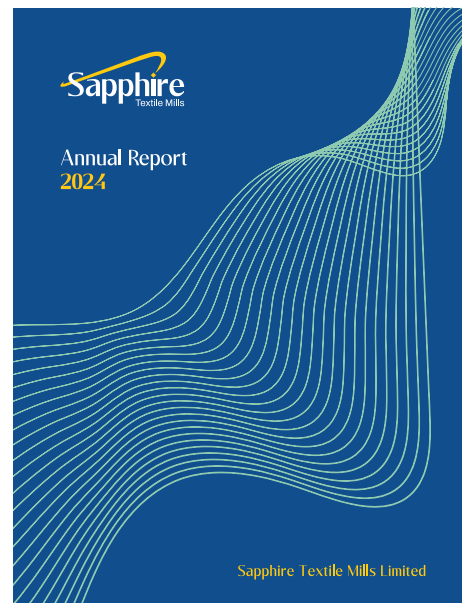




Annual Report **2024**

Sapphire Textile Mills Limited



Sapphire Textile Mills Limited: Crafting a Sustainable Future

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

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

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

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

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INFORMATION



BOARD OF DIRECTORS

Mr. Mohammad Abdullah..... Chairman
 Mr. Nadeem AbdullahChief Executive
 Mr. Shahid Abdullah
 Mr. Amer Abdullah
 Mr. Yousuf Abdullah
 Mr. Nabeel Abdullah
 Mr. Umer Abdullah
 Mr. Mirza Saleem Baig
 Mr. Shahid Shafiq
 Ms. Mashmooma Zehra Majeed

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Mashmooma Zehra MajeedChairperson
 Mr. Nadeem Abdullah Member
 Mr. Nabeel Abdullah Member
 Mr. Umer Abdullah..... Member
 Mr. Shahid Shafiq Member

SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.

CHIEF FINANCIAL OFFICER

Mr. Abdul Sattar

TAX CONSULTANTS

Yousuf Adil
 Chartered Accountants

COMPANY SECRETARY

Mr. Zeeshan

AUDITORS

ShineWing Hameed Chaudhri & Company
 Chartered Accountants

LEGAL ADVISOR

A. K. Brohi & Company

BANKERS

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

MILLS

Spinning Units

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

Weaving Unit, Yarn Dyeing Unit, Printing & Processing Unit, Home Textile and Stitching Unit

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

Stitching Unit

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

REGISTERED OFFICE

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

www.sapphire.com.pk/stml

VISION & MISSION STATEMENT

OUR VISION

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

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

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

OUR MISSION

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

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

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

SAPPHIRE TEXTILE MILLS LIMITED AND ITS SUBSIDIARIES



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

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

1. Sapphire Wind Power Company Limited

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

2. Sapphire Retail Limited

Sapphire Retail Limited ('the Company') was incorporated in Pakistan as a public company (limited by shares) under the Companies Ordinance,

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

3. Triconboston Consulting Corporation (Private) Limited

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

4. Sapphire International ApS

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

5. **Designtex SMC-Private Limited**

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

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

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

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

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

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

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

9. **Sapphire Retail International Limited**

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

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

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

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

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





DIRECTORS' PROFILE



MIAN MOHAMMAD ABDULLAH
(CHAIRMAN)

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

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



MR. NADEEM ABDULLAH
(CHIEF EXECUTIVE OFFICER)

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

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



MR. SHAHID ABDULLAH

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

DIRECTORS' PROFILE



MR. AMER ABDULLAH

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



MR. YOUSUF ABDULLAH

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



MR. NABEEL ABDULLAH

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



MR. UMER ABDULLAH

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



MR. MIRZA SALEEM BAIG

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

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

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

Outside his career, his engagements were:

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

DIRECTORS' PROFILE



MR. SHAHID SHAFIQ

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

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

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

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



MS. MASHMOOMA ZEHRA MAJEED

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

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

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



REVIEW REPORT BY THE CHAIRMAN

Governance

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

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

Economic Front

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

The constant increase in the cost of production is a challenge for the industry. Management is focused on

building strategic alliances in the export market and developing innovative products to achieve sustainable profitability. The Company's investment portfolio is also expected to contribute positively in profitability.

Acknowledgments:

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



Mohammad Abdullah
Chairman

Lahore
26th September 2024



DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Financial Review

The Summary of key financial numbers are presented below:

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

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

in the corresponding year. The company's finance cost increased significantly due to substantially high markup rates.

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

Appropriation of Profit

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





Earnings per Share

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

Subsequent Events

Dividend

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

Transfer to Reserves

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

Future Prospects

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

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

Subsidiaries of Sapphire Textile Mills Limited

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

1. Sapphire Wind Power Company Limited

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

2. Sapphire Retail Limited

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

3. Triconboston Consulting Corporation (Private) Limited

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

4. Sapphire International ApS

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

5. Designtex (SMC-Private) Limited

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

6. Sapphire Real Estate (Private) Limited

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

7. Sapphire Chemicals (Private) Limited

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

8. Sapphire Green Energy (Private) Limited

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



9. Sapphire Retail International Limited

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

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

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

11. Creek Properties (Private) Limited

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

Subsidiary formed subsequent to year end

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



Board of Directors

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

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

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

Audit Committee

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

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

Human Resource & Remuneration Committee

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

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

Directors Remuneration

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

Statement on Corporate and Financial Reporting Frame Work

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

has reviewed the Code of Corporate Governance and confirms that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- The company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.
- All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- There are no doubts about the company's ability to continue as a going concern.
- There has been no material departure from the best practice of Corporate Governance.
- A summary of key operating and financial data of the Company are annexed.
- The Company is operating Employees' Provident Fund for its eligible employees. The value of investment of the fund as on June 30, 2024 is Rs.795 million.

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

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

Code of Conduct

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

Related Party Transactions

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

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

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



Corporate Social Responsibility

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

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

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

Auditors

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



Pattern of Shareholding

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

Board Evaluation

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

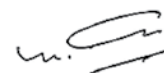
Acknowledgment

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

On behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE
Lahore
September 26, 2024



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

CORPORATE SOCIAL RESPONSIBILITY

Innovating Together for
◆◆Sustainable Textiles◆◆

PURPOSE

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



SUSTAINABILITY AT SAPPHIRE

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

1. Materials: Sustainable Sourcing and Innovation

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

Current Achievements:

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

Future Aspirations:

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



2. Process: Efficiency and Renewable Energy

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

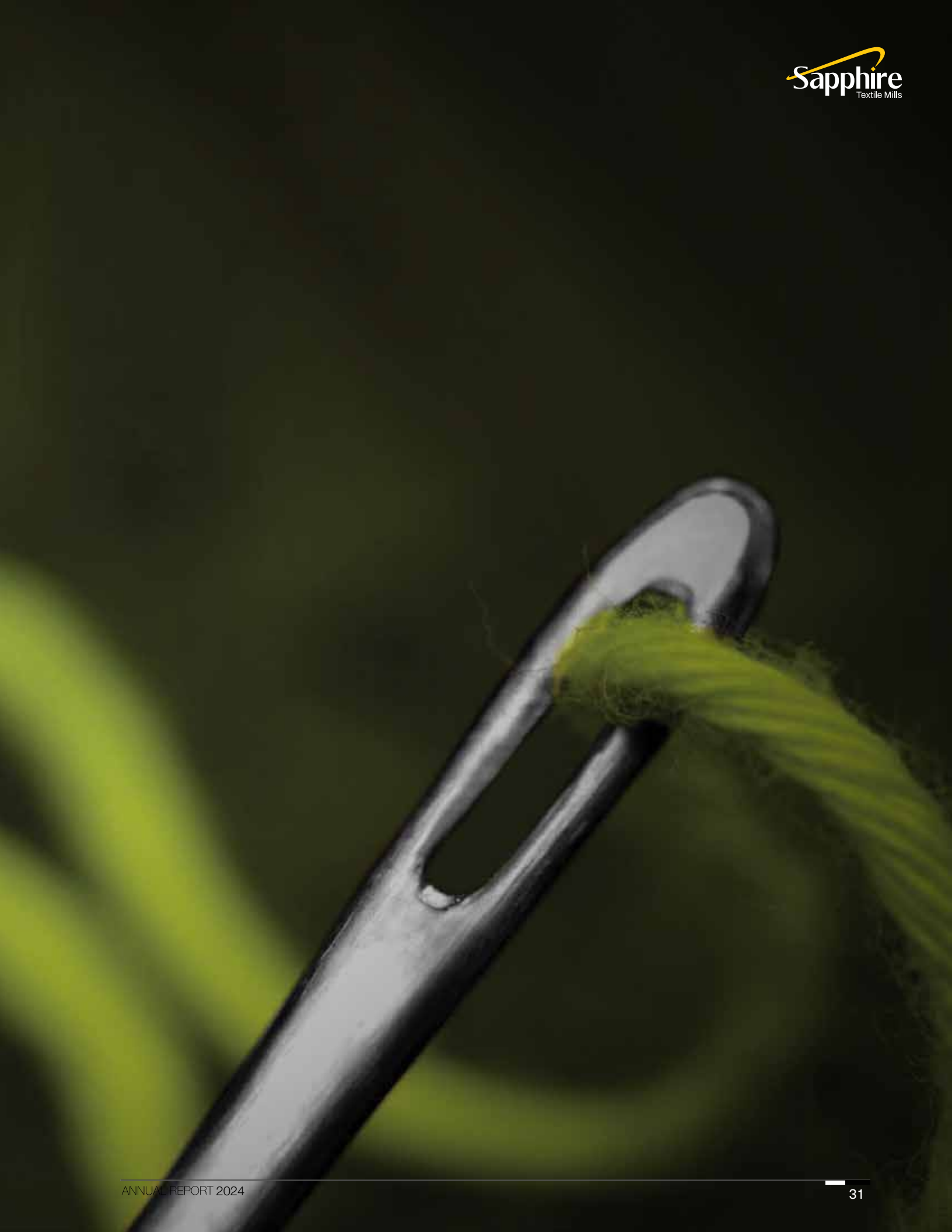
Current Achievements:

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

Future Aspirations:

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





3. People: Empowerment and Inclusion

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

Key Commitments

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

Sapphire Textile Mills Limited promotes an inclusive workplace by guaranteeing fair representation throughout the organization. Both genders are engaged in similar roles and compensated equally. The mean and median salaries for women are approximately 23% and 3% greater than men respectively.

Current Achievements:

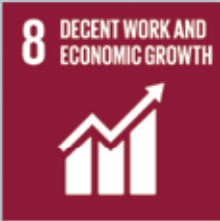
- We adhere to ethical labor practices, including compliance with the Punjab Restriction on Child Labor Act and the UN Global Compact principles.
- Our Gender Balance Strategy 2025 & 2030 aims to close the gender pay gap, provide mentorship, and foster an inclusive culture through training and awareness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

Future Aspirations:

- Strengthen educational and capacity-building programs to empower communities and workers in line with SDG 4 (Quality Education).
- Continue advancing gender equality and diversity, striving for an inclusive workforce with equal opportunities for all.
- Relevant SDGs:

Life at Sapphire

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



CERTIFICATIONS & PARTNERSHIPS

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

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

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

RAW MATERIALS: SUSTAINABLE SOURCING

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



PARTNERSHIPS



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

ENVIRONMENTAL



SOCIAL/ETHICAL



**SOCIAL & LABOR
CONVERGENCE**



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



SAPPHIRE ACTION AGENDA

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



NOTICE OF ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS

1. To confirm minutes of the last General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with the Chairman's, Directors', and Auditors' Reports for the year ended 30th June, 2024.

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

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



-
3. To approve the final Dividend for the year ended 30th June, 2024 as recommended by the Board of Directors.
 4. To appoint auditors for the year ending 30th June 2025 and fix their remuneration. The present auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS:

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

- (i) **RESOLVED THAT** the related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2024, be and are hereby ratified, approved, and confirmed.
- (ii) **RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2025.

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

Any other Business:

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

By Order of the Board



Zeeshan
Company Secretary

Karachi
26th September, 2024

Note:

- 1) The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 22nd October, 2024 to 28th October, 2024 (both

days inclusive). Transfers received in order, by the M/s. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 21st October, 2024, will be considered in time to entitle the transferees for payment of dividend, vote and to attend the meeting.

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

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

www.sapphire.com.pk/stml

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

A. For attending the meeting:

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

B. For appointing proxies;

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the above Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- 4) Any change of address of members should immediately be notified to the Company's Share Registrars, M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- 5) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

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

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

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

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

shall be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification/ verification process.

- 6) The members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and immediately notify changes if any to the registrar of the company M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- 7) Pursuant to Companies (Postal Ballot) Regulations 2018 read with Sections 143 to 145 of the Companies Act, 2017, members can exercise their right to vote through e-voting or postal ballot. The procedure for postal ballot and E-voting is given below.

E-voting Procedure:

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 21 October 2024.
- (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of Hameed Majeed Associates (Private) Limited (being the e-voting service provider).
- (c) The identity of the members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-voting lines will start on 24 October 2024, at 09:00 a.m. and shall close on 26 October 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

Procedure for voting through Postal Ballot:

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



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

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

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

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

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

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

11) (i) The rates of deduction of income tax from

dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

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

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

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

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

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

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

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

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

- (v) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@saphiretextiles.com.pk and/or Hameed Majeed Associates (Private) Limited at phone: (021) 32424826 / 32469573 & email address: khi@hmaconsultants.com
- (vi) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.
- 12) The Securities and Exchange Commission of Pakistan has allowed the listed companies through SRO 389(I)/ 2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. However, any shareholder may request the company

secretary in writing to provide a printed copy of annual report at their registered address free of cost, within seven (07) days of receipt of such request The shareholders who want to avail this facility may submit request form to the company share registrar The Financial Statements of the company for the year ended 30th June, 2024 along with reports have been placed on the company's website www.sapphire.com.pk/stml.

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

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

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

Signature of Member

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

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



Material Changes in Financial Statements of Associated Company

1. SAPPHIRE WIND POWER COMPANY LIMITED

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

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

2. TRICONBOSTON CONSULTING CORPORATION (PRIVATE) LIMITED

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

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

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

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

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

placed for the approval by shareholders in the Annual General Meeting.

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

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

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

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

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

The Company shall be conducting transactions with its related parties during the year ending

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



FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2024

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

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2024

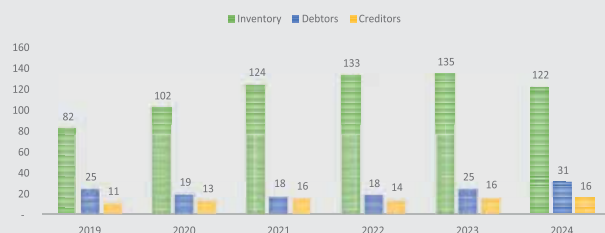
Particulars	UOM	2024	2023	2022	2021	2020	2019
RATIOS:							
Profitability Ratios:							
Gross Profit to sales	Percentage	13.43	14.24	19.32	16.51	14.21	15.78
EBITDA to sales	Percentage	18.83	15.40	20.54	17.24	15.06	18.07
Net Profit to sales	Percentage	6.28	4.52	11.43	8.48	3.46	7.47
Return on equity	Percentage	14.01	11.65	26.87	15.52	7.16	15.62
Return on capital employed	Percentage	9.55	7.11	16.71	9.15	3.74	8.78
Liquidity Ratios:							
Current ratio	Times	1.43	1.27	1.28	1.40	1.35	1.14
Quick / acid test ratio	Times	0.58	0.48	0.48	0.60	0.66	0.62
Capital Structure ratios:							
Financial leverage ratio	Times	0.94	1.30	1.35	1.20	1.43	1.35
Weighted average cost of debt	Percentage	18.36	12.71	7.55	6.26	9.34	8.56
Debt to equity ratio	Times	0.44	0.70	0.66	0.79	0.88	0.87
Interest cover ratio	Times	2.07	2.00	4.18	3.37	1.51	2.41
Turnover ratios:							
Inventory turn over	Days	121.69	134.91	132.80	123.84	102.47	81.95
Inventory turn over ratio	Times	2.92	2.64	2.68	2.83	3.38	4.20
Debtor turnover	Days	28.62	24.92	18.45	17.75	19.42	24.87
Debtors turn over ratio	Times	12.75	14.65	19.78	20.57	18.79	14.68
Creditors turnover	Days	15.69	16.39	14.12	16.22	13.35	10.93
Creditors turnover ratio	Times	23.26	22.27	25.85	22.50	27.35	33.38
Fixed assets turn over ratio	Times	3.38	3.34	3.54	2.76	2.65	2.85
Total assets turn over ratio	Times	1.04	1.00	1.00	0.80	0.77	0.80
Operating cycle	Days	134.62	143.44	137.14	125.37	108.55	95.89
Investment / Market ratios:							
Earning per share	Rs. Per share	238.53	151.74	323.45	150.44	55.03	121.31
Price earning ratio	Times	5.61	7.68	3.41	5.80	14.83	11.62
Price to book ratio	Times	0.79	0.90	0.92	0.90	1.07	1.82
Dividend yield	Percentage	0.7468	0.8579	0.9070	1.72	-	1.84
Cash dividend per share	Rs. Per share	10	10.00	10.00	15.00	-	26.00
Dividend payout ratio	Percentage	4.19	6.59	3.09	9.97	-	21.43
Dividend cover ratio	Times	23.853	15.174	32.345	10.03	-	4.67
Breakup value per share	Rs. Per share	1,702.04	1,301.32	1,203.23	969.05	759.64	776.49
Market value per share at							
the end of the year	Rs. Per share	1338.99	1165.64	1102.5	872.50	816.18	1,409.95
Share Price - High during the year	Rs. Per share	1724.00	1337.83	1300.75	1,144.32	1,440.00	1,410.98
Share Price - Low during the year	Rs. Per share	993.50	876.00	786.00	730.00	612.00	932.31
EBITDA	Rs. In Million	15,519	11,216	12,609	6,631	5,125	6,191

GRAPHICAL PRESENTATION

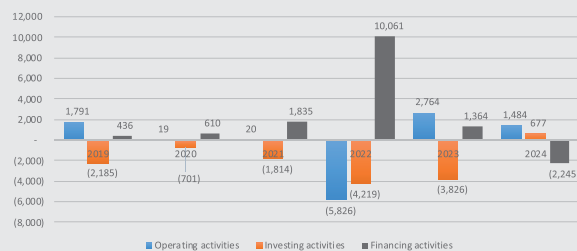
Profitability Ratios



Turnover



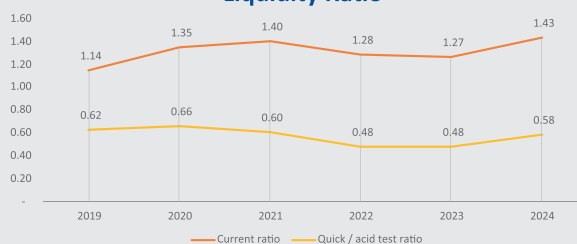
Cash Flow



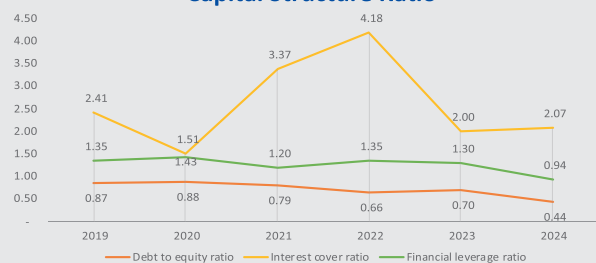
Investor Ratios



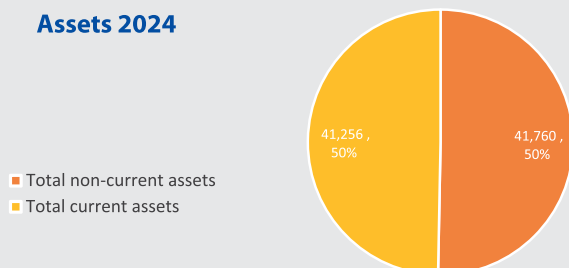
Liquidity Ratio



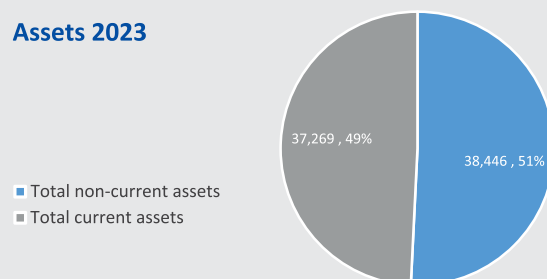
Capital Structure Ratio



Assets 2024

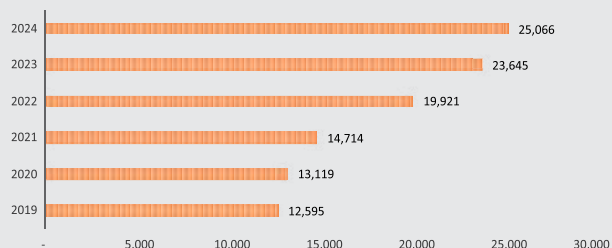


Assets 2023

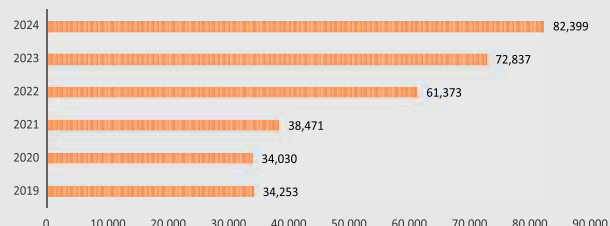


GRAPHICAL PRESENTATION

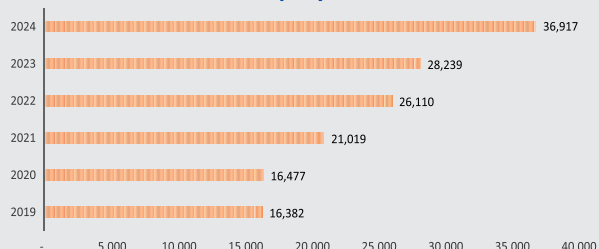
Fixed Assets Growth



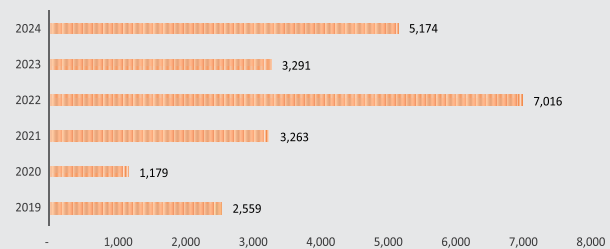
Sales Growth



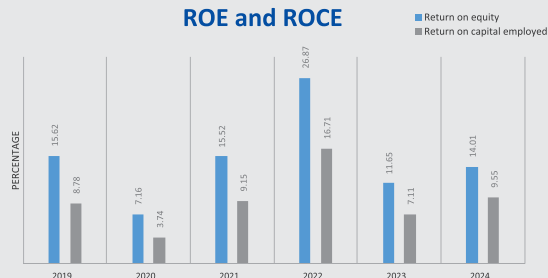
Equity



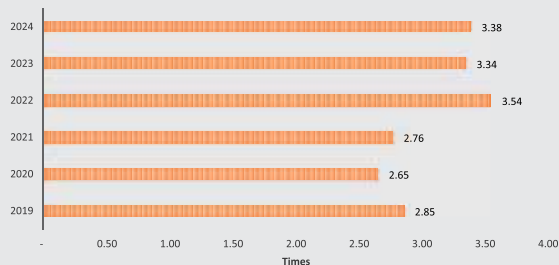
Profit After Tax



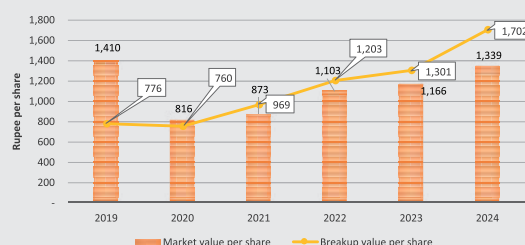
ROE and ROCE



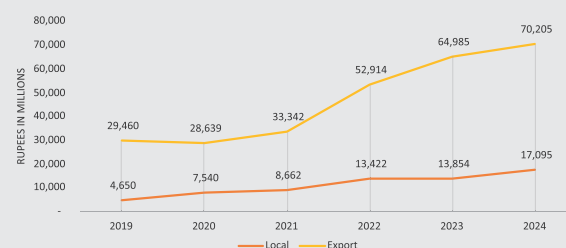
Total Assets Turnover Ratio



Market & Breakup Value Per Share



Local and Export sales

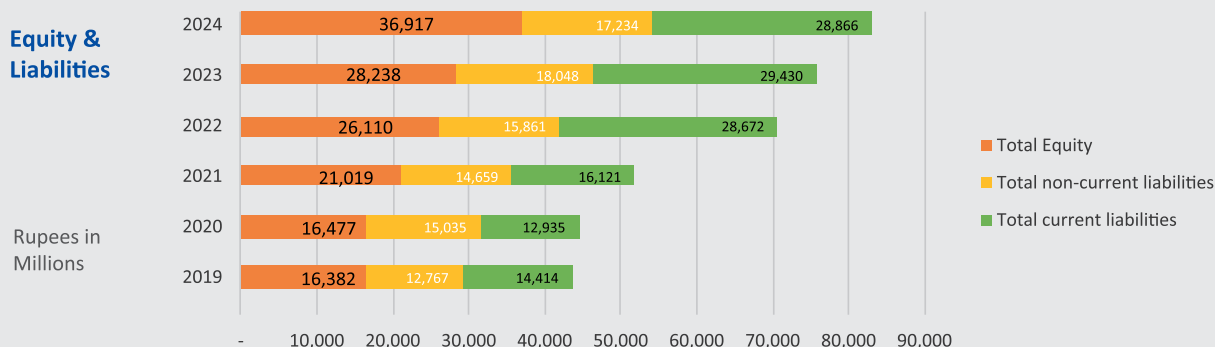


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

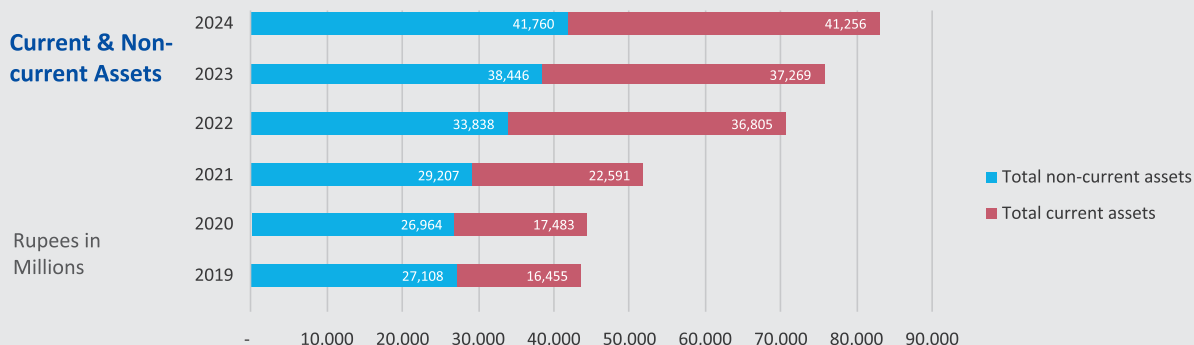
AS AT JUNE 30, 2024

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

Equity & Liabilities



Current & Non-current Assets

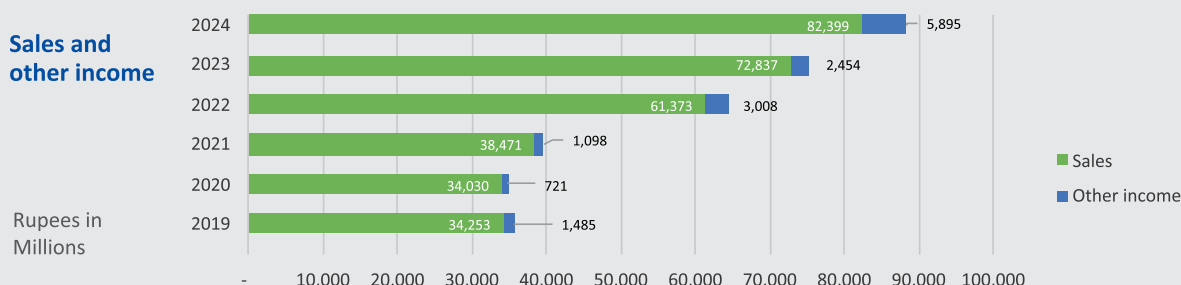


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

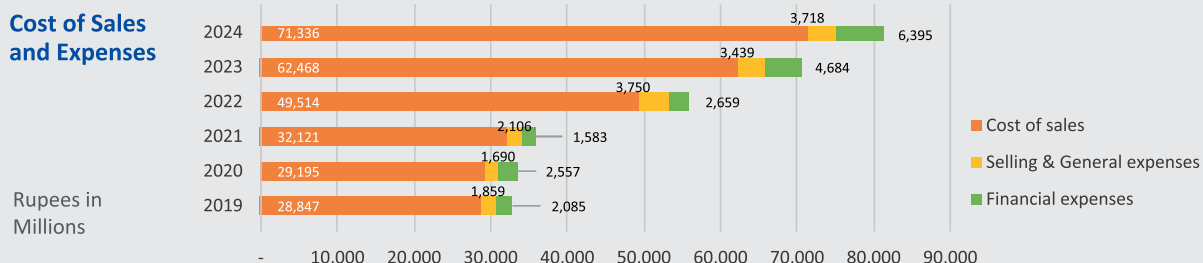
AS AT JUNE 30, 2024

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

Sales and other income



Cost of Sales and Expenses



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

AS AT JUNE 30, 2024

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

COMMENTS ON FINANCIAL STATEMENTS

Statement of Financial Position

Non-current assets

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

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

in these years for growth in value added products.

Current assets

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

Equity

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

Long term financing

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

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS AS AT JUNE 30, 2024

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

Short term borrowings

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

Statement of Profit or Loss

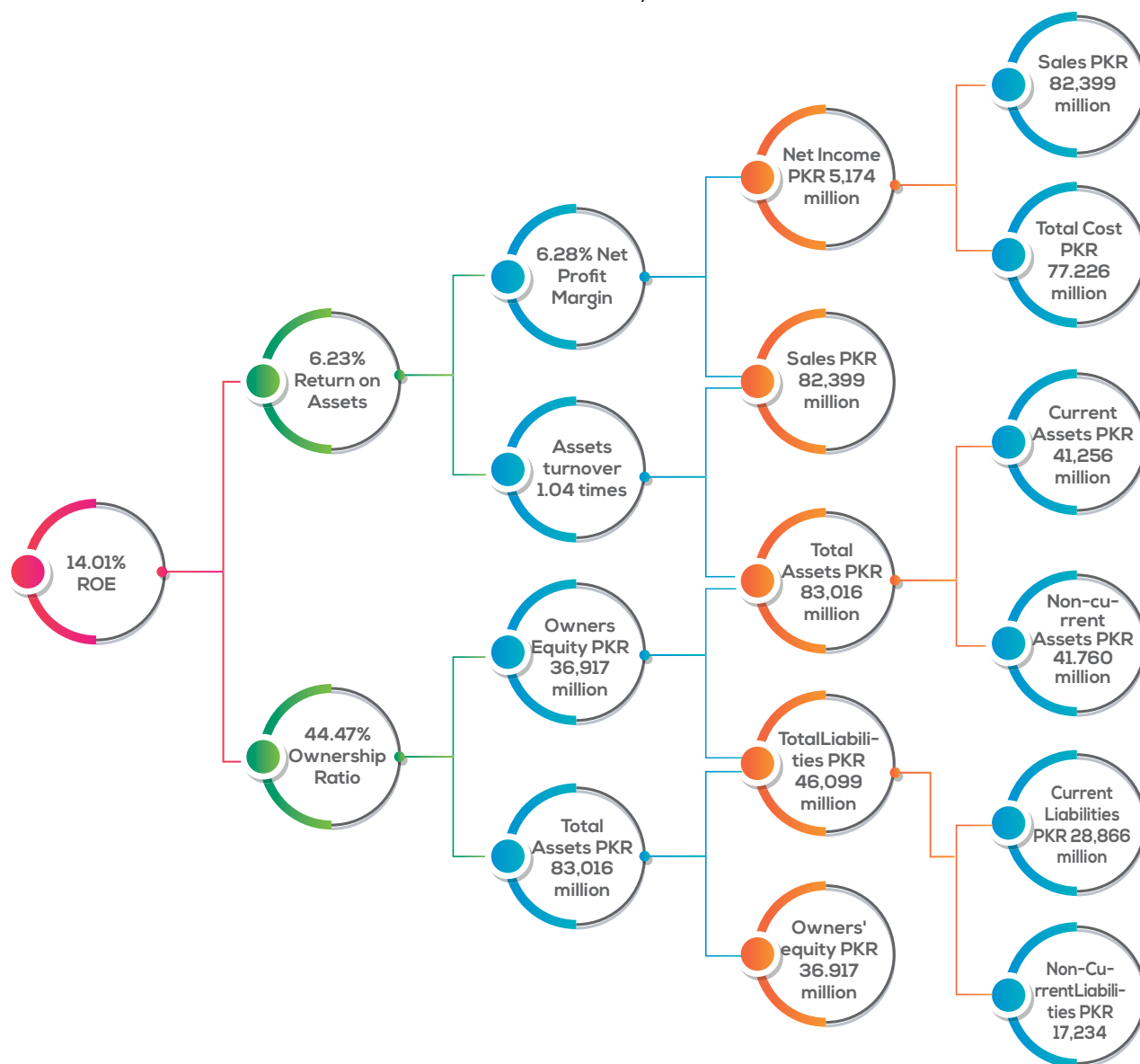
Sales of the company has grown up by 140.56% over the last six years . However, during the current year sales have increased by 13.13% in comparison with last year. Gross profit as a percentage of sales has decreased from 15.78% to 13.43% over the period of six years.

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

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

DUPONT ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024



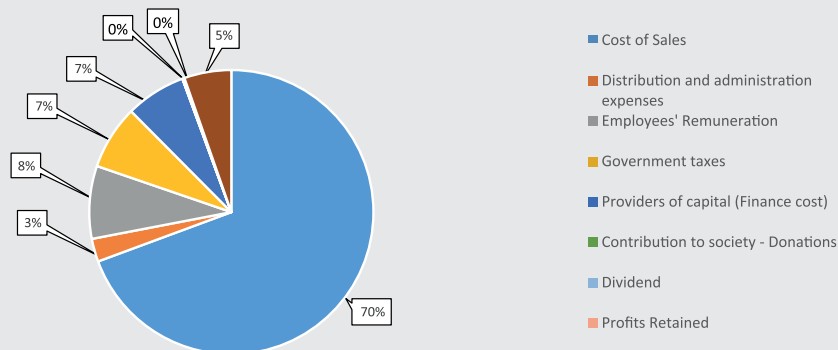
		2024	2023
Tax Burden	Percentage	24.42	29.99
Interest Burden	Percentage	48.30	49.91
EBIT to sales	Percentage	16.07	12.88
Return on Equity	Percentage	14.01	11.65
Total Assets Turnover	Times	1.04	1.00
Debt to equity ratio	Times	0.44	0.70

OUR VALUE ADITION AND ITS DISTRIBUTION

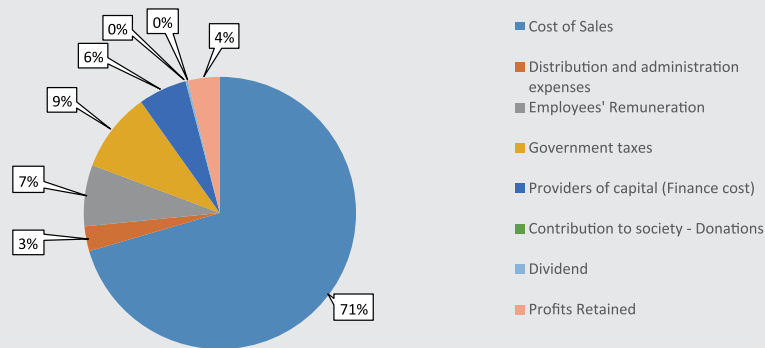
FOR THE YEAR ENDED JUNE 30, 2024

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

2024



2023



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2024

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



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SAPPHIRE TEXTILE MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SAPPHIRE TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

LAHORE: September 30, 2024
UDIN: CR202410104JQwyFMX1Z

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

Audit Engagement Partner: Osman Hameed Chaudhri

STATEMENT OF COMPLIANCE

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

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

Year ended : June 30, 2024

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

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

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

2. The composition of the Board is as follows:

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

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

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The board has ensured that complete record of particulars

of the significant policies along with the dates of approval or amendments has been maintained.

- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording, and circulating minutes of the meeting of the Board.
- 8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
- 9. Out of the total Ten (10) directors of the company, nine (9) Directors meet the requirements, five (5) Directors have already attained certification under the directors training program and four (4) directors meet the requirements of the exemption under regulation.
- 10. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
- 11. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
- 12. The Board has formed committees comprising of members given below:

Committee

a) Audit Committee

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



b) **HR and Remuneration Committee**

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

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

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

Committee	Frequency of meetings
-----------	-----------------------

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

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

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

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

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

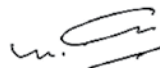
Regulation 6 (1) the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires that "each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors". At time of election of Directors, the Company assessed its compliance with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

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

For and on behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Lahore:
26th September, 2024

**UNCONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED JUNE 30, 2024

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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



Following are the key audit matters:

Sr. No.	Description	How the matter was addressed in our audit
1	Capital expenditures Refer note 5 to the financial statements. The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy. 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.

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

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

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Lahore: September 30, 2024
UDIN: AR202410104o2Yjk1RMK

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director

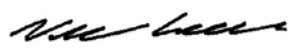

Chief Financial Officer

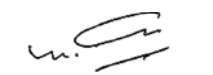
STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director

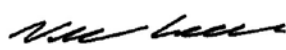

Chief Financial Officer

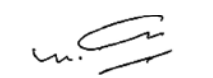
STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

Issued, subscribed and paid-up capital	Reserves					Total
	Capital		Revenue			
	Share premium	Fixed Assets Replacement	Fair value reserve of financial asset at fair value through OCI	Cash flow hedge reserve	General	

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

Miss Beebe

Chief Executive Officer

01

Chairman / Director

King

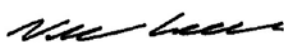
Chief Financial Officer

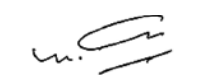
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. LEGAL STATUS AND OPERATIONS

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	At June 30, 2024			At June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy
	Rupees.....					
Effect on profit or loss and other comprehensive income						
Final taxes - levy	-	1,695,626,977	1,695,626,977	-	1,252,135,870	1,252,135,870
Profit before income tax	6,844,998,275	1,695,626,977	5,149,371,298	4,701,332,852	(1,252,135,870)	3,449,196,982
Income tax expense	1,671,261,568	(1,695,626,977)	24,365,409	1,410,160,179	(1,252,135,870)	(158,024,309)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

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

(e) Income taxes and deferred taxation

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

in which asset is disposed-off.

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

4.1.1 Capital work-in-progress

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

4.1.2 Right-of-use assets

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

Depreciation of right of use asset

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

4.2 Investment property

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

4.3 Intangible assets

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

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

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

Subsequent expenditure

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

Amortization

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

4.4 Financial assets

Initial measurement

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

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

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

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

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

- Debt Instruments at FVTOCI

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

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

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

- Debt Instruments at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value

through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

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

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

- **Financial Assets measured at amortised cost**

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

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

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

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

Derecognition

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

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

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

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

Investments in Subsidiary and Associated Companies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

4.5 Stores, spare and loose tools

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

4.6 Stock-in-trade

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

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

4.7 Trade debts and other receivables and related impairment

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

4.8 Cash and cash equivalents

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

4.9 Impairment

(a) Financial assets

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

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

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

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

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

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

(b) Non-financial assets

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

4.10 Off-setting of financial assets and liabilities

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

4.11 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

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

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

- Financial liabilities at amortized cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Derecognition

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

4.12 Government grants

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

4.13 Borrowings

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

4.14 Employees' retirement benefits

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

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

- **Salary increase / inflation risk:**

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

- **Discount rate risk:**

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

- **Mortality risk:**

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

- **Withdrawal risk:**

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

4.15 Taxation

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

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

Current

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

Deferred

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

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

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

4.16 Lease liability

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

Company as lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

Company as lessor

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

Short-term leases and leases of low-value assets

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

4.17 Trade and other payables

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

4.18 Provisions

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

4.19 Foreign currency transactions and translation

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

4.20 Impairment of non financial assets

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

4.21 Derivative financial instruments

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

a) Cash flow hedges

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

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

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

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

b) Fair value hedges

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

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

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

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

4.22 Revenue recognition

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

Sale of goods

- Local Sales

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

- Export Sales

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

Rendering of services

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

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

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Other sources of revenue

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

4.23 Borrowing costs

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

4.24 Dividend and appropriation to reserves

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

4.25 Earnings per share - basic and diluted

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

4.26 Related party transactions

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

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

5.1 Operating fixed assets

	Land		Buildings on free - hold land		Buildings on lease - hold land		Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment	Mills	Furniture and fixtures	Vehicles	Total		
	Free - hold	Lease - hold	Factory building	Labour colony and others	Office building	Labour, staff colony and others											Leased building improvements	
At July 1, 2022																		
Cost	936,277,583	137,013,177	3,575,708,728	741,283,623	420,773,248	340,578,906	97,496,346	50,064,636	20,431,984,793	658,643,306	29,909,840	152,452,381	115,853,081	50,445,260	150,708,872	126,367,326	388,685,528	28,404,246,634
Accumulated depreciation	-	-	1,740,759,538	231,869,791	123,829,247	247,705,514	41,610,343	47,152,794	8,840,611,397	340,800,774	12,976,262	58,487,424	69,598,710	30,506,603	67,727,249	45,331,107	150,318,611	12,049,257,364
Net book value	936,277,583	137,013,177	1,834,949,190	509,413,832	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,396	317,842,532	16,933,578	93,964,957	46,294,371	19,936,657	82,981,623	81,036,219	238,366,917	16,354,989,270
Year ended June 30, 2023																		
Opening net book value	936,277,583	137,013,177	1,834,949,190	509,413,832	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,396	317,842,532	16,933,578	93,964,957	46,294,371	19,936,657	82,981,623	81,036,219	238,366,917	16,354,989,270
Additions	108,181,602	-	484,792,544	201,235,722	-	26,855,991	39,387,285	-	4,996,283,513	32,775,976	836,100	8,849,570	23,153,133	-	25,066,713	14,288,657	37,982,288	5,999,689,094
Disposals:																		
- cost	-	-	-	-	-	-	-	-	415,253,427	-	-	264,260	3,820,907	179,000	354,783	-	27,231,584	447,103,961
- accumulated depreciation	-	-	-	-	-	-	-	-	(356,137,825)	-	-	(146,186)	(2,833,948)	(148,286)	(319,473)	-	(17,168,823)	(376,754,541)
Depreciation charge	-	-	201,092,589	34,573,627	14,847,200	9,970,423	4,434,604	582,368	1,417,363,028	33,542,813	1,735,162	9,957,946	16,789,418	1,984,117	9,685,327	8,782,133	49,186,855	1,814,527,610
Closing net book value	1,044,459,185	137,013,177	2,118,649,145	676,075,927	282,096,801	109,758,960	90,818,684	2,329,474	15,111,178,279	317,075,695	16,034,516	92,728,507	51,671,127	17,921,826	98,327,699	86,542,743	217,099,589	20,469,781,334
At June 30, 2023																		
Cost	1,044,459,185	137,013,177	4,069,501,272	942,519,345	420,773,248	367,434,897	136,863,631	50,064,636	25,013,014,879	691,419,282	30,745,940	161,037,691	135,195,307	50,266,260	175,420,802	140,655,983	399,436,232	33,956,811,767
Accumulated depreciation	-	-	1,941,852,127	286,448,418	138,676,447	257,675,937	46,044,947	47,735,162	9,901,836,600	374,343,587	14,711,424	68,309,184	83,514,180	32,344,434	77,093,103	54,113,240	182,336,643	13,487,030,433
Net book value	1,044,459,185	137,013,177	2,118,649,145	676,075,927	282,096,801	109,758,960	90,818,684	2,329,474	15,111,178,279	317,075,695	16,034,516	92,728,507	51,671,127	17,921,826	98,327,699	86,542,743	217,099,589	20,469,781,334
Year ended June 30, 2024																		
Opening net book value	1,044,459,185	137,013,177	2,118,649,145	676,075,927	282,096,801	109,758,960	90,818,684	2,329,474	15,111,178,279	317,075,695	16,034,516	92,728,507	51,671,127	17,921,826	98,327,699	86,542,743	217,099,589	20,469,781,334
Additions	559,655,123	-	1,080,095,933	161,715,027	199,629,245	-	-	-	3,117,596,550	102,101,593	-	5,320,000	93,327,353	710,000	45,533,404	181,252,810	144,470,541	5,691,407,579
Transfer to investment property	3,856,480	-	153,561,930	-	-	-	-	-	-	-	-	-	-	-	-	-	-	157,418,410
Disposals:																		
- cost	25,315,740	-	62,075,194	82,990,380	65,705,744	-	-	22,831,707	185,931,239	24,300,796	292,872	761,664	6,852,655	7,242,670	9,266,767	2,769,140	71,998,741	568,405,309
- accumulated depreciation	-	-	(41,487,898)	(52,663,568)	(20,387,690)	-	-	(21,591,839)	(149,918,158)	(17,589,740)	(182,899)	(603,062)	(5,392,895)	(6,372,988)	(8,112,954)	(2,194,087)	(25,390,422)	(351,788,200)
Depreciation charge	25,315,740	-	20,587,296	30,396,812	45,318,054	-	-	1,239,868	36,013,081	6,801,056	109,973	158,602	1,459,760	869,682	1,173,813	575,053	46,608,319	216,617,109
Closing net book value	1,574,942,088	137,013,177	2,746,004,044	769,607,162	415,674,224	98,998,226	86,277,750	649,014	16,438,808,028	376,231,494	14,322,100	87,840,525	112,398,389	15,937,987	129,807,364	252,745,443	267,560,346	23,524,817,361
At June 30, 2024																		
Cost	1,574,942,088	137,013,177	4,924,960,081	1,021,283,992	554,696,749	367,434,897	136,863,631	27,232,929	27,944,680,190	769,130,079	30,453,088	165,596,027	221,660,005	43,733,590	211,667,439	319,139,653	471,908,032	38,922,395,627
Accumulated depreciation	-	-	2,178,956,037	251,676,830	139,022,525	269,436,671	50,595,881	26,583,915	11,505,872,162	392,898,585	16,130,968	77,755,502	109,261,616	27,795,603	81,860,075	66,394,210	204,347,686	15,397,578,266
Net book value	1,574,942,088	137,013,177	2,746,004,044	769,607,162	415,674,224	98,998,226	86,277,750	649,014	16,438,808,028	376,231,494	14,322,100	87,840,525	112,398,389	15,937,987	129,807,364	252,745,443	267,560,346	23,524,817,361
Depreciation rate (% - per annum)			10	5	5	10	5	20	10	10	10	10	30	10	10	10	20	

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

NOTES TO THE FINANCIAL STATEMENTS

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5.1.2 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							
Land and Building							
Free-hold Land	25,315,740	-	25,315,740	25,320,000	4,260	Negotiation	Mr. Syed Khurram Badshah
Office Building- Free hold	65,705,744	20,387,690	45,318,054	200,850,000	155,531,946	--- do ---	M/s Sapphire Finishing Mills Limited (a related party)
Factory building	67,355,844	47,753,266	19,602,578	497,978	(19,104,600)	--- do ---	M/s Noor Construction
Residential Building	82,950,380	52,563,566	30,386,814	771,938	(29,614,876)	--- do ---	--- do ---
	241,327,708	120,704,522	120,623,186	227,439,916	106,816,730		
Plant and machinery							
Neutral Grounding Resistor	1,900,000	583,674	1,316,326	196,721	(1,119,605)	Negotiation	M/s Zee Square
Draw Frames	5,380,184	4,840,179	540,005	1,106,557	566,552	--- do ---	--- do ---
Simplex Machine	3,300,000	2,781,527	518,473	614,754	96,281	--- do ---	--- do ---
Transformer	2,985,570	1,034,482	1,951,088	2,000,000	48,912	--- do ---	M/s Hanif Trading Corporation
Slub Motion Device	6,092,521	4,836,189	1,256,332	1,219,635	(36,697)	--- do ---	M/s Ideal Trading Company
Filter For Waste Collection	7,845,441	5,663,851	2,181,590	2,192,373	10,783	--- do ---	M/s Hanif Trading Corporation
MPM - Complete Machine	1,570,000	850,154	719,846	2,300,000	1,580,154	--- do ---	M/s Reliance Cotton Spinning Mills Ltd (a related party)
Beater Machine	1,223,608	129,159	1,094,449	1,200,000	(492,845)	--- do ---	M/s Reliance Cotton Spinning Mills Ltd (a related party)
Transformer	3,390,000	2,185,270	1,204,730	4,000,000	2,795,270	--- do ---	M/s Trafto Link
Electric cables	3,535,670	2,985,193	550,477	550,500	23	--- do ---	M/s Ideal Trading Company
Dust & Waste Removal System	6,329,145	2,714,406	3,614,739	3,617,000	2,261	--- do ---	--- do ---
Ring Spinning Frame	13,290,687	11,428,355	1,862,332	1,865,000	2,668	--- do ---	--- do ---
Detection & Rejection System	1,226,327	678,746	547,581	550,000	2,419	--- do ---	--- do ---
Dust & Waste Removal System	6,770,493	5,716,379	1,054,114	1,055,245	1,131	--- do ---	--- do ---
Bales Braker	16,228,665	15,669,909	558,756	560,000	1,244	--- do ---	--- do ---
High Efficiency Boiler	4,000,000	2,321,423	1,678,577	1,694,915	16,338	--- do ---	M/s Allied Biolers
Electric cables	8,763,055	7,626,021	1,137,034	-	(1,137,034)	Write-off	-
Boiler	5,412,500	4,613,088	799,412	-	(799,412)	--- do ---	-
R.O Water Plan	1,750,000	1,015,050	734,950	-	(734,950)	--- do ---	-
Bio Gas Projector	2,501,147	1,794,149	706,998	-	(706,998)	--- do ---	-
Air Compressor	7,645,371	6,942,496	702,875	-	(702,875)	--- do ---	-
HS Rooter	3,250,000	2,630,936	619,064	-	(619,064)	--- do ---	-
Slub Device	6,462,397	5,745,157	717,240	-	(717,240)	--- do ---	-
	120,852,781	94,785,793	26,066,988	24,722,700	(1,344,288)		
Electric Installation							
Ht Switchgear	2,417,577	1,623,533	794,044	800,000	5,956	Negotiation	M/s Ideal Trading Company
Electric Cables & Fitting	14,696,362	10,856,337	3,840,025	3,845,000	4,975	--- do ---	--- do ---
Electric cables	1,079,934	204,445	875,489	885,000	9,511	--- do ---	--- do ---
	18,193,873	12,684,315	5,509,558	5,530,000	20,442		
Vehicles							
Kia Sorento	7,852,000	2,807,526	5,044,474	5,200,000	155,526	Negotiation	Mr. Faisal Ali
Range Rover	50,000,000	14,533,333	35,466,667	50,000,000	14,533,333	--- do ---	Mr. Muhammad Gulraiz Hussain
Kia Sportage	6,371,000	1,428,166	4,942,834	5,029,551	86,717	--- do ---	Mr. Waqas Dilawar
	64,223,000	18,769,025	45,453,975	60,229,551	14,775,576		
Various assets having Net book value upto Rs.500,000 each							
	123,807,947	104,844,545	18,963,402	12,423,785	(6,539,617)	Negotiation	Various parties
2024	568,405,309	351,788,200	216,617,109	330,345,952	113,728,843		
2023	447,103,961	376,754,541	70,349,420	106,242,835	35,893,415		

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

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

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

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

5.3.2 Movement in the capital work-in-progress

Capital work-in-progress	July 1, 2023	Additions during the year	Transferred to operating fixed assets	June 30, 2024
Particulars	----- Rupees -----			
Civil works and buildings	1,117,697,511	1,159,932,511	(1,738,787,222)	538,842,800
Plant and machinery	1,861,270,707	1,995,797,062	(2,887,607,938)	969,459,831
Electric installation	86,196,249	-	(86,196,249)	-
Mills equipment	54,000,153	4,215,450	(58,215,603)	-
Computer	-	1,990,661	(1,990,661)	-
Furniture and fixture	6,958,131	13,284,478	(20,242,609)	-
	3,126,122,751	3,175,220,162	(4,793,040,282)	1,508,302,631
	July 1, 2022	Additions during the year	Transferred to operating fixed assets	June 30, 2023
	----- Rupees -----			
Civil works and buildings	1,126,629,471	722,287,395	(731,219,355)	1,117,697,511
Plant and machinery	2,326,866,270	4,472,044,299	(4,937,639,862)	1,861,270,707
Electric installation	21,376,195	64,820,054	-	86,196,249
Mills equipment	25,350,193	32,090,144	(3,440,184)	54,000,153
Furniture and fixture	-	7,683,431	(725,300)	6,958,131
	3,500,222,129	5,298,925,323	(5,673,024,701)	3,126,122,751

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FOR THE YEAR ENDED 30 JUNE 2024

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

6. INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

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

	Note	2024 Rupees	2023 Rupees
8.2 Associated Companies - Quoted			
Reliance Cotton Spinning Mills Limited 313,295 ordinary shares of Rs.10 each Equity held: 3.04%		8,461,851	8,461,851
Associated Companies - unquoted			
Sapphire Power Generation Limited 4,234,500 ordinary shares of Rs.10 each Equity held: 26.43%		113,705,500	113,705,500
Sapphire Electric Company Limited 6,000,000 ordinary shares of Rs.10 each Equity held: 1.42%		60,000,000	60,000,000
Sapphire Holding Limited 10,000 ordinary shares of Rs.10 each Equity held: 0.05%		100,000	100,000
Sapphire Dairies (Private) Limited 23,500,000 ordinary shares of Rs.10 each Equity held: 12.95%		235,000,000	235,000,000
Foreign Company - Creadore A/S Denmark 3,675 ordinary shares of DKK 1,000 Equity held: 49.00%		58,708,925	58,708,925
		475,976,276	475,976,276
8.3 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited 7,330,948 (2023: 4,120,740) ordinary shares of Rs.10 each - cost		662,498,768	224,625,605
Adjustment arising from re-measurement to fair value		1,001,773,047	247,075,502
		1,664,271,815	471,701,107
Habib Bank Limited 15,232,862 (2023: 29,423,714) ordinary shares of Rs.10 each - cost		3,047,263,855	5,886,143,798
Adjustment arising from re-measurement to fair value		(1,157,931,982)	(3,731,445,222)
		1,889,331,873	2,154,698,576
Unquoted			
Jomo Technologies (Private) Limited 25,000,000 (2023: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	8.3.1	(150,000,000)	150,000,000
		-	-
TCC Management Services (Private) Limited 50,000 ordinary shares of Rs.10 each		500,000	500,000
	8.3.2 & 8.3.3	3,554,103,688	2,626,899,683
8.3.1 The management of the Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.			
8.3.2 The Company has pledged 3.951 million (2023: 3.951 million) shares of MCB Bank Limited, 3.487 million (2023: 23.979 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
9. LONG TERM LOANS AND ADVANCES			
Loan to employees	9.1	37,651,308	43,292,703
Advance for purchase of land	9.2	15,493,559	204,543,864
Advance for vehicles		3,024,000	-
		56,168,867	247,836,567
9.1 Loan to employees - unsecured (considered good)			
Loans to employees	9.1.1	85,438,279	88,549,021
Less: recoverable within one year and grouped under current assets		47,786,971	45,256,318
		37,651,308	43,292,703
9.1.1	These represent interest free loans provided to executives and permanent employees for various purposes in accordance with the terms of employment. These include loans which are secured against retirement benefits payable to the executives / employees on resignation / retirement. These are recoverable in equal monthly instalments. The present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is not considered material and hence not recognized.		
9.2	This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhpura.		
	Note	2024 Rupees	2023 Rupees
10. LONG TERM DEPOSITS			
Security deposits held with:			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		2,803,864	1,373,600
Others	10.1	3,756,504	3,756,504
		92,390,956	90,960,692
10.1	It includes an amount of Rs.36,000 (2023: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party.		
	Note	2024 Rupees	2023 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores		404,370,783	297,025,929
Spare parts		222,942,282	252,732,437
Loose tools		147,368	606,773
Items in transit		102,555,200	100,663,152
		730,015,633	651,028,291
Less: Provision for slow moving items	11.1	36,907,525	44,601,999
		693,108,108	606,426,292
11.1 Provision for slow moving items			
Balance at beginning of the year		44,601,999	39,283,153
Provision made during the year		-	5,318,846
Less: provision reversed during the year		7,694,474	-
Balance at end of the year		36,907,525	44,601,999

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

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

17.1 Equity Instruments - at FVTOCI
(Investment in quoted securities)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

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

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

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

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

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

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

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

	Note	2024 Rupees	2023 Rupees
21.2.3 Gain on cash flow hedge:			
Gain arising during the year		60,421,094	-
Less: reclassification for gain included in profit or loss		-	66,407,961
		60,421,094	66,407,961

22. LONG-TERM LOANS AND OTHER PAYABLES

Long term loans	22.1	19,264,504,183	19,760,581,758
Gas infrastructure development cess payable	22.2	995,182,870	981,695,536
		20,259,687,053	20,742,277,294
Less: current portion grouped under current liabilities			
- long term loans		(2,978,886,721)	(2,555,806,343)
- gas infrastructure development cess payable		(995,182,870)	(953,505,147)
		16,285,617,462	17,232,965,804

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
22.1 Long term loans - secured			
Loans from banking companies			
- Allied Bank Limited	22.1.1	4,579,792,857	4,563,200,451
- Bank Alfalah Limited (a related party)	22.1.2	738,387,883	876,712,229
- Bank AL - Habib Limited	22.1.3	2,066,446,793	2,376,630,566
- The Bank of Punjab	22.1.4	1,093,964,872	1,058,434,940
- Faysal Bank Limited	22.1.5	-	9,672,000
- Habib Bank Limited	22.1.6	5,877,068,908	5,686,665,520
- MCB Bank Limited	22.1.7	741,157,935	831,626,032
- Meezan Bank Limited	22.1.8	1,869,233,980	1,898,141,813
- United Bank Limited	22.1.9	662,378,555	823,425,807
		17,628,431,783	18,124,509,358
Loans from other institutions			
Pakistan Kuwait Investment Company (Private) Limited	22.1.10	1,473,402,400	1,473,402,400
Pakistan China Investment Company (Private) Limited	22.1.11	162,670,000	162,670,000
		1,636,072,400	1,636,072,400
		19,264,504,183	19,760,581,758
22.1.1 These loans carry mark-up ranging from 1.75% to 23.51% (2023: 1.00% to 22.20%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.6,378 million (2023: Rs.5,435 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.458 million (2023: Rs.627 million) as on reporting date. The company during the year has obtained another loan of Rs. 610 million in single tranche and repayable in 10 years with a grace period of 2 years.			
22.1.2 These loans carry mark-up of 1.75% to 2.75% (2023: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2023: Rs.1,353 million) over specific plant & machinery..			
22.1.3 These loans carry mark-up ranging from 2.50% to 23.40% (2023: 2.50% to 22.58%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2023: Rs.2,347 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,330 million (2023: Rs.1,356 million) as on reporting date.			
22.1.4 These loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 22.46 % to 23.91% (2023: 16.54% to 23.08%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans secured against exclusive mortgagee charge of amounting to Rs.521 million (2023: Rs 521 million) over lands and charge of Rs.1,855 million (2023: Rs 1,855 million) over plant and machinery owned by the Company.			
22.1.5 These loans carry mark-up ranging from 2.50% to 3.50% (2023: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2023: Rs.228 million) over specific plant & machinery. The Company has repaid this loan during the year.			
22.1.6 These loans carry mark-up ranging from 2.5% to 23.03% (2023: 0.60% to 23.03%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.13,284 million (2023: Rs.11,550 million) over specific plant & machinery. The company during the year has obtained another loan of Rs. 1,300 million in single tranche and repayable in 10 years with a grace period of 2 years.			
22.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2023: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2023: Rs.1,291 million) over specific plant & machinery.			

- 22.1.8** These loans carry mark-up ranging from 3.50% to 23.91% (2023: 3.00% to 22.20%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,369 million (2023: Rs.2,248 million) over specific plant & machinery.
- 22.1.9** These loans carry mark-up at the rate of 2.50% (2023: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2023: Rs.1,403 million) over specific plant & machinery.
- 22.1.10** These loans carry mark-up ranging from 5.00% to 24.33% (2023: 5.00% to 23.09%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2023: Rs.2,356) over specific plant and machinery.
- 22.1.11** These loans carry mark-up at rate of 5.00% (2023: 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2023: Rs.191 million) over specific plant and machinery.

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

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

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

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

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

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

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

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

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

25. STAFF RETIREMENT BENEFIT - Gratuity

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

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

	2024 Rupees	2023 Rupees
25.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	470,793,864	367,267,451
Current service cost	237,939,639	156,672,154
Interest cost	62,159,431	39,835,780
Benefits paid	(176,548,573)	(133,240,108)
Remeasurements on obligation	99,893,804	40,258,587
Balance at end of the year	694,238,165	470,793,864
25.3 Expense recognized in statement of profit or loss		
Current service cost	237,939,639	156,672,154
Interest cost	62,159,431	39,835,780
	300,099,070	196,507,934
25.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	100,534,762	38,876,436
Actuarial loss / (gain)	(640,958)	1,382,151
	99,893,804	40,258,587
25.5 Actuarial assumptions used	2024	2023
Discount rate used for year-end obligation	14.75%	16.25%
Expected rate of increase in future salaries	13.75%	15.25%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

25.6 Sensitivity analysis for actuarial assumptions

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25.9 Historical information:

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

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

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

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

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

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

28. CONTRACT LIABILITIES

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

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

32.2 Commitments

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

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

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

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

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

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

33. NET TURNOVER

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

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

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

		2024 Rupees	2023 Rupees
33.2	Export sales - Yarn		
	Direct export	6,760,992,026	6,374,426,623
	In-direct export	26,097,966,206	20,758,463,210
		32,858,958,232	27,132,889,833
33.3	Export sales - Fabric		
	Direct export	16,025,829,841	18,589,629,566
	In-direct export	6,860,597,398	7,351,765,310
		22,886,427,239	25,941,394,876
33.4	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.262.378 million (2023: Rs.83.908 million) has been included in export sales.		
33.5	Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2024 amounting to Rs. 1,724.443 million have been recognized as revenue during the year (2023: Rs. 1,563.209 million).		
	Note	2024 Rupees	2023 Rupees
34.	COST OF SALES		
	Finished goods at beginning of the year	5,337,719,713	4,753,464,625
	Cost of goods manufactured 34.1	72,249,147,657	62,733,253,910
	Cost of raw materials sold 34.5	273,329,843	318,586,743
		72,522,477,500	63,051,840,653
		77,860,197,213	67,805,305,278
	Finished goods at end of the year	(6,523,909,035)	(5,337,719,713)
		71,336,288,178	62,467,585,565
34.1	Cost of goods manufactured		
	Work-in-process at beginning of the year	1,332,041,251	1,253,998,582
	Raw materials consumed 34.2	50,968,596,330	46,722,830,318
	Salaries, wages and benefits 34.3	6,625,273,210	5,112,728,880
	Packing material consumed	1,394,897,182	813,257,347
	Stores and spares consumed	1,976,907,425	1,583,397,038
	Depreciation 5.4	2,211,016,808	1,760,706,832
	Fuel, power and water	8,139,159,737	5,849,709,263
	Repair and maintenance	229,912,250	228,498,639
	Insurance expenses	176,450,620	112,016,533
	Vehicle running expenses	124,544,180	100,916,256
	Travelling and conveyance	80,191,675	59,466,541
	Printing and stationery	3,418,985	2,791,582
	Legal and professional charges	8,567,937	7,320,007
	Fees and subscription	60,560,465	45,271,923
	Communication expenses	18,309,690	14,757,657
	Other manufacturing expenses 34.4	583,018,278	383,246,886
	Rent, rates and taxes	5,033,976	10,693,434
	Miscellaneous expenses	3,818,882	3,687,443
		73,941,718,881	64,065,295,161
	Work-in-process at end of the year	(1,692,571,224)	(1,332,041,251)
		72,249,147,657	62,733,253,910

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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		2024 Rupees	2023 Rupees
37.2 Auditors' remuneration			
- Annual Audit fee		2,500,000	1,698,900
- Half yearly review fee		466,358	444,150
- Special audit fee		-	406,000
- Code of corporate governance review fee		85,850	85,850
- Other certification / services		1,144,938	375,000
		4,197,146	3,009,900
37.3 Donations exceeding 10% of the total donations of the Company			
During the preceding year, donations to following organisation were greater than 10% of total donations made by the Company.			
	Note	2024 Rupees	2023 Rupees
Abdullah Foundation	37.3.1	-	5,000,000
Sina Health Education & Welfare Trust		-	3,327,000
		-	8,327,000
37.3.1	The Directors of the Company who have interest in Abdullah Foundation (donee)		
Name of Director	Interest in donee	Name and address of donee	
Mr. Mohammad Abdullah	Director	Abdullah Foundation, 312, Cotton Exchange Building, I.I. Chandrigar Road, Karachi.	
Mr. Shahid Abdullah	Director		
Mr. Nadeem Abdullah	Director		
Mr. Amer Abdullah	Director		
Mr. Yousuf Abdullah	Director		
	Note	2024 Rupees	2023 Rupees
38. OTHER INCOME			
Income from financial assets			
Dividend income:			
- from subsidiary and associated companies		3,716,013,849	1,286,495,393
- from other companies		982,030,744	598,037,966
		4,698,044,593	1,884,533,359
Interest income on saving accounts		6,845,259	2,523,094
		4,704,889,852	1,887,056,453
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	5.1.3	113,728,843	35,893,415
Gain on sale of investment property		111,125,888	-
Exchange gain on translation of receivable		-	319,675,000
Reversal of provision for stores, spares and loose tools	11.1	7,694,474	-
Rental income		146,333,760	80,229,940
Exchange gain on translation of foreign currency accounts		-	13,245,347
Reversal of workers' welfare fund	27.3	705,484,175	-
Scrap sales [Net of sales tax aggregating Rs.35.524 million (2023: Rs.23.450 million)]		105,802,545	117,860,683
		1,190,169,685	566,904,385
		5,895,059,537	2,453,960,838

	Note	2024 Rupees	2023 Rupees
39. FINANCE COST			
Interest / mark-up on :			
- short term finances		3,759,079,946	2,872,200,769
- long term loans		2,489,213,464	1,680,065,443
- lease liabilities		3,637,675	4,651,696
- Workers' Profit Participation Fund	27.2	988,139	4,984,316
Exchange loss on foreign currency loans		-	32,995,449
Bank charges, commission and others charges		142,119,056	88,663,580
		6,395,038,280	4,683,561,253
40. LEVIES AND INCOME TAXATION			
40.1 Final tax levy			
Levy:			
- for the year		1,697,703,157	1,250,892,550
- for prior year		(2,076,180)	1,243,320
		1,695,626,977	1,252,135,870
40.2	The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. As explained in note 2.5 the liability shall be the final tax fall under levy within the scope of IFRIC 21 / IAS 37.		
40.3	Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under presumptive tax regime.		
		2024 Rupees	2023 Rupees
40.4. INCOME TAX			
Current			
- for the year		493,014,578	158,024,309
Deferred tax		(517,379,987)	-
		(24,365,409)	158,024,309
40.5 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:			
		2024 Rupees	2023 Rupees
Current tax liability for the year as per applicable tax laws		2,190,717,735	1,408,916,859
Portion of current tax liability as per tax laws, representing income tax under IAS 12		493,014,578	158,024,309
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37		1,697,703,157	1,250,892,550
Difference		-	-

	2024 Rupees	2023 Rupees
41. EARNINGS PER SHARE		
41.1 Basic earnings per share		
Net profit for the year	5,173,736,707	3,291,172,673
	----- Number of shares -----	
Weighted average ordinary shares in issue	21,689,791	21,689,791
	----- Rupees -----	
Earnings per share	238.53	151.74

41.2 Diluted earnings per share

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

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

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

43. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

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

43.1 Certain executives are provided with Company maintained vehicles.

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

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

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FOR THE YEAR ENDED 30 JUNE 2024

44. TRANSACTIONS WITH RELATED PARTIES

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

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

	2024 Rupees	2023 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Sales / processing	8,558,590,384	7,532,202,077
Purchases	7,838,077	957,254
Investment made	843,702,589	1,655,000,000
Expenses charged to	14,130,234	24,345,002
Rental income	133,026,000	68,873,500
Dividend received	3,678,749,997	975,307,163
ii) Associated Companies		
Sales / processing	6,730,225,462	5,590,521,715
Purchases / rent	406,705,768	292,667,028
Expenses charged to	116,326,397	80,981,450
Expenses charged by	11,000,595	6,685,917
Mark-up charged by	223,470,662	141,528,807
Dividend received	37,263,852	311,188,231
Dividend paid	67,221,550	67,221,550
Loans (repaid) / obtained - net	225,689,550	(776,499,270)
iii) Key management personnel		
Salary and other employment benefits	110,418,155	102,732,717
iv) Retirement Fund		
Contribution towards provident fund	94,372,932	72,659,052
iv) Others		
Donation	-	5,000,000
Dividend paid	71,658,960	71,659,040

45. FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

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

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

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

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

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

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

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

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

Aging analysis of trade debtors is as follows:

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

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

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

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

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

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

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

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FOR THE YEAR ENDED 30 JUNE 2024

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
----- Rupees -----					
June 30, 2024					
Long term loans	19,264,504,183	27,508,911,937	4,906,913,591	17,883,452,906	4,718,545,440
Trade and other payables	6,137,133,363	6,137,133,363	6,137,133,363	-	-
Accrued mark-up / interest	790,101,417	790,101,417	790,101,417	-	-
Short term borrowings	14,475,916,882	16,443,877,420	16,443,877,420	-	-
Unclaimed dividend	2,033,780	2,033,780	2,033,780	-	-
GLDC payable	995,182,870	995,182,870	995,182,870	-	-
	41,664,872,495	51,877,240,787	29,275,242,441	17,883,452,906	4,718,545,440
----- Rupees -----					
June 30, 2023					
Long term loans	19,760,581,758	30,587,920,382	4,990,743,721	19,798,693,404	5,798,483,257
Trade and other payables	5,168,827,963	5,168,827,963	5,168,827,963	-	-
Accrued mark-up / interest	1,201,060,662	1,201,060,662	1,201,060,662	-	-
Short term borrowings	15,989,756,607	17,874,049,134	17,874,049,134	-	-
Unclaimed dividend	1,782,350	1,782,350	1,782,350	-	-
GLDC payable	981,695,536	995,182,870	995,182,870	-	-
	43,103,704,876	55,828,823,361	30,231,646,700	19,798,693,404	5,798,483,257

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

(c) Market risk

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

(i) Currency risk

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

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

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

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

The following significant exchange rates have been applied:

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

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

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

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

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(ii) Interest rate risk

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

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

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

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

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

(iii) Other price risk

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

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs.7,796.024 million (2023: Rs.3,982.156 million) are exposed to price risk due to changes in market price.

At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.779.602 million (2023: Rs.398.216 million).

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

45.2 Fair value measurement of financial instruments

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

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

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

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

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

Valuation techniques used to determine fair values

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

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

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

45.3 Capital risk management

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

45.4 Financial instruments by category

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

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

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

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

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

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

47. CAPACITY AND PRODUCTION

UOM

2024

2023

47.1 Spinning

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

47.5 Home Textile and stitching

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

47.6 Reason for low production

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

48. NUMBER OF EMPLOYEES	2024	2023
Number of employees as at June 30,	10,044	9,094
Average number of employees as at June 30,	9,483	8,936

49. PROVIDENT FUND RELATED DISCLOSURE

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

50. CORRESPONDING FIGURES

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

51. GENERAL

51.1 Non adjusting events subsequent to the reporting date

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

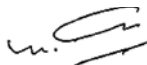
The Board of Directors has also approved the creation of a reserve against capacity expansions and long term investments by transferring an amount of Rs.30.730 billion from general reserve and unappropriated profit to this reserve. The financial statements for the year ended 30 June 2024, do not include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

51.2 Date of authorisation for issue

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



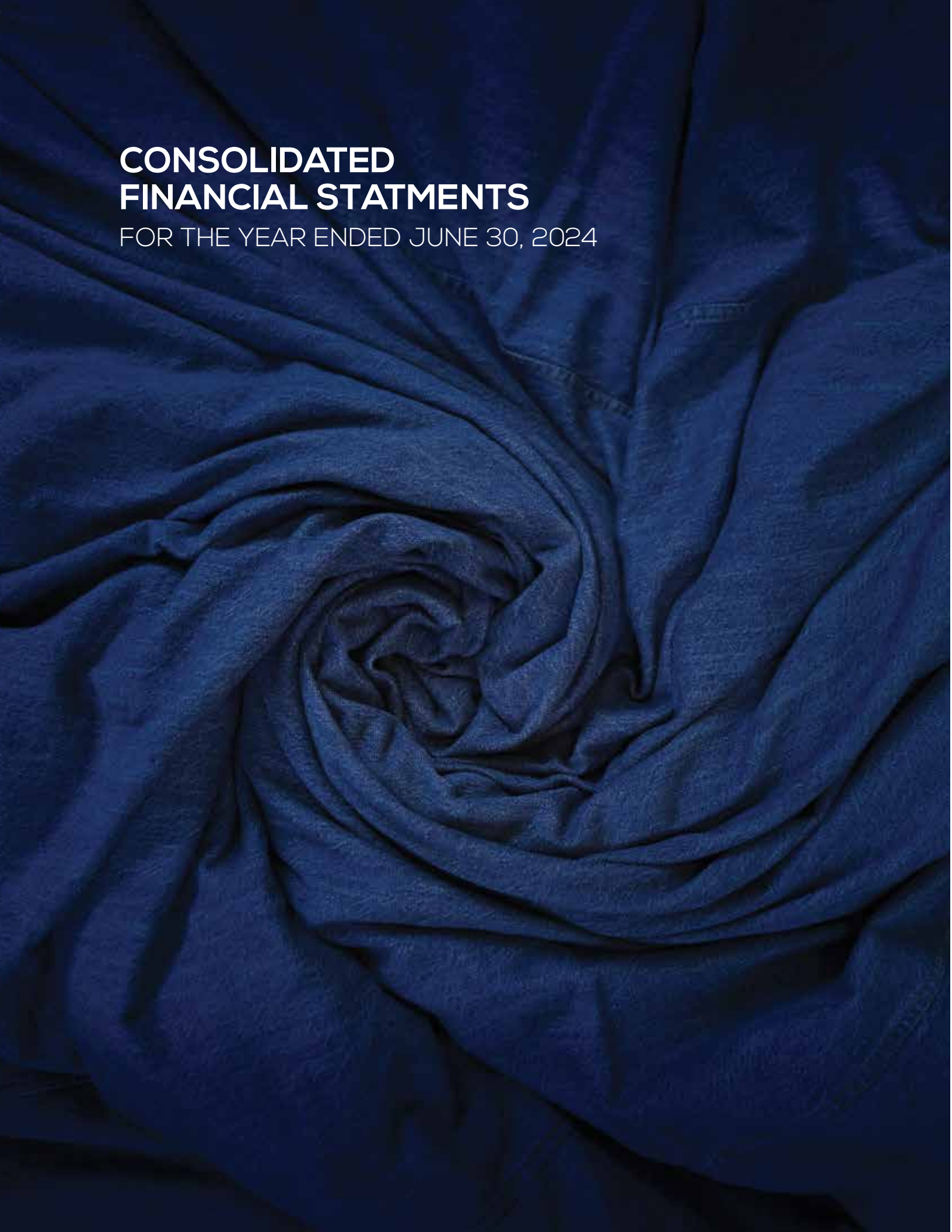
Chief Executive Officer



Chairman / Director



Chief Financial Officer



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Directors' Report to the Shareholders

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

Sapphire Wind Power Company Limited

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

Sapphire Retail Limited

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

Tricon Boston Consulting Corporation (Private) Limited

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

Sapphire International APS

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

Designtex SMC-Private Limited

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

Sapphire Real Estate (Private) Limited

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

Sapphire Chemicals (Private) Limited

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

Sapphire Green Energy (Private) Limited

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

Sapphire Retail International Limited

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

Sapphire Retail Trading One Person Company L.L.C

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

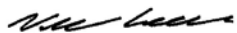
Creek Properties (Private) Limited

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

Sapphire Retail US Corporation

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

On behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Lahore

Dated: September 26, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

Following are the key audit matters:

Sr. No.	Description	How the matter was addressed in our audit
1	Capital expenditures Refer note 6 to the financial statements. The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy. 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.

Sr. 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.35.744 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 15 to the consolidated financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. We reviewed the Company's disclosure in the financial statement in respect of stock in trade.

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

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

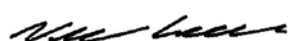
Lahore: September 30, 2024
UDIN: AR2024101049QbpEo7Cm

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

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

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director

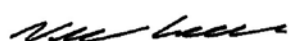

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

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

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


Chief Executive Officer


Chairman / Director


Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. LEGAL STATUS AND OPERATIONS

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

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

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

1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

Memorandum of Understanding in respect of Power Tariffs

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

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

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

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

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

- (iv) Sapphire International ApS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Holding Company and is engaged in selling textiles. The Company was incorporated on August 27, 2019. Its registered office is located at Søgade 15, 1. th. 6000 Kolding, Denmark.
- (v) Sapphire Real Estate (Private) Limited is 100% owned subsidiary incorporated on October 12, 2021 under the Companies Act, 2017 with the purpose of investment in real estate projects. The registered office of the Company is situated at 7-A/K, Main Boulevard, Gulberg II, Lahore.
- (vi) Sapphire Chemicals (Private) Limited is a wholly owned subsidiary incorporated on 04 June, 2022 under the Companies Act, 2017. The principal line of business of the Company is to manufacture and sale chemical products.
- (vii) Sapphire Green Energy (Private) Limited (the Company) was incorporated as a private limited company in Pakistan on January 17, 2023 under the Companies Act, 2017. The principal line of business of the company shall be to carry on all or any of the businesses of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith.

- (viii) Creek Properties (Private) Limited (the Company) was incorporated in April 2022 as a private Company limited by shares under the Companies Act, 2017. The principal business of the Company is marketing and development of real estate projects.
- (ix) Designtex (SMC-Private) Limited was incorporated in Pakistan on February 06, 2020 as a single member Private Company and as such being a private company limited by shares under the Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited. The Company is principally engaged in manufacturing, stitching and trading of textile and ancillary products. The head office of the Company is located at 1.5KM, Defence Road, Bhotian Chowk, Off Raiwind Road, Lahore.
- (x) Sapphire Retail Trading One Person Company L.L.C incorporated on November 30, 2023 in United Arab Emirates under the Companies Law No. 32 of 2021. The registered activities of the Company are blankets, towels, linens, readymade garments, novelties, textile, watches, clocks, watches & clocks spare parts, handbags, leather products, perfumes, and cosmetics trading. The address of the registered office of the Company is Office no 106-106, Bayan Business Center, Dubai Investment Park First, Dubai, United Arab Emirates.
- (xi) Sapphire Retail International Limited is a private company limited by shares incorporated in England and Wales on November 07, 2023. The principal activity of the company is the retail sale of textiles in specialised stores and online.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

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

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

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

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

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

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

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

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

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

b) IFRS 16 Leases Effective: January 01, 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 28.

(e) **Income taxes**

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

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

(f) **Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(g) **Discounting of lease payments**

The lease payments are discounted using incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

(h) **Foreign Currency translation rate**

In determining the exchange rate used for the translation of monetary items due to lack of exchangeability at the reporting date (i.e. June 30, 2024), management uses judgement in determining the closing / spot rate (i.e. exchange rate for immediate delivery). Therefore, management uses the closing rate to which it would have access at the end of the reporting period, that is the rate available immediate before the reporting date.

4. **BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in

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line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

5. MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling (NCI) interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.2 Property, plant and equipment

5.2.1 Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method except to the effect that straight line method is used for assets of SWPCL, TBCL and SRL at rates stated in note 6.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

5.2.2 Capital work-in-progress

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

5.2.3 Right-of-use assets

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

Depreciation of right of use asset

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

5.2.4 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

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5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment property comprises of land and building. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets. Depreciation is charged to consolidated statement of profit or loss using reducing balance method at the rates stated in note 7.

5.4 Intangible assets

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

Subsequent expenditure

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

Amortization

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

5.5 Financial assets

Initial measurement

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

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

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

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

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

- Debt Instruments at FVTOCI

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

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

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

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

- Debt Instruments at FVTPL

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

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

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

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

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

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- Financial Assets measured at amortised cost

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

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

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

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

Derecognition

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

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

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

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

5.6 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group except for Creadore A/S. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The consolidated financial statements of foreign associate of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and the statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

5.7 Stores, spare parts and loose tools

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

5.8 Stock-in-trade

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

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

5.9 Trade debts and other receivables and related impairment

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

5.10 Cash and cash equivalents

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

5.11 Impairment

(a) Financial assets

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

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

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

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

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

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

(b) Non-financial assets

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

5.12 Off-setting of financial assets and liabilities

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

5.13 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

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

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

- **Financial liabilities at amortized cost**

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

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

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

Derecognition

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

5.14 Government grants

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

5.15 Borrowings

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

5.16 Employees' benefits

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

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

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FOR THE YEAR ENDED 30 JUNE 2024

- **Salary increase / inflation risk:**

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

- **Discount rate risk:**

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

- **Mortality risk:**

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

- **Withdrawal risk:**

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

(c) **Accumulating compensated absences**

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences in accordance with the terms of employment. Under the terms, all employees are entitled to 15 days leave per year. The unavailed annual leaves can be carried forward up to a maximum of 30 leaves. An employee will be entitled to encash the accumulated annual leaves at the time of leaving employment service.

Provisions are made annually on the basis of unavailed accumulated leaves. The benefit is calculated with reference to last drawn salary and accumulated leave balances of the employees. The management considers that the valuation by an independent actuary is not expected to result in a significant deviation from the management's estimation.

5.17 **Contingent liabilities**

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.18 **Contract liability**

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

5.19 **Taxation**

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

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

Current

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

The profits and gains of the Subsidiary companies - Sapphire Wind Power Group Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary companies (SWPCL & TBCL) are also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Federal Decree Law No. 47 of 2022 of U.A.E. is applicable on Sapphire Retail Trading One Person Company L.L.C (subsidiary company) for the purpose of its taxation. This law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the subsidiary Company's outlook of the law. Any income tax assets and liabilities for the current and future periods are measured at the amount expected to be settled with the Federal Tax Authority (FTA) in the United Arab Emirates.

Deferred

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

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

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

5.20 Lease liability

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

Group as lessee

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, dismantling cost, initial direct costs incurred, adjusted by the amount of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

Lease liabilities

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

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

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

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

Ijarah

Ijarah is a contract whereby the owner of an asset transfers its usufruct (right to use) to another person for an agreed period at an agreed consideration. Under ijarah, the lessor retains title to the asset and bears all risks and rewards pertaining to ownership. The Group as a lessee has contracted ijarah agreements. Payments made under ijarah are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Group as lessor

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

Short-term leases and leases of low-value assets

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

5.21 Trade and other payables

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

5.22 Provisions

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

5.23 Foreign currency transactions and translation

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

For the Group's companies in power sector, foreign exchange gains and losses resulting from the settlement and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized in property, plant and equipment in accordance with SRO 986(I)/2019 dated 02 September 2019 (previously SRO 24(I)/2012) of the SECP. Accordingly, the exchange difference of the Group's Power Sector subsidiaries have been capitalized.

5.24 Impairment of non financial assets

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

5.25 Derivative financial instruments

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

a) Cash flow hedges

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

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

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

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

b) Fair value hedges

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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

5.26 Revenue recognition

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

Sale of goods

- **Local Sales**

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

- **Export Sales**

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

- **Sale of electricity**

Revenue on account of energy is recognised on electricity output delivered to CPPA-G whereas on account of Non-Project Missed Volume is recognised when the event has occurred in terms of the EPA and underlying data is available. Both are recognised at the rates specified under the EPA. Delayed payment markup on amounts due under the EPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the EPA. Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Rendering of services

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

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

Other sources of revenue

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

5.27 Borrowing costs

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

5.28 Dividend and appropriation to reserves

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

5.29 Earnings per share - basic and diluted

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

5.30 Segment reporting

Segment reporting is based on the operating business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of property, plant and equipment, inventories, trade debts, loans and advances and cash and bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate payables.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Stitching, Textile retail and Power generation which also reflects the management structure of Group.

5.31 Related party transactions

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

	Note	2024 Rupees	2023 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	83,334,423,305	84,780,345,305
Right-of-use asset	6.2	3,421,994,196	2,533,107,980
Capital work-in-progress	6.3	2,379,387,074	3,137,111,098
Major spare parts and stand-by equipment	6.4	69,216,256	69,216,255
		89,205,020,831	90,519,780,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

6.1 Operating fixed assets

Balance as at July 01, 2023

Cost

Accumulated depreciation

Net book value

For the year ended June 30, 2024

Additions during the year

Direct Additions

Net exchange gain capitalised

(Note 6.1.4)

Disposals:

- Cost

- Accumulated Depreciation

Impairment charge for the year

Depreciation for the year

Balance as at June 30, 2024

Cost

Accumulated depreciation

Net book value - June 30, 2024

Depreciation rate % per annum

Land	June 30, 2024																	Total	
	Free - hold	Lease - hold	On free - hold land		On lease - hold land		Rupees										Vehicles		Total
			Labour, staff colony and others	Office building	Factory building	Leased building colony and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures					
2,416,604,458	137,013,177	4,273,982,226	932,123,224	420,773,246	2,532,299,564	147,259,752	615,533,211	100,317,842,098	806,220,900	30,745,940	621,375,706	664,645,188	63,848,250	175,420,802	529,321,182	609,870,494	115,071,787,399		
-	-	(1,984,776,334)	(262,568,211)	(138,676,447)	(687,148,186)	(49,920,154)	(397,830,175)	(25,308,816,907)	(378,991,260)	(14,338,861)	(233,298,388)	(264,545,446)	(44,787,158)	(77,465,355)	(188,703,815)	(269,975,400)	(30,391,442,095)		
2,416,604,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,036	75,004,025,191	427,837,640	16,407,079	388,077,318	182,099,723	19,061,092	97,955,447	340,617,367	339,895,094	84,780,345,305		
714,479,364	-	1,080,095,933	161,715,027	199,629,245	-	-	384,800,547	3,118,778,880	129,664,032	-	239,465,772	211,156,119	9,522,293	45,533,404	427,006,913	188,497,009	6,910,347,538		
-	-	-	-	(25,130,549)	-	-	(849,481,073)	-	-	-	-	-	-	-	-	-	(874,611,622)		
25,315,740	-	62,076,194	82,950,380	65,705,744	-	-	23,614,707	185,311,238	24,380,796	292,872	196,722,622	7,843,950	8,391,989	9,286,767	10,810,595	121,438,272	824,770,867		
-	-	(41,487,898)	(52,553,568)	(20,397,690)	-	-	(21,591,839)	(149,815,198)	(17,893,740)	(182,899)	(177,641,250)	(6,092,182)	(7,522,307)	(8,112,954)	(6,873,487)	(43,978,703)	(553,942,705)		
25,315,740	-	20,588,296	30,386,812	45,318,054	-	-	2,022,868	36,015,081	6,881,056	109,973	19,084,372	1,751,767	869,682	1,173,813	3,937,108	77,459,519	270,825,161		
-	-	(307,746,554)	(37,796,980)	(20,733,788)	(129,132,078)	(4,540,934)	(149,756,978)	(5,912,924,631)	(39,483,818)	(1,602,443)	(245,143,148)	(108,216,513)	(3,630,024)	(12,879,926)	(155,318,438)	(81,897,522)	(7,210,825,755)		
3,105,668,082	137,013,177	3,040,967,975	763,086,248	415,674,224	1,690,868,752	92,798,664	450,697,737	71,324,386,286	511,016,798	14,694,663	363,316,570	293,289,542	24,083,679	129,435,112	608,388,724	389,035,062	83,334,423,305		
3,105,668,082	137,013,177	5,292,002,965	1,019,887,871	554,696,749	2,507,169,016	147,259,752	976,799,050	102,986,209,666	911,921,136	30,453,068	664,118,856	499,959,337	64,978,554	211,687,439	945,517,500	676,929,231	120,282,752,449		
-	-	(2,251,034,990)	(247,801,623)	(139,022,025)	(816,280,264)	(64,461,088)	(526,021,314)	(31,071,823,380)	(400,485,338)	(15,758,405)	(300,800,286)	(366,669,796)	(40,884,875)	(82,232,327)	(337,148,766)	(307,894,189)	(36,348,328,145)		
3,105,668,082	137,013,177	3,040,967,975	763,086,248	415,674,224	1,690,868,752	92,798,664	450,697,737	71,324,386,286	511,016,798	14,694,663	363,316,570	293,289,542	24,083,679	129,435,112	608,388,724	389,035,062	83,334,423,305		
-	-	10	5	5	5	5	20	5	10	10	10	10	10	10	10	10	20		

Balance as at July 01, 2023

Cost

Accumulated depreciation

Net book value

For the year ended June 30, 2023

Additions during the year

Direct Additions

Net exchange gain capitalised

(Note 6.1.4)

Disposals:

- Cost

- Accumulated Depreciation

Impairment charge for the year

Depreciation for the year

Balance as at June 30, 2023

Cost

Accumulated depreciation

Net book value - June 30, 2023

Depreciation rate % per annum

	June 30, 2023										Total							
	Free - hold	Lease - hold	Factory building	On lease - hold Labour, staff colony and others	Office building	Factory building	On lease - hold Labour, staff colony and others	Leased building Improvements	Plant & machinery	Electric installations		Fire fighting equipment	Electric equipments	Computers	Office equipments	Mills equipments	Furniture & fixtures	Vehicles
Rupees																		
1,557,065,775	137,013,177	3,789,189,682	730,887,502	420,773,248	2,134,648,319	107,892,467	713,105,962	83,291,171,637	766,753,505	29,909,840	563,074,142	389,915,885	65,174,850	150,708,872	608,480,226	545,184,258	95,970,949,347	
-	-	(1,763,745,049)	(227,994,594)	(123,829,247)	(581,139,980)	(45,485,559)	(998,480,799)	(20,947,202,347)	(344,019,179)	(12,603,899)	(216,517,532)	(207,720,896)	(42,774,285)	(68,099,501)	(188,380,200)	(211,905,340)	(25,379,865,149)	
1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,553,508,339	62,406,917	314,646,163	62,343,962,290	422,734,326	17,306,141	346,556,610	162,195,029	22,400,565	82,609,371	420,120,026	333,278,918	70,591,084,199	
859,438,683	-	484,792,544	201,235,722	-	26,865,991	39,387,285	39,994,468	5,001,759,846	39,475,395	838,100	144,433,674	102,639,361	550,901	25,066,713	96,924,998	102,478,582	7,165,849,262	
-	-	-	-	-	-	-	-	12,671,398,785	-	-	-	-	-	-	-	-	13,942,194,039	
-	-	-	-	-	-	-	-	65,148,170	-	-	-	-	-	-	-	-	1,107,205,249	
-	-	-	-	-	-	-	-	(62,726,518)	-	-	-	-	-	-	-	-	(671,759,762)	
-	-	-	-	-	-	-	-	22,740,632	-	-	-	-	-	-	-	-	433,445,407	
-	-	-	-	-	-	-	-	38,631,320	-	-	-	-	-	-	-	-	100,358,666	
-	-	-	-	-	-	-	-	(35,387,706)	-	-	-	-	-	-	-	-	(73,477,684)	
-	-	(221,031,285)	(34,573,627)	(14,847,200)	(106,008,206)	(4,434,604)	(62,716,968)	(4,786,346,078)	(34,572,081)	(1,735,162)	(43,009,503)	(69,119,593)	(3,146,649)	(9,885,327)	(46,992,060)	(81,640,828)	(5,509,859,024)	
2,416,504,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,036	75,004,025,191	427,837,640	16,407,079	388,077,318	182,099,723	19,061,092	97,955,447	340,617,367	339,895,094	84,780,345,305	
2,416,504,458	137,013,177	4,273,982,228	932,123,224	420,773,248	2,532,299,564	147,259,752	615,533,211	100,312,842,098	806,228,900	30,745,940	621,375,706	446,645,188	63,848,250	175,420,802	529,321,182	609,870,494	115,071,787,399	
-	-	(1,984,776,334)	(262,568,211)	(138,676,447)	(687,148,186)	(49,920,154)	(397,830,174)	(25,308,816,907)	(378,991,260)	(14,338,861)	(233,298,388)	(264,545,446)	(44,787,158)	(77,465,355)	(188,703,815)	(269,975,400)	(30,391,442,095)	
2,416,504,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,036	75,004,025,191	427,837,640	16,407,079	388,077,318	182,099,723	19,061,092	97,955,447	340,617,367	339,895,094	84,780,345,305	
-	-	10	5	5	5 & 10	5	20	5 & 10	10	10	10 & 33.33	30	10 & 33.33	10	10 & 15	20		

- 6.1.1** Freehold lands of the Holding Company are located at Sheikhpura, Kasur and Lahore with an area of 1,554,764 (2023: 1,433,189) square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2023: 440,804) square yards.
- 6.1.2** Flagship store of SRL (subsidiary) is located at Gulberg, Lahore, Punjab with an area of 9,200 (2023: 9,200) square feet and freehold land of SRL located at Gurumangat Road, Lahore, Punjab with an area of 47,962 (2023: 47,962) square feet.
- 6.1.3** Freehold land of SCPL (subsidiary) is located at Khushab with an area of 344 acres (2023: 296 acres) for proposed plant site.
- 6.1.4** This represents the exchange differences capitalized in accordance with SRO 986(I)/2019 dated September 2, 2019 (previously SRO 24(I)/2012) of the SECP (as fully explained in note 5.23 to these consolidated financial statements). Had the subsidiary companies followed IAS 21, 'The Effects of Changes in Foreign Exchange Rates', the effect on the consolidated financial statements would be as follows:

	2024 Rupees	2023 Rupees
Consolidated Statement of Financial Position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30,	(28,535,462,527)	(31,534,940,419)
Consolidated Statement of profit or loss		
Decrease in cost of sales	2,095,796,270	1,003,343,882
Increase in other income	107,231,968	-
Decrease / (Increase) in other expenses	796,449,654	(13,042,194,039)
Increase/(decrease) in profit for the year	2,999,477,892	(12,038,850,157)
6.1.5 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	6,534,819,113	5,246,194,317
Distribution cost	538,189,995	148,544,034
Administrative expenses	137,820,647	115,120,673
	7,210,829,755	5,509,859,024

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

Particulars of assets	Cost	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							
The Holding Company							
Land and Building							
Free-hold Land	25,315,740	-	25,315,740	25,320,000	4,260	Negotiation	Mr. Syed Khurram Badshah
Office Building- Free hold	65,705,744	20,387,690	45,318,054	200,850,000	155,531,946	--- do ---	M/s Sapphire Finishing Mills Limited (a related party)
Factory building	67,355,844	47,753,266	19,602,578	497,978	(19,104,600)	--- do ---	M/s Noor Construction
Residential Building	82,950,380	52,563,566	30,386,814	771,938	(29,614,876)	--- do ---	---
	241,327,708	120,704,522	120,623,186	227,439,916	106,816,730		
Electric Installation							
HT Switchgear	2,417,577	1,623,533	794,044	800,000	5,956	Negotiation	M/s Ideal Trading Compnay
Electric Cables & Fitting	14,696,362	10,856,337	3,840,025	3,845,000	4,975	--- do ---	---
LT-8 Misc. Electric Installation	1,079,934	204,445	875,489	885,000	9,511	--- do ---	---
	18,193,873	12,684,315	5,509,558	5,530,000	20,442		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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							
The Holding Company							
Plant and machinery							
Neutral Grounding Resistor	1,900,000	583,674	1,316,326	196,721	(1,119,605)	Negotiation	M/s Zee Square
Draw Frames	5,380,184	4,840,179	540,005	1,106,557	566,552	--- do ---	--- do ---
Simplex Machine	3,300,000	2,781,527	518,473	614,754	96,281	--- do ---	--- do ---
Transformer	2,985,570	1,034,482	1,951,088	2,000,000	48,912	--- do ---	M/s Hanif Trading Corporation
Slub Motion Device	6,092,521	4,836,189	1,256,332	1,219,635	(36,697)	--- do ---	M/s Ideal Trading Company
Filter For Waste Collection	7,845,441	5,663,851	2,181,590	2,192,373	10,783	--- do ---	M/s Hanif Trading Corporation
MPM - Complete Machine	1,570,000	850,154	719,846	2,300,000	1,580,154	--- do ---	M/s Reliance Cotton Spinning
Mills Ltd (a related party)							
Beater Machine	1,223,608	129,159	1,094,449	1,200,000	105,551	--- do ---	M/s Reliance Cotton Spinning
Mills Ltd (a related party)							
Transformer	3,390,000	2,185,270	1,204,730	4,000,000	2,795,270	--- do ---	M/s Trafo Link
Electric Cable	3,535,670	2,985,193	550,477	550,500	23	--- do ---	M/s Ideal Trading Company
Dust & Waste Removal System	6,329,145	2,714,406	3,614,739	3,617,000	2,261	--- do ---	--- do ---
Ring Spinning Frame	13,290,687	11,428,355	1,862,332	1,865,000	2,668	--- do ---	--- do ---
Detection & Rejection System	1,226,327	678,746	547,581	550,000	2,419	--- do ---	--- do ---
Dust & Waste Removal System	6,770,493	5,716,379	1,054,114	1,055,245	1,131	--- do ---	--- do ---
Bales Braker	16,228,665	15,669,909	558,756	560,000	1,244	--- do ---	--- do ---
High Efficiency Boiler	4,000,000	2,321,423	1,678,577	1,694,915	16,338	--- do ---	M/s Allied Biolers
Electric Cables	8,763,055	7,626,021	1,137,034	-	(1,137,034)	Write-off	-
Boiler	5,412,500	4,613,088	799,412	-	(799,412)	--- do ---	-
R.O Water Plan	1,750,000	1,015,050	734,950	-	(734,950)	--- do ---	-
Bio Gas Projector	2,501,147	1,794,149	706,998	-	(706,998)	--- do ---	-
Air Compressor	7,645,371	6,942,496	702,875	-	(702,875)	--- do ---	-
HS Rooter	3,250,000	2,630,936	619,064	-	(619,064)	--- do ---	-
Slub Device	6,462,397	5,745,157	717,240	-	(717,240)	--- do ---	-
	120,852,781	94,785,793	26,066,988	24,722,700	(1,344,288)		
Vehicles							
Kia Sorento	7,852,000	2,807,526	5,044,474	5,200,000	155,526	Negotiation	Mr. Faisal Ali
Range Rover	50,000,000	14,533,333	35,466,667	50,000,000	14,533,333	--- do ---	Mr. Muhammad Gulraiz Hussain
Kia Sportage	6,371,000	1,428,166	4,942,834	5,029,551	86,717	--- do ---	Mr. Waqas Dilawar
	64,223,000	18,769,025	45,453,975	60,229,551	14,775,576		
Subsidiary Companies							
Vehicles							
Land Cruiser	30,812,500	9,449,167	21,363,333	26,000,000	4,636,667	--- do ---	Mr. Rizwan Ahmed
Fortuner Legendier	13,150,000	4,272,934	8,877,066	10,343,945	1,466,879	--- do ---	Syed Talal Hassan
	43,962,500	13,722,101	30,240,399	36,343,945	6,103,546		
Electric equipment							
Generator	1,510,000	923,896	586,104	68,254	(517,850)	Negotiation	MARIA. B
Passenger Lift	2,196,571	1,478,144	718,427	101,858	(616,569)	--- do ---	MARIA. B
100 KVA GENSET for Peshawar store	3,230,000	798,080	2,431,920	600,000	(1,831,920)	--- do ---	Outside Party
AC 4 Ton Cassette Type Inverter	1,282,240	244,164	1,038,076	-	(1,038,076)	Write-off	
AC 4 Ton Cassette Type Inverter	2,020,425	365,083	1,655,342	-	(1,655,342)	--- do ---	
Generator 100KVA	3,400,000	339,711	3,060,289	-	(3,060,289)	--- do ---	
Sapphire Beauty Top Header Black ACP	1,345,135	217,421	1,127,714	-	(1,127,714)	--- do ---	
SMD Screen (6.30*9.9ft)	1,495,200	241,677	1,253,523	-	(1,253,523)	--- do ---	
Electric Material	4,797,105	359,308	4,437,797	-	(4,437,797)	--- do ---	
	21,276,676	4,967,484	16,309,192	770,112	(15,539,080)		
Furniture and fittings							
Kid's Furniture	1,909,000	981,168	927,832	-	(927,832)	Write-off	
Segmentation Work	1,323,580	444,204	879,376	-	(879,376)	--- do ---	
	3,232,580	1,425,372	1,807,208	-	(1,807,208)		
Leasehold Improvement							
Parking Pavers Work	783,000	-	783,000	-	(783,000)	Write-off	
	783,000	-	783,000	-	(783,000)		
Various assets having net book value upto Rs.500,000 each							
	310,918,749	286,884,093	24,034,655	18,475,692	(5,558,963)	Negotiation	Various parties
2024	824,770,867	553,942,705	270,828,161	373,511,916	102,683,755		
2023	1,107,205,249	671,759,762	435,445,487	113,390,761	(322,054,726)		

	Note	2024 Rupees	2023 Rupees
6.2 Right-of-use assets			
Balance at beginning of the year		2,533,107,980	2,833,092,663
Additions		1,695,671,798	455,382,858
Disposals		(20,812,559)	(157,060,397)
Depreciation charged during the year	6.2.3	(785,973,023)	(598,307,144)
Balance at end of the year		3,421,994,196	2,533,107,980

6.2.1 Movement in the Right-of-use assets:

	Note	Land Rupees	Rented premises Rupees	Vehicles Rupees	Total Rupees
As at July 01, 2023		73,785,306	2,290,651,454	168,671,220	2,533,107,980
Additions during the year		-	1,595,174,055	100,497,743	1,695,671,798
Depreciation expense	6.2.3	(5,126,475)	(726,466,180)	(54,380,368)	(785,973,023)
Disposals / Terminations		-	(11,072,808)	(9,739,751)	(20,812,559)
As at June 30, 2024		68,658,831	3,148,286,521	205,048,844	3,421,994,196
As at July 01, 2022		78,901,653	2,728,471,648	25,719,362	2,833,092,663
Additions during the year		-	276,881,574	178,501,284	455,382,858
Depreciation expense	6.2.3	(5,116,347)	(569,148,170)	(24,042,627)	(598,307,144)
Disposals		-	(145,553,598)	(11,506,799)	(157,060,397)
As at June 30, 2023		73,785,306	2,290,651,454	168,671,220	2,533,107,980

6.2.2 This represents right of use asset relating to land obtained from Govt. of Sindh, Land Utilization department, through Deputy Commissioner Thatta for a lease of 1,284 acres each for the three projects of TBCL (subsidiary) and land acquired from AEDB, situated in Jhimpir, District Thatta for a lease of 1,372 acres on which the wind power plant of SWPCL (subsidiary) is installed for a period of 20 years.

This includes right of use in respect of office obtained by TBCL (subsidiary) from Pakzon Electric Motors (Pvt.) Ltd (subleased, whereas Askari Development & Holdings (Pvt) Ltd. (ADHL) is the owner) located at 13th Floor, Askari Corporate Tower, Gulberg-III, Lahore, Punjab.

SRL (subsidiary) has lease contracts for rented premises (retail outlets). Leases of rented premises generally have lease terms between 2 and 12 years.

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

SRL and DTL (subsidiaries) have lease contracts for vehicles. Leases of vehicles have lease terms between 4 and 5 years.

	2024 Rupees	2023 Rupees
6.2.3 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	106,748,704	89,253,866
Distribution cost	626,225,344	478,359,157
Administrative expenses	52,998,975	30,694,107
	785,973,023	598,307,144

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FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
6.3 Capital work-in-progress			
Civil works and buildings		578,717,800	1,117,697,511
Plant and machinery including in transit amounting Rs. 29.357 million (2023: Rs. 31.990 million)	6.3.1	1,800,669,274	1,872,259,053
Electric installation		-	86,196,250
Mills equipment		-	54,000,153
Furniture and fixture		-	6,958,131
		2,379,387,074	3,137,111,098

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

6.3.2 Movement in the capital work-in-progress

Particulars	July 1, 2023	Additions during the year	Transferred to operating fixed assets	June 30, 2024
	----- Rupees -----			
Civil works and buildings	1,117,697,511	1,199,807,511	(1,738,787,222)	578,717,800
Plant and machinery	1,872,259,053	2,816,018,158	(2,887,607,937)	1,800,669,274
Electric installation	86,196,250	-	(86,196,250)	-
Mills equipment	54,000,153	4,215,450	(58,215,603)	-
Computer	-	1,990,661	(1,990,661)	-
Furniture and fixture	6,958,131	13,284,478	(20,242,609)	-
	3,137,111,098	4,035,316,258	(4,793,040,282)	2,379,387,074
	July 1, 2022	Additions during the year	Transferred to operating fixed assets	June 30, 2023
	----- Rupees -----			
Civil works and buildings	1,299,204,315	722,287,395	(903,794,199)	1,117,697,511
Plant and machinery	2,326,866,270	4,494,020,993	(4,948,628,210)	1,872,259,053
Electric installation	21,376,195	64,820,055	-	86,196,250
Mills equipment	25,350,193	32,090,144	(3,440,184)	54,000,153
Furniture and fixture	-	7,683,431	(725,300)	6,958,131
	3,672,796,973	5,320,902,018	(5,856,587,893)	3,137,111,098

6.4 These spare parts and stand-by equipment are in the possession and control of SWPCL's (subsidiary Company) O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated October 13, 2011 and as amended by Novation Agreement dated June 29, 2018. As per the terms of the above mentioned O & M Agreement, O & M contractor will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement.

7. INVESTMENT PROPERTY

7.1 For the Holding Company this includes free-hold land situated at Raiwind Road, Lahore having an area of 3,000 (2023: 5,000) square yards. Fair value of the investment property was carried out on June 30, 2024. As per the valuation report the fair value of the investment property as at June 30, 2024 was Rs.174 million (2023: Rs.286 million).

7.1.1 This also includes lease-hold land situated at Korangi, Karachi for the Creek Properties (Private) Limited - (Subsidiary of Subsidiary Company - SRESL) having area of 24,926 square yards. As at June 30, 2024 fair value of the investment property was equal to its cost.

7.1.2 There is no rental income derived from investment property as at June 30, 2024 and June 30, 2023.

7.1.3 The Holding Company during the year has sold free-hold land costing Rs 12.700 million against net consideration of Rs 123.862 million.

	Note	2024 Rupees	2023 Rupees
8. INTANGIBLE ASSETS			
Computer software	8.1	17,831,311	34,859,406
Goodwill	8.3	455,540,310	455,540,310
		473,371,621	490,399,716
8.1 Computer software			
Net carrying value as at July 1,			
Opening net book value		34,859,406	14,458,435
Additions during the year		-	35,122,794
Disposals during the year		(5,933,497)	-
Amortization for the year		(11,094,598)	(14,721,823)
Net book value as at June 30,		17,831,311	34,859,406
Gross carrying value as at June 30,			
Cost		76,546,083	91,840,064
Accumulated amortization		(58,714,772)	(56,980,658)
Net book value		17,831,311	34,859,406
Amortization rate (% per annum)		20 & 33.33	20 & 33.33

8.1.1 This represents inventory, point of sale (POS) software and Econnect license which are being amortized over 3 years on straight line basis of SRL (Subsidiary Company).

8.2 Amortisation expense on computer software for the year has been charged to other operating expenses.

8.3 Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary Company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.

	2024 Rupees	2023 Rupees
9. EXPLORATION AND EVALUATION ASSET		
Rock salt exploration expenditures	112,928,274	112,928,274
Limestone exploration expenditures	18,000,000	-
	130,928,274	112,928,274

9.1 This represents the exploration and evaluation cost incurred by Sapphire Chemicals (Private) Limited - (Subsidiary Company) on obtaining the exploration licenses and exploration of mines.

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FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
10. LONG TERM INVESTMENTS			
Associated Companies - at equity method	10.1	2,177,580,472	1,965,223,117
Others - Fair value through other comprehensive income	10.2	3,554,103,688	2,626,899,683
		5,731,684,160	4,592,122,800
10.1 Associated Companies - Quoted			
Reliance Cotton Spinning Mills Limited 313,295 ordinary shares of Rs.10 each Equity held: 3.04%		312,225,377	266,252,993
The breakup of equity investment is as follows:			
Cost		8,461,851	8,461,851
Dividend received		(1,263,852)	(2,369,723)
Accumulated profit		305,027,378	260,160,865
		312,225,377	266,252,993

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2023: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 June 2024. RCSM was incorporated on 13 June 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship.

	2024 Rupees	2023 Rupees
Associated Companies - unquoted		
Sapphire Power Generation Limited (SPGL) 4,234,500 ordinary shares of Rs.10 each Equity held: 26.43%	556,910,558	470,854,712
Sapphire Electric Company Limited (SECL) 6,000,000 ordinary shares of Rs.10 each Equity held: 1.42%	312,010,020	308,626,671
Sapphire Holding Limited (SHL) 10,000 ordinary shares of Rs.10 each Equity held: 0.05%	10,409,118	9,156,538
Sapphire Dairies (Private) Limited (SDL) 23,500,000 ordinary shares of Rs.10 each Equity held: 12.95%	496,126,216	485,499,923
Foreign Company - Creadore A/S Denmark 3,675 ordinary shares of DKK 1,000 Equity held: 49.00%	489,899,183	424,832,280
	1,865,355,095	1,698,970,124

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

	SPGL	SECL	SHL	SDL	Creadore A/S
June 30, 2024	(Rupees)				
Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(36,000,000)	-	-	-
Accumulated profit	443,205,058	288,010,020	10,309,118	261,126,216	431,190,258
	556,910,558	312,010,020	10,409,118	496,126,216	489,899,183

Note Ref	10.1.2	10.1.3	10.1.4	10.1.5	10.1.6
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June 30, 2023

Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(18,000,000)	-	-	(290,817,058)
Accumulated profit	357,149,212	266,626,671	9,056,538	250,499,923	656,940,413
	470,854,712	308,626,671	9,156,538	485,499,923	424,832,280

10.1.2 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2023: 26.43%) of SPGL's issued, subscribed and paid-up capital as at 30 June 2024. SPGL was incorporated in Pakistan as a public limited Company and is principally engaged in the business of electric power generation and distribution.

10.1.3 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2023: 1.42%) of SECL's issued, subscribed and paid-up capital as at 30 June 2024. SECL was incorporated in Pakistan as a public limited Company and the principal activity of the Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhupura. SECL is an associate of the Group due to common directorship.

10.1.4 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2023: 0.05%) of SHL's issued, subscribed and paid-up capital as at 30 June 2024. SHL was incorporated in Pakistan as a public limited Company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.1.5 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 12.95% (2023: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2024. SDL was incorporated as a private limited Company and is principally engaged in production of milk and milk products. During the previous year, SDL has issued right shares. However, Holding Company has not subscribed its portion.

10.1.6 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2023: 49%) of Creadore's share capital as at 30 June 2024. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

	June 30, 2024					
	RCSML	SPGL	SECL	SHL	SDL	Creadore A/S
	----- Rupees -----					
Summarized Statement of Financial Position						
Non-current assets	7,069,157,145	2,304,128,947	9,755,407,037	22,100,910,086	5,243,944,948	-
Current assets	8,476,164,017	130,652,126	16,640,200,691	297,278,355	1,620,288,806	1,312,510,500
	15,545,321,162	2,434,781,073	26,395,607,728	22,398,188,441	6,864,233,754	1,312,510,500
Non-current and current liabilities	5,288,459,162	327,314,341	4,345,789,075	1,483,001,922	3,031,922,636	312,716,250
Net assets	10,256,862,000	2,107,466,732	22,049,818,653	20,915,186,519	3,832,311,118	999,794,250
Reconciliation to carrying amount						
Opening net assets	8,746,631,140	1,781,813,304	21,810,716,621	18,398,359,754	3,750,228,658	867,004,653
Profit for the year	1,495,266,880	206,336,877	2,782,945,076	1,394,318,921	90,495,721	173,643,517
Other comprehensive income / (loss)	176,089,621	138,722,989	-	1,078,935,994	(8,413,261)	(40,853,920)
Other adjustments	(119,957,641)	(19,406,438)	285,040	43,571,850	-	-
Dividend paid during the year	(41,168,000)	-	(2,544,128,084)	-	-	-
Closing net assets	10,256,862,000	2,107,466,732	22,049,818,653	20,915,186,519	3,832,311,118	999,794,250
Group's share (%)	3.04%	26.43%	1.42%	0.05%	12.95%	49.00%
Group's share	312,225,377	556,910,558	312,010,020	10,409,118	496,126,216	489,899,183
Carrying amount of investment	312,225,377	556,910,558	312,010,020	10,409,118	496,126,216	489,899,183
Summarized Statement of Profit or Loss						
Revenue	14,645,976,383	-	20,081,644,623	34,786,839	4,490,987,554	3,445,307,877
Profit before revenue tax and income tax	1,656,753,184	266,029,005	2,795,973,383	1,694,937,925	214,617,729	222,619,894
Profit after tax	1,495,266,880	206,336,877	2,782,945,076	1,394,318,921	90,495,721	173,643,517

	Note	2024 Rupees	2023 Rupees
10.2 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
7,330,948 (2023: 4,120,740) ordinary shares of Rs.10 each - cost		662,498,768	224,625,605
Adjustment arising from re-measurement to fair value		1,001,773,047	247,075,502
		1,664,271,815	471,701,107
Habib Bank Limited			
15,232,862 (2023: 29,423,714) ordinary shares of Rs.10 each - cost		3,047,263,855	5,886,143,798
Adjustment arising from re-measurement to fair value		(1,157,931,982)	(3,731,445,222)
		1,889,331,873	2,154,698,576
Unquoted			
Jomo Technologies (Private) Limited			
25,000,000 (2023: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	10.2.1	(150,000,000)	(150,000,000)
		-	-
TCC Management Services (Private) Limited			
50,000 ordinary shares		500,000	500,000
ordinary shares of Rs.10 each			
		3,554,103,688	2,626,899,683
10.2.1	The management of the Holding Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.		
10.2.2	The Holding Company has pledged 3.951 million (2023: 3.951 million) shares of MCB Bank Limited and 3.487 million (2023: 23.979 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.		

	Note	2024 Rupees	2023 Rupees
11. LONG TERM LOANS AND ADVANCES			
Loan to employees	11.1	37,651,308	43,292,703
Advance for purchase of land	11.2	15,493,559	204,543,864
Advance for vehicles		3,024,000	-
		56,168,867	247,836,567
11.1 Loan to employees - unsecured (considered good)			
Loans to employees	11.1.1	85,438,279	88,549,021
Less: recoverable within one year and grouped under current assets		(47,786,971)	(45,256,318)
		37,651,308	43,292,703

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

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

	Note	2024 Rupees	2023 Rupees
12. LONG TERM DEPOSITS			
Security deposits held with:			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		2,803,864	1,373,600
Others	12.1	118,064,616	63,019,729
		206,699,068	150,223,917

12.1 It includes an amount of Rs.36,000 (2023: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party. It also includes security deposits of Rs.6.214 million (2023: 2.038 million) against rented premises of TBCL (subsidiary Company) and security deposits of Rs.74.439 million (2023: 41.011 million) against rented retail outlets of SRL (subsidiary Company).

13. DEFERRED TAX ASSET

Deferred tax asset as at year end comprises of temporary differences relating to:

	Note	2024 Rupees	2023 Rupees
Taxable temporary differences arising in respect of:			
Property and equipment		-	(21,461,951)
Investment in associates	13.1	(45,564,529)	(38,668,671)
Unrealized loss on inventory		-	(26,413,456)
Short Term investments		(381,116,074)	-
Intangible assets		(1,104,608)	-
Deductible temporary differences arising in respect of:			
Property and equipment		29,399,247	-
Unrealized gain on inventory		83,137,452	-
Leases - net		285,546,785	175,560,659
Provision for slow moving stores		14,393,934	-
Staff retirements benefits - gratuity		270,752,885	-
Provision for accumulating compensated absences		18,821,318	13,651,984
Provision for doubtful tax refunds		249,164,083	-
Provision for impairment in trade debts		29,262,668	-
Business loss carry forward		7,790,493	-
		560,483,654	102,668,565

13.1 The temporary differences associated with investments in the Group's associates, for which a deferred tax liability has not been recognised in the periods presented, aggregate to Rs.330.559 million (2023: Rs.289.217 million). The Group has determined that the undistributed profits of its associates will not be distributed in the foreseeable future. Furthermore, the Group has also no intention to sell the investments in its associate in the foreseeable future. Hence, there are no income tax consequences attached to the payment of dividends in either 2024 or 2023 by the Group to its shareholders.

- 13.2 The Holding Company's income for the current and preceding tax year falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. In light of recent changes in the tax laws, made via Finance Act, 2024, the Holding Company's income for tax year 2025 will now fall under normal tax regime. The Holding Company has adjusted its temporary differences in view of opinion sought from its legal counsel on changes in tax regime and has recognised deferred tax on all taxable / deductible temporary differences as at the reporting date.
- 13.3 The income of power generation companies of the Group is exempt from taxation. Therefore, there is no deferred tax liability in respect of these companies.
- 13.4 DTL (Subsidiary Company) has not recognized deferred tax asset in respect of minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 amounting to Rs 123.078 million (2023: Rs 50.168 million) as currently, it believes that sufficient taxable profits would not be available to utilise these in the foreseeable future.
- 13.5 There are no taxable or deductible temporary differences in case of Sapphire International ApS and Sapphire Retail Trading One Person Company L.L.C. assets or liabilities.

	Note	2024 Rupees	2023 Rupees
14. STORES, SPARES AND LOOSE TOOLS			
Stores	14.2 & 14.3	690,923,348	592,629,333
Spare parts		222,942,282	252,732,437
Loose tools		147,368	606,773
Items in transit		102,555,200	100,663,152
		1,016,568,198	946,631,695
Less: provision for slow moving items	14.1	(36,907,527)	(44,602,001)
		979,660,671	902,029,694
14.1 Provision for slow moving items			
Balance at beginning of the year		44,602,001	39,283,153
Provision made during the year		-	5,318,848
Less: provision reversed during the year		7,694,474	-
Balance at end of the year		36,907,527	44,602,001

- 14.2 This includes stores and spares amounting to Rs.111.051 million (2023: Rs.111.051 million) of SWPCL (subsidiary Company) which are in the possession and control of the SWPCL, O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to the subsidiary Company on the expiry of the O & M Agreement i.e. eight years from the Taking-Over Date.
- 14.3 This also includes spare parts and stand-by equipment of Rs.122.975 million (2023: 122.975 million) of TBCL (Subsidiary Company) which are in the possession and control of the Company's O & M contractor, General Electric International Inc., for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the Long Term Operation and Maintenance Agreement ('LTOMA') dated September 26, 2016 and as amended by Novation Agreement dated April 19, 2017. General Electric International Inc. will replenish and hand over these items to the Company on the expiry of the respective LTOMA Agreement i.e. eight years from the Commencement Date.

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	2024 Rupees	2023 Rupees
15. STOCK IN TRADE		
Raw materials:		
- at mills	14,031,509,576	15,296,894,971
- in transit	3,234,446,675	1,674,171,675
	17,265,956,251	16,971,066,646
Work-in-process	5,359,918,145	3,584,457,740
Finished goods - manufactured - at mills	6,327,111,688	5,205,776,958
Finished goods - purchased - at mills	6,729,451,235	4,695,840,601
Waste	61,966,201	87,647,145
	35,744,403,520	30,544,789,090

- 15.1** Stock in trade include items costing Rs.17,046.316 million (2023: Rs.15,812.164 million) stated at their net realizable value aggregated Rs.15,249.586 million (2023: Rs.14,057.678 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.1,796.729 million (2023: Rs.1,754.486 million).

	Note	2024 Rupees	2023 Rupees
16. TRADE DEBTS			
Considered good			
Other domestic debts	16.1 & 16.2	5,900,434,965	4,173,823,641
CPPA-G	16.3	14,981,371,673	13,279,384,813
Waste		45,237,220	46,145,020
Others		7,466,909	15,764,378
		20,934,510,767	17,515,117,852
Considered good - secured			
Foreign debts		1,497,820,956	1,400,454,903
		22,432,331,723	18,915,572,755
Less:			
provision for expected credit loss	16.6	75,032,477	44,329,846
		22,357,299,246	18,871,242,909

- 16.1** Local debts include an amount of Rs.3,452.693 million (2023: Rs.1,954.671 million) receivable against indirect export sales.

	2024 Rupees	2023 Rupees
16.2 These include the following amounts due from related parties:		
Diamond Fabrics Limited	19,378,449	55,006,728
Sapphire Fibres Limited	53,978,945	-
Sapphire Finishing Mills Limited	548,541,058	289,937,182
	621,898,452	344,943,910

- 16.3 These include amount of Rs.3,164.491 million (2023: Rs.2,586.292 million) receivable from CPPA-G by SWPCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 25.43% to 28.44% (2023: 14.90% to 26.58%) per annum. These include unbilled receivables aggregating to Rs.771.263 million (2023: Rs..830.860 million).

These also include amount of Rs.11,816.881 million (2023: 10,693.092 million) receivable from CPPA-G by TBCL (subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 2% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 18.85% to 25.94% (2023: 9.79% to 24.05%) per annum. These include unbilled receivables aggregating to Rs.436.87 million (2023: Rs.223.94 million).

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

	Total Amount Receivable	Neither past due nor impaired
	----- Rupees	-----
2024	621,898,452	621,898,452
2023	344,943,910	344,943,910

- 16.5 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.917.940 million (2023: Rs.1,085.187 million).

	Note	2024 Rupees	2023 Rupees
16.6 Provision for expected credit loss			
Balance at the beginning of the year		44,329,846	42,349,160
Charged during the year		30,702,631	1,980,686
Balance at the end of the year		75,032,477	44,329,846
17. LOANS AND ADVANCES			
Unsecured - Considered good			
Current portion of long term			
loans to employees	11.1	47,786,971	45,256,318
Advances to suppliers		316,377,238	289,607,735
Short term loans to employees		29,468,311	52,678,889
		393,632,520	387,542,942
18. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		10,437,944	63,217,948
Prepayments		96,210,845	103,337,456
		106,648,789	166,555,404

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	Note	2024 Rupees	2023 Rupees
19. OTHER RECEIVABLES			
Dividend receivable		9,000,000	-
Margin deposits		-	7,168,259
Deposits with High Court		19,430,291	19,430,291
Export rebate receivable		109,413,080	66,487,737
Receivable against sale of fixed assets		50,229	-
Unrealized gain on measurement of forward foreign currency contracts		61,604,864	-
Recoverable from CPPA-G as pass through items:			
- Workers' profit participation fund	19.1	1,462,123,278	985,492,272
- Withholding tax on dividend		14,393,750	-
- Insurance	19.2	718,387,014	441,856,380
Rent receivable		657,810	-
Other receivables - considered good		373,609,139	72,413,291
		2,768,669,455	1,592,848,230

19.1 Under section 9.2(a) of the EPA, payments to Workers' Profit Participation Fund (WPPF) by SWPCL and TBCL (subsidiary Companies) are recoverable from CPPA-G as a pass-through item amounting to Rs.288.343 million (2023: Rs.178.897 million) and Rs.1,188.173 million (2023: Rs.806.895 million) respectively. Movement of WPPF is as follows:

	Note	2024 Rupees	2023 Rupees
Opening balance		985,492,272	931,630,497
Accrued for the year	29.2	747,568,258	390,597,272
Received during the year		(270,937,252)	(336,735,497)
Closing balance		1,462,123,278	985,492,272

19.2 Under section 9.2(a) of the EPA with CPPA-G, insurance payments are recoverable from CPPA-G as a pass-through item.

	Note	2024 Rupees	2023 Rupees
20. SHORT TERM INVESTMENTS			
Equity instruments	20.1	4,251,400,468	1,364,735,401
Others	20.2	228,997,607	191,000,000
		4,480,398,075	1,555,735,401

20.1 Equity instruments - at FVTOCI
(investment in quoted securities)

2024 No. of shares \ certificates	2023	Name of the investee company	Market value		Cost	
			2024	2023	2024	2023
----- Rupees -----						
23,828,497	26,985,346	Bank AL-Habib Limited	2,673,080,793	1,166,306,654	976,027,847	1,105,332,382
203,500	65,321	Engro Corporation (Pakistan) Limited	67,706,485	16,976,275	52,266,030	18,468,972
592,500	197,000	Oil and Gas Development Company Limited	80,206,725	15,366,000	59,568,791	20,490,173
548,500	288,000	Fauji Fertilizer Company Limited	89,613,930	28,350,720	53,521,744	31,509,886
448,000	1,124,332	Meezan Bank Limited	107,246,720	97,108,555	57,750,256	70,864,855
206,500	58,500	Lucky Cement Limited	187,239,745	30,542,265	130,166,784	41,274,019
879,800	85,800	United Bank Limited	225,439,952	10,084,932	148,471,947	10,829,113
2,880,000	-	Dolment City REIT	47,376,000	-	40,266,582	-
419,000	-	Engro Fertilizer Company Limited	69,646,180	-	33,876,596	-
48,100	-	Mari Petroleum Company Limited	130,463,554	-	75,009,345	-
6,900	-	Nestle Pakistan Limited	49,363,773	-	52,187,954	-
86,500	-	Pakistan Oilfields Limited	42,379,810	-	36,935,002	-
161,500	-	Systems Limited	67,555,450	-	68,098,687	-
53,360	-	Colgate Palmolive Pakistan Limited	65,094,931	-	75,962,467	-
85,989	-	Lucky Core Industries Limited	79,925,916	-	56,972,057	-
301,000	-	National Foods Limited	52,587,710	-	37,847,387	-
806,800	-	The Hub Power Company Limited	131,572,944	-	84,938,002	-
74,900	-	Highnoon Laboratories Limited	53,447,142	-	32,621,897	-
08,500	-	Frieslandcampina Engro Pakistan Limited	7,597,170	-	8,157,693	-
251,002	-	Standard Chartered Bank Pakistan Limited	15,481,803	-	13,855,343	-
558,249	-	TPI Reit Fund I	8,373,735	-	9,819,600	-
			4,251,400,468	1,364,735,401	2,104,322,011	1,298,769,400
972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
			4,251,400,468	1,364,735,401	2,121,763,381	1,316,210,770
Add: Adjustment arising from re-measurement to fair value					2,129,637,087	48,524,631
Market value					4,251,400,468	1,364,735,401

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

20.2 This represent investment made by Creek Properties (Private) Limited - (subsidiary of subsidiary Company - SRESL) in T-bill issued by Government of Pakistan. These carry profit rate from 18.25% to 21.30% (2023: 8.67% to 18.25%) per annum.

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	Note	2024 Rupees	2023 Rupees
21. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax / levies - net	21.1	(515,390,543)	136,923,823
Sales tax receivable		3,979,697,751	5,526,175,420
Less: provision against doubtful sales tax refunds	21.2	667,964,276	586,335,173
		3,311,733,475	4,939,840,247
		2,796,342,932	5,076,764,070
21.1 Income tax / levies - net			
Advance income tax / refundable		2,482,794,896	1,826,470,712
Provision for income tax / levies	21.1.1	(2,998,185,439)	(1,689,546,889)
		(515,390,543)	136,923,823
21.1.1 Provision for income tax / levies			
Balance at the beginning of the year		1,689,546,889	1,540,639,594
Provision for the year		3,867,648,818	2,112,493,342
		5,557,195,707	3,653,132,936
Less: Advance tax adjusted during the year against completed assessments		(2,559,010,268)	(1,963,586,047)
		2,998,185,439	1,689,546,889
21.2 Provision against doubtful sales tax refunds			
Balance at beginning of the year		586,335,173	508,576,045
Add: provision for the year		81,629,103	77,759,128
Balance at end of the year		667,964,276	586,335,173
22. CASH AND BANK BALANCES			
Cash-in-hand		181,398,781	86,221,965
Balances with banks on:			
current accounts			
- local currency		953,906,539	623,122,084
- foreign currency	22.1	410,108,099	564,848,169
		1,364,014,638	1,187,970,253
saving accounts			
- local currency	22.2	760,499,070	315,980,281
- foreign currency	22.3 & 22.4	11,691,515,666	11,138,559,896
		12,452,014,736	11,454,540,177
Term deposit receipts	22.5	3,536,135,010	1,814,000,000
		17,533,563,165	14,542,732,395
22.1	These include foreign currency accounts amounting to US.\$ 708,339 (2023: US.\$ 1,292,060) and EURO 33,052 (2023: EURO 16,017) relating to the Holding Company, amount of US.\$ 418,462 (2023: US.\$ 609,645) pertaining to the Sapphire International ApS (subsidiary Company), amount of GBP 173,852 (2023: Nil) pertaining to the Sapphire Retail International Limited (subsidiary Company) and amount of AED 16,196 (2023: Nil) pertaining to Sapphire Retail Trading One Person Company L.L.C (subsidiary Company).		
22.2	Effective rates of profit on saving account, during the year, ranged from 20% to 20.5% (2023: 12.74% to 20.16%) per annum.		
22.3	This includes balances as at June 30, 2024 held in various accounts, established and maintained by the Triconboston Consulting Corporation (Private) Limited (subsidiary Company) pursuant to the Common Terms Agreement dated April 21, 2017 entered into by the subsidiary Company with Citibank, N.A. An amount of USD 29.76 million equivalent to Rs. 8,281.47 million (2023: USD 28.42 million equivalent to Rs. 8,146.54 million) is maintained in Debt Service Reserve Account for repayment of long term		

finance and payment of interest accrued and other related costs thereon to lenders. These deposits in savings accounts carry profits at the rates ranges from LIBID plus 4.35% to 4.70% (2023: 0.81% to 4.29%) per annum.

22.4 This includes balances as at 30 June 2024 held in various accounts established and maintained by the Sapphire Wind Power Company Limited (subsidiary Company) in pursuance to the Finance Agreement dated 31 March 2014 entered into by the subsidiary Company with International Development Finance Corporation (IDFC) and the Accounts Agreement dated 07 May 2014 entered into by the subsidiary Company with IDFC and various branches of CitiBank, N.A. USD 10.198 million equivalent to Rs 2,838.379 million (2023: USD 9.751 million equivalent to Rs 2,794.568 million) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to IDFC and USD 0.689 million equivalent to Rs 191.977 million (2023: USD 0.660 million equivalent to Rs 189.014 million) in Dollar Maintenance Reserve account for payments against O & M Agreements. These deposits saving accounts carry profits ranging from 4.37% to 4.62% (2023: 0.81% to 4.36%) per annum.

22.5 Effective rates of profit on term deposit receipts, during the year, ranged at 4.00% to 18.00% (2023: 4.00% to 14.20%) per annum.

23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

	Note	2024 Rupees	2023 Rupees
24. RESERVES			
Capital reserves	24.1	2,310,934,384	(2,760,968,330)
Revenue reserves	24.2	60,959,244,003	49,262,367,740
		63,270,178,387	46,501,399,410
24.1. Composition of capital reserves is as follows:			
Share Premium	24.1.1	782,796,090	782,796,090
Fixed Assets Replacement Reserve	24.1.2	65,000,000	65,000,000
Fair value reserve of financial asset			
at fair value through OCI	24.1.3	1,463,138,294	(3,608,764,420)
		2,310,934,384	(2,760,968,330)

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

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

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

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	Note	2024 Rupees	2023 Rupees
24.2	Composition of revenue reserves is as follows:		
General reserves	24.2.1	1,330,000,000	1,330,000,000
Unappropriated profits	24.2.2	59,251,417,488	47,587,509,529
Unrealized gain on translation of foreign operations		315,839,718	343,508,955
Cash flow hedge reserve	24.2.3	61,986,797	1,349,256
		60,959,244,003	49,262,367,740

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

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

	Note	2024 Rupees	2023 Rupees
24.2.3	Gains on cash flow hedge:		
Gain arising during the year		61,986,797	1,349,256
Less: reclassification for gains / (losses) included in profit or loss		1,349,256	(66,126,276)
		60,637,541	67,475,532

25. LONG-TERM LOANS AND OTHER PAYABLES

Long term loans	25.1	46,035,980,643	57,364,228,256
Gas infrastructure development cess payable	25.2	-	28,190,389
		46,035,980,643	57,392,418,645

25.1. Long-term loans

Loans from banking companies - secured	25.1.1	20,695,359,803	20,814,865,800
Loans from International Development Finance Corporation	25.1.2	4,317,586,466	7,286,804,292
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	25.1.3	33,798,476,163	41,520,329,551
		58,811,422,432	69,621,999,643
Less: current portion grouped under current liabilities			
Loans from banking companies - secured		(3,157,181,658)	(2,699,234,738)
Loans from International Development Finance Corporation		(2,757,064,016)	(2,839,817,091)
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG		(6,861,196,115)	(6,718,719,558)
		(12,775,441,789)	(12,257,771,387)
		46,035,980,643	57,364,228,256

	Note	2024 Rupees	2023 Rupees
25.1.1 Long term loans - secured			
Loans from banking companies			
- Allied Bank Limited	25.1.1.1	4,579,792,857	4,563,200,451
- Bank Alfalah Limited (a related party)	25.1.1.2	738,387,883	876,712,229
- Bank AL - Habib Limited	25.1.1.3	2,066,446,793	2,376,630,566
- The Bank of Punjab	25.1.1.4	1,904,820,492	1,412,718,982
- Faysal Bank Limited	25.1.1.5	-	9,672,000
- Habib Bank Limited	25.1.1.6	5,877,068,908	5,686,665,520
- MCB Bank Limited	25.1.1.7	741,157,935	831,626,032
- Meezan Bank Limited	25.1.1.8	1,869,233,980	1,898,141,813
- United Bank Limited	25.1.1.9	1,282,378,555	1,523,425,807
		19,059,287,403	19,178,793,400
Loans from other institutions			
Pakistan Kuwait Investment Group (Private) Limited	25.1.1.10	1,473,402,400	1,473,402,400
Pakistan China Investment Group (Private) Limited	25.1.1.11	162,670,000	162,670,000
		1,636,072,400	1,636,072,400
		20,695,359,803	20,814,865,800

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

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

25.1.1.3 These loans carry mark-up ranging from 2.50% to 23.40% (2023: 2.50% to 22.58%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,170 million (2023: Rs.2,170 million) over specific plant & machinery and pledge of shares of blue chip companies held by the holding Company having market value Rs.1,330 million (2023: Rs.1,356 million) as on reporting date.

25.1.1.4 For the Holding Company, these loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 22.46 % to 23.91% (2023: 16.54% to 23.08%) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans are secured against exclusive mortgage charge amounting to Rs.521 million (2023: Rs 521 million) over lands and charge of Rs.1,855 million (2023: Rs 1,855 million) over plant and machinery owned by the holding Company.

It includes Rs. Nil (2023: Rs.42.857 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-I in June 2020 to meet its long term capital requirements. The term of the loan was 4 years including 6 month grace period and the principal is repayable in equal quarterly installments. The loan is fully repaid during the current year. The mark-up was payable quarterly at a rate of 3 month KIBOR + 1.25% per annum. The facility was secured against first pari passu charge of Rs. 130 million inclusive of 25% margin over present and future movable fixed assets of the customer duly registered with SECP. The mark up rate charged during the period on the outstanding balance ranged from 22.44% to 24.15% (2023: 16.13% to 23.34%) per annum.

It also includes Rs.306.00 million (2023: Rs.306.00 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-II amounting to Rs 606 million made available to the company in order to finance the acquisition of property for construction of corporate office located at 36 - 37N Industrial Area, Gulberg II, Lahore out of which only Rs 306 million was availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.65% per annum. The term of the loan is 10 years including 2 years grace period and the principal is repayable in equal quarterly installments. The first Tranche of Rs. 306 million was secured against Ranking Charge over present and future fixed assets amounting PKR 408 million of the subsidiary Company registered with 25% margin upgraded to joint pari passu charge and exclusive charge of Rs 360,000,000 with 15%

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margin over property 36-37N Industrial Area, Gulberg II, Lahore. For the second Tranche of PKR 300 million, there exists a pari passu charge over fixed assets of the subsidiary Company with 25% margin. The mark up rate charged during the period on the outstanding balance ranged from 21.45% to 23.79% (2023: 16.34% to 22.70%) per annum.

It also includes Rs.4.856 million (2023: Rs.5.427 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-III amounting to Rs. 100 million to finance installation of Solar Power Equipment at twenty Retail Chain Stores of subsidiary Company out of which Rs. 5,712,525 has been availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 1%. The facility was secured against Specific charge over solar machinery/equipment financed from BOP amounting Rs. 100 million with nil margin. Total tenure is 10 years with nil grace period. The mark up rate charged during the period on the outstanding balance ranged from 22.18% to 24.14% (2023: 16.76% to 23.05%) per annum.

It includes Rs.500 million (2023: Rs. Nil) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL obtained term finance facility-IV amounting to Rs 500 million to finance the capital expenditure incurred on 13 new retail outlet stores along with modifications of 6 existing outlets. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.75%. The facility was secured against ranking charge over present and future fixed assets (excluding exclusively charged assets) of subsidiary Company to be registered with 25% margin. Total tenure is 10 years including 1 year grace period. The mark up rate charged during the period on the outstanding balance ranged from 21.64% to 22.64% (2023: Nil) per annum.

25.1.1.5 These loans carry mark-up ranging from 2.50% to 3.50% (2023: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2023: Rs.228 million) over specific plant & machinery. The Holding Company has repaid this loan during the year.

25.1.1.6 These loans carry mark-up ranging from 2.5% to 23.03% (2023: 0.60% to 23.03%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.7,777 million (2023: Rs.7,777 million) and specific charge of Rs. 4,306 million (2023: Rs. 2,572 million) over plant & machinery. The Holding Company during the year has obtained another loan of Rs. 1,300 million in single tranche and repayable in 10 years with a grace period of 2 years.

25.1.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2023: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2023: Rs.1,291 million) over specific plant & machinery.

25.1.1.8 These loans carry mark-up ranging from 3.50% to 23.91% (2023: 3.00% to 22.20%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,369 million (2023: Rs.2,248 million) over specific plant & machinery.

25.1.1.9 For the holding Company, these loans carry mark-up at the rate of 2.50% (2023: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,403 million (2023: Rs.1,403 million) over specific plant & machinery.

It includes Rs.620.00 million (2023: Rs.700.00 million) obtained by Sapphire Retail Limited - SRL (subsidiary Company). SRL has obtained the long term loan from United Bank Limited for the purchase of company's flagship store measuring 27,600 Square feet, located at 9-C Block K College Road Gulberg II, Lahore. The facility is for 10 years tenure including 1 year grace period after which principal is repayable in equal quarterly instalments. The markup rate is 3 month KIBOR + 0.75% per annum. The loan is secured against exclusive equitable mortgage over specific land and building of Gulberg store of Rs.960,000,000. The mark up rate charged during the period on the outstanding balance ranged from 22.21% to 23.65% (2023: 15.91% to 22.73%) per annum.

25.1.1.10 These loans carry mark-up ranging from 5.00% to 24.33% (2023: 5.00% to 23.09%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2023: Rs.2,356) over specific plant and machinery.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2023: 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2023: Rs.191 million) over specific plant and machinery.

	2024 Rupees	2023 Rupees
25.1.2 Loans from International Development Finance Corporation (IDFC)		
Opening balance	7,286,804,292	7,245,061,342
Exchange (gain) / loss	(173,784,830)	2,519,596,175
Amortization of transaction cost	22,641,684	22,641,684
	7,135,661,146	9,787,299,201
Repaid during the year	(2,818,074,680)	(2,500,494,909)
	4,317,586,466	7,286,804,292
Less: Current portion shown under current liabilities	(2,757,064,016)	(2,839,817,091)
	1,560,522,450	4,446,987,201

25.1.2.1 This represents long term finance facility of USD 95 million obtained from IDFC for the construction of the wind power project of SWPCL (subsidiary Company) at Jhimpir in accordance with the Finance Agreement dated 31 March 2014. The security for the loan includes all the current and future assets of the subsidiary Company. It carries markup, payable quarterly, at the rate of three months Secured Overnight Financing Rate ('SOFR') plus 3.7% and 0.26% in respect of guarantee fee per annum and credit adjustment spread per annum, respectively (2023: London Inter-Bank Offered Rate ('LIBOR') plus 3.7% guarantee fee per annum). The mark up rate charged during the year on the outstanding balance ranged from 8.90% to 9.37% (2023: 4.48% to 8.90%). As of 30 June 2024, the principal amount of USD 15.590 million is repayable in three unequal semi annual installments ending on 10 October 2025 in accordance with the amortization schedule provided by IDFC.

	2024 Rupees	2023 Rupees
25.1.3 Loans from International Finance Corporation, Asian Development Bank , Islamic Development Bank and DEG		
Opening balance	41,520,329,551	34,293,306,665
Amortization of transaction cost	42,710,268	38,914,836
Exchange (gain) / loss	(1,016,846,594)	12,980,587,910
	40,546,193,225	47,312,809,411
Repaid during the year	(6,747,717,062)	(5,792,479,860)
	33,798,476,163	41,520,329,551
Less: Current portion shown under current liabilities	(6,861,196,115)	(6,718,719,558)
	26,937,280,048	34,801,609,993

25.1.3.1 This represents long term finance facility of USD 237.60 million obtained from International Finance Corporation (IFC), Asian Development Bank (ADB), Islamic Development Bank (IsDB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG) for the construction of the wind projects of TBCL (subsidiary Company) at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of subsidiary Company. Security package also includes assignment of project agreements, pledge on all shares, assignment on insurance, and direct agreements with counterparties. It carries markup payable quarterly, at the rate of 3 months London Inter-Bank Offered Rate (LIBOR) plus 4.5% per annum. The balancing principal amount is repayable in 09 unequal semi annual installments ending on September 2028.

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	Note	2024 Rupees	2023 Rupees
25.1.3 Lender wise outstanding balance of loan is as follows:			
	Project		
International Finance Corporation (IFC)	A, B and C	9,435,930,535	11,592,753,480
Asian Development Bank (ADB)	A, B and C	9,435,930,535	11,592,753,480
Islamic Development Bank (IsDB)	A, B and C	9,435,930,535	11,592,753,480
Deutsche Investitions-und Entwicklungsgesellschaft (DEG)	A, B and C	5,661,557,267	6,955,652,088
		33,969,348,872	41,733,912,528
Transaction cost		(425,948,076)	(425,948,076)
Amortization of transaction cost		255,075,367	212,365,099
		(170,872,709)	(213,582,977)
		33,798,476,163	41,520,329,551

25.2 Movement in Gas Infrastructure Development Cess payable

Balance of provision for GIDC	25.2.1	981,695,536	950,772,005
Unwinding of interest		13,487,334	30,923,531
		995,182,870	981,695,536
Less: Current portion shown under current liabilities		(995,182,870)	(953,505,147)
		-	28,190,389

25.2.1 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Holding Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgement which was also dismissed. However, partial relief was granted and recovery period was extended to 48 months from 24 months. SCP in its detailed judgement stated that the cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who on account of their industrial or commercial dealings had passed on GIDC burden to their end customers.

25.2.2 The Holding Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that Holding Company has not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL & SSGCL from taking any coercive action against the Holding Company.

The Holding Company has recorded a liability for GIDC at its present value, by discounting future estimated cash flows using risk free rate of return.

	Note	2024 Rupees	2023 Rupees
26. LEASE LIABILITIES			
Lease liabilities in respect of:			
Land	26.1	54,233,573	50,917,388
Rented premises	26.2	3,719,868,309	2,740,375,967
Vehicles	26.2	158,008,063	134,235,688
		3,932,109,945	2,925,529,043
Less: Current portion shown under current liabilities			
Land		(2,744,000)	(2,744,000)
Rented premises		(661,861,125)	(454,842,157)
Vehicles		(46,422,065)	(33,114,735)
		(711,027,190)	(490,700,892)
		3,221,082,755	2,434,828,151

26.1 Movement of the lease liabilities recognized in respect of land during the year:

	2024			2023		
	SWPCL	TBCL	Total	SWPCL	TBCL	Total
	----- Rupees -----					
Balance as on July 01,	26,436,676	24,480,712	50,917,388	25,470,744	22,367,028	47,837,772
Payments made during the year	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Unwinding of lease liability	3,746,758	2,313,427	6,060,185	3,709,932	2,113,684	5,823,616
	27,439,434	26,794,139	54,233,573	26,436,676	24,480,712	50,917,388
Less: Current portion shown under current liabilities	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Balance as at June 30,	24,695,434	26,794,139	51,489,573	23,692,676	24,480,712	48,173,388
Note reference	26.1.1	26.1.2				

26.1.1 This represents liability in respect of a 20 years lease of 1,372 acres of land, acquired from AEDB, situated in Jhimpir, District Thatta, Sindh on which the wind power plant of SWPCL (subsidiary Company) is installed. The aforementioned land has been allocated to the subsidiary Company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated 13 February 2008. The subsidiary Company, in order to gain access to the land for conducting feasibility/other associated studies, had signed an Agreement to Lease with AEDB dated 21 September 2008. However, the formal site sub-lease agreement was signed on 11 March 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

26.1.2 This represents liability in respect of 1,284 acres of land each for Project A, Project B and Project C, acquired from Government of Sindh, Land Utilization department, through Deputy Commissioner Thatta, on which the wind power plants of TBCL (subsidiary Company) are installed. The aforementioned land has been allocated to the subsidiary Company by Government of Sindh for a period of thirty years for Wind Power Generation Projects under the land lease agreement. The term of land lease agreement has commenced from November 2011 and will end with the term of the EPA.

	2024 Rupees	2023 Rupees
Maturity analysis is as follows:		
Not later than 1 year	2,744,000	2,744,000
Later than 1 year but not later than 5 years	13,720,000	15,092,000
Later than 5 years	108,584,813	98,980,814
	125,048,813	116,816,814
Future finance charge	(70,815,240)	(65,899,426)
	54,233,573	50,917,382
Present value of finance lease liabilities	(2,744,000)	(2,744,000)
	51,489,573	48,173,388

Movement of the lease liabilities recognized in respect of rented premises and vehicles during the year:

	2024			2023		
	Rented premises	Vehicles	Total	Rented	Vehicles	Total
	----- Rupees -----					
Balance as on July 01,	2,740,375,967	134,235,688	2,874,611,655	3,049,067,751	16,982,473	3,066,050,224
Additions during the year	1,469,116,603	68,072,362	1,537,188,965	264,190,272	142,797,299	406,987,571
Accretion of interest	414,503,820	20,780,063	435,283,883	311,006,749	9,566,747	320,573,496
Disposals / terminations	(19,810,745)	(9,339,040)	(29,149,785)	(179,108,890)	(10,627,068)	(189,735,958)
Payments made during the year	(884,317,336)	(55,741,010)	(940,058,346)	(704,779,915)	(24,483,763)	(729,263,678)
As at June 30,	3,719,868,309	158,008,063	3,877,876,372	2,740,375,967	134,235,688	2,874,611,655
Less: Current portion shown under current liabilities	(661,861,125)	(46,422,065)	(708,283,190)	(454,842,157)	(33,114,735)	(487,956,892)
Balance as at June 30,	3,058,007,184	111,585,998	3,169,593,182	2,285,533,810	101,120,953	2,386,654,763

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	Note	2024 Rupees	2023 Rupees
Maturity analysis is as follows:			
Not later than 1 year		1,085,685,329	757,048,889
Later than 1 year but not later than 5 years		3,026,534,259	2,206,306,094
Later than 5 years		979,526,834	885,643,008
		5,091,746,422	3,848,997,991
Future finance charge		(1,213,870,050)	(974,386,336)
		3,877,876,372	2,874,611,655
Present value of finance lease liabilities		(708,283,190)	(487,956,892)
		3,169,593,182	2,386,654,763
27. DEFERRED INCOME - GOVERNMENT GRANT			
Government grant SBP TERF scheme	27.1	307,743,319	396,417,220
Less: current portion grouped under current liabilities		(75,878,302)	(94,722,103)
		231,865,017	301,695,117
27.1 Movement in account of Deferred Income - Government Grant			
Opening balance		396,417,220	487,802,190
Amount recognized as grant during the year		-	-
Amortisation of grant		(88,673,901)	(91,384,970)
Closing balance		307,743,319	396,417,220

27.1.1 As disclosed in Note 25 of the consolidated financial statements, the Holding Company has obtained loan from various banks under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75% (2023: 1.5% to 1.75%) (SBP rate + bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

	Note	2024 Rupees	2023 Rupees
28. EMPLOYEE BENEFIT OBLIGATIONS			
Staff retirement benefit - gratuity	28.1	745,681,388	499,560,048
Accumulating compensated absences	28.2	67,534,863	49,443,732
		813,216,251	549,003,780

28.1 STAFF RETIREMENT BENEFIT - Gratuity

The Group obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

	2024 Rupees	2023 Rupees
28.1.1. Amount recognized in the statement of financial position		
Net liability at the beginning of the year	499,560,048	383,178,025
Charge to statement of profit or loss	328,452,232	216,636,051
Remeasurement recognized in statement of other comprehensive income	104,307,271	40,642,376
Payments made during the year	(186,638,163)	(140,896,404)
Net liability at the end of the year	745,681,388	499,560,048

	2024 Rupees	2023 Rupees
28.1.2. Movement in the present value of defined benefit obligation		
Balance at beginning of the year	499,560,048	383,178,025
Current service cost	262,438,075	175,199,350
Interest cost	66,014,157	41,436,701
Benefits paid	(186,638,163)	(140,896,404)
Remeasurements on obligation	104,307,271	40,642,376
Balance at end of the year	745,681,388	499,560,048
28.1.3. Expense recognized in statement of profit or loss		
Current service cost	262,438,075	175,199,350
Interest cost	66,014,157	41,436,701
	328,452,232	216,636,051
28.1.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	100,534,762	38,876,436
Actuarial loss	3,772,509	1,765,940
	104,307,271	40,642,376
	2024	2023
28.1.5 Actuarial assumptions used		
Discount rate used for year-end obligation	14.75%	16.25%
Expected rate of increase in future salaries	13.75%	15.25%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

28.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assump- tions	Increase in assumption	Decrease in assumption
	 Rupees		
Discount rate	1.00%	682,284,937	814,991,705
Increase in future salaries	1.00%	814,973,685	682,276,555

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28.1.7 Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs.395.331 million.

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28.1.8 The weighted average duration of defined benefit obligation is 9 years..

28.1.9 Historical information:

	2024	2023	2022	2021	2020
		 Rupees			
Present value of defined benefit obligation	745,681,388	499,560,048	383,766,355	337,535,758	297,609,788
Experience adjustment on obligation / actuarial loss	104,307,271	(40,642,376)	17,138,040	(26,354,732)	51,412,524

	Note	2024 Rupees	2023 Rupees
28.2 Accumulating compensated absences			
Opening liability		49,443,732	33,548,081
Charged to profit or loss	28.2.1	38,421,723	27,792,559
Payment made during the year		(20,330,592)	(11,896,908)
Liability as at the year end		67,534,863	49,443,732
28.2.1 Charge for the year has been allocated as follows:			
Cost of sales		23,540,380	13,610,766
Administrative expenses		4,719,228	1,496,881
Distribution cost		10,162,115	12,684,912
		38,421,723	27,792,559
29. TRADE AND OTHER PAYABLES			
Creditors	29.1	10,434,464,503	8,001,338,479
Accrued liabilities		3,355,042,368	1,801,785,719
Foreign bills payable against import		1,265,025,585	778,631,431
Workers' profit participation fund	29.2	995,647,009	544,865,497
Workers' welfare fund		28,082,499	720,478,046
Infrastructure Development Cess		1,151,721,379	966,043,287
Lender fees and charges payable		7,082,239	12,307,703
Payable to provident fund		76,353,555	46,697,161
Tax deducted at source		664,805,395	529,766,386
Others		201,009,678	69,325,380
		18,179,234,210	13,471,239,089.00
29.1. These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Ltd.		14,650,080	476,130
Sapphire Fibres Limited		57,772,076	21,760,274
Sapphire Finishing Mills Limited		-	3,206,777
		72,422,156	25,443,181

	2024 Rupees	2023 Rupees
29.1.1 Workers' profit participation fund		
Balance at beginning of the year	544,865,497	707,560,884
Add: interest on funds utilized by the Group Companies	16,155,704	7,532,010
Add: recoverable from CPPA-G	747,568,258	390,597,272
	1,308,589,459	1,105,690,166
Less: payments made during the year	(518,024,992)	(712,545,204)
	790,564,467	393,144,962
Add: allocation for the year	205,082,542	151,720,535
Balance at end of the year	995,647,009	544,865,497

30. CONTRACT LIABILITIES

30.1 It includes advances received from Creadore A/S Denmark (a related party) amounting Rs.106.307 million (2023: Rs.92.605 million).

30.2 The balance of contract liability as at June 30, 2024, is expected to be recognized as revenue within one year.

	Note	2024 Rupees	2023 Rupees
31. ACCRUED MARK-UP			
Accrued mark-up on secured:			
- long term loans		566,453,080	690,068,302
- short term borrowings		482,437,872	851,543,757
		1,048,890,952	1,541,612,059
32. SHORT TERM BORROWINGS			
mark-up arrangements	32.1	3,601,488,622	7,695,940,501
Short term loans	32.1	11,310,063,871	9,144,347,200
Running Musharakah facility	32.2	9,673,337	523,517,909
		14,921,225,830	17,363,805,610

32.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.36,210 million (2023: Rs.33,390 million). These finance facilities, during the year, carried mark-up at the rates ranged from 5.5% to 24.43% (2023: 2.75% to 22.59%) per annum on both local and foreign currency loans payable monthly / quarterly. The aggregate short term finance facilities are secured against hypothecation charge of Rs.52,210 million (2023: Rs.48,855 million) on stock in trade, book debts, export bills under collection and pledge of shares. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,421 million (2023: Rs.1,052 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.42,099 million (2023: Rs.32,299 million) out of which the amount remaining unutilized at the year-end was Rs.29,333 million (2023: Rs.20,026 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

32.2 This includes running Musharakah facility obtained by SRL - subsidiary Company from Meezan Bank Limited and Dubai Islamic Bank aggregating to Rs. 1,950,000,000 (2023: Rs. 1,300,000,000) at profit rate of 1 month KIBOR plus 0.15% and 3 month KIBOR plus 0.5% (2023: 1 month KIBOR plus 0.20% to 0.5%) per annum respectively. The amount utilized as at 30 June 2024, for Musharakah was Rs. 9,673,337 (2023: Rs. 619,446,514). The facilities are secured against First Joint Pari Passu Charge on the current assets of the subsidiary Company with 10% risk margin. The mark-up rate charged during the year on the outstanding balance ranges from 20.24% to 23.14% (2023: 14.30% to 21.70%) per annum.

Abovementioned facilities are expiring on various dates upto June 30, 2027.

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FOR THE YEAR ENDED 30 JUNE 2024

	2024 Rupees	2023 Rupees
33. CURRENT PORTION OF LONG-TERM LIABILITIES		
Current portion of:		
- long-term loans	12,775,441,789	12,257,771,387
- gas infrastructure development cess	995,182,870	953,505,147
- lease liabilities	711,027,190	490,700,892
- deferred grant SBP TERF scheme	75,878,302	94,722,103
	14,557,530,151	13,796,699,529

34. CONTINGENCIES AND COMMITMENTS

34.1 Contingencies

On September 20, 2023, the Punjab Revenue Authority (PRA) issued a notice to TBCL (subsidiary Company) for failure to withhold tax on the consumption of taxable services. This notice was challenged by the subsidiary Company. Subsequently, on November 23, 2023, the subsidiary Company received an assessment order in response to the contested notice and adjudging a withholding sales tax default of Rs. 321.3 million along with applicable default surcharge and penalty. The subsidiary Company has since lodged an appeal against this order on January 01, 2024, with the Commissioner Appeals, PRA, which is pending adjudication.

On November 6, 2020, the Commissioner Income Tax ("CIT") issued a notice to TBCL (subsidiary Company) regarding delayed payments, incorrect filing of returns, excessive claims of input tax, and non-payment of sales tax on taxable services under the Sales Tax Act, 1990 and created an impugned demand of Rs. 1,220 million. Subsequently, the CIT issued an order against the notice which was contended by the subsidiary Company before the Commissioner Inland Revenue Appeals ("CIR-A"). On December 29, 2020, CIR-A issued an order and set aside the subsidiary Company's appeal by creating an impugned demand of Rs. 780.77 million. The subsidiary Company challenged this decision before the Honorable Appellate Tribunal Inland Revenue ("ATIR"), which ruled in favor of the subsidiary Company on November 15, 2021. The CIT being aggrieved with the ATIR's decision, has filed an appeal on November 06, 2023 with the Honorable Lahore High Court, which is pending adjudication.

Following are the guarantees to banks in relation to facilities extended by Sapphire Retail Limited (subsidiary of Sapphire Textile Mills Limited) to its subsidiary company Designtex (SMC-Private) Limited:

- Facility provided by Meezan Bank Limited against the Murabaha-Local/Musawamah-Import for import/purchase of cloth, fabric and other related items amounting to Rs 600,000,000
- Facility provided by Bank of Punjab against the running finance to meet the short term working capital requirements amounting to Rs 200,000,000
- Facility provided by Bank of Punjab against the Letter of credit to import raw material amounting to Rs 800,000,000.

34.2 Commitments

34.2.1 Guarantees aggregating Rs.3,083.555 million (2023: Rs.1,833.682 million) have been issued by banks of the holding Company.

34.2.2 Post dated Cheques have been issued by the holding Company to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2024 the value of these cheques amounted to Rs.12,021.284 million (2023: Rs.7,252.893 million).

34.2.3 A commercial bank has issued a guarantee amounting Rs.45 million in favour of excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the holding Company.

34.2.4 A commercial bank has issued a guarantee amounting USD125,000 in favour of Directorate of Alternative Energy, Energy department Government of Sindh on behalf of Sapphire Green Energy (Pvt.) Limited (subsidiary Company).

34.2.5 SWPCL (the subsidiary Company) has an agreement with General Electric in respect of restoration that includes procurement, supply, installation and commissioning of Wind Turbine Generator (WTG-04) destroyed in the previous year due to fire. The contract sum outstanding as of the reporting date is USD 1,413,034 (equivalent to Rs 393.954 million) against which services/machine parts are yet to be received by the subsidiary Company.

34.2.6 SRL (the subsidiary Company) has entered into arrangement with Meezan Bank for Car Ijarah (Lease) facility for brand new locally assembled non-commercial vehicles for which current portion (0-1 years) of future commitments amounts to Rs 12,305,844 (2023: Rs 30,185,343) and non-current portion (More than 01 but less than 05 years) amounts to Rs 12,003,801 (2023: Rs 55,069,068).

34.2.7 SRL (the subsidiary Company) has entered into lease arrangements for its retail shops with various landlords. As of the reporting date, the Company has not received possession of these stores, and the underlying assets are not available for use. Therefore, a right-of-use asset and lease liability for these leases have not been recognized in accordance with the requirements of IFRS 16.

Addresses of shops	Per annum rentals as per agreement
Mall of Sargodha	6.75% of Net Sales
5 Star Hyderi Market Karachi	27,000,000
Aziz Bhatti Road Sialkot	36,000,000
AAA Project Bahria Pindi	5.5% of Net sales
Dulkusha Manzil Bahawalpur	17,400,000
Judicial Colony Gujranwala	20,400,000

34.2.6 Refer to content of note 10.2.2 and 20.1.1 in relation to shares held as pledge / collateral.

	2024 Rupees	2023 Rupees
37.2.7. Commitments in respect of :		
- letters of credit for capital expenditure	299,757,010	354,047,451
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	7,559,981,723	5,746,967,423
- capital expenditure other than letters of credit	224,835,904	240,074,687
- forward foreign currency contracts	4,725,097,032	-
- commitments in respect of short term lease	-	63,540,906

35. NET TURNOVER

Segment wise disaggregation of revenue from contracts with respect to type of goods and services is presented below:

	Export Sales		Local Sales		Total	
	2024	2023	2024	2023	2024	2023
	----- Rupees -----					
Yarn	32,858,958,232	27,132,889,833	6,422,652,385	7,243,274,712	39,281,610,617	34,376,164,545
Fabric	22,529,079,065	26,191,890,525	1,720,038,759	919,407,375	24,249,117,824	27,111,297,900
Clothing items	1,256,227,397	1,088,755,714	46,990,215,098	29,848,132,003	48,246,442,495	30,936,887,717
Home textile products	14,877,821,941	11,472,566,321	849,296,374	766,777,409	15,727,118,315	12,239,343,730
Raw materials	-	-	220,936,455	382,822,955	220,936,455	382,822,955
Accessories	-	-	1,737,979,817	1,109,750,284	1,737,979,817	1,109,750,284
Waste	107,414,751	438,360,140	1,279,124,916	903,858,434	1,386,539,667	1,342,218,574
Processing income	-	-	1,311,762,471	542,080,508	1,311,762,471	542,080,508
Power Generation	-	-	30,595,766,866	18,647,775,374	30,595,766,866	18,647,775,374
	71,629,501,386	66,324,462,533	91,127,773,141	60,363,879,054	162,757,274,527	126,688,341,587
Add: Export rebate					103,775,360	97,895,233
Less: Sales tax					(16,865,143,912)	(11,250,560,141)
Less: Discounts to customers					(8,697,463,639)	(6,038,695,640)
					137,298,442,336	109,496,981,039

35.1 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

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		2024 Rupees	2023 Rupees
35.2	Export sales - Yarn		
	Direct export	6,760,992,026	6,374,426,623
	Indirect export	26,097,966,206	20,758,463,210
		32,858,958,232	27,132,889,833
35.3	Export sales - Fabric		
	Direct export	15,668,481,667	18,840,125,215
	Indirect export	6,860,597,398	7,351,765,310
		22,529,079,065	26,191,890,525
35.4	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.262.378 million (2023: Rs.83.908 million) has been included in export sales.		
35.5	Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2023 amounting to Rs. 1,724.443 million have been recognized as revenue during the year (2023: Rs. 1,563.209 million).		
	Note	2024 Rupees	2023 Rupees
36.	COST OF SALES		
	Finished goods at beginning of the year	5,293,424,103	4,889,731,628
	Cost of goods manufactured	36.1 75,222,592,169	65,748,950,262
	Cost of raw materials sold	36.5 273,329,843	318,586,743
	Cost of sales - purchased for resale	21,859,385,698	14,479,319,433
		97,355,307,710	80,546,856,438
		102,648,731,813	85,436,588,066
	Finished goods at end of the year	(6,389,077,889)	(5,293,424,103)
		96,259,653,924	80,143,163,963
36.1	Cost of goods manufactured		
	Work-in-process at beginning of the year	3,584,457,740	3,328,083,871
	Raw materials consumed	36.2 36,490,744,082	35,952,542,239
	Salaries, wages and benefits	36.3 9,613,716,131	7,340,559,155
	Packing material consumed	1,674,808,459	964,772,883
	Stores and spares consumed	2,094,813,074	2,109,392,390
	Depreciation-right-of-use asset	6.2.3 106,748,704	89,253,866
	Depreciation-owned assets	6.1.5 6,534,819,113	5,246,194,317
	Fuel, power and water	8,382,904,156	6,022,267,647
	Repair and maintenance	2,870,236,317	2,384,528,375
	Insurance expenses	352,992,228	231,049,524
	Vehicle running expenses	175,707,168	134,308,328
	Site management expenses	174,048,480	127,067,407
	Travelling and conveyance	408,349,748	267,332,198
	Printing and stationery	17,826,727	9,435,296
	Legal and professional charges	124,547,742	67,546,543
	Fees and subscription	80,147,326	51,337,882
	Communication expenses	38,659,138	30,813,174
	Other manufacturing expenses	36.4 7,588,676,773	4,837,646,476
	Rent, rates and taxes	36,200,965	33,781,876
	Security	69,863,253	52,488,026
	Miscellaneous expenses	162,242,990	53,006,529
		80,582,510,314	69,333,408,002
	Work-in-process at end of the year	(5,359,918,145)	(3,584,457,740)
		75,222,592,169	65,748,950,262

	2024 Rupees	2023 Rupees
36.2 Raw materials consumed		
Stocks at beginning of the year	15,296,894,971	16,533,577,569
Purchases	35,225,358,687	34,715,859,641
	50,522,253,658	51,249,437,210
Stocks at end of the year	(14,031,509,576)	(15,296,894,971)
	36,490,744,082	35,952,542,239

36.3 Salaries, wages and benefits include Rs.326.883 million (2023: Rs.216.636 million) in respect of staff retirement benefit - gratuity, Rs.110.786 million (2023: Rs.96.348 million) for contribution in respect of staff provident fund and Rs.23.540 million (2023: Rs.13.610 million) in respect of provision for accumulating compensated absences.

	2024 Rupees	2023 Rupees
36.4 Other manufacturing expenses		
Cotton dyeing, bleaching and bale pressing charges	347,233,802	117,219,476
Yarn dyeing and bleaching charges	5,579,340	10,186,761
Fabric dyeing, bleaching, knitting and processing charges	1,652,153,249	3,157,189,737
Weaving and yarn doubling charges	152,836,561	44,777,376
Stitching, spinning, embroidery and other charges	3,152,780,182	38,230,181
Embroidery charges	2,278,093,639	1,470,042,945
	7,588,676,773	4,837,646,476

36.5 It includes salaries, wages and benefits amounting to Rs.1.381 million (2023: Rs.1.178 million), insurance amounting to Rs.2.762 million (2023: Rs.2.356 million) and finance cost amounting to Rs.29.995 million (2023: Rs.17.498 million).

	Note	2024 Rupees	2023 Rupees
37. DISTRIBUTION COST			
Export development surcharge		94,701,927	91,219,166
Insurance		17,563,643	26,073,207
Commission		419,648,347	571,151,933
Freight and forwarding		1,268,052,568	1,305,988,592
Salaries and benefits	37.1	1,773,926,099	1,115,853,423
Rent and utilities	37.2	170,936,496	178,245,125
Communication		60,652,054	43,635,586
Travelling, conveyance and entertainment		307,741,106	213,823,075
Fuel, power and water		388,286,674	276,986,742
Repair and maintenance		124,938,134	93,607,147
Fees and subscription		278,167,230	22,884,783
Legal and professional charges		25,653,674	21,910,493
Samples and advertising		1,251,428,741	702,697,864
Packing material		21,334,420	87,636,475
Exhibition expenses		36,883,791	24,106,640
Retail outlet expenses		458,128,468	275,966,425
Printing and stationery		26,875,527	83,581,139
Depreciation-right-of-use asset	6.2.3	626,225,344	478,359,157
Depreciation-owned assets	6.1.5	538,189,995	148,544,034
Others		26,589,292	-
		7,915,923,530	5,762,271,006

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37.1 Salaries and benefits include Rs. 48.288 million (2023: Rs.33.537 million) in respect of contribution to staff provident fund and Rs.10.162 million (2023: Rs.12.685 million) in respect of provision for accumulating compensated absences.

37.2 This includes Rs 137,092,891 (2023: Rs. 130,051,322) in respect of variable lease payments and Ijarah lease rentals amounting to Rs.1,109,775 (2023: Rs.1,005,356) related to SRL (subsidiary Company).

	Note	2024 Rupees	2023 Rupees
38. ADMINISTRATIVE EXPENSES			
Directors' remuneration		98,400,000	98,400,000
Directors' meeting fee		2,450,000	3,400,000
Salaries and benefits	38.1	902,234,800	688,908,754
Rent, rates and utilities	38.2	89,417,760	68,623,063
Communication		19,192,791	15,828,223
Printing and stationery		10,529,083	8,984,903
Travelling, conveyance and entertainment		189,539,474	98,979,148
Motor vehicle expenses		72,782,411	63,657,109
Repair and maintenance		80,333,677	75,244,547
Insurance expense		13,823,790	15,072,497
Legal and professional charges		220,987,771	145,166,322
Fees and subscription		149,999,151	49,025,560
Computer expenses		44,770,532	60,594,787
Advertisement		673,941	899,210
Depreciation-right-of-use asset	6.2.3	52,998,975	30,694,108
Depreciation-owned assets	6.1.5	137,820,647	115,120,674
Monitoring charges		5,897,595	4,618,576
Others		42,236,600	25,880,864
		2,134,088,998	1,569,098,345

38.1 Salaries and other benefits include Rs.29.710 million (2023: Rs.21.760 million) in respect of contribution to staff provident fund, Rs 1.570 million (2023: Nil) in respect of staff retirement benefit-gratuity and Rs.4.719 million (2023: Rs.1.497 million) in respect of provision for accumulating compensated absences.

38.2 This includes certain leases of building with lease terms of 12 months or less related to SRL (subsidiary Company). SRL applies the 'short-term lease' recognition exemptions for these leases.

	Note	2024 Rupees	2023 Rupees
39. OTHER OPERATING EXPENSES			
Workers' profit participation fund	29.2	205,082,542	151,720,535
Workers' welfare fund		13,491,908	110,536,160
Auditors' remuneration	39.1	45,210,942	19,974,793
Donations		73,969,960	45,646,512
Amortization of intangible assets	8.1	11,094,598	14,721,823
Provision for stores, spares and loose tools	14.1	-	5,318,848
Provision for doubtful sales tax refunds	21.2	81,629,103	77,759,128
Balance written off during the year		16,055,999	107,654,879
Loss on sale of fixed assets	39.3	-	322,054,726
Depreciation - investment property		446,226	-
Exchange loss on foreign currency accounts		6,858,496	-
Allowance for expected credit loss		30,702,631	1,980,686
Impairment of fixed assets		-	77,145,998
Intangible assets written off		5,933,497	-
		490,475,902	934,514,088

	2024 Rupees	2023 Rupees
39.1 Auditors' remuneration		
- Annual Audit fee	14,127,400	8,398,400
- Half yearly review fee	466,358	444,150
- Special audit fee	-	406,000
- Code of corporate governance review fee	85,850	85,850
- Group reporting	1,879,600	181,500
- Other certification / services	2,005,938	1,048,300
- Taxation services	25,283,951	8,801,050
- Out of pocket expenses	1,361,845	609,543
	45,210,942	19,974,793
Shinewing Hameed Chaudhri & Co. - Chartered Accountants		
- Annual Audit fee	2,918,500	2,088,900
- Half yearly review fee	466,358	444,150
- Code of corporate governance review fee	85,850	85,850
- Other certification / services	1,144,938	568,300
	4,615,646	3,187,200
A.F Ferguson & Company		
- Audit fee	5,513,400	4,349,300
- Group reporting	1,879,600	181,500
- Other assurance services	576,000	480,000
- Taxation services	25,283,951	8,801,050
- Out of pocket expenses	1,145,845	413,523
	34,398,796	14,225,373
EY Ford Rhodes		
- Special Audit fee	-	406,000
	-	406,000
Yousuf Adil - Chartered Accountants		
- Annual Audit fee	2,160,000	1,960,200
- Other certification / services	285,000	-
- Out of pocket expenses	216,000	196,020
	2,661,000	2,156,220
Afford Bond Holdings Limited - Chartered Accountants		
- Annual Audit fee	3,535,500	-
	3,535,500	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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39.2 Donations exceeding 10% of the total donations of the Group

Donations to following organisation are greater than 10% of total donations i.e. Rs.7,396,996 (2023: Rs.4,564,651) of the Group.

	Note	2024 Rupees	2023 Rupees
Abdullah Foundation	39.2.1	37,799,300	5,000,000
Metro Pakistan Limited		18,316,172	4,950,000

39.2.1 The Directors of the Group who have interest in Abdullah Foundation (donee) are following:

Name of Director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	
Mr. Shahid Abdullah	Director	Abdullah Foundation, 312, Cotton
Mr. Nadeem Abdullah	Director	Exchange Building, I.I. Chandrigar
Mr. Amer Abdullah	Director	Road, Karachi.
Mr. Yousuf Abdullah	Director	

39.3. It Includes Nil (2023: Rs.167.633 million) for SWPCL (subsidiary Company), representing the net book value of the Wind Turbine Generator (WTG-04) derecognized during the previous year due to the fire incident on September 26, 2022, at one of the Wind Turbine Generators (WTG-04) installed in Jhimpir, Sindh. The WTG-04 was completely shut down for evacuation of power and isolated from the remaining turbines and associated power infrastructure. SWPCL (subsidiary Company) assessed that WTG-04 was fully damaged and there would be no future inflows from it; therefore, its net book value was charged off. The incident resulted in a reduction of capacity from 52.8 MW to 51.2 MW.

	Note	2024 Rupees	2023 Rupees
40. OTHER INCOME			
Income from financial assets			
Dividend income		982,030,741	598,039,413
Interest income on saving accounts and term deposit certificates		1,226,741,850	495,773,486
		2,208,772,591	1,093,812,899
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	6.1.6	102,683,755	-
Gain on sale of investment property		111,125,888	-
Reversal of provision for stores, spares and loose tools	14.1	7,694,474	-
Reversal of workers' welfare fund		705,484,175	-
Liabilities written back		36,125,751	-
Commission on use of Point of Sales (POS) machines from Bank		7,850,000	-
Rental income		13,307,760	11,206,003
Exchange gain on translation of foreign currency accounts		-	16,513,069
Gain on termination of lease liabilities		8,337,226	32,675,562
Credit balance written back		24,328,890	92,014
Net gain on disposal of associate		-	7,846,832
Scrap sales		148,823,318	138,159,479
Insurance claim	40.1	1,025,863,978	-
		2,191,625,215	206,492,959
		4,400,397,806	1,300,305,858

40.1 As referred to in note 39.3, SWPCL (subsidiary Company) filed a claim with the Insurer for loss / damage due to fire and for business interruption. In the current year, an interim payment of USD 3.535 million (equivalent to Rs 1,003.179 million) has been received against the claim filed, however, the final amount of the claim is yet to be ascertained and is expected to be finalized in the next year. Consequently, the remaining amount will be recognised when it is accepted by the Insurer.

	Note	2024 Rupees	2023 Rupees
41. FINANCE COST			
Interest / mark-up on :			
- short term finances		4,058,271,531	3,226,376,169
- long term loans		7,253,216,986	5,888,685,698
- lease liabilities		441,344,068	326,397,115
- Workers' Profit Participation Fund	29.2	16,155,704	7,532,010
Exchange loss on foreign currency loans		-	32,995,449
Amortization of loan transaction cost		65,351,952	61,556,520
Lender's fees and charges		24,946,786	42,269,021
Bank charges, commission and others charges		482,004,078	303,560,094
		<u>12,341,291,105</u>	<u>9,889,372,076</u>
42. LEVIES AND INCOME TAXATION			
42.1 Final tax levy			
Levy:			
- for the year		1,826,946,290	1,307,790,659
- for prior year		(2,076,180)	1,243,320
		<u>1,824,870,110</u>	<u>1,309,033,979</u>
42.2	The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. As explained in note 2.5 the liability shall be the final tax fall under levy within the scope of IFRIC 21 / IAS 37.		
42.3	DTL's and SRL's (subsidiary Companies) represents provision for taxation under the relevant provisions of the Income Tax Ordinance, 2001 and for the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 5.19.		
42.4	Numeric tax rate reconciliation is not presented as the Group's major income is chargeable to tax under presumptive tax regime.		
		2024 Rupees	2023 Rupees
42.5 Income tax			
Current			
- for the year		2,092,086,228	876,425,113
- Adjustments in respect of prior years		(49,307,520)	(72,965,754)
Deferred tax		(799,988,069)	(9,846,793)
		<u>1,242,790,639</u>	<u>793,612,566</u>
42.6 Reconciliation of current tax charge charged as per tax laws for theyear, with current tax recognised in the profit and loss account, is as follows:			
Current tax liability for the year as per applicable tax laws		3,919,032,518	2,184,215,772
Portion of current tax liability as per tax laws, representing			
income tax under IAS 12		2,092,086,228	876,425,113
Portion of current tax computed as per tax laws, representing			
levy in terms of requirements of IFRIC 21 / IAS 37		1,826,946,290	1,307,790,659
Difference		-	-

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	2024 Rupees	2023 Rupees
43. EARNINGS PER SHARE		
43.1 Basic earnings per share		
Net profit for the year	13,263,476,503	7,450,195,757
	----- Number of shares -----	
Weighted average ordinary shares in issue	21,689,791	21,689,791
	----- Rupees -----	
Earnings per share	611.51	343.49

43.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2024 Rupees	2023 Rupees
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associated companies		22,557,406,683	12,498,867,419
Adjustments for non-cash charges and other items:			
Depreciation on right-of-use asset	6.2	785,973,023	598,307,144
Depreciation on operating fixed assets	6.1.5	7,210,829,755	5,509,859,024
Depreciation on investment property		446,226	-
Amortization of intangible assets	8.1	11,094,598	14,721,823
Interest income	40	(1,226,741,850)	(495,773,486)
(Gain) / Loss on disposal of operating fixed assets	40	(102,683,755)	322,054,726
Loss on disposal of intangible assets	39	5,933,497	-
Gain on termination of lease liabilities	40	(8,337,226)	(32,675,562)
Gain on disposal of investment property	40	(111,125,888)	-
Dividend income	40	(982,030,741)	(598,039,413)
Staff retirement benefit - gratuity	28.1.3	328,452,232	216,636,051
Accumulating compensated absences	28.2.1	38,421,723	-
Balance written off during the year	39	16,055,999	107,654,879
Provision for expected credit loss	16.6	30,702,631	1,980,686
Amortization of transaction cost	25.1.2 & 25.1.3	65,351,952	61,556,520
Impairment of fixed assets	39	-	77,145,998
Net foreign exchange difference	40	6,858,496	(16,513,069)
(Reversal of provision) / Provision for stores, spares and loose tools	14.1	(7,694,474)	5,318,848
Provision against doubtful sales tax refundable	21.2	81,629,103	77,759,128
Unwinding of liability related to GIDC	25.2	13,487,334	30,923,531
Unwinding of Government grant		(88,673,901)	(96,996,782)
Credit balance written-back		(24,328,890)	(92,014)
Unwinding of lease liability		441,344,068	326,397,115
Finance cost		11,909,781,652	9,567,491,692
Rental income	40	(13,307,760)	(11,206,003)
Working capital changes	44.1	(4,686,100,770)	933,153,685
		36,252,743,717	29,098,531,940

	2024 Rupees	2023 Rupees
44. Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare and loose tools	(69,936,503)	(102,710,897)
Stock-in-trade	(5,199,614,430)	(1,368,728,466)
Trade debts	(3,533,998,737)	688,570,931
Loans and advances	(6,089,578)	(186,968,637)
Trade deposits and short term prepayments	59,906,615	(22,688,937)
Other receivables	(1,104,558,551)	(294,640,667)
	(9,854,074,737)	(1,287,166,673)
Increase in current liabilities:		
Trade and other payables	4,732,324,011	2,055,092,215
Contract liabilities	435,649,956	165,228,143
	5,167,973,967	2,220,320,358
	(4,686,100,770)	933,153,685

45. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

	Chief Executive		Executives		Directors	
	2024	2023	2024	2023	2024	2023
	----- Rupees -----					
Remuneration	36,000,000	36,000,000	1,800,738,489	1,195,503,841	38,400,000	38,400,000
Bonus	-	-	281,705,908	218,214,185	-	-
Medical	-	-	35,816,460	15,325,217	-	-
Contribution to provident fund	-	-	93,324,544	60,459,863	-	-
Leave encashment and other benefits	-	-	53,141,186	60,563,686	-	-
	36,000,000	36,000,000	2,264,726,587	1,550,066,792	38,400,000	38,400,000
Number of persons	1	1	450	352	2	2

45.1 Certain executives are provided with Group maintained vehicles.

45.2 Meeting fee of Rs.2.450 million (2023: Rs.3.400 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Group.

45.3 The Chief Executive and Executive Directors were also provided with the fee use of telephones at residence.

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46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Group in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Group has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding
Creadore A/S	Associated Group	49.00%
Sapphire Power Generation Ltd.	Associated Group	26.43%
Sapphire Dairies (Private) Ltd.	Common directorship	12.95%
Reliance Cotton Spinning Mills Ltd.	Common directorship	3.04%
Sapphire Electric Group Ltd.	Common directorship	1.42%
Sapphire Holding Ltd.	Common directorship	0.05%
Jomo Technologies (Private) Ltd.	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	-
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-
Sapphire Finishing Mills Ltd.	Common directorship	-
Amer Cotton Mills (Pvt.) Ltd.	Common directorship	-
Diamond Fabrics Limited	Common directorship	-
Bank Alfalah Limited	Investor in a subsidiary of the Group	-
Abdullah Foundation	Common directorship	-

	2024 Rupees	2023 Rupees
Significant transactions with the related parties are following:		
i) Associated Companies		
Sales / processing	6,730,225,462	5,590,521,715
Purchases / Rent	406,705,768	292,667,028
Expenses charged to	116,326,397	80,981,450
Expenses charged by	11,000,595	6,685,917
Mark-up charged by	223,470,661	141,528,807
Dividend received	37,263,852	311,188,231
Dividend paid	2,563,471,550	541,913,575
Loans obtained / (repaid) - net	225,689,550	(776,499,270)
ii) Key management personnel		
Salary and other employment benefits	110,418,155	102,732,717
iii) Retirement Fund		
Contribution to provident fund	188,148,764	151,646,036
iv) Others		
Donation	37,799,300	5,000,000
Dividend paid	71,658,960	263,659,040

47. FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

The Group has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from investments, loans and advances, deposits, trade debts, other receivables and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note 47.4, the financial assets exposed to credit risk aggregated to Rs.53,093.775 million as at June 30, 2024 (2023: Rs.41,457.808 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 94% (2023: 95%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2024 Rupees	2023 Rupees
Long term investments	5,731,684,160	4,592,122,800
Long-term loans and advances	56,168,867	247,836,567
Long term deposits	206,699,068	150,223,917
Trade debts	22,432,331,723	18,915,572,755
Loans and advances	393,632,520	141,227,910
Trade deposits	10,437,944	63,217,948
Short term investments	4,251,400,468	1,364,735,401
Other receivables	2,659,256,375	1,526,360,493
Bank balances	17,352,164,384	14,456,510,430
	53,093,775,509	41,457,808,221

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Group's various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Export sales made to major customers are secured through letters of credit.

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The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2024 Rupees	2023 Rupees
Domestic	20,934,510,767	17,515,117,852
Export	1,497,820,956	1,400,454,903
	<u>22,432,331,723</u>	<u>18,915,572,755</u>

The majority of export debts of the Group are situated in Asia, Europe and North America.

Aging analysis of trade debtors is as follows:

	2024 Rupees	2023 Rupees
Not due	12,609,824,402	14,643,558,608
1 - 30 days	3,594,557,626	3,410,404,518
31 - 60 days	265,511,406	32,592,664
61 - 90 days	4,426,355,754	117,675,214
91 - 180 days	1,170,930,782	152,287,689
181 - 360 days	277,865,210	456,015,581
361 days or more	87,286,543	103,038,481
	<u>22,432,331,723</u>	<u>18,915,572,755</u>

Set out below is the information about the credit risk exposure on the Group's local trade receivables assets using a provision matrix:

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
	----- Rupees -----						
As at June 30, 2024							
Estimated total gross carrying amount at default	11,112,003,442	3,594,557,627	265,511,406	4,426,355,754	1,170,930,785	256,380,241	108,771,512
Expected credit loss	2,410,638	876,972	674,702	1,874,940	15,278,476	4,864,712	49,052,037
Expected credit loss rate	0.02%	0.02%	0.25%	0.04%	1.30%	1.90%	45.10%
As at June 30, 2023							
Estimated total gross carrying amount at default	13,243,103,705	3,410,404,518	32,592,664	117,675,214	152,287,689	456,015,581	103,038,481
Expected credit loss	14,255,472	1,170,369	953,020	1,198,808	8,314,823	1,434,683	17,002,671
Expected credit loss rate	0.11%	0.03%	2.92%	1.02%	5.46%	0.31%	16.50%

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all exports are covered by letters of credit or other forms of credit insurance obtained from reputable banks.

The credit quality of the Group's bank balances can be assessed with reference to the external credit ratings as follows:

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
The Bank of Punjab	A1+	AA+	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank Al-Habib Limited	A1+	AAA	PACRA
Bank Alfalah Limited	A1+	AAA	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS
Allied Bank Limited	A1+	AAA	PACRA
Citibank N.A. Pakistan	P-1	A1	Moody's
Citibank N.A. London	P-1	Aa3	Moody's
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Industrial and Commercial Bank of China	P-1	A1	Moody's
Soneri Bank Limited	A1+	AA-	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
Askari Bank Limited	A1+	AA+	PACRA
Pak Kuwait Investment Group Private Limited	A1+	AAA	PACRA
Pak China Investment Group Private Limited	A1+	AAA	JCR-VIS

The credit risk in respect of investments is also limited as such investee companies enjoy reasonably high credit rating.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
----- Rupees -----					
June 30, 2024					
Long term loans	58,811,422,432	67,210,388,476	14,595,553,558	47,329,540,095	5,285,294,823
Lease liabilities	3,932,109,945	5,729,222,541	1,250,274,057	2,991,650,367	1,487,298,117
Trade and other payables	16,003,783,323	22,812,370,942	22,812,370,942	-	-
Accrued mark-up / interest	1,048,890,952	1,020,307,089	1,020,307,089	-	-
Short term borrowings	14,921,225,830	16,889,186,368	16,889,186,368	-	-
Unclaimed dividend	332,783,783	332,783,780	332,783,780	-	-
GlDC payable	995,182,870	995,182,870	995,182,870	-	-
	96,045,399,135	114,989,442,066	57,895,658,664	50,321,190,462	6,772,592,940
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
----- Rupees -----					
June 30, 2023					
Long term loans	69,621,999,643	84,759,673,819	17,973,989,207	57,831,630,718	8,954,053,894
Lease liabilities	2,925,529,043	-	-	-	-
Trade and other payables	11,239,852,259	11,289,295,991	11,289,295,991	-	-
Accrued mark-up / interest	1,541,612,059	1,541,612,059	1,541,612,059	-	-
Short term borrowings	17,363,805,610	19,248,098,137	19,248,098,137	-	-
Unclaimed dividend	1,782,351	1,782,351	1,782,351	-	-
GlDC payable	981,695,536	995,182,870	995,182,870	-	-
	103,676,276,501	117,835,645,227	51,049,960,615	57,831,630,718	8,954,053,894

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-ends. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), Swiss Frank (CHF), GBP Pound and AED is as follows:

For the year ended June 30, 2024	Rupees	U.S.\$	Euro	JPY	CHF	AED	GBP
Trade debts	(1,497,820,956)	(4,990,910)	(1,186,915)	-	-	-	-
Bank balances	(12,101,623,765)	(43,255,962)	(33,530)	-	-	(16,196)	(181,297)
Foreign bills payable against import	1,265,025,585	4,474,262	58,984	-	-	-	-
Long term loans - secured	38,116,062,629	143,855,183	-	-	-	-	-
Net balance sheet exposure	25,781,643,493	100,082,573	(1,161,461)	-	-	(16,196)	(181,297)
Outstanding letters of credit	2,135,268,733	5,957,776	1,340,785	4,790,618	212,609	-	-
Foreign currency forward contracts	4,725,097,032	8,945,533	7,029,451	-	-	-	-
	32,642,009,258	114,985,882	7,208,775	4,790,618	212,609	(16,196)	(181,297)

For the year ended June 30, 2023	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,400,454,903)	(4,203,614)	(443,644)	-	-
Bank balances	(11,703,408,065)	(39,463,060)	(16,017)	-	-
Foreign bills payable against import	778,631,431	2,536,677	166,604	-	-
Long term loans - secured	48,807,133,843	170,714,004	-	-	-
Net balance sheet exposure	36,481,902,306	129,584,008	(293,057)	-	-
Outstanding letters of credit	3,670,776,874	11,977,671	675,189	924,200	85,498
	40,152,679,180	141,561,679	382,132	924,200	85,498

The following significant exchange rates have been applied:

	Average rate at reporting date		Reporting date rate	
	2024	2023	2024	2023
U.S. Dollar to Rupee	278.50	286.15	278.75 / 278.25	286.40 / 285.90
Euro to Rupee	299.25	312.61	299.52 / 298.98	312.88 / 312.33
Japanese Yen to Rupee	1.7219	1.9785	1.7234 / 1.7204	1.9802 / 1.9767
Swiss Frank to Rupee	307.93	319.19	308.20 / 307.65	319.47 / 318.913
AED to Rupee	76.30	-	76.38 / 76.24	-
GBP to Rupee	351.62	-	351.93 / 351.3	-

At June 30, 2024, if Rupee had strengthened by 10% against US Dollar, Euro, AED and GBP with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2024 Rupees	2023 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	2,787,299,658	3,704,806,774
Euro to Rupee	(34,756,720)	(9,153,049)
AED to Rupee	(123,575)	-
GBP to Rupee	(6,374,765)	-
	2,746,044,597	3,695,653,725

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

(ii) **Interest rate risk**

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

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Majority of the interest rate risk of the Group arises from long & short term borrowings from banks and deposits with banks. At the reporting date the profile of the Group's interest bearing financial instruments is as follows:

	2024 --- Effective rate --- %	2023 %	2024 --- Carrying amount --- --- Rupees ---	2023
Fixed rate instruments				
Financial assets				
Saving accounts	20% to 20.5%	12.74% to 20.16%	12,452,014,736	11,454,540,177
Financial liabilities				
Long term finances	1.75% to 5.00%	1.50% to 6.00%	8,680,676,679	10,173,241,202
Short term borrowings	5.50% to 19.25%	2.50% to 18.00%	3,165,853,010	3,047,970,662
Variable rate instruments				
Financial liabilities				
Long term finances				
- foreign currency loan	5.59% to 10.07%	4.48% to 8.90%	38,116,062,629	48,807,133,843
- local currency loan	3.50% to 24.33%	15.03% to 23.09%	12,014,683,124	10,641,624,598
Short term borrowings				
- local currency loan	21.80% to 24.43%	14.31% to 22.59%	11,755,372,820	14,315,834,948

At June 30, 2024, if the interest rate on the Group's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.618.861 million (2023: Rs.631.230 million) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

(iii) Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.8,346.227 million (2023: Rs.4,386.925 million) are exposed to price risk due to changes in market price.

At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.834.623 million (2023: Rs.438.693 million).

The sensitivity analysis is not necessarily indicative of the effects on equity / investments of the Group.

47.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Group's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.7,796.025 million (2023: Rs.3,982.156 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

47.3 Capital risk management

The Group's objective when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Group that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2024 Rupees	2023 Rupees
Total borrowings	73,732,648,262	86,985,805,253
Less: cash and bank balances	17,533,563,165	14,542,732,395
Net debt	56,199,085,097	72,443,072,858
Total equity	63,487,076,297	46,718,297,320
Total capital including net debt	119,686,161,394	119,161,370,178
Gearing ratio	46.96%	60.79%

47.4 Financial instruments by category

	As at June 30, 2024		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term loans and advances	56,168,867	-	56,168,867
Long-term deposits	206,699,068	-	206,699,068
Trade debts	22,432,331,723	-	22,432,331,723
Loans to employees	114,906,590	-	114,906,590
Trade deposits	10,437,944	-	10,437,944
Other receivables	2,768,669,455	-	2,768,669,455
Short-term investments	-	4,480,398,075	4,480,398,075
Cash and bank balances	17,533,563,165	-	17,533,563,165
	43,122,776,812	4,480,398,075	47,603,174,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

	As at June 30, 2023		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term loans and advances	247,836,567	-	247,836,567
Long-term deposits	150,223,917	-	150,223,917
Trade debts	18,915,572,755	-	18,915,572,755
Loans to employees	141,227,910	-	141,227,910
Trade deposits	63,217,948	-	63,217,948
Other receivables	1,592,848,230	-	1,592,848,230
Short-term investments	-	1,555,735,401	1,555,735,401
Cash and bank balances	14,542,732,395	-	14,542,732,395
	<u>35,653,659,722</u>	<u>1,555,735,401</u>	<u>37,209,395,123</u>

	Financial liabilities measured at amortised cost	
	2024	2023
	----- Rupees -----	
Financial liabilities as per statement of financial position		
Long-term loans and other payables	46,035,980,643	57,392,418,645
Deferred income - Government grant	231,865,017	301,695,117
Trade and other payables	16,003,783,323	11,239,852,259
Current portion of long-term liabilities	14,557,530,151	13,796,699,529
Unclaimed dividend	332,783,783	1,782,351
Short term borrowings	14,921,225,830	17,363,805,610
Accrued mark-up	1,048,890,952	1,541,612,059
	<u>93,132,059,699</u>	<u>101,637,865,570</u>

48. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities			
	Lease liabilities	Long term liabilities	Short term borrowings	Dividend
	----- Rupees -----			
Balance as at July 01, 2023	2,925,529,043	69,621,999,643	17,363,805,610	1,782,351
Changes from financing activities				
Finances obtained	-	2,410,000,000	-	-
Finances repaid	-	(12,095,297,739)	(2,442,579,780)	-
Additions to lease liabilities during the year	-	-	-	-
Repayment of lease liabilities	(942,802,346)	-	-	-
Dividends paid	-	-	-	(2,382,146,478)
Dividend declared	-	-	-	2,713,147,910
Total changes from financing cash flows	1,982,726,697	59,936,701,904	14,921,225,830	332,783,783
Other changes / adjustments				
Deferred grant	-	-	-	-
Amortization of transaction cost	-	65,351,952	-	-
Exchange Gain / Loss	-	(1,190,631,424)	-	-
Additions / Disposals during the year - Net	1,508,039,180	-	-	-
Finance cost	441,344,068	-	-	-
Balance as at June 30, 2024	3,932,109,945	58,811,422,432	14,921,225,830	332,783,783

	Liabilities			
	Lease liabilities	Long term liabilities	Short term borrowings	Dividend
	----- Rupees -----			
Balance as at July 01, 2022	3,113,887,996	59,607,967,862	18,212,581,522	2,230,551
Changes from financing activities				
Finances obtained	-	5,034,219,107	-	-
Finances repaid	-	(10,581,927,931)	(848,775,912)	-
Additions to lease liabilities during the year	-	-	-	-
Repayment of lease liabilities	(732,007,678)	-	-	-
Dividends paid	-	-	-	(805,114,946)
Dividend declared	-	-	-	804,666,746
Total changes from financing cash flows	2,381,880,318	54,060,259,038	17,363,805,610	1,782,351
Other changes / adjustments				
Amortization of transaction cost	-	61,556,520	-	-
Exchange Gain / Loss	-	15,500,184,085	-	-
Additions to lease liabilities during the year	217,251,613	-	-	-
Finance cost	326,397,112	-	-	-
Balance as at June 30, 2023	2,925,529,043	69,621,999,643	17,363,805,610	1,782,351

49. CAPACITY AND PRODUCTION	UOM	2024	2023
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49.1 Spinning

Number of spindles installed		176,792	164,072
Number of spindles worked		170,598	161,600
Number of rotors installed		440	440
Average number of rotors worked		440	418
Number of shifts worked per day		3	3
Installed capacity after conversion into 20's count	Lbs.	141,120,505	128,675,806
Actual production after conversion into 20's count	Lbs.	137,997,348	118,897,563

49.2 Weaving

Total number of looms installed		435	435
Average number of looms worked		435	435
Number of shifts worked per day		3	3
Installed capacity at 50 picks/inch of fabric	Square mtrs.	206,218,725	206,218,725
Actual production at 50 picks/inch of fabric	Square mtrs.	168,128,883	169,115,859

49.3 Finishing and Printing

Production capacity - average during the year	Mtrs.	69,600,000	54,200,000
Actual production	Mtrs.	65,565,974	48,098,788

49.4 Yarn Dyeing

Production capacity	KGs	2,880,000	2,880,000
Actual production	KGs	2,282,148	2,176,527

49.5 Home Textile and Stitching

The capacity of this unit is undeterminable due to multi products, involving varying processes of manufacturing and run length of order lots.

49.6 Power Generation	UOM	2024	2023
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Installed capacity	MWh	597,537	597,537
Actual energy delivered	MWh	406,372	449,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

49.7 Reason for low production

Under utilization of available capacity is mainly due to normal maintenance / temporarily shut down and run length of order lots.

Due to low wind speed during the year, Plants of TBCL (power sector subsidiary companies) produced less energy than benchmark of 35% capacity factor of TBCL.

50. SEGMENT ANALYSIS

50.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Power Generation	Elimination of inter segment transactions	Total
Rupees						
For the year ended June 30, 2024						
Net turnover	49,967,624,613	27,732,873,503	60,302,286,185	27,624,368,128	(28,328,710,093)	137,298,442,336
Cost of sales	(46,411,044,959)	(24,129,559,768)	(46,338,896,651)	(7,708,862,630)	28,328,710,085	(96,259,653,924)
Gross Profit	3,556,579,655	3,603,313,735	13,963,389,534	19,915,505,498	-	41,038,788,412
Distribution cost	(672,931,768)	(808,428,436)	(6,434,563,326)	-	-	(7,915,923,530)
Administrative expenses	(631,577,483)	(178,883,637)	(973,538,094)	(350,089,784)	-	(2,134,088,998)
	(1,304,509,251)	(987,312,073)	(7,408,101,420)	(350,089,784)	-	(10,050,012,528)
Profit before taxation and unallocated income and expenses	2,252,070,404	2,616,001,662	6,555,288,114	19,565,415,714	-	30,988,775,884
Depreciation on operating fixed assets	898,789,161	381,180,022	1,552,476,369	4,378,384,203	-	7,210,829,755
Depreciation on right-to-use assets	-	-	770,816,188	15,156,835	-	785,973,023
For the year ended June 30, 2023						
Net turnover	42,413,434,196	24,314,195,610	48,908,819,901	18,647,775,374	(24,787,244,043)	109,496,981,038
Cost of sales	(40,664,236,422)	(20,052,293,704)	(37,988,366,868)	(6,225,511,011)	24,787,244,043	(80,143,163,962)
Gross Profit	1,749,197,774	4,261,901,906	10,920,453,033	12,422,264,363	-	29,353,817,076
Distribution cost	(649,429,714)	(789,571,994)	(4,323,269,298)	-	-	(5,762,271,006)
Administrative expenses	(528,814,864)	(123,265,047)	(644,464,214)	(272,554,220)	-	(1,569,098,345)
	(1,178,244,578)	(912,837,041)	(4,967,733,512)	(272,554,220)	-	(7,331,369,351)
Profit before taxation and unallocated income and expenses	570,953,196	3,349,064,865	5,952,719,521	12,149,710,143	-	22,022,447,725
Depreciation on operating fixed assets	743,747,013	398,832,301	877,647,561	3,489,632,149	-	5,509,859,024
Depreciation on right-to-use assets	-	-	593,190,797	5,116,347	-	598,307,144

Reconciliation of operating results with profit after tax is as follows:

	2024 Rupees	2023 Rupees
Total results for reportable segments	30,988,775,884	22,022,447,725
Other operating expenses	(490,475,902)	(934,514,088)
Other income	4,400,397,806	1,300,305,858
Finance cost	(12,341,291,105)	(9,889,372,076)
Share of profit of associated companies	236,916,641	326,936,588
Profit before taxation	22,794,323,324	12,825,804,007
Taxation	(3,067,660,749)	(1,309,033,979)
Profit for the year	19,726,662,575	11,516,770,028

50.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Power Generation	Total
Rupees					
As at June 30, 2024					
Segment assets	27,954,692,581	10,982,153,006	39,153,314,910	88,492,936,179	166,583,096,675
Segment Liabilities	21,068,983,267	7,860,134,747	24,721,955,037	41,694,774,397	95,345,847,448
As at June 30, 2023					
Segment assets	26,822,361,516	9,606,922,400	31,057,690,982	88,958,686,932	156,445,661,830
Segment Liabilities	15,013,384,070	8,275,820,659	25,484,008,117	51,594,030,113	100,367,242,959

Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:

	2024 Rupees	2023 Rupees
Total for reportable segments assets	166,583,096,675	156,445,661,830
Unallocated assets	18,586,881,691	15,064,226,270
Total assets as per statement of financial position	185,169,978,366	171,509,888,100
Total for reportable segments liabilities	95,345,847,448	100,367,242,959
Unallocated liabilities	6,160,393,202	8,214,622,474
Total liabilities as per statement of financial position	101,506,240,650	108,581,865,433

	2024	2023
51. NUMBER OF EMPLOYEES		
Number of employees as at June 30,	14,734	15,183
Average number of employees as at June 30,	13,839	14,956

52. PROVIDENT FUND RELATED DISCLOSURE

The Group Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

53. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

Rupees

Accumulating compensated absences previously included in 'Trade and other payables', now classified in 'Employee benefit obligation'	49,443,732
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

54. GENERAL

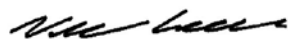
54.1 Non adjusting events subsequent to the reporting date

The Board of Directors of the Holding Company, in their meeting held on September 26, 2024, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs.216.898 million for the year ended June 30, 2024, for approval of the members at the Annual General Meeting to be held on October 28, 2024.

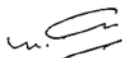
The Board of Directors has also approved the creation of a reserve against capacity expansions and long term investments by transferring an amount of Rs.30.730 billion from general reserve and unappropriated profit to this reserve. The financial statements for the year ended 30 June 2024, do not include the effect of this allocation which will be accounted for in the unconsolidated financial statements for the year ending 30 June 2025.

54.2 Date of authorisation for issue

These financial statements were authorized for issue on September 26, 2024 by the Board of Directors of the Holding Company.



Chief Executive Officer



Chairman / Director



Chief Financial Officer

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
OF SAPPHIRE TEXTILE MILLS LIMITED AS AT JUNE 30, 2024

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM TO		TOTAL NUMBER OF SHARES HELD
272	1	100	4,422
48	101	500	11,312
23	501	1,000	16,468
26	1,001	5,000	60,841
6	5,001	10,000	47,766
2	10,001	15,000	25,453
2	15,001	20,000	37,119
4	20,001	25,000	91,933
1	30,001	35,000	30,240
4	35,001	40,000	147,783
1	40,001	45,000	42,891
1	45,001	50,000	46,617
1	55,001	60,000	57,424
1	60,001	65,000	62,167
1	75,001	80,000	78,345
1	85,001	90,000	89,223
2	140,001	145,000	282,853
1	155,001	160,000	156,750
2	185,001	190,000	378,540
2	215,001	220,000	434,516
1	225,001	230,000	227,988
4	235,001	240,000	952,154
1	275,001	280,000	277,128
1	285,001	290,000	285,809
1	295,001	300,000	300,000
1	405,001	410,000	408,301
1	530,001	525,000	520,319
1	565,001	570,000	567,114
1	570,001	575,000	573,152
1	605,001	610,000	609,683
1	655,001	660,000	657,788
3	780,001	785,000	2,352,516
1	790,001	795,000	791,291
2	795,001	800,000	1,600,000
1	995,001	1,000,000	998,015
2	1,025,001	1,030,000	2,052,000
4	1,065,001	1,070,000	4,269,870
2	1,070,001	1,075,000	2,144,000
430			21,689,791

* Note: The slabs representing nil holding have been omitted.

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2024

Sr. #	Particulars	No. of Shares Held	Percentage %
	Directors, Chief Executive Officer, and their spouse and minor children.	7,172,179	33.07
	Associated Companies, Undertakings and Related Parties	6,723,815	31.00
	NIT and ICP	1,002,515	4.62
	Banks, Development Financial Institutions, Non Banking Financial Institutions	129	0.00
	Modarabas and Mutual Funds	1,020	0.00
	Share holders holding 10%	-	-
	General Public		
	Local	6,418,485	29.59
	Foreign	259	0.00
	Other Companies	371,389	1.71
		21,689,791	100.00

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

A. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	No of Shares Held
ATMZ Company (Private) Limited	1,305,508
Channel Holdings (Private) Limited	1,305,508
Crystal Enterprises (Pvt) Limited	3,104
Reliance Cotton Spinning Mills Limited	100,223
Resource Corporation (Pvt) Limited	1,305,508
Salman Ismail (SMC-Private) Limited	639,923
Sapphire Holding Limited	285,809
Sapphire Power Generation Limited	306,333
SFL CORPORATION (PVT) LIMITED	7,989
STM CORPORATION (PVT) LIMITED	156,750
Synergy Holdings (Pvt) Limited	1,305,500
Yousuf Agencies (Private) Limited	1,660
B. DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
DIRECTORS & THEIR SPOUSES	
Mr. Mohammad Abdullah	520,319
Mr. Yousuf Abdullah	805,744
Mr. Amer Abdullah	320,019
Mr. Shahid Abdullah	427,741
Mr. Nabeel Abdullah	1,072,000
Mr. Umer Abdullah	1,072,000
Mr. Mirza Saleem Baig	532
Mr. Shahid Shafiq	510
Mrs. Shamshad Begum	657,789
Mrs. Ambareen Amer	489,540
Mrs. Shireen Shahid	708,594
Ms. Mashmooma Zehra Majeed	500
CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
Mr. Nadeem Abdullah	662,375
Mrs. Noshaba Nadeem	434,516
C. NIT & ICP	
CDC - Trustee National Investement (Unit) Trust	998,015
National Investment Trust Limited	4,500
D. BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS	
National Bank of Pakistan	129
E) MODARABAS AND MUTUAL FUNDS	
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,020
F) GENERAL PUBLIC	
A. Local	6,418,485
B. Foreign	259
G) OTHER COMPANIES	371,389
TOTAL	21,689,791

No of Shares Held

SHAREHOLDERS HOLDING 10% OR MORE

NIL

H) DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

Mr. Muhammad Abdullah received shares as a gift from Mr. Mohammad Yunus
 Mr. Amer Abdullah received shares as a gift from Mrs. Shamshad Begum
 Mr. Nadeem Abdullah received shares as a gift from Mrs. Shamshad Begum
 Shares gifted by Mrs. Shamshad Begum to her sons and grandsons

21,865
 7,791
 7,791
 (31,164)

BALLOT PAPER FOR VOTING THROUGH POST

Annual General Meeting to be held on Monday, October 28, 2024 at 3:00 pm
at Trading Hall, Cotton Exchange Building, I. I Chundrigar Road, Karachi
Phone: +92 21 111 000 100 Website: www.sapphiretextiles.com.pk/stml

Designated email address of the Chairman at which the duly filled-in ballot paper may be sent:
contact@sapphiretextiles.com.pk

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the below resolution(s) through postal ballot by conveying my/our assent or dissent the following resolution by placing tick () mark in the appropriate box below:

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
01	Agenda No:05 To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017. (i) RESOLVED THAT the related Parties transactions conducted during the year as disclosed in note 44 of the unconsolidated financial statements for the year ended 30th June, 2024, be and are hereby ratified, approved, and confirmed. (ii) RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on a case-to-case basis during the financial year ending 30th June, 2025. FURTHER RESOLVED those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.			

Signature of shareholder

Place: _____ Date: _____

NOTES/ PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the Registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 26, 2024. Copy of CNIC/ Passport (in case of a foreigner) should be enclosed with the postal ballot form.
2. Postal ballot forms should reach the chairman of the meeting on or before October 26, 2024, during working hours. Any postal ballot received after this date, will not be considered for voting.
3. Signature on postal ballot should match with signature on CNIC/ Passport (In case of a foreigner).
4. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot paper will be rejected.
5. In case of representative of body corporate and corporation, postal ballot insist he accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
6. Ballot paper has also been placed on the website of the Company www.sapphire.com.pk/stml. Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

SAPPHIRE TEXTILE MILLS LIMITED

For the year ended 30 June 2024

PROXY FORM

I/ We _____ of _____ Folio No / CDC and or Sub Account No _____ being a member(s) of Sapphire Textile Mills Limited, and a holder of _____ Ordinary Shares, do hereby appoint _____ of _____ or failing him/ her _____ of _____ who is also a member of Sapphire Textile Mills Limited, vide registered Folio No / CDC and or Sub Account No _____ to act as Proxy on my/ our behalf at 56th Annual General Meeting of the Company to be held on Monday, 28th October, 2024 at 3.00 p.m, at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi as well as through Video Conferencing (VC) and / or any adjournment thereof.

Signed on this _____ day of _____ 2024

Signature of shareholder: _____

CNIC No: _____

Folio No / CDC and or Sub Account No: _____

Email address: _____

Signature of proxy participant _____

CNIC No: _____

Folio No / CDC and or Sub Account No: _____

Email address: _____

Revenue
Stamp of Rs. 5/-

(Signature should agree with the specimen signature registered with the Company)

Notes:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-.
2. In the case of Bank or Company, the proxy form must be executed under its company stamp and signed by authorized person.
3. Power of Attorney or other authority (if any) under which this proxy form is signed, a certified copy of that Power of Attorney must be deposited along with this form.
4. This proxy form duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
 - i) The proxy form shall be witnessed by two persons, whose names, addresses CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - iv) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

1. Witness:

Signature : _____

Name : _____

CNIC : _____

Address : _____

2. Witness:

Signature : _____

Name : _____

CNIC : _____

Address : _____

AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

212, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi.

پراکسی فارم سفائر ٹیکسٹائل ملز لمیٹڈ

برائے سال ختمہ 30 جون، 2024

میں / ہم _____ جس کا تعلق _____ سے ہے، فوئیو نمبر / CDC یا ذیلی اکاؤنٹ نمبر _____ سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں، اور _____ عمومی حصص رکھتے ہیں، بذریعہ (ممبر کا نام) _____ جو کہ (شہر کا نام) _____ سے متعلق ہے، اور ان کا فوئیو نمبر / CDC اکاؤنٹ نمبر _____ ہے، یا ان کے ناکام رہنے کی صورت میں (ممبر کا نام) _____ جو کہ (شہر کا نام) _____ متعلق ہے، اور ان کا فوئیو نمبر / CDC اکاؤنٹ نمبر _____ ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہے / ہیں کو بروز پیر 28 اکتوبر، 2024 کو دوپہر 3:00 بجے ٹریڈنگ ہال، کاٹن ایکس چینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے 56 ویں سالانہ اجلاس عام اور کسی زیر التوا اجلاس میں شرکت کیلئے اپنا / ہمارا پراکسی مقرر کرتا / کرتے / کرتی ہوں

پانچ روپے کا
ریونیو اسٹیپ

اس دستاویز پر مورخہ _____ 2024 کو دستخط ہوئے

پراکسی کے دستخط _____
شناختی کارڈ نمبر: _____
فوئیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____
ای میل ایڈریس: _____
حصص یافتہ کے دستخط _____
شناختی کارڈ نمبر: _____
فوئیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____
ای میل ایڈریس: _____

(دستخط کمپنی کے ساتھ رجسٹرڈ نمونے کے دستخط کے مطابق ہونے چاہیے)

نوٹس:

- 1- کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا محصول ٹکٹ نہ لگایا جائے۔
- 2- بینک یا کمپنی ہونے کی صورت میں پراکسی فارم پر مجاز شخص کے دستخط کے ساتھ کمپنی کی مہر لازم ہے۔
- 3- مختار نامہ یا دیگر کوئی اتھارٹی (اگر کوئی ہے) جس کے پراکسی فارم پر دستخط ثبت ہوں، کی مصدقہ نقل اس فارم کے ساتھ جمع کرایا جانا چاہیے۔
- 4- پراکسی فارم اجلاس سے 48 گھنٹے قبل تک کمپنی کے سینئر رجسٹرار آفس میں مکمل طور پر پوراورد دستخط کے ساتھ موصول ہو جانا چاہیے۔
- 5- سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں
 - (i) پراکسی فارم پر دو افراد جن کے نام اور شناختی کارڈ نمبر جمع پتہ کے موجود ہوں، بطور گواہ ضروری ہیں۔
 - (ii) بنی فیشل اونرز اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل فارم کے ساتھ منسلک ہوں۔
 - (iii) پراکسی اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
 - (iv) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع پراکسی کے نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ہمراہ کمپنی کے پاس جمع کرایا جانا چاہئے

گواہ نمبر 2

گواہ نمبر 1

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____
دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

212, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi.



Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 [jamapunji.pk](https://www.jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

سفائر کیمیکلز (پرائیویٹ) لمیٹڈ
سفائر کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جیسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کیلئے قائم کیا گیا ہے۔

سفائر گرین انرجی (پرائیویٹ) لمیٹڈ
سفائر گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے 2023 کے دوران قائم کیا گیا۔ کمپنی کا مقصد قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنا ہے۔

سفائر ٹیکسٹائل انٹرنیشنل لمیٹڈ
سفائر ٹیکسٹائل انٹرنیشنل لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے برطانیہ میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال قائم کیا گیا۔

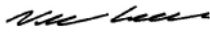
سفائر ٹیکسٹائل ٹریڈنگ ون پرسن کمپنی ایل ایل سی
سفائر ٹیکسٹائل ٹریڈنگ ون پرسن کمپنی ایل ایل سی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ٹیکسٹائل ریٹیل آپریشنز کے مقصد کے ساتھ رواں سال کے دوران قائم کیا گیا۔

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ
کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفائر ٹیکسٹائل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی ریٹیل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

سال کے اختتام کے بعد قائم کردہ ذیلی کمپنی
سال کے اختتام کے بعد کمپنی نے ”ریاست ہائے متحدہ امریکہ میں مکمل طور پر ملکیتی کمپنی“ سفائر ٹیکسٹائل یو ایس کارپوریشن قائم کی جس کا مقصد ٹیکسٹائل ریٹیل آپریشنز کو دیکھنا ہے۔

بورڈ کی طرف


محمد عبداللہ
چیئر مین / ڈائریکٹر


ندیم عبداللہ
چیف ایگزیکٹو

لاہور

مورخہ: 26 ستمبر، 2024

ڈائریکٹر رپورٹ برائے حصص یافتگان

سفار و نڈ پاور کمپنی لمیٹڈ کی ہولڈنگ کمپنی، سفار ریشیل لمیٹڈ، ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سفار انٹرنیشنل اے پی ایس، ڈیزائن ٹیکس (ایس ایم سی) - پرائیویٹ) لمیٹڈ، سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ، سفار کیمیکلز (پرائیویٹ) لمیٹڈ، سفار گرین انرجی (پرائیویٹ) لمیٹڈ، سفار ریشیل انٹرنیشنل لمیٹڈ، سفار ریشیل ٹریڈنگ ون پرسن کمپنی ایل ایل سی اور کریک پراپرٹیز (پرائیویٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون، 2024 کو ختم ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ کے ہمراہ آڈٹ شدہ کنسالیڈٹڈ مالی گوشوارے پیش کرنا ہمارے لئے باعث مسرت ہے۔

سفار و نڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفار ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الفلاح لمیٹڈ ہے۔ کمپنی نے چھ مہینے سندھ میں 152.80 ایم ڈبلیو گنڈاش کا ایک ونڈ فارم قائم کیا ہے جس نے نومبر 2015ء میں کمرشل آپریشنز کا آغاز کر دیا ہے۔ پراجیکٹ حسب ذیل بہترین کارکردگی کے ساتھ اطمینان بخش نتائج کا حامل ہے۔

سفار ریشیل لمیٹڈ

سفار ریشیل لمیٹڈ (ایس آر ایل) سفار ٹیکسٹائل ملز لمیٹڈ کا ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ”سفار“ برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ کمپنی بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت سے متعلق کاروبار کے علاوہ ٹیکسٹائل مصنوعات اور دیگر متعلقہ اشیاء کی خرید و فروخت، درآمد، برآمد اور بیرونی مینوفیکچرنگ سہولیات کے ذریعے ان کی پروسیسنگ کرتی ہے۔ ایس آر ایل پاکستان میں ریشیل آؤٹ لیٹس اور آن لائن اسٹورز کے ذریعے آپریٹ کرتی ہے۔ ایس آر ایل کے اس وقت ملک بھر میں 49 ریشیل آؤٹ لیٹس ہیں۔

ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی 57.125 فیصد ملکیت سفار ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو چھ مہینے سندھ میں 150 ایم ڈبلیو کے تین پروجیکٹ چلا رہی ہے۔ پراجیکٹ حسب ذیل صنعتوں میں عملدرآمد میں مصروف ہیں اور اطمینان بخش نتائج کے حامل ہیں۔

سفار انٹرنیشنل اے پی ایس

سفار انٹرنیشنل اے پی ایس، سفار ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ لائسنسڈ کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کیلئے قائم کیا گیا ہے۔

ڈیزائن ٹیکس ایس ایم سی - پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی - پرائیویٹ لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے بطور ایس ایم سی پرائیویٹ کمپنی قائم کیا گیا۔ یہ کمپنی مکمل طور پر ملکیتی سفار ریشیل لمیٹڈ کی ذیلی کمپنی ہے جبکہ سفار ریشیل لمیٹڈ، سفار ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفار ریشیل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفار ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جسے ریشیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے خود تشخیصی بنیادوں پر اپنی کارکردگی کا جائزہ لینے کیلئے ایک موثر میکانزم قائم کیا ہے۔ بورڈ کمپنی کی ترقی اور کارکردگی کو بہتر بنانے کیلئے قابل قدر رہنمائی فراہم کرتا ہے اور موثر کارپوریٹ گورننس کو یقینی بناتا ہے۔

اظہار تشکر

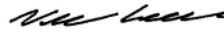
کمپنی کی انتظامیہ بورڈ آف ڈائریکٹرز، ریگولیٹری حکام، حصص یافتگان، صارفین، مالی اداروں، سپلائرز کی معاونت اور ملازمین اور ورکرز کی لگن اور انتھک محنت کیلئے ان سے داد تحسین کا اظہار کرتی ہے۔

منجانب بورڈ



محمد عبداللہ

چیئر مین / ڈائریکٹر



ندیم عبداللہ

چیف ایگزیکٹو

لاہور

26 ستمبر، 2024

ضابطہ اخلاق

کمپنی کے ہر ڈائریکٹر اور ملازم کو ضابطہ اخلاق اور ان پر عمل درآمد سے متعلق آگاہ کیا گیا ہے۔

متعلقہ پارٹی کے ساتھ لین دین

کمپنی اسٹاک ایکس چینج آف پاکستان کے لسٹنگ ریگولیشنز میں درج بہترین طریقوں کے مطابق ٹرانسفر پرائسنگ کے اصولوں کی مکمل پاسداری کرتی ہے۔ متعلقہ پارٹیوں کے ساتھ تمام لین دین قیمتوں کے قابل موازنہ ان کنٹرولڈ طریقہ کار کے مطابق معمول کی قیمت پر انجام دیا۔

سال کے دوران کمپنی نے متعلقہ پارٹیوں کے ساتھ لین دین کیا۔ ان لین دین کی تفصیلات غیر مربوط مالی گوشواروں کے نوٹ 44 میں بیان کی گئی ہے۔

متعلقہ پارٹیوں کے اہم لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں۔ بورڈ آڈٹ کمیٹی کی سفارش پر انہیں نظر ثانی اور منظوری کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے تاکہ ریگولیٹری تقاضوں کے مطابق عمل کیا جاسکے۔

کارپوریٹ کی سماجی ذمہ داری

کمپنی کمیونٹی کی فلاح و بہبود کے حوالے سے اپنی ذمہ داری پر مضبوط یقین رکھتی ہے۔ کمپنی نے تعلیم، صحت اور ماحولیاتی کے تحفظ کے شعبوں میں مختلف اقدامات اٹھائے ہیں۔

کمپنی کی اقوام متحدہ گلوبل کمپیکٹ پروگرام میں بھرپور شرکت ہے۔ ہم عالمی پائیدار ترقی کے اہداف (ایس ڈی جیز) پر عمل درآمد کرتے ہوئے اقوام متحدہ کے وژن 2030 کے مطابق کام کر رہے ہیں۔ ہم اقوام متحدہ گلوبل کمپیکٹ (یو این جی سی) کے اصولوں سے ہم آہنگ شراکت داریوں کے فروغ کیلئے پرعزم ہیں۔ ہم ذمہ داری کے ساتھ اقوام متحدہ کے پائیدار ترقی کے اہداف (یو این ایس ڈی جیز) میں کردار ادا کرتے ہوئے کاربن کے زیرِ اخراج کے حصول کیلئے کوشاں ہیں۔ ان شراکت داریوں کے ذریعے ہم اپنے جیسے اداروں کے ساتھ طاقتوں اور وسائل کو یکجا کرنا چاہتے ہیں تاکہ موسمیاتی تبدیلی اور پائیدار ترقی کے چیلنجز سے نمونہ آزا ہونے کے ساتھ ساتھ ہماری کمپنی اور عالمی برادری کے لئے مثبت اثرات مرتب ہو سکیں۔ سال کے دوران کمپنی نے صحت، تعلیم اور سماجی بہبود کے منصوبوں کیلئے فراخ دلی سے عطیات دیے جو مالی گوشواروں کے نوٹ 37 میں بیان ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام میں ریٹائر ہو جائیں گے اور انہیں اہلیت کی بنا پر خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارش پر میسرز شائن ونگ حمید چوہدری، چارٹرڈ اکاؤنٹنٹس 30 جون، 2025 کو ختم ہونے والے سال کیلئے کمپنی کے بیرونی آڈیٹرز کے طور پر مقرر کرنے کی تجویز دیتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

30 جون، 2024 تک کمپنی کے شیئر ہولڈنگ کا پیٹرن منسلک ہے۔ یہ بیان کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے مطابق تیار کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ اراکین کے معاوضہ تعین بورڈ خود کرتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے تعین کے فیصلہ میں شامل نہ ہو۔ کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرتی تاہم اجلاسوں میں شرکت کیلئے انہیں فیس دی جاتی ہے۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضہ کی تفصیلات مالی گوشواروں کے نوٹ 43 میں بیان کی گئی ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر بیان

بورڈ آف ڈائریکٹرز وقتاً فوقتاً کمپنی کی اسٹریٹجک سمت کا جائزہ لیتے ہیں۔ کمپنی کے کاروباری منصوبے اور اہداف چیف ایگزیکٹو کی طرف سے طے کیے جاتے ہیں جن کا بورڈ کی طرف سے جائزہ لیا جاتا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کیلئے پرعزم ہے۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کا جائزہ لیا اور اس بات کی تصدیق کی کہ (اے) کمپنی کے مالی گوشوارے معنوں کمینیز ایکٹ 2017 کے مطابق تیار کئے گئے ہیں جو کمپنی کے امور کار، اس کی کی سرگرمیوں کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(بی) کمپنی کے حساب کتاب کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔

(سی) مالیاتی گوشواروں اور اکاؤنٹنگ کے اندازوں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

(ڈی) مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر اے)، جہاں تک وہ پاکستان میں قابل اطلاق ہیں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کو مناسب انداز میں ظاہر اور واضح کیا گیا ہے۔

(ای) انٹرئل کنٹرولز کے سسٹم کا بورڈ کی آڈٹ کمیٹی کی طرف سے مسلسل جائزہ لیا جاتا ہے جسے موثر انداز میں نافذ کیا گیا ہے۔ سسٹم کو مزید بہتر بنانے کیلئے جائزہ اور نگرانی کا عمل جاری ہے۔

(ایف) ٹیکسوں، ڈیوٹیز، لیویز اور چارجز کی مد میں ادائیگی کے حوالے سے تمام واجبات فراہم کئے گئے ہیں اور معمول کے مطابق ادا کئے جائیں گے یا جہاں دعویٰ کو قرض کے طور پر تسلیم نہیں کیا گیا، اسے اکاؤنٹس کے نوٹس میں مشروط واجبات کے طور پر ظاہر کیا گیا ہے۔

(جی) جاری خدشات کے تناظر میں کمپنی کی کاروبار کو جاری رکھنے کی اہلیت پر کوئی شک و شبہات نہیں ہے۔

(ایچ) کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کی مادی روگردانی نہیں کی گئی۔

(آئی) اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ لف ہے

(جے) کمپنی اپنے اہل ملازمین کیلئے ایمپلائی پروویڈنٹ فنڈ قائم کیا ہے۔ 30 جون 2024 تک فنڈ کی سرمایہ کاری کی مالیت 795 ملین روپے ہے۔

(کے) ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں مندرجہ ذیل منتقلی کی گئی۔

21,865

عبداللہ نے محمد یوسف سے بطور تحفہ حصص وصول کیے

7,791

عام عبداللہ نے شمشاد بیگم سے بطور تحفہ حصص وصول کئے

7,791

ندیم عبداللہ نے شمشاد بیگم سے بطور تحفہ حصص وصول کئے

31,164

شمشاد بیگم کی طرف سے اپنے بیٹوں اور پوتوں کو تحفہ میں دیئے گئے حصص

نام	عہدہ	اجلاس میں شرکت کی تعداد
جناب عمر عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب محمد عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شاہد عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب یوسف عبداللہ	نان آزاد ڈائریکٹر	3
جناب شاہد شفیق	آزاد ڈائریکٹر	4
محترمہ مسمومہ زہرا مجید	آزاد ڈائریکٹر	3
جناب مرزا سلیم بیگ	آزاد ڈائریکٹر	4

آڈٹ کمیٹی

آڈٹ کمیٹی کے سال کے دوران 14 اجلاس منعقد ہوئے۔ ہر رکن کی شرکت کی تفصیل درج ذیل ہیں

نام	اجلاسوں کی تعداد
جناب مرزا سلیم بیگ	4
جناب عامر عبداللہ	4
جناب یوسف عبداللہ	3
جناب شاہد شفیق	4

انسانی وسائل و معاوضہ کمیٹی

انسانی وسائل و معاوضہ کمیٹی کا سال کے دوران ایک اجلاس منعقد ہوا۔ اجلاس میں ہر ڈائریکٹر کی شرکت کی تفصیل درج ذیل ہے۔

نام	اجلاسوں کی تعداد
محترمہ مسمومہ زہرا مجید	1
جناب ندیم عبداللہ	1
جناب نیل عبداللہ	1
جناب عمر عبداللہ	1
جناب شاہد شفیق	1

6۔ سفار رینل اسٹیٹ (پرائیویٹ) لمیٹڈ

سفار رینل اسٹیٹ (پرائیویٹ) لمیٹڈ مکمل طور پر سفار ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی کمپنی ہے جسے رینل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کیلئے قائم کیا گیا ہے۔

7۔ سفار کیمیکلز (پرائیویٹ) لمیٹڈ

سفار کیمیکلز (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے کیمیکل مصنوعات کی تیاری اور فروخت کے مقصد کیلئے قائم کیا گیا ہے۔ کمپنی کا 220,000 ٹن سالانہ گنجائش کی حامل سوڈ الیش مینوفیکچرنگ فیکٹری کے قیام کیلئے مشینری سپلائرز اور مالیاتی اداروں کے ساتھ بات چیت کا عمل جاری ہے۔

8۔ سفار گرین انرجی (پرائیویٹ) لمیٹڈ

سفار گرین انرجی (پرائیویٹ) لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے 2023 کے دوران قائم کیا گیا۔ کمپنی کا مقصد قابل تجدید انرجی منصوبوں میں سرمایہ کاری کرنا ہے۔

9۔ سفار ریشل انٹرنیشنل لمیٹڈ

سفار ریشل انٹرنیشنل لمیٹڈ مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے برطانیہ میں ٹیکسٹائل ریشل آپریشنز کے مقصد کے ساتھ رواں سال قائم کیا گیا۔

10۔ سفار ریشل ٹریڈنگ ون پرسن کمپنی ایل ایل سی

سفار ریشل ٹریڈنگ ون پرسن کمپنی ایل ایل سی مکمل طور پر ملکیتی ذیلی کمپنی ہے جسے متحدہ عرب امارات میں ٹیکسٹائل ریشل آپریشنز کے مقصد کے ساتھ رواں سال کے دوران قائم کیا گیا۔

11۔ کریک پراپرٹیز (پرائیویٹ) لمیٹڈ

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ سفار رینل اسٹیٹ (پرائیویٹ) 65 فیصد حصص کی مالک ہے جو سفار ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ذیلی کمپنی ہے۔ کمپنی کی بنیادی کاروباری سرگرمی رینل اسٹیٹ منصوبوں کی مارکیٹنگ اور تعمیر شامل ہے۔

سال کے اختتام کے بعد قائم کردہ ذیلی کمپنی

سال کے اختتام کے بعد کمپنی نے ”ریاست ہائے متحدہ امریکہ میں مکمل طور پر ملکیتی کمپنی“ سفار ریشل یو ایس کارپوریشن قائم کی جس کا مقصد ٹیکسٹائل ریشل آپریشنز کو دیکھنا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 13 ایگزیکٹو ڈائریکٹرز، 4 نان ایگزیکٹو ڈائریکٹرز اور 3 آزاد ڈائریکٹرز پر مشتمل ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاس میں شرکت کی تفصیلات درج ذیل ہیں

نام	عہدہ	اجلاس میں شرکت کی تعداد
جناب ندیم عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب نبیل عبداللہ	ایگزیکٹو ڈائریکٹر	3

مستقبل کی پیش بینی

ٹیکسٹائل سیکٹر عالمی کساد بازاری کے باعث دباؤ کا شکار ہے۔ پاکستان میں مصنوعات کی تیاری کی بہت زیادہ لاگت کے باعث ہماری مصنوعات کو عالمی مارکیٹ میں شدید مسابقت کا سامنا ہے۔ ایکسپورٹ فیسیلیٹیشن اسکیم (ای ایف ایس) کے تحت مقامی سپلائی پر زیوریننگ کا خاتمہ، برآمدات پر انکم ٹیکس و دہولڈنگ میں اضافہ اور ٹیکس کے نظام کو فائل ٹیکس سے نارمل ٹیکس میں تبدیل کرنے جیسے حالیہ بجٹ اقدامات سے انڈسٹری کیلئے مسابقتی ماحول پر مزید منفی اثرات مرتب ہوں گے تاہم اسٹیٹ بینک کی طرف سے شرح سود میں کمی سے لاگت کے دباؤ کو کم کرنے میں مدد ملے گی۔

انتظامیہ کمپنی کے متنوع کاروباری آپریشنز کے باعث موجودہ مسابقتی ماحول میں پائیدار منافع کے حصول کیلئے پرامید ہے۔

سفارٹ ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں 11 ذیلی کمپنیاں ہیں جن میں سے 8 کمپنیوں کی 100 فیصد ملکیت سفارٹ ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ ہر ذیلی کمپنی کا مختصر تعریف درج ذیل ہے۔

1۔ سفارٹ وڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفارٹ ٹیکسٹائل ملز لمیٹڈ کے پاس ہے اور 30 فیصد کا مالک بینک الفلاح لمیٹڈ ہے۔ کمپنی نے چھمپیر سندھ میں 152.80 ایم ڈبلیو گنجائش کا ایک وڈ فارم قائم کیا ہے جس نے نومبر 2015ء میں کمرشل آپریشنز کا آغاز کر دیا ہے۔ پراجیکٹ حسب ذیل بہترین کارکردگی کے ساتھ اطمینان بخش نتائج کا حامل ہے۔

2۔ سفارٹ ریٹیل لمیٹڈ

سفارٹ ریٹیل لمیٹڈ (ایس آر ایل) سفارٹ ٹیکسٹائل ملز لمیٹڈ کا ملکیتی ذیلی ادارہ ہے جس کی بنیادی کاروباری سرگرمی ”سفارٹ“ برانڈز کے ملبوسات اور دیگر مصنوعات کو فروخت کرنا ہے۔ کمپنی بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت سے متعلق کاروبار کے علاوہ ٹیکسٹائل مصنوعات اور دیگر متعلقہ اشیاء کی خرید و فروخت، درآمد، برآمد اور بیرونی مینوفیکچرنگ سہولیات کے ذریعے ان کی پروسیسنگ کرتی ہے۔ ایس آر ایل پاکستان میں ریٹیل آؤٹ لیٹس اور ای اسٹورز کے ذریعے آپریٹ کرتی ہے۔ ایس آر ایل کے اس وقت ملک بھر میں 49 ریٹیل آؤٹ لیٹس ہیں۔

3۔ ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کی 57.125 فیصد ملکیت سفارٹ ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کو پاکستانی قوانین کے مطابق قائم کیا گیا جو چھمپیر سندھ میں 50 میگا واٹ کے تین پروجیکٹ چلا رہی ہے۔ تینوں پراجیکٹس نے ستمبر 2018ء میں کمرشل آپریشن کا میانی سے آغاز کر دیا ہے۔

4۔ سفارٹ انٹرنیشنل اے پی ایس

سفارٹ انٹرنیشنل اے پی ایس، سفارٹ ٹیکسٹائل ملز لمیٹڈ کی ملکیتی ذیلی اور لمیٹڈ لائسنس کمپنی ہے جسے ڈنمارک میں برآمدات کو مضبوط بنانے کیلئے قائم کیا گیا۔

5۔ ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی۔ پرائیویٹ لمیٹڈ کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے بطور ایس ایم سی پرائیویٹ کمپنی قائم کیا گیا۔ یہ کمپنی مکمل طور پر ملکیتی سفارٹ ریٹیل لمیٹڈ کی ذیلی کمپنی ہے جبکہ سفارٹ ریٹیل لمیٹڈ، سفارٹ ٹیکسٹائل ملز لمیٹڈ کی مکمل طور پر ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی کاروبار ٹیکسٹائل اور متعلقہ مصنوعات کی تیاری ہے۔

منافع کا تصرف

روپے 000' میں	
6,844,998	قبل از ٹیکس منافع
(1,671,261)	ٹیکسیشن کی ادائیگی
5,173,737	بعد از ٹیکس منافع
(60,935)	عملے کی ریٹائرمنٹ کے فوائد کے دوبارہ حساب کتاب پر حقیقی نقصان۔ موثر ٹیکس صافی
(1,306,133)	منصفانہ قدر پر ایکویٹی کی فروخت پر نقصان
29,412,164	آگے بڑھتا ہوا غیر خرچ شدہ منافع
33,218,833	
	تصرفات
(216,898)	30 جون 2023 کو ختم ہونے والے سال کیلئے حتمی منافع منقسمہ (100 فیصد یعنی فی حصص 10 روپے)
33,001,935	آگے بڑھتا ہوا غیر خرچ شدہ منافع
	بعد کے اثرات
(216,898)	30 جون 2024 کو ختم ہونے والے سال کیلئے حتمی منافع منقسمہ (100 فیصد یعنی فی حصص 10 روپے)
(29,400,000)	پیداواری صلاحیت میں اضافہ اور طویل مدتی سرمایہ کاریوں کے عوض کیپٹل ریزرو میں غیر خرچ شدہ منافع کی منتقلی
3,385,037	آگے بڑھتا ہوا غیر خرچ شدہ منافع

فی حصص آمدن

30 جون 2024 کو ختم ہونے والے سال کیلئے فی حصص آمدن 30 جون 2023 کے 151.74 روپے کے مقابلے میں 238.53 روپے رہی۔

بعد کے اثرات

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کیلئے 100 فیصد یعنی فی حصص 10 روپے نقد منافع منقسمہ کی تجویز کرنے میں خوشی محسوس کرتے ہیں۔ (30 جون 2023: 100 فیصد)

ذخائر کی منتقلی

بورڈ آف ڈائریکٹرز نے 26 ستمبر 2024 کو منعقد اپنے اجلاس میں پیداوار صلاحیت میں توسیع اور طویل مدتی سرمایہ کاری کیلئے ذخائر قائم کرنے کی منظوری دی جس کیلئے عمومی ذخائر اور غیر تصرف شدہ منافع میں سے 30.730 بلین روپے اس ذخائر میں منتقل کئے گئے۔ 30 جون 2024 کو ختم ہونے والے سال کیلئے مالی گوشواروں میں یہ اختیاص شامل نہیں جسے 30 جون 2025 کو ختم ہونے والے سال کیلئے غیر مربوط مالی گوشواروں میں شامل کیا جائے گا۔

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

سفارشی ٹیکسٹائل ملز لمیٹڈ

سال مختتمہ: 30 جون 2024ء

ڈائریکٹرز رپورٹ برائے حصص یافتگان کمپنی کے ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے سال کیلئے اپنی رپورٹ کے ہمراہ کمپنی کے آڈٹ شدہ مالی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

مالی کارکردگی کا جائزہ

اہم مالی اعداد و شمار کا خلاصہ درج ذیل ہیں

2023	2024	
روپے '000 میں		
72,837,269	82,399,262	خالص آمدن
10,369,684	11,062,973	مجموعی منافع
9,384,894	13,240,037	آپریٹنگ سے حاصل منافع
2,453,961	5,895,060	دیگر آمدن
(4,683,561)	(6,395,038)	مالی لاگت
4,701,333	6,844,998	قبل از ٹیکس منافع
3,291,173	5,173,737	بعد از ٹیکس منافع

کمپنی کی خالص آمدن 72.837 بلین روپے سے بڑھ کر 82.399 بلین روپے ہو گئی جس کی بنیادی وجہ ویلیو ایڈڈ مصنوعات کی فروخت کے حجم اور قیمت فروخت میں اضافہ ہے۔ فروخت کے تناسب کے طور پر مجموعی منافع گزشتہ سال کے 14.24 فیصد کے مقابلے میں 13.43 فیصد رہا۔ لاگتوں بالخصوص توانائی کی لاگت کے باعث مجموعی منافع دباؤ کو شکا رہا۔ سال کے دوران سود کی بلند شرح کی وجہ سے کمپنی کی مالی لاگت گزشتہ سال کے 4.684 بلین روپے سے بڑھ کر 6.395 بلین روپے ہو گئی۔

بعد از ٹیکس منافع گزشتہ سال کے 3.291 بلین روپے کے مقابلے میں بڑھ کر 5.173 بلین روپے ہو گیا۔ سال کے دوران کمپنی کا سرمایہ کاریوں سے حاصل بہتر منافع منقسمہ رواں سال کے منافع میں اضافہ کا باعث بنا۔

چیرمین کی طرف سے جائزہ رپورٹ

گورننس

سفائر ٹیکسٹائل ملز لمیٹڈ کی طرف سے قائم کردہ گورننس فریم ورک کارپوریٹ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے درمیان اعتماد کے فروغ کیلئے اہمیت کا حامل ہے۔ ہمارا گورننس کا ڈھانچہ قانونی اور ریگولیٹری تقاضوں سے ہم آہنگ بنانے کیلئے بڑی احتیاط کے ساتھ تیار کیا گیا جس سے ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو موثر انداز سے نمٹنے میں مدد ملی۔ ہمارا فریم ورک پاکستانی قوانین بالخصوص کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ساتھ ساتھ پاکستان اسٹاک ایکس چینج پر لسٹڈ اداروں سے متعلق دیگر قانونی اور ریگولیٹری تقاضوں پر قائم کیا گیا۔ ان قوانین کے ساتھ تعمیل پر کاربند رہنے کیلئے کمپنی نے ایک قابل اور جانفشانی سے کام کرنے والی ٹیم بنائی ہے جو جامع ضابطہ اخلاق، وسل بلونگ کی پالیسی، کاروباری اخلاقیات کے ضابطہ پر عمل درآمد کیلئے دیگر ضروری اقدامات اٹھا رہی ہے۔

30 جون، 2024 کو ختم ہونے والا سال بورڈ کی کارکردگی اور کمپنی کے امور کو موثر انداز سے چلانے کے حوالے سے اطمینان بخش رہا۔ کارکردگی کا مذکورہ تجزیہ ادارے کے نصب العین، مشن اور اقدار، اسٹریٹجک منصوبہ بندی، پالیسی کی تشکیل، کاروباری آپریشنز کی نگرانی، مالی وسائل کا انتظام، ملازمین کے ساتھ مساوی سلوک اور بورڈ کی ذمہ داریوں کو انجام دینے میں مجموعی کارکردگی جیسے اہم عوامل کے تفصیلی جائزہ سے حاصل ہوا ہے

معاشی محاذ

مالی سال 2023-24 کیلئے معاشی منظر نامہ مسلسل چیلنجز کا شکار رہا ہے جس میں افراط زر کی بلند شرح، ٹیکسوں اور قرض کی لاگتوں میں اضافہ شامل ہے۔ ان مشکلات کے باوجود سخت زری اقدامات، مالی پالیسیوں کے نفاذ اور زرعی شعبہ کی بہتر کارکردگی اور کرنسی کے استحکام نے افراط زر کی موجودہ سطح میں اہم کردار ادا کیا۔ اس کے علاوہ حکومت پالیسی ریٹ میں کمی کرنے میں رضامند نظر آتی ہے جس سے اقتصادی سرگرمی کی تدریج بحالی میں مدد مل سکتی ہے۔

پیداواری لاگت میں مسلسل اضافہ انڈسٹری کیلئے ایک چیلنج ہے۔ کمپنی کی انتظامیہ پائیدار منافع کے حصول کیلئے ایکسپورٹ مارکیٹ میں اسٹریٹجک اتحاد قائم کرنے اور جدید مصنوعات کی تیار پر توجہ مرکوز کئے ہوئے ہے۔ توقع ہے کہ کمپنی کا سرمایہ کاری پورٹ فولیو بھی منافع کے تناظر میں مثبت حصہ ڈالے گا۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی طرف سے میں حصص یافتگان، صارفین اور ملازمین سے ان کے مسلسل اعتماد اور معاونت پر اظہار تشکر کرتا ہوں۔ میں بورڈ آف ڈائریکٹرز کی مستقل قیادت اور کمپنی کی مسلسل ترقی میں ان کے قیمتی کردار اور محنت کو بھی تسلیم کرتا ہوں۔



محمد عبداللہ

چیرمین

لاہور

26 ستمبر 2024

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