

BEYOND SUSTAINABILITY TOWARDS IMPACT

Annual Report of **Sapphire Textile Mills Limited** for the year ended 2026





BEYOND SUSTAINABILITY TOWARDS IMPACT

Built to Thrive

For more than five decades, Sapphire Textile Mills Limited has grown by doing one thing well: turning raw fiber into products the world trusts. What began in 1969 has become one of Pakistan's leading vertically integrated textile enterprises. We span spinning, weaving, processing, and finished goods under one roof, serving customers across the globe.

But our story has never been about magnitude alone. It is about the choices we make at every step: how we source, how we manufacture, how we treat our people, and how we prepare for a world that expects more from the industries that serve it.

This year, we continued to build on that foundation with discipline and long-term thinking. We invested in the capabilities that will define the next era of textiles: cleaner processes, smarter systems, stronger partnerships, and a workforce equipped to lead.

The pages that follow tell that story. It is a story of a company rooted in its heritage, focused on its future, and committed to creating value that lasts.

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COMPANY INFORMATION

Board Of Directors

Mr. Mohammad Abdullah
Chairman / Non - Executive Director

Mr. Nadeem Abdullah
Chief Executive / Executive Director

Mr. Shahid Abdullah
Non - Executive Director

Mr. Amer Abdullah
Non - Executive Director

Mr. Yousuf Abdullah
Non - Executive Director

Mr. Nabeel Abdullah
Executive Director

Mr. Umer Abdullah
Executive Director

Mr. Mirza Saleem Baig
Independent Director

Mr. Shahid Shafiq
Independent Director

Ms. Mashmooma Zehra Majeed
Independent Director

Audit Committee

Mr. Mirza Saleem Baig - Chairman

Mr. Amer Abdullah - Member

Mr. Yousuf Abdullah - Member

Mr. Shahid Shafiq - Member

Human Resource & Remuneration Committee

Ms. Mashmooma Zehra Majeed - Chair Person

Mr. Nadeem Abdullah - Member

Mr. Umer Abdullah - Member

Mr. Shahid Shafiq - Member

Mr. Nabeel Abdullah - Member

Shares Registrar

Hameed Majeed Associates (Pvt.) Ltd.

Chief Financial Officer

Mr. Abdul Sattar

Tax Consultants

Yousuf Adil,
Chartered Accountants

Company Secretary

Mr. Zeeshan

Auditors

Shine Wing Hameed Chaudhri & Company
Chartered Accountants

Legal Advisor

A. K. Brohi & Company

Bankers

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

Registered Office

20th Floor, Ocean Tower,
Plot No. G-3, Khayaban-e-Iqbal, Block 9,
Clifton, Karachi
Tel: +92 21 111 000 100
www.sapphire.com.pk/stml

Mills

Spinning Units

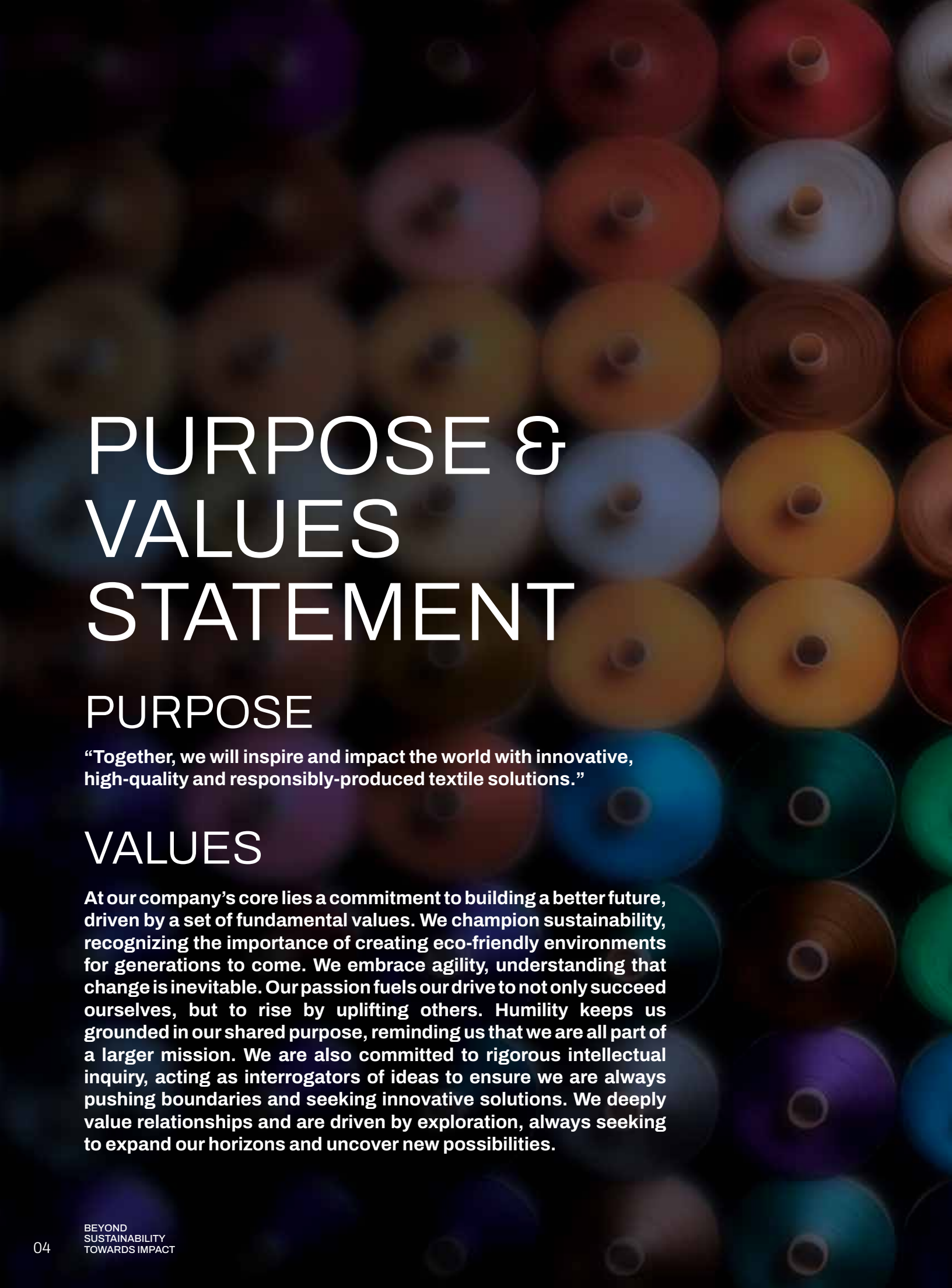
A-17,SITE, Kotri.
A-84,SITE Area, Nooriabad.
63/64-KM, Multan Road, Jumber Khurd, Chunian,
District Kasur.
1.5-KM, Warburton Road, Feroze Wattoan,
Sheikhupura.

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

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

Stitching unit

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



PURPOSE & VALUES STATEMENT

PURPOSE

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

VALUES

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



SAPPHIRE TEXTILE MILLS LIMITED AND ITS SUBSIDIARIES



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

Sapphire Textile Mills Limited is part of Sapphire Group. Sapphire Textile Mills Limited being holding company owns twelve subsidiaries out of which nine are 100% owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Wind Power Company Limited

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

2. Sapphire Retail Limited

Sapphire Retail Limited (SRL) is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of SRL is to operate “Sapphire” brand retail outlets for the sale of textile and other products. SRL operates 48 retail outlets throughout the country and also has online presence through its e-store.

3. Triconboston Consulting Corporation (Private) Limited

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

4. Sapphire International ApS

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

5. Designtex SMC-Private Limited

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

6. Sapphire Real Estate (Private) Limited

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

7. Sapphire Chemicals (Private) Limited

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

8. Sapphire Green Energy (Private) Limited

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

9. Sapphire Retail International Limited

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

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

Sapphire Retail Trading One Person Company L.L.C, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United Arab Emirates. The company has opened one retail outlet in Sharjah, United Arab Emirates.

11. Creek Properties (Private) Limited

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

12. Sapphire Retail US Corporation

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



DIRECTORS' PROFILE

Mian Mohammad Abdullah (Chairman)

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

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

Mr. Nadeem Abdullah (Chief Executive Officer)

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 22 years and is also a director in other group companies. He graduated from McGill University Canada. He is serving as Chief Executive Officer of company's subsidiaries in the renewable energy segment.

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

Mr. Shahid Abdullah

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



Mr. Amer Abdullah

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

Mr. Yousuf Abdullah

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

Mr. Nabeel Abdullah

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

DIRECTORS' PROFILE

Mr. Umer Abdullah

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

Mr. Mirza Saleem Baig

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

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

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

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

Mr. Shahid Shafiq

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

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

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

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

Ms. Mashmooma Zehra Majeed

Ms. Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of over 24 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 23 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd., as Management & Financial Consultant.

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

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

REVIEW REPORT BY THE CHAIRMAN

For the year ended June 30, 2026

Governance

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

During the year, the Board continued to provide strategic direction and effective oversight of the Company's operations, financial performance, risk management, and sustainability initiatives. The Board remains focused on ensuring that the Company's long-term strategy is aligned with the evolving business environment while safeguarding the interests of shareholders and other stakeholders.

The Board's annual self-evaluation for the fiscal year 2025-2026 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

During the financial year 2026, Pakistan's macroeconomic environment showed signs of relative stability, reflected in lower policy interest rates, a stable exchange rate, and an improved external account position. However, the textile sector continued to face significant challenges, including elevated energy tariffs, a high taxation regime, and reduced domestic cotton production, all of which adversely impacted the industry's cost competitiveness.

The operating environment remained demanding due to persistent global economic uncertainty and geopolitical tensions, resulting in continued volatility in energy and commodity markets. These factors exerted upward pressure on inflation and production costs. Raw material prices, particularly cotton and polyester, remained elevated because of limited domestic cotton availability and firm international prices, while demand in key export markets continued to recover at a slower pace than anticipated.

At the domestic level, policy-related uncertainties and structural challenges continued to influence business confidence and investment decisions. Despite these headwinds, Pakistan's textile industry retains strong long-term fundamentals, supported by its established manufacturing base, skilled workforce, and competitive export potential.

While the increase in production costs remains a key challenge for the industry, the Board is confident that the Company's disciplined business strategy, diversified investment approach, and continued emphasis on innovation and operational excellence will support long-term sustainable growth and profitability.

Acknowledgments

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



Mohammad Abdullah

Chairman

Lahore

September 24, 2026

معاشی محاذ

مالی سال 2026 کے دوران پاکستان میں میکرو اکٹامک ماحول میں نسبتاً بہتری دیکھنے کو ملی جس کی بنیادی وجوہات میں کم شرح سود، مستحکم زرمبادلہ اور بیرونی حسابات کی بہتر صورتحال شامل ہیں۔ تاہم ٹیکسٹائل شعبہ کو توانائی کی زیادہ لاگت، ٹیکسوں میں اضافہ اور کپاس کی پیداوار میں کمی سمیت نمایاں چیلنجز کا سامنا رہا جس سے صنعت کی لاگتی مابقت پر منفی اثرات مرتب ہوئے

عالمی سطح پر غیر یقینی معاشی صورتحال اور علاقائی تناؤ کے باعث آپرٹنگ ماحول بدستور مشکل کا شکار رہا جس کا نتیجہ عالمی مارکیٹوں میں توانائی اور کموڈٹی کی قیمتوں میں اتار چڑھاؤ کی صورت میں نکلا۔ ان عوامل نے انفرادی زرمبادلہ اور پیداواری لاگوں پر دباؤ میں اضافہ کیا۔ ملکی سطح کپاس کی محدود دستیابی اور عالمی قیمتوں میں استحکام کی بدولت حنام مال بلخصوص کپاس اور پولیشر کی قیمتیں زیادہ رہی جبکہ اہم برآمدی منڈیوں میں طلب کی توقع سے کم سست رفتار سے بحالی جاری رہی۔

ملکی سطح پر پالیسی سے متعلق غیر یقینی صورتحال اور ڈھانچہ جاتی چیلنجز کاروباری اداروں کے اعتماد اور سرمایہ کاری کے فیصلوں پر اثر انداز ہوتے رہے۔ ان مشکلات کے باوجود پاکستان کی ٹیکسٹائل صنعت کی طویل مدت کی بنیادیں مضبوط ہیں جنہیں اس کے مستحکم صنعتی ڈھانچے، ہنرمند انفرادی قوت اور مابقتی برآمدی صلاحیت سے تقویت ملتی ہے۔

پیداواری لاگوں میں اضافہ انڈسٹری کے لئے ایک اہم چیلنج ہے، اس کے باوجود بورڈ کو اعتماد ہے کہ کمپنی کی منظم کاروباری حکمت عملی، سرمایہ کاری کے حوالے سے متنوع سوچ اور جدت اور آپریشنل عمدگی پر تسلسل کے ساتھ زور سے طویل المدت پائیدار ترقی اور منافع کو معاونت ملے گی۔

اظہار تشکر

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

محمد عبداللہ

چیئر مین

لاہور

مورخہ: 24 ستمبر 2026

چیئر مین کی طرف سے جائزہ رپورٹ برائے سال ختمہ 30 جون 2026ء

گورننس

سفائر ٹیکسٹائل ملز لمیٹڈ کی طرف سے قائم کردہ گورننس مندرجہ ذیل ادارہ کی مجموعی کامیابی اور اسٹیک ہولڈرز کے مابین اعتماد کے مندرجہ ذیل لئے ضروری ہے۔ کمپنی کے گورننس انفراسٹرکچر کو قانونی اور ریگولیٹری مضابطوں کے مطابق نہایت احتیاط کے ساتھ تیار کیا گیا جس سے اسٹیک ہولڈرز کی اطلاعات اور معلومات سے متعلق ضروریات کو موثر انداز سے پورا کیا جاتا ہے۔ یہ مندرجہ ذیل پاکستانی قوانین بالخصوص کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ساتھ پاکستان اسٹاک ایکس چینج پر لسٹڈ کمپنیوں سے متعلق دیگر قانونی اور ریگولیٹری ذمہ داریوں کے تحت قائم تیار کیا گیا۔ ان قوانین کی تعمیل کے لئے کمپنی نے ایک تجربہ کار اور پر عزم ٹیم تشکیل دی ہے جو حجام مضابطہ احقاق، وسل بلوڈنگ پالیسی اور کاروباری اخلاقیات کے ساتھ دیگر اہم امتدات کو جانفشانی سے نافذ کرتی ہے۔

سال کے دوران بورڈ نے کمپنی کی ترقی کے لئے اسٹریٹجک سمت کی مندرجہ ذیل کے ساتھ ساتھ کمپنی کے آپریشنز، مالی کارکردگی، خطرے کے انتظام اور پائیداری کے امتدات کی موثر نگرانی کی۔ بورڈ نے اس بات کو یقینی بنانے کے لئے اپنی توجہ مرکوز رکھی کہ کمپنی کی طویل المدت حکمت عملی ارتقاء پذیر کاروباری ماحول سے ہم آہنگ جبکہ بورڈ نے حصص یافتگان اور دیگر اسٹیک ہولڈرز کے مفادات کو بھی تحفظ کیا۔

مالی سال 2025-2026 کے لئے بورڈ کے سالانہ خود تجزیاتی جائزہ کے نتائج تسلی بخش رہے۔ یہ جائزہ اہم عوامل کے مکمل اور حجام تجزیہ پر مبنی ہے جن میں ادارے کے وژن، مشن اور امتدات، تدریاتی منصوبہ بندی میں شمولیت، پالیسی کی تشکیل، پرنس آپریشنز کی نگرانی، مالیاتی وسائل کا انتظام، ملازمین کے ساتھ یکساں برتاؤ اور بورڈ کی ذمہ داریوں کی انجام دہی میں مجموعی کارکردگی شامل ہیں۔

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2026.

Financial Review

The Summary of key financial numbers are presented below:

	2026	2025
	Rupees in "000"	
Net Turnover	81,180,573	93,258,687
Gross Profit	10,289,740	12,733,690
Profit From Operations	12,787,276	11,350,590
Other Income	7,482,902	3,434,049
Finance Cost	(3,451,810)	(4,666,516)
Profit Before Taxation	9,335,465	6,684,074
Taxation	2,514,857	2,733,107
Profit After Taxation	6,820,608	3,950,967

During the current year, the Company's net turnover decreased to Rs. 81.181 billion, compared with Rs. 93.259 billion in the preceding year. The decline was primarily attributable to the strategic rationalization of spinning capacity. During the year, the Company discontinued spinning production from uneconomic spindles that were no longer strategically aligned with the Company's value-added segment.

Gross profit as a percentage of sales remain at 12.68%, compared with 13.65% in the corresponding year. Other income increased to Rs. 7.482 billion, compared with Rs. 3.434 billion in the previous year, primarily due to higher dividend income.

Finance cost during the year decreased to Rs. 3.452 billion, compared with Rs. 4.666 billion in the corresponding year. The reduction in finance cost was mainly attributable to lower working capital requirements and a lower policy rate compared with the previous year.

Despite the decline in net turnover, the Company's profit after tax increased to Rs. 6.821 billion, compared with Rs. 3.951 billion in the corresponding year. The increase in profit after tax was driven by higher dividend income and lower finance cost.

Appropriation of Profit

	Rs. In 000'
Profit Before Taxation	9,335,465
Less: Taxation	(2,514,857)
Profit after taxation	6,820,608
Add: Unappropriated profit brought forward	7,206,051
Actuarial loss on remeasurement of staff retirement benefits - net of deferred tax	(5,822)
Gain on sales of equity instrument at fair value	558,493
	14,579,330
Appropriations	
Interim dividend for the year ended June 30, 2026 (100% i.e. Rs. 10 per share)	(216,898)
Unappropriated Profit carried forward	14,362,432
Subsequent effects	
Final dividend for the year ended June 30, 2026 (100% i.e. Rs. 10 per share)	(216,898)
Unappropriated Profit Carried Forward	14,145,534



Earnings per Share

The earnings per share for the year ended June 30, 2026 increased to Rs. 314.46, compared to Rs. 182.16 for last year ended June 30, 2025, reflecting the company's improved profitability.

Dividend

The Board of Directors of the company have recommended dividend @ 100% i.e. Rs. 10) per share as final dividend for the year ended June 30, 2026, this is in addition to the interim cash dividend paid @ 100% Rs. 10 per share (2025: 255%).

Future Prospects

The textile sector is expected to continue facing a challenging operating environment, characterized by subdued demand, intensifying competition, pricing pressures and evolving customer requirements.

In this environment, the Company remains focused on strengthening its competitive position through strategic customer engagement, operational efficiency

and prudent cost management. The Company is actively developing long-term strategic alliances with its customers with the objective of strengthening customer relationships, enhancing business visibility and supporting sustainable growth.

Cost competitiveness will remain a key strategic priority. The Company has continued to invest in renewable energy solutions to optimize power costs and reduce its exposure to fluctuations in conventional energy prices. These investments, together with ongoing initiatives aimed at improving energy efficiency, are expected to contribute positively to the Company's long-term cost structure and sustainability objectives.

Furthermore, the integration of the Company's various production facilities is expected to generate further operational and cost efficiencies through improved capacity utilization, streamlined production processes and more effective resource allocation. Management will continue to evaluate opportunities for technology enhancement, process optimization and automation

where commercially viable, with a focus on improving productivity, quality and overall manufacturing efficiency.

While the operating environment remains uncertain, Management remains focused on strengthening the Company's resilience through disciplined cost management, operational excellence, customer partnerships and continued investment in efficiency-enhancing initiatives. These measures are expected to support the Company's competitiveness and contribute towards sustainable growth and profitability over the medium to long term.

Subsidiaries of Sapphire Textile Mills Limited

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

1. Sapphire Wind Power Company Limited (SWPCL)

SWPCL is 70% owned by Sapphire Textile Mills Limited and 30% by Bank Alfalah Limited. The Company operates a 52.80 MW wind power project located in Jhimpir, Sindh, which commenced commercial operations in November 2015. The project continues to operate efficiently, following industry best practices, and is delivering stable and satisfactory energy output in line with expectations.

2. Sapphire Retail Limited (SRL)

SRL is a wholly owned subsidiary of Sapphire Textile Mills Limited and is engaged in the retail business under the brand name "Sapphire". The Company operates 48 retail outlets across Pakistan, supported by a rapidly growing digital commerce business through its online platform. The brand continues to expand its footprint and strengthen market share in both fashion and lifestyle retail segments.

3. Triconboston Consulting Corporation (Private) Limited (TBCC)

TBCC is 57.125% owned by Sapphire Textile Mills Limited. The Company owns and operates three wind power projects of 50 MW each, located in Jhimpir. All three projects successfully achieved commercial operations in September 2018 and continue to perform as per the designed operational benchmarks.

4. Sapphire International ApS

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

5. Designtex SMC-Private Limited

Designtex is a wholly owned subsidiary of Sapphire Retail Limited, which in turn is wholly owned by Sapphire Textile Mills Limited. The Company is engaged in the manufacture of textile and ancillary products.

6. Sapphire Real Estate (Private) Limited

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

7. Sapphire Chemicals (Private) Limited

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

8. Sapphire Green Energy (Private) Limited

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

9. Creek Properties (Private) Limited

Creek Properties (Private) Limited (the company) was incorporated as a private limited Company under Companies Act, 2017. Sapphire Real Estate

(Private) Limited holds 65% shareholding of the company which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

10. Sapphire Retail International Limited

Sapphire Retail International Limited, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United Kingdom. The Company has established two retail outlets, located in Bradford and Birmingham, marking the brand's expansion into the UK retail market.

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

A wholly owned subsidiary established to operate retail outlets in the United Arab Emirates. The Company has commenced operations with its first outlet located in Sharjah, contributing to the Group's growing international retail footprint.

12. Sapphire Retail US Corporation

This wholly owned subsidiary has been incorporated in the United States of America to undertake Sapphire's retail operations in the U.S. market.

Board of Directors

During the year, the election of directors was held on 15 June 2026. Following the election, the Board comprises three (3) Executive Directors, four (4) Non-Executive Directors, and three (3) Independent Directors.

During the year five (5) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	No of Meetings
Mr. Nadeem Abdullah Executive Director	5
Mr. Nabeel Abdullah Executive Director	5
Mr. Umer Abdullah Executive Director	5
Mr. Mohammad Abdullah Non-Executive Director	5
Mr. Shahid Abdullah Non-Executive Director	5
Mr. Amer Abdullah Non-Executive Director	5
Mr. Yousuf Abdullah Non-Executive Director	4
Mr. Shahid Shafiq Independent Director	5
Ms. Mashmooma Zehra Majeed Independent Director	5
Mr. Mirza Saleem Baig Independent Director	4

Audit Committee

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

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

Human Resource & Remuneration Committee

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

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

Directors Remuneration

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

Statement on Corporate and Financial Reporting Frame Work

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

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.

- f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g) There are no doubts about the company's ability to continue as a going concern.
- h) There has been no material departure from the best practice of Corporate Governance.
- i) A summary of key operating and financial data of the Company are annexed.
- j) The Company is operating Employees' Provident Fund for its eligible employees. The value of investment of the fund as on June 30, 2026 is Rs. 1,000 million.
- k) Detail of transfer in the shares of the Company carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children are provided in the pattern of shareholding.

Code of Conduct

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

Related Party Transactions

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

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

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

Corporate Social Responsibility

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

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

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

Risk Management

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

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

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

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

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

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

Auditors

The present Auditors, M/s. Shinewing Hameed Chaudhri, Chartered Accountants will retire in Annual General Meeting and being eligible, have offered themselves for reappointment. The Board of Directors on recommendation of Audit Committee, proposes the appointment of M/s. Shinewing Hameed Chaudhri, Chartered Accountants, as external auditor of the Company for the year ending June 30, 2027.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2026 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

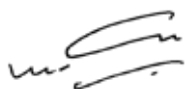
Board Evaluation

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

Acknowledgment

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

On behalf of the Board



Mohammad Abdullah
Chairman / Director



Nadeem Abdullah
Chief Executive

Lahore
September 24, 2026

آڈیٹرز

موجودہ آڈیٹرز میسرز سٹائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام میں ریٹائر ہو جائیں گے اور انہیں اہلیت کی بنا پر خود کو دوبارہ تقرر کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارش پر میسرز سٹائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس 30 جون، 2027 کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی آڈیٹرز کے طور پر مقرر کرنے کی تجویز دیتے ہیں۔

شیئر ہولڈنگ کاپیٹل

30 جون، 2026 تک کمپنی کے شیئر ہولڈنگ کاپیٹل منسلک ہے۔ یہ بیان کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق تیار کیا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے خود تنقیدی بنیادوں پر اپنی کارکردگی کا جائزہ لینے کے لئے ایک موثر میکانزم قائم کیا ہے۔ بورڈ کمپنی کی ترقی اور کارکردگی کو بہتر بنانے کے لئے متبادل تدبیریں فراہم کرتا ہے اور موثر کارپوریٹ گورننس کو یقینی بناتا ہے۔

اظہار تشکر

کمپنی کی انتظامیہ بورڈ آف ڈائریکٹرز، ریگولیٹری حکام، حصص یافتگان، صارفین، مالی اداروں، سپلائرز کی معاونت اور ملازمین اور ورکرز کی لگن اور انتھک محنت کے لئے ان سے داد تحسین کا اظہار کر

منجانب بورڈ



ندیم عبد اللہ
چیف ایگزیکٹو



محمد عبد اللہ
چیرمین / ڈائریکٹر

لاہور
24 ستمبر، 2026

(اچ) کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کی مادی روگردانی نہیں کی گئی۔

(آئی) اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے

(بے) کمپنی اپنے اہل ملازمین کے لئے ایمپلائے پروویڈنٹ فنڈ قائم کیا ہے۔ 30 جون، 2026 تک فنڈ کی سرمایہ کاری کی مالیت 1,000 ملین روپے ہے۔

(کے) ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں منتقلی کی تفصیل پینٹن شیئر ہولڈنگ میں دی گئی ہے۔

ضابطہ اخلاق

کمپنی کے ہر ڈائریکٹر اور ملازم کو ضابطہ اخلاق اور ان پر عمل درآمد سے متعلق آگاہ کیا گیا ہے

متعلقہ پارٹی کے ساتھ لین دین

کمپنی اسٹاک ایکس چینج آف پاکستان کے لسٹنگ ریگولیشنز میں درج بہترین طریقوں کے مطابق ٹرانسفر پرائسنگ کے اصولوں کی مکمل پاسداری کرتی ہے۔ متعلقہ پارٹیوں کے ساتھ تمام لین دین قیمتوں کے قابل موازنہ ان کنٹرولڈ طریقہ کار کے مطابق معمول کی قیمت پر انجام دیا۔

سال کے دوران کمپنی نے متعلقہ پارٹیوں کے ساتھ لین دین کیا۔ ان لین دین کی تفصیلات غیر مربوط مالی گوشواروں کے نوٹ 44 میں بیان کی گئی ہے۔

متعلقہ پارٹیوں کے اہم لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں۔ بورڈ آڈٹ کمیٹی کی سفارش پر انہیں نظر ثانی اور منظوری کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے تاکہ ریگولیٹری تقاضوں کے مطابق عمل کیا جاسکے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کیونٹی کی صلاح و بہبود کے حوالے سے اپنی ذمہ داری پر مضبوط یقین رکھتی ہے۔ کمپنی نے تعلیم، صحت اور ماحولیاتی کے تحفظ کے شعبوں میں مختلف اقدامات اٹھائے ہیں

کمپنی کی اقوام متحدہ گلوبل کمپکٹ پروگرام میں بھرپور شرکت ہے۔ ہم عالمی پائیدار ترقی کے اہداف (ایس ڈی جی) پر عمل درآمد کرتے ہوئے اقوام متحدہ کے ورژن 2030 کے مطابق کام کر رہے ہیں۔ ہم اقوام متحدہ گلوبل کمپکٹ (یو این جی سی) کے اصولوں سے ہم آہنگ شراکت داریوں کے فروغ کے لئے پر عزم ہیں۔ ہم ذمہ داری کے ساتھ اقوام متحدہ کے پائیدار ترقی کے اہداف (یو این ایس ڈی جی) میں کردار ادا کرتے ہوئے کاربن کے زیرو اخراج کے حصول کے لئے کوشاں ہیں۔ ان شراکت داریوں کے ذریعے ہم اپنے چیمپ اداروں کے ساتھ طاقتوں اور وسائل کو یکجا کرنا چاہتے ہیں تاکہ موسمیاتی تبدیلی اور پائیدار ترقی کے چیلنجز سے نمٹ سکیں اور ہماری کمپنی اور عالمی برادری کے لئے مثبت اثرات مرتب ہو سکیں۔

سال کے دوران کمپنی نے صحت، تعلیم اور سماجی بہبود کے منصوبوں کے لئے فنڈ ریزی سے عطیات دے جو مالی گوشواروں کے نوٹ 37 میں بیان ہیں۔

مستقبل کی پیش بینی

کمپنی کے بورڈ آف ڈائریکٹرز اس بات کو تسلیم کرتے ہیں کہ خطرے کا انتظام بالخصوص متحرک اور مالیاتی ٹیکسٹائل انڈسٹری میں طویل المدت پائیداری کا ایک اہم جزو ہے۔ پاکستان میں متبادل اطلاق کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کو کمپنی کے خطرے کے انتظام کے مندرجہ ذیل کی نگرانی کی ذمہ داری سونپی گئی ہے۔

کمپنی نے ایک مضبوط انٹرپرائز رسک مینجمنٹ (ای آر ایم) مندرجہ ذیل نائنڈ کیا ہے جو حنام مال کی مندرجہ ذیل سے لے کر پیداوار، تعمیل، برآمدات اور سپلائی چین کے امور تک تمام شعبہ حیات میں مربوط ہے۔ یہ مندرجہ ذیل کمپنی کو ایسے خطرات کی پیشگی نشاندہی، جانچ اور تدارک کرنے کے قابل بناتا ہے جو اس کی آپریشنل کارکردگی، مالیاتی نتائج اور اس کے ترویجی اہداف کو ممکنہ طور پر متاثر کر سکتے ہیں۔

عالمی ٹیکسٹائل مارکیٹ میں موجود اتار چڑھاؤ، کرنسی کی قدر میں تبدیلی، توانائی کی لاگت، عالمی کوالٹی معیارات کی پاسداری اور جغرافیائی سیاسی تیش رفت کے پیش نظر، خطرے کے انتظام کے عمل کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ اس کی موثریت برقرار رہے اور اسے بدلتے ہوئے کاروباری حالات سے ہم آہنگ رکھا جاسکے۔

آڈٹ کمیٹی کمپنی کے خطرات کا فعال طور پر جائزہ لیتی ہے، اندرونی کنٹرولز کی کیفیت کا جائزہ لیتی ہے اور خطرات میں کمی کے لیے وضع کردہ حکمت عملیوں پر عمل درآمد کی نگرانی کرتی ہے۔ اہم اور ابھرتے ہوئے خطرات بروقت اور باخبر فیصلہ سازی میں سہولت فراہم کرنے کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیے جاتے ہیں۔

کمپنی کا واضح تنظیمی ڈھانچہ موجود ہے، جس میں رپورٹنگ کی باقاعدہ لائنز اور اختیارات کی شفاف تفویض شامل ہے۔ اعلیٰ انتظامیہ خطرے کے انتظام کی پالیسیوں پر عمل درآمد، اندرونی کنٹرول کے طریقہ کار کو نافذ کرنے اور خطرات کا جائزہ لینے کی ذمہ دار ہے۔ اندرونی آڈٹ کے نظام اور خود تشخیصی طریقہ کار اس امر کو یقینی بنانے میں مدد دیتے ہیں کہ شناخت کیے گئے خطرات کا موثر انداز میں تدارک کیا جائے اور ان کی رپورٹ آڈٹ کمیٹی کو پیش کی جائے۔

خطرے کے انتظام کی مربوط اور موثر حکمت عملی ٹیکسٹائل شعبے کے مشکل ماحول میں مضبوط، مابقی اور تعمیل کے لئے کمپنی کے مقاصد کو معاونت فراہم کرنے کے ساتھ ساتھ انھیں یقین دہانہ کے معنادار کا تحفظ اور پائیدار ترقی برقرار رکھتی ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ آف ڈائریکٹرز کے انتخابات 15 جون، 2026 کو منعقد ہوئے جس کے بعد بورڈ 13 ایگزیکٹو ڈائریکٹرز، 4 نان ایگزیکٹو ڈائریکٹرز اور 3 آزاد ڈائریکٹرز پر مشتمل ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے 15 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاس میں شرکت کی تفصیلات درج ذیل ہیں:

نام	کینگری	اجلاسوں کی تعداد
جناب ندیم عبداللہ	ایگزیکٹو ڈائریکٹر	5
جناب ثبیل عبداللہ	ایگزیکٹو ڈائریکٹر	5
جناب عمر عبداللہ	ایگزیکٹو ڈائریکٹر	5
جناب محمد عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب شاہد عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شاہد شفیق	آزاد ڈائریکٹر	5
محترمہ مشومہ زہرا مجید	آزاد ڈائریکٹر	5
جناب مرزا سلیم بیگ	آزاد ڈائریکٹر	4

آڈٹ کمیٹی

آڈٹ کمیٹی کے سال کے دوران 14 اجلاس منعقد ہوئے۔ ہر رکن کی شرکت کی تفصیل درج ذیل ہیں۔

نام	اجلاسوں میں شرکت
جناب شاہد شفیق	4
جناب مرزا سلیم بیگ	3
جناب عامر عبداللہ	4
جناب یوسف عبداللہ	3

انسانی وسائل و معاوضہ کمیٹی

انسانی وسائل و معاوضہ کمیٹی کا سال کے دوران ایک اجلاس منعقد ہوا۔ اجلاس میں ہر ڈائریکٹر کی شرکت کی تفصیل درج ذیل ہے۔

نام	اجلاسوں میں شرکت
محترمہ مشومہ زہرا مجید	1
جناب ندیم عبداللہ	1
جناب ثبیل عبداللہ	1
جناب عمر عبداللہ	1
جناب شاہد شفیق	1

ڈائریکٹرز کا معاوضہ

بورڈ اراکین کے معاوضہ تعین بورڈ خود کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے تعین کے فیصلہ میں شامل نہ ہو۔ کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی تاہم اجلاسوں میں شرکت کے لئے انہیں فیس دی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضہ کی تفصیلات مالی گوشواروں کے نوٹ 43 میں بیان کی گئی ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیان

بورڈ آف ڈائریکٹرز وقتاً فوقتاً کمپنی کی اسٹریٹجک سمت کا جائزہ لیتے ہیں۔ کمپنی کے کاروباری منصوبے اور اہداف چیف ایگزیکٹو کی طرف سے طے کیے جاتے ہیں جن کا بورڈ کی طرف سے جائزہ لیا جاتا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لئے پرعزم ہے۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کا جائزہ لیا اور اس بات کی تصدیق کی کہ

(اے) کمپنی کے مالی گوشوارے معہ نوٹس کمپنیز ایکٹ 2017 کے مطابق تیار کئے گئے ہیں جو کمپنی کے امور کار، اس کی سرگرمیوں کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(بی) کمپنی کے حساب کتاب کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔

(سی) مالیاتی گوشواروں اور اکاؤنٹنگ کے اندازوں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

(ڈی) مالیاتی گوشواروں کی تیاری میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جہاں تک دو پاکستان میں متبادل اطلاق ہیں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

(ای) انٹرنل کنٹرولز کے سسٹم کا بورڈ کی آڈٹ کمیٹی کی طرف سے مسلسل جائزہ لیا جاتا ہے جسے موثر انداز میں نافذ کیا گیا ہے۔ سسٹم کو مزید بہتر بنانے کے لئے جائزہ اور نگرانی کا عمل جاری ہے۔

(ایف) ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں ادائیگی کے حوالے سے تمام واجبات مندرجہ ذیل گئے ہیں اور معمول کے مطابق ادا کئے جاتے ہیں۔ گے یا جہاں دعویٰ کو متعرض کے طور پر تسلیم نہیں کیا گیا، اسے اکاؤنٹس کے نوٹس میں مشروط واجبات کے طور پر ظاہر کیا گیا ہے۔

(جی) جاری خدشات کے تناظر میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت پر کوئی شک و شبہات نہیں ہے۔

لائسنس لینڈی کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کے لئے قائم کیا گیا۔

5. ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جبکہ سفائر ریشیل لمیٹڈ، سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

6. سفائر ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفائر ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے ریشیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کے لئے قائم کیا گیا ہے۔

7. سفائر کیمیکلز (پرائیویٹ) لمیٹڈ

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جیسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کے لئے قائم کیا گیا ہے۔ کمپنی کا 220,000 ٹن سالانہ گنجائش کی حامل سوڈا ایسھ مسینو فیکچرنگ فیکٹری کے قیام کا عمل جاری ہے۔

8. سفائر گرین انرجی (پرائیویٹ) لمیٹڈ

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے مثال تبدیل انرجی منصوبوں میں سرمایہ کاری کرنے کے مقصد کے تحت قائم کیا گیا۔

9. کریک۔ پراپرٹیز (پرائیویٹ) لمیٹڈ

کریک۔ پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفائر ریشیل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی ریشیل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

10. سفائر ریشیل انٹرنیشنل لمیٹڈ (برطانیہ)

سفائر ریشیل انٹرنیشنل لمیٹڈ کو برطانیہ میں ٹیکسٹائل ریشیل کاروبار کے مقصد کے ساتھ قائم کیا گیا۔ کمپنی نے برطانیہ کے شہر بریڈ فورڈ اور برمنگھم میں ایک ایک ریشیل آؤٹ کھولا ہے جس سے برطانیہ کی ریشیل مارکیٹ میں برانڈ کی توسیع ہوئی۔

11. سفائر ریشیل ٹریڈنگ ون پرسن کمپنی ایل سی (یو اے ای)

ایک مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ریشیل آؤٹ لینس چلانے کے لئے قائم کیا گیا۔ کمپنی نے شاربہ میں ایک ریشیل آؤٹ لینس کے ساتھ آپریشن کا آغاز کیا ہے جو گروپ کے بڑھتے ہوئے بین الاقوامی ریشیل نیٹ ورک میں اپنا حصہ ڈال رہا ہے۔

12. سفائر ریشیل پوائس کارپوریشن

مکمل طور پر ملکیتی ذیلی کمپنی ہے جس کو ریاست ہائے متحدہ امریکہ میں قائم کیا گیا ہے جس کا مقصد ٹیکسٹائل ریشیل آپریشنز کو دیکھنا ہے۔

سرمایہ کاریوں کے ساتھ ساتھ توانائی کی کارکردگی بہتر بنانے کے لیے جاری اقدامات سے توقع ہے کہ کمپنی کی طویل مدتی لگتی ساخت اور پائیداری کے اہداف پر مثبت اثرات مرتب ہوں گے۔

اس کے علاوہ کمپنی کی مختلف پیداواری سہولیات کے باہمی انضمام سے پیداواری صلاحیت کے بہتر استعمال، پیداواری عمل کو موثر بنانے اور وسائل کی زیادہ موثر تقسیم کے ذریعے آپریشنل کارکردگی اور لاگت میں مزید بہتری متوقع ہے۔ انضمامیہ ٹیکنالوجی کے استعمال میں اضافہ، طریقوں کو بہتر بنانے اور آؤٹ میشن کے مواقع کا جائزہ لیتی رہے گی جس کا مقصد پیداواری صلاحیت، معیار اور مجموعی مسینو فیکچرنگ کارکردگی کو بہتر بنانا ہے۔

چونکہ آپریشنل ماحول غیر یقینی صورتحال کا شکار ہے، اس تناظر میں انضمامیہ لاگت کے منظم انضمام، آپریشنل عہدگی، صارفین کے ساتھ تعلقات اور کارکردگی میں اضافہ کے لئے اقدامات میں مکمل سرمایہ کاری کے ذریعے کمپنی کی پگھ اور پائیداری کو مضبوط بنانے پر توجہ مرکوز رکھے گی۔

سفائر ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں 12 ذیلی کمپنیاں ہیں جن میں سے 9 کمپنیوں کی 100 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ ہر ذیلی کمپنی کا مختصر تعریف درج ذیل ہے۔

1. سفائر ونڈ پاور کمپنی لمیٹڈ (ایس ڈی پوی سی ایل)

کمپنی کی 70 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الافلاح لمیٹڈ ہے۔ کمپنی نے جھمپیر سندھ میں 152.80 ایم ڈی پوی گنجائش کا ایک ونڈ فارم قائم کیا ہے جس نے نومبر 2015ء میں کمرشل آپریشنز کا آغاز کر دیا ہے۔ پراجیکٹ حسب ذیل بہترین کارکردگی کے ساتھ اطمینان بخش نتائج حاصل ہے۔

2. سفائر ریشیل لمیٹڈ (ایس آر ایل)

ایس آر ایل سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ”سفائر“ برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ ایس آر ایل پاکستان میں ریشیل آؤٹ لینس اور آن لائن اسٹورز کے ذریعے آپریٹ کرتی ہے۔ کمپنی پاکستان بھر میں 48 ریشیل آؤٹ لینس چلاتی ہے جسے اس کے آن لائن پلیٹ فارم کے ذریعے تیزی سے بڑھتے ہوئے ڈیجیٹل کمرس کے کاروبار کا تعاون حاصل ہے۔ یہ برانڈ فیچر اور لائف اسٹائل ریشیل کے دونوں شعبوں میں اپنی موجودگی کو وسعت دینے اور مارکیٹ شیئر کو مضبوط بنانے کا عمل جاری رکھے ہوئے ہے۔

3. ٹرائیکون پوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ (ٹی بی سی)

ٹی بی سی کی 57.125 فیصد ملکیت سفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو جھمپیر سندھ میں 150 ایم ڈی پوی کے تین پراجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر 2018ء میں کمرشل آپریشن کامیابی سے آغاز کر دیا ہے اور متعین آپریشنل معیارات کے مطابق کام کر رہے ہیں۔

4. سفائر انٹرنیشنل اے پی ایس (ڈنمارک)

سفائر انٹرنیشنل اے پی ایس، سفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ

ڈائریکٹرز رپورٹ برائے حصص یافتگان

منافع کا تصرف

(روپے ہزاروں میں)	
9,335,465	قبل از ٹیکس منافع
(2,514,857)	ٹیکس کی ادائیگی
6,820,608	بعد از ٹیکس منافع
7,206,051	آگے بڑھتا ہوا غیر خرچ شدہ منافع
	عملے کی ریٹائرمنٹ کے فوائد کے دوبارہ حساب کتاب پر حتمی نقصان۔
(5,822)	موخر ٹیکس صافی
558,493	منصفانہ قدر پر ایجوکیشنل انسٹرومنٹ کی فروخت پر منافع
14,579,330	
تصرفات	
	30 جون، 2026 کو ختم ہونے والے سال کے لئے عبوری منافع منقسمہ
(216,898)	(فیصد یعنی فی حصص 10 روپے 100)
14,362,432	آگے بڑھتا ہوا غیر خرچ شدہ منافع
بعد کے اثرات	
	30 جون، 2026 کو ختم ہونے والے سال کے لئے حتمی منافع منقسمہ
(216,898)	(فیصد یعنی فی حصص 10 روپے 100)
14,145,534	آگے بڑھتا ہوا غیر خرچ شدہ منافع

فی حصص آمدن

30 جون، 2026 کو ختم ہونے والے سال کے لئے فی حصص آمدن 30 جون، 2025 کی 182.16 روپے فی حصص آمدن کے مقابلے میں 314.46 روپے رہی۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون، 2026 کو ختم ہونے والے سال کے لئے 100 فیصد یعنی فی حصص 10 روپے فی حصص بطور حتمی منافع منقسمہ تجویز کیا ہے جو کہ پہلے سے ادا شدہ سو فیصد یعنی فی حصص 10 / - روپے کے علاوہ ہے۔ (2025:255 فیصد)

مستقبل کی پیش بینی

ٹیکسٹائل شعبہ کو طلب میں دباؤ، مابقت میں شدت، قیمتوں کے دباؤ اور صارفین کی بدلتی ہوئی ضروریات کے باعث مشکل آپریٹنگ ماحول کا سامنا کرنے کی توقع ہے۔

اس ماحول میں کمپنی صارفین سے روابط مضبوط، آپریشنل عہدگی اور لاگت میں کمی کے لئے ٹھوس اقدامات کے ذریعے اپنی مالیاتی پوزیشن کو مضبوط بنانے پر توجہ مرکوز کئے ہوئے ہے۔ کمپنی اپنے صارفین کے ساتھ طویل المدتی اسٹریٹجک اتحاد قائم کرنے کے لئے بھرپور کوشش کر رہی ہے جس کا مقصد صارفین کے ساتھ روابط کو مضبوط بنانا، کاروبار تک رسائی کو بہتر بنانا اور پائیدار ترقی کو معاونت فراہم کرنا ہے۔

لاگت لے لحاظ سے مابقتی برتری کمپنی کی اہم اسٹریٹجک ترجیح رہے گی۔ کمپنی توانائی کی لاگت اور روایتی توانائی کی قیمتوں کے اتار چڑھاؤ کے اثرات کو کم کرنے کے لئے متبادل تجدید حل میں سرمایہ کاری جاری رکھے گی۔ ان

کمپنی کے ڈائریکٹرز 30 جون، 2026 کو ختم ہونے والے سال کے لئے اپنی رپورٹ کے ہمراہ کمپنی کے آڈٹ شدہ مالی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

مالیاتی جھلکیاں

اہم مالی اعداد و شمار کا خلاصہ درج ذیل ہیں:

2026		2025
(روپے ہزاروں میں)		
93,258,687	81,180,573	خالص آمدن
12,733,690	10,289,740	مجموعی منافع
11,350,590	12,787,276	آپریٹنگ سے حاصل منافع
3,434,049	7,482,902	دیگر آمدن
(4,666,516)	(3,451,810)	مالی لاگت
6,684,074	9,335,465	قبل از ٹیکس منافع
2,733,107	2,514,857	ٹیکس
3,950,967	6,820,608	بعد از ٹیکس منافع

موجودہ سال کے دوران کمپنی کی خالص آمدن گزشتہ سال کی 93.259 بلین روپے کے مقابلے میں کم ہو کر 81.181 بلین روپے رہی جس کی بنیادی وجہ اسپینگ صلاحیت کا معقول استعمال ہے۔ سال کے دوران غیر منافع بخش سپلائرز سے اسپینگ کی پیداوار منقطع ہو گئی جو کمپنی کے ویلیو ایڈڈ شعبے کی موجودہ حکمت عملی سے مطابقت نہیں رکھتے تھے۔

منروخت کے تناسب کے طور پر مجموعی منافع گزشتہ سال کے 13.65 فیصد کے مقابلے میں 12.68 فیصد رہا۔ دیگر آمدن گزشتہ سال کی 3.434 بلین روپے کے مقابلے میں بڑھ کر 7.482 بلین روپے ہو گئی جس کی بنیادی وجہ منافع منقسمہ کی زیادہ آمدن ہے۔

سال کے دوران مالی لاگت کم ہو کر 3.452 بلین روپے رہی جبکہ گزشتہ سال یہ لاگت 4.666 بلین روپے تھی۔ مالی لاگت میں کمی کی بنیاد وجوہات میں گزشتہ سال کے مقابلے میں ورکنگ کیپٹل کی کم ضروریات اور پالیسی ریٹ میں کمی ہے۔

خالص آمدن میں کمی کے باوجود کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے 3.951 بلین روپے کے مقابلے میں بڑھ کر 6.821 بلین روپے رہا۔ منافع میں اضافہ منافع منقسمہ کی زیادہ آمدن اور مالی لاگت میں کمی ہے۔

SUSTAINABILITY



PURPOSE

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

INNOVATING TOGETHER FOR SUSTAINABLE TEXTILES



SUSTAINABILITY SECTION OF FINANCIAL REPORT

1. Introduction

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

STML falls within Phase 1 of the Securities and Exchange Commission of Pakistan's (SECP) phased roadmap for the adoption of IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2, Climate-related Disclosures. During the reporting period, STML strived to reinforce its governance, strategy, risk management, data integrity and reporting regimes to ensure legitimate disclosures. STML will publish a comprehensive Sustainability Report within the applicable reporting timelines, providing detailed information across governance, strategy, risk management and metrics & targets.

2. Materiality Overview and Key Focus Areas

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

3. Risk Management

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

- **Economic Risks:** Political instability, inflation, and evolving policy frameworks affect operational efficiency and supply chain stability, requiring resilient business models.
- **Climate-Related Risks:** Climate change poses significant risks through resource intensity and emissions. Sapphire mitigates these by shifting its stitching unit entirely to solar energy, fulfilling 98% of steam requirements with biomass boilers, and supporting organic and regenerative cotton farming that improves soil health and reduces synthetic input reliance.
- **Regulatory & Compliance Risks:** A structured compliance program ensures adherence to local and international laws on tax, labour, health, safety, environment, and product standards, minimising legal and reputational risks.
- **Operational & Supply Chain Risks:** Supply chain vulnerabilities are addressed through sustainable sourcing, partner collaboration, and continuous monitoring to ensure safety, quality, and sustainability standards.

4. Sustainability Vision, Roadmap & SDG Mapping

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



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



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



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



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



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



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



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



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



Advanced recycling technologies and green infrastructure projects.



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



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



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



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



Compliance with wastewater discharge standards to minimize marine pollution and adverse health effects.



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



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



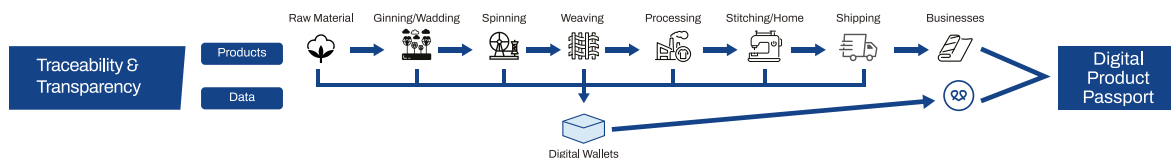
Collaboration with WWF, GIZ, Pillio, WE program, Better Cotton Initiative, and other organizations to promote sustainability.

5. Resource Management

Materials

Sustainability Meets Traceability

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



Cotton Farming Projects

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

Project Impact

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

Khuzdar

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



Bahawalpur

Area:
8,500 acres
Farmers:
41
Yield:
13,000 bales

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

Project Impact

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



Regen Cotton

Area:

1,684 acres

Farmers:

189

Yield:

2,600 bales

The **Regenerative Organic Cotton Project** is our leap of faith on sustainability using organic farming methods that go beyond avoiding synthetic pesticides/fertilizers to actively restore soil health, enhance biodiversity, improve water retention, and support ecosystem resilience. Through practices such as crop rotation, cover cropping, composting, and reduced soil disturbance on 1,000 acres with 4 farmers, we create healthier systems—supporting farmers and reducing environmental impact of cotton production.

5.2. Process

Process & Environmental Stewardship

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

- **Carbon & Energy:** Sapphire is committed to greenhouse gas emissions reduction goal that is explicitly aligned with what climate science says is necessary to limit global warming to 1.5°C above pre-industrial levels. We are committed to Near-Term and Net-Zero targets to become more resilient and responsible organization. Clean energy measures include 35 MW of solar power covering major production operations, a 25 MW battery energy storage system (BESS), wind capacity of 200 MW through subsidiaries, and biomass boilers that replace fossil fuels. Collectively, these reduce tens of thousands of metric tons of CO₂ annually.
- **Green Buildings:** The Stitching Unit is LEED Platinum certified, underscoring sustainable construction and energy efficiency.
- **Water Stewardship:** Wastewater is treated and reused extensively, with up to 40% of water recycled for production activities through advanced recovery and recycling systems. We are expanding the treatment capacity of our effluent treatment plant by installing a new state-of-the-art ETP which shall increase our treatment capacity from 150 cubic meter per hour to 400 cubic meter per hour.
- **Waste & Chemicals:** Hazardous and non-hazardous waste is responsibly managed, with ZDHC Supplier to Zero certification, Zero Liquid Discharge initiatives, and Higg FEM certification demonstrating best practices in responsible chemical and resource management.



5.3 Our People and Culture

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

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

Community Impact

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

Education:

Sapphire School of Learning (SSL)

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

1,500+

650+

Families positively impacted through

100+

Employment opportunities created for local

Hunar Foundation:

Healthcare Assistant Program

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

56

Graduates from the inaugural batch (Feb 25, 2025)

74%

Job placement rate within 3 months of graduation

146%

Increase in enrollment for the second batch,

ADDRESSING CHALLENGES

Through its core pillars, Abdullah Foundation responds to the region's most persistent challenges.

Basic Education

Sapphire School of Learning serving **1500+** students, **650+** families in Sheikhpura



Inclusivity

- **430+** deaf individuals employed through Deaf Reach
- **8** visually impaired students sponsored at The Rising Sun Institute
- Stitching Unit at NOWPDP, training **500+** disabled individuals yearly



Higher Education

Abdullah Scholar Program supporting **150+** undergraduate students in **15+** high-ranking universities



Vocational Training

Hunar Foundation Healthcare Program – **1000+** beneficiaries trained yearly



HealthCare

- Shalamar – Operation Theatre Infrastructure
- LRBT
- SIUT
- Bait-ul-Sukoon
- Patient Behbud Society – AKH



Natural Calamities

Flood Rehabilitation & Relief Program with Akhuwat



Infrastructure

- Lady Dufferin Hospital
- The Kidney Center (TKC)
- IBA Library
- Aitchison Rugby Field

OUR WORK AT A GLANCE

Education

Since 2002, the Sapphire School of Learning has provided quality education up to matriculation for children in Ferozwatan, Sheikhpura, serving over 1,500 learners and supporting 650+ families. The Abdullah Scholar Program supports more than 150 students across 15 top-ranked Pakistani universities, maintaining equal gender representation and facilitating education-to-employment pathways.



Disability Inclusion

The Foundation promotes dignity and independence for individuals with disabilities. Through Deaf Reach, over 430 hearing-impaired individuals gain employable skills in stitching, packaging, and machine operation, enabling meaningful employment within Sapphire Group.

Our partnership with NOWPDP established a Centre of Excellence for Financial Inclusion and a Textile Training Facility in Lahore, training over 500 participants annually with physical and mobility challenges.

We also provide comprehensive scholarships to visually impaired students at The Rising Sun Institute, covering academics, therapy, transportation, and extracurricular activities from grades 9 to 12.

Healthcare

Good health is the foundation of strong communities. The Abdullah Foundation strengthens hospital infrastructure and critical healthcare services, supporting institutions including The Kidney Centre, LRBT, SIUT, Indus Hospital, Aga Khan University Hospital, Shaikat Khanum Memorial Cancer Hospital, and Jinnah Hospital, among others.



Vocational Training

We empower youth through practical, demand-driven skills. Our Hunar Healthcare Program trains thousands in roles like Healthcare Assistant, Emergency Medical Technician, and Physiotherapy Technician, with over 84% securing employment within five months. The hospitality training center at Hunar FFASTI Campus, in collaboration with COTHM, prepares talent for culinary arts and hotel management. Through partnerships with AsheraiTech, TCF, and Khan Academy Pakistan, we advance digital learning opportunities, equipping learners with Advance IT skills and reaching hundreds of schools nationwide.

Healthcare Partners:



Abdullah Scholars

Program

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

120+
No. of Abdullah Scholars

Academic Partners



Healthcare

The Kidney Center (TKC)

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

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

6. Way Forward

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

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



CERTIFICATIONS & PARTNERSHIPS

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

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

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

RAW MATERIALS: SUSTAINABLE SOURCING

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



PARTNERSHIPS



ENVIRONMENTAL

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



SOCIAL/ETHICAL



**SOCIAL & LABOR
CONVERGENCE**



**GREEN
BUTTON**
GOOD FOR PEOPLE.
GOOD FOR NATURE.





SAPPHIRE ACTION AGENDA

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



GENDER PAY GAP STATEMENT

Under SECP Circular 10 of 2024

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

The gender pay gap on an overall basis for the year ended June 30, 2026, is as under:

- Median Gender Pay Gap is 3.93%.
- Mean Gender Pay Gap is -43.44%

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

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

Nadeem Abdullah
Chief Executive

Lahore
September 24, 2026

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 58th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Wednesday, 28th October, 2026, at 04.00 p.m. at Theatre Hall "A", IBA City Campus (Institute of Business Administration) Kayani Shaheed Road, Karachi, as well as through Video Conferencing (VC) to transact the following business:

Ordinary Business

1. To confirm minutes of the Extra Ordinary General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with the Chairman's, Directors', and Auditors' Reports for the year ended 30th June, 2026.

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

http://www.sapphire.com.pk/stml/annualreports.htm	
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3. To approve the final dividend for the year ended 30th June, 2026 as recommended by the Board of Directors.
4. To appoint auditors for the year ending 30th June 2027 and fix their remuneration. The present auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants, retire and, being eligible, offer themselves for reappointment, and the Board of Directors has recommended their appointment.

Special Business

5. To approve by way of special resolutions, with or without modification, the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.
 - (i) **RESOLVED THAT** the Related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2026, be and are hereby ratified, approved, and confirmed.
 - (ii) **RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2027.

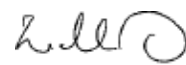
FURTHER RESOLVED THAT those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

Any other Business

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

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

By Order of the Board



Zeeshan
Company Secretary

Karachi
Dated: 24th September, 2026

NOTES

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 22nd October, 2026, to 28th October, 2026 (both days inclusive). Transfers received in order, by the M/s. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 21st October, 2026, will be considered in time to entitle the transferees for payment of dividend, vote, and to attend the meeting.

2. Right to Appoint Proxy

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

3. Proxy Form Availability & CDC Guidelines

An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the Company Share Registrar Office during normal office hours. The proxy form

can also be downloaded from the Company's website: www.sapphire.com.pk/stml CDC shareholders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000, issued by Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies;

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the above Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the proxy form.

4. Change of Address

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

5. Participation in AGM via Zoom (Electronic Means)

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

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

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

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

6. Submission of CNIC

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

7. Voting through E-Voting and Postal Ballot

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

E-voting Procedure:

- (a) Details of the e-voting facility will be shared through an email 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 21st October 2026.
- (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 M/s. Hameed Majeed Associates (Private) Limited (being the e-voting service provider).
- (c) The identity of the members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-voting lines will start on 23rd October 2026, at 09:00 a.m. and shall close on 27th October 2026 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 Company Share Registrar Office or through email at contact@sapphiretextiles.com.pk, by close of business on 27th October 2026. The signature on the ballot paper shall match with the signature on CNIC.

Note

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

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

8. Conversion of Physical Shares to CDC Account

Deposit of physical certificate(s) in CDC Account:

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

9. Unclaimed Dividends/Shares

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

10. Zakat & Tax Deduction

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%
 - (i) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
 - (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.
 - (iii) Further, according to clarification received from Federal Board of Revenue (FBR), the with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

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:

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

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

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

11. Mandatory Electronic Dividend Payment

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

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

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

12. Prohibition on companies for providing gifts or incentives

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

13. Annual Financial Statements via QR Code

The Securities and Exchange Commission of Pakistan has allowed the listed companies through SRO 389(I)/2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor's report, and directors' report, etc. ("annual audited financial statements") to its members through QR-enabled code

and weblink. However, any shareholder may request the company secretary in writing to provide a printed copy of annual report at their registered address free of cost, within seven (07) days of receipt of such request. The shareholders who want to avail this facility may submit request form to the company share registrar. The Financial Statements of the company for the year ended 30th June, 2026 along with reports have been placed on the company's website www.sapphire.com.pk/stml.

14. Video Conference Facility for Shareholders in Other Cities

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

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

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

Signature of Member

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty-Four Million);	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Project, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/ security trustee.	Nil	This amount of loan was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required

Material Changes in Financial Statements of Associated Company

Triconboston Consulting Corporation (Private) Limited

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

Financial Results	Financial Year Ended June 30, 2026 Rupees	Financial Year Ended June 30, 2025 Rupees	Financial Year Ended June 30, 2017 Rupees
Net Sales	17,021,939,993	15,489,962,130	–
Gross Profit /(Loss)	11,591,532,646	9,804,399,130	(93,798,217)
Profit / (Loss) Before Tax	9,496,044,308	7,094,569,999	(94,039,713)
Profit /(Loss) After Tax	9,300,736,807	6,809,977,348	(95,055,582)

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

1. Item relating to Number 5 (i) of the notice.

Ratification and approval of the related party transactions

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

All transactions with related parties to be ratified have been disclosed in the note 44 to the unconsolidated financial statements for the year ended 30th June, 2026.

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

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

The nature of relationship with these related parties has also been indicated in the note 44 to the unconsolidated financial statements for the year ended 30th June, 2026.

2. Item relating to Number 5 (ii) of the notice.

Authorization for the Board of Directors to approve the related party transactions during the year ending 30th June, 2027.

The Company shall be conducting transactions with its related parties during the year ending 30th June, 2027 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies or shareholdings. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time to time on case-to-case basis for the year ending 30th June, 2027, 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.

YEAR AT A GLANCE 2026

Sapphire Textile Mills Limited

01

Revenue

81,180,573

Rs in 000

02

Gross Profit

10,289,740

Rs in 000

03

Gross Profit Ratio

12.68

%

04

Profit before
taxes and levy

9,335,465

Rs in 000

05

Profit after taxes

6,820,608

Rs in 000

06

Earnings per share

314.46

Rs.

07

Total Assets

109,794,011

Rs in 000

08

Total Equity

53,170,713

Rs in 000

09

Current ratio

1.48

Times



FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2026

Particulars	UOM	2026	2025	2024	2023	2022	2021
Profit & Loss							
Sales	Rs. Million	81,181	93,259	82,399	72,837	61,373	38,471
Gross profit	Rs. Million	10,290	12,734	11,063	10,370	11,859	6,350
Operating profit / EBIT	Rs. Million	12,789	11,351	13,240	9,385	11,117	5,342
Profit before taxation	Rs. Million	9,338	6,684	6,845	4,701	8,458	3,759
Profit after taxation	Rs. Million	6,823	3,951	5,174	3,291	7,016	3,263
Cash dividend	Rs. Million	434	553	217	217	217	325
Balance Sheet							
Property, plant and equipment	Rs. Million	31,008	26,434	25,066	23,645	19,921	14,714
Investment & Other assets	Rs. Million	24,999	18,372	16,693	14,801	13,918	14,493
Net current assets	Rs. Million	17,368	16,261	12,391	7,840	8,133	6,470
Total assets employed	Rs. Million	73,375	61,066	54,150	46,286	41,972	35,677
Represented By:							
Share capital	Rs. Million	217	217	217	217	217	217
Reserves	Rs. Million	52,954	42,530	36,700	28,022	25,893	20,802
Shareholders' equity	Rs. Million	53,171	42,747	36,917	28,239	26,110	21,019
Long term loans	Rs. Million	17,637	16,255	16,286	17,233	15,061	14,321
Lease Liabilities	Rs. Million	99	121	22	42	57	-
Deferred liabilities	Rs. Million	2,466	1,943	926	772	744	338
	Rs. Million	73,373	61,066	54,150	46,286	41,972	35,677
Cash Flow Statement							
Operating activities	Rs. Million	5,997	(2,955)	1,490	2,764	(5,826)	20
Investing activities	Rs. Million	(4,129)	(1,761)	677	(3,826)	(4,219)	(1,814)
Financing activities	Rs. Million	(361)	4,526	(2,245)	1,364	10,061	1,835
Cash and cash equivalents at							
the end of the year	Rs. Million	1,661	153	330	413	99	75

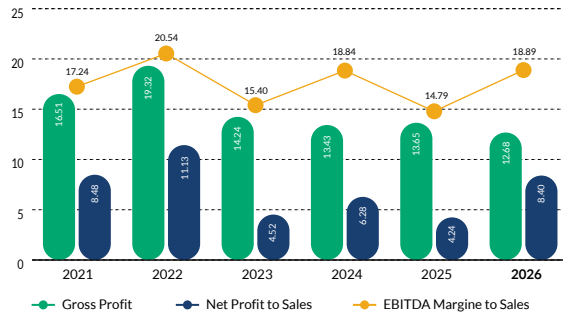
FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2026

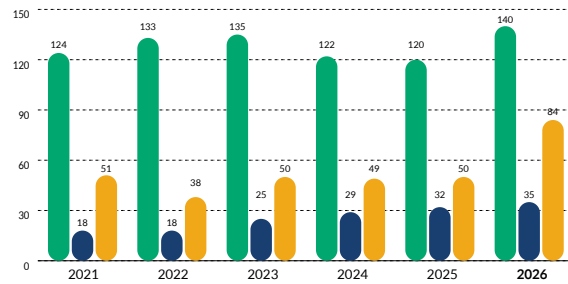
Particulars	UOM	2026	2025	2024	2023	2022	2021
Profitability Ratio's							
Gross Profit to sales	Percentage	12.68	13.65	13.43	14.24	19.32	16.51
EBITDA to sales	Percentage	18.89	14.79	18.84	15.40	20.54	17.24
Net Profit to sales	Percentage	8.40	4.24	6.28	4.52	11.43	8.48
Return on equity	Percentage	12.83	9.24	14.01	11.65	26.87	15.52
Return on capital employed	Percentage	9.30	6.47	9.55	7.11	16.71	9.15
Liquidity Ratios:							
Current ratio	Times	1.48	1.46	1.43	1.27	1.28	1.40
Quick / acid test ratio	Times	0.76	0.66	0.58	0.48	0.48	0.60
Capital Structure ratios							
Financial leverage ratio	Times	0.73	0.92	0.94	1.30	1.35	1.20
Weighted average cost of debt	Percentage	8.84%	11.92%	18.36%	12.71%	7.55	6.26
Debt to equity ratio	Times	0.40	0.46	0.52	0.70	0.66	0.79
Interest cover ratio	Times	3.70	2.43	2.07	2.00	4.18	3.37
Turnover Ratios:							
Inventory turn over	Days	140.01	120	122	135	133	124
Inventory turn over ratio	Times	2.52	2.95	2.92	2.64	2.68	2.83
Debtor turnover	Days	32.00	32	29	25	18	18
Debtors turn over ratio	Times	11.63	11.53	12.75	14.65	19.78	20.57
Creditors turnover	Days	84.40	50	49	50	38	51
Creditors turnover ratio	Times	15.71	24.93	23.26	22.27	25.85	22.50
Fixed assets turn over ratio	Times	2.83	3.62	3.38	3.34	3.54	2.76
Total assets turn over ratio	Times	0.79	1.04	1.04	1.00	1.00	0.80
Operating cycle	Days	87	102	102	110	113	91
Investment / Market Ratio's							
Earning per share	Rs. Per share	314.46	182.16	238.53	151.74	323.45	150.44
Price earning ratio	Times	4.74	6.57	5.61	7.68	3.41	5.80
Price to book ratio	Times	0.61	0.61	0.79	0.90	0.92	0.90
Dividend yield	Percentage	1.34	2.13	0.75	0.86	0.91	1.72
Cash dividend per share	Rs. Per share	20.00	25.50	10.00	10.00	10.00	15.00
Dividend payout ratio	Percentage	6.36	14.00	4.19	6.59	3.09	9.97
Dividend cover ratio	Times	15.72	7.14	23.853	15.174	32.345	10.03
Breakup value per share	Rs. Per share	2,451	1,970.84	1,702.04	1,301.32	1,203.23	969.05
Market value per share at the end of the year	Rs. Per share	1,490.58	1,197.58	1338.99	1165.64	1102.5	872.50
Share Price - High during the year	Rs. Per share	1,564.29	1,379.00	1724.00	1337.83	1300.75	1,144.32
Share Price - Low during the year	Rs. Per share	1,272.02	1,001.00	993.50	876.00	786.00	730.00
EBITDA	Rs. In Million	15,332	13,796	15,527	11,216	12,609	6,631

GRAPHICAL PRESENTATION

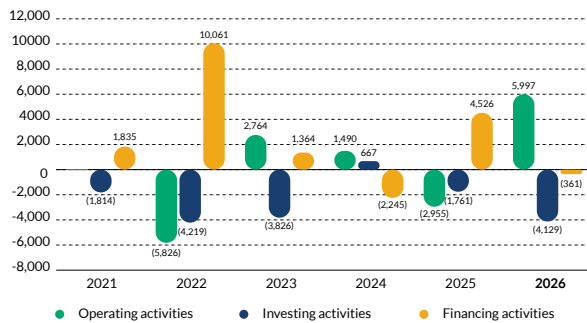
Profitability Ratios



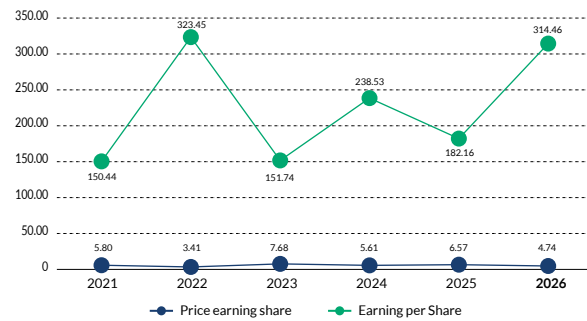
Turnover



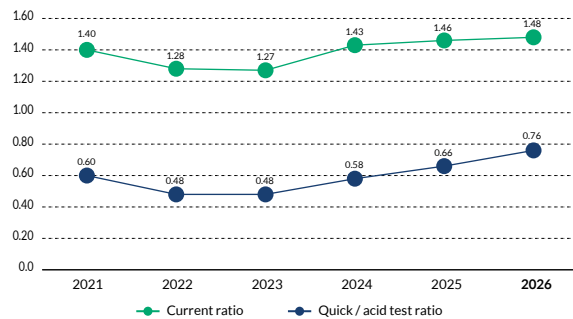
Cash Flow



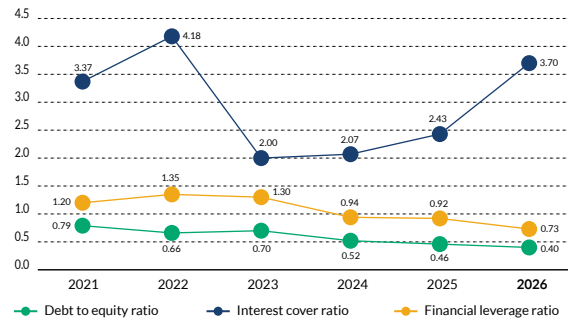
Investor Ratios



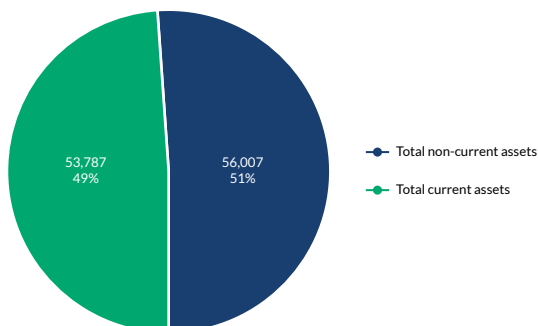
Liquidity Ratio



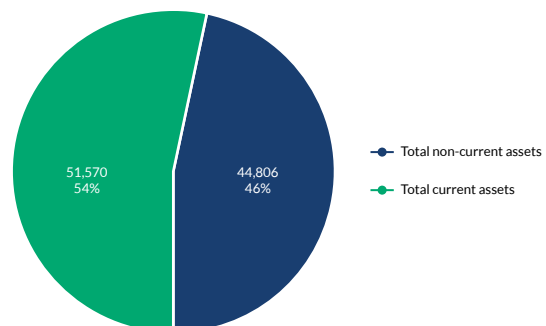
Capital Structure Ratio



Assets 2026

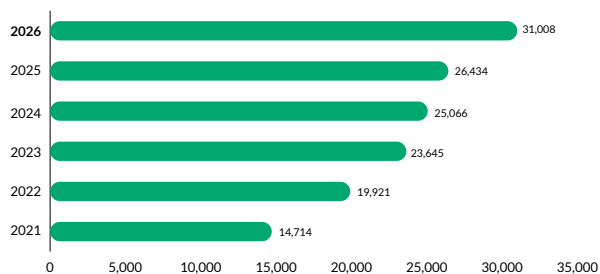


Assets 2025

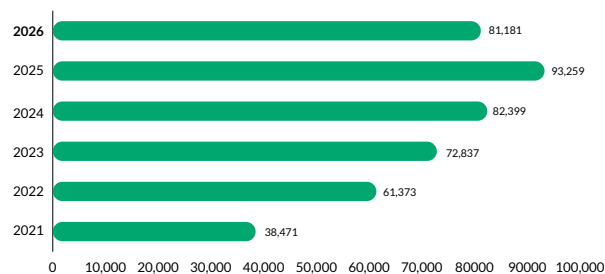


GRAPHICAL PRESENTATION

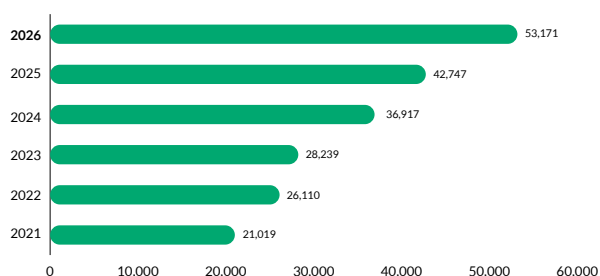
Fixed assets growth



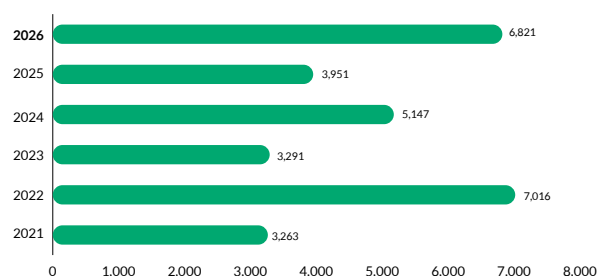
Sales Growth



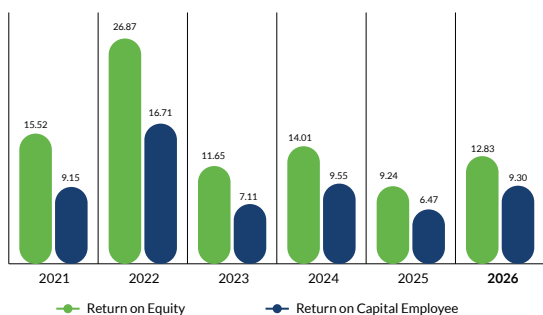
Equity



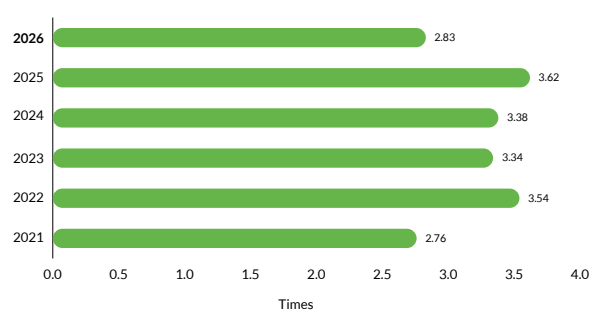
Profit After tax



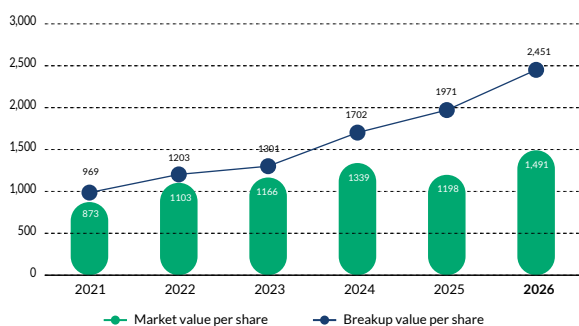
ROE and ROCE



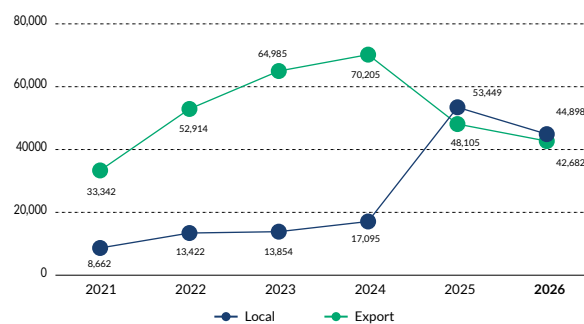
Total Assets Turnover Ratio



Market & Breakup value per share



Export sales and local sales

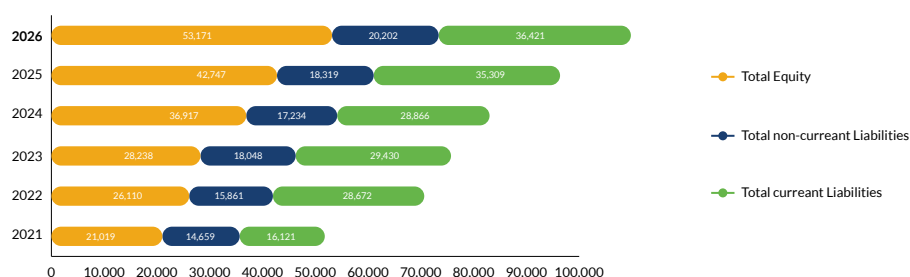


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

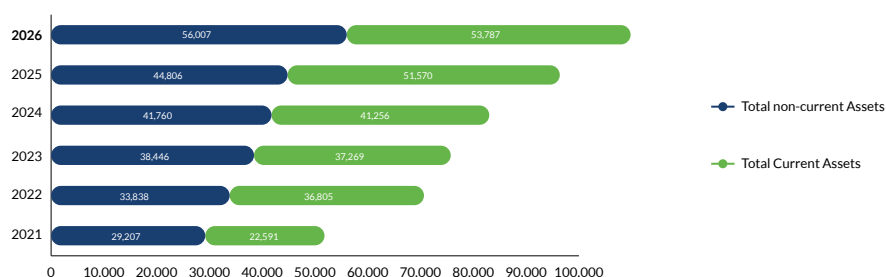
AS AT JUNE 30, 2026

STATEMENT OF FINANCIAL POSITION	2026	2025	2024	2023	2022	2021
	Rupees in 'ooo'					
Total Equity	53,170,713	42,747,020	36,916,853	28,238,454	26,109,673	21,018,586
Total non-current liabilities	20,202,229	18,319,254	17,233,523	18,047,533	15,861,348	14,658,568
Total current liabilities	36,421,069	35,309,241	28,865,552	29,429,625	28,671,603	16,121,258
	109,794,011	96,375,515	83,015,928	75,715,612	70,642,625	51,798,412
Total non-current assets	56,006,895	44,805,584	41,759,565	38,446,344	33,837,979	29,207,483
Total current assets	53,787,116	51,569,931	41,256,363	37,269,268	36,804,645	22,590,929
Total assets	109,794,011	96,375,515	83,015,928	75,715,612	70,642,625	51,798,412
Variance in %						
Total Equity	24.38	15.79	30.73	8.15	24.22	27.57
Total non-current liabilities	10.28	6.30	(4.51)	13.78	8.21	(2.50)
Total current liabilities	3.15	22.32	(1.92)	2.64	77.85	24.63
	13.92	16.09	9.64	7.18	36.38	16.54
Total non-current assets	25.00	7.29	8.62	13.62	15.85	8.32
Total current assets	4.30	25.00	10.70	1.26	62.92	29.22
Total assets	13.92	16.09	9.64	7.18	36.38	16.54

Equity & Liabilities



Current & Non-current Assets

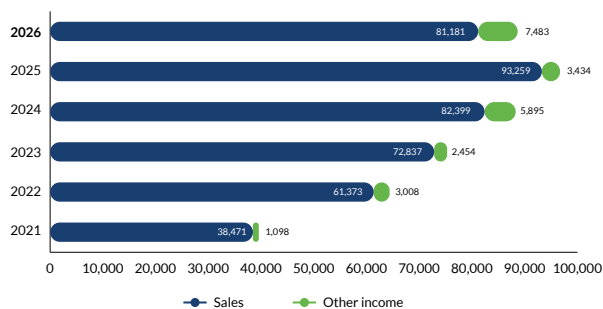


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

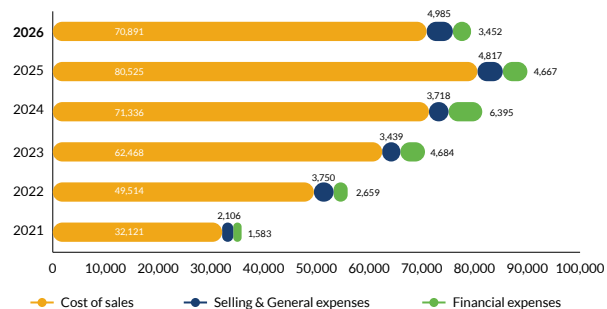
AS AT JUNE 30, 2026

STATEMENT OF FINANCIAL POSITION	2026	2025	2024	2023	2022	2021
	Rupees in 'ooo'					
Profit and Loss Account						
Net Sales	81,180,573	93,258,687	82,399,262	72,837,269	61,373,384	38,470,987
Cost of sales	70,890,833	80,524,998	71,336,289	62,467,586	49,514,316	32,120,873
Gross profit	10,289,740	12,733,690	11,062,973	10,369,684	11,859,068	6,350,113
Distribution cost	3,294,034	3,345,405	2,538,894	2,383,299	2,371,130	1,232,187
Administrative expenses	1,282,236	1,145,782	936,584	755,307	695,101	472,454
Other operating expenses	409,096	325,962	242,518	300,144	683,706	401,133
Other operating income	7,482,902	3,434,049	5,895,060	2,453,961	3,007,581	1,097,563
Profit from operations	12,787,276	11,350,590	13,240,036	9,384,894	11,116,712	5,341,903
Finance cost	3,451,810	4,666,516	6,395,038	4,683,561	2,659,056	1,582,533
Profit before taxation	9,335,465	6,684,074	6,844,998	4,701,333	8,457,656	3,759,370
Provision for taxation	2,514,858	2,733,107	1,671,261	1,410,160	1,442,104	496,434
Profit after taxation	6,820,608	3,950,967	5,173,737	3,291,173	7,015,552	3,262,936
Profit and Loss Account Variance in %						
Net Sales	(12.95)	13.18	13.13	18.68	59.53	13.05
Cost of sales	(11.96)	12.88	14.20	26.16	54.15	10.02
Gross profit	(19.19)	15.10	6.69	(12.56)	86.75	31.34
Distribution cost	(1.54)	31.77	6.53	0.51	92.43	17.39
Administrative expenses	11.91	22.34	24.00	8.66	47.13	5.63
Other operating expenses	25.50	34.41	(19.20)	(56.10)	70.44	107.98
Other operating income	117.90	(41.75)	140.23	(18.41)	174.02	52.19
Profit from operations	12.66	(14.27)	41.08	(15.58)	108.10	38.17
Finance cost	(26.03)	(27.03)	36.54	76.14	68.03	(38.11)
Profit before taxation	39.67	(2.35)	45.60	(44.41)	124.98	187.18
Provision for taxation	(7.99)	63.54	18.52	(2.22)	190.49	281.88
Profit after taxation	72.63	(23.63)	57.20	(53.09)	115.01	176.73

Sales and other income



Cost of Sales and Expenses liabilities



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

AS AT JUNE 30, 2026

	2026		2025		2024		2023		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Balance Sheet												
Total Equity	53,170,713	48.43	42,747,020	44.35	36,916,853	44.47	28,238,454	37.30	26,109,673	36.96	21,018,586	40.58
Total non-current liabilities	20,202,229	18.40	18,319,254	19.01	17,233,523	20.76	18,047,533	23.84	15,861,348	22.45	14,658,568	28.30
Total current liabilities	36,421,069	33.17	35,309,241	36.64	28,865,552	34.77	29,429,625	38.87	28,671,603	40.59	16,121,258	31.12
Total equity and liabilities	109,794,011	100.00	96,375,515	100.00	83,015,928	100.00	75,715,612	100.00	70,642,625	100.00	51,798,412	100.00
Total non-current assets	56,006,895	51.01	44,805,584	46.49	41,759,565	50.30	38,446,344	50.78	33,837,979	47.90	29,207,483	56.39
Total current assets	53,787,116	48.99	51,569,931	53.51	41,256,363	49.70	37,269,268	49.22	36,804,645	52.10	22,590,929	43.61
Total assets	109,794,011	100.00	96,375,515	100.00	83,015,928	100.00	75,715,612	100.00	70,642,625	100.00	51,798,412	100.00
Profit and Loss Account												
Net Sales	81,180,573	100.00	93,258,687	100.00	82,399,262	100.00	72,837,269	100.00	61,373,384	100.00	38,470,987	100.00
Cost of sales	70,890,833	87.32	80,524,998	86.35	71,336,289	86.57	62,467,586	85.76	49,514,316	80.68	32,120,873	83.49
Gross profit	10,289,740	12.68	12,733,690	13.65	11,062,973	13.43	10,369,684	14.24	11,859,068	19.32	6,350,113	16.51
Distribution cost	3,294,034	4.06	3,345,405	3.59	2,538,894	3.08	2,383,299	3.27	2,371,130	3.86	1,232,187	3.20
Administrative expenses	1,282,236	1.58	1,145,782	1.23	936,584	1.14	755,307	1.04	695,101	1.13	472,454	1.23
Other operating expenses	409,096	0.50	325,962	0.35	242,518	0.29	300,144	0.41	683,706	1.11	401,133	1.04
Other operating income	7,482,902	9.22	3,434,049	3.68	5,895,060	7.15	2,453,961	3.37	3,007,581	4.90	1,097,563	2.85
Profit from operations	12,787,276	15.75	11,350,590	12.17	13,240,036	16.07	9,384,894	12.88	11,116,712	18.11	5,341,902	13.89
Finance cost	3,451,810	4.25	4,666,516	5.00	6,395,038	7.76	4,683,561	6.43	2,659,056	4.33	1,582,533	4.11
Profit before taxation	9,335,465	11.50	6,684,074	7.17	6,844,998	8.31	4,701,333	6.45	8,457,656	13.78	3,759,369	9.77
Provision for taxation	2,514,858	3.10	2,733,107	2.93	1,671,261	2.03	1,410,160	1.94	1,442,104	2.35	496,434	1.29
Profit after taxation	6,820,608	8.40	3,950,967	4.24	5,173,737	6.28	3,291,173	4.52	7,015,552	11.43	3,262,935	8.48

COMMENTS ON FINANCIAL STATEMENTS

Statement of Financial Position

Non-current assets

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

Over six years, property, plant and equipment of Sapphire Textile Mills Limited have increased to Rs. 31,008 million which is 111% higher than property, plant and equipment held in year 2021. The Company has made emphasis on vertical integration and established

finishing, printing and dyeing facilities in these years for growth in value added products.

Current assets

Current assets mainly include inventories, receivables, and short-term investments in stable, blue-chip equities, ensuring both liquidity and capital preservation.

Equity

As of June 30, 2026 equity hit Rs. 53,171 million, reinforcing our financial strength.

Long term financing

Long term financing of the Company has increased in comparison with last year. During the year the company obtained long term loans of Rs. 4,721 million for investment in plant and machinery. During the year, the company has also repaid long term loans aggregating Rs. 3,140 million.

Short term borrowings

Short term loans of the company as on June 30, 2026 were Rs. 17,915 million in comparison with Rs. 19,597 million in corresponding period.

Profit and Loss

Sales of the company has grown up by 111% over the last six years. However, during the current year sales have decreased by 12.95% in comparison with last year. Gross profit as a percentage of sales has decreased from 16.51% to 12.68% over the period of six years.

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

Finance cost during the year decreased to Rs. 3.452 billion, compared with Rs. 4.666 billion in the corresponding year. The reduction in finance cost was mainly attributable to lower working capital requirements and a lower policy rate compared with the previous year.



DUPONT ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2026

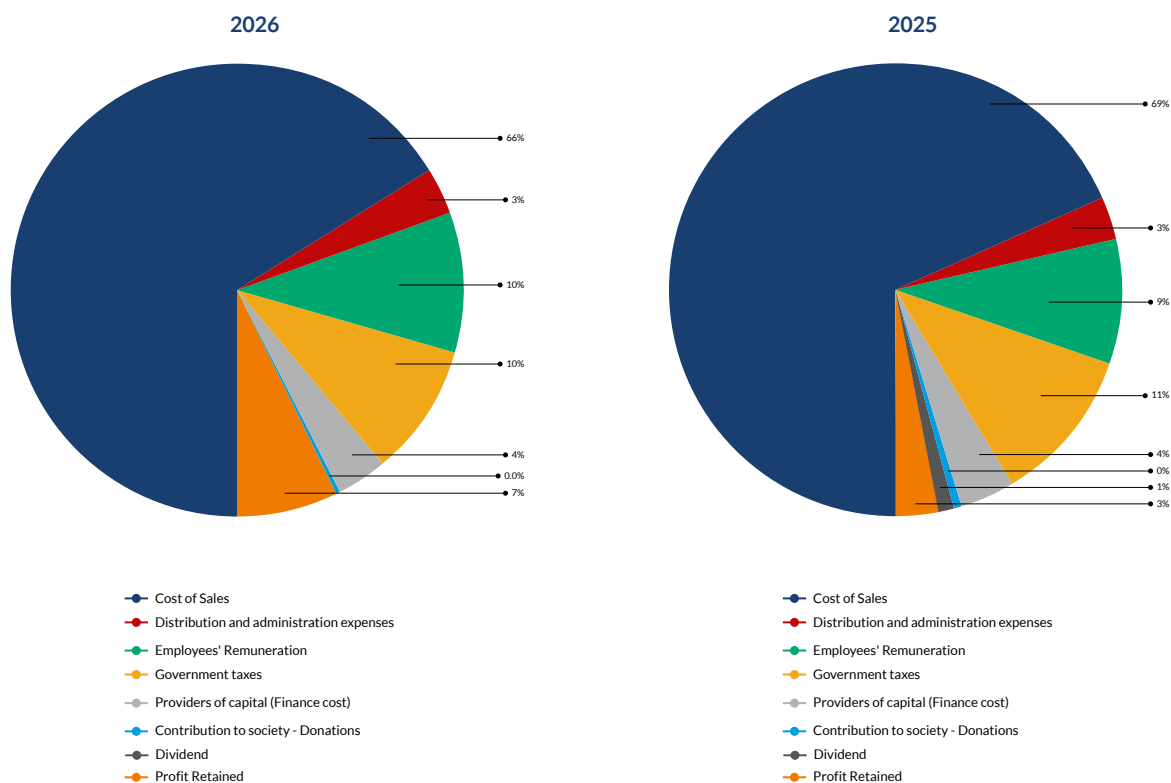


		2026	2025
Tax Burden	Percentage	26.94	40.89
Interest Burden	Percentage	26.99	41.11
EBIT to sales	Percentage	15.75	12.17
Return on Equity	Percentage	12.83	9.24
Total Assets Turnover	Times	0.79	1.04
Debt to equity ratio	Times	0.40	0.46

OUR VALUE ADITION AND ITS DISTRIBUTION

FOR THE YEAR ENDED JUNE 30, 2026

	2026		2025		2024		2023		2022		2021	
	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age	Rs. '000	% age
Wealth Generated												
Net Sales including sales tax	87,691,445	92.14%	101,678,319	96.73%	87,404,443	93.68%	78,936,906	96.98%	66,438,127	95.67%	42,133,817	97.46%
Other operating income	7,482,902	7.86%	3,434,049	3.27%	5,895,060	6.32%	2,453,961	3.02%	3,007,581	4.33%	1,097,563	2.54%
	95,174,347	100.00%	105,112,368	100.00%	93,299,503	100.00%	81,390,867	100.00%	69,445,708	100.00%	43,231,380	100.00%
Value distribution												
Cost of Sales (excluding employees' remuneration, duties and taxes)												
	63,131,645	66.33%	72,236,089	68.72%	64,711,016	69.36%	57,354,857	70.47%	44,958,532	64.74%	28,292,381	65.44%
Distribution, administration (Excluding employees' remuneration and taxes)												
	3,238,559	3.40%	3,176,813	3.02%	2,446,287	2.62%	2,407,984	2.96%	2,351,885	3.39%	1,293,270	2.99%
Employees Remuneration	9,340,954	9.81%	9,714,101	9.24%	7,723,452	8.28%	5,922,321	7.28%	5,434,659	7.83%	4,358,810	10.08%
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, sales tax etc)												
	9,114,786	9.58%	11,310,746	10.76%	6,803,843	7.29%	7,705,691	9.47%	6,953,483	10.01%	4,407,719	10.20%
Providers of capital (Finance cost)	3,451,810	3.63%	4,666,516	4.44%	6,395,038	6.85%	4,683,561	5.75%	2,659,056	3.83%	1,582,533	3.66%
Dividend	216,898	0.23%	769,988	0.73%	216,898	0.23%	216,898	0.27%	216,898	0.31%	325,347	0.75%
Contribution to society - Donations	16,055	0.02%	42,553	0.04%	3,849	0.00%	25,280	0.03%	72,543	0.10%	33,732	0.08%
Profit retained	6,663,640	7.00%	3,195,562	3.04%	4,999,120	5.36%	3,074,275	3.78%	6,798,653	9.79%	2,937,588	6.80%
	95,174,347	100.00%	105,112,368	100.00%	93,299,503	100.00%	81,390,867	100.00%	69,445,708	100.00%	43,231,380	100.00%



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2026

Particulars	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	FY 26'	FY 25'	Change	FY 26'	FY 25'	Change	FY 26'	FY 25'	Change	FY 26'	FY 25'	Change	FY 26'	FY 25'	Change
Rupees in millions															
Sales	21,983	23,559	-7%	19,127	23,206	-18%	18,495	24,619	-25%	21,576	21,875	-1%	81,181	93,259	-13%
GP	2,523	3,769	-33%	2,170	3,130	-31%	2,211	3,047	-27%	3,386	2,789	21%	10,290	12,734	-19%
EBITDA	3,118	3,470	-10%	4,258	3,365	27%	2,643	4,291	-38%	5,315	2,671	99%	15,334	13,796	11%
PAT	900	1,034	-13%	3,108	867	258%	858	1,625	-47%	1,954	425	360%	6,821	3,951	73%
Rupe per share															
EPS	41.50	47.65	-13%	143.29	39.98	258%	39.56	74.93	-47%	90.11	19.60	360%	314.46	182.16	73%



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SAPPHIRE TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of SAPPHIRE TEXTILE MILLS LIMITED (the Company) for the year ended June 30, 2026 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, 2026.

Lahore: September 30, 2026
UDIN: CR202610104udMLbBUfc



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

STATEMENT OF COMPLIANCE

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

Name of Company : Sapphire Textile Mills Limited (the Company)
Year ended : June 30, 2026

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

1. The total number of directors are Ten (10) as per the following:
 - a. Male : Nine (9)
 - b. Female : One (1)
2. The composition of the Board (*) is as follows:

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

(*) During the year, elections of directors were held on June 15, 2026. There was no change in the Directors. The Independent Director continued to meet the criteria of independence as prescribed under the Companies Act, 2017 ("the Act").

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The board has ensured that complete record of particulars of the significant policies along with the dates of approval or amendments has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
9. Out of the total Ten (10) directors of the company, nine (9) Directors meet the requirements, five (5) Directors have already attained certification under the directors training program and four (4) directors meet the requirements of the exemption under regulation. Further, the Company is committed to ensure full compliance with the Directors' Training Program (DTP) requirements and will take necessary measures to facilitate the completion of DTP for the remaining director(s), as well as for the female executive and the head(s) of department, in accordance with the guidelines prescribed by the Code of Corporate Governance, 2019.
10. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
12. The Board has formed committees comprising of members given below:

Committee(s)

a) Audit Committee

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

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees was as per following:

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

15. The Board has set up an effective Internal Audit Function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parents, dependents and non-dependents children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

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

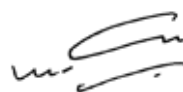
Directors. The Company considers that the existing composition of the Board of Directors brings in the relevant experience and valuable contributions to the Board.

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

- (i) The Human Resource & Remuneration Committee is performing the functions of the Nomination Committee, including responsibilities related to the appointment, evaluation, and succession planning of directors and senior management. As these functions are effectively covered, a separate Nomination Committee has not been constituted.
- (ii) The Board Audit Committee is entrusted with oversight of the Company's risk management framework. It reviews the Company's risk profile, internal controls, and mitigation strategies. In view of this, the formation of a separate Risk Management Committee is not considered necessary.

Further, The Company has established a Sustainability Team, comprising senior executives, which periodically reviews and monitors sustainability-related initiatives. To strengthen the governance framework, responsibilities related to sustainability risks and opportunities have been entrusted to the Board Audit Committee.

For and on behalf of the Board



MOHAMMAD ABDULLAH

CHAIRMAN / DIRECTOR



NADEEM ABDULLAH

CHIEF EXECUTIVE

Lahore
24 September, 2026

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of Sapphire Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2026, 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, 2026 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1.	Capital expenditures Refer note 5 to the financial statements. The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2026. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy. Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. - Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - Reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. - The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2.	Inventory existence and valuation Refer note 12 to the financial statements. The total value of stock in trade as at the reporting date amounted to Rs.25.951 billion, representing 48.25% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. - We reviewed the Company's disclosure in the financial statement in respect of stock in trade.

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

Information Other than the Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore: September 30, 2026
UDIN: AR202610104r4BRHVACQ


SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

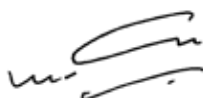
As at June 30, 2026

	Note	2026 Rupees	2025 Rupees
Assets			
Non current assets			
Property, plant and equipment	5	31,007,932,659	26,433,773,204
Investment property	6	121,667,622	153,811,557
Long-term investments	8	24,555,372,111	18,058,672,125
Long-term loans and advances	9	221,942,353	61,178,437
Long-term deposits	10	99,980,722	98,148,246
		56,006,895,467	44,805,583,569
Current assets			
Stores, spares and loose tools	11	1,029,285,862	885,592,506
Stock in trade	12	25,951,505,553	28,433,524,343
Trade debts	13	7,993,626,731	9,721,683,648
Loans and advances	14	420,166,854	201,919,917
Short term deposits	15	316,316,857	153,208,672
Other receivables	16	1,648,521,375	1,577,571,950
Short-term investments	17	8,866,934,521	7,031,015,869
Tax refunds due from Government	18	5,900,166,595	3,412,026,926
Cash and bank balances	19	1,660,591,433	153,387,486
		53,787,115,781	51,569,931,317
Total assets		109,794,011,248	96,375,514,886
Equity and Liabilities			
Share capital and reserves			
Authorised share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	20	216,897,910	216,897,910
Reserves	21	52,953,815,263	42,530,122,429
Total equity		53,170,713,173	42,747,020,339
Non current liabilities			
Long-term loans and other payables	22	17,637,031,490	16,254,979,207
Lease liabilities	23	99,013,950	120,813,263
Deferred income – Government grant	24	115,244,817	169,620,752
Staff retirement benefit – gratuity	25	913,574,130	832,934,148
Deferred tax liability	26	1,437,364,293	940,906,510
		20,202,228,680	18,319,253,880
Current liabilities			
Trade and other payables	27	12,430,777,430	9,912,351,480
Contract liabilities	28	2,032,007,225	1,722,396,530
Accrued mark-up	29	551,402,962	771,368,299
Short-term borrowings	30	17,915,244,640	19,596,928,908
Current portion of long-term liabilities	31	3,489,305,086	3,303,930,595
Unclaimed dividend		2,332,052	2,264,855
		36,421,069,395	35,309,240,667
Total liabilities		56,623,298,075	53,628,494,547
CONTINGENCIES AND COMMITMENTS	32		
Total equity and liabilities		109,794,011,248	96,375,514,886

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
Net turnover	33	81,180,573,240	93,258,687,325
Cost of sales	34	(70,890,833,131)	(80,524,997,640)
Gross profit		10,289,740,109	12,733,689,685
Distribution cost	35	(3,294,033,878)	(3,345,404,599)
Administrative expenses	36	(1,282,236,306)	(1,145,781,514)
Other operating expenses	37	(409,096,020)	(325,962,196)
Other income	38	7,482,901,622	3,434,048,887
Profit from operations		12,787,275,527	11,350,590,263
Finance cost	39	(3,451,810,196)	(4,666,516,224)
Profit before revenue tax, income tax and levy		9,335,465,331	6,684,074,039
Revenue and levy taxes	40	(1,277,701,907)	(1,512,892,057)
Profit before income tax		8,057,763,424	5,171,181,982
Income tax expense	40	(1,237,155,701)	(1,220,215,300)
Profit for the year		6,820,607,723	3,950,966,682
Earnings per share – basic and diluted	41	314.46	182.16

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
Profit for the year		6,820,607,723	3,950,966,682
Other comprehensive income			
Items that may be reclassified to statement of profit or loss subsequently			
Net – gain / (loss) on remeasurement of forward foreign currency contracts		386,410,627	(108,448,112)
Items that will not be reclassified to statement of profit or loss subsequently			
Exchange (loss) / gain on translation of investment in foreign currency	8.3.3	(9,902,033)	2,052,868
Unrealised gain on equity instruments at fair value through other comprehensive income			
– long term		2,448,319,519	1,853,330,513
– short term		942,949,240	1,479,028,579
		3,391,268,759	3,332,359,092
Impact of deferred tax		(500,465,445)	(555,782,775)
Realised gain on sale of investment at fair value through other comprehensive income		558,492,894	444,129,898
Actuarial loss on re-measurement of staff retirement benefit obligation	25.4	(5,821,781)	(34,414,947)
Impact of deferred tax		–	13,421,829
		(5,821,781)	(20,993,118)
		3,443,474,427	3,199,713,097
Total comprehensive income for the year		10,640,590,744	7,044,284,535

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2026

	Reserves										
	Issued, subscribed and paid-up capital	Capital				Revenue				Sub-total	Total
		Share premium	Fixed Assets Replacement	Capital reserve against capacity expansions and long term investments	Exchange gain on translation of foreign Investment	Fair value reserve of financial asset at fair value through OCI	Cash flow hedge reserve	General reserves	Unappropriated profit		
Rupees											
Balance as at July 01, 2024	216,897,910	782,796,090	65,000,000	-	-	1,459,803,448	60,421,094	1,330,000,000	33,001,934,741	36,699,955,373	36,916,853,283
Transfer of reserves (note 21.1.4)	-	-	-	30,730,000,000	-	-	-	(1,330,000,000)	(29,400,000,000)	-	-
Transaction with owners of the Company											
Final dividend related to the year ended June 30, 2024 at the rate of Rs.10 per share	-	-	-	-	-	-	-	-	(216,897,910)	(216,897,910)	(216,897,910)
Interim dividend related to the year ended June 30, 2025 at the rate of Rs.25.5 per share	-	-	-	-	-	-	-	-	(553,089,671)	(553,089,671)	(553,089,671)
Total comprehensive income for the year ended June 30, 2025	-	-	-	-	-	2,776,576,317	(108,448,112)	-	3,929,973,564	6,600,154,637	6,600,154,637
Profit for the year	-	-	-	-	-	2,776,576,317	(108,448,112)	-	3,950,966,682	3,950,966,682	3,950,966,682
Other comprehensive income / (loss)	-	-	-	-	2,052,868	2,776,576,317	(108,448,112)	-	(20,993,118)	2,649,187,955	2,649,187,955
Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income	-	-	-	-	-	2,052,868	(108,448,112)	-	3,929,973,564	6,600,154,637	6,600,154,637
Balance as at June 30, 2025	216,897,910	782,796,090	65,000,000	30,730,000,000	2,052,868	3,792,249,867	(48,027,018)	-	7,206,050,622	42,530,122,429	42,747,020,339
Transaction with owners of the Company											
Interim dividend related to the year ended June 30, 2026 at the rate of Rs.10 per share	-	-	-	-	-	-	-	-	(216,897,910)	(216,897,910)	(216,897,910)
Total comprehensive income for the year ended June 30, 2026	-	-	-	-	-	3,449,296,208	386,410,627	-	6,814,785,942	10,640,590,744	10,640,590,744
Profit for the year	-	-	-	-	-	3,449,296,208	386,410,627	-	6,820,607,723	6,820,607,723	6,820,607,723
Other comprehensive (loss) / income	-	-	-	-	(9,902,033)	3,449,296,208	386,410,627	-	(5,821,781)	3,819,983,021	3,819,983,021
Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income	-	-	-	-	(9,902,033)	3,449,296,208	386,410,627	-	6,814,785,942	10,640,590,744	10,640,590,744
Balance as at June 30, 2026	216,897,910	782,796,090	65,000,000	30,730,000,000	(7,849,165)	6,883,053,181	338,383,609	-	14,362,431,548	52,953,815,263	53,170,713,173

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

[Signature]

Chief Executive Officer

[Signature]

Chairman / Director

[Signature]

Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	15,384,794,615	6,560,586,388
Change in long term loans, advances and deposits		(162,596,392)	(10,766,860)
Finance cost paid		(3,649,201,715)	(4,663,352,454)
Taxes paid		(5,238,726,109)	(4,616,351,512)
Staff retirement benefit paid		(337,432,274)	(224,623,285)
Net cash generated from / (used in) operating activities		5,996,838,125	(2,954,507,723)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,478,913,140)	(3,808,854,161)
Proceeds from disposal of operating fixed assets		407,208,860	237,147,910
Investment in Subsidiary Companies		(4,108,295,000)	(950,000,000)
Proceeds from sale of investment property		193,137,648	-
Purchase of equity instruments		(1,297,707,575)	(2,436,387,952)
Proceeds from sale of equity instrument		1,013,243,557	2,083,718,009
Rental income received		231,456,964	213,923,106
Dividend income received		6,906,738,148	2,891,350,366
Interest income received		3,987,442	7,783,786
Net cash used in investing activities		(4,129,143,096)	(1,761,318,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – obtained		4,720,639,129	2,968,590,242
– repaid		(3,140,324,386)	(2,753,308,511)
Dividend paid		(216,830,713)	(769,756,506)
Short term borrowings – net		(1,681,684,268)	5,121,012,026
Repayment of lease liabilities		(42,487,581)	(40,685,985)
Net cash (used in) / generated from financing activities		(360,687,819)	4,525,851,266
Net increase / (decrease) in cash and cash equivalents		1,507,007,210	(189,975,393)
Net foreign exchange difference		196,737	13,189,078
Cash and cash equivalents – at beginning of the year		153,387,486	330,173,801
Cash and cash equivalents – at end of the year		1,660,591,433	153,387,486

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

1. LEGAL STATUS AND OPERATIONS

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

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

Business unit	Location
Registered Office	
Karachi	20th Floor, Ocean Tower, Plot No. G-3, Khayaban-e-Iqbal, Block 9, Clifton, Karachi.
Lahore office	
	4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore.
Production Plants	
Spinning	A-17, Site, Kotri
Spinning	A-84, Site Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur.
Spinning	1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Weaving, Yarn Dyeing,	
Printing, Processing,	
Home Textile and Stitching	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Stitching	1.5-KM, Off Defence Road, Bhutian Chowk, Raiwind Road, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

2.3 Functional and presentation currency

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

2.4 Changes in Accounting Policies and Disclosures Resulting From New / Amendments in Standards and Interpretation During The Year

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

a) IFRS S1 General Requirement for Disclosure of Sustainability-Related Financial Information

Effective: July 01, 2025

IFRS S2 Climate Related Disclosure

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 Company meets the specified criteria for Phase I applicability under the SECP's order dated December 31, 2024, as this represents the Company's first year of compliance. Accordingly, the Company has availed the first-year reporting relief provided under the SECP Order, whereby the sustainability-related financial disclosures may be issued within nine months from the close of the financial year. The Company will therefore issue its sustainability-related financial disclosures separately by March 31, 2027, in respect of the year ended June 30, 2026, rather than presenting them together with these financial statements.

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

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

The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Company:

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) Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency

Effective: January 01, 2027

These amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements of the Company other than in presentation and disclosures.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits – gratuity

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

(e) Income taxes and deferred taxation

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for a change made during the year as detailed in note 4.15 to these financial statements.

4.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

4.1.1 Capital work-in-progress

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

4.1.2 Right-of-use assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

Depreciation of right of use asset

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

4.2 Investment property

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

4.3 Intangible assets

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

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

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

Subsequent expenditure

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

Amortization

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

4.4 Financial assets

Initial measurement

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

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

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

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

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

Subsequent Measurement

– Equity Instruments at FVTOCI

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

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

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

– Debt Instruments at FVTOCI

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

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

– Debt Instruments at FVTPL

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

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

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

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

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

– Financial Assets measured at amortised cost

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

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition

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

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

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

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

Investments in Subsidiary and Associated Companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. Whenever indicators of impairment occurs, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

4.5 Stores, spare parts and loose tools

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

4.6 Stock-in-trade

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

4.7 Trade debts and other receivables and related impairment

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

4.8 Cash and cash equivalents

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

4.9 Impairment

(a) Financial assets

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

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

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

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

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase

in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

(b) Non-financial assets

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

4.10 Off-setting of financial assets and liabilities

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

4.11 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at fair value through profit or loss**

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

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

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

- **Financial liabilities at amortized cost**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

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

Derecognition

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

4.12 Government grants

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

4.13 Borrowings

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

4.14 Employees' retirement benefits

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

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

- **Salary increase / inflation risk:**

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

- **Discount rate risk:**

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

- **Mortality risk:**

Actual mortality experience may be different than that assumed in the calculation.

- **Withdrawal risk:**

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

4.15 **Income tax & levies**

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.

During the year, the Company changed its policy and designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

The above change in the accounting policy does not have significant impact hence; no restatement is required in the financial statements.

Current

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

Deferred

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

During the year, the Company reassessed the recognition and measurement of deferred tax in its financial statements in light of the Application Guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No. 07 of 2024 dated May 15, 2024. Based on the reassessment, management determined that the recognition of deferred tax is no longer required as the minimum tax paid may not be released / adjustable because the Company has sufficient tax losses and unabsorbed depreciation loss carried forward and management expects the Company to remain subject to the minimum tax regime. However, deferred tax liability with respect to unrealised gain on investments has been recognised using applicable effective tax rate under Income Tax Ordinance, 2001.

Levy

In accordance with the requirements of Income Tax Ordinance, 2001 (Ordinance), computation of final / minimum taxes is not based on taxable income and as per revised guidance by IASB (International Accounting Standards Board), these fall within the scope of IFRIC 21 (Levies) / IAS 37 (Provisions, contingent liabilities and contingent assets) and accordingly have been classified as levy in these financial statements. Further, the Company designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it levies an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

4.16 Lease liability

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

Company as lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

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

Company as lessor

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

Short-term leases and leases of low-value assets

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

4.17 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

4.18 Provisions

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

4.19 Foreign currency transactions and translation

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

4.20 Impairment of non financial assets

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

4.21 Derivative financial instruments

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

a) Cash flow hedges

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

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

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

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

b) Fair value hedges

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

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

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

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

4.22 Revenue recognition

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

Sale of goods

- Local Sales

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

- Export Sales

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

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

Other sources of revenue

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

4.23 Borrowing costs

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

4.24 Dividend and appropriation to reserves

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

4.25 Earnings per share – basic and diluted

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

4.26 Related party transactions

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

	Note	2026 Rupees	2025 Rupees
5	PROPERTY, PLANT AND EQUIPMEN		
Operating fixed assets	5.1	26,910,681,084	24,382,916,014
Right-of-use asset	5.2	94,928,728	123,203,852
Capital work-in-progress	5.3	4,002,322,847	1,927,653,338
		31,007,932,659	26,433,773,204

5.1 Operating fixed assets

	Land	Buildings on free – hold land				Buildings on lease – hold land				Rupees									
		Free- hold	Lease- hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total
At July 1, 2024																			
Cost	1574,942,068	137013,777	4,924,960,081	1,021,283,992	554,686,749	367,434,887	136,863,631	27,722,929	27,944,680,190	769,130,079	30,453,068	165,596,027	221,660,005	43,733,990	211,667,439	319,193,653	471,908,032	38,392,395,627	
Accumulated depreciation	-	-	2,178,956,037	251,676,830	139,022,525	268,436,671	50,565,881	26,983,915	11,356,870,162	392,998,585	16,190,968	77,555,022	109,261,016	27,795,603	81,860,075	66,394,270	204,347,686	15,397,578,766	
Net book value	1574,942,068	137013,777	2,746,004,044	769,607,162	415,674,224	98,998,216	86,277,750	649,014	16,438,808,028	376,231,494	14,422,100	87,840,525	112,398,988	15,937,987	129,807,364	252,745,443	267,560,346	23,524,817,361	
Year ended June 30, 2025																			
Opening net book value	1574,942,068	137013,777	2,746,004,044	769,607,162	415,674,224	98,998,216	86,277,750	649,014	16,438,808,028	376,231,494	14,422,100	87,840,525	112,398,988	15,937,987	129,807,364	252,745,443	267,560,346	23,524,817,361	
Additions *	20,035,688	-	53,887,907	307,616,455	-	3,757,050	76,630,421	-	2,376,114,161	33,439,629	-	23,450,328	50,087,354	3,844,477	55,681,227	69,147,187	215,210,380	3,388,503,454	
Disposals:																			
- cost	-	6,915,675	-	-	-	-	-	-	402,227,552	774,400	-	4,747,702	6,108,440	676,223	12,140	-	47,365,400	488,927,722	
- accumulated depreciation	-	-	-	-	-	-	-	-	(306,937,455)	(431,381)	-	(2,191,290)	(4,516,798)	(55,981,010)	(60,225)	-	(26,229,094)	(340,926,253)	
	-	6,915,675	-	-	-	-	-	-	95,290,097	342,819	-	2,556,412	1,591,642	16,443	5,915	-	21,136,306	128,001,479	
Depreciation charge	-	-	282,955,863	43,866,043	20,944,469	10,097,468	6,381,192	129,803	1,819,983,239	39,026,872	1,422,209	10,823,346	42,445,494	1,784,319	15,388,611	29,901,802	76,562,592	2,403,403,322	
Closing net book value	1594,977,956	130,097,302	2,677,296,086	1,033,357,514	394,679,755	92,657,808	156,326,979	519,211	16,899,638,853	370,301,432	12,888,881	97,917,295	118,448,807	17,881,732	170,068,005	292,591,428	383,071,838	24,382,916,014	
At June 30, 2025																			
Cost	1594,977,956	130,097,302	5,078,847,988	1,328,900,447	554,696,749	371,811,947	273,494,052	27,722,929	29,918,566,799	801,795,308	30,453,068	184,298,653	265,639,119	46,301,844	267,226,526	388,887,440	639,753,022	41,842,971,349	
Accumulated depreciation	-	-	2,461,551,910	295,540,873	159,816,994	278,534,139	57,617,073	26,713,718	13,018,927,946	431,493,676	17,563,177	86,387,538	147,900,312	29,020,112	97,168,461	96,296,012	256,681,184	17,460,053,335	
Net book value	1594,977,956	130,097,302	2,617,296,086	1,033,357,514	394,879,755	92,657,808	156,326,979	519,211	16,899,638,853	370,301,432	12,888,881	97,917,295	118,448,807	17,881,732	170,068,005	292,591,428	383,071,838	24,382,916,014	
Year ended June 30, 2026																			
Opening net book value	1594,977,956	130,097,302	2,617,296,086	1,033,357,514	394,879,755	92,657,808	156,326,979	519,211	16,899,638,853	370,301,432	12,888,881	97,917,295	118,448,807	17,881,732	170,068,005	292,591,428	383,071,838	24,382,916,014	
Additions	83,607,006	-	826,054,436	193,004,088	-	17,311,516	1,350,000	-	3,799,385,786	540,000	6,335,429	10,972,808	48,900,497	-	69,008,061	81,778,168	320,575,836	5,404,246,631	
Disposals:																			
- cost	-	-	-	-	-	-	-	-	1,072,651,995	10,213,788	-	188,100	14,039,571	-	114,000	92,000	61,404,437	158,703,891	
- accumulated depreciation	-	-	-	-	-	-	-	-	(723,770,946)	(80,388,931)	-	(71,572)	(10,298,062)	-	(112,721)	(30,949)	(44,048,004)	(765,971,076)	
	-	-	-	-	-	-	-	-	349,381,149	2,174,857	-	6,528	3,741,509	-	1,288	61,051	17,356,433	372,722,815	
Depreciation charge	-	-	305,091,681	56,640,262	19,754,747	10,113,190	7,638,849	103,842	1,847,297,114	36,163,483	1,557,005	11,827,131	43,222,214	1,795,276	22,560,562	34,186,667	105,693,723	2,503,745,746	
Closing net book value	1678,584,962	130,097,302	3,138,258,843	1,115,821,400	375,125,008	99,676,134	149,838,130	415,389	18,502,346,376	332,503,892	17,688,315	97,240,444	120,365,381	16,086,656	216,514,276	339,621,078	580,597,518	26,910,681,084	
At June 30, 2026																			
Cost	1678,584,962	130,097,302	5,904,902,424	1,468,004,535	554,696,749	388,323,463	274,844,052	27,722,929	32,645,300,390	792,121,520	36,788,497	195,083,361	301,500,045	46,301,844	336,130,387	470,073,608	898,924,421	46,088,511,089	
Accumulated depreciation	-	-	2,766,643,381	352,183,135	179,571,741	288,647,329	65,005,922	26,817,560	14,142,954,214	459,618,428	19,120,182	97,943,117	180,244,464	30,855,388	119,616,311	130,451,730	316,326,903	19,777,830,005	
Net book value	1678,584,962	130,097,302	3,138,258,843	1,115,821,400	375,125,008	99,676,134	149,838,130	415,389	18,502,346,376	332,503,892	17,688,315	97,240,444	120,365,381	16,086,656	216,514,276	339,621,078	580,597,518	26,910,681,084	
Depreciation rate (% - per annum)		10	5	5	5	10	5	20	10.820	10	10	30	30	10	10	10	20		

*Preceding year additions in Plant and machinery included machinery costing Rs.40.423 million purchased from Reliance Cotton Spinning Mills Limited (a related party).

5.1.1 Freehold lands of the Company are located at Sheikhpura, Kasur and Lahore with an area of 1,617,685 (2025: 1,566,350) square yards and leasehold lands of the Company are located at Kotri and Nooriabad with an area of 426,284 (2025: 426,284) square yards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
Rupees							
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Dyeing Plant with accessories	1,650,000	899,965	750,035	1,735,376	985,341	Negotiation	M/s. Hassan & Co.
Uni Lap Former	8,138,326	7,525,454	612,872	847,458	234,586	-----do-----	M/s. Classic Impex (Pvt.) Ltd.
Ring Frames	50,278,300	38,230,733	12,047,567	25,693,829	13,646,262	-----do-----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Compact Frames	37,371,713	27,345,772	10,025,941	22,727,727	12,701,786	-----do-----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Comber Machines	16,845,854	15,123,725	1,722,129	4,237,290	2,515,161	-----do-----	M/s. Classic Impex (Pvt.) Ltd.
Compact Frames	6,719,035	4,531,896	2,187,139	2,187,139	-	-----do-----	M/s. Grace Tex International.
Ring Frames	28,319,035	11,375,850	16,943,185	11,702,293	(5,240,892)	-----do-----	M/s. Grace Tex International.
Ring Frames	13,117,654	7,606,002	5,511,652	1,985,593	(3,526,059)	-----do-----	M/s. Hussain Ali & Co.
Carding Machines	10,025,496	9,503,524	521,972	1,080,508	558,536	-----do-----	M/s. Grace Tex International.
Process Coner	42,731,415	32,923,383	9,808,032	15,000,000	5,191,968	-----do-----	M/s. Meko Fabrics (Pvt) Ltd.
Ring Frames	60,662,092	36,749,000	23,913,092	16,430,803	(7,482,289)	-----do-----	M/s. Hassan & Co.
Simplex Frames	33,026,938	30,596,541	2,430,397	2,978,208	547,811	-----do-----	M/s. Hassan & Co.
Auto Plucker	73,294,731	23,412,627	49,882,104	52,392,000	2,509,896	-----do-----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Air Compressor	4,687,852	3,565,773	1,122,079	1,148,744	26,665	-----do-----	M/s. Ali Enterprises.
Dust & Waste Removal System	24,280,482	19,608,804	4,671,678	4,782,694	111,016	-----do-----	M/s. Ali Enterprises.
Waste Collection System	2,772,000	1,869,429	902,571	924,019	21,448	-----do-----	M/s. Ali Enterprises.
Carding Machine	2,727,229	1,417,556	1,309,673	1,029,280	(280,393)	-----do-----	M/s. Ali Enterprises.
Drawing Machine	24,298,400	15,409,020	8,889,380	9,100,622	211,242	-----do-----	M/s. Ali Enterprises.
Auto Cone Machine	21,865,591	13,445,397	8,420,194	8,620,288	200,094	-----do-----	M/s. Ali Enterprises.
Condenser	874,254	294,106	580,148	593,935	13,787	-----do-----	M/s. Ali Enterprises.
Carding Machine	111,792,309	37,897,494	73,894,815	55,932,203	(17,962,612)	-----do-----	M/s. H-A Haq Spinning Mills (Pvt) Ltd.
CLC-1 Blow room Machine	19,879,687	14,157,203	5,722,484	4,956,050	(766,434)	-----do-----	M/s. Al Karam Towel Industries (Pvt) Ltd
MXU-10 Multimixer Machine	17,777,878	12,187,369	5,590,509	4,841,751	(748,758)	-----do-----	M/s. Al Karam Towel Industries (Pvt) Ltd
Simplex Machine	10,228,775	3,561,174	6,667,601	7,127,130	459,529	-----do-----	M/s. Hassan & Co.
Drawing Machine	32,791,850	11,566,397	21,225,453	11,735,705	(9,489,748)	-----do-----	M/s. Hassan & Co.
Auto Cone Machine	29,310,571	13,416,314	15,894,257	23,410,575	7,516,318	-----do-----	M/s. Hasan & Co.
Blow Room Machinery	7,930,770	5,232,906	2,697,864	1,710,737	(987,127)	-----do-----	M/s. Ali Enterprises.
Auto Doffing System	2,807,434	963,913	1,843,521	1,168,992	(674,529)	-----do-----	M/s. Ali Enterprises.
Drawing Machine	4,962,201	4,388,658	573,543	476,465	(97,078)	-----do-----	M/s. Hussain Ali & Co.
Air Jet Loom	12,792,785	6,164,140	6,628,645	6,900,000	271,355	-----do-----	M/s. Weaving Equipment's.

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
Rupees							
Heat Recovery Boiler	28,000,000	15,921,808	12,078,192	11,828,807	(249,385)	----do----	M/s. Hussain Ali & Co.
Gas Generator	61,604,392	56,644,916	4,959,476	6,307,166	1,347,690	----do----	M/s. Hassan & Co.
Blow Room Machinery	22,813,885	18,401,397	4,412,488	5,611,538	1,199,050	----do----	M/s. Hassan & Co.
Hot Water Generator	4,760,000	4,104,045	655,955	834,204	178,249	----do----	M/s. Hassan & Co.
Heat Recovery Boiler	5,325,000	3,591,166	1,733,834	2,204,987	471,153	----do----	M/s. Hassan & Co.
Turbocharger	3,687,500	2,459,383	1,228,117	1,561,846	333,729	----do----	M/s. Hassan & Co.
Boiler	1,825,000	1,192,492	632,508	804,386	171,878	----do----	M/s. Hassan & Co.
Moisture Meter	6,713,507	6,134,880	578,627	735,863	157,236	----do----	M/s. Hassan & Co.
	848,689,941	519,420,212	329,269,729	333,346,211	4,076,482		
Electric Installation							
Electric Panels	5,109,448	3,947,605	1,161,843	288,877	(872,966)	Negotiation	M/s. Hassan & Co.
Transformer	3,456,000	2,670,136	785,864	1,477,563	691,699	----do----	M/s. Hassan & Co.
	8,565,448	6,617,741	1,947,707	1,766,440	(181,267)		
Vehicles							
Kia Sorento	7,921,000	4,761,049	3,159,951	8,500,000	5,340,049	Insurance claim	M/s. Adamjee Insurance Company Ltd.
Land Cruiser Prado	10,994,764	8,703,406	2,291,358	18,500,000	16,208,642	----do----	M/s. Adamjee Insurance Company Ltd.
Honda Civic	4,139,000	2,914,592	1,224,408	1,322,361	97,953	Company policy	Mr. Abdul Sattar (employee)
Toyota Corolla Altis	2,499,000	1,997,850	501,150	900,000	398,850	Negotiation	Mr. Muhammad Faisal Nawaz
Honda Civic	3,735,000	2,332,632	1,402,368	2,000,000	597,632	----do----	Mr. Muhammad Asharaf
Kia Sorento	8,243,000	5,083,550	3,159,450	3,159,450	-	Company policy	Mr. Alam Zeb Barqi (employee)
Toyota Altis	3,283,000	2,116,178	1,166,822	1,166,822	-	----do----	Mr. Ramiz uddin (employee)
Kia Grand Carnival	9,536,000	6,146,778	3,389,222	3,596,724	207,502	----do----	Mr. Sohaib Khan (employee)
	50,350,764	34,056,035	16,294,729	39,145,357	22,850,628		
Various assets having net book value upto Rs.500,000 each							
	251,097,738	225,877,088	25,220,650	37,056,172	11,835,522	Negotiation	Various Parties
2026	1,158,703,891	785,971,076	372,732,815	411,314,180	38,581,365		
2025	468,927,732	340,926,253	128,001,479	241,578,307	113,576,830		

	Note	2026 Rupees	2025 Rupees
5.2 Right-of-use assets			
Balance at beginning of the year		123,203,852	33,062,731
Addition during the year		-	117,437,599
Depreciation charged during the year	5.2.1	(28,275,124)	(27,296,478)
Balance at end of the year		94,928,728	123,203,852

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

5.2.1 This relates to offices obtained on rent in Tricon Corporate Centre situated at 73-E Main Jail Road, Gulberg II, Lahore. Lease term is for 5 to 10 years. Depreciation expense amounting to Rs.28.275 million (2025: Rs.27.296 million) has been charged to administrative expenses.

	Note	2026 Rupees	2025 Rupees
5.3 Capital work-in-progress			
Civil works and buildings		954,210,859	723,331,940
Plant and machinery including in transit amounting Rs.104.412 million (2025: Rs. 49.465 million)	5.3.1	3,048,111,988	1,202,778,898
Furniture and fixture		-	1,542,500
		4,002,322,847	1,927,653,338

5.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.20.455 million (2025: Rs.2.770 million) at the borrowing rate of 7.50% to 11.97% (2025:11.56% to 11.57%) per annum.

5.3.2 Movement in the capital work-in-progress

	July 1, 2025	Additions during the year	Transferred to operating fixed assets	June 30, 2026
	Rupees			
Particulars				
Civil works and buildings	723,331,940	1,214,518,959	(983,640,040)	954,210,859
Plant and machinery	1,202,778,898	5,644,718,876	(3,799,385,786)	3,048,111,988
Furniture and fixture	1,542,500	950,000	(2,492,500)	-
	1,927,653,338	6,860,187,835	(4,785,518,326)	4,002,322,847

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

	Note	2026 Rupees	2025 Rupees
5.4 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	34.1	2,441,415,189	2,343,182,555
Distribution cost	35	1,132,767	501,590
Administrative expenses	36	61,197,790	59,719,177
		2,503,745,746	2,403,403,322
6. INVESTMENT PROPERTY			
At July 1, 2024			
Cost	22,906,480	153,561,930	176,468,410
Accumulated depreciation	-	8,073,762	8,073,762
Net book value	22,906,480	145,488,168	168,394,648
Year ended June 30, 2025			
Opening net book value	22,906,480	145,488,168	168,394,648
Depreciation charge	-	(14,583,091)	(14,583,091)
Closing net book value	22,906,480	130,905,077	153,811,557
At June 30, 2025			
Cost	22,906,480	153,561,930	176,468,410
Accumulated depreciation	-	22,656,853	22,656,853
Net book value	22,906,480	130,905,077	153,811,557
Year ended June 30, 2026			
Opening net book value	22,906,480	130,905,077	153,811,557
Disposals:			
- cost	19,050,000	-	19,050,000
- accumulated depreciation	-	-	-
	19,050,000	-	19,050,000
Depreciation charge	-	13,093,935	13,093,935
Closing net book value	3,856,480	117,811,142	121,667,622
At June 30, 2026			
Cost	3,856,480	153,561,930	157,418,410
Accumulated depreciation	-	35,750,788	35,750,788
Net book value	3,856,480	117,811,142	121,667,622
Depreciation rate % per annum	-	10	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

6.1 During the year, the Company sold free-hold land situated at Raiwind Road, Lahore having an area of 3,000 square yards. Remaining balance represent factory land & building situated at 1.5 Km Bhurban Chowk Raiwind Road, Lahore having a covered area of 26,030 (2025: 26,030) square yards.

6.2 As per the latest valuation report of the building and fair value of land determined by the management aggregate fair value of the investment property as at June 30, 2026 was Rs.1,076.564 million (2025: Rs.1,303.67 million).

7. INTANGIBLE ASSETS

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

	Note	2026 Rupees	2025 Rupees
8. LONG TERM INVESTMENTS			
Subsidiary Companies – at cost	8.1	17,229,420,659	13,121,125,659
Associated Companies – at cost	8.2	475,976,276	475,976,276
Others – equity instruments	8.3	6,849,975,176	4,461,570,190
		24,555,372,111	18,058,672,125
8.1 Subsidiary Company – unquoted			
Sapphire Wind Power			
Company Limited (SWPCL)			
228,228,737 ordinary shares of Rs.10 each	8.1.1	2,282,287,370	2,282,287,370
Equity held: 70%			
Sapphire Retail Limited			
200,000,000 ordinary shares of Rs.10 each		2,000,000,000	2,000,000,000
Equity held: 100%			
Triconboston Consulting			
Corporation (Pvt.) Limited (TBCL)			
475,051,500 ordinary shares of Rs.10 each	8.1.1	5,224,375,700	5,224,375,700
Equity held: 57.125%			
Sapphire International ApS			
673,780 ordinary shares of DKK 1 each	8.1.2	15,760,000	15,760,000
Equity held: 100%			
Sapphire Real Estate			
(Private) Limited 117,500,000 ordinary shares			
of Rs.10 each		1,175,000,000	1,175,000,000
Equity held: 100%			

	Note	2026 Rupees	2025 Rupees
Sapphire Chemicals			
(Private) Limited (SCPL)			
600,000,000 (2025: 200,000,000) ordinary shares of Rs.10 each		6,000,000,000	2,000,000,000
Equity held: 100%			
Sapphire Green Energy			
(Private) Limited			
16,000,000 (2025: 8,000,000) ordinary shares of Rs.10 each		160,000,000	80,000,000
Equity held: 100%			
Sapphire Retail International Limited			
486,000 ordinary shares of £ 1 each	8.1.3	174,954,649	174,954,649
Equity held: 100%			
Sapphire Retail Trading One Person Company LLC			
2,200 ordinary shares of AED 1000 each	8.1.3	168,747,940	168,747,940
Equity held: 100%			
Sapphire Retail US Corporation			
125 ordinary shares having par value of \$ 0.01 each			
Equity held: 100%	8.1.3	28,295,000	–
		17,229,420,659	13,121,125,659

- 8.1.1** The shares of SWPCL, TBCL and SCPL held by the company are under pledge as a security for debt finance arrangement for the respective projects of investee companies.
- 8.1.2** Sapphire International ApS is a wholly owned Subsidiary Company incorporated as a limited liability company in Denmark and is formed to strengthen exports of the Holding Company and is engaged in selling textile products.
- 8.1.3** Sapphire Retail International Limited is a wholly owned Subsidiary Company incorporated in United Kingdom, Sapphire Retail Trading One person Company LLC is a wholly owned Subsidiary Company incorporated in United Arab Emirates and Sapphire Retail USA is a wholly owned Subsidiary Company incorporated in United States of America. These companies have been formed for the purpose of textile retail operation in the respective countries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
8.2 Associated Companies – Quoted			
Reliance Cotton Spinning Mills Limited			
313,295 ordinary shares of Rs.10 each			
Equity held: 2.94%		–	8,461,851
Sapphire Fibers Limited			
171,881 ordinary shares of Rs.10 each			
Equity held: 0.69%	8.2.1	8,461,851	–
Associated Companies – unquoted			
Sapphire Power Generation Limited			
4,234,500 ordinary shares of Rs.10 each			
Equity held: 26.43%		113,705,500	113,705,500
Sapphire Electric Company Limited			
6,000,000 ordinary shares of Rs.10 each			
Equity held: 1.42%		60,000,000	60,000,000
Sapphire Holding Limited			
10,000 ordinary shares of Rs.10 each			
Equity held: 0.05%		100,000	100,000
Sapphire Dairies (Private) Limited			
23,500,000 ordinary shares of Rs.10 each			
Equity held: 12.95%		235,000,000	235,000,000
Foreign Company – Creadore A/S Denmark			
3,675 ordinary shares of DKK 1,000			
Equity held: 49.00%		58,708,925	58,708,925
		475,976,276	475,976,276

8.2.1 During the current year, Reliance Cotton Spinning Mills Limited was merged into Sapphire Fibres Limited under scheme of arrangement, resultantly 171,881 shares of Sapphire Fibres Limited have been issued against 313,295 shares of Reliance Cotton Spinning Mills Limited held by the Company.

	Note	2026 Rupees	2025 Rupees
8.3 Equity Instruments – at FVTOCI			
Quoted			
MCB Bank Limited	8.3.1		
7,611,168 (2025: 7,611,168) ordinary shares of Rs.10 each – cost		734,489,158	734,489,158
Adjustment arising from re-measurement to fair value		2,351,915,578	1,460,115,008
		3,086,404,736	2,194,604,166
Habib Bank Limited	8.3.1		
11,374,362 (2025: 11,624,362) ordinary shares of Rs.10 each – cost		2,275,383,017	2,325,395,517
Adjustment arising from re-measurement to fair value		1,048,319,303	(242,426,091)
		3,323,702,320	2,082,969,426
Unquoted			
Jomo Technologies (Private) Limited			
25,000,000 (2025: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	8.3.2	(150,000,000)	(150,000,000)
		–	–
TCC Management Services (Private) Limited			
50,000 ordinary shares of Rs.10 each		500,000	500,000
RTS Textiles Group Limited			
5,440,945 ordinary shares 0.07 GBP each	8.3.3	146,090,967	146,090,967
Adjustment arising from re-measurement to fair value		293,277,153	37,405,631
		439,368,120	183,496,598
		6,849,975,176	4,461,570,190

8.3.1 The Company has pledged 6.655 million (2025: 2.851 million) shares of MCB Bank Limited, 11.374 million shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

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

8.3.3 The Company, during the preceding year, has made investment in shares of RTS Textile Group Limited and acquired 5,440,945 shares. Consideration was paid in foreign currency. As at June 30, 2026 fair value of investment has been determined based on the independent valuer report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

8.3.4 The Company has pledged 5.614 million (2025:Nil) shares of MCB Bank Limited, 14.028 million (2025:Nil) shares of Bank Al Habib Limited, 11.374 million (2025:Nil) shares of Habib Bank Limited, 1.456 million (2025: Nil) shares of Fauji Fertilizer Company Limited and 0.135 million (2025: Nil) shares of Meezan Bank Limited as security with financial institutions for standby letter of credit amounting Rs.15,500 million for equity support and standby letter of credit for amounting Rs.2,800 million for cost overrun support in favour of a financial institution in accordance with sponsor support agreement with respect to Sapphire Chemicals (Pvt.) Limited (Subsidiary Company).

	Note	2026 Rupees	2025 Rupees
9. LONG TERM LOANS AND ADVANCES			
Loan to employees	9.1	62,074,575	47,896,237
Advance for purchase of land	9.2	146,433,778	5,000,000
Advance for vehicles		13,434,000	8,282,200
		221,942,353	61,178,437
9.1 Loan to employees – unsecured (considered good)			
Loans to employees	9.1.1	132,801,781	104,248,933
Less: recoverable within one year and grouped under current assets		70,727,206	56,352,696
		62,074,575	47,896,237

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

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

	Note	2026 Rupees	2025 Rupees
10. LONG TERM DEPOSITS			
Security deposits held with:			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		4,377,764	4,057,164
Others	10.1	9,772,370	8,260,494
		99,980,722	98,148,246

10.1 These include an amount of Rs.36,000 (2025: Rs.36,000) deposit with Yousuf Agencies (Private) Limited – a related party.

	Note	2026 Rupees	2025 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores		613,910,108	551,479,843
Spare parts		318,993,883	247,805,293
Loose tools		119,722	115,830
Items in transit		144,763,469	109,319,739
		1,077,787,182	908,720,705
Less: provision for slow moving items	11.1	48,501,320	23,128,199
		1,029,285,862	885,592,506
11.1 Provision for slow moving items			
Balance at beginning of the year		23,128,199	36,907,525
Less: provision made / (reversed) during the year		25,373,121	(13,779,326)
Balance at end of the year		48,501,320	23,128,199
12. STOCK IN TRADE			
Raw materials:			
– at mills		12,718,211,617	16,250,863,653
– in transit		4,272,013,475	3,411,115,888
		16,990,225,092	19,661,979,541
Work-in-process		2,121,089,275	1,844,583,487
Finished goods – at mills		6,802,125,848	6,898,842,934
Waste		38,065,338	28,118,381
		25,951,505,553	28,433,524,343

12.1 During the preceding year, stock in trade include items costing Rs.8,074.512 million were stated at their net realizable value aggregated Rs.7,626.177 million. The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.448.335 million.

	Note	2026 Rupees	2025 Rupees
13. TRADE DEBTS			
Considered good			
Local debts	13.1 & 13.2	5,336,681,410	7,712,752,450
Waste		77,831,144	60,106,657
Others		8,717,471	7,091,863
		5,423,230,025	7,779,950,970
Considered good – secured			
Foreign debts	13.5	2,631,370,916	1,993,266,060
		8,054,600,941	9,773,217,030
Less:			
provision for expected credit loss	13.6	60,974,210	51,533,382
		7,993,626,731	9,721,683,648

13.1 Preceding year local debts included an amount of Rs.33.123 million receivable against indirect export sales.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
13.2 These include the following amounts due from related parties:		
Diamond Fabrics Limited	125,208,911	56,764,604
Sapphire Fibres Limited	77,850,631	57,186,163
Sapphire Finishing Mills Limited	463,344,035	273,688,905
Sapphire Retail Limited	152,816,236	41,432,874
DesignTex (SMC – Private) Limited	947,034,745	1,465,044,921
	1,766,254,558	1,894,117,467

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

	Total amount receivable	Neither past due nor impaired	Past due but not impaired 0–30 days
			Rupees
2026	1,766,254,558	1,766,254,558	–
2025	1,894,117,467	1,894,117,467	–

13.4 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.3,162.562 million (2025: Rs.2,666.008 million).

13.5 Foreign debts includes an amount of Rs.996.382 million (2025: Rs.140.932 million) from Sapphire International Aps, (a related party) and Rs.94.778 million from Creadore A/S, (a related party) against, export sales.

	Note	2026 Rupees	2025 Rupees
13.6 Provision for expected credit loss			
Balance at the beginning of the year		51,533,382	47,465,409
Charged during the year		9,440,828	4,067,973
Balance at the end of the year		60,974,210	51,533,382
14. LOANS AND ADVANCES			
Unsecured – Considered good			
Current portion of long term			
loans to employees	9.1	70,727,206	56,352,696
Advances to suppliers		344,143,148	137,571,204
Short term loans to employees		5,296,500	7,996,017
		420,166,854	201,919,917

		2026 Rupees	2025 Rupees
15.	SHORT TERM DEPOSITS		
	Security deposits	316,316,857	153,208,672

- 15.1.** These mainly include Rs.314.625 million (2025: Rs.94.388 million) given as security deposit to Universal Gas Distribution Company (Pvt.) Limited against supply of gas.

	Note	2026 Rupees	2025 Rupees
16.	OTHER RECEIVABLES		
	Dividend receivable	–	34,650
	Margin deposits 16.1	917,400	272,852,538
	Deposits with High Court	19,430,291	19,430,291
	Export rebate receivable	190,021,077	170,958,277
	Receivable against sale of fixed assets	8,535,717	4,430,397
	Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary) 16.2	1,086,590,000	1,107,680,000
	Receivable against sale of shares	–	1,573,413
	Unrealised gain on forward foreign currency contracts	343,026,890	–
	Rent receivable	–	352,384
	Receivable against insurance claim	–	260,000
		1,648,521,375	1,577,571,950

- 16.1** These represents margin deposits withheld by the banks against bank guarantees and shipping guarantee.

- 16.2** It includes an amount of US.\$ 3.800 million equivalent to Rs.1,056.590 million (2025: US.\$ 3.800 million equivalent to Rs.1,077.68 million) receivable against technical services and Rs.30 million (2025: Rs.30 million) representing receivable balance transferred to the Company from the subsidiary's previous sponsor at the time of its acquisition. The maximum aggregate amount during the year was Rs.1,104.830 million (2025: Rs.1,107.680 million). The amount is expected to be received in near future, therefore the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not considered material and hence not recognized. As per the management assessment no provision is required to be recorded in respect of expected credit loss on this receivable amount.

	Note	2026 Rupees	2025 Rupees
17.	SHORT TERM INVESTMENTS		
	Equity instruments 17.1	8,866,934,521	7,031,015,869

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

17.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

	2026 No. of shares / certificates	2025	Name of the investee company	Market value		Cost	
				2026	2025	2026	2025
Rupees							
	15,699,726	18,529,726	Bank AL-Habib Limited	2,663,301,519	2,923,620,168	670,168,837	758,990,187
	1,064,544	1,424,740	Engro Holdings Limited	306,290,651	260,100,514	176,457,649	235,765,227
	1,114,750	818,500	Oil and Gas Development Company Limited				
				373,296,333	180,528,360	197,179,007	116,925,961
	2,392,295	2,324,295	Fauji Fertilizer Company Limited	1,371,933,337	912,076,601	609,534,796	573,572,556
	1,757,314	1,047,434	Meezan Bank Limited	907,582,388	347,800,460	533,579,798	201,609,761
	1,431,510	1,762,510	Lucky Cement Limited	672,122,575	626,114,052	215,094,344	266,131,772
	677,400	-	United Bank Limited	303,251,658	-	273,714,043	-
	4,565,408	4,565,408	Dolment City REIT	175,539,938	123,311,670	71,534,917	71,534,917
	727,500	727,500	Engro Fertilizer Company Limited	144,736,125	135,016,725	101,043,338	101,043,338
	413,900	413,900	Mari Energies Limited	279,088,631	259,469,771	103,136,321	103,136,321
	8,791	8,791	Nestle Pakistan Limited	67,369,741	61,941,386	65,348,186	65,348,186
	1,670,000	1,670,000	Systems Limited	245,640,300	178,973,900	147,641,091	147,641,091
	161,761	133,028	Colgate Palmolive Pakistan Limited	201,314,800	177,592,380	202,264,185	168,325,829
	837,395	129,779	Lucky Core Industries Limited	198,161,153	206,253,871	160,557,610	102,811,239
	213,658	320,658	National Foods Limited	82,777,519	104,928,917	27,834,567	41,773,457
	79,475	74,900	Highnoon Laboratories Limited	79,689,583	73,998,204	37,200,914	32,621,897
			Frieslandcampina Engro Pakistan Limited	65,369,617	69,376,857	51,309,373	71,126,978
	1,654,213	1,236,216	Standard Chartered Bank Pakistan Limited				
				108,384,036	75,161,933	93,838,267	68,508,324
	245,102	245,102	TPL Reit Fund I	2,433,863	3,458,389	4,311,344	4,311,344
	-	34,300	Faysal Bank Limited	-	2,391,396	-	1,644,751
	2,251,710	1,350,831	Habib Metropolitan Bank Limited	261,378,497	133,624,203	226,539,503	121,250,965
	33,000	33,000	Haleon Pakistan Limited	26,571,600	24,298,890	29,157,834	29,157,834
	94,522	94,522	Abbott Laboratories (Pakistan) Limited	93,046,512	91,880,110	72,457,457	72,457,457
	164,700	152,000	Pakistan Petroleum Limited	39,959,514	25,865,840	21,705,460	18,705,386
	470,426	179,930	Wafi Energy (formerly Shell Pakistan Limited)				
				90,792,218	33,231,272	97,458,971	30,514,055
	110,200	-	Bank Alfalah Limited	6,245,034	-	6,431,152	-
	437,435	-	Nimir Industrial Chemicals Limited	98,899,679	-	100,338,767	-
	70,000	-	Treet Corporation Limited	1,757,700	-	2,040,514	-
				8,866,934,521	7,031,015,869	4,297,878,245	3,404,908,833
	972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
				8,866,934,521	7,031,015,869	4,315,319,615	3,422,350,203
Add: Adjustment arising from re-measurement to fair value						4,551,614,906	3,608,665,666
Market value						8,866,934,521	7,031,015,869

17.1.1 Also refer note 8.3.4 to these financial statements.

	Note	2026 Rupees	2025 Rupees
18. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax / levies – net	18.1	379,890,769	(771,807,198)
Sales tax receivable		6,439,007,263	4,925,029,844
Less: provision against doubtful sales tax refunds	18.2	918,731,437	741,195,720
		5,520,275,826	4,183,834,124
		5,900,166,595	3,412,026,926
18.1 Income tax / levies – net			
Advance income tax / refundable / prepaid taxes		3,273,222,324	2,573,912,544
Provision for income tax / levies	18.1.1	(2,893,331,555)	(3,345,719,742)
		379,890,769	(771,807,198)
18.1.1 Provision for income tax / levies			
Balance at the beginning of the year		3,345,719,742	2,630,666,103
Provision for the year	40.5	2,518,865,270	2,159,339,296
		5,864,585,012	4,790,005,399
Less: adjusted during the year against completed assessments and court order		(2,971,253,457)	(1,444,285,657)
		2,893,331,555	3,345,719,742
18.2 Provision against doubtful sales tax refunds			
Balance at beginning of the year		741,195,720	638,882,264
Add: provision for the year		229,940,468	102,313,456
Less: written-off during the year		(52,404,751)	–
Balance at end of the year		918,731,437	741,195,720
19. CASH AND BANK BALANCES			
Cash-in-hand		–	400,000
Balances with banks on: current accounts			
– local currency		4,671,275	12,462,808
– foreign currency	19.1	1,643,372,575	136,264,740
		1,648,043,850	148,727,548
saving accounts	19.2	12,547,583	4,259,938
		1,660,591,433	153,387,486

19.1 These include foreign currency accounts amounting to US.\$ 208,846 (2025: US.\$ 454,948) and EURO 5,001,745 (2025: EURO 21,796).

19.2 Effective rates of profit on saving account, during the year, ranged from 7.70% to 10% (2025: 9.25% to 19.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2026 Number	2025		2026 Rupees	2025 Rupees
			Ordinary shares of Rs.10 each fully paid		
	7,813,391	7,813,391	in cash	78,133,910	78,133,910
			Ordinary shares of Rs.10 each issued as		
	13,876,400	13,876,400	fully paid bonus shares	138,764,000	138,764,000
	21,689,791	21,689,791		216,897,910	216,897,910

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

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

20.3 As at the reporting date 17,109,081 (2025: 17,109,081) shares of the Company are held by associated companies.

	Note	2026 Rupees	2025 Rupees
21. RESERVES			
Capital reserves	21.1	38,260,849,271	35,370,045,957
Revenue reserves	21.2	14,692,965,992	7,160,076,472
		52,953,815,263	42,530,122,429
21.1 Composition of capital reserves is as follows:			
Share Premium	21.1.1	782,796,090	782,796,090
Fixed Assets Replacement Reserve	21.1.2	65,000,000	65,000,000
Fair value reserve of financial asset			
at fair value through OCI	21.1.3	6,683,053,181	3,792,249,867
Reserve for capacity expansion projects and			
long term investment	21.1.4	30,730,000,000	30,730,000,000
		38,260,849,271	35,370,045,957

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

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

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

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

	Note	2026 Rupees	2025 Rupees
21.2	Composition of revenue reserves is as follows:		
Unappropriated profits	21.2.1	14,362,431,548	7,206,050,622
Cash flow hedge reserve	21.2.2	338,383,609	(48,027,018)
Exchange gain on translation of foreign investment	21.2.3	(7,849,165)	2,052,868
		14,692,965,992	7,160,076,472

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

	2026 Rupees	2025 Rupees
21.2.2	Gain / (loss) on cash flow hedge:	
Gain / (loss) arising during the year	338,383,609	(48,027,018)

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

	Note	2026 Rupees	2025 Rupees
22.	LONG-TERM LOANS AND OTHER PAYABLES		
Long term loans	22.1	21,060,100,657	19,479,785,914
Less: current portion grouped under current liabilities		(3,423,069,167)	(3,224,806,707)
		17,637,031,490	16,254,979,207

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
22.1 Long term loans – secured			
Loans from banking companies			
– Allied Bank Limited	22.1.1	4,401,007,888	4,848,814,088
– Bank Alfalah Limited (a related party)	22.1.2	460,086,670	599,521,261
– Bank AL – Habib Limited	22.1.3	1,212,411,630	1,641,128,020
– The Bank of Punjab	22.1.4	1,051,162,694	1,091,651,478
– Habib Bank Limited	22.1.5	5,067,882,096	5,888,744,667
– MCB Bank Limited	22.1.6	541,091,915	642,732,635
– Meezan Bank Limited	22.1.7	4,219,835,372	1,728,896,772
– United Bank Limited	22.1.8	340,284,051	501,331,303
– Dubai Islamic Bank Limited	22.1.9	1,000,000,000	1,000,000,000
– National Bank of Pakistan	22.1.10	1,079,675,753	–
		19,373,438,069	17,942,820,224
Loans from other institutions			
Pakistan Kuwait Investment Company (Private) Limited	22.1.11	1,559,576,654	1,389,546,004
Pakistan China Investment Company (Private) Limited	22.1.12	127,085,934	147,419,686
		1,686,662,588	1,536,965,690
		21,060,100,657	19,479,785,914

22.1.1 These loans carry mark-up ranging from 1.75% to 12.84% (2025: 1.75% to 20.84%) per annum obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.7,882 million (2025: Rs.7,554 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.Nil (2025: Rs.644 million) as on reporting date. The company during the year has obtained another loan of Rs.279 million (2025: Rs.975 million) and is repayable in 10 years with a grace period of 2 years.

22.1.2 These loans carry mark-up of 1.75% to 2.75% (2025: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2025: Rs.1,353 million) over specific plant & machinery.

22.1.3 These loans carry mark-up ranging from 2.50% to 12.84% (2025: 2.50% to 22.49%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.3,264 million (2025: Rs.2,170 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.422 million (2025: Rs. 822 million) as on reporting date.

- 22.1.4** These loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 11.13% to 11.99% (2025: 12.64% to 21.24%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans secured against exclusive mortgagee charge of amounting to Rs.521 million (2025: Rs 521 million) over lands and charge of Rs.1,855 million (2025: Rs 1,855 million) over plant and machinery owned by the Company.
- 22.1.5** These loans carry mark-up ranging from 2.85% to 12.91% (2025: 2.5% to 21.90%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against general hypothecation charge of Rs.7,777 million (2025: Rs.7,777 million) and specific charge of Rs.5,993 million (2025: Rs.5,640 million) over plant & machinery. The Company during the year has obtained another loan of Rs.300 million (2025: Rs.993 million) in single tranche and repayable in 10 years with a grace period of 2 years.
- 22.1.6** These loans carry mark-up ranging from 1.50% to 2.50% (2025: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2025: Rs.1,291 million) over specific plant & machinery.
- 22.1.7** These loans carry mark-up ranging from 3.50% to 13.09% (2025: 3.50% to 22.66%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.5,599 million (2025: Rs.2,369 million) over specific plant & machinery. The company during the year has obtained another loan of Rs.2,708 million in single tranche and repayable in 10 years with a grace period of 2 years.
- 22.1.8** These loans carry mark-up at the rate of 2.50% (2025: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2025: Rs.1,403 million) over specific plant & machinery.
- 22.1.9** The Company has obtained a loan of Rs.1,000 million, repayable over 7 years with a grace period of 2 years. This loan carries a mark-up ranging from 10.88% to 12.07% (2025: 11.38% to 12.41%) and is repayable in 20 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,279 (2025: Rs.1,267) million over specific plant and machinery.
- 22.1.10** The Company, during the year, has obtained a loan of Rs.1,080 million, repayable over 10 years with a grace period of 2 years. This loan carries a mark-up ranging from 8.41% to 13.00% and is repayable in 32 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,361 million over specific plant and machinery.
- 22.1.11** These loans carry mark-up ranging from 5.00% to 12.92% (2025: 5.00% to 22.91%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,774 million (2025: Rs.2,356) over specific plant and machinery. The company during the year has obtained another loan of Rs.354 million in single tranche and repayable in 10 years with a grace period of 2 years.
- 22.1.12** These loans carry mark-up at rate of 5.00% (2025: 5.00%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2025: Rs.191 million) over specific plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
23. LEASE LIABILITIES			
Lease liabilities		120,813,262	140,727,025
Less: current portion grouped under current liabilities		21,799,312	19,913,762
		99,013,950	120,813,263
23.1 Movement of lease liabilities			
Opening balance as at July 01,		140,727,025	42,078,523
Addition during the year	23.3	–	117,437,599
Interest charge for the year		22,573,818	21,896,888
Payment made during the year		(42,487,581)	(40,685,985)
Closing balance as at June 30,		120,813,262	140,727,025
23.2	The lease commenced on July 15, 2021, the effective interest rate used as the discount factor (i.e. incremental borrowing rate) of 3 month KIBOR + 0.12% per annum at the time of inception of lease agreement.		
23.3	The lease commenced on August 1, 2024, the effective interest rate used as the discount factor (i.e. incremental borrowing rate) of 3 month KIBOR + 0.5% per annum at the time of inception of lease agreement.		
	Note	2026 Rupees	2025 Rupees
23.4 Lease payments and their present values are as follows:			
Contractual undiscounted cash flows			
Not later than one year		21,799,312	42,487,581
Later than one year and not later than five years		111,287,666	101,170,605
Later than five years		116,207,502	148,123,875
Total undiscounted lease payments		249,294,480	291,782,061
Less: future finance cost		(128,481,218)	(151,055,036)
Present value of lease liabilities		120,813,262	140,727,025
24. DEFERRED INCOME – GOVERNMENT GRANT			
Government grant on loans at below market rate of interest – net	24.1	159,681,424	228,830,878
Less: current portion grouped under current liabilities		44,436,607	59,210,126
		115,244,817	169,620,752
24.1 Movement in account of Deferred Income – Government Grant			
Opening balance		228,830,878	307,743,319
Amortisation of grant		(69,149,454)	(78,912,441)
Closing balance		159,681,424	228,830,878

24.1.1 As detailed in note 22 of the financial statements, the Company has obtained loan from various banks under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75% (2025:1.5% to 1.75%) (SBP rate bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

25. STAFF RETIREMENT BENEFIT – Gratuity

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

	2026 Rupees	2025 Rupees
25.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	832,934,148	694,238,165
Charge to statement of profit or loss	412,250,475	328,904,321
Remeasurement recognized in statement of other comprehensive income	5,821,781	34,414,947
Payments made during the year	(337,432,274)	(224,623,285)
Net liability at the end of the year	913,574,130	832,934,148
25.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	832,934,148	694,238,165
Current service cost	334,204,859	243,070,159
Interest cost	78,045,616	85,834,162
Benefits paid	(337,432,274)	(224,623,285)
Remeasurements on obligation	5,821,781	34,414,947
Balance at end of the year	913,574,130	832,934,148
25.3 Expense recognized in statement of profit or loss		
Current service cost	334,204,859	243,070,159
Interest cost	78,045,616	85,834,162
	412,250,475	328,904,321
25.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	5,821,781	36,181,559
Actuarial gain	–	(1,766,612)
	5,821,781	34,414,947

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026	2025
25.5 Actuarial assumptions used		
Discount rate used for year-end obligation	11.75%	11.75%
Expected rate of increase in future salaries	10.75%	10.75%
Mortality rates (for death in service)	SLIC	SLIC
	(2001-05)	(2001-05)

25.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	1.00%	843,680,746	989,279,595
Increase in future salaries	1.00%	989,257,720	843,670,382

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

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

25.7 Based on actuary's advice, the expected charge for the year ending June 30, 2027 amounts to Rs.378.022 million.

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

25.9 Historical information:

	2026	2025	2024	2023	2022
	Rupees				
Present value of defined benefit obligation	913,574,130	832,934,148	694,238,165	470,793,864	367,267,451 0
Experience adjustment on obligation / actuarial loss	5,821,781	34,414,947	99,893,804	40,258,587	16,792,885

25.10 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2026	100,045,563	112,826,386	373,189,737	942,253,483	1,528,315,169

26. DEFERRED TAXATION

This represent deferred tax liability recognised on unrealised gain on investments using applicable effective tax rate under Income Tax Ordinance, 2001. Also refer contents of note 4.15 to these financial statements.

	Note	2026 Rupees	2025 Rupees
27. TRADE AND OTHER PAYABLES			
Creditors	27.1	3,605,976,671	2,543,199,729
Accrued liabilities		2,790,535,504	2,946,182,944
Foreign bills payable against import		2,748,860,528	1,513,054,087
Workers' profit participation fund	27.2	89,056,719	114,970,847
Workers' welfare fund		43,035,645	43,035,645
Infrastructure Development Cess	27.3	2,155,452,854	1,699,633,856
Payable to provident fund		–	4,836
Tax deducted at source		576,639	2,169,520
Provision for gas infrastructure development cess	27.4	995,182,870	995,182,870
Others		2,100,000	1,300,000
Unrealized loss on forward foreign currency contracts		–	53,617,146
		12,430,777,430	9,912,351,480
27.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Limited		–	15,532,070
Sapphire Fibres Limited		44,109,424	48,860,067
Sapphire Finishing Mills Limited		19,436,365	47,837,495
Design Tex (SMC-Private) Limited		20,001	9,204,000
Diamond Fabrics Limited		12,128,156	1,617,031
		75,693,946	123,050,663

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
27.2 Workers' profit participation fund		
Balance at beginning of the year	114,970,847	127,399,680
Add: interest on funds utilized by the Company	1,554,335	5,933,073
	116,525,182	133,332,753
Less: payments made during the year	116,525,182	133,332,753
	-	-
Add: allocation for the year	89,056,719	114,970,847
Balance at end of the year	89,056,719	114,970,847

27.3 The provision primarily represents amounts relating to Sindh Infrastructure Cess ("SIC") levied under the applicable Sindh provincial legislation on the import of goods into the Province of Sindh. The matter is currently pending before the Federal Constitutional Court of Pakistan. However, the Company has recorded the liability in this respect.

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

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

28. CONTRACT LIABILITIES

The balance of contract liability as at June 30, 2026 is expected to be recognized as revenue within one year.

	2026 Rupees	2025 Rupees
29. ACCRUED MARK-UP		
Accrued mark-up on secured:		
- long term loans	310,778,880	279,077,535
- short term borrowings	240,624,082	492,290,764
	551,402,962	771,368,299

	Note	2026 Rupees	2025 Rupees
30. SHORT TERM BORROWINGS			
Running finance under mark-up arrangements	30.1	5,443,182,169	7,506,965,470
Short term loans	30.1	12,472,062,471	12,089,963,438
		17,915,244,640	19,596,928,908

30.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.33,848 million (2025: Rs.35,910 million). These finance facilities, during the year, carried mark-up at the rates ranged from 3.00% to 13.03% (2025: 3.00% to 22.49%) on both local and foreign currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,340 million (2025: Rs.1,544 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.53,961 million (2025:Rs.40,205 million) out of which the amount remained unutilized at the year-end was Rs.31,365 million (2025: Rs.29,594 million).

The aggregate short term finance facilities are secured against hypothecation charge of Rs.65,869 million (2025: Rs.58,044 million) on stock in trade, book debts and export bills under discounting, lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares.

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

	2026 Rupees	2025 Rupees
31. CURRENT PORTION OF LONG – TERM LIABILITIES		
Current portion of:		
– long term loans	3,423,069,167	3,224,806,707
– lease liabilities	21,799,312	19,913,762
– deferred govt grant	44,436,607	59,210,126
	3,489,305,086	3,303,930,595

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 There are no contingencies to be reported as at year ended June 30, 2026 and June 30, 2025.

32.2 Commitments

32.2.1 Guarantees aggregating Rs.3,426.622 million (2025: Rs.3,179.939 million) have been issued by banks of the Company.

32.2.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2026 the value of these cheques amounted to Rs.10,159.543 million (2025: Rs.10,159.126 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

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

32.2.5 Refer to content of note 8.3.1, 8.3.4 and 17.1.1 in relation to shares held as pledge / collateral.

	2026 Rupees	2025 Rupees
32.2.7 Commitments in respect of :		
– letters of credit for capital expenditure	87,417,230	538,278,071
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	2,505,027,052	2,749,598,603
– capital expenditure other than letters of credit	211,354,069	220,064,994
– forward foreign currency contracts	16,631,990,609	4,190,219,763

33. NET TURNOVER

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

	Export Sales		Local Sales		Total	
	2026	2025	2026	2025	2026	2025
	Rupees					
Yarn	4,072,250,343	5,548,368,248	27,183,352,063	40,609,066,007	31,255,602,406	46,157,434,255
Fabric	18,705,599,150	22,600,423,671	10,048,465,745	5,599,552,757	28,754,064,895	28,199,976,428
Home textile products	22,019,550,719	19,956,203,436	531,143,378	1,389,917,408	22,550,694,097	21,346,120,844
Raw materials	-	-	127,815,442	85,366,821	127,815,442	85,366,821
Waste	100,144,917	-	894,216,794	1,432,769,173	994,361,711	1,432,769,173
Processing income	-	-	3,897,213,635	4,332,173,070	3,897,213,635	4,332,173,070
	44,897,545,129	48,104,995,355	42,682,207,057	53,448,845,236	87,579,752,186	101,553,840,591
Export rebate and duty drawback					111,693,371	124,478,465
Less: sales tax					6,510,872,317	8,419,631,731
					81,180,573,240	93,258,687,325

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

	2026 Rupees	2025 Rupees
33.2 Export sales – yarn		
– Direct export	4,072,250,343	5,291,137,456
– In-direct export	–	257,230,792
	4,072,250,343	5,548,368,248
Export sales – fabric		
– Direct export	18,705,599,150	21,114,960,904
– In-direct export	–	1,485,462,767
	18,705,599,150	22,600,423,671

- 33.3** Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.308.895 million (2025: Rs.68.946 million) has been included in export sales.

- 33.4** Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2025 amounting to Rs. 1,722.396 million have been recognized as revenue during the year (2025: Rs. 2,144.494 million).

	Note	2026 Rupees	2025 Rupees
34. COST OF SALES			
Finished goods at beginning of the year		6,926,961,315	6,523,909,035
Cost of goods manufactured	34.1	70,693,348,393	80,856,021,694
Cost of raw materials sold		110,714,609	72,028,226
		70,804,063,002	80,928,049,920
		77,731,024,317	87,451,958,955
Finished goods at end of the year		(6,840,191,186)	(6,926,961,315)
		70,890,833,131	80,524,997,640

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
34.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,844,583,487	1,692,571,224
Raw materials consumed	34.2	47,036,357,714	54,948,588,260
Salaries, wages and benefits	34.3	7,759,188,143	8,288,908,371
Packing material consumed		1,842,192,977	1,887,046,875
Stores and spares consumed		1,850,112,712	1,941,494,055
Depreciation	5.4	2,441,415,189	2,343,182,555
Fuel, power and water		8,242,997,598	9,578,530,764
Repair and maintenance		332,602,433	382,462,108
Insurance expenses		184,835,321	191,051,318
Vehicle running expenses		136,214,020	127,531,614
Travelling and conveyance		85,609,744	82,700,214
Printing and stationery		2,803,398	3,292,202
Legal and professional charges		4,683,115	7,143,488
Fees and subscription		54,055,781	65,762,678
Communication expenses		16,457,236	18,800,533
Other manufacturing expenses	34.4	975,356,136	1,131,040,051
Rent, rates and taxes		2,095,578	6,441,792
Miscellaneous expenses		2,877,086	4,057,079
		72,814,437,668	82,700,605,181
Work-in-process at end of the year		(2,121,089,275)	(1,844,583,487)
		70,693,348,393	80,856,021,694
34.2 Raw materials consumed			
Stocks at beginning of the year		16,250,863,653	13,082,347,927
Purchases		43,503,705,678	58,117,103,986
		59,754,569,331	71,199,451,913
Stocks at end of the year		(12,718,211,617)	(16,250,863,653)
		47,036,357,714	54,948,588,260

34.3 Salaries, wages and benefits include Rs.412.250 million (2025: Rs.328.904 million) in respect of staff retirement benefit – gratuity and Rs.65.391 million (2025: Rs.69.294 million) contribution in respect of staff provident fund.

	Note	2026 Rupees	2025 Rupees
34.4 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		73,985,512	315,828,990
Yarn dyeing and bleaching charges		–	1,294,800
Fabric dyeing, bleaching, knitting and processing charges		340,732,657	327,587,597
Weaving and yarn doubling charges		446,180,313	383,314,702
Stitching, spinning, embroidery and other charges		114,457,654	103,013,962
		975,356,136	1,131,040,051
35. DISTRIBUTION COST			
Export development surcharge		42,792,729	112,255,664
Insurance		4,511,834	5,084,044
Commission		738,929,897	701,169,717
Freight and forwarding		1,261,971,107	1,370,806,069
Salaries and benefits	35.1	748,547,708	678,106,103
Rent and utilities		18,959,636	17,526,148
Communication		86,472,902	80,011,160
Travelling, conveyance and entertainment		266,361,743	254,882,649
Repair and maintenance		29,830,116	31,848,388
Fees and subscription		35,619,394	28,609,405
Samples and advertising		5,428,014	2,668,171
Exhibition expenses		52,178,873	60,884,360
Printing and stationery		1,297,158	1,051,131
Depreciation	5.4	1,132,767	501,590
		3,294,033,878	3,345,404,599

35.1 Salaries and benefits include Rs.28.700 million (2025: Rs.25.893 million) in respect of contribution to staff provident fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
36. ADMINISTRATIVE EXPENSES			
Directors' remuneration		96,000,000	90,600,000
Directors' meeting fee		2,100,000	1,650,000
Salaries and benefits	36.1	735,118,632	654,836,135
Rent, rates and utilities		37,667,362	39,323,627
Communication		12,701,398	13,511,649
Printing and stationery		7,525,918	7,231,325
Travelling, conveyance and entertainment		49,898,919	50,739,848
Motor vehicle expenses		74,676,879	71,434,794
Repair and maintenance		29,835,558	32,635,657
Insurance expense		2,142,047	2,015,214
Legal and professional charges		31,629,162	25,187,607
Fees and subscription		100,747,242	53,911,090
Computer expenses		11,500,761	12,696,515
Advertisement		1,219,514	2,992,398
Depreciation-right-of-use asset	5.2	28,275,124	27,296,478
Depreciation-owned assets	5.4	61,197,790	59,719,177
		1,282,236,306	1,145,781,514

36.1 Salaries and other benefits include Rs.27.502 million (2025: Rs.23.397 million) in respect of contribution to staff provident fund.

	Note	2026 Rupees	2025 Rupees
37. OTHER OPERATING EXPENSES			
Workers' profit participation fund	27.2	89,056,719	114,970,847
Workers' welfare fund		-	43,035,645
Auditors' remuneration	37.2	4,673,425	4,438,184
Donations	37.3	16,055,394	42,553,000
Depreciation - investment property	6	13,093,935	14,583,091
Provision for doubtful sales tax refunds	18	229,940,468	102,313,456
Exchange loss on translation of receivable		21,462,130	-
Provision for stores, spares and loose tools	11.1	25,373,121	-
Allowance for expected credit loss		9,440,828	4,067,973
		409,096,020	325,962,196

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

	2026 Rupees	2025 Rupees
37.2 Auditors' remuneration		
- Annual Audit fee	3,162,500	2,750,000
- Half yearly review fee	589,943	536,311
- Code of corporate governance review fee	94,435	94,435
- Other certification / services	826,547	1,057,438
	4,673,425	4,438,184

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

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

	Note	2026 Rupees	2025 Rupees
Abdullah Foundation	37.3.1	10,000,000	34,000,000

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

Name of director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	
Mr. Shahid Abdullah	Director	20th Floor, Ocean Tower, Plot No.
Mr. Nadeem Abdullah	Director	G-3, Khayaban-e-Iqbal,
Mr. Amer Abdullah	Director	Block 9, Clifton, Karachi.
Mr. Yousuf Abdullah	Director	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
38. OTHER INCOME			
Income from financial assets			
Dividend income:			
– from subsidiary and associated companies		5,848,629,075	1,876,390,300
– from other companies		1,058,074,423	1,014,960,066
		6,906,703,498	2,891,350,366
Interest income on saving accounts		3,987,442	7,783,786
		6,910,690,940	2,899,134,152
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	51.2	38,581,365	113,576,830
Gain on sale of investment property		174,087,648	–
Exchange gain on translation of receivable	16.2	–	20,330,000
Reversal of provision for stores, spares and loose tools	11.1	–	13,779,326
Rental income		231,104,580	213,617,680
Exchange gain on translation of foreign currency accounts		196,737	13,189,078
Scrap sales [Net of sales tax aggregating Rs.27.806 million (2025: Rs.43.373 million)]		128,240,352	160,421,821
		572,210,682	534,914,735
		7,482,901,622	3,434,048,887
39. FINANCE COST			
Interest / mark-up on :			
– short term finances		1,652,016,564	2,585,758,323
– long term loans		1,602,186,724	1,952,147,689
– lease liabilities		22,573,818	21,896,888
– Workers' Profit Participation Fund	27.2	1,554,335	5,933,073
Bank charges, commission and others charges		173,478,755	100,780,251
		3,451,810,196	4,666,516,224
40. LEVIES AND LEVY TAXES			
40.1 Final tax levy			
Levy:			
– for the year		1,279,482,609	1,512,909,136
– for prior year		(1,780,702)	(17,079)
		1,277,701,907	1,512,892,057

40.2 This represents income tax payable on dividend income under section 150 and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability has been recognised as levy in align with the scope of IFRIC 21 / IAS 37.

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

	2026 Rupees	2025 Rupees
40.4 Income tax		
Current		
– for the year	1,241,163,363	646,447,239
Deferred tax	(4,007,662)	573,768,061
	1,237,155,701	1,220,215,300

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

	2026 Rupees	2025 Rupees
Current tax liability for the year as per applicable tax laws	2,520,645,972	2,159,356,375
Portion of current tax liability as per tax laws, representing income tax under IAS 12	1,241,163,363	646,447,239
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,279,482,609	1,512,909,136
Difference	–	–

41. EARNINGS PER SHARE

41.1 Basic earnings per share

Net profit for the year	6,820,607,723	3,950,966,682
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Number of shares

Weighted average ordinary shares in issue	21,689,791	21,689,791
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Rupees

Earnings per share	314.46	182.16
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41.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2026 and June 30, 2025 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		9,335,465,331	6,684,074,039
Adjustments for non-cash charges and other items:			
Depreciation on right-of-use asset	5.2	28,275,124	27,296,478
Depreciation on operating fixed assets	5.4	2,503,745,746	2,403,403,322
Depreciation on investment property	6	13,093,935	14,583,091
Interest income	38	(3,987,442)	(7,783,786)
Gain on disposal of operating fixed assets	38	(38,581,365)	(113,576,830)
Gain on disposal of investment property	38	(174,087,648)	-
Dividend income			
– subsidiaries and associates	38	(5,848,629,075)	(1,876,390,300)
– others companies	38	(1,058,074,423)	(1,014,960,066)
Staff retirement benefit – gratuity	25.3	412,250,475	328,904,321
Provision for expected credit loss	13.6	9,440,828	4,067,973
Net foreign exchange difference	37 & 38	21,462,130	(20,330,000)
Reversal of provision / (provision) for stores, spares and loose tools	11.1	25,373,121	(13,779,326)
Provision against doubtful sales tax refundable	18.2	229,940,468	102,313,456
Unwinding of Government grant		(69,149,454)	(78,912,441)
Unwinding of lease liability		22,573,818	21,896,888
Finance cost		3,429,236,378	4,644,619,336
Rental income	38	(231,104,580)	(213,617,680)
Exchange gain on translation of foreign currency accounts		(196,737)	(13,189,078)
Working capital changes	42.1	6,777,747,985	(4,318,033,009)
		15,384,794,615	6,560,586,388
42.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare and loose tools		(169,066,477)	(178,705,072)
Stock-in-trade		2,482,018,790	(3,900,249,482)
Trade debts		1,761,999,826	(829,712,484)
Loans and advances		(218,246,937)	(38,178,456)
Trade deposits and short term prepayments		(163,108,185)	(152,193,672)
Other receivables		256,114,323	(339,413,150)
		3,949,711,340	(5,438,452,316)
Increase / (decrease) in current liabilities:			
Trade and other payables		2,518,425,950	1,555,701,435
Contract liabilities		309,610,695	(435,282,128)
		2,828,036,645	1,120,419,307
		6,777,747,985	(4,318,033,009)

43. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

Particulars	Chief Executive		Executives		Directors	
	2026	2025	2026	2025	2026	2025
	Rupees					
Remuneration	36,000,000	36,000,000	1,443,947,967	1,228,429,502	60,000,000	54,600,000
Bonus	-	-	142,054,954	127,208,173	-	-
Medical	-	-	18,038,043	15,306,269	-	-
Contribution to provident fund	-	-	70,532,868	62,534,082	-	-
Other benefits	-	-	77,923,512	56,832,463	-	-
	36,000,000	36,000,000	1,752,497,344	1,490,310,490	60,000,000	54,600,000
Number of persons	1	1	304	251	2	2

43.1 Certain executives are provided with Company maintained vehicles.

43.2 Meeting fee of Rs.2.100 million (2025: Rs.1.650 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Company.

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

44. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Wind Power Co. Ltd.	Subsidiary Company	70.00%
Tricon Boston Consulting Corporation (Pvt.) Ltd.	Subsidiary Company	57.125%
Sapphire Retail Ltd.	Subsidiary Company	100.00%
Sapphire International ApS	Subsidiary Company	100.00%
Sapphire Real Estate (Pvt.) Ltd.	Subsidiary Company	100.00%
Sapphire Chemicals (Pvt.) Ltd.	Subsidiary Company	100.00%
Sapphire Green Energy (Pvt.) Ltd.	Subsidiary Company	100.00%
DesignTex (SMC-Private) Ltd.	Subsidiary of a subsidiary company	100.00%
Sapphire Retail International Ltd	Subsidiary Company	100%

NOTES TO THE FINANCIAL STATEMENTS

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Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Retail Trading One Person Company LLC	Subsidiary Company	100%
Sapphire Retail Corporation USA	Subsidiary Company	100%
Creadore A/S	Associated Company	49.00%
Sapphire Power Generation Ltd.	Associated Company	26.43%
Sapphire Dairies (Private) Ltd.	Common directorship	12.95%
Sapphire Electric Company Ltd.	Common directorship	1.42%
Sapphire Holding Ltd.	Common directorship	0.05%
Jomo Technologies (Private) Ltd.	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	0.69%
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-
Sapphire Finishing Mills Ltd.	Common directorship	-
Diamond Fabrics Ltd.	Common directorship	-
Bank Alfalah Ltd.	Investor in a subsidiary of the Company	-
Abdullah Foundation	Common directorship	-

	2026 Rupees	2025 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Sales / processing	15,642,109,280	9,248,226,767
Purchases	-	24,253,114
Investment made	4,108,295,000	950,000,000
Expenses charged to	14,510,909	6,625,352
Rental income	217,074,400	200,310,000
Dividend received	5,837,325,000	1,848,124,999
ii) Associated Companies		
Sales / processing	7,560,015,823	4,977,320,870
Purchases / rent	1,087,670,131	1,107,006,040
Purchases of fixed asset	-	40,423,729
Sales of fixed asset	2,100,000	-
Investment made	6,431,152	146,909,967
Expenses charged to	138,615,549	136,624,191
Expenses charged by	11,954,518	24,742,597
Mark-up charged by	116,102,594	184,202,470
Dividend received	11,304,078	28,265,301
Dividend paid	171,090,810	597,158,422
Loans repaid - net	(279,580,131)	(31,457,799)

	2026 Rupees	2025 Rupees
iii) Key management personnel		
Salary and other employment benefits	148,539,837	140,077,900
iv) Retirement Fund		
Contribution towards provident fund	121,594,277	118,583,789
iv) Others		
Donation	10,000,000	34,000,000
Dividend paid	21,920,020	76,828,960

45. FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

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

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

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

(a) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.45.4, the financial assets exposed to credit risk aggregated to Rs.27,605 million as at June 30, 2026 (2025: Rs.23,202 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 87% (2025: 92%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2026 Rupees	2025 Rupees
Long term investments	6,849,975,176	4,461,570,190
Long-term loans and advances	221,942,353	61,178,437
Long term deposits	99,980,722	98,148,246
Trade debts	8,054,600,941	9,773,217,030
Loans and advances	76,023,706	64,348,713
Trade deposits	316,316,857	153,208,672
Short term investments	8,866,934,521	7,031,015,869
Other receivables	1,458,500,298	1,406,613,673
Bank balances	1,660,591,433	152,987,486
	27,604,866,007	23,202,288,316

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:

	2026 Rupees	2025 Rupees
Domestic	5,423,230,025	7,779,950,970
Export	2,631,370,916	1,993,266,060
	8,054,600,941	9,773,217,030

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

Aging analysis of trade debtors is as follows:

	2026 Rupees	2025 Rupees
Not due	6,503,698,819	7,347,785,502
1 – 30 days	1,040,140,287	1,828,423,833
31 – 60 days	271,183,069	253,442,733
61 – 90 days	42,126,814	41,127,471
91 – 180 days	24,097,199	268,731,062
181 – 360 days	137,594,971	12,221,460
361 days or more	35,759,782	21,484,969
	8,054,600,941	9,773,217,030

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
	Rupees						
As at 30 June 2026							
Estimated total gross							
carrying amount at default	3,872,327,903	1,040,140,287	271,183,069	42,126,814	24,097,199	137,594,971	35,759,782
Expected credit loss	57,794	26,097	9,045	68,522	215,968	24,837,002	35,759,782
Expected credit loss rate	0.00%	0.00%	0.00%	0.16%	0.90%	18.05%	100%
As at 30 June 2025							
Estimated total gross							
carrying amount at default	5,354,519,442	1,828,423,833	253,442,733	41,127,471	268,731,062	12,221,460	21,484,969
Expected credit loss	2,879,990	660,162	629,883	258,522	17,203,986	8,415,870	21,484,969
Expected credit loss rate	0.05%	0.04%	0.25%	0.63%	6%	69%	100%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
Rupees					
June 30, 2026					
Long term loans	21,060,100,657	28,228,487,691	5,123,379,566	18,376,796,555	4,728,311,570
Trade and other payables	10,143,232,212	10,143,232,212	10,143,232,212	-	-
Accrued mark-up / interest	551,402,962	551,402,962	551,402,962	-	-
Short term borrowings	17,915,244,640	18,824,358,687	18,824,358,687	-	-
Unclaimed dividend	2,332,052	2,332,052	2,332,052	-	-
	49,672,312,523	57,749,813,604	34,644,705,479	18,376,796,555	4,728,311,570
Rupees					
June 30, 2025					
Long term loans	19,479,785,914	26,167,431,541	4,813,396,501	17,244,632,033	4,109,403,007
Trade and other payables	8,054,711,132	8,054,711,132	8,054,711,132	-	-
Accrued mark-up / interest	771,368,299	771,368,299	771,368,299	-	-
Short term borrowings	19,596,928,908	20,830,479,692	20,830,479,692	-	-
Unclaimed dividend	2,264,855	2,264,855	2,264,855	-	-
	47,905,059,108	55,826,255,519	34,472,220,479	17,244,632,033	4,109,403,007

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.

(d) 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 FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

	Rupees	U.S.\$	Euro	JPY	CHF
For the year ended June 30, 2026					
Trade debts	(2,631,370,916)	(6,679,765)	(2,442,222)	-	-
Bank balances	(1,643,372,575)	(208,846)	(5,001,745)	-	-
Foreign bills payable against import	2,748,860,528	9,533,202	254,182	-	36,827
Net balance sheet exposure	(1,525,882,963)	2,644,592	(7,189,785)	-	36,827
Outstanding letters of credit	2,592,444,282	8,878,101	297,538	14,540,563	-
Foreign currency forward contracts	16,631,990,609	48,301,574	8,400,000	-	-
	17,698,551,928	59,824,266	1,507,754	14,540,563	36,827

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

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2026	2025	2026	2025
U.S. Dollar to Rupee	278.30	283.85	278.55 / 278.05	284.10 / 283.60
Euro to Rupee	317.24	332.54	317.52 / 316.95	332.83 / 332.25
Japanese Yen to Rupee	1.7161	1.9684	1.7176 / 1.7145	1.9701 / 1.9667
Swiss Frank to Rupee	343.98	355.19	344.29 / 343.67	355.50 / 354.87

At June 30, 2026, if Rupee had strengthened by 10% against US Dollar and Euro with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2026 Rupees	2025 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	73,532,870	(18,501,156)
Euro to Rupee	(227,880,231)	(44,684,901)
	(154,347,361)	(63,186,057)

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

(ii) **Interest rate risk**

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

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

	2026	2025	2026	2025
	Effective rate		Carrying amount	
	Percentage		Rupees	
Fixed rate instruments				
Financial assets				
Saving accounts	7.70% to 10.00%	9.25% to 19.00%	12,547,583	4,259,938
Financial liabilities				
Long term finances	1.75% to 8.00%	1.75% to 5.00%	7,600,237,299	7,979,229,315
Short term borrowings	3.00% to 8.00%	3.00% to 5.50%	5,443,182,169	7,506,965,470
Variable rate instruments				
Financial liabilities				
Long term finances	10.50% to 13.09%	11.29% to 22.91%	13,619,544,781	11,500,556,600
Short term borrowings	10.49% to 13.03%	7.25% to 22.49%	12,472,062,471	12,089,963,438

At June 30, 2026, 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.260.916 million (2025: Rs.235.905 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

(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.15,259.600 million (2025: Rs.11,317.051 million) are exposed to price risk due to changes in market price.

At June 30, 2026, 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.1,525.960 million (2025: Rs.1,131.705 million).

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

45.2 Fair value measurement of financial instruments

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

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

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

Level 1 financial assets: The Company's financial assets measured at level 1 fair value amounts to Rs.15,259.600 million (2025: Rs.11,299.610 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Level 3 financial assets: The Company's financial assets measured at level 3 fair value amounts to Rs.439.368 million (2025: Rs. 183.996 million).

The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to determine fair values

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

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

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

45.3 Capital risk management

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

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

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

	2026 Rupees	2025 Rupees
Total borrowings	39,135,026,721	39,305,545,700
Less: cash and bank balances	1,660,591,433	153,387,486
Net debt	37,474,435,288	39,152,158,214
Total equity	53,170,713,173	42,747,020,339
Total capital including net debt	90,645,148,461	81,899,178,553
Gearing ratio	41%	48%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

45.4 Financial instruments by category

As at June 30, 2026			
	Amortised cost	At fair value through OCI	Total
Rupees			
Financial assets as per statement of financial position			
Long-term investments	–	6,849,975,176	6,849,975,176
Long-term loans and advances	221,942,353	–	221,942,353
Long-term deposits	99,980,722	–	99,980,722
Trade debts	8,054,600,941	–	8,054,600,941
Loans to employees	138,098,281	–	138,098,281
Trade deposits	316,316,857	–	316,316,857
Other receivables	1,648,521,375	–	1,648,521,375
Short-term investments	–	8,866,934,521	8,866,934,521
Cash and bank balances	1,660,591,433	–	1,660,591,433
	12,140,051,962	15,716,909,697	27,856,961,659

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

	Financial liabilities measured at amortised cost	
	2026 Rupees	2025 Rupees
Financial liabilities as per statement of financial position		
Long-term loans and other payables	17,637,031,490	16,254,979,207
Deferred income - Government grant	115,244,817	169,620,752
Trade and other payables	10,143,232,212	8,054,711,132
Current portion of long-term liabilities	3,489,305,086	3,303,930,595
Unclaimed dividend	2,332,052	2,264,855
Short term borrowings	17,915,244,640	19,596,928,908
Accrued mark-up	551,402,962	771,368,299
	49,853,793,259	48,153,803,748

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

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	Rupees			
Balance as at July 01, 2025	140,727,025	19,479,785,914	19,596,928,908	2,264,855
Changes from financing activities				
Finances obtained	-	4,720,639,129	-	-
Finances repaid	-	(3,140,324,386)	(1,681,684,268)	-
Repayment of lease liabilities	(42,487,581)	-	-	-
Dividends paid	-	-	-	(216,830,713)
Dividend declared	-	-	-	216,897,910
Total changes from financing cash flows	98,239,444	21,060,100,657	17,915,244,640	2,332,052
Other changes / adjustments				
Finance cost	22,573,818	-	-	-
Balance as at June 30, 2026	120,813,262	21,060,100,657	17,915,244,640	2,332,052
Balance as at July 01, 2024	42,078,523	19,264,504,183	14,475,916,882	2,033,780
Changes from financing activities				
Finances obtained	117,437,599	2,968,590,242	-	-
Finances repaid	-	(2,753,308,511)	5,121,012,026	-
Repayment of lease liabilities	(40,685,985)	-	-	-
Dividends paid	-	-	-	(769,756,506)
Dividend declared	-	-	-	769,987,581
Total changes from financing cash flows	118,830,137	19,479,785,914	19,596,928,908	2,264,855
Finance cost	21,896,888			
Balance as at June 30, 2025	140,727,025	19,479,785,914	19,596,928,908	2,264,855

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

	UOM	2026	2025
47. CAPACITY AND PRODUCTION			
47.1 Spinning			
Average number of spindles installed		137,574	175,472
Average number of spindles worked		133,567	173,632
Total number of rotors installed		656	440
Average number of rotor worked		491	438
Number of shifts worked per day		3	3
Installed capacity after conversion			
into 20's count	Lbs.	111,043,248	139,957,363
Actual production after conversion			
into 20's count	Lbs.	99,342,691	135,328,875
47.2 Weaving			
Total number of looms installed		435	435
Average number of looms worked		435	435
Number of shifts worked per day		3	3
Installed capacityat 50 picks/			
inch of fabric	Square mtrs.	206,218,725	206,218,725
Actual production at 50 picks/			
inch of fabric	Square mtrs.	174,576,320	175,676,415
47.3 Finishing and Printing			
Production capacity	Mtrs.	69,000,000	69,000,000
Actual production	Mtrs.	63,013,591	63,882,291
47.4 Yarn dyeing			
Production capacity	KGs	2,880,000	2,880,000
Actual production	KGs	2,165,024	2,222,035

47.5 Home Textile and Stitching

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

47.6 Reason for low production

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

	2026	2025
48. NUMBER OF EMPLOYEES		
Number of employees as at June 30,	8,199	9,743
Average number of employees as at June 30,	8,016	10,292

49. PROVIDENT FUND RELATED DISCLOSURE

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

50. SHARIAH DISCLOSURE UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
Rupees				
Statement of Financial Position – Assets				
Long term investments	24,555,372,111	–	18,050,210,274	8,461,851
Short term investments	3,706,991,317	5,159,943,204	4,222,075,285	2,808,940,584
Bank balances	1,657,682,819	2,908,614	152,949,403	438,085
Statement of Financial Position – Liability				
Long term finances	15,840,265,286	5,219,835,371	16,750,889,142	2,728,896,772
Short term borrowings	13,803,108,790	4,112,135,850	14,963,116,400	4,633,812,508
Accrued mark-up	400,410,527	150,992,435	625,528,948	145,839,351
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant business segments	–	81,180,573,240	–	93,258,687,325
Late payments or liquidated damages	–	–	–	–
Un-realised gain on remeasurement investments	1,748,977,032	1,376,518,154	2,237,679,483	1,094,679,609
Realised gain on sale of investments	417,627,364	140,865,530	287,117,999	157,011,900
Exchange gain / (loss) earned using conventional derivative financial instruments – net	386,410,627	–	(108,448,112)	–
Total interest earned on any conventional loan or advance	–	–	–	–
Mark-up on short and long term financing	2,669,850,212	584,353,076	3,955,570,359	662,030,915
Other income				
a) Profit on bank deposits	3,987,442	–	7,783,786	–
b) Dividend Income	6,684,934,064	221,769,434	2,787,631,229	103,719,137
c) Gain on sale of property, plant and equipment – net	–	38,581,365	–	113,576,830
d) Reversal of Provision for stores, spares and loose tools	–	–	–	13,779,326
e) Gain on sale of investment property	–	174,087,648	–	–
Exchange gain on translation of receivable	–	–	–	20,330,000
f) Exchange gain on actual currency	–	196,737	–	13,189,078
g) Rental income	–	231,104,580	–	213,617,680
h) Scrap sales	–	128,240,352	–	160,421,821

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2026

The Company have banking relation with the following shariah-compliant financial institutions including banks and takaful operator.

	Name	Relationship
a)	Meezan Bank Limited	Short Term Financing, Long Term Financing and short term investment
b)	Bank Islami Pakistan Limited	Short Term Financing and Long Term Financing
c)	Dubai Islamic Bank Pakistan Limited	Short Term Financing
d)	Faysal Bank Limited	Short Term Financing
e)	Adamjee Insurance Company Limited – Window Takaful operations	Takaful Operator

51. CORRESPONDING FIGURES

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

52. SUBSEQUENT EVENT

The Board of Directors, in their meeting held on September 24, 2026, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.216.897 million for the year ended June 30, 2026, for approval of the members at the Annual General Meeting to be held on October 28, 2026.

52. GENERAL

These financial statements were authorized for issue on September 24, 2026 by the Board of Directors of the Company.



Chief Executive Officer



Chairman / Director



Chief Financial Officer

**CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED JUNE 30, 2026

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of the Holding Company of:

Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire International APS, Designtex (SMC Private) Limited, Sapphire Real Estate (Private) Limited, Sapphire Chemicals (Private) Limited, Sapphire Green Energy (Private) Limited, Creek Properties (Private) Limited, Sapphire Retail International Limited, Sapphire Retail Trading One Person Company L.L.C, and Sapphire Retail US Corporation, we are pleased to present the Directors' Report together with the audited Consolidated Financial Statements for the year ended June 30, 2026.

The performance and key developments of the major subsidiary companies are summarized below.

	June 30	
	2026	2025
	Rupees in '000'	Rupees in '000'
Net turnover	146,342,755	152,504,059
Gross profit	38,358,473	36,675,093
Profit from operations	24,702,212	26,344,844
Other income	2,722,248	3,018,396
Finance cost	(7,081,427)	(9,397,543)
Profit before taxation	17,755,802	17,290,022
Profit after taxation	13,319,739	13,137,116

Sapphire Wind Power Company Limited (SWPCL)

SWPCL is 70% owned by Sapphire Textile Mills Limited and 30% by Bank Alfalah Limited. The Company operates a 52.80 MW wind power project located in Jhimpir, Sindh, which commenced commercial operations in November 2015. The project continues to operate efficiently, following industry best practices, and is delivering stable and satisfactory energy output in line with expectations.

Sapphire Retail Limited (SRL)

SRL is a wholly owned subsidiary of Sapphire Textile Mills Limited and is engaged in the retail business under the brand name "Sapphire". The Company operates 48 retail outlets across Pakistan, supported by a rapidly growing digital commerce business through its online platform. The brand continues to expand its footprint and strengthen market share in both fashion and lifestyle retail segments.

Tricon Boston Consulting Corporation (Private) Limited (TBCC)

TBCC is 57.125% owned by Sapphire Textile Mills Limited. The Company owns and operates three wind power projects of 50 MW each, located in Jhimpir. All three projects successfully achieved commercial operations in September 2018 and continue to perform as per the designed operational benchmarks.

Sapphire International APS (Denmark)

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

Designtex (SMC Private) Limited

Designtex is a wholly owned subsidiary of Sapphire Retail Limited, which in turn is wholly owned by Sapphire Textile Mills Limited. The Company is engaged in the manufacture of textile and ancillary products.

Sapphire Real Estate (Private) Limited

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

Sapphire Chemicals (Private) Limited

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

Sapphire Green Energy (Private) Limited

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

Creek Properties (Private) Limited

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

Sapphire Retail International Limited (United Kingdom)

Sapphire Retail International Limited, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United Kingdom. The Company has established two retail outlets, located in Bradford and Birmingham, marking the brand's expansion into the UK retail market.

Sapphire Retail Trading One Person Company L.L.C (UAE)

A wholly owned subsidiary established to operate retail outlets in the United Arab Emirates. The Company has commenced operations with its first outlet located in Sharjah, contributing to the Group's growing international retail footprint.

Sapphire Retail US Corporation

This wholly owned subsidiary has been incorporated in the United States of America to undertake Sapphire's retail operations in the U.S. market.

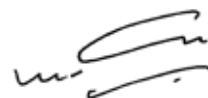
On behalf of the Board



Nadeem Abdullah
Chief Executive

Lahore

Dated: September 24, 2026



Mohammad Abdullah
Chairman / Director

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جیسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کیلئے قائم کیا گیا ہے۔ کمپنی 220,000 ٹن سالانہ گنجائش کی حامل سوڈا الیش مینو فیکچرنگ فیکٹری کے قیام کا عمل جاری ہے۔

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنے کے مقصد کے تحت قائم کیا گیا۔

کرک پراپرٹیز (پرائیویٹ) لمیٹڈ

کرک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفائر ریل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی ریل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

سفائر ریل انٹرنیشنل لمیٹڈ (برطانیہ)

سفائر ریل انٹرنیشنل لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے برطانیہ میں ٹیکسٹائل ریل کاروبار کے مقصد کے ساتھ قائم کیا گیا۔ کمپنی نے برطانیہ کے شہر بریڈفورڈ اور برمنگھم میں ایک ایک ریل آؤٹ کھولا ہے جس سے برطانیہ کی ریل مارکیٹ میں برانڈ کی توسیع ہوئی۔

سفائر ریل ٹریڈنگ ون پرسن کمپنی ایل ایل سی (یو اے ای)

ایک مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ریل آؤٹ لینس چلانے کیلئے قائم کیا گیا۔ کمپنی نے شارجہ میں ایک ریل آؤٹ لینس کے ساتھ آپریشن کا آغاز کیا ہے جو گروپ کے بڑھتے ہوئے بین الاقوامی ریل نیٹ ورک میں اپنا حصہ ڈال رہا ہے۔

سفائر ریل یو ایس کارپوریشن

مکمل طور پر ملکیتی ذیلی کمپنی ہے جس کو ریاست ہائے متحدہ امریکہ میں قائم کیا گیا ہے جس کا مقصد ٹیکسٹائل ریل آپریشنز کو دیکھنا ہے۔

منجانب بورڈ آف ڈائریکٹرز



محمد عبداللہ

چیئر مین / ڈائریکٹر



ندیم عبداللہ

چیف ایگزیکٹو

لاہور

تاریخ: 24 ستمبر 2026

ڈائریکٹر رپورٹ برائے حصص یافتگان

سفار وند پاور کمپنی لمیٹڈ کی ہولڈنگ کمپنی، سفار ریشیل لمیٹڈ، ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سفار انٹرنیشنل اے پی ایس، ڈیزائن ٹیکس (ایس ایم سی۔ پرائیویٹ) لمیٹڈ، سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ، سفار کیمیکلز (پرائیویٹ) لمیٹڈ، سفار گرین انرجی (پرائیویٹ) لمیٹڈ، کریک پراپرٹیز (پرائیویٹ) لمیٹڈ، سفار ریشیل انٹرنیشنل لمیٹڈ، سفار ریشیل ٹریڈنگ ون پرسن کمپنی ایل سی اور سفار ریشیل یو ایس کارپوریشن کے بورڈ آف ڈائریکٹرز کی طرف سے ہم 30 جون 2026 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ کے ہمراہ آڈٹ شدہ کنسولیدیشن مالی گوشوارے پیش کرنا ہمارے لئے باعث مسرت ہے۔

بڑی ذیلی کمپنیوں کی کارکردگی اور اہم ترقی کا خلاصہ درج ذیل ہے

30 جون 2025	30 جون 2026	روپے '000 میں
152,504,059	146,342,755	خالص آمدن
36,675,093	38,358,473	مجموعی منافع
26,344,844	24,702,212	آپریٹنگ سے حاصل منافع
3,018,396	2,722,248	دیگر آمدن
(9,397,543)	(7,081,427)	مالی لاگت
17,290,022	17,755,802	قبل از ٹیکس منافع
13,137,116	13,319,739	بعد از ٹیکس منافع

سفار وند پاور کمپنی لمیٹڈ (ایس ڈبلیو سی ایل)

ایس ڈبلیو سی ایل کی 70 فیصد ملکیت سفار ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الخلاح لمیٹڈ ہے۔ کمپنی نے جھمپیر، سندھ میں 52.80 ایم ڈبلیو گنجائش کا ایک وند فارم قائم کیا ہے جس نے نومبر 2015ء میں کرشل آپریٹنگ کا آغاز کر دیا ہے۔ پراجیکٹ صنعت کے بہترین طریقوں کے مطابق موثر انداز میں اپنی سرگرمیاں جاری رکھے ہوئے ہے۔ پراجیکٹ توقعات کے مطابق مستحکم اور اطمینان بخش نتائج کا حامل ہے۔

سفار ریشیل لمیٹڈ (ایس آر ایل)

ایس آر ایل سفار ٹیکسٹائل ملز لمیٹڈ کا ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ”سفار“ برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ ایس آر ایل پاکستان میں ریشیل آؤٹ لیس اور آن لائن اسٹورز کے ذریعے آپریٹ کرتی ہے۔ کمپنی پاکستان بھر میں 48 ریشیل آؤٹ لیس چلاتی ہے جسے اس کے آن لائن پلیٹ فارم کے ذریعے تیزی سے بڑھتے ہوئے ڈیجیٹل کامرس کے کاروبار کا تعاون حاصل ہے۔ یہ برانڈیشن اور لائف اسٹائل ریشیل کے دونوں شعبوں میں اپنی موجودگی کو وسعت دینے اور مارکیٹ شیئر کو مضبوط بنانے کا عمل جاری رکھے ہوئے ہے۔

ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ (ٹی بی سی)

ٹی بی سی کی 57.125 فیصد ملکیت سفار ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو جھمپیر سندھ میں 50 ایم ڈبلیو کے تین پراجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر 2018ء میں کرشل آپریٹنگ کامیابی سے آغاز کر دیا ہے اور متعین آپریٹنگ معیارات کے مطابق کام کر رہے ہیں۔

سفار انٹرنیشنل اے پی ایس (ڈنمارک)

سفار انٹرنیشنل اے پی ایس، سفار ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ لائیو کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کیلئے قائم کیا گیا۔

ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس مکمل طور پر سفار ریشیل لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جبکہ سفار ریشیل لمیٹڈ، سفار ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفار ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے ریشیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, 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, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1.	Capital expenditures Refer note 6 to the consolidated financial statements. The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2026. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy. Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. - Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. - The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2.	Valuation of stock-in-trade The total value of stock in trade as at the reporting date amounted to Rs.37.939 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 15 to the consolidated financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. We reviewed the Group's disclosure in the consolidated financial statement in respect of stock in trade.

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

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Lahore: September 30, 2026
UDIN: AR202610104IvdYyePV1

Shinewing Hameed Chaudhri & co
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

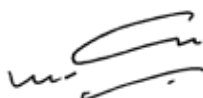
As at June 30, 2026

	Note	2026 Rupees	2025 Rupees
Assets			
Non current assets			
Property, plant and equipment	6	100,035,723,818	89,753,201,787
Investment property	7	1,625,190,472	1,644,567,641
Intangible assets	8	2,153,388,963	462,887,168
Exploration and evaluation assets	9	139,333,174	135,428,274
Long-term investments	10	9,821,867,899	7,065,858,068
Long-term loans and advances	11	305,397,635	66,665,011
Long-term deposits	12	1,062,336,860	224,723,128
		115,143,238,821	99,353,331,077
Current assets			
Stores, spares and loose tools	14	1,343,368,621	1,196,630,130
Stock in trade	15	37,939,664,690	42,874,980,902
Trade debts	16	23,583,179,271	22,847,820,047
Loans and advances	17	819,624,853	319,352,919
Trade deposits and short term prepayments	18	620,218,101	337,525,221
Other receivables	19	3,224,552,467	3,047,688,935
Short-term investments	20	11,002,609,474	7,286,637,117
Tax refunds due from Government	21	7,108,092,376	5,456,638,983
Cash and bank balances	22	19,015,445,553	19,411,721,135
		104,656,755,406	102,778,995,389
Total assets		219,799,994,227	202,132,326,466
Equity and Liabilities			
Share capital and reserves			
Authorised share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	23	216,897,910	216,897,910
Reserves	24	88,004,611,242	74,947,632,741
Equity attributable to equity holders of the parent		88,221,509,152	75,164,530,651
Non-controlling interests		23,308,974,349	22,618,917,226
Total equity		111,530,483,501	97,783,447,877
Non current liabilities			
Long-term loans and other payables	25	38,683,484,073	38,055,329,359
Lease liabilities	26	4,975,009,941	3,472,238,576
Deferred cost – mining license of rock salt	27	1,102,635,377	-
Deferred income – Government grant	28	115,244,817	169,620,752
Deferred tax liability	13	645,500,623	481,397,794
Employee benefit obligations	29	1,090,720,561	944,933,052
		46,612,595,392	43,123,519,533
Current liabilities			
Trade and other payables	30	27,392,205,022	23,508,335,673
Contract liabilities	31	2,090,895,263	1,780,955,845
Accrued mark-up	32	649,105,105	950,759,085
Short-term borrowings	33	19,124,684,317	21,561,623,899
Current portion of long-term liabilities	34	12,397,693,575	13,421,419,699
Unclaimed dividend		2,332,052	2,264,855
		61,656,915,334	61,225,359,056
Total liabilities		108,269,510,726	104,348,878,589
CONTINGENCIES AND COMMITMENTS			
Total equity and liabilities		219,799,994,227	202,132,326,466

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
Net turnover	36	146,342,754,953	152,504,059,304
Cost of sales	37	(107,984,282,415)	(115,828,966,273)
Gross profit		38,358,472,538	36,675,093,031
Distribution cost	38	(9,935,958,076)	(10,068,014,966)
Administrative expenses	39	(4,405,068,166)	(2,541,192,920)
Other operating expenses	40	(2,037,483,352)	(739,437,917)
Other income	41	2,722,248,802	3,018,396,460
Profit from operations		24,702,211,746	26,344,843,688
Finance cost	42	(7,081,426,852)	(9,397,543,336)
Share of profit of associated companies		135,017,313	342,722,537
Profit before revenue tax, income tax and levy		17,755,802,207	17,290,022,889
Final taxes – levy	43	(1,636,103,503)	(1,714,365,370)
Profit before income tax		16,119,698,704	15,575,657,519
Income tax expense	43	(2,799,958,998)	(2,438,540,940)
Profit for the year		13,319,739,706	13,137,116,579
Attributable to:			
Equity holders of the parent		9,238,807,583	9,442,985,772
Non-controlling interests		4,080,932,123	3,694,130,807
		13,319,739,706	13,137,116,579
Earnings per share – basic and diluted	44	425.95	435.37

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

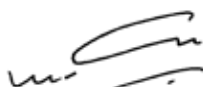
For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
Profit after taxation	13,319,739,706	13,137,116,579
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
Net – gain / (loss) on remeasurement of forward foreign currency contracts	386,410,627	(108,448,112)
Net – gain / (loss) on remeasurement of forward foreign currency contracts – associates	1,536,033	(229,939)
	387,946,660	(108,678,051)
Net exchange difference on translation of foreign operations	(57,737,533)	82,208,798
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on equity instruments at fair value through other comprehensive income		
– long term	2,448,319,519	1,853,330,513
– short term	942,949,240	1,479,028,579
	3,391,268,759	3,332,359,092
Impact of deferred tax	(500,465,445)	(555,782,775)
Unrealised gain on equity instruments at fair value through other comprehensive income – associates	62,688,131	36,411,554
Realised gain on sale of investment at fair value through other comprehensive income	558,492,894	444,129,898
Actuarial loss on re-measurement of staff retirement benefit obligation – net of tax	(16,570,016)	(39,859,809)
Actuarial loss on re-measurement of staff retirement benefit obligation – associates	(794,951)	(2,367,782)
Impact of deferred tax	–	13,421,829
	(17,364,967)	(28,805,762)
	3,494,619,372	3,228,312,007
Total comprehensive income for the year	17,144,568,205	16,338,959,333
Attributable to:		
Equity holders of the parent	13,063,636,082	12,644,828,526
Non– controlling interests	4,080,932,123	3,694,130,807
	17,144,568,205	16,338,959,333

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

For the year ended June 30, 2026

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

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Chief Executive Officer

Chairman / Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	39,694,059,797	29,304,831,342
Change in long term loans, advances and deposits		(1,152,507,472)	(112,860,197)
Finance cost paid		(6,692,368,385)	(9,032,577,355)
Taxes paid		(6,653,818,977)	(6,247,089,696)
Staff retirement benefit paid		(364,610,980)	(244,420,257)
Accumulating compensated absences paid		(4,370,053)	(13,621,657)
Net cash generated from operating activities		24,826,383,930	13,654,262,180
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(16,727,876,040)	(8,447,010,742)
Purchase of intangibles		(530,939,566)	-
Exploration and evaluation expenditure		(3,904,900)	(4,500,000)
Proceeds from disposal of investment property		193,137,648	-
Proceeds from disposal of operating fixed assets		437,131,436	255,321,535
Investments in shares and certificates		(3,167,859,246)	(2,463,011,608)
Proceeds from sale of equity instrument		1,013,243,557	2,083,718,009
Rental income received		14,382,564	13,613,106
Dividend income received – others		1,062,941,493	1,023,926,864
Dividend income received – associates		10,895,778	28,263,852
Interest income received		1,056,034,353	1,155,857,201
Net cash used in investing activities		(16,642,812,923)	(6,353,821,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – obtained		12,147,482,931	4,115,608,853
– repaid		(13,089,958,231)	(12,666,769,167)
Exchange (loss) / gain on translation of foreign subsidiaries		(27,551,303)	20,786,372
Dividend paid		(3,607,705,713)	(2,352,381,509)
Short term borrowings – net		(2,436,939,582)	6,638,345,217
Lease liabilities		(1,589,642,222)	(1,221,927,397)
Net cash used in financing activities		(8,604,314,120)	(5,466,337,632)
Net (decrease) / increase in cash and cash equivalents		(420,743,113)	1,834,102,766
Net foreign exchange difference		24,467,531	44,055,204
Cash and cash equivalents – at beginning of the year		19,411,721,135	17,533,563,165
Cash and cash equivalents – at end of the year		19,015,445,553	19,411,721,135

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



Chief Executive Officer



Chairman / Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

1. LEGAL STATUS AND OPERATIONS

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

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

Business unit	Location
Registered Office	
Karachi	20th Floor, Ocean Tower, Plot No. G-3, Khayaban-e-Iqbal, Block 9, Clifton, Karachi.
Lahore office	4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore.
Production Plants	
Spinning	A-17, Site, Kotri
Spinning	A-84, Site Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur.
Spinning	1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Weaving, Yarn Dyeing, Printing, Processing and Stitching (formerly	
Home Textile)	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Stitching	1.5-KM, Off Defence Road, Bhurban Chowk, Raiwind Road, Lahore.

1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

Subsidiary Companies		2026 % of shareholding	2025
(i)	Sapphire Retail Limited – (SRL)	100%	100%
(ii)	Sapphire Wind Power Company Limited – (SWPCL)	70%	70%
(iii)	Tricon Boston Consulting Corporation (Private) Limited – (TBCL)	57.125%	57.125%
(iv)	Sapphire International ApS	100%	100%
(v)	Sapphire Real Estate (Pvt.) Limited – (SRESL)	100%	100%
(vi)	Sapphire Chemicals (Pvt.) Limited – (SCPL)	100%	100%
(vii)	Sapphire Green Energy (Private) Limited – (SGEL)	100%	100%
(viii)	Creek Properties (Private) Limited – (Subsidiary of SRESL) CRPL	65%	65%
(ix)	DesignTex (SMC-Pvt.) Limited – (Subsidiary of SRL) DTL	100%	100%
(x)	Sapphire Retail Trading One Person Company L.L.C	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

Subsidiary Companies		2026 % of shareholding	2025
(xi)	Sapphire Retail International Limited	100%	100%
(xii)	Sapphire Retail US Corporation	100%	–

- (i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an public unlisted Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on June 11, 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. The principal business of SRL is to operate “Sapphire” brand retail outlets for the sale of textile and other products. SRL is principally engaged in carrying out a business of trading of textile products and to buy, sell, import, export and processing through outside manufacturing facilities of textile goods and other allied products. SRL operates through retail outlets in Pakistan and e-stores. SRL operates 48 retail outlets throughout the country.

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

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

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

Memorandum of Understanding in respect of Power Tariffs

The Government of Pakistan (‘GoP’) constituted the Task Force on Energy Sector Reforms (‘TF’) in 2024 to engage with Wind Independent Power Producers (‘WIPPs’) for rationalization of generation tariffs in the Country. The TF initiated discussions in Jan 2025.

Subsequently, SWPCL and CPPA-G have finalized and signed an Amendment Agreement (‘Agreements’) for the power project after securing the requisite approvals. The Parties have mutually agreed to amend the Existing EPA and the Existing IA as per the terms in Agreement.

Pursuant to the terms of these Agreements, the Company and CPPA-G have agreed to the following matters:

- Mechanism for settlement of outstanding receivables
- Reduction in the tariff components
- Reduction in the delayed payment markup spread
- Relinquish all rights and claims it may have with respect to late payment interest

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

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

- (iv) Sapphire International ApS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Holding Company and is engaged in selling textiles. The Company was incorporated on August 27, 2019. Its registered office is located at Søgade 15, 1. th. 6000 Kolding, Denmark.
- (v) Sapphire Real Estate (Private) Limited is 100% owned subsidiary incorporated on October 12, 2021 under the Companies Act, 2017 with the purpose of investment in real estate projects. The registered office of the Company is situated at 7-A/K, Main Boulevard, Gulberg II, Lahore.
- (vi) Sapphire Chemicals (Private) Limited is a wholly owned subsidiary incorporated on 04 June, 2022 under the Companies Act, 2017. The principal line of business of the Company is to manufacture and sale chemical products.
- (vii) Sapphire Green Energy (Private) Limited (the Company) was incorporated as a private limited company in Pakistan on January 17, 2023 under the Companies Act, 2017. The principal line of business of the company shall be to carry on all or any of the businesses of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith.
- (viii) Creek Properties (Private) Limited (the Company) was incorporated in April 2022 as a private Company limited by shares under the Companies Act, 2017. The principal business of the Company is marketing and development of real estate projects.
- (ix) Designtex (SMC-Private) Limited was incorporated in Pakistan on February 06, 2020 as a single member Private Company and as such being a private company limited by shares under the Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited. The Company is principally engaged in manufacturing, stitching and trading of textile and ancillary products. The head office of the Company is located at 1.5KM, Defence Road, Bhohtian Chowk, Off Raiwind Road, Lahore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

- (x) Sapphire Retail Trading One Person Company L.L.C incorporated on November 30, 2023 in United Arab Emirates under the Companies Law No. 32 of 2021. The registered activities of the Company are blankets, towels, linens, readymade garments, novelties, textile, watches, clocks, watches & clocks spare parts, handbags, leather products, perfumes, and cosmetics trading. The address of the registered office of the Company is Office no 106-106, Bayan Business Center, Dubai Investment Park First, Dubai, United Arab Emirates.
- (xi) Sapphire Retail International Limited is a private company limited by shares incorporated in England and Wales on November 07, 2023. The principal activity of the company is the retail sale of textiles in specialised stores and online.
- (xii) Sapphire Retail US Corporation, a wholly owned subsidiary, has been incorporated with the purpose of textile retail operations in United States of America.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM NEW / AMENDMENTS IN STANDARDS AND INTERPRETATION DURING THE YEAR

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

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective;

IFRS S2 Climate Related Disclosure

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 Holding Company meets the specified criteria for Phase I applicability under the SECP's order dated December 31, 2024, as this represents the Holding Company's first year of compliance. Accordingly, the Holding Company has availed the first-year reporting relief provided under the SECP Order, whereby the sustainability-related financial disclosures may be issued within nine months from the close of the financial year. The Hlding Company will therefore issue its sustainability-related financial disclosures separately by March 31, 2027, in respect of the year ended June 30, 2026, rather than presenting them together with these financial statements.

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

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) Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency

Effective: January 01, 2027

These amendments clarify how companies should translate consolidated financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements of the Company other than in presentation and disclosures.

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

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

	2026 Rupees	2025 Rupees
De-recognition of property, plant and equipment	(50,671,833,092)	(55,208,767,312)
De-recognition of trade debts	(13,064,997,197)	(13,300,961,137)
Recognition of lease debtor	56,977,676,497	63,504,340,593
	(6,759,153,792)	(5,005,387,856)
Decrease in un-appropriated profit – at the beginning of the year	(5,005,387,856)	(1,438,996,483)
Decrease in profit for the year	(1,753,765,936)	(3,566,391,373)
Decrease in un-appropriated profit – at the end of the year	(6,759,153,792)	(5,005,387,856)

- (b) In respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019, letter no. CLD/CCD/IFRS-9/01/2019 dated January 10, 2023 and SRO 67(I)/2023 dated January 20, 2023 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till December 31, 2024. Furthermore, SECP vide its SRO 1784(I)/2024 dated November 4, 2024 further extended the exemption period till financial year ending on or before December 31, 2025. Subsequently, SECP through SRO 25(I)/2026 dated January 6, 2026 further extended the exemption period till financial year ending on or before December 31, 2026. However, all such companies shall follow relevant

requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits – gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 29.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

(f) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(g) Discounting of lease payments

The lease payments are discounted using incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

(h) Foreign Currency translation rate

In determining the exchange rate used for the translation of monetary items due to lack of exchangeability at the reporting date (i.e. June 30, 2026), management uses judgement in determining the closing / spot rate (i.e. exchange rate for immediate delivery). Therefore, management uses the closing rate to which it would have access at the end of the reporting period, that is the rate available immediate before the reporting date.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at June 30, 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

5. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change made during the year as detailed in note 5.20 to these consolidated financial statements.

5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling (NCI) interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.2 Property, plant and equipment

5.2.1 Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method except to the effect that straight line method is used for assets of SWPCL and TBCL at rates stated in note 6.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

5.2.2 Capital work-in-progress

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

5.2.3 Right-of-use assets

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

Depreciation of right of use asset

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

5.2.4 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

5.2.5 Exploration and evaluation asset

Under the successful efforts method of accounting, all property acquisitions, exploratory / evaluation costs are initially capitalized as Exploration and evaluation (E & E) assets.

Costs directly associated with an exploratory mines are capitalized as an E & E asset until the drilling of the mines is completed and results have been evaluated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment property comprises of land and building. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets. Depreciation is charged to consolidated statement of profit or loss using reducing balance method at the rates stated in note 7.

5.4 Intangible assets

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

Subsequent expenditure

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

Amortization

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

5.5 Exploration and evaluation assets

Under the successful efforts method of accounting, all property acquisitions, exploratory / evaluation costs are initially capitalized as Exploration and evaluation (E & E) assets.

Costs directly associated with an exploratory mines are capitalized as an E & E asset until the drilling of the mines is completed and results have been evaluated.

5.6 Financial assets

Initial measurement

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

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

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

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

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

Subsequent Measurement

– Equity Instruments at FVTOCI

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

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

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

– Debt Instruments at FVTOCI

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

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

– Equity / Debt Instruments at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including

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

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

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

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

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

– Financial Assets measured at amortised cost

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

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition

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

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

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

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

5.7 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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The financial statements of the associate are prepared for the same reporting period as the Group except for Creadore A/S . When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The consolidated financial statements of foreign associate of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and the statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

5.8 Stores, spare parts and loose tools

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

5.9 Stock-in-trade

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

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

5.10 Trade debts and other receivables and related impairment

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

5.11 Cash and cash equivalents

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

5.12 Impairment

(a) Financial assets

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

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

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

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

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

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

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(b) Non-financial assets

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

5.13 Off-setting of financial assets and liabilities

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

5.14 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

– Financial liabilities at fair value through profit or loss

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

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

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

– Financial liabilities at amortized cost

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

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

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

Derecognition

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

5.15 Government grants

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

5.16 Borrowings

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

5.17 Employees' benefits

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

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

– Salary increase / inflation risk:

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

– Discount rate risk:

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

– Mortality risk:

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

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– **Withdrawal risk:**

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

(c) **Accumulating compensated absences**

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences in accordance with the terms of employment. Under the terms, all employees are entitled to 15 days leave per year. The unveiled annual leaves can be carried forward up to a maximum of 30 leaves. An employee will be entitled to encash the accumulated annual leaves at the time of leaving employment service.

Provisions are made annually on the basis of unveiled accumulated leaves. The benefit is calculated with reference to last drawn salary and accumulated leave balances of the employees. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

5.18 **Contingent liabilities**

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.19 **Contract liability**

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

5.20 **Taxation**

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

During the year, the Holding Company changed its policy and designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12. The above change in the accounting policy does not have significant impact hence; no restatement is required in the financial statements.

Current

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

The profits and gains of the Subsidiary companies – Sapphire Wind Power Group Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary companies (SWPCL & TBCL) are also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Federal Decree Law No. 47 of 2022 of U.A.E. is applicable on Sapphire Retail Trading One Person Company L.L.C (subsidiary company) for the purpose of its taxation. This law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the subsidiary Company's outlook of the law. Any income tax assets and liabilities for the current and future periods are measured at the amount expected to be settled with the Federal Tax Authority (FTA) in the United Arab Emirates.

Deferred

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

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

During the year, the Holding Company reassessed the recognition and measurement of deferred tax in its financial statements in light of the Application Guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No. 07 of 2024 dated May 15, 2024. Based on the reassessment, management determined that the recognition of deferred tax is no longer required as the minimum tax paid may not be released / adjustable because the Company has sufficient tax losses and unabsorbed depreciation loss carried forward and management expects the Company to remain subject to the minimum tax regime. However, deferred tax liability with respect to unrealised gain on investments has been recognised using applicable effective tax rate under Income Tax Ordinance, 2001.

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Group tax adjustments

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

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

5.21 Lease liability

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

Group as lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

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

Ijarah

Ijarah is a contract whereby the owner of an asset transfers its usufruct (right to use) to another person for an agreed period at an agreed consideration. Under ijarah, the lessor retains title to the asset and bears all risks and rewards pertaining to ownership. The Group as a lessee has contracted ijarah agreements. Payments made under ijarah are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Group as lessor

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

Short-term leases and leases of low-value assets

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

5.22 Trade and other payables

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

5.23 Provisions

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

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5.24 Foreign currency transactions and translation

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

For the Group's companies in power sector, foreign exchange gains and losses resulting from the settlement and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized in property, plant and equipment in accordance with SRO 986(I)/2019 dated September 02, 2019 (previously SRO 24(I)/2012) of the SECP. Accordingly, the exchange difference of the Group's Power Sector subsidiaries have been capitalized.

5.25 Impairment of non financial assets

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

5.26 Derivative financial instruments

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

a) Cash flow hedges

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

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

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

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

b) Fair value hedges

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

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

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

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

5.27 Revenue recognition

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

Sale of goods

- Local Sales

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

- Export Sales

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

- Sale of electricity

Revenue on account of energy is recognised on electricity output delivered to CPPA-G whereas on account of Non-Project Missed Volume is recognised when the event has occurred in terms of the EPA and underlying data is available. Both are recognised at the rates specified under the EPA. Delayed payment markup on amounts due under the EPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the EPA. Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

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Rendering of services

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

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

Other sources of revenue

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

5.28 Borrowing costs

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

5.29 Dividend and appropriation to reserves

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

5.30 Earnings per share – basic and diluted

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

5.31 Segment reporting

Segment reporting is based on the operating business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of property, plant and equipment, inventories, trade debts, loans and advances and cash and bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate payables.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Textile retail, soda ash and Power generation which also reflects the management structure of Group.

5.32 Related party transactions

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

	Note	2026 Rupees	2025 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	81,815,921,230	83,674,400,565
Right-of-use asset	6.2	4,862,130,580	3,545,057,057
Capital work-in-progress	6.3	13,288,455,753	2,464,527,910
Major spare parts and stand-by equipment	6.4	69,216,255	69,216,255
		100,035,723,818	89,753,201,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

6.1 Operating fixed assets

	Land	Buildings on free - hold land			Buildings on lease - hold land			Leased building and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total
		Free-hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others											
Rupees																		
Balance as at July 01, 2025																		
Cost	3,653,388,864	130,097,302	6,448,917,872	1,385,504,326	554,686,749	2,534,684,678	223,880,173	1,794,176,096	106,108,92,623	954,539,666	30,453,088	881,722,288	784,330,388	77,093,387	267,236,326	12,701,57,746	903,340,083	12,746,83,776
Accumulated depreciation	-	-	(2,573,351,634)	(29,167,666)	(19,816,994)	(94,724,449)	(6,042,280)	(89,627,531)	(8,725,466,833)	(450,280,477)	(7,790,064)	(3,95,465,887)	(465,238,416)	(47,82,381)	(97,540,713)	(47,366,672)	(3,86,871,114)	(43,794,43,151)
Net book value	3,653,388,864	130,097,302	3,921,966,238	1,026,836,660	384,879,755	1,581,950,229	187,847,893	1,085,548,565	69,383,456,770	504,249,009	13,267,454	485,726,811	319,092,962	29,887,006	169,695,613	798,839,074	512,475,969	83,674,001,564
For the year ended June 30, 2026																		
Additions during the year																		
-Direct Additions	177,043,534	-	826,654,436	139,014,088	-	17,91,366	1,350,000	305,383,524	3,836,642,786	32,390,270	6,335,429	106,294,736	142,861,336	21,333,336	690,080,616	258,250,088	385,144,378	6,395,536,693
-Net exchange gain/capital used (Note 6.1.4)		-	-	-	-	(3,053,274)	-	-	(76,783,345)	-	-	-	-	-	-	-	-	(79,816,889)
Transfer to investment property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:																		
- Cost	-	-	-	-	-	-	-	40,677,624	1,072,651,895	10,212,788	-	28,867,790	23,851,336	97,658	114,000	46,482,48	104,453,797	1,337,342,766
-Accumulated Depreciation	-	-	-	-	-	-	-	(26,927,480)	(773,270,948)	(8,038,630)	-	(15,402,259)	(26,768,823)	(844,453)	(12,72)	(34,370,854)	(75,40,926)	(970,283,264)
Impairment charge for the year		-	-	-	-	-	-	13,705,354	94,381,149	2,714,857	-	13,547,031	6,675,333	129,705	1,288	12,074,44	29,312,871	427,054,502
Depreciation for the year		-	-	-	-	-	-	(14,378,944)	-	-	-	-	-	-	-	-	-	(14,378,944)
Balance as at June 30, 2026																		
Cost	3,330,632,398	130,097,302	7,321,977,308	1,457,608,404	554,686,749	2,538,762,920	225,240,173	2,049,417,786	107,785,50,889	976,505,638	36,788,497	988,539,744	884,339,668	78,729,465	336,130,387	1,48,916,586	130,057,664	1,32,347,950,087
Accumulated depreciation	-	-	(2,972,745,777)	(34,620,061)	(19,571,741)	(1,070,628,520)	(68,881,229)	(96,232,862)	(42,177,492,940)	(492,050,063)	(18,47,698)	(5,704,42,491)	(5,74,905,826)	(54,552,000)	(1,09,988,563)	(616,530,055)	(466,664,409)	(50,533,268,857)
Netbook value - June 30, 2026	3,330,632,398	130,097,302	4,404,757,731	1,089,980,353	535,095,008	1,468,134,399	156,358,944	1,086,518,724	66,608,70,629	484,455,575	18,40,078	437,866,762	319,434,842	23,677,465	276,42,074	863,386,531	77,238,255	81,659,27,230
Depreciation rate % per annum	-	-	10	5	5	5.4	5	20	5.4	10.4	33.33	10	30.4	33.33	10	10.4	15	20
Balance as at July 01, 2024																		
Cost	3,105,668,082	137,013,777	5,292,007,965	1,01,881,871	554,686,749	2,507,860,016	47,259,752	976,780,150	102,866,70,886	91,520,136	304,530,088	684,188,656	64,959,337	64,093,534	27,167,439	94,517,500	678,092,231	120,282,752,449
Accumulated depreciation	-	-	(2,251,034,990)	(24,801,623)	(13,022,525)	(86,280,264)	(54,461,088)	(5,26,021,333)	(31,077,823,380)	(400,485,338)	(15,738,405)	(300,800,286)	(556,668,796)	(40,894,475)	(82,732,327)	(337,437,766)	(307,894,168)	(36,948,329,445)
Netbook value	3,105,668,082	137,013,777	3,040,969,975	763,080,248	441,644,224	1,680,888,752	92,398,664	450,697,737	71,244,886,286	510,035,798	14,894,683	383,788,730	233,089,542	24,083,079	129,453,12	608,388,734	369,035,092	83,334,423,306
For the year ended June 30, 2025																		
Additions during the year																		
-Direct Additions	479,072	-	1,203,944,907	307,616,455	-	3,751,050	76,630,421	81,575,986	2,376,589,345	43,801,420	-	244,191,682	167,569,254	13,888,744	55,887,227	337,689,085	263,396,188	5,914,022,665
-Net exchange gain/capitalised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,37,12,390)
Disposals:																		
- Cost	-	6,916,875	-	-	-	-	-	3,916,949	402,239,766	774,400	-	27,398,350	33,388,023	1,97,711	12,140	13,050,939	50,978,336	540,071,389
- Accumulated Depreciation	-	-	-	-	-	-	-	(2,822,188)	(3,06,942,942)	(43,380)	-	(23,837,574)	(16,099,863)	(1,087,355)	(60,225)	(975,688)	(29,842,029)	(388,911,348)
Depreciation for the year		-	6,916,875	-	-	-	-	1,094,811	35,286,824	342,819	-	3,461,076	18,288,160	116,416	5,915	3,257,258	21,866,307	150,16,304
Depreciation rate % per annum	-	-	6,916,875	-	-	-	-	1,094,811	35,286,824	342,819	-	3,461,076	18,288,160	116,416	5,915	3,257,258	21,866,307	150,16,304
Balance as at June 30, 2025																		
Cost	3,653,388,864	130,097,302	6,495,917,872	1,385,504,326	554,686,749	2,534,684,678	223,880,173	1,794,176,097	106,108,92,623	954,539,666	30,453,088	881,722,288	784,330,388	77,093,387	267,236,326	12,701,57,746	903,340,083	12,746,83,776
Accumulated depreciation	0	0	(2,573,351,634)	(29,167,666)	(19,816,994)	(94,724,449)	(6,042,280)	(89,627,531)	(8,725,466,833)	(450,280,477)	(7,790,064)	(3,95,465,887)	(465,238,416)	(47,82,381)	(97,540,713)	(47,366,672)	(3,86,871,114)	(43,794,43,151)
Netbook value - June 30, 2025	3,653,388,864	130,097,302	3,921,966,238	1,026,836,660	384,879,755	1,581,950,229	187,847,893	1,085,548,566	69,383,456,770	504,249,009	13,267,454	485,726,810	319,092,962	29,887,006	169,695,613	798,839,074	512,475,969	83,674,001,565
Depreciation rate % per annum	-	-	10	5	5	5.4	5	20	5.4	10	10	10.4	33.33	30	10.4	33.33	10	10.4

- 6.1.1** Freehold lands of the Holding Company are located at Sheikhpura, Kasur and Lahore with an area of 1,617,685 (2025: 1,566,350) square yards and leasehold lands of the Holding Company are located at Kotri and Nooriabad with an area of 426,284 (2025: 426,284) square yards.
- 6.1.2** Flagship store of SRL (subsidiary) is located at Gulberg, Lahore, Punjab with an area of 9,200 (2025: 9,200) square feet and freehold land of SRL located at Gurumangat Road, Lahore, Punjab and Gulberg II Scheme, Lahore, Punjab with an area of 47,962 (2025: 47,962 sqft) square feet and area of 25,516 (2025: 25,516) square feet respectively.
- 6.1.3** Freehold land of SCPL (subsidiary) is located at Khushab with an area of 432.71 acres (2025: 380.9 acres) for proposed plant site.
- 6.1.4** This represents the exchange differences capitalized in accordance with SRO 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/2012) of the SECP (as fully explained in note 5.23 to these consolidated financial statements). Had the subsidiary companies followed IAS 21, 'The Effects of Changes in Foreign Exchange Rates', the effect on the consolidated financial statements would be as follows:

	2026 Rupees	2025 Rupees
Consolidated Statement of Financial Position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30,	(24,821,589,588)	(26,991,006,981)
Consolidated Statement of profit or loss		
Decrease in cost of sales	2,070,487,574	2,036,812,828
Increase / (decrease) in other expenses	98,929,819	(492,357,282)
Increase / (decrease) in profit for the year	2,169,417,393	1,544,455,546
6.1.5 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	6,954,275,684	6,678,831,894
Distribution cost	428,957,423	398,638,289
Administrative expenses	249,534,088	158,525,146
	7,632,767,195	7,235,995,329

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For the year ended June 30, 2026

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
Rupees							
Assets having net book value exceeding Rs.500,000 each.							
Plant and machinery							
Dyeing Plant with accessories	1,650,000	899,965	750,035	1,735,376	985,341	Negotiation	M/s. Hassan & Co.
Uni Lap Former	8,138,326	7,525,454	612,872	847,458	234,586	----do----	M/s. Classic Impex (Pvt.) Ltd.
Ring Frames	50,278,300	38,230,733	12,047,567	25,693,829	13,646,262	----do----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Compact Frames	37,371,713	27,345,772	10,025,941	22,727,727	12,701,786	----do----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Comber Machines	16,845,854	15,123,725	1,722,129	4,237,290	2,515,161	----do----	M/s. Classic Impex (Pvt.) Ltd.
Compact Frames	6,719,035	4,531,896	2,187,139	2,187,139	-	----do----	M/s. Grace Tex International.
Ring Frames	28,319,035	11,375,850	16,943,185	11,702,293	(5,240,892)	----do----	M/s. Grace Tex International.
Ring Frames	13,117,654	7,606,002	5,511,652	1,985,593	(3,526,059)	----do----	M/s. Hussain Ali & Co.
Carding Machines	10,025,496	9,503,524	521,972	1,080,508	558,536	----do----	M/s. Grace Tex International.
Process Coner	42,731,415	32,923,383	9,808,032	15,000,000	5,191,968	----do----	M/s. Meko Fabrics (Pvt) Ltd.
Ring Frames	60,662,092	36,749,000	23,913,092	16,430,803	(7,482,289)	----do----	M/s. Hassan & Co.
Simplex Frames	33,026,938	30,596,541	2,430,397	2,978,208	547,811	----do----	M/s. Hassan & Co.
Auto Plucker	73,294,731	23,412,627	49,882,104	52,392,000	2,509,896	----do----	M/s. Al-Karam Towel Industries (Pvt) Ltd.
Air Compressor	4,687,852	3,565,773	1,122,079	1,148,744	26,665	----do----	M/s. Ali Enterprises.
Dust & Waste Removal System	24,280,482	19,608,804	4,671,678	4,782,694	111,016	----do----	M/s. Ali Enterprises.
Waste Collection System	2,772,000	1,869,429	902,571	924,019	21,448	----do----	M/s. Ali Enterprises.
Carding Machine	2,727,229	1,417,556	1,309,673	1,029,280	(280,393)	----do----	M/s. Ali Enterprises.
Drawing Machine	24,298,400	15,409,020	8,889,380	9,100,622	211,242	----do----	M/s. Ali Enterprises.
Auto Cone Machine	21,865,591	13,445,397	8,420,194	8,620,288	200,094	----do----	M/s. Ali Enterprises.
Condenser	874,254	294,106	580,148	593,935	13,787	----do----	M/s. Ali Enterprises.
Carding Machine	111,792,309	37,897,494	73,894,815	55,932,203	(17,962,612)	----do----	M/s. H-A Haq Spinning Mills (Pvt) Ltd.
CLC-1 Blow room Machine	19,879,687	14,157,203	5,722,484	4,956,050	(766,434)	----do----	M/s. Al Karam Towel Industries (Pvt) Ltd
MXU-10 Multimixer Machine	17,777,878	12,187,369	5,590,509	4,841,751	(748,758)	----do----	M/s. Al Karam Towel Industries (Pvt) Ltd
Simplex Machine	10,228,775	3,561,174	6,667,601	7,127,130	459,529	----do----	M/s. Hassan & Co.
Drawing Machine	32,791,850	11,566,397	21,225,453	11,735,705	(9,489,748)	----do----	M/s. Hassan & Co.
Auto Cone Machine	29,310,571	13,416,314	15,894,257	23,410,575	7,516,318	----do----	M/s. Hassan & Co.
Blow Room Machinery	7,930,770	5,232,906	2,697,864	1,710,737	(987,127)	----do----	M/s. Ali Enterprises.
Auto Doffing System	2,807,434	963,913	1,843,521	1,168,992	(674,529)	----do----	M/s. Ali Enterprises.
Drawing Machine	4,962,201	4,388,658	573,543	476,465	(97,078)	----do----	M/s. Hussain Ali & Co.
Air Jet Loom	12,792,785	6,164,140	6,628,645	6,900,000	271,355	----do----	M/s. Weaving Equipment's.
Heat Recovery Boiler	28,000,000	15,921,808	12,078,192	11,828,807	(249,385)	----do----	M/s. Hussain Ali & Co.
Gas Generator	61,604,392	56,644,916	4,959,476	6,307,166	1,347,690	----do----	M/s. Hassan & Co.
Blow Room Machinery	22,813,885	18,401,397	4,412,488	5,611,538	1,199,050	----do----	M/s. Hassan & Co.
Hot Water Generator	4,760,000	4,104,045	655,955	834,204	178,249	----do----	M/s. Hassan & Co.
Heat Recovery Boiler	5,325,000	3,591,166	1,733,834	2,204,987	471,153	----do----	M/s. Hassan & Co.
Turbocharger	3,687,500	2,459,383	1,228,117	1,561,846	333,729	----do----	M/s. Hassan & Co.
Boiler	1,825,000	1,192,492	632,508	804,386	171,878	----do----	M/s. Hassan & Co.
Moisture Meter	6,713,507	6,134,880	578,627	735,863	157,236	----do----	M/s. Hassan & Co.
	848,689,941	519,420,212	329,269,729	333,346,211	4,076,482		

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
Rupees							
Electric Installation							
Electric Panels	5,109,448	3,947,605	1,161,843	288,877	(872,966)	Negotiation	M/s. Hassan & Co.
Transformer	3,456,000	2,670,136	785,864	1,477,563	691,699	----do----	M/s. Hassan & Co.
	8,565,448	6,617,741	1,947,707	1,766,440	(181,267)		
Electric Equipment							
Electric work	6,876,000	4,291,562	2,584,438	34,884	(2,549,554)	Negotiation	Mr. Awais Sumro
Material for electric work	2,965,160	1,252,949	1,712,211	971	(1,711,240)	----do----	M/s. Tayyab Traders Corporation
	9,841,160	5,544,511	4,296,649	35,855	(4,260,794)		
Furniture and fittings							
Home rack	1,802,949	945,271	857,678	4,631	(853,047)	Negotiation	Tayyab Traders Corporation
Vehicles							
Kia Sorento	7,921,000	4,761,049	3,159,951	8,500,000	5,340,049	Insurance claim	M/s. Adamjee Insurance Company Ltd.
Land Cruiser Prado	10,994,764	8,703,406	2,291,358	18,500,000	16,208,642	----do----	M/s. Adamjee Insurance Company Ltd.
Toyota Corolla Altis	2,499,000	1,997,850	501,150	900,000	398,850	Negotiation	Mr. Muhammad Faisal Nawaz
Honda Civic	3,735,000	2,332,632	1,402,368	2,000,000	597,632	----do----	Mr. Muhammad Asharaf
Honda Civic	4,139,000	2,914,592	1,224,408	1,322,361	97,953	Company policy	Mr. Abdul Sattar (employee)
Kia Sorento	8,243,000	5,083,550	3,159,450	3,159,450	-	Company policy	Mr. Alam Zeb Barqi (employee)
Toyota Altis	3,283,000	2,116,178	1,166,822	1,166,822	-	----do----	Mr. Ramiz uddin (employee)
Kia Grand Carnival	9,536,000	6,146,778	3,389,222	3,596,724	207,503	----do----	Mr. Sohaib Khan (employee)
Honda Civic	4,151,000	3,459,167	691,833	802,400	110,567	----do----	Mr.Ovais Aziz (employee)
Suzuki Cultus	2,244,000	1,570,800	673,200	673,200	-	----do----	Mr.Khaleeqe Ahmed (employee)
Suzuki Cultus	3,024,000	1,814,400	1,209,600	1,209,600	-	----do----	Mr.Hasaan Bin Younas (employee)
Suzuki Cultus	3,024,000	2,116,800	907,200	907,200	-	----do----	Mr.Arshad Abbas (employee)
Toyota Yaris	4,916,935	2,362,802	2,554,133	2,554,133	-	----do----	Mr.Aijaz Ali (employee)
Honda City	4,856,500	2,039,584	2,816,916	2,816,916	-	----do----	Mr.Junaid Jabbar (employee)
Honda civic	4,151,000	3,459,167	691,833	802,400	110,567	----do----	Mr.Jawad Siddiqui (employee)
Suzuki cultus	3,061,515	1,851,915	1,209,600	1,209,600	-	----do----	Mr.Jawahar Laal (employee)
	79,779,714	52,730,670	27,049,044	50,120,806	23,071,763		
Various assets having net book value upto							
Rs. 500,000 each	388,663,554	325,029,859	63,633,695	51,857,492	(11,776,203)	Negotiation	Various parties
2026	1,337,342,766	910,288,264	427,054,502	437,131,435	10,076,934		
2025	540,074,389	389,911,348	150,163,041	255,321,535	105,158,494		

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For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
6.2 Right-of-use assets			
Balance at beginning of the year		3,545,057,055	3,421,994,196
Additions		2,642,293,719	1,153,531,701
Modifications		–	244,014
Disposals		(125,646,310)	(127,354,679)
Depreciation charged during the year	6.2.2	(1,199,573,884)	(903,358,177)
Balance at end of the year		4,862,130,580	3,545,057,055

6.2.1 Movement in the Right-of-use assets:

	Note	Land	Rented premises	Vehicles	Total
					Rupees
As at July 01, 2025		63,542,482	3,348,032,538	133,482,035	3,545,057,055
Additions during the year		–	2,575,367,719	66,926,000	2,642,293,719
Depreciation expense	6.2.2	(5,116,346)	(1,147,023,520)	(47,434,018)	(1,199,573,884)
Disposals / Terminations		–	(90,971,987)	(34,674,323)	(125,646,310)
As at June 30, 2026		58,426,136	4,685,404,750	118,299,694	4,862,130,580

	Note	Land	Rented premises	Vehicles	Total
					Rupees
As at July 01, 2024		68,658,831	3,148,286,521	205,048,844	3,421,994,196
Additions during the year		–	1,100,221,616	53,310,084	1,153,531,700
Modifications during the year		–	–	244,014	244,014
Depreciation expense	6.2.2	(5,116,349)	(837,105,253)	(61,136,575)	(903,358,177)
Disposals / Terminations		–	(63,370,347)	(63,984,332)	(127,354,679)
As at June 30, 2025		63,542,482	3,348,032,538	133,482,035	3,545,057,055

	2026 Rupees	2025 Rupees
6.2.2 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	90,076,984	124,876,062
Distribution cost	961,280,484	694,097,090
Administrative expenses	148,216,419	84,385,025
	1,199,573,884	903,358,177

	Note	2026 Rupees	2025 Rupees
6.3 Capital work-in-progress			
Civil works and buildings		4,021,299,214	898,471,786
Plant and machinery including in transit amounting Rs. 104.412 million (2025: Rs. 49.465 million)	6.3.1	8,708,230,218	1,564,513,624
Furniture and fixture		–	1,542,500
Un-allocated expenditure	6.3.2	558,926,321	–
		13,288,455,753	2,464,527,910

6.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.20.445 million (2025: Rs.2.770 million) at the borrowing rate of ranging from 7.50% to 11.97% (2025: 11.56% to 11.57%) per annum pertaining to the Holding Company.

	July 1, 2025	Additions during the year	Transferred to operating fixed assets	June 30, 2026
	Rupees			
Particulars				
Civil works and buildings	898,471,786	4,106,467,468	(983,640,040)	4,021,299,214
Plant and machinery	1,564,513,624	11,408,361,444	(4,264,644,850)	8,708,230,218
Furniture and fixture	1,542,500	950,000	(2,492,500)	–
Unallocated expenditure	–	558,926,321	–	558,926,321
	2,464,527,910	16,074,705,233	(5,029,137,378)	13,288,455,753

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
6.3.2 Unallocated expenditure			
Insurance		234,067,871	-
Finance cost	6.3.3	178,130,654	-
Salaries, wages and other benefits		129,812,272	-
Others		16,915,524	-
		558,926,321	-

6.3.3 Borrowing costs of Rs.178.131 million (2025: Nil) directly attributable to qualifying assets of SCPL (Subsidiary Company) have been capitalised during the year at rates ranging from 9.19% to 12.49% per annum (2025: Nil).

6.4 These spare parts and stand-by equipment are in the possession and control of SWPCL's (Subsidiary Company) O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. As per the terms of the above mentioned O & M Agreement, O & M contractor will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement.

	Freehold Land	Leasehold Land	Building on Leasehold Land	Total
	Rupees			
7. INVESTMENT PROPERTY				
Year ended June 30, 2025				
Opening net book value	19,050,000	1,621,937,487	4,016,031	1,645,003,518
Depreciation charge	-	-	(435,877)	(435,877)
Closing net book value	19,050,000	1,621,937,487	3,580,154	1,644,567,641
At June 30, 2025				
Cost	19,050,000	1,621,937,487	4,462,257	1,645,449,744
Accumulated depreciation	-	-	(882,103)	(882,103)
Net book value	19,050,000	1,621,937,487	3,580,154	1,644,567,641

	Freehold Land	Leasehold Land	Building on Leasehold Land	Total
	Rupees			
Year ended June 30, 2026				
Opening net book value	19,050,000	1,621,937,487	3,580,154	1,644,567,641
Disposals:				
- cost	19,050,000	-	-	19,050,000
- accumulated depreciation	-	-	-	-
	19,050,000	-	-	19,050,000
Depreciation charge	-	-	(327,169)	(327,169)
Closing net book value	-	1,621,937,487	3,252,985	1,625,190,472
At June 30, 2026				
Cost	-	1,621,937,487	4,462,257	1,626,399,744
Accumulated depreciation	-	-	(1,209,272)	(1,209,272)
Net book value	-	1,621,937,487	3,252,985	1,625,190,472
Depreciation rate (% per annum)	-	-	10	

7.1 Freehold lands of the Holding Company are located at Sheikhpura, Kasur and Lahore with an area of 1,617,685 (2025: 1,566,350) square yards and leasehold lands of the Holding Company are located at Kotri and Nooriabad with an area of 426,284 (2025: 426,284) square yards.

7.2 Lease-hold land situated at Korangi, Karachi for the Creek Properties (Private) Limited – (Subsidiary of Subsidiary Company – SRESL) having area of 24,926 square yards. As at June 30, 2026 fair value of the investment property was equal to its cost.

7.3 There is no rental income derived from investment property as at June 30, 2026 and June 30, 2025.

	Note	2026 Rupees	2025 Rupees
8. INTANGIBLE ASSETS			
Computer software	8.1	-	7,346,858
Intangible asset under development	8.2	16,450,000	-
Goodwill	8.3	455,540,310	455,540,310
Exploration License of Rock salt	8.4	1,681,398,653	-
		2,153,388,963	462,887,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
8.1 Computer software		
Net carrying value as at July 1,		
Opening net book value	7,346,858	17,831,311
Amortization for the year	(7,346,858)	(10,484,453)
Net book value as at June 30,	-	7,346,858
Gross carrying value as at June 30,		
Cost	76,546,083	76,546,083
Accumulated amortization	(76,546,083)	(69,199,225)
Net book value	-	7,346,858
Amortization rate (% per annum)	20 & 33.33	20 & 33.33

8.1.1 This represents inventory, point of sale (POS) software and Econnect license which are being amortized over 3 years on straight line basis of SRL (Subsidiary Company).

8.1.2 Amortisation expense on computer software for the year has been charged to other operating expenses.

8.2 This represents fee paid by DesignTex (SMC-Pvt.) Limited (Subsidiary of Subsidiary Company- SRL), to its statutory auditors for the integration and implementation of additional modules in its existing Enterprise Resource Planning (ERP) system.

8.3 Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary Company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.

	2026 Rupees	2025 Rupees
8.4 INTANGIBLE ASSET		
Net carrying value as at July 1,		
Addition during the year	1,693,929,087	-
Amortization for the year	(12,530,434)	-
Net book value as at, June 30,	1,681,398,653	-
Gross carrying value as at, July 1,		
Cost	1,693,929,087	-
Accumulated amortization	12,530,434	-
Net book value as at June 30,	1,681,398,653	-
Amortization rate (% per annum)	10	-

- 8.4.1** This represents the cost incurred by Sapphire Chemicals (Private) Limited – (Subsidiary company) in respect of a mining lease granted over an area of 291.00 acres of land situated near Warcha, District Khushab, Punjab, for the extraction of rock salt. The license is being amortized on a straight-line basis over its estimated useful life of 10 years.

	Note	2026 Rupees	2025 Rupees
9. EXPLORATION AND EVALUATION ASSET			
Limestone exploration expenditures	9.2	26,404,900	22,500,000
Rock salt exploration expenditures	9.3	112,928,274	112,928,274
		139,333,174	135,428,274
9.1 The reconciliation of the carrying amount is as follows:			
Opening balance		135,428,274	130,928,274
Additions during the year		3,904,900	4,500,000
Closing balance		139,333,174	135,428,274

- 9.2** This represents the exploration and evaluation cost incurred by the Sapphire Chemicals (Private) Limited – (Subsidiary company) on obtaining the exploration licenses and exploration of mines over an area of 4,000.00 acres of limestone deposits situated near Choha Shareef, District Khushab, Punjab.

- 9.3** This represents the exploration and evaluation cost incurred by the Sapphire chemicals (Private) Limited – (Subsidiary company) on obtaining the exploration licenses and exploration of mines over an area of 1,859.30 acres of rock salt deposits situated near Warcha, District Khushab, Punjab.

	Note	2026 Rupees	2025 Rupees
10. LONG TERM INVESTMENTS			
Associated Companies – at equity method	10.1	2,971,892,724	2,604,287,878
Others – Fair value through other comprehensive income	10.2	6,849,975,175	4,461,570,190
		9,821,867,899	7,065,858,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
10.1 Associated Companies – Quoted		
Reliance Cotton Spinning Mills Limited (RCSM)		
313,295 ordinary shares of Rs.10 each		
Equity held: 2.94%	–	433,231,615
The breakup of equity investment is as follows:		
Cost	–	8,461,851
Dividend received	–	(1,263,852)
Accumulated profit	–	426,033,616
	–	433,231,615
Sapphire Fibers Limited (SFL)		
171,881 ordinary shares of Rs.10 each		
Equity held: 0.69%	715,206,778	433,231,615
The breakup of equity investment is as follows:		
Cost	8,461,851	–
Dividend received	(1,895,778)	–
Accumulated profit	708,640,705	–
	715,206,778	–

Investment in RCSM represented 313,295 fully paid ordinary shares of Rs.10 each representing 2.94% (2025: 2.94%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2025. RCSM was incorporated on 13 June 1990 as a public limited company and its shares were quoted on Pakistan Stock Exchange. The principal activity of RCSM was manufacturing and sale of yarn. During the year RCSM was merged in to SFL. SFL is an associate of the Group due to common directorship.

	2026 Rupees	2025 Rupees
Associated Companies – unquoted		
Sapphire Power Generation Limited (SPGL)		
4,234,500 ordinary shares of Rs.10 each		
Equity held: 26.43%	821,166,208	756,630,949
Sapphire Electric Company Limited (SECL)		
6,000,000 ordinary shares of Rs.10 each		
Equity held: 1.42%	264,937,520	263,978,522
Sapphire Holding Limited (SHL)		
10,000 ordinary shares of Rs.10 each		
Equity held: 0.17%	13,881,447	13,281,485
Sapphire Dairies (Private) Limited (SDL)		
23,500,000 ordinary shares of Rs.10 each		
Equity held: 12.95%	541,788,099	518,973,859
Foreign Company – Creadore A/S Denmark		
3,675 ordinary shares of DKK 1,000		
Equity held: 49.00%	614,912,672	618,191,449
	2,256,685,946	2,171,056,264

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

	SPGL	SECL	SHL	SDL	Creadore A/S
	Rupees				
June 30, 2026					
Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(9,000,000)	-	-	-
Accumulated profit	707,460,708	213,937,520	13,781,447	306,788,099	556,203,747
	821,166,208	264,937,520	13,881,447	541,788,099	614,912,672
Note Ref	10.1.2	10.1.3	10.1.4	10.1.5	10.1.6
June 30, 2025					
Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(27,000,000)	-	-	-
Accumulated profit	642,925,449	230,978,522	13,181,485	283,973,859	559,482,524
	756,630,949	263,978,522	13,281,485	518,973,859	618,191,449

10.1.2 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2025: 26.43%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2026. SPGL was incorporated in Pakistan as a public limited Company and is principally engaged in the business of electric power generation and distribution.

10.1.3 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2025: 1.42%) of SECL's issued, subscribed and paid-up capital as at June 30, 2026. SECL was incorporated in Pakistan as a public limited Company and the principal activity of the Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhupura. SECL is an associate of the Group due to common directorship.

10.1.4 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.17% (2025: 0.05%) of SHL's issued, subscribed and paid-up capital as at June 30, 2026. SHL was incorporated in Pakistan as a public limited Company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.1.5 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 12.95% (2025: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2026. SDL was incorporated as a private limited Company and is principally engaged in production of milk and milk products.

10.1.6 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2025: 49%) of Creadore's share capital as at June 30, 2026. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	June 30, 2026					
	SFL	SPGL	SECL	SHL	SDL	Creadore A/S
	Rupees					
Summarized Statement of Financial Position						
Non-current assets	91,843,906,495	3,549,708,508	8,784,499,475	8,602,791,731	6,142,505,867	-
Current assets	71,843,205,365	99,593,444	12,583,203,057	146,044,166	3,130,166,716	1,466,032,500
	163,687,111,860	3,649,301,952	21,367,702,532	8,748,835,897	9,272,672,583	1,466,032,500
Non-current and current liabilities	60,195,975,417	541,836,237	2,644,508,097	746,409,437	5,082,656,722	211,108,680
Net assets	103,491,136,443	3,107,465,715	18,723,194,435	8,002,426,460	4,190,015,861	1,254,923,820
Reconciliation to carrying amount						
Opening net assets	84,697,403,482	2,863,250,717	18,655,421,863	26,686,673,605	4,008,797,011	1,261,615,200
Profit for the year	5,231,061,827	142,277,562	703,804,608	372,956,426	181,218,850	54,913,170
Other comprehensive income / (loss)	4,036,754,296	134,812,590	-	318,854,898	-	(61,604,550)
Other adjustments	9,732,635,588	(32,875,154)	-	(19,376,058,469)	-	-
Dividend paid during the year	(206,718,750)	-	(636,032,036)	-	-	-
Closing net assets	103,491,136,443	3,107,465,715	18,723,194,435	8,002,426,460	4,190,015,861	1,254,923,820
Group's share (%)	0.69%	26.43%	1.42%	0.17%	12.95%	49.00%
Group's share	715,206,778	821,166,208	264,937,520	13,881,447	542,434,225	614,912,672
Carrying amount of investment	715,206,778	821,166,208	264,937,520	13,881,447	542,434,225	614,912,672
Summarized Statement of Profit or Loss						
Revenue	64,977,382,375	-	7,478,979,709	441,062,702	5,463,503,066	1,664,035,455
Profit before revenue tax and income tax	1,841,780,916	(43,405,457)	878,778,053	431,812,392	406,202,556	70,401,500
Profit after tax	5,416,372,296	(45,833,902)	703,804,608	385,128,395	181,218,850	54,913,170

June 30, 2025

	RCSML	SPGL	SECL	SHL	SDL	Creadore A/S
Rupees						
Summarized Statement of Financial Position						
Non current assets	14,019,093,514	3,242,126,679	9,303,341,096	28,745,301,457	5,546,280,225	-
Current assets	13,227,618,685	99,852,175	11,979,866,731	401,884,876	2,032,563,414	1,409,081,040
	27,246,712,199	3,341,978,854	21,283,207,827	29,147,186,333	7,578,843,639	1,409,081,040
Non-current and current liabilities	12,516,878,766	478,728,137	2,627,785,964	2,460,512,728	3,570,046,628	147,465,840
Net assets	14,729,833,433	2,863,250,717	18,655,421,863	26,686,673,605	4,008,797,011	1,261,615,200
Reconciliation to carrying amount						
Opening net assets	10,256,862,000	2,107,466,732	22,049,818,653	20,915,186,519	3,832,311,118	999,794,250
Profit for the year	2,940,239,831	694,310,693	(1,486,300,683)	5,110,456,590	192,166,692	136,469,060
Other comprehensive loss	792,328,696	99,795,954	-	650,817,236	(15,680,799)	125,351,890
Other adjustments	781,570,906	(38,322,662)	-	10,213,260	-	-
Dividend paid during the year	(41,168,000)	-	(1,908,096,107)	-	-	-
Closing net assets	14,729,833,433	2,863,250,717	18,655,421,863	26,686,673,605	4,008,797,011	1,261,615,200
Group's share – %	2.94%	26.43%	1.42%	0.05%	12.95%	49.00%
Group's Share	433,231,615	756,630,949	263,978,522	13,281,485	518,973,859	618,191,448
Carrying amount of investment	433,231,615	756,630,949	263,978,522	13,281,485	518,973,859	618,191,448
Summarized Statement of Profit or Loss						
Revenue	17,836,238,966	-	11,867,609,878	86,886,123	5,033,253,283	4,135,426,061
Profit before revenue tax and income tax	3,899,853,170	833,099,948	(1,457,216,558)	6,103,664,808	348,311,545	174,960,333
Profit after tax	2,940,239,831	694,310,693	(1,486,300,683)	5,110,456,590	192,166,692	136,469,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
10.2 Equity Instruments – at FVTOCI			
Quoted			
MCB Bank Limited			
7,611,168 (2025: 7,611,168) ordinary shares of Rs.10 each – cost		734,489,173	734,489,173
Adjustment arising from re-measurement to fair value		2,351,915,563	1,460,115,008
		3,086,404,736	2,194,604,181
Habib Bank Limited			
11,374,362 (2025: 11,624,362) ordinary shares of Rs.10 each – cost		2,275,383,017	2,325,395,517
Adjustment arising from re-measurement to fair value		1,048,319,302	(242,426,091)
		3,323,702,319	2,082,969,426
Unquoted			
Jomo Technologies (Private) Limited			
25,000,000 (2025: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	10.2.1	(150,000,000)	(150,000,000)
		-	-
RTS Textiles Group Limited			
5,440,945 ordinary shares of 0.07 GBP each	10.2.3	146,090,967	146,090,967
Adjustment arising from re-measurement to fair value		293,277,153	37,405,616
		439,368,120	183,496,583
TCC Management Services (Private) Limited			
50,000 (2025: 50,000) ordinary shares of Rs.10 each		500,000	500,000
		6,849,975,175	4,461,570,190

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

10.2.2 The Holding Company has pledged 6.655 million (2025: 2.851 million) shares of MCB Bank Limited, 11.374 million shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

10.2.3 The Holding Company, during the preceding year, has made investment in shares of RTS Textile Group Limited and acquired 5,440,945 shares. Consideration was paid in foreign currency. As at June 30, 2026 fair value of investment has been determined based on independent valuer report.

10.2.4 The Holding Company has pledged 5.614 million (2025:Nil) shares of MCB Bank Limited, 14.028 million (2025:Nil) shares of Bank Al Habib Limited, 11.374 million (2025:Nil) shares of Habib Bank Limited, 1.456 million (2025: Nil) shares of Fauji Fertilizer Company Limited and 0.135 million (2025: Nil) shares of Meezan Bank Limited as security with financial institutions for standby letter of credit amounting Rs.15,500 million for equity support and standby letter of credit for amounting Rs.2,800 million for cost overrun support in favour of a financial institution in accordance with sponsor support agreement with respect to SCPL (Subsidiary Company).

	Note	2026 Rupees	2025 Rupees
11. LONG TERM LOANS AND ADVANCES			
Loan to employees	11.1	142,662,916	47,896,237
Advance for purchase of land	11.2	149,300,719	10,486,574
Advance for vehicles		13,434,000	8,282,200
		305,397,635	66,665,011
11.1 Loan to employees – unsecured (considered good)			
Loans to employees	11.1.1	228,737,333	104,248,933
Less: recoverable within one year and grouped under current assets		(86,074,417)	(56,352,696)
		142,662,916	47,896,237

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

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

	Note	2026 Rupees	2025 Rupees
12. LONG TERM DEPOSITS			
Security deposits held with:			
– Water and Power Development Authority		85,830,588	85,830,588
– Sui Northern Gas Pipelines Limited		4,377,764	4,057,164
Loan transaction cost		429,892,093	–
Directorate General of Mines and Minerals	12.1	120,808,628	6,500,000
Deferred cost security deposit	12.2	245,733,251	–
Others		175,694,536	128,335,376
		1,062,336,860	224,723,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
12.1 Directorate General of Mines and Minerals			
Present value of interest free security deposit	12.1.1 & 12.1.2	112,808,628	-
Other security deposits		8,000,000	6,500,000
		120,808,628	6,500,000

12.1.1 Sapphire Chemicals (Pvt.) Limited - (Subsidiary Company) has placed an interest-free security deposit of Rs.387.015 million (face value) with Directorate General of Mines and Minerals, which is refundable upon expiry of the mining license. The security deposit represents a contractual right to receive cash and, accordingly, is accounted for as a financial asset in accordance with IFRS 9, Financial Instruments. In accordance with the requirements of IFRS 9, the deposit is initially recognised at its fair value, determined as the present value of the expected future cash flows discounted using an appropriate average borrowing interest rate for a similar instrument. The resulting discount is subsequently unwound over the period of the deposit using the effective interest rate method, with the corresponding finance income recognised in profit or loss.

	2026 Rupees	2025 Rupees
12.1.2 The Movement of its carrying amount is as follows		
Present value of security deposit	111,715,318	-
Unwinding effect of security deposit	1,093,310	-
Closing balance	112,808,628	-

12.2 Deferred cost of security deposit

This represents the difference between amount paid for security deposit of mining license and its present value initially recognised, which is amortised over the license terms on straight line basis:

	2026 Rupees	2025 Rupees
Deferred cost of security deposit recognised	275,299,682	-
Amortization	(2,036,463)	-
Current portion	(27,529,968)	-
Closing balance	245,733,251	-

12.3 It includes an amount of Rs.36,000 (2025:Rs.36,000) deposit with Yousuf Agencies (Private) Limited – a related party. It also includes security deposits of Rs.6.214 million (2025:Rs.6.214 million) against rented premises of TBCL (subsidiary Company) and security deposits of Rs.140.712 million (2025:Rs.76.614 million) against rented retail outlets of SRL (subsidiary Company).

13. DEFERRED TAX (LIABILITY) / ASSET

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

	Note	2026 Rupees	2025 Rupees
Taxable temporary differences arising in respect of:			
- on accelerated tax depreciation		-	(646,186,141)
- on investment in associates	13.1	(70,674,493)	(63,715,465)
- on short term investment	13.3	(1,439,034,937)	(995,398,848)
- on intangible assets – amortization		-	(1,779,176)
Deductible temporary differences arising in respect of:			
- on accelerated tax depreciation		81,412,819	-
- on long term security deposits / Security deposits – Vehicles		76,616,679	53,245,988
- on unrealized gain on inventory		48,262,803	51,199,216
- on lease liability – net		400,444,971	330,106,309
- on provision for slow moving stores		-	9,019,998
- on staff retirements benefits – gratuity		-	324,844,318
- on provision for acc. compensated absences		11,564,007	7,655,461
- on provision for doubtful tax refunds		-	289,066,331
- on provision for impairment in trade debts		53,009,028	41,399,059
- provision for impairment in investments		-	58,500,000
- on business loss carry forward		14,299,888	60,645,156
- on input sales tax charged to profit		178,598,612	-
		(645,500,623)	(481,397,794)

13.1 The temporary differences associated with investments in the Group's associates, for which a deferred tax liability has not been recognised in the periods presented, aggregate to Rs.396.139 million (2025: Rs.410.587 million). The Group has determined that the undistributed profits of its associates will not be distributed in the foreseeable future. Furthermore, the Group has also no intention to sell the investments in its associate in the foreseeable future. Hence, there are no income tax consequences attached to the payment of dividends in either 2026 or 2025 by the Group to its shareholders.

13.2 The income of power generation companies of the Group is exempt from taxation. Therefore, there is no deferred tax liability in respect of these companies.

13.3 These include deferred tax liability recognised on unrealised gain on investments by the Holding Company using applicable effective tax rate under Income Tax Ordinance, 2001. Also refer contents of note 5.20 to these financial statements.

13.4 There are no taxable or deductible temporary differences in case of Sapphire International ApS and Sapphire Retail Trading One Person Company L.L.C. assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
14. STORES, SPARES AND LOOSE TOOLS			
Stores	14.2 & 14.3	927,992,867	862,517,467
Spare parts		318,993,883	247,805,293
Loose tools		119,722	115,830
Items in transit		144,763,469	109,319,739
		1,391,869,941	1,219,758,329
Less: provision for slow moving items	14.1	(48,501,320)	(23,128,199)
		1,343,368,621	1,196,630,130
14.1 Provision for slow moving items			
Balance at beginning of the year		23,128,199	36,907,527
Provision made during the year		25,373,121	951,648
Less: provision reversed during the year		–	14,730,976
Balance at end of the year		48,501,320	23,128,199

14.2 This includes stores and spares amounting to Rs.111.051 million (2025: Rs.111.051 million) of SWPCL (subsidiary Company) which are in the possession and control of the SWPCL, O & M contractor, GE Vernova international LLC, formerly General Electric international inc, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. As per the terms of the above mentioned O & M Agreement, GE Vernova international LLC will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement i.e. ten years one month and twenty one days from the 4th amendments date effecting from October 1, 2025.

14.3 This also includes spare parts and stand-by equipment of Rs.122.975 million (2025: Rs.122.975 million) of TBCL (Subsidiary Company) which are in the possession and control of the Company's O & M contractor, GE Vernova international LLC, formerly General Electric international Inc, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the Long Term Operation and Maintenance Agreement ('LTOMA') dated September 26, 2016 and as amended by Novation Agreement dated April 19, 2017. GE Vernova international LLC will replenish and hand over these items to the subsidiary Company on the expiry of the respective LTOMA Agreement i.e. end of EPA term.

	2026 Rupees	2025 Rupees
15. STOCK IN TRADE		
Raw materials:		
– at mills	13,544,016,697	17,621,768,558
– in transit	4,272,013,475	3,411,115,888
	17,816,030,172	21,032,884,446
Work-in-process	6,662,996,487	5,901,262,121
Finished goods – manufactured – at mills	6,845,907,981	6,894,973,063
Finished goods – purchased – at mills	6,576,664,712	9,017,742,891
Waste	38,065,338	28,118,381
	37,939,664,690	42,874,980,902

- 15.1** During the preceding year, stock in trade include items costing Rs.8,074.512 million were stated at their net realizable value aggregated Rs.7,626.177 million. The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.448.335 million.

	Note	2026 Rupees	2025 Rupees
16. TRADE DEBTS			
Considered good			
Other domestic debts	16.1 & 16.2	4,646,369,034	6,418,745,722
CPPA-G	16.3	13,843,356,051	13,300,961,137
Waste		77,831,144	60,106,657
Others		8,717,471	7,091,863
		18,576,273,700	19,786,905,379
Considered good – secured			
Foreign debts		5,989,506,278	3,167,066,104
		24,565,779,978	22,953,971,483
Less:			
provision for expected credit loss	16.7	982,600,707	106,151,436
		23,583,179,271	22,847,820,047

- 16.1** Preceding year local debts included an amount of Rs.33.123 million receivable against indirect export sales.

	2026 Rupees	2025 Rupees
16.2 These include the following amounts due from related parties:		
Diamond Fabrics Limited	125,208,911	56,764,604
Sapphire Fibres Limited	77,850,631	57,186,119
Sapphire Finishing Mills Limited	463,344,035	273,688,905
	666,403,577	387,639,628

- 16.3** These include amount of Rs.1,233.680 million (2025: Rs.2,146.094 million) receivable from CPPA-G by SWPCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 1% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 11.47% to 13.22% (2025: 16.34% to 24.72%) per annum.

These also include amount of Rs.11,831.317 million (2025: 11,154.868 million) receivable from CPPA-G by TBCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 2% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 12.49% to 14.21% (2025: 13.84% to 23.94%) per annum. These include unbilled delayed payment markup receivables aggregating to Rs.41.61 million (2025: Rs.66.72 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

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

	Total Amount Receivable Rupees	Neither past due nor impaired Rupees
2026	666,403,577	666,403,577
2025	387,639,628	387,639,628

16.5 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.3162.502 million (2025: Rs.2,666.008 million).

16.6 Foreign debts includes an amount of Rs.94.778 million from Creadore A/S, (a related party) against, export sales.

	Note	2026 Rupees	2025 Rupees
16.7	Provision for expected credit loss		
	Balance at the beginning of the year	106,151,436	75,032,477
	Charged during the year	16.8	915,830,130
	Balance written off	(39,380,859)	-
	Balance at the end of the year	982,600,707	106,151,436

16.8 This includes provision of Rs.778.359 million (2025: Nil) recognised by SWPCL (subsidiary Company) against receivables pertaining to the late payment interest component, in accordance with the terms of the Amendment Agreement signed between SWPCL and CPPA-G, as more fully explained in note 1.1 of the consolidated financial statements.

	Note	2026 Rupees	2025 Rupees
17.	LOANS AND ADVANCES		
	Unsecured – Considered good		
	Current portion of long term loans to employees	11.1	86,074,417
	Advances to suppliers	695,997,152	235,141,622
	Short term loans to employees	37,553,284	27,858,601
		819,624,853	319,352,919
18.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits	330,544,238	169,217,427
	Prepayments	289,673,863	168,307,794
		620,218,101	337,525,221

	Note	2026 Rupees	2025 Rupees
19.. OTHER RECEIVABLES			
Dividend receivable		–	34,650
Margin deposits		12,917,400	296,852,538
Deposits with High Court		19,430,291	19,430,291
Export rebate receivable		190,021,077	170,958,277
Receivable against sale of fixed assets		8,535,717	4,430,397
Unrealized gain on measurement of forward foreign currency contracts		343,026,890	–
Recoverable from CPPA–G as pass through items:			
– Workers’ profit participation fund	19.1	1,615,384,867	1,440,872,289
– Withholding tax on dividend		23,406,336	18,221,875
– Insurance	19.2	634,621,050	611,310,035
Rent receivable		–	352,384
Accrued Interest on bank deposit		14,263,813	16,364,460
Other receivables – considered good		362,945,026	468,861,739
		3,224,552,467	3,047,688,935

19.1 Under section 9.2(a) of the EPA, payments to Workers’ Profit Participation Fund (WPPF) by SWPCL and TBCL (subsidiary Companies) are recoverable from CPPA–G as a pass-through item amounting to Rs.296.853 million (2025: Rs.290.311 million) and Rs.1,318.532 million (2025: Rs.1,150.560 million) respectively. Movement of WPPF is as follows:

	Note	2026 Rupees	2025 Rupees
Opening balance		1,440,872,289	1,462,123,278
Accrued for the year	30.2	481,342,870	448,729,110
Received during the year		(306,830,292)	(469,980,099)
Closing balance		1,615,384,867	1,440,872,289

19.2 Under section 9.2(a) of the EPA with CPPA–G, insurance payments are recoverable from CPPA–G as a pass-through item.

	Note	2026 Rupees	2025 Rupees
20. SHORT TERM INVESTMENTS			
Equity instruments at FVTOCI	20.1	8,866,934,521	7,031,015,869
Equity instruments and Mutual Funds at FVTPL	20.2	1,860,799,913	–
Others	20.3	274,875,040	255,621,248
		11,002,609,474	7,286,637,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

20.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

	2026	2025	Name of the investee company	Market value		Cost	
	No. of shares / certificates			2026	2025	2026	2025
Rupees							
	15,699,726	18,529,726	Bank AL-Habib Limited	2,663,301,519	2,923,620,168	670,168,837	758,990,187
	1,064,544	1,424,740	Engro Holdings Limited	306,290,651	260,100,514	176,457,649	235,765,227
	1,114,750	818,500	Oil and Gas Development Company Limited	373,296,333	180,528,360	197,179,007	116,925,961
	2,392,295	2,324,295	Fauji Fertilizer Company Limited	1,371,933,337	912,076,601	609,534,796	573,572,556
	1,757,314	1,047,434	Meezan Bank Limited	907,582,388	347,800,460	533,579,798	201,609,761
	1,431,510	1,762,510	Lucky Cement Limited	672,122,575	626,114,052	215,094,344	266,131,772
	677,400	-	United Bank Limited	303,251,658	-	273,714,043	-
	4,565,408	4,565,408	Dolmen City REIT	175,539,938	123,311,670	71,534,917	71,534,917
	727,500	727,500	Engro Fertilizer Company Limited	144,736,125	135,016,725	101,043,338	101,043,338
	-	34,300	Faysal Bank Limited	-	2,391,396	-	1,644,751
	2,251,710	1,350,831	Habib Metropolitan Bank Limited	261,378,497	133,624,203	226,539,503	121,250,965
	413,900	413,900	Mari Energies Limited	279,088,631	259,469,771	103,136,321	103,136,321
	8,791	8,791	Nestle Pakistan Limited	67,369,741	61,941,386	65,348,186	65,348,186
	164,700	152,000	Pakistan Petroleum Limited	39,959,514	25,865,840	21,705,460	18,705,386
	470,426	179,930	Wafi Energy (formerly Shell Pakistan Limited)	90,792,218	33,231,272	97,458,971	30,514,055
	1,670,000	1,670,000	Systems Limited	245,640,300	178,973,900	147,641,091	147,641,091
	161,761	133,028	Colgate Palmolive Pakistan Limited	201,314,800	177,592,380	202,264,185	168,325,829
	837,395	129,779	Lucky Core Industries Limited	198,161,153	206,253,871	160,557,610	102,811,239
	213,658	320,658	National Foods Limited	82,777,519	104,928,917	27,834,567	41,773,457
	79,475	74,900	Highnoon Laboratories Limited	79,689,583	73,998,204	37,200,914	32,621,897
	573,468	794,968	Frieslandcampina Engro Pakistan Limited	65,369,617	69,376,857	51,309,373	71,126,978
	33,000	33,000	Haleon Pakistan Limited	26,571,600	24,298,890	29,157,834	29,157,834
	1,654,213	1,236,216	Standard Chartered Bank Pakistan Limited	108,384,036	75,161,933	93,838,267	68,508,324
	94,522	94,522	Abbott Laboratories (Pakistan) Limited	93,046,512	91,880,110	72,457,457	72,457,457
	245,102	245,102	TPL Reit Fund I	2,433,863	3,458,389	4,311,344	4,311,344
	110,200	-	Bank Alfalah Limited	6,245,034	-	6,431,152	-
	437,435	-	Nimir Industrial Chemicals Limited	98,899,679	-	100,338,767	-
	70,000	-	Treet Corporation Limited	1,757,700	-	2,040,514	-
				8,866,934,521	7,031,015,869	4,297,878,245	3,404,908,833
	972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
				8,866,934,521	7,031,015,869	4,315,319,615	3,422,350,203
Add: Adjustment arising from re-measurement to fair value						4,551,614,906	3,608,665,666
Market value						8,866,934,521	7,031,015,869

20.2 Equity Instruments and Mutual Funds– at FVTPL

(Investment in quoted securities and mutual funds)

2026	2025	No. of shares / certificates	Name of the investee company	Market value		Cost		
				2026	2025	2026	2025	
Rupees								
		4,500	-	Abbott Laboratories (Pakistan) Limited	4,429,755	-	4,016,797	-
		58,000	-	Bank AL Habib Limited	9,839,120	-	10,090,940	-
		9,500	-	Colgate-Palmolive (Pakistan) Limited	11,822,940	-	11,071,409	-
		27,000	-	Engro Fertilizers Limited	5,371,650	-	5,453,994	-
		53,500	-	Engro Holdings Limited	15,393,020	-	14,248,912	-
		47,000	-	FrieslandCampina Engro Pakistan Limited	5,357,530	-	5,150,429	-
		53,000	-	Fauji Fertilizer Company Limited	30,394,440	-	29,707,226	-
		5,100	-	Haleon Pakistan Limited	4,106,520	-	3,879,102	-
		43,000	-	Habib Bank Limited	12,564,600	-	12,402,399	-
		4,200	-	Highnoon Laboratories Limited	4,211,340	-	4,165,644	-
		69,000	-	Habib Metropolitan Bank Limited	8,009,520	-	8,086,767	-
		29,000	-	Lucky Core Industries Limited	6,862,560	-	6,649,851	-
		56,000	-	Lucky Cement Limited	26,293,120	-	25,435,896	-
		20,000	-	Mari Energies Limited	13,485,800	-	13,641,259	-
		53,000	-	MCB Bank Limited	21,492,030	-	23,644,749	-
		53,000	-	Meezan Bank Limited	27,372,380	-	26,533,403	-
		9,500	-	National Foods Limited	3,680,585	-	3,501,452	-
		521	-	Nestlé Pakistan Limited	3,992,678	-	4,025,536	-
		16,000	-	Nimir Industrial Chemicals Limited	3,617,440	-	3,024,659	-
		49,000	-	Oil and Gas Development Company Limited	16,408,630	-	15,848,336	-
		6,000	-	Pakistan Oilfields Limited	4,127,460	-	4,026,900	-
		12,000	-	Pakistan Petroleum Limited	2,911,440	-	2,773,279	-
		85,000	-	Standard Chartered Bank (Pakistan) Limited	5,569,200	-	5,704,815	-
		53,000	-	Systems Limited	7,795,770	-	7,959,516	-
		64,045,958	-	ABL Cash Fund	657,239,626	-	655,000,000	-
		1,977,453	-	UBL Money Market Fund	200,481,132	-	200,000,000	-
		1,011,908	-	Alfalsh GHP Money Market Fund	100,576,548	-	100,000,000	-
		1,642,328	-	Alfalsh Money Market Fund – II	170,359,670	-	170,000,000	-
		4,649,639	-	MCB Cash Management Optimizer	477,033,409	-	475,000,000	-
		74,143,107	-		1,860,799,913	-	1,851,043,270	-
Add: Adjustment arising from re-measurement to fair value							9,756,643	-
Market value							1,860,799,913	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

20.2.1 These represent investments in equity instruments and mutual funds by SRL (Subsidiary Company) during the year.

20.2.2 Also refer note 10.2.4 to these financial statements.

20.3 This amount represents investment made by Creek Properties (Private) Limited – (subsidiary of subsidiary Company – SRESL) in T-bill issued by Government of Pakistan. These carry profit rate from 10.35% to 12.00% (2025: 9.50% to 19.00%) per annum.

	Note	2026 Rupees	2025 Rupees
21. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax / levies – net	21.1	302,773,037	(492,872,697)
Sales tax receivable		7,724,050,776	6,780,614,637
Less: provision against doubtful sales			
tax refunds	21.2	918,731,437	831,102,957
		6,805,319,339	5,949,511,680
		7,108,092,376	5,456,638,983
21.1 Income tax / levies – net			
Advance income tax / refundable		3,211,349,805	2,788,302,345
Provision for income tax / levies	21.1.1	(2,908,576,768)	(3,281,175,042)
		302,773,037	(492,872,697)
21.1.1 Provision for income tax / levies			
Balance at the beginning of the year		3,281,175,042	2,998,185,439
Provision for the year		4,415,098,006	3,652,675,875
		7,696,273,048	6,650,861,314
Less: Advance tax adjusted during the			
year against completed assessments		(4,787,696,280)	(3,369,686,272)
		2,908,576,768	3,281,175,042
21.2 Provision against doubtful sales tax refunds			
Balance at beginning of the year		831,102,957	667,964,276
Add: provision for the year		229,940,468	163,138,681
Less: reversal of provision		142,311,988	–
Balance at end of the year		918,731,437	831,102,957

21.3 During the year, Sapphire Chemicals (Private) Limited, a subsidiary company, reassessed the recoverability of sales tax refund against which a provision of Rs.89.91 million had been recognised in prior years on account of doubtful recoverability. Based on reassessment of the estimation basis, management has concluded that recovery of the refund is now probable and that the conditions giving rise to the provision no longer exist. Accordingly, the provision has been reversed in full during the year, with the resulting credit of Rs.89.91 million recognised in the consolidated statement of profit or loss and other comprehensive income.

	Note	2026 Rupees	2025 Rupees
22.. CASH AND BANK BALANCES			
Cash-in-hand		71,761,473	86,794,589
Balances with banks on:			
current accounts			
– local currency		978,512,628	2,802,657,567
– foreign currency	22.1	2,766,882,843	801,339,001
		3,745,395,471	3,603,996,568
saving accounts			
– local currency	22.2	3,549,140,364	482,310,555
– foreign currency	22.3 & 22.4	416,150,945	12,189,256,573
		3,965,291,309	12,671,567,128
Term deposit receipts	22.5	11,232,997,300	3,049,362,850
		19,015,445,553	19,411,721,135

22.1 These include foreign currency accounts amounting to US.\$ 208,846 (2025: US.\$ 454,948) and EURO 5,001,745 (2025: EURO 21,796) relating to the Holding Company, amount of US.\$ 1,799,040 (2025: US.\$ 577,782) pertaining to the Sapphire International ApS (subsidiary Company), amount of GBP 919,773 (2025: 1,090,346) pertaining to the Sapphire Retail International Limited (subsidiary Company) and amount of AED 2,352,135 (2025: AED 1,866,087) pertaining to Sapphire Retail Trading One Person Company L.L.C (subsidiary Company).

22.2 Effective rates of profit on saving account, during the year, ranged from 7.00% to 11.00% (2025: 8.00% to 19.00%) per annum.

22.3 This includes balances as at June 30, 2026 held in various accounts, established and maintained by the Triconboston Consulting Corporation (Private) Limited (subsidiary Company) pursuant to the Common Terms Agreement dated April 21, 2017 entered into by the subsidiary Company with Citibank, N.A. An amount of USD 0.01 million equivalent to Rs.2.23 million (2025: USD 30.92 million equivalent to Rs. 8,768.51 million) is maintained in Debt Service Reserve Account for repayment of long term finance and payment of interest accrued and other related costs thereon to lenders. These deposits in savings accounts carry profits at the rates ranges from LIBID plus 2.32% to 3.59% (2025: 3.24% to 4.60%) per annum.

22.4 This includes balances as at June 30, 2026 held in various accounts established and maintained by Sapphire Wind Power Company Limited (subsidiary Company) in pursuance to the Finance Agreement dated 31 March 2014 entered into by the subsidiary Company with International Development Finance Corporation (IDFC) and the Accounts Agreement dated 07 May 2014 entered into by the subsidiary Company with IDFC and various branches of Citibank, N.A. USD 0.737 million equivalent to Rs 205.030 million (2025: USD 0.715 million equivalent to Rs 201.510 million) is held in the Dollar Maintenance Reserve account for payments against O & M Agreements. As the long term finance has been repaid in full, maintaining balances under the Debt Service Reserve account is no longer required and accordingly no balance is held therein as at June 30, 2026 (2025: USD 10.597 million equivalent to Rs 3,005.300 million). These deposit saving accounts carry profits ranging from 2.32% to 3.59% (2025: 3.24% to 4.62%) per annum.

22.5 Effective rates of profit on term deposit receipts, during the year, ranged at 3.00% to 9.45% (2024: 4.00% to 18.00%) per annum.

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23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2026 Number	2025		2026 Rupees	2025 Rupees
			Ordinary shares of Rs.10 each fully paid		
	7,813,391	7,813,391	in cash	78,133,910	78,133,910
			Ordinary shares of Rs.10 each issued as		
	13,876,400	13,876,400	fully paid bonus shares	138,764,000	138,764,000
	21,689,791	21,689,791		216,897,910	216,897,910

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

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

23.3 As at the reporting date 17,109,081 (2025: 17,109,081) shares of the Holding Company are held by associated companies.

	Note	2026 Rupees	2025 Rupees
24 RESERVES			
Capital reserves	24.1	38,363,283,804	35,409,792,357
Revenue reserves	24.2	49,641,327,438	39,537,840,384
		88,004,611,242	74,947,632,741
24.1 Composition of capital reserves is as follows:			
Share Premium	24.1.1	782,796,090	782,796,090
Fixed Assets Replacement Reserve	24.1.2	65,000,000	65,000,000
Fair value reserve of financial asset at fair value through OCI	24.1.3	6,785,487,714	3,831,996,267
Reserve for capacity expansion projects and long term investment	24.1.4	30,730,000,000	30,730,000,000
		38,363,283,804	35,409,792,357

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

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

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

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

	Note	2026 Rupees	2025 Rupees
24.2	Composition of revenue reserves is as follows:		
Unappropriated profits	24.2.2	48,959,761,049	39,186,483,122
Unrealized gain on translation of – foreign operation		340,310,983	398,048,516
Cash flow hedge reserve	24.2.3	341,255,406	(46,691,254)
		49,641,327,438	39,537,840,384

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

	Note	2026 Rupees	2025 Rupees
24.2.3	Gains / (losses) on cash flow hedge:		
Gain / (loss) arising during the year		341,255,406	(46,691,254)
25.	Long term loans		
Loans from banking companies – secured	25.1.1	30,334,524,383	21,580,957,313
Loans from International Development Finance Corporation	25.1.2	–	1,590,371,554
Loans from International Finance Corporation, Asian Development Bank , Islamic Development Bank and DEG	25.1.3	19,712,189,997	27,458,351,769
		50,046,714,380	50,629,680,636
Less: current portion grouped under current liabilities			
Loans from banking companies – secured		(3,773,510,094)	(3,627,264,483)
Loans from International Development Finance Corporation		–	(1,590,371,554)
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG		(7,589,720,213)	(7,356,715,240)
		(11,363,230,307)	(12,574,351,277)
		38,683,484,073	38,055,329,359

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	Note	2026 Rupees	2025 Rupees
25.1.1 Long term loans – secured			
Loans from banking companies			
– Allied Bank Limited	25.1.1.1	5,151,007,888	4,848,814,088
– Bank Alfalah Limited (a related party)	25.1.1.2	460,086,670	599,521,261
– Bank AL-Habib Limited	25.1.1.3	1,212,411,630	1,641,128,020
– The Bank of Punjab	25.1.1.4	3,008,399,534	2,255,804,266
– Dubai Islamic Bank	25.1.1.5	1,000,000,000	1,000,000,000
– Habib Bank Limited	25.1.1.6	5,067,882,096	5,888,744,667
– MCB Bank Limited	25.1.1.7	541,091,915	642,732,635
– Meezan Bank Limited	25.1.1.8	4,219,835,372	1,728,896,772
– United Bank Limited	25.1.1.9	340,284,051	1,041,331,303
– Habib Bank Limited – UK		143,427,136	397,018,611
– National bank of Pakistan	25.1.1.12	1,079,675,753	–
– Syndicated loans obtained by SCPL	25.1.1.13	5,884,334,885	–
		28,108,436,930	20,043,991,623
Loans from other institutions			
Pakistan Kuwait Investment Group (Private) Limited	25.1.1.10	1,559,576,654	1,389,546,004
Pakistan China Investment Group (Private) Limited	25.1.1.11	127,085,934	147,419,686
Syndicated loans obtained by SCPL	25.1.1.13	539,424,865	–
		2,226,087,453	1,536,965,690
		30,334,524,383	21,580,957,313

25.1.1.1 These loans carry mark-up ranging from 1.75% to 12.84% (2025: 1.75% to 20.84%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.7,882 million (2025: Rs.7,554 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs. Nil (2025: Rs.644 million) as on reporting date. The holding company during the year has obtained another loan of Rs. 279 million (2025: Rs. 975 million) and it is repayable in 10 years with a grace period of 2 years.

It includes Rs.2,000 million obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL obtained the facility amounting to Rs 2,000 million for reimbursement of purchase of land and construction of building of head office in Gulberg, Lahore. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.50%. The facility was secured against through an exclusive mortgage charge over the land and building situated at Plot Nos. 5 and 5-B, Block Q, Gulberg II, Lahore, comprising the proposed head office site, with a minimum security margin of 10%. Furthermore, the security comprised a token registered mortgage, with the remaining secured amount covered through an equitable mortgage. Total tenure is 9 years and 6 months including 2 year grace period. The mark up rate charged during the period on the outstanding balance ranged from 11.13% to 11.99% per annum.

25.1.1.2 These loans carry mark-up of 1.75% to 2.75% (2025: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2025: Rs.1,353 million) over specific plant & machinery.

25.1.1.3 These loans carry mark-up ranging from 2.50% to 12.84% (2025: 2.50% to 23.40%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.3,264 million (2025: Rs.2,170 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs.422 million (2025: Rs.822 million) as on reporting date.

25.1.1.4 For the Holding Company, these loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 11.13% to 11.19% (2025: 12.64% to 21.24%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans are secured against exclusive mortgage charge amounting to Rs.521 million (2025: Rs.521 million) over lands and charge of Rs.1,855 million (2025: Rs 1,855 million) over plant and machinery owned by the holding Company.

This also includes Rs.562.500 million (2025: 750 million) obtained by Sapphire Retail Limited – SRL (Subsidiary Company) term finance facility – V comprising Rs 500 million to refinance capital expenditure already incurred for setting up 13 new retail outlets and modifying 6 existing outlets, and Rs 250 million to finance capital expenditure for establishing new retail stores under the 2024-2025 store expansion plan. The mark-up is payable quarterly at 3-month KIBOR plus 0.50% per annum. The facility is secured by a ranking charge over the Company's present and future fixed assets, with a 25% margin. The loan has a tenure of 5 years with no grace period. The mark-up rate charged during the year on the outstanding balance ranged from 11.13% to 11.99% (2025: 11.67% to 12.32%) per annum. The loan is repayable in 19 equal quarterly instalments ending on March 7, 2030.

During the preceding year, It includes Rs.4.284 million obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL obtained term finance facility-III amounting to Rs. 100 million to finance installation of Solar Power Equipment at twenty Retail Chain Stores of subsidiary Company out of which Rs. 5,712,525 has been availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 1%. The facility was secured against Specific charge over solar machinery/equipment financed from BOP amounting Rs. 100 million with nil margin. Total tenure is 10 years with nil grace period. The mark up rate charged during the period on the outstanding balance ranged from 11.63% to 12.15% (2025: 12.83% to 22.78%) per annum. The company, during the year, has fully repaid this loan.

It includes Rs.394.737 million (2025: Rs.447.368 million) obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL obtained term finance facility-IV amounting to Rs 500 million to finance the capital expenditure incurred on 13 new retail outlet stores along with modifications of 6 existing outlets. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.75%. The facility was secured against ranking charge over present and future fixed assets (excluding exclusively charged assets) of subsidiary Company to be registered with 25% margin. Total tenure is 10 years including 1 year grace period. The mark up rate charged during the period on the outstanding balance ranged from 11.38% to 12.24% (2025: 12.65% to 22.69%) per annum.

It includes Rs.1,000 million obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL obtained term finance facility-VI amounting to Rs 1,000 million in two tranches of amounting to Rs. 500 million each to finance / refinance the capital expenditure incurred and to be incurred on 7 new retail outlet stores. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.35%. The facility was secured against ranking charge over present and future fixed assets (excluding exclusively charged assets) of

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subsidiary Company to be registered with 25% margin. Total tenure is 6 years including 1 year grace period. The mark up rate charged during the period on the outstanding balance ranged from 10.99% to 11.84% per annum.

25.1.1.5 The Holding Company, has obtained a loan of Rs.1,000 million, repayable over 7 years with a grace period of 2 years. This loan carries a mark-up ranging from 10.88% to 12.07% (2025: 11.38% to 12.41%) and is repayable in 20 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,279 million (2025:Rs.1,267) million over specific plant and machinery of the Holding Company.

25.1.1.6 These loans carry mark-up ranging from 2.85% to 12.91% (2025: 2.5% to 21.90%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.7,777 million (2025: Rs.7,777 million) and specific charge of Rs. 5,993 million (2025: Rs.5,640 million) over plant & machinery. The Holding Company during the year has obtained another loan of Rs.300 million (2025: Rs. 933 million) in single tranche and repayable in 10 years with a grace period of 2 years.

25.1.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2025: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2025: Rs.1,291 million) over specific plant & machinery of the Holding Company.

25.1.1.8 These loans carry mark-up ranging from 3.50% to 13.09% (2025: 3.50% to 22.66%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.5,599 million (2025: Rs.2,369 million) over specific plant & machinery of the Holding Company. The Holding Company during the year has obtained another loan of Rs.2,708 million in single tranche and it is repayable in 10 years with a grace period of 2 years.

25.1.1.9 For the Holding Company, these loans carry mark-up at the rate of 2.50% (2025: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2025: Rs.1,403 million) over specific plant & machinery.

It includes Nil (2025: Rs.540.00 million) obtained by Sapphire Retail Limited – SRL (subsidiary Company). SRL has obtained this loan for the purchase of company's flagship store measuring 27,600 Square feet, located at 9-C Block K College Road Gulberg II, Lahore. The facility is for 10 years tenure including 1 year grace period after which principal is repayable in equal quarterly instalments. The markup rate is 3 month KIBOR + 0.75% per annum. The loan is secured against exclusive equitable mortgage over specific land and building of Gulberg store of Rs.960,000,000. The mark up rate charged during the period on the outstanding balance ranged from 11.78% to 12.91% (2025: 12.91% to 21.01%) per annum.

25.1.1.10 These loans carry mark-up ranging from 5.00% to 12.92% (2025:5.00% to 22.91%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.2,774 million (2025: Rs.2,356) over specific plant and machinery of the Holding Company.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2025: 5.00%) obtained in different tranches and are repayable in 32 quarterly installments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2025: Rs.191 million) over specific plant and machinery of the Holding Company.

25.1.1.12 The Holding Company, during the year, has obtained a loan of Rs.1,080 million, repayable over 10 years with a grace period of 2 years. This loan carries a mark-up ranging from 8.41% to 13.00% and is repayable in 32 equal quarterly installments. This loan is secured against exclusive hypothecation charge of Rs.1,361 million over specific plant and machinery.

25.1.1.13 These represents a long-term syndicated project finance facility obtained by SCPL amounting Rs.20,300 million availed under a Common Terms Agreement dated December 24, 2025, from a consortium of banks and other financial institutions, to finance the construction of the Company's soda ash plant. The facility carries mark-up at the rate of 3-month KIBOR plus 100 basis points per annum, payable quarterly. The principal is repayable in twenty-four unequal semi-annual instalments within a period 14 years including 2 year grace period commencing from June 30, 2028.

It also includes a long-term syndicated project finance facility amounting USD 39 million availed under a Common Terms Agreement dated December 24, 2025, from a consortium of foreign banks, to finance the construction of the Company's soda ash plant. The facility carries mark-up at the rate of 3-month SOFR plus 550 basis points per annum, payable quarterly. The principal is repayable in unequal seven semi-annual instalments within a period of 5.5 years including 2 years grace period commencing June 30, 2028.

All the financing facilities availed under the Common Terms Agreement, is secured by a first-ranking security package created in favour of the finance parties (acting through Habib Bank Limited as Security Agent), ranking pari passu inter se the lenders. Security package includes all current and future assets of the Company, lien over Company's bank accounts, mortgage over Company's immovable property, pledge of all shares and assignment of Company's present and future rights under project agreements.

	2026 Rupees	2025 Rupees
25.1.2 Loans from International Development Finance Corporation (IDFC)		
Opening balance	1,590,371,554	4,317,586,466
Exchange loss	19,108,681	55,957,708
Amortization of transaction cost	6,327,265	22,703,728
	1,615,807,500	4,396,247,902
Repaid during the year	(1,615,807,500)	(2,805,876,348)
	-	1,590,371,554
Less: Current portion shown under current liabilities	-	(1,590,371,554)
	-	-

25.1.2.1 This represented a long-term finance facility of USD 95 million obtained by Sapphire Wind Power Company Limited, a subsidiary company, from IDFC for the construction of the wind power project at Jhimpir, in accordance with the Finance Agreement dated March 31, 2014. The loan was secured by a charge over all present and future assets of the subsidiary company. The subsidiary company fully repaid the USD 95 million loan to IDFC on October 10, 2025. However, the release of the securities and charges created in favour of the lender is currently in process.

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	2026 Rupees	2025 Rupees
25.1.3 Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG		
Opening balance	27,458,351,769	33,798,476,163
Amortization of transaction cost	39,873,804	41,091,686
Exchange (gain) / loss	(332,416,656)	579,532,528
	27,165,808,917	34,419,100,377
Repaid during the year	(7,453,618,920)	(6,960,748,608)
	19,712,189,997	27,458,351,769
Less: Current portion shown under current liabilities	(7,589,720,213)	(7,356,715,240)
	12,122,469,784	20,101,636,529

25.1.3.1 This represents long term finance facility of USD 237.60 million obtained from International Finance Corporation (IFC), Asian Development Bank (ADB), Islamic Development Bank (IsDB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG) for the construction of the wind projects of TBCL (subsidiary Company) at Jhampir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of subsidiary Company. Security package also includes assignment of project agreements, pledge on all shares, assignment on insurance, and direct agreements with counterparties. It carries markup payable quarterly, at the rate of 3 months SOFR plus a credit adjustment spread (CAS) of 0.26161% and additional spread of 4.5% per annum. The balancing principal amount is repayable in 05 unequal semi annual installments ending on September 2028.

	Project	2026 Rupees	2025 Rupees
Lender wise outstanding balance of loan is as follows:			
International Finance Corporation (IFC)	A, B and C	5,500,582,560	7,663,370,220
Asian Development Bank (ADB)	A, B and C	5,500,582,560	7,663,370,220
Islamic Development Bank (IsDB)	A, B and C	5,500,582,560	7,663,370,220
Deutsche Investitions-und Entwicklungsgesellschaft (DEG)	A, B and C	3,300,349,536	4,598,022,132
		19,802,097,216	27,588,132,792
Transaction cost		(425,948,076)	(425,948,076)
Amortization of transaction cost		336,040,857	296,167,053
		(89,907,219)	(129,781,023)
		19,712,189,997	27,458,351,769

	Note	2026 Rupees	2025 Rupees
26. LEASE LIABILITIES			
Lease liabilities in respect of:			
Land	26.1	62,298,612	58,048,623
Rented premises	26.2	5,733,446,988	4,094,441,042
Vehicles	26.2	93,597,248	107,607,207
		5,889,342,848	4,260,096,872
Less: Current portion shown under current liabilities			
Land		(2,744,000)	(2,744,000)
Rented premises		(873,063,381)	(743,822,961)
Vehicles		(38,525,526)	(41,291,335)
		(914,332,907)	(787,858,296)
		4,975,009,941	3,472,238,576

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

	2026			2025		
	SWPCL	TBCL	Total	SWPCL	TBCL	Total
	Rupees					
Balance as on July 01,	28,722,439	29,326,184	58,048,623	27,439,434	26,794,139	54,233,573
Payments made during the year	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Unwinding of lease liability	4,222,661	2,771,328	6,993,989	4,027,005	2,532,045	6,559,050
	30,201,100	32,097,512	62,298,612	28,722,439	29,326,184	58,048,623
Less: Current portion shown under current liabilities	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Balance as at June 30,	27,457,100	32,097,512	59,554,612	25,978,439	29,326,184	55,304,623
Note reference	26.1.1	26.1.2				

26.1.1 This represents liability in respect of a 20 years lease of 1,372 acres of land, acquired from AEDB, situated in Jhimpir, District Thatta, Sindh on which the wind power plant of SWPCL (subsidiary Company) is installed. The aforementioned land has been allocated to the subsidiary Company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated 13 February 2008. The subsidiary Company, in order to gain access to the land for conducting feasibility/other associated studies, had signed an Agreement to Lease with AEDB dated 21 September 2008. However, the formal site sub-lease agreement was signed on 11 March 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

26.1.2 This represents liability in respect of 1,284 acres of land each for Project A, Project B and Project C, acquired from Government of Sindh, Land Utilization department, through Deputy Commissioner Thatta, on which the wind power plants of TBCL (subsidiary Company) are installed. The aforementioned land has

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been allocated to the subsidiary Company by Government of Sindh for a period of thirty years for Wind Power Generation Projects under the land lease agreement. The term of land lease agreement has commenced from November 2011 and will end with the term of the EPA.

	2026 Rupees	2025 Rupees
Maturity analysis is as follows:		
Not later than 1 year	2,744,000	2,744,000
Later than 1 year but not later than 5 years	35,798,755	27,997,394
Later than 5 years	60,803,308	69,290,828
	99,346,063	100,032,222
Future finance charge	(37,047,451)	(41,983,599)
	62,298,612	58,048,623
Present value of finance lease liabilities	(2,744,000)	(2,744,000)
	59,554,612	55,304,623

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

	2026			2025		
	Rented premises	Vehicles	Total	Rented premises	Vehicles	Total
	Rupees					
Balance as on July 01,	4,094,441,042	107,607,207	4,202,048,249	3,719,868,309	158,008,063	3,877,876,372
Additions during the year	2,631,602,211	53,448,612	2,685,050,823	1,034,520,862	38,206,937	1,072,727,799
Accretion of interest	681,373,584	11,508,341	692,881,925	474,229,621	24,522,722	498,752,343
Re-measurement of lease	-	-	-	-	244,014	244,014
Disposals / terminations	(120,072,078)	(28,359,925)	(148,432,003)	(66,971,232)	(49,845,283)	(116,816,515)
Payments made during the year	(1,553,897,771)	(50,606,987)	(1,604,504,758)	(1,067,206,518)	(63,529,246)	(1,130,735,764)
As at June 30,	5,733,446,988	93,597,248	5,827,044,236	4,094,441,042	107,607,207	4,202,048,249
Less: Current portion shown under current liabilities	(873,063,381)	(38,525,526)	(911,588,907)	(743,822,961)	(41,291,335)	(785,114,296)
Balance as at June 30,	4,860,383,607	55,071,722	4,915,455,329	3,350,618,081	66,315,872	3,416,933,953

	2026 Rupees	2025 Rupees
Maturity analysis is as follows:		
Not later than 1 year	1,476,146,291	1,240,237,815
Later than 1 year but not later than 5 years	5,045,269,514	3,925,830,059
Later than 5 years	2,448,520,305	1,004,337,363
	8,969,936,110	6,170,405,237
Future finance charge	(3,142,891,874)	(1,968,356,988)
	5,827,044,236	4,202,048,249
Present value of finance lease liabilities	(911,588,907)	(785,114,296)
	4,915,455,329	3,416,933,953

	Note	2026 Rupees	2025 Rupees
27. DEFERRED COST MINING LICENSE ROCK SALT			
Deferred liability	27.1	1,178,329,131	–
Less: current portion grouped under current liabilities		(75,693,754)	–
		1,102,635,377	–
27.1 Movement in account of Deferred Liability			
Present value of deferred liability	27.2	1,166,909,087	–
Amortisation of deferred liability		11,420,044	–
Closing balance		1,178,329,131	–

27.2 Sapphire Chemicals Pvt. Limited. – (subsidiary company), during the year, entered into an agreement with the Government of Punjab for obtaining the right to extract rock salt for a period of ten years. The consideration is payable in nine equal annual instalments commencing from June 2027. The Company has recognised the contractual right as an intangible asset and measured the deferred consideration at its cash price equivalent by discounting the future instalments using an incremental borrowing rate of 3 month KIBOR plus 1%.

	Note	2026 Rupees	2025 Rupees
28. DEFERRED INCOME – GOVERNMENT GRANT			
Government grant SBP TERF scheme	28.1	159,681,424	228,830,878
Less: current portion grouped under current liabilities		(44,436,607)	(59,210,126)
		115,244,817	169,620,752
28.1 Movement in account of Deferred Income – Government Grant			
Opening balance		228,830,878	307,743,319
Amortisation of grant		(69,149,454)	(78,912,441)
Closing balance		159,681,424	228,830,878

28.1.1 As disclosed in Note 25 of the consolidated financial statements, the Holding Company has obtained loan from various banks under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75% (2025: 1.5% to 1.75%) (SBP rate + bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

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	Note	2026 Rupees	2025 Rupees
29. EMPLOYEE BENEFIT OBLIGATIONS			
Staff retirement benefit – gratuity	29.1.1	1,045,214,068	912,132,372
Accumulating compensated absences	29.2	45,506,493	32,800,680
		1,090,720,561	944,933,052

29.1 STAFF RETIREMENT BENEFIT – Gratuity

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

	2026 Rupees	2025 Rupees
29.1.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	912,132,372	745,681,388
Charge to statement of profit or loss	481,122,660	371,011,432
Remeasurement recognized in statement of other comprehensive income	16,570,016	39,859,809
Payments made during the year	(364,610,980)	(244,420,257)
Net liability at the end of the year	1,045,214,068	912,132,372
29.1.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	912,132,372	745,681,388
Current service cost	395,368,002	279,049,421
Interest cost	85,754,658	91,962,011
Benefits paid	(364,610,980)	(244,420,257)
Remeasurements on obligation	16,570,016	39,859,809
Balance at end of the year	1,045,214,068	912,132,372
29.1.3 Expense recognized in statement of profit or loss		
Current service cost	395,368,002	279,049,421
Interest cost	85,754,658	91,962,011
	481,122,660	371,011,432
29.1.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	5,821,781	36,181,559
Actuarial loss	10,748,235	3,678,250
	16,570,016	39,859,809

	2026	2025
29.1.5 Actuarial assumptions used		
Discount rate used for year-end obligation	11.75%	11.75%
Expected rate of increase in future salaries	10.75%	10.75%
Mortality rates (for death in service)	SLIC	SLIC
	(2001-05)	(2001-05)

29.1.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	1.00%	965,241,909	1,131,825,034
Increase in future salaries	1.00%	1,131,812,238	965,237,028

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

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

29.1.7 Based on actuary's advice, the expected charge for the year ending June 30, 2026 amounts to Rs.458.279 million.

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

29.1.9 Historical information:

	2026	2025	2024	2023	2022
	Rupees				
Present value of defined benefit obligation	1,045,214,068	912,132,372	745,681,388	499,560,048	383,766,355
Experience adjustment on obligation / actuarial loss	16,570,016	39,859,809	104,307,271	(40,642,376)	17,138,040

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	Note	2026 Rupees	2025 Rupees
29.2	Accumulating compensated absences		
Opening liability		32,800,680	67,534,863
Charged / (Reversed) to profit or loss	29.2.1	17,075,866	(21,112,526)
Payment made during the year		(4,370,053)	(13,621,657)
Liability as at the year end		45,506,493	32,800,680
29.2.1	Charge / (reverse) for the year has been allocated as follows:		
Cost of sales		15,211,973	(17,489,947)
Administrative expenses		1,863,893	6,716,702
Distribution cost		–	(10,339,281)
		17,075,866	(21,112,526)
30.	TRADE AND OTHER PAYABLES		
Creditors	30.1	15,581,776,358	13,580,482,838
Accrued liabilities		4,391,259,185	3,946,328,266
Foreign bills payable against import		2,748,860,528	1,513,054,087
Workers' profit participation fund	30.2	271,912,902	672,402,760
Workers' welfare fund		100,596,012	88,757,808
Infrastructure Development Cess	30.3	2,202,110,497	1,746,291,498
Lender fees and charges payable		–	7,217,058
Payable to provident fund		120,185,727	109,197,143
Provision for gas infrastructure development cess		995,182,870	995,182,870
Tax deducted at source		616,649,035	627,752,684
Foreign exchange forward contracts – designated as hedging instruments		–	53,617,146
Others		363,671,908	168,051,515
		27,392,205,022	23,508,335,673
30.1	These balances include the following amounts due to related parties:		
Reliance Cotton Spinning Mills Limited		–	15,532,070
Sapphire Fibres Limited		44,109,424	48,860,067
Sapphire Finishing Mills Limited		19,436,365	47,837,495
Diamond Fabrics Limited		12,128,156	1,617,031
		75,673,945	113,846,663

	2026 Rupees	2025 Rupees
30.2 Workers' profit participation fund		
Balance at beginning of the year	672,402,760	995,647,009
Add: interest on funds utilized by the Group Companies	11,505,686	44,757,289
Add: recoverable from CPPA-G	481,342,870	448,729,110
	1,165,251,316	1,489,133,408
Less: payments made during the year	(992,769,635)	(975,418,462)
	172,481,681	513,714,946
Add: allocation for the year	99,431,221	158,687,814
Balance at end of the year	271,912,902	672,402,760

30.3 The provision primarily represents amounts relating to Sindh Infrastructure Cess ("SIC") levied under the applicable Sindh provincial legislation on the import of goods into the Province of Sindh. The matter is currently pending before the Federal Constitutional Court of Pakistan. However, the Holding Company and SWPCL (Subsidiary company) has recorded the liability in this respect.

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

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

31. CONTRACT LIABILITIES

31.1 The balance of contract liability as at June 30, 2026, is expected to be recognized as revenue within one year.

	2026 Rupees	2025 Rupees
32. ACCRUED MARK-UP		
Accrued mark-up on secured:		
– long term loans	406,226,704	371,238,828
– short term borrowings	242,878,401	579,520,257
	649,105,105	950,759,085

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	Note	2026 Rupees	2025 Rupees
33. SHORT TERM BORROWINGS			
Running finance under mark-up arrangements	33.1	5,485,521,855	8,110,253,995
Short term loans	33.1	13,588,246,056	12,089,963,438
Running Musharakah facility	33.2	49,031,089	1,348,905,392
Corporate card facility	33.3	1,885,317	12,501,074
		19,124,684,317	21,561,623,899

33.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.38,148 million (2025: Rs.36,210 million). These finance facilities, during the year, carried mark-up at the rates ranged from 3.00% to 13.03% (2025: 3.00% to 22.64%) per annum on both local and foreign currency loans payable monthly / quarterly. Short term borrowing includes amounting Rs.1,340 million (2025: Rs.1,544 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.68,706 million (2025: Rs.50,130 million) out of which the amount remaining unutilized at the year-end was Rs.38,168 million (2025: Rs.31,956 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

The aggregate short term finance facilities are secured against hypothecation charge of Rs.65,869 million (2025: Rs.58,044 million) on stock in trade, book debts and export bills under discounting, lien on shipping documents, hypothecation charge on current assets of the Holding Company, cash margins and pledge of shares.

During the year, Sapphire Chemicals (Private) Limited, a subsidiary of the Holding Company, obtained facilities from various commercial banks for opening letters of credit for the import of raw materials, plant and machinery, aggregating USD 76.450 million. Of these facilities, USD 15.290 million remained unutilised as at the year end. The facilities are secured by way of a lien over shipping documents and a hypothecation charge over the fixed and current assets of The Holding Company.

33.2 It includes Running Musharakah facility obtained by SRL – Subsidiary Company from Meezan Bank Limited, Dubai Islamic Bank Pakistan Limited and Bank Islami Pakistan Limited aggregates to Rs 4,950 billion (2025: Rs 2,950 billion) at profit rate of 1 month KIBOR plus 0.1% to 0.3% (2025: 1 month KIBOR plus 0.1% to 0.3%) per annum respectively. The facilities are secured against First Joint Pari Passu Charge on the current assets of the Company with 10% risk margin. The mark-up rate charged during the year on the outstanding balance ranged from 10.85% to 12.39% (2025: 11.39% to 20.93%) per annum.

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

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

	2026 Rupees	2025 Rupees
34. CURRENT PORTION OF LONG-TERM LIABILITIES		
Current portion of:		
– long-term loans	11,363,230,307	12,574,351,277
– lease liabilities	914,332,907	787,858,296
– deferred grant SBP TERF scheme	44,436,607	59,210,126
– current portion of mining license of rock salt	75,693,754	–
	12,397,693,575	13,421,419,699

35. CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

- 35.1.1** On September 20, 2023, proceedings were initiated by the concerned officials of the Punjab Revenue Authority ('PRA') in terms of section 52 of the Punjab Sales Tax on Services Act, 2012 ("PST Act"), requiring the subsidiary company – TBCL to substantiate its compliance with the withholding provisions contained in the PST Act and Punjab Sales Tax on Services (Withholding Rules), 2015 with respect to receipt of taxable services during the tax periods July 2022 through June 2023. The subsidiary company responded to the aforesaid show cause notice on legal and factual grounds through its tax consultant via letter dated November 22, 2023. The assessing officer, proceeded to pass an assessment order dated November 23, 2023, adjudging a withholding sales tax default of Rs. 321.3 million along with applicable default surcharge & penalty. Being aggrieved by the aforesaid order, the company preferred an appeal before the learned Commissioner (Appeals), PRA, who vide order dated December 2, 2024, has deleted the demand raised via the assessment order and the matter was remanded back to the assessing officer of de novo consideration. Feeling aggrieved by the order of the CIR(A), the company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, PRA, who vide order dated February 27, 2025 remanded back the matter to the first appellate court. The subsidiary Company challenged this decision before the Honorable Lahore High Court, on April 29, 2025 on which decision is pending.
- 35.1.2** On November 6, 2020, the Commissioner Income Tax ("CIT") issued a notice to TBCL (subsidiary Company) regarding delayed payments, incorrect filing of returns, excessive claims of input tax, and non-payment of sales tax on taxable services under the Sales Tax Act, 1990 and created an impugned demand of Rs. 1,220 million. Subsequently, the CIT issued an order against the notice which was contended by the subsidiary Company before the Commissioner Inland Revenue Appeals ("CIR-A"). On December 29, 2020, CIR-A issued an order and set aside the subsidiary Company's appeal by creating an impugned demand of Rs. 780.77 million. The subsidiary Company challenged this decision before the Honorable Appellate Tribunal Inland Revenue ("ATIR"), which ruled in favor of the subsidiary Company on November 15, 2021. The CIT being aggrieved with the ATIR's decision, has filed an appeal on November 06, 2023 with the Honorable Lahore High Court, which is pending adjudication.
- 35.1.3** The Additional Commissioner Inland Revenue (ACIR) initiated monitoring proceedings against subsidiary Company TBCL on May 8, 2024, under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance), for Tax Year 2023. Subsequently, the ACIR passed an order on February 18, 2025, raising a tax demand of Rs. 33.7 million. The demand was raised on the ground that the profit on debt does not require any expenditure to earn; therefore, the apportioned interest and administrative expenses amounting to Rs. 66.56 million and Rs. 6.28 million, respectively, disallowed under Section 67 of the Ordinance and Rule 13 of the Income Tax Rules, 2001. An appeal has been filed before the ATIR against the ACIR's order; however, the proceedings are currently pending for adjudication.

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35.1.4 Following are the guarantees to banks in relation to facilities extended by Sapphire Retail Limited (subsidiary of Sapphire Textile Mills Limited) to its subsidiary company DesignTex (SMC-Private) Limited:

- Facility provided by Meezan Bank Limited against the Murabaha-Local/Musawamah-Import for import/purchase of cloth, fabric and other related items amounting to Rs. 2,500,000,000.
- Facility provided by Bank of Punjab against the running finance to meet the short term working capital requirements amounting to Rs. 200,000,000.
- Facility provided by Bank of Punjab against the Letter of credit to import raw material amounting to Rs. 1,200,000,000.

35.1.5 The Additional Commissioner Inland Revenue, Large Taxpayer Office, Karachi ('ADCIR') has issued show-cause notices under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance') to Sapphire Wind Power Company Limited ('SWPCL'), a subsidiary company, for tax years 2021 through 2025, alleging that certain items of income claimed as exempt are not covered within the scope of the exemption available under clause (132) of Part I of the Second Schedule to the Ordinance ('Clause (132)'). Accordingly, the ADCIR intends to amend the deemed assessment orders for the aforesaid tax years on the grounds that these are prejudicial to the interest of revenue.

SWPCL, through its counsel, has filed responses contesting both the jurisdiction assumed and the merits of the proposed amendments. No order has been passed by the ADCIR to date. Based on the advice of legal counsel, the management expects a favourable outcome and, accordingly, no provision has been recognised in these consolidated financial statements.

35.2 Commitments

35.2.1 Guarantees aggregating Rs.3,426.622 million (2025: Rs.3,179.939 million) have been issued by banks in favour of the holding Company.

35.2.2 Post dated Cheques have been issued by the holding Company to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2026 the value of these cheques amounted to Rs.10,159.543 million (2025: Rs.10,159.126 million).

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

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

35.2.5 SWPCL (The Subsidiary Company) has entered into a Full Services Agreement ('FSA') dated October 13, 2011 with GE Vernova International LLC ('GE'), formerly General Electric International Inc., for the operation and maintenance of its wind power plant, novated to GE by Novation Agreement dated June 29, 2018 and amended from time to time. The arrangement was previously for a term of eight years from the Taking-Over Date, i.e. March 7, 2018. Pursuant to the 4th amendment to the FSA, effective October 1, 2025, the term has been extended by ten years, one month and twenty-one days from that date, so as to expire on the same date as the term of the EPA. Under the terms of the FSA, The subsidiary Company is required to pay a monthly fixed fee which is adjusted annually to account for the effect of inflation on the basis of the indexation mechanism specified in the FSA.

35.2.6 The Subsidiary Company – SRL has entered into arrangement with Meezan Bank for Car Ijarah (Lease) facility for brand new locally assembled non-commercial vehicles for which current portion (0–1 years) of future commitments amounts to Rs.1,398,378 (2025: Rs. 4,235,910) and non-current portion (More than 01 but less than 05 years) amounts to Rs. Nil (2025: Rs 1,762,940).

35.2.7 During the year, the Subsidiary Company – SRL has entered into lease arrangements for retail shops with various landlords. As of the reporting date, the Company has not received possession of these shops, and the underlying assets are not available for use. Therefore, a right-of-use asset and lease liability for these leases have not been recognized in accordance with the requirements of IFRS 16.

Addresses of shops	Per annum rentals as per agreement
– Hyderabad	Rs.50.4 million with 10% increase annually
– Gujrat	Rs.34.8 million with 25% increase after every 3 years
– Aziz Bhatti Road, Sialkot	Rs.48 million with 25% increase after every three years and then 10% after every year
– University Road, Peshawar	Rs. 72 million with 25% increase after every three years
– Faisalabad Mega Store, Jaranwala Road	Rs 51.9 million for first 30 months and then 10% increase annually
– Sector F-1, Azad Jammu & Kashmir	Rs. 64.050 million with 8% after 24 months and then 8% increase annually

35.2.8 Refer to content of note 10.2.2 and 10.2.4 in relation to shares held as pledge / collateral.

	2026 Rupees	2025 Rupees
35.2.9 Commitments in respect of :		
– letters of credit for capital expenditure	17,123,535,230	517,144,412
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	9,495,458,052	10,286,472,358
– capital expenditure other than letters of credit	9,521,431,619	220,064,994
– forward foreign currency contracts	16,631,990,609	4,190,219,762

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36. NET TURNOVER

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

	Export Sales		Local Sales		Total	
	2026	2025	2026	2025	2026	2025
	Rupees					
Yarn	4,072,250,343	5,425,390,191	27,183,352,063	40,594,647,367	31,255,602,406	46,020,037,558
Fabric	19,000,485,197	26,869,364,188	8,939,409,029	4,539,900,840	27,939,894,226	31,409,265,028
Clothing items	4,241,981,721	3,986,307,253	68,745,789,321	61,910,831,906	72,987,771,042	65,897,139,159
Home textile products	22,670,839,729	16,037,687,297	276,051,657	1,338,840,846	22,946,891,386	17,376,528,143
Raw materials	-	-	127,815,442	83,982,598	127,815,442	83,982,598
Accessories	4,737,821	20,066,296	1,992,644,001	3,843,977,442	1,997,381,822	3,864,043,738
Waste	100,144,917	-	894,216,794	1,432,769,173	994,361,711	1,432,769,173
Processing income	-	-	1,215,919,202	1,178,815,854	1,215,919,202	1,178,815,854
Power Generation	-	-	20,265,221,558	19,956,393,509	20,265,221,558	19,956,393,509
	50,090,439,728	52,338,815,225	129,640,419,067	134,880,159,535	179,730,858,795	187,218,974,760
Add: Export rebate and duty drawback					111,693,371	124,478,465
Less: Sales tax					(19,063,492,717)	(21,073,963,397)
Less: Discounts to customers					(14,436,304,496)	(13,765,430,524)
					146,342,754,953	152,504,059,304

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

	2026 Rupees	2025 Rupees
36.2 Export sales – Yarn		
Direct export	4,072,250,343	5,168,159,399
Indirect export	-	257,230,792
	4,072,250,343	5,425,390,191
36.3 Export sales – Fabric		
Direct export	19,000,485,197	25,383,901,421
Indirect export	-	1,485,462,767
	19,000,485,197	26,869,364,188

36.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.308.895 million (2025: Rs.68.946 million) has been included in export sales.

36.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2025 amounting to Rs. 1,780.956 million have been recognized as revenue during the year (2025: Rs.2,164.431 million).

	Note	2026 Rupees	2025 Rupees
37. COST OF SALES			
Finished goods at beginning of the year		6,923,091,444	6,389,077,889
Cost of goods manufactured	37.1	64,997,291,794	80,680,688,073
Cost of raw materials sold		110,714,609	72,028,226
Cost of sales – purchased for resale		42,837,157,887	35,610,263,529
		107,945,164,290	116,362,979,828
		114,868,255,734	122,752,057,717
Finished goods at end of the year		(6,883,973,319)	(6,923,091,444)
		107,984,282,415	115,828,966,273
37.1 Cost of goods manufactured			
Work-in-process at beginning of the year		5,901,262,121	5,359,918,145
Raw materials consumed	37.2	20,946,537,924	33,314,927,646
Salaries, wages and benefits	37.3	12,208,491,129	12,042,303,953
Packing material consumed		2,151,672,548	1,840,223,387
Stores and spares consumed		2,182,223,675	2,688,017,157
Depreciation-right-of-use asset	6.2.2	90,076,984	124,876,062
Depreciation-owned assets	6.1.5	6,954,275,684	6,678,831,894
Fuel, power and water		8,436,915,810	9,795,564,679
Repair and maintenance		2,423,118,778	3,099,978,197
Insurance expenses		416,850,466	383,739,813
Vehicle running expenses		168,890,098	163,929,282
Site management expenses		459,371,095	226,470,335
Travelling and conveyance		363,320,053	287,861,632
Printing and stationery		8,510,883	12,389,894
Legal and professional charges		143,899,442	285,654,570
Fees and subscription		90,559,063	82,741,158
Communication expenses		39,401,544	56,054,255
Other manufacturing expenses	37.4	8,409,908,965	9,917,701,079
Rent, rates and taxes		31,792,844	59,637,454
Security		68,381,199	78,343,649
Miscellaneous expenses		164,827,976	82,785,953
		71,660,288,281	86,581,950,194
Work-in-process at end of the year		(6,662,996,487)	(5,901,262,121)
		64,997,291,794	80,680,688,073
37.2 Raw materials consumed			
Stocks at beginning of the year		17,621,768,558	14,031,509,576
Purchases		16,868,786,063	36,905,186,628
		34,490,554,621	50,936,696,204
Stocks at end of the year		(13,544,016,697)	(17,621,768,558)
		20,946,537,924	33,314,927,646

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37.3 Salaries, wages and benefits include Rs.476.39 million (2025: Rs.368.937 million) in respect of staff retirement benefit – gratuity, Rs.148.698 million (2025: Rs.134.356 million) for contribution in respect of staff provident fund and Rs.15.212 million (2025: Rs.12.986 million) in respect of (reversal)/expense for accumulating compensated absences.

	Note	2026 Rupees	2025 Rupees
37.4 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		73,985,512	315,828,990
Yarn dyeing and bleaching charges		–	1,294,800
Fabric dyeing, bleaching, knitting and processing charges		2,508,168,058	2,541,514,435
Weaving and yarn doubling charges		446,180,313	383,314,702
Stitching, spinning, embroidery and other charges		2,600,284,866	3,146,840,903
Embroidery charges		2,781,290,216	3,528,907,249
		8,409,908,965	9,917,701,079
38. DISTRIBUTION COST			
Export development surcharge		42,792,729	112,255,664
Insurance		34,600,796	33,051,957
Commission		738,929,897	701,169,717
Freight and forwarding		1,934,608,009	2,117,594,433
Salaries and benefits	38.1	2,952,860,199	2,399,220,043
Rent and utilities	38.2	395,942,241	359,854,324
Communication		100,420,146	92,525,181
Travelling, conveyance and entertainment		325,802,899	347,610,483
Fuel, power and water		400,412,623	445,193,477
Repair and maintenance		139,185,994	127,055,791
Fees and subscription		320,814,735	247,704,344
Legal and professional charges		54,978,545	42,947,034
Samples and advertising		82,801,102	1,238,367,397
Packing material		9,964,310	10,837,664
Exhibition expenses		52,178,873	60,884,360
Retail outlet expenses		664,898,651	588,577,748
Printing and stationery		19,431,494	28,661,793
Depreciation–right-of-use asset	6.2.2	961,280,484	694,097,090
Depreciation–owned assets	6.1.5	428,957,423	398,638,289
Others		275,096,926	21,768,177
		9,935,958,076	10,068,014,966

38.1 Salaries and benefits include Rs. 85.163 million (2025: Rs.66.247 million) in respect of contribution to staff provident fund, Rs.1.343 million (2025: Rs.0.821 million) in respect of gratuity and Rs. Nil (2025: Rs.5.327 million) in respect of (reversal)/expense for accumulating compensated absences.

38.2 This includes Rs.309,027,543 (2025: Rs.315,789,504) in respect of variable lease payments.

	Note	2026 Rupees	2025 Rupees
39. ADMINISTRATIVE EXPENSES			
Directors' remuneration		120,000,000	114,600,000
Directors' meeting fee		3,750,000	3,300,000
Salaries and benefits	39.1	1,429,476,880	1,189,249,941
Rent, rates and utilities		123,834,997	125,996,473
Communication		25,351,389	23,100,604
Printing and stationery		11,942,955	11,694,570
Travelling, conveyance and entertainment		295,518,288	166,717,945
Motor vehicle expenses		79,150,133	80,399,174
Repair and maintenance		53,139,425	52,800,210
Insurance expense		38,323,127	25,976,677
Legal and professional charges		293,002,740	196,165,711
Fees and subscription		210,771,433	175,092,937
Computer expenses		24,464,825	27,020,400
Advertisement		1,152,786,712	2,992,398
Depreciation-right-of-use asset	6.2.2	148,216,419	84,385,024
Depreciation-owned assets	6.1.5	249,534,088	158,525,146
Monitoring charges		6,428,529	6,396,636
Others		139,376,226	96,779,074
		4,405,068,166	2,541,192,920

39.1 Salaries and other benefits include Rs.53.520 million (2025: Rs.43.153 million) in respect of contribution to staff provident fund, Rs.1.581 million (2025: Rs.2.073 million) in respect of staff retirement benefit-gratuity and Rs.1.864 million (2025: Rs.3.639 million) in respect (reversal)/expense for accumulating compensated absences.

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For the year ended June 30, 2026

	Note	2026 Rupees	2025 Rupees
40. OTHER OPERATING EXPENSES			
Workers' profit participation fund	30.2	125,150,798	207,338,507
Workers' welfare fund		11,838,204	60,675,309
Auditors' remuneration	40.1	41,176,249	37,011,520
Donations		53,158,269	97,445,278
Amortization of intangible assets	8.4	19,877,292	10,484,453
Provision for stores, spares and loose tools	14.1	25,373,121	951,648
Provision for doubtful sales tax refunds	21.2	229,940,468	163,138,681
Balance written off during the year		–	11,487,584
Loss on Termination of lease liabilities		–	8,547,102
Depreciation – investment property		327,169	435,877
Exchange loss on foreign currency accounts		6,619,761	433,552
Allowance for expected credit loss		915,830,130	31,118,959
Impairment of fixed assets of SRL		14,378,914	–
Exchange loss on translation		21,462,130	–
Amortization cost on initial recognition of security deposits at fair value		76,161,116	84,339,993
Misc. expenses		–	26,029,454
Inadmissible sales tax		482,733,224	–
Deferred cost of mining license		11,420,044	–
Deferred cost of security deposit of mining license		2,036,463	–
		2,037,483,352	739,437,917
40.1 Auditors' remuneration			
– Annual Audit fee		21,331,874	17,697,371
– Half yearly review fee		589,943	536,311
– Code of corporate governance review fee		94,435	94,435
– Group reporting		2,100,050	1,871,000
– Other certification / services		1,536,297	1,340,688
– Taxation services		13,960,450	14,161,595
– Out of pocket expenses		1,563,200	1,310,120
		41,176,249	37,011,520
Sinewing Hameed Chaudhri & Co. – Chartered Accountants			
– Annual Audit fee		3,641,015	3,198,000
– Half yearly review fee		589,943	536,311
– Code of corporate governance review fee		94,435	94,435
– Other certification / services		1,304,297	1,181,938
		5,629,690	5,010,684

	2026 Rupees	2025 Rupees
A.F Ferguson & Company		
- Audit fee	6,944,311	6,359,975
- Group reporting	2,100,050	1,871,000
- Taxation services	13,960,450	14,161,595
- Out of pocket expenses	1,321,700	1,086,120
	24,326,511	23,478,690
Sajjad Haider & Company – Chartered Accountants		
- Annual Audit fee	1,315,628	1,316,316
Yousuf Adil – Chartered Accountants		
- Annual Audit fee	2,613,600	2,376,000
- Other certification / services	232,000	158,750
- Out of pocket expenses	241,500	224,000
	3,087,100	2,758,750
Afford Bond Holdings Limited – Chartered Accountants		
- Annual Audit fee	6,817,320	4,447,080

40.2 Donations exceeding 10% of the total donations of the Group

Donations to following organisation are greater than 10% of total donations i.e. Rs.5,315,827 (2025: Rs.9,744,528) of the Group.

	Note	2026 Rupees	2025 Rupees
Abdullah Foundation	40.2.1	29,000,000	40,500,000
Metro Pakistan Limited		6,000,000	27,330,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

40.2.1 The Directors of the Group who have interest in Abdullah Foundation (donee) are following:

Name of director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	
Mr. Shahid Abdullah	Director	20th Floor, Ocean Tower, Plot No.
Mr. Nadeem Abdullah	Director	G-3, Khayaban-e-Iqbal,
Mr. Amer Abdullah	Director	Block 9, Clifton, Karachi.
Mr. Yousuf Abdullah	Director	

	Note	2026 Rupees	2025 Rupees
41. OTHER INCOME			
Income from financial assets			
Dividend income		1,062,906,843	1,014,961,514
Interest income on saving accounts and term deposit certificates		1,056,034,353	1,155,857,201
Unrealized gain on investments		9,756,643	-
Realized gain on sale of investments		12,706,395	-
		2,141,404,234	2,170,818,715
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	6.1.6	10,076,934	105,158,494
Gain on sale of investment property		174,087,648	-
Reversal of provision for stores, spares and loose tools	14.1	-	14,730,976
Commission on use of Point of Sales (POS) machines from Bank		-	6,061,982
Rental income		14,030,180	13,307,680
Exchange gain on translation of foreign currency accounts		10,899,706	28,679,014
Bad debts recovered of SRL		3,500,000	7,564,000
Exchange gain on translation of foreign receivables		20,187,586	15,809,742
Scrap sales		167,614,672	216,467,263
Insurance claim		14,237,622	401,320,672
Others		31,615,079	38,477,922
Reversal of provision for doubtful sales tax refundable		89,907,237	-
Unwinding of security deposit of mining license		1,093,310	-
Gain on Termination of lease liabilities		43,594,594	-
		580,844,568	847,577,745
		2,722,248,802	3,018,396,460

	Note	2026 Rupees	2025 Rupees
42. FINANCE COST			
Interest / mark-up on :			
– short term finances		1,812,881,670	2,966,933,844
– long term loans		4,014,500,247	5,398,702,299
– lease liabilities		702,240,789	478,214,875
– Workers’ Profit Participation Fund	30.2	11,505,686	44,757,289
Amortization of loan transaction cost		46,201,069	63,795,414
Lender’s fees and charges		17,097,637	23,850,296
Bank charges, commission and others charges		476,999,754	421,289,319
		7,081,426,852	9,397,543,336
43. LEVIES AND INCOME TAXATION			
43.1 Final tax levy			
Levy:			
– for the year		1,637,884,205	1,714,382,449
– for prior year		(1,780,702)	(17,079)
Deferred tax		–	–
		1,636,103,503	1,714,365,370
43.2	For the Holding Company this represents income tax payable on dividend income under section 150 and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.		
43.3	For DTL subsidiary Company this represents tax on turnover under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.		
43.4	For the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 5.20.		
43.5	Numeric tax rate reconciliation is not presented as the Company’s income is chargeable to tax under final and minimum tax regime.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
43.6 Income tax		
Current		
– for the year	3,100,014,928	1,955,255,036
– Adjustments in respect of prior years	36,240,499	(16,944,530)
Deferred tax	(336,296,430)	500,230,434
	2,799,958,997	2,438,540,940

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

	2026 Rupees	2025 Rupees
Current tax liability for the year as per applicable tax laws	4,737,899,133	3,669,637,485
Portion of current tax liability as per tax laws, representing income tax under IAS 12	3,100,014,928	1,955,255,036
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,637,884,205	1,714,382,449
Difference	–	–

44. EARNINGS PER SHARE

44.1 Basic earnings per share

Net profit for the year attributable to shareholders of the parent company	9,238,807,583	9,442,985,772
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Number of shares

Weighted average ordinary shares in issue	21,689,791	21,689,791
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Rupees

Earnings per share	425.95	435.37
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44.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at June 30, 2026 and June 30, 2025 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2026 Rupees	2025 Rupees
45. CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associated companies		17,620,784,894	16,947,300,352
Adjustments for non-cash charges and other items:			
Depreciation on right-of-use asset	6.2	1,199,573,884	903,358,177
Depreciation on operating fixed assets	6.1.5	7,632,766,056	7,235,995,353
Depreciation on investment property		327,169	435,877
Amortization of intangible assets	8.1	7,346,858	10,484,453
Interest income	41	(1,056,034,353)	(1,155,857,201)
Gain on disposal of operating fixed assets	41	(10,076,934)	(105,158,494)
Gain on termination of investment property	41	–	(8,547,102)
Gain on disposal of investment property	41	(174,087,648)	–
Dividend income	41	(1,062,906,843)	(1,014,961,514)
Staff retirement benefit – gratuity	29.1.3	481,122,660	371,011,432
Accumulating compensated absences	29.2.1	17,075,866	(21,112,526)
Balance written off during the year	40	–	11,487,584
Provision for expected credit loss	16.7	915,830,130	31,118,959
Amortization of transaction cost	25.1.2 & 25.1.3	46,201,069	63,795,414
Impairment of fixed assets of SRL	40	14,378,914	–
Net foreign exchange difference	41	(24,467,531)	(44,055,204)
Charged / (reversal) of provision for stores, spares and loose tools	14.1	25,373,121	(13,779,328)
Provision against doubtful sales tax refundable	21.2	229,940,468	163,138,681
Unwinding of deferred cost of mining license		11,420,044	–
Unwinding of Government grant		(69,149,454)	(78,912,441)
Unwinding of lease liability		702,240,789	478,214,875
Amortization cost on initial recognition of security deposits at fair value		76,161,116	84,339,993
Finance cost		6,390,714,404	8,934,445,488
Rental income	41	(14,030,180)	(13,307,680)
Working capital changes	45.1	6,733,555,298	(3,474,603,806)
		39,694,059,797	29,304,831,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
45.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare and loose tools	(172,111,612)	(203,190,131)
Stock-in-trade	4,935,316,212	(7,130,577,382)
Trade debts	(1,606,269,584)	(579,970,592)
Loans and advances	(500,271,934)	74,279,601
Trade deposits and short term prepayments	(282,692,880)	(230,876,432)
Other receivables	165,776,324	(349,895,120)
	2,539,746,526	(8,420,230,056)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,883,869,354	5,329,101,463
Contract liabilities	309,939,418	(383,475,213)
	4,193,808,772	4,945,626,250
	6,733,555,298	(3,474,603,806)

46. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

	Chief Executive		Executives		Directors	
	2026	2025	2026	2025	2026	2025
Particulars	Rupees					
Remuneration	60,000,000	60,000,000	3,245,258,808	2,718,282,717	60,000,000	54,600,000
Bonus	-	-	312,911,749	225,598,869	-	-
Medical	-	-	115,388,398	109,135,954	-	-
Contribution to provident fund	-	-	169,765,428	170,191,971	-	-
Leave encashment and other benefits	-	-	122,358,374	73,133,531	-	-
	60,000,000	60,000,000	3,965,682,757	3,296,343,043	60,000,000	54,600,000
Number of persons	1	1	806	602	2	2

46.1 Certain executives are provided with Group maintained vehicles.

46.2 Meeting fee of Rs.3.300 million (2025: Rs.3.300 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Group.

46.3 The Chief Executive and Executive Directors were also provided with the free use of telephones at residence.

47. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding	
Creadore A/S	Associated Company	49.00%	
Sapphire Power Generation Ltd.	Associated Company	26.43%	
Sapphire Dairies (Private) Ltd.	Common directorship	12.95%	
Sapphire Electric Company Ltd.	Common directorship	1.42%	
Sapphire Holding Ltd.	Common directorship	0.17%	
Jomo Technologies (Private) Ltd.	Common directorship	8.83%	
Sapphire Fibres Limited	Common directorship	0.69%	
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-	
Sapphire Finishing Mills Ltd.	Common directorship	-	
Diamond Fabrics Limited	Common directorship	-	
Bank Alfalah Limited	Investor in a subsidiary of the Holding Company	-	
Abdullah Foundation	Common directorship	-	

	2026 Rupees	2025 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales / processing	7,560,015,823	4,977,320,870
Purchases / Rent	1,087,670,131	1,107,006,040
Purchases of fixed asset	-	40,423,729
Sale of fixed asset	2,100,000	-
Investment made	6,431,152	146,909,967
Expenses charged to	138,615,549	136,549,191
Expenses charged by	11,954,518	24,742,597
Mark-up charged by	116,102,594	184,202,470
Dividend received	11,304,078	28,265,301
Dividend paid	2,018,875,000	1,849,033,420
Loans repaid - net	(279,580,131)	(31,457,799)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
ii) Key management personnel		
Salary and other employment benefits	148,539,837	140,077,900
iv) Retirement Fund		
Contribution to provident fund	223,150,616	241,379,621
iv) Others		
Donation	29,000,000	40,500,000
Dividend paid	21,920,020	76,828,960

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

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

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

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

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

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

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note 48.4, the financial assets exposed to credit risk aggregated to Rs.67,750.701 million as at June 30, 2026 (2025: Rs.60,032.461 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 92% (2025: 94%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2026 Rupees	2025 Rupees
Long term investments	9,821,867,899	7,065,858,068
Long-term loans and advances	305,397,635	66,665,011
Long term deposits	1,062,336,860	224,723,128
Trade debts	24,565,779,978	22,953,971,483
Loans and advances	819,624,853	319,352,919
Trade deposits	330,544,238	169,217,427
Short term investments	8,866,934,521	7,031,015,869
Other receivables	3,034,531,390	2,876,730,658
Bank balances	18,943,684,080	19,324,926,546
	67,750,701,454	60,032,461,109

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

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

	2026 Rupees	2025 Rupees
Domestic	18,576,273,700	19,786,905,379
Export	5,989,506,278	3,167,066,104
	24,565,779,978	22,953,971,483

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

Aging analysis of trade debtors is as follows:

	2026 Rupees	2025 Rupees
Not due	17,455,843,500	14,300,073,549
1 – 30 days	3,115,510,145	4,701,069,413
31 – 60 days	279,749,214	533,933,848
61 – 90 days	809,467,757	1,532,706,867
91 – 180 days	78,687,031	406,088,611
181 – 360 days	147,085,483	161,901,104
361 days or more	2,679,436,848	1,318,198,091
	24,565,779,978	22,953,971,483

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
	Rupees						
As at June 30, 2026							
Estimated total gross carrying amount							
at default	11,466,337,222	3,115,510,145	279,749,214	809,467,757	78,687,031	147,085,483	2,679,436,848
Expected credit loss	980,282	26,097	3,659,244	11,704,917	9,577,337	65,478,936	891,173,894
Expected credit loss rate	0.01%	0.00%	1.31%	1.45%	12.17%	44.52%	33.26%
As at June 30, 2025							
Estimated total gross carrying amount							
at default	11,582,228,116	4,701,069,413	222,025,423	1,679,938,820	406,088,611	140,416,135	1,339,683,060
Expected credit loss	2,879,966	660,162	629,883	12,037,627	17,203,986	8,415,870	46,902,536
Expected credit loss rate	0.02%	0.01%	0.28%	0.72%	4.24%	5.99%	3.50%

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

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

Name of Banks	Rating		Agency
	Short term	Long term	
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A1+	AAA	VIS
Habib Bank Limited	A1+	AAA	VIS
The Bank of Punjab	A1+	AA+	PACRA
Faysal Bank Limited	A1+	AA+	PACRA
Habib Metropolitan Bank Limited	A1+	AAA	PACRA
Bank Al-Habib Limited	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AAA	PACRA
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS
Allied Bank Limited	A1+	AAA	PACRA
Citibank N.A. Pakistan	P-1	Aa3	Moody's
Citibank N.A. London	P-1	Aa3	Moody's
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Industrial and Commercial Bank of China	P-1	A1	Moody's
Soneri Bank Limited	A1+	AA	PACRA
Meezan Bank Limited	A1+	AAA	VIS
Askari Bank Limited	A1+	AA+	PACRA
Pak Kuwait Investment Company Private Limited	A1+	AAA	PACRA
Pak China Investment Company Private Limited	A1+	AAA	VIS

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

(b) Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2026					
Long term loans	50,046,714,380	52,073,359,826	13,374,353,123	33,145,595,448	5,553,411,255
Lease liabilities	5,889,342,848	9,078,520,924	1,478,890,291	5,072,709,514	2,526,921,119
Trade and other payables	24,817,585,611	27,329,571,588	27,329,571,588	-	-
Accrued mark-up / interest	649,105,105	644,433,004	644,433,004	-	-
Short term borrowings	19,124,684,317	19,084,643,114	19,084,643,114	-	-
Unclaimed dividend	2,332,052	2,332,052	2,332,052	-	-
GIDC payable	995,182,870	995,182,870	995,182,870	-	-
	101,524,947,183	109,208,043,378	62,909,406,042	38,218,304,962	8,080,332,374

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2025					
Long term loans	50,629,680,636	51,696,312,086	12,681,330,250	35,167,354,611	3,847,627,225
Lease liabilities	4,260,096,872	5,664,127,189	1,309,964,855	3,428,658,022	925,504,312
Trade and other payables	21,000,883,607	26,550,055,511	26,550,055,511	-	-
Accrued mark-up / interest	950,759,085	943,818,202	943,818,202	-	-
Short term borrowings	21,561,623,899	22,795,174,683	22,795,174,683	-	-
Unclaimed dividend	2,264,855	2,264,855	2,264,855	-	-
GIDC payable	995,182,870	995,182,870	995,182,870	-	-
	99,400,491,824	108,646,935,396	65,277,791,226	38,596,012,633	4,773,131,537

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

(c) Market risk

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

(i) Currency risk

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

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

	Rupees	U.S.\$	Euro	JPY	CHF	AED	GBP
For the year ended June 30, 2026							
Trade debts	(5,989,506,278)	(23,480,225)	(2,442,222)	-	-	(34,383)	(7,692)
Bank balances	(3,183,033,788)	(34,480,093)	(5,005,946)	-	-	(2,352,135)	(919,773)
Foreign bills payable							
against import	2,748,860,528	9,533,202	254,182	-	36,827	-	-
Long term loans - secured	19,712,189,997	89,758,891	-	-	-	-	391,620
Net balance sheet exposure	13,288,510,459	41,331,775	(7,193,986)	-	36,827	(2,386,518)	(535,845)
Outstanding letters of credit	19,628,562,282	8,878,101	297,538	14,540,563	-	-	-
Foreign currency forward							
contracts	16,631,990,609	48,301,574	8,400,000	-	-	-	-
	49,549,063,350	98,511,450	1,503,553	14,540,563	36,827	(2,386,518)	(535,845)
	Rupees	U.S.\$	Euro	JPY	CHF	AED	GBP
For the year ended June 30, 2025							
Trade debts	(3,167,066,104)	(10,162,988)	(1,720,835)	-	-	(525,035)	(258,162)
Bank balances	(12,990,595,574)	(44,113,425)	(49,249)	-	-	(1,866,087)	(1,090,753)
Foreign bills payable							
against import	1,513,054,087	4,829,374	385,433	-	36,350	-	-
Long term loans - secured	29,048,723,323	112,989,516	-	-	-	43,735	2,130,381
Net balance sheet exposure	14,404,115,732	63,542,477	(1,384,651)	-	36,350	(2,347,387)	781,466
Outstanding letters of credit	3,172,569,770	9,540,953	1,150,930	-	222,000	-	-
Foreign currency forward							
contracts	4,190,219,762	13,453,968	1,200,000	-	-	-	-
	21,766,905,264	86,537,398	966,279	-	258,350	(2,347,387)	781,466

The following significant exchange rates have been applied:

	Average rate at reporting date		Reporting date rate	
	2026	2025	2026	2025
U.S. Dollar to Rupee	278.30	283.85	278.55 / 278.05	284.10 / 283.60
Euro to Rupee	317.24	332.54	317.52 / 316.95	332.83 / 332.25
Japanese Yen to Rupee	1.7161	1.9684	1.7176 / 1.7145	1.9701 / 1.9667
Swiss Frank to Rupee	343.98	355.19	344.29 / 343.67	355.50 / 354.87
AED to Rupee	75.78	77.26	75.85 / 75.71	77.90 / 77.76
GBP to Rupee	368.31	389.40	368.64 / 367.98	389.71 / 389.09

At June 30, 2026, if Rupee had strengthened by 10% against US Dollar, Euro, AED and GBP with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	2026 Rupees	2025 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	1,150,263,298	1,803,653,220
Euro to Rupee	(228,218,410)	(46,045,181)
AED to Rupee	(18,085,033)	(18,136,581)
GBP to Rupee	(19,735,707)	30,430,286
	884,224,147	1,769,901,744

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

(ii) Interest rate risk

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

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

	2026	2025	2026	2025
	Effective rate		Carrying amount	
	Percentage		Rupees	
Fixed rate instruments				
Financial assets				
Saving accounts	7.00% to 11.00%	8.00% to 19.00%	3,965,291,309	12,671,567,128
Financial liabilities				
Long term finances	1.75% to 8.00%	1.75% to 5.00%	7,600,237,299	7,979,229,315
Short term borrowings	3.00% to 8.00%	3.00% to 5.50%	6,392,337,419	7,506,965,470
Variable rate instruments				
Financial liabilities				
Long term finances				
- foreign currency loan	9.10% to 10.46%	8.17% to 10.096%	19,807,807,785	29,445,741,934
- local currency loan	10.50% to 13.09%	11.29% to 22.91%	22,638,669,296	13,204,709,387
Short term borrowings				
- local currency loan	10.49% to 13.03%	7.25% to 22.49%	12,732,346,898	14,054,658,429

At June 30, 2026, 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.551.788 million (2025: Rs.567.051 million) mainly as a result of higher / (lower) interest expense.

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

(iii) Other price risk

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

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.17,845.948 million (2025: Rs.11,875.172 million) are exposed to price risk due to changes in market price.

At June 30, 2026, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.1,784.595 million (2025: Rs.1,187.517 million).

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

48.2 Fair value measurement of financial instruments

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

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

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

The Group's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.18,127.923 million (2025: Rs.11,875.532 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Level 3 financial assets: The Holding Company's financial assets measured at level 3 fair value amounts to Rs.439.368 million (2025: Rs. 183.996 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

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.

48.3 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.

	2026 Rupees	2025 Rupees
Total borrowings	69,171,398,697	72,191,304,535
Less: cash and bank balances	19,015,445,553	19,411,721,135
Net debt	50,155,953,144	52,779,583,400
Total equity	111,530,483,501	75,164,530,651
Total capital including net debt	161,686,436,645	127,944,114,051
Gearing ratio	31.02%	41.25%

48.4 Financial instruments by category

As at June 30, 2026			
	Amortised cost	At fair value through OCI	Total
	Rupees		
Financial assets as per statement of financial position			
Long term investments	2,971,892,724	6,849,975,175	9,821,867,899
Long-term loans and advances	305,397,635	–	305,397,635
Long-term deposits	1,062,336,860	–	1,062,336,860
Trade debts	24,565,779,978	–	24,565,779,978
Loans to employees	266,290,617	–	266,290,617
Trade deposits	330,544,238	–	330,544,238
Other receivables	3,224,552,467	–	3,224,552,467
Short-term investments	–	11,002,609,474	11,002,609,474
Cash and bank balances	19,015,445,553	–	19,015,445,553
	51,742,240,072	17,852,584,649	69,594,824,721
As at June 30, 2025			
	Amortised cost	At fair value through OCI	Total
	Rupees		
Financial assets as per statement of financial position			
Long term investments	2,604,287,878	4,461,570,190	7,065,858,068
Long-term loans and advances	66,665,011	–	66,665,011
Long-term deposits	224,723,128	–	224,723,128
Trade debts	22,953,971,483	–	22,953,971,483
Loans to employees	132,107,534	–	132,107,534
Trade deposits	169,217,427	–	169,217,427
Other receivables	3,047,688,935	–	3,047,688,935
Short-term investments	–	7,286,637,117	7,286,637,117
Cash and bank balances	19,411,721,135	–	19,411,721,135
	48,610,382,531	11,748,207,307	60,358,589,838

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For the year ended June 30, 2026

	Financial liabilities measured at amortised cost	
	2026 Rupees	2025 Rupees
Financial liabilities as per statement of financial position		
Long-term loans and other payables	38,683,484,073	38,055,329,359
Deferred income – Government grant	115,244,817	169,620,752
Trade and other payables	24,817,585,611	21,000,883,607
Current portion of long-term liabilities	12,397,693,575	13,421,419,699
Unclaimed dividend	2,332,052	2,264,855
Short term borrowings	19,124,684,317	21,561,623,899
Accrued mark-up	649,105,105	950,759,085
	95,790,129,550	95,161,901,256

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

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	Rupees			
Balance as at July 01, 2025	4,260,096,872	50,629,680,636	21,561,623,899	2,264,855
Changes from financing activities				
Finances obtained	-	12,147,482,934	-	-
Finances repaid	-	(12,463,342,284)	(2,436,939,582)	-
Repayment of lease liabilities	(1,607,248,758)	-	-	-
Dividends paid	-	-	-	(3,607,705,713)
Dividend declared	-	-	-	3,607,772,910
Total changes from financing cash flows	2,652,848,114	50,313,821,286	19,124,684,317	2,332,052
Other changes / adjustments				
Amortization of transaction cost	-	46,201,069	-	-
Exchange Loss	-	(313,307,975)	-	-
Additions / Disposals during				
the year – Net	2,536,618,820	-	-	-
Finance cost	699,875,914	-	-	-
Balance as at June 30, 2026	5,889,342,848	50,046,714,380	19,124,684,317	2,332,052

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	Rupees			
Balance as at July 01, 2024	3,932,109,945	58,811,422,432	14,921,225,830	332,783,783
Changes from financing activities				
Finances obtained	-	4,115,608,853	-	-
Finances repaid	-	(12,996,636,299)	6,640,398,069	-
Repayment of lease liabilities	(795,550,728)	-	-	-
Dividends paid	-	-	-	(2,352,381,509)
Dividend declared	-	-	-	2,021,862,583
Total changes from financing cash flows	3,136,559,217	49,930,394,986	21,561,623,899	2,264,857
Other changes / adjustments				
Amortization of transaction cost	-	63,795,414	-	-
Exchange Gain / Loss	-	635,490,236	-	-
Additions to lease liabilities during the year	542,639,162	-	-	-
Finance cost	350,508,757	-	-	-
Balance as at June 30, 2025	4,029,707,136	50,629,680,636	21,561,623,899	2,264,857

	UOM	2026	2025
50. CAPACITY AND PRODUCTION			
50.1 Spinning			
Average number of spindles installed		137,574	175,472
Average number of spindles worked		133,567	173,632
Total number of rotors installed		656	440
Average number of rotors worked		491	438
Number of shifts worked per day		3	3
Installed capacity after conversion into 20's count	Lbs.	111,043,248	139,957,363
Actual production after conversion into 20's count	Lbs.	99,342,691	135,328,875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2026

	UOM	2026	2025
50.2 Weaving			
Total number of looms installed		435	435
Average number of looms worked		435	435
Number of shifts worked per day		3	3
Installed capacity at 50 picks/			
inch of fabric	Square mtrs.	206,218,725	206,218,725
Actual production at 50 picks/			
inch of fabric	Square mtrs.	174,576,320	175,676,415
50.3 Finishing and Printing			
Production capacity – average during the year	Mtrs.	69,000,000	69,000,000
Actual production	Mtrs.	63,013,591	63,882,291
50.4 Yarn dyeing			
Production capacity	KGs	2,880,000	2,880,000
Actual production	KGs	2,165,024	2,222,035

50.5 Home Textile and Stitching

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

	UOM	2026	2025
50.6 Power Generation			
Installed capacity	MWh	600,847	597,537
Actual energy delivered	MWh	501,772	406,372

50.7 Reason for low production

Under utilization of available capacity is mainly due to normal maintenance / temporarily shut down and run length of order lots..

Due to low wind speed during the year, Plants of TBCL and SWPL (power sector subsidiary companies) produced less energy than benchmark of 35% and 31% capacity factor respectively.

51. SEGMENT ANALYSIS

51.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Soda Ash	Power Generation	Elimination of inter segment transactions	Total
Rupees							
For the year ended							
June 30, 2026							
Net turnover	38,668,584,144	27,941,306,103	90,183,310,301	-	20,265,221,558	(30,715,667,153)	146,342,754,953
Cost of sales	(35,986,880,640)	(23,627,315,704)	(71,346,594,185)	(174,822,330)	(7,564,336,707)	30,715,667,151	(107,984,282,415)
Gross Profit	2,681,703,504	4,313,990,399	18,836,716,116	(174,822,330)	12,700,884,851	-	38,358,472,538
Distribution cost	(651,917,157)	(1,107,534,877)	(8,176,506,042)	-	-	-	(9,935,958,076)
Administrative expenses	(603,106,705)	(427,205,314)	(2,873,311,169)	-	(501,444,979)	-	(4,405,068,166)
	(1,255,023,862)	(1,534,740,190)	(11,049,817,210)	-	(501,444,979)	-	(14,341,026,242)
Profit before taxation and unallocated income and expenses	1,426,679,642	2,779,250,209	7,786,898,906	(174,822,330)	12,199,439,872	-	24,017,446,296
Depreciation on operating fixed assets	950,814,656	450,409,397	1,778,683,326	13,861,331	4,438,997,345	-	7,632,766,055
Depreciation on right-to- use assets	28,275,124	-	1,144,141,113	-	27,157,647	-	1,199,573,884
For the year ended							
June 30, 2025							
Net turnover	51,389,741,859	31,895,531,328	82,049,509,804	-	19,956,393,509	(32,787,117,196)	152,504,059,304
Cost of sales	(46,759,906,609)	(28,838,173,668)	(64,828,048,879)	(359,903,402)	(7,830,050,912)	32,787,117,196	(115,828,966,274)
Gross Profit	4,629,835,250	3,057,357,661	17,221,460,925	(359,903,402)	12,126,342,597	-	36,675,093,030
Distribution cost	(766,816,477)	(1,012,749,491)	(8,288,448,998)	-	-	-	(10,068,014,966)
Administrative expenses	(677,468,490)	(269,866,761)	(1,168,443,566)	-	(425,414,103)	-	(2,541,192,920)
	(1,444,284,967)	(1,282,616,252)	(9,456,892,564)	-	(350,089,784)	-	(12,609,207,886)
Profit before taxation and unallocated income and expenses	3,185,550,283	1,774,741,409	7,044,761,557	(359,903,402)	11,700,928,494	-	24,065,885,144
Depreciation on operating fixed assets	866,532,839	442,412,509	1,552,114,115	9,933,563	4,365,002,327	-	7,235,995,353
Depreciation on right-to- use assets	-	-	876,200,529	-	27,157,647	-	903,358,177

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	2026 Rupees	2025 Rupees
Reconciliation of operating results with – profit after tax is as follows:		
Total results for reportable segments	24,017,446,296	24,065,885,144
Other operating expenses	(2,037,483,352)	(739,437,917)
Other income	2,722,248,802	3,018,396,460
Finance cost	(7,081,426,852)	(9,397,543,336)
Share of profit of associated companies	135,017,313	342,722,537
Profit before taxation	17,755,802,207	17,290,022,888
Taxation	(4,436,062,501)	(4,152,906,310)
Profit for the year	13,319,739,706	13,137,116,578

51.2 Segment Assets and Liabilities

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Soda Ash	Power Generation	Total
	Rupees					
As at June 30, 2026						
Segment assets	27,079,932,228	13,543,738,453	57,826,600,526	10,449,561,922	76,959,097,389	185,858,930,519
Segment Liabilities	30,299,652,837	10,629,616,551	35,041,396,208	7,653,055,841	22,428,364,252	106,052,085,689
As at June 30, 2025						
Segment assets	29,348,510,451	11,314,544,718	47,848,581,377	1,247,771,553	85,369,558,838	175,128,966,937
Segment Liabilities	28,627,170,209	6,835,258,292	30,159,054,100	1,383,199,827	32,396,607,758	99,401,290,186

	2026 Rupees	2025 Rupees
Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:		
Total for reportable segments assets	185,858,930,519	175,128,966,937
Unallocated assets	33,941,063,708	27,003,359,529
Total assets as per statement of financial position	219,799,994,227	202,132,326,466
Total for reportable segments liabilities	106,052,085,689	99,401,290,186
Unallocated liabilities	2,217,425,037	4,947,588,403
Total liabilities as per statement of financial position	108,269,510,726	104,348,878,589

	2026	2025
52. NUMBER OF EMPLOYEES		
Number of employees as at June 30,	14,328	14,614
Average number of employees as at June 30,	13,221	14,895

53. PROVIDENT FUND RELATED DISCLOSURE

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

54. SHARIAH DISCLOSURE UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Statement of Financial Position – Assets				
Long term investments	9,821,867,899	–	6,632,626,453	433,231,615
Short term investments	5,473,703,322	5,528,906,152	4,477,696,533	2,808,940,584
Bank balances	19,009,472,319	5,973,234	19,315,121,187	96,599,948
Statement of Financial Position – Liability				
Long term finances	42,499,948,221	7,546,766,159	47,900,783,864	2,728,896,772
Short term borrowings	14,963,517,378	4,161,166,939	15,578,905,999	5,982,717,900
Accrued mark-up	483,581,432	165,523,673	688,142,276	145,839,351
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant business segments	–	145,770,431,404	–	152,504,059,304
Late payments or liquidated damages	572,323,549	–	–	–
Un-realised gain on remeasurement of investments	2,329,447,186	1,071,578,216	2,237,679,483	1,094,679,609
Realised gain on sale of investments	417,627,364	153,571,925	287,117,999	157,011,900
Exchange gain / (loss) earned using conventional derivative financial instruments – net	386,410,627	–	(108,448,112)	–
Mark-up on short and long term financing	5,110,413,116	716,968,801	7,561,748,795	803,887,348
Total interest earned on any conventional loan or advance	–	–	–	–

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	2026		2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Other income				
a) Profit on bank deposits	1,047,404,216	8,630,137	1,155,857,201	-
b) Dividend Income	841,137,409	221,769,434	911,242,377	103,719,137
c) Gain on sale of property, plant and equipment - net	-	10,076,934	-	105,158,494
d) Reversal of Provision for stores, spares and loose tools	-	-	-	14,730,976
e) Gain on sale of investment property	-	174,087,648	-	-
f) Exchange gain on translation of receivable	-	20,187,586	-	15,809,742
g) Exchange gain /(loss) on actual currency	-	10,899,706	-	13,307,680
h) Rental income	-	14,030,180	-	28,679,014
i) Scrap sales	-	167,614,672	-	216,467,263
j) Commission on use of POS machines from banks	-	-	6,061,982	-
k) Insurance claim	-	14,237,622	-	401,320,672
l) Reversal of provision for doubtful sales tax refundable	-	89,907,237	-	-
m) Unwinding of security deposit of mining licence	1,093,310	-	-	-
n) Gain on termination of lease liabilities	43,594,594	-	-	-
o) Bad debts recovered	-	3,500,000	-	7,564,000
p) Unrealised gain on investments	2,567,149	7,189,494	-	-
q) Realised gain on sale of investments	-	12,706,395	-	-
r) Others	-	31,615,079	-	38,477,922

The Group has banking relation with the following shariah-compliant financial institutions including banks and takaful operator.

Name	Relationship
a) Meezan Bank Limited	Short Term Financing, Long Term Financing, short term investment and bank balances
b) Bank Islami Pakistan Limited	Short Term Financing, Long Term Financing and bank balances
c) Dubai Islamic Bank Pakistan Limited	Short Term Financing and bank balances
d) Faysal Bank Limited	Short Term Financing, Long Term Financing and bank balances
e) Adamjee Insurance Company Limited - Window Takaful operations	Takaful Operator

55. NON ADJUSTING EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors of the Holding Company , in their meeting held on September 24, 2026, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.216.898 million for the year ended June 30, 2026, for approval of the members at the Annual General Meeting to be held on October 28, 2026.

56. CORRESPONDING FIGURES

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

57. GENERAL

These consolidated financial statements were authorized for issue on September 24, 2026 by the Board of Directors of the Holding Company.



Chief Executive Officer



Chairman / Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2026

Number of Shareholders	From	To	Total Shares Held
443	1	100	5,927
50	101	500	12,838
21	501	1,000	14,416
29	1,001	5,000	64,719
11	5,001	10,000	85,974
1	15,001	20,000	16,575
1	20,001	25,000	20,885
3	35,001	40,000	111,683
1	40,001	45,000	44,397
3	45,001	50,000	139,407
1	60,001	65,000	62,167
1	65,001	70,000	67,672
2	70,001	75,000	146,677
1	75,001	80,000	78,345
3	80,001	85,000	250,499
2	85,001	90,000	170,141
2	110,001	115,000	223,205
3	115,001	120,000	350,471
3	120,001	125,000	361,299
1	140,001	145,000	141,373
1	160,001	165,000	161,867
1	165,001	170,000	166,757
2	180,001	185,000	363,886
1	230,001	235,000	233,401
3	270,001	275,000	824,160
1	275,001	280,000	275,242
1	520,001	525,000	520,319
1	655,001	660,000	657,788
1	995,001	1,000,000	998,006
1	1,830,001	1,835,000	1,832,274
1	1,835,001	1,840,000	1,839,095
1	1,845,001	1,850,000	1,846,424
1	1,855,001	1,860,000	1,859,234
1	1,920,001	1,925,000	1,920,567
1	1,930,001	1,935,000	1,933,989
1	1,940,001	1,945,000	1,940,701
1	1,945,001	1,950,000	1,947,411
602			21,689,791

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

CATEGORIES OF SHAREHOLDERS

As at June 30, 2026

Particulars	No. of Shares Held	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children.	2,192,002	10.11
Associated Companies, Undertakings and Related Parties	17,109,081	78.88
NIT and ICP	998,006	4.60
Banks, Development Financial Institutions, Non Banking Financial Institutions	129	0.00
Modarabas and Mutual Funds	1,020	0.00
Share holders holding 10%	–	–
General Public		
Local	1,364,992	6.29
Foreign	57	0.00
Other Companies	24,504	0.11
	21,689,791	100.00

DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2026

Sr #	Categories of Shareholders	Percentage	Number Of Shares Held
A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
	Acrylic (Private) Limited	9.34	2,025,712
	ATMZ Company (Private) Limited	9.84	2,134,476
	Channel Holdings (Private) Limited	9.78	2,120,817
	Crystal Enterprises (Pvt) Limited	0.02	3,329
	Glitter (Private) Limited	9.37	2,032,541
	Glory (Private) Limited	9.31	2,018,882
	Lavender (Private) Limited	9.25	2,005,223
	Sapphire Fibres Limited		
	(Reliance Cotton Spinning Mills Limited Merger with and into)	0.18	38,056
	Resource Corporation (Pvt) Limited	9.71	2,107,158
	Sapphire Fibres Limited	0.29	62,167
	Sapphire Holding Limited	0.37	80,950
	Sapphire Power Generation Limited	1.44	311,746
	SFL Corporation (Pvt) Limited	0.04	7,989
	STM Corporation (Pvt) Limited	0.20	44,397
	Synergy Holdings (Pvt) Limited	9.75	2,113,978
	Yousuf Agencies (Private) Limited	0.01	1,660
B)	DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		
	DIRECTORS & THEIR SPOUSES		
	Mr. Mohammad Abdullah	2.40	521,469
	Mr. Yousuf Abdullah	0.57	123,147
	Mr. Amer Abdullah	0.25	55,266
	Mr. Shahid Abdullah	0.32	68,868
	Mr. Nabeel Abdullah	0.86	186,610
	Mr. Umer Abdullah	0.87	187,760
	Mr. Mirza Saleem Baig	0.00	532
	Mr. Shahid Shafiq	0.00	510
	Mrs. Shamshad Begum	3.03	657,789
	Mrs. Ambareen Amer	0.34	74,219
	Mrs. Shireen Shahid	0.55	119,291
	Ms. Mashmooma Zehra Majeed	0.00	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE		
	Mr. Nadeem Abdullah	0.56	120,991
	Mrs. Noshaba Nadeem	0.35	75,050
C)	NIT AND ICP		
	CDC - Trustee National Investment (Unit) Trust	4.60	998,006
D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS		
	BANKS		
	National Bank of Pakistan	0.00	129

Sr #	Categories of Shareholders	Percentage	Number Of Shares Held
E)	MODARABAS AND MUTUAL FUNDS		
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	0.00	1,020
F)	GENERAL PUBLIC		
	A. Local	6.29	1,364,992
	B. Foreign	0.00	57
G)	OTHER COMPANIES	0.11	24,504
	TOTAL	100.00	21,689,791
H)	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN		
	Mr. Mohammad Abdullah gifted shares to grandson		1,149
	Mrs. Shamshad Begum gifted shares to grandsons and daughter in law		11,623
	Mr. Nabeel Abdullah received shares as a gift from Mrs. Shamshad Begum		1,452
	Mr. Umer Abdullah received shares as a gift from Mrs. Shamshad Begum		1,452
	Mrs. Shireen Shahid received shares as a gift from Mrs. Shamshad Begum		2,906

BALLOT PAPER FOR VOTING THROUGH POST

Annual General Meeting to be held on Wednesday, 28th October, 2026, at 04.00 p.m. at
Theatre Hall "A", IBA City Campus (Institute of Business Administration, Kayani Shaheed Road, Karachi)
Phone: +92 42 111 000 100 Website: www.sapphire.com.pk/stml

Designated email address of the Chairman at which the duly filled-in ballot paper may be sent:
 contact@sapphiretextiles.com.pk

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC No./Passport No (in case of foreigner)	
(Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the below resolution(s) through postal ballot by conveying my/our assent or dissent the following resolution by placing tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
01	Agenda No: 05 To approve by way of special resolutions, with or without modification, the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017. (i) RESOLVED THAT the Related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2026, be and are hereby ratified, approved, and confirmed. (ii) RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2027. FURTHER RESOLVED THAT those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/ approval.			

Signature of shareholder

Place: _____

Date: _____

NOTES/ PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 27, 2026. Copy of CNIC/ Passport (in case of a foreigner) should be enclosed with the postal ballot form.
2. Postal ballot forms should reach the chairman of the meeting on or before October 27, 2026, during working hours. Any postal ballot received after this date, will not be considered for voting.
3. Signature on postal ballot should match with signature on CNIC/ Passport (In case of a foreigner).
4. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot paper will be rejected.
5. In case of representative of body corporate and corporation, postal ballot insist he accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
6. Ballot paper has also been placed on the website of the Company www.sapphire.com.pk/stml. Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

FORM OF PROXY

For the year ended 30 June 2026

I/ We _____ of _____ Folio No / CDC and or Sub Account No _____ being a member(s) of Sapphire Textile Mills Limited, and a holder of _____ Ordinary Shares, do hereby appoint _____ of _____ or failing him/ her _____ of _____ who is also a member of Sapphire Textile Mills Limited, vide registered Folio No / CDC and or Sub Account No _____ to act as Proxy on my/ our behalf at 58th Annual General Meeting of the Company to be held on on Wednesday, 28th October, 2026, at 04.00 p.m. at Theatre Hall "A", IBA City Campus (Institute of Business Administration, Kayani Shaheed Road, Karachi), as well as through Video Conferencing (VC) and / or any adjournment thereof.

Signed on this _____ day of _____ 2026

Signature of shareholder; _____

CNIC No: _____

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

Email: _____

Signature of proxy participant _____

CNIC No: _____

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

Email: _____

Revenue
Stamp of Rs.5/-

(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 stamp and signed by authorized person.
3. Power of Attorney or other authority (if any) under which this proxy form is signed, a certified copy of that Power of Attorney must be deposited along with this form.
4. This proxy form duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
 - i) The proxy form shall be witnessed by two persons, whose names, addresses CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - iv) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

1. Witness:

Signature: _____

Name _____

Adress _____

CNIC No. _____

2. Witness:

Signature: _____

Name _____

Adress _____

CNIC No. _____

AFFIX
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The Company Secretary,
SAPPHIRE TEXTILE MILLS LIMITED
20th Floor Ocean Tower Plot no. G-3
Khyaban-e-Iqbal Block 9, Clifton,
Karachi.

پراکسی فارم سفائر ٹیکسٹائل ملز لمیٹڈ

برائے سال مختتمہ: 30 جون، 2026

میں / ہم _____ جس کا تعلق _____ سے ہے، فولیو نمبر / CDC یا ذیلی اکاؤنٹ نمبر _____ سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں، اور _____ عمومی حصص رکھتے ہیں، بذریعہ (ممبر کا نام) _____ جو کہ _____ سے متعلق ہے، اور ان کا فولیو نمبر / CDC اکاؤنٹ نمبر _____ ہے، یا ان کے ناکام رہنے کی صورت میں (ممبر کا نام) _____ جو کہ _____ متعلق ہے، اور ان کا فولیو نمبر / CDC اکاؤنٹ نمبر _____ ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں / ہیں کو بروز بدھ 28 اکتوبر، 2026 کو دوپہر 4:00 بجے تھیٹر ہال "اے"، آئی بی اے (IBA) سٹی کیپس (انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن)، کیانی شہید روڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے 58 ویں سالانہ اجلاس عام اور کسی زیر التوا اجلاس میں شرکت کیلئے اپنا / ہمارا پراکسی مقرر کرتا / کرتے / کرتی ہوں

پانچ روپے کا
ریونیو اسٹیپ

اس دستاویز پر مورخہ _____ 2026 کو دستخط ہوئے

پراکسی کے دستخط _____	حصص یافتہ کے دستخط _____
شناختی کارڈ نمبر: _____	شناختی کارڈ نمبر: _____
فولیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____	فولیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____
ای میل ایڈریس: _____	ای میل ایڈریس: _____

(دستخط کمپنی کے ساتھ رجسٹرڈ نمونے کے دستخط کے مطابق ہونے چاہیے)

نوٹس:

- کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا حصول ٹکٹ نہ لگایا جائے۔
- بینک یا کمپنی ہونے کی صورت میں پراکسی فارم پر مجاز شخص کے دستخط کے ساتھ کمپنی کی مہر لازم ہے۔
- مختار نامہ یا دیگر کوئی اتھارٹی (اگر کوئی ہے) جس کے پراکسی فارم پر دستخط ثبت ہوں، کی مصدقہ نقل اس فارم کے ساتھ جمع کرایا جانا چاہیے۔
- پراکسی فارم اجلاس سے 48 گھنٹے قبل تک کمپنی کے شیئرز رجسٹر آفس میں مکمل طور پر پُر اور دستخط کے ساتھ موصول ہو جانا چاہیے۔
- سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں
 - پراکسی فارم پر دو افراد جن کے نام اور شناختی کارڈ نمبر جمع پتہ کے موجود ہوں، بطور گواہ ضروری ہیں۔
 - بینی فیشل اوٹرز اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل اس فارم کے ساتھ منسلک ہوں۔
 - پراکسی اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
 - کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع پراکسی کے نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ہمراہ کمپنی کے پاس جمع کرایا جانا چاہئے

گواہ نمبر 2

گواہ نمبر 1

دستخط _____	دستخط _____
نام _____	نام _____
پتہ _____	پتہ _____
شناختی کارڈ نمبر _____	شناختی کارڈ نمبر _____

AFFIX
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POSTAGE

The Company Secretary,
SAPPHIRE TEXTILE MILLS LIMITED
20th Floor Ocean Tower Plot no. G-3
Khyaban-e-Iqbal Block 9, Clifton,
Karachi.

[illegible]

NOTE

[illegible]



20th Floor, Ocean Tower Plot No. G-3,
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E-Mail: contact@sapphiretextiles.com.pk

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