



Annual Report of  
**Reliance Cotton Spinning Mills Limited**  
for the year ended **2025**

INNOVATING  
LOCALLY  
**COMPETING  
GLOBALLY**





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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Chief Executive
Mr. Amer Abdullah	Director
Mr. Yousuf Abdullah	Director
Mr. Nabeel Abdullah	Director
Mrs. Madiha Saeed Nagra	Independent Director
Mr. Anjum Saleem	Independent Director

## AUDIT COMMITTEE

Mr. Anjum Saleem	Chairman
Mr. Shahid Abdullah	Member
Mr. Nabeel Abdullah	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Anjum Saleem	Chairman
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

## RISK COMMITTEE

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Member
Mr. Jawwad Faisal	Member

## CHIEF FINANCIAL OFFICER

Mr. Jawwad Faisal

## COMPANY SECRETARY

Mr. Rameez Ghausi

## SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Limited,  
4th Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.

## TAX CONSULTANTS

Yousuf Adil, Chartered Accountants

## AUDITORS

Shinewing Hameed Chaudhri & Company  
Chartered Accountants

## LEGAL ADVISOR

Hassan & Hassan, Advocates

## BANKERS

Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
United Bank Limited

## REGISTERED OFFICE:

📍 312, Cotton Exchange Building,  
I. I. Chundrigar Road, Karachi.

☎ Tel: +92 21 111 000 100

📠 Fax +92 21 32416705

🌐 Website: [www.sapphire.com.pk/rcsml](http://www.sapphire.com.pk/rcsml)

## CORPORATE OFFICE:

📍 1st Floor, Tricon Corporate Centre,  
73-E Main Jail Road, Gulberg II, Lahore. Pakistan.

## MILLS:

Feroze Wattoan,  
District Sheikhpura, Punjab.

Bhai Pheru  
Jumber Khurd, Bhai Pheru,  
District Kasur, Punjab.

# DIRECTORS' PROFILE

## MR. SHAHID ABDULLAH

### Chairman

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. SHAYAN ABDULLAH

### Chief Executive Officer

Mr. Shayan Abdullah has been the Chief Executive Officer of Reliance Cotton Spinning Mills Limited for the last 11 years. He has done Bachelor of Science in Business Management with concentration in Economics and Finance from USA. Additionally, he has undertaken various professional courses from universities such as London School of Economics and Lahore University of Management Sciences. Before getting appointed as a director with Sapphire Fibres Limited, Mr. Shayan has worked at Executive levels with other Group Companies. He oversees raw material procurement, accounts and marketing for spinning divisions of Sapphire Fibres Limited and Amer Cotton Mills Limited.

## MR. AMER ABDULLAH

### Director

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

### Director

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

### Director

Mr. Nabeel Abdullah has done his Bachelor of Science in Economics from the London School of Economics. Additionally, he has taken numerous professional courses at the Lahore University of Management Sciences. Before joining the Sapphire Group, he also interned at Citi, in the Commercial Bank, in London for 3 months. Nabeel was trained for one year at Sapphire before being appointed Director. He is currently overseeing raw material procurement, sales, production, accounts and finance for Sapphire Textile Mills Ltd and specially in weaving.

## MR. ANJUM SALEEM

### Independent Director

Mr. Anjum Saleem holds a Bachelors of Commerce degree from University of Karachi. He has an experience of over 40 years in the field of Insurance. He is working with Adamjee Insurance Company Limited as General Manager Development since 1980. With his excellent leadership qualities and great negotiating skills, he has been a valuable asset to Adamjee Insurance Company Limited.

## MS. MADIHA SAEED NAGRA

### Independent Director

Ms. Madiha Saeed Nagra is a professionally qualified Clinical Psychologist, Researcher and Academician. After completing her Intermediate from Kinnaird College for Women, Lahore in 2004, she graduated at top position in BS (Hons) in Clinical Psychology from University of the Punjab, Lahore in 2009. She has a rich experience in research work conducting outreach programs in planning, sampling and interpreting of results, psychological assessment and management of slow learners and behavioral problems. She carried out counselling and rehabilitation of Schizophrenics and Cancer patients.

In 2013, she moved to Muscat, Oman where she worked as Coordinator in American British Academy, responsible for coordination between faculty and Senior Management, preparation of quarterly KPI progress reports, monitoring, evaluation and correction for yearly curriculum objectives. Currently, she is associated with Beaconhouse School System where she teaches History, Geography, Social Studies and PSHE along with research and development of curriculum for students. Apart from her professional commitments, she actively seeks opportunities to contribute to the Society by providing her services.

## OUR VISION

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality. Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business, our customers and worldwide markets.

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

## OUR MISSION

Our mission is to be recognized as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customer. Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by customer service, sales and manufacturing supports by teamwork of all associates.

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





# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of Reliance Cotton Spinning Mills Limited will be held on Monday, October 27, 2025 at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 12:15 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of last General Meetings held on April 22, 2025.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2025 together with the Chairman's Review, Directors' and Auditors' Report thereon.

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/rcsml/annualreports.htm>



3. To approve final dividend for the year ended June 30, 2025.
4. 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.

## SPECIAL BUSINESS

5. To approve by way of special resolution 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 party transactions conducted during the year as disclosed in the note 37 of the unconsolidated financial statements for the year ended June 30, 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 case-to-case basis during the financial year ending June 30, 2026."

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

## ANY OTHER BUSINESS

6. To transact any other business with the permission of the Chair.

(Attached to this notice is a statement of material facts covering the above- mentioned special business, as required under section 134(3) of the Companies Act, 2017).

By Order of the Board

Karachi  
September 25, 2025

**Rameez Ghausi**  
Company Secretary

## NOTE:

1. The share transfer books of the Company shall remain closed from **21st October 2025 to 27th October 2025** (both days inclusive). Transfers received in order at the office of the Company's Share Registrar i.e. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, before the close of business on October 20, 2025, will be considered in time, to entitle the transferees to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting may 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.

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/rcsml](http://www.sapphire.com.pk/rcsml).

3. 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, addresses and CNIC numbers shall be mentioned on the proxy form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
  - v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
4. Any change of address of members should be immediately notified to the company's share registrar M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
  5. In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

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

- a. AGM will be held through Zoom application – a video link facility.
- b. Members interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for RCSML AGM" at the earliest but not later than 48 hours before AGM on E-mail: [contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk) along with a valid copy of both sides of CNIC.

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



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

6. The members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd.
7. Pursuant to Companies (Postal Ballot) Regulations 2018, in case of special business, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] is hereby 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) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from **23 October 2025, 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 address of the Company / Share Registrar or through email at [contact@sapphiretextiles.com.pk](mailto: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.

Under the provision of SRO 451 (I)/ 2025 issued by SECP to be read in conjunction with section 134 of the Companies Act, 2017, for all business classified as "Special Business", the voting by the members of the listed company shall only be through postal ballot and therefore 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 electronic voting facility or by post prior to the date of the general meeting, shall be allowed to cast his/ her vote on the day of the meeting by way of ballot paper only.

8. Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

Accordingly, a member having physical shares are encouraged to open a CDC sub-account with a broker or Investor Account directly with CDC to place their physical certificates into scrip less form.

9. An updated list of unclaimed dividends/shares of the Company is available on the Company's website [www.sapphire.com.pk/rcsml](http://www.sapphire.com.pk/rcsml). These are unclaimed dividends/ shares which have remained unclaimed or unpaid for three years from the date these have become due and payable.
10. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

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

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

11. (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
  1. Persons appearing in Active Tax Payers List (ATL) 15%
  2. Persons not appearing in Active Tax Payers List (ATL) 30%

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

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

Company Name	Folio/CDS Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

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

- (v) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: [contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk) and/or Hameed Majeed Associates (Private) Limited at phone: (021) 32424826 / 32469573 & email address: [khi@hmaconsultants.com](mailto:khi@hmaconsultants.com).
- (vi) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or Hameed Majeed Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

12. The Company shall provide video conference facility to its members for attending the General Meeting at places other than the town in which 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 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 07 days before holding of the General Meeting:

"I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Reliance Cotton Spinning Mills Limited, holder of \_\_\_\_\_ Ordinary Shares as per registered folio # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

\_\_\_\_\_  
Signature of Member

13. 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 the 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's share registrar.

The Annual Report of the company for the year ended June 30, 2025 is also available on the company's website [www.sapphire.com.pk/rcsml](http://www.sapphire.com.pk/rcsml).

14. 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 OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

### 1. Agenda number 5(i) of the notice – Ratification and approval of the related party transactions

The Company carries out transactions with its associates and related parties in accordance with its policies, applicable laws, regulations and with approval of board of directors of the company. However, during the year since majority of the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to absent 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 37 to the unconsolidated financial statements for the year ended June 30, 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 of directors 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) and sharing of common expenses.

The nature of relationship with these related parties has also been indicated in note 37 to the unconsolidated financial statements for the year ended June 30, 2025.

**2. Agenda number 5(ii) of the notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2026.**

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

## STATUS OF INVESTMENT UNDER CLAUSE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Fibres Limited	Investment of Rs. 1 billion was approved	Rs. 850.5 million	This amount was approved in the EOGM dated 22 <sup>nd</sup> April 2025 and is in the process of implementation.

# REVIEW REPORT BY THE CHAIRMAN

## GOVERNANCE

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

The 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.

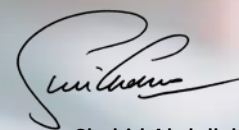
The constant increase in the cost of production is a challenge for the industry. Management is focused on building strategic alliances in the export market and developing innovative products to achieve sustainable profitability. These measures, along with prudent capital allocation and a diversified 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, and employees for their continued trust and support. I also acknowledge the commitment and diligence of the board of directors for their steadfast leadership and valuable contributions to the company's continued growth.

Lahore  
September 25, 2025

A background image showing a close-up of a hand holding a black pen, poised to sign a document. The document has some faint, illegible text and a blue circular stamp.

  
Shahid Abdullah  
Chairman

# چیمبر مسین کی جائزہ رپورٹ

## گورننس

ریلائنس کاٹن سپننگ ملز لمیٹڈ کا فنانس گورننس مندرجہ ذیل کارپوریٹ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے درمیان اعتماد کو فروغ دینے کے لیے اہم کردار ادا کرتا ہے۔ ہمارے گورننس کے ڈھانچے کو فنانس اور ریگولیٹری تقاضوں سے ہم آہنگ کرنے کے لیے بہت احتیاط سے تیار کیا گیا ہے، اس طرح ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو موثر طریقے سے پورا کیا جاسکتا ہے۔ یہ مندرجہ ذیل پاکستان کے قوانین، خاص طور پر کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس، پاکستان اسٹاک ایکسچینج میں درج اداروں سے متعلق دیگر فنانس اور ریگولیٹری ذمہ داریوں کے ساتھ ساتھ ایک جامع ضابطہ اخلاق، مختصر پالیسی، اور رکھنے کے لیے، کمپنی نے ایک ماہر اور سرشار ٹیم تشکیل دی ہے، جس نے، دیگر ضروری امتدادات کے ساتھ ساتھ ایک جامع ضابطہ اخلاق، مختصر پالیسی، اور کاروباری اخلاقیات کا ضابطہ نافذ کیا ہے۔

مالی سال 2024-2025 کے لیے بورڈ کی سالانہ خود تشخیصی تہیہ نتائج کی عکاسی کرتی ہے۔ یہ تشخیصی کلیدی عناصر جیسے کہ تنظیم کے نقطہ نظر، مشن اور امتداد، اسٹریٹجک منصوبہ بندی میں شمولیت، پالیسی سازی، کاروباری کارروائیوں کی نگرانی، مالی وسائل کا انتظام، ملازمین کے ساتھ منصفانہ سلوک، اور بورڈ کی ذمہ داریوں کو سرانجام دینے میں مجموعی کارکردگی کے مکمل جائزہ سے اخذ کی گئی ہے۔

## اقتصادی نقطہ نظر

مالی سال 2025 کے دوران پاکستان میں معاشی ماحول بہتر ہوا جس کی عکاسی کم شرح سود، مستحکم زر مبادلہ اور کرنٹ اکاؤنٹ خسارہ میں کمی کی صورت میں ہوئی۔ تاہم بجلی کی زیادہ قیمت، زیادہ ٹیکس اور ملکی کپاس کی کمی ٹیکسٹائل انڈسٹری کے لیے ایک چیلنج ہے۔

فی الحال، ملک کو اہم زرعی علاقوں، خاص طور پر پنجاب اور سندھ میں بڑے پیمانے پر سیلاب سے اضافی دباؤ کا سامنا ہے۔ فصلوں کو پہنچنے والے نقصان سے صنعتی سپلائی چین میں خلل پڑتا ہے اور توقع ہے کہ صنعتوں کے لیے پیداواری لاگت میں مزید اضافہ ہوگا۔ یہ ترقی در آمدات پر انحصار بڑھانے کا باعث بھی بن سکتی ہے، جس سے تجارتی توازن پر مزید دباؤ پڑ رہا ہے۔

پیداواری لاگت میں مسلسل اضافہ انڈسٹری کے لیے ایک چیلنج ہے۔ انتظامیہ ایکسپورٹ مارکیٹ میں اسٹریٹجک اتحاد بنانے اور پائیدار منافع کے حصول کے لیے جدید مصنوعات تیار کرنے پر توجہ مرکوز رکھے ہوئے ہے۔ ان امتدادات کے ساتھ ساتھ سمجھداری سے سرمایہ کی الیکشن اور متنوع سرمایہ کاری کے پورٹ فولیو سے طویل مدتی پائیدار منافع کی حمایت ہو سکتی ہے۔

## اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے حصص یافتگان، صارفین اور ملازمین کے مسلسل اعتماد اور تعاون کے لیے ان کا تہ دل سے شکر گزار ہوں۔ میں بورڈ آف ڈائریکٹرز کی ثابت قدم قیادت اور کمپنی کی مسلسل ترقی میں گراں قدر شراکت کے عزم اور مستعدی کو بھی سراہتا ہوں۔

منجانب بورڈ



(شاہد عبداللہ)  
چیف ایگزیکٹو

لاہور  
25 ستمبر 2025



# DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report of your Company together with the audited financial statements for the year ended 30 June 2025.

## FINANCIAL HIGHLIGHTS

Category	2025	2024
	Rupees in '000'	
Sales	15,816,270	15,069,073
Profit from operations	1,745,803	2,330,930
Finance Cost	(642,461)	(970,193)
Taxation	(395,730)	(46,206)
Profit after taxation	707,612	1,314,531

## FINANCIAL PERFORMANCE

During the year under review, the Company recorded sales of Rs. 15.82 billion as against Rs. 15.07 billion in the prior year, reflecting an increase of 5.0%. The gross profit as a percentage of sales decreased from 14.84% in the previous year to 12.21% during the year. Whereas, the Company earned profit after tax of Rs. 708 million, compared to Rs. 1,315 million in the previous year.

## EARNINGS PER SHARE

The earnings per share (EPS) of current year is Rs. 66.43 as compare to Rs. 127.72 for the last year.

## DIVIDEND

The Board of Directors of the company is pleased to recommend a final cash dividend @ 60% for the year ended June 30, 2025 (2024: 40%).

## FUTURE OUTLOOK

Pakistan's economy commenced fiscal year 2025-26 on a positive trajectory, leveraging the improvements achieved in the preceding year. The stronger external and fiscal position provides a firm foundation for continued stability and growth.



A supportive global environment, coupled with stronger demand from trading partners and Pakistan's recent trade deal with the United States, is expected to drive export growth. Concurrently, steady remittance inflows are expected to balance import pressures linked to tariff rationalisation.

The Management remains dedicated to strengthening the Company's future by driving innovation across our product portfolio and introducing new business segments. Strategic focus on enhancing operational efficiency and maintaining financial discipline will support these initiatives, enabling the Company to stay ahead of evolving market needs, and deliver sustained value to our shareholders.

## SUBSIDIARY COMPANIES

### RCSM Company (Pvt) Limited

A wholly owned subsidiary RCSM Company (Pvt.) Ltd was incorporated on November 8, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other companies or find other avenues to increase shareholders wealth.

### Sapphire Electronics (Pvt) Limited

Sapphire Electronics (Pvt) Limited is a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited and was incorporated on September 23, 2024. The principal activity of the company is to trade, manufacture or otherwise acquire and sell home appliances.

## BUSINESS REVIEW AND FUTURE DEVELOPMENT

the Board of Directors is considering a Scheme of Compromises, Arrangement and Reconstruction under

Sections 279 to 283 read with Section 285 for Amalgamation/ Merger of Reliance Cotton Spinning Mills Limited (RCSML) and its members with and into Sapphire Fibres Limited subject to obtaining necessary shareholders, creditors and regulatory approvals and sanction of the Scheme by the Honorable High Court of Sindh at Karachi along with fulfilment of corporate, regulatory and legal formalities.

In terms of the Scheme it is intended, inter alia, that Reliance Cotton Spinning Mills Limited (RCSML) will be merged with and into Sapphire Fibres Limited (SFL) and the shares of Sapphire Fibres Limited shall be issued to the registered shareholders of Reliance Cotton Spinning Mills Limited (RCSML) as per the SWAP ratio as certified /determined by M/s. Shinewing Hameed Chaudhri & Co, Chartered Accountants. The Reliance Cotton Spinning Mills Limited (RCSML) shall stand dissolved under the order of the Honorable High Court of Sindh at Karachi without winding up.

## RELATED PARTIES

All transactions with related parties were carried out on an arm's length basis except a transaction executed at negotiated price which is disclosed in note 6.2.1 which were in line with transfer pricing methods and the policy for related parties approved by the Board. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The internal audit function ensures that all related party transactions are done on an arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 37 to consolidated financial statements.

## HEALTH, SAFETY AND ENVIRONMENT (HSE)

Your Company take all possible measures to ensure that all our employees as well as communities within which we operate remain safe at all time. Environmental protection is a top priority on company's HSE agenda. The company ensures that its production processes are eco friendly and efficient. We constantly try and improve energy efficiencies both at production facilities and in our offices.

Your Company has also obtained BCI Certification (Better Cotton Initiative) besides holding OEKO-TEX Certificate (Eco-Friendly Cotton).



## CASH FLOW STRATEGY

Your Company has an effective cash flow strategy in place. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hope to cater any and every challenge that will come in its way. In compliance of the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient financing arrangements to augment economic efficiencies.

## CORPORATE SOCIAL RESPONSIBILITY

Being part of the one of the reputed groups of the country we believe in serving the mankind of the country and ensure each of our CSR activity actually benefits people in need. Several activities have also been conducted during the year. We also appreciate and encourage our employees to dedicate their time and to take active participation in these activities.

Company made generous donations for health, education and social welfare projects as reported in note no. 29 to the financial statement.

## BOARD'S STATEMENT FOR STRATEGIC OBJECTIVE ON ESG

The company's prospect is transparent to establish a robust and proactive ESG reporting strategy that goes beyond compliance and reporting, driving meaningful and measurable positive impact on the business sustainability performance. The vision behind this strategic objective is to integrate and prioritize sustainability principles across the company's operations and decision-making processes for long term value creation.

"By embracing operational practices, adopting renewable energy policies, and green initiatives, the company aims to contribute for a sustainable future. The company's strategic team is also committed to uphold the highest standards of corporate governance, adhering to corporate laws and regulations to avoid any conflicts of interest".

Furthermore, the management set specific and measurable ESG targets that align with company's strategic objective to achieve greater sustainable resilience and positive social impact.

## SUSTAINABILITY RELATED RISKS & OPPORTUNITIES

This reporting of sustainability related risk & opportunities helps to identify and manage risks related to environmental, social, and governance (ESG) factors, which are increasingly important to investors, regulators, and consumers. Under the context of this approach, the company is mainly exposed to the following sustainability risks.

### ENVIRONMENTAL RISKS

Water usage, pollution, waste management, carbon emissions & chemical use.

### SOCIAL RISKS

Labor practices, human rights, health and safety.

### GOVERNANCE RISKS

Regulatory compliance, supply chain transparency.

The above factors pose a risk to the company, non-compliance of which might expose the company to penalties in a shorter run, however, in longer runs it can lead to heavy fine, legal costs, and reputational damage including the loss of customer / business.

Further, inadequate oversight of sustainability practices and insufficient transparency, could diminish investor confidence and limit access to capital in long term. With the risk, lies the opportunities, therefore by capitalizing the above risks i.e., adopting sustainable practices and enhancing energy efficiency can result in immediate cost savings and improved brand reputation. Long-term opportunities highlight the potential for sustained competitive advantage through continued commitment to ESG principles, which can enhance investor confidence, reduce financial volatility, and ensure long-term profitability.

## PROGRESS TOWARDS ESG INITIATIVES

During the year, RCSML made reasonable strides in advancing our ESG initiatives. We focused on enhancing our environmental performance, promoting social equity and strengthening governance structures.

The Board of Directors of the Company firmly recognizes sustainability as a critical driver of long-term corporate value, resilience, and stakeholder trust. At present, the Board of Directors has not established a dedicated Sustainability Committee. However, recognizing the growing importance of sustainability and Environmental, Social, and Governance (ESG) practices in long-term corporate value creation, the Board has formally assigned additional responsibilities related to ESG and sustainability oversight to the Board Audit Committee. As part of its enhanced responsibilities, the Audit Committee shall provide insight to the Board on the integration of sustainability principles within the Company's strategy and operations.

## COMPOSITION OF THE BOARD AND THEIR MEETINGS

The composition of the Board is in compliance with the requirements of Code of Corporate Governance Regulations, 2019 applicable on listed entities which is given below:

Total Number of Directors

- (a) Male 06
- (b) Female 01

### Composition:

- (a) Independent Directors 02 (including 01 Female Director)
- (b) Executive Director 01
- (c) Non-Executive Directors 04

During the year five meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name	Category	No of Meetings
Mr. Shayan Abdullah	Executive Director	5
Mr. Shahid Abdullah	Non- Executive Director	5
Mr. Amer Abdullah	Non- Executive Director	5
Mr. Yousuf Abdullah	Non- Executive Director	3
Mr. Nabeel Abdullah	Non- Executive Director	4
Ms. Madiha Saeed Nagra	Independent Director	4
Mr. Anjum Saleem	Independent Director	4

The Board has made sub-committees which have significantly contributed in achieving desired objectives. These committees include:

- **Audit Committee.** During the year four meetings of the Audit Committee were held. Attendance by each Director is as follows:

Name	Category	No of Meetings
Mr. Anjum Saleem	Chairman (independent)	4
Mr. Shahid Abdullah	Member	4
Mr. Nabeel Abdullah	Member	3

- **Human Resource & Remuneration Committee.** During the year one meeting was held and attended by all the members.

Mr. Anjum Saleem	Chairman (independent)
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

- **Risk Management Committee.** During the year, two meetings were held and attended by all the members.

Mr. Shahid Abdullah	Chairman
Mr. Shayan Abdullah	Member
Mr. Jawwad Faisal	Member

## PRINCIPAL RISKS & UNCERTAINTY

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company, through Risk Management Committee (RMC), has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Increased competition at global as well as regional levels to be cost effective.
- Currency volatility resulting in an increased cost of imported raw material.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton / Man-made fibers making raw material more costly.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts.



- Uncertain shifting from Final Tax Regime (FTR) to Normal Tax Regime (NTR) for exporters, continuation of super tax, prolonged refund cycles, etc.
- Increased compliance and regulatory requirements, in particular pertaining to safety measures and environmental, social and governance may lead to the risk of non-compliance with local and international laws, standards and regulations.
- Soaring inflation impacting the purchasing power of common man thereby reducing the demand for the Company's product.

## RISK MANAGEMENT

Effective risk management is pivotal to sustainable business growth. At RCSML, the Risk Management Committee (RMC) oversee the processes, which include risk management and internal control procedures. These processes, which are documented and regularly reviewed, are designed to safeguard assets and address possible risks to the Company, including the possible impact on business continuity. Any identified risk that could potentially affect the achievement of strategic, operational, financial and/ or compliance objectives are promptly reported to the Board for timely action to ensure uninterrupted operations.

## DIVERSITY, EQUITY, AND INCLUSION (D,E&I)

At RCSML, we are committed to fostering a diverse, equitable, and inclusive workplace where every individual is valued, respected, and empowered to thrive. With the diverse workforce and communities, the Company stands as an advocate for diversity, equity, and inclusion (D,E&I). Promoting D,E&I is a key priority for the Company and is integral to its sustainable and ethical business practices. A comprehensive D,E&I strategy with clear and measurable goals, targeting increased gender and ethnic diversity and inclusion at all levels, is in process. The Company implements inclusive recruitment practices, such as using diverse job boards, blind hiring processes, and diverse interview panels. Multiple D,E&I training sessions are provided for all employees, covering topics like unconscious bias, cultural competency, and inclusive leadership through Human Resource Department being supervised by HR&R committee.

## 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 maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

1. The Financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. The company has maintained proper books of account;
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure thereof has been adequately disclosed and explained;
5. System of internal control is sound in design, has been effectively implemented and being monitored continuously through internal audit function under co-sourcing arrangement. On-going review will continue in future for further improvements in controls;
6. 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 is disclosed as contingent liabilities in the notes to the accounts;
7. There is no significant doubt about the Company's ability to continue as going concern;
8. There has been no material departure from best practices of Corporate Governance;
9. The company has maintained Employees Provident Fund for staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Provident Fund as on June 30, 2025 is Rs. 66.1 million;
10. Code of conduct has been communicated and acknowledged by each Director and employee of the Company;
11. No trade in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children;

However, a scheme of arrangement duly approved by the honorable high court of Sindh JCM 45 of 2022 was passed during the year under which 3,202, 873 shares of individual shareholders including directors and their spouse were cancelled and same number of shares were issued to their respective holding companies.

Another scheme of amalgamation was duly approved by high court dated November 15, 2024 in which associated company Amer Cotton Mills (Pvt) Limited (ACMPL) was merged with and into Reliance Cotton Spinning Mills Limited in which 360,000 shares of the company was issued to the shareholders of ACMPL.

12. As required by the Code, we have included the following information in this Report;

- Statement of Compliance with the Code of Corporate Governance and this report was found to be in order after review by the auditors;
- Statement of pattern of shareholdings as at 30 June 2025 in accordance with section 227(f) of the Companies Act, 2017;
- Statement of shares held by associated undertakings and related parties;
- Key operating and financial statistics for the last 6 years.

## REMUNERATION OF DIRECTORS

The remuneration of Directors is determined by the Company in the Board of Directors' Meeting. 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; however, they are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in note No. 36 to the financial statements.

## PERFORMANCE EVALUATION OF DIRECTORS ON THE BOARD

The Board of Directors of your Company is a body of highly professional individuals. All Board members possess high caliber with diversified experience, in-depth business understanding and strategic thinking. The Board comprises of seven members including two independent directors, having professional experience in various business disciplines.

The working of the Board is based on best business practices and is in line with the Code as defined by Securities and Exchange Commission of Pakistan (SECP). The Board has adopted a highly structured process to evaluate its own performance wherein individual Board members rate overall Board performance by responding to a series of performance evaluation questions. The responses of the directors are then compiled for a detailed discussion among the members. During the discussion, Board also evaluates its performance in fulfilling its fiduciary responsibilities, providing its leadership role, giving strategic direction and providing guideline to the management in compliance of policies and standards.

The Board has been proactive in setting up of committees with specific roles and responsibilities under Terms of References (ToRs). On an overall basis, Board performance of the Company has been highly satisfactory and the Board is cognizant of the fact that continuous improvement in its working is the basis of the Company's success.

## AUDITORS

The present Auditors M/s Shinewing Hameed Chaudhri & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment. Audit Committee and Board of Directors have also recommended their appointment as auditors for the year ending 30 June 2026.

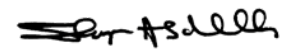
## ACKNOWLEDGEMENTS

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

For and on behalf of the Board



Shahid Abdullah  
Director



Shayan Abdullah  
Chief Executive

Lahore  
September 25, 2025

اہم ہیں۔ کمپنی بنیادی طور پر درج ذیل پائیداری کے خطرات سے دوچار ہے:

## ماحولیاتی خطرات

پانی کا استعمال، آلودگی، فضلہ کا انتظام، کاربن کا اخراج، اور کیمیائی استعمال۔

## سماجی خطرات

مزدوری کے طریقے، انسانی حقوق، صحت اور حفاظت۔

## گورننس کے خطرات

ریگولیشنری تعمیل اور سپلائی چین کی شفافیت۔

مندرجہ بالا عوامل کمپنی کے لیے خطرے کا باعث بنتے ہیں، جن کی عدم تعمیل کمپنی کو مختصر مدت میں حیران کن کام کرنا سکتی ہے، تاہم، طویل مدت میں یہ بھاری حیران کن، قانونی احراجات، اور ساکھ کو نقصان پہنچا سکتا ہے جس میں گاہک / کاروبار کا نقصان بھی شامل ہے۔

میںذیر آں، پائیداری کے طریقوں کی ناکافی نگرانی اور ناکافی شفافیت، سرمایہ کاروں کے اعتماد کو کم کر سکتی ہے اور طویل مدت میں سرمایہ تک رسائی کو محدود کر سکتی ہے۔ خطرے کے ساتھ، مواقع بھی موجود ہیں، لہذا مندرجہ بالا خطرات سے فائدہ اٹھا کر، پائیدار طریقوں کو اپنانے اور توانائی کی کارکردگی کو بڑھانے کے نتیجے میں فوری طور پر لاگت کی بچت اور برانڈ کی ساکھ بہتر ہو سکتی ہے۔ طویل مدتی مواقع ESG اصولوں کے ساتھ منسلک وابستگی کے ذریعے پائیدار مستقبل فائدہ کے امکانات کو اجاگر کرتے ہیں، جو سرمایہ کاروں کے اعتماد کو بڑھا سکتے، مالی اتار چڑھاؤ کو کم کر سکتے، اور طویل مدتی منافع کو یقینی بنا سکتے ہیں۔

## ESG اقدامات کی طرف پیش رفت

سال کے دوران، RCSML نے ESG اقدامات کو آگے بڑھانے میں معقول پیش رفت کی۔ ہم نے اپنی ماحولیاتی کارکردگی کو بڑھانے، سماجی مساوات کو فروغ دینے اور حکمرانی کے ڈھانچے کو مضبوط بنانے پر توجہ مرکوز کی۔

کمپنی کا بورڈ آف ڈائریکٹرز پائیداری کو طویل مدتی کارپوریٹ فائدہ، پبلک اور اسٹیک ہولڈر کے اعتماد کے ایک کلیدی ڈرائیور کے طور پر تسلیم کرتا ہے۔ فی الحال، بورڈ آف ڈائریکٹرز نے ایک وقف شدہ پائیداری کمیٹی قائم نہیں کی ہے۔ تاہم، طویل مدتی کارپوریٹ ویلیو تخلیق میں پائیداری اور ماحولیاتی، سماجی، اور حکمرانی (ESG) کے طریقوں کی بڑھتی ہوئی اہمیت کو تسلیم کرتے ہوئے، بورڈ نے اضافی طور پر ESG اور پائیداری کی نگرانی سے متعلق اضافی ذمہ داریاں بورڈ آف کمیٹی کو سونپ دی ہیں۔ اپنی زیادہ ذمہ داریوں کے حصے کے طور پر، آڈٹ کمیٹی بورڈ کو کمپنی کی حکمت عملی اور آپریشنز کے اندر پائیداری کے اصولوں کے انضمام کے بارے میں بصیرت فراہم کرے گی۔

## بورڈ کی تشکیل اور ان کے اجلاس

بورڈ کی تشکیل مندرجہ بالا اصولوں پر متبادل اطلاق کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کی ضروریات کی تعمیل کے مطابق ہے جو مندرجہ ذیل ہے:

ہوتی ہے۔ ہم اس بات کو یقینی بناتے ہیں کہ اس کے پیدائشی طریقے ماحول دوست اور موثر ہیں۔ ہم پیدائشی سہولیات اور اپنے دفاتر دونوں جگہوں پر بجلی بچانے کے لئے مسلسل کوشاں رہتے ہیں۔

کمپنی نے OEKO-TEX سرٹیفیکٹ (ماحول۔ دوستانہ کپاس) رکھنے کے علاوہ BCI سرٹیفیکیشن (Better Cotton Initiative) بھی حاصل کیا ہے۔

## نقد منلو کی حکمت عملی

آپ کی کمپنی نے ایک موثر نقد منلو کی حکمت عملی اپنائی ہے۔ اس جامع حکمت عملی نے ہمیشہ آپ کی کمپنی کو اپنے مالی معاہدوں کو مناسب طریقے سے حل کرنے کا اختیار دیا ہے اور اسی کے راستے میں آنے والی ہر مشکل کو پورا کرنے کی امید دلائی ہے۔ مذکورہ بالا کی تعمیل میں، انتظامیہ نے متروک کی لاگت کو کم کرنے کی مسلسل کوشش کی ہے، جو فنڈز کے ذرائع کی متوازن پورٹ فولیو کو مد نظر رکھتی اور اقتصادی صلاحیتوں کو بڑھانے کے لئے موثر مالی اقدامات کرتی ہے۔

## کارپوریٹ سماجی ذمہ داری

ملک کے ایک معروف گروپ کا ایک حصہ ہونے کی حیثیت سے ہم ملک کے انسانوں کی خدمت میں یقین رکھتے ہیں اور یقینی بناتے ہیں کہ ہماری CSR کی ہر ایک سرگرمی حقیقی معنوں میں عوام کے لئے فائدہ مند ہے، سال کے دوران کئی سرگرمیوں کا انعقاد کیا گیا ہے۔ ہم اپنے ملازمین کی ان سرگرمیوں میں اپنا وقت وقف کرنے اور فعال طور شرکت کرنے کا شکریہ ادا اور حوصلہ افزائی کرتے ہیں۔

کمپنی نے صحت، تعلیم اور معاشرتی بہبود کے منصوبوں کے لئے فنڈز اخذ کیے عطا کیا، جس کی تفصیل مالی حسابات کے نوٹ نمبر 29 میں بیان کی گئی ہے۔

## ESG پراسٹریٹجک مقصد کے لیے بورڈ کا بیان

کمپنی ایک شفاف اور مضبوط ESG رپورٹنگ حکمت عملی تیار کرنے کے لیے پرعزم ہے جو محض تعمیل سے بالاتر ہے، جس کا مقصد پائیدار کارکردگی میں باہمی اور متبادل پیمائش بہتری پیدا کرنا ہے۔ یہ وژن کمپنی کے تمام آپریشنز اور فیصلہ سازی کے عمل میں پائیداری کے اصولوں کو ضم کرنے اور ترجیح دینے کی خواہش سے کارفرما ہے، طویل مدتی قدر کی تخلیق کو یقینی بناتا ہے۔

متبادل تبدیلی توانائی کی پالیسیاں اپن کر، ماحول دوست طریقوں کو اپناتے ہوئے، اور مثبت اقدامات شروع کر کے، کمپنی زیادہ پائیدار مستقبل میں فعال طور پر اپنا حصہ ڈالنے کی کوشش کرتی ہے۔ اسٹریٹجک ٹیم کارپوریٹ گورننس کے عملی ترین معیارات کو برقرار رکھنے کے لیے بھی وقف ہے، منادات کے تصادم سے بچنے کے لیے کارپوریٹ قوانین اور ضوابط پر سختی سے عمل پیرا ہے۔

اس کے علاوہ، انتظامیہ نے مخصوص اور قابل پیمائش ESG اہداف مقرر کیے ہیں جو کمپنی کے اسٹریٹجک اہداف سے ہم آہنگ ہیں، جس کا مقصد پائیدار پبلک کو بڑھانا اور ایک مثبت سماجی اثر پیدا کرنا ہے۔

## پائیداری سے متعلق خطرات اور مواقع

پائیداری کی رپورٹنگ کا یہ مندرجہ ورک کمپنی کو ماحولیاتی، سماجی، اور گورننس (ESG) عوامل سے وابستہ خطرات کی شناخت اور ان کا انتظام کرنے میں مدد کرتا ہے، جو سرمایہ کاروں، ریگولیشنز اور صارفین کے لیے بہت

# ڈائریکٹرز کی حصص داران کو رپورٹ

## ذیلی کمپنیاں

### RCSM کمپنی (پرائیویٹ) لمیٹڈ

ایک مکمل ملکیٹی ذیلی RCSM کمپنی (پرائیویٹ) لمیٹڈ جس کو 8 نومبر 2017 کو شامل کیا گیا تھا۔ ذیلی ادارے کی اصل سرگرمی کسی دوسری کمپنیوں میں حصص لینا یا حاصل کرنا اور رکھنا یا حصص داران کی دولت کو بڑھانے کے لئے دیگر مواقع تلاش کرنا ہے۔

### سیفائر الیکٹرانکس (پرائیویٹ) لمیٹڈ

سیفائر الیکٹرانکس (پرائیویٹ) لمیٹڈ، ریلانٹس کاشن سپننگ ملز لمیٹڈ کا مکمل ملکیٹی ذیلی ادارہ ہے اور اسے 23 ستمبر 2024 کو شامل کیا گیا تھا۔ کمپنی کی بنیادی سرگرمی ہوم اپلائنسز کی تجارت، تیاری یا دیگر صورت میں حصول اور منسوخ کرنا ہے۔

## کاروباری جائزہ اور مستقبل کی ترقی

بورڈ آف ڈائریکٹرز ضروری حصص داران، کریڈٹرز اور ریگولیٹری منظوریوں اور کارپوریٹ، ریگولیٹری اور قانونی ضابطوں کی تکمیل کے ساتھ معزز عدالت عالیہ سندھ، کراچی کی جانب سے اسکیم کی منظوری کے حوالہ سے سیکشن 279 سے 283 ملا کر پڑھیں سیکشن 285 کے تحت ریلانٹس کاشن اسپننگ ملز لمیٹڈ (RCSML) اور اس کے اراکین کے ضم / انضمام اور اس کے اراکین کو سیفائر منسوخ لمیٹڈ کے ساتھ اور اس میں شامل کرنے کے لیے سمجھوتہ، انتظامات اور تعمیر نو کی ایک اسکیم پر غور کر رہا ہے۔

اسکیم کے مطابق، اس کا مقصد یہ ہے کہ ریلانٹس کاشن اسپننگ ملز لمیٹڈ (RCSML) کو سیفائر منسوخ لمیٹڈ (SFL) کے ساتھ اور اس میں ضم کیا جائے گا اور سیفائر منسوخ لمیٹڈ کے حصص میسرز شیونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے تصدیق شدہ / مقررہ سوئپ تناسب کے مطابق ریلانٹس کاشن اسپننگ ملز لمیٹڈ (RCSML) کے رجسٹرڈ شیئرز ہولڈرز کو جاری کیے جائیں گے۔ ریلانٹس کاشن اسپننگ ملز لمیٹڈ (RCSML) معزز عدالت عالیہ سندھ، کراچی کے حکم کے تحت وائنڈنگ اپ کے بغیر تحلیل ہو جائے گی۔

## متعلقہ پارٹنرز

متعلقہ پارٹیوں کے ساتھ تمام لین دین متبادل رسائی قیمتوں کی بنیاد پر کئے گئے تھے ماسوائے اس لین دین کے جو گفٹ و شنید کی قیمت پر عمل میں آیا جس کا انکشاف نوٹ 6.2.1 میں کیا گیا ہے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانسفر پرائسنگ طریقوں اور پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشن کی مکمل فہرست مرتب اور ہر سہ ماہی میں آڈٹ کمیٹی کو جمع کرائی جاتی ہے۔ داخلی آڈٹ فنکشن یقینی بناتا ہے کہ تمام متعلقہ پارٹی ٹرانزیکشنز متبادل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ آڈٹ کمیٹی کے بغیر جائزہ کے بعد، ان کے غور و خوض اور منظوری کے لئے ٹرانزیکشنز بورڈ کے روبرو پیش کی گئی ہیں۔ سال کے دوران، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز سرانجام دی ہیں۔ ان ٹرانزیکشنز کی تفصیلات غیر منجمد مالی گوشواروں کے نوٹ 37 میں منکشف ہیں۔

## صحبت، تحفظ اور ماحول (HSE)

کمپنی اپنے تمام ملازمین اور کمیونٹی میں ہم کام کرتے ہیں کی ہم وقت حفاظت کو یقینی بنانے کے لئے تمام ممکن اقدامات کرتی ہے۔ ماحول کا تحفظ کمپنی کے ہیلتھ، سیفٹی اور انوائرنمنٹ (HSE) ایجنڈا کی سب سے بڑی ترجیح

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2025ء مختصر سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں پر اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## مالیاتی جھلکیاں

(ہزار روپے)	2024	2025
فروخت	15,069,073	15,816,270
آپریٹنگ سے منافع	2,330,930	1,745,803
مالی لاگت	(970,193)	(642,461)
ٹیکسیشن	(46,206)	(395,730)
ٹیکس کے بعد منافع	1,314,531	707,612

## مالی کارکردگی

زیر جائزہ سال کے دوران، آپ کی کمپنی نے گزشتہ سال میں 15.07 بلین روپے کے مقابلے موجودہ سال 15.82 بلین روپے منسوخ حاصل کی جو 5.0 فیصد کی مستحکم نمو کی عکاسی کرتی ہے۔ منسوخ فیصد کے طور پر مجموعی منافع گزشتہ سال کے 14.84 فیصد سے کم ہو کر رواں سال کے دوران 12.21 فیصد ہوا۔ جبکہ کمپنی نے 1,315 ملین روپے کے مقابلے بعد از ٹیکس منافع 708 ملین روپے کمایا ہے۔

## نی حصص آمدنی

موجودہ سال کی فی شیئر آمدنی (EPS) 66.43 روپے ہے جو کہ پچھلے سال 127.72 روپے تھی۔

## منافع منقسمہ

کمپنی کی مجلس نظامہ 30 جون 2025ء مختصر سال کے لئے حتمی نقد منافع منقسمہ بشعر 60٪ (2024 : 40٪) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

## مستقبل کا نقطہ نظر

پاکستان کی معیشت نے مالی سال 2025-26 کا آغاز ایک مثبت انداز میں کیا، پچھلے سال میں حاصل کی گئی بہتری کا فائدہ اٹھایا۔ مضبوط بیرونی اور مالی پوزیشن مسلسل استحکام اور ترقی کے لیے ایک مضبوط بنیاد فراہم کرتی ہے۔

تجارتی شرکاء داروں کی مضبوط طلب اور امریکہ کے ساتھ پاکستان کے حالیہ تجارتی معاہدے کے ساتھ ایک معاون عالمی ماحول، برآمدات بڑھنے کی توقع ہے۔ اس کے ساتھ ہی، ترسیلات زر کی مسلسل آمد سے توقع کی جاتی ہے کہ ٹیئرف کی معقولیت سے منسلک درآمدی دباؤ میں توازن برقرار رہے گا۔

انتظامیہ ہمارے پروڈکٹ پورٹ فولیو میں جدت طرازی کے ذریعے اور نئے کاروباری شعبوں کو متعارف کروا کر کمپنی کے مستقبل کو مضبوط بنانے کے لیے کوشاں ہے۔ آپریشنل کارکردگی کو بڑھانے اور مالی نظم و ضبط کو برقرار رکھنے پر سٹریٹجک توجہ ان اقدامات کی حمایت کرے گی، کمپنی کو مارکیٹ کی ترقی کے تقاضوں سے آگے رہنے کے قابل بنائے گی، اور ہمارے شیئرز ہولڈرز کو پائیدار وفد فراہم کرے گی۔



شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔

تاہم، معزز عدالت عالیہ سندھ کی طرف سے JCM 45 آف 2022 کے تحت منظور شدہ اختصامات کی اسکیم سال کے دوران منظور کی گئی تھی جس کے تحت انفرادی شیئرز ہولڈرز بشمول ڈائریکٹرز اور ان کی شریک حیات کے 3,202,873 شیئرز منسوخ کیے گئے اور اتنی ہی تعداد میں شیئرز ان کی متعلقہ ہولڈنگ کمپنیوں کو جاری کیے گئے۔

انصاف کی ایک اور اسکیم کو عدالت عالیہ نے مورخہ 15 نومبر 2024 کو باضابطہ طور پر منظور کیا تھا جس میں شریک کمپنی عامر کاشن ملز (پرائیویٹ) لمیٹڈ (ACMPL) کورپوریشن کاشن سٹنگ ملز لمیٹڈ میں ضم کیا گیا تھا جس میں ACMPL کے شیئرز ہولڈرز کو کمپنی کے 360,000 حصص جاری کیے گئے تھے۔

12 کوڈ کی ضروریات کے مطابق ہم نے درج ذیل معلومات اس رپورٹ میں شامل کی ہیں:

- کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان اور آڈیٹرز کے جائزہ کے بعد یہ رپورٹ درست پائی گئی۔
- کمپنیز ایکٹ، 2017 کے سیکشن 227 (f) کے مطابق 30 جون 2025 تک نمونہ حصص داری کا بیان۔
- شریک انڈر ٹیکنگز اور متعلقہ پارٹیوں کے ملکی حصص کا بیان۔
- گزشتہ 6 سالوں کے کلیدی آپرٹنگ اور مالیاتی اعداد و شمار۔

### ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کی طرف سے ڈائریکٹرز کے معاوضے کا تعین کیا جاتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہیں لے گا۔ کمپنی غیر ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ تاہم، انہیں اجلاسوں میں شرکت کے لیے فیس ادا کی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکیج مالی گوشواروں کے نوٹ نمبر 36 میں منکشف ہے۔

### بورڈ پر ڈائریکٹرز کی کارکردگی کی تشخیص

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز انتہائی پیشہ ورانہ افراد کا ایک مجموعہ ہے۔ بورڈ کے تمام ارکان متنوع تجربہ کے ساتھ اعلیٰ صلاحیت، گہری کاروباری تفہیم اور اسٹریٹجک سوچ کے حامل ہیں۔ بورڈ میں دو آزاد ڈائریکٹر سمیت سات ارکان شامل ہیں، جو مختلف کاروباری مضامین میں پیشہ ورانہ تجربہ رکھتے ہیں۔

بورڈ کا کام بہترین کاروباری طریقوں پر مبنی اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے وضاحت کردہ کوڈ کے مطابق کیا جاتا ہے۔ بورڈ نے اپنی کارکردگی کی تشخیص کے لئے ایک انتہائی منظم طریقہ اپنایا ہے جس میں بورڈ کے انفرادی ارکان کی کارکردگی کی تشخیص کے سلسلے میں جواب دینے کے ذریعے بورڈ کی مجموعی کارکردگی کو بڑھاتے ہیں۔ ڈائریکٹرز کے ریلیفمنز کے بعد ارکان کے درمیان ایک تفصیلی بحث کی جاتی ہے۔ بحث کے دوران، بورڈ اپنی ذمہ داریوں کو پورا کرنے، اپنی قیادت کردار ادا کرنے، اسٹریٹجک سمت دینے اور پالیسیوں اور معیارات کے مطابق عمل میں انتظامیہ کو رہنمائی فراہم کرنے میں اپنی کارکردگی کی بھی تشخیص کرتا ہے۔

طریقوں کو نافذ کرتی ہے، جیسے کہ متنوع حساب بورڈز، بلائنگ ہانڈنگ عمل، اور متنوع انٹرویو پینلز کا استعمال۔ تمام ملازمین کے لیے متحدہ D,E&I تربیتی سیشنز فراہم کیے جاتے ہیں، جن میں غیر شعوری تعصب، ثقافتی قابلیت، اور انسانی وسائل کے محکمہ کے ذریعے شمولیتی قیادت جیسے موضوعات کا احاطہ کیا جاتا ہے جس کی نگرانی HR&R کمیٹی کرتی ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ مندرجہ ذیل کا بیان

بورڈ آف ڈائریکٹرز باقاعدگی سے کمپنی کی اسٹریٹجک سمت کا جائزہ لیتا ہے۔ چیف ایگزیکٹو کی طرف سے کاروباری منصوبوں اور اہداف کو مقرر کیا گیا اور بورڈ کی طرف سے جائزہ لیا گیا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ بورڈ نے کارپوریٹ گورننس کوڈ کا جائزہ لیا ہے اور اس بات کی تصدیق کی ہے کہ:

1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حبابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوٹی میں تبدیلیوں کو متصفحات طور پر ظاہر کرتے ہیں۔

2 کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔

3 مالی حبابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ حبابات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

4 مالی حبابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے، معیارات کی پیروی کی گئی ہے

5 داخلی کنٹرول کاندرونی آڈٹ اور اس طرح کے دیگر طریقہ کار کے ذریعے مسلسل جائزہ لیا جاتا ہے۔ جائزہ اور نگرانی کا عمل اس کو مزید بہتر بنانا جاری رکھے گا۔

6 ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام ادائیگیاں مکمل طور پر فراہم کی گئی ہیں اور مقررہ وقت میں ادا کر دی جائیں گی یا جہاں مقررہ کے دعویٰ کا اعتراف نہیں کیا ان کامی حبابات میں انکشاف کیا گیا ہے۔

7 کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی متاثرہ ذکر شکوک و شبہات نہیں ہیں۔

8 کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

9 کمپنی نے عملہ کے لئے ایسپلائز پر اوپنٹ فنڈ قائم کیا ہے، پراویڈنٹ فنڈ کے ممبران گریجویٹ فنڈ کے اہل نہیں ہیں۔ 30 جون 2025 کو پراویڈنٹ فنڈ کی سرمایہ کاری کی مقدار 66.1 ملین روپے ہے۔

10 کوڈ آف کنڈکٹ کو کمپنی کے ہر ڈائریکٹر اور ملازمین کی طرف سے تسلیم اور مطابقت کیا گیا ہے۔

11 ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کے

## ڈائریکٹرز کی کل تعداد

(a) مرد	06
(b) خاتون	01

## تشکیل

(a) آزاد ڈائریکٹرز	02 (بشمول 01 خاتون ڈائریکٹر)
(b) ایگزیکٹو ڈائریکٹر	01
(c) نان ایگزیکٹو ڈائریکٹر	04

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	کینٹری	اجلاسوں کی تعداد
جناب شایان عبداللہ	ایگزیکٹو ڈائریکٹر	5
جناب شاہد عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	3
جناب عمیل عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
محترمہ مدیحہ سعید ناگہ	آزاد ڈائریکٹر	4
جناب انجم سلیم	آزاد ڈائریکٹر	4

بورڈ نے ذیلی کمیٹیاں بنائی ہیں جنہوں نے مطلوبہ مقاصد حاصل کرنے میں اہم شرکت کی ہے۔ یہ کمیٹیاں مشعل ہیں:

آڈٹ کمیٹی: سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	کینٹری	اجلاسوں کی تعداد
جناب انجم سلیم	چیئرمین (آزاد)	4
جناب شاہد عبداللہ	رکن	4
جناب عمیل عبداللہ	رکن	3

جو ڈائریکٹرز بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت نہیں کر سکتے تھے کو عدم شرکت کی رخصت دی گئی۔

## ہیومن ریسورس اینڈ ریمنیشن کمیٹی

سال کے دوران ہیومن ریسورس اینڈ ریمنیشن کمیٹی کا ایک اجلاس منعقد ہوا جس میں تمام ڈائریکٹرز شامل ہوئے

جناب انجم سلیم	چیئرمین (آزاد)
جناب یوسف عبداللہ	رکن
جناب شایان عبداللہ	رکن

## رسک مینجمنٹ کمیٹی

سال کے دوران کمیٹی کے دو اجلاس منعقد ہوئے اور تمام ڈائریکٹرز شامل ہوئے

جناب شاہد عبداللہ	چیئرمین
جناب شایان عبداللہ	رکن
جناب جوادی فیصل	رکن

## بنیادی خطرات اور غیر یقینی صورتحال

کاروبار کو بے شمار خطرات اور غیر یقینی صورتحال کا سامنا ہے، جن کا اگر مناسب طریقے سے سدباب نہ کیا گیا تو کمپنی کو شدید نقصان پہنچ سکتا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے، رسک مینجمنٹ کمیٹی (RMC) کے ذریعے، کمپنی کو درپیش دونوں اندرونی اور بیرونی خطرات کا محتاط اور مکمل جائزہ لیا ہے۔ کمپنی کو جن خطرات کا سامنا ہے ان میں سے کچھ درج ذیل ہیں:

• عالمی اور علاقائی سطحوں پر مابقت میں اضافہ جس سے لاگت متاثر ہوتی ہے۔

• کرنسی میں اتار چڑھاؤ، روپے کی قدر میں اچانک کمی، جس کے نتیجے میں درآمد شدہ خام مال کی قیمت میں اضافہ ہوتا ہے۔

• کابن / مصنوعی ریشوں کی درآمد پر کسٹم ڈیوٹی / ریگولیٹری ڈیوٹیز کا نفاذ جس سے خام مال زیادہ مہنگا ہوتا ہے۔

• تبادلوں، ایندھن / گیس کی بڑھتی ہوئی قیمتوں، قدرتی گیس میں کمی اور دیگر افسر اڈر کے اثرات کی وجہ سے بجلی کی قیمت کا بڑھتا ہوا رجحان۔

• برآمد کنندگان کے لیے حتمی ٹیکس نظام (FTR) سے نارمل ٹیکس نظام (NTR) میں غیر یقینی تبدیلی، سپر ٹیکس کا تسلسل، طویل ریفرنڈائیکل وغیرہ۔

• تعویل اور ریگولیٹری تقاضوں میں اضافہ، خاص طور پر حفاظتی امتدادات اور ماحولیاتی، سماجی اور نظم و نسق سے متعلق، معاشی اور بین الاقوامی قوانین، معیارات اور ضوابط کی عدم تعویل کے خطرے کا باعث بن سکتا ہے۔

• بڑھتی ہوئی افسر اڈر عام آدمی کی قوت خرید کو متاثر کرتی ہے جس سے کمپنی کی مصنوعات کی طلب میں کمی واقع ہوتی ہے۔

## رسک مینجمنٹ

موثر رسک مینجمنٹ کاروبار کی پائیدار نمو کے لیے اہم ہے۔ RCSML میں، رسک مینجمنٹ کمیٹی (RMC) پراسیس کی نگرانی کرتی ہے، جس میں رسک مینجمنٹ اور اندرونی کنٹرول کے طریقہ کار شامل ہیں۔ یہ پراسیس، جن کا دستاویزی اور باقاعدگی سے جائزہ لیا جاتا ہے، اثاثوں کی حفاظت اور کمپنی کو ممکنہ خطرات، بشمول کاروبار کے تسلسل پر ممکنہ اثرات سے نمٹنے کے لیے ڈیزائن کئے گئے ہیں۔ کوئی بھی نمایاں خطرہ جو ممکنہ طور پر اسٹرٹجک، آپریشنل، مالیاتی اور / یا تعمیلی مقاصد کے حصول کو ممکنہ طور پر متاثر کر سکتا ہے، اس کی فوری طور پر بورڈ کو اطلاع دی جاتی ہے تاکہ بلا تعطل کارروائیوں کو یقینی بنایا جاسکے۔

## تنوع، مساوات، اور شمولیت (D&I)

RCSML میں، ہم ایک متنوع، مساوی، اور جامع کام کی جگہ کو فروغ دینے کے لیے پرعزم ہیں جہاں ہر فرد کی قدر، عزت، اور ترقی کے لیے بااختیار ہو۔ متنوع افسر اڈر قوت اور کمیونیز کے ساتھ، کمپنی تنوع، مساوات، اور شمولیت (D&I) کے وکیل کے طور پر کھڑی ہے۔ D&I کو فروغ دینا کمپنی کے لیے ایک اہم ترجیح ہے اور یہ اس کے پائیدار اور اخلاقی کاروباری طریقوں کے لیے لازمی ہے۔ واضح اور متاثر پذیر اہداف کے ساتھ ایک جامع DE&I حکمت عملی، جس میں صنفی اور نسلی تنوع میں اضافہ اور تمام سطحوں پر شمولیت کو ہدف بنایا جاتا ہے۔ کمپنی بھرتی کے جامع

ریفرنسز (TORs) کی شرائط کے تحت مخصوص کردار اور ذمہ داریاں کے ساتھ کمپنیوں کے قیام میں بورڈ فعال رہا ہے۔ مجموعی بنیاد پر، کمپنی کے بورڈ کی کارکردگی انتہائی اطمینان بخش رہی ہے اور بورڈ اس حقیقت سے واقف ہے کہ اس کے کام میں مسلسل بہتری کمپنی کی کامیابی کی بنیاد ہے۔

### محاسب کا تقرر

موجودہ محاسب میسرز شیڈنگل حمید چو دھری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ نے 30 جون 2026 اختتام پذیر ہونے والے سال کے لئے کمپنی کے محاسب کی حیثیت سے ان کی تقرری کی سفارش کی ہے۔

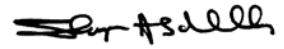
### اظہار تشکر

انتظامیہ بورڈ آف ڈائریکٹرز کی حمایت کے لئے، حصص دار، ریگولیٹری حکام، مالیاتی اداروں، گاہکوں، سپلائرز کی شکرگزار اور عملے اور کارکنوں کی لگن اور سخت محنت کو سراہتی ہے۔

منجانب بورڈ آف ڈائریکٹرز



شاہد عبداللہ  
ڈائریکٹر



شایان عبداللہ

چیف ایگزیکٹو

25 ستمبر 2025

لاہور

# INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members Of Reliance Cotton Spinning 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 Reliance Cotton Spinning 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.*

Shinewing Hameed Chaudhri & Co.,  
Chartered Accountants

Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE; September 29, 2025

UDIN: CR2025101041xoPe98ad



# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

## (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

RELIANCE COTTON SPINNING MILLS LIMITED Year ended  
June 30, 2025

Reliance Cotton Spinning Mills Limited has complied the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG / Regulations) in the following manner:

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:
  - a. Male: 06
  - b. Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Director/ Female Director	Mr. Anjum Saleem Ms. Madiha Saeed Nagra
Executive Director	Mr. Shayan Abdullah
Non-Executive Directors	Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah

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 their date of approval or updating is maintained by the company.
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 meeting of board.

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

9. Out of total seven (7) Directors of the Company, five (5) Directors meet the requirements of Director's Training Program [DTP]. Two (2) Directors have already attained certification under directors training program and three (3) Directors meet the requirements of the exemption under regulation. Remaining directors will complete training in the year 2025- 26.

10. The Board has approved appointment of Chief Financial Officer, 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 Chief Executive Officer and Chief Financial Officer before approval of the Board.

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

### a) Audit Committee

- Mr. Anjum Saleem (Chairman)
- Mr. Shahid Abdullah (Member)
- Mr. Nabeel Abdullah (Member)

### b) HR and Remuneration Committee

- Mr. Anjum Saleem (Chairman)
- Mr. Yousuf Abdullah (Member)
- Mr. Shayan Abdullah (Member)

### c) Risk Management Committee

- Mr. Shahid Abdullah (Chairman)
- Mr. Shayan Abdullah (Member)
- Mr. Jawwad Faisal (Member)

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

Sustainability oversight occurs at several levels within the Company. The Board reviews and monitors environmental, social and governance matters on a regular basis. The Executive Management Team of the Company during their quarterly meetings, review HSE and sustainability risks and initiatives and periodically review sustainability related initiatives. To further strengthen the framework, responsibilities pertaining to sustainability related risks

and opportunities have also been added in the terms of reference of the Board Audit Committee. Review and monitoring of the Diversity, Equity and Inclusion (DE&I) strategies and targets have been added to the terms of reference of the HR & Remuneration Committee.

14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee [Quarterly]
  - b) HR and Remuneration Committee [Yearly]
  - c) Risk Management Committee [Half Yearly]
15. The Board has set up an effective Internal Audit Function which is co-sourced. The Head of Internal Audit and outsourced team 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, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation with requirements other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

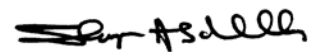
Matter	Regulation no.	Explanation
<b>Independent Director</b> Each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	6	It may be noted that best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors adequately meets this requirement. Further, existing two independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (2.33) has not been rounded up.

For and on behalf of the Board



**Shahid Abdullah**  
Chairman

Lahore  
September 25, 2025



**Shayan Abdullah**  
Chief Executive

# SIX YEARS AT A GLANCE

	UOM	2025	2024	2023	2022	2021	2020
Sales	Rs. (000)	15,816,270	15,069,073	11,048,840	11,386,469	7,681,902	5,986,720
Gross profit	Rs. (000)	1,931,733	2,236,949	1,705,456	3,706,632	1,758,725	927,898
Net profit before taxation	Rs. (000)	1,103,342	1,360,738	1,004,647	2,943,342	1,280,176	335,162
Net profit after taxation	Rs. (000)	707,612	1,314,531	839,110	2,772,332	1,199,514	274,182
Share capital	Rs. (000)	106,520	102,920	102,920	102,920	102,920	102,920
Shareholders' equity	Rs. (000)	9,379,146	8,630,914	7,033,732	6,287,039	3,570,669	2,359,883
Fixed assets - net	Rs. (000)	5,569,212	6,501,793	3,591,288	3,240,429	2,161,161	2,051,140
Total assets	Rs. (000)	18,997,743	17,723,739	13,383,672	10,945,951	6,718,829	6,413,531
Cash dividend	%	60.00	40.00	40.00	40.00	75.00	50.00
<b>RATIOS</b>							
<b>Profitability Ratios</b>							
Gross profit	%	12.21	14.84	15.44	32.55	22.89	15.50
Profit before tax	%	6.98	9.03	9.09	25.85	16.66	5.60
Profit after tax	%	4.47	8.72	7.59	24.35	15.61	4.58
<b>Return to Shareholders</b>							
Return on equity before tax	%	11.76	15.77	14.28	46.82	35.85	14.20
Return on equity after tax	%	7.54	15.23	11.93	44.10	33.59	11.62
Basic earning per share after tax	Rs.	66.43	127.72	81.53	269.37	116.55	26.64
<b>Activity</b>							
Sale to fixed assets	Times	2.84	2.32	3.08	3.51	3.55	2.92
Sale to total assets	Times	0.83	0.85	0.83	1.04	1.14	0.93
<b>Liquidity Ratios</b>							
Current ratio		1.43 : 1	1.54 : 1	2.03 : 1	2.61 : 1	2.15 : 1	1.36 : 1
Debt to equity ratio	Times	0.23	0.36	0.28	0.30	0.30	0.36
Total liability to equity ratio	Times	0.97	1.05	0.90	0.74	0.88	1.72
<b>Breakup value per share</b>	Rs. Per share	880.51	838.60	683.42	610.87	346.94	229.29

# FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
<b>Profitability Ratios</b>							
Gross Profit	Percentage	15.5	22.9	32.6	15.4	14.8	12.2
Net Profit to Sales	Percentage	4.6	15.6	24.3	7.6	8.7	4.5
EBITDA Margin to Sales	Percentage	14.7	21.9	30.0	14.9	18.3	14.7
Return on Capital Employed	Percentage	20.6	31.7	39.6	15.4	20.7	15.4
Return on Equity	Percentage	11.6	33.6	44.1	11.9	15.2	7.5
Return on Assets	Percentage	8.4	25.8	34.5	9.5	11.7	6.2
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.4	2.2	2.6	2.0	1.5	1.4
Quick Ratio	Times	0.5	0.8	1.0	0.7	0.6	0.7

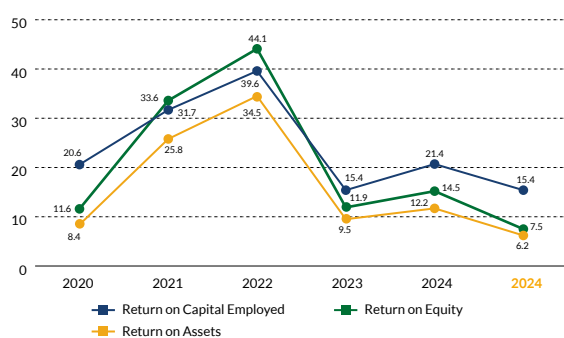
## Profitability Ratios

Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Sales Ratio, EBITDA Margin to Sales, Return on Assets, Return on Equity and Return on Capital Employed.

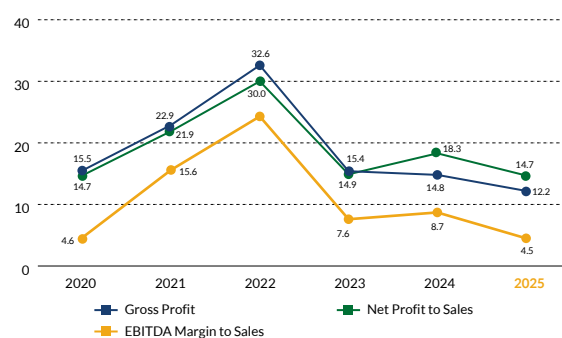
## Liquidity Ratios

Liquidity ratios are financial metrics used to determine Company's ability to meet its short term debt and other short term liabilities when they fall due. This include Current Ratio and Quick Ratio.

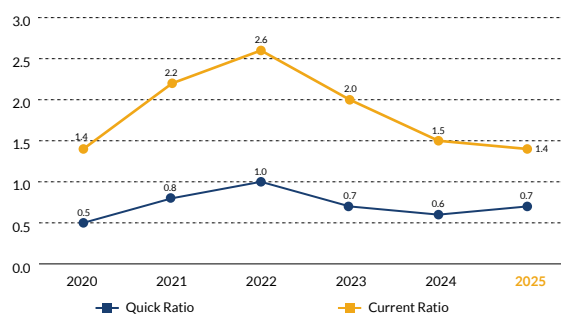
### Profitability Ratios



### Profitability Ratios



### Profitability Ratios





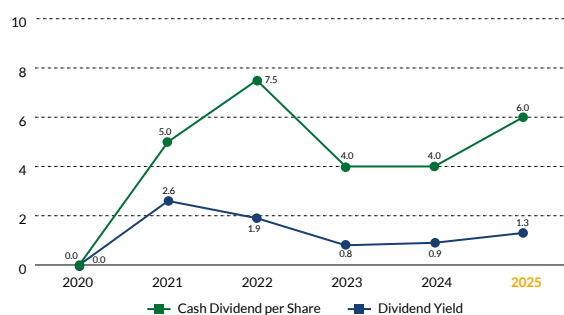
# FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
<b>Investor Ratios</b>							
Earning per Share	Rs. Per share	26.6	116.5	269.4	81.5	127.7	66.4
Price Earning Ratio	Times	4.8	1.7	1.4	6.3	3.5	6.8
Price to Book Ratio	Times	0.6	0.6	0.6	0.7	0.5	0.5
Dividend Yield	Percentage	0.0	2.6	1.9	0.8	0.9	1.3
Cash Dividend per Share	Rs. Per share	0.0	5.0	7.5	4.0	4.0	6.0
Dividend Payout Ratio	Percentage	0.0	4.3	2.8	4.9	3.1	9.0
Dividend Cover Ratio	Times	0.0	23.3	35.9	20.4	31.9	11.1
Breakup Value per Share	Rs. Per share	229.3	347.0	610.9	683.4	838.6	880.5
Market Value per Share at the End of the Year	Rs. Per share	128.0	193.7	385.6	511.3	451.6	451.5
Share Price - High During the Year	Rs. Per share	142.0	194.5	385.6	750.0	575.0	759.0
Share Price - Low During the Year	Rs. Per share	125.0	126.5	161.0	511.3	387.3	398.4

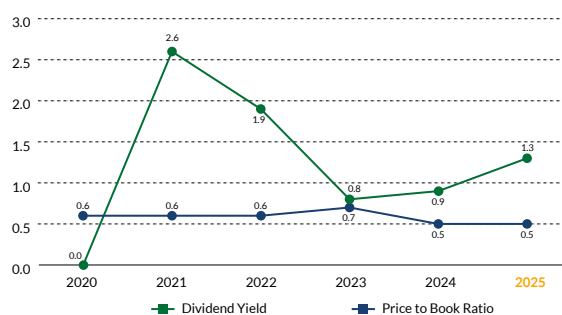
## Share Price Sensitivity Analysis

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, RCSML circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2025, RCSML's share price touched the peak of Rupees 759 while the lowest recorded price as Rupees 398.40 with a closing price of Rupees 451.53 at the end of the year.

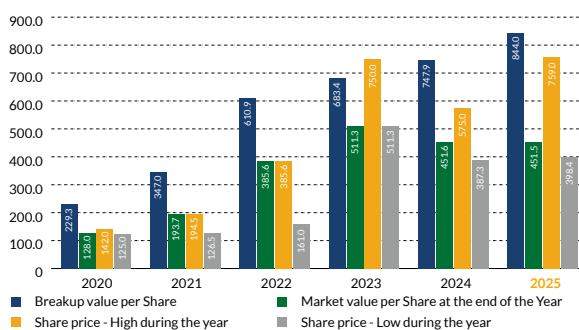
### Invsetment / Market Share Ratio



### Invsetment / Market Share Ratio



## Share Price Sensitivity Analysis



# FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
<b>Capital Structure Ratios</b>							
Financial Leverage Ratio	Times	1.4	0.6	0.5	0.6	0.54	0.4
Weighted Average cost of capital	Times	12.0	9.7	8.2	3.6	7.4	11.9
Debt to Equity Ratio	Times	0.4	0.3	0.3	0.3	0.4	0.2
Interest Cover Ratio	Times	2.6	8.6	14.4	4.7	2.8	3.6
<b>Activity / Turnover Ratio</b>							
Inventory Turn Over	Days	169.2	170.6	179.2	213.1	172.2	149.8
Inventory Turn Over Ratio	Times	2.2	2.1	2.0	1.7	2.1	2.4
Debtor Turnover	Days	53.3	47.6	44.8	62.7	51.0	49.1
Debtors Turn Over Ratio	Times	6.9	7.7	8.1	5.8	7.2	7.4
Creditors Turnover	Days	10.4	10.2	9.5	13.8	14.2	10.1
Creditors Turnover Ratio	Times	34.9	35.9	38.6	26.5	25.7	36.3
Fixed Assets Turn Over Ratio	Times	3.0	3.6	4.2	3.2	3.0	2.7
Total Assets Turn Over Ratio	Times	1.0	1.2	1.3	0.9	1.0	0.9
Operating Cycle	Days	212.0	208.0	214.6	262.0	209.0	188.9

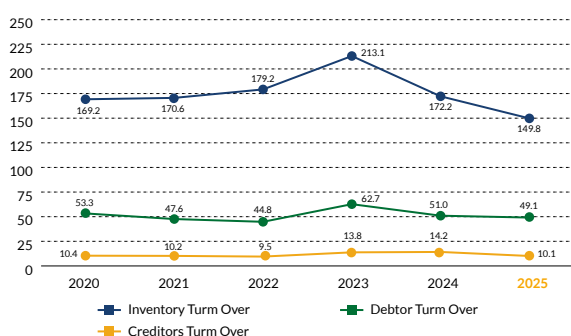
## Capital Structure

Capital structure describes the mix of a Company's long-term capital, which consists of a combination of debt and equity. Capital structure is a permanent type of funding that supports a company's growth and related assets. Capital structure includes Financial Leverage ratios, Interest Cover ratio and Debt to Equity ratio.

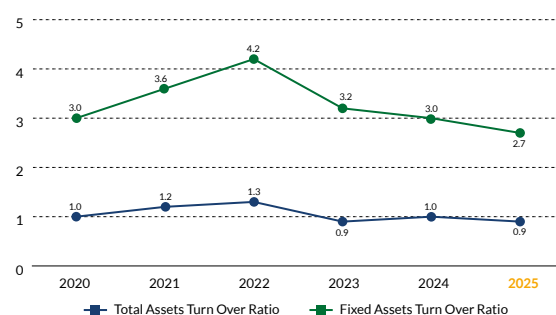
## Cash Operating Cycle / Activity

The cash operating cycle (also known as the working capital cycle or the cash conversion cycle) is the number of days between paying suppliers and receiving cash from sales. Cash operating cycle includes Inventory Days, Receivables Days and Payables Days.

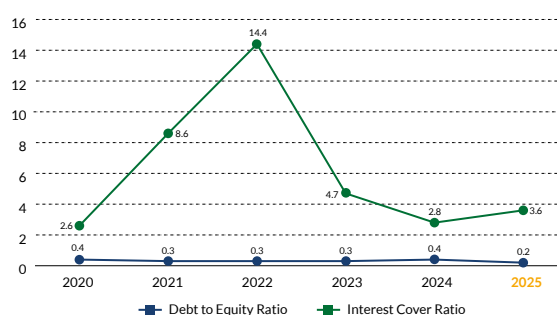
### Activity / Turnover Ratio



### Activity / Turnover Ratio



### Interest Coverage Ratio

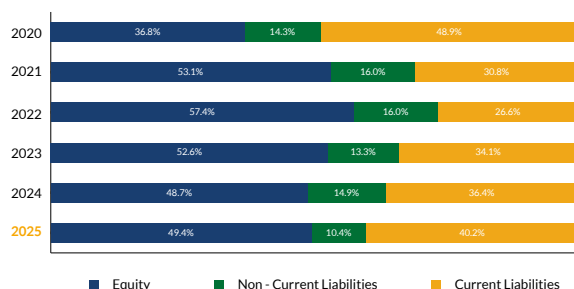


# SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

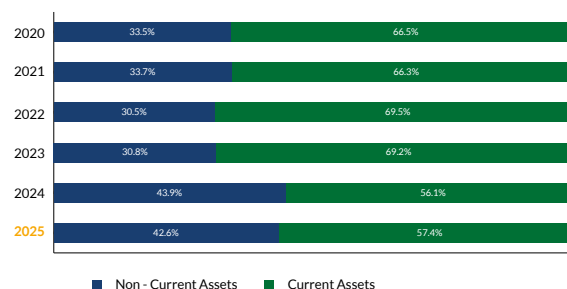
## FINANCIAL POSITION

Rs. '000'	2025	2024	2023	2022	2021	2020
<b>Total Equity</b>	9,379,146	8,630,914	7,033,732	6,287,039	3,570,669	2,359,883
Total non-current liabilities	1,979,158	2,637,585	1,782,714	1,746,345	1,076,888	916,281
Total current liabilities	7,639,439	6,455,240	4,567,226	2,912,567	2,071,273	3,137,366
	18,997,743	17,723,739	13,383,672	10,945,951	6,718,829	6,413,531
<b>Total non-current assets</b>	8,083,714	7,776,425	4,118,403	3,341,086	2,263,919	2,149,198
Total current assets	10,914,029	9,947,314	9,265,269	7,604,865	4,454,910	4,264,333
Total assets	18,997,743	17,723,739	13,383,672	10,945,951	6,718,829	6,413,531
<b>Variance in %</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Equity</b>	8.67	22.71	11.88	76.07	51.31	8.79
Total non-current liabilities	(24.96)	47.95	2.08	62.17	17.53	53.77
Total current liabilities	18.34	41.34	56.81	40.62	(33.98)	21.37
	7.19	32.43	22.27	62.91	4.76	19.88
<b>Total non-current assets</b>	3.95	88.82	23.27	47.58	5.34	3.05
Total current assets	9.72	7.36	21.83	70.71	4.47	30.63
<b>Total assets</b>	7.19	32.43	22.27	62.91	4.76	19.88

### Equity & Liabilities



### Assets



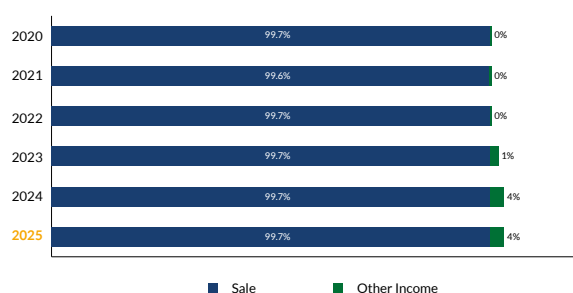
# SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

## STATEMENT OF PROFIT OR LOSS

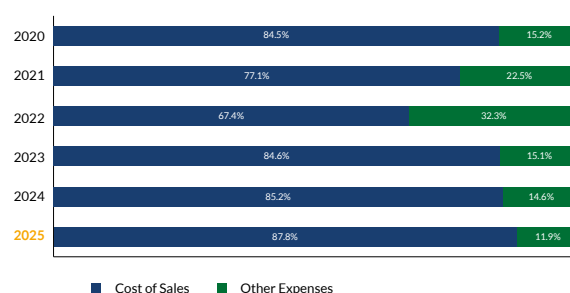
Rs. '000'	2025	2024	2023	2022	2021	2020
Net Sales	15,816,270	15,069,073	11,048,840	11,386,469	7,681,902	5,986,720
Cost of sales	13,884,537	12,832,124	9,343,384	7,679,838	5,923,177	5,058,822
Gross profit	1,931,733	2,236,949	1,705,456	3,706,632	1,758,725	927,898
Distribution cost	304,515	172,547	166,400	212,137	150,287	127,926
Administrative expenses	354,718	251,133	187,054	123,621	92,406	84,433
Other operating expenses	90,862	118,243	75,794	223,829	64,106	64,365
Other operating income	564,165	635,904	79,381	32,958	23,229	24,744
Profit from operations	1,745,803	2,330,930	1,355,589	3,180,003	1,475,154	675,919
Finance cost	642,461	970,193	350,942	236,661	194,979	340,756
Profit before taxation	1,103,342	1,360,737	1,004,647	2,943,342	1,280,176	335,162
Provision for taxation	395,730	46,206	165,537	171,010	80,662	60,981
Profit after taxation	707,612	1,314,531	839,110	2,772,332	1,199,514	274,182

Variance in %	2025	2024	2023	2022	2021	2020
Profit and Loss Account						
Net Sales	4.96	36.39	(2.97)	48.22	28.32	11.30
Cost of sales	8.20	37.34	21.66	29.66	17.07	10.88
Gross profit	(13.64)	31.16	(53.99)	110.77	89.54	13.58
Distribution cost	76.48	3.69	(21.56)	41.15	17.48	17.96
Administrative expenses	41.25	34.26	51.31	33.78	9.44	24.72
Other operating expenses	(23.16)	56.01	(66.16)	249.16	(0.40)	213.03
Other operating income	(11.28)	701.08	140.85	41.88	(6.12)	36.66
Profit from operations	(25.10)	71.95	(57.37)	115.57	118.24	5.89
Finance cost	(33.78)	176.45	48.29	21.39	(42.78)	54.10
Profit before taxation	(18.92)	35.44	(65.87)	129.92	281.96	(19.66)
Provision for taxation	756.45	(72.09)	(3.20)	112.01	32.28	129.98
Profit after taxation	(46.17)	56.66	(69.73)	131.12	337.49	(29.82)

### Sale & Other Income



### Cost of Sales and Expenses





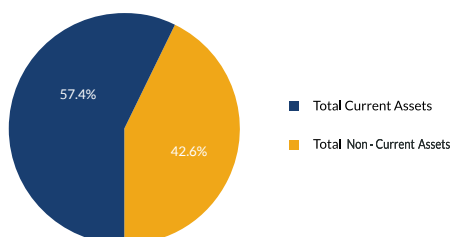
# SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

## FINANCIAL POSITION

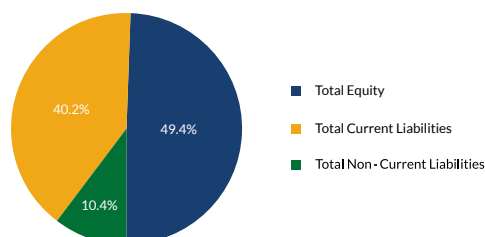
Rs. '000'	2025		2024		2023		2022		2021		2020	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
<b>Statement of Financial Position</b>												
<b>As at 30 June 2025</b>												
<b>Total Equity</b>	9,379,146	49.37	8,630,914	48.70	7,033,732	57.44	6,287,039	53.14	3,570,669	36.80	2,359,883	40.55
Total Non-Current Liabilities	1,979,158	10.42	2,637,585	14.88	1,782,714	15.95	1,746,345	16.03	1,076,888	14.29	916,281	11.14
Total Current Liabilities	7,639,439	40.21	6,455,240	36.42	4,567,226	26.61	2,912,567	30.83	2,071,273	48.92	3,137,366	48.32
Total equity and liabilities	18,997,743	100	17,723,739	100	13,383,672	100	10,945,951	100	6,718,829	100	6,413,531	100
<b>Total Non-Current Assets</b>	8,083,714	42.55	7,776,425	43.88	4,118,403	30.52	3,341,086	33.70	2,263,919	33.51	2,149,198	38.98
Total Current Assets	10,914,029	57.45	9,947,314	56.12	9,265,269	69.48	7,604,865	66.30	4,454,910	66.49	4,264,333	61.02
Total assets	18,997,743	100	17,723,739	100	13,383,672	100	10,945,951	100	6,718,829	100	6,413,531	100

Total assets comprise of current and non-current assets. At 30 June 2025, non-current assets are 42.6% of total assets while current assets are 57.40%. On the other side, share capital and reserves are 49.40% of the total equity and liabilities while non-current liabilities and current liabilities are 10.40% and 40.20% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital, share premium and unappropriated profit. Non-current liabilities mainly constitute deferred liabilities and long term financing. Current liabilities mainly constitute short term financing and trade and other payables.

Vertical Analysis - Total Assets (2025)



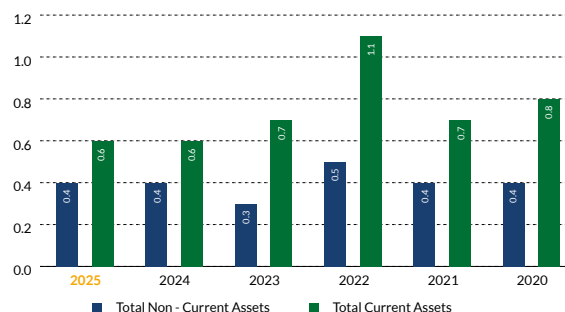
Vertical Analysis - Total Equity & Liabilities 2025



Vertical Analysis - Total Equity & Liabilities



Vertical Analysis - Total Assets



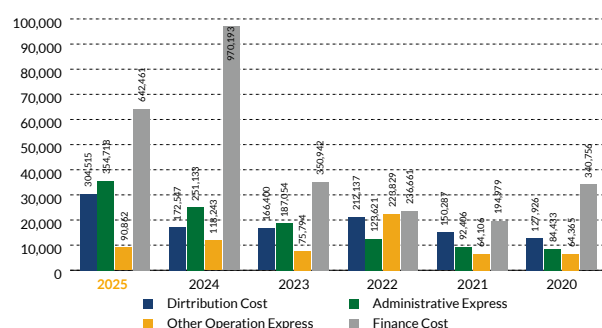
# SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

## STATEMENT OF PROFIT OR LOSS

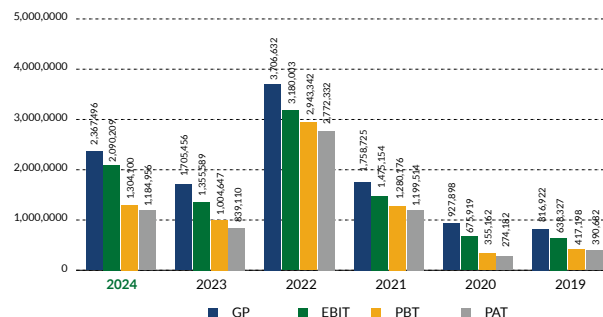
Rs. '000'	2025		2024		2023		2022		2021		2020	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Turnover	15,816,270	100.00	15,069,073	100.00	11,048,840	100.00	11,386,469	100.00	7,681,902	100.00	5,986,720	100.00
Cost of sales	13,884,537	87.79	12,832,124	85.16	9,343,384	84.56	7,679,838	67.45	5,923,177	77.11	5,058,822	84.50
<b>Gross profit</b>	<b>1,931,733</b>	<b>12.21</b>	<b>2,236,949</b>	<b>14.84</b>	<b>1,705,456</b>	<b>15.44</b>	<b>3,706,632</b>	<b>32.55</b>	<b>1,758,725</b>	<b>22.89</b>	<b>927,898</b>	<b>15.50</b>
Distribution cost	304,515	1.93	172,547	1.15	166,400	1.51	212,137	1.86	150,287	1.96	127,926	2.14
Administrative expenses	354,718	2.24	251,133	1.67	187,054	1.69	123,621	1.09	92,406	1.20	84,433	1.41
Other operating expenses	90,862	0.57	118,243	0.78	75,794	0.69	223,829	1.97	64,106	0.83	64,365	1.08
Other income	564,165	3.57	635,904	4.22	79,381	0.72	32,958	0.29	23,229	0.30	24,744	0.41
<b>Earnings before interest &amp; tax</b>	<b>1,745,803</b>	<b>11.04</b>	<b>2,330,930</b>	<b>15.47</b>	<b>1,355,589</b>	<b>12.27</b>	<b>3,180,003</b>	<b>19.20</b>	<b>1,475,154</b>	<b>19.20</b>	<b>675,919</b>	<b>11.29</b>
Finance cost	642,461	4.06	970,193	6.44	350,942	3.18	236,661	2.54	194,979	2.54	340,756	5.69
<b>Profit before taxation</b>	<b>1,103,342</b>	<b>6.98</b>	<b>1,360,737</b>	<b>9.03</b>	<b>1,004,647</b>	<b>9.09</b>	<b>2,943,342</b>	<b>16.66</b>	<b>1,280,176</b>	<b>16.66</b>	<b>335,162</b>	<b>5.60</b>
Provision for taxation	395,730	2.50	46,206	0.31	165,537	1.50	171,010	1.05	80,662	1.05	60,981	102.00
<b>Profit after taxation</b>	<b>707,612</b>	<b>4.47</b>	<b>1,314,531</b>	<b>8.72</b>	<b>839,110</b>	<b>7.59</b>	<b>2,772,332</b>	<b>24.35</b>	<b>1,199,514</b>	<b>15.61</b>	<b>274,182</b>	<b>4.58</b>

During the year, Company has recorded sales amounting to Rs. 15.82 billion as compared to Rs. 15.07 billion in the prior year an increase of 4.96 %. The gross profit as a percentage of sales decreased from 14.84% in the previous year to 12.21% during the year. Whereas, the Company earned profit after tax of Rs. 708 million, compared to Rs. 1,315 million in the previous year.

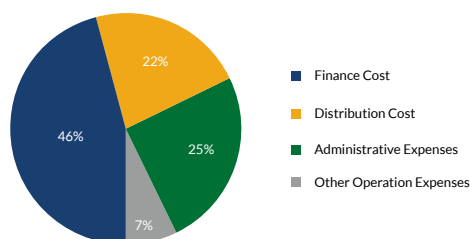
Vertical Analysis - Expenses



Vertical Analysis - Profits



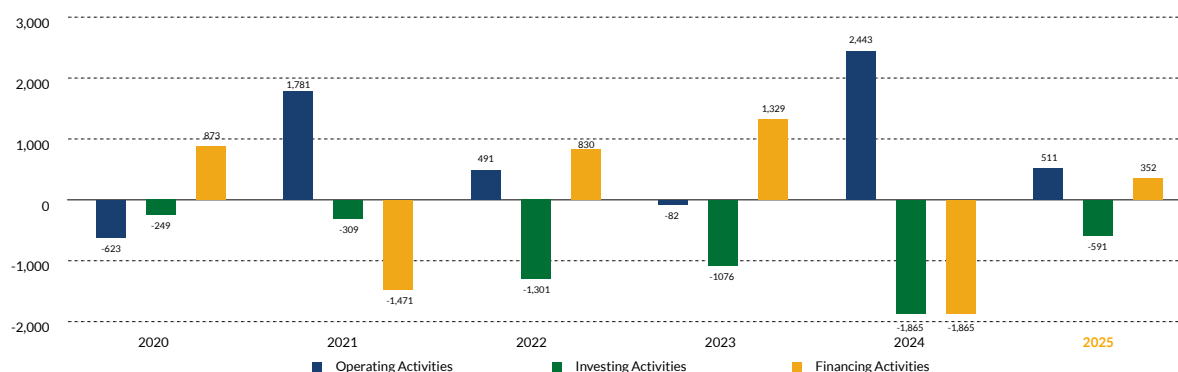
Vertical Analysis - Expenses 2025



# SIX YEARS ANALYSIS OF CASH FLOWS WITH GRAPHICAL PRESENTATION

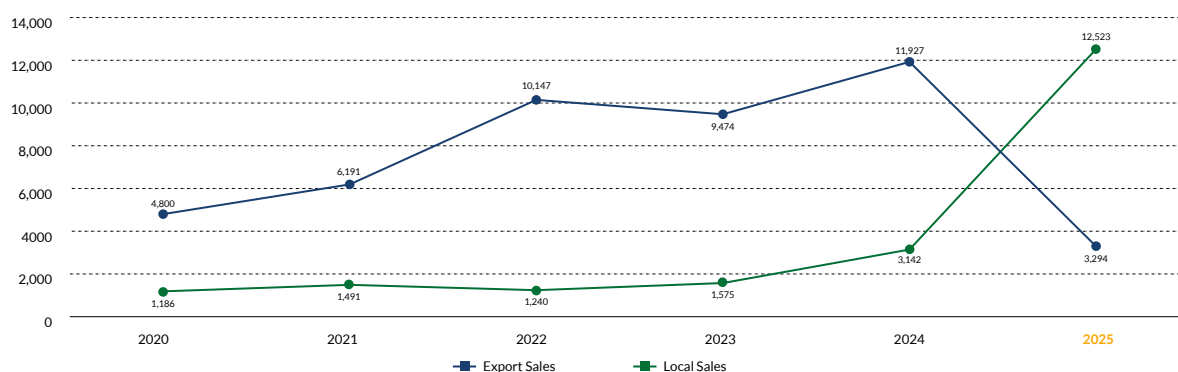
	UOM	2020	2021	2022	2023	2024	2025
<b>Cash Flow</b>							
Operating Activities	Rs. In Million	(623)	1,781	491	(82)	2,443	511
Investing Activities	Rs. In Million	(249)	(309)	(1,301)	(1,076)	(524)	(591)
Financing Activities	Rs. In Million	873	(1,471)	830	1,329	(1,865)	352

**Cash Flows Analysis**



	UOM	2020	2021	2022	2023	2024	2025
<b>Local and export sales</b>							
Local Sales	Rs. In Million	1,186	1,491	1,240	1,575	3,142	12,523
Export Sales	Rs. In Million	4,800	6,191	10,147	9,474	11,927	3,294
Total Sales	Rs. In Million	5,987	7,682	11,386	11,049	15,069	15,816

**Composition of Local & Export Sales**



# CSR

At Reliance Cotton Spinning Mills Limited (RCSML), we believe that progress begins with people. Every initiative we undertake—whether for our employees, communities, or the environment—is guided by our commitment to create meaningful impact, promote well-being, and build a future where everyone can thrive.

## WORLD HEALTH DAY

In April 2025, RCSML partnered with Indus Hospital to mark World Health Day. Healthcare professionals visited our plant locations to conduct sessions on preventive care, healthy lifestyle habits, and overall wellness.

This initiative raised awareness about physical health while reinforcing a workplace culture built on care, empathy, and employee well-being.



## WORLD LITERACY DAY

RCSML celebrated World Literacy Day at the Digital Micro School Mian Muhammad Abdullah- Campus, emphasizing the transformative power of education. The event included drawing and speech competitions that nurtured creativity, self-expression, and confidence among students.

Our team's engagement with students and teachers created a supportive environment, concluding with the distribution of souvenirs to appreciate participation. This initiative reflects our dedication to building stronger, more literate communities.



## WORLD SUSTAINABILITY DAY

To commemorate World Sustainability Day, RCSML launched an internal campaign promoting paper reduction and a plastic-free workplace. Informative posters and team-led initiatives encouraged employees to adopt small but meaningful eco-friendly habits.

This initiative highlighted our shared responsibility toward sustainability, with people at the heart of every action.



## MENTAL HEALTH AWARENESS SESSION

On World Mental Health Day in October 2024, RCSML organized an interactive session focused on recognizing workplace stress and developing strategies to support mental well-being.

The session emphasized emotional resilience and psychological safety, reinforcing our belief that a supported workforce thrives.



## BREAST CANCER AWARENESS

In collaboration with Pink Ribbon Pakistan, RCSML hosted a Breast Cancer Awareness session in October 2024 to educate and empower female employees.

Focused on early detection, self-examination, and understanding risk factors, the session promoted proactive health management and strengthened our culture of care and inclusion.



Join us to raise awareness and  
support each other

**NO-ONE SHOULD FACE BREAST CANCER ALONE!**





## EARTH DAY – A STEP TOWARD A GREENER FUTURE

At RCSML, we are always a STEP ahead, guided by our vision of Sustainability, Technology, Excellence, and People.

For Earth Day (April 22, 2025), we highlighted the expansion of our solar energy infrastructure, currently at 14.18 MW with an additional 6.16 MW underway, resulting in a 45% reduction in CO<sub>2</sub> emissions compared to the previous year.

With a target of 20.34 MW, we are advancing together—one sustainable STEP at a time—for people and the planet.



## WORLD NO TOBACCO DAY – FOR OUR HEALTH, FOR OUR PLANET

On May 31, 2025, we joined the global initiative to raise awareness about the dangers of tobacco. The theme emphasized how tobacco harms personal health, the environment, and future generations.

Through educational campaigns and internal communications, employees were encouraged to make healthier choices—for themselves, their families, and the world we share.



## WORLD ENVIRONMENT DAY – ACT. RESTORE. PRESERVE.

Observed on June 5, 2025, World Environment Day reinforced our commitment to environmental sustainability.

RCSML teams led awareness campaigns, shared tree-planting initiatives, and promoted the reduce-reuse-recycle mindset, uniting employees around the goal of protecting the environment for future generations.



## 27TH ANNUAL FREE EYE CAMP – SIGHT FOR ALL

Continuing our tradition of community service, RCSML organized its 27th Annual Free Eye Camp in 2025.

The camp provided free eye check-ups, vision screenings, and treatments to underserved communities, ensuring access to essential care. Led by volunteer doctors and supported by our team, the initiative restored vision for many and reinforced our commitment to meaningful community impact.



## LIFE AT RCSML

At RCSML, every milestone achieved through this year's initiatives was driven by the dedication and enthusiasm of our people. Each event reflected our collective spirit, resilience, and commitment to fostering an engaging and connected workplace. These moments celebrated our culture and strengthened unity across the organization.



# GENDER PAY GAP STATEMENT

## UNDER SECP CIRCULAR 10 OF 2024

Reliance Cotton Spinning Mills Limited (RCSML) is committed to fostering an inclusive and diverse work environment, ensuring that employees of all genders are equitably represented and remunerated. The Company is focused on providing equal opportunities for all, with specific emphasis on gender diversity at all levels of the organization.

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

- Median Gender Pay Gap is -70.30%
- Mean Gender Pay Gap is -68.10%

However, in line with our commitment to fair compensation, men and women performing equivalent roles and receive equal remuneration within the Company.

**RCSML approach to promote a fair and inclusive workplace includes:**

### **Equal Employment Opportunity:**

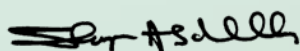
We uphold the principles of Equal Employment Opportunity by maintaining a workplace free from discrimination, implementing fair and non-discriminatory hiring practices, and ensuring that all employees—regardless of gender—are provided with equal opportunities to grow, succeed, and achieve their professional goals.

### **Merit Based Evaluations and Growth:**

We ensure merit-based evaluations and growth by following fair and transparent processes for promotions and salary adjustments. Annual reviews are conducted using equitable, merit-driven, and market-aligned criteria that are free from gender bias. Employees are recognized and rewarded based on their roles, performance, and responsibilities.

### **Inclusive Workplace Policies:**

We foster an inclusive workplace environment by implementing a range of supportive policies embedded within the organization, including sabbaticals, maternity and paternity leave, and a strong anti-harassment policy. These initiatives are designed to promote equity, respect, and inclusion for all employees.



Shayan Abdullah  
Chief Executive

[illegible]





# UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF RELIANCE COTTON SPINNING MILLS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of **Reliance Cotton Spinning 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 loss, 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	<p><b>Capitalisation of property, plant and equipment</b></p> <p>Refer note 5 to the financial statements.</p> <p>The Company incurred significant capital expenditure mainly to enhance production capacity and technological upgrade. The Company has capitalized operating fixed assets aggregating Rs. 577.140 million and disposed off assets costing Rs. 2.130 billion during the year.</p> <p>There are number of areas where management judgement is involved in connection with the above activities. These include:</p> <ul style="list-style-type: none"> <li>- Determining which costs meet the criteria for capitalisation as per International Accounting Standard - IAS - 16;</li> <li>- Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence;</li> <li>- Capitalisation of borrowing costs and related implications;</li> <li>- The estimation of economic useful lives and residual values assigned to property, plant and equipment; and</li> <li>- Impairment testing; assessing whether there are any indicators of impairment present.</li> </ul> <p>We consider the above as a key audit matter being significant transactions and events for the Company during the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the design and implementation of management controls over capitalization and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system.</li> <li>- assessed, on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices.</li> <li>- assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework.</li> <li>- checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis.</li> <li>- checked the date of disposal, depreciation calculations, verification of sales proceeds on a sample basis.</li> <li>- assessed whether the disclosures were made in accordance with the applicable financial reporting framework.</li> </ul>

S. No.	Description	How the matter was addressed in our audit
2	<p><b>Valuation of stock-in-trade</b></p> <p>Refer note 9 to the financial statements.</p> <p>The total value of stock in trade as at the reporting date amounted to Rs.5.493 billion, representing 50.33% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods.</p> <p>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.</p> <p>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.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> <li>- Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards.</li> <li>- 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.</li> <li>- Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis.</li> <li>- Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories.</li> <li>- Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price.</li> <li>- Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.</li> </ul> <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p>

S. No.	Description	How the matter was addressed in our audit
3	<p><b>Revenue recognition</b></p> <p>The principal activity of the Company is the manufacture and sale of yarn. 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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition;</li> <li>- performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>- 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;</li> <li>- performed audit procedures to analyse variation in the price and quantity sold during the year;</li> <li>- performed recalculations of discounts as per the Company's policy on test basis;</li> <li>- understood and evaluated the accounting policy with respect to revenue recognition; and</li> <li>- assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>

### **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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

### Other Matter

As fully explained in notes 1.1 and 44 to these financial statements, the corresponding figures in these financial statements have been taken from the special purpose non-statutory audited financial statements of the Company for the year ended June 30, 2024.

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

Lahore: September 29, 2025  
UDIN: AR202510104pLnTxh9Ff

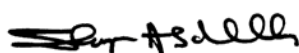
*ShineWing Hameed Chaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	5,397,920,918	6,501,792,556
Long term investments	6	2,406,600,852	1,056,001,924
Investment property	7	171,291,004	-
Long term advances and deposits		24,892,424	25,792,424
Deferred taxation	21	83,008,526	192,837,671
		8,083,713,724	7,776,424,575
<b>Current assets</b>			
Stores, spare parts and loose tools	8	139,612,830	198,949,587
Stock-in-trade	9	5,493,215,939	5,906,372,126
Trade debts	10	2,062,079,011	2,196,187,377
Loans and advances	11	1,494,119,537	118,858,624
Short term deposits and prepayments	12	3,958,288	2,750,722
Short term investments	13	285,879,891	198,595,221
Other receivables	14	345,037,390	384,180,714
Tax refunds due from Government	15	547,453,226	671,628,102
Cash and bank balances	16	542,672,696	269,791,793
		10,914,028,808	9,947,314,266
<b>Total assets</b>		<b>18,997,742,532</b>	<b>17,723,738,841</b>
<b>Equity and Liabilities</b>			
<b>Share capital and reserves</b>			
Authorised capital			
12,000,000 ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid-up capital	17	106,520,000	102,920,000
Reserves	18	6,885,789,042	306,763,756
Unappropriated profit		2,386,837,236	8,221,230,231
<b>Total equity</b>		<b>9,379,146,278</b>	<b>8,630,913,987</b>
<b>Non current liabilities</b>			
Long term liabilities	19	1,752,834,872	2,457,874,482
Staff retirement benefit – gratuity	20	226,322,929	179,710,930
		1,979,157,801	2,637,585,412
<b>Current liabilities</b>			
Trade and other payables	22	1,862,405,088	1,545,374,213
Contract liabilities		112,548,946	30,698,160
Accrued mark-up / interest	23	80,502,150	211,087,213
Short term borrowings	24	4,676,419,815	3,497,159,879
Current portion of long term liabilities		388,447,776	664,785,046
Unclaimed dividend		920,117	861,089
Provision for income tax and levies		518,194,561	505,273,842
		7,639,438,453	6,455,239,442
<b>Total liabilities</b>		<b>9,618,596,254</b>	<b>9,092,824,854</b>
<b>Contingencies and commitments</b>	25		
<b>Total equity and liabilities</b>		<b>18,997,742,532</b>	<b>17,723,738,841</b>

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



Chief Executive Officer



Director



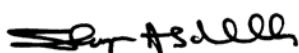
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
Sales	26	15,816,269,646	15,069,073,016
Cost of sales	27	(13,884,536,818)	(12,832,123,552)
<b>Gross profit</b>		1,931,732,828	2,236,949,464
Distribution cost	28	(304,514,945)	(172,546,658)
Administrative expenses	29	(354,717,504)	(251,132,615)
Other income	30	564,165,378	635,903,652
Other expenses	31	(90,862,484)	(118,243,352)
<b>Profit from operations</b>		1,745,803,273	2,330,930,491
Finance cost	32	(642,460,872)	(970,192,963)
<b>Profit before revenue tax and income tax</b>		1,103,342,401	1,360,737,528
Final taxes – levy	33	(205,570,667)	(247,887,332)
<b>Profit before income tax</b>		897,771,734	1,112,850,196
Income tax	33	(190,159,291)	201,681,162
<b>Profit for the year</b>		707,612,443	1,314,531,358
<b>Earnings per share – basic and diluted</b>	34	66.43	127.72

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



Chief Executive Officer



Director



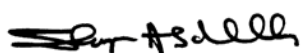
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>Profit after taxation</b>	707,612,443	1,314,531,358
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income	87,284,670	46,097,496
Impact of deferred tax	(4,659,384)	(1,629,513)
Loss on re-measurement of staff retirement benefit obligation	(1,372,849)	(34,882,672)
Impact of deferred tax	535,411	20,358,934
	81,787,848	29,944,245
<b>Total comprehensive income for the year</b>	<b>789,400,291</b>	<b>1,344,475,603</b>

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



Chief Executive Officer



Director



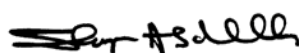
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended June 30, 2025

	Issued, subscribed and paid-up capital	Capital reserve	Unrealised (loss) / gain on financial assets at fair value through other comprehensive income	General	Reserves		Sub-total	Revenue Unappropriated profit	Total
					Revenue				
					Merger reserve				
Rupees									
Balance as at July 01, 2023	102,920,000	-	(2,496,987)	130,000,000	-	127,503,013	6,803,308,914	7,033,731,927	
Total comprehensive income for the year ended June 30, 2024									
Profit for the year	-	-	-	-	-	-	1,314,531,358	1,314,531,358	
Other comprehensive loss	-	-	44,467,983	-	-	44,467,983	(14,523,738)	29,944,245	
	-	-	44,467,983	-	-	44,467,983	1,300,007,620	1,344,475,603	
Gain arisen under the scheme of merger of ACML (note 1.3)	-	-	-	-	26,928,154	26,928,154	-	26,928,154	
Adjustment in reserves under the scheme of merger of ACML (note 1.3)	-	-	57,864,606	50,000,000	-	107,864,606	159,081,697	266,946,303	
Transactions with owners									
Final cash dividend for the year ended June 30, 2023 @ Rs. 4 per share	-	-	-	-	-	-	(41,168,000)	(41,168,000)	
Balance as at June 30, 2024	102,920,000	-	99,835,602	180,000,000	26,928,154	306,763,756	8,221,230,231	8,630,913,987	
Total comprehensive income for the year ended June 30, 2025									
Profit for the year	-	-	-	-	-	-	707,612,443	707,612,443	
Other comprehensive income / (loss)	-	-	82,625,286	-	-	82,625,286	(837,438)	81,787,848	
	-	-	82,625,286	-	-	82,625,286	706,775,005	789,400,291	
Share capital issued under the scheme of merger	3,600,000	-	-	-	(3,600,000)	(3,600,000)	-	-	
Transfer to capital reserve	-	6,500,000,000	-	-	-	(6,500,000,000)	(6,500,000,000)	-	
Transactions with owners									
Final cash dividend for the year ended June 30, 2024 @ Rs. 4 per share	-	-	-	-	-	-	(41,168,000)	(41,168,000)	
Balance as at June 30, 2025	106,520,000	6,500,000,000	182,460,888	180,000,000	23,328,154	(6,114,210,958)	2,386,837,236	9,379,146,278	

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



Chief Executive Officer



Director



Chief Financial Officer

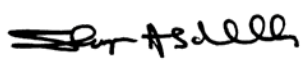


# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

		2025 Rupees	2024 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,103,342,401	1,360,737,528
<b>Adjustments for non-cash and other items:</b>			
Depreciation	5.2	583,587,343	420,108,282
Staff retirement benefit – gratuity	20	76,453,958	59,195,441
Provision for workers' profit participation fund	31	56,907,063	62,332,186
Provision / (Reversal) made for workers' welfare fund	31	16,882,089	(80,906,324)
Reversal for provision doubtful recovery of loan	30	(8,000,000)	-
Provision/(Reversal) for expected credit loss in trade debtors	10.4	4,744,655	(6,208,341)
Provision for doubtful sales tax refunds/electricity duty	15	9,329,705	28,948,515
Gain on disposal of operating fixed assets	5.4	(372,060,187)	(470,104,240)
Unwinding of interest of GIDC		81,488	1,210,542
Dividend income	30	(38,990,302)	(17,826,879)
Finance cost		640,675,854	968,736,080
		2,012,238,303	2,326,222,790
<b>Working capital changes</b>			
Decrease / (increase) in current assets:			
- stores, spare parts and loose tools		59,336,757	20,265,140
- stock-in-trade		413,156,187	1,320,535,060
- trade debts		129,363,711	418,072,475
- loans and advances		(1,367,260,913)	(72,542,415)
- short term deposit and prepayments		(1,207,566)	13,354,838
- other receivables and sales tax		60,600,959	(460,973,117)
		(706,010,865)	1,238,711,981
<b>Increase / (decrease) in current liabilities:</b>			
- trade and other payables		170,436,810	(247,938,311)
- contract liabilities		81,850,786	(40,557,983)
		252,287,596	(288,496,294)
<b>Net working capital changes</b>		1,558,515,034	3,276,438,477
Staff retirement benefits paid		(31,214,808)	(32,340,765)
Finance cost paid		(771,260,917)	(1,055,367,719)
Taxes paid / refunds		(184,924,097)	300,896,993
Rebate income received		481,497	77,851
Workers' profit participation fund paid	22.6	(59,298,847)	(45,946,678)
Long term advances and deposits – net		(900,000)	(900,000)
		(1,047,117,172)	(833,580,318)
<b>Net cash generated from operating activities</b>		511,397,862	2,442,858,159
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(625,875,938)	(957,705,818)
Proceeds from disposal of operating fixed assets		1,346,626,184	614,041,432
Long term investment		(1,350,598,928)	(197,837,130)
Investment in term deposit receipts		(10,000)	(10,000)
Dividend income received		38,990,302	17,899,281
<b>Net cash used in investing activities</b>		(590,868,380)	(523,612,235)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances – obtained		-	66,053,965
- repaid		(785,799,543)	(335,499,731)
Dividend paid		(41,108,972)	(41,108,551)
Short term borrowings – net		1,179,259,936	(1,554,819,397)
<b>Net cash generated from / (used in) financing activities</b>		352,351,421	(1,865,373,714)
<b>Net increase in cash and cash equivalents</b>		272,880,903	53,872,210
<b>Cash and cash equivalents – at beginning of the year</b>		269,791,793	197,752,154
<b>Cash and cash equivalents – received upon merger of ACML</b>		-	18,167,429
<b>Cash and cash equivalents – at end of the year</b>	35	542,672,696	269,791,793

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 1. LEGAL STATUS AND OPERATIONS

Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

<b>Karachi</b>	<b>Purpose</b>
312, Cotton Exchange Building, I.I Chundrigar Road	Registered office
<b>Lahore</b>	
1st Floor, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II,	Head office
<b>Sheikhupura</b>	
Feroze Wattoan,	Production plant

### 1.1 Merger of Amer Cotton Mills (Private) Limited (ACML) with and into the Company

Amer Cotton Mills (Private) Limited (the Company) was incorporated in Pakistan on December 19, 1985 as a Private Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in manufacturing and sale of yarn. Manufactured yarn is sold both locally and internationally.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

<b>Bhai Pheru</b>	
Jumber Khurd, Bhai Pheru, District. Kasur	Production plant

The Company and ACML had filed a joint petition before the Honourable Sindh High Court, seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 283 of the Companies Act, 2017 ("Merger Scheme"). The merger was originally considered by the Board of Directors of both the Companies in their respective meetings held on August 28, 2024, wherein the Merger Scheme was adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on September 26, 2024. On November 15, 2024, the Court has sanctioned the Merger Scheme without any modifications, additions, or deletions.

As the Court has not specified any effective date of merger in its order, the Board of Directors of the Company has declared, as allowed under the Merger Scheme, March 31, 2024 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

- (i) – The entire undertaking of ACML together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description have been transferred to and vested (at book values) in the Company;
- (ii) –The Company shall issue its 0.09 ordinary share of Rs.10 each for every 1 ordinary shares of ACML held by the shareholders of ACML on the effective date. As a result of merger, the Company shall issue 360,000 ordinary shares to the entitled shareholders of the ACML. These shares have been issued on November 28, 2024.
- (iii) –ACML has been merged / amalgamated into the Company without any further act, deed, matter or thing including any winding-up procedures.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

- (iv) – To eliminate the cross holdings of the Companies 18,100 ordinary shares of the Company held by ACML at the effective date of merger shall be cancelled and the same shall be re-issued to the existing shareholders of ACML. The shares issued during the year.

## 1.2 Accounting policy for merger

The Company has adopted the following accounting policy that involves accounting for the assets and liabilities of ACML using existing carrying values i.e. the values at the cut-off date:

- (i) – the acquired assets and liabilities have been recorded at their existing carrying values (at the cut-off date).
- (ii) – no goodwill has been recorded.
- (iii) – the difference between consideration transferred and net of carrying amount of the assets and liabilities received from ACML (at the cut-off date), after taking effect of any adjustments due to intercompany balances and cross investments, has been recognised within equity as merger reserve.
- (iv) – any intercompany balances and investments have been eliminated.

## 1.3 Financial effect of merger based on the audited financial statements of ACML as at March 31, 2024

The Company has acquired assets and assumed liabilities of ACML as detailed below:

	Carrying Amount as at March 31, 2024
<b>Assets</b>	
<b>Non current assets</b>	
Property, plant and equipment	2,516,844,026
Long term investments	357,110,668
Long term loans	65,000
Long term deposits	15,829,734
	2,889,849,428
<b>Current assets</b>	
Stores, spare parts and loose tools	144,236,864
Stock-in-trade	1,023,773,255
Trade debts	604,459,375
Loans and advances	89,052,193
Trade deposits and short term prepayments	11,546,245
Short term investments	138,409,209
Other receivables	32,585,409
Tax refunds due from Government	292,915,878
Cash and bank balances	18,167,429
	2,355,145,857
<b>Total assets</b>	<b>5,244,995,285</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Carrying Amount as at March 31, 2024
<b>Non current liabilities</b>	
Long term liabilities	1,111,780,318
Staff retirement benefit – gratuity	4,680,138
Deferred taxation	2,502,118
	1,118,962,574
<b>Current liabilities</b>	
Trade and other payables	382,062,801
Contract liabilities	6,319,024
Accrued mark-up / interest	202,685,082
Short term borrowings	2,720,835,974
Current portion of non-current liabilities	312,530,325
Provision for taxation	194,653,202
	3,819,086,408
<b>Total liabilities</b>	4,938,048,982
<b>Net assets acquired</b>	306,946,303

## 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);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- 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 and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 2.4 Changes in accounting policies and disclosures resulting from amendments in standards during the year

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

#### a) IAS 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 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 2.5 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 20.

### (e) Income taxes

In making the estimates for income taxes, 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.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 3.1 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 date the assets are available for use while no depreciation is charged to the date 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.

## 3.2 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. 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

The Company has elected not to recognise right-of-use assets and its corresponding lease liabilities for some of the low value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 3.3 Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Company comprises of freehold land and is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the applicable rates. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged from the month in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Company's owned assets.

## 3.4 Financial assets

### Initial measurement

The Company classifies its financial assets in the following three measurement categories:

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### Subsequent Measurement

#### - Equity Instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

#### - Debt Instruments at FVTOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

#### - Debt Instruments at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

#### - Financial Assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## Derecognition

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

## Investments in Subsidiary and Associated Companies

Investments in Subsidiary and Associates are carried at cost less impairment, if any. Impairment losses are recognized as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognized as an expense in statement of profit or loss.

### 3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

### 3.6 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars	Mode of valuation
Raw materials	– weighted average cost
Raw materials in transit	– cost accumulated to the reporting date
Work-in-process	– cost of direct materials and appropriate manufacturing overheads
Finished goods	– lower of average cost and net realizable value
Waste	– net realizable 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.

### 3.7 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.

### 3.8 Impairment

#### (a) Financial assets

The Company assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for the calculation of ECL.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

For debt instruments measured as FVTOCI, the Company applies the low credit risk simplification. At every 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.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The provision for impairment loss is recognized in the statement of profit or loss.

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.

## 3.9 Financial liabilities

### Classification & subsequent measurement

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

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

## 3.10 Cash and cash equivalents

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 3.11 Employees' retirement benefits

### (a) Defined contribution plan

The Company operates a defined contribution plan through an approved provident fund (the Fund) for its management staff. Equal monthly contributions are made both by the Company and employees at the rate of 8.33% of the basic salary to the Fund.

### (b) Defined benefit plan

The Company operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2025 on the basis of projected unit credit method by an Independent Actuary. 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 amount arising as a result of remeasurements is recognized in the statement of financial statement immediately, with a charge or credit to statement of other comprehensive income in the periods in which they occur.

## 3.12 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

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

### Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the 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 statement of other comprehensive income / equity in which case it is included in statement of other comprehensive income / equity.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 3.13 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

## 3.14 Revenue recognition

Revenue is recognized when the performance obligation associated with the sale contract is satisfied. Revenue is measured at the fair value of consideration received or receivable on the following basis:

### Sale of goods

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

### Rendering of services

- revenue from contracts for provision of services is recognized at the point in time when the processed goods are dispatched from the mills to the customer;

### Other sources of revenue

- export rebate income is recognized on accrual basis as and when the right to receive the income establishes;
- dividend income from investments is recognized when the Company's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

## 4. OTHER ACCOUNTING POLICIES

### 4.1 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Company.

Government grant towards research and development activities is recognized in statement of profit or loss as deduction from the relevant expenses on matching basis.

### 4.2 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 4.3 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.

## 4.4 Foreign currency 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.

## 4.5 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

## 4.6 Dividend and appropriation to reserves

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

## 4.7 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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.

	Note	2025 Rupees	2024 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	4,972,219,087	6,108,529,641
Capital work-in-progress	5.3	425,701,831	393,262,915
		5,397,920,918	6,501,792,556

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 5.1 Operating fixed assets

	Freehold land	Residential buildings and others on freehold land	Factory buildings on freehold land	Electric installations	Plant and machinery	Electric installations	Office	Mills	Electric	Computer hardware	Vehicles	Furniture and fixtures	Total
Rupees													
<b>At July 1, 2023</b>													
Cost	65,109,754	156,415,820	994,305,750	-	38,564,648,754	17,136,853	5,586,279	-	408,950	3,810,712	117,787,633	3,024,347	5,374,465,852
Accumulated depreciation	-	69,833,880	564,726,463	-	1,584,697,452	96,985,016	3,148,790	-	276,234	3,578,221	58,836,639	2,093,508	2,384,176,203
<b>Net book value</b>	<b>65,109,754</b>	<b>86,581,940</b>	<b>429,579,287</b>	<b>-</b>	<b>22,711,951,302</b>	<b>74,980,837</b>	<b>2,437,489</b>	<b>-</b>	<b>132,716</b>	<b>232,491</b>	<b>58,950,994</b>	<b>930,839</b>	<b>2,990,289,649</b>
<b>Year ended June 30, 2024</b>													
Opening net book value	65,109,754	86,581,940	429,579,287	-	22,711,951,302	74,980,837	2,437,489	-	132,716	232,491	58,950,994	930,839	2,990,289,649
Additions	-	25,416,940	213,657,155	-	957,230,954	303,310,228	-	359,400	-	-	-	-	1,499,974,675
Disposals:													
- cost	14,496,486	-	-	-	274,253,616	-	-	-	-	-	1,078,834	-	289,828,936
- accumulated depreciation	-	-	-	-	(145,067,439)	-	-	-	-	-	(824,305)	-	(145,891,744)
	14,496,486	-	-	-	129,186,177	-	-	-	-	-	254,529	-	143,937,192
Book value of property, plant and equipment of A/CML acquired upon merger (note 1.3)	42,571,671	53,255,642	102,735,310	122,971	1,909,919,838	30,569,502	891,310	6,638,829	-	71,424	35,265,620	268,674	2,182,310,791
Depreciation charge	-	5,228,872	49,213,199	7,233	337,969,250	13,316,275	268,039	128,252	13,272	76,659	13,786,885	100,346	420,108,282
<b>Closing net book value</b>	<b>93,184,939</b>	<b>160,025,650</b>	<b>696,758,553</b>	<b>115,738</b>	<b>4,671,946,667</b>	<b>394,944,292</b>	<b>3,062,760</b>	<b>6,869,977</b>	<b>119,444</b>	<b>227,256</b>	<b>80,175,200</b>	<b>1,099,167</b>	<b>6,108,529,641</b>
<b>At June 30, 2024</b>													
Cost	93,184,939	235,088,402	1,310,698,215	122,971	6,449,545,930	505,455,583	6,479,589	6,998,229	408,950	3,882,136	151,974,419	3,293,021	8,766,922,382
Accumulated depreciation	-	75,066,752	613,939,662	7,233	1,777,599,263	110,301,291	3,418,829	128,252	289,506	3,654,880	71,799,219	2,193,854	2,658,392,741
<b>Net book value</b>	<b>93,184,939</b>	<b>160,025,650</b>	<b>696,758,553</b>	<b>115,738</b>	<b>4,671,946,667</b>	<b>394,944,292</b>	<b>3,062,760</b>	<b>6,869,977</b>	<b>119,444</b>	<b>227,256</b>	<b>80,175,200</b>	<b>1,099,167</b>	<b>6,108,529,641</b>
<b>Year ended June 30, 2025</b>													
Opening net book value	93,184,939	160,025,650	696,758,553	115,738	4,671,946,667	394,944,292	3,062,760	6,869,977	119,444	227,256	80,175,200	1,099,167	6,108,529,641
Additions	-	-	66,217,137	-	473,415,705	26,190,408	-	-	3,804,001	-	7,513,000	-	577,140,251
Disposals:													
- cost	-	-	-	-	2,124,192,951	-	-	-	-	-	6,287,616	-	2,130,480,567
- accumulated depreciation	-	-	-	-	(1,166,545,190)	-	-	-	-	-	(5,362,919)	-	(1,171,908,109)
	-	-	-	-	957,647,761	-	-	-	-	-	924,697	-	958,572,458
Transfer to Investment property													
- cost	28,075,185	53,255,642	102,735,310	-	-	-	-	-	-	-	-	-	184,066,137
- accumulated depreciation	-	(2,218,985)	(8,561,276)	-	-	-	-	-	-	-	-	-	(10,780,261)
	28,075,185	51,036,657	94,174,034	-	-	-	-	-	-	-	-	-	173,285,876
Depreciation charge	-	7,557,485	70,000,395	11,574	445,386,540	40,149,189	306,276	686,998	392,344	68,177	16,923,576	109,917	581,592,471
<b>Closing net book value</b>	<b>65,109,754</b>	<b>101,431,508</b>	<b>598,801,261</b>	<b>104,164</b>	<b>3,742,328,071</b>	<b>380,985,511</b>	<b>2,754,484</b>	<b>6,182,979</b>	<b>3,531,101</b>	<b>159,079</b>	<b>69,839,927</b>	<b>989,250</b>	<b>4,972,219,087</b>
<b>At June 30, 2025</b>													
Cost	65,109,754	181,832,760	1,274,180,042	122,971	4,798,768,684	531,435,991	6,479,589	6,998,229	421,251	3,882,136	153,199,803	3,293,021	7,029,515,929
Accumulated depreciation	-	80,401,252	673,378,781	18,807	1,056,440,613	150,450,480	3,723,105	815,250	681,850	3,723,057	83,359,876	2,303,771	2,057,296,842
<b>Net book value</b>	<b>65,109,754</b>	<b>101,431,508</b>	<b>598,801,261</b>	<b>104,164</b>	<b>3,742,328,071</b>	<b>380,985,511</b>	<b>2,754,484</b>	<b>6,182,979</b>	<b>3,531,101</b>	<b>159,079</b>	<b>69,839,927</b>	<b>989,250</b>	<b>4,972,219,087</b>
<b>Depreciation rate (% - per annum)</b>		5	10	10	10	10	10	30	20	10			

## For the year ended June 30, 2025

Location	Usage of immovable property	Total area in square yards
<b>Freehold Land</b>		
– Ferozewattoan, District Shiekhpura.	Production plant	181,802

**5.1.5** The depreciation rates of depreciable assets acquired from ACML upon merger are consistent with the depreciation rates of the Company.

### 5.3.2 Movement in the account of capital work in progress during the year is as follows:

	July 1, 2024	Additions during the year	Transferred to operating fixed assets	Disposed -off	June 1, 2025
	Rupees				
Building	31,361,807	55,073,148	50,839,537	-	35,595,418
Plant and Machinery *	357,162,108	559,038,790	518,787,714	16,296,771	381,116,413
	388,523,915	614,111,938	569,627,251	-	416,711,831
Advance payments against:					
Vehicles	4,739,000	11,764,000	7,513,000	-	8,990,000
	4,739,000	11,764,000	7,513,000	-	8,990,000

\*The Company during the year sold plant and machinery held in capital work in progress to Sapphire Fibres Limited – a related party. This resulted in a gain on disposal of Rs. 303 thousand.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
Rupees							
<b>Assets having net book value exceeding Rs.500,000 each</b>							
<b>Plant and machinery</b>							
Spindle Air Splicer	18,834,909	13,779,299	5,055,610	12,500,000	7,444,390	Negotiation	M/s. Sapphire Fibres Ltd. (a related party)
Link Coner Murata	51,564,794	35,762,783	15,802,011	26,400,000	10,597,989	--- do ---	--- do ---
Spindle Twin Splicer	28,842,079	19,866,437	8,975,642	11,000,000	2,024,358	--- do ---	--- do ---
Link Coner Murata	25,446,845	9,856,099	15,590,746	20,000,000	4,409,254	--- do ---	--- do ---
Link Coner Murata	31,183,870	4,975,776	26,208,094	32,000,000	5,791,906	--- do ---	--- do ---
Link Coner Murata	31,183,870	4,975,776	26,208,094	30,500,000	4,291,906	--- do ---	--- do ---
Murata Automatic	1,667,480	215,035	1,452,445	1,500,000	47,555	--- do ---	--- do ---
Auto Cone Machine	20,194,526	15,916,664	4,277,862	6,000,000	1,722,138	--- do ---	--- do ---
Auto Cone	19,159,313	10,673,852	8,485,461	12,000,000	3,514,539	--- do ---	--- do ---
Draw Frame	9,615,992	7,596,273	2,019,719	2,600,000	580,281	--- do ---	--- do ---
Ring Frame	74,380,970	51,586,951	22,794,019	28,000,000	5,205,981	--- do ---	--- do ---
Ring Frame	48,199,826	18,668,808	29,531,018	39,300,000	9,768,982	--- do ---	--- do ---
Electro Jet Blower	1,013,514	387,337	626,177	700,000	73,823	--- do ---	--- do ---
Dual Core	30,292,757	9,497,537	20,795,220	23,200,000	2,404,780	--- do ---	--- do ---
Ring Frame	71,455,489	11,401,616	60,053,873	73,000,000	12,946,127	--- do ---	--- do ---
Spinning Frames	3,330,880	455,683	2,875,197	3,000,000	124,803	--- do ---	--- do ---
Dual Core Lycra	5,992,831	2,799,394	3,193,437	3,500,000	306,563	--- do ---	--- do ---
Dual Core Lycra	5,992,830	2,799,394	3,193,436	3,500,000	306,564	--- do ---	--- do ---
Trutzschler Card	21,736,754	15,795,184	5,941,570	7,000,000	1,058,430	--- do ---	--- do ---
Trutzschler Card	100,733,121	70,139,117	30,594,004	40,000,000	9,405,996	--- do ---	--- do ---
Trutzschler Card	16,694,163	8,544,896	8,149,267	9,000,000	850,733	--- do ---	--- do ---
Trutzschler Card	16,398,778	8,397,334	8,001,444	9,000,000	998,556	--- do ---	--- do ---
Trutzschler Card	27,050,088	3,063,798	23,986,290	27,000,000	3,013,710	--- do ---	--- do ---
Simplex Machine	19,755,481	17,195,944	2,559,537	4,000,000	1,440,463	--- do ---	--- do ---
Simplex Machine	12,495,506	9,826,117	2,669,389	6,000,000	3,330,611	--- do ---	--- do ---
Simplex Machine	12,833,441	9,992,026	2,841,415	6,000,000	3,158,585	--- do ---	--- do ---
Simplex Machine	13,281,671	9,808,223	3,473,448	6,000,000	2,526,552	--- do ---	--- do ---
Simplex Machine	17,256,841	12,582,315	4,674,526	6,000,000	1,325,474	--- do ---	--- do ---
Simplex Machine	33,169,163	23,095,242	10,073,921	13,000,000	2,926,079	--- do ---	--- do ---
Simplex Machine	16,954,486	11,758,790	5,195,696	6,500,000	1,304,304	--- do ---	--- do ---
Draw Frame	9,636,025	7,222,774	2,413,251	2,800,000	386,749	--- do ---	--- do ---
Draw Frame	5,784,517	4,310,200	1,474,317	1,600,000	125,683	--- do ---	--- do ---
Draw Frame	1,276,000	443,855	832,145	1,500,000	667,855	--- do ---	--- do ---
Draw Frame	16,497,137	5,067,405	11,429,732	13,000,000	1,570,268	--- do ---	--- do ---
Draw Frame	54,074,273	6,973,328	47,100,945	47,000,000	(100,945)	--- do ---	--- do ---
Xorella Machine	21,308,515	4,453,480	16,855,035	20,000,000	3,144,965	--- do ---	--- do ---
Xorella Machine	1,913,703	345,902	1,567,801	1,800,000	232,199	--- do ---	--- do ---
Xorella Machine	6,873,706	5,152,252	1,721,454	2,000,000	278,546	--- do ---	--- do ---
Auto Cone Machine	30,581,548	14,148,679	16,432,869	20,000,000	3,567,131	--- do ---	--- do ---
Link Coner Murata	18,720,507	9,977,959	8,742,548	12,000,000	3,257,452	--- do ---	--- do ---

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
	Rupees						
Link Coner Murata	20,385,100	10,702,448	9,682,652	12,000,000	2,317,348	--- do ---	--- do ---
Link Coner Murata	25,446,845	10,132,041	15,314,804	20,000,000	4,685,196	--- do ---	--- do ---
Link Coner Murata	25,446,845	10,132,041	15,314,804	20,000,000	4,685,196	--- do ---	--- do ---
Link Coner Murata	31,183,870	5,439,636	25,744,234	32,000,000	6,255,766	--- do ---	--- do ---
Ring Frame	37,844,847	19,861,096	17,983,751	23,000,000	5,016,249	--- do ---	--- do ---
Ring Frame	36,417,757	19,410,527	17,007,230	23,000,000	5,992,770	--- do ---	--- do ---
Ring Frame	48,199,826	19,191,481	29,008,345	40,000,000	10,991,655	--- do ---	--- do ---
Ring Frame	48,199,826	19,191,481	29,008,345	39,000,000	9,991,655	--- do ---	--- do ---
Ring Frame	1,013,514	398,420	615,094	1,000,000	384,906	--- do ---	--- do ---
Ring Frame	71,455,488	12,464,516	58,990,972	76,000,000	17,009,028	--- do ---	--- do ---
Ring Frame	71,455,489	12,464,517	58,990,972	76,000,000	17,009,028	--- do ---	--- do ---
Vision Shield	11,815,325	6,539,532	5,275,793	5,800,000	524,207	--- do ---	--- do ---
Attached With Blendomate	1,596,616	775,410	821,206	1,500,000	678,794	--- do ---	--- do ---
Blandomate	13,282,582	6,450,800	6,831,782	7,000,000	168,218	--- do ---	--- do ---
Trutzschler Model	1,600,000	726,075	873,925	1,300,000	426,075	--- do ---	--- do ---
Trutzschler	1,100,000	323,902	776,098	450,000	(326,098)	--- do ---	--- do ---
Vision Shield	25,224,802	5,800,128	19,424,674	21,000,000	1,575,326	--- do ---	--- do ---
Vision Shield	25,224,802	5,800,128	19,424,674	21,000,000	1,575,326	--- do ---	--- do ---
Vision Shield	905,244	208,149	697,095	1,000,000	302,905	--- do ---	--- do ---
Vision Shield	905,244	208,149	697,095	1,000,000	302,905	--- do ---	--- do ---
Automatic Bale Plucker	1,733,575	888,481	845,094	950,000	104,906	--- do ---	--- do ---
To-Ti Machine Trutzschler	9,902,880	4,764,344	5,138,536	6,000,000	861,464	--- do ---	--- do ---
Argus	2,195,611	1,421,897	773,714	1,300,000	526,286	--- do ---	--- do ---
Twister Machine	8,031,384	4,995,355	3,036,029	3,300,000	263,971	--- do ---	--- do ---
Twister Machine	8,031,384	4,995,354	3,036,030	3,300,000	263,970	--- do ---	--- do ---
Twister Machine	25,769,630	15,318,604	10,451,026	6,600,000	(3,851,026)	--- do ---	--- do ---
Splicer & Blower	8,956,568	5,291,157	3,665,411	4,000,000	334,589	--- do ---	--- do ---
Twister Machine	1,359,942	758,270	601,672	2,640,000	2,038,328	--- do ---	--- do ---
Twister Machine	3,276,469	1,813,456	1,463,013	3,300,000	1,836,987	--- do ---	--- do ---
Uster Afs	1,482,978	679,721	803,257	1,300,000	496,743	--- do ---	--- do ---
Lcd Key Board Mouse Printer	13,831,536	12,171,636	1,659,900	1,950,000	290,100	--- do ---	--- do ---
Motherboard	1,155,315	166,799	988,516	1,000,000	11,484	--- do ---	--- do ---
COMPUTER	9,332,794	8,224,934	1,107,860	1,700,000	592,140	--- do ---	--- do ---
Draw Frame	10,126,024	8,886,244	1,239,780	2,033,898	794,118	--- do ---	M/s. Grace Tex International Ltd.
Card	680,000	87,692	592,308	600,000	7,692	--- do ---	--- do ---
Ring Frame Rieter	31,770,485	24,211,004	7,559,481	3,813,559	(3,745,922)	--- do ---	--- do ---
Rieter Comber Machine	38,157,991	34,456,999	3,700,992	8,547,372	4,846,380	--- do ---	--- do ---
Flat Grinding Rollers	21,518,748	16,224,966	5,293,782	5,932,203	638,421	--- do ---	--- do ---
Trutzschler Card	21,150,003	20,050,068	1,099,935	12,711,864	11,611,929	--- do ---	--- do ---
Trutzschler Card	9,001,535	6,767,136	2,234,399	8,268,008	6,033,609	--- do ---	--- do ---
Trutzschler Card	25,404,758	20,160,017	5,244,741	15,254,237	10,009,496	--- do ---	--- do ---
Trutzschler Card	4,468,000	3,585,699	882,301	5,084,746	4,202,445	--- do ---	--- do ---
Cross Roll Card	2,089,952	841,755	1,248,197	847,458	(400,739)	--- do ---	--- do ---
Crosrol Card	1,804,952	745,560	1,059,392	847,458	(211,934)	--- do ---	--- do ---
Crosrol Card	1,804,950	745,560	1,059,390	847,458	(211,932)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
Rupees							
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,787,000	514,835	1,272,165	847,458	(424,707)	--- do ---	--- do ---
Rieter Comber Machine	31,296,457	29,141,226	2,155,231	9,417,372	7,262,141	--- do ---	--- do ---
Spindle Twin Splicer	28,842,079	19,945,867	8,896,212	5,508,475	(3,387,737)	--- do ---	--- do ---
Trutzschler Card	25,229,435	21,901,256	3,328,179	16,536,016	13,207,837	--- do ---	--- do ---
Trutzschler Card	9,001,535	6,767,136	2,234,399	8,268,008	6,033,609	--- do ---	--- do ---
Draw Frame Finsher	10,954,289	9,911,616	1,042,673	5,084,744	4,042,071	--- do ---	--- do ---
Trutzschler Card	8,468,253	6,735,477	1,732,776	1,864,407	131,631	--- do ---	--- do ---
Ring Frame	12,571,022	3,722,298	8,848,724	9,100,000	251,276	--- do ---	--- do ---
Ring Frame	7,520,644	1,027,821	6,492,823	6,700,000	207,177	--- do ---	--- do ---
Ring Frame	1,767,320	801,424	965,896	984,000	18,104	--- do ---	--- do ---
Ring Frame	7,591,207	6,794,425	796,782	2,913,136	2,116,354	--- do ---	--- do ---
Ring Frame	2,271,022	1,366,198	904,824	2,754,237	1,849,413	--- do ---	--- do ---
Ring Frame	881,822	190,473	691,349	71,000	(620,349)	--- do ---	--- do ---
Auto Cone Machine	11,270,652	9,966,596	1,304,056	4,950,000	3,645,944	--- do ---	M/s. Sapphire Textile Mills Ltd.(a related party).
Auto Cone Machine	26,717,529	23,460,529	3,257,000	10,000,000	6,743,000	--- do ---	--- do ---
Ring Frame Model	22,324,117	14,858,503	7,465,614	25,423,729	17,958,115	--- do ---	--- do ---
Auto Cone Machine	13,124,546	11,301,271	1,823,275	2,500,000	676,725	--- do ---	M/s. Abdullah Waleed Textile Mills Ltd.
Auto Cone Machine	11,801,222	10,071,472	1,729,750	2,500,000	770,250	--- do ---	--- do ---
Howa Ring Frame	2,612,700	983,556	1,629,144	1,154,661	(474,483)	--- do ---	M/s. Shareef Enterprise Ltd.
Howa Ring Frame	1,600,000	501,640	1,098,360	1,154,661	56,301	--- do ---	--- do ---
Howa Ring Frame	1,917,415	1,187,415	730,000	1,154,661	424,661	--- do ---	--- do ---
Rieter K-45 Ring Frames	47,454,452	35,055,036	12,399,416	16,932,220	4,532,804	--- do ---	M/s.Hanif'S Trading Corporation
Card Rieter C-51	2,500,000	1,620,233	879,767	1,269,916	390,149	--- do ---	M/s. Mubashar Brothers Faisalabad
Card Rieter C-51	3,196,414	1,888,729	1,307,685	1,269,916	(37,769)	--- do ---	--- do ---
	2,013,545,017	1,065,852,639	947,692,378	1,255,487,726	307,795,348		
<b>Vehicles</b>							
Suzuki Cultus	1,760,000	1,186,888	573,112	755,000	181,888	Negotiation	Mr. Zia Ullah
<b>Assets having net book value upto Rs.500,000 each</b>							
	115,175,550	104,868,582	10,306,968	74,086,687	63,779,719	Negotiation	Various parties
<b>June 30, 2025</b>	<b>2,130,480,567</b>	<b>1,171,908,109</b>	<b>958,572,458</b>	<b>1,330,329,413</b>	<b>371,756,955</b>		
June 30, 2024	289,828,936	145,891,744	143,937,192	614,041,432	470,104,240		

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>6. LONG TERM INVESTMENTS</b>			
Subsidiary Company – at cost	6.1	200,937,130	200,437,130
Associated Companies – at cost	6.2	1,706,163,702	855,564,794
Share deposit money		499,500,020	–
		2,406,600,852	1,056,001,924
<b>6.1 Subsidiary Company – unquoted</b>			
<b>RCSM Company (Private) Limited</b>			
20,043,713 (2024 : 20,043,713) ordinary shares of Rs. 10 each			
Equity held: 100%	6.1.1	200,437,130	200,437,130
Sapphire Electronics (Private) Limited			
50,000 ordinary shares of 10 each			
Equity held: 100%	6.1.2	500,000	–
		200,937,130	200,437,130

**6.1.1** RCSM Company (Private) Limited was incorporated in November 8, 2017. The principal activity of the Subsidiary Company is to take or otherwise acquire and hold shares in any other Company but not to act as an investment Company.

**6.1.2** Sapphire Electronics (Private) Limited was incorporated in September 23, 2024. The principal activity of the Subsidiary Company is to manufacture and sale all kinds of electrical and electronic goods.

	Note	2025 Rupees	2024 Rupees
<b>6.2 Associated Companies</b>			
<b>Quoted</b>			
<b>Sapphire Fibres Limited (SFL)</b>			
1,511,670 (2024: 798,796) ordinary shares of Rs. 10 each	6.2.1	1,319,112,991	468,514,083
Equity held: 7.31% (2024: 3.864%)			
Fair value: Rs. 1,616.519 million (2024: Rs. 1,270.085 million)			
<b>Sapphire Textile Mills Limited</b>			
100,223 ordinary shares of Rs. 10 each		8,114,578	8,114,578
Equity held: 0.462%			
Fair value: Rs. 120.025 million (2024: Rs. 134.197 million)			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>Un quoted</b>		
<b>SFL Limited</b>		
401,570 ordinary shares of Rs. 10 each	2,439,475	2,439,475
Equity held: 42.83%(2024: 42.83%)		
<b>Sapphire Finishing Mills Limited</b>		
1,556,000 ordinary shares of Rs. 10 each	16,509,160	16,509,160
Equity held: 1.69%		
<b>Sapphire Holding Limited</b>		
100,223 ordinary shares of Rs. 10 each	524,950	524,950
Equity held: 0.5%		
<b>Sapphire Power Generation Limited</b>		
555,000 ordinary shares of Rs. 10 each	19,425,000	19,425,000
Book value of shares acquired upon merger of ACML		
2,025,250 ordinary shares of Rs. 10 each	254,503,909	254,503,909
Equity interest held 16.10%		
	273,928,909	273,928,909
<b>Sapphire Dairies (Pvt.) Limited (SDL)</b>		
4,100,000 ordinary shares of Rs. 10 each		
Equity interest held 2.26%	85,533,639	85,533,639
<b>Sanifa Agri Services Limited (SASL) (note 6.2.4)</b>		
11,590,000 ordinary shares of Rs. 10 each	-	-
Equity interest held 33.11%		
	1,706,163,702	855,564,794

- 6.2.1** During the year, the Company purchased 712,875 shares of Sapphire Fibres Limited (SFL) at an average rate of Rs. 1191.78 per share. These include 468,724 shares purchased from Sapphire Power Generation (Pvt.) Limited – a related party at a negotiated price. Members of the Company approved this investment in their Extra Ordinary General Meeting held on April 22, 2025.
- 6.2.2** As these are the unconsolidated financial statements of the company, investments in associates have been carried at cost and equity method will be applied in the consolidated financial statements of the Company.
- 6.2.3** The Company's investment in above companies is less than 20% but these are considered associated companies as the Company has significant influence over the financial and operating policies through representation on the Board of Directors of these companies.
- 6.2.4** The Company as a result of merger received 11,590,000 shares of Sanifa Agri Services Limited, 4,100,000 shares of Sapphire Diaries (Pvt.) Limited and 2,025,250 shares of Sapphire Power Generation Limited from ACML. This investment has been acquired at its carrying value in the books of ACML at the date of merger.
- 6.2.5** Investment in Sanifa Agri Services Limited has been carried at Rs. Nil in the book of accounts of ACML because of accumulated losses.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Land	Factory Building	Residential building	Total
	Rupees			
<b>7. INVESTMENT PROPERTY</b>				
Transferred from operating fixed assets	28,075,185	94,174,034	51,036,657	173,285,876
Depreciation for the period	–	1,569,567	425,305	1,994,872
	28,075,185	92,604,467	50,611,352	171,291,004

**7.1** The Company, during the year, entered in to a lease arrangement with Sapphire Electronics (Pvt.) Limited (a subsidiary company) to lease out the above assets. Upon entering the agreement management reclassify the above assets from operating fixed assets.

**7.2** Land represents 256 kanal having covered area of 650,000 square feet situated at Jumber Khurd, Bhai Pheru, District. Kasur.

**7.3** Fair value of the investment property as at June 30, 2025, based on the management estimation is Rs. 1.408 billion.

	2025 Rupees	2024 Rupees
<b>8. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	72,684,712	64,874,409
Spare parts	48,043,172	110,048,799
Loose tools	236,642	226,418
Items in transit	18,648,304	23,799,961
	139,612,830	198,949,587
<b>9. STOCK-IN-TRADE</b>		
Raw materials:		
– at mills	3,645,567,099	3,406,275,461
– in transit	618,365,585	967,894,287
	4,263,932,684	4,374,169,748
Work-in-process	570,402,868	631,593,634
Finished goods	620,988,946	892,650,514
Waste	37,891,441	7,958,230
	5,493,215,939	5,906,372,126

**9.1.** During the preceding year, stock in trade include items costing Rs. 439.800 million stated at their net realizable value aggregated Rs. 397.204 million. The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs. 42.596 million.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>10. TRADE DEBTS</b>			
Considered good			
Unsecured – local	10.1	1,824,273,208	2,128,109,798
Secured – foreign debts		284,861,161	110,388,282
		2,109,134,369	2,238,498,080
Less: provision for expected credit loss	10.4	47,055,358	42,310,703
		2,062,079,011	2,196,187,377
<b>10.1 These include the following amounts due from related parties:</b>			
Diamond Fabrics Limited		3,250,390	55,984,974
Sapphire Fibers Limited		170,601,405	217,778,579
Sapphire Power Generation Limited		1,009,166	1,009,166
Sapphire Textile Mills Limited		16,530,747	17,316,333
		191,391,708	292,089,052

## 10.2 The ageing of trade debts at June 30, is as follows:

	Related parties		Others	
	2025	2024	2025	2024
	Rupees			
Not past due	11,780,823	2,399,574	802,439,343	712,878,389
Past due 1–30 days	93,304,543	224,315,934	676,648,037	537,377,627
Past due 31–60 days	50,566,766	6,171,234	247,598,381	450,798,858
Past due 61–90 days	17,033,423	1,192,861	77,587,556	66,778,159
Past due 91–365 days	17,696,988	57,910,565	99,199,534	162,055,740
Past due one year	1,009,165	98,884	14,269,810	16,520,255
	191,391,708	292,089,052	1,917,742,661	1,946,409,028

## 10.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 1,266.672 million (2024: Rs. 1,495.98 million).

	2025 Rupees	2024 Rupees
<b>10.4 Provision for expected credit loss</b>		
Balance at the beginning of the year	42,310,703	14,529,933
Provision assumed upon merger of ACML with in and into the Company	–	33,989,111
Charge / (reversal) of provision during the year	4,744,655	(6,208,341)
Balance at the end of the year	47,055,358	42,310,703

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Exposure at default 2025 Rupees	Expected credit loss 2024 Rupees
<b>10.5 The expected credit allowance for trade debts at the reporting is calculated as below:</b>		
Not past due	814,220,166	2,081,813
Past due 1-30 days	769,952,580	3,141,877
Past due 31-60 days	298,165,147	2,556,376
Past due 61-90 days	94,920,979	3,840,891
Past due 91-365 days	116,896,522	20,170,817
Past due one year	15,278,975	15,263,584
	2,109,434,369	47,055,358

	Note	2025 Rupees	2024 Rupees
<b>11. LOANS AND ADVANCES</b>			
Current portion of long term loans to employees		1,427,000	1,960,000
Advances to supplier and contractors	11.1	135,074,584	110,229,824
Loan to an associates:			
– SANIFA Agri Services Limited	11.2	182,250,000	190,250,000
less: provision for impairment		(182,250,000)	(190,250,000)
Due to a subsidiary company		–	–
– Principal amount	11.3	1,290,233,389	–
– mark-up		60,715,764	–
		1,350,949,153	–
Advance for purchase of office	11.4	6,668,800	6,668,800
		1,494,119,537	118,858,624

**11.1** This include amount of Rs. 2.129 thousand (2024: Rs. 2.129 thousand) paid to Sapphire Textile Mills Limited (a related party).

**11.2** ACML (merged with the Company on March 31, 2024) has entered into a loan agreement with SANIFA Agri Services Limited (an Associate Company), to provide an unsecured loan upto an amount Rs. 200 million for working capital requirements. This loan carries mark-up at the rate of 3 months Kibor plus 1.5% per annum and is repayable within one year. The loan is secured against ranking charge on present and future assets of ACML and cheques for an amount of Rs. 240 million to be issued in favor of the Company. The maximum aggregate outstanding balance due from the associated Company at the end of any month during the current financial year was Rs. 190.250 million. Due to current financial position of investee Company and doubtful recover of loan management has booked provision for expected loss against this loan and stopped charging mark-up on this loan during the financial year.

**11.3** The Company has entered into a loan agreement with Sapphire Electronics (Private) Limited (a subsidiary company), to provide an unsecured loan upto an amount Rs. 2,500 million for working capital requirements. This loan carries mark-up at the rate of 3 months Kibor plus 1.5% per annum and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the period was 12.10 % to 15.10% per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the period was Rs. 2,116.233 million.

**11.4** ACML (merged with the Company on March 31, 2024) has filed a suit No. 203 of 2011 against Enshaa NLC Development (Private) Limited before the Honorable Sindh High Court, Sindh for recovery of Rs. 6.668 million being the amount of security deposit paid by the plaintiff to the defendant to establish its interest in getting reservation for office space at Karachi Financial Tower and to recover the damages amounting to Rs. 10 million The matter is pending for hearing of applications. Based on the opinion of the legal advisor of the Company, the management expects a favorable outcome of the case.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>12. SHORT TERM DEPOSITS AND PREPAYMENTS</b>		
Bank guarantee margin	26,799	2,750,722
Prepayments	3,931,489	-
	3,958,288	2,750,722

	Note	2025 Rupees	2024 Rupees
<b>13. SHORT TERM INVESTMENTS</b>			
Equity instruments	13.1	285,879,891	198,595,221

## 13.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of Shares/Certificate			Market value		Cost		
2025	2024	Name of the investee company	2025	2024	2025	2024	
Rupees							
	39,796	39,796	Meezan Bank Limited	13,214,262	9,526,764	2,431,357	2,431,357
	30,000	30,000	Oil & Gas Development Company Limited	6,616,800	4,061,100	4,574,621	4,574,621
	17,744	17,744	Pakistan State Oil Company Limited	6,698,892	2,949,230	3,969,942	3,969,942
	26,000	26,000	Sui Northern Gas Pipeline Limited	3,034,460	1,650,220	3,224,374	3,224,374
	50,950	50,950	Sui Southern Gas Company Limited	2,180,151	483,006	1,892,741	1,892,741
	60,500	12,100	Systems Limited	6,481,970	5,061,430	492,468	492,468
	20,000	20,000	Yousuf Weaving Mills Limited	113,800	63,800	54,073	54,073
	225	225	786 Investment Limited	2,473	1,211	400	400
	26,174	26,174	Jubilee Life Insurance Company Limited	4,083,406	3,309,964	323,173	323,173
	66,500	66,500	Progressive Insurance Company Limited	-	-	190,190	190,190
	21,168	21,168	Pakistan Oilfields Limited	12,492,719	10,371,050	3,416,368	3,416,368
	123,750	123,750	HBL Growth Funds - Class-B	3,908,000	2,851,646	-	-
	1,012,000	1,012,000	Bank Al-Habib Limited	159,673,360	113,526,160	22,165,600	22,165,600
	111,250	111,250	Fatima Fertilizer Company Limited	11,059,363	5,742,725	2,123,026	2,123,026
	500	500	MCB Bank Limited	144,170	113,510	3,862	3,862
	313,500	313,500	Habib Bank Limited	56,176,065	38,883,405	68,415,206	68,415,206
				285,879,891	198,595,221	113,277,401	113,277,401
Adjustment arising from re-measurement to fair value						172,602,490	85,317,820
Market value						285,879,891	198,595,221

**13.2** Short term investment acquired under the scheme of merger of ACML with and into the Company is in process of transfer in name of the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>14. OTHER RECEIVABLES</b>			
Advance income tax		216,278,311	133,853,219
Export rebate & duty drawbacks		–	481,497
Deposits with the High Court		6,993,302	6,993,302
Prepaid final tax levy		68,574,712	196,942,270
Receivable from Sapphire Electronics (Private) Limited (a subsidiary company) against:			
– sale of store items		12,690,895	–
– rent	7.1	21,000,000	–
– shared expenses		13,284,708	–
Receivable from Sapphire Fibres Limited against sale of fixed assets		–	43,306,000
Others		6,215,462	2,604,426
		345,037,390	384,180,714
<b>15. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax		331,049,303	399,656,970
Less: provision for doubtful tax refunds		95,691,876	86,362,171
		235,357,427	313,294,799
Income tax		312,095,799	358,333,303
		547,453,226	671,628,102
<b>16. CASH AND BANK BALANCES</b>			
Cash-in-hand		833,403	310,000
Cash at bank			
– at current account	16.1	491,257,486	268,817,094
– at dividend account		581,807	664,699
		491,839,293	269,481,793
Term deposit receipts	16.2	50,000,000	–
		542,672,696	269,791,793

**16.1** This include US\$ 980,601 (2024: US\$ 731,376).

**16.2** This carried mark up at the rate of 7.15% per annum and is having a maturity period of six months.

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

2025 Number	2024	2025 Rupees	2024
10,652,000	10,292,000	106,520,000	102,920,000
Ordinary shares of Rs.10 each fully paid in cash			

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

**17.2** 8,562,370 (2024: 6,773,655) ordinary shares of Rs. 10 each are held by the related parties as at year-end.

**17.3** On November 28, 2024 the Company has issued 360,000 ordinary shares of Rs. 10 each to the shareholders of ACML under the scheme of merger (note 1.1).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>18. RESERVE</b>			
Unrealised gain on financial assets at fair value through other comprehensive income	18.1	182,460,888	99,835,602
General reserve	18.2	180,000,000	180,000,000
Merger reserve	18.3	23,328,154	24,426,036
Capital reserve	18.4	6,500,000,000	-
		6,885,789,042	304,261,638

**18.1** This represent un-realised gain on re-measurement of investment at fair value through OCI.

**18.2** This amount has been set aside from un-appropriated profit and is available for the distribution to the shareholders.

**18.3** This represents merger reserve arisen upon merger of ACML with and into the Company on March 31, 2024. This also include the effect of merger adjustments, elimination of inter company balances and cross investments.

**18.4** This amount has been set aside from un-appropriated profit and is not available for distribution to the shareholders.

	Note	2025 Rupees	2024 Rupees
<b>19. LONG TERM LIABILITIES – Secured</b>			
Long term finances	19.1	2,141,282,648	2,927,082,191
Provision for Gas infrastructure Development Cess	22.5	-	195,577,337
Less: current portion grouped under current liabilities		(388,447,776)	(664,785,046)
		1,752,834,872	2,457,874,482
<b>19.1 Long term finances</b> (from banking companies)			
- Faysal Bank Limited	19.1.1	114,472,656	133,786,531
- Habib Bank Limited	19.1.2	120,225,000	145,509,000
- MCB Bank Limited	19.1.3	554,046,140	658,267,513
- Meezan Bank Limited	19.1.4	612,445,375	707,181,278
<b>Exposure transferred from Amer Cotton Mills (Private) Limited to the Company upon merger</b>			
- MCB Bank Limited	19.1.5	230,139,380	289,045,164
- Faysal Bank Limited	19.1.6	96,303,497	114,917,223
- Meezan Bank Limited	19.1.7	-	75,000,000
- Habib Metropolitan Bank Limited:			
- Long term finance facility – I	19.1.8	118,864,000	139,676,000
- Long term finance facility – II	19.1.9	170,454,000	188,363,000
- Allied Bank Limited	19.1.10	-	300,000,000
- MCB Islamic Bank Limited	19.1.11	124,332,600	175,336,482
		2,141,282,648	2,927,082,191

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 19.1.1** The Company has arranged long term finance facilities amounting to Rs. 300 million from Faysal Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank has disbursed Rs. 269.647 million in 11 tranches of different amounts during the financial year 2023. Each tranche is repayable in 32 equal quarterly installments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2024: 3.00% to 24.02%) per annum and are secured against first charge of Rs. 400 million with 25% margin over all present and future plant and machinery of the Company.
- 19.1.2** The Company has arranged long term finance facilities amounted Rs. 250 million from Habib Bank Limited under the state bank of Pakistan (SBP) scheme for imported plant and machinery. These finance facilities have different repayment terms and carry mark-up at the rate 2.85% (2024: 2.85%) per annum, payable on quarterly basis. This facility secured against pari passu charge over present and future plant and machinery of the Company for Rs. 641.333 million.
- 19.1.3** The Company has arranged a long term finance facility amounting Rs. 1,065.548 million from MCB Bank Limited to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 933.472 million in 24 tranches of different amount during the financial year 2023. Each tranche is repayable in 16 equal quarterly installments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.50% to 22.68% (2024: 2.50% to 23.13%) per annum and are secured against 1st joint parri passu charge of Rs. 6,536 million (2024: Rs. 6,536 million) with 25 % margin over all present and future plant and machinery of the company.
- 19.1.4** The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,400 million from Meezan Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 737.410 million in 14 tranches of different amounts during the financial year 2023. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate ranged from 3.50% to 4.00% (2024 3.50% to 4.00%) per annum and are secured against 1st parri passu charge with 25 % margin overall present and future plant and machinery of the Company.
- 19.1.5** The Company has arranged long term finance facilities amounting Rs.500 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 458.809 million in twenty three tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% per annum and are secured against hypothecation charge of Rs. 667 million over all present and future plant and machinery of the Company.
- 19.1.6** The Company has arranged long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 200 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 195.121 million in nine tranches of different amounts. Each tranche under this finance facility has different repayments terms. These finances carry mark-up at the rate of 4.00% per annum and are secured against first pari passu charge of Rs. 267 million with 25% margin over the all present and future plant and machinery of the Company.
- 19.1.7** The Company has arranged Diminishing Musharakah amounting Rs. 300 million from Meezan Bank Limited under sales and lease back arrangement. The bank against the said facility disbursed Rs. 300 million in one tranche. This facility is repayable in 16 equal quarterly instalments commenced from August, 2021 and carries mark-up at the rate of 3 month Kibor + 1% per annum. Effective mark-up at the rates charged during the year ranged from 12.93% to 22.34% (2024:15.39% to 24.08%) per annum. This facility is secured against pari passu charge over all present and future plant and machinery of the Company.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 19.1.8** The Company has arranged long term finance facilities amounting Rs. 167 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, against the said facility disbursed Rs. 166.47 million in two tranches of different amounts. Each tranche under this finance facility is payable in thirty two quarterly instalments. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari passu charge of Rs. 254 million over plant and machinery with 25% margin registered with SECP.
- 19.1.9** The Company has arranged long term finance facilities amounting Rs. 200 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 188.787 million in two tranches. Each tranche under this finance facility is payable in thirty two quarterly instalments. This facility carry mark-up at the rate ranging from 3.50% to 8.50% per annum and is secured against joint pari passu charge of Rs. 267 million over plant and machinery with 25% margin registered with SECP.
- 19.1.10** The Company has arranged long term finance facility amounting Rs. 300 million from Allied Bank Limited to carry out planned BMR/CAPEX. The bank, during the financial year 2023, disbursed Rs. 300 million in six tranches. This finance facility is payable in sixteen semi annual instalments. This facility carry mark-up at the rate of 12.73% to 22.99% (2024:23.66% to 24.12%) per annum and are secured against first pari passu charge over plant and machinery of the Company with 25% margin.
- 19.1.11** The Company has arranged Diminishing Musharakah facility amounting Rs. 400 million from MCB Islamic Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the financial year 2023, disbursed Rs. 175.852 million in nine tranches. Each tranche under this finance facility is payable in sixteen semi annual instalments. This facility carry mark-up at the rate ranging from 5.75% to 20.75% (2024:5.75% to 24.03%) per annum and are secured against ranking charge on all present and future plant and machinery of the Company with 25% margin.
- 19.1.12** Notes 19.1.5 to 19.1.11 represent finances obtained by ACML and this liability is assumed by the Company under the scheme of merger.

## 20. 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
<b>20.1 Amount recognized in the statement of financial position</b>		
Net liability at the beginning of the year	179,710,930	113,293,444
Provision assumed upon merger of ACML with in and into the Company	–	4,680,138
Charge to statement of profit or loss	76,453,958	59,195,441
Remeasurement recognized in statement of other comprehensive income	1,372,849	34,882,672
Payments made during the year	(31,214,808)	(32,340,765)
Net liability at the end of the year	226,322,929	179,710,930
<b>20.2 Expense recognized in Statement of profit or loss</b>	76,453,958	59,195,441

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
Actuarial losses from changes in demographic and financial assumptions	(2,271,714)	8,719,446
Experience adjustment	3,644,563	25,655,036
<b>Remeasurements recognized in statement of other comprehensive income</b>	<b>1,372,849</b>	<b>34,374,482</b>

	2025	2024
<b>Actuarial assumptions used</b>		
Discount rate	14.75%	14.75%
Expected rate of increase in future estimates	11.75%	13.75%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

## 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
Discount rate	1.00%	(209,779,477)	245,640,712
Increase in future salaries	1.00%	246,271,047	(208,921,759)

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. 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.

Based on actuary's advice, the expected charge for the year ending June 30, 2026 amounts to Rs. 82.069 million.

**20.3** The Company has assumed net liability of Rs. 4.680 million upon the merger of the ACML.

**20.4** The weighted average duration of defined benefit obligation is 8 years.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 20.5 Historical information

	2025	2024	2023	2022	2021
	Rupees				
Present value of defined benefit obligation	226,322,929	179,710,930	113,293,444	92,326,481	72,010,728
Experience adjustment on obligation / actuarial loss	1,372,849	34,374,482	9,323,592	(3,661,570)	(2,009,990)

## 20.6 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	36,847,753	39,682,381	121,109,215	5,036,866,814	5,234,506,163

	2025 Rupees	2024 Rupees
<b>21. DEFERRED TAXATION – Net</b>		
The balance of deferred tax is in respect of following major temporary differences		
Taxable temporary differences arising in respect of:		
– accelerated tax depreciation allowance	125,717,441	–
– gain on investments	6,288,897	1,629,513
	132,006,338	1,629,513
Deductible temporary differences arising in respect of:		
– staff retirement benefit – gratuity	88,265,942	70,087,263
– provision for doubtful tax refunds	37,319,832	33,681,247
– provision for doubtful recovery of loan	71,077,500	74,197,500
– provision for impairment in trade debts	18,351,590	16,501,174
	215,014,864	194,467,184
<b>Deferred tax (asset) / liability</b>	<b>(83,008,526)</b>	<b>(192,837,671)</b>

**21.1** The Company has not recognised deferred tax asset amounting Rs. 198.487 million relating to minimum tax paid under section 113(C) 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.

**21.2** Deferred tax expense amounting Rs. 4.659 million (2024: Rs. 1.630 million) relating to unrealised fair value gain on investments and deferred tax income amounting Rs. 0.535 million (2024: Rs. 20.359 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>22. TRADE AND OTHER PAYABLES</b>			
Trade creditors	22.1	353,970,581	243,519,292
Accrued expenses		384,375,679	354,142,851
Bills payable	22.3	227,786,406	383,212,986
Sindh government infrastructure fee	22.4	622,087,579	502,166,898
Gas infrastructure development cess	22.5	195,658,822	-
Workers' profit participation fund	22.6	61,643,932	62,332,186
Workers' welfare fund		16,882,089	-
		1,862,405,088	1,545,374,213

**22.1** This include Rs. 65.544 million (2024: Rs. 58.849 million) payable to Sapphire Fibres Limited( related party).

**22.2** This include Rs. 36.750 million (2024: Rs.Nil) payable to Sapphire Fibres Limited( related party).

**22.3** These are secured against import documents.

**22.4** This provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company and ACML (merged with the Company on March 31, 2024) has contested this issue in the Sindh High Court (the High Court). The Companies filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2025, the Company and ACML (merged with the Company on March 31, 2024) has provided bank guarantees aggregating Rs. 655.892 million (2024: Rs. 565.892 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Companies favor.

	Note	2025 Rupees	2024 Rupees
<b>22.5 Movement in Gas Infrastructure Development Cess payable</b>			
Balance of provision for GIDC	22.5.1	195,577,337	92,876,938
Provision of GIDC assumed upon merger of ACML within and into the Company	22.5.2	-	100,187,769
Unwinding of interest		81,485	2,512,630
		195,658,822	195,577,337

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**22.5.1** The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and ACML (merged with the Company on March 31, 2024) 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 judgment 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.

**22.5.2** The Company and ACML (merged with the Company on March 31, 2024) has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Companies falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against them.

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
<b>22.6</b>	<b>Workers' profit participation fund</b>		
	Balance at beginning of the year	62,332,186	45,946,678
	Add: interest on funds utilized by the Company	1,703,530	149,057
		64,035,716	46,095,735
	Less: payments made during the year	59,298,847	46,095,735
		4,736,869	-
	Add: allocation for the year	56,907,063	62,332,186
	Balance at end of the year	61,643,932	62,332,186
<b>23.</b>	<b>ACCRUED MARK-UP / INTEREST</b>		
	Mark-up / interest accrued on:		
	- long term finances	16,598,083	46,612,386
	- short term borrowings	63,904,067	164,474,827
		80,502,150	211,087,213
<b>24.</b>	<b>SHORT TERM BORROWINGS</b>		
	Short term loans / money markets	24.1	3,660,000,000
	Running / cash finances – secured	24.1	1,016,419,815
		4,676,419,815	3,497,159,879

**24.1** The Company has obtained short term finance facilities under mark-up arrangements aggregate to Rs. 7,510 million (2024: Rs. 7,458 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.15 % to 21.85% (2024: 18.05% to 24.04%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 26,185 million (2024: Rs. 17,565 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs. 8,550 million (2024: Rs. 10,345 million) out of which the amount remained unutilized at the year-end was Rs. 6,638.297 million (2024: Rs. 6,943.74 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Company.

Abovementioned facilities are expiring on various dates upto October 07, 2026.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

In addition to above facilities the Company and Sapphire Electronics Company (Pvt.) Limited (a subsidiary company) has jointly obtained a facility for opening letter of credit aggregating to Rs. 3,500 million out of which amount remained unutilized at the year end was Rs. 3,034.313 million. The said facility is secured against hypothecation charge over current and fixed asset of the Company and Sapphire Electronics (Pvt.) Limited.

**24.2** These include short term financial exposure of ACML assumed by the Company under the scheme of merger.

## **25. CONTINGENCIES AND COMMITMENTS**

### **25.1 Contingencies**

#### **25.1.1 Outstanding bank guarantees**

Guarantees aggregating Rs. 935.362 million (2024: Rs. 523.70 million) have been issued by banks of the Company and ACML (merged with the Company on March 31, 2024) to various Government institutions and Sui Northern Gas Pipeline Limited.

**25.1.2** 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. 11,260.58 million (2024: Rs. 11,299.16 million).

**25.1.3** The Company has claimed an input tax credit of Rs. 95.622 million (2024: Rs. 49.615 million) which was disallowed by FBR through its notice dated June 20, 2015. The Company has filed an appeal against the decision of FBR in the Honorable Lahore High Court dated July 07, 2015. The management expects a favourable out come in this case.

	<b>2025 Rupees</b>	<b>2024 Rupees</b>
<b>25.2 Commitments</b>		
Commitments in respect of :		
- letters of credit for capital expenditure	63,411,120	408,962,241
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	428,998,560	242,965,933
- capital expenditure other than letters of credit	20,016,125	12,275,251
- foreign & local bills discounted	483,167,408	538,367,280



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 26. SALES – Net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

	Note	2025 Rupees	2024 Rupees
Types of goods and services			
Local sales			
– yarn		13,938,478,221	3,605,094,484
– waste		471,939,765	325,382,810
– raw materials		331,355,344	424,022,611
– local steam income		21,083,945	26,951,790
– processing income		18,645,666	2,596,294
		14,781,502,941	4,384,047,989
Export Sales			
– yarn	26.1	3,293,761,379	11,796,866,736
– waste		–	129,992,175
		3,293,761,379	11,926,858,911
		18,075,264,320	16,310,906,900
Less: sales tax		2,258,994,674	1,241,833,884
		15,816,269,646	15,069,073,016

**26.1** Preceding year includes indirect export of Rs. 9,063 million.

**26.2** Waste sales include sale of comber noil.

**26.3** Exchange loss due to currency rate fluctuations relating to export sales amounting to Rs. 0.744 million (2024: Rs. 1.049 million) has been net off in export sales.

**26.4** Out of total contract liabilities outstanding at June 30, 2024 amounting to Rs. 30.698 million, an amount of Rs. 24.172 million has been recognized as revenue during the year.

**26.5** The Company's revenue from external customers by geographical location is detailed below:

	2025 Rupees	2024 Rupees
Africa	75,160,210	144,242,790
America	17,947,239	389,290,594
Asia	14,691,238,958	13,776,785,246
Australia	13,027,112	8,817,844
Europe	1,018,896,127	749,936,542
	15,816,269,646	15,069,073,016

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>27. COST OF SALES</b>			
Finished goods at beginning of the year		900,608,744	843,332,923
Finished goods received upon merger		–	369,109,528
Cost of goods manufactured	27.1	13,123,734,459	12,085,482,478
Yarn purchased during the year		42,276,904	83,132,100
Cost of raw materials sold		476,797,098	351,675,267
		13,642,808,461	12,520,289,845
		14,543,417,205	13,732,732,296
Finished goods at end of the year		(658,880,387)	(900,608,744)
		13,884,536,818	12,832,123,552
<b>27.1 Cost of goods manufactured</b>			
Work-in-process at beginning of the year		631,593,634	609,784,835
Work-in-process received upon merger		–	14,887,252
Raw materials consumed	27.2	9,105,991,444	8,699,444,557
Salaries, wages and benefits	27.3	1,068,498,053	899,874,940
Packing stores consumed		200,835,418	183,586,587
General stores consumed		278,597,399	226,950,816
Processing charges		412,533,631	360,998,771
Depreciation	5.2	576,615,481	415,782,831
Fuel and power		1,316,526,776	1,216,973,862
Repair and maintenance		25,939,621	15,487,950
Insurance		40,529,167	43,011,041
Travelling and conveyance		19,466,722	18,469,664
Other manufacturing expense		17,009,981	11,823,006
		13,694,137,327	12,717,076,112
Work-in-process at end of the year		(570,402,868)	(631,593,634)
		13,123,734,459	12,085,482,478
<b>27.2 Raw materials consumed</b>			
Stocks at beginning of the year		3,406,275,461	3,982,794,123
Stocks received upon merger		–	402,749,026
Purchases		9,345,283,082	7,720,176,869
		12,751,558,543	12,105,720,018
Stocks at end of the year		(3,645,567,099)	(3,406,275,461)
		9,105,991,444	8,699,444,557

**27.3** Salaries, wages and benefits include Rs. 76.454 million (2024: Rs. 116.836 million) in respect of staff retirement benefit – gratuity and Rs. 6.569 million (2024: Rs. 8.280 million) contribution in respect of staff provident fund.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>28. DISTRIBUTION COST</b>			
Salaries and other benefits	28.1	29,660,687	22,151,624
Travelling, conveyance and entertainment		1,970,003	6,408,522
Insurance charges – exports		542,004	548,588
Telephone & Postage		1,815,893	1,119,892
Printing and stationery		134,639	156,309
Fee and subscription		16,345,939	4,551,508
<b>Commission:</b>			
– local		22,165,567	10,879,919
– export		66,421,247	34,475,171
		88,586,814	45,355,090
<b>Freight and forwarding:</b>			
– local		21,435,505	16,721,263
– export		136,407,475	68,452,647
		157,842,980	85,173,910
Export development surcharge		7,615,986	7,081,215
		304,514,945	172,546,658

**28.1** Salaries and other benefits include Rs. 0.985 million (2024: Rs. 1.005 million) in respect of contribution to staff provident fund.

	Note	2025 Rupees	2024 Rupees
<b>29. ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		21,600,000	21,600,000
Director's meeting fee		240,000	280,000
Salaries and other benefits	29.1	172,611,712	115,957,573
Postage		1,675,731	3,340,680
Fee and subscription		8,807,965	4,893,670
Legal and professional charges		59,387,432	15,200,146
Entertainment		6,369,972	16,134,077
Travelling and conveyance		20,187,407	47,188,377
Printing and stationery		7,248,555	4,950,455
Advertisement		696,097	219,173
Repair and maintenance		9,706,198	1,470,537
Utility charges		11,230,244	6,507,544
Charity and donations	29.2	27,550,000	8,700,000
Depreciation on owned assets	5.2	4,976,990	4,325,451
Depreciation on investment property	7	1,994,872	–
Insurance expense		344,545	158,314
Others		89,784	206,618
		354,717,504	251,132,615

**29.1** Salaries and other benefits include Rs. 4.740 million (2024: Rs. 5.393 million) in respect of contribution to staff provident fund.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 29.2 Donations exceeding 10% of the total donations of the Company

### Donations with directors' interest

This include donations amounted Rs. 20 million that were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nabeel Abdullah, Mr. Amer Abdullah, Mr. Yousuf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

### Donations without directors' interest

These include donations amounted Rs. 2.5 million made to China Forum, Rs. 3 million made to Family Education Service Foundation and Rs. 2 million to Punjab Lawn Tennis Foundation. (2024: Rs. 2.5 million made to China Forum and Rs. 4 million to Durbeen).

	Note	2025 Rupees	2024 Rupees
<b>30. OTHER INCOME</b>			
<b>Income from financial assets</b>			
<b>Dividend income from:</b>			
– related parties		11,545,877	8,990,189
– others		27,444,425	8,836,690
		38,990,302	17,826,879
Interest income		675,822	4,761,644
Mark-up on loan to subsidiary	11.3	60,715,764	-
Rental income		21,000,000	
		121,381,888	22,588,523
<b>Income from assets other than financial assets</b>			
Gain on disposal of operating fixed assets	5.4	372,060,187	470,104,240
Scrap sales [Net of sales tax aggregating Rs. 11.390 million (2024: Rs. 3.57 million)]		62,723,303	21,935,572
		434,783,490	492,039,812
Reversal for expected credit loss in trade debts	10.4	8,000,000	6,208,341
Reversal of workers' welfare fund		-	115,066,976
		564,165,378	635,903,652
<b>31. OTHER EXPENSES</b>			
Workers' profit participation fund	22.6	56,907,063	62,332,186
Workers' welfare fund	22	16,882,089	-
Provision for expected credit loss in trade debts		4,744,655	-
Provision for doubtful tax refunds		9,329,705	12,134,791
Electricity duty		-	16,813,724
Auditors' remuneration	31.1	2,998,972	4,051,278
Reversal of interest income		-	22,911,373
		90,862,484	118,243,352

**For the year ended June 30, 2025**

**33.2** This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C 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.

**33.4** Numeric tax rate reconciliation is not presented as the income tax represents tax payable on dividend income under section 150 and super tax under section 4C of the Income Tax Ordinance, 2001 (the Ordinance).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**33.5** Reconciliation of current tax charge 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	290,957,226	249,235,860
Portion of current tax liability as per tax laws, representing income tax under IAS 12	84,454,119	1,348,528
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	206,503,107	247,887,332
Difference	-	-
<b>34. EARNINGS PER SHARE</b>		
<b>34.1 Basic earnings per share</b>		
Net profit for the year	707,612,443	1,314,531,358
	<b>Number of shares</b>	
Weighted average ordinary shares in issues	10,652,000	10,292,000
	<b>Rupees</b>	
Earnings per share	66.43	127.72

**34.2 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.

	2025 Rupees	2024 Rupees
<b>35. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	542,672,696	269,791,793

**36. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

	Chief Executive		Executives	
	2025	2024	2025	2024
	<b>Rupees</b>			
Particulars				
Managerial remuneration	21,600,000	21,600,000	140,711,733	85,823,873
Contribution to provident fund trust	-	-	5,781,223	3,743,177
Medical	-	-	1,388,049	863,153
Leave encashment / bonus	-	-	14,125,364	10,635,919
	21,600,000	21,600,000	162,006,369	101,066,122
Number of persons	1	1	19	25



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**36.1** Certain executives are provided with Company maintained vehicles.

**36.2** During the year, meeting fees of Rs. 240 thousand (2024: Rs. 280 thousand) was paid to two non-executive director.

## **37. 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
RCSM Company Private Limited	Subsidiary Company	100%
Sapphire Electronics Private Limited	Subsidiary Company	100%
Sapphire Textile Mills Limited	Common directorship	0.462%
Sapphire Fibres Limited	Common directorship	7.31%
Sapphire Electric Company Limited	Common directorship	-
Sapphire Holding Limited	Common directorship	0.50%
SFL Limited	Common directorship	42.830%
Sapphire Finishing Mills Limited	Common directorship	1.69%
Diamond Fabrics Limited	Common directorship	-
Amer Tex (Private) Limited	Common directorship	-
Crystal Enterprises (Private) Limited	Common directorship	-
Galaxy Agencies (Private) Limited	Common directorship	-
Neelum Textile Mills (Private) Limited	Common directorship	-
Nadeem Enterprises (Private) Limited	Common directorship	-
Reliance Textile (Private) Limited	Common directorship	-
Salman Ismail (SMC-Private) Limited	Common directorship	-
Sapphire Agencies (Private) Limited	Common directorship	-
Yousaf Agencies (Private) Limited	Common directorship	-
Four Strength (Private) Limited	Common directorship	-
Sapphire Power Generation Limited	Common directorship	16.100%
Sanifa Agri Services Limited	Common directorship	33.110%
Sapphire Farm Services (Private) Limited	Common directorship	-
Sapphire Diaries (Private) Limited	Common directorship	2.260%

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

	2025 Rupees	2024 Rupees
<b>Significant transactions with the related parties</b>		
<b>i) Subsidiary Companies</b>		
Shares allotted	500,000	197,837,130
Share deposit money	499,500,000	-
Short term loan provided	3,230,233,389	-
Short term loan returned	1,940,000,000	-
Mark-up charged	60,715,764	-
Expenses shared	13,284,708	-
Rent charged	21,000,000	-
<b>ii) Associated Companies</b>		
<b>Sales of:</b>		
- raw material / yarn / fabric / stores	1,970,554,963	1,429,172,980
- fixed assets	1,115,193,729	581,300,000
<b>Purchases:</b>		
- raw material / yarn / fabric / stores	604,493,290	468,775,783
- fixed assets	1,600,000	289,270,112
- services obtained	799,374	7,290,900
Expenses charged by	100,779,996	86,622,605
Expenses charged to	9,045,421	13,814,979
Investment made during the year	850,598,908	-
<b>Dividend:</b>		
- received	11,545,877	8,990,189
- paid	27,094,620	27,047,032
Loan provided	-	40,450,000
Loan recovered	-	152,786,661
Markup charged	-	22,738,068
<b>iii) Director and their related parties</b>		
Donation	20,000,000	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>iv) Key management personnel</b>		
Salary and other employment benefits	58,794,235	58,467,172
<b>v) Retirement Fund</b>		
Contribution towards provident fund	12,595,155	15,789,060

## 38. FINANCIAL RISK MANAGEMENT

### 38.1 Financial risk factors

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

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

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

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

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

#### (a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note. 38.4, the financial assets exposed to credit risk aggregated to Rs. 3,016.196 million as at June 30, 2025 (2024: Rs. 2,789.981 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99% (2024: 99%) 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 deposits	24,892,424	25,792,424
Trade debts	2,109,134,369	2,238,498,080
Loans and advances	1,427,000	1,960,000
Short term deposits	26,799	2,750,722
Short term investments	285,879,891	198,595,221
Other receivables	53,191,065	52,903,728
Bank balances	541,839,293	269,481,793
	3,016,390,841	2,789,981,968

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

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	1,824,273,208	2,128,109,798
Export	284,861,161	110,388,282
	2,109,134,369	2,238,498,080

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
United Bank Limited	A-1+	AAA	VIS
Habib Bank Limited	A-1+	AAA	VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## (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				
<b>June 30, 2025</b>					
Long term liabilities	1,752,834,872	1,629,717,686	311,094,892	1,033,511,799	285,110,995
Trade and other payables	1,178,673,577	1,178,673,577	1,178,673,577	-	-
Accrued mark-up / interest	80,502,150	80,502,150	80,502,150	-	-
Short term borrowings	4,676,419,815	4,896,167,944	4,896,167,944	-	-
Unclaimed dividend	920,117	920,117	920,117	-	-
	7,689,350,531	7,785,981,474	6,467,358,680	1,033,511,799	285,110,995
<b>June 30, 2024</b>					
Long term finances	3,122,659,528	3,788,667,405	806,777,471	2,105,978,248	875,911,686
Trade and other payables	980,875,129	980,875,129	980,875,129	-	-
Accrued mark-up / interest	211,087,213	211,087,213	211,087,213	-	-
Short term borrowings	3,497,159,879	3,738,222,879	3,738,222,879	-	-
Unclaimed dividend	861,089	861,089	861,089	-	-
	7,812,642,838	8,719,713,715	5,737,823,781	2,105,978,248	875,911,686

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

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 Dirham (AED), and Swiss Franc. The company's exposure to foreign currency risk for U.S.Dollar , Euro, Japanese Yen (JPY), Dirham (AED), and Swiss Franc (CHF) is as follow:

	Rupees	U.S.\$	Euro	AED
<b>For the year ended June 30, 2025</b>				
Bills payables	227,786,406	759,200	-	155,296
Trade debts	(284,861,161)	(1,004,520)	-	-
Bank balances	(278,098,444)	(980,601)	-	-
Net balance sheet exposure	(335,173,199)	(1,225,921)	-	155,296
Outstanding letters of credit	492,409,680	1,733,227	-	-
	157,236,481	507,306	-	155,296

	Rupees	U.S.\$	Euro	CHF
<b>For the year ended June 30, 2024</b>				
Bills payables	383,212,986	1,746,547	-	-
Trade debts	(110,388,282)	(596,958)	-	-
Bank balances	(203,541,941)	(731,376)	-	-
Net balance sheet exposure	69,282,763	418,213	-	-
Outstanding letters of credit	651,928,174	989,829	191,302	1,029,600
	721,210,937	1,408,042	191,302	1,029,600

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
	Rupees			
US Dollar to Rupee	279.87	284.33	284.10 / 283.60	278.80 / 278.30
Euro to Rupee	306.29	307.39	332.83 / 332.25	298.41 / 297.88
Swiss Franc to Rupee	328.44	354.73	355.50 / 354.87	309.71 / 309.16
Japanese Yen to Rupee	1.79	2.08	1.9701 / 1.9667	1.7305 / 1.7274

	2025 Rupees	2024 Rupees
<b>Effect on profit for the year</b>		
US Dollar to Rupee	(34,767,120)	6,859,538

At June 30, 2025, if Rupee had strengthened / weakened by 10% against US Dollars and Euros with all other variables held constant, profit for the year would have been (lower) / higher by the amount shown below mainly as a result of net foreign exchange (loss) / gain on translation of financial assets and liabilities.

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## (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	
	%		Rupees	
<b>Fixed rate instruments Financial liabilities</b>				
Long term finances	2.50 to 24.02	2.50 to 24.12	2,141,282,648	2,927,082,191
<b>Variable rate instruments</b>				
Short term borrowings	18.05 to 24.04	18.05 to 24.04	4,676,419,815	3,497,159,879

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit or loss for the year.

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. 46.764 million (2024: Rs. 34.971 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. 285.880 million (2024: Rs. 198.5952 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 year would have higher / (lower) by Rs.28.588 million (2024: Rs. 19.859 million).

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 38.2 Fair value measurement of financial instruments

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs. 285.880 million (2024: Rs. 198.595 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.

## 38.3 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
Total borrowings	6,817,702,463	6,424,242,070
Less: cash and bank balances	542,672,696	269,791,793
Net debt	6,275,029,767	6,154,450,277
Total equity	9,379,146,278	8,630,913,987
Total capital	15,654,176,045	14,785,364,264
Gearing ratio	40%	42%

## 38.4 Financial instruments by category

	As at June 30, 2025			As at June 30, 2024		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
<b>Financial assets as per statement of financial position</b>						
Long term advances and deposits	24,892,424	-	24,892,424	25,792,424	-	25,792,424
Trade debts	2,109,134,369	-	2,109,134,369	2,238,498,080	-	2,238,498,080
Short term deposits	26,799	-	26,799	2,750,722	-	2,750,722
Loans and advances	1,352,376,153	-	1,352,376,153	1,960,000	-	1,960,000
Short term investments	-	285,879,891	285,879,891	-	198,595,221	198,595,221
Other receivables	53,191,065	-	53,191,065	52,903,728	-	52,903,728
Cash and bank balances	542,672,696	-	542,672,696	269,791,793	-	269,791,793
	4,082,293,506	285,879,891	4,368,173,397	2,591,696,747	198,595,221	2,790,291,968

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
<b>Financial liabilities as per statement of financial position</b>		
Long term liabilities and accrued mark-up	2,157,880,731	2,973,694,577
Trade and other payables	1,508,434,507	1,497,432,258
Unclaimed dividend	920,117	861,089
Short term borrowings and accrued mark-up	4,740,323,882	3,661,634,706
	8,407,559,237	8,133,622,630

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

		2025	2024
<b>39. CAPACITY AND PRODUCTION</b>			
<b>39.1 Spinning units</b>			
Number of spindles installed		59,232	104,544
Number of spindles worked		50,101	48,146
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	44,590,590	53,426,750
Actual production after conversion into 20's count	Lbs.	30,769,690	31,618,713

**39.1.1** It is difficult to describe precisely the production capacity in textile industry since it fluctuate widely depending on various factors such as count of yarn spun, spindles speed, twist per inch and raw material used, etc. It also varies according to the pattern of production adopted. Difference of actual production with installed capacity is in normal course of business.

## 40. SHAHRIAH SCREENING DISCLOSURE

	2025		2024	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
<b>Statement of Financial Position – Assets</b>				
Long term Investments	1,087,487,861	1,319,112,991	587,487,841	486,514,083
Short term Investments	–	285,879,891	–	198,595,221
Bank balances	381,084,597	3,690,425	269,441,107	40,686
<b>Statement of Financial Position – Liability</b>				
Long term finances	926,779,572	826,055,300	1,369,954,918	986,429,706
Short term borrowings	2,467,064,271	1,350,000,000	1,260,000,000	–
Running finances under mark-up arrangements	136,438,388	722,917,156	1,486,837,934	750,321,945
Accrued mark-up				
<b>Statement of Profit and Loss and other Comprehensive Income</b>				
Revenue earned from shariah compliant bussiness segment	–	15,816,269,647	–	15,069,073,016
<b>Other income</b>				
a) Dividend Income	31,002,342	7,987,960	9,838,919	7,987,960
b) Gain on sale of operating fixed assets	–	372,060,187	–	470,104,240
Mark-up on running finances under mark-up arrangements				
Mark-up on short term finances	337,427,805	124,492,738	527,330,629	315,256,823
Mark-up on long term finances	116,240,194	44,988,967	59,834,359	48,558,739

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

- Meezan Bank Limited
- Bank Islami Pakistan Limited
- Dubai Islamic Pakistan Limited
- Faysal Bank Limited

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 41. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	Long term liabilities	Short term borrowings	Accrued mark-up / interest	Dividend
	Rupees			
<b>Balance as at July 01, 2024</b>	2,927,082,191	3,497,159,879	211,087,213	861,089
<b>Changes from financing activities</b>				
Finances obtained	-	1,179,259,936	-	-
Finances / finance cost repaid	(785,799,543)	-	(771,260,917)	-
Dividends paid	-	-	-	(41,108,972)
Dividend declared	-	-	-	41,168,000
Total changes from financing cash flows	(785,799,543)	1,179,259,936	(771,260,917)	59,028
Finance cost	-	-	640,675,854	-
<b>Balance as at June 30, 2025</b>	2,141,282,648	4,676,419,815	80,502,150	920,117
<b>Balance as at July 01, 2023</b>	1,872,866,164	2,331,143,302	94,526,249	801,640
Assumed upon merger	1,388,874,751	1,999,991,493	154,936,890	-
<b>Changes from financing activities</b>				
Finances obtained	-	(833,974,916)	-	-
Finances / finance cost repaid	(334,658,724)	-	(1,007,112,006)	-
Dividends paid	-	-	-	(41,108,551)
Dividend declared	-	-	-	41,168,000
Total changes from financing cash flows	(334,658,724)	(833,974,916)	(1,007,112,006)	59,449
Finance cost	-	-	968,736,080	-
<b>Balance as at June 30, 2024</b>	2,927,082,191	3,497,159,879	211,087,213	861,089

## 42. PROVIDENT FUND RELATED DISCLOSURES

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

	2025	2024
<b>43. NUMBER OF EMPLOYEES</b>		
Average number of employees during the year	1,310	2,101
Number of employees	1,279	1,344

## 44. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

As explained in note 1.1, Amer Cotton Mills (Private) Limited was merged with and into the Company effective from March 31, 2024. After the approval of merger by the Court on November 15, 2024, the management prepared special purpose non-statutory financial statements of the Company for the year-ended June 30, 2024 taking into the effect of merger. These financial statements were duly audited by the statutory auditors of the Company. Corresponding figures in these financial statements have been taken from these special purpose non-statutory audited financial statements of the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

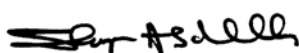
**45. NON ADJUSTING EVENTS AFTER THE REPORTING DATE**

**45.1** The Board of Directors, in their meeting held on September 25, 2025 proposed a final cash dividend of 60% (i.e. Rs. 6 per share) amounting to Rs. 63.912 million for the year ended June 30, 2025. The members of the Company approved the same in the Annual General Meeting held on October 27, 2025.

**45.2** The Board of Directors of the Company, in their meeting held on September 25, 2025, has also approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 for Amalgamation/ Merger of the Company with and into Sapphire Fibres Limited - an Associated Company subject to obtaining necessary shareholders, creditors and regulatory approvals and sanction of the Scheme by the Honourable High Court of Sindh at Karachi along with fulfilment of corporate, regulatory and legal formalities.

**46. DATE OF AUTHORIZATION FOR ISSUE**

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



Chief Executive Officer



Director



Chief Financial Officer



[illegible]



# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

The directors are pleased to present their report together with consolidated financial statements of Reliance Cotton Spinning Mills Limited and its subsidiaries RCSM Company (Pvt.) Limited and Sapphire Electronics (Pvt.) Limited for the period ended June 30, 2025. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

### RCSM Company (Pvt.) Limited

Reliance Cotton Spinning Mills Limited ("the Holding Company") and its wholly owned subsidiary RCSM Company (Private) Limited collectively referred to as "the Group" was incorporated in Pakistan under the Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited and Lahore Stock Exchange Limited).

RCSM Company (Pvt.) Limited was incorporated in Pakistan as private limited by shares wholly owned by Reliance Cotton Spinning Mills Limited under Companies Ordinance, 1984 on November 08, 2017.

The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

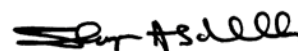
### Sapphire Electronics (Pvt.) Limited

Sapphire Electronics (Pvt) Limited is a wholly owned subsidiary of Reliance Cotton Spinning Mills Limited and was incorporated on September 23, 2024. The principal activity of the company is to trade, manufacture or otherwise acquire and sell electronic and electrical products.

For and on behalf of the Board



Shahid Abdullah  
(Director)



(Shayan Abdullah)  
(Chief Executive)

Lahore  
September 25, 2025

## ڈائریکٹرز کی حصص داران کو رپورٹ

ڈائریکٹرز 30 جون 2025ء کو ختم ہونے والے سال کے لئے ریلائنس کاؤن سپنگ ملز لمیٹڈ اور اسکی ذیلی کمپنی RCSM کمپنی (پرائیویٹ) لمیٹڈ اور سفائز الیکٹرونکس (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ 27- (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

### RCSM کمپنی (پرائیویٹ) لمیٹڈ

ریلائنس کاؤن سپنگ ملز لمیٹڈ (ہولڈنگ کمپنی) اور اس کی مکمل ملکیتی ذیلی کمپنی RCSM (پرائیویٹ) لمیٹڈ جو مجموعی طور پر ایک "گروپ" کہلاتا ہے، کمپنیز آرڈیننس، 1984ء کے تحت پاکستان میں قائم ہوا۔ ہولڈنگ کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ (سابقہ کراچی اسٹاک ایکسچینج لمیٹڈ اور لاہور اسٹاک ایکسچینج لمیٹڈ) میں اندراج شدہ ہے۔ مکمل ملکیتی ذیلی کمپنی 8 نومبر 2017ء کو قائم ہوئی تھی۔

RCSM کمپنی (پرائیویٹ) لمیٹڈ، کمپنیز آرڈیننس، 1984ء کے تحت 08 نومبر 2017ء کو ریلائنس کاؤن سپنگ ملز لمیٹڈ کی مکمل ملکیتی شیئرز کے ذریعے ایک پبلک لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔

ذیلی کمپنی کا بنیادی کاروبار کسی دیگر کمپنی کے حصص لینا یا دوسری صورت میں خریدنا اور ہولڈ کرنا ہے، لیکن سرمایہ کاری کمپنی کے طور پر کام کرنا نہیں ہے۔

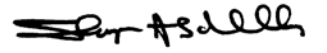
### سفائز الیکٹرونکس (پرائیویٹ) لمیٹڈ

سفائز الیکٹرونکس کمپنی (پرائیویٹ) لمیٹڈ، ریلائنس کاؤن سپنگ ملز لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ 23 ستمبر 2024ء کو کمپنیز اے کٹ 2017ء کے تحت پاکستان میں قائم کیا گیا، کمپنی کی بنیادی سرگرمی الے کٹرانک اور برقی مصنوعات کی تجارت، تے آری اے دوسری صورت میں حصول اور فروخت ہے۔

منجانب بورڈ



(شاہد عبداللہ)  
ڈائریکٹر



(شایان عبداللہ)  
چیف ایگزیکٹو

لاہور  
25 ستمبر 2024

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF RELIANCE COTTON SPINNING MILLS LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed consolidated financial statements of **Reliance Cotton Spinning Mills Limited** and its subsidiary Companies (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	<p><b>Capitalisation of property, plant and equipment</b></p> <p>Refer note 5 to the consolidated financial statements.</p> <p>The Group incurred significant capital expenditure mainly to enhance production capacity and technological upgrade of the plant as part of its expansion activity. The Group has capitalized operating fixed assets aggregating Rs. 896.227 million during the year.</p> <p>There are number of areas where management judgement is involved in connection with the above activities. These include:</p> <ul style="list-style-type: none"> <li>- Determining which costs meet the criteria for capitalisation as per International Accounting Standard - IAS - 16;</li> <li>- Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence;</li> <li>- Capitalisation of borrowing costs and related implications;</li> <li>- The estimation of economic useful lives and residual values assigned to property, plant and equipment; and</li> <li>- Impairment testing; assessing whether there are any indicators of impairment present.</li> </ul> <p>We consider the above as a key audit matter being significant transactions and events for the Group during the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the design and implementation of management controls over capitalization and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system;</li> <li>- assessed, on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices;</li> <li>- assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework;</li> <li>- checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis; and</li> <li>- assessed whether the disclosures were made in accordance with the applicable financial reporting framework.</li> </ul>



S. No.	Description	How the matter was addressed in our audit
2	<p><b>Valuation of stock-in-trade</b></p> <p>Refer note 9 to the consolidated financial statements.</p> <p>The total value of stock in trade as at the reporting date amounted to Rs. 7.977 billion, representing 60.31% of the Group's total current assets. Stock in trade as at reporting date included raw material and finished goods.</p> <p>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.</p> <p>We identified this matter as key in our audit due to the judgement and assumption applied by the Group in determining the cost and NRV of stock in trade at the year-end.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> <li>- Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards.</li> <li>- 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.</li> <li>- Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis.</li> <li>- Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories.</li> <li>- Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price.</li> <li>- Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.</li> </ul> <p>We reviewed the Group's disclosure in the financial statement in respect of stock in trade.</p>

S. No.	Description	How the matter was addressed in our audit
3	<p><b>Revenue recognition</b></p> <p>The principal activity of the Group is the manufacture and sale of yarn and Electrical appliances. 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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition.</li> <li>- Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices.</li> <li>- 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.</li> <li>- Performed audit procedures to analyse variation in the price and quantity sold during the year.</li> <li>- Performed recalculations of discounts as per the Group's policy on test basis.</li> <li>- Understood and evaluated the accounting policy with respect to revenue recognition.</li> <li>- Assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>

### **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.

#### Other Matter

As fully explained in notes 1.1 and 46 to these consolidated financial statements, the corresponding figures in these consolidated financial statements have been taken from the special purpose non-statutory audited consolidated financial statements of the Group for the year ended June 30, 2024.

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

Lahore; September 29, 2025  
UDIN: AR202510104L8jw9hes2

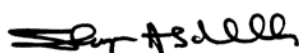
*ShineWing Hameed Chaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	6,092,103,556	6,501,792,556
Long term investments	6	7,730,811,810	3,192,234,705
Investment property	7	171,291,004	-
Long term advances and deposits		24,892,424	25,792,424
		14,019,098,794	9,719,819,685
<b>Current assets</b>			
Stores, spare parts and loose tools	8	175,742,596	198,949,587
Stock-in-trade	9	7,977,736,601	5,906,372,126
Trade debts	10	2,062,517,411	2,196,187,377
Loans and advances	11	339,279,489	314,967,729
Short term deposits and prepayments	12	31,919,934	2,750,722
Short term investments	13	287,941,583	200,729,824
Other receivables	14	357,201,255	410,272,359
Tax refunds due from Government	15	1,237,341,881	671,628,102
Cash and bank balances	16	757,937,935	269,899,041
		13,227,618,685	10,171,756,867
<b>Total assets</b>		<b>27,246,717,479</b>	<b>19,891,576,552</b>
<b>Equity and Liabilities</b>			
<b>Share capital and reserves</b>			
Authorised capital			
12,000,000 ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid-up capital	17	106,520,000	102,920,000
Reserves	18	7,205,106,156	395,043,178
Unappropriated profit		7,415,844,769	10,232,178,056
<b>Total equity</b>		<b>14,727,470,925</b>	<b>10,730,141,234</b>
<b>Non current liabilities</b>			
Long term liabilities	19	1,752,834,872	2,457,874,482
Staff retirement benefit – gratuity	20	226,322,929	179,710,930
Deferred taxation	21	699,484,669	60,681,321
		2,678,642,470	2,698,266,733
<b>Current liabilities</b>			
Trade and other payables	22	3,569,199,577	1,545,651,964
Contract liabilities		564,520,015	30,698,160
Accrued mark-up / interest	23	80,502,150	211,087,213
Short term borrowings	24	4,676,419,815	3,497,159,879
Current portion of long term liabilities	25	388,447,776	664,785,046
Unclaimed dividend		920,117	861,089
Provision for income tax and levies		560,594,634	512,925,234
		9,840,604,084	6,463,168,585
<b>Total liabilities</b>		<b>12,519,246,554</b>	<b>9,161,435,318</b>
<b>Contingencies and commitments</b>	26		
<b>Total equity and liabilities</b>		<b>27,246,717,479</b>	<b>19,891,576,552</b>

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



Chief Executive Officer



Director



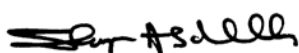
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
Sales	27	17,836,238,966	15,069,073,016
Cost of sales	28	(15,640,094,625)	(12,832,123,552)
<b>Gross profit</b>		<b>2,196,144,341</b>	<b>2,236,949,464</b>
Distribution cost	29	(309,858,534)	(172,546,658)
Administrative expenses	30	(410,724,591)	(251,132,615)
Other income	31	491,563,436	653,575,266
Other expenses	32	(107,738,429)	(119,473,947)
<b>Profit from operations</b>		<b>1,859,386,223</b>	<b>2,347,371,510</b>
Finance cost	33	(642,587,115)	(970,192,963)
		1,216,799,108	1,377,178,547
Share of profit from Associated Companies		2,664,016,471	348,616,626
<b>Profit before revenue tax and income tax</b>		<b>3,880,815,579</b>	<b>1,725,795,173</b>
Final taxes – levy	34	(230,820,284)	(255,538,724)
<b>Profit before income tax</b>		<b>3,649,995,295</b>	<b>1,470,256,449</b>
Income tax	34	(728,793,055)	166,446,748
<b>Profit for the year</b>		<b>2,921,202,240</b>	<b>1,636,703,197</b>
<b>Earnings per share – basic and diluted</b>	35	<b>274.24</b>	<b>159.03</b>

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



Chief Executive Officer



Director



Chief Financial Officer

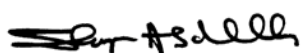


# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>Profit after taxation</b>	2,921,202,240	1,636,703,197
<b>Other comprehensive income / (loss)</b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income	87,284,670	46,097,496
Impact of deferred tax	(4,659,384)	(1,629,513)
Share of fair value gain on remeasurement of investment at fair value through other comprehensive income by Associates	232,892,672	190,125,081
	315,517,958	234,593,064
Loss on re-measurement of staff retirement benefit obligation	(1,372,849)	(34,882,672)
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(1,784,939)	(3,638,851)
Impact of deferred tax	535,411	20,358,934
	(2,622,377)	(18,162,589)
	312,895,581	216,430,475
<b>Items that will be reclassified to statement of profit or loss subsequently</b>		
<b>Forward foreign exchange contracts</b>		
Share of unrealised (loss) / gain on remeasurement of forward foreign currency contract of Associates	(1,854,980)	1,178,665
Other comprehensive income for the year	311,040,601	217,609,140
<b>Total comprehensive income for the year</b>	<b>3,232,242,841</b>	<b>1,854,312,337</b>

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



Chief Executive Officer



Director



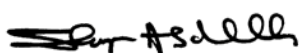
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended June 30, 2025

	Rupees								
	Issued, subscribed and paid-up capital	Unrealised (loss) / gain on financial assets at fair value through other comprehensive income	On hedging instruments	Capital	Reserves		Sub-total	Unappropriated profit	Total
					Revenue	General			
						Merger reserve			
<b>Balance as at July 01, 2023</b>	102,920,000	(95,855,381)	1,980,397	-	118,353,673	-	24,478,689	8,619,232,451	8,746,631,140
<b>Total comprehensive income for the year ended June 30, 2024</b>									
Profit for the year	-	-	-	-	-	-	-	1,636,703,197	1,636,703,197
Other comprehensive (loss) / income	-	234,593,064	1,178,665	-	-	-	235,771,729	(18,162,589)	217,609,140
	-	234,593,064	1,178,665	-	-	-	235,771,729	1,618,540,608	1,854,312,337
Reserve arisen under the scheme of merger of ACML (note 1.3)	-	-	-	-	-	26,928,154	26,928,154	-	26,928,154
Adjustment in reserves under the scheme of merger of ACML (note 1.3)	-	57,864,606	-	-	50,000,000	-	107,864,606	159,081,697	266,946,303
Cost of issuance of shares - subsidiary Company	-	-	-	-	-	-	-	(1,764,775)	(1,764,775)
Effect of items directly credit in equity by Associated companies	-	-	-	-	-	-	-	(121,743,925)	(121,743,925)
<b>Transactions with owners</b>									
Final cash dividend for the year ended June 30, 2023 @ Rs 4 per share	-	-	-	-	-	-	-	(41,168,000)	(41,168,000)
<b>Balance as at June 30, 2024</b>	102,920,000	196,602,289	3,159,062	-	168,353,673	26,928,154	395,043,178	10,232,178,056	10,730,141,234
<b>Total comprehensive income for the year ended June 30, 2025</b>									
Profit for the year	-	-	-	-	-	-	-	2,921,202,240	2,921,202,240
Other comprehensive Income / (loss)	-	315,517,958	(1,854,980)	-	-	-	313,662,978	(2,622,377)	311,040,601
	-	315,517,958	(1,854,980)	-	-	-	313,662,978	2,918,579,863	3,232,242,841
Share capital issued under the scheme of merger	3,600,000	-	-	-	-	(3,600,000)	(3,600,000)	-	-
<b>Transfer to capital reserve</b>	-	-	-	6,500,000,000	-	-	6,500,000,000	(6,500,000,000)	-
Final cash dividend for the year ended June 30, 2024 @ Rs.4 per share	-	-	-	-	-	-	-	(41,168,000)	(41,168,000)
Effect of items directly credit in equity by Associated companies	-	-	-	-	-	-	-	806,254,850	806,254,850
<b>Balance as at June 30, 2025</b>	106,520,000	512,120,247	1,304,082	6,500,000,000	168,353,673	23,328,154	7,205,106,156	7,415,844,769	14,727,470,925

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



Chief Executive Officer



Director



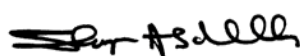
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation and share of profit from associated companies		1,216,799,108	1,377,178,547
<b>Adjustments for non-cash and other items:</b>			
Depreciation	5.2	587,803,344	420,108,282
Staff retirement benefit – gratuity		76,453,958	59,195,441
Provision for workers' profit participation fund	32	62,271,469	62,332,186
Provision for workers' welfare fund		19,071,642	(80,906,324)
Provision for doubtful sales tax refunds		9,329,705	-
Reversal for provision doubtful recovery of loan		(8,000,000)	-
Provision / reversal for expected credit loss in trade debtors	10.4	4,744,655	(6,208,341)
Gain on disposal of operating fixed assets	5.4	(372,060,187)	(470,104,240)
Unwinding of interest of GIDC		81,488	1,210,542
Dividend income	31	(27,747,196)	(9,402,081)
Finance cost		640,802,097	968,736,080
		2,209,550,083	2,322,140,092
<b>Working capital changes</b>			
Decrease/ (increase) in current assets:			
- stores, spare parts and loose tools		23,206,991	20,265,140
- stock-in-trade		(2,071,364,475)	1,320,535,060
- trade debts		128,925,311	418,072,475
- loans and advances		(16,311,760)	(72,542,415)
- short term deposit and prepayments		(29,169,212)	13,354,838
- other receivables and sales tax		(450,206,275)	(460,973,117)
		(2,414,919,420)	1,238,711,981
<b>(Decrease) / increase in current liabilities:</b>			
- trade and other payables		1,868,698,984	(244,396,065)
- contract liabilities		533,821,855	(40,557,983)
		2,402,520,839	(284,954,048)
<b>Net working capital changes</b>		2,197,151,502	3,275,898,025
Staff retirement benefits paid		(31,214,808)	(32,340,765)
Finance cost paid		(771,387,160)	(1,055,367,719)
Taxes refunds / (paid)		(350,444,606)	300,812,178
Rebate income received		481,497	77,851
Workers' profit participation fund paid		(59,298,847)	(45,946,678)
Long term advances and deposits – net		900,000	(900,000)
		(1,210,963,924)	(833,665,133)
<b>Net cash generated from operating activities</b>		986,187,578	2,442,232,892
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,324,274,577)	(957,705,818)
Proceeds from disposal of operating fixed assets		1,346,626,184	614,041,432
Long term investment		(850,598,908)	(197,837,130)
Short term investment		-	719,422
Loan to an associated company		-	(196,109,105)
Investment in term deposit receipts		(50,000,000)	(10,000)
Dividend income received		27,747,196	17,899,281
<b>Net cash used in investing activities</b>		(850,500,105)	(719,001,918)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances – obtained		-	66,053,965
- repaid		(785,799,543)	(335,499,731)
Dividend paid		(41,108,972)	(41,108,551)
Issue of shares		-	196,072,355
Short term borrowings – net		1,179,259,936	(1,554,819,397)
<b>Net cash generated from / (used in) financing activities</b>		352,351,421	(1,669,301,359)
<b>Net increase in cash and cash equivalents</b>		488,038,894	53,929,615
<b>Cash and cash equivalents – at beginning of the year</b>		269,899,041	197,801,997
<b>Cash and cash equivalents – received upon merger of ACML</b>		-	18,167,429
<b>Cash and cash equivalents – at end of the year</b>		757,937,935	269,899,041

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 1. THE GROUP AND ITS OPERATIONS

The Group consist of:

### The Parent Company

– Reliance Cotton Spinning Mills Limited

### Subsidiary Companies

– RCSM Company (Private) Limited  
– Sapphire Electronics (Private) Limited

### Reliance Cotton Spinning Mills Limited

Reliance Cotton Spinning Mills Limited ("The Parent Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the Holding Company is manufacturing and sale of yarn.

#### Karachi

312, Cotton Exchange Building,  
I.I Chundrigar Road

#### Purpose

Registered office

#### Lahore

1st Floor, Tricon Corporate Centre,  
73–E, Main Jail Road, Gulberg II,

Head office

#### Sheikhupura

Feroze Wattoan,

Production plant

### 1.1 Merger of Amer Cotton Mills (Private) Limited (ACML) with and into the Parent Company

Amer Cotton Mills (Private) Limited (the Company) was incorporated in Pakistan on December 19, 1985 as a Private Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). It is principally engaged in manufacturing and sale of yarn. Manufactured yarn is sold both locally and internationally.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

#### Bhai Pheru

Jumber Khurd, Bhai Pheru, District. Kasur

Production plant

The Parent Company and ACML had filed a joint petition before the Honourable Sindh High Court, seeking / obtaining sanction of the Court for a Scheme of Arrangement for Amalgamation under sections 279 to 283 of the Companies Act, 2017 ("Merger Scheme"). The merger was originally considered by the Board of Directors of both the Companies in their respective meetings held on August 28, 2024, wherein the Merger Scheme was adopted. The Merger Scheme was also approved by the shareholders of both Companies in the separate Extra Ordinary General Meetings of the members held on September 26, 2024. On November 15, 2024, the Court has sanctioned the Merger Scheme without any modifications, additions, or deletions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

As the Court has not specified any effective date of merger in its order, the Board of Directors of the Company has declared, as allowed under the Merger Scheme, March 31, 2024 as the Effective Date of Merger. As a result of the Merger, from and on the Effective Date:

- (i) – the entire undertaking of ACML together with all the properties, assets, rights, liabilities, obligations, permanent employees, claims, charges, contracts, etc. of every description have been transferred to and vested (at book values) in the Parent Company;
- (ii) – The Parent Company shall issue its 0.09 ordinary share of Rs. 10 each for every 1 ordinary shares of ACML held by the shareholders of ACML on the effective date. As a result of merger, the Parent Company shall issue 360,000 ordinary shares to the entitled shareholders of the ACML. These shares have been issued on November 28, 2024.
- (iii) – ACML has been merged / amalgamated into the Parent Company without any further act, deed, matter or thing including any winding-up procedures.
- (iv) – To eliminate the cross holdings of the Companies 18,100 ordinary shares of the Parent Company held by ACML at the effective date of merger shall be cancelled and the same shall be re-issued to the existing shareholders of ACML.

## **1.2 Accounting policy for merger**

The Parent Company has adopted the following accounting policy that involves accounting for the assets and liabilities of ACML using existing carrying values i.e. the values at the cut-off date:

- (i) – the acquired assets and liabilities have been recorded at their existing carrying values (at the cut-off date).
- (ii) – no goodwill has been recorded.
- (iii) – the difference between consideration transferred and net of carrying amount of the assets and liabilities received from ACML (at the cut-off date), after taking effect of any adjustments due to intercompany balances and cross investments, has been recognised within equity as merger reserve.
- (iv) – any intercompany balances and investments have been eliminated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 1.3 Financial effect of merger based on the audited financial statements of ACML as at March 31, 2024

The Parent Company has acquired assets and assumed liabilities of ACML as detailed below:

	Carrying Amount as at March 31, 2024
<b>Assets</b>	
<b>Non current assets</b>	
Property, plant and equipment	2,516,844,026
Long term investments	357,110,668
Long term loans	65,000
Long term deposits	15,829,734
	2,889,849,428
<b>Current assets</b>	
Stores, spare parts and loose tools	144,236,864
Stock-in-trade	1,023,773,255
Trade debts	604,459,375
Loans and advances	89,052,193
Trade deposits and short term prepayments	11,546,245
Short term investments	138,409,209
Other receivables	32,585,409
Tax refunds due from Government	292,915,878
Cash and bank balances	18,167,429
	2,355,145,857
<b>Total assets</b>	<b>5,244,995,285</b>
	Carrying Amount as at March 31, 2024
<b>Non current liabilities</b>	
Long term liabilities	1,111,780,318
Staff retirement benefit – gratuity	4,680,138
Deferred taxation	2,502,118
	1,118,962,574
Trade and other payables	382,062,801
Contract liabilities	6,319,024
Accrued mark-up / interest	202,685,082
Short term borrowings	2,720,835,974
Current portion of non-current liabilities	312,530,325
Provision for taxation	194,653,202
	3,819,086,408
<b>Total liabilities</b>	<b>4,938,048,982</b>
<b>Net assets acquired</b>	<b>306,946,303</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## Subsidiary Companies

### ● RCSM Company (Private) Limited (RCSMCPL)

RCSM Company (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984(now companies Act, 2017) on November 8, 2017. The principal activity of the subsidiary is to take or otherwise acquire and hold shares in any other company but not to act as an investment company.

### ● Sapphire Electronics (Private) Limited (SEPL)

Sapphire Electronics (Private) Limited was incorporated as a private limited company in Pakistan on September 23, 2024 under the Companies Act, 2017. The principal line of business of the Subsidiary is to carry on the business of manufacturers, buyers, sellers, importers, exporters, dealers, suppliers, wholesalers, retailers, assemblers and distributors of all kinds of electrical and electronic goods.

The registered office of the Subsidiary Company is at 1st Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg-II, Lahore and manufacturing facility is situated at Jumber Khurd, Bhai Pheru, District Kasur.

## 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 to account for the effect of merger of ACML with and into the Parent Company as fully detailed in note 1.1 to these financial statements. 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);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- 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 Principal of consolidation

Subsidiaries are entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affects its variable returns from the subsidiaries.

Subsidiaries is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiaries.

The assets, liabilities, income and expenses of subsidiaries companies are consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

All material inter-group balances and transactions have been eliminated. Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for under the equity method of accounting.

## 2.3 Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2.4 Basis of measurement

These special purpose non-statutory 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.

## 2.5 Functional and presentation currency

These special purpose non-statutory consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

## 2.6 Changes in Accounting Policies and Disclosures Resulting from Amendments in Standards During the year

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

#### a) IAS 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**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.

**2.6.2 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**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.

## **2.7 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**(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 20.

**(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.

### **3. MATERIAL ACCOUNTING POLICIES**

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

#### **3.1 Investments in Associated Companies**

Investments in Associated Companies are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amounts are increased or decreased to recognise the Group's share of consolidated statement of profit or loss of the Investee after the date of acquisition.

The Group's share of post acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in consolidated statement of other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in Associates equals or exceeds its interest in the Associates the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associates.

The Group determines at each reporting date whether there is any objective evidence that the investments in the Associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associates and its carrying values and recognises the amount adjacent to share of profit / loss of Associates in the consolidated statement of profit or loss.

#### **3.2 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 Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 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 date the assets are available for use while no depreciation is charged in the date 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 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.

### 3.3 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. 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.

The Group has elected not to recognise right-of-use assets and its corresponding lease liabilities for some of the low value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## Investment property

Investment property is held for long term rental yields / capital appreciation. Investment property of the Company comprises of freehold land and is valued using the cost model i.e. at cost less accumulated depreciation and any impairment losses, if any.

Depreciation is calculated by applying reducing balance method at the applicable rates. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged from the month in which the property is disposed off.

Cost of investment property is determined on the same basis as used for Company's owned assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 3.4 Financial assets

### Initial measurement

The Group classifies its financial assets in the following three measurement categories:

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### Subsequent Measurement

#### - Equity Instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss. Other net gains and losses are recognized in consolidated statement of other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

#### - Debt Instruments at FVTOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in consolidated statement of other comprehensive income. On derecognition, gains and losses accumulated in consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.

#### - Debt Instruments at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the consolidated statement of profit or loss.

#### - Financial Assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss.

### Derecognition

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

### Investments in Subsidiaries and Associated Companies

Investments in Subsidiaries and Associates are carried at cost less impairment, if any. Impairment losses are recognized as an expense. At each reporting date, the Group reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognized as an expense in consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost which is based on monthly weighted average cost. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated up to the reporting date.

Provision for obsolete and slow moving stores, spares parts and loose tools is determined based on management's estimate regarding their future usability.

## 3.6 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value (NRV) except waste, which is valued at NRV. Cost has been determined as follows:

Particulars	Mode of valuation
Raw materials	– weighted average cost
Raw materials in transit	– cost accumulated to the reporting date
Work-in-process	– cost of direct materials and appropriate manufacturing overheads
Finished goods	– lower of average cost and net realizable value
Waste	– net realizable 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.

## 3.7 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 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.

## 3.8 Impairment

### (a) Financial assets

The Group assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Group followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for the calculation of ECL.

For debt instruments measured as FVTOCI, the Group applies the low credit risk simplification. At every 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.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The provision for impairment loss is recognized in the consolidated statement of profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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 consolidated statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

**3.9 Financial liabilities**

**Classification & subsequent measurement**

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

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

**Derecognition**

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

**3.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated statement of cash flow, cash and cash equivalents comprise of cash-in-hand and balances with banks.

**3.11 Employees' retirement benefits**

**(a) Defined contribution plan**

The Parent operates a defined contribution plan through an approved provident fund (the Fund) for its management staff. Equal monthly contributions are made both by the Group and employees at the rate of 8.33% of the basic salary to the Fund.

**(b) Defined benefit plan**

The Parent operates an un-funded gratuity scheme under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service.

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2025 on the basis of projected unit credit method by an Independent Actuary. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

The amount arising as a result of remeasurements is recognized in the consolidated statement of financial statement immediately, with a charge or credit to consolidated statement of other comprehensive income in the periods in which they occur.

## 3.12 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 consolidated 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 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

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

### Deferred

Deferred tax is recognized using the consolidated statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the 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 consolidated statement of other comprehensive income / equity in which case it is included in consolidated statement of other comprehensive income / equity.

## 3.13 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

## 3.14 Revenue recognition

Revenue is recognized when the performance obligation associated with the sale contract is satisfied. Revenue is measured at the fair value of consideration received or receivable on the following basis:

### Sale of goods

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## Rendering of services

- revenue from contracts for provision of services is recognized at the point in time when the processed goods are dispatched from the mills to the customer;

## Other sources of revenue

- export rebate income is recognized on accrual basis as and when the right to receive the income establishes;
- dividend income from investments is recognized when the Group's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

## 4. OTHER ACCOUNTING POLICIES

### 4.1 Government grants

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the Company.

Government grant towards research and development activities is recognized in statement of profit or loss as deduction from the relevant expenses on matching basis.

### 4.2 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.

### 4.3 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.

### 4.4 Foreign currency 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 4.5 Borrowing costs

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

## 4.6 Dividend and appropriation to reserves

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

## 4.7 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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.

Borrowing costs directly attributable to construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the consolidated statement of profit or loss.

	Note	2025 Rupees	2024 Rupees
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	5,285,095,116	6,108,529,641
Capital work-in-progress	5.3	807,008,440	393,262,915
		6,092,103,556	6,501,792,556

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 5.1 Operating fixed assets

	Freehold land	Residential buildings and others on freehold land	Factory buildings on freehold land	Electric installations	Plant and machinery	Equipment					Electric	Computer hardware	Vehicles	Furniture and fixtures	Total
						Electric installations	Office	Mills	Electric						
Rupees															
At July 1, 2023															
Cost	65,109,754	156,415,820	994,303,750	-	3,856,648,754	171,365,853	5,588,279	-	408,950	3,810,712	117,787,633	3,024,347	5,374,465,852		
Accumulated depreciation	-	69,833,880	564,726,463	-	1,584,697,452	96,985,016	3,148,790	-	276,234	3,578,221	58,836,639	2,093,508	2,384,176,203		
Net book value	65,109,754	86,581,940	429,579,287	-	2,271,951,302	74,380,837	2,439,489	-	132,716	232,491	58,950,994	930,839	2,990,289,649		
Year ended June 30, 2024															
Opening net book value	65,109,754	86,581,940	429,579,287	-	2,271,951,302	74,380,837	2,439,489	-	132,716	232,491	58,950,994	930,839	2,990,289,649		
Additions	-	25,416,940	213,657,155	-	957,230,954	303,310,228	-	359,400	-	-	-	-	1,499,974,675		
Disposals:															
- cost	14,496,486	-	-	-	274,253,616	-	-	-	-	-	1,078,834	-	289,828,936		
- accumulated depreciation	-	-	-	-	(145,067,439)	-	-	-	-	-	(824,305)	-	(145,891,744)		
	14,496,486	-	-	-	129,186,177	-	-	-	-	-	254,529	-	143,937,192		
Book value of property, plant and equipment of															
ACML acquired upon															
merger (note 1.3)	42,571,671	53,255,642	102,735,310	122,971	1,909,919,838	30,569,502	891,310	6,638,829	-	71,424	35,265,620	268,674	2,182,310,791		
Depreciation charge	-	5,228,872	49,213,199	7,233	337,969,250	13,316,275	268,039	128,252	13,272	76,659	13,786,885	100,346	420,108,282		
Closing net book value	93,184,939	160,025,650	696,758,667	115,738	4,671,946,667	394,944,292	3,062,760	6,869,977	119,444	227,256	80,175,200	1,099,167	6,108,529,641		
At June 30, 2024															
Cost	93,184,939	235,088,402	1,310,698,215	122,971	6,449,545,930	505,245,583	6,479,589	6,998,229	408,950	3,882,136	151,974,419	3,293,021	8,766,922,382		
Accumulated depreciation	-	75,062,752	613,939,662	7,233	1,777,599,263	110,301,291	3,418,829	128,252	289,506	3,654,880	71,799,219	2,193,854	2,658,392,741		
Net book value	93,184,939	160,025,650	696,758,553	115,738	4,671,946,667	394,944,292	3,062,760	6,869,977	119,444	227,256	80,175,200	1,099,167	6,108,529,641		
Year ended June 30, 2025															
Opening net book value	93,184,939	160,025,650	696,758,553	115,738	4,671,946,667	394,944,292	3,062,760	6,869,977	119,444	227,256	80,175,200	1,099,167	6,108,529,641		
Additions	-	-	66,217,137	-	733,449,621	31,176,507	-	509,000	3,804,001	5,834,100	20,023,000	35,213,787	896,227,153		
Disposals:															
- cost	-	-	-	-	2,124,192,951	-	-	-	-	-	6,287,616	-	2,130,480,567		
- accumulated depreciation	-	-	-	-	(1,166,545,190)	-	-	-	-	-	(5,362,919)	-	(1,171,908,109)		
	-	-	-	-	957,647,761	-	-	-	-	-	924,697	-	958,572,458		
Transfer to Investment property															
- cost	28,075,185	53,255,642	102,735,310	-	-	-	-	-	-	-	-	-	184,066,137		
- accumulated depreciation	-	(2,218,985)	(8,561,276)	-	-	-	-	-	-	-	-	-	(10,780,261)		
	28,075,185	51,036,657	94,174,034	-	-	-	-	-	-	-	-	-	173,285,876		
Depreciation charge	-	7,557,485	70,000,395	11,574	448,923,116	40,273,841	306,276	694,507	392,344	590,880	17,966,075	1,086,851	587,803,344		
Closing net book value	65,109,754	101,431,508	598,801,261	104,164	3,998,825,411	385,846,938	2,756,484	6,684,470	3,531,101	5,470,476	81,307,428	35,226,103	5,285,095,116		
At June 30, 2025															
Cost	65,109,754	181,832,760	1,274,180,042	122,971	5,058,802,600	536,422,090	6,479,589	7,507,229	4,212,951	9,716,236	165,709,803	38,506,808	7,346,602,831		
Accumulated depreciation	-	80,401,252	675,378,781	18,807	1,059,977,189	150,575,132	3,723,105	822,759	681,850	4,245,760	84,402,375	3,280,705	2,063,507,715		
Net book value	65,109,754	101,431,508	598,801,261	104,164	3,998,825,411	385,846,938	2,756,484	6,684,470	3,531,101	5,470,476	81,307,428	35,226,103	5,285,095,116		
Depreciation rate (% - per annum)			5	10	10	10	10	10	10	30	20	10			

## For the year ended June 30, 2025

Location	Usage of immovable property	Total area in square yards
<b>Freehold Land</b>		
– Ferozewattoan, District Shiekhupura.	Production plant	181,802

**5.1.5** The depreciation rates of depreciable assets acquired from ACML upon merger are consistent with the depreciation rates of the Group.

		2025	2024
	Note	Rupees	Rupees
<b>5.2</b>	<b>Depreciation charge has been allocated as follows:</b>		
	Cost of goods manufactured	582,817,554	415,782,831
	Administrative expenses	4,985,790	4,325,451
		587,803,344	420,108,282
<b>5.3</b>	<b>Capital work-in-progress</b>		
	Buildings	122,420,162	31,361,807
	Plant and machinery 5.3.1	670,558,788	357,162,108
	Advance payments against:		
	– Electric Installation	950,000	–
	– vehicles	13,079,490	4,739,000
		14,029,490	4,739,000
		807,008,440	393,262,915

### 5.3.2 Movement in the account of capital work in progress during the year is as follows:

	July 1, 2024	Additions during the year	Transferred to operating fixed assets	Disposed -off	June 1, 2025
					Rupees
Building	31,361,807	141,897,892	50,839,537	-	122,420,162
Plant and Machinery*	357,162,108	795,261,552	518,787,714	16,296,771	617,339,175
Electric installation	-	950,000	-	-	950,000
	388,523,915	937,159,444	569,627,251		740,709,337
Advance payments against:					
Vehicles	4,739,000	15,853,490	7,513,000	-	13,079,490
	4,739,000	15,853,490	7,513,000	-	13,079,490

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
Rupees							
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Spindle Air Splicer	18,834,909	13,779,299	5,055,610	12,500,000	7,444,390	Negotiation	M/s. Sapphire Fibres Ltd. (a related party)
Link Coner Murata	51,564,794	35,762,783	15,802,011	26,400,000	10,597,989	--- do ---	--- do ---
Spindle Twin Splicer	28,842,079	19,866,437	8,975,642	11,000,000	2,024,358	--- do ---	--- do ---
Link Coner Murata	25,446,845	9,856,099	15,590,746	20,000,000	4,409,254	--- do ---	--- do ---
Link Coner Murata	31,183,870	4,975,776	26,208,094	32,000,000	5,791,906	--- do ---	--- do ---
Link Coner Murata	31,183,870	4,975,776	26,208,094	30,500,000	4,291,906	--- do ---	--- do ---
Murata Automatic	1,667,480	215,035	1,452,445	1,500,000	47,555	--- do ---	--- do ---
Auto Cone Machine	20,194,526	15,916,664	4,277,862	6,000,000	1,722,138	--- do ---	--- do ---
Auto Cone	19,159,313	10,673,852	8,485,461	12,000,000	3,514,539	--- do ---	--- do ---
Draw Frame	9,615,992	7,596,273	2,019,719	2,600,000	580,281	--- do ---	--- do ---
Ring Frame	74,380,970	51,586,951	22,794,019	28,000,000	5,205,981	--- do ---	--- do ---
Ring Frame	48,199,826	18,668,808	29,531,018	39,300,000	9,768,982	--- do ---	--- do ---
Electro Jet Blower	1,013,514	387,337	626,177	700,000	73,823	--- do ---	--- do ---
Dual Core	30,292,757	9,497,537	20,795,220	23,200,000	2,404,780	--- do ---	--- do ---
Ring Frame	71,455,489	11,401,616	60,053,873	73,000,000	12,946,127	--- do ---	--- do ---
Spinning Frames	3,330,880	455,683	2,875,197	3,000,000	124,803	--- do ---	--- do ---
Dual Core Lycra	5,992,831	2,799,394	3,193,437	3,500,000	306,563	--- do ---	--- do ---
Dual Core Lycra	5,992,830	2,799,394	3,193,436	3,500,000	306,564	--- do ---	--- do ---
Trutzschler Card	21,736,754	15,795,184	5,941,570	7,000,000	1,058,430	--- do ---	--- do ---
Trutzschler Card	100,733,121	70,139,117	30,594,004	40,000,000	9,405,996	--- do ---	--- do ---
Trutzschler Card	16,694,163	8,544,896	8,149,267	9,000,000	850,733	--- do ---	--- do ---
Trutzschler Card	16,398,778	8,397,334	8,001,444	9,000,000	998,556	--- do ---	--- do ---
Trutzschler Card	27,050,088	3,063,798	23,986,290	27,000,000	3,013,710	--- do ---	--- do ---
Simplex Machine	19,755,481	17,195,944	2,559,537	4,000,000	1,440,463	--- do ---	--- do ---
Simplex Machine	12,495,506	9,826,117	2,669,389	6,000,000	3,330,611	--- do ---	--- do ---
Simplex Machine	12,833,441	9,992,026	2,841,415	6,000,000	3,158,585	--- do ---	--- do ---
Simplex Machine	13,281,671	9,808,223	3,473,448	6,000,000	2,526,552	--- do ---	--- do ---
Simplex Machine	17,256,841	12,582,315	4,674,526	6,000,000	1,325,474	--- do ---	--- do ---
Simplex Machine	33,169,163	23,095,242	10,073,921	13,000,000	2,926,079	--- do ---	--- do ---
Simplex Machine	16,954,486	11,758,790	5,195,696	6,500,000	1,304,304	--- do ---	--- do ---
Draw Frame	9,636,025	7,222,774	2,413,251	2,800,000	386,749	--- do ---	--- do ---
Draw Frame	5,784,517	4,310,200	1,474,317	1,600,000	125,683	--- do ---	--- do ---
Draw Frame	1,276,000	443,855	832,145	1,500,000	667,855	--- do ---	--- do ---
Draw Frame	16,497,137	5,067,405	11,429,732	13,000,000	1,570,268	--- do ---	--- do ---
Draw Frame	54,074,273	6,973,328	47,100,945	47,000,000	(100,945)	--- do ---	--- do ---
Xorella Machine	21,308,515	4,453,480	16,855,035	20,000,000	3,144,965	--- do ---	--- do ---
Xorella Machine	1,913,703	345,902	1,567,801	1,800,000	232,199	--- do ---	--- do ---
Xorella Machine	6,873,706	5,152,252	1,721,454	2,000,000	278,546	--- do ---	--- do ---
Auto Cone Machine	30,581,548	14,148,679	16,432,869	20,000,000	3,567,131	--- do ---	--- do ---
Link Coner Murata	18,720,507	9,977,959	8,742,548	12,000,000	3,257,452	--- do ---	--- do ---
Link Coner Murata	20,385,100	10,702,448	9,682,652	12,000,000	2,317,348	--- do ---	--- do ---



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
	Rupees						
Link Coner Murata	25,446,845	10,132,041	15,314,804	20,000,000	4,685,196	--- do ---	--- do ---
Link Coner Murata	25,446,845	10,132,041	15,314,804	20,000,000	4,685,196	--- do ---	--- do ---
Link Coner Murata	31,183,870	5,439,636	25,744,234	32,000,000	6,255,766	--- do ---	--- do ---
Ring Frame	37,844,847	19,861,096	17,983,751	23,000,000	5,016,249	--- do ---	--- do ---
Ring Frame	36,417,757	19,410,527	17,007,230	23,000,000	5,992,770	--- do ---	--- do ---
Ring Frame	48,199,826	19,191,481	29,008,345	40,000,000	10,991,655	--- do ---	--- do ---
Ring Frame	48,199,826	19,191,481	29,008,345	39,000,000	9,991,655	--- do ---	--- do ---
Ring Frame	1,013,514	398,420	615,094	1,000,000	384,906	--- do ---	--- do ---
Ring Frame	71,455,488	12,464,516	58,990,972	76,000,000	17,009,028	--- do ---	--- do ---
Ring Frame	71,455,489	12,464,517	58,990,972	76,000,000	17,009,028	--- do ---	--- do ---
Vision Shield	11,815,325	6,539,532	5,275,793	5,800,000	524,207	--- do ---	--- do ---
Attached With Blendomate	1,596,616	775,410	821,206	1,500,000	678,794	--- do ---	--- do ---
Blandomate	13,282,582	6,450,800	6,831,782	7,000,000	168,218	--- do ---	--- do ---
Trutzschler Model	1,600,000	726,075	873,925	1,300,000	426,075	--- do ---	--- do ---
Trutzschler	1,100,000	323,902	776,098	450,000	(326,098)	--- do ---	--- do ---
Vision Shield	25,224,802	5,800,128	19,424,674	21,000,000	1,575,326	--- do ---	--- do ---
Vision Shield	25,224,802	5,800,128	19,424,674	21,000,000	1,575,326	--- do ---	--- do ---
Vision Shield	905,244	208,149	697,095	1,000,000	302,905	--- do ---	--- do ---
Vision Shield	905,244	208,149	697,095	1,000,000	302,905	--- do ---	--- do ---
Automatic Bale Plucker	1,733,575	888,481	845,094	950,000	104,906	--- do ---	--- do ---
To-Ti Machine Trutzschler	9,902,880	4,764,344	5,138,536	6,000,000	861,464	--- do ---	--- do ---
Argus	2,195,611	1,421,897	773,714	1,300,000	526,286	--- do ---	--- do ---
Twister Machine	8,031,384	4,995,355	3,036,029	3,300,000	263,971	--- do ---	--- do ---
Twister Machine	8,031,384	4,995,354	3,036,030	3,300,000	263,970	--- do ---	--- do ---
Twister Machine	25,769,630	15,318,604	10,451,026	6,600,000	(3,851,026)	--- do ---	--- do ---
Splicer & Blower	8,956,568	5,291,157	3,665,411	4,000,000	334,589	--- do ---	--- do ---
Twister Machine	1,359,942	758,270	601,672	2,640,000	2,038,328	--- do ---	--- do ---
Twister Machine	3,276,469	1,813,456	1,463,013	3,300,000	1,836,987	--- do ---	--- do ---
Uster Afis	1,482,978	679,721	803,257	1,300,000	496,743	--- do ---	--- do ---
Lcd Key Board Mouse Printer	13,831,536	12,171,636	1,659,900	1,950,000	290,100	--- do ---	--- do ---
Motherboard	1,155,315	166,799	988,516	1,000,000	11,484	--- do ---	--- do ---
COMPUTER	9,332,794	8,224,934	1,107,860	1,700,000	592,140	--- do ---	--- do ---
Draw Frame	10,126,024	8,886,244	1,239,780	2,033,898	794,118	--- do ---	M/s. Grace Tex International Ltd.
Card	680,000	87,692	592,308	600,000	7,692	--- do ---	--- do ---
Ring Frame Rieter	31,770,485	24,211,004	7,559,481	3,813,559	(3,745,922)	--- do ---	--- do ---
Rieter Comber Machine	38,157,991	34,456,999	3,700,992	8,547,372	4,846,380	--- do ---	--- do ---
Flat Grinding Rollers	21,518,748	16,224,966	5,293,782	5,932,203	638,421	--- do ---	--- do ---
Trutzschler Card	21,150,003	20,050,068	1,099,935	12,711,864	11,611,929	--- do ---	--- do ---
Trutzschler Card	9,001,535	6,767,136	2,234,399	8,268,008	6,033,609	--- do ---	--- do ---
Trutzschler Card	25,404,758	20,160,017	5,244,741	15,254,237	10,009,496	--- do ---	--- do ---
Trutzschler Card	4,468,000	3,585,699	882,301	5,084,746	4,202,445	--- do ---	--- do ---
Cross Roll Card	2,089,952	841,755	1,248,197	847,458	(400,739)	--- do ---	--- do ---
Crosrol Card	1,804,952	745,560	1,059,392	847,458	(211,934)	--- do ---	--- do ---
Crosrol Card	1,804,950	745,560	1,059,390	847,458	(211,932)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
Rupees							
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,431,050	538,722	892,328	762,712	(129,616)	--- do ---	--- do ---
Crosrol Card	1,787,000	514,835	1,272,165	847,458	(424,707)	--- do ---	--- do ---
Rieter Comber Machine	31,296,457	29,141,226	2,155,231	9,417,372	7,262,141	--- do ---	--- do ---
Spindle Twin Splicer	28,842,079	19,945,867	8,896,212	5,508,475	(3,387,737)	--- do ---	--- do ---
Trutzschler Card	25,229,435	21,901,256	3,328,179	16,536,016	13,207,837	--- do ---	--- do ---
Trutzschler Card	9,001,535	6,767,136	2,234,399	8,268,008	6,033,609	--- do ---	--- do ---
Draw Frame Finsher	10,954,289	9,911,616	1,042,673	5,084,744	4,042,071	--- do ---	--- do ---
Trutzschler Card	8,468,253	6,735,477	1,732,776	1,864,407	131,631	--- do ---	--- do ---
Ring Frame	12,571,022	3,722,298	8,848,724	9,100,000	251,276	--- do ---	--- do ---
Ring Frame	7,520,644	1,027,821	6,492,823	6,700,000	207,177	--- do ---	--- do ---
Ring Frame	1,767,320	801,424	965,896	984,000	18,104	--- do ---	--- do ---
Ring Frame	7,591,207	6,794,425	796,782	2,913,136	2,116,354	--- do ---	--- do ---
Ring Frame	2,271,022	1,366,198	904,824	2,754,237	1,849,413	--- do ---	--- do ---
Ring Frame	881,822	190,473	691,349	71,000	(620,349)	--- do ---	--- do ---
Auto Cone Machine	11,270,652	9,966,596	1,304,056	4,950,000	3,645,944	--- do ---	M/s. Sapphire Textile Mills Ltd.(a related party).
Auto Cone Machine	26,717,529	23,460,529	3,257,000	10,000,000	6,743,000	--- do ---	--- do ---
Ring Frame Model	22,324,117	14,858,503	7,465,614	25,423,729	17,958,115	--- do ---	--- do ---
Auto Cone Machine	13,124,546	11,301,271	1,823,275	2,500,000	676,725	--- do ---	M/s. Abdullah Waleed Textile Mills Ltd.
Auto Cone Machine	11,801,222	10,071,472	1,729,750	2,500,000	770,250	--- do ---	--- do ---
Howa Ring Frame	2,612,700	983,556	1,629,144	1,154,661	(474,483)	--- do ---	M/s. Shareef Enterprise Ltd.
Howa Ring Frame	1,600,000	501,640	1,098,360	1,154,661	56,301	--- do ---	--- do ---
Howa Ring Frame	1,917,415	1,187,415	730,000	1,154,661	424,661	--- do ---	--- do ---
Rieter K-45 Ring Frames	47,454,452	35,055,036	12,399,416	16,932,220	4,532,804	--- do ---	M/s.Hanif'S Trading Corporation
Card Rieter C-51	2,500,000	1,620,233	879,767	1,269,916	390,149	--- do ---	M/s. Mubashar Brothers Faisalabad
Card Rieter C-51	3,196,414	1,888,729	1,307,685	1,269,916	(37,769)	--- do ---	--- do ---
	2,013,545,017	1,065,852,639	947,692,378	1,255,487,726	307,795,348		
<b>Vehicles</b>							
Suzuki Cultus	1,760,000	1,186,888	573,112	755,000	181,888	Negotiation	Mr. Zia Ullah
<b>Assets having net book value upto Rs.500,000 each</b>							
	115,175,550	104,868,582	10,306,968	74,086,687	63,779,719	Negotiation	Various parties
<b>June 30, 2025</b>	<b>2,130,480,567</b>	<b>1,171,908,109</b>	<b>958,572,458</b>	<b>1,330,329,413</b>	<b>371,756,955</b>		
June 30, 2024	289,828,936	145,891,744	143,937,192	614,041,432	470,104,240		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>6. LONG TERM INVESTMENTS</b>			
Associated Companies – equity method	6.1	7,730,811,810	3,192,234,705
<b>6.1 Associated Companies</b>			
<b>Quoted</b>			
Sapphire Fibres Limited	6.2.1	6,193,876,715	1,870,741,663
Sapphire Textile Mills Limited	6.2.2	347,316,152	293,357,610
<b>Un quoted</b>			
SFL Limited	6.2.3	229,594,251	210,784,518
Sapphire Finishing Mills Limited	6.2.4	275,323,830	287,121,571
Sapphire Holding Limited	6.2.5	133,111,026	104,323,303
Sapphire Power Generation Limited	6.2.6	461,045,461	339,347,849
Sapphire Dairies (Pvt) Limited	6.2.7	90,544,375	86,558,191
Sanifa Agri Services Limited	6.2.8	–	–
		7,730,811,810	3,192,234,705

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 6.1 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on latest available un-audited financial statements of Associates as at June 30, 2025. Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	SFL			STML			SFL			SFML			SHL			SPGL			SDL			SASL		
	2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024	
	Rupees																							
<b>Summarised Statement of Financial Position</b>																								
Non-current assets	7,647,546,649	35,456,29,526	99,333,017	98,091,359,993	87,160,49,373	8,778,487	533,437,791	211,986,57,033	19,739,022,381	28,745,301,457	22,007,010,086	3,242,126,680	2,394,128,947	55,546,202,225	52,439,49,948	-	-	-	-	-	-	-	-	-
Current assets	4,991,107,104	4,066,384,575	102,789,95,389	87,160,49,373	8,778,487	8,778,487	8,778,487	25,744,458,882	24,073,518,254	401,884,876	297,78,355	99,852,174	130,631,26	203,564,414	1,602,888,06	73,295	73,295	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458
Non-current liabilities and current liabilities	12,637,117,143	81,512,014,101	202,182,384,466	185,169,78,366	592,75,602	592,75,602	542,159,210	44,940,029,935	43,860,540,635	29,147,186,333	22,398,884,41	3,341,978,854	2,434,781,073	75,789,49,639	68,423,37,54	73,295	73,295	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458	1,41,458
Net assets	35,740,724,533	26,067,912,715	104,348,878,389	101,506,40,450	56,737,200	56,737,200	50,088,223	30,644,276,098	26,884,200,981	2,440,512,728	1,430,001,922	478,728,137	327,314,341	357,046,628	1,379,835,463	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027
NCI Share	5,948,989,308	7,031,568,261	22,639,17,726	20,176,661,419	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	41,689,713,661	33,099,480,976	126,967,795,815	121,682,902,069	56,737,200	56,737,200	50,088,223	30,644,276,098	26,884,200,981	2,440,512,728	1,430,001,922	478,728,137	327,314,341	357,046,628	1,379,835,463	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027
Reconciliation to carrying amount	84,697,403,482	48,412,533,125	75,144,530,651	63,487,076,297	536,036,382	536,036,382	492,120,987	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837
Opening net assets	48,412,533,125	41,039,972,361	63,487,076,297	47,718,297,320	492,120,987	492,120,987	10,333,139,759	16,976,389,654	16,872,791,107	20,915,865,519	18,398,539,743	2,074,466,732	1,781,813,204	3,882,312,118	3,750,228,658	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027	64,844,6027
Profit for the period / year	33,429,062,713	3,875,292,560	9,442,985,772	13,263,476,503	34,673,593	34,673,593	267,074,999	876,534,271	196,637,489	5,110,454,590	1,943,819,21	694,310,693	206,336,877	192,166,692	90,496,721	51,604	51,604	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29
Other comprehensive (loss) / income	2,604,796,301	3,711,664,538	3,191,670,514	2,424,594,459	8,850,152	8,850,152	17,905,071	17,285,841	299,394,662	650,817,236	1,078,935,994	99,795,354	138,722,989	15,680,799	8,413,261	-	-	-	-	-	-	-	-	-
Other adjustments	458,888,093	7,677,584	187,214,351	1,297,605,925	39,1550	39,1550	100,055,990,843	6,145,613	89,1374	102,132,60	43,571,861	138,722,989	138,722,989	15,680,799	8,413,261	-	-	-	-	-	-	-	-	-
Dividend paid during the year	(26,718,750)	(26,718,750)	(769,987,581)	(216,897,910)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing net assets	84,697,403,482	48,412,533,125	75,144,530,651	63,487,076,297	536,036,382	536,036,382	492,120,987	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837	16,278,786,837
Group's share (percentage)	73.33%	38.64%	0.46%	0.42%	4.28%	4.28%	4.28%	16.7%	16.7%	16.7%	16.7%	16.10%	16.10%	22.6%	22.6%	33.1%	33.1%	33.1%	33.1%	33.1%	33.1%	33.1%	33.1%	33.1%
Carrying amount of investment (Rupees)	61,939,76,715	1,870,741,663	94,731,6152	293,357,610	229,594,251	229,594,251	210,784,518	27,532,380	287,121,571	133,110,026	104,323,303	44,105,461	39,347,849	90,544,375	86,558,191	-	-	-	-	-	-	-	-	-
Summarised Statement of profit or loss																								
Revenue	62,438,480,728	65,461,810,451	152,594,059,204	137,298,442,336	1,055,990	1,055,990	35,553,492	51,615,621,47	42,348,202,379	34,121,961	74,993,039	-	-	5,033,253,283	4,490,987,554	-	-	-	-	-	-	-	-	-
Profit before tax	37,233,591,686	8,785,095,978	17,290,022,889	22,794,323,324	4,150,497	4,150,497	64,368,846	439,258,888	504,571,330	6,087,893,077	1,735,145,025	83,089,548	26,400,9005	284,519,158	214,617,729	51,604	51,604	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29
Profit after tax	33,429,062,713	7,807,862,463	13,371,163,579	19,726,662,575	3,467,3393	3,467,3393	274,901,372	87,659,471	432,044,980	5,110,454,590	1,494,560,021	694,310,693	206,336,877	192,166,692	90,495,721	51,604	51,604	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29
Other comprehensive income	2,604,796,301	3,711,664,538	3,191,670,514	2,424,594,459	8,850,152	8,850,152	17,905,071	17,285,841	299,394,662	650,817,236	1,078,935,994	99,795,354	138,722,989	15,680,799	8,413,261	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	36,034,703,014	11,519,532,001	16,238,787,093	22,151,257,034	43,532,445	43,532,445	297,804,443	703,698,600	449,169,642	865,207,415	253,420,015	794,106,647	34,505,966	176,485,893	82,082,460	51,604	51,604	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29	121,432,29

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 6.2.1** Investment in SFL represents 1,511,670 (June 30, 2024: 798,796) fully paid ordinary shares of Rs. 10 each representing 7.31% (2024: 3.8642%) of SFL's issued, subscribed and paid-up capital as at April 30, 2025. SFL was incorporated on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of SFL is manufacturing and sale of yarn, fabrics and garments.
- 6.2.2** Investment in STML represents 100,223 fully paid ordinary shares of Rs. 10 each representing 0.462% (2024: 0.462%) of STML's issued, subscribed and paid-up capital as at June 30, 2025. STML was incorporated as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of STML is manufacturing and sale of yarn, fabrics, home textile products, finishing, stitching and printings of fabrics.
- 6.2.3** Investment in SFLL represents 401,570 fully paid ordinary shares of Rs. 10 each representing 42.83% (2024: 42.83%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2025. SFLL was incorporated in Pakistan as a public limited company and is principally engaged in the business to invest in the shares of associated companies and other business.
- 6.2.4** Investment in SFML represents 1,556,000 fully paid ordinary shares of Rs. 10 each representing 1.69% (2024: 1.69%) of SFML's issued, subscribed and paid-up capital as at June 30, 2025. SFML was incorporated as a public limited company and is principally engaged in processing, dyeing and finishing of fabric and stitching of garments (work wear and fashion apparel).
- 6.2.5** Investment in SHL represents 100,223 fully paid ordinary shares of Rs. 10 each representing 0.5% (2024: 0.5%) of SHL's issued, subscribed and paid-up capital as at June 30, 2025. SHL was incorporated in Pakistan as a public limited company by shares and its principal business is to invest in the shares of associated companies and other business.
- 6.2.6** Investment in SPGL represents 2,580,250 (2024: 2,580,250) fully paid ordinary shares of Rs.10 each representing 16.10% (2024: 16.10%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2025. SPGL was incorporated in Pakistan as a public limited company by shares and its principal business is electric power generation and distribution. During the preceding year, the Group has acquired further 2,025,250 ordinary shares of SPGL as result of merger.
- 6.2.7** Investment in SDL represents 4,100,000 fully paid ordinary shares of Rs. 10 each representing 2.26% of SDL issued, subscribed and paid-up capital as at June 30, 2025. SDL was incorporated as private limited company and is involved in production and sale of milk and dairy products. SDL is an Associate of the Company due to common directorship. This investment is acquired as result of merger.
- 6.2.8** Investment in SASL represents 11,590,000 fully paid ordinary shares of Rs. 10 each representing 33.11% of SASL issued, subscribed and paid-up capital as at June 30, 2024. SASL was incorporated as a public limited company and is involved in research and development on seeds. This investment is acquired as result of merger.
- Investment in Sanifa Agri Services Limited has been carried at Rs. Nil in the book of accounts because of accumulated losses.
- 6.2.9** The Group investment in above companies is less than 20% but these are considered associated companies as the Group has significant influence over the financial and operating policies through representation on the Board of Directors of these companies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Land	Factory Building	Residential building	Total
	Rupees			
<b>7. INVESTMENT PROPERTY</b>				
Transferred from operating fixed assets	28,075,185	94,174,034	51,036,657	173,285,876
Depreciation for the year	–	1,569,567	425,305	1,994,872
	28,075,185	92,604,467	50,611,352	171,291,004

**7.1** The Parent Company, during the year, entered in to a lease arrangement with Sapphire Electronics (Pvt.) Limited (a subsidiary company) to lease out the above assets. Upon entering the agreement management reclassify the above assets from operating fixed assets.

**7.2** Land represents 256 kanal having covered area of 650,000 square feet situated at Jumber Khurd, Bhai Pheru, District. Kasur.

**7.3** Fair value of the investment property as at June 30, 2025, based on the management estimation is Rs. 1.408 billion.

	2025 Rupees	2024 Rupees
<b>8. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	108,814,478	64,874,409
Spare parts	48,043,172	110,048,799
Loose tools	236,642	226,418
Items in transit	18,648,304	23,799,961
	175,742,596	198,949,587

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>9. STOCK-IN-TRADE</b>			
Raw materials:			
– at mills		4,569,802,316	3,406,275,461
– in transit		1,224,621,419	967,894,287
		5,794,423,735	4,374,169,748
Work-in-process		570,402,868	631,593,634
Finished goods		1,575,018,557	892,650,514
Waste		37,891,441	7,958,230
		7,977,736,601	5,906,372,126
<b>10. TRADE DEBTS</b>			
Considered good			
Unsecured – local	10.1	1,824,711,608	2,128,109,798
Secured – foreign debts		284,861,161	110,388,282
		2,109,572,769	2,238,498,080
Less: provision for expected credit loss	10.4	47,055,358	42,310,703
		2,062,517,411	2,196,187,377
<b>10.1 These include the following amounts due from related parties:</b>			
Diamond Fabrics Limited		3,688,790	55,984,974
Sapphire Fibres Limited		170,601,405	217,778,579
Sapphire Power Generation Limited		1,009,166	1,009,166
Sapphire Textile Mills Limited		16,530,747	17,316,333
		191,830,108	292,089,052

**10.2 The ageing of trade debts at June 30, is as follows:**

	Related parties		Others	
	2025	2024	2025	2024
	Rupees			
Not past due	12,219,223	2,399,574	802,439,343	712,878,389
Past due 1–30 days	93,304,543	224,315,934	676,648,037	537,377,627
Past due 31–60 days	50,566,766	6,171,234	247,598,381	450,798,858
Past due 61–90 days	17,033,423	1,192,861	77,587,556	66,778,159
Past due 91–365 days	17,696,988	57,910,565	99,199,534	162,055,740
Past due one year	1,009,165	98,884	14,269,810	16,520,255
	191,830,108	292,089,052	1,917,742,661	1,946,409,028

**10.3** The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 1,266.672 million ( 2024: Rs. 1,495.98 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>10.4 Provision for expected credit loss</b>		
Balance at the beginning of the year	42,310,703	14,529,933
Provision assumed upon merger of ACML with in and into the Company	–	33,989,111
Charge / (reversal) of provision during the year	4,744,655	(6,208,341)
Balance at the end of the year	47,055,358	42,310,703

	Exposure at default 2025 Rupees	Expected credit loss 2024 Rupees
<b>10.5 The expected credit allowance for trade debts at the reporting is calculated as below:</b>		
Not past due	814,220,166	2,081,813
Past due 1–30 days	769,952,580	3,141,877
Past due 31–60 days	298,165,147	2,556,376
Past due 61–90 days	94,620,979	3,840,891
Past due 91–365 days	116,896,522	20,170,817
Past due one year	15,278,975	15,263,584
	2,109,134,369	47,055,358

	Note	2025 Rupees	2024 Rupees
<b>11. LOANS AND ADVANCES</b>			
Loan to associated company	11.1	196,109,105	196,109,105
Current portion of long term loans to employees		1,427,000	1,960,000
Advances to supplier and contractors	11.2	135,074,584	110,229,824
Loan to an associates:			
– SANIFA Agri Services Limited	11.3	182,250,000	190,250,000
less: provision for impairment		(182,250,000)	(190,250,000)
		–	–
Advance for purchase of office	11.4	6,668,800	6,668,800
		339,279,489	314,967,729

**11.1** With the approval of a special resolution dated November 16, 2023, RCSM Company (Pvt.) Limited (subsidiary company) has provided loan amounting Rs. 196.109 million to Sapphire Farm Services (Private) Limited (an associated Company). The loan along with mark-up at is repayable on demand.

**11.2** This includes amount of Rs. 2.129 thousand (2024: Rs. 2.129 thousand) paid to Sapphire Textile Mills Limited (a related party).

**11.3** ACML (merged with the Company on March 31, 2024) has entered into a loan agreement with SANIFA Agri Services Limited (an Associate Company), to provide an unsecured loan upto an amount Rs. 200 million for working capital requirements. This loan carried mark-up at the rate of 3 months Kibor plus 1.5% per annum and is repayable within one year. The loan is secured against ranking charge on present and future assets of ACML and cheques for an amount of Rs. 240 million to be issued in favor of the Company. The maximum aggregate outstanding balance due from the associated Company at the end of any month during the current financial year was Rs. 190.250 million. Due to current financial position of investee Company and doubtful recover of loan management has booked provision for expected loss against this loan and has stopped charging mark-up on this loan during the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**11.4** ACML (merged with the Parent Company on March 31, 2024) has filed a suit No.203 of 2011 against Enshaa NLC Development (Private) Limited before the Honorable Sindh High Court, Sindh for recovery of Rs. 6.668 million being the amount of security deposit paid by the plaintiff to the defendant to establish its interest in getting reservation for office space at Karachi Financial Tower and to recover the damages amounting to Rs.10 million The matter is pending for hearing of applications. Based on the opinion of the legal advisor of the Company, the management expects a favorable outcome of the case.

	Note	2025 Rupees	2024 Rupees
<b>12. SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Bank guarantee margin		26,799	2,750,722
Prepayments		31,893,135	-
		31,919,934	2,750,722
<b>13. SHORT TERM INVESTMENTS</b>			
Equity instruments			
- at FVTOCI	13.1	285,879,891	198,595,221
- at FVTPL	13.2	2,061,692	2,134,604
		287,941,583	200,729,824

## 13.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of Shares/Certificate			Name of the investee company	Market value		Cost	
2025	2024	2025		2024	2025	2024	
Rupees							
	39,796	39,796	Meezan Bank Limited	13,214,262	9,526,764	2,431,357	2,431,357
	30,000	30,000	Oil & Gas Development Company Limited	6,616,800	4,061,100	4,574,621	4,574,621
	17,744	17,744	Pakistan State Oil Company Limited	6,698,892	2,949,230	3,969,942	3,969,942
	26,000	26,000	Sui Northern Gas Pipeline Limited	3,034,460	1,650,220	3,224,374	3,224,374
	50,950	50,950	Sui Southern Gas Company Limited	2,180,151	483,006	1,892,741	1,892,741
	60,500	12,100	Systems Limited	6,481,970	5,061,430	492,468	492,468
	20,000	20,000	Yousuf Weaving Mills Limited	113,800	63,800	54,073	54,073
	225	225	786 Investment Limited	2,473	1,211	400	400
	26,174	26,174	Jubilee Life Insurance Company Limited	4,083,406	3,309,964	323,173	323,173
	66,500	66,500	Progressive Insurance Company Limited	-	-	190,190	190,190
	21,168	21,168	Pakistan Oilfields Limited	12,492,719	10,371,050	3,416,368	3,416,368
	123,750	123,750	HBL Growth Funds – Class-B	3,908,000	2,851,646	-	-
	1,012,000	1,012,000	Bank Al-Habib Limited	159,673,360	113,526,160	22,165,600	22,165,600
	111,250	111,250	Fatima Fertilizer Company Limited	11,059,363	5,742,725	2,123,026	2,123,026
	500	500	MCB Bank Limited	144,170	113,510	3,862	3,862
	313,500	313,500	Habib Bank Limited	56,176,065	38,883,405	68,415,206	68,415,206
				285,879,891	198,595,221	113,277,401	113,277,401
Adjustment arising from re-measurement to fair value						172,602,490	85,317,820
Market value						285,879,891	198,595,221

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 13.2. Equity Instruments – at FVTPL

No. of Shares/Certificate			Market value		Cost	
2025	2024	Name of the investee company	2025	2024	2025	2024
Rupees						
40,850	42,296	Pakistan Cash Management Fund	2,061,625	2,134,603	2,061,625	2,129,836
1,2318	-	Pakistan Income Fund	67	-	67	-
Add: Adjustment arising from						
Add: Adjustment arising from re-measurement to fair value					-	4,767
					2,061,625	2,134,603

13.3. Short term investment acquired under the scheme of merger of ACML with and into the Company is in process of transfer in name of the Parent Company.

	Note	2025 Rupees	2024 Rupees
<b>14. OTHER RECEIVABLES</b>			
Advance income tax		216,278,311	133,853,219
Export rebate & duty drawbacks		-	481,497
Deposits with the High Court		6,993,302	6,993,302
Prepaid final tax levy		68,574,712	196,942,270
Others & accrued mark-up		59,139,468	28,696,071
Receivable against sale of fixed assets – Sapphire Fibres Limited (a related party)		-	43,306,000
Other		6,215,462	-
		357,201,255	410,272,359
<b>15. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax		856,510,386	399,656,970
Less: provision for doubtful tax refunds		95,691,876	86,362,171
		760,818,510	313,294,799
Income tax		476,523,371	358,333,303
		1,237,341,881	671,628,102
<b>16. CASH AND BANK BALANCES</b>			
Cash-in-hand		1,720,211	310,000
Cash at bank			
- at current account	16.1	705,635,917	268,924,342
- at dividend account		581,807	664,699
		706,217,724	269,589,041
Term deposit receipts	16.2	50,000,000	-
		757,937,935	269,899,041

16.1 This include US\$ 961,463 (June 30, 2024: US\$ 731,376).

16.2 This carried mark up at the rate of 7.15% per annum and is having a maturity period of six months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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

	2025 Number	2024		2025 Rupees	2024 Rupees
	10,652,000	10,292,000	Ordinary shares of Rs. 10 each fully paid in cash	106,520,000	102,920,000

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

**17.2** 8,562,370 (2024: 6,773,655) ordinary shares of Rs. 10 each are held by the related parties as at year-end.

**17.3** On November 28, 2024 the Parent Company has issued 360,000 ordinary shares of Rs. 10 each to the shareholders of ACML under the scheme of merger (note 1.1).

	Note	2025 Rupees	2024 Rupees
<b>18. RESERVE</b>			
Unrealised gain on financial assets at fair value through other comprehensive income	18.1	512,120,247	196,602,289
Hedging reserve		1,304,082	3,159,062
General reserve	18.2	168,353,673	168,353,673
Capital reserve	18.3	6,500,000,000	-
Merger reserve	18.4	23,328,154	26,928,154
		7,205,106,156	395,043,178

**18.1** This represent un-realised loss on re-measurement of investment at fair value through OCI.

**18.2** This amount has been set aside from un-appropriated profit and is available for the distribution to the shareholders.

**18.3** This amount has been set aside from un-appropriated profits for capital expansion and is not available for distribution to the share holders.

**18.4** This represents merger reserve arisen upon merger of ACML with and into the Parent Company on March 31, 2024. This also include the effect of merger adjustments, elimination of inter company balances and cross investments.

	Note	2025 Rupees	2024 Rupees
<b>19. LONG TERM LIABILITIES – Secured</b>			
Long term finances	19.1	2,141,282,648	2,927,082,191
Provision for Gas infrastructure Development Cess	19.2	-	195,577,337
		2,141,282,648	3,122,659,528
Less: current portion grouped under current liabilities		(388,447,776)	(664,785,046)
		1,752,834,872	2,457,874,482

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>19.1 Long term finances</b>			
(from banking companies)			
– Faysal Bank Limited	19.1.1	114,472,656	133,786,531
– Habib Bank Limited	19.1.2	120,225,000	145,509,000
– MCB Bank Limited	19.1.3	554,046,140	658,267,513
– Meezan Bank Limited	19.1.4	612,445,375	707,181,278
<b>Exposure transferred from Amer Cotton Mills (Private) Limited to the Parent Company upon merger</b>			
– MCB Bank Limited	19.1.5	230,139,380	289,045,164
– Faysal Bank Limited	19.1.6	96,303,497	114,917,223
– Meezan Bank Limited	19.1.7	–	75,000,000
– Habib Metropolitan Bank Limited:			
– Long term finance facility – I	19.1.8	118,864,000	139,676,000
– Long term finance facility – II	19.1.9	170,454,000	188,363,000
– Allied Bank Limited	19.1.10	–	300,000,000
– MCB Islamic Bank Limited	19.1.11	124,332,600	175,336,482
		2,141,282,648	2,927,082,191

**19.1.1** The Parent Company has arranged long term finance facilities amounting to Rs. 300 million from Faysal Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank has disbursed Rs. 269.647 million in 11 tranches of different amounts during the preceding years. Each tranche is repayable in 32 equal quarterly installments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2024: 3.00% to 24.02%) per annum and are secured against first charge of Rs. 400 million with 25% margin over all present and future plant and machinery of the Parent Company.

**19.1.2** The Parent Company has arranged long term finance facilities amounted Rs. 250 million from Habib Bank Limited under the state bank of Pakistan (SBP) scheme for imported plant and machinery. These finance facilities have different repayment terms and carry mark-up at the rate 2.85% (2024: 2.85%) per annum, payable on quarterly basis. This facility secured against parri passu charge over present and future plant and machinery of the Parent Company for Rs. 641.333 million.

**19.1.3** The Parent Company has arranged a long term finance facility amounting Rs. 1,065.548 million from MCB Bank Limited to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 933.472 million in 24 tranches of different amount during the preceding years. Each tranche is repayable in 16 equal quarterly installments commenced from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.50% to 22.68% (2024: 2.50% to 23.13%) per annum and are secured against 1st joint parri passu charge of Rs. 6,536 million (June 30, 2024: Rs. 6,536 million) with 25 % margin over all present and future plant and machinery of the Parent Company.

**19.1.4** The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,400 million from Meezan Bank Limited (Islamic) to retire imports documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 737.410 million in 14 tranches of different amounts during the preceding years. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate ranged from 3.50% to 4.00% (2024: 3.50% to 4.00%) per annum and are secured against 1st parri passu charge with 25 % margin overall present and future plant and machinery of the Parent Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 19.1.5** The Parent Company has arranged long term finance facilities amounting Rs. 500 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the preceding years, disbursed Rs. 458.809 million in twenty three tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% per annum and are secured against hypothecation charge of Rs. 667 million over all present and future plant and machinery of the Parent Company.
- 19.1.6** The Parent Company has arranged long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 200 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the preceding years, disbursed Rs. 195.121 million in nine tranches of different amounts. Each tranche under this finance facility has different repayments terms. These finances carry mark-up at the rate of 4.00% per annum and are secured against first pari passu charge of Rs. 267 million with 25% margin over the all present and future plant and machinery of the Parent Company.
- 19.1.7** The Parent Company has arranged Diminishing Musharakah amounting Rs. 300 million from Meezan Bank Limited under sales and lease back arrangement. The bank against the said facility disbursed Rs. 300 million in one tranche. This facility is repayable in 16 equal quarterly instalments commenced from August, 2021 and carries mark-up at the rate of 3 month Kibor + 1% per annum. These finances carry mark-up at the rate during the year ranged from 12.93% to 22.34%(2024:15.39%to 24.08%) per annum. This facility is secured against pari passu charge over all present and future plant and machinery of the Parent Company.
- 19.1.8** The Parent Company has arranged long term finance facilities amounting Rs. 167 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the preceding years, against the said facility disbursed Rs. 166.47 million in two tranches of different amounts. Each tranche under this finance facility is payable in thirty two quarterly instalments. These finances carry mark-up at the rate of 3.50% (2024: 3.50%) per annum and are secured against joint pari passu charge of Rs. 254 million over plant and machinery with 25% margin registered with SECP.
- 19.1.9** The Parent Company has arranged long term finance facilities amounting Rs. 200 million from Habib Metropolitan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the preceding years, disbursed Rs. 188.787 million in two tranches. Each tranche under this finance facility is payable in thirty two quarterly instalments. This facility carry mark-up at the rate ranging from 3.50% to 8.50% (2024:3.50% to 8.50%) per annum and is secured against joint pari passu charge of Rs.267 million over plant and machinery with 25% margin registered with SECP.
- 19.1.10** The Parent Company has arranged long term finance facility amounting Rs. 300 million from Allied Bank Limited to carry out planned BMR/CAPEX. The bank, during the preceding year, disbursed Rs. 300 million in six tranches. This finance facility is payable in sixteen semi annual instalments. This facility carry mark-up at the rate of 12.73% to 22.99% (, 2024: 23.66% to 24.12%) per annum and are secured against first pari passu charge over plant and machinery of the Parent Company with 25% margin.
- 19.1.11** The Parent Company has arranged Diminishing Musharakah facility amounting Rs. 400 million from MCB Islamic Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank, during the preceding years, disbursed Rs. 175.852 million in nine tranches. Each tranche under this finance facility is payable in sixteen semi annual instalments. This facility carry mark-up at the rate ranging from 5.75% to 20.75% (2024: 5.75% to 24.03%) per annum and are secured against ranking charge on all present and future plant and machinery of the Parent Company with 25% margin.
- 19.1.12** Notes 19.1.5 to 19.1.11 represent finances obtained by ACML and this liability is assumed by the Parent Company under the scheme of merger.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>19.2 Movement in Gas Infrastructure</b>			
<b>Development Cess payable</b>			
Balance of provision for GIDC	19.2.1	195,577,337	92,876,938
Provision of GIDC assumed upon merger of ACML with in and into the Parent Company	19.2.1	–	100,187,769
Unwinding of interest		81,488	2,512,630
		195,658,825	195,577,337

**19.2.1** The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and ACML (merged with the Company on March 31, 2024) 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 judgment 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 Parent Company and ACML (merged with the Company on March 31, 2024) has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that the Companies falls under the category of consumer and had not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL from taking any coercive action against them.

The Parent Company has recorded a provision against GIDC. The amount has been recorded 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.

## 20. STAFF RETIREMENT BENEFIT – Gratuity

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

	2025 Rupees	2024 Rupees
<b>Amount recognized in the statement of financial position</b>		
Net liability at the beginning of the year	179,710,930	113,293,444
Provision assumed upon merger of ACML with in and into the Parent Company	–	4,680,138
Charge to consolidated statement of profit or loss	76,453,958	59,195,441
Remeasurement recognized in statement of other comprehensive income	1,372,849	34,882,672
Payments made during the year	(31,214,808)	(32,340,765)
Net liability at the end of the year	226,322,929	179,710,930



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>20.1 Expense recognized in Statement of profit or loss</b>	76,453,958	59,195,441
Actuarial losses from changes in demographic and financial assumptions	(2,271,714)	8,719,446
Experience adjustment	3,644,563	25,655,036
Remeasurements recognized in statement of other comprehensive income	1,372,849	34,374,482

	2025	2024
Actuarial assumptions used	2025	2024
Discount rate	14.75%	14.75%
Expected rate of increase in future estimates	11.75%	13.75%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

## 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
Discount rate	1.00%	(209,779,477)	245,640,712
Increase in future salaries	1.00%	246,271,047	(208,921,759)

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. 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.

Based on actuary's advice, the expected charge for the year ending June 30, 2026 amounts to Rs. 82.069 million.

**20.2** The Company has assumed net liability of Rs. 4.680 million upon the merger of the ACML.

**20.3** The weighted average duration of defined benefit obligation is 8 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 20.4 Historical information

	2025	2024	2023	2022	2021
	Rupees				
Present value of defined benefit obligation	226,322,929	179,710,930	113,293,444	92,326,481	72,010,728
Experience adjustment on obligation / actuarial loss	1,372,849	34,374,482	9,323,592	(3,661,570)	(2,009,990)
	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 Years	Total
	Rupees				
As at June 30, 2025	36,847,753	39,682,381	121,109,215	5,036,866,814	5,234,506,163
	2025 Rupees		2024 Rupees		
21. DEFERRED TAXTION – Net					
The balance of deferred tax is in respect of following major temporary differences					
Taxable temporary differences arising in respect of :					
– accelerated tax depreciation allowance			125,717,441	–	
– investment in associates			782,493,195	253,518,992	
– gain on investments			6,288,897	1,629,513	
			914,499,533	255,148,505	
Deductible temporary differences arising in respect of :					
– staff retirement benefit – gratuity			88,265,942	70,087,263	
– provision for doubtful tax refunds			37,319,832	33,681,247	
– provision for doubtful recovery of loan			71,077,500	74,197,500	
– provision for impairment in trade debts			18,351,590	16,501,174	
			215,014,864	194,467,184	
Deferred tax liability			699,484,669	60,681,321	

**21.1.** The Parent Company has not recognised deferred tax asset amounting Rs. 198.487 million relating to minimum tax paid under section 113(C) 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.

**21.2.** Deferred tax expense amounting Rs. 4.659 million (2024: Rs. 1.630 million) relating to unrealised fair value gain on investments and deferred tax income amounting Rs. 0.535 million (2024: Rs. 20.359 million) relating to actuarial loss on staff retirement benefit – gratuity have been routed though other comprehensive income. All other movements for deferred tax expense / income have been routed though profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>22. TRADE AND OTHER PAYABLES</b>			
Trade creditors	22.1	468,146,204	243,519,293
Accrued expenses		409,906,476	354,420,601
Bills payable	22.2	1,787,320,516	383,212,986
Sindh government infrastructure fee	22.3	622,087,579	502,166,898
Gas infrastructure development cess	19.2	195,658,822	-
Workers' profit participation fund	22.4	67,008,338	62,332,186
Workers' welfare fund – for the year		19,071,642	-
		<b>3,569,199,577</b>	<b>1,545,651,964</b>

**22.1** This include Rs. 65.544 million (2024: Rs. 58.849 million) payable to Sapphire Fibres Limited (related party).

This include Rs. 56.096 million (2024: Rs. Nil) payable to Sapphire Fibres Limited (related party).

**22.2** These are secured against import documents.

**22.3** This provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Parent Company and ACML (merged with the Company on March 31, 2024) has contested this issue in the Sindh High Court (the High Court). The Companies filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2025, the Parent Company and ACML (merged with the Company on March 31, 2024) has provided bank guarantees aggregating Rs. 655.892 million (2024: Rs. 565.892 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Groups favor.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>22.4 Workers' profit participation fund</b>		
Balance at beginning of the year	62,332,186	45,946,678
Add: interest on funds utilized by the Parent Company	1,703,530	149,057
	64,035,716	46,095,735
Less: payments made during the year	59,298,847	46,095,735
	4,736,869	-
Add: allocation for the year	62,271,469	62,332,186
Balance at end of the year	67,008,338	62,332,186

	Note	2025 Rupees	2024 Rupees
<b>23. ACCRUED MARK-UP / INTEREST</b>			
Mark-up / interest accrued on:			
- long term finances		16,598,083	46,612,386
- short term borrowings		63,904,067	164,474,827
		80,502,150	211,087,213
<b>24. SHORT TERM BORROWINGS</b>			
Short term loans	24.1	3,660,000,000	1,260,000,000
Running / cash finances – secured	24.1	1,016,419,815	2,237,159,879
		4,676,419,815	3,497,159,879

**24.1** The Parent Company has obtained short term finance facilities under mark-up arrangements aggregate to Rs. 7,510 million (2024: Rs. 7,458 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.15% to 21.85% (2024: 18.05% to 24.04%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 26,185 million (2024: Rs. 17,565 million) over current assets of the Parent Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs. 8,550 million (2024: Rs. 10,345 million) out of which the amount remained unutilized at the period-end was Rs. 6,638.297 million (2024: Rs. 6,943.74 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Parent Company, cash margins and counter guarantee by the Parent Company.

In addition to above facilities the Parent Company and Sapphire Electronics Company (Pvt.) Limited (a subsidiary company) has jointly obtained a facility for opening letter of credit aggregating to Rs. 3,500 million out of which amount remained unutilized at the year end was Rs. 3,034.313 million. The said facility is secured against hypothecation charge over current and fixed asset of the Parent Company and Sapphire Electronics (Pvt.) Limited (a subsidiary company).

Abovementioned facilities are expiring on various dates upto October 07, 2026.

These include short term financial exposure of ACML assumed by the Parent Company under the scheme of merger.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>25. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Current portion of long term finances	19	388,447,776	570,697,567
Current portion of Gas Infrastructure Development Cess payable	19	–	94,087,479
		388,447,776	664,785,046

## 26. CONTINGENCIES AND COMMITMENTS

### 26.1 Contingencies

#### 26.1.1 Outstanding bank guarantees

Guarantees aggregating Rs. 935.362 million (2024: Rs. 523.70 million) have been issued by banks of the Company and ACML (merged with the Company on March 31, 2024) to various Government institutions and Sui Northern Gas Pipeline Limited.

**26.1.2** 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. 11,260.58 million (2024: Rs. 11,299.16 million).

**26.1.3** The Parent Company has claimed an input tax credit of Rs. 95.622 million (2024: Rs. 49.615 million) which was disallowed by FBR through its notice dated June 20, 2015. The Parent Company has filed an appeal against the decision of FBR in the Honorable Lahore High Court dated July 07, 2015. The management expects a favourable out come in this case.

	2025 Rupees	2024 Rupees
<b>26.2 Commitments</b>		
Commitments in respect of :		
– letters of credit for capital expenditure	277,806,049	408,962,241
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,004,836,588	242,965,933
– capital expenditure other than letters of credit	20,016,125	12,275,251
– foreign & local bills discounted	483,167,408	538,367,280

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 27. SALES – Net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

	Note	2025 Rupees	2024 Rupees
Types of goods and services			
<b>Local sales</b>			
– yarn		13,938,478,221	3,605,094,484
– waste		471,939,765	325,382,810
– raw materials		331,355,344	424,022,611
– local steam income		21,083,945	26,951,790
– processing income		18,645,666	2,596,294
		14,781,502,941	4,384,047,989
<b>Export Sales</b>			
– yarn	27.1	3,293,761,379	11,796,866,736
– waste		–	129,992,175
		3,293,761,379	11,926,858,911
Electrical appliances		2,456,774,689	–
		20,532,039,009	16,310,906,900
Less: sales tax		2,695,800,043	1,241,833,884
		17,836,238,966	15,069,073,016

**27.1** Preceding year includes indirect export of Rs. 9,063 million.

**27.2** Waste sales include sale of comber noil.

**27.3** Exchange loss due to currency rate fluctuations relating to export sales amounting to Rs. 0.744 million (2024: Rs. 1.049 million) has been net off in export sales.

**27.4** Out of total contract liabilities outstanding at June 30, 2024 amounting to Rs. 30.698 million, an amount of Rs. 24.172 million has been recognized as revenue during the year.

**27.5** The Group's revenue from external customers by geographical location is detailed below:

	2025 Rupees	2024 Rupees
Africa	75,160,210	144,242,790
America	17,947,239	389,290,594
Asia	16,711,208,278	13,776,785,246
Australia	13,027,112	8,817,844
Europe	1,018,896,127	749,936,542
	17,836,238,966	15,069,073,016

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>28. COST OF SALES</b>			
Finished goods at beginning of the year		900,608,744	843,332,923
Finished goods received upon merger		–	369,109,528
Cost of goods manufactured	28.1	15,728,104,012	12,085,482,478
Yarn purchased during the year		42,276,904	83,132,100
Cost of raw materials sold		476,797,098	351,675,267
Cost of completely built unit		105,217,865	–
		16,352,395,879	12,520,289,845
		17,253,004,623	13,732,732,296
Finished goods at end of the year		(1,612,909,998)	(900,608,744)
		15,640,094,625	12,832,123,552
<b>28.1 Cost of goods manufactured</b>			
Work-in-process at beginning of the year		631,593,634	609,784,835
Work-in-process received upon merger		–	14,887,252
Raw materials consumed	28.2	11,623,001,610	8,699,444,557
Salaries, wages and benefits	28.3	1,110,188,641	899,874,940
Packing stores consumed		200,835,418	183,586,587
General stores consumed		293,167,815	226,950,816
Processing charges		412,533,631	360,998,771
Depreciation	5.2	582,817,554	415,782,831
Fuel and power		1,330,610,084	1,216,973,862
Repair and maintenance		26,669,711	15,487,950
Insurance		40,752,485	43,011,041
Boarding and lodging		1,073,051	–
Travelling and conveyance		6,085,814	18,469,664
Entertainment		3,059,624	–
Other manufacturing expense		36,117,808	11,823,006
		16,298,506,880	12,717,076,112
Work-in-process at end of the year		(570,402,868)	(631,593,634)
		15,728,104,012	12,085,482,478
<b>28.2 Raw materials consumed</b>			
Stocks at beginning of the year		3,406,275,461	3,982,794,123
Stocks received upon merger		–	402,749,026
Purchases		13,392,784,299	7,720,176,869
		16,799,059,760	12,105,720,018
Stocks at end of the year		(5,176,058,150)	(3,406,275,461)
		11,623,001,610	8,699,444,557

**28.3** Salaries, wages and benefits include Rs. 76.454 million (2024: Rs. 116.836 million) in respect of staff retirement benefit – gratuity and Rs. 7.041 million (2024: Rs. 8.280 million) contribution in respect of staff provident fund.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>29. DISTRIBUTION COST</b>			
Salaries and other benefits	29.1	34,293,865	22,151,624
Travelling, conveyance and entertainment		2,680,414	6,408,522
Insurance charges – exports		542,004	548,588
Telephone & Postage		1,815,893	1,119,892
Printing and stationery		134,639	156,309
Fee and subscription		16,345,939	4,551,508
<b>Commission:</b>			
– local		22,165,567	10,879,919
– export		66,421,247	34,475,171
		88,586,814	45,355,090
<b>Freight and forwarding:</b>			
– local		21,435,505	16,721,263
– export		136,407,475	68,452,647
		157,842,980	85,173,910
Export development surcharge		7,615,986	7,081,215
		309,858,534	172,546,658

**29.1** Salaries and other benefits include Rs. 0.985 million (2024: Rs. 1.005 million) in respect of contribution to staff provident fund.

	Note	2025 Rupees	2024 Rupees
<b>30. ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		21,600,000	21,600,000
Director's meeting fee		240,000	280,000
Salaries and other benefits	30.1	204,948,376	115,957,573
Postage		2,489,897	3,340,680
Fee and subscription		15,584,972	4,893,670
Legal and professional charges		61,703,857	15,200,146
Entertainment		8,539,865	16,134,077
Travelling and conveyance		25,849,703	47,188,377
Printing and stationery		7,809,927	4,950,455
Advertisement		696,097	219,173
Repair and maintenance		12,010,307	1,470,537
Utility charges		11,915,809	6,507,544
Charity and donations	30.2	27,550,000	8,700,000
Depreciation	5.2	4,985,790	4,325,451
Depreciation on investment property		1,994,872	–
Insurance expense		344,545	158,314
Others		2,460,574	206,618
		410,724,591	251,132,615

**30.1** Salaries and other benefits include Rs. 5.987 million (2024: Rs. 5.393 million) in respect of contribution to staff provident fund.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 30.2 Donations exceeding 10% of the total donations of the Company

### Donations with directors' interest

This include donations amounted Rs. 20 million that were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nabeel Abdullah, Mr. Amer Abdullah, Mr. Yousuf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

### Donations without directors' interest

These include donations amounted Rs. 2.5 million made to China Forum, Rs.3 million made to Family Education Service Foundation and Rs. 2 million to Punjab Lawn Tennis Foundation. (2024: Rs. 2.5 million made to China Forum and Rs. 4 million to Durbeen).

	Note	2025 Rupees	2024 Rupees
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income		27,747,196	9,402,081
Interest income		33,723,645	30,853,289
		61,470,841	40,255,370
<b>Income from assets other than financial assets</b>			
Gain on disposal of operating fixed assets	5.4	372,060,187	470,104,240
Scrap sales [Net of sales tax aggregating Rs. 7.632 million (2024: Rs. 3.57 million)]		50,032,408	21,935,572
Miscellaneous income		-	4,767
		422,092,595	492,044,579
Reversal of provision doubtful recovery of loan		8,000,000	-
Reversal for expected credit loss in trade debts	8.4	-	6,208,341
Reversal of workers' welfare fund		-	115,066,976
		491,563,436	653,575,266
<b>32. OTHER EXPENSES</b>			
Workers' profit participation fund	22.4	62,271,469	62,332,186
Workers' welfare fund	22	19,071,642	-
Provision for expected credit loss in trade debts		4,744,655	-
Provision for sale tax refunds		9,329,705	12,134,791
Electricity duty		-	16,813,724
Auditors' remuneration		2,998,972	4,051,278
Reversal of interest income		-	22,911,373
Other		9,321,986	1,230,595
		107,738,429	119,473,947

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
<b>32.1 Auditors' remuneration:</b>			
– statutory audit		1,050,000	1,704,022
– prior year (over) / under provision		296,072	42,153
– half yearly review		175,400	175,400
– code of corporate governance review		92,000	80,000
– special audit		1,125,000	1,640,000
– certifications and others		160,500	219,703
– out-of-pocket expenses		100,000	190,000
		2,998,972	4,051,278

<b>33. FINANCE COST</b>			
Mark-up / interest on long term finances		161,229,161	108,393,098
Mark-up / interest on short term borrowings		461,920,543	842,587,452
Interest on workers' profit participation fund	22.4	1,703,530	149,057
Unwinding effect of long term liabilities	19.2	81,488	1,307,826
Bank and other financial charges		17,652,393	17,755,530
		642,587,115	970,192,963

## 34. LEVIES AND INCOME TAXATION

<b>34.1 Final tax levy</b>			
<b>Levy:</b>			
– for the year	34.2	231,752,724	255,600,197
– for prior year		(932,440)	(61,473)
		230,820,284	255,538,724

**34.2** This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C 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.

	2025 Rupees	2024 Rupees
<b>34.3 Income tax</b>		
Current tax for the year	94,113,680	1,348,528
Deferred tax	634,679,375	(167,795,276)
	728,793,055	(166,446,748)

**34.4.** Numeric tax rate reconciliation is not presented as the income tax represents tax payable on dividend income under section 150 and super tax under section 4C of the Income Tax Ordinance, 2001 (the Ordinance).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

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

	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws	325,866,404	256,948,725
Portion of current tax liability as per tax laws, representing income tax under IAS 12	94,113,680	1,348,528
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	231,752,724	255,600,197
	-	-

## 35. EARNINGS PER SHARE

### 35.1 Basic earnings per share

Net profit for the year	2,921,202,240	1,636,703,197
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#### Number of shares

Weighted average ordinary shares in issues	10,652,000	10,292,000
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#### Rupees

Earnings per share	274.24	159.03
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### 35.2 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 2024 which would have any effect on the earnings per share if the option to convert is exercised.

	2025 Rupees	2024 Rupees
<b>36. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	757,937,935	269,899,041

## 37. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2025	2024	2025	2024
	Rupees			
Particulars				
Managerial remuneration	21,600,000	21,600,000	150,222,527	85,823,873
Contribution to provident fund trust	-	-	6,267,616	3,743,177
Medical	-	-	1,504,830	863,153
Leave encashment / bonus	-	-	14,246,362	10,635,919
	21,600,000	21,600,000	172,241,335	101,066,122
Number of persons	1	1	22	25

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

**37.1** Certain executives are provided with Group maintained vehicles.

**37.2** During the year, meeting fees of Rs. 240 thousand (2024: Rs. 280 thousand) was paid to two non-executive director.

## **38. 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 consolidated financial statements, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Textile Mills Limited	Common directorship	0.462%
Sapphire Fibres Limited	Common directorship	7.31%
Sapphire Electric Company Limited	Common directorship	-
Sapphire Finishing Mills Limited	Common directorship	1.69%
Sapphire Holding Limited	Common directorship	0.50%
SFL Limited	Common directorship	42.83%
Diamond Fabrics Limited	Common directorship	-
Amer Tex (Private) Limited	Common directorship	-
Crystal Enterprises (Private) Limited	Common directorship	-
Galaxy Agencies (Private) Limited	Common directorship	-
Neelum Textile Mills (Private) Limited	Common directorship	-
Nadeem Enterprises (Private) Limited	Common directorship	-
Reliance Textile (Private) Limited	Common directorship	-
Salman Ismail (SMC-Private) Limited	Common directorship	-
Sapphire Agencies (Private) Limited	Common directorship	-
Yousaf Agencies (Private) Limited	Common directorship	-
Four Strength (Private) Limited	Common directorship	-
Sapphire Power Generation Limited	Common directorship	16.100%
Sanifa Agri Services Limited	Common directorship	33.110%
Sapphire Farm Services (Private) Limited	Common directorship	-
Sapphire Diaries (Private) Limited	Common directorship	2.260%

### **Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Group considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
<b>Significant transactions with the related parties</b>		
<b>i) Associated Companies</b>		
<b>Sales of:</b>		
– raw material / yarn / fabric / stores	1,475,599,008	1,429,172,980
– fixed assets	1,098,593,729	581,300,000
– electric appliances	438,400	–
<b>Purchases:</b>		
– raw material / yarn / fabric / stores	374,153,187	468,775,783
– fixed assets	–	289,270,112
– services obtained	3,671,710	7,290,900
Expenses charged by	93,837,437	86,622,605
Expenses charged to	7,623,102	13,814,979
<b>Dividend:</b>		
– received	11,545,877	8,990,189
– paid	27,094,620	27,047,032
Loan provided	–	40,450,000
Loan recovered	–	152,786,661
Markup charged	–	22,738,068
Donation	20,000,000	–
<b>iii) Key management personnel</b>		
Salary and other employment benefits	58,794,235	58,467,172
<b>iv) Retirement Fund</b>		
Contribution towards provident fund	14,314,578	15,789,060

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 39. FINANCIAL RISK MANAGEMENT

### 39.1. 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 minimize earnings volatility and provide maximum return to shareholders.

#### (a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note. 36.4, the financial assets exposed to credit risk aggregated to Rs. 3,245.63 million as at June 30, 2025 (2024: Rs. 2,774.34 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 97% (2024: 99%) 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 deposits	24,892,424	25,792,424
Trade debts	2,109,572,769	2,238,498,080
Loans and advances	1,427,000	1,960,000
Short term deposits	26,799	2,750,722
Short term investments	287,941,583	200,729,824
Other receivables	66,132,770	35,689,373
Bank balances	755,635,917	268,924,342
	3,245,629,262	2,774,344,765

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 2025**

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

	2025 Rupees	2024 Rupees
Domestic	1,824,711,608	2,128,109,798
Export	284,861,161	110,388,282
	2,109,572,769	2,238,498,080

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
United Bank Limited	A-1+	AAA	VIS
Habib Bank Limited	A-1+	AAA	VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## (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				
<b>June 30, 2025</b>					
Long term liabilities	1,752,834,872	1,629,717,686	311,094,892	1,033,511,799	285,110,995
Trade and other payables	2,665,373,196	2,665,373,196	2,665,373,196	-	-
Accrued mark-up / interest	80,502,150	80,502,150	80,502,150	-	-
Short term borrowings	4,676,419,815	4,896,167,944	4,896,167,944	-	-
Unclaimed dividend	920,117	920,117	920,117	-	-
	9,176,050,150	9,272,681,093	7,954,058,299	1,033,511,799	285,110,995
<b>June 30, 2024</b>					
Long term finances	3,122,659,528	3,788,667,405	806,777,471	2,105,978,248	875,911,686
Trade and other payables	980,875,129	980,875,129	980,875,129	-	-
Accrued mark-up / interest	211,087,213	211,087,213	211,087,213	-	-
Short term borrowings	3,497,159,879	3,738,222,879	3,738,222,879	-	-
Unclaimed dividend	861,089	861,089	861,089	-	-
	7,812,642,838	8,719,713,715	5,737,823,781	2,105,978,248	875,911,686

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Rupees	U.S.\$	Euro	AED
<b>For the year ended June 30, 2025</b>				
Bills payables	1,787,320,516	10,368,362	-	155,296
Trade debts	(284,861,161)	(1,004,520)	-	-
Bank balances	(278,098,444)	(980,601)	-	-
Net balance sheet exposure	1,224,360,911	8,383,241	-	155,296
Outstanding letters of credit	1,282,642,637	4,514,758	-	-
	2,507,003,548	12,897,999	-	155,296

	Rupees	U.S.\$	Euro	CHF
<b>For the year ended June 30, 2024</b>				
Bills payables	383,212,986	1,746,547	-	-
Trade debts	(110,388,282)	(596,958)	-	-
Bank balances	(203,541,941)	(731,376)	-	-
Net balance sheet exposure	69,282,763	418,213	-	-
Outstanding letters of credit	651,928,174	989,829	191,302	1,029,600
	721,210,937	1,408,042	191,302	1,029,600

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
	Rupees			
US Dollar to Rupee	279.87	284.33	284.10 / 283.60	278.80 / 278.30
Euro to Rupee	306.29	307.39	332.83 / 332.25	298.41 / 297.88
Swiss Franc to Rupee	328.44	354.73	355.50 / 354.87	309.71 / 309.16
Japanese Yen to Rupee	1.79	2.08	1.9701 / 1.9667	1.7305 / 1.7274

At June 30, 2025, if Rupee had strengthened / weakened by 10% against US Dollars and Euros with all other variables held constant, profit for the year would have been (lower) / higher by the amount shown below mainly as a result of net foreign exchange (loss) / gain on translation of financial assets and liabilities.

	2025 Rupees	2024 Rupees
<b>Effect on profit for the year</b>		
US Dollar to Rupee	2,377,487,148	6,859,538

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

The sensitivity analysis prepared 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	
	%		Rupees	
<b>Fixed rate instruments</b>				
<b>Financial liabilities</b>				
Long term finances	2.50 to 24.02	2.50 to 24.12	2,141,282,648	2,927,082,191
<b>Variable rate instruments</b>				
Short term borrowings	18.05 to 24.04	18.05 to 24.04	4,676,419,815	3,497,159,879

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in mark-up / interest rates at reporting date would not affect profit or loss for the year.

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. 46.764 million (2024: Rs. 34.971 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 Company's investments in ordinary shares and certificates of listed companies aggregating to Rs. 285.880 million (June 30, 2024: Rs. 198.5952 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 year would have higher / (lower) by Rs. 28.588 million (June 30, 2024: Rs. 19.859 million).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 39.2 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 Consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs. 285.880 million (2024: Rs. 198.595 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

The Group's Consolidated financial assets measured at fair value consists of level 2 financial assets amounting to Rs. 2.061 million (2024: Rs. 2.134 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 39.3 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	6,817,702,463	6,424,242,070
Less: cash and bank balances	757,937,935	269,899,041
Net debt	6,059,764,528	6,154,343,029
Total equity	14,727,470,925	10,730,141,234
Total capital	20,787,235,453	16,884,484,263
Gearing ratio	29%	36%

## 39.4 Financial instruments by category

	As at June 30, 2025			As at June 30, 2024		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
<b>Financial assets as per statement of financial position</b>						
Long term advances and deposits	24,892,424	-	24,892,424	25,792,424	-	25,792,424
Trade debts	2,062,517,411	-	2,062,517,411	2,238,498,080	-	2,238,498,080
Short term deposits	31,919,934	-	31,919,934	2,750,722	-	2,750,722
Loans and advances	339,279,489	-	339,279,489	1,960,000	-	1,960,000
Short term investments	-	285,879,891	285,879,891	-	198,595,221	198,595,221
Other receivables	357,201,255	-	357,201,255	52,903,728	-	52,903,728
Cash and bank balances	757,937,935	-	757,937,935	269,791,793	-	269,791,793
	3,573,748,448	285,879,891	3,859,628,339	2,591,696,747	198,595,221	2,790,291,968

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
<b>Financial liabilities as per statement of financial position</b>		
Long term liabilities and accrued mark-up	2,157,880,731	3,169,271,914
Trade and other payables	2,665,373,196	1,301,854,921
Unclaimed dividend	920,117	861,089
Short term borrowings and accrued mark-up	4,740,323,882	3,661,634,706
	9,564,497,926	8,133,622,630

		2025	2024
<b>40. CAPACITY AND PRODUCTION</b>			
<b>Spinning units</b>			
Number of spindles installed		59,232	104,544
Number of spindles worked		50,101	48,146
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	44,590,590	53,426,750
Actual production after conversion into 20's count	Lbs.	30,769,690	31,618,713

**40.1.1** It is difficult to describe precisely the production capacity in textile industry since it fluctuate widely depending on various factors such as count of yarn spun, spindles speed, twist per inch and raw material used, etc. It also varies according to the pattern of production adopted. Difference of actual production with installed capacity is in normal course of business.

	Capacity per day	Working days	Total Capacity	Production Units
<b>40.2. Electronics</b>				
LED TVs	650	27	17,550	17,139
Washing machines	250	14	3,500	2,891
Air conditioners	200	7	1,400	579



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 41. SHAHRIAH SCREENING DISCLOSURE

	2025		2024	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
<b>Statement of Financial Position – Assets</b>				
Long term Investments	1,536,935,095	6,193,876,715	1,321,493,042	1,870,741,663
Short term Investments	2,061,625	285,879,891	2,134,603	198,595,221
Bank balances	542,568,807	215,369,128	269,858,355	40,686
<b>Statement of Financial Position – Liability</b>				
Long term finances	926,779,572	826,055,300	1,369,954,918	986,429,706
Short term borrowings	2,467,064,271	1,350,000,000	1,260,000,000	-
Running finances under mark-up arrangements	136,438,388	722,917,156	1,486,837,934	750,321,945
<b>Statement of Profit and Loss and other Comprehensive Income</b>				
Revenue earned from shariah compliant business segment	-	17,836,238,966	-	15,069,073,016
Other income				
a) Dividend Income	27,444,425	-	8,836,690	-
b) Gain on sale of operating fixed assets	-	372,060,187	-	470,104,240
Mark-up on running finances under mark-up arrangements				
Mark-up on short term finances	337,427,805	124,492,738	527,330,629	315,256,823
Mark-up on long term finances	116,240,194	44,988,967	59,834,359	48,558,739

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	Long term liabilities	Short term borrowings	Accrued mark-up / interest	Dividend
	Rupees			
<b>Balance as at July 01, 2024</b>	2,927,082,191	3,497,159,879	211,087,213	861,089
<b>Changes from financing activities</b>				
Finances obtained	-	1,179,259,936	-	-
Finances / finance cost repaid	(785,799,543)	-	(771,387,160)	-
Dividends paid	-	-	-	(41,108,972)
Dividend declared	-	-	-	41,168,000
Total changes from financing cash flows	(785,799,543)	1,179,259,936	(771,387,160)	59,028
Finance cost	-	-	640,802,097	-
<b>Balance as at June 30, 2025</b>	2,141,282,648	4,676,419,815	80,502,150	920,117
<b>Balance as at July 01, 2023</b>	1,872,866,164	2,331,143,302	94,526,249	801,640
Assumed upon merger	1,388,874,751	1,999,991,493	154,936,890	-
<b>Changes from financing activities</b>				
Finances obtained	-	(833,974,916)	-	-
Finances / finance cost repaid	(334,658,724)	-	(1,007,112,006)	-
Dividends paid	-	-	-	(41,108,551)
Dividend declared	-	-	-	41,168,000
Total changes from financing cash flows	(334,658,724)	(833,974,916)	(1,007,112,006)	59,449
Finance cost	-	-	968,736,080	-
<b>Balance as at June 30, 2024</b>	2,927,082,191	3,497,159,879	211,087,213	861,089

## 43. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning; and
- Electronics

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 43.1 Segment revenues and results

	Spinning	Electronics	Elimination of inter segment transaction	Total
	Rupees			
<b>For the year ended June 30, 2025</b>				
Sales	15,816,269,646	2,019,969,320	-	17,836,238,966
Cost of sales	(13,884,536,818)	(1,771,547,517)	15,989,710	(15,640,094,625)
Gross profit	1,931,732,828	248,421,803	15,989,710	2,196,144,341
Selling and distribution cost	(304,514,945)	(5,343,589)	(309,858,534)	
Profit before taxation and unallocated income and expenses	1,627,217,883	243,078,214	15,989,710	1,886,285,807
Unallocated income and expenses				
Administrative Expenses				(410,724,591)
Other income				491,563,436
Other expenses				(107,738,429)
Finance cost				(642,587,115)
Share of profit of associates				2,664,016,471
Final taxes - levy				(230,820,284)
Income tax				(728,793,055)
Profit after taxation				2,921,202,240

	Spinning	Electronics	Elimination of inter segment transaction	Total
	Rupees			
<b>For the year ended June 30, 2024</b>				
Sales	15,069,073,016	-	-	15,069,073,016
Cost of sales	(12,832,123,552)	-	-	(12,832,123,552)
Gross profit	2,236,949,464	-	-	2,236,949,464
Selling and distribution cost	(172,546,658)	-	-	(172,546,658)
Profit before taxation and unallocated income and expenses	2,064,402,806	-	-	2,064,402,806
Unallocated income and expenses				
Administrative Expenses				(251,132,615)
Other income				653,575,266
Other expenses				(119,473,947)
Finance cost				(970,192,963)
Share of profit of associates				348,616,626
Final taxes - levy				(255,538,724)
Income tax				166,446,748
Profit after taxation				1,636,703,197

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 43.2 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Electronics	Total
	Rupees		
<b>As at June 30, 2025</b>			
Segment assets	15,301,664,536	3,458,335,339	18,759,999,875
Unallocated assets			8,486,717,604
Total assets as per statement of financial position			27,246,717,479
Segment liabilities	9,618,596,254	2,556,556,262	12,175,152,516
Unallocated liabilities			344,094,038
Total liabilities as per statement of financial position			12,519,246,554
	Spinning	Electronics	Total
	Rupees		
<b>As at June 30, 2024</b>			
Segment assets	19,891,576,552	–	19,891,576,552
Unallocated assets		–	–
Total assets as per statement of financial position	19,891,576,552	–	19,891,576,552
Segment liabilities	19,891,576,552	–	9,161,435,318
Unallocated liabilities	–	–	–
Total liabilities as per statement of financial position			9,161,435,318

## 44. PROVIDENT FUND RELATED DISCLOSURES

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

	2025	2024
<b>45. NUMBER OF EMPLOYEES</b>		
Average number of employees during the year	1,408	2,101
Number of employees	1,406	1,344

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2025

## 46. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material.

As fully explained in note 1.1, Amer Cotton Mills (Private) Limited was merged with and into the Parent Company effective from March 31, 2024. After the approval of merger by the Court, the management prepared a special purpose non-statutory consolidated financial statements of the Group for the year-ended June 30, 2024 taking into the effect of merger. Those consolidated financial statements were also audited by the statutory auditors of the Company. Corresponding figures in these consolidated financial statements have been taken from these special purpose non-statutory audited consolidated financial statements of the Group.

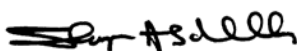
## 47. NON ADJUSTING EVENT

**47.1** The Board of Directors, in their meeting held on September 25, 2025 proposed a final cash dividend of 60% (i.e. Rs. 6 per share) amounting to Rs. 63.912 million for the year ended June 30, 2025. The members of the Company approved the same in the Annual General Meeting held on October 27, 2025.

**47.2** The Board of Directors of the Company, in their meeting held on September 25, 2025, has also approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 for Amalgamation/ Merger of the Company with and into Sapphire Fibres Limited - an Associated Company subject to obtaining necessary shareholders, creditors and regulatory approvals and sanction of the Scheme by the Honourable High Court of Sindh at Karachi along with fulfilment of corporate, regulatory and legal formalities.

## 48. DATE OF AUTHORIZATION FOR ISSUE

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



Chief Executive Officer



Director



Chief Financial Officer

# PATTERN OF SHAREHOLDING

## AS AT 30 JUNE, 2025

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
446	1	100	9,291
88	101	500	28,351
31	501	1,000	27,526
27	1,001	5,000	61,311
9	5,001	10,000	65,705
4	10,001	15,000	46,291
1	15,001	20,000	20,539
2	20,001	25,000	47,715
3	25,001	30,000	82,009
1	35,001	40,000	36,835
3	40,001	45,000	129,945
1	50,001	55,000	53,678
1	55,001	60,000	57,830
3	65,001	70,000	205,407
1	70,001	75,000	71,812
1	75,001	80,000	77,621
1	80,001	85,000	81,376
1	85,001	90,000	89,293
1	95,001	100,000	95,855
1	100,001	105,000	101,508
1	105,001	110,000	109,764
1	150,001	155,000	153,618
1	155,001	160,000	157,779
1	185,001	190,000	189,307
1	235,001	240,000	237,112
2	240,001	245,000	483,582
1	245,001	250,000	246,470
1	315,001	320,000	315,963
2	385,001	390,000	776,232
4	400,001	405,000	1,607,675
1	405,001	410,000	407,726
1	410,001	415,000	411,240
1	465,001	470,000	465,638
1	635,001	640,000	636,156
4	765,001	770,000	3,063,840
649			10,652,000

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

# CATEGORY OF SHAREHOLDERS

## AS AT 30 JUNE, 2025

		Shares Held	Percentage %
1	Directors, Chief Executive Officer, and their spouse and minor children.	478,710	4.4941
2	Associated Companies, Undertakings and Related Parties	8,562,370	80.3827
3	NIT and ICP	465,638	4.3714
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	325	0.0031
5	Modarabas Companies & Mutual Funds	500	0.0047
6	General Public		
	A. Local	1,102,406	10.3493
	B. Foreign	100	0.0009
7	Joint Stock Companies	3,744	0.0351
8	Other Companies	38,207	0.3587
		10,652,000	100.0000

# PATTERN OF SHAREHOLDING

## AS AT 30 JUNE, 2025

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD
<b>A)</b>	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>	
	Acrylic (Private) Limited	802,278
	ATMZ Company (Private) Limited	1,012,431
	Channel Holdings (Private) Limited	1,003,073
	Crystal Enterprises (Private) Limited	28,798
	Glitter (Private) Limited	799,159
	Glory (Private) Limited	805,397
	Lavender (Private) Limited	796,039
	Nadeem Enterprises (Private) Limited	778
	Resource Corporation (Private) Limited	1,009,311
	Salman Ismail (SMC-Private) Limited	1,500
	Sapphire Fibers Limited	153,618
	Sapphire Holding Limited	636,156
	Sapphire Power Generation Limited	20,539
	Sapphire Textile Mills Limited	315,963
	SFL Corporation (Pvt) Limited	202
	SFL Limited	26,511
	STM Corporation (Pvt) Limited	101,508
	Synergy Holdings (Private) Limited	1,006,189
	Yousuf Agencies (Private) Limited	42,920
<b>B)</b>	<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN DIRECTORS &amp; THEIR SPOUSES</b>	
	Mr. Shahid Abdullah	41,494
	Mr. Yousuf Abdullah	109,764
	Mr. Amer Abdullah	47,715
	Mr. Nabeel Abdullah	9,665
	Mr. Anjum Saleem	58
	Mrs. Shireen Shahid	95,855
	Mrs. Ambareen Amer	77,621
	Mrs. Usma Yousuf	8,715
	Mrs. Madiha Saeed Nagra	100
	<b>CHIEF EXECUTIVE OFFICER &amp; HIS SPOUSE</b>	
	Mr. Shayan Abdullah	87,723
<b>C)</b>	<b>NIT &amp; ICP</b>	
	CDC - Trustee National Investment (Unit) Trust	465,638











SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD
<b>D)</b>	<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS</b>	
	<b>BANKS</b>	
	National Bank of Pakistan	225
	<b>DEVELOPMENT FINANCIAL INSTITUTIONS</b>	
	National Development Finance Corporation	100
<b>E)</b>	<b>MODARABAS, INVESTMENTS AND MUTUAL FUNDS</b>	
	<b>MODARABAS COMPANIES</b>	
	First Punjab Modaraba	500
<b>F)</b>	<b>GENERAL PUBLIC</b>	
	A. Local	1,102,406
	B. Foreign	100
<b>G)</b>	<b>JOINT STOCK COMPANIES</b>	<b>3,744</b>
<b>H)</b>	<b>OTHER COMPANIES</b>	<b>38,207</b>
	<b>TOTAL</b>	<b>10,652,000</b>
<b>I)</b>	<b>TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>	
	Mr. Nabeel Abdullah shares cancelled under scheme of Arrangment approved by the court	(405)
	Mr. Nabeel Abdullah was allotted shares under the scheme of amalgamation	9,500
	Mr. Yousuf Abdullah shares cancelled under scheme of Arrangment approved by the court	(178,881)
	Mr. Yousuf Abdullah was allotted shares under the scheme of amalgamation	39,935
	Mr. Amer Abdullah shares cancelled under scheme of Arrangment approved by the court	(27,843)
	Mr. Amer Abdullah was allotted shares under the scheme of amalgamation	23,914
	Mr. Shahid Abdullah shares cancelled under scheme of Arrangment approved by the court	(79,450)
	Mr. Shahid Abdullah was allotted shares under the scheme of amalgamation	3,167
	Mrs. Usma Yousuf shares cancelled under scheme of Arrangment approved by the court	(20,148)
	Mrs. Usma Yousuf was allotted shares under the scheme of amalgamation	850
	Mr. Shayan Abdullah shares cancelled under scheme of Arrangment approved by the court	(148,899)
	Mr. Shayan Abdullah was allotted shares under the scheme of amalgamation	9,547
	Mrs. Ambareen Amer shares cancelled under scheme of Arrangment approved by the court	(83,091)
	Mrs. Ambareen Amer was allotted shares under the scheme of amalgamation	44,479
	Mrs. Shireen Shahid shares cancelled under scheme of Arrangment approved by the court	(66,451)
	Mrs. Shireen Shahid was allotted shares under the scheme of amalgamation	63,800









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# FORM OF PROXY

## RELIANCE COTTON SPINNING MILLS LIMITED

I/ We \_\_\_\_\_ of \_\_\_\_\_ a member(s) of Reliance Cotton Spinning Mills Limited and a holder of \_\_\_\_\_ ordinary shares, do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/ her \_\_\_\_\_ of \_\_\_\_\_ who is also a member of Reliance Cotton Spinning Mills Limited, vide Registered Folio No. \_\_\_\_\_ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi on Monday the 27th October 2025 at 12:15 pm and / or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

Signature of shareholder \_\_\_\_\_  
CNIC No: \_\_\_\_\_  
Folio No/ CDC and/or Sub Account No: \_\_\_\_\_  
Email: \_\_\_\_\_

Signature of proxy: \_\_\_\_\_  
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.

### Witness:

Name
Address
NIC No.

Name
Address
NIC No.

## فارم برائے قائم مقام / متبادل ریلائنس کاٹن اسپننگ ملز لمیٹڈ

میں / ہم \_\_\_\_\_ جس کا تعلق \_\_\_\_\_ سے ہے  
ریلائنس کاٹن اسپننگ ملز لمیٹڈ کے ممبر کی حیثیت سے \_\_\_\_\_ شیئرز کی تحویل رکھتا / رکھتی ہوں۔ میں / ہم \_\_\_\_\_ کو یا  
ان کی عدم حاضری کی صورت میں \_\_\_\_\_ کو جس / جن کا تعلق \_\_\_\_\_ سے ہے، کو 27 اکتوبر  
2025 دوپہر 12:15 بجے، ٹریڈنگ ہال، کاٹن اسپننگ بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی / ہماری غیر موجودگی میں شرکت اور  
ووٹ دینے کے لئے اپنا / ہمارا پراکسی مقرر کرتا / کرتے / کرتی ہوں۔

<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">ریپریسینٹو ٹکٹ پانچ روپے</p> </div> <p>اس دستاویز پر مورخہ _____ 2025 کو دستخط ہوئے۔</p>	<p>_____ شیئرز ہولڈر کے دستخط</p> <p>_____ شیئرز ہولڈر کا فولیو نمبر</p> <p>_____ اور / یا CDC</p>
<p>_____ شریک ہونے والے کا نمبر CNIC</p> <p>_____ اور سب اکاؤنٹ نمبر</p>	<p>_____ پراکسی کے دستخط</p> <p>_____ شیئرز ہولڈر کا فولیو نمبر</p> <p>_____ اور / یا</p>
<p>_____ شریک ہونے والے کا نمبر CNIC</p> <p>_____ اور سب اکاؤنٹ نمبر</p>	<p>_____ پراکسی کے دستخط</p> <p>_____ شیئرز ہولڈر کا فولیو نمبر</p> <p>_____ اور / یا</p>

### نوٹس

- 1 کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا محصول ٹکٹ منسلک لگایا جائے۔
- 2 بینک یا کمپنی کی صورت میں پراکسی منارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشترکہ ممبر لازم ہوگی۔
- 3 پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی منارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔
- 4 دستخط شدہ پراکسی منارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔
- 5 سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:
- (i) پراکسی منارم پر دو امین تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر منارم پر موجود ہونا چاہئے۔
- (ii) Beneficial owners کے CNIC بلیا سپورٹ کی اسکرین شدہ کاپی پراکسی منارم کے ساتھ جمع کرانے ہوں گے۔
- (iii) پراکسی مینٹنگ کے وقت اپنا اصل CNIC بلیا سپورٹ پیش کرے۔
- (iv) کارپوریٹ مینٹنٹی کی صورت میں، پراکسی منارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution/ power of attorney بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے منارم نہیں کیا گیا ہو)۔

### گواہان

<p>_____ (2) دستخط</p> <p>_____ نام</p> <p>_____ پتہ</p> <p>_____ پاسپورٹ نمبر CNIC</p>	<p>_____ (1) دستخط</p> <p>_____ نام</p> <p>_____ پتہ</p> <p>_____ پاسپورٹ نمبر CNIC</p>
---	---





#### **Corporate Office**

312 Cotton Exchange Building,  
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Tel +92 21 111 000 100  
[contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk)

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Tel +92 42 111 000 100  
[contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk)