5 years	69,290,828	108,584,814
	100,032,222	125,048,814
Future finance charge	(41,983,599)	(70,815,240)
	58,048,623	54,233,574
Present value of finance lease liabilities	(2,744,000)	(2,744,000)
	55,304,623	51,489,574

Movement of the lease liabilities recognized in respect of rented premises and vehicles during the year:

	2025			2024		
	Rented premises	Vehicles	Total	Rented premises	Vehicles	Total
	Rupees					
Balance as on July 01,	3,719,868,309	158,008,063	3,877,876,372	2,740,375,967	134,235,688	2,874,611,655
Additions during the year	538,099,406	30,177,472	568,276,878	1,469,116,603	68,072,362	1,537,188,965
Accretion of interest	324,845,433	19,104,274	343,949,707	414,503,820	20,780,063	435,283,883
Disposals / terminations	–	(25,637,716)	(25,637,716)	(19,810,745)	(9,339,040)	(29,149,785)
Payments made during the year	(741,572,017)	(51,234,711)	(792,806,728)	(884,317,336)	(55,741,010)	(940,058,346)
As at June 30,	3,841,241,131	130,417,382	3,971,658,513	3,719,868,309	158,008,063	3,877,876,372
Less: Current portion shown under current liabilities	(687,210,001)	(43,834,765)	(731,044,766)	(661,861,125)	(46,422,065)	(708,283,190)
Balance as at June 30,	3,154,031,130	86,582,617	3,240,613,747	3,058,007,184	111,585,998	3,169,593,182

	Note	2025 Rupees	2024 Rupees
Maturity analysis is as follows:			
Not later than 1 year		1,240,237,815	1,085,685,329
Later than 1 year but not later than 5 years		3,695,440,323	3,026,534,259
Later than 5 years		1,004,337,363	979,526,834
		5,940,015,501	5,091,746,422
Future finance charge		(1,968,356,988)	(1,213,870,050)
		3,971,658,513	3,877,876,372
Present value of finance lease liabilities		(731,044,766)	(708,283,190)
		3,240,613,747	3,169,593,182
27. DEFERRED INCOME – GOVERNMENT GRANT			
Government grant SBP TERF scheme	27.1	228,830,878	307,743,319
Less: current portion grouped under current liabilities		(59,210,126)	(75,878,302)
		169,620,752	231,865,017
27.1 Movement in account of Deferred Income – Government Grant			
Opening balance		307,743,319	396,417,220
Amortisation of grant		(78,912,441)	(88,673,901)
Closing balance		228,830,878	307,743,319

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% (2024: 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.

	Note	2025 Rupees	2024 Rupees
28. EMPLOYEE BENEFIT OBLIGATIONS			
Staff retirement benefit – gratuity	28.1	912,132,372	745,681,388
Accumulating compensated absences	28.2	32,800,680	67,534,863
		944,933,052	813,216,251

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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:

		2025 Rupees	2024 Rupees
28.1.1	**Amount recognized in the statement of financial position**		
	Net liability at the beginning of the year	745,681,388	499,560,048
	Charge to statement of profit or loss	371,011,432	328,452,232
	Remeasurement recognized in statement of other comprehensive income	39,859,809	104,307,271
	Payments made during the year	(244,420,257)	(186,638,163)
	Net liability at the end of the year	912,132,372	745,681,388
28.1.2	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	745,681,388	499,560,048
	Current service cost	279,049,421	262,438,075
	Interest cost	91,962,011	66,014,157
	Benefits paid	(244,420,257)	(186,638,163)
	Remeasurements on obligation	39,859,809	104,307,271
	Balance at end of the year	912,132,372	745,681,388
28.1.3	**Expense recognized in statement of profit or loss**		
	Current service cost	279,049,421	262,438,075
	Interest cost	91,962,011	66,014,157
		371,011,432	328,452,232
28.1.4	**Remeasurements recognized in statement of other comprehensive income**		
	Experience adjustment	36,181,559	100,534,762
	Actuarial loss	3,678,250	3,772,509
		39,859,809	104,307,271

		2025	2024
28.1.5	**Actuarial assumptions used**		
	Discount rate used for year-end obligation	11.75%	14.75%
	Expected rate of increase in future salaries	10.75%	13.75%
	Mortality rates (for death in service)	SLIC	SLIC
		(2001-05)	(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%	834,733,348	996,737,934
Increase in future salaries	1.00%	996,715,894	834,723,093

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, 2026 amounts to Rs.414.232 million.

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

28.1.9 Historical information:

	2025	2024	2023	2022	2021
			Rupees		
Present value of defined benefit obligation	912,132,372	745,681,388	499,560,048	383,766,355	337,535,758
Experience adjustment on obligation / actuarial loss	39,859,809	104,307,271	(40,642,376)	17,138,040	(26,354,732)

		Note	2025 Rupees	2024 Rupees
28.2	Accumulating compensated absences			
	Opening liability		67,534,863	49,443,732
	(Reversed) / charged to profit or loss	28.2.1	(21,112,526)	38,421,723
	Payment made during the year		(13,621,657)	(20,330,592)
	Liability as at the year end		32,800,680	67,534,863

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		Note	2025 Rupees	2024 Rupees
28.2.1	(Reversal) / charge for the year has been allocated as follows:			
	Cost of sales		(17,489,947)	23,540,380
	Administrative expenses		6,716,702	4,719,228
	Distribution cost		(10,339,281)	10,162,115
			(21,112,526)	38,421,723
29.	TRADE AND OTHER PAYABLES			
	Creditors	29.1	13,580,482,838	10,434,464,503
	Accrued liabilities		3,946,328,266	3,355,042,368
	Foreign bills payable against import		1,513,054,087	1,265,025,585
	Workers' profit participation fund	29.2	672,402,760	995,647,009
	Workers' welfare fund		88,757,808	28,082,499
	Infrastructure Development Cess		1,746,291,498	1,151,721,379
	Lender fees and charges payable		7,217,058	7,082,239
	Payable to provident fund		109,197,143	76,353,555
	Provision for gas infrastructure development cess		995,182,870	–
	Tax deducted at source		627,752,684	664,805,395
	Foreign exchange forward contracts – designated as hedging instruments		53,617,146	–
	Others		168,051,515	201,009,678
			23,508,335,673	18,179,234,210
29.1	These balances include the following amounts due to related parties:			
	Reliance Cotton Spinning Mills Ltd.		15,532,070	14,650,080
	Sapphire Fibres Limited		48,860,067	57,772,076
	Sapphire Finishing Mills Limited		47,837,495	–
	Diamond Fabrics Limited		1,617,031	–
			113,846,663	72,422,156
29.2	Workers' profit participation fund			
	Balance at beginning of the year		995,647,009	544,865,497
	Add: interest on funds utilized by the Group Companies		44,757,289	16,155,704
	Add: recoverable from CPPA–G		448,729,110	747,568,258
			1,489,133,408	1,308,589,459
	Less: payments made during the year		(975,418,462)	(518,024,992)
			513,714,946	790,564,467
	Add: allocation for the year		158,687,814	205,082,542
	Balance at end of the year		672,402,760	995,647,009

30. CONTRACT LIABILITIES

30.1 It includes advances received from Creadore A/S Denmark (a related party) amounting Rs.Nil (2024: Rs.106.307 million).

30.2 The balance of contract liability as at June 30, 2025, is expected to be recognized as revenue within one year.

		Note	2025 Rupees	2024 Rupees
31.	**ACCRUED MARK-UP**			
	Accrued mark-up on secured:			
	- long term loans		371,238,828	566,453,080
	- short term borrowings		579,520,257	482,437,872
			950,759,085	1,048,890,952
32.	**SHORT TERM BORROWINGS**			
	Running finance under mark-up arrangements	32.1	8,110,253,995	3,601,488,622
	Short term loans	32.1	12,089,963,438	11,310,063,871
	Running Musharakah facility	32.2	1,348,905,392	9,673,337
	Corporate card card facility	32.3	12,501,074	-
			21,561,623,899	14,921,225,830

32.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.41,210 million (2024: Rs.36,210 million).These finance facilities, during the year, carried mark-up at the rates ranged from 3.00% to 22.64% (2024: 5.5% to 24.43%) 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.58,044 million (2024: Rs.52,210 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.1,544 million (2024: Rs.1,421 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.50,130 million (2024: Rs.42,099 million) out of which the amount remaining unutilized at the year-end was Rs.31,956 million (2024: Rs.29,333 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 It includes Running Musharakah facility obtained by SRL - Subsidiary Company from Meezan Bank Limited, Dubai Islamic Bank Pakistan Limited and Bank Islami Pakistan Limited aggregates to Rs 2,950 billion (2024: Rs 1,950 billion) at profit rate of 1 month KIBOR plus 0.1% to 0.3% (2024: 1 month KIBOR plus 0.15% and 3 month KIBOR plus 0.5%) per annum respectively. The facilities are secured against First Joint Pari Passu Charge on the current assets of the Company with 10% risk margin. The mark-up rate charged during the year on the outstanding balance ranged from 11.39% to 20.93% (2024: 20.24% to 23.14%) per annum.

32.3 The Subsidiary Company – SRL has availed a corporate credit card facility amounting to Rs 20 million from Askari Bank Limited. The facility comprises of four credit cards, each with an assigned limit of Rs 5,000,000. The facility is secured through a cash margin equivalent to 120% of the sanctioned limit, maintained in the form of a lien over the Company's bank account with the lender.

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

		2025 Rupees	2024 Rupees
33.	**CURRENT PORTION OF LONG–TERM LIABILITIES**		
	Current portion of:		
	– long–term loans	12,574,351,277	12,775,441,789
	– gas infrastructure development cess	–	995,182,870
	– lease liabilities	787,858,296	711,027,190
	– deferred grant SBP TERF scheme	59,210,126	75,878,302
		13,421,419,699	14,557,530,151

34. CONTINGENCIES AND COMMITMENTS

34.1 Contingencies

On September 20, 2023, proceedings were initiated by the concerned officials of the Punjab Revenue Authority ('PRA') in terms of section 52 of the Punjab Sales Tax on Services Act, 2012 ("PST Act"), requiring the subsidiary company TBCL to substantiate its compliance with the withholding provisions contained in the PST Act and Punjab Sales Tax on Services (Withholding Rules), 2015 with respect to receipt of taxable services during the tax periods July 2022 through June 2023. The subsidiary company responded to the aforesaid show cause notice on legal and factual grounds through its tax consultant via letter dated November 22, 2023. The assessing officer, proceeded to pass an assessment order dated November 23, 2023, adjudging a withholding sales tax default of Rs. 321.3 million along with applicable default surcharge & penalty. Being aggrieved by the aforesaid order, the company preferred an appeal before the learned Commissioner (Appeals), PRA, who vide order dated December 2, 2024, has deleted the demand raised via the assessment order and the matter was remanded back to the assessing officer of de novo consideration. Feeling aggrieved by the order of the CIR(A), the company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, PRA, who vide order dated February 27, 2025 remanded back the matter to the first appellate court. The subsidiary Company challenged this decision before the Honorable Lahore High Court, on April 29, 2025 on which decision is pending.

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.

The Additional Commissioner Inland Revenue (ACIR) initiated monitoring proceedings against subsidiary Company TBCL on May 8, 2024, under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance), for Tax Year 2023. Subsequently, the ACIR passed an order on February 18, 2025, raising a tax demand of Rs. 33.7 million. The demand was raised on the ground that the profit on debt does not require any expenditure to earn; therefore, the apportioned interest and administrative expenses amounting to Rs. 66.56 million and Rs. 6.28 million, respectively, disallowed under Section 67 of the Ordinance and Rule 13 of the Income Tax Rules, 2001. An appeal has been filed before the ATIR against the ACIR's order; however, the proceedings are currently pending for 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. 2,500,000,000
- 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. 1,200,000,000.

34.2 Commitments

34.2.1 Guarantees aggregating Rs.3,179.939 million (2024: Rs.3,083.555 million) have been issued by banks in favour 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, 2025 the value of these cheques amounted to Rs.10,159.126 million (2024: Rs.12,021.284 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 International Inc. ('General Electric') for the Operations and Maintenance ('O & M') of the wind power plant for a period of eight years from the Taking–Over Date i.e. March 7, 2018 as per terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. Under the terms of above mentioned O & M Agreement, the Company is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreement.

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34.2.6 The Subsidiary Company – SRL 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. 4,235,910 (2024: Rs. 12,305,844) and non-current portion (More than 01 but less than 05 years) amounts to Rs 1,762,940 (2024: Rs 12,003,801).

34.2.7 During the year, the Subsidiary Company – SRL has entered into lease arrangements for retail shops with various landlords. As of the reporting date, the Company has not received possession of these shops, 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
– Bahria Town, Lahore	Rs. 30 million with 6.25% increase after one year for four years and 8% for upto eight years
– Dulkusha Manzil, Bahawalpur	Rs.17.400 million with 8% increase annually
– Aziz Bhatti Road, Sialkot	Rs. 36 million with 25% increase after every three years
– University Road, Peshawar	Rs. 72 million with 25% increase after every three years
– Faisalabad Mega Store, Jaranwala Road	Rs 51.9 million for first 30 months and then 10% increase annually
– Sector F-1, Azad Jammu & Kashmir	Rs. 64.050 million with 8% after 24 months and then 8% increase annually

34.2.6 Refer to content of note 10.2.2 and 20.1.1 in relation to shares held as pledge / collateral.

	2025 Rupees	2024 Rupees
34.2.7 Commitments in respect of:		
– letters of credit for capital expenditure	517,144,412	299,757,010
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	10,286,472,358	7,559,981,723
– capital expenditure other than letters of credit	220,064,994	224,835,904
– forward foreign currency contracts	4,190,219,762	4,725,097,032

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	
	2025	2024	2025	2024	2025	2024
	Rupees					
Yarn	5,425,390,191	32,858,958,232	40,594,647,367	6,422,652,385	46,020,037,558	39,281,610,617
Fabric	26,869,364,188	22,529,079,065	4,539,900,840	1,720,038,759	31,409,265,028	24,249,117,824
Clothing items	3,986,307,253	1,256,227,397	61,910,831,906	46,990,215,098	65,897,139,159	48,246,442,495
Home textile products	16,037,687,297	14,877,821,941	1,338,840,846	849,296,374	17,376,528,143	15,727,118,315
Raw materials	-	-	83,982,598	220,936,455	83,982,598	220,936,455
Accessories	20,066,296	-	3,843,977,442	1,737,979,817	3,864,043,738	1,737,979,817
Waste	-	107,414,751	1,432,769,173	1,279,124,916	1,432,769,173	1,386,539,667
Processing income	-	-	1,178,815,854	1,311,762,471	1,178,815,854	1,311,762,471
Power Generation	-	-	19,956,393,509	30,595,766,866	19,956,393,509	30,595,766,866
	52,338,815,225	71,629,501,386	134,880,159,535	91,127,773,141	187,218,974,760	162,757,274,527
Add: Export rebate and duty drawback					124,478,465	103,775,360
Less: Sales tax					(21,073,963,397)	(16,865,143,912)
Less: Discounts to customers					(13,765,430,524)	(8,697,463,639)
					152,504,059,304	137,298,442,336

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

		2025 Rupees	2024 Rupees
35.2	**Export sales – Yarn**		
	Direct export	5,168,159,399	6,760,992,026
	Indirect export	257,230,792	26,097,966,206
		5,425,390,191	32,858,958,232
35.3	**Export sales – Fabric**		
	Direct export	25,383,901,421	15,668,481,667
	Indirect export	1,485,462,767	6,860,597,398
		26,869,364,188	22,529,079,065

35.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.68.946 million (2024: Rs.262.378 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, 2024 amounting to Rs. 2,164.431 million have been recognized as revenue during the year (2024: Rs. 1,728.781 million).

		Note	2025 Rupees	2024 Rupees
36.	COST OF SALES			
	Finished goods at beginning of the year		6,389,077,889	5,293,424,103
	Cost of goods manufactured	36.1	80,680,688,073	75,222,592,169
	Cost of raw materials sold	36.5	72,028,226	273,329,843
	Cost of sales - purchased for resale		35,610,263,529	21,859,385,698
			116,362,979,828	97,355,307,710
			122,752,057,717	102,648,731,813
	Finished goods at end of the year		(6,923,091,444)	(6,389,077,889)
			115,828,966,273	96,259,653,924
36.1	Cost of goods manufactured			
	Work-in-process at beginning of the year		5,359,918,145	3,584,457,740
	Raw materials consumed	36.2	33,314,927,646	36,490,744,082
	Salaries, wages and benefits	36.3	12,042,303,953	9,613,716,131
	Packing material consumed		1,840,223,387	1,674,808,459
	Stores and spares consumed		2,688,017,157	2,094,813,074
	Depreciation-right-of-use asset	6.2.3	124,876,062	106,748,704
	Depreciation-owned assets	6.1.5	6,678,831,894	6,534,819,113
	Fuel, power and water		9,795,564,679	8,382,904,156
	Repair and maintenance		3,099,978,197	2,870,236,317
	Insurance expenses		383,739,813	352,992,228
	Vehicle running expenses		163,929,282	175,707,168
	Site management expenses		226,470,335	174,048,480
	Travelling and conveyance		287,861,632	408,349,748
	Printing and stationery		12,389,894	17,826,727
	Legal and professional charges		285,654,570	124,547,742
	Fees and subscription		82,741,158	80,147,326
	Communication expenses		56,054,255	38,659,138
	Other manufacturing expenses	36.4	9,917,701,079	7,588,676,773
	Rent, rates and taxes		59,637,454	36,200,965
	Security		78,343,649	69,863,253
	Miscellaneous expenses		82,785,953	162,242,990
			86,581,950,194	80,582,510,314
	Work-in-process at end of the year		(5,901,262,121)	(5,359,918,145)
			80,680,688,073	75,222,592,169
36.2	Raw materials consumed			
	Stocks at beginning of the year		14,031,509,576	15,296,894,971
	Purchases		36,905,186,628	35,225,358,687
			50,936,696,204	50,522,253,658
	Stocks at end of the year		(17,621,768,558)	(14,031,509,576)
			33,314,927,646	36,490,744,082

36.3 Salaries, wages and benefits include Rs.368.937 million (2024: Rs.326.883 million) in respect of staff retirement benefit – gratuity, Rs.134.356 million (2024: Rs.110.786 million) for contribution in respect of staff provident fund and Rs.12.986 million (2024: Rs.23.540 million) in respect of (reversal)/expense for accumulating compensated absences.

		2025 Rupees	2024 Rupees
36.4	Other manufacturing expenses		
	Cotton dyeing, bleaching and bale pressing charges	315,828,990	347,233,802
	Yarn dyeing and bleaching charges	1,294,800	5,579,340
	Fabric dyeing, bleaching, knitting and processing charges	2,541,514,435	1,652,153,249
	Weaving and yarn doubling charges	383,314,702	152,836,561
	Stitching, spinning, embroidery and other charges	3,146,840,903	3,152,780,182
	Embroidery charges	3,528,907,249	2,278,093,639
		9,917,701,079	7,588,676,773

36.5 It includes salaries, wages and benefits amounting to Rs.0.313 million (2024: Rs.1.381 million), insurance amounting to Rs.0.317 million (2024: Rs.2.762 million) and finance cost amounting to Rs.5.162 million (2024: Rs.29.995 million).

		Note	2025 Rupees	2024 Rupees
37.	DISTRIBUTION COST			
	Export development surcharge		112,255,664	94,701,927
	Insurance		33,051,957	17,563,643
	Commission		701,169,717	419,648,347
	Freight and forwarding		2,117,594,433	1,268,052,568
	Salaries and benefits	37.1	2,399,220,043	1,773,926,099
	Rent and utilities	37.2	359,854,324	170,936,496
	Communication		92,525,181	60,652,054
	Travelling, conveyance and entertainment		347,610,483	307,741,106
	Fuel, power and water		445,193,477	388,286,674
	Repair and maintenance		127,055,791	124,938,134
	Fees and subscription		247,704,344	278,167,230
	Legal and professional charges		42,947,034	25,653,674
	Samples and advertising		1,238,367,397	1,251,428,741
	Packing material		10,837,664	21,334,420
	Exhibition expenses		60,884,360	36,883,791
	Retail outlet expenses		588,577,748	458,128,468
	Printing and stationery		28,661,793	26,875,527
	Depreciation–right–of–use asset	6.2.3	694,097,090	626,225,344
	Depreciation–owned assets	6.1.5	398,638,289	538,189,995
	Others		21,768,177	26,589,292
			10,068,014,966	7,915,923,530

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37.1 Salaries and benefits include Rs. 66.247million (2024: Rs.48.288 million) in respect of contribution to staff provident fund, Rs.0.821 million (2024: Rs.0.277 million) in respect of gratuity and (Rs.5.327 million) (2024: Rs.10.162 million) in respect of (reversal)/expense for accumulating compensated absences.

37.2 This includes Rs.315,789,504 (2024: Rs. 137,092,891) in respect of variable lease payments and Ijarah lease rentals amounting to Rs. Nil (2024: Rs.1,109,775) related to SRL (subsidiary Company).

		Note	2025 Rupees	2024 Rupees
38.	ADMINISTRATIVE EXPENSES			
	Directors' remuneration		114,600,000	98,400,000
	Directors' meeting fee		3,300,000	2,450,000
	Salaries and benefits	38.1	1,189,249,941	902,234,800
	Rent, rates and utilities	38.2	125,996,473	89,417,760
	Communication		23,100,604	19,192,791
	Printing and stationery		11,694,570	10,529,083
	Travelling, conveyance and entertainment		166,717,945	189,539,474
	Motor vehicle expenses		80,399,174	72,782,411
	Repair and maintenance		52,800,210	80,333,677
	Insurance expense		25,976,677	13,823,790
	Legal and professional charges		196,165,711	220,987,771
	Fees and subscription		175,092,937	149,999,151
	Computer expenses		27,020,400	44,770,532
	Advertisement		2,992,398	673,941
	Depreciation–right–of–use asset	6.2.3	84,385,024	52,998,975
	Depreciation–owned assets	6.1.5	158,525,146	137,820,647
	Monitoring charges		6,396,636	5,897,595
	Others		96,779,074	42,236,600
			2,541,192,920	2,134,088,998

38.1 Salaries and other benefits include Rs.43.153 million (2024: Rs.29.710 million) in respect of contribution to staff provident fund, Rs.2.073 million (2024: Rs.1.570 million) in respect of staff retirement benefit–gratuity and (Rs 3.639 million) (2024: Rs.4.719 million) in respect (reversal)/expense 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	2025 Rupees	2024 Rupees
39. OTHER OPERATING EXPENSES			
Workers' profit participation fund	29.2	207,338,507	205,082,542
Workers' welfare fund		60,675,309	13,491,908
Auditors' remuneration	39.1	37,011,520	45,210,942
Donations		97,445,278	73,969,960
Amortization of intangible assets	8.1	10,484,453	11,094,598
Provision for stores, spares and loose tools	14.1	951,648	–
Provision for doubtful sales tax refunds	21.2	163,138,681	81,629,103
Balance written off during the year		11,487,584	16,055,999
Loss on Termination of lease liabilities		8,547,102	–
Depreciation – investment property		435,877	446,226
Exchange loss on foreign currency accounts		433,552	6,858,496
Allowance for expected credit loss		31,118,959	30,702,631
Amortization cost on initial recognition of security deposits at fair value		84,339,993	–
Intangible assets written off		–	5,933,497
Misc. expenses		26,029,454	–
		739,437,917	490,475,902
39.1 Auditors' remuneration			
– Annual Audit fee		17,697,371	14,127,400
– Half yearly review fee		536,311	466,358
– Code of corporate governance review fee		94,435	85,850
– Group reporting		1,871,000	1,879,600
– Other certification / services		1,340,688	2,005,938
– Taxation services		14,161,595	25,283,951
– Out of pocket expenses		1,310,120	1,361,845
		37,011,520	45,210,942
Shinewing Hameed Chaudhri & Co. – Chartered Accountants			
– Annual Audit fee		3,198,000	2,918,500
– Half yearly review fee		536,311	466,358
– Code of corporate governance review fee		94,435	85,850
– Other certification / services		1,181,938	1,144,938
		5,010,684	4,615,646

	2025 Rupees	2024 Rupees
A.F Ferguson & Company		
– Audit fee	6,359,975	5,513,400
– Group reporting	1,871,000	1,879,600
– Other assurance services	–	576,000
– Taxation services	14,161,595	25,283,951
– Out of pocket expenses	1,086,120	1,145,845
	23,478,690	34,398,796
Sajjad Haider & Company – Chartered Accountants		
– Annual Audit fee	1,316,316	–
	1,316,316	–
Yousuf Adil – Chartered Accountants		
– Annual Audit fee	2,376,000	2,160,000
– Other certification / services	158,750	285,000
– Out of pocket expenses	224,000	216,000
	2,758,750	2,661,000
Afford Bond Holdings Limited – Chartered Accountants		
– Annual Audit fee	4,447,080	3,535,500
	4,447,080	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.9,744,528 (2024: Rs.7,396,996) of the Group.

	Note	2025 Rupees	2024 Rupees
Abdullah Foundation	39.2.1	40,500,000	37,799,300
Metro Pakistan Limited		27,330,420	18,316,172

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,
Mr. Nadeem Abdullah	Director	312, Cotton Exchange Building,
Mr. Amer Abdullah	Director	I.I. Chandrigar Road, Karachi.
Mr. Yousuf Abdullah	Director	

40. OTHER INCOME

	Note	2025 Rupees	2024 Rupees
Income from financial assets			
Dividend income		1,014,961,514	982,030,741
Interest income on saving accounts and term deposit certificates		1,155,857,201	1,226,741,850
		2,170,818,715	2,208,772,591
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	6.1.6	105,158,494	102,683,755
Gain on sale of investment property		–	111,125,888
Reversal of provision for stores, spares and loose tools	14.1	14,730,976	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		6,061,982	7,850,000
Rental income		13,307,680	13,307,760
Exchange gain on translation of foreign currency accounts		28,679,014	–
Gain on termination of lease liabilities		–	8,337,226
Credit balance written back		–	24,328,890
Bad debts recovered		7,564,000	–
Exchange gain on translation of foreign receivables		15,809,742	–
Scrap sales		216,467,263	148,823,318
Insurance claim	40.1	401,320,672	1,025,863,978
Others		38,477,922	–
		847,577,745	2,191,625,215
		3,018,396,460	4,400,397,806

40.1 This amount includes Rs. 398.947 million (2024: Rs.1,003.179 million) of SWPCL (subsidiary Company) recovered as a claim with the Insurer for loss / damage due to fire on September 26, 2022 (F.Y: 2023). Up to June 2025 complete payment of USD 4.96 million (equivalent to Rs. 1,402.09 million) has been recovered by the Company against claim filed.

		Note	2025 Rupees	2024 Rupees
41.	FINANCE COST			
	Interest / mark–up on :			
	– short term finances		2,966,933,844	4,058,271,531
	– long term loans		5,398,702,299	7,253,216,986
	– lease liabilities		478,214,875	441,344,068
	– Workers' Profit Participation Fund	29.2	44,757,289	16,155,704
	Amortization of loan transaction cost		63,795,414	65,351,952
	Lender's fees and charges		23,850,296	24,946,786
	Bank charges, commission and others charges		421,289,319	482,004,078
			9,397,543,336	12,341,291,105
42.	LEVIES AND INCOME TAXATION			
42.1	Final tax levy			
	Levy:			
	– for the year		1,714,382,449	1,826,946,290
	– for prior year		(17,079)	(2,076,180)
			1,714,365,370	1,824,870,110

42.2 For the Holding Company this represents income tax payable on dividend income under section 150 and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

42.3 For DTL subsidiary Company this represents tax on turnover uner section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

42.4 For the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 5.19.

42.5 Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under final and minimum tax regime.

		2025 Rupees	2024 Rupees
42.6	**Income tax**		
	Current		
	– for the year	1,955,255,036	2,092,086,228
	– Adjustments in respect of prior years	(16,944,530)	(49,307,520)
	Deferred tax	500,230,434	(799,988,069)
		2,438,540,940	1,242,790,639

42.7 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:

	2025 Rupees	2024 Rupees
Current tax liability for the year		
as per applicable tax laws	3,669,637,485	3,919,032,518
Portion of current tax liability as per tax laws,		
representing income tax under IAS 12	1,955,255,036	2,092,086,228
Portion of current tax computed as per tax laws,		
representing levy in terms of requirements		
of IFRIC 21 / IAS 37	1,714,382,449	1,826,946,290
Difference	–	–

43. EARNINGS PER SHARE

43.1 Basic earnings per share

Net profit for the year	9,442,985,772	13,263,476,503
	Number of shares	
Weighted average ordinary shares in issue	21,689,791	21,689,791
	Rupees	
Earnings per share	435.37	611.51

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, 2025 and June 30, 2024 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2025 Rupees	2024 Rupees
44. CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associated companies		16,947,300,352	22,557,406,683
Adjustments for non–cash charges and other items:			
Depreciation on right–of–use asset	6.2	903,358,177	785,973,023
Depreciation on operating fixed assets	6.1.5	7,235,995,353	7,210,829,755
Depreciation on investment property		435,877	446,226
Amortization of intangible assets	8.1	10,484,453	11,094,598
Interest income	40	(1,155,857,201)	(1,226,741,850)
Gain on disposal of operating fixed assets	40	(105,158,494)	(102,683,755)
Loss on disposal of intangible assets	39	–	5,933,497
Gain on termination of lease liability		–	(8,337,226)
Gain on termination of investment property	40	(8,547,102)	(111,125,888)
Dividend income	40	(1,014,961,514)	(982,030,741)
Staff retirement benefit – gratuity	28.1.3	371,011,432	328,452,232
Accumulating compensated absences	28.2.1	(21,112,526)	38,421,723
Balance written off during the year	39	11,487,584	16,055,999
Provision for expected credit loss	16.6	31,118,959	30,702,631
Amortization of transaction cost	25.1.2 & 25.1.3	63,795,414	65,351,952
Net foreign exchange difference	40	(44,055,204)	6,858,496
Reversal of provision for stores, spares and loose tools	14.1	(13,779,328)	(7,694,474)
Provision against doubtful sales tax refundable	21.2	163,138,681	81,629,103
Unwinding of liability related to GIDC	25.2	–	13,487,334
Unwinding of Government grant		(78,912,441)	(88,673,901)
Credit balance written–back		–	(24,328,890)
Unwinding of lease liability		478,214,875	441,344,068
Amortization cost on initial recognition of security deposits at fair value		84,339,993	–
Finance cost		8,934,445,488	11,909,781,652
Rental income	40	(13,307,680)	(13,307,760)
Working capital changes	44.1	(3,474,603,806)	(4,686,317,217)
		29,304,831,342	36,252,527,270

	2025 Rupees	2024 Rupees
44.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare and loose tools	(203,190,131)	(69,936,503)
Stock-in-trade	(7,130,577,382)	(5,199,614,430)
Trade debts	(579,970,592)	(3,533,998,737)
Loans and advances	74,279,601	(6,089,578)
Trade deposits and short term prepayments	(230,876,432)	59,906,615
Other receivables	(349,895,120)	(1,104,558,551)
	(8,420,230,056)	(9,854,291,184)
Increase in current liabilities:		
Trade and other payables	5,329,101,463	4,732,324,011
Contract liabilities	(383,475,213)	435,649,956
	4,945,626,250	5,167,973,967
	(3,474,603,806)	(4,686,317,217)

45. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

Particulars	Chief Executive		Executives		Directors	
	2025	2024	2025	2024	2025	2024
	Rupees					
Remuneration	60,000,000	60,000,000	2,718,282,717	1,800,738,489	54,600,000	38,400,000
Bonus	-	-	225,598,869	281,705,908	-	-
Medical	-	-	109,135,954	35,816,460	-	-
Contribution to provident fund	-	-	170,191,971	93,324,544	-	-
Leave encashment and other benefits	-	-	73,133,531	53,141,186	-	-
	60,000,000	60,000,000	3,296,343,043	2,264,726,587	54,600,000	38,400,000
Number of persons	1	1	602	450	2	2

45.1 Certain executives are provided with Group maintained vehicles.

45.2 Meeting fee of Rs.3.300 million (2024: Rs.2.450 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 free use of telephones at residence.

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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 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	2.94%
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 Holding Company	–
Abdullah Foundation	Common directorship	–

		2025 Rupees	2024 Rupees
	Significant transactions with the related parties		
i)	**Associated Companies**		
	Sales / processing	4,977,320,870	6,730,225,462
	Purchases / Rent	1,107,006,040	406,705,768
	Purchases of fixed asset	40,423,729	–
	Investment made	146,909,967	–
	Expenses charged to	136,549,191	116,326,397
	Expenses charged by	24,742,597	11,000,595
	Mark-up charged by	184,202,470	223,470,661
	Dividend received	28,265,301	37,263,852
	Dividend paid	1,849,033,420	2,563,471,550
	Loans (repaid) / obtained – net	(31,457,799)	225,689,550

	2025 Rupees	2024 Rupees
ii) Key management personnel		
Salary and other employment benefits	140,077,900	110,418,155
iv) Retirement Fund		
Contribution to provident fund	241,379,621	188,148,764
iv) Others		
Donation	40,500,000	37,799,300
Dividend paid	76,828,960	71,658,960

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.

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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.60,032.461 million as at June 30, 2025 (2024: Rs.53,093.775 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% (2024: 94%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2025 Rupees	2024 Rupees
Long term investments	7,065,858,068	5,731,684,160
Long-term loans and advances	66,665,011	56,168,867
Long term deposits	224,723,128	206,699,068
Trade debts	22,953,971,483	22,432,331,723
Loans and advances	319,352,919	393,632,520
Trade deposits	169,217,427	10,437,944
Short term investments	7,031,015,869	4,251,400,468
Other receivables	2,876,730,658	2,659,256,375
Bank balances	19,324,926,546	17,352,164,384
	60,032,461,109	53,093,775,509

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:

	2025 Rupees	2024 Rupees
Domestic	19,786,905,379	20,934,510,767
Export	3,167,066,104	1,497,820,956
	22,953,971,483	22,432,331,723

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

Aging analysis of trade debtors is as follows:

	2025 Rupees	2024 Rupees
Not due	14,300,073,549	12,609,824,402
1 – 30 days	4,701,069,413	3,594,557,626
31 – 60 days	533,933,848	265,511,406
61 – 90 days	1,532,706,867	4,426,355,754
91 – 180 days	406,088,611	1,170,930,782
181 – 360 days	161,901,104	277,865,210
361 days or more	1,318,198,091	87,286,543
	22,953,971,483	22,432,331,723

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, 2025							
Estimated total gross carrying amount at default	11,297,683,917	4,701,069,413	222,025,423	1,679,938,820	406,088,611	140,416,135	1,339,683,060
Expected credit loss	2,879,966	660,162	629,883	12,037,627	17,203,986	8,415,870	46,902,536
Expected credit loss rate	0.03%	0.01%	0.28%	0.72%	4.24%	5.99%	3.50%
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%

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 Banks	Rating		
	Short term	Long term	Agency
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A1+	AAA	JCR-VIS
Habib Bank Limited	A1+	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	A1+	AA	VIS
Allied Bank Limited	A1+	AAA	PACRA
Citibank N.A. Pakistan	P-1	Aa3	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	A1+	AAA	VIS
Askari Bank Limited	A1+	AA+	PACRA
Pak Kuwait Investment Company Private Limited	A1+	AAA	PACRA
Pak China Investment Company Private Limited	A1+	AAA	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, 2025					
Long term loans	50,629,680,636	51,696,312,086	12,681,330,250	35,167,354,611	3,847,627,225
Lease liabilities	4,029,707,136	5,664,127,189	1,309,964,855	3,428,658,022	925,504,312
Trade and other payables	21,000,883,607	26,550,055,511	26,550,055,511	–	–
Accrued mark-up / interest	950,759,085	943,818,202	943,818,202	–	–
Short term borrowings	21,561,623,899	22,795,174,683	22,795,174,683	–	–
Unclaimed dividend	2,264,855	2,264,855	2,264,855	–	–
GIDC payable	995,182,870	995,182,870	995,182,870	–	–
	99,170,102,088	108,646,935,396	65,277,791,226	38,596,012,633	4,773,131,537

	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

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, Swiss Frank, GB Pound and AED. The Group's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), Swiss Frank (CHF), GB Pound and AED is as follows:

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	Rupees	U.S.$	Euro	JPY	CHF	AED	GBP
For the year ended June 30, 2025							
Trade debts	(3,167,066,104)	(10,162,988)	(1,720,835)	-	-	(525,035)	(258,162)
Bank balances	(12,990,595,574)	(44,113,425)	(49,249)	-	-	(1,866,087)	(1,090,753)
Foreign bills payable against import	1,513,054,087	4,829,374	385,433	-	36,350	-	-
Long term loans - secured	29,048,723,323	112,989,516	-	-	-	43,735	2,130,381
Net balance sheet exposure	14,404,115,732	63,542,477	(1,384,651)	-	36,350	(2,347,387)	781,466
Outstanding letters of credit	3,172,569,770	9,540,953	1,150,930	-	222,000	-	-
Foreign currency forward contracts	4,190,219,762	13,453,968	1,200,000	-	-	-	-
	21,766,905,264	86,537,398	966,279	-	258,350	(2,347,387)	781,466

	Rupees	U.S.$	Euro	JPY	CHF	AED	GBP
For the year ended June 30, 2024							
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	-	0	-	-
	32,642,009,258	114,985,882	7,208,775	4,790,618	212,609	(16,196)	(181,297)

The following significant exchange rates have been applied:

	Average rate at reporting date		Reporting date rate	
	2025	2024	2025	2024
U.S. Dollar to Rupee	283.85	278.50	284.10 / 283.60	278.75 / 278.25
Euro to Rupee	332.54	299.25	332.83 / 332.25	299.52 / 298.98
Japanese Yen to Rupee	1.9684	1.7219	1.9701 / 1.9667	1.7234 / 1.7204
Swiss Frank to Rupee	355.19	307.93	355.50 / 354.87	308.20 / 307.65
AED to Rupee	77.26	76.30	77.90 / 77.76	76.38 / 76.24
GBP to Rupee	389.40	351.62	389.71 / 389.09	351.93 / 351.3

At June 30, 2025, 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.

	2025 Rupees	2024 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	1,803,653,220	2,787,299,658
Euro to Rupee	(46,045,181)	(34,756,720)
AED to Rupee	(18,136,581)	(123,575)
GBP to Rupee	30,430,286	(6,374,765)
	1,769,901,744	2,746,044,598

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:

	2025	2024	2025	2024
	Effective rate		Carrying amount	
	Percentage		Rupees	
Fixed rate instruments				
Financial assets				
Saving accounts	8.00% to 19.00%	20% to 20.5%	12,671,567,128	12,452,014,736
Financial liabilities				
Long term finances	1.75% to 5.00%	1.75% to 5.00%	7,979,229,315	8,680,676,679
Short term borrowings	3.00% to 5.50%	5.50% to 19.25%	7,506,965,470	3,165,853,010
Variable rate instruments				
Financial liabilities				
Long term finances				
– foreign currency loan	8.17% to 10.096%	5.59% to 10.07%	29,445,741,934	38,116,062,629
– local currency loan	11.29% to 22.91%	3.50% to 24.33%	13,204,709,387	12,014,683,124
Short term borrowings				
– local currency loan	7.25% to 22.49%	21.80% to 24.43%	14,054,658,429	11,755,372,820

At June 30, 2025, 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.567.051 million (2024: Rs.618.861 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.11,875.172 million (2024: Rs.8,346.227 million) are exposed to price risk due to changes in market price.

At June 30, 2025, 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.1,187.517 million (2024: Rs.834.623 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.11,875.532 million (2024: Rs.7,796.025 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.

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.

	2025 Rupees	2024 Rupees
Total borrowings	72,191,304,535	73,732,648,262
Less: cash and bank balances	19,411,721,135	17,533,563,165
Net debt	52,779,583,400	56,199,085,097
Total equity	75,164,530,651	63,487,076,297
Total capital including net debt	127,944,114,051	119,686,161,394
Gearing ratio	41.25%	46.96%

47.4 Financial instruments by category

	As at June 30, 2025		
	Amortised cost	At fair value through OCI	Total
	Rupees		
Financial assets as per statement of financial position			
Long-term loans and advances	66,665,011	–	66,665,011
Long-term deposits	224,723,128	–	224,723,128
Trade debts	22,953,971,483	–	22,953,971,483
Loans to employees	132,107,534	–	132,107,534
Trade deposits	169,217,427	–	169,217,427
Other receivables	3,047,688,935	–	3,047,688,935
Short-term investments	–	7,286,637,117	7,286,637,117
Cash and bank balances	19,411,721,135	–	19,411,721,135
	46,006,094,653	7,286,637,117	53,292,731,770

	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

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
Financial liabilities as per statement of financial position		
Long-term loans and other payables	38,055,329,359	46,035,980,643
Deferred income - Government grant	169,620,752	231,865,017
Trade and other payables	21,000,883,607	16,003,783,323
Current portion of long-term liabilities	13,421,419,699	14,557,530,151
Unclaimed dividend	2,264,855	332,783,783
Short term borrowings	21,561,623,899	14,921,225,830
Accrued mark-up	950,759,085	1,048,890,952
	95,161,901,256	93,132,059,699

48. 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, 2024	3,932,109,945	58,811,422,432	14,921,225,830	332,783,783
Changes from financing activities				
Finances obtained	-	4,115,608,853		-
Finances repaid	-	(12,996,636,299)	6,640,398,069	-
Repayment of lease liabilities	(795,550,728)	-	-	-
Dividends paid	-	-	-	(2,352,381,509)
Dividend declared	-	-	-	2,021,862,583
Total changes from financing cash flows	3,136,559,217	49,930,394,986	21,561,623,899	2,264,857
Other changes / adjustments				
Amortization of transaction cost	-	63,795,414	-	-
Exchange Gain / Loss	-	635,490,236	-	-
Additions / Disposals during				
the year - Net	542,639,162	-	-	-
Finance cost	350,508,757	-	-	-
Balance as at June 30, 2025	4,029,707,136	50,629,680,636	21,561,623,899	2,264,857

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	Liabilities			
	Lease liabilities	Long term loans	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)	–
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				
Amortization of transaction cost	–	65,351,952	–	–
Exchange Gain / Loss	–	(1,190,631,424)	–	–
Additions to lease liabilities during the year	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

		UOM	2025	2024
49.	CAPACITY AND PRODUCTION			
49.1	Spinning			
	Number of spindles installed		175,472	176,792
	Number of spindles worked		173,632	170,598
	Number of rotors installed		440	440
	Average number of rotors worked		438	440
	Number of shifts worked per day		3	3
	Installed capacity after conversion into 20's count	Lbs.	139,957,363	141,120,505
	Actual production after conversion into 20's count	Lbs.	135,328,875	137,997,348

		UOM	2025	2024
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.	175,676,415	168,128,883
49.3	**Finishing and Printing**			
	Production capacity	Mtrs.	69,000,000	69,600,000
	Actual production	Mtrs.	63,882,291	65,565,974
49.4	**Yarn dyeing**			
	Production capacity	KGs	2,880,000	2,880,000
	Actual production	KGs	2,222,035	2,282,148

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.

		UOM	2025	2024
49.7	**Power Generation**			
	Installed capacity	MWh	597,585	597,537
	Actual energy delivered	MWh	427,214	406,372

49.8 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 and SWPL (power sector subsidiary companies) produced less energy than benchmark of 35% and 31% capacity factor respectively.

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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, 2025						
Net turnover	51,389,741,859	31,895,531,328	82,049,509,804	19,956,393,509	(32,787,117,196)	152,504,059,304
Cost of sales	(46,759,906,609)	(28,838,173,668)	(65,187,952,281)	(7,830,050,912)	32,787,117,196	(115,828,966,273)
Gross Profit	4,629,835,250	3,057,357,661	16,861,557,523	12,126,342,597	-	36,675,093,031
Distribution cost	(766,816,477)	(1,012,749,491)	(8,288,448,998)	-	-	(10,068,014,966)
Administrative expenses	(677,468,490)	(269,866,761)	(1,168,443,566)	(425,414,103)	-	(2,541,192,920)
	(1,444,284,967)	(1,282,616,252)	(9,456,892,564)	(425,414,103)	-	(12,609,207,886)
Profit before taxation and unallocated income and expenses	3,185,550,283	1,774,741,409	7,404,664,959	11,700,928,494	-	24,065,885,145
Depreciation on operating fixed assets	866,532,839	442,412,509	1,562,047,678	4,365,002,327	-	7,235,995,353
Depreciation on right-to-use assets	-	-	876,200,529	27,157,647	-	903,358,177
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	3,556,579,654	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

	2025 Rupees	2024 Rupees
Reconciliation of operating results with profit after tax is as follows:		
Total results for reportable segments	24,065,885,145	30,988,775,884
Other operating expenses	(739,437,917)	(490,475,902)
Other income	3,018,396,460	4,400,397,806
Finance cost	(9,397,543,336)	(12,341,291,105)
Share of profit of associated companies	342,722,537	236,916,641
Profit before taxation	17,290,022,889	22,794,323,324
Taxation	(4,152,906,310)	(3,067,660,749)
Profit for the year	13,137,116,579	19,726,662,575

50.2 Segment Assets and Liabilities

	Spinning	Weaving	Processing printing Home Textile, Textile Retail and Others	Power Generation	Total
			Rupees		
As at June 30, 2025					
Segment assets	29,348,510,451	11,314,544,718	49,096,352,930	85,369,558,838	175,128,966,937
Segment Liabilities	28,627,170,209	6,835,258,292	31,542,253,927	32,396,607,758	99,401,290,186
As at 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

	2025 Rupees	2024 Rupees
Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:		
Total for reportable segments assets	175,128,966,937	166,583,096,675
Unallocated assets	27,003,359,529	18,586,881,691
Total assets as per statement of financial position	202,132,326,466	185,169,978,366
Total for reportable segments liabilities	99,401,290,186	95,345,847,448
Unallocated liabilities	4,947,588,403	6,160,393,202
Total liabilities as per statement of financial position	104,348,878,589	101,506,240,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

		2025	2024
51.	NUMBER OF EMPLOYEES		
	Number of employees as at June 30,	14,614	14,734
	Average number of employees as at June 30,	14,895	13,839

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.

		2025		2024	
		Conventional	Shariah Compliant	Conventional	Shariah Complian
		Rupees			
53.	SHARIAH SCREENING DISCLOSURE				
	Statement of Financial Position – Assets				
	Long term investments	6,632,626,453	433,231,615	5,419,458,783	312,225,377
	Short term investments	4,477,696,533	2,808,940,584	3,297,709,016	1,182,689,059
	Bank balances	19,315,121,187	96,599,948	17,513,740,810	19,822,355
	Statement of Financial Position – Liability				
	Long term finances	47,900,783,864	2,728,896,772	56,942,188,452	1,869,233,980
	Short term borrowings	10,542,201,482	2,163,551,555	10,354,730,989	1,390,968,493
	Running finances under mark-up arrangements	5,036,704,517	3,819,166,345	2,755,151,786	420,374,562
	Accrued mark-up	688,142,276	145,839,351	802,361,180	120,487,463
	Statement of Profit and Loss and other Comprehensive Income				
	Revenue earned from shariah compliant business segments	–	152,504,059,304	–	137,298,442,336
	Un-realised gain on investments				
	a) Long term investment	1,853,330,513	–	2,022,077,846	–
	b) Short term investment	384,348,970	1,094,679,609	1,740,350,875	340,761,581
	Other income				
	a) Profit on bank deposits	1,086,632,427	–	1,162,894,239	–
	b) Dividend Income	911,242,377	103,719,137	912,016,310	70,014,431
	c) Exchange gain /(loss) on actual currency	13,189,078	–	(5,138,775)	–
	Mark-up on running finances under mark-up arrangements	678,944,207	316,845,163	936,483,453	370,706,946
	Mark-up on short term finances	1,703,461,836	295,512,598	2,652,270,198	469,517,880
	Mark-up on long term finances	5,208,232,873	191,529,586	7,061,828,994	214,029,677

The Group have banking relation with the following shariah–compliant financial institutions:

a)	Meezan Bank Limited
b)	Bank Islami Pakistan Limited
c)	Dubai Islamic Bank Pakistan Limited
d)	Faysal Bank Limited

54. 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.

55. GENERAL

These consolidated financial statements were authorized for issue on September 25, 2025 by the Board of Directors of the Holding Company.

Chief Executive Officer	Chairman / Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2025

Number of Shareholders	From	To	Total Shares Held
371	1	100	5,560
53	101	500	13,694
21	501	1,000	14,887
31	1,001	5,000	72,732
8	5,001	10,000	65,021
1	10,001	15,000	11,624
1	15,001	20,000	17,572
1	20,001	25,000	20,885
4	30,001	35,000	134,831
3	35,001	40,000	110,808
3	45,001	50,000	139,632
2	60,001	65,000	129,839
2	70,001	75,000	146,677
1	75,001	80,000	78,345
2	110,001	115,000	223,205
3	115,001	120,000	350,471
3	120,001	125,000	361,299
1	140,001	145,000	141,373
1	155,001	160,000	156,750
1	160,001	165,000	161,867
1	165,001	170,000	166,757
2	180,001	185,000	363,886
1	230,001	235,000	233,401
3	270,001	275,000	824,160
1	275,001	280,000	275,242
1	285,001	290,000	285,809
1	520,001	525,000	520,319
1	655,001	660,000	657,788
1	995,001	1,000,000	998,015
1	1,830,001	1,835,000	1,832,274
1	1,835,001	1,840,000	1,839,095
1	1,845,001	1,850,000	1,846,424
1	1,855,001	1,860,000	1,859,234
1	1,890,001	1,895,000	1,892,479
1	1,905,001	1,910,000	1,905,901
1	1,910,001	1,915,000	1,912,612
1	1,915,001	1,920,000	1,919,323
533			21,689,791

* Note: The slabs representing nil holding have been omitted.

CATEGORIES OF SHAREHOLDERS

As at June 30, 2025

Particulars	No. of Shares Held	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children.	2,198,964	10.14
Associated Companies, Undertakings and Related Parties	17,109,081	78.88
NIT and ICP	998,015	4.60
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	1,357,942	6.26
Foreign	57	0.00
Other Companies	24,583	0.11
	21,689,791	100.00

DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2025

Sr #	Categories of Shareholders	Percentage	Number Of Shares Held
A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
	Acrylic (Private) Limited	8.97	1,946,409
	ATMZ Company (Private) Limited	9.84	2,134,476
	Channel Holdings (Private) Limited	9.78	2,120,817
	Crystal Enterprises (Pvt) Limited	0.02	3,329
	Glitter (Private) Limited	9.01	1,953,238
	Glory (Private) Limited	8.94	1,939,579
	Lavender (Private) Limited	8.88	1,925,920
	Reliance Cotton Spinning Mills Limited	0.46	100,223
	Resource Corporation (Pvt) Limited	9.71	2,107,158
	Sapphire Holding Limited	1.32	285,809
	Sapphire Power Generation Limited	1.44	311,746
	SFL CORPORATION (PVT) LIMITED	0.04	7,989
	STM CORPORATION (PVT) LIMITED	0.72	156,750
	Synergy Holdings (Pvt) Limited	9.75	2,113,978
	Yousuf Agencies (Private) Limited	0.01	1,660
B)	DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		
	DIRECTORS & THEIR SPOUSES		
	Mr. Mohammad Abdullah	2.41	522,618
	Mr. Yousuf Abdullah	0.57	123,147
	Mr. Amer Abdullah	0.25	55,266
	Mr. Shahid Abdullah	0.32	68,868
	Mr. Nabeel Abdullah	0.85	185,158
	Mr. Umer Abdullah	0.86	186,308
	Mr. Mirza Saleem Baig	0.00	532
	Mr. Shahid Shafiq	0.00	510
	Mrs. Shamshad Begum	3.09	669,412
	Mrs. Ambareen Amer	0.34	74,219
	Mrs. Shireen Shahid	0.54	116,385
	Ms. Mashmooma Zehra Majeed	0.00	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE		
	Mr. Nadeem Abdullah	0.56	120,991
	Mrs. Noshaba Nadeem	0.35	75,050
C)	NIT AND ICP		
	CDC - Trustee National Investement (Unit) Trust	4.60	998,015
D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS		
	BANKS		
	National Bank of Pakistan	0.00	129

Sr #	Categories of Shareholders	Percentage	Number Of Shares Held
E)	MODARABAS AND MUTUAL FUNDS		
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	0.00	1,020
F)	GENERAL PUBLIC		
	A. Local	6.26	1,357,942
	B. Foreign	0.00	57
G)	OTHER COMPANIES	0.11	24,583
	TOTAL	100.00	21,689,791
H)	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN		
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE		
	Mr. Nadeem Abdullah	Purchased	2,101
	Mrs. Noshaba Nadeem	Purchased	1,303
	DIRECTORS & THIER SPOUSES		
	Mr. Mohammad Abdullah	Purchased	9,194
	Mr. Yousuf Abdullah	Purchased	2,138
	Mr. Amer Abdullah	Purchased	960
	Mr. Shahid Abdullah	Purchased	1,196
	Mr. Nabeel Abdullah	Purchased	3,215
	Mr. Umer Abdullah	Purchased	3,215
	Mrs. Shamshad Begum	Purchased	11,623
	Mrs. Ambareen Amer	Purchased	1,289
	Mrs. Shireen Shahid	Purchased	1,981
	Mr. Mohammad Abdullah gifted shares to grandsons and daughter in law		(6,895)
	Mr. Umer Abdullah received shares as a gift from Mr. Mohammad Abdullah		1,150
	Mrs. Shireen Shahid received shares as a gift from Mr. Mohammad Abdullah		2,298
	SHARES CANCELLED UNDER SCHEME OF ARRANGMENT APPROVED BY THE COURT		
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE		
	Mr. Nadeem Abdullah	Cancelled	(543,485)
	Mrs. Noshaba Nadeem	Cancelled	(360,769)
	DIRECTORS & THIER SPOUSES		
	Mr. Yousuf Abdullah	Cancelled	(684,735)
	Mr. Amer Abdullah	Cancelled	(265,713)
	Mr. Shahid Abdullah	Cancelled	(360,069)
	Mr. Nabeel Abdullah	Cancelled	(890,057)
	Mr. Umer Abdullah	Cancelled	(890,057)
	Mrs. Ambareen Amer	Cancelled	(416,610)
	Mrs. Shireen Shahid	Cancelled	(596,488)

BALLOT PAPER FOR VOTING THROUGH POST

Annual General Meeting to be held on Monday, October 27, 2025 at 3:00 pm
at Trading Hall, Cotton Exchange Building, I. I Chundrigar Road, Karachi
Phone: +92 21 111 000 100 Website: www.sapphire.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) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

/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: 04 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, 2025, 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, 2026. **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 25, 2025. 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 25, 2025, 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.

FORM OF PROXY

For the year ended 30 June 2025

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 57th Annual General Meeting of the Company to be held on Monday, 27th October, 2025 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 _______ 2025

Signature of shareholder; ______________________________

CNIC No: ______________________________

Folio No/ CDC and/or Sub Account No: ______________________________

Email: ______________________________

Revenue
Stamp of Rs.5/-

Signature of proxy participant ______________________________

CNIC No: ______________________________

Folio No/ CDC and/or Sub Account No: ______________________________

Email: ______________________________

(Signature should agree with the specimen signature registered with the Company)

Notice:

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 seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy 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 and 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 meeting.
   iv. In case of 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 proxy form to the company.

1. Witness:

Signature: ____________________

Name ____________________

Adress ____________________

CNIC No. ____________________

2. Witness:

Signature: ____________________

Name ____________________

Adress ____________________

CNIC No. ____________________

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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 مختتمہ 30 جون، 2025

میں / ہم ________________ جس کا تعلق ________________ سے ہے، فولیو نمبر / CDC یا ذیلی اکاؤنٹ نمبر
________________ سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں، اور ________________ عمومی حصص رکھتے ہیں، بذریعہ (ممبر کا نام)
________________ جو کہ ________________ 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
________________ متعلق ہے، اوران کا فولیو نمبر/CDC اکاؤنٹ نمبر ________________ ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن/اراکین
ہے/ہیں کو بروز پیر 27 اکتوبر، 2025 کو دوپہر 3:00 بجے ٹریڈنگ ہال، کاٹن ایکس چینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے 57 ویں سالانہ اجلاس عام اور کسی زیرالتوا اجلاس میں شرکت کیلئے اپنا/ہمارا پراکسی مقرر کرتا/ کرتے/ کرتی ہوں

اس دستاویز پر مورخہ ________________ 2025 کو دستخط ہوئے

پانچ روپے کا 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۔ مختار نامہ 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 پُر پُر اور دستخط کے ساتھ موصول ہو جانا 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) بینی فیشل 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/ مختار نامہ 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 ________________

DIRECTORS' REPORT TO THE SHAREHOLDERS

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The Company Secretary,

SAPPHIRE TEXTILE MILLS LIMITED
212, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi.

NOTE

NOTE

Sapphire
Textile Mills

212, Cotton Exchange Building, I.I. Chundrigar
Road, Karachi, Pakistan.

Phone: +92 21 111 000 100
+92 21 3241 0930
E-Mail: contact@sapphiretextiles.com.pk

4th Floor Tricon Corporate Centre
Jail Road, Gulberg II, Lahore, Pakistan.

Phone: +92 42 111 000 100,111 000 091
+92 42 35758195

E-Mail: contact@sapphiretextiles.com.pk