



GROWTH, MOMENTUM & **GLOBAL VISION**



Annual Report of
Sapphire Fibres Limited
for the year ended **2025**



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Yousuf Abdullah

Chief Executive

Mr. Shahid Abdullah

Director

Mr. Nadeem Abdullah

Mr. Amer Abdullah

Mr. Shayan Abdullah

Mr. Abdul Sattar

Independent Director

Mr. Muhammad Naeem Khan

Mr. Nadeem Arshad Elahi

Dr. Marium Chughtai

AUDIT COMMITTEE

Mr. Nadeem Arshad Elahi

Mr. Shayan Abdullah

Mr. Yousuf Abdullah

Mr. Amer Abdullah

Chairman

Member

Member

Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Naeem Khan

Mr. Yousuf Abdullah

Mr. Shahid Abdullah

Mr. Shayan Abdullah

Chairman

Member

Member

Member

CHIEF FINANCIAL OFFICER

Mr. Jawwad Faisal

SECRETARY

Mr. Rameez Ghausi

AUDITORS

Shinewing Hameed Chaudhri & Company
Chartered Accountants

TAX CONSULTANTS

Yousuf Adil, Chartered Accountants

LEGAL ADVISOR

Hassan & Hassan Advocates

BANKERS

Allied Bank Limited

Bank Alfalah Limited

MCB Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

United Bank Limited

Askari Bank Limited

Bank Al Habib Limited

National Bank of Pakistan

The Bank of Khyber

SHARE REGISTRARS

THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi - 75500.

REGISTERED OFFICE

316, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi.

CORPORATE OFFICE

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

MILLS

Spinning Units

10 KM, Sheikhpura Faisalabad Road,
Kharianwala District Sheikhpura

26 KM, Sheikhpura Faisalabad Road,
Ferozewattuan District Sheikhpura

Fabric Knitting Unit

7 KM, Warburton Road, Ferozewattuan
District Sheikhpura

Fabric Dyeing and Denim Units

3.5 Km, Raiwind Manga Road, Raiwind



DIRECTORS' PROFILE

YOUSUF ABDULLAH

Chairman

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.

SHAHID ABDULLAH

Chief Executive Officer

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.

NADEEM ABDULLAH

Director

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 17 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. 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.

SHAYAN ABDULLAH

Director

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

AMER ABDULLAH

Director

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

ABDUL SATTAR

Director

Mr. Abdul Sattar Arain is Fellow Member of Institute of Chartered Accountants of Pakistan as well as he holds Masters Degree in Commerce. He has over 40 years of experience of working in financial management, project planning, Individual and corporate taxations. He has attended many professional courses and seminars on various topics of financial management and planning. He is with Sapphire Group of companies since 1981 and has served at key managerial positions. Mr. Abdul Sattar Arain is presently serving as a member on the Board of Directors of Sapphire Fibres Limited and some other group companies.

NADEEM ARSHAD ELAHI

Director

Mr. Nadeem has an extensive background in operations, general management and business development. He is amongst the co-founders of The Resource Group (TRG), a Washington-DC based investment holding company specializing in the global business process outsourcing & IT services sector. TRG employs approximately 15,000 people across 5 continents. Mr. Nadeem currently serves as the Managing Director & Country Manager for Pakistan for TRG. Nadeem was one of the founding members of OPEN (Organization of Pakistani Entrepreneurs of North America), Washington, DC Chapter. He is the immediate past President of the American Business Council of Pakistan. He has also served as Chairman, P@ SHA (Pakistan Software Houses Association for IT and Ites). He is the current President of the Harvard Business School Club of Pakistan, a member of the Corporate Leaders Advisory Board of the Institute of Business Administration (IBA), Karachi. Mr. Nadeem is also a member of the board of the Young Presidents Organization-Pakistan Chapter (YPO).

MUHAMMAD NAEEM KHAN

Director

Mr. M. Naeem Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of both The Institute of Chartered Accountants of Pakistan and The Institute of Chartered Accountants in England & Wales. He has exposure in oil marketing where he extensively developed the retail chain and nurtured commercial customers besides looking after the treasury and accounting functions. He has also worked with the food industry where he was instrumental in developing new economically viable product lines. He has been an investment banker with extensive exposure to the capital markets. Currently he is serving on the Boards of Raaziq Group, which is engaged in logistics besides public transportation. He has served on the Boards of Atlas Group. Presently, he is a member of the Board of Service Industries Ltd and the Chairman of its Audit Committee. Mr. Khan qualifies as independent director under the guidelines of Securities & Exchange Commission of Pakistan (SECP) and the Code of Corporate Governance

MARIAM CHUGHTAI

Director

Dr. Mariam Chughtai is Assistant Professor and founding Associate Dean at the LUMS School of Education. She is also the Director of Pakistan Programs for the Mittal South Asia Institute at Harvard University. She has a Doctorate in Education (Ed.D.) from Harvard University specializing in Education Policy, Leadership and Instructional Practice. She has two Masters degrees from Harvard University, in International Education Policy and Education Policy and Management, and a Bachelors in Political Science from Rice University. As a teaching fellow, Dr. Chughtai taught several courses at the Harvard Graduate School of Education, along with Negotiations at Harvard Law School and Leadership at Harvard Kennedy School. She is now based in Pakistan and working on her forthcoming book on the politics of making and breaking identity through education.





Vision

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

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



Mission

Our mission is to be recognized as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers. Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates. We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the shareholders of Sapphire Fibres Limited (The "Company") will be held on Monday, October 27, 2025 at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 11:00 a.m. to transact the following business:

1. To confirm the minutes of last General Meeting held on October 28, 2024.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2025 together with the Chairman's Review, Directors' and Auditors' Report thereon.

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

<http://www.sapphire.com.pk/sfl/annualreports.htm>



3. To approve final dividend for the year ended June 30, 2025.
4. To appoint auditors for the year ending 30th June 2026 and fix their remuneration. The present auditors, M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

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

(i) **"RESOLVED THAT** the related party transactions conducted during the year as disclosed in the note 38 of the unconsolidated financial statements for the year ended June 30, 2025 be and are hereby ratified, approved and confirmed."

(ii) **"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case-to-case basis during the financial year ending June 30, 2026."

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

ANY OTHER BUSINESS

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

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

By Order of the Board

Karachi
September 25, 2025

Rameez Ghausi
Company Secretary

NOTE:

- 1) Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from **21st October 2025 to 27th October 2025** (both days inclusive). Transfers received in order, by the M/s. THK Associates (Private) Limited Company Registrar, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, up to 20th October 2025 will be considered in time to entitle the transferees to attend and vote at the meeting.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

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

- 3) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the 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 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 Regulations, shall submit the proxy form accordingly.

- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
- 4) Any change of address of members should be immediately notified to the company's share registrars M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi.
- 5) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

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

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

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

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

meeting time to enable the participants to join the meeting after identification/ verification process.

- 6) The members are requested to submit a copy of their Computerized National Identity Card (CNIC)/ NTN, if not already provided and immediately notify changes if any, in their addresses to our Share Registrar M/s. THK Associates (Private) Limited.
- 7) Pursuant to Companies (Postal Ballot) Regulations 2018, in case of special business, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] is hereby given below:

E-voting Procedure:

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 20 October 2025.
- (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of THK Associates (Private) Limited (being the e-voting service provider).
- (c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from **23 October 2025, 09:00 a.m.** and shall close on **25 October 2025 at 5:00 p.m.** Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

Procedure for voting through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 25, 2025. The signature on the ballot paper shall match with the signature on CNIC.

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

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

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

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

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

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

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

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

1. Persons appearing in Active Tax Payers List (ATL) 15%
2. Persons not appearing in Active Tax Payers List (ATL) 30%

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

- (ii) Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to THK Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.
- (iv) Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of zakat. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on non-judicial stamp paper to the Shares Registrar before the date of book closure.

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

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

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

(v) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@sapphiretextiles.com.pk and/or THK Associates (Private) Limited at phone: (021) 35310191- 6 & email address: it@thk.com.pk

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

12) The Securities and Exchange Commission of Pakistan has allowed the listed companies through SRO 389(I)/2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. However, any shareholder may request the company secretary in writing to provide a printed copy of the annual report at their registered address free of cost, within seven (07) days of receipt of such request. The shareholders who want to avail this facility may submit request form to the company's share registrar.

The Annual Report of the company for the year ended June 30, 2025 is also available on the company's website www.sapphire.com.pk/sfl.

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

In this regard, please fill the following form and submit to registered address of the Company 07 days before holding of the General Meeting:

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

Signature of Member

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

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

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Proportionate to its shareholding percentage 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);	Nil	This amount was approved in the AGM 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, 2025 Rupees	Financial Year Ended June 30, 2024 Rupees	Financial Year Ended June 30, 2017 Rupees
Net Sales	15,489,962,130	20,936,160,649	-
Gross Profit / (Loss)	9,804,399,130	15,280,063,609	(93,798,217)
Profit / (Loss) Before Tax	7,094,569,999	11,771,025,852	(94,039,713)
Profit / (Loss) After Tax	6,809,977,348	11,455,972,112	(95,055,582)

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

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

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

All transactions with related parties to be ratified have been disclosed in the note 38 to the unconsolidated financial statements for the year ended June 30, 2025.

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

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

The nature of relationship with these related parties has also been indicated in note 38 to the unconsolidated financial statements for the year ended June 30, 2025.

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

The Company shall be conducting transactions with its related parties during the year ending June 30, 2026 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary/associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2026 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

REVIEW REPORT BY THE CHAIRMAN

GOVERNANCE

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

The Board's annual self-evaluation for the fiscal year 2024-2025 reflected satisfactory results. This assessment is derived from a thorough evaluation of key elements such as the organization's vision, mission, and values; involvement in strategic planning; policy formulation; oversight of business operations; management of financial resources; equitable treatment of employees; and the overall efficiency in executing the Board's responsibilities.

ECONOMIC FRONT

The economic environment in Pakistan during the financial year 2025 improved reflected in the form of low interest rate, stable exchange and a narrowing current account deficit. However high energy cost, high taxation and low domestic cotton is a challenge for textile industry.

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

The constant increase in the cost of production is a challenge for the industry. Management is focused on building strategic alliances in the export market and developing innovative products to achieve sustainable profitability. These measures, along with prudent capital allocation and a diversified investment portfolio, are expected to support long-term sustainable profitability.

ACKNOWLEDGMENTS

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

Lahore
September 25, 2025



Yousuf Abdullah
Chairman

چیسر مسین کی جائزہ رپورٹ

گورننس

سفائرسٹبرز لمیٹڈ کا قائم کردہ گورننس مندریم ورک کارپوریٹڈ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے درمیان اعتماد کو فروغ دینے کے لیے اہم کردار ادا کرتا ہے۔ ہمارے گورننس کے ڈھانچے کو فٹ نوٹی اور ریگولیشنری تقاضوں سے ہم آہنگ کرنے کے لیے بہت احتیاط سے تیار کیا گیا ہے، اس طرح ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو موثر طریقے سے پورا کیا جاسکتا ہے۔ یہ مندریم ورک پاکستان کے قوانین، خاص طور پر کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس، پاکستان اسٹاک ایکسچینج میں درج اداروں سے متعلق دیگر فٹ نوٹی اور ریگولیشنری ذمہ داریوں کے ساتھ سنگر انداز ہے۔ ان قوانین کی تعمیل کو برقرار رکھنے کے لیے، کمپنی نے ایک ماہر اور سرشار ٹیم تشکیل دی ہے، جس نے، دیگر ضروری امتدادات کے ساتھ ساتھ ایک جامع ضابطہ اخلاق، مجسٹریٹری، اور کاروباری اخلاقیات کا ضابطہ نافذ کیا ہے۔

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

اقتصادی نقطہ نظر

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

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

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

اظہار تشکر

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



یوسف علی

چیسر مسین

لاہور

مورخہ: 25 ستمبر 2025

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

FINANCIAL HIGHLIGHTS

Category	2025	2024
	Rupees in '000'	
Sales	50,561,851	47,420,211
Profit from operations	20,328,953	6,997,472
Finance Cost	(2,075,979)	(2,783,785)
Taxation	(4,576,137)	(840,654)
Profit after taxation	13,676,837	3,373,032

FINANCIAL PERFORMANCE

Your Company recorded sales of Rs. 50.56 billion during the year as against Rs. 47.42 billion in the previous year, reflecting a steady growth of 6.6%. Operating margins declined compared to the previous year, primarily on account of subdued demand and rising input costs. As a result, gross profit as a percentage of sales decreased from 11.95% in the prior year to 8.80% during the year under review.

During the year, the Company received dividend income amounting to Rs. 18.60 billion from its subsidiary, associated and other portfolio companies. This reflects the strength and resilience of the underlying businesses in which the Company

has made strategic investments. The dividend inflows not only provided a high return on these investments but also significantly enhanced the Company's financial performance. Consequently, profit after tax for the year rose sharply to Rs. 13.68 billion, compared to Rs. 3.37 billion in the previous year.

EARNINGS PER SHARE

The earnings per share (EPS) of current year is Rs. 661.62 as compared to Rs. 163.17 for the last year.

DIVIDEND

The Board of Directors of the company is pleased to recommend a final cash dividend @ 100% for the year ended June 30, 2025 (2025: 100%).

FUTURE OUTLOOK

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

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



The Board and management remain focused on strengthening the Company's position for the future. Emphasis is being placed on operational efficiency, prudent financial discipline, and expansion into new geographies and business segments. These efforts are directed toward ensuring resilience, capturing emerging opportunities, and delivering sustained value to our shareholders.

SUBSIDIARY COMPANIES

Sapphire Electric Company Limited

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2023: 68.11%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

Premier Cement Limited

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 30 June 2025.

PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Cement Company Limited

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 30 June 2025.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Hydro Limited

Sapphire Hydro Limited (SHL) was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhawa.

Sapphire Hydro Limited (SHL) is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 June 2025.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

Ignite Power (Private) Limited

Ignite power (Private) Limited is a 99.93% owned subsidiary of Sapphire Energy (Private) Limited-SEPL which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL)

Sapphire Mining Exploration (Private) Limited (SMEL) was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing of all kinds of cement and its allied products in Gilgit. SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Building Materials Limited (SBML)

Sapphire Building Materials Limited (SBML) was incorporated in Pakistan as a company limited by shares under the Companies Act, 2017 on March 24, 2021. SBML intends to deal in allied products used in construction industry. SBML is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Power limited (SPL)

Sapphire Power Limited (the Company) is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the company is to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited ("the Holding Company").

Sapphire Properties (Private) Limited (SPPL)

Sapphire Properties (Private) Limited (the Company) is a private company limited by shares incorporated in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage,

construct, develop, hold, acquire, sell, purchase all type of real estate projects.

Sapphire USA LLC

Sapphire USA LLC was incorporated during the year with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

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

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

RELATED PARTIES

All transactions with related parties were carried out on arm's length basis which were in line with transfer pricing methods and the policy for related parties approved by the Board. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The internal audit function ensures that all related party transactions are carried out at arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 38 to unconsolidated financial statements.

CORPORATE ENVIRONMENT, HEALTH AND SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially, with regards to the safety, production, delivery, storage and handling of materials. Your Company always ensures environment preservation and adopts all possible means for environment protection.

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. Company made generous donations for health, education and social welfare projects as reported in note no. 30 to the financial statement.

BOARD'S STATEMENT FOR STRATEGIC OBJECTIVE ON ESG

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

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

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

SUSTAINABILITY RELATED RISKS & OPPORTUNITIES

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

ENVIRONMENTAL RISKS

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

SOCIAL RISKS

- Labor practices, human rights, health and safety.

GOVERNANCE RISKS

- Regulatory compliance, supply chain transparency.

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

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

PROGRESS TOWARDS ESG INITIATIVES

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

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

COMPOSITION OF THE BOARD AND THEIR MEETINGS

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

Total Number of Directors

- (a) Male 08
- (b) Female 01

Composition:

- (a) Independent Directors 03 (including 01 Female Director)
- (b) Executive Director 01
- (c) Non-Executive Directors 05

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

Name	Category	No. of Meetings
Mr. Shahid Abdullah	Executive Director	4
Mr. Nadeem Abdullah	Non- Executive Director	4
Mr. Amer Abdullah	Non- Executive Director	4
Mr. Yousuf Abdullah	Non- Executive Director	2
Mr. Shayan Abdullah	Non- Executive Director	4
Mr. Abdul Sattar	Non- Executive Director	4
Mr. Nadeem Arshad Elahi	Independent Director	3
Mr. Muhammad Naeem Khan	Independent Director	4
Ms. Mariam Chughtai	Independent Director	2

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

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

Name	No of Meetings
Mr. Nadeem Arshad Elahi - Chairman (independent)	3
Mr. Shayan Abdullah	4
Mr. Yousuf Abdullah	2
Mr. Amer Abdullah	4

*Leave of absence was granted to directors who could not attend the Board and its Committee's meetings.

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

Mr. Muhammad Naeem Khan	Chairman (independent)
Mr. Shahid Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

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

Mr. Shahid Abdullah
Mr. Shayan Abdullah
Mr. Jawwad Faisal

Chairman
Member
Member

REMUNERATION OF DIRECTORS

The remuneration of Directors is determined by the Company in the Board of Directors' Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non executive directors and independent directors; however, they are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 37 to the financial statements.

PRINCIPAL RISKS & UNCERTAINTY

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

- **Increased global and regional competition** leading to pressure on cost-effectiveness.
- **Currency volatility** driving up the cost of imported raw materials.
- **Custom and regulatory duties** on cotton and man-made fibers, raising raw material costs.
- **Rising conversion and power costs** due to higher fuel/gas prices, natural gas shortages, and inflationary pressures.
- **High policy rates** such as KIBOR, increasing financing costs.
- **Uncertainty around tax regimes** including the shift from Final Tax Regime (FTR) to Normal Tax Regime (NTR) for exporters and the continuation of super tax.
- **Soaring inflation** which reduces consumer purchasing power and demand for the Company's products.

RISK MANAGEMENT

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

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

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

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.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The company has maintained proper books of accounts.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.
7. There is no doubt about the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of Corporate Governance.
9. The Company has established Management Staff Gratuity Fund for its head office employees which will gradually be applicable at mills also. The company has also introduced Employees Provident Fund for staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Gratuity and Provident Fund as on June 30, 2025 are Rs. 9 million and Rs. 363 million respectively.
10. A key summary of key operating and financial data of the Company are annexed.
11. Code of conduct has been communicated and acknowledged by each Director and employee of the Company.
12. No trade in the shares of the company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

However, a scheme of arrangement duly approved by the honorable high court of Sindh JCM 47 of 2022 was passed during the year under which 6,691,488 shares of individual shareholders including directors and their spouse were cancelled and same number of shares were issued to their respective holding companies.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at 30 June 2025 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

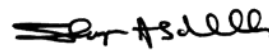
AUDITORS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board.



Shayan Abdullah
Director

Lahore
September 25, 2025



Shahid Abdullah
Chief Executive

ڈائریکٹرز کی حصص داران کو رپورٹ

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

مالیاتی جھلکیاں

(ہزار روپے)	2024	2025
فروخت	47,420,211	50,561,851
آپریٹنگ سے منافع	6,997,472	20,328,953
مالی لاگت	(2,783,785)	(2,075,979)
ٹیکسیشن	(840,654)	(4,576,137)
ٹیکس کے بعد منافع	3,373,032	13,676,837

مالی کارکردگی

زیر جائزہ سال کے دوران، آپ کی کمپنی نے گزشتہ سال میں 47.42 بلین روپے کے مقابلے موجودہ سال 50.56 بلین روپے مندرجہ ذیل حاصل کی جو 6.6 فیصد کی مستحکم نمو کی عکاسی کرتی ہے۔ بنیادی طور پر کم طلب اور پیداواری لاگت بڑھنے کی وجہ سے آپریٹنگ مارجن گزشتہ سال کے مقابلے کم ہو گئے۔ جس کے نتیجے میں، مندرجہ فیصد کے طور پر مجموعی منافع گزشتہ سال کے 11.95 فیصد سے کم ہو کر رواں سال کے دوران 8.80 فیصد ہوا۔

سال کے دوران، کمپنی نے اپنی ذیلی، ایسوسی ایٹڈ اور دیگر پورٹ فولیو کمپنیوں سے 18.60 بلین روپے کی رقم کی منافع منقسمہ آمدنی وصول کی ہے۔ جن کاروباروں میں کمپنی نے سٹریٹجک سرمایہ کاری کی ہے کی قوت اور ریزائلنس کی عکاسی ہوتی ہے۔ منافع منقسمہ کی آمدنی ان سرمایہ کاریوں پر نہ صرف زیادہ منافع مندرجہ ذیل بلکہ کمپنی کی مالی کارکردگی کو بھی نمایاں طور پر بڑھا دیا۔ نتیجتاً، بعد از ٹیکس منافع گزشتہ مالی سال میں 3.37 بلین روپے کے مقابلے موجودہ سال کے لئے تیزی سے بڑھ کر 13.68 بلین روپے ہوا ہے۔

فی حصص آمدنی

موجودہ سال کی فی حصص آمدنی (EPS) 661.62 روپے ہے جو کہ پچھلے سال 163.17 روپے تھی۔

منافع منقسمہ

کمپنی کی مجلسِ نظامہ 30 جون 2025 مختتم سال کے لئے حتیٰ نقد منافع منقسمہ بشرح 100% (2024: 100%) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

مستقبل کا نقطہ نظر

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

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

بورڈ اور انتظامیہ کی توجہ مستقبل کے لیے کمپنی کی پوزیشن کو مضبوط بنانے پر مرکوز ہے۔ آپریشنل کارکردگی، مالیاتی نظم و ضبط، اور نئے جغرافیوں اور کاروباری شعبوں میں توسیع پر زور دیا جا رہا ہے۔ یہ کوششیں پلک کو یقینی بنانے، ابھرتے ہوئے مواقع کو حاصل کرنے، اور ہمارے شیئرز ہولڈرز کو پائیدار و قدر فراہم کرنے کے لئے مرکوز ہیں۔

ذیلی کمپنیاں

سفارز الیکٹریک کمپنی لمیٹڈ

سفارز الیکٹریک کمپنی لمیٹڈ 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت پاکستان میں ایک پبلک غیر مندرج کمپنی کی حیثیت سے قائم ہوئی۔ سفارز انٹرنیشنل لمیٹڈ ذیلی کمپنی کے 68.11 فیصد (2024: 68.11 فیصد) حصص کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے کابائٹ سائیکل پاور سٹیشن کی ملکیت، چالانا اور برقرار رکھنا ہے۔

پریمریکس سینٹ لمیٹڈ

پریمریکس سینٹ لمیٹڈ (پی سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2025 کے مطابق پی سی ایل کے 100 فیصد حصص کی مالک ہے۔

پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سینٹ کمپنی لمیٹڈ

سفارز سینٹ کمپنی لمیٹڈ (ایس سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2025 کے مطابق ایس سی ایل کے 100 فیصد حصص کی مالک ہے۔

ضروری منظور یوں کے حوالہ سے، ایس سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز ہائیڈرو لمیٹڈ

سفارز ہائیڈرو لمیٹڈ (SHL)، 07 ستمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمی، خیبر پختونخواہ میں 682 GWH کی سالانہ انرجی جنریشن کی پوٹینشل کے ساتھ 150 میگاواٹ کی خالص صلاحیت کا حامل ہائیڈرو الیکٹریک پاور جنریشن پراجیکٹ کی تعمیر، قیام اور چالانا ہو گا۔

سفارز ہائیڈرو لمیٹڈ (SHL)، سفارز الیکٹریک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے جو خود سفارز انٹرنیشنل لمیٹڈ کی ایک ذیلی کمپنی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ

سفارز انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں

منسوخ دینے اور حکمرانی کے ڈھانچے کو مضبوط بنانے پر توجہ مرکوز کی۔

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

بورڈ کی تشکیل اور ان کے اجلاس

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

(a)	مرد	08
(b)	حنا تون	01

تشکیل

(a)	آزاد ڈائریکٹرز	03 (بشمول 01 حنا تون ڈائریکٹر)
(b)	ایگزیکٹو ڈائریکٹر	01
(c)	نان ایگزیکٹو ڈائریکٹر	05

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

نام	کینگری	اجلاسوں کی تعداد
جناب شاہد عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب ندیم عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	2
جناب شایان عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	4
جناب ندیم ارشد الملی	آزاد ڈائریکٹر	3
جناب محمد نعیم خان	آزاد ڈائریکٹر	4
محترمہ مریم چغتائی	آزاد ڈائریکٹر	2

پُر عزم ہے جو محض تعمیل سے بالاتر ہے، جس کا مقصد پائیدار کارکردگی میں با معنی اور متبادل پیمائش بہتری پیدا کرنا ہے۔ یہ وژن کمپنی کے تمام آپریشنز اور فیصلہ سازی کے عمل میں پائیداری کے اصولوں کو ضم کرنے اور ترجیح دینے کی خواہش سے کارفرما ہے، طویل مدتی فائدہ کی تخلیق کو یقینی بناتا ہے۔

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

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

پائیداری سے متعلق خطرات اور مواقع

پائیداری کی رپورٹنگ کا یہ مندرجہ ورک کمپنی کو ماحولیاتی، سماجی، اور گورننس (ESG) عوامل سے وابستہ خطرات کی شناخت اور ان کا انتظام کرنے میں مدد کرتا ہے، جو سرمایہ کاروں، ریگولیٹرز اور صارفین کے لیے بہت اہم ہیں۔ کمپنی بنیادی طور پر درج ذیل پائیداری کے خطرات سے دوچار ہے

ماحولیاتی خطرات

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

سماجی خطرات

مزدوری کے طریقے، انسانی حقوق، صحت اور حفاظت۔

گورننس کے خطرات

ریگولیٹری تعمیل اور سپلائی چین کی شفافیت۔

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

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

ESG اقدامات کی طرف پیش رفت

سال کے دوران، SFL نے ہمارے ESG اقدامات کو آگے بڑھانے میں معقول پیش رفت کی۔ ہم نے اپنی ماحولیاتی کارکردگی کو بڑھانے، سماجی مساوات کو

مقام ہوئی۔ ایس ایف ایل 30 جون 2025 کے مطابق ایس ای پی ایل کے 100٪ حصص کی مالک ہے۔

ایس ای پی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈر ٹیک، پاور پروڈیکشن کو ڈویلپ اور ایٹمی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مائنات، نیکیل اینڈ پیٹرولیم مصنوعات کو ہیڈنگ، ری گیس فیکشن، سٹورج، ٹریڈنگ اور پروسیسنگ کے لئے ٹرمینل چلانے کا ادارہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ

اگنائٹ پاور (پرائیویٹ) لمیٹڈ سیفائر انرجی (پرائیویٹ) لمیٹڈ - ایس ای پی ایل کا 99.93 فیصد ملکیتی ذیلی ادارہ ہے جو سپر نٹ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے اور 03 جولائی، 2019 کو کمپنیز ایکٹ، 2017 کے تحت حصص کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم کیا گیا۔ یہ شخصی توانائی نظام اور اس سے وابستہ دیگر توانائی کی مصنوعات اور خدمات کی دیگر شکلوں سمیت بجلی کے منصوبوں کو شروع، تیار کرنے کا ادارہ رکھتا ہے۔

سیفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ

سیفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ایل) پاکستان میں 25 اگست 2020 کو کمپنیز ایکٹ 2017 کے تحت حصص کے ذریعے نجی کمپنی لمیٹڈ کے طور پر قائم ہوئی۔ ضروری منظوریوں کے حوالہ سے SMEL گلگت میں ہر قسم کے سینٹر اور اس سے متعلقہ مصنوعات کی تیاری کے لیے پلانٹ قائم اور نصب کرنے کا ادارہ رکھتی ہے۔ SMEL پریمیر سینٹر لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے جو کہ سیفائر فائبر لمیٹڈ کا ذیلی ادارہ ہے۔

سیفائر بلڈنگ میٹریلز لمیٹڈ

سیفائر بلڈنگ میٹریلز لمیٹڈ - ایس بی ایم ایل پاکستان میں کمپنیز ایکٹ 2017 کے تحت 24 مارچ 2021 کو حصص کے ذریعے کمپنی لمیٹڈ کے طور پر قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات کو ڈیل کرنے کا ادارہ رکھتی ہے۔ ایس بی ایم ایل پریمیر سینٹر لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے جو کہ سیفائر فائبر لمیٹڈ کا ذیلی ادارہ ہے۔

سیفائر پاور لمیٹڈ

سیفائر پاور لمیٹڈ (کمپنی) ایک پبلک غیر لسٹڈ کمپنی ہے جو کمپنیز آرڈیننس، 1984 (اب کمپنیز ایکٹ، 2017) کے تحت 19 اپریل 2021 کو پاکستان میں حصص کے ذریعے قائم ہوئی۔ کمپنی کی بنیادی سرگرمی ہائیڈرو پاور سسٹم سمیت بجلی پیدا کرنا، خریدنا، درآمد کرنا، منتقل کرنا، تبدیل کرنا، تقسیم کرنا اور سپلائی کرنا ہے۔ کمپنی سیفائر فائبر لمیٹڈ (ہولڈنگ کمپنی) کا مکمل ملکیتی ذیلی ادارہ ہے۔

سیفائر پراپرٹیز (پرائیویٹ) لمیٹڈ

سیفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) ایک پرائیویٹ کمپنی لمیٹڈ ہے جو کمپنیز ایکٹ، 2017 کے تحت 05 اگست 2022 کو پاکستان میں حصص کے ذریعے قائم ہوئی۔ ایس بی ایم ایل کے کاروبار کی اصل لائن تمام اقسام کے رئیل اسٹیٹ منصوبوں میں سرمایہ کاری، انضمام، تعمیر، تیار، ہولڈ، حاصل، خرید و فروخت کرنا ہے۔

سیفائر پوائس اے ایل ایل سی

سیفائر پوائس اے ایل ایل سی موجودہ سال کے دوران کمپنی کی عالمی نمائندگی کو

بڑھانے اور ٹیکسٹائل آپریشنز، خاص طور پر امریکہ میں بنے ہوئے اور موٹے سوتی کپڑے کی مارکیٹ میں اپنی صلاحیتوں کو بڑھانے کے مقصد کے ساتھ قائم کی گئی۔

کاروباری جائزہ اور مستقبل کی ترقی

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

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

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے ساتھ تمام لین دین قابل رسائی قیمتوں کی بنیاد پر کئے گئے تھے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانزیکشن پر آرٹنگ طریقوں اور پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشن کی مکمل فہرست مرتب اور ہر سہ ماہی میں آؤٹ کمپنی کو جمع کرائی جاتی ہے۔ داخلی آؤٹ فنکشن یقینی بناتا ہے کہ تمام متعلقہ پارٹی ٹرانزیکشن قابل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ آؤٹ کمپنی کے بغور جائزہ کے بعد، ان کے غور و خوض اور منظوری کے لئے ٹرانزیکشن بورڈ کے روبرو پیش کی گئی ہیں۔ سال کے دوران، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی ہیں۔ ان ٹرانزیکشنز کی تفصیلات غیر منجمد مالی گوشواروں کے نوٹ 38 میں منکشف ہیں۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری

کمپنی کام کے ایسے حالات کو برقرار رکھتی ہے جو تمام ملازمین اور عوام کی صحت کے لئے محفوظ اور خطرے سے خالی ہوں۔ حفاظت، پیداوار، ترسیل، اسٹوریج اور سامان کی ہیڈنگ کے حوالے سے خاص طور پر حفاظت کے تمام پہلوؤں کو بہتر بنانے پر ہماری توجہ مرکوز رہتی ہے۔ آپ کی کمپنی ہمیشہ ماحولیاتی تحفظ کو یقینی بناتی ہے اور ماحولیاتی تحفظ کے لئے ہر ممکن وسائل کو اپناتی ہے۔

کمپنی بڑے پیمانے پر کمیونٹی کے بارے میں اپنی ذمہ داری پر پختہ یقین رکھتی ہے اور اس نے تعلیم، صحت اور قدرتی ماحول کے شعبہ میں مختلف اقدامات اٹھائے ہیں۔ کمپنی نے صحت، تعلیم اور معاشرتی بہبود کے منصوبوں کے لئے مندرجہ ذیل سے عطیہ دیا، جس کی تفصیل مالی گوشواروں کے نوٹ نمبر 30 میں بیان کی گئی ہے۔

ESG پراسٹریجک مقصد کے لیے بورڈ کا بیان

کمپنی ایک شفاف اور مضبوط ESG رپورٹنگ حکمت عملی تیار کرنے کے لیے

شدہ اور مطلع کیا گیا ہے۔

بورڈ کی تفصیل

بورڈ آف ڈائریکٹرز نے خود تفتیش کی بنیاد پر اپنی کارکردگی کا جائزہ لینے کے لیے ایک موثر طریقہ کار وضع کیا ہے۔ بورڈ مناسب طریقے سے قابل قدر رہنمائی فراہم کرتا ہے اور کارپوریٹ گورننس کو موثر بناتا ہے۔

12. ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی۔

کارپوریٹ اور مالیاتی رپورٹنگ مندرجہ ذیل کا بیان

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

تاہم، معزز عدالت عالیہ سندھ کی طرف سے JCM 45 آئب 2022 کے تحت منظور شدہ انتظامات کی اسکیم سال کے دوران منظور کی گئی تھی جس کے تحت انفرادی شیئرز ہولڈرز بشمول ڈائریکٹرز اور ان کی شریک حیات کے 6,691,488 شیئرز منسوخ کیے گئے اور اتنی ہی تعداد میں شیئرز ان کی متعلقہ ہولڈنگ کمپنیوں کو حبابی کیے گئے۔

نمونہ حصص داری

30 جون 2025 کے مطابق کمپنی کا نمونہ حصص داری منسلک ہے۔ یہ سٹیٹمنٹ کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق تیار کی گئی ہے۔

محاسب کا تقرر

موجودہ محاسب شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریسٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 30 جون 2026 اختتام پذیر ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی سفارش بھی کی ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

Shahid

شایان عبداللہ
ڈائریکٹر

Shahid

شاہد عبداللہ
چیف ایگزیکٹو

25 ستمبر 2025

لاہور

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

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

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

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

5. داخلی کنٹرول کا نظام ڈیزائن میں مستحکم اور موثر طریقے سے لاگو اور نگرانی کی جاتی ہے۔

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

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

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

9. کمپنی نے اپنے صدر دفتر کے ملازمین کے لئے منجمنٹ سٹاف گریجویٹ فنڈ قائم کیا ہے جو ہر سال ملازمین بھی لاگو ہوگا۔ کمپنی نے عملہ کے لئے ایسپلائر پراویڈنٹ فنڈ بھی متعارف کرایا ہے، پراویڈنٹ فنڈ کے ممبران گریجویٹ فنڈ کے اہل نہیں ہیں۔ 30 جون 2025 کو گریجویٹ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر بالترتیب 9 ملین روپے اور 363 ملین روپے ہے۔

10. کمپنی کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

11. کوڈ آف کنڈکٹ کمپنی کے ہر ڈائریکٹر اور ملازمین کی طرف سے تسلیم

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

آڈٹ کمیٹی

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

نام	اجلاسوں میں شرکت
جناب ندیم ارشد اعلیٰ چیئرمین (آزاد)	3
جناب یوسف عبداللہ	4
جناب شایان عبداللہ	2
جناب عامر عبداللہ	4

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

ہیومن ریسورس اینڈ ریمنیشن کمیٹی

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

جناب محمد نعیم حنان	چیئرمین (آزاد)
جناب شاہد عبداللہ	رکن
جناب یوسف عبداللہ	رکن
جناب شایان عبداللہ	رکن

رسک مینجمنٹ کمیٹی

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

جناب شاہد عبداللہ	چیئرمین
جناب شایان عبداللہ	رکن
جناب جواد فیصل	رکن

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کی طرف سے ڈائریکٹرز کے معاوضے کا تعین کیا جاتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہیں لے گا۔ کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے، تاہم، انہیں اجلاسوں میں شرکت کی فیس ادا کی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکج مالی گوشواروں کے نوٹ نمبر 37 میں مندرج ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

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

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

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

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

• متبادل ذرائع کا بڑھتا رجحان، ایندھن/گیس کی بڑھتی ہوئی قیمتوں، قدرتی گیس میں کمی اور دیگر امراض زر کے اثرات کی وجہ سے بجلی کی قیمت کا بڑھتا ہوا رجحان۔

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

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

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

رسک مینجمنٹ

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

تنوع، مساوات، اور شمولیت (D,E&I)

SFL میں، ہم ایک متنوع، مساوی، اور جامع کام کی جگہ کو فروغ دینے کے لیے پُر عزم ہیں جہاں ہر فرد کی قدر، عزت، اور ترقی کے لیے اختیار ہو۔ متنوع امراضی قوت اور کیونٹیز کے ساتھ، کمپنی تنوع، مساوات، اور شمولیت D,E&I کے وکیل کے طور پر کھڑی ہے۔ (D,E&I) کو فروغ دینا کمپنی کے لیے ایک اہم ترجیح ہے اور یہ اس کے پائیدار اور اخلاقی کاروباری طریقوں کے لیے لازمی ہے۔ واضح اور متبادل پیمائش اہداف کے ساتھ ایک جامع D,E&I حکمت عملی، جس میں صنفی اور نسلی تنوع میں اضافہ اور تمام سطحوں پر شمولیت کو ہدف بنایا جاتا ہے۔ کمپنی بھرتی کے جامع طریقوں کو نافذ کرتی ہے، جیسے کہ متنوع باب بورڈز، بلائینڈ ہائرنگ کے عمل، اور متنوع انٹرویو پینلز کا استعمال۔ تمام ملازمین کے لیے متعدد D,E&I تربیتی سیشنز فراہم کیے جاتے ہیں، جن میں غیر شعوری تعصب، ثقافتی تابلیت، اور انسانی وسائل کے محکمہ کے ذریعے شمولیتی قیادت جیسے موضوعات کا احاطہ کیا جاتا ہے جس کی نگرانی HR & R کمیٹی کرتی ہے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Sapphire Fibres 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 FIBRES LIMITED (the Company) for the year ended June 30, 2025 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.

Shinewing Hameed Chaudhri & Co.

Shinewing Hameed Chaudhri & Co.,

Chartered Accountants

Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE; September 29, 2025

UDIN: CR202510105P36E1lpvt

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code Of Corporate Governance) Regulations, 2019

Name of Company **SAPPHIRE FIBRES LIMITED** year ended June 30, 2025.

Sapphire Fibres Limited has complied the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG / Regulations) in the following manner:

1. The total number of directors are 09 as per the following:

- a. Male: 08
- b. Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Directors/ Female Director	Mr. Muhammad Naeem Khan Mr. Nadeem Arshad Elahi Ms. Mariam Chughtai
Executive Director	Mr. Shahid Abdullah
Non-Executive Directors	Mr. Nadeem Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah Mr. Abdul Sattar

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

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

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

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

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

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

9. Out of total nine (9) Directors, eight (8) Directors meet the requirements of Directors' Training Program [DTP]. Five (5) Directors have already attained certification under DTP and three (3) Directors meet the requirements of the exemption under regulation. Remaining director will complete training in the year 2025- 26.

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

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

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

a) Audit Committee

- Mr. Nadeem Arshad Elahi (Chairman)
- Mr. Yousuf Abdullah (Member)
- Mr. Shayan Abdullah (Member)
- Mr. Amer Abdullah (Member)

b) HR and Remuneration Committee

- Mr. Muhammad Naeem Khan (Chairman)
- Mr. Shahid Abdullah (Member)
- Mr. Yousuf Abdullah (Member)
- Mr. Shayan Abdullah (Member)

c) Risk Management Committee

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

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

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

responsibilities pertaining to sustainability related risks and opportunities have also been added in the terms of reference of the Board Audit Committee. Review and monitoring of the Diversity, Equity and Inclusion (D,E&I) strategies and targets have been added to the terms of reference of the HR & Remuneration Committee.

14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee [Quarterly]
 - b) HR and Remuneration Committee [Yearly]
 - c) Risk Management Committee [Half Yearly]
15. The Board has set up an effective Internal Audit Function which is co- sourced. The Head of Internal Audit and outsourced team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute

of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board



Yousuf Abdullah
Chairman

Lahore
September 25, 2025



Shahid Abdullah
Chief Executive

SIX YEARS GROWTH

AT A GLANCE

	UOM	2025	2024	2023	2022	2021	2020
Sales	Rs. (000)	50,561,851	47,420,211	46,446,991	43,637,517	27,531,203	22,491,619
Gross profit	Rs. (000)	4,449,824	5,664,747	8,916,900	10,287,823	3,940,602	2,824,049
Net profit before taxation	Rs. (000)	18,252,974	4,213,687	6,094,878	7,053,552	2,673,795	1,511,069
Net profit after taxation	Rs. (000)	13,676,837	3,373,032	5,120,787	6,215,452	2,273,565	1,125,323
Share capital	Rs. (000)	206,719	206,719	206,719	206,719	206,719	206,719
Shareholders' equity	Rs. (000)	50,614,119	34,560,084	27,708,666	23,368,965	18,915,479	15,888,230
Fixed assets - net	Rs. (000)	18,784,620	16,079,741	15,184,844	14,664,795	12,897,773	11,903,976
Total assets	Rs. (000)	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762
Cash dividend	%	100.00	100.00	100.00	100.00	100.00	-
RATIOS							
Profitability Ratios							
Gross profit	%	8.80	11.95	19.20	23.58	14.31	12.56
Profit before tax	%	36.10	8.89	13.12	16.16	9.71	6.72
Profit after tax	%	27.05	7.11	11.03	14.24	8.26	5.00
Return to Shareholders							
Return on equity before tax	%	36.06	12.19	22.00	30.18	14.14	9.51
Return on equity after tax	%	27.02	9.76	18.48	26.60	12.02	7.08
Basic earning per share after tax	Rs.	661.62	163.17	247.72	300.67	109.98	55.61
Activity							
Sale to fixed assets	Times	2.69	2.95	3.06	2.98	2.13	1.89
Sale to total assets	Times	0.60	0.84	0.91	0.89	0.67	0.66
Liquidity Ratios							
Current ratio		1.35 : 1	1.74 : 1	1.61 : 1	1.39 : 1	1.21 : 1	1.06 : 1
Debt to equity ratio	Times	0.077	0.141	0.218	0.287	0.328	0.308
Total liability to equity ratio	Times	0.65	0.63	0.85	1.09	1.16	1.16
Breakup value per share	Rs. Per share	2,448.45	1,671.84	1,340.40	1,130.46	915.03	768.59

FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
Profitability Ratios							
Gross Profit	Percentage	12.6	14.3	23.6	19.2	11.9	8.8
Net Profit to Sales	Percentage	5.0	8.3	14.2	11.0	7.1	27.0
EBITDA Margin to Sales	Percentage	17.6	16.3	22.0	19.5	17.0	42.5
Return on Capital Employed	Percentage	14.3	14.8	29.5	24.3	17.9	36.8
Return on Equity	Percentage	7.1	12.0	26.6	18.5	9.8	27.0
Return on Assets	Percentage	5.4	9.2	21.0	15.4	8.6	24.8
Liquidity Ratios							
Current Ratio	Times	1.1	1.2	1.4	1.6	1.7	1.4
Quick Ratio	Times	0.5	0.5	0.6	0.8	0.9	0.7

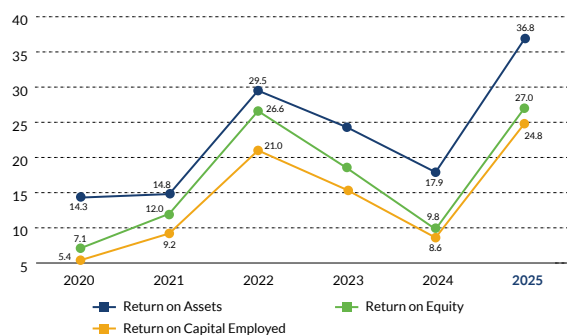
Profitability Ratios

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

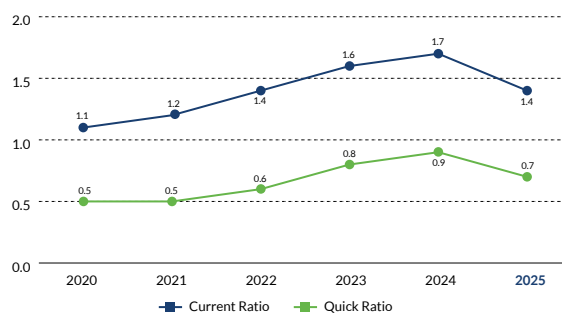
Liquidity Ratios

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

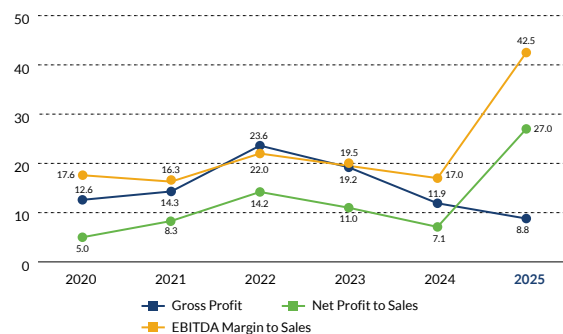
Profitability Ratios



Liquidity Ratios



Profitability Ratios



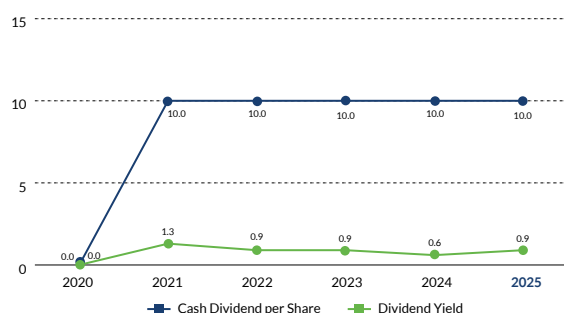
FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
Investor Ratios							
Earning per Share	Rs. Per share	54.4	110.0	300.7	247.7	163.2	661.7
Price Earning Ratio	Times	14.7	7.2	3.6	4.5	9.7	1.6
Price to Book Ratio	Times	1.0	0.9	1.0	0.8	1.0	0.4
Dividend Yield	Percentage	0.0	1.3	0.9	0.9	0.6	0.9
Cash Dividend per Share	Rs. Per share	0.0	10.0	10.0	10.0	10.0	10.0
Dividend Payout Ratio	Percentage	0.0	9.1	3.3	4.0	6.1	1.5
Dividend Cover Ratio	Times	0.0	11.0	30.1	24.8	16.3	66.2
Breakup Value per Share	Rs. Per share	768.6	915.1	1130.5	1340.5	1671.9	2448.6
Market Value per Share at the End of the Year	Rs. Per share	801.0	790.0	1075.0	1118.4	1590.0	1069.4
Share Price - High During the Year	Rs. Per share	1045.0	975.0	1234.0	1365.2	1900.0	1605.0
Share Price - Low During the Year	Rs. Per share	502.0	682.0	634.0	888.2	1033.7	984.4

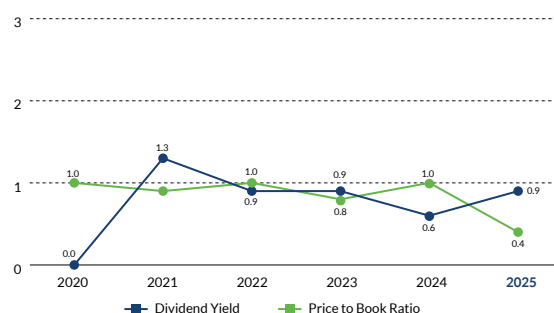
Share Price Sensitivity Analysis

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, SFL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2025, SFL's share price touched the peak of Rupees 1,605 while the lowest recorded price as Rupees 984 with a closing price of Rupees 1,069 at the end of the year.

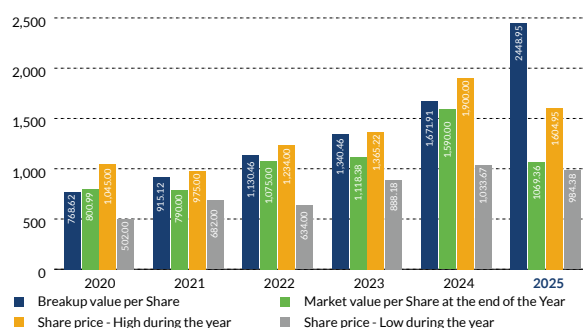
Invsetment / Market Share Ratio



Invsetment / Market Share Ratio



Share Price Sensitivity Analysis



FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2020	2021	2022	2023	2024	2025
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.9	0.9	0.8	0.5	0.4	0.4
Weighted Average cost of capital	Times	9.6	5.6	9.5	13.3	14.90	12.48
Debt to Equity Ratio	Times	0.3	0.3	0.3	0.2	0.2	0.1
Interest Cover Ratio	Times	2.7	4.7	5.8	4.6	2.9	10.4
Activity / Turnover Ratio							
Inventory Turn Over	Days	133.3	146.1	140.6	140.3	128.5	129.6
Inventory Turn Over Ratio	Times	2.7	2.5	2.6	2.6	2.8	2.8
Debtor Turnover	Days	52.4	32.8	32.6	49.2	50.2	40.9
Debtors Turn Over Ratio	Times	7.0	11.1	11.2	7.4	7.3	8.9
Creditors Turnover	Days	13.8	15.2	22.3	27.5	20.5	20.2
Creditors Turnover Ratio	Times	26.4	24.1	16.4	13.3	17.8	18.1
Fixed Assets Turn Over Ratio	Times	2.0	2.2	3.2	3.1	3.0	2.9
Total Assets Turn Over Ratio	Times	0.6	0.7	1.0	0.9	0.9	0.7
Operating Cycle	Days	171.9	163.8	151.0	162.0	158.1	150.2

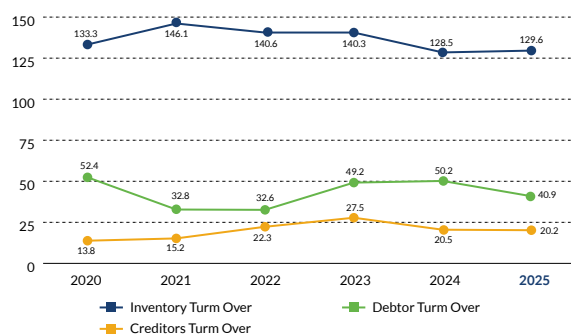
Capital Structure

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

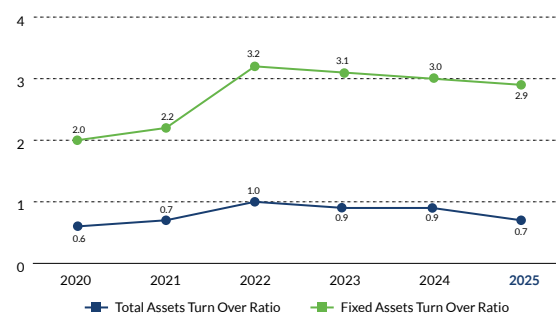
Cash Operating Cycle / Activity

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

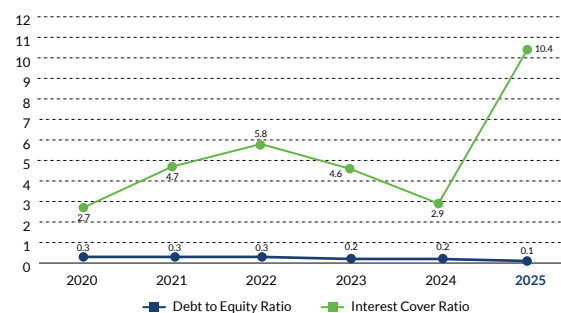
Activity / Turnover Ratio



Activity / Turnover Ratio



Interest Coverage Ratio



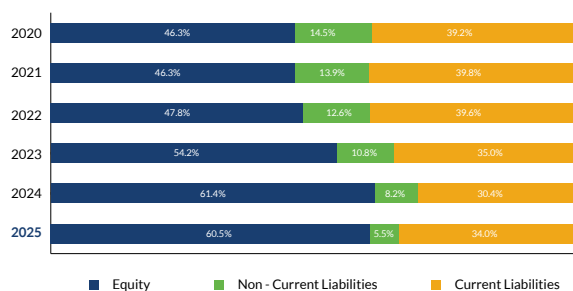
SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

FINANCIAL POSITION

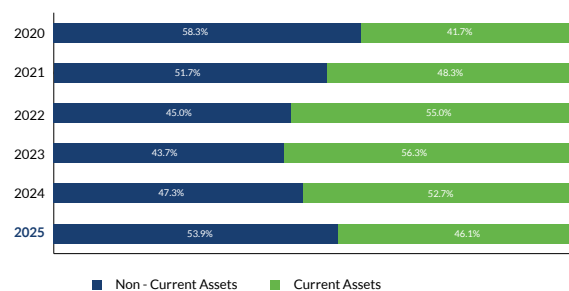
Rs. '000'	2025	2024	2023	2022	2021	2020
Total Equity	50,614,119	34,560,084	27,708,666	23,368,965	18,915,479	15,888,230
Total non-current liabilities	4,579,577	4,630,604	5,523,614	6,162,284	5,673,501	4,964,497
Total current liabilities	28,475,761	17,084,910	17,923,358	19,369,187	16,270,740	13,464,036
	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762
Total non-current assets	45,124,414	26,621,953	22,342,292	22,008,192	21,105,382	20,011,880
Total current assets	38,545,043	29,653,645	28,813,346	26,892,244	19,754,338	14,304,882
Total assets	83,669,457	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762

Variance in %	2025	2024	2023	2022	2021	2020
Total Equity	46.45	24.73	18.57	23.54	19.05	3.93
Total non-current liabilities	(1.10)	(16.17)	(10.36)	8.62	14.28	26.37
Total current liabilities	66.67	(4.68)	(7.46)	19.04	20.85	(14.17)
	48.68	10.01	4.61	19.68	19.07	(1.68)
Total non-current assets	69.50	19.15	1.52	4.28	5.46	5.15
Total current assets	29.98	2.92	7.14	36.13	38.10	(9.87)
Total assets	48.68	10.01	4.61	19.68	19.07	(1.68)

Equity & Liabilities



Assets



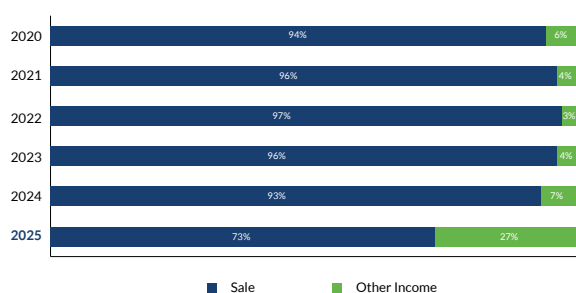
SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

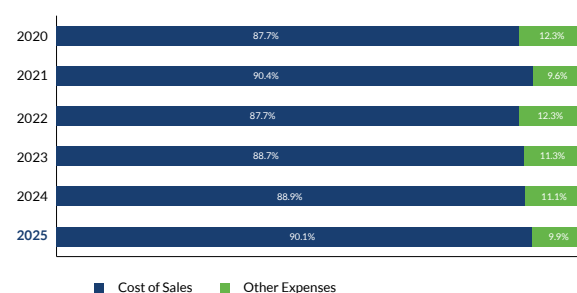
Rs. '000'	2025	2024	2023	2022	2021	2020
Net Sales	50,561,851	47,420,211	46,446,991	43,637,517	27,531,203	22,491,619
Cost of sales	46,112,027	41,755,464	37,530,090	33,349,694	23,590,601	19,667,570
Gross profit	4,449,824	5,664,747	8,916,900	10,287,823	3,940,602	2,824,049
Distribution cost	2,086,802	1,764,792	1,951,105	2,025,961	1,056,595	846,382
Administrative expenses	841,468	613,294	526,332	467,737	372,229	332,331
Other operating expenses	57,317	53,982	325,169	502,486	122,028	116,204
Other operating income	18,864,716	3,764,793	1,964,607	1,434,390	1,246,894	1,445,360
Profit from operations	20,328,953	6,997,472	8,078,901	8,726,029	3,636,644	2,974,492
Finance cost	2,075,979	2,783,785	1,984,023	1,672,477	962,850	1,463,422
Profit before taxation	18,252,974	4,213,687	6,094,878	7,053,552	2,673,795	1,511,069
Provision for taxation	4,576,137	840,655	974,092	838,099	400,230	385,746
Profit after taxation	13,676,837	3,373,032	5,120,787	6,215,452	2,273,565	1,125,323

Variance in %	2025	2024	2023	2022	2021	2020
Net Sales	6.63	2.10	6.44	58.50	22.41	3.41
Cost of sales	10.43	11.26	12.54	41.37	19.95	4.14
Gross profit	(21.45)	(36.47)	(13.33)	161.07	39.54	(1.42)
Distribution cost	18.25	(9.55)	(3.69)	91.74	24.84	17.39
Administrative expenses	37.20	16.52	12.53	25.66	12.01	6.11
Other operating expenses	6.18	(83.40)	(35.29)	311.78	5.01	40.82
Other operating income	401.08	91.63	36.96	15.04	(13.73)	172.52
Profit from operations	190.52	(13.39)	(7.42)	139.95	22.26	30.56
Finance cost	(25.43)	40.31	18.63	73.70	(34.21)	15.92
Profit before taxation	333.18	(30.87)	(13.59)	163.80	76.95	48.75
Provision for taxation	444.35	(13.70)	16.23	109.40	3.75	50.30
Profit after taxation	305.48	(34.13)	(17.61)	173.38	102.04	48.23

Sale & Other Income



Cost of Sales and Expenses



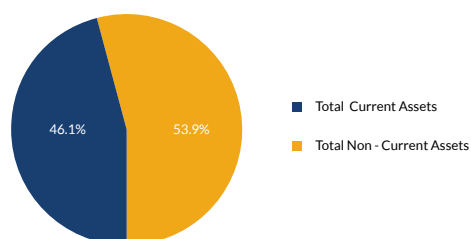
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

FINANCIAL POSITION

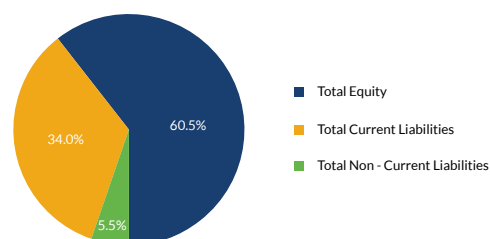
Total assets comprise of current and non-current assets. At 30 June 2025, non-current assets are 53.9% of total assets while current assets are 46.1%. On the other side, share capital and reserves are 60.5% of the total equity and liabilities while non-current liabilities and current liabilities are 5.5% and 34.0% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital, share premium and unappropriated profit. Non-current liabilities mainly constitute deferred liabilities and long term financing. Current liabilities mainly constitute short term financing and trade and other payables.

	2025		2024		2023		2022		2021		2020	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Total Equity	50,614,119	60.49	34,560,084	61.41	27,708,666	54.17	23,368,965	47.79	18,915,479	46.29	15,888,230	46.30
Total Non-Current Liabilities	4,579,577	5.47	4,630,604	8.23	5,523,614	10.80	6,162,284	12.60	5,673,501	13.89	4,964,497	14.47
Total Current Liabilities	28,475,761	34.03	17,084,910	30.36	17,923,358	35.04	19,369,187	39.61	16,270,740	39.82	13,464,036	39.23
Total equity and liabilities	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00
Total Non-Current Assets	45,124,414	53.93	26,621,953	47.31	22,342,292	43.68	22,008,192	45.01	21,105,382	51.65	20,011,880	58.32
Total Current Assets	38,545,043	46.07	29,653,645	52.69	28,813,346	56.32	26,892,244	54.99	19,754,338	48.35	14,304,882	41.68
Total assets	83,669,457	100.00	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00

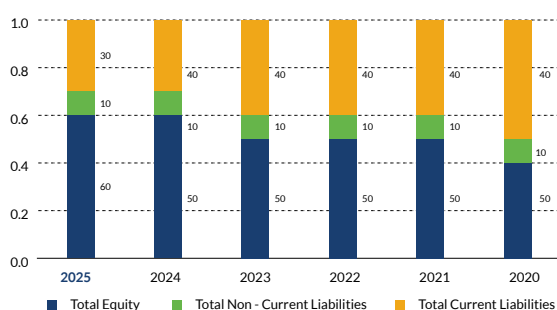
Vertical Analysis - Total Assets (2025)



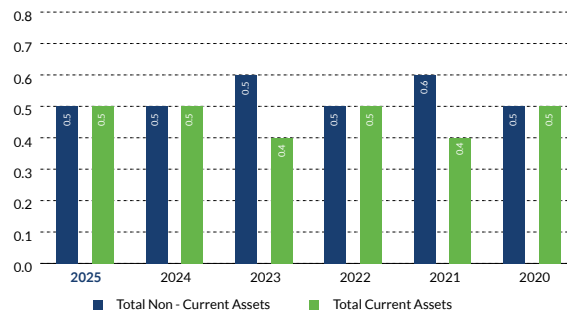
Vertical Analysis - Total Equity & Liabilities 2025



Vertical Analysis - Total Equity & Liabilities



Vertical Analysis - Total Assets



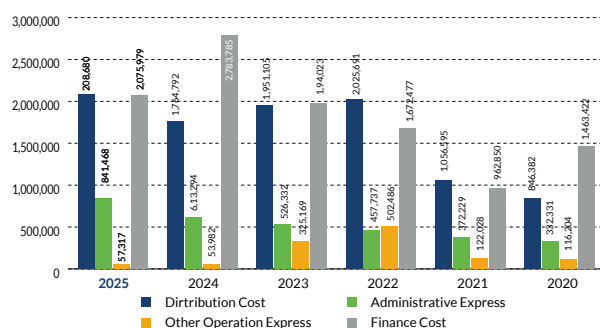
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

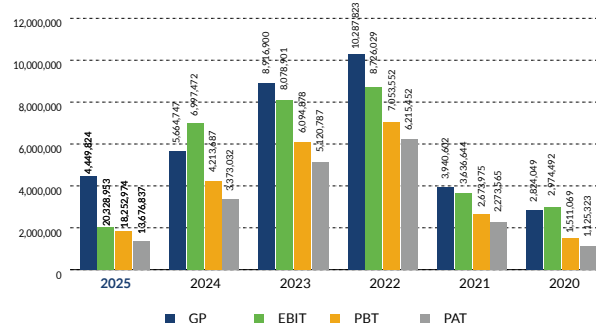
During the year, Company has recorded sales amounting to Rs. 50.56 billion as compared to Rs. 47.42 billion in the previous year, reflecting a steady growth of 6.6%. Primarily on account of subdued demand and rising input costs. As a result, gross profit as a percentage of sales decreased from 11.95% in the prior year to 8.80% during the year under review. Whereas, profit after tax increased to 27% from 7% is mainly due to increase in other income.

	2025		2024		2023		2022		2021		2020	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Turnover	50,561,851	100.00	47,420,211	100.00	46,446,991	100.00	43,637,517	100.00	27,531,203	100.00	22,491,619	100.00
Cost of sales	46,112,027	91.20	41,755,464	88.05	37,530,090	80.80	33,349,694	76.42	23,590,601	85.69	19,667,570	87.44
Gross profit	4,449,824	8.80	5,664,747	11.95	8,916,900	19.20	10,287,823	23.58	3,940,602	14.31	2,824,049	12.56
Distribution cost	2,086,802	4.13	1,764,792	3.72	1,951,105	4.20	2,025,961	4.64	1,056,595	3.84	846,382	3.76
Administrative expenses	841,468	1.66	613,294	1.29	526,332	1.13	467,737	1.07	372,229	1.35	332,331	1.48
Other operating expenses	57,317	0.11	53,982	0.11	325,169	0.70	502,486	1.15	122,028	0.44	116,204	0.52
Other income	18,864,716	37.31	3,764,793	7.94	1,964,607	4.23	1,434,390	3.29	1,246,894	4.53	1,445,360	6.43
Earnings before interest & tax	20,328,953	40.21	6,997,472	14.76	8,078,901	17.39	8,726,029	20.00	3,636,644	13.21	2,974,492	13.22
Finance cost	2,075,979	4.11	2,783,785	5.87	1,984,023	4.27	1,672,477	3.83	962,850	3.50	1,463,422	6.51
Profit before taxation	18,252,974	36.10	4,213,687	8.89	6,094,878	13.12	7,053,552	16.16	2,673,795	9.71	1,511,069	6.72
Provision for taxation	4,576,137	9.05	840,655	1.77	974,092	2.10	838,099	1.92	400,230	1.45	385,746	1.72
Profit after taxation	13,676,837	27.05	3,373,032	7.11	5,120,787	11.03	6,215,452	14.24	2,273,565	8.26	1,125,323	5.00

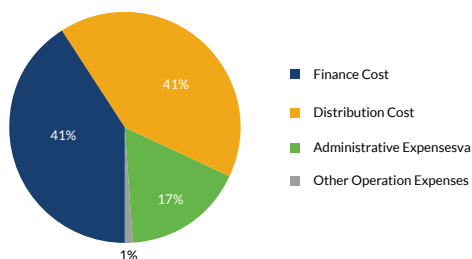
Vertical Analysis - Expenses



Vertical Analysis - Profits



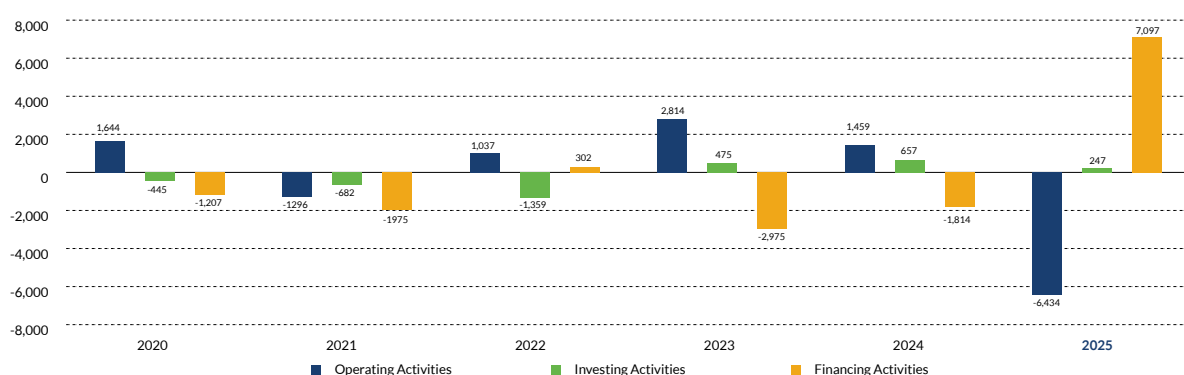
Vertical Analysis - Expenses 2025



SIX YEARS ANALYSIS OF CASH FLOWS WITH GRAPHICAL PRESENTATION

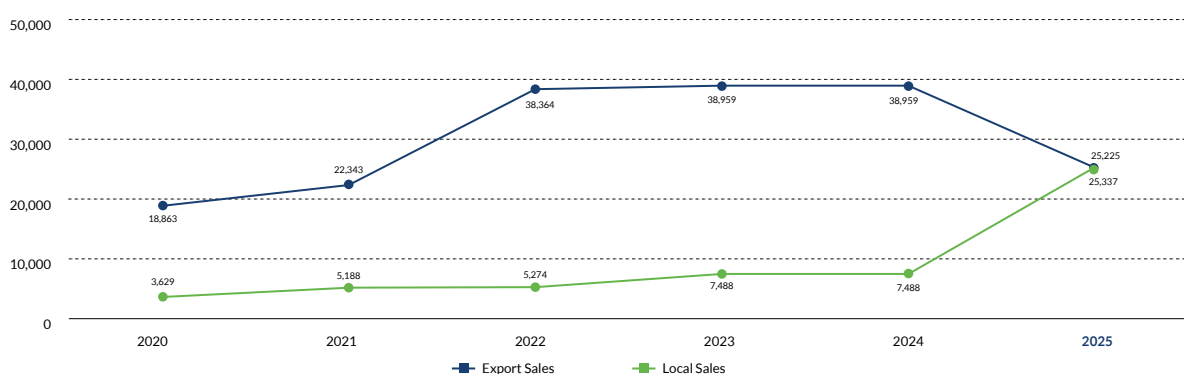
	UOM	2020	2021	2022	2023	2024	2025
Cash Flows							
Operating Activities	Rs. In Million	1,644	(1,296)	1,037	2,814	1,459	(6,434)
Investing Activities	Rs. In Million	(445)	(682)	(1,359)	475	657	247
Financing Activities	Rs. In Million	(1,207)	(1,975)	302	(2,975)	(1,814)	7,097

Cash Flows Analysis



	UOM	2020	2021	2022	2023	2024	2025
Local and export sales							
Local Sales	Rs. In Million	3,629	5,188	5,274	7,488	8,782	25,337
Export Sales	Rs. In Million	18,863	22,343	38,364	38,959	38,638	25,225
Total Sales	Rs. In Million	22,492	27,531	43,638	46,447	47,420	50,562

Composition of Local & Export Sales



CSR

At Sapphire Fibres Limited, we believe that progress starts with people. Every initiative we take whether for our employees, communities, or the environment is driven by the desire to create lasting impact, foster well-being, and build a future where everyone thrives.

WORLD HEALTH DAY

As part of our continued focus on employee well-being, Sapphire Fibres Limited partnered with Indus Hospital to mark World Health Day in April 2025. Healthcare professionals visited our plant locations to conduct sessions on preventive care, healthy lifestyle habits, and general wellness.

This initiative enabled employees to build awareness about physical health, while reinforcing our commitment to a workplace culture rooted in care, empathy, and well-being.



WORLD LITERACY DAY

Sapphire Fibres Limited celebrated World Literacy Day at the Digital Micro School Mian Muhammad Abdullah Campus, underscoring the vital role of education in shaping futures. The event featured drawing and speech competitions that encouraged creativity, expression, and confidence among young learners.

Our team's active engagement with students and teachers created a warm, supportive environment, and the event concluded with the distribution of souvenirs to appreciate their participation.

This initiative reflects our dedication to building stronger, more literate communities, one student at a time.



WORLD SUSTAINABILITY DAY

To mark World Sustainability Day, we launched an internal campaign to promote paper reduction and a plastic-free workplace. Through informative posters and team-led awareness drives, employees were encouraged to make small but meaningful changes in their daily routines.

The initiative highlighted our collective responsibility to adopt eco-conscious practices, placing people at the heart of sustainability.



MENTAL HEALTH AWARENESS SESSION

On World Mental Health Day, Sapphire Fibres Limited held an interactive awareness session in October 2024, focused on helping employees recognize workplace stress and develop practical strategies to support their mental well-being.

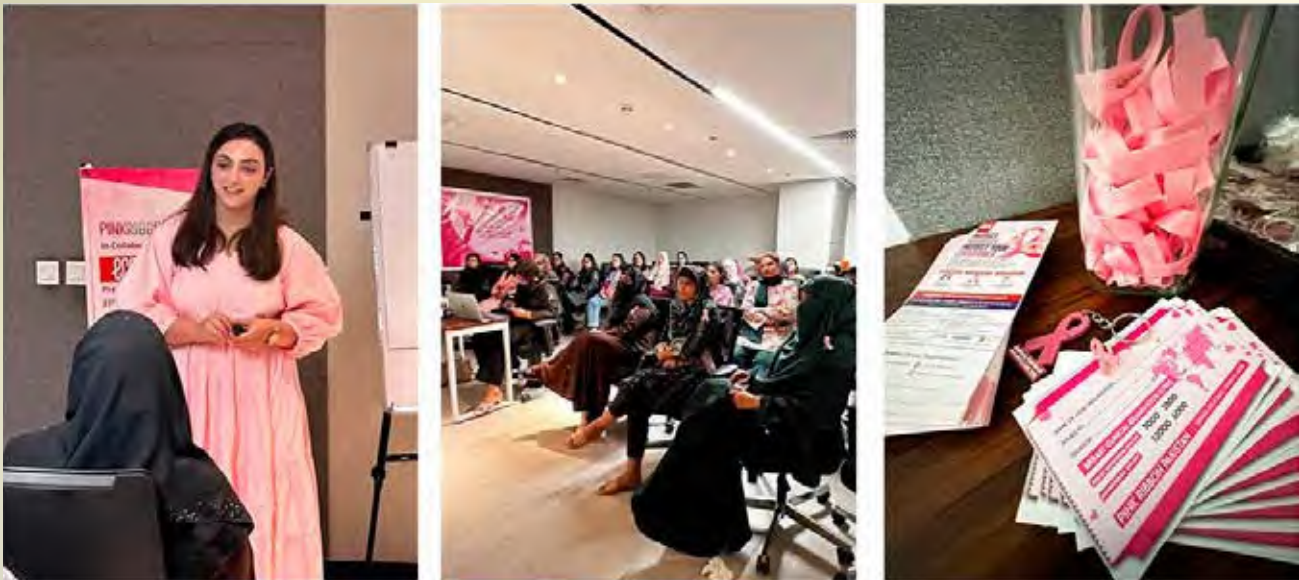
The session emphasized emotional resilience and the importance of psychological safety, reinforcing our belief that when people feel supported, they thrive.



EVENT 5: BREAST CANCER AWARENESS

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

Focused on early detection, self-examination, and understanding risk factors, the session promoted a proactive approach to health and strengthened our culture of care, inclusion, and support for women's well-being.



EARTH DAY – A STEP TOWARD A GREENER FUTURE

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

In celebration of Earth Day (April 22, 2025), we highlighted the expansion of our solar infrastructure, with current capacity reaching 14.18 MW and another 6.16 MW underway. This development has led to a 45% increase in CO₂ emissions avoided since last year.

By setting a target of 20.34 MW, we're moving forward together — one sustainable STEP at a time, for people and the planet



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

On May 31, 2025, we joined the global effort to raise awareness about the dangers of tobacco. This year's theme focused on how tobacco harms not only individual health but also the environment and future generations.

Through educational content and internal communication, we encouraged employees to make healthier choices for themselves, for their families, and for the world we all share.



WORLD ENVIRONMENT DAY – ACT. RESTORE. PRESERVE.

Observed on June 5, 2025, World Environment Day was an opportunity to reaffirm our commitment to environmental sustainability.

SFL teams led awareness activities, shared tree plantation messages, and promoted the reduce-reuse-recycle mindset. These efforts brought employees together around a shared goal: to protect and preserve the environment for current and future generations.



27TH ANNUAL FREE EYE CAMP - SIGHT FOR ALL

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

This long-standing initiative provided free eye check-ups, vision screenings, and treatments to underserved communities, ensuring access to care for those who need it most.

Led by volunteer doctors and supported by our team, the camp not only restored vision for many, it reaffirmed our purpose: to create impact where it matters most in people's lives.



LIFE AT SFL

At SFL, every milestone achieved through this year's events—big or small—was driven by the dedication and enthusiasm of our people. Each initiative reflected our collective spirit, resilience, and commitment to building an engaging and connected workplace. These moments celebrated our culture and strengthened unity across the organization



GENDER PAY GAP STATEMENT

UNDER SECP CIRCULAR 10 OF 2024

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

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

- Median Gender Pay Gap is -2.4%
- Mean Gender Pay Gap is -54.7%

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

SFL approach to promote a fair and inclusive workplace includes:

Equal Employment Opportunity.



We uphold the principles of Equal Employment

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

Merit Based Evaluations and Growth:

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

Inclusive Workplace Policies

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

Shahid Abdullah
Chief Executive

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UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **SAPPHIRE FIBRES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2025, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1	Capital expenditures Refer note 4 to the financial statements. “The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2025. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company’s accounting policy.” Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. - Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - Reviewed the minutes of the Company’s Board of Directors and Audit Committee to evaluate the completeness of management’s consideration of any events that warranted changes to the useful economic lives. - The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2	Valuation of stock-in-trade The total value of stock in trade as at the reporting date amounted to Rs. 17.843 billion, representing 46.30% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the 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 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 manufacture and sale of yarn, fabrics and garments. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures included the following: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Company's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - Assessed the adequacy of disclosures made in the financial statements related to revenue.

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The Engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.

Lahore: September 29, 2025
UDIN: AR202510105JYLSE2q5A

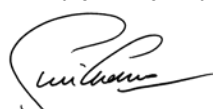
ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

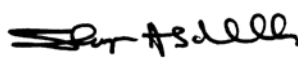
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	18,751,510,700	16,045,333,501
Investment property	5	31,750,000	31,750,000
Intangible assets	6	1,359,690	2,657,333
Long term investments	7	26,277,068,175	10,142,348,046
Long term loans	8	307,500	365,570
Deferred taxation	22	-	337,480,577
Long term deposits		62,418,345	62,018,345
		45,124,414,410	26,621,953,372
Current assets			
Stores, spare parts and loose tools	9	1,463,438,051	1,281,986,491
Stock-in-trade	10	17,843,165,165	14,890,873,033
Trade debts	11	5,727,987,477	5,596,181,993
Loans and advances	12	552,633,326	448,776,997
Trade deposits and short term prepayments	13	22,611,954	10,058,628
Short term investments	14	4,542,976,139	2,954,959,698
Other receivables	15	3,377,139,680	1,671,735,391
Tax refunds due from Government	16	3,443,354,018	2,136,849,845
Cash and bank balances	17	1,571,737,056	662,222,792
		38,545,042,866	29,653,644,868
Total assets		83,669,457,276	56,275,598,240
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	33,925,776,390	4,944,193,070
Unappropriated profit		16,481,623,884	29,409,171,885
Total equity		50,614,119,024	34,560,083,705
Non current liabilities			
Long term liabilities	20	2,937,585,540	3,913,799,341
Staff retirement benefit – gratuity	21	884,975,148	716,804,813
Deferred taxation	22	757,016,380	-
		4,579,577,068	4,630,604,154
Current liabilities			
Trade and other payables	23	5,611,957,303	5,067,800,125
Contract liabilities		392,431,444	1,051,457,307
Accrued mark-up / interest	24	292,509,097	205,543,878
Short term borrowings	25	16,388,909,053	8,117,354,325
Current portion of long term liabilities		973,030,232	965,335,232
Unclaimed dividend		8,634,411	8,072,375
Provision for taxation		4,808,289,644	1,669,347,139
		28,475,761,184	17,084,910,381
Total liabilities		33,055,338,252	21,715,514,535
Contingencies and commitments	26		
Total equity and liabilities		83,669,457,276	56,275,598,240

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

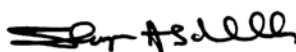
For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
Sales	27	50,561,850,930	47,420,211,276
Cost of sales	28	(46,112,027,245)	(41,755,464,124)
Gross profit		4,449,823,685	5,664,747,152
Distribution cost	29	(2,086,802,344)	(1,764,792,161)
Administrative expenses	30	(841,467,954)	(613,293,924)
Other income	31	18,864,716,034	3,764,792,584
Other expenses	32	(57,316,659)	(53,981,978)
Profit from operations		20,328,952,762	6,997,471,673
Finance cost	33	(2,075,979,203)	(2,783,785,104)
Profit before revenue tax and income tax		18,252,973,559	4,213,686,569
Final taxes – levy	34.1	(910,765,296)	(1,221,526,377)
Profit before income tax		17,342,208,263	2,992,160,192
Income tax	34.3	(3,665,371,692)	380,871,548
Profit for the year		13,676,836,571	3,373,031,740
Earnings per share – basic and diluted	35	661.62	163.17

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



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

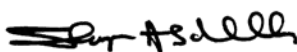
For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
Profit after taxation	13,676,836,571	3,373,031,740
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		
– long term	1,554,191,554	2,470,330,798
– short term	1,623,661,016	1,624,312,640
Impact of deferred tax	(512,424,250)	(123,166,081)
Realised loss on sale of investment at fair value through other comprehensive income	(64,003,439)	(225,217,146)
	2,601,424,881	3,746,260,211
Loss on re-measurement of staff retirement benefit obligation	(28,700,628)	(127,291,009)
Impact of deferred tax	11,193,245	66,135,643
	(17,507,383)	(61,155,366)
	2,583,917,498	3,685,104,845
Total comprehensive income for the year	16,260,754,069	7,058,136,585

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



Chief Executive Officer



Director



Chief Financial Officer

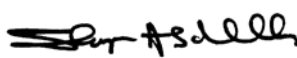
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2025

	Issued, subscribed and paid-up capital	Reserves						
		Capital		Revenue		Sub- total	Unrealised gain /(loss) on financial assets at fair value through other comprehensive income	
		Share premium	Reserves	General	Unappropri- ated profit			
								Rupees
Balance as at July 01, 2023	206,718,750	391,833,750	-	1,183,845,000	26,529,231,407	28,104,910,157	(602,963,037)	27,708,665,870
Transaction with owners of the Company								
Final dividend related to the year ended								
June 30, 2023 at the rate of Rs.10 per share	-	-		-	(206,718,750)	(206,718,750)	-	(206,718,750)
Total comprehensive income for the year ended June 30, 2024								
Profit for the year	-	-	-	-	3,373,031,740	3,373,031,740	-	3,373,031,740
Other comprehensive loss	-	-	-	-	(61,155,366)	(61,155,366)	3,746,260,211	3,685,104,845
	-	-	-	-	3,311,876,374	3,311,876,374	3,746,260,211	7,058,136,585
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income	-	-	-	-	(225,217,146)	(225,217,146)	225,217,146	-
Balance as at June 30, 2024	206,718,750	391,833,750	-	1,183,845,000	29,409,171,885	30,984,850,635	3,368,514,320	34,560,083,705
Transaction with owners of the Company								
Final dividend related to the year ended								
June 30, 2024 at the rate of Rs.10 per share	-	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)
Total comprehensive income for the year ended June 30, 2025								
Profit for the year	-	-	-	-	13,676,836,571	13,676,836,571	-	13,676,836,571
Other comprehensive (loss) / income	-	-	-	-	(17,507,383)	(17,507,383)	2,601,424,881	2,583,917,498
	-	-	-	-	13,659,329,188	13,659,329,188	2,601,424,881	16,260,754,069
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income	-	-	-	-	(64,003,439)	(64,003,439)	64,003,439	-
Transfer to capital reserve	-	-	27,500,000,000	(1,183,845,000)	(26,316,155,000)	-	-	-
Balance as at June 30, 2025	206,718,750	391,833,750	27,500,000,000	-	16,481,623,884	44,373,457,634	6,033,942,640	50,614,119,024

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


Chief Executive Officer


Director


Chief Financial Officer

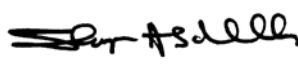
UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	36	(2,196,890,886)	5,407,652,151
Staff retirement benefit paid	21.1	(140,058,136)	(135,023,726)
Finance cost paid		(1,987,953,191)	(2,935,399,417)
Taxes paid		(2,093,830,152)	(679,824,929)
Workers' profit participation fund paid	23.4	(15,743,748)	(199,260,238)
Long term loans – net		58,070	1,144,430
Net cash (used in) / generated from operating activities		(6,434,418,043)	1,459,288,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,918,434,340)	(1,968,341,295)
Proceeds from disposal of operating fixed assets	4.5	80,463,676	28,443,562
Long and short term investments – net		(14,993,486,555)	(758,938,159)
Proceeds from sale of short term investment		448,602,555	235,841,266
Proceeds from sale of stores and spares		7,239,555	1,538,199
Dividend and interest income received		18,622,668,203	3,118,310,186
Net cash generated from investing activities		247,053,094	656,853,759
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – repaid		(968,518,801)	(853,688,733)
Dividend paid		(206,156,714)	(205,860,302)
Short term borrowings – net		8,271,554,728	(754,361,596)
Net cash generated from / (used in) financing activities		7,096,879,213	(1,813,910,631)
Net increase in cash and cash equivalents		909,514,264	302,231,399
Cash and cash equivalents – at beginning of the year		662,222,792	359,991,393
Cash and cash equivalents – at end of the year		1,571,737,056	662,222,792

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1. LEGAL STATUS AND OPERATIONS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 05, 1979 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of yarn, fabrics and garments.

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

Karachi	Purpose
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Head office
3.5 km, Manga Road, Riawand	Production plant
Shiekhupura	
10 km, Sheikhpura / Faisalabad Road, Kharianwala	Production plant
26 km, Sheikhpura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

a) IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures

Effective: January 01, 2024

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

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

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

b) IFRS 16 Leases

Effective: January 01, 2024

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

c) IAS 1 Presentation of Financial Statements

Effective: January 01, 2024

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

a) Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

Effective: January 01, 2026

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

b) IFRS 18 Presentation and Disclosure in Financial Statements

Effective: January 01, 2027

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

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

Effective: July 01, 2025

IFRS S2 Climate Related Disclosures

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2.5 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits – gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 21.

(e) Income taxes

In making the estimates for income taxes and 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. 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.

3.2 Investment property

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognized as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

Amortization

Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortization on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

3.4 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

- Debt Instruments at FVTOCI

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- Debt Instruments at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.
- Financial Assets measured at amortised cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Derecognition

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

Investments in Subsidiary and Associated Companies

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

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

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

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

3.8 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.9 Government grants

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

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

3.10 Impairment

(a) Financial assets

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

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

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

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

(b) Non-financial assets

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

3.11 Financial liabilities

Classification & subsequent measurement

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

Derecognition

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

3.12 Cash and cash equivalents

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

3.13 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.

3.14 Employees' retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2025 on the basis of projected unit credit method by an Independent Actuary. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

3.15 Taxation

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

The Company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. The amount calculated not on the basis of taxable income, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

Current

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to statement of other comprehensive income / equity in which case it is included in statement of other comprehensive income / equity.

3.16 Lease liability

Leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The present value of the lease payments is determined using interest rate implicit in lease. If interest rate implicit in lease is not readily determinable, then the Company uses incremental borrowing rate at the commencement of lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.17 Trade and other payables

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

3.18 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.

3.19 Foreign currency translation

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.20 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sale of goods

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

Rendering of services

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

Other sources of revenue

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

3.21 Borrowing costs

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Note	2025 Rupees	2024 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	16,018,627,208	14,103,694,892
Capital work-in-progress	4.3	2,732,883,492	1,941,638,609
		18,751,510,700	16,045,333,501

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improvements	Factory buildings on freehold land	Plant and machinery	Electric installations	Fire fighting	Equipment					Vehicles	Furniture and fixtures	Arms and ammunition	Tools	Total
									Office	Mills	Electric /gas	Computer hardware						
													Rupees					
At July 01, 2023																		
Cost	1,23,21,94,150	3,37,46,38,000	1,13,00,25,47	28,63,66,45	3,48,00,02,917	15,03,26,72,56	54,51,71,14	22,67,998	48,56,61,11	84,96,727	20,67,670	60,79,671	37,29,94,266	12,87,7870	44,988	24,8579	22,54,18,707	
Accumulated depreciation	-	-	38,63,99,893	26,42,509	17,57,09,554	6,80,08,477	24,72,54,65	9,61,927	20,93,023	32,78,894	14,73,413	32,59,835	14,53,79,278	4,20,73,865	339,788	228,953	90,67,81,864	
Netbook value	1,23,21,94,150	3,37,46,38,000	751,392,654	1,94,136	17,28,90,73,63	8,73,98,57,79	29,82,91,649	13,086,071	27,63,588	52,197,63	5,94,257	28,399,836	22,70,69,988	8,68,10,85	10,098	19,626	1,35,24,38,643	
Year ended June 30, 2024																		
Opening netbook value	1,23,21,94,150	3,37,46,38,000	751,392,654	1,94,136	17,28,90,73,63	8,73,98,57,79	29,82,91,649	13,086,071	27,63,588	52,197,63	5,94,257	28,399,836	22,70,69,988	8,68,10,85	10,098	19,626	1,35,24,38,643	
Additions	4,90,00,000	-	9,83,246	-	4,11,09,684	65,68,83,370	37,75,058	11,75,985	-	2,67,650	-	27,602,801	38,44,100	5,65,1,980	-	-	1,65,06,52,796	
Disposals:																		
- cost	-	-	-	-	-	41,28,925	-	-	-	-	-	623,000	22,305,000	-	-	-	64,27,925	
- accumulated depreciation	-	-	-	-	-	(35,22,26,71)	-	-	-	-	-	(53,8,297)	(16,67,771)	-	-	-	(52,508,739)	
Depreciation charge	-	-	38,220,727	3,98,827	19,02,04,725	71,37,68,971	31,99,242	1,85,020	2,29,815	5,697,441	3,243,500	11,365,945	50,96,790	90,69,085	1,010	1,963	1,09,58,08,061	
Closing netbook value	1,68,21,94,150	3,37,46,38,000	723,024,395	1,95,309	19,46,72,52,522	8,68,98,1,924	30,097,465	22,987,036	27,400,773	49,173,972	2,698,757	44,311,989	20,957,609	83,383,980	9,088	17,663	14,10,36,44,892	
At June 30, 2024																		
Cost	1,68,21,94,150	3,37,46,38,000	1,147,885,015	28,63,66,45	3,897,07,801	15,647,815,701	58,242,172	34,48,983	48,56,61,11	87,640,377	20,67,670	87,909,472	38,908,366	134,52,9,850	44,988	24,8579	24,127,56,078	
Accumulated depreciation	-	-	424,860,620	27,04,136	1,950,300,279	6,978,82,777	27,914,707	11,461,947	21,16,838	384,46,405	17,73,913	43,597,483	17,938,297	51,14,5,870	140,798	230,916	10,02,38,61,186	
Netbook value	1,68,21,94,150	3,37,46,38,000	723,024,395	1,95,309	19,46,72,52,522	8,68,98,1,924	30,097,465	22,987,036	27,400,773	49,173,972	2,698,757	44,311,989	20,957,609	83,383,980	9,088	17,663	14,10,36,44,892	
Year ended June 30, 2025																		
Opening netbook value	1,68,21,94,150	3,37,46,38,000	723,024,395	1,95,309	19,46,72,52,522	8,68,98,1,924	30,097,465	22,987,036	27,400,773	49,173,972	2,698,757	44,311,989	20,957,609	83,383,980	9,088	17,663	14,10,36,44,892	
Additions	-	-	8,671,770	-	12,08,21,611	2,845,14,909	36,766,462	-	611,000	3,36,952	-	38,888,966	88,960,800	3,69,9416	-	-	31,26,93,94,56	
Disposals:																		
- cost	-	-	-	-	-	29,18,0752	-	-	-	-	-	1,19,22,39	19,480,000	-	-	-	31,385,2991	
- accumulated depreciation	-	-	-	-	-	(25,27,99,95)	-	-	-	-	-	(1,005,789)	(15,24,5,233)	-	-	-	(26,653,1077)	
Depreciation charge	-	-	36,56,992	31,062	20,02,06,98	80,457,186	30,323,819	2,15,462	2,54,927	5,54,136	670,305	16,631,378	50,651,535	8,628,092	909	17,65	1,16,46,51,166	
Closing netbook value	1,68,21,94,150	3,37,46,38,000	695,12,6873	1,27,6247	1,867,36,34,45	10,660,779,890	31,054,0108	20,832,394	2,55,66,846	47,002,138	20,82,52	46,883,127	24,365,0567	78,455,304	8,179	15,898	1,60,18,627,208	
At June 30, 2025																		
Cost	1,68,21,94,150	3,37,46,38,000	1,156,536,785	28,63,66,45	4,017,894,412	18,199,784,858	62,008,634	34,48,983	49,172,611	91,009,899	20,67,670	105,066,199	48,565,166	138,229,266	44,988	24,8579	26,940,64,2543	
Accumulated depreciation	-	-	461,499,912	27,360,398	2,150,330,977	7,339,004,968	30,948,526	13,616,589	23,665,765	44,007,761	18,644,18	59,230,072	21,491,599	59,773,962	141,707	232,681	10,920,20,5355	
Netbook value	1,68,21,94,150	3,37,46,38,000	695,12,6873	1,27,6247	1,867,36,34,45	10,660,779,890	31,054,0108	20,832,394	2,55,66,846	47,002,138	20,82,52	46,883,127	24,365,0567	78,455,304	8,179	15,898	1,60,18,627,208	
Depreciation rate (% - per annum)			5	20	10	56.10	10	10	10	10	10	30	20	10	10	10	10	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.1.1 Particulars of immovable property in the name of Company are as follows:

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	585,808
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
- Mauza Rosa, District Kasur	Proposed Mill / Factory	83,823
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	143,990
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666

	Note	2025 Rupees	2024 Rupees
4.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured		1,115,375,882	1,013,885,864
Administrative expenses		49,309,284	45,702,197
		1,164,685,166	1,059,588,061
4.3 Capital work-in-progress			
Buildings		736,704,035	574,701,399
Furniture and fixtures		4,822,698	3,255,475
Plant and machinery including in transit aggregating Rs. 212.883 million (2024: Rs. 147.854 million)	4.3.2	1,533,229,219	933,724,499
Advance payments against:			
- freehold land		9,002,400	22,502,400
- factory / office building		6,668,800	6,668,800
- electric installation		417,806,377	384,746,541
- vehicles		21,521,563	14,651,095
- computers		3,128,400	1,388,400
		458,127,540	429,957,236
		2,732,883,492	1,941,638,609

4.3.1 The Company, during the year, has capitalized borrowing cost of Rs. 15.267 million (2024: 32.948 million) charged at the rate ranging from 8.00% to 18.14% (2024: 15.81% to 23.28%) per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.3.2 These includes machinery costing Rs. 1,118.486 million purchased from Reliance Cotton Spinning Mills Limited (a related party).

4.4 Movement in the capital work-in-progress

Capital work-in-progress Particulars	July 1, 2024	Additions during the year	Transferred to operating fixed assets	June 30, 2025
Rupees				
Buildings	574,701,399	291,496,017	(129,493,381)	736,704,035
Furniture and Fixtures	3,255,475	5,266,639	(3,699,416)	4,822,698
Plant and machinery	933,724,499	3,446,284,388	(2,846,779,668)	1,533,229,219
Mill equipment	–	1,739,762	(1,739,762)	–
	1,511,681,373	3,744,786,806	(2,981,712,227)	2,274,755,952
Advance payments against:				
– freehold land	22,502,400	(13,500,000)	–	9,002,400
– factory / office building	6,668,800	–	–	6,668,800
– electric installation	384,746,541	70,437,298	(37,377,462)	417,806,377
– vehicles	14,651,095	95,831,268	(88,960,800)	21,521,563
– computers	1,388,400	20,878,966	(19,138,966)	3,128,400
	429,957,236	173,647,532	(145,477,228)	458,127,540
Grand Total	1,941,638,609	3,918,434,338	(3,127,189,455)	2,732,883,492

4.5 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							
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,848,089	2,113,440	3,635,757	1,522,317	Negotiation	M/s. Bashir & Sons Industries.
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,900,925	2,060,604	2,051,831	(8,773)	Negotiation	M/s. Hassan & Co.
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,918,537	2,042,992	3,898,305	1,855,313	Negotiation	M/s. Bashir & Sons Industries.
1 Set Murata Auto Cone Winder 21C	14,085,673	12,245,305	1,840,368	2,500,000	659,632	Negotiation	M/s. Abdullah Waleed Textile Mills Ltd.
1 Set Murata Automatic Winder	11,263,797	9,926,227	1,337,570	2,500,000	1,162,430	Negotiation	----- do -----
Comber Machine E-62, Rieter Model 2001	5,417,391	4,910,127	507,264	645,630	138,366	Negotiation	M/s. Grace Tex International.
One Set Murata Automatic Winder C21 Process Coner	15,008,994	13,195,233	1,813,761	2,497,502	683,741	Negotiation	M/s. Sultan Associates.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Sold to:
Rupees							
4 Nos. Carding Machines CMK-3	2,920,000	1,432,420	1,487,580	1,298,700	(188,880)	Negotiation	M/s. Hassan & Co.
1 No. Murata Automatic Winder							
Process Coner Magazine	10,989,321	9,814,585	1,174,736	1,323,675	148,939	Negotiation	----- do -----
1 No. Murata Auto Cone Winder	12,087,997	10,521,866	1,566,131	2,497,502	931,371	Negotiation	M/s. Sultan Associates.
2 Nos. Caterpillar Gas Generators	47,619,249	38,136,220	9,483,029	9,312,721	(170,308)	Negotiation	M/s. Hanif'S Trading Corporation
Gerber Cutter Machine	7,764,151	2,045,920	5,718,231	5,718,231	-	Negotiation	M/s. Jezeem Traders.
Eco Block Quattro Yarn							
Dyeing Machine	8,023,496	6,952,421	1,071,075	1,500,000	428,925	Negotiation	M/s. Kamal Mills (Pvt) Ltd.
Auto Cone Winder Murata 21 C							
- Quantum - 2 Model 2004	10,139,812	9,046,137	1,093,675	2,500,000	1,406,325	Negotiation	M/s. Abdullah Waleed Textile Mills Ltd.
3 Nos. Truetzschler Carding							
Machines DK-803	12,426,927	11,199,833	1,227,094	2,567,796	1,340,702	Negotiation	M/s. Chaudhry Brothers.
2 Nos. Truetzschler Carding							
Machines DK-803	8,545,366	7,972,652	572,714	1,711,864	1,139,150	Negotiation	----- do -----
5 Nos. Carding Machine							
Howa CM-80	2,700,267	1,264,016	1,436,251	1,799,049	362,798	Negotiation	M/s. Mubashar Brothers.
1 No. Toyoda Ring spinning							
Frames	2,001,837	1,336,458	665,379	433,898	(231,481)	Negotiation	M/s. Hussain Ali & Co.
1 No. Toyoda Ring spinning							
Frames	1,843,798	1,253,804	589,994	433,898	(156,096)	Negotiation	----- do -----
1 No. Toyoda Ring spinning							
Frames	1,664,272	1,136,032	528,240	433,898	(94,342)	Negotiation	----- do -----
	228,386,935	190,056,807	38,330,128	49,260,257	10,930,129		
Vehicles							
Toyota Fortuner	5,772,000	5,203,883	568,117	1,514,000	945,883	Negotiation	Mr. Lal Khan Baloch
Toyota Corrolla	3,283,000	1,519,810	1,763,190	6,000,000	4,236,810	Insurance claim	M/s. Admjee Insurance Company Ltd.
Toyota Corolla Altis	2,222,000	1,688,056	533,944	1,394,000	860,056	Negotiation	Mr. Zia Ullah
	11,277,000	8,411,749	2,865,251	8,908,000	6,042,749		
Various assets having net book value upto Rs.500,000 each							
	74,189,056	68,062,460	6,126,596	22,295,419	16,168,823	Negotiation	Various parties
June 30, 2025	313,852,991	266,531,016	47,321,975	80,463,676	33,141,701		
June 30, 2024	64,217,925	52,508,738	11,709,187	28,443,562	16,734,375		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

5. INVESTMENT PROPERTY

- 5.1** This represents free-hold land situated at Raiwand Road, Lahore having an area of 5,000 square yards.
- 5.2** Fair value of the investment property, based on the management estimation, as at June 30, 2025 was Rs. 351 million (June 30, 2024: Rs. 286 million).

	Note	2025 Rupees	2024 Rupees
6. INTANGIBLE ASSETS			
These represent computer software licenses.			
Net carrying value as at July 1,			
Opening net book value		2,657,333	4,804,321
Addition during the year		250,000	-
Amortization for the year		(1,547,643)	(2,146,988)
Net book value as at,		1,359,690	2,657,333
Gross carrying value as at,			
Cost		34,695,599	34,445,599
Accumulated amortization		33,335,909	31,788,266
Net book value		1,359,690	2,657,333
Amortization rate (% per annum)		20 & 33	20 & 33
7. LONG TERM INVESTMENTS			
Subsidiary Companies – at cost	7.1	4,163,135,476	3,675,058,316
Associated Companies – at cost	7.2	15,140,698,514	758,276,769
Others – equity instruments	7.3	6,730,127,355	5,175,435,801
– debt instruments	7.4	45,000,000	45,500,000
Share deposit money	7.4.2	198,106,830	488,077,160
		26,277,068,175	10,142,348,046

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
7.1	Subsidiary Company – unquoted		
	Sapphire Electric Company Limited (SECL)		
	288,782,600 ordinary shares of Rs.10 each	7.1.1	3,039,008,316
	Equity held: 68.11%		3,039,008,316
	Premier Cement Limited (PCL)		
	46,860,000 ordinary shares of Rs.10 each	7.1.2	468,600,000
	Equity held: 100%		468,600,000
	Sapphire Cement Company Limited (SCCL)		
	75,000 ordinary shares of Rs.10 each	7.1.3	750,000
	Equity held: 100%		750,000
	Sapphire Energy (Pvt.) Limited (SEPL)		
	55,427,716 ordinary shares of Rs.10 each	7.1.4	554,277,160
	Equity held: 100%		66,200,000
	Sapphire Properties (Pvt.) Limited (SPPL)		
	9,950,000 ordinary shares of Rs. 10 each	7.1.5	100,000,000
	Equity held: 100%		100,000,000
	Sapphire Power Limited (SPL)		
	50,000 ordinary shares of Rs.10 each	7.1.6	500,000
	Equity held: 100%		500,000
			4,163,135,476
			3,675,058,316

7.1.1 SECL was incorporated in January 18, 2005 as a public limited company. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhpura, Punjab.

The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced to SECL.

7.1.2 PCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

7.1.3 SCCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

7.1.4 SEPL is a wholly owned Subsidiary Company incorporated as a private limited company. The Subsidiary Company intends to establish and install plant for handling, storage, treatment and processing of Liquefied Natural Gas, Re-gasified Liquefied Natural Gas, Liquid Petroleum Gas, Natural Gas Liquid and its allied products.

7.1.5 SPPL is wholly owned subsidiary company incorporated during the current year as private limited company. The subsidiary company intends to invest, manage, construct, develop, hold acquired, sell, purchase all type of real estate projects.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7.1.6 SPL is wholly owned subsidiary Company incorporated during the current year as public unlisted company. The Subsidiary Company intends to establish and install plant to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system.

	2025 Rupees	2024 Rupees
7.2 Associated Companies – Quoted		
Reliance Cotton Spinning Mills Limited		
138,900 ordinary shares of Rs.10 each	1,306,269	1,306,269
Equity held: 1.35%		
Fair value: Rs. 62.718 million (2024: Rs. 62.720 million)		
Associated Companies – unquoted		
SFL Limited		
10,199 ordinary shares of Rs. 10 each	100,000	100,000
Equity held: 0.051%		
Sapphire Power Generation Limited		
2,824,500 ordinary shares of Rs. 10 each	64,355,500	64,355,500
Equity held: 17.63%		
Sapphire Dairies (Private) Limited		
10,000,000 ordinary shares of Rs. 10 each	100,000,000	100,000,000
Equity held: 5.50%		
Tricon Boston Consulting Corporation (Private) Limited (TBCCL) – note 7.2.1		
59,251,500 ordinary shares of Rs. 10 each	592,515,000	592,515,000
Equity held: 7.13%		
UCH Power (Private) Limited – note 7.2.2		
380,364,999 ordinary shares	41,028,881	–
Equity held: 50%		
UCH – II Power (Private) Limited – note 7.2.2		
559,944,874 ordinary shares	14,341,392,864	–
Equity held: 50%		
	15,140,698,514	758,276,769

7.2.1 The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities availed by TBCCL.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7.2.2 On July 12, 2024, the Company entered into a Share Purchase Agreement (SPA) with ENGIE Group Participations SA the ultimate holding company of UPLHC-I Limited, UPLHC-II Limited and International Power UCH Holdings B.V., (collectively referred to as the "Combined Sellers"), to acquire 380,364,999 ordinary shares of UCH Power (Private) Limited and 559,944,874 ordinary shares of UCH-II Power (Private) Limited. The purchase consideration, determined with reference to the financial statements as at December 31, 2023, was subject to adjustments under an agreed formula till mutually agreed final completion date i.e. April 15, 2025 as stipulated in the SPA.

7.2.3 Investments in Associated Companies have been carried at cost in these unconsolidated financial statements. Equity method as required under IAS-28 shall be applied in the consolidated financial statements of the Company.

7.2.4 The existence of significant influence by the Company is evidenced by the representation on the board of directors of abovementioned Associated Companies.

	Note	2025 Rupees	2024 Rupees
7.3 Equity Instruments – at FVTOCI			
Quoted			
MCB Bank Limited			
18,837,275 (2024: 18,213,195) ordinary shares of Rs.10 each – cost		984,949,221	984,949,221
Adjustment arising from re-measurement to fair value		4,446,590,653	3,291,488,950
		5,431,539,874	4,276,438,171
Habib Bank Limited			
7,244,196 ordinary shares of Rs. 10 each – cost		1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value		81,013,872	(318,575,979)
		1,298,087,481	898,497,630
Unquoted			
TCC Management Services (Private) Limited			
50,000 ordinary shares of Rs. 10 each		500,000	500,000
		6,730,127,355	5,175,435,801
7.4 Debt Instruments – at FVTOCI			
Habib Bank Limited – term finance certificates (TFCs)	7.4.1		
500 (2024: 500) Term finance certificates of Rs. 100,000 each – cost		50,000,000	50,000,000
Adjustment arising from re-measurement to fair value		(5,000,000)	(4,500,000)
		45,000,000	45,500,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 13.63% to 21.84% (2024: 22.97% to 24.20%) per annum.

7.4.2 This represent US\$.700 thousand equivalent to Rs. 198.051 million paid to M/s.Sapphire USA LLA for subscription of shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
8. LONG TERM LOANS – Secured			
Loans due from employees	8.1	1,363,070	2,985,570
Less: recoverable within one year and grouped under current assets		1,055,570	2,620,000
		307,500	365,570

- 8.1** These represent interest free loans provided to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

	Note	2025 Rupees	2024 Rupees
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		756,108,132	847,328,890
Spare parts		334,943,277	269,328,551
Loose tools		752,782	663,642
Items in transit		391,084,114	175,906,396
		1,482,888,305	1,293,227,479
Less: provision for slow moving items	9.1	19,450,254	11,240,988
		1,463,438,051	1,281,986,491

9.1 Provision for slow moving items			
Balance at beginning of the year		11,240,988	11,812,620
Add: Provision made during the year		8,209,266	-
Less: Provision reversed during the year		-	(571,632)
Balance at end of the year		19,450,254	11,240,988

10. STOCK-IN-TRADE			
Raw materials:			
– at mills		8,742,059,239	7,330,253,980
– in transit		3,359,235,062	2,149,859,920
– at third party premises		-	37,610,184
		12,101,294,301	9,517,724,084
Work-in-process		1,332,401,918	1,396,530,229
Finished goods:			
– at mills		4,373,090,669	3,976,618,720
– at third party premises		36,378,277	-
		17,843,165,165	14,890,873,033

- 10.1** During the preceding year, raw material costing Rs. 1,341.150 million was written down to Rs. 1,134.284 million to arrive at the net realizable value. The amount charged to cost of sale in respect of stocks written to their realizable value was Rs. 206.867 million.

- 10.2** As at June 30, 2025 finished goods at mills costing Rs. 1,215.900 million (2024: Rs. 1,547.558 million) have been written down to Rs. 930.299 million (2024: Rs. 1,253.313 million) to arrive at the net realizable value is Rs. 285.601 million (2024: Rs. 294.245 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
11. TRADE DEBTS			
Considered good			
Unsecured – local	11.1	3,804,756,000	3,259,591,839
Secured – foreign debts		2,149,597,734	2,464,175,283
Considered doubtful			
Unsecured – foreign debts	11.4	18,909,550	18,909,550
		5,973,263,284	5,742,676,672
Less: provision for expected credit loss	11.5	245,275,807	146,494,679
		5,727,987,477	5,596,181,993
11.1 These include the following amounts due from related parties:			
Diamond Fabrics Ltd.		17,672,788	68,639,278
Reliance Cotton Spinning Mills Ltd.		57,756,433	48,698,427
Sapphire Textile Mills Ltd.		77,421,424	50,025,529
Sapphire Power Generation Ltd.		2,288,892	533,747
Sapphire Finishing Mills Ltd.		–	16,445,494
		155,139,537	184,342,475

11.2 The ageing of trade debts at reporting date is as follows:

	Related parties		Others	
	2025	2024	2025	2024
	Rupees			
Not past due	6,247,503	36,226,290	2,717,404,041	2,337,412,700
Past due 1–30 days	118,521,078	100,250,860	1,463,475,400	1,427,423,279
Past due 31–60 days	26,028,826	35,878,487	763,193,103	743,958,100
Past due 61–90 days	3,589,721	10,478,832	329,460,989	214,040,189
Past due 91–365 days	301,077	1,413,591	305,671,112	357,775,464
Past due one year	451,332	94,415	238,919,102	477,724,465
	155,139,537	184,342,475	5,818,123,747	5,558,334,197

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 583.567 million (2024: Rs. 333.159 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
11.5 Provision for expected credit loss		
Balance at the beginning of the year	146,494,679	179,912,457
Charged / (reversal) for the year	98,781,128	(33,417,778)
Balance at the end of the year	245,275,807	146,494,679

	Exposure at default 2025 Rupees	Expected credit loss 2024 Rupees
11.6 The expected credit allowance for trade debts at the reporting is calculated as below:		
Not past due	2,723,651,544	16,954,356
Past due 1–30 days	1,581,996,478	21,015,414
Past due 31–60 days	789,221,929	37,179,355
Past due 61–90 days	333,050,710	55,816,455
Past due 91–365 days	305,972,189	70,456,104
Past due one year	239,370,434	43,854,123
	5,973,263,284	245,275,807

	Note	2025 Rupees	2024 Rupees
12. LOANS AND ADVANCES			
– Considered good			
Current portion of long term loans to employees	8	1,055,570	2,620,000
Advances to:			
– suppliers and contractors	12.1	544,943,972	439,977,788
– employees		6,633,784	6,179,209
		551,577,756	446,156,997
		552,633,326	448,776,997

12.1 These include receivable amounting Rs. 0.736 million from Sapphire Finishing Mills Limited (a related party). Preceding year include Rs. 42.113 million receivable from Reliance Cotton Spinning Mills Limited.

	Note	2025 Rupees	2024 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		3,167,922	1,040,108
Margin against letter of credit		9,020	1,235,568
Prepayments		19,435,012	7,782,952
		22,611,954	10,058,628
14. SHORT TERM INVESTMENTS			
Equity instruments	14.1	4,542,976,139	2,954,959,698

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of Shares / Certificates			Market value		Cost	
2025	2024	Name of the investee company	2025	2024	2025	2024
Rupees						
11,000	-	Abbott Laboratories (Pakistan) Ltd.	10,692,550	-	9,641,663	-
-	68,400	Attock Petroleum Ltd.	-	26,418,816	-	12,153,848
9,718,500	9,628,500	Bank Al-Habib Ltd.	1,533,384,930	1,080,125,130	440,792,953	428,622,094
-	393,973	Charat Packaging Ltd.	-	46,504,573	-	35,824,418
20,100	7,200	Colgate Palmolive (Pakistan) Ltd.	26,833,500	8,783,424	25,727,872	9,375,865
601,000	453,000	Dolmen City REIT	16,233,010	7,451,850	10,004,511	7,433,477
-	761,797	Engro Corporation Ltd.	-	253,457,480	-	174,478,387
140,000	55,000	Engro Fertilizers Ltd.	25,982,600	9,142,100	24,825,974	8,568,442
1,885,238	-	Engro Holdings Ltd.	344,169,049	-	210,946,140	-
-	140,625	Fauji Cement Company Ltd.	-	3,221,719	-	3,683,337
163,740	77,040	Fauji Fertilizer Company Ltd.	64,253,213	12,586,795	38,837,943	11,207,326
138,000	120,000	Frieslandcampina Engro Pakistan Ltd.	12,043,260	8,402,400	11,813,565	9,067,923
4,632,704	5,532,704	Habib Bank Ltd.	830,134,230	686,221,277	956,202,552	1,141,962,552
159,000	-	Habib Metropolitan Bank Ltd.	15,728,280	-	14,287,739	-
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
15,000	-	Haleon Pakistan Ltd.	11,044,950	-	12,525,379	-
13,400	8,500	Highnoon Laboratories Ltd.	13,238,664	6,065,430	9,110,762	4,853,211
-	12,878,000	K-Electric Ltd.	-	59,625,140	-	120,385,975
2,569,130	497,926	Lucky Cement Ltd.	912,657,741	451,484,442	235,439,988	214,887,096
23,700	13,500	Lucky Core Industries Ltd.	37,665,699	12,548,115	22,620,181	11,352,678
		Mari Energies Ltd. (Formerly				
61,343	3,527	Mari Petroleum Company Ltd.)	38,455,313	9,566,423	22,829,769	9,703,211
192,000	73,000	MCB Bank Ltd.	55,361,280	16,572,460	46,820,303	14,846,185
193,400	52,000	Meezan Bank Ltd.	64,218,470	12,448,280	45,313,646	11,198,950
39,756	-	National Foods Ltd.	13,009,356	-	7,409,062	-
1,495	1,250	Nestle Pakistan Ltd.	10,533,770	8,942,713	11,235,528	9,515,902
154,500	60,000	Oil & Gas Development Company Ltd.	34,076,520	8,122,200	26,854,045	8,233,384
-	13,000	Pakistan Oilfields Ltd.	-	6,369,220	-	5,841,770
28,000	-	Pakistan Petroleum Ltd.	4,764,760	-	3,422,702	-
448,934	448,934	Pakistan State Oil Company Ltd.	169,486,053	74,617,320	63,918,848	63,918,848
190,707	-	Standard Chartered Bank (Pak) Ltd.	11,594,986	-	12,520,539	-
374,500	29,000	System Ltd.	40,123,930	12,130,700	36,053,728	11,096,125
-	87,000	The Hub Power Company Ltd.	-	14,187,960	-	11,812,069
-	165,396	The Searle Company Ltd.	-	9,447,420	-	4,562,016
862,600	431,300	United Bank Ltd.	238,034,470	110,516,311	80,749,609	80,749,609
50,114	-	Wafi Energy Pakistan Ltd.	9,255,555	-	9,785,122	-
			4,542,976,139	2,954,959,698	2,389,816,123	2,425,460,698
Add: Adjustment arising from re-measurement to fair value					2,153,160,016	529,499,000
Market value					4,542,976,139	2,954,959,698

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
15. OTHER RECEIVABLES			
Advance income tax		1,657,614,927	429,371,016
Export rebate & duty drawbacks		13,183,279	13,183,279
Accrued mark-up on term finance certificates		9,633,421	390,118
Loans to Subsidiary Companies (including mark-up thereon)			
– Premier Cement Ltd.	15.1	586,577,386	483,532,538
– Sapphire Properties (Pvt.) Ltd.	15.2	319,357,701	287,002,678
Due from the related parties	15.3		
– Sapphire Cement Company Ltd.		500,000	500,000
– Sapphire Energy (Pvt.) Ltd.		5,968,689	501,298
– Reliance Cotton Spinning Mills Ltd.		44,428,473	559,395
– Sapphire Textile Mills Ltd.		7,520,824	96,901
– Sapphire Electric Company Ltd.		366,532	99,120
– Amer Cotton Mills (Pvt.) Ltd.		–	630,192
– Sapphire Farm Service (Pvt.) Ltd		142,360	96,720
– Sapphire Finishing Mills Ltd.		6,802,853	–
– Sapphire Power Generation Ltd.		106,199	–
– Sapphire Electronics (Pvt.) Ltd.		19,195,500	–
– Premier Cement Ltd.		475,857	–
Prepaid final tax levy		688,083,679	451,778,609
Others		17,182,000	3,993,527
		3,377,139,680	1,671,735,391

- 15.1** The Company has entered into a loan agreement with Premier Cement Ltd. (the Subsidiary Company), to provide an unsecured loan upto an amount of Rs. 700 million (2024: Rs. 500 million) for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, ranged from 12.21% to 20.89% (2024: 21.97% to 22.58%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 586.577 million (2024: Rs. 483.532 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

15.2 The Company has entered into a loan agreement with Sapphire Properties (Pvt.) Limited (the subsidiary Company) to provide an unsecured loan upto an amount Rs. 400 million (2024: Rs. 300 million) for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the company, during the year, ranged from 12.21% to 20.89% (2024: 21.97% to 22.58%) per annum. The maximum aggregate amount outstanding against this loan at the end of every month during the year was Rs. 319.357 million (2024:Rs. 287.003 million).

15.3 These balances have arisen during the normal course of business activity.

15.4 The aggregate maximum outstanding balance due from the related parties (associated companies) at the end of any month during the year was Rs. 915.000 million (2024: Rs. 333.159 million).

	Note	2025 Rupees	2024 Rupees
16. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		3,603,291,809	2,281,976,630
Income tax		146,738,709	125,080,999
Excise duty		55,849,144	40,971,576
Less: provision for doubtful tax refunds	16.1	362,525,644	311,179,360
		3,443,354,018	2,136,849,845
16.1 Provision for doubtful tax refunds			
Balance at beginning of the year		311,179,360	275,031,578
Add: Provision for the year		51,346,284	36,147,782
Balance at end of the year		362,525,644	311,179,360
17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	9,621,186	6,635,783
Balances with banks on:			
– current accounts	17.2	1,208,297,374	641,593,723
– term deposit account (TDA)	17.3	206,040,000	6,040,000
– term finance certificate (TFC)	17.4	139,244,405	–
– dividend account		8,534,091	7,953,286
		1,562,115,870	655,587,009
		1,571,737,056	662,222,792

17.1 Cash-in-hand includes Rs. 2.766 million (2024: Rs. 1.858 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.\$ 4.115 million (2024: US.\$ 2.230 million).

17.3 Effective rates of profit on TDA, during the year, ranged at 7.50% to 19.50% (2024: 15.50% to 20.50%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

17.4 Effective rate of profit on TFC, during the year, is 11.80% per annum. The maturity period of the TFC is one year from the date of original issue.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2025 Numbers	2024		2025 Rupees	2024
	12,759,375	12,759,375	Ordinary shares of Rs.10 each fully paid in cash	127,593,750	127,593,750
	7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	79,125,000	79,125,000
	20,671,875	20,671,875		206,718,750	206,718,750

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

18.2 18,524,516 (2024: 11,120,154) ordinary shares of Rs. 10 each are held by the related parties as at year-end.

	Note	2025 Rupees	2024 Rupees
19. RESERVES			
Share premium – capital reserve	19.1	391,833,750	391,833,750
General reserve – revenue reserve	19.2	–	1,183,845,000
Capital reserves	19.3	27,500,000,000	–
Unrealized gain / (loss) on financial assets at fair value through other comprehensive income	19.4	6,033,942,640	3,368,514,320
		33,925,776,390	4,944,193,070

19.1 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.

19.2 This represents reserves funds set aside from unappropriated profit.

19.3 This represents reserves transferred from general and unappropriated profit. This reserve will not be available for distribution as dividend.

19.4 This represents unrealized gain on re-measurement of investments at fair value through OCI and is not available for distribution.

	Note	2025 Rupees	2024 Rupees
20. LONG TERM LIABILITIES – Secured			
Long term finances	20.1	3,910,615,772	4,879,134,573
Less: current portion grouped under current liabilities		(973,030,232)	(965,335,232)
		2,937,585,540	3,913,799,341

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
20.1 Long term finances			
(from banking companies)			
– MCB Bank Limited			
– Long term finance facility – I	20.1.1	15,649,000	25,793,500
– Long term finance facility – II	20.1.2	586,759,750	769,140,500
– Long term finance facility – III	20.1.3	124,804,250	133,215,000
		727,213,000	928,149,000
– Habib Bank Limited			
– Long term finance facility	20.1.4	273,490,625	324,128,652
– Allied Bank Limited	20.1.5	205,243,350	325,277,150
– United Bank Limited	20.1.6	560,954,768	789,051,928
– Faysal Bank Limited	20.1.7	893,451,080	1,067,839,766
– Bank Alfalah Limited	20.1.8	844,189,890	983,474,890
– Habib Metropolitan Limited			
– Long term finance facility – I	20.1.9	152,176,000	179,246,000
– Long term finance facility – II	20.1.10	87,900,000	93,760,000
– Meezan Bank Limited	20.1.11	101,480,059	116,557,187
– Askari Bank Limited	20.1.12	64,517,000	71,650,000
		3,910,615,772	4,879,134,573

20.1.1 The Company has arranged long term finance facilities amounting Rs. 110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2024: 3.00% to 4.00%) per annum and are secured against joint pari passu charge of Rs. 200 million over the machinery financed by the bank.

20.1.2 The Company has arranged long term finance facilities amounting Rs. 1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs. 1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first charge of Rs. 2,000 million over the specific plant and machinery of the Company.

20.1.3 The Company has arranged long term finance facilities amounting Rs. 133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at the rates ranging from 2.50% to 20.64% (2024: 2.50% to 23.47%) per annum. The loan is secured against first charge of aggregate Rs. 2,200 million over the specific plant and machinery of the Company along with the other facilities from the bank.

20.1.4 The Company has arranged long term finance facilities amounting Rs. 500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 404.372 million in eighteen tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commenced from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2024: 2.85%) per annum and are secured against first charge of Rs. 667 million with 25% margin over the specific plant and machinery of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 20.1.5** The Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 960.357 million in seventeen tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first pari passu charge of Rs. 1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.
- 20.1.6** The Company has arranged long term finance facilities amounting Rs. 1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2024: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs. 2,000 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.7** The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2024: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs. 900 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.8** The Company has arranged long term finance facility amounting Rs. 1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2024: 2.00% to 3.00%) per annum and are secured against first joint pari passu charge of Rs. 1,333.340 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.9** The Company has arranged a long term finance facility amounting Rs. 270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% to 9.50% (2024: 3.50% to 9.50%) per annum and are secured against joint pari pasu charge of Rs. 361 million over the specific plant and machinery of the Company.
- 20.1.10** The Company has arranged long term finance facility Rs. 250 million from Habib Metropolitan Bank Limited to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 93.760 million in single tranche and is repayable in 32 equal quarterly installments commenced from February, 2025. This finance carry markup at the rate 3.50% to 9.50% (2024: 2.5% to 9.50%) per annum and are secured against Joint pari passu charge of Rs. 334 million over plant and machinery of the Company.
- 20.1.11** The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.50% to 5.50% (2024: 3.50% to 5.50%) per annum and are secured against first pari passu charge over all present and future plant and machinery of the Company with 25% margin.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

20.1.12 The Company has arranged a long term finance facility amounting Rs. 500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 71.65 million in a two tranches during the preceding years. The loan is repayable in 32 equal quarterly installments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari passu and ranking charge of Rs. 666.667 million on the fixed of the Company.

	Note	2025 Rupees	2024 Rupees
20.2 Movement in Gas Infrastructure			
Development Cess payable			
Balance of provision for GIDC	20.2.1	325,733,156	321,405,620
Unwinding of interest		120,796	4,327,536
		325,853,952	325,733,156

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

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

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

21. STAFF RETIREMENT BENEFIT – Gratuity

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

	2025 Rupees	2024 Rupees
21.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	716,804,813	513,768,596
Charge to statement of profit or loss	279,527,843	210,768,934
Remeasurement recognized in statement of other comprehensive income	28,700,628	127,291,009
Payments made during the year	(140,058,136)	(135,023,726)
Net liability at the end of the year	884,975,148	716,804,813

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
21.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	716,804,813	513,768,596
Current service cost	184,128,421	138,252,215
Interest cost	95,399,422	72,516,719
Benefits paid	(140,058,136)	(135,023,726)
Remeasurements on obligation	28,700,628	127,291,009
Balance at end of the year	884,975,148	716,804,813
21.3 Expense recognized in statement of profit or loss		
Current service cost	184,128,421	138,252,215
Interest cost	95,399,422	72,516,719
	279,527,843	210,768,934
21.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	35,512,777	81,448,776
Actuarial (gain) / loss	(6,812,149)	45,842,233
	28,700,628	127,291,009

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

21.6 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
Discount rate	1.00%	(825,414,686)	953,558,630
Increase in future salaries	1.00%	955,283,656	(822,712,465)

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.

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2026 amounts to Rs. 314.676 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

21.8 The weighted average duration of defined benefit obligation is 7 years.

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2025	150,271,715	311,008,187	465,025,327	13,887,959,807	14,814,265,036

21.10 Historical information:

	2025	2024	2023	2022	2021
	Rupees				
Present value of defined benefit obligation	884,975,148	716,804,813	513,768,596	399,538,518	341,556,615
Experience adjustment on obligation / actuarial loss	28,700,628	127,291,009	31,169,960	(1,673,946)	(10,707,520)

	Note	2025 Rupees	2024 Rupees
22. DEFERRED TAXATION - Net			
The balance of deferred tax is in respect of following major temporary differences			
Taxable temporary differences arising in respect of:			
– accelerated tax depreciation allowance		709,410,444	–
– unrealised fair value gain on investments		637,374,409	124,950,159
		1,346,784,853	124,950,159
Deductible temporary differences arising in respect of:			
– staff retirement benefit – gratuity		345,140,308	279,553,876
– provision for slow moving inventory		7,585,599	4,383,985
– provision for doubtful tax refunds		141,385,001	57,132,925
– provision for impairment in trade debts		95,657,565	121,359,950
		589,768,473	462,430,736
Deferred tax liability / (asset)	22.1	757,016,380	(337,480,577)

22.1 Deferred tax expense amounting Rs. 512.424 million (2024: Rs. 123.166 million) relating to unrealised fair value gain on investments and deferred tax income amounting Rs. 11.193 million (2024: Rs. 66.135 million) relating to actuarial loss on staff retirement benefit – gratuity have been routed through other comprehensive income. All other movements for deferred tax expense / income have been routed through profit or loss.

22.2 The Company has not recognised deferred tax asset amounting Rs. 632.426 million relating to minimum tax paid under section 113(C) of the Income Tax Ordinance, 2001 based on the grounds that in future taxable profits may not be available against which this tax credit can be obtained. This minimum tax pertains to tax year 2025 and shall expire in tax year 2028.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	2,014,835,728	1,881,322,034
Accrued expenses		1,444,845,378	1,264,430,445
Bills payable	23.2	764,147,767	810,894,810
Sindh government infrastructure fee	23.3	1,044,505,386	754,585,642
Gas infrastructure development cess	20.2	325,853,952	325,733,156
Workers' profit participation fund	23.4	–	14,682,955
Others		17,769,092	16,151,083
		5,611,957,303	5,067,800,125
23.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Ltd.		172,023,453	43,904,583
Amer Cotton Mills Ltd.		–	108,729,232
Sapphire Textile Mills Ltd.		51,270,670	40,178,384
Diamond Fabrics Ltd.		–	47,861
Sapphire Finishing Mills Ltd.		11,739,690	5,293,460
		235,033,813	198,153,520

23.2 These are secured against import documents.

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

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

As at June 30, 2025, the Company has provided bank guarantees aggregating Rs. 1081.950 million (2024: Rs. 716.950 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favor.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
23.4 Workers' profit participation fund			
Balance at beginning of the year		14,682,955	197,175,906
Add: interest on funds utilized by the Company		1,060,793	2,084,332
		15,743,748	199,260,238
Less: payments made during the year		15,743,748	199,260,238
		-	-
Add: allocation for the year		-	14,682,955
Balance at end of the year		-	14,682,955
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		33,755,632	44,574,877
- short term borrowings		258,753,465	160,969,001
		292,509,097	205,543,878
25. SHORT TERM BORROWINGS			
Running / cash finances – secured	25.1	13,052,098,807	7,655,369,676
Running Musharaka finance	25.1	3,336,292,357	458,909,062
Temporary bank overdraft – unsecured	25.2	517,889	3,075,587
		16,388,909,053	8,117,354,325

25.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs. 43,995 million (2024: Rs. 26,900 million). These finance facilities, during the year, carried mark-up at the rates ranged from 7.25% to 22.09% (2024: 16.25% to 23.99%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 51,460 million (2024: Rs. 49,593 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs. 25,235 million (2024: Rs. 20,930 million) out of which the amount remained unutilized at the year – end was Rs. 18,356.172 million (2024: Rs. 12,926.131 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Company.

Abovementioned facilities are expiring on various dates upto April 30, 2026.

25.2 These balances have arisen due to issuance of cheque in excess of available balance.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Outstanding bank guarantees

Guarantees aggregating Rs. 1,650.968 million (2024: Rs. 1,213.131 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

	2025 Rupees	2024 Rupees
26.2 Commitments		
Commitments in respect of:		
– letters of credit for capital expenditure	735,335,918	944,042,713
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,107,209,207	1,534,011,443
– capital expenditure other than letters of credit	165,887,117	147,714,378
– foreign & local bills discounted	2,729,105,481	3,501,789,032

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

27. SALES – Net

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

For the year ended June 30, 2025

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
– Yarn	14,831,463,665	4,389,658	156,004,198	14,991,857,521
– Fabric	–	585,815,038	10,973,068,154	11,558,883,192
– Garments	–	518,569,736	–	518,569,736
– Waste	1,125,943,515	74,069,170	142,725,927	1,342,738,612
– Raw materials	619,241,151	–	–	619,241,151
– Local steam income	24,657,516	–	–	24,657,516
– Processing income	12,523,024	738,429,721	81,688,088	832,640,833
	16,613,828,871	1,921,273,323	11,353,486,367	29,888,588,561
Export Sales				
– Yarn	13,025,373,140	198,425,575	–	13,223,798,715
– Fabric	–	1,440,340,556	4,330,374,826	5,770,715,382
– Garments	–	6,081,999,638	–	6,081,999,638
– Waste	99,494,092	–	–	99,494,092
	13,124,867,232	7,720,765,769	4,330,374,826	25,176,007,827
Export rebate				
– Yarn	816,599	228,231	–	1,044,830
– Fabric	–	3,153,302	21,528,182	24,681,484
– Garments	–	23,395,614	–	23,395,614
	816,599	26,777,147	21,528,182	49,121,928
Less: sales tax	2,540,615,360	293,795,067	1,717,456,959	4,551,867,386
	27,198,897,342	9,375,021,172	13,987,932,416	50,561,850,930
Timing of revenue recognition				
Goods transferred at a point in time	27,186,374,318	8,636,591,451	13,906,244,328	49,729,210,097
Services rendered at a point in time	12,523,024	738,429,721	81,688,088	832,640,833
	27,198,897,342	9,375,021,172	13,987,932,416	50,561,850,930

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

For the year ended June 30, 2024

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
– Yarn	6,110,680,158	18,187,827	7,775,505	6,136,643,490
– Fabric	–	336,487,262	1,931,089,210	2,267,576,472
– Garments	–	188,163,970	–	188,163,970
– Waste	532,429,909	60,721,574	163,593,359	756,744,842
– Raw materials	576,214,035	–	–	576,214,035
– Local steam income	26,392,470	–	–	26,392,470
– Processing income	18,584,338	928,207,958	83,052,418	1,029,844,714
	7,264,300,910	1,531,768,591	2,185,510,492	10,981,579,993
Export Sales				
– Yarn	22,542,993,149	205,490,273	–	22,748,483,422
– Fabric	–	976,073,371	10,578,870,592	11,554,943,963
– Garments	–	3,904,986,646	–	3,904,986,646
– Waste	370,150,146	–	–	370,150,146
	22,913,143,295	5,086,550,290	10,578,870,592	38,578,564,177
Export rebate				
– Yarn	790,332	7,519	–	797,851
– Fabric	–	1,841,029	17,295,541	19,136,570
– Garments	–	39,423,065	–	39,423,065
	790,332	41,271,613	17,295,541	59,357,486
Less: sales tax	1,550,529,838	244,237,066	404,523,476	2,199,290,380
	28,627,704,699	6,415,353,428	12,377,153,149	47,420,211,276
Timing of revenue recognition				
Goods transferred at a point in time	28,609,120,361	5,487,145,470	12,294,100,731	46,390,366,562
Services rendered at a point in time	18,584,338	928,207,958	83,052,418	1,029,844,714
	28,627,704,699	6,415,353,428	12,377,153,149	47,420,211,276

27.1 This includes indirect export of Nil (2024: Rs. 11,591.80 million).

27.2 Waste sales include sale of comber noil.

27.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 306.258 million (2024: Rs. 296.70 million) has been included in export sales.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025 Rupees	2024 Rupees
Africa	910,889,417	1,346,606,965
Asia	38,703,379,745	35,969,565,896
Australia / Oceania	114,436,295	95,587,282
Europe	10,274,906,914	8,860,518,326
North America	454,834,521	931,766,353
South America	103,404,038	216,166,454
	50,561,850,930	47,420,211,276

27.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. Out of total contract liabilities outstanding at June 30, 2024 amounting to Rs. 1,051.457 million, an amount of Rs. 757.243 million has been recognized as revenue during the year.

	Note	2025 Rupees	2024 Rupees
28. COST OF SALES			
Finished goods at beginning of the year		3,976,618,720	3,459,768,225
Cost of goods manufactured	28.1	46,050,431,989	41,772,208,646
Cost of raw materials sold		494,445,482	500,105,973
		46,544,877,471	42,272,314,619
		50,521,496,191	45,732,082,844
Finished goods at end of the year		(4,409,468,946)	(3,976,618,720)
		46,112,027,245	41,755,464,124
28.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,396,530,229	1,264,365,323
Raw materials consumed	28.2	31,998,325,246	30,146,218,909
Salaries, wages and benefits	28.3	4,029,379,351	3,332,177,394
Packing stores consumed		585,287,210	538,008,915
General stores consumed		1,049,583,269	833,243,880
Processing charges		1,849,204,323	1,238,540,264
Depreciation	4.2	1,115,375,882	1,013,885,864
Fuel and power		4,861,809,605	4,325,580,456
Repair and maintenance		133,868,083	128,780,194
Insurance		109,902,213	91,993,808
Vehicles' running		87,332,802	83,828,574
Travelling and conveyance		90,701,029	101,786,895
Printing and stationery		103,560	646,459
Legal and professional charges		11,176,085	12,668,391
Fee and subscription		18,466,054	20,660,377
Entertainment		30,046,396	23,439,642
Telephone		4,570,237	4,687,617
Postage		2,090,143	1,162,521
Rent, rates and taxes		9,082,190	7,063,392
		47,382,833,907	43,168,738,875
Work-in-process at end of the year		(1,332,401,918)	(1,396,530,229)
		46,050,431,989	41,772,208,646

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
28.2 Raw materials consumed		
Stocks at beginning of the year	7,367,864,164	7,168,395,961
Purchases	33,372,520,321	30,345,687,112
	40,740,384,485	37,514,083,073
Stocks at end of the year	(8,742,059,239)	(7,367,864,164)
	31,998,325,246	30,146,218,909

28.3 Salaries, wages and benefits include Rs. 279.528 million (2024: Rs. 210.769 million) in respect of staff retirement benefit – gratuity and Rs. 34.687 million (2024: Rs. 28.295 million) contribution in respect of staff provident fund.

	Note	2025 Rupees	2024 Rupees
29. DISTRIBUTION COST			
Salaries and other benefits	29.1	149,753,167	127,924,003
Travelling, conveyance and entertainment		44,494,457	65,296,579
Vehicles' running		5,788,508	5,139,178
Telephone		1,042,976	756,753
Postage		43,237,741	48,512,062
Printing and stationery		12,661	8,726
Sample expenses		-	360,660
Commission:			
– local		37,599,196	30,038,548
– export		538,396,519	354,624,104
		575,995,715	384,662,652
Freight and forwarding:			
– local		25,264,148	21,204,834
– export		824,695,552	753,078,436
		849,959,700	774,283,270
Export development surcharge		58,331,767	71,472,178
Other export expenses		29,792,810	48,761,158
Sales promotion		229,611,714	237,614,942
Provision for expected credit loss in trade debts		98,781,128	-
		2,086,802,344	1,764,792,161

29.1 Salaries and other benefits include Rs. 4.767 million (2024: Rs. 4.75million) in respect of contribution to staff provident fund.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
30. ADMINISTRATIVE EXPENSES			
Directors' remuneration		36,000,000	36,000,000
Director's meeting fee		770,000	1,410,000
Salaries and other benefits	30.1	482,402,386	362,315,742
Telephone		9,187,969	12,252,405
Postage		613,376	461,975
Fee and subscription		28,222,777	10,613,045
Legal and professional charges		72,167,250	22,625,743
Entertainment		20,897,680	16,074,186
Travelling and conveyance		25,846,494	10,933,599
Printing and stationery		8,890,406	8,777,072
Rent, rates and taxes		7,699,495	10,115,688
Advertisement		1,277,217	297,580
Electricity, gas and water		10,667,611	11,679,893
Repair and maintenance		35,119,362	22,876,112
Vehicles' running		41,855,280	38,351,358
Charity and donations	30.2	7,840,231	36,000
Insurance		1,153,493	624,340
Depreciation	4.2	49,309,284	45,702,197
Amortization of intangible assets	6	1,547,643	2,146,989
		841,467,954	613,293,924

30.1 Salaries and other benefits include Rs. 16.312 million (2024: Rs. 13.158 million) in respect of contribution to staff provident fund.

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

It includes donations amounted Rs. 4.304 million were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
31. OTHER INCOME			
Income from financial assets			
Dividend income from:			
– related parties		17,478,261,098	1,733,310,071
– others		1,116,879,402	1,370,483,005
		18,595,140,500	3,103,793,076
Interest income on bank deposits		27,137,585	2,871,868
Mark-up earned on loan to related parties		87,720,656	183,651,612
Mark-up earned on term finance certificates		9,633,421	11,819,767
		18,719,632,162	3,302,136,323
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	4.5	33,141,701	16,734,375
(Loss) / gain on sale of store and spares		(4,890)	907,714
Scrap sales [Net of sales tax aggregating Rs. 14.587 million (2024: Rs. 13.496 million)]		81,043,948	69,824,209
Exchange gain		30,903,113	75,266,672
Reversal of provision for ECL in trade debts	11.5	–	33,417,778
Reversal of Workers' welfare fund		–	266,505,513
		145,083,872	462,656,261
		18,864,716,034	3,764,792,584
32. OTHER EXPENSES			
Workers' profit participation fund	23.4	–	14,682,955
Auditors' remuneration	32.1	5,970,375	3,151,241
Provision for doubtful tax refunds	16.1	51,346,284	36,147,782
		57,316,659	53,981,978
32.1 Auditors' remuneration			
– statutory audit		2,846,000	2,475,000
– special audit		2,150,000	–
– half yearly review		353,165	307,100
– review of code of corporate governance review		115,000	90,900
– audit of retirement funds and workers' profit participation fund		190,500	405,890
– under / (over) provision		15,710	(277,649)
– out-of-pocket expenses		300,000	150,000
		5,970,375	3,151,241
33. FINANCE COST			
Mark-up / interest on long term finances		153,619,292	164,055,712
Mark-up / interest on short term borrowings		1,735,626,856	2,431,128,725
Interest on workers' profit participation fund	23.4	1,060,793	2,084,332
Unwinding effect of long term liabilities	20.2	120,796	4,327,536
Bank and other financial charges		185,551,466	182,188,799
		2,075,979,203	2,783,785,104

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
34. LEVIES AND INCOME TAXATION			
34.1 Final tax levy			
Levy:			
– for the year	34.2	911,581,457	1,193,918,268
– for prior year		(816,161)	27,608,109
		910,765,296	1,221,526,377

34.2 This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

	Note	2025 Rupees	2024 Rupees
34.3 Income tax			
Current tax for the year	34.4	3,072,105,740	141,780,551
Deferred tax		593,265,952	(522,652,099)
		3,665,371,692	(380,871,548)

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

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

	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws	3,983,687,197	1,335,698,819
Portion of current tax liability as per tax laws, representing income tax under IAS 12	3,072,105,740	141,780,551
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	911,581,457	1,193,918,268
Difference	–	–

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
35. EARNINGS PER SHARE		
35.1 Basic earnings per share		
Net profit for the year	13,676,836,571	3,373,031,740
Number of shares		
Weighted average ordinary shares in issues	20,671,875	20,671,875
Rupees		
Earnings per share	661.62	163.17

35.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2025 and June 30, 2024 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2025 Rupees	2024 Rupees
36. CASH GENERATED FROM OPERATIONS			
Profit before taxation		18,252,973,559	4,213,686,569
Adjustments for non-cash charges and other items:			
Depreciation	4.2	1,164,685,166	1,059,588,061
Amortization	6	1,547,643	2,146,988
Staff retirement benefit – gratuity	21.3	279,527,843	210,768,934
Provision / (reversal) for slow moving items	9.1	8,209,266	(571,632)
Dividend and interest income		(18,631,911,506)	(3,118,484,711)
Loss / (gain) on sale of stores and spares	31	4,890	(907,714)
Gain on disposal of operating fixed assets	4.5	(33,141,701)	(16,734,375)
Provision for workers' profit participation fund	23.4	–	14,682,955
Provision / (reversal) for workers' welfare fund		–	(266,505,513)
Provision / (reversal) for impairment of trade debts – net	11.5	98,781,128	(33,417,778)
Provision for of doubtful tax refunds	16.1	51,346,284	36,147,782
Finance cost	33	2,075,979,203	2,783,785,104
Working capital changes	36.1	(5,464,892,661)	523,467,481
		(2,196,890,886)	5,407,652,151

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
36.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(196,905,271)	(318,340,304)
Stock-in-trade	(2,952,292,132)	(387,795,726)
Trade debts	(230,586,612)	1,883,859,708
Loans and advances	(103,856,329)	(167,332,410)
Long term deposits	(400,000)	(1,521,800)
Deposits, other receivables and sale tax	(1,880,666,587)	(183,570,593)
	(5,364,706,931)	825,298,875
Increase in trade and other payables	(100,185,730)	(301,831,394)
	(5,464,892,661)	523,467,481

37. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2025	2024	2025	2024
	Rupees			
Particulars				
Managerial remuneration	24,001,200	24,001,200	488,991,084	333,742,080
Contribution to provident fund trust	-	-	40,105,872	27,241,633
House rent and utilities	11,998,800	11,998,800	233,337,874	158,009,373
Medical	-	-	9,629,261	6,623,313
Leave encashment / bonus	-	-	53,589,942	62,271,616
Other benefits	-	-	51,306,471	32,878,122
	36,000,000	36,000,000	876,960,504	620,766,137
Number of persons	1	1	187	113

37.1 Certain executives are provided with Company maintained vehicles.

37.2 During the year, meeting fees of Rs. 770 thousand (2024: Rs. 1,410 thousand) was paid to two non-executive director.

37.3 No remuneration is paid to any director of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

38. 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 Electric Company Ltd.	Subsidiary Company	68.11%
UCH Power (Private) Ltd.	Common directorship	50%
UCH – II Power (Private) Ltd.	Common directorship	50%
Premier Cement Ltd.	Subsidiary Company	100%
Sapphire Energy (Pvt.) Ltd.	Subsidiary Company	100%
Sapphire Power Limited (SPL)	Subsidiary Company	100%
Sapphire Properties Limited (SPL)	Subsidiary Company	100%
Sapphire Cement Company Limited	Subsidiary Company	100%
Reliance Cotton Spinning Mills Ltd.	Common directorship	1.35%
SFL Ltd.	Common directorship	0.051%
Sapphire Power Generation Ltd.	Common directorship	17.63%
Sapphire Finishing Mills Ltd.	Common directorship	-
Neelam Textile Mills Ltd.	Common directorship	-
Sapphire Electronics (Pvt.) Ltd.	Common directorship	-
Sapphire Textile Mills Ltd.	Common directorship	-
Diamond Fabrics Ltd.	Common directorship	-
Salman Ismail (SMC-Pvt.) Ltd.	Common directorship	-
Sapphire Agencies (Pvt.) Ltd.	Common directorship	-
Crystal Enterprises Ltd.	Common directorship	-
Sapphire Holding Ltd.	Common directorship	-
Four Strength (Pvt.) Ltd.	Common directorship	-
SANIFA Agri Services Ltd.	Common directorship	-

Key management personnel

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

	2025 Rupees	2024 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Dividend received	1,299,521,700	1,732,695,599
Loan provided	48,155,073	64,577,541
Mark-up charged	87,720,656	183,651,612
Expenses charged to	5,833,923	764,735
Expenses charged by	2,000,000	-
Investment made	198,106,830	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2025 Rupees	2024 Rupees
ii) Associated Companies		
Sales of:		
– raw material / yarn / fabric / stores	1,517,922,002	937,391,991
– assets	1,600,000	–
Purchases:		
– raw material / yarn / fabric / stores	1,959,665,344	3,750,394,371
– assets	1,156,070,000	475,000,000
Services:		
– rendered	69,812,491	69,987,570
– obtained	8,211,160	10,929,430
Expenses charged by	106,909,845	100,139,278
Expenses charged to	172,823,172	94,804,682
Investment made	14,382,421,745	–
Dividend:		
– received	16,178,739,398	356,864,472
– paid	111,201,540	111,201,540
iii) Key management personnel		
Salary and other employment benefits	169,320,628	148,335,486
Sale of assets	60,000	–
iv) Retirement Fund		
Contribution towards provident fund	62,957,266	48,651,589

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

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

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

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

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

(a) Credit risk

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

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FOR THE YEAR ENDED JUNE 30, 2025

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.39.4, the financial assets exposed to credit risk aggregated to Rs. 19,939.134 million as at June 30, 2025 (2024: Rs. 15,418.841 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 95% (2024: 94%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2025 Rupees	2024 Rupees
Long term investments	6,775,127,355	5,220,935,801
Long term loans	307,500	365,570
Long term deposits	62,418,345	62,018,345
Trade debts	5,973,263,284	5,742,676,672
Loans and advances	1,055,570	2,620,000
Trade deposits	3,176,942	2,275,676
Short term investments	4,542,976,139	2,954,959,698
Other receivables	1,018,257,795	777,402,487
Bank balances	1,562,115,870	655,587,009
	19,938,698,800	15,418,841,258

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

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

	2025 Rupees	2024 Rupees
Domestic	3,804,756,000	3,259,591,839
Export	2,168,507,284	2,483,084,833
	5,973,263,284	5,742,676,672

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2025 Rupees	2024 Rupees
Yarn	3,620,993,299	2,910,454,162
Fabric	1,719,849,915	1,976,249,814
Garments	542,134,848	725,796,610
Waste	90,285,222	130,176,086
	5,973,263,284	5,742,676,672

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

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
United Bank Limited	A-1+	AAA	VIS
Habib Bank Limited	A-1+	AAA	VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2025					
Long term liabilities	3,910,615,772	4,225,761,330	1,074,910,117	2,726,700,376	424,150,837
Trade and other payables	4,567,451,917	4,567,451,917	4,567,451,917	-	-
Accrued mark-up / interest	292,509,097	292,509,097	292,509,097	-	-
Short term borrowings	16,388,909,053	17,010,196,164	17,010,196,164	-	-
Unclaimed dividend	8,634,411	8,634,411	8,634,411	-	-
	25,168,120,250	26,104,552,919	22,953,701,706	2,726,700,376	424,150,837

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2024					
Long term finances	4,879,134,573	5,372,929,011	1,143,657,988	3,373,001,901	856,269,122
Trade and other payables	3,987,481,327	3,987,481,327	3,987,481,327	-	-
Accrued mark-up / interest	205,543,878	205,543,878	205,543,878	-	-
Short term borrowings	8,117,354,325	8,125,943,877	8,125,943,877	-	-
Unclaimed dividend	8,072,375	8,072,375	8,072,375	-	-
	17,197,586,478	17,699,970,468	13,470,699,445	3,373,001,901	856,269,122

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(i) Currency risk

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

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

	Rupees	U.S. \$	Euro	CNY	CHF	AED
For the year ended						
June 30, 2025						
Bills payables	764,147,767	1,964,172	279,604	-	248,000	294,768
Advance payments	273,516,246	968,868	-	-	-	-
	1,037,664,013	2,933,040	279,604	-	248,000	294,768
Trade debts	(2,168,507,284)	(7,197,672)	(488,245)	-	-	-
Bank balances	(1,178,371,235)	(4,115,046)	-	-	-	-
Net balance sheet						
exposure	(2,309,214,506)	(8,379,678)	(208,641)	-	248,000	294,768
Outstanding letters						
of credit	1,842,545,125	5,373,902	466,105	-	452,000	-
	(466,669,381)	(3,005,776)	257,464	-	700,000	294,768

	Rupees	U.S. \$	Euro	CNY	AED	JPY
For the year ended						
June 30, 2024						
Bills payables	810,894,810	2,876,025	-	206,669	-	632,400
Advance payments	878,675,374	3,151,651	-	-	-	-
	1,689,570,184	6,027,676	-	206,669	-	632,400
Trade debts	(2,483,084,833)	(8,320,453)	(676,433)	-	-	-
Bank balances	(620,622,523)	(2,230,050)	-	-	-	-
Net balance sheet						
exposure	(1,414,137,172)	(4,522,827)	(676,433)	206,669	-	632,400
Outstanding letters						
of credit	2,478,054,156	6,638,847	1,697,082	620,006	1,097,494	7,519,746
	1,063,916,984	2,116,020	1,020,649	826,675	1,097,494	8,152,146

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
	Rupees			
U.S. Dollar to Rupee	279.87	285.99	284.10 / 283.60	278.80 / 278.30
Euro to Rupee	306.29	312.52	332.83 / 332.25	298.41 / 297.88
Swiss Frank to Rupee	328.44	330.97	355.50 / 354.87	309.71 / 309.16
CNY to Rupee	39.15	39.58	39.66 / 39.59	38.53 / 38.47
Japanese Yen to Rupee	1.79	2.06	1.9701 / 1.9667	1.7305 / 1.7274
AED to Rupee	75.94	76.19	77.90 / 77.76	76.37 / 76.23

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

	2025 Rupees	2024 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(237,647,668)	(125,870,275)
Euro to Rupee	(6,932,097)	(20,149,586)
CNY to Rupee	-	796,296
JPY to Rupee	-	109,437
CHF to Rupee	88,007,760	-
AED to Rupee	2,292,116	-
	(154,279,889)	(145,114,129)

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(ii) Interest rate risk

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

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

	2025	2024	2025	2024
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	7.50 to 19.50	15.50 to 20.50	206,040,000	6,040,000
Term finance certificate	11.80	-	139,244,405	-
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 9.50	3,721,294,522	4,674,269,573
Variable rate instruments				
Financial liabilities				
Long term finances	2.50 to 20.64	4.00 to 23.91	189,321,250	204,865,000
Short term borrowings	7.25 & 22.90	16.25 & 23.99	16,388,391,164	8,114,278,738

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

At June 30, 2025, if the interest rate on the Company's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs. 165.933 million (2024: Rs. 83.191 million) mainly as a result of higher / (lower) interest expense.

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

(iii) Other price risk

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

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs. 11,318.910 million (2024: Rs. 8,176.702 million) are exposed to price risk due to changes in market price.

At June 30, 2025, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs. 1,131.891 million (2024: Rs. 817.670 million).

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

39.2 Fair value measurement of financial instruments

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

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

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

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs. 11,318.910 million (2024: Rs. 8,176.702 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to determine fair values

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

39.3 Capital risk management

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

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

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

	2025 Rupees	2024 Rupees
Total borrowings	16,388,391,164	8,114,278,738
Less: cash and bank balances	1,571,737,056	662,222,792
Net debt	14,816,654,108	7,452,055,946
Total equity	50,614,119,024	34,560,083,705
Total capital	65,430,773,132	42,012,139,651
Gearing ratio	23%	18%

39.4 Financial instruments by category

	As at June 30, 2025			As at June 30, 2024		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
Financial assets as per statement of financial position						
Long term investments	-	6,775,127,355	6,775,127,355	-	5,220,935,801	5,220,935,801
Long term loans	307,500	-	307,500	365,570	-	365,570
Long term deposits	62,418,345	-	62,418,345	62,018,345	-	62,018,345
Trade debts	5,973,263,284	-	5,973,263,284	5,742,676,672	-	5,742,676,672
Loans and advances	1,055,570	-	1,055,570	2,620,000	-	2,620,000
Trade deposits	3,176,942	-	3,176,942	2,275,676	-	2,275,676
Short term investments	-	4,542,976,139	4,542,976,139	-	2,954,959,698	2,954,959,698
Other receivables	1,706,341,474	-	1,706,341,474	1,229,181,096	-	1,229,181,096
Cash and bank balances	1,571,737,056	-	1,571,737,056	662,222,792	-	662,222,792
	9,318,300,171	11,318,103,494	20,636,403,665	7,701,360,151	8,175,895,499	15,877,255,650

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	3,944,371,404	4,923,709,450
Trade and other payables	4,241,597,965	3,972,798,372
Unclaimed dividend	8,634,411	8,072,375
Short term borrowings and accrued mark-up	16,647,662,518	8,278,323,326
	24,842,266,298	17,182,903,523

40. RECOILATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
	Rupees		
Balance as at July 01, 2024	4,879,134,573	8,117,354,325	8,072,375
Changes from financing activities			
Finances repaid	(968,518,801)	8,271,554,728	-
Dividends paid	-	-	(206,156,714)
Dividend declared	-	-	206,718,750
Total changes from financing cash flows	3,910,615,772	16,388,909,053	8,634,411
Other changes / adjustments	-	-	-
Balance as at June 30, 2025	3,910,615,772	16,388,909,053	8,634,411
Balance as at July 01, 2023	5,732,823,306	8,871,715,921	7,213,927
Changes from financing activities			
Finances repaid	(853,688,733)	(754,361,596)	-
Dividends paid	-	-	(205,860,302)
Dividend declared	-	-	206,718,750
Total changes from financing cash flows	4,879,134,573	8,117,354,325	8,072,375
Other changes / adjustments	-	-	-
Balance as at June 30, 2024	4,879,134,573	8,117,354,325	8,072,375

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025 Rupees	2024 Rupees
41. CAPACITY AND PRODUCTION			
41.1 Spinning units			
Number of spindles installed		107,424	102,480
Number of spindles worked		95,110	95,670
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	63,249,866	61,670,800
Actual production after conversion into 20's count	Lbs.	50,703,750	50,167,530

41.1.1 Actual production varies due to maintenance / shut down and change in count pattern.

		2025	2024
41.2 Dyeing			
Fabric Dyeing Unit			
Total number of days worked		353	340
Installed capacity	Lbs.	14,550,360	16,402,373
Actual production	Lbs.	13,493,965	9,162,816
41.3 Knitting unit			
Total number of days worked		360	327
Installed capacity	Lbs.	13,812,315	13,812,440
Actual production	Lbs.	5,547,645	4,638,483
41.3.1 Low production is due to low demand.			
41.4 Stitching unit			
Installed capacity	Pcs.	9,600,000	9,600,000

41.4.1 Sluggish sale in the international markets and higher fuel cost forced management to temporarily close its stitching unit.

		2025	2024
41.5 Denim unit			
Total number of days worked		331	331
Installed capacity	Mtrs.	20,400,000	20,400,000
Actual production	Mtrs.	16,507,382	14,420,270

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

42. SHAHRIAH SCREENING DISCLOSURE

	2025		2024	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Statement of Financial Position – Assets				
Long term Investments	26,277,068,175	-	10,142,348,046	-
Short term Investments	-	4,542,976,139	-	2,954,959,698
Bank balances				
Statement of Financial Position – Liability				
Long term finances	2,915,684,633	994,931,139	3,694,737,620	1,184,396,953
Short term borrowings	5,280,000,000	2,379,999,806	5,495,000,000	800,000,000
Running finances under mark-up arrangements	6,522,616,890	2,206,292,357	1,524,029,911	298,324,414
Accrued mark-up	208,610,397	83,898,700	133,146,551	72,397,327
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant bussiness segment	-	50,561,850,930	-	47,420,211,276
Unrealised gain on investments				
- long term	-	1,554,191,554	-	2,470,330,798
- short term	-	1,623,661,016	-	1,624,312,640
Other income				
a) Profit on bank deposits	27,137,585	-	2,871,868	-
b) Dividend Income	17,478,261,098	1,116,879,402	1,733,310,071	1,370,483,005
c) Exchange (loss) / gain on actual currency	30,903,113	-	75,266,672	-
d) Gain on sale of operating fixed assets	-	33,141,701	-	16,734,375
Mark-up on short term finances	1,426,414,839	309,212,017	2,059,566,445	371,562,280
Mark-up on long term finances	112,862,634	40,756,658	115,965,258	48,090,454

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
43. NUMBER OF EMPLOYEES		
Number of employees as at,	4,645	4,662
Average number of employees as at,	4,710	4,591

44. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45. 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.

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date.

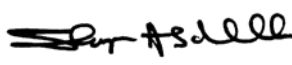
46.1.1 The Board of Directors, in their meeting held on September 25, 2025 has proposed a final cash dividend of 100% (i.e. Rs. 10 per share) amounting to Rs. 206.718 million for the year ended June 30, 2025, for approval of the members at the Annual General Meeting to be held on October 27, 2025.

46.1.2 Further, the Board of Directors, in their meeting held on September 25, 2025, has also approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 of the Companies Act, 2017 for Amalgamation / Merger of Reliance Cotton Spinning Mills Limited - an Associated Company with and into the Company subject to obtaining necessary shareholders, creditors and regulatory approvals and sanction of the Scheme by the Honorable High Court of Sindh at Karachi along with fulfilment of corporate, regulatory and legal formalities.

46.2 Date of authorisation for issue

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


Chief Executive Officer


Director


Chief Financial Officer

[illegible]



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

DIRECTORS' REPORT

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries.

Sapphire Electric Company Limited, Premier Cement Limited, Sapphire Cement Company Limited, Sapphire Hydro Limited, Sapphire Energy (Pvt.) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited, Sapphire Power Limited, Sapphire Properties (Private) Limited and Sapphire USA LLC for the period ended June 30, 2025. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Sapphire Electric Company Limited (SECL)

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under the Companies Ordinance, 1984 on January 18, 2005. Sapphire Fibres Limited has holding of 68.11% (2024: 68.11%) share capital of the subsidiary.

The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

Premier Cement Limited (PCL)

Premier Cement Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on July 26, 2016. SFL holds 100% shares of PCL as on June 30, 2025.

PCL intends to establish and install plant for manufacturing all kinds of cement and its allied products.

Sapphire Cement Company Limited (SCCL)

Sapphire Cement Company Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on October 28, 2016. SFL holds 100% shares of SCCL as on June 30, 2025.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing all kinds of cement and its allied products.

Sapphire Hydro Limited (SHL)

Sapphire Hydro Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and set up a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khyber Pakhtunkhwa.

Sapphire Hydro Limited is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Energy (Private) Limited (SEPL)

Sapphire Energy (Private) Limited was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2017. SFL holds 100% shares of SEPL as on June 30, 2025.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

Ignite Power (Private) Limited (IPPL)

Ignite Power (Private) Limited is a 99.93% owned subsidiary of Sapphire Energy (Private) Limited which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on July 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL)

Sapphire Mining Exploration (Private) Limited was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing all kinds of cement and its allied products in Gilgit.

SMEL is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Building Materials Limited (SBML)

Sapphire Building Materials Limited was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Act, 2017 on March 24, 2021. SBML intends to deal in allied products used in construction industry.

SBML is a wholly owned subsidiary of Premier Cement Limited which is a subsidiary of Sapphire Fibres Limited.

Sapphire Power Limited (SPL)

Sapphire Power Limited is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to generate, purchase, import, transform, convert, distribute and supply electricity including the hydel and wind power system.

SPL is a wholly owned subsidiary of Sapphire Fibres Limited ("the Holding Company").

Sapphire Properties (Private) Limited (SPPL)

Sapphire Properties (Private) Limited (the Company) is a private company limited by shares incorporated in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage, construct, develop, hold, acquire, sell, and purchase all types of real estate projects.

SPPL is a wholly owned subsidiary of Sapphire Fibres Limited.

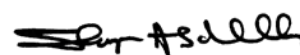
Sapphire USA LLC

Sapphire USA LLC was incorporated during the year with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

For and on behalf of the Board of Directors



Shahid Abdullah
Chief Executive



Shayan Abdullah
Director

Lahore:
Dated: September 25, 2025

انرجی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروجیکٹس حاصل، ترقی دینے کا ارادہ رکھتی ہے۔

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل)

سفار مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ضروری منظوریوں کے حوالہ سے، ایس ایم ای ایل گلگت میں تمام اقسام کے سینٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

ایس ایم ای ایل سفار فائبرز لمیٹڈ کی ذیلی کمپنی پریسرسینٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفار بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل)

سفار بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل) 24 مارچ 2021ء کو کمپنیز ایکٹ 2017ء کے تحت ایک غیر مندرجہ پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات میں ڈیل کرنے کا ارادہ رکھتی ہے۔ ایس بی ایم ایل سفار فائبرز لمیٹڈ کی ذیلی کمپنی پریسرسینٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفار پاور لمیٹڈ (ایس پی ایل)

سفار پاور لمیٹڈ (ایس پی ایل) 19 اپریل 2021ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پبلک غیر مندرجہ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کی اصل سرگرمی ہائیڈرو پاور اور ونڈ پاور سسٹم سمیت بجلی کی پیداوار، خریداری، درآمد، ٹرانسفارم، کنورٹ، تقسیم اور سپلائی کرنا ہے۔ کمپنی سفار فائبرز لمیٹڈ (ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

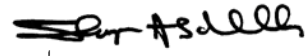
سفار پراپرٹیز (پرائیویٹ) لمیٹڈ (ایس پی پی ایل)

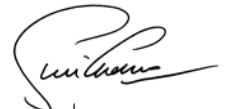
سفار پراپرٹیز (پرائیویٹ) لمیٹڈ (ایس پی پی ایل) 5 اگست 2022ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کا مقصد ریل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنا ہے۔ سفار پراپرٹیز (پرائیویٹ) لمیٹڈ، سفار فائبرز لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفار یو ایس اے ایل ایل سی

سفار یو ایس اے ایل ایل سی کو سال کے دوران کمپنی کے عالمی تاثر کو بڑھانے اور ٹیکسٹائل آپریشنز، خاص طور پر امریکہ میں ٹکس اور ڈینم مارکیٹ میں اس کی صلاحیتوں کو بڑھانے کے مقاصد کے ساتھ شامل کیا گیا ہے۔

منجانب بورڈ آف ڈائریکٹرز


شایان عبد اللہ
ڈائریکٹر


شاہد عبد اللہ
چیف ایگزیکٹو

لاہور

تاریخ: 25 ستمبر 2025

ڈائریکٹر ز رپورٹ

ڈائریکٹر 30 جون 2025ء کو ختم ہونے والے سال کے لئے سفارت فنانسبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز الیکٹرک کمپنی لمیٹڈ، پریمیر سینٹ لمیٹڈ، سفارز سینٹ کمپنی لمیٹڈ، سفارز ہائیڈرو لمیٹڈ، سفارز انرجی (پرائیویٹ) لمیٹڈ، آگسٹ پاور (پرائیویٹ) لمیٹڈ، سفارز مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفارز بلڈنگ میٹریل لمیٹڈ، سفارز پاور لمیٹڈ، سفارز پراپرٹیز (پرائیویٹ) لمیٹڈ اور سفارز یو ایس اے ایل ایل سی کے اشتہال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار 27- (اشتہال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل)

سفارز الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005ء کو کمپنیز آرڈیننس، 1984ء کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفارز فنانسبرز لمیٹڈ ذیلی کمپنی کے 68.11% (2024 : 68.11%) حصص کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی حلال صلاحیت کے حامل کمبائنڈ سائیکل پاور اسٹیشن کی ملکیت، کوچلانا اور برقرار رکھنا ہے۔

پریمیر سینٹ لمیٹڈ (پی سی ایل)

پریمیر سینٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو کمپنیز آرڈیننس، 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2025ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔

پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سینٹ کمپنی لمیٹڈ (ایس سی سی ایل)

سفارز سینٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ء کو کمپنیز آرڈیننس، 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2025ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔

ایس سی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل)

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل) 07 ستمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمی، خیبر پختونخواہ میں 682 GW کی سالانہ بجلی کی پیداوار کی پوٹینشل کے ساتھ 150 میگاواٹ کی حلال صلاحیت کا حامل ایک ہائیڈرو الیکٹرک پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔

سفارز ہائیڈرو لمیٹڈ (ایس ایچ ایل) پیرنٹ کمپنی سفارز فنانسبرز لمیٹڈ کی ذیلی کمپنی سفارز الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل)

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2025ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

اے س ای پی اے ل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائنات، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری گیسفیکیشن، اسٹوریج، ٹریننگ اور پروسیسنگ کے لئے ایک ٹرمینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

آگسٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل)

آگسٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) پیرنٹ کمپنی سفارز فنانسبرز لمیٹڈ کی ذیلی کمپنی سفارز انرجی پرائیویٹ لمیٹڈ کی 99.93% ملکیتی ذیلی کمپنی ہے۔ آگسٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی ایل) 03 جولائی 2019ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سولر

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of **Sapphire Fibres Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1	Capital expenditures Refer note 4 to the financial statements. “The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2025. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group’s accounting policy.” Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. - Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management’s consideration of any events that warranted changes to the useful economic lives. - The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2	Valuation of stock-in-trade The total value of stock in trade as at the reporting date amounted to Rs. 18.138 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 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 Group 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 manufacture and sale of yarn, fabrics garments and electricity. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures included the following: - Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. - Performed audit procedures to analyse variation in the price and quantity sold during the year. - Performed recalculations of discounts as per the Group's policy on test basis. - Understood and evaluated the accounting policy with respect to revenue recognition. - Assessed the adequacy of disclosures made in the financial statements related to revenue.

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The Engagement partner on the audit resulting in this independent auditors' report is Raheel Ahmed.

Lahore: September 29, 2025
UDIN: AR20251010565vCYVdSW

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

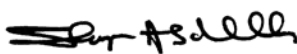
As at June 30, 2025

	Note	2025 Rupees	2024 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	28,511,956,430	26,263,263,686
Investment property	5	31,750,000	31,750,000
Intangible assets	6	6,972,594	8,270,237
Long term investments	7	47,855,111,380	8,753,485,328
Long term loans	8	5,307,500	5,365,570
Deferred taxation	22	-	307,761,674
Long term deposits		64,348,145	63,948,145
		76,475,446,049	35,433,844,640
Current assets			
Stores, spare parts and loose tools	9	1,476,118,503	1,300,088,673
Stock-in-trade	10	18,138,879,313	15,192,244,890
Trade debts	11	8,227,060,045	17,715,725,180
Loans and advances	12	574,310,900	777,414,249
Trade deposits and short term prepayments	13	91,743,747	82,868,660
Short term investments	14	10,944,936,762	4,064,853,287
Other receivables	15	3,568,664,530	2,024,988,152
Tax refunds due from Government	16	4,616,184,888	3,076,135,765
Cash and bank balances	17	2,273,772,406	1,832,065,719
		49,911,671,094	46,066,384,575
Total assets		126,387,117,143	81,500,229,215
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	34,161,769,460	5,033,306,365
Unappropriated profit		50,328,915,272	43,160,723,124
Equity attributable to shareholders of the Parent Company		84,697,403,482	48,400,748,239
Non-controlling interest		5,948,989,308	7,031,568,261
Total equity		90,646,392,790	55,432,316,500
Non current liabilities			
Long term liabilities	20	2,937,585,540	3,913,799,341
Staff retirement benefit - gratuity	21	884,975,148	716,804,813
Deferred taxation	22	805,975,783	-
		4,628,536,471	4,630,604,154
Current liabilities			
Trade and other payables	23	8,170,420,135	8,261,474,723
Contract liabilities		392,431,444	1,051,457,307
Accrued mark-up / interest	24	293,804,016	213,277,317
Short term borrowings	25	16,460,179,106	9,149,051,771
Current portion of long term liabilities	20	973,030,232	965,335,232
Unclaimed dividend	26	8,634,411	125,374,785
Provision for taxation		4,813,688,538	1,671,337,426
		31,112,187,882	21,437,308,561
Total liabilities		35,740,724,353	26,067,912,715
Contingencies and commitments	27		
Total equity and liabilities		126,387,117,143	81,500,229,215

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



Chief Executive Officer



Director



Chief Financial Officer

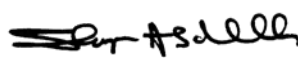
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
Sales	28	62,438,480,728	67,545,307,699
Cost of sales	29	(56,354,636,544)	(58,880,099,450)
Gross profit		6,083,844,184	8,665,208,249
Distribution cost	30	(2,086,802,344)	(1,764,792,161)
Administrative expenses	31	(1,162,920,351)	(799,850,933)
Other income	32	1,524,844,901	1,661,729,579
Other expenses	33	(82,403,948)	(70,681,812)
Impact of Amendment Agreement with CPPA-G	34	(2,823,451,404)	-
Profit from operations		1,453,111,038	7,691,612,922
Finance cost	35	(2,244,554,757)	(2,950,786,923)
		(791,443,719)	4,740,825,999
Share of profit from Associated Companies	36	38,840,017,694	883,116,420
Profit before revenue tax and income tax		38,048,573,975	5,623,942,419
Final taxes – levy	37.1	937,481,803	1,233,356,305
Profit before income tax		37,111,092,172	4,390,586,114
Income tax	37.3	3,681,185,459	(360,402,745)
Profit after taxation		33,429,906,713	4,750,988,859
Attributable to:			
- Shareholders of the Parent Company		33,903,911,258	3,863,507,674
- Non-controlling interest		(474,004,545)	887,481,185
		33,429,906,713	4,750,988,859
Earnings per share - attributable to the shareholders of Parent Company	38	1,640.10	186.90

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


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

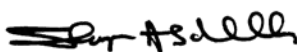
For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
Profit after taxation	33,429,906,713	4,750,988,859
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of investment at fair value through other comprehensive income		
- long term	1,554,191,554	2,470,330,798
- short term	1,623,661,016	1,624,312,640
Impact of deferred tax	(512,424,250)	(123,166,081)
Realised loss on sale of investment at fair value through other comprehensive income	(64,003,440)	(225,217,146)
Share of fair value gain on remeasurement of investment at fair value through other comprehensive income by Associates	22,092,855	27,661,334
	2,623,517,735	3,773,921,545
Loss on remeasurement of staff retirement benefit obligation	(28,700,628)	(127,291,009)
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(1,071,397)	(1,239,258)
Impact of deferred tax	11,193,245	66,135,643
	(18,578,780)	(62,394,624)
	2,604,938,955	3,711,526,921
Items that will be reclassified to statement of profit or loss subsequently		
Forward foreign exchange contracts		
Share of unrealised (loss) / gain on remeasurement of hedging instrument of Associates	(142,654)	137,617
Other comprehensive income for the year	2,604,796,301	3,711,664,538
Total comprehensive income for the year	36,034,703,014	8,462,653,397
Attributable to:		
- Shareholders of the Parent Company	36,508,707,559	7,575,172,212
- Non-controlling interest	(474,004,545)	887,481,185
	36,034,703,014	8,462,653,397

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



Chief Executive Officer



Director



Chief Financial Officer

For the year ended June 30, 2025

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

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Chief Financial Officer

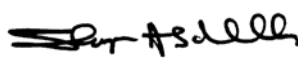
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	6,786,033,479	9,019,452,503
Staff retirement benefit paid		(140,058,136)	(135,023,726)
Finance cost paid		(2,164,028,058)	(3,207,273,700)
Taxes paid		(1,695,205,266)	(706,439,698)
Workers' profit participation fund paid		(15,743,748)	21,651,496
Long term loans – net		(58,070)	965,570
Long term deposits		–	(1,521,800)
Net cash generated from operating activities		2,770,540,201	4,991,810,645
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,061,679,291)	(1,989,987,751)
Proceeds from disposal of operating fixed assets		82,472,776	28,505,123
Long and short term investments – net		(5,705,025,014)	(407,580,047)
Proceeds from sale of stores and spares		7,239,555	1,538,199
Proceeds from disposal of investments		448,602,555	235,841,266
Profit on bank deposits received		176,094,155	81,798,010
Dividend and interest income received		1,320,042,593	1,243,017,582
Net cash used in investing activities		(7,732,252,671)	(806,867,618)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – repaid		(968,518,801)	(853,688,733)
Dividend paid		(932,033,532)	(1,134,485,129)
Short term borrowings – net		7,303,971,490	(1,763,923,675)
Net cash generated from / (used in) financing activities		5,403,419,157	(3,752,097,537)
Net increase in cash and cash equivalents		441,706,687	432,845,490
Cash and cash equivalents – at beginning of the year		1,832,065,719	1,399,220,229
Cash and cash equivalents – at end of the year		2,273,772,406	1,832,065,719

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

- Sapphire Fibres Limited

Subsidiary Companies

- Sapphire Electric Company Limited – SECL
- Premier Cement Limited – PCL
- Sapphire Cement Company Limited – SCCL
- Sapphire Energy (Private) Limited – SEL
- Sapphire Hydro Limited – SHL
- Ignite Power (Private) Limited – IPPL
- Sapphire Power Limited – SPL
- Sapphire Building Materials Limited – SBML
- Sapphire Mining Exploration Private Limited – SMEL
- Sapphire Properties (Private) Limited – SPPL
- Sapphire USA LLC

• Sapphire Fibres Limited

The Parent Company was incorporated in Pakistan on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

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

Karachi

316, Cotton Exchange Building,
I.I Chundrigar Road

Purpose

Registered office

Lahore

First Floor, Tricon Corporate Centre, 73-E
Main Jail Road, Gulberg II.
3.5 km, Manga Road, Raiwind

Head office

Production plant

Sheikhupura

10 km, Sheikhupura / Faisalabad Road,
Kharianwala

Production plant

26 km, Sheikhupura / Faisalabad Road,
Feroze wattoan

Production plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- **Sapphire Electric Company Limited – SECL**

Sapphire Electric Company Limited – SECL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA).

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

Lahore	Purpose
7 A / K, Main Boulevard, Gulberg	Registered office
Sheikhupura	
Muridke, District Sheikhupura	Production plant

- **Premier Cement Limited – PCL**

Premier Cement Limited – PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on July 26, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Registered office

- **Sapphire Cement Company Limited – SCCL**

Sapphire Cement Company Limited – SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary company is aiming to set up its plant in the province of Punjab, however license application has not been filed with Directorate General Mines and Minerals, Punjab till the reporting date due to delay in grant of requisite approvals.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	Registered office

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- **Sapphire Energy (Pvt.) Limited – SEL**

Sapphire Energy (Pvt.) Limited – SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2018. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Registered office

- **Sapphire Hydro Limited – SHL**

Sapphire Hydro Limited – SHL is a wholly owned subsidiary of Sapphire Electric Company Limited – SECL which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2018. The principal business of the subsidiary company is to construct, establish and setup a Hydro Electric Power Generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhwa. The subsidiary company is in setup phase and has not yet commenced commercial operations.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
7-A/K, Main Boulevard, Gulberg	Registered office

- **Ignite Power (Private) Limited – IPPL**

Ignite power (Private) Limited is a subsidiary company of Sapphire Energy (Private) Limited – SEPL which is a wholly owned subsidiary of the Parent Company. IPPL was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products associated therewith.

Geographical location and address of major business unit of the Subsidiary Company is as under:

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Registered office

- **Sapphire Power Limited – SPL**

Sapphire Power Limited (the Company) is a public unlisted company limited by shares incorporated in Pakistan on April 19, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the company generate, purchase, import, transform, convert, distribute and supply electricity including the hydri and wind power system. The Company is a wholly owned subsidiary of Sapphire Fibres Limited (“the Holding Company”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- | | |
|--|--|
| <p>Lahore</p> <p>First Floor, Tricon Corporate Centre,
73-E Main Jail Road, Gulberg II.</p> | <p>Purpose</p> <p>Registered office</p> |
|--|--|
- **Sapphire Building Materials Limited – SBML**

Sapphire Building Materials Limited (the Company) is a wholly owned subsidiary of Premier Cement Limited – PCL which is a subsidiary of the Parent Company. SBML is a public unlisted company limited by shares incorporated in Pakistan on March 24, 2021 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to deal, trade, import, purchase and sale of cement and allied products.

Lahore First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Purpose Registered office
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 - **Sapphire Mining Exploration Private Limited – SMEL**

Sapphire Mining Exploration (Private) Limited (the Company) is a wholly owned subsidiary of Premier Cement Limited – PCL which is a subsidiary of the Parent Company. SMEL was incorporated on August 25, 2020 as a private company under the Companies Act, 2017. The principal activity of the Company is to explore, operating and working on mines, quarries and purchase, acquire, set up of plant or take on lease or otherwise acquire any working on mines, mining rights, licenses and concession and metalliferous land having mineral reserves and to crush, win, query, smelt, refine, manufacture, process, excavate, dig survey, produce, undertake and barter.

Geographical location and addresses of major business unit of the Company is as under:

HUNZA Passu Ambassador Hotel, Gojal, Hunza, Gilgit.	Purpose Registered office
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 - **Sapphire Properties (Private) Limited – SPPL**

Sapphire Properties (Private) Limited – SPPL is a wholly owned subsidiary and was incorporated as a private limited company in Pakistan on August 05, 2022 under the Companies Act, 2017. The principal line of business of the SPPL is to invest, manage, construct, develop, hold, acquire, sell, purchase all type of real estate projects.

Lahore First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.	Purpose Registered office
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 - **Sapphire USA LLC**

Sapphire USA LLC was incorporated during the year with the objective of extending the Company's global footprint and enhancing its capabilities in textile operations, particularly in the Knits and Denim market in the United States.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1.1 Master Agreement and PPA Amendment Agreement

The Group in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA for the sale and purchase of electricity, signed on February 11, 2021 a "Master Agreement" and a "PPA Amendment Agreement" (hereinafter referred to as the 'Agreements'). Under these Agreements, the Group and CPPA have primarily agreed on the following matters that are subject to fulfilment of certain terms and conditions mentioned in the Agreements:

- Mechanism of settlement of outstanding acknowledged overdue receivables aggregating Rs. 9,041.418 million as on November 30, 2020, in two installments had been received during the prior financial year;
- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with the State Bank of Pakistan, while United States Dollar (USD) indexation will be retained for local investor, the rate will be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for remainder of the term of the PPA. During the prior financial year, the installments were paid by CPPA and hence, discounts and revised tariff became effective for the remainder of the PPA;
- Fuel and 'Operations and Maintenance' (O&M) savings shall be taken as one consolidated line item and savings if any shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. Fuel and O&M savings applied from July 1, 2021 subject to certain conditions stipulated in Master Agreement which have become effective;
- If the reserve for overhaul remains unutilized at the end of the term, it shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. The parties also agree that if the overhaul expense exceeds the reserves available at the time of overhaul, the difference shall be carried forward to the future years;
- Reduction in delayed payment markup rate in respect of energy invoices of High Speed Diesel, Capacity Invoices, Variable O&M and other pass through items from Karachi Inter-Bank Offered Rate (KIBOR) plus 4.5% per annum to KIBOR plus 2% per annum for the first 60 days after the due date. The reduction in delayed payment markup is effective from July 01, 2022;
- Waiver of late payment interest on late payment interest invoices in consideration of CPPA making payments on First In First Out (FIFO) principle in respect of past and future payment of invoices raised by the Group;
- Conversion of the PPA to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License; and
- Amicable resolution of the capacity revenue dispute involving Rs. 576.073 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period commenced from October 5, 2021 and ended on November 26, 2021, consequently, the term of PPA extended by 53 days, till November 26, 2040.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1.2 The Amendment Agreement

On February 28, 2025, the company, CPPA-G, and the Government of Pakistan (GoP) voluntarily entered into an agreement (the Amendment Agreement), effective from November 1, 2024. This agreement amends the existing Power Purchase Agreement (PPA) dated February 19, 2007 (as amended from time to time) and the Implementation Agreement dated March 7, 2007. It also terminates the Arbitration Submission Agreement (ASA) dated June 15, 2022. The Amendment Agreement forms part of the broader GoP initiative for power sector reforms and circular debt resolution.

The key terms agreed under the Amendment Agreement are as follows:

- Hybrid take-and-pay model: Payments to the company will be structured to balance capacity and energy-linked elements, incentivizing efficiency and dispatch.
- Local O&M indexation: Quarterly indexation for local fixed and variable O&M will be capped at the lower of (a) 5% per annum, or (b) actual average National Consumer Price Index (NCPI) for the preceding twelve (12) months.
- Foreign O&M indexation: Foreign fixed and variable O&M will continue under the National Electric Power Regulatory Authority (NEPRA) mechanism; however, PKR/USD depreciation will only be allowed up to 70% of the actual annual depreciation. Any PKR appreciation against the USD will be fully passed on to consumers.
- Return on Equity (RoE) and Return on Equity During Construction (RoEDC): The foreign equity component has been revised to a 17% rate of return, based on a fixed exchange rate of PKR 168/USD, determined as of NEPRA's July–September 2024 indexation. Thereafter, no exchange rate indexation will apply. Minimum RoE and RoEDC equivalent to 35% load will be payable based on availability or actual dispatch, whichever is higher.
- Insurance costs: The insurance component recoverable under tariff has been capped at 0.90% of Engineering, Procurement and Construction (EPC) cost and will be treated as a pass-through item.
- Delayed Payment Rate: Mark-up on delayed payments by CPPA-G has been reduced to three months KIBOR + 1%.
- Waiver of past claims: The Company has irrevocably waived delayed payment mark-up invoices outstanding as of October 31, 2024, amounting to Rs. 1,360.168 million.
- Settlement of Other Force Majeure Events (OFME) revenue: The Company has agreed to forego revenues relating to the OFME period amounting to Rs. 1,600 million, which has been adjusted against receivables from CPPA-G.
- Sharing of future savings: Net future savings in fuel and O&M costs will be shared in the ratio of 60:40 between CPPA-G and the Company, in accordance with the Master Agreement framework.
- Settlement of past payables: Net outstanding payables after agreed deductions are to be settled within 90 days of Cabinet approval, representing full and final settlement of claims up to October 31, 2024.
- Termination of Arbitration: The ASA dated June 15, 2022, stands terminated. The Government of Pakistan (GoP) has irrevocably withdrawn all claims against the company. Both parties will issue a joint communication to the arbitrator to formally conclude the arbitration proceedings. In March 2020, the Committee for Power Sector Audit, Circular Debt Resolution, and Future Roadmap – constituted by the Ministry of Energy, GoP – alleged that Independent Power Producers (IPPs), including the company, had made undue savings in certain tariff components. To address this dispute, the company and the Central Power Purchasing Agency (CPPA-G) signed the agreements on February 11, 2021, and agreed to resolve the matter through arbitration under the ASA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Principle of consolidation

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at June 30, 2025 in the SECL is 68.11% (2024: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEL is a wholly owned subsidiary company and effective holding of the Parent Company in IPPL is also 100% as it is wholly owned Subsidiary of SEL. The other companies PCL, SCCL, SPL, SBML, SMEL and SPPL are wholly owned Subsidiary Companies of the Parent Company.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2.3 Transactions and non-controlling interests

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

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency and figures are rounded off to the nearest rupees unless otherwise specified.

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

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

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

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

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

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

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

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

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

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

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

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been early adopted by the Group.

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

a) Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

Effective: January 01, 2026

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

b) IFRS 18 Presentation and Disclosure in Financial Statements

Effective: January 01, 2027

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

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

Effective: July 01, 2025

IFRS S2 Climate Related Disclosures

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

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

2.5.3 Exemption from applicability of certain standards

(a) The Securities and Exchange Commission of Pakistan (SECP) through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the Group's consolidated financial statements to the extent of its PPA. For the remaining leases, the Group has assessed that the application of this standard does not have any material impact on these consolidated financial statements.

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 finance lease. The Group's power plant's control due to purchase of total output by NTDC/CPA-G appears to fall under the scope of a finance lease under IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its PPA, the effect on the consolidated financial statements would be as follows:

	2025 Rupees	2024 Rupees
De-recognition of property, plant and equipment	(9,062,655,454)	(9,532,774,037)
De-recognition of trade debts	(1,316,587,832)	(2,170,520,449)
Recognition of lease debtor	3,993,992,302	7,233,984,658
Decrease in un-appropriated profit at the beginning of the year	(4,469,309,828)	(4,861,959,260)
Increase in profit for the year	(1,915,941,156)	392,649,432
Decrease in un-appropriated profit at the end of the year	(6,385,250,984)	(4,469,309,828)

(b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in relation to circular debt, the Securities and Exchange Commission of Pakistan (SECP), through SRO 67(I)/2023 dated January 20, 2023, had partially modified its earlier SRO 1177(I)/2021 dated September 13, 2021, and exempted such companies from applying the Expected Credit Loss (ECL) model under IFRS 9 for financial years ending on or before December 31, 2024. Subsequently, this exemption was further extended via SRO 1784(I)/2024 dated November 4, 2024, for financial years ending on or before December 31, 2025. Accordingly, the Group has continued to apply the relevant requirements of International Accounting Standard (IAS) 39 in respect of trade debts and other receivables due from CPA-G, and has not applied the ECL methodology under IFRS 9 for these financial assets during the exemption period.

2.6 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 (ECL) model. Management used actual credit loss experience over past years to base the calculation of ECL. 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 21.

(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 views differs with the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the date the assets are available for use while no depreciation is charged in the date in which asset is disposed-off.

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

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

Disposal

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

Un-allocated capital expenditure

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

3.2 Investment property

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

Depreciation is calculated by applying reducing balance method at the rates stated in note 5. Depreciation on additions to investment property is charged from the date in which a property is acquired or capitalised while no depreciation is charged from the date in which the property is disposed off.

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

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhance or extend the performance of computer softwares beyond its original specification and useful life are recognised as capital improvement and added to the original cost of the softwares. Costs associated with maintaining computer softwares are recognised as an expense as and when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Amortisation

Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight-line method at rates stated in note 6. Amortisation on additions to intangible assets is charged from the date in which an asset is put to use and on disposal upto the date of disposal.

3.4 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Group recognised right of use assets equal to the present value of lease payments.

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

- Debt Instruments at FVTOCI

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

- Debt Instruments at FVTPL

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

- Financial Assets measured at amortised cost

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Derecognition

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

Investments in Associated Companies

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

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

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

Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan in respect of circular debt include trade debts, contract assets and other receivables due from CPPA under the PPA that also includes accrued amounts. The Group follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till 2024.

Provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

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

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Financial liabilities

Classification & subsequent measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Derecognition

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

3.11 Derivative financial instruments and hedging activities

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

(a) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognised in consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss. Amounts accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods in which the hedged item will affect the consolidated statement of profit or loss.

(b) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the consolidated statement of profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

3.12 Offsetting of financial instruments

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 recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Impairment

(a) Financial assets

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

(b) Non-financial assets

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

3.14 Cash and cash equivalents

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

3.15 Borrowings

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

3.16 Employees' retirement benefits

(a) Defined contribution plan

The Parent Company

The Parent Company operates a defined contributory approved provident fund for its management staff. Equal monthly contributions are made both by the Parent Company and employees at the rate of 8.33% of the basic salary to the fund.

The Subsidiary Company – SECL

SECL operates a defined contributory provident fund for all its employees. Equal monthly contributions are made both by the Subsidiary Company and employees to the fund at the rate of 8.33% of the basic salary.

(b) Defined benefit plan

The Parent Company

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

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

The Subsidiary Company – SECL

SECL had provided liability for gratuity for the period upto April 30, 2009 prior to the introduction of provident fund scheme on May 01, 2009 which was frozen and paid to the gratuity fund trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.17. Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Defined contribution plan (Provident Fund)

There is an approved defined contributory provident fund for all employees. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Equal monthly contributions are made both by the Group and employees to the fund at the rate of 8.33 percent of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

3.18 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous periods arising from assessments framed during the period for such periods and deferred tax.

Current

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

The profits and gains of the Subsidiary Company – SECL 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 Company – SECL is 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 consolidated 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.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to consolidated statement of other comprehensive income / equity in which case it is included in consolidated statement of other comprehensive income / equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.19 Lease liability

Leases were classified as either finance or operating leases. Payments made under operating leases were charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The present value of the lease payments is determined using interest rate implicit in lease. If interest rate implicit in lease is not readily determinable, then the Group uses incremental borrowing rate at the commencement of lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.20 Trade and other payables

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

3.21 Provisions

Provisions are recognised 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.

3.22 Foreign currency translation

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

3.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sale of goods

Revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers.

Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Provision of Services

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

Others

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

Revenue from the sale of electricity to CPPA, the sole customer of the Group, is recorded on the following basis:

- Capacity price revenue is recognised based on the capacity made available to CPPA (over time); and
- Energy price revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA (at a point in time).

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices for the Re-Gasified Liquefied Natural Gas ('RLNG') fuel cost component of the energy price are raised on a weekly basis and are due after 3 days from the date of receipt of invoice to CPPA. Energy price invoices for High Speed Diesel (HSD) fuel cost component and variable operations and maintenance are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

Capacity price invoices are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

3.24 Borrowing costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3.25 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised into four operating segments i.e. spinning, knitting, processing & garments, denim and power.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other operating income & expenses, share of profit in Associated Companies and taxation are managed at the Group level. Unallocated assets mainly include investment property, intangible assets, long term investments, short term investments, advance income tax, tax refunds due from the Government and unrealised gain / loss on forward exchange contracts.

3.26 Dividend and appropriation to reserves

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

3.27 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

	Note	2025 Rupees	2024 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	25,336,917,724	23,887,532,449
Capital work-in-progress	4.3	3,175,038,706	2,375,731,237
		28,511,956,430	26,263,263,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and other on freehold land	Leased office improvements	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment					Vehicles	Furniture and fixtures	Arms and ammunition	Tools	Total
								Fire fighting	Office	Mills	Electric /gas	Computer hardware					
Rupees																	
At July 1, 2023																	
Cost	1450754474	338091400	1138032548	28636645	5362432293	30632718010	556620990	22697998	55454613	84966727	20672670	68133165	467295217	141617106	149886	248579	40368513221
Accumulated depreciation	-	31695	630958753	26642509	2306406392	12893224162	249641636	9611927	27036715	32788964	14730413	38906496	185324056	54755414	139788	228953	1647497873
Netbook value	1450754474	338059705	507073795	1994136	3056016901	17734493848	306979354	13086071	28397898	52197763	5942257	29726669	281971161	87341692	10098	19626	23893565448
Year ended June 30, 2024																	
Opening netbook value	1450754474	338059705	507073795	1994136	3056016901	17734493848	306979354	13086071	28397898	52197763	5942257	29726669	281971161	87341692	10098	19626	23893565448
Additions	450000000	-	9852468	-	411069884	65388370	37725058	11750985	-	2676350	-	28782951	4945525	5651980	-	-	1662690871
Disposals																	
- cost						4128925						953300	22305000				6458425
- accumulated depreciation						(35222671)						(848797)	(1676771)				(5289239)
Depreciation charge	-	6339	38220727	398827	256388298	1235187611	32877895	1850020	490586	5697441	3343300	12256280	60789912	9415275	1010	1963	1657014684
Closingnetbook value	1900754474	338053366	478705536	1595309	3210698487	1714807353	311826537	22987086	27907312	49173972	2688757	45648637	264800145	8378397	9888	17663	23887332449
At June 30, 2024																	
Cost	1900754474	338091400	1147885016	28636645	5773493177	31247266455	594346048	34448983	55454613	87640377	20672670	95962616	494335742	147267086	149886	248579	41966655767
Accumulated depreciation	-	38034	669179480	27041336	2562794690	14098189102	282519531	11461947	275473201	38466405	1793913	50313979	229535197	63690689	140798	230916	18079123318
Netbook value	1900754474	338053366	478705536	1595309	3210698487	1714807353	311826537	22987086	27907312	49173972	2688757	45648637	264800145	8378397	9888	17663	23887332449
Period ended June 30, 2025																	
Opening netbook value	1900754474	338053366	478705536	1595309	3210698487	1714807353	311826537	22987086	27907312	49173972	2688757	45648637	264800145	8378397	9888	17663	23887332449
Additions	-	-	8671770	-	120821611	2961037210	36766462	-	611000	12449387	-	19397166	98492799	3699416	-	-	3362121821
Disposals																	
- cost						293180752						1192229	23127300				317300291
- accumulated depreciation						(25027995)						(1005789)	(1761578)				(268901762)
Depreciation charge	-	-	36569292	325401	263198527	1334336169	31282472	2154642	2666716	6649822	670305	17385656	6080086	8715255	909	1765	1764138017
Closingnetbook value	1900754474	338053366	450808014	1269908	3068321571	18728787637	31730507	20832394	25881596	54948537	2028252	47473697	297801136	78502558	8179	15898	25336917724
At June 30, 2025																	
Cost	1900754474	338091400	1156556786	28636645	5894314788	33915122913	631125310	34448983	56085613	100064764	20672670	114167543	569901241	150968502	149886	248579	44911277297
Accumulated depreciation	-	38034	705748772	27366737	2825993217	15182245276	318802003	13616589	30214017	45116227	1844418	66693846	272300105	72405944	141707	232681	1957439573
Netbook value	1900754474	338053366	450808014	1269908	3068321571	18728787637	31730507	20832394	25881596	54948537	2028252	47473697	297801136	78502558	8179	15898	25336917724
Depreciation rate (% - per annum)			5	20	33.33	33.33	10	10	10	10	10	30.63	20	10	10	10	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.1.1 Particulars of immovable property in the name of Group are as follows:

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Sheikhpura.	Production plant	174,815
- Ferozewattoan, District Sheikhpura.	Production plant	585,808
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
- Mauza Rosa, District Kasur	Proposed Mill / Factory	83,823
- Muridke, District Sheikhpura.	Production plant	261,548
- Billot Shareef, District Dera Ismail Khan	Proposed production plant	2,906,581
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	143,990
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666
- Billot Pakka, District Dera Ismail Khan	Proposed production plant	31,469

	Note	2025 Rupees	2024 Rupees
4.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured		1,707,864,439	1,600,338,470
Administrative expenses		56,273,578	56,676,214
		1,764,138,017	1,657,014,684
4.3 Capital work-in-progress			
Buildings		736,704,035	574,701,399
Furniture and fixtures		4,822,698	3,255,475
Plant and machinery {including in transit aggregating			
Rs. 212.883 million (2024: Rs. 147.854 million)	4.3.1	1,533,229,219	933,724,499
Un-allocated capital expenditure	4.3.3	441,729,365	434,092,628
Advance payments against:			
- land - freehold		9,002,400	22,502,400
- factory / office building		6,668,800	6,668,800
- electric installation		417,806,377	384,746,541
- vehicles		21,947,412	14,651,095
- computer software		3,128,400	1,388,400
		458,553,389	429,957,236
		3,175,038,706	2,375,731,237

4.3.1 These includes machinery costing Rs. 1,118.486 million purchased from Reliance Cotton Spinning Mills Limited (a related party).

4.3.2 The Company, during the year, has capitalized borrowing cost of Rs. 15.267 million (2024: 32.948 million) charged at the rate ranging from 8.00% to 18.14% (2024: 15.81% to 23.28%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.3.3 These include Rs. 256.303 million (2024: Rs. 255.260 million) incurred by Subsidiary Company – PCL for its proposed cement project and Rs. 185.426 million (2024: Rs. 178.832 million) in respect of pre-commencement expenditure of Subsidiary Company – SHL. These also include charges of different foreign and local parties for engineering consultancy services including preparation of feasibility report, engineering designs, bidding and tendering documents, and environmental and social impact assessment report of the project to be constructed by the Group.

4.3.4 A generation license was granted to the Group by NEPRA on August 25, 2021. Moreover, the management is confident that the tariff petition for constructing the hydro power project would be approved in due course. Therefore, these costs have been recognised as an asset under International Accounting Standard 16 'Property, Plant and Equipment' since management believes that it is highly probable that the power project will be constructed and future economic benefits associated with these costs will flow to the Group.

4.4 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							
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,848,089	2,113,440	3,635,757	1,522,317	Negotiation	M/s. Bashir & Sons Industries.
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,900,925	2,060,604	2,051,831	(8,773)	Negotiation	M/s. Hassan & Co.
1 Set Complete Ring Spinning Frames Machines Comporspin	17,961,529	15,918,537	2,042,992	3,898,305	1,855,313	Negotiation	M/s. Bashir & Sons Industries.
1 Set Murata Auto Cone Winder 21C	14,085,673	12,245,305	1,840,368	2,500,000	659,632	Negotiation	M/s. Abdullah Waleed Textile Mills Ltd.
1 Set Murata Automatic Winder Comber Machine E-62, Rieter Model 2001	11,263,797	9,926,227	1,337,570	2,500,000	1,162,430	Negotiation	----- do -----
One Set Murata Automatic Winder C21 Process Coner	5,417,391	4,910,127	507,264	645,630	138,366	Negotiation	M/s. Grace Tex International.
4 Nos. Carding Machines CMK-3	15,008,994	13,195,233	1,813,761	2,497,502	683,741	Negotiation	M/s. Sultan Associates.
1 No. Murata Automatic Winder Process Coner Magazine	2,920,000	1,432,420	1,487,580	1,298,700	(188,880)	Negotiation	M/s. Hassan & Co.
1 No. Murata Auto Cone Winder	10,989,321	9,814,585	1,174,736	1,323,675	148,939	Negotiation	----- do -----
2 Nos. Caterpillar Gas Generators	12,087,997	10,521,866	1,566,131	2,497,502	931,371	Negotiation	M/s. Sultan Associates.
Gerber Cutter Machine	47,619,249	38,136,220	9,483,029	9,312,721	(170,308)	Negotiation	M/s. Hanif'S Trading Corporation
Eco Block Quattro Yarn	7,764,151	2,045,920	5,718,231	5,718,231	-	Negotiation	M/s. Jezeem Traders.
Dyeing Machine	8,023,496	6,952,421	1,071,075	1,500,000	428,925	Negotiation	M/s. Kamal Mills (Pvt) Ltd.
Auto Cone Winder Murata 21							
C - Quantum - 2 Model 2004	10,139,812	9,046,137	1,093,675	2,500,000	1,406,325	Negotiation	M/s. Abdullah Waleed Textile Mills Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss)	Mode of disposal	Sold to:
Rupees							
3 Nos. Truetzschler Carding Machines DK-803	12,426,927	11,199,833	1,227,094	2,567,796	1,340,702	Negotiation	M/s. Chaudhry Brothers.
2 Nos. Truetzschler Carding Machines DK-803	8,545,366	7,972,652	572,714	1,711,864	1,139,150	Negotiation	----- do -----
5 Nos. Carding Machine Howa CM-80	2,700,267	1,264,016	1,436,251	1,799,049	362,798	Negotiation	M/s. Mubashar Brothers.
1 No. Toyoda Ring spinning Frames	2,001,837	1,336,458	665,379	433,898	(231,481)	Negotiation	M/s. Hussain Ali & Co.
1 No. Toyoda Ring spinning Frames	1,843,798	1,253,804	589,994	433,898	(156,096)	Negotiation	----- do -----
1 No. Toyoda Ring spinning Frames	1,664,272	1,136,032	528,240	433,898	(94,342)	Negotiation	----- do -----
	228,386,935	190,056,807	38,330,128	49,260,257	10,930,129		
Vehicles							
Toyota Fortuner	5,772,000	5,203,883	568,117	1,514,000	945,883	Negotiation	Mr. Lal Khan Baloch
Toyota Corrolla	3,283,000	1,519,810	1,763,190	6,000,000	4,236,810	Insurance claim	M/s. Admjee Insurance Company Ltd.
Toyota Corolla Altis	2,222,000	1,688,056	533,944	1,394,000	860,056	Negotiation	Mr. Zia Ullah
Honda Civic	3,647,300	2,370,745	1,276,555	2,009,100	732,545	Negotiation	Mr. Muhammad Farooq
	14,924,300	10,782,494	4,141,806	10,917,100	6,775,294		
Various assets having net book value upto Rs.500,000 each							
	74,189,056	68,062,460	6,126,596	22,295,419	16,168,823	Negotiation	Various parties
2025	317,500,291	268,901,761	48,598,530	82,472,776	33,874,246		
2024	64,548,425	52,839,239	11,709,187	28,505,123	16,795,937		

5. INVESTMENT PROPERTY

5.1 This represents free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards.

5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2025 was Rs. 351 million (June 30, 2024: Rs. 286 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

6. INTANGIBLE ASSETS

	Computer Softwares	Goodwill	Total
	Rupees		
At July 1, 2023			
Cost	34,445,599	5,612,904	40,058,503
Accumulated amortization	29,641,278	–	29,641,278
Net book value	4,804,321	5,612,904	10,417,225
Year ended June 30, 2024			
Amortization charge	2,146,988	–	2,146,988
Net book value as at June 30, 2024	2,657,333	5,612,904	8,270,237
Year ended June 30, 2025			
Addition during the period	250,000	–	250,000
Amortization charge	1,547,643	–	1,547,643
Net book value as at June 30, 2025	1,359,690	5,612,904	6,972,594
At June 30, 2024			
Cost	34,445,599	5,612,904	40,058,503
Accumulated amortization	31,788,266	–	33,335,909
Net book value	2,657,333	5,612,904	6,722,594
At June 30, 2025			
Cost	34,695,599	5,612,904	40,308,503
Accumulated amortization	33,335,909	–	33,335,909
Net book value	1,359,690	5,612,904	6,972,594
Amortisation rate (% per annum)	20 & 33		

- 6.1** Goodwill represents excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired of the Subsidiary Company – SECL.

	Note	2025 Rupees	2024 Rupees
7. LONG TERM INVESTMENTS			
Associates – equity accounted investments	7.1	40,881,877,195	3,532,549,527
Others – equity instruments	7.3	6,730,127,355	5,175,435,801
– debt instruments	7.4	45,000,000	45,500,000
Share deposit money	7.4.2	198,106,830	–
		47,855,111,380	8,753,485,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
7.1 Associated Companies Quoted			
Reliance Cotton Spinning Mills Limited – RCSM	7.1.1	192,074,152	138,425,780
Unquoted			
SFL Limited – SFLL	7.1.2	5,831,192	5,353,466
Sapphire Power Generation Limited – SPGL	7.1.3	504,688,656	371,470,981
Sapphire Dairies (Private) Limited – SDL	7.1.4	220,839,940	211,117,539
Tricon Boston Consulting Corporation (Private) Limited – TBCCL	7.1.5	2,786,389,385	2,479,303,499
Creek Properties (Private) Limited – CPPL	7.1.6	332,304,482	326,878,262
Energas Terminal (Private) Limited – ETL	7.1.7	227,281,387	–
Energas Marketing (Private) Limited (EML)	7.1.8	–	–
UCH Power (Private) Limited (UCHL)	7.1.9	11,743,920,000	–
UCH – II Power (Private) Limited (UCHL – II)	7.1.9	24,868,548,000	–
		40,881,877,195	3,532,549,527

7.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs. 10 each representing 1.35% (2024: 1.35%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2025. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at 2025 was Rs. 62.718 million (2024: Rs. 62.720 million). RCSM is an associate of the Group due to common directorship.

7.1.2 Investment in SFLL represents 10,199 fully paid ordinary shares of Rs. 10 each representing 0.051% (2024: 0.051%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2025. SFLL was incorporated on April 26, 2010 as a public limited company. The main business of SFLL is to investment in the shares of Related Parties. SFLL is an associate of the Group due to common directorship.

7.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs. 10 each representing 17.63% (2024: 17.63%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2025. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.

7.1.4 Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs. 10 each representing 5.50% (2024: 5.50%) of SDL's issued, subscribed and paid-up capital as at June 30, 2025. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.

7.1.5 Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs. 10 each representing 7.13% (2024: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at June 30, 2025. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2018 as security against financing facilities advanced to TBCCL. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7.1.6 Investment in CPPL represents 5,047,489 (2024: 5,047,489) fully paid ordinary shares having face value of PKR 10/- each representing 17.50% of CPPL 's issued, subscribed and paid-up capital as at June 30, 2025. CPPL was incorporated as a private limited company and is principally engaged in marketing and development of real estate projects. CPPL is an associate of the Group due to common directorship.

7.1.7 The Group has made investment in ETL's 27,938,200 fully paid ordinary shares (2024: 2500) of Rs.10 each representing 33% (2024: 25%) of ETL's issued, subscribed and paid-up capital as at June 30, 2025. ETL was incorporated as a private limited company and its principal business is to undertake and develop power projects.

ETL has incurred loss for the year amounted Rs. 16.860 million (2024: Rs. 23.675 million) and has accumulated losses aggregated Rs. 156.434 million (2024: Rs. 139.574 million). Subsidiary Company's – SEL share of loss has been recognised upto the extant of cost of investment.

7.1.8 The Subsidiary Company – SEL has made investment in EML's 2,500 fully paid ordinary shares (2024: 2500) of Rs. 10 each representing 25% (2024: 25%) of EML's issued, subscribed and paid-up capital as at June 30, 2025. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.

EML has incurred loss for the year amounted Rs. 254 thousand (2024: 243 thousand) and it has accumulated losses aggregated Rs. 1,396 thousand (June 30 2024: Rs. 1,142 thousand). Subsidiary Company's – SEL share of loss has been recognised upto the extant of cost of investment.

7.1.9 On July 12, 2024, the Parent Company entered into a Share Purchase Agreement (SPA) with ENGIE Group Participations SA the ultimate holding company of UPLHC-I Limited, UPLHC-II Limited and International Power UCH Holdings B.V., (collectively referred to as the "Combined Sellers"), to acquire 380,364,999 ordinary shares of UCH Power (Private) Limited and 559,944,874 ordinary shares of UCH-II Power (Private) Limited. The purchase consideration, determined with reference to the financial statements as at December 31, 2023, was subject to adjustments under an agreed formula till mutually agreed final completion date i.e. April 15, 2025 as stipulated in the SPA.

7.1.10 The Group investment in RCSM, SELL, SPGL, SDL, TBCCL, SPPL is less than 20% but these are considered associated companies as the Group has significant influence over the financial and operating policies through representation on the Board of Directors of these companies. For UCHL and UCHL-II investment was acquired during the April, 2025. For computation of gain / loss on acquisition of net assets of UCHL and UCHL-II, financial statements for the period ended March, 31, 2025 have been used. For computation of post acquisition profits financial statements for the period ended June, 30, 2025 have been used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7.2 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on un-audited financial statements of Associates as at June 30, 2024 and June 30, 2025 Financial statements have been amended to reflect adjustments made by the entity using the equity method.

		RCSM			SFL			SPGL			SDL			TBCCL			EVL			ETL			CPPL			UCLH			UCLH-II																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024		2025	2024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025 Rupees	2024 Rupees
7.3	Equity Instruments – at FVTOCI		
	Quoted		
	MCB Bank Limited		
	18,837,275 (2024: 18,213,195) ordinary shares of Rs. 10 each – cost	984,949,221	984,949,221
	Adjustment arising from re-measurement to fair value	4,446,590,653	3,291,488,950
		5,431,539,874	4,276,438,171
	Habib Bank Limited		
	7,244,196 (2024: 7,244,196) ordinary Rs. 10 each – cost	1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value	81,013,872	(318,575,979)
		1,298,087,481	898,497,630
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs. 10 each	500,000	500,000
		6,730,127,355	5,175,435,801
7.4	Debt Instruments – at FVTOCI		
	Habib Bank Limited – term finance certificates (TFCs)		
	500 (2024: 500)Term finance certificates of Rs. 100,000 each – cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(5,000,000)	(4,500,000)
		45,000,000	45,500,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 13.63% to 21.84% (2024: 22.97% to 24.20%) per annum.

7.4.2 This represent US\$.700 thousand equivalent to Rs. 198.051 million paid to M/s.Sapphire USA LLA for subscription of shares.

	Note	2025 Rupees	2024 Rupees
8.	LONG TERM LOANS – Secured		
	Loans due from employees	6,363,070	7,985,570
	Less: recoverable within one year and grouped under current assets	1,055,570	2,620,000
		5,307,500	5,365,570

8.1 These represent interest free loans provided to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.

8.2 PCL during the preceeding year provided loan to its Chief Executive amounted Rs. 1.266 million. The maximum aggregate amount outstanding against this loan at end of any month during the period is Rs. 5 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		768,788,584	865,431,072
Spare parts		334,943,277	269,328,551
Loose tools		752,782	663,642
Items in transit		391,084,114	175,906,396
		1,495,568,757	1,311,329,661
Less: provision for slow moving items	9.1	19,450,254	11,240,988
		1,476,118,503	1,300,088,673
9.1 Provision for slow moving items			
Balance at beginning of the year		11,240,988	11,812,620
Less: provision made / (reversed) during the year		8,209,266	(571,632)
Balance at end of the year		19,450,254	11,240,988
10. STOCK-IN-TRADE			
Raw materials:			
– at mills		9,037,773,387	7,631,625,837
– in transit		3,359,235,062	2,149,859,920
– at third party's premises		–	37,610,184
		12,397,008,449	9,819,095,941
Work-in-process		1,332,401,918	1,396,530,229
Finished goods – at mills		4,373,090,669	3,976,618,720
– at third party		36,378,277	–
		18,138,879,313	15,192,244,890

10.1 During the preceding year, raw material costing Rs. 1,341.150 million was written down to Rs. 1,134.284 million to arrive at the net realizable value. The amount charged to cost of sale in respect of stocks written to their realizable value was Rs. 206.867 million.

10.2 As at June 30, 2025 finished goods at mills costing Rs. 1,215.900 million (2024: Rs. 1,547.558 million) have been written down to Rs. 930.299 million (2024: Rs. 1,253.313 million) to arrive at the net realizable value is Rs. 285.601 million (2024: Rs. 294.245 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
11. TRADE DEBTS			
Consider good			
Unsecured			
– local	11.1	3,820,424,221	3,269,979,240
Secured			
– foreign debts		2,149,597,734	2,464,175,283
– local	11.5	2,483,404,347	12,109,155,786
		4,633,002,081	14,573,331,069
Considered doubtful			
Unsecured – foreign debts	11.4	18,909,550	18,909,550
		8,472,335,852	17,862,219,859
Less: provision for impairment	11.6	245,275,807	146,494,679
		8,227,060,045	17,715,725,180
11.1 These include the following amounts due from Related Parties			
Diamond Fabrics Ltd.		17,672,788	68,639,278
Reliance Cotton Spinning Mills Ltd.		57,756,433	48,568,620
Amer Cotton Mills (Pvt.) Ltd.		–	129,807
Sapphire Textile Mills Ltd.		77,421,424	50,025,529
Sapphire Power Generation Ltd.		17,521,512	6,746,447
Sapphire Diaries (Pvt.) Ltd.		435,601	935,601
Sapphire Finishing Mills Ltd.		–	16,445,494
		170,807,758	191,490,776

11.2 The ageing of trade debts at is as follows:

	Related parties		Others	
	2025	2024	2025	2024
	Rupees			
Not past due	6,247,503	36,226,290	4,106,162,056	9,592,653,953
Past due 1–30 days	134,189,300	106,463,560	2,558,121,731	6,285,512,513
Past due 31–60 days	26,028,826	35,878,487	763,193,103	743,958,100
Past due 61–90 days	3,589,721	10,478,832	329,460,989	214,040,189
Past due 91–365 days	301,077	1,413,591	305,671,112	357,775,464
Past due one year	451,331	1,030,016	238,919,103	476,788,864
	170,807,758	191,490,776	8,301,528,094	17,670,729,083

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the period was Rs. 583.567 million (2024: Rs. 333.159 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

11.5 These represent trade receivables from CPPA–G and are considered good, being secured through a Government of Pakistan guarantee under the Implementation Agreement and arising in the normal course of business. The receivables are interest free; however, a delayed payment markup is charged if amounts are not settled within the stipulated due dates. Prior to November 01, 2024, the delayed payment markup was charged at the rate of three months KIBOR plus 2% per annum on amounts outstanding beyond sixty days from the due date (thirty days in the case of RLNG fuel cost component invoices) and at three months KIBOR plus 4.5% per annum thereafter. Pursuant to the Amendment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Agreement dated February 28, 2025, entered into by the company with CPPA-G and the Government of Pakistan, effective November 01, 2024, the delayed payment markup rate has been reduced to three months KIBOR plus 1% per annum on all outstanding amounts. During the year, the applicable delayed payment markup rates ranged from 12.06% to 26.69% (2024: 22.80% to 28.49%) per annum. These also include unbilled receivables aggregating to Rs. 555.013 million (2024: Rs. 2,501.763 million).

Included in trade debts are amounts aggregating Rs. 227.610 million relating to capacity revenue not acknowledged by NTDC/CPPA-G for the period from March 2011 to May 2011 due to non-supply of gas by SNGPL on account of certain force majeure events. The group's management raised this matter with NTDC, SNGPL, and the Private Power & Infrastructure Board (PPIB); however, the dispute remained unresolved. Hence, the group had taken up this issue at appropriate forums.

On June 28, 2013, the group entered into a Memorandum of Understanding (MoU) for cooperation on the extension of credit terms with NTDC, whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the above-mentioned issue would be withdrawn unconditionally and resolved through the dispute resolution mechanism under the PPA. Accordingly, as per the terms of the MoU, the company applied for withdrawal of the aforesaid petition in 2013, and on January 25, 2018, the Supreme Court disposed of the petitions filed before it.

During the financial year 2014, the group, in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. In August 2015, the Expert gave his determination whereby the company's claim regarding the above-mentioned amount of Rs. 227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the group had also filed a request for arbitration in the London Court of International Arbitration (LCIA) in accordance with the terms of the GSA against SNGPL, whereby an Arbitrator was appointed. The Arbitrator, through his order dated March 9, 2016, decided the matter in the group's favor, whereby the aforesaid amount of Rs. 227.610 million was determined to be payable to the group by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014, until the date of the actual payment and reimbursement of certain arbitration costs incurred by the group, along with interest at the rate of 6% per annum from the date of award till the date of actual payment, which works out to Rs. 152.376 million (2024: Rs. 138.304 million) as of June 30, 2025, and has been recognized as a receivable (out of which Rs. 3.874 million is the markup on arbitration cost of Rs. 6.933 million which is classified in other receivables. Consequently, under the relevant provisions of the Arbitration Act, 1940, the group filed an application before the court of Senior Civil Judge to pass appropriate directions for the implementation/enforcement of the Arbitration Award.

The Civil Judge, through an order dated October 16, 2023, confirmed the arbitration award in favor of the group (the "Domestic Award"), stipulating that interest at 6% per annum on the principal amount would only accrue from the date of this order. Consequently, a Decree Sheet (the "Domestic Award Decree") was issued based on this decision. The group appealed this order in the Lahore High Court (LHC) for seeking relief to accrue 6% interest per annum from the date of award as per the true sense of the LCIA Award, however, the LHC upheld the decision of the Senior Civil Judge on April 22, 2024. Currently, the group has filed a Civil Petition for Leave to Appeal (CPLA) with the Supreme Court of Pakistan against the Lahore High Court's order. The group believes there are substantial grounds for a favorable outcome in the case.

Based on the advice of the Group's legal counsel and Arbitration Award in the Group's favour, management strongly feels that under the terms of the PPA, Implementation Agreement and the GSA, this receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

	2025 Rupees	2024 Rupees
11.6 Provision for expected credit loss		
Balance at the beginning of the year	146,494,679	179,912,457
Charged / (reversed) during the year	98,781,128	(33,417,778)
Closing at the end of the year	245,275,807	146,494,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		Exposure at default 2025 Rupees	Expected credit loss 2024 Rupees
11.7	The expected credit allowance for trade debts at the reporting is calculated as below:		
	Not past due	2,723,651,544	16,954,356
	Past due 1–30 days	1,581,996,478	21,015,414
	Past due 31–60 days	789,221,929	37,179,355
	Past due 61–90 days	333,050,710	55,816,455
	Past due 91–365 days	305,972,189	70,456,104
	Past due one year	239,370,434	43,854,123
		5,973,263,284	245,275,807

	Note	2025 Rupees	2024 Rupees
12.	LOANS AND ADVANCES		
	– Considered good		
	Current portion of long term loans to employees	8	1,055,570
	Due from related party	12.1	–
	Advances to:		
	– suppliers and contractors	12.2.	566,621,546
	– employees		6,633,784
			573,255,330
			574,310,900

12.1 The Subsidiary Company – SEL during the preceding year was entered into a loan agreement with ETL (an Associated Company) to provide an unsecured loan upto US\$ 18.750 million (equivalent to Rs. 1.986 billion with US\$ to Rupee conversion fix at Rs. 106) for a period of one year. This loan carries mark-up at the rate of 6 month KIBOR (applicable on the first working day of each month) + 0.25% and is repayable on date of maturity of the loan. Effective mark-up rate charged by the Company, during the year, ranged from 11.98% to 20.38% per annum (2024: 21.16% to 23.68%) per annum. As the tenure of the loan agreement is of one year this loan has been classified as short term. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 279.382 million (2024: Rs. 322.41 million).

12.2. These include receivable amounting Rs. 0.736 million from Sapphire Finishing Mills Limited (a related party). Preceding year include Rs. 42.113 million receivable from Reliance Cotton Spinning Mills Limited.

	Note	2025 Rupees	2024 Rupees
13.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits – unsecured and considered good	3,167,922	1,040,108
	Margin against letter of credit	9,020	1,235,568
	Prepayments	88,566,805	80,592,984
		91,743,747	82,868,660
14.	SHORT TERM INVESTMENTS		
	Equity instruments – FVTOCI	14.1	4,542,976,139
	Held at amortised cost:		
	Term Deposit Receipts (TDRs)	14.2	500,000,000
	Investment in MCB Mutual Fund	14.3	5,901,960,623
			10,944,936,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of Shares / Certificates			Market value		Cost	
2025	2024	Name of the investee company	2025	2024	2025	2024
Rupees						
11,000	-	Abbott Laboratories (Pakistan) Ltd.	10,692,550	-	9,641,663	-
-	68,400	Attock Petroleum Ltd.	-	26,418,816	-	12,153,848
9,718,500	9,628,500	Bank Al-Habib Ltd.	1,533,384,930	1,080,125,130	440,792,953	428,622,094
-	393,973	Charat Packaging Ltd.	-	46,504,573	-	35,824,418
20,100	7,200	Colgate Palmolive (Pakistan) Ltd.	26,833,500	8,783,424	25,727,872	9,375,865
601,000	453,000	Dolmen City REIT	16,233,010	7,451,850	10,004,511	7,433,477
-	761,797	Engro Corporation Ltd.	-	253,457,480	-	174,478,387
140,000	55,000	Engro Fertilizers Ltd.	25,982,600	9,142,100	24,825,974	8,568,442
1,885,238	-	Engro Holdings Ltd.	344,169,049	-	210,946,140	-
-	140,625	Fauji Cement Company Ltd.	-	3,221,719	-	3,683,337
163,740	77,040	Fauji Fertilizer Company Ltd.	64,253,213	12,586,795	38,837,943	11,207,326
138,000	120,000	Frieslandcampina Engro Pakistan Ltd.	12,043,260	8,402,400	11,813,565	9,067,923
4,632,704	5,532,704	Habib Bank Ltd.	830,134,230	686,221,277	956,202,552	1,141,962,552
159,000	-	Habib Metropolitan Bank Ltd.	15,728,280	-	14,287,739	-
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
15,000	-	Haleon Pakistan Ltd.	11,044,950	-	12,525,379	-
13,400	8,500	Highnoon Laboratories Ltd.	13,238,664	6,065,430	9,110,762	4,853,211
-	12,878,000	K-Electric Ltd.	-	59,625,140	-	120,385,975
2,569,130	497,926	Lucky Cement Ltd.	912,657,741	451,484,442	235,439,988	214,887,096
23,700	13,500	Lucky Core Industries Ltd.	37,665,699	12,548,115	22,620,181	11,352,678
61,343	3,527	Mari Energies Ltd. (Formerly	38,455,313	9,566,423	22,829,769	9,703,211
		Mari Petroleum Company Ltd.)				
192,000	73,000	MCB Bank Ltd.	55,361,280	16,572,460	46,820,303	14,846,185
193,400	52,000	Meezan Bank Ltd.	64,218,470	12,448,280	45,313,646	11,198,950
39,756	-	National Foods Ltd.	13,009,356	-	7,409,062	-
1,495	1,250	Nestle Pakistan Ltd.	10,533,770	8,942,713	11,235,528	9,515,902
154,500	60,000	Oil & Gas Development Company Ltd.	34,076,520	8,122,200	26,854,045	8,233,384
-	13,000	Pakistan Oilfields Ltd.	-	6,369,220	-	5,841,770
28,000	-	Pakistan Petroleum Ltd.	4,764,760	-	3,422,702	-
448,934	448,934	Pakistan State Oil Company Ltd.	169,486,053	74,617,320	63,918,848	63,918,848
190,707	-	Standard Chartered Bank (Pak) Ltd.	11,594,986	-	12,520,539	-
374,500	29,000	System Ltd.	40,123,930	12,130,700	36,053,728	11,096,125
-	87,000	The Hub Power Company Ltd.	-	14,187,960	-	11,812,069
-	165,396	The Searle Company Ltd.	-	9,447,420	-	4,562,016
862,600	431,300	United Bank Ltd.	238,034,470	110,516,311	80,749,609	80,749,609
50,114	-	Wafi Energy Pakistan Ltd.	9,255,555	-	9,785,122	-
			4,542,976,139	2,954,959,698	2,389,816,123	2,425,460,698
Add: Adjustment arising from re-measurement to fair value					2,153,160,016	529,499,000
Market value					4,542,976,139	2,954,959,698

14.2 Term Deposits Receipts have been purchased from a banking company and carry markup at the rate 9.25% (2024: 10.00% to 18.90%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14.3 This represents investments in units of mutual funds, the details of which are follows:

	2025	
	Number of units	Value of investment Rupees
Name of Fund		
Alfalah Islamic Money Market Fund	400,474	40,179,068
NBP Riba Free Savings Fund	179,023,355	1,806,656,992
HBL Cash Fund	9,818,216	1,014,737,151
UBL Al-Ameen Islamic Cash Fund	5,104,766	516,804,980
MCB Alhamra Cash Management Optimizer	24,489,549	2,523,582,432
	218,836,360	5,901,960,623

	Note	2025 Rupees	2024 Rupees
15. OTHER RECEIVABLES			
Advance income tax		1,658,623,713	429,371,016
Export rebate and duty drawbacks		13,183,279	13,183,279
Accrued mark-up on term finance certificates		9,633,421	-
Claim recoverable from NTDCL for pass through item		-	25,093,201
- Workers' Profit Participation Fund	15.1	869,639,212	869,639,212
- Punjab Workers' Welfare Fund		1,699,741	55,703,680
Accrued mark-up		208,072,108	174,242,003
Prepaid final tax levy		688,083,679	451,778,609
Others		119,729,377	5,977,152
		3,568,664,530	2,024,988,152

15.1 Under section 9.3(a) of the PPA with CPPA, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from CPPA as a pass through item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
16. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		4,643,053,057	3,109,263,453
Income tax		279,808,331	237,080,096
Excise duty		55,849,144	40,971,576
Less: provision for doubtful tax refunds	16.1	362,525,644	311,179,360
		4,616,184,888	3,076,135,765
16.1 Provision for doubtful tax refunds			
Balance at beginning of the year		311,179,360	275,031,578
Add: provision for the year		51,346,284	36,147,782
Balance at end of the year		362,525,644	311,179,360
17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	9,671,685	6,741,562
Balances with banks on:			
– off shore current account		555,294,798	701,494,131
– on shore:			
current accounts	17.2	1,341,938,689	1,093,560,936
term deposit account (TDA)	17.3	219,044,707	22,315,804
term finance certificate (TFC)	17.4	139,244,405	-
saving account	17.5	44,031	-
dividend account		8,534,091	7,953,286
		2,264,100,721	1,825,324,157
		2,273,772,406	1,832,065,719

17.1 Cash-in-hand includes Rs. 4.115 million (2024: Rs. 1.858 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.\$ 6.265 million (2024: US.\$ 2.230 million).

17.3 Effective rates of profit on TDA, during the period, ranged at 7.50% to 19.50% (2024: 15.50% to 20.50%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

17.4 Effective rate of profit on TFC, during the year, is 11.80% per annum. The maturity period of the TFC is one year from the date of original issue.

17.5 These carry profit at the rates ranged from 5.87% to 13.50% (2024: 10.00 % to 20.50%).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2025		2024		2025		2024	
Numbers				Rupees			
	12,759,375	12,759,375	Ordinary shares of Rs. 10 each fully paid in cash		127,593,750		127,593,750
	7,912,500	7,912,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		79,125,000		79,125,000
	20,671,875	20,671,875			206,718,750		206,718,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

18.1 18,524,516 (2024: 11,120,154) ordinary shares of Rs. 10 each are held by the related parties as at year-end.

18.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

	Note	2025 Rupees	2024 Rupees
19. RESERVES			
Capital reserve			
– share premium	19.1	391,833,750	391,833,750
– maintenance reserve	19.2	87,089,407	87,089,407
General reserve – revenue reserve	19.3	–	1,183,845,000
Capital reserve	19.3	27,500,000,000	–
Unrealized (loss) / gain on financial assets at fair value through other comprehensive income	19.4	6,181,897,820	3,369,447,071
Unrealised gain on remeasurement of hedging instruments		948,483	1,091,137
		34,161,769,460	5,033,306,365

19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.

19.2 Under the terms of the project agreements, the Subsidiary Company – SECL is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The reserve fund can only be utilized to pay expenses on major maintenance for proper operation of the power station.

19.3 This represents reserves transferred from general and unappropriated profit. This reserve will not be available for distribution as dividend.

19.4 These represent unrealized gain on re-measurement of investments at fair value through OCI and are not available for distribution.

	Note	2025 Rupees	2024 Rupees
20. LONG TERM LIABILITIES – Secured			
Long term finances	20.1	3,910,615,772	4,879,134,573
Less: current portion grouped under current liabilities		(973,030,232)	(965,335,232)
		2,937,585,540	3,913,799,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
20.1 Long Term Finance			
The Parent Company			
From banking companies:			
– MCB Bank Limited			
– Long term finance facility – I	20.1.1	15,649,000	25,793,500
– Long term finance facility – II	20.1.2	586,759,750	769,140,500
– Long term finance facility – III	20.1.3	124,804,250	133,215,000
		727,213,000	928,149,000
– Habib Bank Limited			
– Long term finance facility	20.1.4	273,490,625	324,128,652
– Allied Bank Limited	20.1.5	205,243,350	325,277,150
– United Bank Limited	20.1.6	560,954,768	789,051,928
– Faysal Bank Limited	20.1.7	893,451,080	1,067,839,766
– Bank Alfalah Limited	20.1.8	844,189,890	983,474,890
– Habib Metropolitan Limited			
– Long term finance facility – I	20.1.9	152,176,000	179,246,000
– Long term finance facility – II	20.1.10	87,900,000	93,760,000
– Meezan Bank Limited	20.1.11	101,480,059	116,557,187
– Askari Bank Limited	20.1.12	64,517,000	71,650,000
		3,910,615,772	4,879,134,573

20.1.1 The Parent Company has arranged long term finance facilities amounting Rs. 110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2024: 3.00% to 4.00%) per annum and are secured against joint pari passu charge of Rs. 200 million over the machinery financed by the bank.

20.1.2 The Parent Company has arranged long term finance facilities amounting Rs. 1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs. 1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first charge of Rs. 2,000 million over the specific plant and machinery of the Parent Company.

20.1.3 The Parent Company has arranged long term finance facilities amounting Rs. 133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at the rates ranging from 2.50% to 20.64% (2024: 2.50% to 23.47%) per annum. The loan is secured against first charge of aggregate Rs. 2,200 million over the specific plant and machinery of the Parent Company along with the other facilities from the bank.

20.1.4 The Parent Company has arranged long term finance facilities amounting Rs. 500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 404.372 million in eighteen tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commenced from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2024: 2.85%) per annum and are secured against first charge of Rs. 667 million with 25% margin over the specific plant and machinery of the Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 20.1.5** The Parent Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 960.357 million in seventeen tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2024: 2.50%) per annum and are secured against first pari passu charge of Rs. 1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Parent Company.
- 20.1.6** The Parent Company has arranged long term finance facilities amounting Rs. 1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2024: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs. 2,000 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.7** The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2024: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs. 900 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.8** The Parent Company has arranged long term finance facility amounting Rs. 1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2024: 2.00% to 3.00%) per annum and are secured against first joint pari passu charge of Rs. 1,333.340 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.9** The Parent Company has arranged a long term finance facility amounting Rs. 270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commenced from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% to 9.50% (2024: 3.50% to 9.50%) per annum and are secured against joint pari pasu charge of Rs. 361 million over the specific plant and machinery of the Parent Company.
- 20.1.10** The Parent Company has arranged long term finance facility Rs. 250 million from Habib Metropolitan Bank Limited to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 93.760 million in single tranche and is repayable in 32 equal quarterly installments commenced from February, 2025. This finance carry markup at the rate 3.50% to 9.50% (2024: 3.50% to 9.50%) per annum and are secured against Joint pari passu charge of Rs. 334 million over plant and machinery of the Parent Company.
- 20.1.11** The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.50% to 5.50% (2024: 3.50% to 5.50%) per annum and are secured against first pari passu charge over all present and future plant and machinery of the Parent Company with 25% margin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

20.1.12 The Parent Company has arranged a long term finance facility amounting Rs. 500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 71.65 million in a two tranches during the preceding years. The loan is repayable in 32 equal quarterly installments commenced September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs. 666.667 million on the fixed of the Parent Company.

	Note	2025 Rupees	2024 Rupees
20.2 Movement in Gas Infrastructure			
Development Cess payable			
Balance of provision for GIDC	20.2.1	325,733,156	321,405,620
Unwinding of interest		120,796	4,327,536
		325,853,952	325,733,156

20.2.1 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Parent 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 judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

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

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

21. STAFF RETIREMENT BENEFIT – Gratuity

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

	2025 Rupees	2024 Rupees
21.1 Amount recognised in the consolidated statement of financial position		
Net liability at the beginning of the year	716,804,813	513,768,596
Charge to statement of profit or loss	279,527,843	210,768,934
Remeasurement recognised in consolidated statement of other comprehensive income	28,700,628	127,291,009
Payments made during the year	(140,058,136)	(135,023,726)
Net liability at the end of the year	884,975,148	716,804,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
21.2. Movement in the present value of defined benefit obligation		
Balance at beginning of the year	716,804,813	513,768,596
Current service cost	184,128,421	138,252,215
Interest cost	95,399,422	72,516,719
Benefits paid	(140,058,136)	(135,023,726)
Remeasurements on obligation	28,700,628	127,291,009
Balance at end of the year	884,975,148	716,804,813

21.3. Expense recognized in statement of profit or loss		
Current service cost	184,128,421	138,252,215
Interest cost	95,399,422	72,516,719
	279,527,843	210,768,934

21.4. Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	35,512,777	81,448,776
Actuarial (gain) / loss	(6,812,149)	45,842,233
	28,700,628	127,291,009

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

21.6. 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
Discount rate	1.00%	(825,414,686)	953,558,630
Increase in future salaries	1.00%	955,283,656	(822,712,465)

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.

21.7. Based on actuary's advice, the expected charge for the year ending 2026 amounts to Rs. 314.676 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

21.8. The weighted average duration of defined benefit obligation is 7 years.

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2025	150,271,715	311,008,187	465,025,327	13,887,959,807	14,814,265,036

Historical information:

	2025	2024	2023	2022	2021
	Rupees				
Present value of defined benefit obligation	884,975,148	716,804,813	513,768,596	399,538,518	341,556,615
Experience adjustment on obligation / actuarial loss	28,700,628	127,291,009	31,169,960	(1,673,946)	(10,707,520)

	2025 Rupees	2024 Rupees
22. DEFERRED TAXATION - Net		
The balance of deferred tax is in respect of following major temporary differences		
Taxable temporary differences arising in respect of:		
– Investment in associates	48,959,403	17,280,137
– accelerated tax depreciation allowance	709,410,444	–
– unrealised fair value gain on investments	637,374,409	137,388,925
	1,395,744,256	154,669,062
Deductible temporary differences arising in respect of:		
– staff retirement benefit – gratuity	345,140,308	279,553,876
– provision for slow moving items	7,585,599	4,383,985
– provision for doubtful tax refunds	141,385,001	57,132,925
– provision for impairment in trade debts	95,657,565	121,359,950
	589,768,473	462,430,736
	805,975,783	(307,761,674)

22.1. The Parent Company has not recognised deferred tax asset amounting Rs. 632.426 million relating to minimum tax paid under section 113 of the Income Tax Ordinance, 2001 based on the grounds that in future taxable profits may not be available against which this tax credit can be obtained. This minimum tax pertains to tax year 2025 and shall expire in tax year 2028.

22.2. Deferred tax expense amounting Rs. 512.424 million (2024: Rs.123.166 million) relating to unrealised fair value gain on investments and deferred tax income amounting Rs. 11.193 million (2024: Rs. 66.135 million) relating to actuarial loss on staff retirement benefit – gratuity have been routed through other comprehensive income. All other movements for deferred tax expense / income have been routed through profit or loss.

22.3 No deferred tax liability / (asset) has arisen on temporary differences with respect to the Subsidiary Companies; PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	3,480,219,911	4,041,150,145
Accrued expenses		1,465,888,010	1,293,049,840
Bills payable	23.2	764,147,767	810,894,810
Sindh government infrastructure fee	23.3	1,044,505,386	754,585,642
Gas infrastructure development cess	20.2	325,853,952	325,733,156
Workers' profit participation fund	23.4	1,072,510,179	963,890,369
Workers' welfare fund – federal		–	55,703,680
Others		17,294,930	16,467,081
		8,170,420,135	8,261,474,723
23.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Ltd.		172,023,453	43,904,583
Amer Cotton Mills Ltd.		–	108,729,232
Sapphire Textile Mills Ltd.		51,270,670	40,178,384
Diamond Fabrics Ltd.		–	47,861
Sapphire Finishing Mills Ltd.		11,739,690	5,293,460
		235,033,813	198,153,520

23.1.1 Includes Rs. 1,000.508 million (2024: Rs. 1,686.352 million) payable to Sui Northern Gas Pipelines Limited (SNGPL). Of this amount, Rs. 257.374 million relates to SNGPL's bill for April 2016. Against this bill, the Group adjusted Rs. 227.610 million (along with arbitration costs and interest) awarded in its favor by the Arbitrator on March 9, 2016.

23.2 These are secured against import documents.

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

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

As at June 30, 2025, the Company has provided bank guarantees aggregating Rs. 1081.950 million (2024: Rs. 716.950 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
23.4 Workers' profit participation fund			
Balance at beginning of the year		963,890,369	927,555,919
Add: interest on funds utilised by the Group companies		124,363,558	81,652,535
		1,088,253,927	1,009,208,454
Less: payments made during the year		15,743,748	199,260,238
		1,072,510,179	809,948,216
Add: allocation for the year		–	153,942,153
Balance at end of the year		1,072,510,179	963,890,369
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
– long term finances		33,755,632	44,574,877
– short term borrowings		260,048,384	168,702,440
		293,804,016	213,277,317
25. SHORT TERM BORROWINGS			
Running / cash finances – secured	25.1	13,123,331,508	8,082,042,565
Running Musharaka and			
Murahabha finances – secured	25.2	3,336,329,709	1,063,933,619
Temporary bank overdraft – unsecured	25.3	517,889	3,075,587
		16,460,179,106	9,149,051,771

25.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs. 49,544 million (2024: Rs. 37,394 million). These finance facilities, during the year, carried mark-up at the rates ranged from 7.25% to 22.09% (2024: 16.25% to 23.99%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 51,460 million (2024: Rs. 49,593 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs. 25,235 million (2024: Rs. 23,080 million) out of which the amount remained unutilized at the year– end was Rs. 18,356.172 million (2024: Rs. 14,968 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Parent Company.

Abovementioned facilities are expiring on various dates upto April 30, 2026.

25.2 Murabaha and musharaka finance facilities available from various commercial banks amount to Rs. 2,200 million (2024: Rs. 2,200 million) to finance the procurement of multiple oils from fuel suppliers. Markup on murabaha is payable at maturity of the respective murabaha transaction, while the markup on musharaka is payable quarterly on the balance outstanding. The markup rate charged during the year on the outstanding balance ranged from 11.63% to 21.13% (2024: 21.71% to 23.16%) per annum. The aggregate Murabaha and musharaka facilities are secured against joint pari passu hypothecation charge over all present and future fuel stock and energy payment receivables with Rs. 1,250 million and 20% margin.

25.3 These balances have arisen due to issuance of cheque in excess of available balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. UNCLAIMED DIVIDEND

During the financial year ended June 30, 2024, a dividend was declared in favor of Xenel International Limited (Investor), which was paid during the current year, on August 12, 2024. The payment was delayed beyond the statutory 15-day period due to restrictions imposed by the State Bank of Pakistan on the repatriation of United States Dollars (USD). As the delay resulted from a legal impediment, it did not constitute a non-compliance on the Group's part. As of the reporting date, no dividend is payable to the Investor.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Guarantees aggregating Rs. 3,693.583 million (2024: Rs. 3,254.876 million) have been issued by banks of the Group to various Government institutions and SNGPL.

27.1.2 A cheque of Rs. 15 million (2024: Rs. 15 million) had been issued to the National Electric Power Regulatory Authority (NEPRA) relating to an order issued by the NEPRA Appellate Tribunal (the 'Tribunal') dated March 27, 2023. NEPRA imposed a fine of the aforesaid amount on the group vide an order dated February 13, 2023, regarding a power system breakdown that occurred on January 9, 2021. NEPRA alleged that the company failed to comply with the instructions from the National Power Control Centre (NPCC) and provisions of the Grid Code during the aforesaid power system breakdown. The group filed an appeal with the Tribunal against the order which provided relief to the group and ordered to deposit a cheque of the specified amount with the Registrar of NEPRA as a security. The encashment of the cheque is subject to the final adjudication of the matter.

The group maintains the belief that it did not violate the provisions of the Power Purchase Agreement (PPA) and has meritorious grounds to believe that the impugned order issued by NEPRA will be overturned in the Appellate Tribunal or a higher court. Consequently, no provision has been made in these unconsolidated financial statements relating to this matter.

27.1.3 SNGPL has claimed late payment surcharge amounting to Rs. 415.998 million (2024: Rs. 390.194 million) in respect of partial payments made by the Company for RLNG consumed prior to the price determinations issued by the Oil and Gas Regulatory Authority (OGRA).

Management is of the view that, under the terms of the Gas Supply Agreement (GSA) and the Operating Procedure signed by the Group, the Ministry of Petroleum and Natural Resources, the Ministry of Water and Power, SNGPL, and CPPA-G, payments to SNGPL are to be made based on OGRA-notified prices. Accordingly, the partial payments made prior to OGRA's determinations do not constitute a default on the Group's part.

Subsequent to the reporting period, in August 2025, SNGPL waived late payment surcharges amounting to Rs. 401.332 million, pursuant to the decision of the Federal Cabinet dated January 14, 2025.

Based on the waiver and the advice of legal counsel, management believes there are strong grounds under the GSA and Operating Procedure to support the Group's position. Consequently, no provision for the remaining amount has been made in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

27.1.4 A sales tax demand of Rs. 830.031 million was raised against the company through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the subsidiary company on account of 'capacity price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the subsidiary company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the subsidiary company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the ACIR also preferred a second appeal before the ATIR against the CIR(A)'s order. However, ATIR refrained from issuing any order on the law points as raised by the company. Consequently, company filed a reference application in Lahore High Court for modification of order of the ATIR.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated December 2, 2014 whereby intentions were shown to raise a sales tax demand of Rs. 505.540 million by primarily disallowing input sales tax claimed by the subsidiary company for the tax periods from July 2012 to June 2013 on the abovementioned grounds of the ACIR and non-payment of sales tax on interest on delayed payment of energy price. Aggrieved by this show cause notice, the company filed a writ petition before the Lahore High Court ('LHC') to the extent of aforesaid matters amounting to Rs. 504.909 million while the subsidiary company has provided for the remaining amount of Rs. 0.631 million in these consolidated financial statements. LHC has disposed of the petition in the company's favour through its order dated October 31, 2016, by stating that there is no existence of exempt supply. Accordingly, the company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. Being aggrieved, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order which is pending adjudication.

Moreover, on March 5, 2021, the DCIR issued a show cause notice whereby intentions were shown to raise a sales tax demand for the period from December 2019 to January 2021 on similar grounds. On July 30, 2021, a demand of Rs. 119.999 million was raised. The subsidiary company preferred an appeal against the same before CIR(A) which was rejected. Aggrieved, the company filed an appeal before the ATIR on August 27, 2021, and the same was decided in favor of the subsidiary company on May 9, 2022. The tax department then filed an appeal before the Lahore High Court against the ATIR's order. The Lahore High Court, through its order dated October 2, 2023, decided the case in the subsidiary company's favor, upholding the CIR(A)'s order to the extent of Rs. 5.999 million, while Rs. 113.999 million was referred back to the CIR(A) for a fresh decision.

Based on the advice of the subsidiary company's legal counsel and above mentioned LHC's decision dated October 31, 2016, management believes that there are meritorious grounds to defend the subsidiary company's stance. Consequently, no provision has been made in these consolidated financial statements for the amounts aggregating Rs. 1,454.939 million.

27.1.5 A sales tax demand of Rs. 49.987 million (along with default surcharge and penalty to be calculated at the time of deposit) for the tax period from 2018 to 2020 was raised against the SECL through a notice dated March 15, 2021 by the Additional Collector (Withholding), Khyber Pakhtunkhwa Revenue Authority on account of non-deposit of withholding taxes as required under Khyber Pakhtunkhwa Finance Act, 2013 read with the Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015. Against the aforesaid order, the Group submitted its reply on April 4, 2021, whereby the Group is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre-commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

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Based on the advice of the Group's legal counsel, the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the Group's favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

27.1.6 A commercial bank has issued a guarantee of USD 150,000 (2024: USD 150,000), equivalent to Rs. 41.970 million (2024: Rs. 41.745 million), in favour of Pakhtunkhwa Energy Development Organization against any dues in respect of a hydro power plant to be constructed by the Sapphire Hydro Limited.

27.2 Commitments

27.2.1 The Subsidiary Company has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the O&M of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 1.5% or USCPI whichever is higher.

27.2.2 A commercial bank, on behalf of the Group, has issued a performance guarantee amounted Rs. 12.90 million (2024: Rs. 12.90 million) in favour of Directorate General Mines and Minerals, Khyber Pakhtunkhwa.

	2025 Rupees	2024 Rupees
27.2.3 Commitments in respect of :		
– letters of credit for capital expenditure	735,335,918	944,042,713
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,107,209,207	1,534,011,443
– capital expenditure other than letters of credit	165,887,117	147,714,378
– foreign bills discounted	2,729,105,481	3,501,789,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. SALES – Net

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

For the year ended June 30, 2025

	Spinning	Knits	Denim	Power	Total
	Rupees				
Types of goods and services					
Local sales					
- Yarn	14,831,463,665	4,389,658	156,004,198	-	14,991,857,521
- Fabric	-	585,815,038	10,973,068,154	-	11,558,883,192
- Garments	-	518,569,736	-	-	518,569,736
- Waste	1,125,943,515	74,069,170	142,725,927	-	1,342,738,612
- Energy revenue	-	-	-	9,484,202,053	9,484,202,053
- Capacity revenue	-	-	-	3,231,469,312	3,231,469,312
- Delayed payment mark-up	-	-	-	646,650,010	646,650,010
- Raw materials	619,241,151	-	-	-	619,241,151
- Local steam income	24,657,516	-	-	-	24,657,516
- Processing income	12,523,024	738,429,721	81,688,088	-	832,640,833
	16,613,828,871	1,921,273,323	11,353,486,367	13,362,321,375	43,250,909,936
Export Sales					
- Yarn	13,025,373,140	198,425,575	-	-	13,223,798,715
- Fabric	-	1,440,340,556	4,330,374,826	-	5,770,715,382
- Garments	-	6,081,999,638	-	-	6,081,999,638
- Waste	99,494,092	-	-	-	99,494,092
	13,124,867,232	7,720,765,769	4,330,374,826	-	25,176,007,827
Export rebate					
- Yarn	816,599	228,231	-	-	1,044,830
- Fabric	-	3,153,302	21,528,182	-	24,681,484
- Garments	-	23,395,614	-	-	23,395,614
	816,599	26,777,147	21,528,182	-	49,121,928
Less: sales tax	2,540,615,360	293,795,067	1,717,456,959	1,485,691,577	6,037,558,963
	27,198,897,342	9,375,021,172	13,987,932,416	11,876,629,798	62,438,480,728
Timing of revenue recognition					
Goods transferred at a point in time	27,186,374,318	8,636,591,451	13,906,244,328	11,876,629,798	49,729,210,097
Services rendered at a point in time	12,523,024	738,429,721	81,688,088	-	832,640,833
	27,198,897,342	9,375,021,172	13,987,932,416	11,876,629,798	62,438,480,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

For the year ended June 30, 2024

	Spinning	Knits	Denim Rupees	Power	Total
Types of goods and services					
Local sales					
- Yarn	6,110,680,158	18,187,827	7,775,505	-	6,136,643,490
- Fabric	-	336,487,262	1,931,089,210	-	2,267,576,472
- Garments	-	188,163,970	-	-	188,163,970
- Waste	532,429,909	60,721,574	163,593,359	-	756,744,842
- Energy revenue	-	-	-	16,904,625,843	16,904,625,843
- Capacity revenue	-	-	-	3,670,400,098	3,670,400,098
- Delayed payment mark-up	-	-	-	2,120,610,268	2,120,610,268
- Raw materials	576,214,035	-	-	-	576,214,035
- Local steam income	26,392,470	-	-	-	26,392,470
- Processing income	18,584,338	928,207,958	83,052,418	-	1,029,844,714
	7,264,300,910	1,531,768,591	2,185,510,492	22,695,636,209	33,677,216,202
Export Sales					
- Yarn	22,542,993,149	205,490,273	-	-	22,748,483,422
- Fabric	-	976,073,371	10,578,870,592	-	11,554,943,963
- Garments	-	3,904,986,646	-	-	3,904,986,646
- Waste	370,150,146	-	-	-	370,150,146
	22,913,143,295	5,086,550,290	10,578,870,592	-	38,578,564,177
Export rebate					
- Yarn	790,332	7,519	-	-	797,851
- Fabric	-	1,841,029	17,295,541	-	19,136,570
- Garments	-	39,423,065	-	-	39,423,065
	790,332	41,271,613	17,295,541	-	59,357,486
Less: sales tax	1,550,529,838	244,237,066	404,523,476	2,570,539,786	4,769,830,166
	28,627,704,699	6,415,353,428	12,377,153,149	20,125,096,423	67,545,307,699
Timing of revenue recognition					
Goods transferred at a point in time	28,609,120,361	5,487,145,470	12,294,100,731	20,125,096,423	66,515,462,985
Services rendered at a point in time	18,584,338	928,207,958	83,052,418	-	1,029,844,714
	28,627,704,699	6,415,353,428	12,377,153,149	20,125,096,423	67,545,307,699

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FOR THE YEAR ENDED JUNE 30, 2025

- 28.1** This includes indirect export of Rs. Nil (2024: Rs. 11,519.80 million).
- 28.2** Waste sales include sale of comber noil.
- 28.3** Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 306.258 million (2024: Rs. 296.70 million) has been included in export sales.
- 28.4** Contract liabilities represents short term advances received from customers against delivery of goods in future. Out of total contract liabilities outstanding at June 30, 2024 amounting to Rs. 1,051.457 million, an amount of Rs. 757.243 million has been recognized as revenue during the year.

	Note	2025 Rupees	2024 Rupees
29. COST OF SALES			
Finished goods at beginning of the year		3,976,618,720	3,459,768,225
Cost of goods manufactured	29.1	56,293,041,288	58,896,843,972
Cost of raw materials sold		494,445,482	500,105,973
		56,787,486,770	59,396,949,945
		60,764,105,490	62,856,718,170
Finished goods at end of the year		(4,409,468,946)	(3,976,618,720)
		56,354,636,544	58,880,099,450
29.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,396,530,229	1,264,365,323
Raw materials consumed	29.2	39,718,168,130	43,838,493,443
Salaries, wages and benefits	29.3	4,204,825,581	3,479,309,841
Operations and maintenance		1,282,430,476	2,271,781,356
Packing stores consumed		585,287,210	538,008,915
General stores consumed		1,057,893,876	833,243,880
Processing charges		1,849,204,323	1,238,540,264
Depreciation	4.2	1,707,864,439	1,600,338,470
Fuel and power		5,031,406,774	4,449,325,553
Repair and maintenance		133,868,083	128,780,194
Insurance		374,299,026	360,991,108
Vehicles' running		95,229,477	91,097,897
Travelling and conveyance		91,281,641	102,076,749
Printing and stationery		368,970	1,186,947
Legal and professional charges		11,176,085	12,668,391
Fee and subscription		30,704,475	28,587,940
Entertainment		33,653,043	27,453,973
Telephone		4,570,237	4,687,617
Postage		3,051,099	2,198,899
Rent, rates and taxes		9,082,190	7,063,392
Miscellaneous		4,547,842	13,174,049
		57,625,443,206	60,293,374,201
Work-in-process at end of the year		(1,332,401,918)	(1,396,530,229)
		56,293,041,288	58,896,843,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2025 Rupees	2024 Rupees
29.2 Raw materials consumed		
Stocks at beginning of the year	7,669,236,021	7,471,921,108
Purchases	41,086,705,496	44,035,808,356
	48,755,941,517	51,507,729,464
Stocks at end of the year	(9,037,773,387)	(7,669,236,021)
	39,718,168,130	43,838,493,443

29.3 Salaries, wages and benefits include Rs. 279.528 million (2024: Rs. 210.769 million) in respect of staff retirement benefit – gratuity and Rs. 40.419 million (2024: Rs. 32.930 million) contribution in respect of staff provident fund.

	Note	2025 Rupees	2024 Rupees
30. DISTRIBUTION COST			
Salaries and other benefits	30.1	149,753,167	127,924,003
Travelling, conveyance and entertainment		44,494,457	65,296,579
Vehicles' running		5,788,508	5,139,178
Telephone		1,042,976	756,753
Postage		43,237,741	48,512,062
Printing and stationery		12,661	8,726
Sample expenses		-	360,660
Commission:			
- local		37,599,196	30,038,548
- export		538,396,519	354,624,104
		575,995,715	384,662,652
Freight and forwarding:			
- local		25,264,148	21,204,834
- export		824,695,552	753,078,436
		849,959,700	774,283,270
Export development surcharge		58,331,767	71,472,178
Other export expenses		29,792,810	48,761,158
Sales promotion		229,611,714	237,614,942
Provision for impairment of trade debts		98,781,128	-
		2,086,802,344	1,764,792,161

30.1 Salaries and other benefits include Rs. 4.767 million (2024: Rs. 4.75 million) in respect of contribution to staff provident fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
31. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	31.1	622,961,861	499,011,307
Telephone		9,187,969	12,252,405
Postage		702,744	5,362,819
Fee and subscription		33,336,857	17,627,598
Legal and professional charges		254,067,915	54,907,774
Entertainment		21,689,061	17,465,088
Travelling and conveyance		32,028,371	17,792,308
Printing and stationery		9,427,731	9,882,393
Rent, rates and taxes	31.2	7,699,495	10,115,688
Advertisement		1,277,217	297,580
Electricity, gas and water		10,940,422	12,012,730
Repair and maintenance		36,217,433	23,115,411
Vehicles' running		52,143,163	51,911,346
Charity and donations	31.2	7,840,231	36,000
Insurance		1,964,476	1,795,838
Depreciation	4.2	56,273,578	56,676,214
Amortisation	6	1,547,643	2,146,989
Others		3,614,184	7,441,445
		1,162,920,351	799,850,933

31.1 Salaries and other benefits include Rs. 18.951 million (2024: Rs. 15.582 million) in respect of contribution to staff provident fund.

31.2 Donations exceeding 10% of the total donations of the Parent Company

It includes donations amounted Rs. 4.304 million were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
32. OTHER INCOME			
Income from financial assets			
Dividend income		1,111,453,181	1,011,685,008
Interest income		238,206,245	153,560,841
Mark-up earned on term finance certificates		13,846,693	15,321,752
		1,363,506,119	1,180,567,601
Income from assets other than financial assets			
Gain on disposal of operating fixed assets		33,874,246	16,795,936
Gain on sale of store and spares		(4,890)	907,714
Exchange gain		38,058,958	87,097,375
Scrap sales [Net of sales tax aggregating Rs. 14.587 million (2024: Rs. 13.496 million)]		83,984,247	72,951,662
Reversal of provision for ECL in trade debts		-	33,417,778
Reversal of Workers' welfare fund		-	266,505,513
Miscellaneous		5,426,221	3,486,000
		161,338,782	481,161,978
		1,524,844,901	1,661,729,579
33. OTHER EXPENSES			
Workers' profit participation fund	23.4	-	14,682,955
Workers' welfare fund		-	132,980
Auditors' remuneration		13,588,264	9,166,349
Provision for doubtful tax refunds / receivables		51,346,284	36,147,782
Trade debts written-off		16,742,308	-
Miscellaneous expense		727,092	10,551,746
		82,403,948	70,681,812
Auditors' remuneration			
ShineWing Hameed Chaudhri & Co.			
- statutory audit		3,709,142	3,172,560
- special audit		2,150,000	-
- half yearly review		353,165	307,100
- review of code of corporate governance review		115,000	90,900
- audit of retirement funds and workers' profit participation fund		190,500	405,890
- under / (over) provision		15,710	(235,587)
- out-of-pocket expenses		300,000	150,000
		6,833,517	3,890,863
A.F. Ferguson & Co.			
- Statutory audits		3,049,138	2,841,250
- Group reporting		230,050	215,000
- Taxation services		2,501,900	1,426,000
- Certification required under various regulations and agreements		710,000	565,000
- Reimbursement of expenses		263,659	228,236
		6,754,747	5,275,486
		13,588,264	9,166,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

34. Impact of Amendment Agreement with CPPA-G

As disclosed in note 1.1, under the Amendment Agreement, it was agreed to waive/forgo certain receivables from CPPA-G outstanding as of October 31, 2024, amounting to Rs. 2,960.168 million.

Subsequently, in line with the revised tariffs and as part of the negotiations under the Amendment Agreement, management carried out an assessment and determined that certain other receivables were non-recoverable. Accordingly, the total write-off recognized amounted to Rs. 3,028.202 million, comprising Rs. 2,823.551 million relating to prior years (shown as a separate line item on the statement of profit or loss) and Rs. 204.650 million pertaining to the current year (adjusted against current year revenue).

	Note	2025 Rupees	2024 Rupees
35. FINANCE COST			
Mark-up / interest on long term finances		153,619,292	164,055,712
Mark-up / interest on short term borrowings		1,769,412,057	2,507,773,516
Interest on workers' profit participation fund accrued	23.4	124,363,558	81,652,535
Unwinding effect of long term liabilities		120,796	4,327,536
Interest on payable to SNGPL		1,885,551	1,890,716
Bank and other financial charges		195,153,503	191,086,908
		2,244,554,757	2,950,786,923
36. SAHRE OF PROFIT FROM ASSOCIATED COMPANIES			
(Loss) / profit for the year		(13,729,470,061)	883,116,420
Difference between the fair value of net assets acquired and the cost of investment in UCHL and UCHL - II		52,569,487,755	-
		38,840,017,694	883,116,420
37. LEVIES AND INCOME TAXATION			
37.1 Final tax levy			
Levy:			
- for the year		938,297,964	1,205,748,196
- for prior year		(816,161)	27,608,109
		937,481,803	1,233,356,305

37.2. This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

	2025 Rupees	2024 Rupees
37.3 Income tax		
- for the year	3,079,872,252	144,969,217
Deferred tax	601,313,207	(505,371,962)
	3,681,185,459	(360,402,745)

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

	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws	4,017,354,055	1,350,717,413
Portion of current tax liability as per tax laws, representing income tax under IAS 12	3,079,872,252	144,969,217
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	937,481,803	1,205,748,196
Difference	-	-

37.5 This represent income tax payable on dividend income under section 150, minimum tax on turnover under section 113(C) and super tax on final tax income under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). This liability shall be the final tax and fall under levy within the scope of IFRIC 21 / IAS 37.

37.6. Numeric tax rate reconciliation is not presented as the parent company income tax represents tax payable on dividend income under section 150 and super tax under section 4C of the Income Tax Ordinance, 2001 (the Ordinance). and income of Subsidiary Company – SECL is mainly exempt from tax in terms of clause 132 of part I of Second Schedule to the Ordinance. Income of Subsidiary Companies; PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL is not taxable due to losses; however, provision against any other sources of income has been provided for in these consolidated financial statements.

	2025 Rupees	2024 Rupees
38. EARNINGS PER SHARE		
38.1 Basic earnings per share		
Net profit for the year	33,903,911,258	3,863,507,674
Number of shares		
Weighted average ordinary shares in issues	20,671,875	20,671,875
Rupees		
Earnings per share	1,640.10	186.90

38.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at 2025 and 2024 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2025 Rupees	2024 Rupees
39. CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(791,443,719)	4,740,825,999
Adjustments for non-cash charges and other items:			
Depreciation		1,764,138,017	1,657,014,684
Amortisation		1,547,643	2,146,988
Staff retirement benefit – gratuity		279,527,843	210,768,934
Dividend and interest income		(1,363,506,119)	(1,180,567,601)
Gain on sale of stores and spares		4,890	(907,714)
Gain on disposal of operating fixed assets		(33,874,246)	(16,795,937)
Exchange gain		7,155,845	11,830,703
Provision for workers' profit participation fund		–	14,682,955
Provision for workers' welfare fund		–	(266,505,513)
Provision for slow moving items		8,209,266	(571,632)
Provision for doubtful tax refunds		51,346,284	36,147,782
Finance cost		2,244,554,757	2,950,786,923
Provision for impairment of trade debts		115,523,436	–
Impact of Amendment Agreement with CPPA-G		2,823,451,404	–
Working capital changes	39.1	1,679,398,178	860,595,932
		6,786,033,479	9,019,452,503
39.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(191,478,651)	(205,451,198)
Stock-in-trade		(2,946,634,423)	(151,955,201)
Trade debts		6,549,690,295	(5,748,172,228)
Loans and advances		203,103,349	226,527,554
Deposits, other receivables and sales tax		(1,871,965,940)	(461,592,163)
		1,742,714,630	(6,340,643,236)
Increase in trade and other payables		(63,316,452)	(299,371,159)
		1,679,398,178	(6,640,014,395)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2025	2024	2025	2024
	Rupees			
Particulars				
Managerial remuneration	65,623,018	66,025,254	570,571,381	404,538,206
Contribution to provident fund trust	–	–	40,105,872	27,241,633
House rent and utilities	32,499,099	32,697,215	259,776,241	181,208,078
Medical	1,109,368	1,121,375	11,260,867	8,039,235
Leave encashment / bonus	675,454	675,454	65,369,264	76,691,062
Other benefits	–	–	65,317,440	44,817,147
	99,906,939	100,519,298	1,012,401,065	742,535,361
Number of persons	3	3	201	126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40.1 Certain executives are provided with Company maintained vehicles.

40.2 During the period, meeting fees of Rs. 770 thousand (2024: Rs. 1,410 thousand) was paid to three non-executive director.

41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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 Parent 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
Reliance Cotton Spinning Mills Limited	Common directorship	1.35%
UCH Power (Private) Limited	Common directorship	50.00%
UCH Power – II (Private) Limited	Common directorship	50.00%
SFL Limited	Common directorship	0.051%
Sapphire Power Generation Limited	Common directorship	17.63%
Sapphire Dairies (Pvt.) Limited	Common directorship	9.09%
Tricon Boston Consulting Corporation (Pvt.) Limited (TBCCL)	Common directorship	7.13%
Energas Terminal (Pvt) Limited	Common directorship	33.33%
Energas Marketing (Pvt) Limited	Common directorship	25.00%
Neelam Textile Mills Limited	Common directorship	-
Amer Cotton Mills Limited	Common directorship	-
Sapphire Textile Mills Limited	Common directorship	-
Diamond Fabrics Limited	Common directorship	-
Salman Ismail (SMC-Pvt.) Limited	Common directorship	-
Sapphire Agencies (Pvt.) Limited	Common directorship	-
Crystal Enterprises Limited	Common directorship	-
Sapphire Holding Limited	Common directorship	-
Four Strength (Pvt.) Limited	Common directorship	-
Sanifa Agri Farms Services Limited	Common directorship	-

Key management personnel

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

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	2025 Rupees	2024 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales of:		
– raw material / yarn / fabric / stores	1,517,922,002	937,391,991
– assets	1,600,000	–
Purchases:		
– raw material / yarn / fabric / stores	1,959,665,344	3,750,394,371
– assets	1,156,070,000	475,000,000
Services:		
– rendered	69,812,491	69,987,570
– obtained	8,211,160	10,929,430
Expenses charged by	106,909,845	100,139,278
Expenses charged to	172,823,172	94,804,682
Investment made	14,382,421,745	–
Dividend:		
– received	16,178,739,399	356,864,472
– paid	138,764,040	147,951,540
Interest charged	34,659,952	62,348,155
Share purchased	279,382,000	–
ii) Director and their related parties		
Dividend paid	–	16,714,680
iii) Key management personnel		
Salary and other employment benefits	226,861,442	240,426,481
Sale of assets	60,000	
iv) Retirement Fund		
Contribution towards provident fund	69,155,139	48,651,589

42. FINANCIAL RISK MANAGEMENT

42.1 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).

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 minimises earnings volatility and provide maximum return to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets (note 42.4), the financial assets exposed to credit risk aggregated to Rs. 28.866 million (2024: Rs. 29.532 million) as at June 30, 2025. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 98.55% (2024: 98.09%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2025 Rupees	2024 Rupees
Long term investments	6,775,127,355	5,220,935,801
Long term deposits	64,348,145	63,948,145
Trade debts	8,472,335,852	17,862,219,859
Loans and advances	7,689,354	289,648,152
Short term investments	10,944,936,762	4,064,853,287
Other receivables	337,434,906	205,312,356
Bank balances	2,264,100,721	1,825,324,157
	28,865,973,095	29,532,241,757

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. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

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

	2025 Rupees	2024 Rupees
Domestic	6,303,828,568	15,379,135,026
Export	2,168,507,284	2,483,084,833
	8,472,335,852	17,862,219,859

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

The maximum exposure to credit risk for trade debts at the reporting date by type of product is as follows:

	2025 Rupees	2024 Rupees
Yarn	3,620,993,299	2,910,454,162
Fabric	1,719,849,915	1,976,249,814
Garments	542,134,848	725,796,610
Waste	90,285,222	130,176,086
Power	2,499,072,568	12,119,543,187
	8,472,335,852	17,862,219,859

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

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A-1+	AAA	PACRA
National Bank of Pakistan	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2025					
Long term finances	3,910,615,772	4,225,761,330	1,074,910,117	2,726,700,376	424,150,837
Trade and other payables	5,727,550,618	5,727,550,618	5,727,550,618	-	-
Accrued mark-up / interest	293,804,016	293,804,016	293,804,016	-	-
Short term borrowings	16,460,179,106	17,010,196,164	17,010,196,164	-	-
Unclaimed dividend	8,634,411	8,634,411	8,634,411	-	-
	26,400,783,923	27,265,946,539	24,115,095,326	2,726,700,376	424,150,837
June 30, 2024					
Long term finances	4,879,134,573	5,372,929,011	1,143,657,988	3,373,001,901	856,269,122
Trade and other payables	6,487,295,032	6,161,561,875	6,161,561,875	-	-
Accrued mark-up / interest	213,277,317	213,277,317	213,277,317	-	-
Short term borrowings	9,149,051,771	9,157,641,323	9,157,641,323	-	-
Unclaimed dividend	125,374,785	125,374,785	125,374,785	-	-
	20,854,133,478	21,030,784,311	16,801,513,288	3,373,001,901	856,269,122

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.

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(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.

Currency risk

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

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. As at reporting date the Group's exposure to currency risk with respect to bills payable and commitments in foreign currency has been disclosed in the notes 23 and 27 to the financial statements.

	Rupees	U.S.\$	Euro	CNY	CHF	AED	JPY
June 30, 2025							
Bills payables	764,147,767	1,964,172	279,604	-	248,000	294,768	-
Advance payments	273,516,246	968,868	-	-	-	-	-
	1,037,664,013	2,933,040	279,604	-	248,000	294,768	-
Trade debts	(2,168,507,284)	(7,197,672)	(488,245)	-	-	-	-
Bank balances	(1,733,666,033)	(6,073,067)	-	-	-	-	-
Net reporting date exposure	(2,864,509,304)	(10,337,699)	(208,641)	-	248,000	294,768	-
Outstanding letters of credit	1,842,545,125	5,373,902	466,105	-	452,000	-	-
	(1,021,964,179)	(4,963,797)	257,464	-	700,000	294,768	-

	Rupees	U.S. \$	Euro	CNY	AED	JPY
June 30, 2024						
Bills payables	810,894,810	2,876,025	-	206,669	-	632,400
Advance payments	1,171,493,438	4,201,931	-	-	-	-
	1,982,388,248	7,077,956	-	206,669	-	632,400
Trade debts	(2,483,084,833)	(8,320,453)	(676,433)	-	-	-
Bank balances	(1,375,634,282)	(4,942,992)	-	-	-	-
Net reporting date exposure	(1,876,330,867)	(6,185,489)	(676,433)	206,669	-	632,400
Outstanding letters of credit	2,478,054,156	6,638,847	1,697,082	620,006	1,097,494	7,519,746
	601,723,289	453,358	1,020,649	826,675	1,097,494	8,152,146

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
	Rupees			
U.S. Dollar to Rupee	279.87	285.99	284.10 / 283.60	278.80 / 278.30
Euro to Rupee	306.29	312.52	332.83 / 332.25	298.41 / 297.88
Swiss Frank to Rupee	328.44	330.97	355.50 / 354.87	309.71 / 309.16
CNY to Rupee	39.15	39.58	39.66 / 39.59	38.53 / 38.47
Japanese Yen to Rupee	1.79	2.06	1.9701 / 1.9667	1.7305 / 1.7274
AED to Rupee	75.94	76.19	77.90 / 77.76	76.37 / 76.23

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

	2025 Rupees	2024 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(293,177,148)	(172,142,159)
Euro to Rupee	(6,932,097)	(20,149,586)
CNY to Rupee	-	796,296
JPY to Rupee	-	109,437
CHF to Rupee	88,164,000	-
AED to Rupee	2,296,243	-
	(209,649,002)	(191,386,013)

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

Interest rate risk

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

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

	2025	2024	2025	2024
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments Financial assets				
Term deposit account	7.50 to 19.50	15.50 to 20.50	219,044,707	9,415,804
Term finance certificate	11.8		139,244,405	-
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 9.50	3,721,294,522	4,674,269,573
Variable rate instruments Financial assets				
Trade debts	22.80 to 28.49	22.80 to 28.49	2,483,404,347	12,109,155,786
Financial liabilities				
Long term finances	2.50 to 20.64	4.00 to 23.91	189,321,250	204,865,000
Short term borrowings	7.25 & 22.90	16.25 & 24.91	16,460,179,106	9,149,051,771

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

At June 30, 2025, if the interest rate on the 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. 166.495 million (2024: Rs. 93.539 million) mainly as a result of higher / (lower) interest expense.

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

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. 10,315.944 million (2024: Rs. 8,175.395 million) are exposed to price risk due to changes in market price.

At June 30, 2025, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs. 1,031.594 million (2024: Rs. 817.540 million).

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

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

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

The Group's consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs. 11,509.646 million (2024: Rs. 8,175.395 million). The carrying values of other financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

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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.

42.3 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, maximise 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 consolidated statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Group that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2025 Rupees	2024 Rupees
Total borrowings	20,370,794,878	14,028,186,344
Less: cash and bank balances	2,273,772,406	1,832,065,719
Net debt	18,097,022,472	12,196,120,625
Total equity	84,697,403,482	48,400,748,239
Total capital	102,794,425,954	60,596,868,864
Gearing ratio	18%	20%

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42.4 Financial instrument by category

	As at June 30, 2025				As at June 30, 2024			
	Amortised cost	At fair value through FVTPL	At fair value through OCI	Total	Amortised cost	At fair value through FVTPL	At fair value through OCI	Total
	Rupees							
Financial assets as per statement of financial position								
Long term investments	-	-	6,775,127,355	6,775,127,355	-	-	5,220,935,801	5,220,935,801
Long term loans	5,307,500	-	-	5,307,500	5,365,570	-	-	5,365,570
Long term deposits	64,348,145	-	-	64,348,145	63,948,145	-	-	63,948,145
Trade debts	8,472,335,852	-	-	8,472,335,852	17,862,219,859	-	-	17,862,219,859
Loans and advances	7,689,354	-	-	7,689,354	289,648,152	-	-	289,648,152
Trade deposits	3,176,942	-	-	3,176,942	2,275,676	-	-	2,275,676
Short term investments	500,000,000	5,901,960,623	4,542,976,139	10,944,936,762	1,095,000,000	14,893,589	2,954,959,698	4,064,853,287
Other receivables	337,434,906	-	-	337,434,906	205,312,356	-	-	205,312,356
Cash and bank balances	2,273,772,406	-	-	2,273,772,406	1,832,065,719	-	-	1,832,065,719
	11,664,065,105	5,901,960,623	11,318,103,494	28,884,129,222	21,355,835,477	14,893,589	8,175,895,499	29,546,624,565

	Financial liabilities measured at amortised cost	
	2025 Rupees	2024 Rupees
Financial liabilities as per statement of financial position		
Long term finances and accrued mark-up	3,944,371,404	4,923,709,450
Trade and other payables	6,053,404,570	6,487,295,032
Unclaimed dividend	8,634,411	125,374,785
Short term borrowings and accrued mark-up	16,720,227,490	9,317,754,211
	26,726,637,875	20,854,133,478

	2025 Rupees	2024 Rupees
43. CAPACITY AND PRODUCTION		
43.1 Spinning units		
Number of spindles installed	107,424	102,480
Number of spindles worked	95,110	95,670
Number of shifts worked per day	3	3
Total number of days worked	365	365
Installed capacity after conversion into 20's count	Lbs. 63,249,866	61,670,800
Actual production after conversion into 20's count	Lbs. 50,703,750	50,167,530

43.1.1 Actual production varies due to maintenance / shut down and change in count pattern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
43.2 Dyeing			
Fabric Dyeing Unit			
Total number of days worked		353	340
Installed capacity	Lbs.	14,550,360	16,402,373
Actual production	Lbs.	13,493,965	9,162,816
43.3 Knitting unit			
Total number of days worked		360	327
Installed capacity	Lbs.	13,812,315	13,812,440
Actual production	Lbs.	5,547,645	4,638,483
43.3.1 Low production is due to low demand.			
43.4 Stitching unit			
Installed capacity	Pcs.	9,600,000	9,600,000

43.4.1 Sluggish sale in the international markets and higher fuel cost forced management to temporarily close its stitching unit.

		2025	2024
43.5 Denim unit			
Total number of days worked		331	331
Installed capacity	Mtrs.	20,400,000	20,400,000
Actual production	Mtrs.	16,507,382	14,420,270
43.6 Power			
De-rated capacity [based on 8,760 hours (2024: 8,760 hours)]	MWH	1,795,820	1,798,759
Actual energy delivered	MWH	268,927	452,528

43.6.1 Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

43.7 The Subsidiary Companies; SEL, SCCL, PCL, SHL, SPL, SBML and SMEL are in setup phase and their plants are yet to be constructed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

44 SHAHRIAH SCREENING DISCLOSURE

	2025		2024	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Statement of Financial Position – Assets				
Long term Investments	47,855,111,380	–	8,753,458,570	–
Short term Investments	–	10,944,936,762	1,109,893,589	2,954,959,698
Bank balances	2,273,772,406	–	1,832,065,719	–
Statement of Financial Position – Liability				
Long term finances	2,915,684,633	994,931,139	3,694,737,620	1,184,396,953
Short term borrowings	5,351,232,701	2,380,037,158	5,921,672,889	1,405,024,557
Running finances under mark-up arrangements	6,522,616,890	2,206,292,357	1,524,029,911	298,324,414
Accrued mark-up	209,464,839	84,339,177	138,733,048	74,544,723
Statement of Profit and Loss and other Comprehensive Income				
Revenue earned from shariah compliant bussiness segment	–	62,438,480,728	–	67,545,307,699
Unrealised gain on investments				
– long term	–	1,554,191,554	–	2,470,330,798
– short term	–	1,623,661,016	6,240,989	1,618,071,651
Other income				
a) Profit on bank deposits	31,466,226	–	8,290,465	–
b) Dividend Income	–	1,111,453,181	–	1,011,685,008
c) Exchange (loss) / gain on actual currency	38,058,958	–	87,097,375	–
d) Gain on sale of operating fixed assets	–	33,874,246	–	16,795,936
Mark-up on short term finances	1,443,548,554	325,863,503	2,103,402,699	404,370,817
Mark-up on long term finances	112,862,634	40,756,658	115,965,258	48,090,454

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

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

45. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

45.1 Segment revenues and results

	Spinning	Knitting, processing and garments	Denim	Power cost	Elimination of segment transactions	Total
	Rupees					
For the period ended June 30, 2025						
Sales	32,934,780,109	15,066,031,689	13,979,533,759	11,876,629,798	(11,418,494,627)	62,438,480,728
Cost of sales	(29,940,193,575)	(14,893,742,000)	(12,696,586,297)	(10,242,609,299)	11,418,494,627	(56,354,636,544)
Gross profit	2,994,586,534	172,289,689	1,282,947,462	1,634,020,499	-	6,083,844,184
Selling and distribution expenses	(1,137,268,154)	(343,242,480)	(606,291,710)	-	-	(2,086,802,344)
Profit before taxation and unallocated income and expenses	1,857,318,380	(170,952,791)	676,655,752	1,634,020,499	-	3,997,041,840
Unallocatable income and expenses						
Other income						1,524,844,901
Other expenses						(2,905,855,352)
Administrative expenses						(1,162,920,351)
Finance cost						(2,244,554,757)
Share of profit of Associates						38,840,017,694
Taxation						(4,618,667,262)
Profit after taxation						33,429,906,713

	Spinning	Knitting, processing and garments	Denim	Power cost	Elimination of segment transactions	Total
	Rupees					
For the year ended June 30, 2024						
Sales	33,024,456,924	6,415,353,428	12,377,153,149	20,125,096,423	(4,396,752,225)	67,545,307,699
Cost of sales	(28,947,885,066)	(6,049,016,561)	(11,155,314,720)	(17,124,635,328)	4,396,752,225	(58,880,099,450)
Gross profit	4,076,571,858	366,336,867	1,221,838,429	3,000,461,095	-	8,665,208,249
Selling and distribution expenses	(954,967,058)	(211,897,113)	(597,927,990)	-	-	(1,764,792,161)
Profit before taxation and unallocated income and expenses	3,121,604,800	154,439,754	623,910,439	3,000,461,095	-	6,900,416,088
Unallocatable income and expenses						
Other income						1,661,729,579
Other expenses						(70,681,812)
Administrative expenses						(799,850,933)
Finance cost						(2,950,786,923)
Share of profit of Associates						883,116,420
Taxation						(872,953,560)
Profit after taxation						4,750,988,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

45.2 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
	Rupees				
As at June 30, 2025					
Segment assets	27,231,867,332	6,296,738,561	10,185,148,601	20,210,797,647	63,924,552,141
Unallocatable assets					62,462,565,002
Total assets as per statement of financial position					126,387,117,143
Segment liabilities	7,216,673,173	6,464,111,714	12,905,461,975	1,555,375,784	28,141,622,646
Unallocatable liabilities					7,599,101,707
Total liabilities as per statement of financial position					35,740,724,353

	Spinning	Knitting, processing and garments	Denim	Power	Total
	Rupees				
As at June 30, 2024					
Segment assets	20,097,975,804	7,058,891,591	9,785,662,292	26,067,164,258	63,009,693,945
Unallocatable assets					18,490,535,270
Total assets as per statement of financial position					81,500,229,215
Segment liabilities	3,115,750,541	4,279,477,482	14,090,347,714	3,424,769,288	24,910,345,025
Unallocatable liabilities					1,157,567,690
Total liabilities as per statement of financial position					26,067,912,715

45.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 63.21% (2024: 53.39%) and to customers outside Pakistan (including indirect export) are 36.79% (2024: 46.61%) of the total sales during the year.

45.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2024: One) of the Group's customers contributed towards 19.53% (2024: 31.41%) of the local sales during the year aggregating Rs. 13,362.321 million (2024: Rs.21,383.865 million) which exceeds 10% of the local sales of the Group.

45.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

46. PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2025	2024
47. NUMBER OF EMPLOYEES		
Average number of employees during the year	4,737	4,751
Number of employees at the	4801	4,657

48. 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 consolidated financial statements.

49. SUBSEQUENT EVENT

49.1 Non adjusting events subsequent to the reporting date

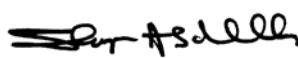
49.1.1 The Board of Directors of the Parent Company, in their meeting held on September 25, 2025, has proposed a final cash dividend of 100% (i.e. Rs. 10 per share) amounting to Rs. 206.718 million for the year ended June 30, 2025, for approval of the members at their Annual General Meeting to be held on October 27, 2025.

49.1.2 Further, the Board of Directors of the Parent Company, in their meeting held on September 25, 2025, has also approved a Scheme of Compromises, Arrangement and Reconstruction under Sections 279 to 283 read with Section 285 of the Companies Act, 2017 for Amalgamation / Merger of Reliance Cotton Spinning Mills Limited - an Associated Company with and into the Parent Company subject to obtaining necessary shareholders, creditors and regulatory approvals and sanction of the Scheme by the Honourable High Court of Sindh at Karachi along with fulfilment of corporate, regulatory and legal formalities.

50. DATE OF AUTHORISATION

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


Chief Executive Officer


Director


Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

Number of Shareholders	From	Shareholding To	Total Shares Held
365	1	100	5,795
150	101	500	36,323
92	501	1000	58,469
61	1001	5000	111,000
16	5001	10000	112,329
4	10001	15000	48,980
3	15001	20000	55,372
6	20001	25000	129,448
3	25001	30000	82,775
3	30001	35000	90,246
1	35001	40000	35,089
2	60001	65000	122,753
1	65001	70000	65,171
1	95001	100000	98,207
1	115001	120000	118,125
1	210001	215000	211,008
1	220001	225000	225,000
1	245001	250000	245,128
1	260001	265000	264,745
1	275001	280000	279,570
2	280001	285000	562,750
1	320001	325000	323,014
1	350001	355000	352,161
1	355001	360000	355,084
1	435001	440000	435,750
1	520001	525000	524,477
1	615001	620000	616,671
1	620001	625000	621,153
1	635001	640000	638,778
1	675001	680000	676,878
1	690001	695000	691,305
1	865001	870000	869,090
1	935001	940000	935,950
4	1025001	1030000	4,113,142
1	1055001	1060000	1,056,824
1	1125001	1130000	1,127,290
1	1285001	1290000	1,286,670
1	3085001	3090000	3,089,355
736			20,671,875

CATEGORY OF SHAREHOLDERS

AS AT 30 JUNE, 2025

		Shares Held	Percentage
1	Directors, CEO, spouses minor.Children	285,646	1.3818
2	Associated Companies, undertaking, related parties	18,524,516	89.6122
3	NIT & ICP	628,171	3.0388
4	Banks, DFI & NBFI	1,381	0.0067
5	Modaraba & Mutual Fund	161	0.0008
6	General Public (Local)	1,147,823	5.5526
7	General Public (Foreign)	67,735	0.3277
9	Others	16,442	0.0795
		20,671,875	100.000

PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

A ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
Sapphire Textile Mills Limited	145
Crystal Enterprises (Private) Limited	5,837
Sapphire Power Generation Limited	473,209
Salman Ismail (Pvt) Limited	23,302
Reliance Cotton Spinning Mills Limited	1,511,670
Sapphire Holding Limited	3,089,355
Synergy Holdings (Private) Limited	1,948,810
Resource Corporation (Private) Limited	1,965,541
ATMZ Company (Private) Limited	1,982,270
Channel Holdings (Private) Limited	1,932,083
Lavender (Pvt) Limited	1,288,111
Glitter (Pvt) Limited	1,304,840
Glory (Pvt) Limited	1,338,298
Acrylic (Pvt) Limited	1,321,569
SFL Corporation (Private) Limited	16,462
STM Corporation (Private) Limited	323,014
B NIT & ICP	
CDC Trustee NIT-Equity Market Opportunity Fund	11,500
CDC Trustee National Investment (UNIT) Trust	616,671
C DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
SHARES	
DIRECTORS & THEIR SPOUSES	
Mr. Nadeem Abdullah	67,289
Mr. Amer Abdullah	62,589
Mr. Yousuf Abdullah	21,754
Mrs. Usma Yousuf	369
Mrs. Noshaba Nadeem	9,959
Mrs. Ambareen Amer	6,828
Mr. Shayan Abdullah	65,171
Mr. Muhammad Naeem Khan	500
Mr. Nadeem Arshad Elahi	525
Mr. Abdul Sattar	525
Mariam Chughtai	500
CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
Mr. Shahid Abdullah	28,507
Mrs. Shireen Shahid	21,130

D	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
	BANKS, DFI & NBF	
	National Bank of Paksitan	1,300
	National Bank of Paksitan	81
	INSURANCE COMPANIES	
	State Life Insurance Corporation of Pakistan	-
	MODARABAS & MUTUAL FUNDS	
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	CDC TrusteeGolden Arrow Selected Stock Funds	49
E)	SHAREHOLDERS HOLDING 10% OR MORE	
	Sapphire Holding Limited	3,089,355
F)	TRADING IN THE SHARES OF COMPANY DURING THE YEAR	
	BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.	
	Mr. Nadeem Abdullah shares cancelled under scheme of Arrangment approved by the court	(193,668)
	Mr. Yousuf Abdullah shares cancelled under scheme of Arrangment approved by the court	(565,509)
	Mr. Amer Abdullah shares cancelled under scheme of Arrangment approved by the court	(119,847)
	Mr. Shahid Abdullah shares cancelled under scheme of Arrangment approved by the court	(398,037)
	Mrs. Usma Yousuf shares cancelled under scheme of Arrangment approved by the court	(9,593)
	Mr. Shayan Abdullah shares cancelled under scheme of Arrangment approved by the court	(489,911)
	Mrs. Noshaba Nadeem shares cancelled under scheme of Arrangment approved by the court	(270,710)
	Mrs. Ambareen Amer shares cancelled under scheme of Arrangment approved by the court	(337,505)
	Mrs. Shireen Shahid shares cancelled under scheme of Arrangment approved by the court	(295,013)

NOTES

[illegible]



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FORM OF PROXY

SAPPHIRE FIBRES LIMITED

I/ We _____ of _____ a member(s) of Sapphire Fibres Limited and a holder of _____ ordinary shares, do hereby appoint _____ of _____ or failing him/ her _____ of _____ who is also a member of Sapphire Fibres Limited, vide Registered Folio No. _____ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi on Monday the 27th October, 2025 at 11:00 am and / or any adjournment thereof.
Signed this _____ day of _____ 2025.

Signature of shareholder; _____
CNIC No: _____
Folio No/ CDC and/or Sub Account No: _____
Email: _____

Signature of proxy: _____
CNIC No: _____
Folio No/ CDC and/or Sub Account No: _____
Email: _____
(Signature should agree with the specimen signature registered with the Company)

Notice:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its company seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
 - i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii. The proxy shall produce his original CNIC or original passport at the time of meeting.
 - iv. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness:

Name
Address
NIC No.

Name
Address
NIC No.

منارم برائے قائم مقام / متبادل سفارت سبرز لمیٹڈ

میں / ہم _____ جس کا تعلق _____ سے ہے
سفارت سبرز لمیٹڈ کے ممبر کی حیثیت سے _____ شیزز کی تحویل رکھتا / رکھتی ہوں۔ میں / ہم _____ کو یا ان کی
عدم حاضری کی صورت میں _____ کو جس / جن کا تعلق _____ سے ہے، کو 27 اکتوبر 2025ء
صبح 11:00 بجے، ٹریڈنگ ہال، کائنات ٹیکنالوجی بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ
پر اپنی / ہماری غیور موجودگی میں شرکت اور ووٹ دینے کے لئے اپنا / ہمارا پر کسی مقرر کرتا / کرتے / کرتی ہوں۔

ریوینیو ٹیکس پانچ روپے

اس دستاویز پر مورخہ _____ 2025ء کو دستخط ہوئے۔

شیزز ہولڈر کے دستخط _____
شیزز ہولڈر کا فوئیو نمبر _____
اور / یا CDC _____
شریک ہونے والے CNIC نمبر _____
اور سب اکاؤنٹ نمبر _____
پر کسی کے دستخط _____
شیزز ہولڈر کا فوئیو نمبر _____
اور / یا _____
شریک ہونے والے CNIC نمبر _____
اور سب اکاؤنٹ نمبر _____

نوٹس

- 1 کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا محصول ٹیکس لگایا جائے۔
- 2 بینک یا کمپنی کی صورت میں پراکسی منارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشترکہ مہر لازم ہوگی۔
- 3 پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی منارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔
- 4 دستخط شدہ پراکسی منارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔
- 5 سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:
- (i) پراکسی منارم پر دو امین تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر منارم پر موجود ہونا چاہئے۔
- (ii) Beneficial owners کے CNIC یا پاسپورٹ کی اسکین شدہ کاپی پراکسی منارم کے ساتھ جمع کرانے ہوں گے۔
- (iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔
- (iv) کارپوریٹ مینٹنٹی کی صورت میں، پراکسی منارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution / Power of Attorney ممبر پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے منارم نہیں کیا گیا ہو)۔

گواہان

(1) دستخط _____ نام _____ پتہ _____ CNIC یا پاسپورٹ نمبر _____
(2) دستخط _____ نام _____ پتہ _____ CNIC یا پاسپورٹ نمبر _____



Corporate Office

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