Sapphire



ANNUAL REPORT 2022

Sapphire Fibres Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman
Mr. Yousuf Abdullah

Chief Executive
Mr. Shahid Abdullah

Director
Mr. Nadeem Abdullah
Mr. Amer Abdullah
Mr. Shayan Abdullah
Mr. Abdul Sattar

Independent Director
Mr. Tajammal Husain Bokharee
Mr. Nadeem Arshad Elahi
Dr. Marium Chughtai

Audit Committee
Mr. Nadeem Arshad Elahi – Chairman
Mr. Shayan Abdullah – Member
Mr. Yousuf Abdullah – Member
Mr. Tajammal Husain Bokhree – Member

Human Resource and Remuneration Committee
Mr. Tajammal Husain Bokhree – Chairman
Mr. Yousuf Abdullah – Member
Mr. Shahid Abdullah – Member
Mr. Shayan Abdullah – Member

Chief Financial Officer
Mr. Jawwad Faisal

Secretary
Mr. Rameez Ghausi



Auditors
Shinewing Hameed Chaudhri & Company
Chartered Accountants

Tax Consultants
Yousuf Adil, Chartered Accountants

Legal Advisor
Hassan & Hassan Advocates

Bankers
Allied Bank Limited
Bank Alfalah Limited
MCB Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Askari Bank Limited
Bank Al Habib Limited
National Bank of Pakistan
The Bank of Khyber

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

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

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

Mills
Spinning Units
10 KM, Sheikhupura Faisalabad Road, Kharianwala District Sheikhupura
26 KM, Sheikhupura Faisalabad Road, Ferozewattuan District Sheikhupura

Fabric Knitting Unit
7 KM, Warburton Road, Ferozewattuan District Sheikhupura

Fabric Dyeing and Denim Units
3.5 Km, Raiwind Manga Road, Raiwind

DIRECTORS PROFILE



YOUSUF ABDULLAH
Chairman

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

SHAHID ABDULLAH
Chief Executive Officer

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

NADEEM ABDULLAH
Director

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 16 years and is also a director in other group companies. He graduated from McGill University Canada. He is serving as Chief Executive Officer of company's subsidiaries in the renewable energy segment.
Mr. Nadeem contributed to Company's growth in terms of diversification in the value-added segment including retail and renewable energy. He has vast experience of business establishment and management. He led the business growth of the organization, introduced new product lines and managed the development of many value-added products. He was involved in the development of the group's textile operations, which provided him an in-depth understanding of the business. Mr. Nadeem has expertise in multiple disciplines including sales and marketing, supply chain management, product development and management etc.

AMER ABDULLAH
Director

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

SHAYAN ABDULLAH
Director

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

NADEEM ARSHAD ELAHI
Director

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

ABDUL SATTAR
Director

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

TAJAMMAL HUSAIN BOKHAREE
Director

Mr. Tajammal Husain Bokharee is graduate from the University of Punjab. He is fellow of the institute of Bankers, Pakistan and associate of the Chartered Institute of Bankers, London. He has Vast Experience of Banking Sector. He served as Director of various companies and bank.

MARIAM CHUGHTAI
Director

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

OUR VISION

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

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

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



OUR MISSION

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

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

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



NOTICE OF THE **ANNUAL GENERAL MEETING**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 43rd Annual General Meeting of SAPPHIRE FIBRES LIMITED will be held at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi on Wednesday the 26th day of October 2022 at 02:30 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last Annual General Meeting.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2022 together with the Chairman's Review, Directors' and Auditors' Report thereon.

3. To approve final dividend for the year ended June 30, 2022.
4. To appoint auditors for the year ending 30th June 2023 and fix their remuneration. The present Auditors, M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.

Special Business

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

(i) **"RESOLVED THAT** the related parties' transactions conducted during the year as disclosed in the note 40 of the unconsolidated financial statements for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed."

(ii)"**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case-to-case basis during the financial year ending June 30, 2023.

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

Any other Business

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

(Attached to this Notice is a Statement of Material Facts covering the above- mentioned Special Business, as required under section 134(3) of the Companies Act, 2017).

By Order of the Board



Rameez Ghausi
Company Secretary

Karachi
26 September 2022

NOTE

1) Closure of share transfer books:
Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 20th October 2022 to 26th October 2022 (both days inclusive). Transfers received in order, by THK Associates (Private) Limited, plot No. 32-C, Jami Commercial Street 2, D.H.A, Phase-VII, Karachi, up to 19th October 2022 will be entitled to attend and vote at the meeting.

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2) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend, speak and vote. An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further, copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's
website: www.sapphire.com.pk/sfl

In order to comply with the requirement of circular4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the video conference facility for those shareholders who are interested to participate virtually in the AGM.

Special arrangement for attending the AGM through electronic means will be as under:

a. AGM will be held through Zoom application – a video link facility.

b. Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for SFL AGM" at the earliest but not later than 5:00 pm Monday, October 24, 2022 on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

Shareholders 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 shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders 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.

3) Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

4) Change in address: Any change of address of members should be immediately notified to the company's share registrars, THK Associates (Private) Limited, plot No. 32-C, Jami Commercial Street 2, D.H.A, Phase-VII, Karachi.

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

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

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

6) Pursuant to Notification vide SRO. 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.sapphire.com.pk/sfl. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address. The Financial Statements of the company for the year ended June 30, 2022 are also available on the company's website.

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

1. Persons appearing in Active Tax Payers List (ATL) 15%

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

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

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

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

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

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder(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 Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

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

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

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

The shareholder having physical shares are encouraged to open the CDC sub- account with any of the brokers or Investor Account directly with CDC to place their physical certificates into scrip less form.

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

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim

Forms must be submitted to the Company's Shares Registrar for receipt of such dividend/shares.

10. In compliance with regulatory directives issued from time to time, members who have not yet submitted copy of their valid CNIC/NTN are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.

11. Members can exercise their right to demand a poll subject to meeting requirements of section 143- 145 of the Companies Act 2017 and applicable clause of the Companies (Post Ballot) Regulations, 2018.

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2017

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

Material Changes in Financial Statements of Associated Company

Triconboston Consulting Corporation (Private) Limited

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating 3 projects having capacity of 49.735 MW each in Jhimpir Sindh. The company 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 and following best industry practice and is yielding satisfactory results.

	Financial Year Ended June 30, 2022	Financial Year Ended June 30, 2021	Financial Year Ended June 30, 2017
Net Sales	11,814,570,375	9,203,400,224	-
Gross Profit / (Loss)	8,361,189,562	5,844,000,975	(93,798,217)
Profit / (Loss) Before Tax	6,608,971,350	4,146,851,260	(94,039,713)
Profit / (Loss) After Tax	6,576,681,639	4,120,734,125	(95,055,582)

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

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

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

All transactions with related parties to be ratified have been disclosed in the note 40 to the unconsolidated financial statements for the year ended June 30, 2022.

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

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

The nature of relationship with these related parties has also been indicated in note 40 to the unconsolidated financial statements for the year ended June 30, 2022.

2. Item Number 5(ii) of the notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2023.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary /associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending June 30, 2023 and such transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.







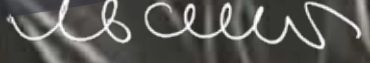



REVIEW REPORT BY THE CHAIRMAN

The Board is performing its duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **Sapphire Fibres Limited** is cownducted. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness have been assessed as satisfactory. The performance is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective scal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. I would also like to extend my acknowledgement and gratefulness towards the board for their positive contribution and continuous commitment.

Sapphire Fibres Limited complies with all the requirements set out in the law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committee meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the nonexecutive and independent directors are equally involved in important decisions of the board.



Yousuf Abdullah
Chairman

Lahore
September 26, 2022

چیئرمین
کی جائزہ رپورٹ

بورڈ اپنے فرائض کو قانون کے مطابق اور کمپنی اور اس کے حصہ داروں کے بہترین مفاد میں انجام دے رہا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت درکار سفائر فائبرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی گئی ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور نتائج کمپنی کے مقاصد قائم کرنے کے تناظر میں پیمائش اور توقعات کے خلاف بینچ مارک ہیں۔

30 جون 2022 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور نتائج کو اطمینان بخش قرار دیا گیا ہے۔ یہ نقطہ نظر، مشن اور اقدار، اسٹریٹجک پلاننگ میں مصروفیت؛ پالیسیوں کی تشکیل؛ تنظیم کی کاروباری سرگرمیوں کی نگرانی؛ مالی وسائل مینجمنٹ کی نگرانی؛ مؤثر مالی نگرانی؛ بورڈ کے کاروبار کی انجام دہی میں تمام ملازمین اور کارکردگی کے منصفانہ ٹریٹمنٹ سمیت لازمی اجزاء کی تشخیص پر مبنی ہے۔ میں بورڈ کی جانب سے ان کی مثبت شراکت اور مسلسل وابستگی کا اعتراف اور شکر گزار ہوں۔

سفائر فائبرز لمیٹڈ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہء کار اور اجلاسوں کے حوالہ سے قانون میں متعین تمام ریکوائرمنٹس پر عمل کرتی ہے۔ ضروری بورڈ ایجنڈا اور متعلقہ معاون دستاویزات بورڈ اور اس کی کمیٹی کے اجلاسوں سے قبل مناسب وقت پر بورڈ کو مہیا کی گئیں۔ بورڈ نے اپنے تمام اختیارات کو متعلقہ قوانین اور ریگولیشن کے مطابق استعمال کیا ہے اور نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں مساوی کے شریک ہوتے ہیں۔

یوسف عبداللہ
چیئرمین

لاہور
مورخہ: 26 ستمبر 2022ء

DIRECTORS' REPORT TO THE SHAREHOLDERS



DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report of your Company together with the audited financial statements for the year ended 30 June 2022.

	2022	2021
	Rupees in '000	
Profit before taxation	7,053,551	2,673,795
Less: Taxation	(838,099)	(400,230)
Profit after taxation	6,215,452	2,273,565
Other Comprehensive gain / (Loss)	1,488	4,891
Add: Un-appropriated profit brought forward	15,116,736	13,044,999
Subsequent Effects	(206,719)	(206,719)
Final cash dividend for the year	21,126,957	15,116,736

FINANCIAL PERFORMANCE

During the year under review, your Company recorded sales of Rs. 43.64 billion compared to Rs. 27.53 billion during last year; manifesting a significant increase of 58.5%. The gross profit as a percentage of sales also witnessed substantial improvement from 14.3% during last year to 23.6% in this year. Whereas, profit after tax increase from last year's 8.3% to 14.2% of sales for the financial year.

The Company earned profit after tax of Rs. 6.22 billion during the year compared to Rs. 2.27 billion posted in the corresponding year; an increase of 173.4%, mainly attributable to significantly improved operating performance of Spinning division.

During the year, the Company received dividend income of Rs. 1.27 billion compared to last year's Rs. 1.06 billion from investments in subsidiary companies and shares portfolio of blue-chip companies.

Earnings per Share:

The earnings per share (EPS) of current year is Rs.300.67 as compared to Rs.109.98 for the last year.

Dividend:

The Board of Directors of the company is pleased to recommend a final cash dividend @ 100% for the year ended June 30, 2022 (2021: 100%).

Future Outlook:

In last five years, your company has been able to grow at an impressive cumulative annual growth rate of 25% and shareholder returns have improved significantly during the same period.

However, Pakistan's economy is now facing numerous challenges resulting in expected slowdown of economic growth in near future. The foremost challenges include global demand cut back, steep rupee devaluation, cotton crop damage due to recent floods coupled with sharp increase in cotton prices, high inflation and higher rates of borrowing in the country.

All these factors listed above have already started affecting growth and profitability of textile companies competing in both domestic and international markets. We expect the government to take timely policy decisions to arrest this situation and mitigate the considerable downside risks to the economy.

Despite these challenging circumstances ahead, the management remains focused on maintaining our long-term competitive advantage through cost leadership and continual diversification of our markets and products.

Subsidiary Companies:

Sapphire Electric Company Limited:

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2021: 68.11%) share capital of the subsidiary.

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

Premier Cement Limited:

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 30 June 2022.

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

Sapphire Cement Company Limited:

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 30 June 2022.

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

Sapphire Hydro Limited

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

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

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 June 2022.

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

Ignite Power (Private) Limited

Ignite power (Private) Limited is a 60% owned subsidiary of Sapphire Energy (Private) Limited -SEPL which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL)

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

Sapphire Building Materials Limited - SBML

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

Sapphire Power limited – SPL

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

Related Parties:

All transactions with related parties were carried out on an arm's length basis which were in line with transfer pricing methods and the policy for related parties approved by the Board. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The internal audit function ensures that all Related Party transactions are carried out at arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 40 to unconsolidated financial statements.

Corporate Environment, Health and Social Responsibility:

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The company strongly believes in its responsibility towards community at large and has taken various steps in the area of education, health and the natural environment. Company made generous donations for health, education and social welfare projects as reported in Note no. 32 to the financial statement.

Composition of the Board and their Meetings:

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

Total Number of Directors		(a) Male	08
		(b) Female	**01**
Composition:			
(a)	Independent Directors	03 (including 01 Female Director)	
(b)	Executive Director	01	
(c)	Non-Executive Directors	05	

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

Name	Category	No of Meetings
Mr. Shahid Abdullah	Executive Director	4
Mr. Nadeem Abdullah	Non- Executive Director	4
Mr. Amer Abdullah	Non- Executive Director	3
Mr. Yousuf Abdullah	Non- Executive Director	3
Mr. Shayan Abdullah	Non- Executive Director	4
Mr. Abdul Sattar	Non- Executive Director	4
Mr. Nadeem Arshad Elahi	Independent Director	4
Mr. Tajammal Husain Bokharee	Independent Director	4
Ms. Mariam Chughtai	Independent Director	4

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

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

Name	No of Meetings
Mr. Nadeem Arshad Elahi - Chairman (independent)	4
Mr. Shayan Abdullah	4
Mr. Yousuf Abdullah	3
Mr. Tajammal Husain Bokharee	4

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

Mr. Tajammal Husain Bokharee	Chairman (independent)
Mr. Shahid Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Shayan Abdullah	Member

- Risk Management Committee. The committee has recently been formed and shall convene its first meeting from financial year 2022- 23. The committee comprises of following members.

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

Remuneration of Directors:

The remuneration of Directors is determined by the Company in the Board of Directors' Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non- executive directors and independent directors; however, they are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 39 to the financial statements.

Board Evaluation:

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

Statement on Corporate and Financial Reporting Frame Work:

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The company has maintained proper books of accounts.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal controls, which was in place, is being continuously reviewed by the internal audit and other such procedures. The process of review and monitoring will continue with the object to improve it further.

6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.
7. There is no doubt about the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of Corporate Governance.
9. The Company has established Management Staff Gratuity Fund for its head office employees which will gradually be applicable at mills also. The company has also introduced Employees Provident Fund for staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Gratuity and Provident Fund as on June 30, 2022 are Rs. 10 million and Rs. 162 million respectively.
10. A key summary of key operating and financial data of the Company are annexed.
11. Code of conduct has been communicated and acknowledged by each Director and employee of the Company.
12. Following trade in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children:

Gifted by Mr. Amer Abdullah to his son Mr. Tayyab Abdullah	220,457 shares
Gifted by Mrs. Ambareen Amer to her son Mr. Tayyab Abdullah	199,288 shares
Gifted by Mrs. Ambareen Amer to her son Mr. Mustafa Abdullah	400,000 shares
Gifted by Mr. Yousuf Abdullah to his son Mr. Ismael Abdullah	570,000 shares

Pattern of Shareholding:

The pattern of shareholding of the Company as at 30 June 2022 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017..

Auditors:

The present Auditors, Shinewing Hameed Chaudhri & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment. Audit Committee and Board of Directors have also recommended their appointment as auditors for the year ending 30 June 2023.

Acknowledgements:

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

FOR AND ON BEHALF OF THE BOARD

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive Officer

Lahore
Dated: September 26, 2022


Sapphire
SAPPHIRE FOODS INDIA LIMITED

کمی، روپے کی قدر میں تیزی سے کمی، حالیہ سیلاب کی وجہ سے کپاس کی فصل کو نقصان اور اجناس کی قیمتوں میں تیزی سے اضافہ، مہنگائی اور ملک میں قرض لینے کی زیادہ شرحیں شامل ہیں۔
مذکورہ بالا تمام عوامل نے پہلے ہی ملکی اور بین الاقوامی مارکیٹوں میں مقابلہ کرنے والی ٹیکسٹائل کمپنیوں کی نمو اور منافع کو متاثر کرنا شروع کر دیا ہے۔ ہم حکومت سے توقع کرتے ہیں کہ وہ اس صورتحال کو روکنے کے لیے بروقت پالیسی فیصلے اور معیشت کو درپیش منفی خطرات کو کم کرے گی۔
آگے کے ان مشکل حالات کے باوجود، انتظامیہ مسلسل مصنوعات کی تنوع اور لاگت کی قیادت کے ذریعے ہمارے طویل مدتی مسابقتی فائدہ کو برقرار رکھنے پر مرکوز ہے۔

ذیلی کمپنیاں:

سفائر الیکٹرک کمپنی لمیٹڈ:

سفائر الیکٹرک کمپنی لمیٹڈ 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت پاکستان میں ایک پبلک غیر مندرج کمپنی کی حیثیت سے قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11 فیصد (2021: 68.11 فیصد) حصص کی مالک ہے۔
ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے کمبائنڈ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

پریمیئر سیمنٹ لمیٹڈ:

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022 کے مطابق پی سی ایل کے 100 فیصد حصص کی مالک ہے۔
ضروری منظوریوں کے حوالہ سے، پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائر سیمنٹ کمپنی لمیٹڈ:

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022 کے مطابق ایس سی ایل کے 100 فیصد حصص کی مالک ہے۔
ضروری منظوریوں کے حوالہ سے، ایس سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائر ہائیڈرو لمیٹڈ:

سفائر ہائیڈرو لمیٹڈ (ایس ایچ ایل)، 07 ستمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمئی، خیبر پختونخواہ میں 682 GWh کی سالانہ انرجی جنریشن کی پوٹینشل کے ساتھ 150 میگاواٹ کی خالص صلاحیت کا حامل ہائیڈرو الیکٹرک پاور جنریشن پراجیکٹ کی تعمیر، قیام اور چلانا ہوگا۔
سفائر ہائیڈرو لمیٹڈ (ایس ایچ ایل)، سفائر الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے جو خود سفائر فائبرز لمیٹڈ کی ایک ذیلی کمپنی ہے۔

سفائر انرجی (پرائیویٹ) لمیٹڈ:

سفائر انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022 کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔
ایس ای پی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈر ٹیک، پاور پروجیکٹس کو ڈویلپ اور ایکوئٹی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مائعات، کیمیکل اینڈ پیٹرولیم مصنوعات کی ہینڈلنگ، ری گیسی فکیشن، سٹوریج، ٹریٹمنٹ اور پروسیسنگ کے لئے ٹرمینل چلانے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ:

اگنائٹ پاور (پرائیویٹ) لمیٹڈ سفائر انرجی (پرائیویٹ) لمیٹڈ - ایس ای پی ایل کا 60 فیصد ملکیتی ذیلی ادارہ ہے جو پیرنٹ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے اور 03 جولائی،

سفائر فائبرز لمیٹڈ کے ڈائریکٹرز 30 جون 2022ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں پر اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں '000'

	2022	2021
ٹیکس سے پہلے منافع	**7,053,551**	2,673,795
ٹیکس کی کمی	**(838,099)**	(400,230)
ٹیکس کے بعد منافع	**6,215,452**	2,273,565
دیگر مجموعی نقصان	**1,488**	4,891
اضافہ: غیر تصرفاتی منافع جو آگے گیا بعد کے اثرات	**15,116,736**	13,044,999
سال کے لئے مجوزہ حتمی نقد منافع منقسمہ	**(206,719)**	(206,719)
	21,126,957	**15,116,736**

مالی کارکردگی

زیر جائزہ سال کے دوران، آپ کی کمپنی نے گزشتہ سال میں 27.53 بلین روپے کے مقابلے موجودہ سال 43.64 بلین روپے فروخت حاصل کی جو 58.5 فیصد کا قابل ذکر اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے 14.3 فیصد سے بڑھ کر رواں سال کے دوران 23.6 فیصد ہوا۔ جبکہ، ٹیکس کے بعد منافع گزشتہ سال کے 8.3 فیصد سے بڑھ کر رواں سال کے دوران فروخت کا 14.2 فیصد ہوا۔

کمپنی نے گزشتہ مالی سال کے دوران درج 2.27 بلین روپے کے مقابلے موجودہ سال کے دوران 6.22 بلین روپے ٹیکس کے بعد منافع کمایا ہے، جو کہ 173.4 فیصد کا اضافہ بنیادی طور پر سپننگ کی بہتر آپریٹنگ کارکردگی کی وجہ سے ہوا ہے۔

سال کے دوران، کمپنی نے ذیلی کمپنیوں میں سرمایہ کاری اور بلیو چپ کمپنیوں کے حصص کے پورٹ فولیو سے گزشتہ سال 1.06 بلین روپے کے مقابلے میں 1.27 بلین روپے کی ڈیویڈنڈ آمدنی حاصل کی۔

فی حصص آمدنی

موجودہ سال کی فی شیئر آمدنی 300.67 (EPS) روپے ہے جو کہ پچھلے سال 109.98 روپے تھی۔

منافع منقسمہ

کمپنی کی مجلس نظماء 30 جون 2022 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 100 فیصد (100% 2021) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

مستقبل کا نقطہ نظر

پچھلے پانچ سالوں میں، آپ کی کمپنی متاثر کن 25% کی مجموعی سالانہ شرح نمو حاصل کرنے میں کامیاب رہی ہے اسی مدت کے دوران شیئر ہولڈر کے منافع میں نمایاں بہتری آئی ہے۔

تاہم، پاکستان کی معیشت کو اب بہت سے چیلنجز کا سامنا ہے جس کے نتیجے میں مستقبل قریب میں معاشی نمو کی متوقع سست روی کا سامنا ہے۔ سب سے اہم چیلنجوں میں عالمی طلب میں

ڈائریکٹرز کی کل تعداد

(ا)مرد	08
(ب)خاتون	01

تشکیل:

(ا)آزادڈائریکٹرز	03(بشمول ایک خاتون ڈائریکٹر)
(ب)ایگزیکٹوڈائریکٹرز	01
(ج)نان ایگزیکٹوڈائریکٹرز	05

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

نام	کیٹگری	اجلاسوں کی تعداد
جناب شاہد عبداللہ	ایگزیکٹوڈائریکٹر	4
جناب ندیم عبداللہ	نان ایگزیکٹوڈائریکٹر	4
جناب عامر عبداللہ	نان ایگزیکٹوڈائریکٹر	3
جناب یوسف عبداللہ	نان ایگزیکٹوڈائریکٹر	3
جناب شایان عبداللہ	نان ایگزیکٹوڈائریکٹر	4
جناب عبدالستار	نان ایگزیکٹوڈائریکٹر	4
جناب ندیم ارشدالٰہی	آزادڈائریکٹر	4
جناب تجمل حسین بخاری	آزادڈائریکٹر	4
محترمہ مریم چغتائی	آزادڈائریکٹر	4

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

آڈٹ کمیٹی

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

نام	کیٹگری	اجلاسوں کی تعداد
جناب ندیم ارشدالٰہی	چیئرمین (آزاد)	4
جناب شایان عبداللہ	رکن	4
جناب یوسف عبداللہ	رکن	3
جناب تجمل حسین بخاری	رکن	4

2019 کو کمپنیز ایکٹ، 2017 کے تحت حصص کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم کیا گیا۔ یہ شمسی توانائی نظام اور اس سے وابستہ دیگر توانائی کی مصنوعات اور خدمات کی دیگر شکلوں سمیت بجلی کے منصوبوں کو شروع، تیار کرنے کا ارادہ رکھتا ہے۔

سیفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ:

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

سیفائر بلڈنگ میٹریلز لمیٹڈ:

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

سیفائر پاور لمیٹڈ:

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

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے ساتھ تمام لین دین قابل رسائی قیمتوں کی بنیاد پر کئے گئے تھے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانسفر پرائسنگ طریقوں اور پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشن کی مکمل فہرست مرتب اور ہر سہ ماہی میں آڈٹ کمیٹی کو جمع کرائی جاتی ہے۔ داخلی آڈٹ فنکشن یقینی بناتا ہے کہ تمام متعلقہ پارٹی ٹرانزیکشنز قابل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ آڈٹ کمیٹی کے بغور جائزہ کے بعد، ان کے غور وخوض اور منظوری کے لئے ٹرانزیکشنز بورڈ کے روبرو پیش کی گئی ہیں۔ سال کے دوران، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی ہیں۔ ان ٹرانزیکشنز کی تفصیلات غیر منجمد فنانشل کے نوٹ 40 میں منکشف ہیں۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری

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

کمپنی بڑے پیمانے پر کمیونٹی کے بارے میں اپنی ذمہ داری پر پختہ یقین رکھتی ہے اور اس نے تعلیم، صحت اور قدرتی ماحول کے شعبہ میں مختلف اقدامات اٹھائے ہیں۔ کمپنی نے صحت، تعلیم اور معاشرتی بہبود کے منصوبوں کے لئے فراخدلی سے عطیہ دیا، جس کی تفصیل مالی حسابات کے نوٹ نمبر 32 میں بیان کی گئی ہے۔

بورڈ کی تشکیل اور ان کے اجلاس

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

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

9۔ کمپنی نے اپنے صدر دفتر کے ملازمین کے لئے مینجمنٹ سٹاف گریجوئٹی فنڈ قائم کیا ہے جو بتدریج ملز میں بھی لاگو ہوگا۔ کمپنی نے عملہ کے لئے ایمپلائز پراویڈنٹ فنڈ بھی متعارف کرایا ہے، پراویڈنٹ فنڈ کے ممبران گریجوئٹی فنڈ کے اہل نہیں ہیں۔30 جون 2022 کو گریجوئٹی اور پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر بالترتیب 10 ملین روپے اور162 ملین روپے ہے۔

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

11۔ کوڈ آف کنڈکٹ کو بہتر بنایا اور کمپنی کے ہر ڈائریکٹر اور ملازمین کی طرف سے تسلیم اور مطلع کیا گیا ہے۔

12۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں درج ذیل تجارت کی گئی ہے۔

جناب عامر عبداللہ نے اپنے بیٹے طیب عبداللہ کو تحفہ دیا۔	220,457 شیئرز
محترمہ عنبرین عامر نے اپنے بیٹے طیب عبداللہ کو تحفہ دیا۔	199,288 شیئرز
محترمہ عنبرین عامر نے اپنے بیٹے جناب مصطفیٰ عبداللہ کو تحفہ دیا۔	400,000 شیئرز
جناب یوسف عبداللہ نے اپنے بیٹے جناب اسماعیل عبداللہ کو تحفہ دیا۔	570,000 شیئرز

نمونہء حصص داری

30 جون 2022 کے مطابق کمپنی کا نمونہء حصص داری منسلک ہے۔ یہ سٹیٹمنٹ کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق تیار کی گئی ہے۔

محاسب کا تقرر

موجودہ محاسب شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی پیشکش بھی دے دی ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ
چیف ایگزیکٹو آفیسر

شایان عبداللہ
ڈائریکٹر

لاہور

تاریخ: 26 ستمبر 2022ء

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

سال کے دوران ہیومن ریسورس اینڈ ریمنریشن کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ایک ڈائریکٹر کی حاضری حسبِ ذیل ہے:

نام	کیٹگری
جناب تجمل حسین بخاری	چیئرمین (آزاد)
جناب شاہد عبداللہ	رکن
جناب یوسف عبداللہ	رکن
جناب شایان عبداللہ	رکن

رسک مینجمنٹ کمیٹی

مالی سال 2022-23 سے اپنی پہلی میٹنگ بلائے گی اور کمیٹی حال ہی میں تشکیل دی گئی ہے۔ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے:

جناب شاہد عبداللہ	چیئرمین
جناب شایان عبداللہ	ممبر
جناب جواد فیصل	ممبر

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کی طرف سے ڈائریکٹرز کے معاوضے کا تعین کیا جاتا ہے۔ معاوضے کا تعین مارکیٹ میں معیارات کی بنیاد پر کیا جاتا ہے اور ان کے کام کے دائرہ کار اور ڈائریکٹرز کی ذمہ داریوں میں اضافے کی روشنی میں قابلیت اور کوششوں کے مطالبات کی عکاسی کرتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں حصہ نہیں لے گا۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکیج مالی حسابات کے نوٹ نمبر 39 میں منکشف ہے۔

بورڈ کی تشخیص:

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of SAPPHIRE FIBRES LIMITED (the Company) for the year ended June 30, 2022 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, 2022.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants
Audit Engagement Partner: Osman Hameed Chaudhri

Lahore
28 September 2022
UDIN: AR202210104nKGtTBrYW

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

Name of Company SAPPHIRE FIBRES LIMITED year ended June 30, 2022.

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

    a. Male: 08
    b. Female: 01

2. The composition of the Board is as follows:

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

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

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

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

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

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

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

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

9. Out of total nine (9) Directors of the Company, eight (8) Directors meet the requirements. Five (5) Directors have already attained certification under directors training program and three (3) Directors meet the requirements of the exemption under regulation.

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

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

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

a) Audit Committee

- Mr. Nadeem Arshad Elahi (Chairman)
- Mr. Yousuf Abdullah (Member)
- Mr. Shayan Abdullah (Member)
- Mr. Tajammal Husain Bokharee (Member)

b) HR and Remuneration Committee

- Mr. Tajammal Husain Bokharee (Chairman)
- Mr. Shahid Abdullah (Member)
- Mr. Yousuf Abdullah (Member)
- Mr. Shayan Abdullah (Member)

c) Risk Management Committee (*)

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

(*) The committee has recently been formed and shall convene its first meeting from financial year 2022- 23.

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

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

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

    a) Audit Committee [Quarterly]
    b) HR and Remuneration Committee [Yearly]

15. The Board has set up an effective Internal Audit Function which is co- sourced. The Head of Internal Audit and outsourced team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

For and on behalf of the Board

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

Lahore
Dated: September 26, 2022

SIX YEARS AT A **GLANCE**

Particulars	UOM	2022	2021	2020	2019	2018	2017
Sales	Rs. (000)	43,637,517	27,531,203	22,491,619	21,750,250	17,828,047	14,465,759
Gross profit	Rs. (000)	10,287,823	3,940,602	2,824,049	2,864,697	1,825,406	974,035
Net profit before taxation	Rs. (000)	7,053,552	2,673,795	1,511,069	1,015,855	1,448,615	1,399,197
Net profit after taxation	Rs. (000)	6,215,452	2,273,565	1,125,323	759,197	1,145,072	1,139,074
Share capital	Rs. (000)	206,719	206,719	206,719	196,875	196,875	196,875
Shareholders' equity	Rs. (000)	23,368,965	18,915,479	15,888,230	15,287,207	16,283,524	17,055,008
Fixed assets - net	Rs. (000)	14,664,795	12,897,773	11,903,976	10,595,081	10,340,483	8,857,741
Total assets	Rs. (000)	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142	30,840,380
Cash dividend	%	100.00	100.00	-	80.00	120.00	65.00
RATIOS:							
Profitability Ratios							
Gross profit	%	23.58	14.31	12.56	13.17	10.24	6.73
Profit before tax	%	16.16	9.71	6.72	4.67	8.13	9.67
Profit after tax	%	14.24	8.26	5.00	3.49	6.42	7.87
Return to Shareholders							
Return on equity before tax	%	30.18	14.14	9.51	6.65	8.90	8.20
Return on equity after tax	%	26.60	12.02	7.08	4.97	7.03	6.68
Basic earning per share after tax	Rs.	300.67	109.98	55.61	36.72	58.16	57.86
Activity							
Sale to fixed assets	Times	2.98	2.13	1.89	2.05	1.72	1.63
Sale to total assets	Times	0.89	0.67	0.66	0.62	0.55	0.47
Liquidity Ratios							
Current ratio		1.39 : 1	1.21 : 1	1.06 : 1	1.01 : 1	1.12 : 1	1.29 : 1
Debt to equity ratio	Times	0.287	0.328	0.308	0.291	0.288	0.211
Total liability to equity ratio	Times	1.09	1.16	1.16	1.28	1.01	0.81
Breakup value per share	Rs. Per share	1,130.46	915.03	768.59	776.49	827.10	866.29

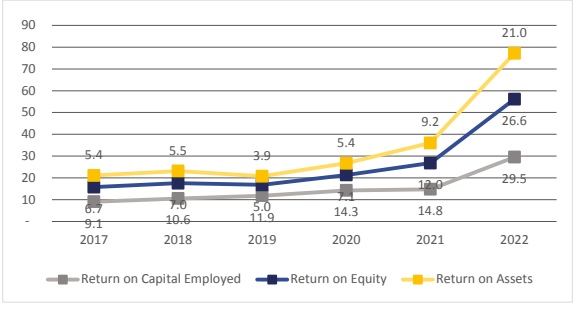
FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

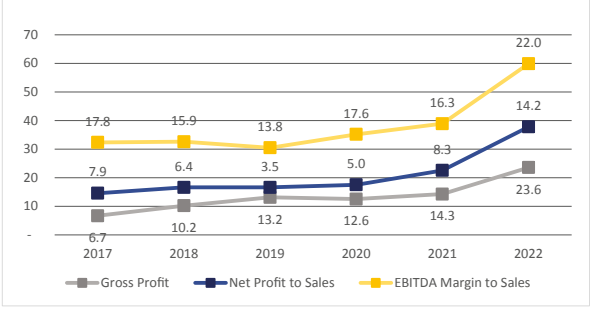
Profitability Ratios

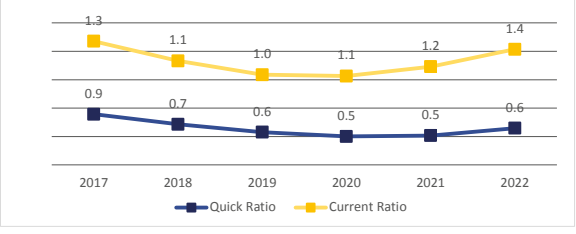
Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Sales Ratio, EBITDA Margin to Sales, Return on Assets, Return on Equity and Return on Capital Employed.

Liquidity Ratios

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





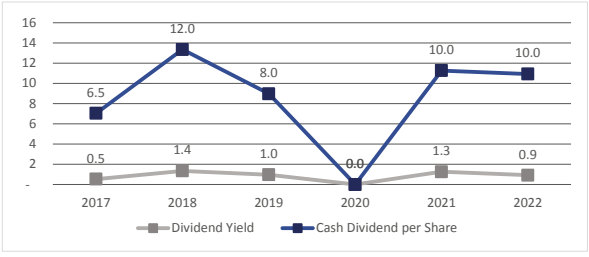


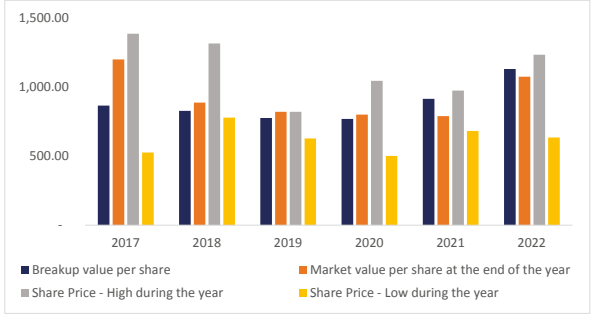
	UOM	2017	2018	2019	2020	2021	2022
Profitability Ratios							
Gross Profit	Percentage	6.7	10.2	13.2	12.6	14.3	23.6
Net Profit to Sales	Percentage	7.9	6.4	3.5	5.0	8.3	14.2
EBITDA Margin to Sales	Percentage	17.8	15.9	13.8	17.6	16.3	22.0
Return on Capital Employed	Percentage	9.1	10.6	11.9	14.3	14.8	29.5
Return on Equity	Percentage	6.7	7.0	5.0	7.1	12.0	26.6
Return on Assets	Percentage	5.4	5.5	3.9	5.4	9.2	21.0
Liquidity Ratios							
Current Ratio	Times	1.3	1.1	1.0	1.1	1.2	1.4
Quick Ratio	Times	0.9	0.7	0.6	0.5	0.5	0.6

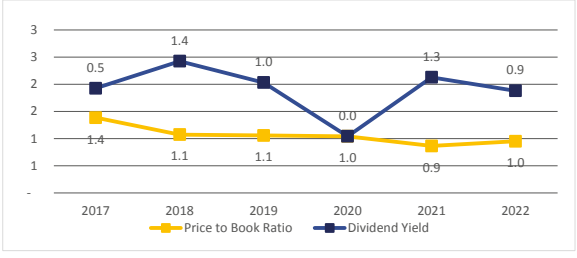
FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

Share Price Sensitivity Analysis

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, SFL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2022, SFL's share price touched the peak of Rupees 1,234 while the lowest recorded price as Rupees 634 with a closing price of Rupees 1,075 at the end of the year.







Investor Ratios	UOM	2017	2018	2019	2020	2021	2022
Earning per Share	Rs. Per share	57.9	58.2	38.6	54.4	110.0	300.7
Price Earning Ratio	Times	20.7	15.3	21.3	14.7	7.2	3.6
Price to Book Ratio	Times	1.4	1.1	1.1	1.0	0.9	1.0
Dividend Yield	Percentage	0.5	1.4	1.0	0.0	1.3	0.9
Cash Dividend per Share	Rs. Per share	6.5	12.0	8.0	0.0	10.0	10.0
Dividend Payout Ratio	Percentage	11.2	20.6	20.7	0.0	9.1	3.3
Dividend Cover Ratio	Times	8.9	4.8	4.8	0.0	11.0	30.1
Breakup Value per Share	Rs. Per share	866.3	827.1	776.5	768.6	915.1	1130.5
Market Value per Share at the End of the Year	Rs. Per share	1200.0	887.4	821.1	801.0	790.0	1075.0
Share Price - High During the Year	Rs. Per share	1386.0	1314.8	821.1	1045.0	975.0	1234.0
Share Price - Low During the Year	Rs. Per share	526.0	778.8	628.3	502.0	682.0	634.0

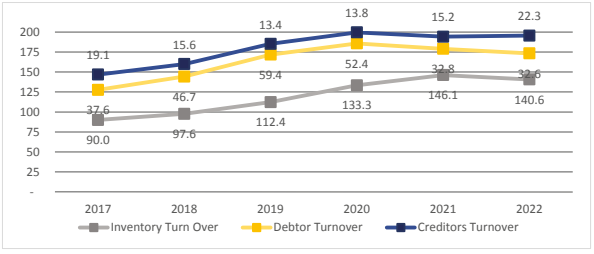
FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

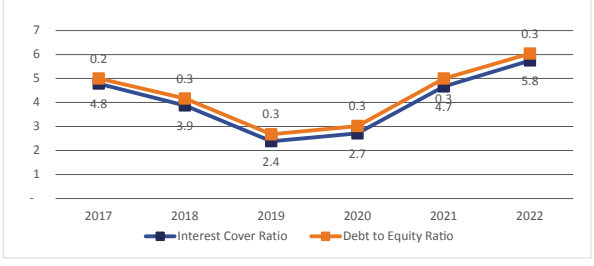
Capital Structure

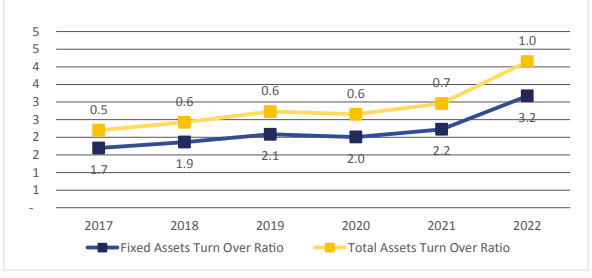
Capital structure describes the mix of a Company's long-term capital, which consists of a combination of debt and equity. Capital structure is a permanent type of funding that supports a company's growth and related assets. Capital structure includes Financial Leverage ratios, Interest Cover ratio and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

Cash Operating Cycle / Activity

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



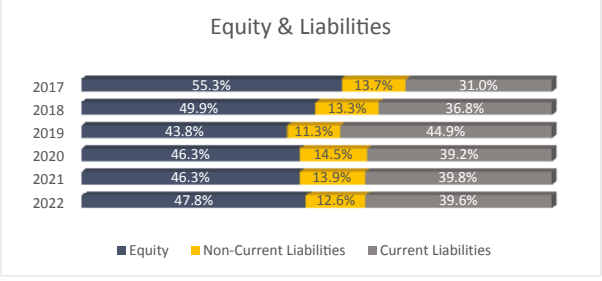


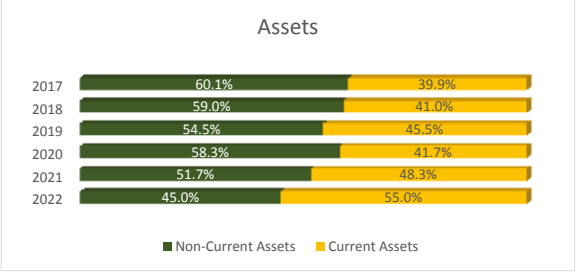


		UOM	2017	2018	2019	2020	2021	2022
	Capital Structure Ratios							
	Financial Leverage Ratio	Times	0.6	0.8	1.1	0.9	0.9	0.8
	Weighted Average Cost of Capital	Percentage	5.1	5.6	8.8	9.6	6.4	9.9
	Debt to Equity Ratio	Times	0.2	0.3	0.3	0.3	0.3	0.3
	Interest Cover Ratio	Times	4.8	3.9	2.4	2.7	4.7	5.8
	Activity / Turnover Ratio							
	Inventory Turn Over	Days	90.0	97.6	112.4	133.3	146.1	140.6
	Inventory Turn Over Ratio	Times	4.1	3.7	3.2	2.7	2.5	2.6
	Debtor Turnover	Days	37.6	46.7	59.4	52.4	32.8	32.6
	Debtors Turn Over Ratio	Times	9.7	7.8	6.1	7.0	11.1	11.2
	Creditors Turnover	Days	19.1	15.6	13.4	13.8	15.2	22.3
	Creditors Turnover Ratio	Times	19.1	23.4	27.2	26.4	24.1	16.4
	Fixed Assets Turn Over Ratio	Times	1.7	1.9	2.1	2.0	2.2	3.2
	Total Assets Turn Over Ratio	Times	0.5	0.6	0.6	0.6	0.7	1.0
	Operating Cycle	Days	108.5	128.8	158.4	171.9	163.8	151.0

SIX YEARS HORIZONTAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Financial Position

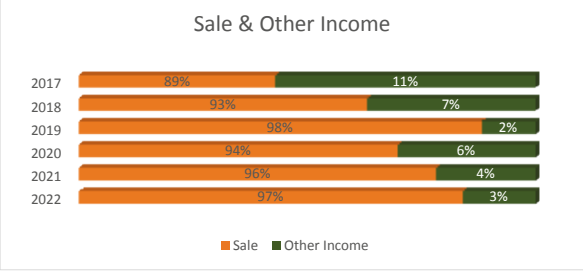


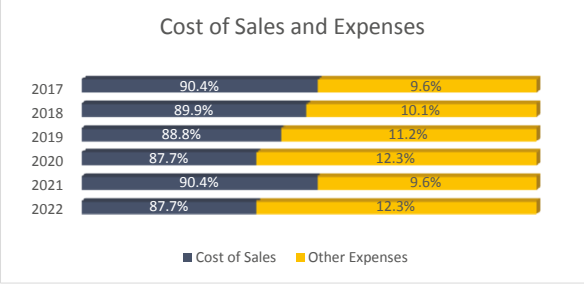


	2022	2021	2020	2019	2018	2017
	Rupees in thousands					
Total Equity	23,368,965	18,915,479	15,888,230	15,287,207	16,283,524	17,055,008
Total non-current liabilities	6,162,284	5,673,501	4,964,497	3,928,640	4,354,411	4,224,767
Total current liabilities	19,369,187	16,270,740	13,464,036	15,686,972	12,018,208	9,560,605
	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142	30,840,380
Total non-current assets	22,008,192	21,105,382	20,011,880	19,031,808	19,254,437	18,546,492
Total current assets	26,892,244	19,754,338	14,304,882	15,871,011	13,401,705	12,293,888
Total assets	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142	30,840,380
	Variance in %					
Total Equity	23.54	19.05	3.93	(6.12)	(4.52)	11.00
Total non-current liabilities	8.62	14.28	26.37	(9.78)	3.07	63.86
Total current liabilities	19.04	20.85	(14.17)	30.53	25.71	11.38
	19.68	19.07	(1.68)	6.88	5.89	16.26
Total non-current assets	4.28	5.46	5.15	(1.16)	3.82	8.46
Total current assets	36.13	38.10	(9.87)	18.43	9.01	30.41
Total assets	19.68	19.07	(1.68)	6.88	5.89	16.26

SIX YEARS HORIZONTAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Statement of Profit or Loss





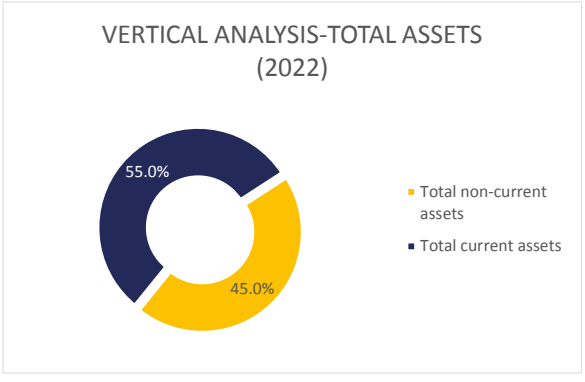
	2022	2021	2020	2019	2018	2017
	Rupees in '000					
Statement of Profit or Loss						
Net Sales	43,637,517	27,531,203	22,491,619	21,750,250	17,828,047	14,465,759
Cost of sales	33,349,694	23,590,601	19,667,570	18,885,554	16,002,642	13,491,724
Gross profit	10,287,823	3,940,602	2,824,049	2,864,697	1,825,406	974,035
Distribution cost	2,025,961	1,056,595	846,382	721,021	590,408	463,271
Administrative expenses	467,737	372,229	332,331	313,198	303,556	302,999
Other operating expenses	502,486	122,028	116,204	82,518	169,871	127,521
Other operating income	1,434,390	1,246,894	1,445,360	530,368	1,419,921	1,855,690
Profit from operations	8,726,029	3,636,644	2,974,492	2,278,327	2,181,492	1,935,934
Finance cost	1,672,477	962,850	1,463,422	1,262,473	732,877	536,737
Profit before taxation	7,053,552	2,673,795	1,511,069	1,015,855	1,448,615	1,399,197
Provision for taxation	838,099	400,230	385,746	256,657	303,543	260,122
Profit after taxation	6,215,452	2,273,565	1,125,323	759,197	1,145,072	1,139,074

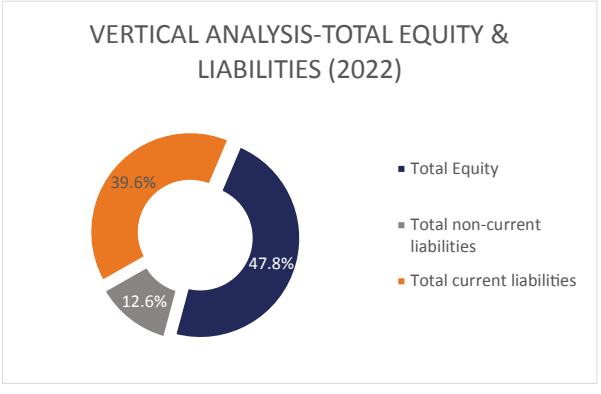
Profit and Loss Account	Variance in %					
Net Sales	58.50	22.41	3.41	22.00	23.24	15.93
Cost of sales	41.37	19.95	4.14	18.02	18.61	18.47
Gross profit	161.07	39.54	(1.42)	56.93	87.41	(10.62)
Distribution cost	91.74	24.84	17.39	22.12	27.44	22.19
Administrative expenses	25.66	12.01	6.11	3.18	0.18	12.45
Other operating expenses	311.78	5.01	40.82	(51.42)	33.21	(14.08)
Other operating income	15.04	(13.73)	172.52	(62.65)	(23.48)	13.59
Profit from operations	139.95	22.26	30.56	4.44	12.68	0.49
Finance cost	73.70	(34.21)	15.92	72.26	36.54	26.46
Profit before taxation	163.80	76.95	48.75	(29.87)	3.53	(6.84)
Provision for taxation	109.40	3.75	50.30	(15.45)	16.69	159.43
Profit after taxation	173.38	102.04	48.23	(33.70)	0.53	(18.74)

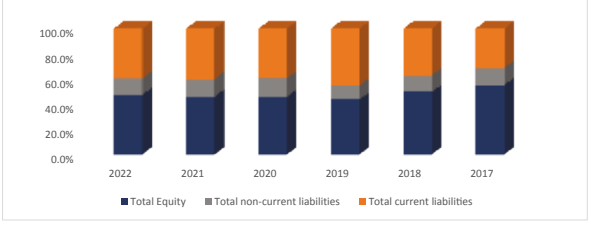
SIX YEARS VERTICAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

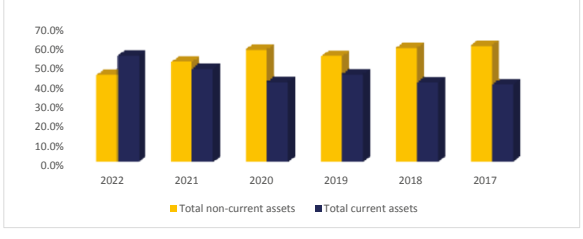
Financial Position

Total assets comprise of current and non-current assets. At 30 June 2022, non-current assets are 45% of total assets while current assets are 55%. On the other side, share capital and reserves are 47.8% of the total equity and liabilities while non-current liabilities and current liabilities are 12.6% and 39.6% respectively. Share capital and reserves mainly constitute issued subscribed and paid up share capital, share premium and unappropriated profit. Non-current liabilities mainly constitute deferred liabilities and long term financing. Current liabilities mainly constitute short term financing and trade and other payables.







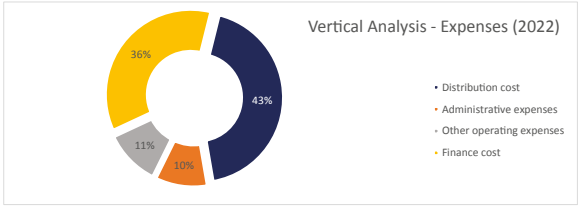


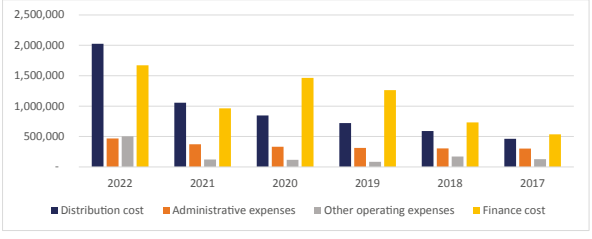
	2022		2021		2020		2019		2018		2017	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of financial position												
As at 30 June 2022												
Total Equity	23,368,965	47.79	18,915,479	46.29	15,888,230	46.30	15,287,207	43.80	16,283,524	49.86	17,055,008	55.30
Total Non-Current Liabilities	6,162,284	12.60	5,673,501	13.89	4,964,497	14.47	3,928,640	11.26	4,354,411	13.33	4,224,767	13.70
Total Current Liabilities	19,369,187	39.61	16,270,740	39.82	13,464,036	39.23	15,686,972	44.94	12,018,208	36.80	9,560,605	31.00
Total equity and liabilities	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00	32,656,142	100.00	30,840,380	100.00
Total Non-Current Assets	22,008,192	45.01	21,105,382	51.65	20,011,880	58.32	19,031,808	54.53	19,254,437	58.96	18,546,492	60.14
Total Current Assets	26,892,244	54.99	19,754,338	48.35	14,304,882	41.68	15,871,011	45.47	13,401,705	41.04	12,293,888	39.86
Total assets	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00	32,656,142	100.00	30,840,380	100.00

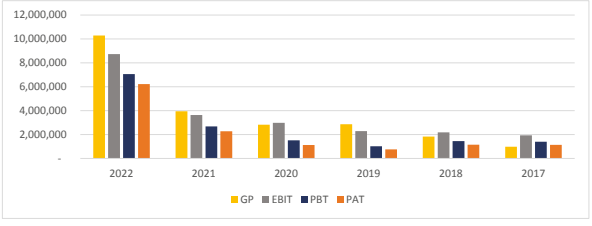
SIX YEARS VERTICAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Statement of Profit or Loss

During the year, Company has recorded sales amounting to Rs. 43.6 billion as compared to Rs. 27.5 from last year showing an escalation of 58.5%. Gross profit has reached to 23.6% as compared to 14.3% from last year whereas, profit after tax increased to 14.2% from 8.3%. This increase in sales and profits are mainly attributable to improved operating performances of spinning and denim divisions.



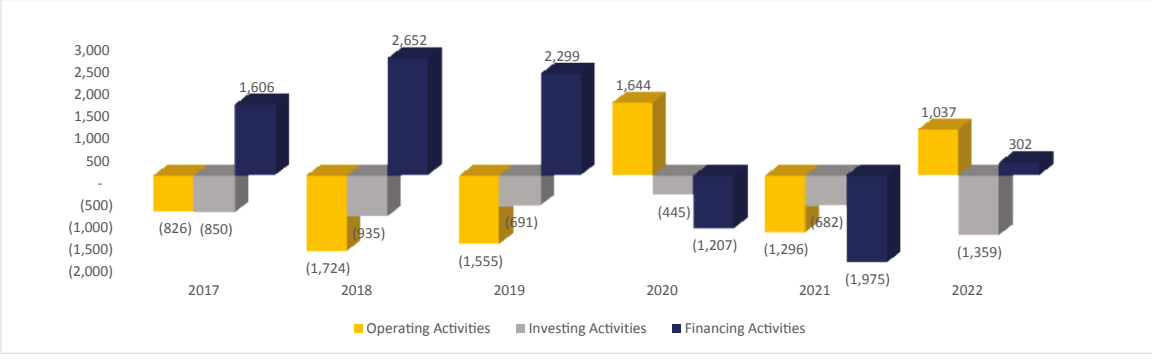




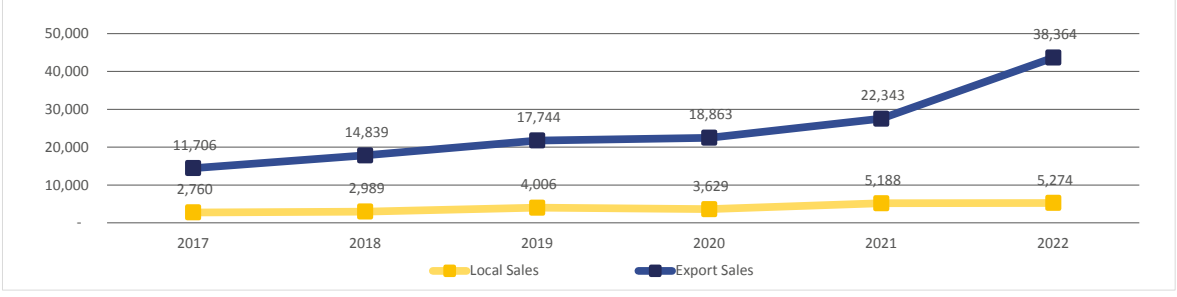
	2022		2021		2020		2019		2018		2017	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of Profit or Loss												
Net Turnover	43,637,517	100.00	27,531,203	100.00	22,491,619	100.00	21,750,250	100.00	17,828,047	100.00	14,465,759	100.00
Cost of sales	33,349,694	76.42	23,590,601	85.69	19,667,570	87.44	18,885,554	86.83	16,002,642	89.76	13,491,724	93.27
Gross profit	10,287,823	23.58	3,940,602	14.31	2,824,049	12.56	2,864,697	13.17	1,825,406	10.24	974,035	6.73
Distribution cost	2,025,961	4.64	1,056,595	3.84	846,382	3.76	721,021	3.32	590,408	3.31	463,271	3.20
Administrative expenses	467,737	1.07	372,229	1.35	332,331	1.48	313,198	1.44	303,556	1.70	302,999	2.09
Other operating expenses	502,486	1.15	122,028	0.44	116,204	0.52	82,518	0.38	169,871	0.95	127,521	0.88
Other income	1,434,390	3.29	1,246,894	4.53	1,445,360	6.43	530,368	2.44	1,419,921	7.96	1,855,690	12.83
Earnings before interest & tax	8,726,029	20.00	3,636,644	13.21	2,974,492	13.22	2,278,327	10.47	2,181,492	12.24	1,935,934	13.38
Finance cost	1,672,477	3.83	962,850	3.50	1,463,422	6.51	1,262,473	5.80	732,877	4.11	536,737	3.71
Profit before taxation	7,053,552	16.16	2,673,795	9.71	1,511,069	6.72	1,015,855	4.67	1,448,615	8.13	1,399,197	9.67
Provision for taxation	838,099	1.92	400,230	1.45	385,746	1.72	256,657	1.18	303,543	1.70	260,122	1.80
Profit after taxation	6,215,452	14.24	2,273,565	8.26	1,125,323	5.00	759,197	3.49	1,145,072	6.42	1,139,074	7.87

SIX YEARS ANALYSIS OF CASH FLOWS WITH **GRAPHICAL PRESENTATION**

Cash Flow Analysis



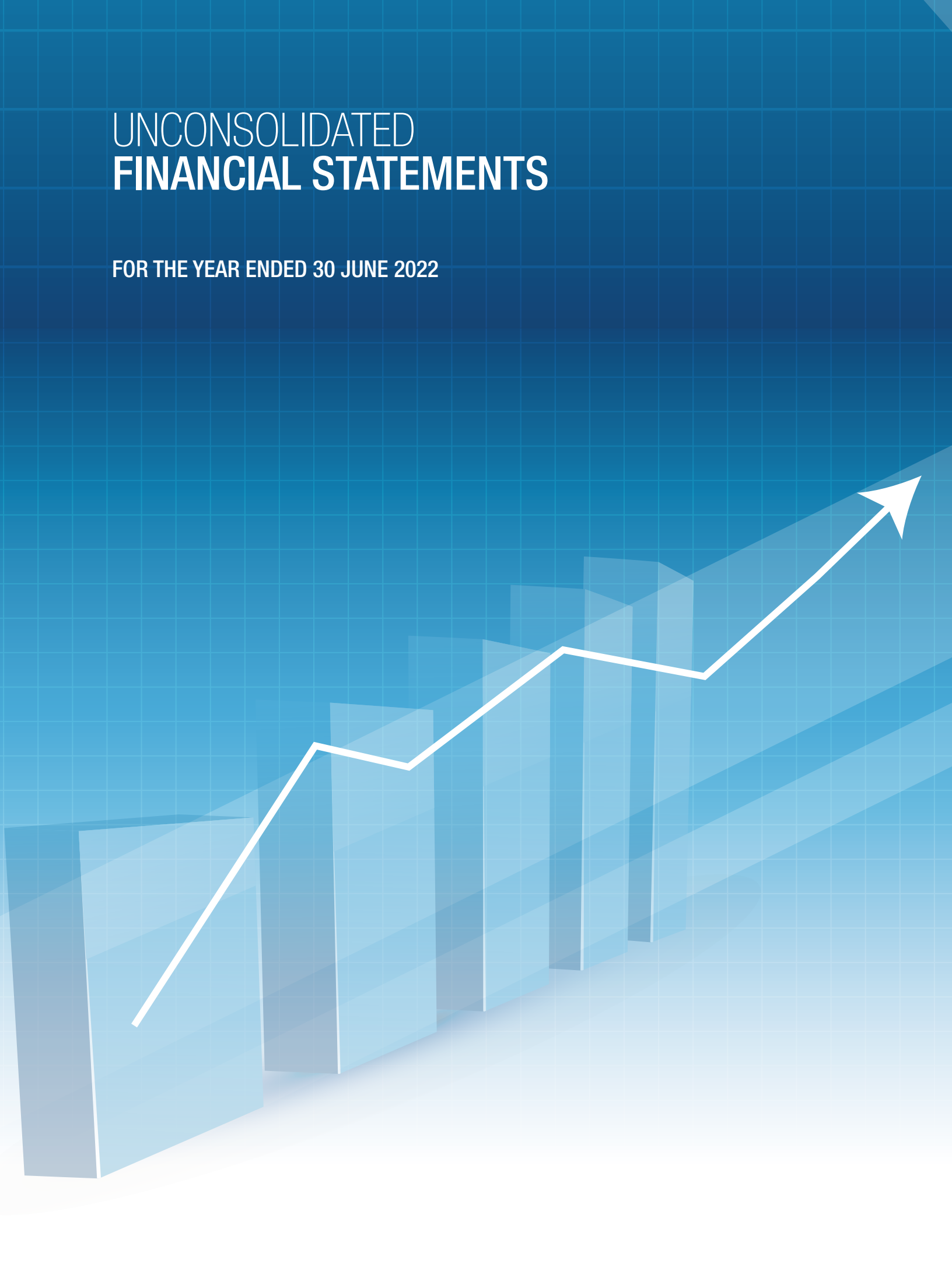
Cash Flows	UOM	2017	2018	2019	2020	2021	2022
Operating Activities	Rs. In Million	(826)	(1,724)	(1,555)	1,644	(1,296)	1,037
Investing Activities	Rs. In Million	(850)	(935)	(691)	(445)	(682)	(1,359)
Financing Activities	Rs. In Million	1,606	2,652	2,299	(1,207)	(1,975)	302



Local and export sales	UOM	2017	2018	2019	2020	2021	2022
Local Sales	Rs. In Million	2,760	2,989	4,006	3,629	5,188	5,274
Export Sales	Rs. In Million	11,706	14,839	17,744	18,863	22,343	38,364
Total Sales	Rs. In Million	14,466	17,828	21,750	22,492	27,531	43,638

UNCONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



INDEPENDENT AUDITOR'S REPORT
To the Members of Sapphire Fibres Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sapphire Fibres Limited (the Company), which comprise the statement of financial position as at June 30, 2022, 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 a summary of significant accounting policies 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, 2022 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Description	How the matter was addressed in our audit
1.	**Capital expenditures** Refer note 4 to the financial statements. The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2022. 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.

Sr. No.	Description	How the matter was addressed in our audit
		• 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** The total value of stock in trade as at the reporting date amounted to Rs.14.344 billion, representing 53% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: • Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. • Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. • Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. • Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. • Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. • Tested the cost of inventories for finished goods and performed NRV test to 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.

INDEPENDENT AUDITOR'S REPORT
To the Members of Sapphire Fibres Limited
Report on the Audit of the Financial Statements

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

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants

Lahore: September 28, 2022
UDIN: AR202210104xR4p2T6bu

Unconsolidated Statement of Financial Position
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	14,631,666,353	12,863,179,320
Investment property	5	31,750,000	31,750,000
Intangible assets	6	1,379,110	2,844,140
Long term investments	7	7,281,628,669	8,178,072,307
Long term loans	8	1,271,250	930,000
Long term deposits		60,496,545	28,606,645
		22,008,191,927	21,105,382,412
Current assets			
Stores, spare parts and loose tools	9	759,045,137	466,689,452
Stock-in-trade	10	14,344,276,259	11,352,379,787
Trade debts	11	5,077,277,633	2,727,658,571
Loans and advances	12	492,487,585	144,542,468
Trade deposits and short term prepayments	13	39,688,825	7,990,921
Short term investments	14	2,317,444,048	2,977,735,568
Other receivables	15	1,355,114,102	902,010,831
Tax refunds due from Government	16	2,461,078,774	1,110,337,150
Cash and bank balances	17	45,831,510	64,993,047
		26,892,243,873	19,754,337,795
Total assets		48,900,435,800	40,859,720,207
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	1,621,851,173	3,178,586,331
Unappropriated profit		21,540,395,399	15,530,173,708
Total equity		23,368,965,322	18,915,478,789
Non current liabilities			
Long term liabilities	20	5,644,921,664	5,205,402,463
Deferred income - Government grant	21	-	3,487,882
Staff retirement benefit - gratuity	22	399,538,518	341,556,615
Deferred taxation	23	117,823,533	123,054,208
		6,162,283,715	5,673,501,168
Current liabilities			
Trade and other payables	24	5,175,516,843	3,221,855,521
Contract liabilities		1,051,628,011	492,483,771
Accrued mark-up / interest	25	252,363,913	195,808,765
Short term borrowings	26	10,968,082,484	10,939,583,162
Current portion of long term liabilities	27	1,072,001,118	1,016,060,869
Unclaimed dividend		6,670,826	6,194,951
Provision for taxation		842,923,568	398,753,211
		19,369,186,763	16,270,740,250
Total liabilities		25,531,470,478	21,944,241,418
Contingencies and commitments	28		
Total equity and liabilities		48,900,435,800	40,859,720,207

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

Chief Executive Officer | Director | Chief Financial Officer

Unconsolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales	29	43,637,516,571	27,531,203,138
Cost of sales	30	(33,349,694,010)	(23,590,601,324)
Gross profit		10,287,822,561	3,940,601,814
Distribution cost	31	(2,025,961,348)	(1,056,595,160)
Administrative expenses	32	(467,736,622)	(372,228,822)
Other income	33	1,434,390,088	1,246,894,091
Other expenses	34	(502,485,915)	(122,027,645)
Profit from operations		8,726,028,764	3,636,644,278
Finance cost	35	(1,672,477,228)	(962,849,709)
Profit before taxation		7,053,551,536	2,673,794,569
Taxation	36	(838,099,324)	(400,229,963)
Profit after taxation		6,215,452,212	2,273,564,606
Earnings per share - basic and diluted	37	300.67	109.98

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Statement of Other Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Profit after taxation	6,215,452,212	2,273,564,606
Other comprehensive (loss) / income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income		
- long term	(896,443,638)	142,228,961
- short term	(660,291,520)	581,387,300
Impact of deferred tax	-	25,176,390
Realised loss on sale of investment at fair value through other comprehensive income	-	(5,202,590)
	(1,556,735,158)	743,590,061
Gain on re-measurement of staff retirement benefit obligation	1,673,946	10,707,520
Impact of deferred tax	(185,717)	(613,333)
	1,488,229	10,094,187
	(1,555,246,929)	753,684,248
Total comprehensive income for the year	4,660,205,283	3,027,248,854

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

Chief Executive Officer | Director | Chief Financial Officer

Unconsolidated Statement of Cash Flows
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	3,483,396,683	78,021,860
Staff retirement benefit paid		(71,952,616)	(69,243,106)
Finance cost paid		(1,600,805,840)	(953,558,426)
Taxes paid		(652,495,776)	(290,678,425)
Workers' profit participation fund paid		(120,565,997)	(60,363,027)
Long term loans - net		(341,250)	(668,000)
Net cash generated from / (used in) operating activities		1,037,235,204	(1,296,489,124)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,676,409,931)	(1,974,022,867)
Proceeds from disposal of operating fixed assets		48,521,187	217,821,075
Investment in Subsidiary Companies		-	(500,000)
Long and short term investments - net		-	36,498,958
Proceeds from sale of stores and spares		61,519	1,972,675
Dividend and interest income received		1,269,265,409	1,036,238,653
Net cash used in investing activities		(1,358,561,816)	(681,991,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		1,323,473,590	1,542,955,065
- repaid		(843,564,962)	(481,722,813)
Dividend paid		(206,242,875)	56,990
Short term borrowings - net		28,499,322	913,326,777
Net cash generated from financing activities		302,165,075	1,974,616,019
Net decrease in cash and cash equivalents		(19,161,537)	(3,864,611)
Cash and cash equivalents - at beginning of the year		64,993,047	68,857,658
Cash and cash equivalents - at end of the year		45,831,510	64,993,047

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

Chief Executive Officer | Director | Chief Financial Officer

Unconsolidated Statement of Changes in Equity
FOR THE YEAR ENDED JUNE 30, 2022

		Reserves					
		Capital	Revenue				
	Issued, subscribed and paid-up capital	Share premium	General	Unappropriated profit	Sub- total	Unrealised gain / (loss) on financial assets at fair value through other comprehensive income	Total
	Rupees						
Balance as at July 01, 2020	206,718,750	391,833,750	1,183,845,000	13,251,717,505	14,827,396,255	854,114,930	15,888,229,935
Total comprehensive income for the year ended June 30, 2021							
Profit for the year	-	-	-	2,273,564,606	2,273,564,606	-	2,273,564,606
Other comprehensive income	-	-	-	10,094,187	10,094,187	743,590,061	753,684,248
	-	-	-	2,283,658,793	2,283,658,793	743,590,061	3,027,248,854
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income	-	-	-	(5,202,590)	(5,202,590)	5,202,590	-
Balance as at June 30, 2021	206,718,750	391,833,750	1,183,845,000	15,530,173,708	17,105,852,458	1,602,907,581	18,915,478,789
Transaction with owners of the Company							
Final dividend related to the year ended June 30, 2021 at the rate of Rs.10 per share	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)
Total comprehensive income for the year ended June 30, 2022							
Profit for the year	-	-	-	6,215,452,212	6,215,452,212	-	6,215,452,212
Other comprehensive income / (loss)	-	-	-	1,488,229	1,488,229	(1,556,735,158)	(1,555,246,929)
	-	-	-	6,216,940,441	6,216,940,441	(1,556,735,158)	4,660,205,283
Balance as at June 30, 2022	206,718,750	391,833,750	1,183,845,000	21,540,395,399	23,116,074,149	46,172,423	23,368,965,322

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

Chief Executive Officer

Director

Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

2.4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2021:

Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020 and April 1, 2021. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were

envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendment has no impact on the Company's financial statements.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2021 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2021 and have not been early adopted by the Company:

(a) IAS 37 Onerous contracts **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 Proceeds before an asset's intended use **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

(c) IAS 1 Disclosure of accounting policies **Effective date: January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

The Company has assessed that the impact of these amendments is not expected to be significant.
There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.5 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 22.

(e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

3.2 Investment property

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

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

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

3.3 Intangible assets

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

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

Subsequent expenditure

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

Amortization

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

3.4 Right-of-use assets

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

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- **Equity Instruments at FVTOCI**

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

- **Debt Instruments at FVTOCI**

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

- **Debt Instruments at FVTPL**

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

- **Financial Assets measured at amortised cost**

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

Derecognition

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

Investments in Subsidiary and Associated Companies

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

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

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

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Impairment

(a) Financial assets

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

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

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

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

(b) Non-financial assets

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

3.11 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

3.12 Cash and cash equivalents

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

3.13 Borrowings

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

3.14 Employees' retirement benefits

a) Defined contribution plan

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

b) Defined benefit plan

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

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2022 on the basis of projected unit credit method by an Independent Actuary. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

3.15 Taxation

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

Current

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

Deferred

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

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

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

3.16 Lease liability

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

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

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

3.17 Trade and other payables

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

3.18 Provisions

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

3.19 Foreign currency translation

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

3.20 Revenue recognition

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

Sale of goods

revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;

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

Rendering of services

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

Other sources of revenue

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

3.21 Borrowing costs

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

		Note	2022 Rupees	2021 Rupees
4	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	4.1	12,885,466,235	11,970,419,683
	Capital work-in-progress	4.3	1,746,200,118	892,759,637
			14,631,666,353	12,863,179,320

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve-ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment				Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
								Fire fighting	Office	Mills	Electric / gas						
	Rupees																
At July 1, 2020																	
Cost	466,730,130	313,245,050	978,386,092	28,636,645	2,935,250,773	11,924,277,970	417,196,648	21,111,998	19,746,970	40,526,965	20,672,670	26,282,125	211,743,870	51,908,992	149,886	248,579	17,456,115,363
Accumulated depreciation	-	-	281,523,381	24,741,850	1,235,872,105	4,638,417,398	172,917,523	5,137,439	16,594,508	27,073,264	12,521,426	19,966,779	114,064,032	31,180,433	136,034	221,657	6,580,367,829
Net book value	466,730,130	313,245,050	696,862,711	3,894,795	1,699,378,668	7,285,860,572	244,279,125	15,974,559	3,152,462	13,453,701	8,151,244	6,315,346	97,679,838	20,728,559	13,852	26,922	10,875,747,534
Year ended June 30, 2021																	
Opening net book value	466,730,130	313,245,050	696,862,711	3,894,795	1,699,378,668	7,285,860,572	244,279,125	15,974,559	3,152,462	13,453,701	8,151,244	6,315,346	97,679,838	20,728,559	13,852	26,922	10,875,747,534
Additions	830,652,133	-	5,541,384	-	190,204,256	998,911,782	3,718,676	-	-	1,433,744	-	3,713,855	38,404,505	852,499	-	-	2,073,432,834
Disposals:																	
- cost	80,685,473	-	-	-	-	168,404,644	-	-	-	-	-	222,000	14,619,500	-	-	-	263,931,617
- accumulated depreciation	-	-	-	-	-	(130,610,988)	-	-	-	-	-	(144,083)	(11,047,420)	-	-	-	(141,802,491)
	80,685,473	-	-	-	-	37,793,656	-	-	-	-	-	77,917	3,572,080	-	-	-	122,129,126
Depreciation charge	-	-	34,897,770	778,959	177,603,798	588,027,641	24,727,298	1,597,456	315,246	1,423,174	815,124	2,542,407	21,771,013	2,127,596	1,385	2,692	856,631,559
Closing net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
At June 30, 2021																	
Cost	1,216,696,790	313,245,050	983,927,476	28,636,645	3,125,455,029	12,754,785,108	420,915,324	21,111,998	19,746,970	41,960,709	20,672,670	29,773,980	235,528,875	52,761,491	149,886	248,579	19,265,616,580
Accumulated depreciation	-	-	316,421,151	25,520,809	1,413,475,903	5,095,834,051	197,644,821	6,734,895	16,909,754	28,496,438	13,336,550	22,365,103	124,787,625	33,308,029	137,419	224,349	7,295,196,897
Net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
Year ended June 30, 2022																	
Opening net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
Additions	-	-	3,823,726	-	23,496,438	1,653,206,673	27,376,410	-	25,758,534	4,186,309	-	16,843,386	52,041,895	16,236,079	-	-	1,822,969,450
Disposals:																	
- cost	-	-	-	-	-	115,375,574	-	-	-	-	-	837,250	14,526,500	-	-	-	130,739,324
- accumulated depreciation	-	-	-	-	-	(101,082,430)	-	-	-	-	-	(659,605)	(10,107,576)	-	-	-	(111,849,611)
	-	-	-	-	-	14,293,144	-	-	-	-	-	177,645	4,418,924	-	-	-	18,889,713
Depreciation charge	-	-	33,423,113	623,167	172,182,346	622,402,925	24,380,281	1,437,710	1,104,841	1,614,025	733,612	3,515,660	24,797,941	2,813,894	1,247	2,423	889,033,185
Closing net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
At June 30, 2022																	
Cost	1,216,696,790	313,245,050	987,751,202	28,636,645	3,148,951,467	14,292,616,207	448,291,734	21,111,998	45,505,504	46,147,018	20,672,670	45,780,116	273,044,270	68,997,570	149,886	248,579	20,957,846,706
Accumulated depreciation	-	-	349,844,264	26,143,976	1,585,658,249	5,617,154,546	222,025,102	8,172,605	18,014,595	30,110,463	14,070,162	25,221,158	139,477,990	36,121,923	138,666	226,772	8,072,380,471
Net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
Depreciation rate (% - per annum)			5	20	10	5 & 10	10	10	10	10	10	30	20	10	10	10	

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

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	569,156
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	135,520
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666

	Note	2022 Rupees	2021 Rupees
4.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured		868,833,943	838,309,738
Administrative expenses		20,199,242	18,321,821
		889,033,185	856,631,559

	Note	2022 Rupees	2021 Rupees
4.3 Capital work-in-progress			
Buildings		645,081,936	269,978,426
Furniture and fixtures		19,680,831	3,291,327
Plant and machinery {including in transit aggregating Rs.240.002 million (June 30, 2021: Rs.50.455 million)}		521,326,846	518,480,591
Advance payments against:			
- land - freehold		36,680,950	24,554,700
- factory / office building		78,192,418	17,175,861
- plant and machinery		207,634,403	38,791,417
- electric installation		206,328,734	15,764,565
- vehicles		31,274,000	4,203,000
- computers		-	519,750
		560,110,505	101,009,293
		1,746,200,118	892,759,637

4.4 Movement in the capital work-in-progress

Capital work-in-progress	July 1, 2021	Additions during the year	Transferred to operating fixed assets	June 30, 2022
	Rupees			
Particulars				
Buildings	269,978,426	402,423,674	(27,320,164)	645,081,936
Furniture and Fixtures	3,291,327	32,625,611	(16,236,107)	19,680,831
Plant and machinery	518,480,591	1,518,587,311	(1,515,741,056)	521,326,846
Mill equipment	-	4,186,309	(4,186,309)	-
	791,750,344	1,957,822,905	(1,563,483,636)	1,186,089,613
Advance payments against:				
- land - freehold	24,554,700	12,126,250	-	36,680,950
- plant and machinery	38,791,417	306,308,603	(137,465,617)	207,634,403
- factory / office building	17,175,861	61,016,557	-	78,192,418
- electric installation	15,764,565	217,940,579	(27,376,410)	206,328,734
- office equipments	-	25,758,534	(25,758,534)	-
- vehicles	4,203,000	79,112,895	(52,041,895)	31,274,000
- computers	519,750	16,843,386	(17,363,136)	-
	101,009,293	719,106,804	(260,005,592)	560,110,505
Grand Total	892,759,637	2,676,929,709	(1,823,489,228)	1,746,200,118

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	Rupees						
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
1 No. Complete Sabar Fully Automatic High Production	2,696,369	1,470,382	1,225,987	1,400,000	174,013	Negotiation	M/s. A.S. Engineering Works
1 No. Murata 7-V Machconer Automatic Cone winder	14,245,736	12,697,085	1,548,651	1,850,000	301,349	Negotiation	M/s.. Ideal Trading Company
1 No. Complete Loptex Optosonic Sorter System	9,302,904	6,656,456	2,646,448	2,750,000	103,552	Negotiation	M/s. Nadeem Textile Mills Limited
1 No. Murata Automatic Winder Magazine Type 21C	9,396,790	8,100,216	1,296,574	7,000,000	5,703,426	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One High Speed Precision Cross Winder (SSM-2)	9,092,853	8,093,445	999,408	1,430,536	431,128	Negotiation	M/s. Hanif's Trading Corporation
One High Speed Precision Cross Winder (SSM-3)	9,758,752	8,301,576	1,457,176	2,085,776	628,600	Negotiation	M/s. Hanif's Trading Corporation
One Set Complete Murata Automatic Cone Winder No.21C	10,149,412	8,774,651	1,374,761	9,700,000	8,325,239	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One Fabric Cutting Machine	2,512,294	1,983,780	528,514	384,616	(143,898)	Negotiation	M/s. GT Traders
	67,155,110	56,077,591	11,077,519	26,600,928	15,523,409		
Vehicles							
Toyota Corolla	1,987,000	1,164,082	822,918	900,000	77,082	Negotiation	Muhammad Hamayun
Suzuki Cultus	1,410,000	581,797	828,203	828,203	-	As Per Company Policy	Mr. M. Jamil Akhtar
	3,397,000	1,745,879	1,651,121	1,728,203	77,082		
Various assets having net book value upto Rs.500,000 each	60,187,214	54,026,141	6,161,073	20,192,056	14,030,983	Negotiation	Various parties
June 30, 2022	130,739,324	111,849,611	18,889,713	48,521,187	29,631,474		
June 30, 2021	263,931,617	141,802,491	122,129,125	217,821,075	95,691,950		

5. INVESTMENT PROPERTY

5.1 This represents free-hold land situated at Raiwand Road, Lahore having an area of 5,000 square yards.

5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2022 was Rs.75 million (June 30, 2021: Rs.75 million).

	Note	2022 Rupees	2021 Rupees
6. INTANGIBLE ASSETS			
These represent computer software licenses.			
Net carrying value as at July 1,			
Opening net book value		2,844,140	4,309,170
Amortization for the year		(1,465,030)	(1,465,030)
Net book value as at,		1,379,110	2,844,140
Gross carrying value as at,			
Cost		29,890,171	29,890,171
Accumulated amortization		28,511,061	27,046,031
Net book value		1,379,110	2,844,140
Amortization rate (% per annum)		20	20

	Note	2022 Rupees	2021 Rupees
7. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	7.1	3,574,808,316	3,574,808,316
Associated Companies - at cost	7.2	758,276,769	758,276,769
Others - equity instruments	7.3	2,902,043,584	3,797,987,222
- debt instruments	7.4	46,500,000	47,000,000
		7,281,628,669	8,178,072,307

		Note	2022 Rupees	2021 Rupees
7.1	**Subsidiary Company -** unquoted			
	Sapphire Electric Company Limited (SECL)			
	288,782,600 ordinary shares of Rs.10 each	7.1.1	3,039,008,316	3,039,008,316
	Equity held: 68.11%			
	Premier Cement Limited (PCL)			
	46,860,000 ordinary shares of Rs.10 each	7.1.2	468,600,000	468,600,000
	Equity held: 100%			
	Sapphire Cement Company Limited (SCCL)			
	50,000 ordinary shares of Rs.10 each	7.1.3	500,000	500,000
	Equity held: 100%		-	-
	Sapphire Energy (Pvt.) Limited (SEPL)			
	6,620,000 ordinary shares of Rs.10 each	7.1.4	66,200,000	66,200,000
	Equity held: 100%			
	Sapphire Power Limited (SPL)			
	50,000 ordinary shares of Rs.10 each	7.1.5	500,000	500,000
	Equity held: 100%			
			3,574,808,316	3,574,808,316

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

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

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

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

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

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

		Note	2022 Rupees	2021 Rupees
7.2	**Associated Companies** - Quoted			
	Reliance Cotton Spinning Mills Limited			
	138,900 ordinary shares of Rs.10 each		1,306,269	1,306,269
	Equity held: 1.35%			
	Fair value: Rs.53.556 million (2021: Rs.26.905 million)			
	SFL Limited - note 7.2.1			
	10,199 ordinary shares of Rs.10 each		100,000	100,000
	Equity held: 0.051%			
	Fair value: Rs.1.632 million (2021: Rs.8.057 million)			
	Associated Companies - unquoted			
	Sapphire Power Generation Limited			
	2,824,500 ordinary shares of Rs.10 each		64,355,500	64,355,500
	Equity held: 17.63%		-	-
	Break-up value per share on the basis of un-audited			
	financial statement Rs. 99.81 (2021: Rs. 86.65)			
	Sapphire Dairies (Private) Limited			
	10,000,000 ordinary shares of Rs.10 each		100,000,000	100,000,000
	Equity held: 5.50%			
	Break-up value per share on the basis of un-audited			
	financial statement Rs. 19.04 (2021: Rs. 11.79)			
	Tricon Boston Consulting			
	Corporation (Private) Limited (TBCCL) - note 7.2.2			
	59,251,500 ordinary shares of Rs.10 each		592,515,000	592,515,000
	Equity held: 7.13%			
	Break-up value per share on the basis of un-audited			
	financial statement Rs. 27.44 (2021: Rs. 23.02)			
			758,276,769	758,276,769

7.2.1 SFL Limited is in process of voluntary delisting from Pakistan Stock Exchange and has made an offer to buy-back its shares at an agreed price of Rs.160 per share.

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

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

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

		Note	2022 Rupees	2021 Rupees
7.3	**Equity Instruments - at FVTOCI**			
	Quoted			
	MCB Bank Limited			
	18,213,195 (2021: 18,213,195) ordinary shares of Rs.10 each - cost		896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value		1,343,407,598	2,014,563,834
			2,239,858,721	2,911,014,957
	Habib Bank Limited			
	7,244,196 ordinary shares of Rs.10 each - cost		1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value		(555,388,746)	(330,601,344)
			661,684,863	886,472,265
	Unquoted			
	TCC Management Services (Private) Limited			
	50,000 ordinary shares of Rs.10 each		500,000	500,000
			2,902,043,584	3,797,987,222
7.4	**Debt Instruments - at FVTOCI**			
	Habib Bank Limited - term finance certificates (TFCs)	7.4.1		
	500 (2021: 500) Term finance certificates of Rs.100,000 each - cost		50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value		(3,500,000)	(3,000,000)
			46,500,000	47,000,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 9.06% to 13.56% (2021: 7.71% to 13.99%) per annum.

		Note	2022 Rupees	2021 Rupees
8	**LONG TERM LOANS - Secured**			
	Loans due from employees	8.1	2,714,250	1,965,000
	Less: recoverable within one year and grouped under current assets		1,443,000	1,035,000
			1,271,250	930,000

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

8.2 The Company, during the year, provided a loan amounted Rs.4.500 million to Mr. Jawad Faisal (Key management personnel). The loan has been recovered during the year.

		Note	2022 Rupees	2021 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		579,671,360	176,156,968
	Spare parts		160,769,664	128,744,740
	Loose tools		121,727	239,981
	Items in transit		30,008,868	173,567,885
			770,571,619	478,709,574
	Less: provision for slow moving items	9.1	11,526,482	12,020,122
			759,045,137	466,689,452
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		12,020,122	12,055,543
	Less: provision reversed during the year		(493,640)	(35,421)
	Balance at end of the year		11,526,482	12,020,122
10.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills		8,765,301,137	7,128,035,967
	- in transit		1,128,498,575	1,495,785,295
			9,893,799,712	8,623,821,262
	Work-in-process		1,296,808,329	1,072,589,736
	Finished goods - at mills		3,153,668,218	1,655,968,789
			14,344,276,259	11,352,379,787

10.1 Finished goods included items costing Rs.593.722 million (2021: Rs.736.504 million) stated at their net realizable value aggregated Rs.435.307 million (2021: Rs.558.898 million). The amount charged to cost of sales in respect of stocks written down to their realizable value was Rs.158.415 million (2021: Rs.177.605 million).

		Note	2022 Rupees	2021 Rupees
11.	**TRADE DEBTS**			
	Considered good			
	Unsecured - local	11.1	1,823,066,801	1,838,184,170
	Secured - foreign debts		3,262,759,531	898,462,451
	Considered doubtful			
	Unsecured - foreign debts	11.4	75,410,417	69,951,066
			5,161,236,749	2,806,597,687
	Less: provision for expected credit loss	11.5	83,959,116	78,939,116
			5,077,277,633	2,727,658,571

11.1 These include the following amounts due from related parties:

Diamond Fabrics Ltd.	1,804,326	9,361,383
Reliance Cotton Spinning Mills Ltd.	3,065,588	5,743,553
Amer Cotton Mills (Pvt.) Ltd.	7,732,838	22,100,801
Sapphire Textile Mills Ltd.	17,752,027	23,642,135
Sapphire Power Generation Ltd.	6,400	-
	30,361,179	60,847,872

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

	Related parties		Others	
	2022	2021	2022	2021
	Rupees			
Not past due	713,598	660,114	2,000,003,954	1,406,132,361
Past due 1-30 days	22,562,533	43,762,454	1,537,545,039	818,202,369
Past due 31-60 days	1,291,960	4,209,921	804,836,891	186,735,708
Past due 61-90 days	1,153,415	281,180	209,243,268	85,408,947
Past due 91-365 days	1,071,641	11,628,319	395,534,679	113,620,824
Past due one year	3,568,032	305,884	183,711,739	135,649,606
	30,361,179	60,847,872	5,130,875,570	2,745,749,815

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.222.927 million (2021: Rs.83.790 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 372.506 thousand, U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s. Star Knitwear Ltd. Mauritius, Hong Kong, M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

		Note	2022 Rupees	2021 Rupees
11.5	**Provision for expected credit loss**			
	Balance at the beginning of the year		78,939,116	59,272,994
	Charged during the year		5,020,000	21,662,180
	Reversal made during the year		-	(1,996,058)
	Balance at the end of the year		83,959,116	78,939,116
12.	**LOANS AND ADVANCES**			
	- Considered good			
	Current portion of long term loans to employees	8	1,443,000	1,035,000
	Advances to:			
	- suppliers and contractors		488,896,997	141,398,124
	- employees		2,147,588	2,109,344
			491,044,585	143,507,468
			492,487,585	144,542,468

		Note	2022 Rupees	2021 Rupees
13.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		1,101,608	1,008,608
	Margin against letter of credit		23,726,752	3,372,478
	Prepayments		14,860,465	3,609,835
			39,688,825	7,990,921
14.	**SHORT TERM INVESTMENTS**			
	Equity instruments	14.1	2,317,444,048	2,977,735,568

14.1 Equity Instruments - at FVTOCI

(Investment in quoted securities)

2022	2021		Market value		Cost	
No. of shares / certificates		Name of the investee company	2022	2021	2022	2021
			Rupees			
54,720	54,720	Attock Petroleum Ltd.	17,582,083	17,566,762	12,153,848	12,153,848
9,538,500	9,538,500	Bank Al-Habib Ltd.	553,805,310	668,839,620	419,888,054	419,888,054
341,103	341,103	Charat Packaging Ltd.	38,517,351	67,848,798	35,824,418	35,824,418
2,636,260	2,636,260	Engro Corporation Ltd.	677,756,083	776,668,559	589,213,189	589,213,189
125,000	125,000	Fauji Cement Company Ltd.	1,771,250	2,875,000	3,683,337	3,683,337
7,766,704	7,766,704	Habib Bank Ltd.	709,410,744	950,411,568	1,603,060,152	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
12,878,000	12,878,000	K-Electric Ltd.	39,149,120	53,830,040	120,385,975	120,385,975
303,000	303,000	Lucky Cement Ltd.	139,089,120	261,622,320	117,777,538	117,777,538
448,934	448,934	Pakistan State Oil Company Ltd.	77,144,819	100,673,450	63,918,848	63,918,848
132,317	101,783	The Searle Company Ltd.	14,425,199	24,694,591	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	48,792,969	52,704,860	80,749,609	80,749,609
			2,317,444,048	2,977,735,568	3,051,342,984	3,051,342,984
		Add: Adjustment arising from re-measurement to fair value			(733,898,936)	(73,607,416)
		Market value			2,317,444,048	2,977,735,568

	Note	2022 Rupees	2021 Rupees
15. OTHER RECEIVABLES			
Advance income tax		672,417,807	430,708,600
Export rebate & duty drawbacks		12,806,153	86,290,467
Dividend receivable		28,708,346	26,889,852
Accrued mark-up on term finance certificates		81,830	72,063
Loans to Subsidiary Companies			
(including mark-up thereon)			
- Premier Cement Ltd.	15.1	250,729,410	122,115,890
- Sapphire Energy (Pvt.) Ltd.	15.2	357,279,283	226,548,268
Due from the related parties			
- Sapphire Power Ltd.	15.3	131,035	131,035
- Sapphire Cement Company Ltd.	15.3	168,600	168,600
- Reliance Cotton Spinning Mills Ltd.	15.3	22,908,565	285,104
- Sapphire Mining Exploration (Pvt.) Ltd.	15.3	857,030	-
- Sapphire Electric Company Ltd.	15.3	435,219	-
- Amer Cotton Mills (Pvt.) Ltd.	15.3	80,794	-
Others		8,510,030	8,800,952
		1,355,114,102	902,010,831

15.1 The Company has entered into a loan agreement with Premier Cement Ltd. (the Subsidiary Company), to provide an unsecured loan upto an amount of Rs.500 million for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, ranged from 7.54% to 13.57% (2021: 7.10% to 7.44%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.250.760 million (2021: Rs.122.116 million).

15.2 The Company has entered into a loan agreement with Sapphire Energy (Pvt.) Limited (the Subsidiary Company), to provide an unsecured loan upto an amount Rs.375 million for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, was 7.54% to 13.57% (2021: 7.10% to 7.44%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.357.280 million (2021: Rs.226.548 million).

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

15.4 The aggregate maximum outstanding balance due from the related parties (associated companies) at the end of any month during the year was Rs.24.581 million (2021: Rs.0.584 million). Receivable from Sapphire Cement Company Ltd., Sapphire Power Ltd. and Reliance Cotton Spinning Mills Ltd. are past due for more than one year.

		Note	2022 Rupees	2021 Rupees
16	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		2,346,304,269	923,908,933
	Income tax		455,927,768	444,300,841
	Excise duty		26,811,914	24,201,390
	Less: provision for doubtful tax refunds	16.1	367,965,177	282,074,014
			2,461,078,774	1,110,337,150
16.1	**Provision for doubtful tax refunds**			
	Balance at beginning of the year		282,074,014	282,074,014
	Add: provision for the year		85,891,163	-
	Balance at end of the year		367,965,177	282,074,014
17.	**CASH AND BANK BALANCES**			
	Cash-in-hand	17.1	5,929,217	5,021,238
	Balances with banks on:			
	- current accounts	17.2	27,222,413	47,751,996
	- term deposit account (TDA)	17.3	6,040,000	6,040,000
	- dividend account		6,639,880	6,179,813
			39,902,293	59,971,809
			45,831,510	64,993,047

17.1 Cash-in-hand includes Rs.5.374 million (2021: Rs.1.210 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.$ 78,865 (2021: US.$ 83,343).

17.3 Effective rates of profit on TDA, during the period, ranged at 5.75% to 6.00% (2021: 5.73% to 7.75%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 Number	2021 Number		2022 Rupees	2021 Rupees
12,759,375	12,759,375	Ordinary shares of Rs.10		
		each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10		
		each issued as fully paid bonus shares	79,125,000	79,125,000
20,671,875	20,671,875		206,718,750	206,718,750

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

18.2 10,714,798 (2021: 10,714,798) ordinary shares of Rs.10 each are held by the related parties as at year-end.

	Note	2022 Rupees	2021 Rupees
19. RESERVES			
Share premium - capital reserve	19.1	391,833,750	391,833,750
General reserve - revenue reserve	19.2	1,183,845,000	1,183,845,000
Unrealized gain on financial assets at fair value through other comprehensive income	19.3	46,172,423	1,602,907,581
		1,621,851,173	3,178,586,331

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

19.2 This represents reserves funds set aside from unappropriated profit.

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

		Note	2022 Rupees	2021 Rupees
20.	**LONG TERM LIABILITIES - Secured**			
	Long term finances	20.1	6,405,605,255	5,924,357,343
	Provision for Gas infrastructure Development Cess	20.2	311,317,527	297,105,989
			6,716,922,782	6,221,463,332
	Less: current portion grouped under current liabilities		(1,072,001,118)	(1,016,060,869)
			5,644,921,664	5,205,402,463

20.1	**Long term finances**			
	(from banking companies)			
	- MCB Bank Limited			
	- Long term finance facility - I	20.1.1	42,898,000	59,264,608
	- Long term finance facility - II	20.1.2	1,133,902,000	1,309,668,142
	- Long term finance facility - III	20.1.3	133,215,000	-
	- Demand finance	20.1.4	-	6,614,608
			1,310,015,000	1,375,547,358
	- Habib Bank Limited			
	- Long term finance facility	20.1.5	396,585,000	256,780,000
	- Long term finance facility (under refinance scheme for payment of wages and salaries)	20.1.6	117,690,418	377,395,778
			514,275,418	634,175,778
	- Allied Bank Limited	20.1.7	565,344,750	687,191,050
	- United Bank Limited	20.1.8	1,245,246,247	1,473,221,407
	- Faysal Bank Limited	20.1.9	1,361,941,950	1,353,698,750
	- Bank Alfalah Limited	20.1.10	1,059,677,890	184,633,000
	- Habib Metropolitan Limited	20.1.11	215,890,000	215,890,000
	- Meezan Bank Limited	20.1.12	120,214,000	-
	- Askari Bank Limited	20.1.13	13,000,000	-
			6,405,605,255	5,924,357,343

20.1.1 The Company has arranged long term finance facilities amounting Rs.110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2021: 3.00% to 12.19%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

20.1.2 The Company has arranged long term finance facilities amounting Rs.1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs.1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Company.

20.1.3 The Company has arranged long term finance facilities amounting Rs.133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at SBP rate + 1% per annum. The loan is secured against first charge of aggregate Rs.2,200 million over the specific plant and machinery of the Company along with the other facilities from the bank.

20.1.4 MCB Bank Limited, on request of the Company, converted four tranches of long term finance facility amounting Rs.46.302 million into a demand finance facility. This finance facility was repayable in seven equal semi-annual instalments commenced from June, 2017 and carried mark-up at the rate of 3 month Kibor + 1% per annum. These finances carried mark-up at the rate of 2.50% (2021: at the rate ranged from 12.13% to 14.24%) per annum and was secured against joint pari passu charge of Rs.200 million over the imported machinery.

20.1.5 The Company has arranged long term finance facilities amounting Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.256.780 million in nine tranches of different amounts during the preceding years and Rs.147.372 million in nine tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2021: ranged from 2.85% to 11.38%) per annum and are secured against first charge of Rs.667 million with 25% margin over the specific plant and machinery of the Company.

20.1.6 The Company has arranged a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Company for Rs.583.333 million.

As the above loan is below market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market- related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as a Government grant (note 21).

20.1.7 The Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.960.357 million in seventeen trenches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.

20.1.8 The Company has arranged long term finance facilities amounting Rs.1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2021: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Company.

20.1.9 The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,353.717 million in forty tranches of different amounts during the preceding year and Rs. 32.907 million in two tranches of different amounts during the current year. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2021: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs.900 million with 25% margin over the specific plant and machinery of the Company.

20.1.10 The Company has arranged long term finance facility amounting Rs.1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.184.633 million in seven tranches of different amounts during the preceding years and Rs.876.545 million in eighteen tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2021: 3.00% to 4.00%) per annum and are secured against first joint pari passu charge of Rs.1,333.340 million with 25% margin over the specific plant and machinery of the Company.

20.1.11 The Company has arranged a long term finance facility amounting Rs.270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Company.

20.1.12 The Company, during the current year, arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.120.214 million in nine tranches of different amounts during the current period. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 3.50% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Company with 25% margin.

20.1.13 The Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranches. The loan is repayable in 32 equal quarterly installments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs.666.667 million on the fixed assets of the Company.

		Note	2022 Rupees	2021 Rupees
20.2	**Movement in Gas Infrastructure Development Cess payable**			
	Balance of provision for GIDC	20.2.1	297,105,989	325,853,952
	Effect of discounting		-	(48,195,586)
	Unwinding of interest		14,211,538	19,447,623
			311,317,527	297,105,989

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

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

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

		Note	2022 Rupees	2021 Rupees
21	**DEFERRED INCOME - GOVERNMENT GRANT**			
	Government grant on loan at below			
	market rate of interest - net	21.1 & 21.2	1,178,823	16,336,589
	Less: current portion grouped under current liabilities		1,178,823	12,848,707
			-	3,487,882

21.1 As fully detailed in note 20.1.6 to these financial statements, the Company has recorded Rs.35.733 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS-20 'Accounting for government grant and disclosure of government assistance'.

21.2 The Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the year, Rs.15.158 million has been recognized in the statement of profit or loss.

22. STAFF RETIREMENT BENEFIT - Gratuity

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

		2022 Rupees	2021 Rupees
22.1	**Amount recognized in the statement of financial position**		
	Net liability at the beginning of the year	341,556,615	310,591,147
	Charge to statement of profit or loss	131,608,465	110,916,094
	Remeasurement recognized in statement of other comprehensive income	(1,673,946)	(10,707,520)
	Payments made during the year	(71,952,616)	(69,243,106)
	Net liability at the end of the year	399,538,518	341,556,615
22.2	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	341,556,615	310,591,147
	Current service cost	101,050,434	87,458,679
	Interest cost	30,558,031	23,457,415
	Benefits paid	(71,952,616)	(69,243,106)
	Remeasurements on obligation	(1,673,946)	(10,707,520)
	Balance at end of the year	399,538,518	341,556,615
22.3	**Expense recognized in statement of profit or loss**		
	Current service cost	101,050,434	87,458,679
	Interest cost	30,558,031	23,457,415
		131,608,465	110,916,094
22.4	**Remeasurements recognized in statement of other comprehensive income**		
	Experience adjustment	(6,027,506)	(12,479,822)
	Actuarial loss	4,353,560	1,772,302
		(1,673,946)	(10,707,520)

		2022	2021
22.5	**Actuarial assumptions used**		
	Discount rate used for year-end obligation	13.25%	10.00%
	Expected rate of increase in future salaries	12.25%	9.00%
	Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

22.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1.00%	(374,552,659)	428,169,452
Increase in future salaries	1.00%	429,299,178	(373,083,002)

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.

22.7 Based on actuary's advice, the expected charge for the year ending June 30, 2023 amounts to Rs.166.31 million.

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

22.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at June 30, 2022	77,826,152	168,076,854	241,523,197	8,379,765,515	8,867,191,718

		2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
22.10	**Historical information:**					
	Present value of defined benefit obligation	399,538,518	341,556,615	310,591,147	242,930,143	346,597,468
	Experience adjustment on obligation / actuarial loss	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)	8,423,010

		Note	2022 Rupees	2021 Rupees
23.	**DEFERRED TAXATION - Net**			
	The balance of deferred tax is in respect			
	of following major temporary differences			
	Taxable temporary differences arising in respect of:			
	- accelerated tax depreciation allowance		155,027,980	158,677,228
			155,027,980	158,677,228
	Deductible temporary differences arising in respect of:			
	- staff retirement benefit - gratuity		17,449,445	17,026,939
	- provision for slow moving inventory		503,408	599,215
	- provision for doubtful tax refunds		15,584,764	14,061,672
	- provision for impairment in trade debts		3,666,830	3,935,194
			37,204,447	35,623,020
			117,823,533	123,054,208

23.1 The Company's income of the current year is chargeable to tax under presumptive tax regime of the Income Tax Ordinance, 2001. However, deferred tax liability / (asset) is recognized as management is not certain whether income of subsequent years is chargeable to tax under presumptive tax regime or normal tax regime.

		Note	2022 Rupees	2021 Rupees
24.	**TRADE AND OTHER PAYABLES**			
	Trade creditors	24.1	2,320,295,466	1,231,738,190
	Accrued expenses		1,427,473,586	791,994,697
	Bills payable	24.2	565,680,154	749,346,003
	Sindh government infrastructure fee	24.3	447,143,385	313,966,770
	Workers' profit participation fund	24.4	268,466,172	119,661,295
	Workers' welfare fund	24.5	144,765,702	815,671
	Current portion of Government grant	21	1,178,823	12,848,707
	Others		513,555	1,484,188
			5,175,516,843	3,221,855,521

		Note	2022 Rupees	2021 Rupees
24.1	**These balances include the following amounts due to related parties:**			
	Reliance Cotton Spinning Mills Ltd.		155,952,832	50,897,959
	Amer Cotton Mills (Pvt.) Ltd.		572,759,110	176,877,206
	Sapphire Textile Mills Ltd.		182,754	-
	Diamond Fabrics Ltd.		101,395	-
			728,996,091	227,775,165

24.2 These are secured against import documents.

24.3 This provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the

High Court). The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

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

As at June 30, 2022, the Company has provided bank guarantees aggregating Rs.496.950 million (2021: Rs.296.950 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favor.

	Note	2022 Rupees	2021 Rupees
24.4 Workers' profit participation fund			
Balance at beginning of the year		119,661,295	59,227,537
Add: interest on funds utilised by the company		904,702	1,135,490
		120,565,997	60,363,027
Less: payments made during the year		120,565,997	60,363,027
		-	-
Add: allocation for the year		268,466,172	119,661,295
Balance at end of the year		268,466,172	119,661,295

	Note	2022 Rupees	2021 Rupees
24.5 Workers' welfare fund			
Balance at beginning of the year		815,671	815,671
Add: allocation for the year		143,950,031	-
Balance at end of the year		144,765,702	815,671

	Note	2022 Rupees	2021 Rupees
25. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		59,826,713	83,234,264
- short term borrowings		192,537,200	112,574,501
		252,363,913	195,808,765

	Note	2022 Rupees	2021 Rupees
26. SHORT TERM BORROWINGS			
Running / cash finances - secured	26.1	8,518,082,484	9,939,583,162
Running Musharaka finance	26.1	2,450,000,000	1,000,000,000
		10,968,082,484	10,939,583,162

26.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.21,600 million (2021: Rs.19,200 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.25% to 16.55% (2021: 2.25% to 8.84%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs.57,986 million (2021: Rs.47,353 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs.19,780 million (2021: Rs.12,080 million) out of which the amount remained unutilized at the year-end was Rs.11,722.944 million (2021: Rs.4,584 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and counter guarantee by the Company.

Abovementioned facilities are expiring on various dates upto April 30, 2023.

	Note	2022 Rupees	2021 Rupees
27 CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term finances	20	841,187,902	859,922,517
Current portion of Gas Infrastructure Development Cess payable	20	230,813,216	156,138,352
		1,072,001,118	1,016,060,869

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.981.468 million (2021: Rs.781.468 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

28.2 Commitments

	Note	2022 Rupees	2021 Rupees
Commitments in respect of :			
- letters of credit for capital expenditure		1,393,549,471	1,009,617,786
- letters of credit for purchase of raw materials and stores, spare parts & chemicals		1,245,777,622	1,709,336,309
- capital expenditure other than letters of credit		685,315,214	366,475,127
- foreign & local bills discounted		3,870,571,986	3,246,576,158

29. SALES - Net

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

For the year ended June 30, 2022

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
- Yarn	3,700,010,385	18,204,572	17,704,378	3,735,919,335
- Fabric	-	1,065,011,760	1,868,818,460	2,933,830,220
- Garments	-	46,087,456	456,246	46,543,702
- Waste	364,518,730	69,286,327	123,358,572	557,163,629
- Raw materials	168,568,428	-	-	168,568,428
- Local steam income	17,734,950	-	-	17,734,950
- Processing income	2,672,048	54,081,120	307,652	57,060,820
	4,253,504,541	1,252,671,235	2,010,645,308	7,516,821,084
Export Sales				
- Yarn	20,328,816,368	215,866,614	-	20,544,682,982
- Fabric	-	1,684,324,683	10,775,580,497	12,459,905,180
- Garments	-	4,701,139,190	-	4,701,139,190
- Waste	513,281,777	-	-	513,281,777
	20,842,098,145	6,601,330,487	10,775,580,497	38,219,009,129
Export rebate				
- Yarn	-	685,166	-	685,166
- Fabric	-	21,464,841	76,466,850	97,931,691
- Garments	-	46,247,624	-	46,247,624
	-	68,397,631	76,466,850	144,864,481
Less: sales tax	967,297,034	187,867,728	1,088,013,361	2,243,178,123
	24,128,305,652	7,734,531,625	11,774,679,294	43,637,516,571
Timing of revenue recognition				
Goods transferred at a point in time	24,125,633,604	7,680,450,505	11,774,371,642	43,580,455,751
Services rendered at a point in time	2,672,048	54,081,120	307,652	57,060,820
	24,128,305,652	7,734,531,625	11,774,679,294	43,637,516,571

For the year ended June 30, 2021

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
- Yarn	3,277,486,845	60,478,730	38,405,215	3,376,370,790
- Fabric	-	1,083,754,001	1,910,827,680	2,994,581,681
- Garments	-	39,399,098	-	39,399,098
- Waste	199,675,058	40,590,073	67,077,646	307,342,777
- Raw materials	131,719,783	-	-	131,719,783
- Local steam income	22,882,860	-	-	22,882,860
- Processing income	1,085,201	175,759,455	1,950,419	178,795,075
	3,632,849,747	1,399,981,357	2,018,260,960	7,051,092,064
Export Sales				
- Yarn	11,265,592,467	517,308,812	-	11,782,901,279
- Fabric	-	897,818,051	6,740,122,748	7,637,940,799
- Garments	-	2,412,446,303	-	2,412,446,303
- Waste	392,215,514	-	-	392,215,514
	11,657,807,981	3,827,573,166	6,740,122,748	22,225,503,895
Export rebate				
- Yarn	-	473,261	-	473,261
- Fabric	-	13,131,040	50,007,056	63,138,096
- Garments	-	53,833,012	-	53,833,012
	-	67,437,313	50,007,056	117,444,369
Less: sales tax	740,311,981	260,472,262	862,052,947	1,862,837,190
	14,550,345,747	5,034,519,574	7,946,337,817	27,531,203,138
Timing of revenue recognition				
Goods transferred at a point in time	14,549,260,546	4,858,760,119	7,944,387,398	27,352,408,063
Services rendered at a point in time	1,085,201	175,759,455	1,950,419	178,795,075
	14,550,345,747	5,034,519,574	7,946,337,817	27,531,203,138

29.1 This includes indirect export of Rs.8,359.051 million (2021: Rs.5,797.515 million).

29.2 Waste sales include sale of comber noil.

29.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.686.253 million (2021: exchange loss Rs.56.019 million) has been included / net-off in export sales.

		Note	2022 Rupees	2021 Rupees
30.	**COST OF SALES**			
	Finished goods at beginning of the year		1,655,968,789	1,263,603,319
	Cost of goods manufactured	30.1	34,739,943,611	23,873,446,924
	Cost of raw materials sold		107,449,828	109,519,870
			34,847,393,439	23,982,966,794
			36,503,362,228	25,246,570,113
	Finished goods at end of the year		(3,153,668,218)	(1,655,968,789)
			33,349,694,010	23,590,601,324
30.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		1,072,589,736	798,954,257
	Raw materials consumed	30.2	26,183,015,200	17,868,066,021
	Salaries, wages and benefits	30.3	2,677,475,044	2,009,665,721
	Packing stores consumed		404,000,166	315,724,696
	General stores consumed		584,932,648	414,369,929
	Processing charges		1,388,487,591	921,639,852
	Depreciation	4.2	868,833,943	838,309,738
	Fuel and power		2,426,856,267	1,543,355,388
	Repair and maintenance		206,408,565	67,020,671
	Insurance		77,165,648	44,044,085
	Vehicles' running		46,214,615	32,020,218
	Travelling and conveyance		47,475,151	34,155,462
	Printing and stationery		223,686	423,021
	Legal and professional charges		12,026,181	3,856,266
	Fee and subscription		4,390,109	13,432,711
	Entertainment		17,168,726	13,368,742
	Telephone		2,755,446	2,789,434
	Postage		10,814,052	11,715,957
	Rent, rates and taxes		5,919,166	13,124,491
			36,036,751,940	24,946,036,660
	Work-in-process at end of the year		(1,296,808,329)	(1,072,589,736)
			34,739,943,611	23,873,446,924

	Note	2022 Rupees	2021 Rupees
30.2 Raw materials consumed			
Stocks at beginning of the year		7,128,035,967	5,099,562,285
Purchases		27,820,280,370	19,896,539,703
		34,948,316,337	24,996,101,988
Stocks at end of the year		(8,765,301,137)	(7,128,035,967)
		26,183,015,200	17,868,066,021

30.3 Salaries, wages and benefits include Rs.126.491 million (2021: Rs.112.390 million) in respect of staff retirement benefit - gratuity and Rs.20.782 million (2021: Rs.19.010 million) contribution in respect of staff provident fund.

	Note	2022 Rupees	2021 Rupees
31. DISTRIBUTION COST			
Salaries and other benefits	31.1	93,433,808	81,252,043
Travelling, conveyance and entertainment		10,313,720	2,024,557
Vehicles' running		2,301,540	1,837,241
Telephone		555,860	762,245
Postage		15,100,530	12,466,528
Printing and stationery		4,158	12,927
Sample expenses		679,123	96,995
Commission:			
- local		12,205,112	15,397,840
- export		515,775,734	248,240,571
		527,980,846	263,638,411
Freight and forwarding:			
- local		12,908,556	11,493,585
- export		1,118,463,534	496,674,925
		1,131,372,090	508,168,510
Export development surcharge		68,790,242	41,716,784
Other export expenses		34,922,813	17,719,961
Sales promotion		135,486,618	107,232,836
Provision for expected credit loss in trade debts		5,020,000	19,666,122
		2,025,961,348	1,056,595,160

31.1 Salaries and other benefits include Rs.3.019 million (2021: Rs.3.063 million) in respect of contribution to staff provident fund.

	Note	2022 Rupees	2021 Rupees
32 ADMINISTRATIVE EXPENSES			
Directors' remuneration		36,000,000	36,000,000
Director's meeting fee		1,230,000	865,000
Salaries and other benefits	32.1	276,819,444	181,283,426
Telephone		9,131,803	8,079,013
Postage		770,796	646,835
Fee and subscription		9,746,115	20,858,760
Legal and professional charges		10,566,976	17,055,411
Entertainment		7,221,120	3,462,146
Travelling and conveyance		6,127,699	3,603,313
Printing and stationery		7,255,053	5,098,949
Rent, rates and taxes		7,621,822	7,761,861
Advertisement		583,880	462,486
Electricity, gas and water		11,347,048	8,004,634
Repair and maintenance		21,301,150	23,716,597
Vehicles' running		20,130,490	13,301,287
Charity and donations	32.2	19,180,831	19,062,304
Insurance		1,038,123	3,179,949
Depreciation	4.2	20,199,242	18,321,821
Amortization of intangible assets	6	1,465,030	1,465,030
		467,736,622	372,228,822

32.1 Salaries and other benefits include Rs.9.872 million (2021: Rs.8.425 million) in respect of contribution to staff provident fund.

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

These include donations amounted Rs.17.040 million (2021: Rs.16.290 million) made to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

	Note	2022 Rupees	2021 Rupees
33 . OTHER INCOME			
Income from financial assets			
Dividend income from:			
- related parties		433,942,930	461,418,900
- others		831,299,889	595,886,743
		1,265,242,819	1,057,305,643
Interest income on bank deposits		357,563	5,835,397
Mark-up earned on loan to a related parties		43,511,980	19,126,184
Mark-up earned on term finance certificates		5,493,288	-
Amortisation of deferred income - government grant		15,157,766	19,396,034
		1,329,763,416	1,101,663,258
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	4.5	29,631,474	95,691,950
Gain on sale of store and spares		-	1,440,589
Scrap sales [Net of sales tax aggregating Rs.13.088 million (2021: Rs.24.130 million)]		74,995,198	48,098,294
		104,626,672	145,230,833
		1,434,390,088	1,246,894,091

	Note	2022 Rupees	2021 Rupees
34. OTHER EXPENSES			
Workers' profit participation fund	24.4	268,466,172	119,661,295
Workers' welfare fund		143,950,031	-
Auditors' remuneration		4,160,250	2,366,350
Loss on sale of store and spares		18,299	-
Provision for doubtful tax refunds		85,891,163	-
		502,485,915	122,027,645
34.1 Auditors' remuneration			
- statutory audit		1,778,700	1,617,000
- half yearly review		242,550	220,500
- review of code of corporate governance		71,610	65,100
- special audit		1,500,000	-
- audit of retirement funds and workers' profit participation fund		313,750	313,750
- out-of-pocket expenses		253,640	150,000
		4,160,250	2,366,350
35. FINANCE COST			
Mark-up / interest on long term finances		186,374,592	188,305,141
Mark-up / interest on short term borrowings		1,258,606,108	705,036,995
Exchange loss / (gains) on foreign currency loans		55,022,181	(69,765,886)
		1,313,628,289	635,271,109
Interest on workers' profit participation fund	24.4	904,702	1,135,490
Unwinding effect of long term liabilities	20.2	14,211,538	19,447,623
Bank and other financial charges		157,358,107	118,690,346
		1,672,477,228	962,849,709

	Note	2022 Rupees	2021 Rupees
36. TAXATION			
Current			
Current tax on profit for the year	36.1	842,923,568	398,753,211
Adjustments in respect of prior years		592,148	(2,646,739)
		843,515,716	396,106,472
Deferred			
Origination and reversal of temporary differences		(5,416,392)	4,123,491
		838,099,324	400,229,963

36.1 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. Further current year's provision include super tax at the rate of 10% of income under section 4C levied through Finance Act, 2022 applicable for tax year 2022.

36.2 Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under presumptive tax regime.

	2022 Rupees	2021 Rupees
37. EARNINGS PER SHARE		
37.1 Basic earnings per share		
Net profit for the period / year	6,215,452,212	2,273,564,606
	Number of Shares	
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupees	
Earnings per share	300.67	109.98

37.2 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, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2022 Rupees	2021 Rupees
38.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		7,053,551,536	2,673,794,569
	Adjustments for non-cash charges and other items:			
	Depreciation		889,033,185	856,631,559
	Amortization		1,465,030	1,465,030
	Amortization of deferred income - Government grant		(15,157,766)	(19,396,034)
	Staff retirement benefit - gratuity		131,608,465	110,916,094
	Provision for slow moving items		(493,640)	(35,421)
	Dividend and interest income		(1,271,093,670)	(1,063,141,040)
	Loss / (gain) on sale of stores and spares		18,299	(1,440,589)
	Gain on disposal of operating fixed assets		(29,631,474)	(95,691,950)
	Provision for workers' profit participation fund		268,466,172	119,661,295
	Provision for workers' welfare fund		143,950,031	-
	Provision for impairment of trade debts - net		5,020,000	19,666,122
	Provision for doubtful tax refunds		85,891,163	-
	Finance cost		1,672,477,228	962,849,709
	Working capital changes	38.1	(5,451,707,876)	(3,487,257,484)
			3,483,396,683	78,021,860

38.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		(291,880,344)	(109,158,500)
	Stock-in-trade		(2,991,896,472)	(3,814,482,659)
	Trade debts		(2,354,639,062)	(521,214,070)
	Loans and advances		(347,945,117)	15,857,803
	Long term deposits		(31,889,900)	-
	Deposits, other receivables and sale tax		(1,666,269,567)	(533,595,609)
			(7,684,520,462)	(4,962,593,035)
	Increase in trade and other payables		2,232,812,586	1,475,335,551
			(5,451,707,876)	(3,487,257,484)

39. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	24,001,200	24,001,200	206,362,376	166,641,557
Contribution to provident fund trust	-	-	17,890,024	13,250,732
House rent and utilities	11,998,800	11,998,800	97,290,841	77,835,459
Medical	-	-	4,033,111	3,389,749
Leave encashment / bonus	-	-	48,761,953	31,489,611
Other benefits	-	-	10,892,143	10,460,468
	36,000,000	36,000,000	385,230,448	303,067,576
Number of persons	1	1	59	59

39.1 Certain executives are provided with Company maintained vehicles.

39.2 During the year, meeting fees of Rs.1,230 thousand (2021: Rs.865 thousand) was paid to two non-executive director.

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

40. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding
Sapphire Electric Company Ltd.	Subsidiary Company	68.11%
Premier Cement Ltd.	Subsidiary Company	100%
Sapphire Energy (Pvt.) Ltd.	Subsidiary Company	100%
Sapphire Power Limited (SPL)	Subsidiary Company	100%
Reliance Cotton Spinning Mills Ltd.	Common directorship	1.35%
SFL Ltd.	Common directorship	0.051%
Sapphire Power Generation Ltd.	Common directorship	17.63%
Sapphire Finishing Mills Ltd.	Common directorship	-
Neelam Textile Mills Ltd.	Common directorship	-
Amer Cotton Mills (Pvt.) Ltd.	Common directorship	-
Sapphire Textile Mills Ltd.	Common directorship	-
Diamond Fabrics Ltd.	Common directorship	-
Salman Ismail (SMC-Pvt.) Ltd.	Common directorship	-
Sapphire Agencies (Pvt.) Ltd.	Common directorship	-
Crystal Enterprises Ltd.	Common directorship	-
Sapphire Holding Ltd.	Common directorship	-
Four Strength (Pvt.) Ltd.	Common directorship	-
SANIFA Agri Services Ltd.	Common directorship	-

Key management personnel

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

	2022 Rupees	2021 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Dividend received	433,173,900	433,173,900
Loan provided	215,833,555	170,352,419
Mark-up charged	43,511,980	19,126,184
Expenses charges to	435,219	14,176,893
ii) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	346,745,540	298,481,074
- assets	28,100,000	2,800,000
Purchases:		
- raw material / yarn / fabric / stores	3,323,091,230	2,350,556,642
Services:		
- rendered	1,002,902	7,622
- obtained	595,912	164,680
Expenses charged by	44,998,576	39,177,949
Expenses charged to	14,873,277	15,197,634
Dividend:		
- received	207,394,030	28,245,000
- paid	48,550,990	-
iii) Key management personnel		
Salary and other employment benefits	111,549,402	109,287,852
iv) Retirement Fund		
Contribution towards provident fund	34,280,674	30,300,358

41. FINANCIAL RISK MANAGEMENT

41.1 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 minimizes earnings volatility and provide maximum return to shareholders.

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets as mentioned in note.41.4, the financial assets exposed to credit risk aggregated to Rs.11,225.056 million as at June 30, 2022 (2021: Rs.10,109.256 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 93% (2021: 96%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2022 Rupees	2021 Rupees
Long term investments	2,948,543,584	3,844,987,222
Long term loans	1,271,250	930,000
Long term deposits	60,496,545	28,606,645
Trade debts	5,161,236,749	2,806,597,687
Loans and advances	1,443,000	1,035,000
Trade deposits	24,828,360	4,381,086
Short term investments	2,317,444,048	2,977,735,568
Other receivables	669,890,142	385,011,764
Bank balances	39,902,293	59,971,809
	11,225,055,971	10,109,256,781

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:

	2022 Rupees	2021 Rupees
Domestic	1,823,066,801	1,838,184,170
Export	3,338,169,948	968,413,517
	5,161,236,749	2,806,597,687

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

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

	2022 Rupees	2021 Rupees
Yarn	2,346,663,753	1,249,742,172
Fabric	1,829,417,525	1,262,469,915
Garments	886,277,466	254,219,282
Waste	98,878,005	40,166,318
	5,161,236,749	2,806,597,687

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

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

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

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

(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, 2022					
Long term finances	6,405,605,255	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables	4,315,141,584	4,315,141,584	4,315,141,584	-	-
Accrued mark-up / interest	252,363,913	252,363,913	252,363,913	-	-
Short term borrowings	10,968,082,484	11,691,827,735	11,691,827,735	-	-
Unclaimed dividend	6,670,826	6,670,826	6,670,826	-	-
	21,947,864,062	23,391,494,711	17,268,753,395	4,081,818,339	2,040,922,977

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2021					
Long term finances	5,924,357,343	7,011,765,929	1,107,043,064	3,932,195,057	1,972,527,808
Trade and other payables	2,787,411,785	2,787,411,785	2,787,411,785	-	-
Accrued mark-up / interest	195,808,765	195,808,765	195,808,765	-	-
Short term borrowings	10,939,583,162	11,247,519,832	11,247,519,832	-	-
Unclaimed dividend	6,194,951	6,194,951	6,194,951	-	-
	19,853,356,006	21,248,701,262	15,343,978,397	3,932,195,057	1,972,527,808

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

(c) Market risk

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

(i) Currency risk

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

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

	Rupees	U.S.$	Euro	JPY	CHF
For the year ended June 30, 2022					
Bills payables	565,680,154	2,493,047	115,747	18,000,000	-
Advance payments	880,409,400	4,273,583	-	-	-
	1,446,089,554	6,766,630	115,747	18,000,000	-
Trade debts	(3,338,169,948)	(16,204,708)	-	-	-
Bank balances	(16,206,778)	(78,865)	-	-	-
Net balance sheet exposure	(1,908,287,172)	(9,516,943)	115,747	18,000,000	-
Outstanding letters of credit	2,639,327,093	8,110,372	3,698,439	4,809,156	756,616
	731,039,921	(1,406,571)	3,814,186	22,809,156	756,616

	Rupees	U.S.$	Euro	JPY	CHF
For the year ended June 30, 2021					
Bills payables	749,346,003	4,507,193	36,714	-	207,000
Advance payments	374,848,496	2,372,538	-	-	-
	1,124,194,499	6,879,731	36,714	-	207,000
Trade debts	(968,413,517)	(6,198,345)	-	-	-
Bank balances	(13,151,544)	(83,343)	-	-	-
Net balance sheet exposure	142,629,438	598,043	36,714	-	207,000
Outstanding letters of credit	2,718,954,095	11,199,708	2,468,563	18,000,000	2,644,096
	2,861,583,533	11,797,751	2,505,277	18,000,000	2,851,096

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
U.S. Dollar to Rupee	185.07	158.06	206 / 205.50	158.30 / 157.80
Euro to Rupee	203.00	188.42	215.75 / 215.23	188.71 / 188.12
Swiss Frank to Rupee	186.15	171.59	215.96 / 215.43	171.86 / 171.32
Japanese Yen to Rupee	1.6300	1.4300	1.5047 / 1.5083	1.4324 / 1.4279

At June 30, 2022, 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.

	2022	2021
	Rupees	
Effect on profit for the year:		
U.S. Dollar to Rupee	(195,573,179)	9,437,119
Euro to Rupee	2,491,223	690,664
JPY to Rupee	2,714,940	-
CHF to Rupee	-	3,546,324
	(190,367,016)	13,674,107

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

(ii) Interest rate risk

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

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

	2022	2021	2022	2021
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	5.75 to 6.00	5.73 to 7.75	6,040,000	6,040,000
Financial liabilities				
Long term finances	2.00 to 4.00	2.5 to 4.00	6,287,914,837	5,540,346,957
Variable rate instruments				
Financial liabilities				
Long term finances	0.6 to 7.31	0.6 to 11.38	117,690,418	384,010,386
Short term borrowings	2.25 & 16.55	2.25 & 8.84	10,968,082,484	10,939,583,162

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

At June 30, 2022, 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.110.857 million (2021: Rs.113.235 million) mainly as a result of higher / (lower) interest expense.

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

(iii) Other price risk

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

The Company's investments in ordinary shares and certificates of listed companies aggregating to Rs.5,266.894 million (2021: Rs.6,822.722 million) are exposed to price risk due to changes in market price.

At June 30, 2022, 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.526.689 million (2021: Rs.682.272 million).

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

41.2 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.5,266.894 million (2021: Rs.6,822.722 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.

41.3 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.

	2022 Rupees	2021 Rupees
Total borrowings	17,685,005,266	17,161,046,494
Less: cash and bank balances	45,831,510	64,993,047
Net debt	17,639,173,756	17,096,053,447
Total equity	23,368,965,322	18,915,478,789
Total capital	41,008,139,078	36,011,532,236
Gearing ratio	43%	47%

41.4 Financial instruments by category

	As at June 30, 2022			As at June 30, 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees			Rupees		
Financial assets as per statement of financial position						
Long term investments	-	2,948,543,584	2,948,543,584	-	3,844,987,222	3,844,987,222
Long term loans	1,271,250	-	1,271,250	930,000	-	930,000
Long term deposits	60,496,545	-	60,496,545	28,606,645	-	28,606,645
Trade debts	5,161,236,749	-	5,161,236,749	2,806,597,687	-	2,806,597,687
Loans and advances	1,443,000	-	1,443,000	1,035,000	-	1,035,000
Trade deposits	24,828,360	-	24,828,360	4,381,086	-	4,381,086
Short term investments	-	2,317,444,048	2,317,444,048	-	2,977,735,568	2,977,735,568
Other receivables	669,890,142	-	669,890,142	385,011,764	-	385,011,764
Cash and bank balances	45,831,510	-	45,831,510	64,993,047	-	64,993,047
	5,964,997,556	5,265,987,632	11,230,985,188	3,291,555,229	6,822,722,790	10,114,278,019

	Financial liabilities measured at amortised cost	
	2022 Rupees	2021 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	6,776,749,495	6,304,697,596
Trade and other payables	4,315,141,584	2,787,411,785
Unclaimed dividend	6,670,826	6,194,951
Short term borrowings and accrued mark-up	11,160,619,684	11,052,157,663
	22,259,181,589	20,150,461,995

42 RECOCILIATION OF MOVEMENT OF LIABILITES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
		Rupees	
Balance as at July 01, 2021	5,924,357,343	10,939,583,162	6,194,951
Changes from financing activities			
Finances obtained	1,323,473,590	28,499,322	-
Finances repaid	(843,564,962)	-	-
Dividends paid	-	-	(206,242,875)
Dividend declared	-	-	206,718,750
Total changes from financing cash flows	6,404,265,971	10,968,082,484	6,670,826
Other changes / adjustments	1,339,284	-	-
Balance as at June 30, 2022	6,405,605,255	10,968,082,484	6,670,826

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
	Rupees		
Balance as at July 01, 2020	4,886,009,007	10,026,256,385	6,137,961
Changes from financing activities			
Finances obtained	1,542,955,065	913,326,777	-
Finances repaid	(481,722,813)	-	-
Dividends paid	-	-	56,990
Dividend declared	-	-	-
Total changes from financing cash flows	5,947,241,259	10,939,583,162	6,194,951
Other changes / adjustments	(22,883,916)	-	-
Balance as at June 30, 2021	5,924,357,343	10,939,583,162	6,194,951

43. CAPACITY AND PRODUCTION

			2022	2021
43.1	**Spinning units**			
	Number of spindles installed		102,096	102,336
	Number of spindles worked		100,666	100,041
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	64,951,846	62,707,830
	Actual production after conversion into 20's count	Lbs.	66,872,608	55,484,333

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

			2022	2021
43.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		364	360
	Installed capacity	Lbs.	16,402,373	13,965,242
	Actual production	Lbs.	12,615,887	11,020,187
43.3	**Knitting unit**			
	Total number of days worked		364	364
	Installed capacity	Lbs.	15,196,858	14,612,963
	Actual production	Lbs.	6,918,552	7,366,118

43.3.1 Low production is due to low demand.

43.4	**Stitching unit**			
	Installed capacity	Pcs.	9,600,000	1,967,000

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

			2022	2021
43.5	**Denim unit**			
	Total number of days worked		364	364
	Installed capacity	Mtrs.	20,400,000	19,200,000
	Actual production	Mtrs.	20,970,742	18,890,552
44	**NUMBER OF EMPLOYEES**			
	Number of employees as at,		4,844	4,752
	Average number of employees as at,		4,662	4,531

45 PROVIDENT FUND RELATED DISCLOSURE

45.1 The following information is based on un-audited financial statements of the Fund for the year ended:

	2022 Rupees	2021 Rupees
Size of the Fund - Total Assets	166,191,952	136,425,500
Cost of investments made	156,539,862	134,111,538
Percentage of investments made	94.19%	98.30%
Fair value of investments made	161,641,830	136,425,500

45.2 The break-up of fair value of investments is as follow:

	2022	2021	2022	2021
	Percentage		Rupees	
Special account in a scheduled bank	5.30	3.08	8,561,531	4,202,431
Government securities & accrued mark-up	93.16	95.43	150,579,099	130,184,369
Listed securities	1.55	1.49	2,501,200	2,038,700
	100.00	100.00	161,641,830	136,425,500

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

46 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.

47 GENERAL

47.1 Non adjusting events subsequent to the reporting date

The Board of Directors, in their meeting held on September 26, 2022, has proposed a final cash dividend of 100% (i.e. Rs.10 per share) amounting to Rs. 206.719 million for the year ended June 30, 2022, for approval of the members at the Annual General Meeting to be held on October 26, 2022.

47.2 Date of authorisation for issue

These financial statements were authorized for issue on September 26, 2022 by the Board of Directors of the Company.

Chief Executive Officer | Director | Chief Financial Officer

Notes

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



FOR THE YEAR ENDED 30 JUNE 2022

DIRECTOR'S REPORT

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

Sapphire Electric Company Limited, Premier Cement Limited, Sapphire Cement Company Limited, Sapphire Hydro Limited, Sapphire Energy (Pvt.) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited and Sapphire Power Limited for the period ended 30 June, 2022. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Sapphire Electric Company Limited:

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2021: 68.11%) share capital of the subsidiary. The principal activity of the subsidiary company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW.

Premier Cement Limited:

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 31 December, 2021.
PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Cement Company Limited:

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 31 December, 2021.
SCCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Hydro Limited

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

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

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 31 December, 2021.

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

Ignite Power (Private) Limited

Ignite power (Private) Limited is a 60% owned subsidiary of Sapphire Energy (Private) Limited -SEPL which is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019.It intends to undertake, develop power projects including the use of solar energy systems and all other forms of energy and products or services associated therewith.

Sapphire Mining Exploration (Private) Limited (SMEL)

Sapphire Mining Exploration (Private) Limited (SMEL) was incorporated in Pakistan as a private company limited by shares

under the Companies Act, 2017 on August 25, 2020. Subject to necessary approvals, SMEL intends to establish and install plant for manufacturing of all kinds of cement and its allied products in Gilgit.

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

Sapphire Building Materials Limited - SBML

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

Sapphire Power limited – SPL

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

For and on behalf of the Board of Directors

Shahid Abdullah
Chief Executive Officer

Shayan Abdullah
Director

Lahore:
Dated: September 26, 2022

پاور(پرائیویٹ)لمیٹڈ(آئی پی پی ایل) 03جولائی 2019ءکو کمپنیز ایکٹ 2017 کے تحت ایک پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔سولر انرجی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروجیکٹس حاصل،ترقی دینے کا ارادہ رکھتی ہے۔

سفائر مائننگ ایکسپلوریشن(پرائیویٹ)لمیٹڈ (SMEL):

سفائر مائننگ ایکسپلوریشن(پرائیویٹ)لمیٹڈ(ایس ایم ای ایل) 25اگست 2020 کو کمپنیز ایکٹ2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ضروری منظوریوں کے حوالہ سے،ایس ایم ای ایل گلگت میں تمام اقسام کے سیمنٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلانٹ قائم اور نصب کرنے کا کا ارادہ رکھتی ہے۔ایس ایم ای ایل سفائر فائبرز لمیٹڈ کی ذیلی کمپنی پریمئر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر بلڈنگ میٹریلز لمیٹڈ (SBML):

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

سفائر پاور لمیٹڈ (SPL):

سفائر پاور لمیٹڈ(کمپنی) 19اپریل 2021 کو کمپنیز آرڈیننس 1984(اب کمپنیز ایکٹ 2017) کے تحت ایک پبلک غیر مندرج کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔کمپنی کی اصل سرگرمی ہائیڈرل اور ونڈ پاور سسٹم سمیت بجلی کی پیداوار،خریداری،درآمد،ٹرانسفارم،کنورٹ،تقسیم اور سپلائی کرنا ہے۔کمپنی سفائر فائبرز لمیٹڈ(ہولڈنگ کمپنی) کی مکمل ملکیتی ذیلی کمپنی ہے۔

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ
چیف ایگزیکٹو آفیسر

شایان عبداللہ
ڈائریکٹر

لاہور
تاریخ:26 ستمبر 2022ء

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی مدت کے لئے سفائر فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفائر الیکٹرک کمپنی لمیٹڈ، پریمیئر سیمنٹ لمیٹڈ، سفائر سیمنٹ کمپنی لمیٹڈ، سفائر ہائیڈرو لمیٹڈ، سفائر انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفائر بلڈنگ میٹریلز لمیٹڈ اور سفائر پاور لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفائر الیکٹرک کمپنی لمیٹڈ (SECL):

سفائر الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11% (2021: 68.11%) حصص کیپٹل کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے حامل کمبائنڈ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

پریمیئر سیمنٹ لمیٹڈ (PCL) :

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016 کو کمپنیز آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائر سیمنٹ کمپنی لمیٹڈ (SCCL) :

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ء کو کمپنیز آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔ ایس سی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفائر ہائیڈرو لمیٹڈ (SHL):

سفائر ہائیڈرو لمیٹڈ (ایس ایچ ایل) 07 ستمبر 2017ء کو کمپنیز ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمئی، خیبر پختونخواہ میں 682 GWh کی سالانہ بجلی کی پیداوار کی پوٹینشل کے ساتھ 150 میگاواٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو الیکٹرک پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔ سفائر ہائیڈرو لمیٹڈ (ایس ایچ ایل) پیرنٹ کمپنی سفائر فائبرز لمیٹڈ کی ذیلی کمپنی سفائر الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر انرجی (پرائیویٹ) لمیٹڈ (SEPL):

سفائر انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2022ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔ ایس ای پی ایل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائعات، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری گیسی فکیشن، اسٹوریج، ٹریٹمنٹ اور پروسیسنگ کے لئے ایک ٹرمینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL) :

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) پیرنٹ کمپنی سفائر فائبرز لمیٹڈ کی ذیلی کمپنی سفائر انرجی پرائیویٹ لمیٹڈ کی 60 % ملکیتی ذیلی کمپنی ہے۔ اگنائٹ

INDEPENDENT AUDITOR'S REPORT
To the Members of Sapphire Fibres Limited
Report on the Audit of the Consolidated Financial Statements

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sapphire Fibres Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, 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 a summary of significant accounting policies 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, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Descriptioin	How the matter was addressed in our audit
1.	**Capital expenditures** Refer note 4 to the financial statements. The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2022. 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.

Sr. No.	Descriptioin	How the matter was addressed in our audit
		• 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.	Descriptioin	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.14.654 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: • Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. • Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. • Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. • Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. • Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. • Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. We reviewed the Group's disclosure in the consolidated financial statement in respect of stock in trade.

INDEPENDENT AUDITOR'S REPORT
To the Members of Sapphire Fibres Limited
Report on the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants

Lahore: September 28, 2022
UDIN: AR202210104qlPdJz4DA

Consolidated Statement of Financial Position
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	25,987,739,715	24,882,544,287
Investment property	5	31,750,000	31,750,000
Intangible assets	6	6,992,014	8,457,044
Long term investments	7	5,149,820,289	5,633,980,396
Long term loans	8	4,346,250	6,455,000
Long term deposits		62,426,345	31,406,445
		31,243,074,613	30,594,593,172
Current assets			
Stores, spare parts and loose tools	9	768,105,482	466,689,452
Stock-in-trade	10	14,654,647,253	11,628,834,739
Trade debts	11	13,956,754,985	15,463,264,229
Loans and advances	12	819,015,632	389,420,341
Trade deposits and short term prepayments	13	104,341,667	52,542,883
Short term investments	14	7,093,387,345	2,977,735,568
Other receivables	15	1,549,390,347	1,192,268,488
Tax refunds due from Government	16	2,936,119,117	1,566,060,547
Cash and bank balances	17	671,581,706	518,979,417
		42,553,343,534	34,255,795,664
Total assets		73,796,418,147	64,850,388,836
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES			
Authorised capital 35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	1,948,458,515	3,359,267,129
Unappropriated profit		32,879,156,697	25,714,887,539
Equity attributable to shareholders of the Parent Company		35,034,333,962	29,280,873,418
Non-controlling interest		6,338,808,434	5,877,689,063
Total equity		41,373,142,396	35,158,562,481
Non current liabilities			
Long term liabilities	20	5,644,921,664	5,205,402,463
Deferred income - Government grant	21	-	3,487,882
Staff retirement benefit - gratuity	22	399,538,518	341,556,615
Deferred taxation	23	131,893,344	131,030,214
		6,176,353,526	5,681,477,174
Current liabilities			
Trade and other payables	24	8,053,654,426	4,902,664,949
Contract liabilities		1,051,628,011	492,483,771
Unclaimed dividend		6,670,826	6,194,951
Accrued mark-up / interest	25	342,281,137	235,856,893
Short term borrowings	26	14,877,140,252	16,957,573,134
Current portion of long term liabilities	20	1,072,001,118	1,016,060,869
Provision for taxation		843,546,455	399,514,614
		26,246,922,225	24,010,349,181
Total liabilities		32,423,275,751	29,691,826,355
Contingencies and commitments	27		
Total equity and liabilities		73,796,418,147	64,850,388,836

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

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales	28	65,729,421,620	39,732,449,120
Cost of sales	29	(52,827,189,426)	(32,556,312,211)
Gross profit		12,902,232,194	7,176,136,909
Distribution cost	30	(2,025,961,348)	(1,056,820,775)
Administrative expenses	31	(636,023,142)	(527,756,478)
Other income	32	849,318,212	787,296,077
Other expenses	33	(570,445,705)	(270,059,681)
Profit from operations		10,519,120,211	6,108,796,052
Finance cost	34	(2,111,702,490)	(1,423,374,750)
		8,407,417,721	4,685,421,302
Share of profit from Associated Companies		630,869,751	334,491,163
Profit before taxation		9,038,287,472	5,019,912,465
Taxation	35	(844,901,068)	(403,903,924)
Profit after taxation		8,193,386,404	4,616,008,541
Attributable to:			
- Shareholders of the Parent Company		7,525,528,605	3,808,878,435
- Non-controlling interest		667,857,799	807,130,106
		8,193,386,404	4,616,008,541
Earnings per share - attributable to the shareholders of Parent Company	36	364.05	184.25

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

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Other Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Profit after taxation	8,193,386,404	4,616,008,541
Other comprehensive (loss) / income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income		
- long term	(896,443,638)	142,228,961
- short term	(660,291,520)	581,387,300
Impact of deferred tax	-	25,176,390
Realised loss on sale of investment at fair value through other comprehensive income	-	(5,202,590)
Share of fair value (loss) / gain on remeasurement of investment at fair value through other comprehensive income by Associates	(11,058,748)	6,975,273
	(1,567,793,906)	750,565,334
Gain on remeasurement of staff retirement benefit obligation	1,673,946	10,707,520
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(221,744)	(97,038)
Impact of deferred tax	(185,717)	(613,333)
	1,266,485	9,997,149
	(1,566,527,421)	760,562,483
Items that will be reclassified to statement of profit or loss subsequently		
Forward foreign exchange contracts		
Share of unrealised loss on remeasurement of hedging instrument of Associates	8,427	(14,156)
Other comprehensive (loss) / income for the year	(1,566,518,994)	760,548,327
Total comprehensive income for the year	6,626,867,410	5,376,556,868
Attributable to:		
- Shareholders of the Parent Company	5,959,009,611	4,569,426,762
- Non-controlling interest	667,857,799	807,130,106
	6,626,867,410	5,376,556,868

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

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	10,460,728,058	741,913,060
Staff retirement benefit paid		(71,952,616)	(69,243,106)
Finance cost paid		(1,990,162,007)	(1,476,153,026)
Taxes paid		(662,900,533)	(308,938,674)
Workers' profit participation fund paid		(120,565,997)	(60,363,027)
Long term loans - net		(341,250)	(6,193,000)
Long term deposits - net		-	(200,000)
Net cash generated from / (used in) operating activities		7,614,805,655	(1,179,177,773)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,731,218,858)	(2,078,261,688)
Proceeds from disposal of operating fixed assets		94,084,187	219,101,702
Long and short term investments - net		(6,024,977,860)	36,498,958
Proceeds from sale of stores and spares		61,519	1,972,675
Proceeds from disposal of investments		2,395,958,047	-
Profit on bank deposits received		293,284	-
Dividend and interest income received		1,270,219,287	604,124,394
Net cash used in investing activities		(4,995,580,394)	(1,216,563,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		1,427,035,307	1,651,544,030
- repaid		(843,564,962)	(1,069,430,670)
Dividend paid		(842,274,896)	(202,773,626)
Short term borrowings - net		(2,207,818,421)	1,721,749,291
Net cash (used in) / generated from financing activities		(2,466,622,972)	2,101,089,025
Net increase / (decrease) in cash and cash equivalents		152,602,289	(294,652,707)
Cash and cash equivalents - at beginning of the year		518,979,417	813,632,124
Cash and cash equivalents - at end of the year		671,581,706	518,979,417

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

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED JUNE 30, 2022

	Reserves						Other components of equity				
	Capital		Revenue				Unrealised gain / (loss)				
	Issued, subscribed and paid-up capital	Share premium	Maintenance reserve	General	Unappropri-ated profit	Sub- total	on financial assets at fair value through other comprehensive income	on hedging instruments	Sub- total	Total	Non-Controlling Interest
	Rupees										
At July 1, 2020	206,718,750	391,833,750	154,710,148	1,183,845,000	21,937,736,251	23,668,125,149	836,743,345	257,889	837,001,234	24,711,845,133	5,273,421,703
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	-	(202,862,746)
Transfer from unappropriated profit	-	-	36,123,229	-	(36,123,229)	-	-	-	-	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	(398,477)	(398,477)	-	-	-	(398,477)	-
Total comprehensive income for the year ended June 30, 2021											
Profit for the year	-	-	-	-	3,808,878,435	3,808,878,435	-	-	-	3,808,878,435	807,130,106
Other comprehensive income / (loss)	-	-	-	-	9,997,149	9,997,149	750,565,334	(14,156)	750,551,178	760,548,327	-
	-	-	-	-	3,818,875,584	3,818,875,584	750,565,334	(14,156)	750,551,178	4,569,426,762	807,130,106
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income	-	-	-	-	(5,202,590)	(5,202,590)	5,202,590	-	5,202,590	-	-
Balance as at June 30, 2021	206,718,750	391,833,750	190,833,377	1,183,845,000	25,714,887,539	27,481,399,666	1,592,511,269	243,733	1,592,755,002	29,280,873,418	5,877,689,063
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	-	(202,858,620)
Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share	-	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)	-
Transfer from unappropriated profit	-	-	156,976,865	-	(156,976,865)	-	-	-	-	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	79,875	79,875	-	-	-	79,875	-
Total comprehensive income for the year ended June 30, 2022											
Profit for the year	-	-	-	-	7,525,528,605	7,525,528,605	-	-	-	7,525,528,605	667,857,799
Other comprehensive income / (loss)	-	-	-	-	1,266,485	1,266,485	(1,567,793,906)	8,427	(1,567,785,479)	(1,566,518,994)	-
	-	-	-	-	7,526,795,090	7,526,795,090	(1,567,793,906)	8,427	(1,567,785,479)	5,959,009,611	667,857,799
Adjustment in NCI due to further acquisition of shares by a subsidiary Company - SEL	-	-	-	-	1,089,808	1,089,808	-	-	-	1,089,808	(3,879,808)
Balance as at June 30, 2022	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,156,697	34,802,645,689	24,717,363	252,160	24,969,523	35,034,333,962	6,338,808,434

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

Chief Executive Officer

Director

Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

THE GROUP AND ITS OPERATIONS

The Parent Company

Sapphire Fibres Limited

Subsidiary Companies

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

Sapphire Fibres Limited

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

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

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

Sapphire Electric Company Limited - SECL

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

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

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

Premier Cement Limited - PCL

Premier Cement Limited - PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on July 26, 2016.The

principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The subsidiary company is in setup phase and has not yet commenced commercial operations.

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

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

Sapphire Cement Company Limited - SCCL

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

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

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

Sapphire Energy (Pvt.) Limited - SEL

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

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

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

Sapphire Hydro Limited - SHL

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

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

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

Ignite Power (Private) Limited - IPPL

Ignite power (Private) Limited is a subsidiary company of Sapphire Energy (Private) Limited - SEPL which is a wholly owned subsidiary of the Parent Company. IPPL was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on July, 03, 2019. It intends to undertake, develop power projects including the

use of solar energy systems and all other forms of energy and products associated therewith.

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

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

Sapphire Power Limited - SPL

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

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

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

Sapphire Building Materials Limited - SBML

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

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

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

Sapphire Mining Exploration Private Limited - SMEL

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

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

Hunza	Purpose
Passu Ambassador Hotel, Gojal,Hunza,Gilgit.	Registered office

1.1 Master Agreement and PPA Amendment Agreement

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

- Mechanism of settlement of outstanding acknowledged overdue receivables aggregating Rs. 9,041.418 million as on November 30, 2020, in two installments which have been received during the current financial year;

- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC)

shall be changed to 12% per annum for foreign equity investment registered with the State Bank of Pakistan, while United States Dollar (USD) indexation will be retained for local investor, the rate will be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. During the financial year, installments have been paid by CPPA and hence discounts become effective and revised tariff has become effective for the remainder of the PPA;

- Fuel and 'Operations and Maintenance' (O&M) savings shall be taken as one consolidated line item and savings if any shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. Fuel and O&M savings applied from July 1, 2021 subject to certain conditions stipulated in Master Agreement which have become effective;

- If the reserve for overhaul remains unutilized at the end of the term, it shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. The parties also agree that if the overhaul expense exceeds the reserves available at the time of overhaul, the difference shall be carried forward to the future years;

- Reduction in delayed payment markup rate in respect of energy invoices of High Speed Diesel, Capacity Invoices, Variable O&M and other pass through items from Karachi Inter-Bank Offered Rate (KIBOR) plus 4.5% per annum to KIBOR plus 2% per annum for the first 60 days after the due date. The reduction in delayed payment markup is effective from July 01, 2022.

- Waiver of late payment interest on late payment interest invoices in consideration of CPPA making payments on First In First Out (FIFO) principle in respect of past and future payment of invoices raised by the Group;

- Conversion of the PPA to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License; and

- Amicable resolution of the capacity revenue dispute involving Rs 576.073 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period commenced from October 5, 2021 and ended on November 26, 2021, consequently, the term of PPA extended by 53 days, till November 26, 2040.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

– Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and

– Provisions of and directives issued under the Act.

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

2.2 Principle of consolidation

These consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at June 30, 2022, in the SECL is 68.11% (2021: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEL is a wholly owned subsidiary company and effective holding of the Parent Company in IPPL is also 100% as it is wholly owned Subsidiary of SEL. The other companies PCL, SCCL ,SPL, SBML and SMEL are wholly owned Subsidiary Companies of the Parent Company.

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

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

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

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

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

2.3 Transactions and non-controlling interests

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

2.4 Functional and presentation currency

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

2.5 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

2.5.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2021:

Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020 and April 1, 2021. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendment has no impact on the Group's financial statements.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2021 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2021 and have not been early adopted by the Group:

(a) IAS 37 Onerous contracts **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 Proceeds before an asset's intended use **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, a Group will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.

(c) IAS 1 Disclosure of accounting policies **Effective date: January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements.

The Group has assessed that the impact of these amendments is not expected to be significant.

(a) SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the Subsidiary Company - SECL's financial statements to the extent of its power purchase agreement. For the remaining leases, the Subsidiary Company - SECL has assessed that the application of this standard does not have any material impact on its consolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The Group's power plant's control due to purchase of total output by National Transmission and dispatch Company Limited ('NTDC') / CPPA appears to fall under the scope of a finance lease under IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its power purchase agreement, the effect on the consolidated financial statements would be as follows:

	2022 Rupees	2021 Rupees
De-recognition of property, plant and equipment	(10,697,664,564)	(11,402,451,862)
De-recognition of trade debts	(1,077,370,525)	(4,045,977,326)
Recognition of lease debtor	6,378,776,627	9,388,140,708
Decrease in un-appropriated profit at the beginning of the year	(6,060,288,480)	(5,969,315,174)
Increase / (decrease) in profit for the year	664,030,018	(90,973,306)
Decrease in un-appropriated profit at the end of the year	(5,396,258,462)	(6,060,288,480)

(b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 1177(I)/2021 dated September 13, 2021, partially modified its previous SRO 985(I)/2019 dated September 02, 2019 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2022 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA.

2.6 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported

amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 22.

(e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month

in which asset is disposed-off.

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

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

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

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

Un-allocated capital expenditure
All costs or expenditures attributable to work in progress are capitalised and apportioned to the respective items of property, plant and equipment on completion.

3.2 Investment property

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

Depreciation is calculated by applying reducing balance method at the rates stated in note 5. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged from the month in which the property is disposed off.

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

3.3 Intangible assets

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

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

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

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

3.4 Right-of-use assets

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

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- **Equity Instruments at FVTOCI**

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

- **Debt Instruments at FVTOCI**

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

- **Debt Instruments at FVTPL**

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

- **Financial Assets measured at amortised cost**

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

Derecognition

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

Investments in Associated Companies

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

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

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

Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan in respect of circular debt include trade debts, contract assets and other receivables due from CPPA under the PPA that also includes accrued amounts. The Group follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 2022 as stated in note 2.5.2 (b)

Provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

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

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

3.8 Trade debts and other receivables and related impairment

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Group uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Group has estimated the credit

losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

3.9 Government grants

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

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

3.10 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

3.11 Derivative financial instruments and hedging activities

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

(a) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognised in consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss. Amounts accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods in which the hedged item will affect the consolidated statement of profit or loss.

(b) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognised asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the consolidated statement of profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

3.12 Offsetting of financial instruments

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

3.13 Impairment

(a) Financial assets

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

For debt instruments measured as FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable

and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

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.

3.14 Cash and cash equivalents

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

3.15 Borrowings

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

3.16 Employees' retirement benefits

a) Defined contribution plan

The Parent Company

The Parent Company operates a defined contributory approved provident fund for its management staff. Equal monthly contributions are made both by the Parent Company and employees at the rate of 8.33% of the basic salary to the fund.

The Subsidiary Company - SECL

SECL operates a defined contributory provident fund for all its employees. Equal monthly contributions are made both by the Subsidiary Company and employees to the fund at the rate of 8.33% of the basic salary.

b) Defined benefit plan

The Parent Company

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

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2022 on the basis of projected unit credit method by an Independent Actuary. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

The Subsidiary Company - SECL

SECL had provided liability for gratuity for the period upto April 30, 2009 prior to the introduction of provident fund scheme on May 01, 2009 which was frozen and paid to the gratuity fund trust.

3.17 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

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

The profits and gains of the Subsidiary Company - SECL derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company - SECL is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

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

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

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

3.18 Lease liability

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

Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The present value of the lease payments is determined using interest rate implicit in lease. If interest rate implicit in lease is not readily determinable, then the Group uses incremental borrowing rate at the commencement of lease.

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

3.19 Trade and other payables

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

3.20 Provisions

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

3.21 Foreign currency translation

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

3.22 Revenue recognition

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

Sale of goods

Revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers.

Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;

Provision of Services

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

Others

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

- Revenue from the sale of electricity to CPPA, the sole customer of the Group, is recorded on the following basis:
- Capacity price revenue is recognised based on the capacity made available to CPPA (over time); and
- Energy price revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA (at a point in time).

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA.

Invoices for the Re-Gasified Liquefied Natural Gas ('RLNG') fuel cost component of the energy price are raised on a weekly basis and are due after 3 days from the date of receipt of invoice to CPPA. Energy price invoices for High Speed Diesel (HSD) fuel cost component and variable operations and maintenance are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

Capacity price invoices are generally raised on a monthly basis and are due after 30 days from the date of receipt of invoice to CPPA.

3.23 Borrowing costs

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

3.24 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised into four operating segments i.e. spinning, knitting, processing & garments, denim and power.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other operating income & expenses, share of profit in Associated Companies and taxation are managed at the Group level. Unallocated assets mainly include investment property, intangible assets, long term investments, short term investments, advance income tax, tax refunds due from the Government and unrealised gain / loss on forward exchange contracts.

3.25 Dividend and appropriation to reserves

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

3.26 Earnings per share

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

		Note	2022 Rupees	2021 Rupees
4	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	4.1	23,835,249,035	23,611,318,331
	Capital work-in-progress	4.3	2,152,490,680	1,271,225,956
			25,987,739,715	24,882,544,287

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve-ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment: Fire fighting	Equipment: Office	Equipment: Mills	Equipment: Electric / gas	Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
	Rupees																
At July 1, 2020																	
Cost	685,036,054	313,872,650	978,386,093	28,636,645	4,787,793,218	27,688,098,974	418,713,843	21,111,998	26,355,356	40,526,965	20,672,670	32,453,219	238,223,039	64,648,228	149,886	248,579	35,344,927,417
Accumulated depreciation	-	12,678	403,789,016	24,741,850	1,721,848,002	9,728,860,077	174,418,586	5,137,439	21,545,995	27,073,264	12,521,426	25,689,836	127,935,493	41,108,707	136,034	221,657	12,315,040,060
Net book value	685,036,054	313,859,972	574,597,077	3,894,795	3,065,945,216	17,959,238,897	244,295,257	15,974,559	4,809,361	13,453,701	8,151,244	6,763,383	110,287,546	23,539,521	13,852	26,922	23,029,887,357
Year ended June 30, 2021																	
Opening net book value	685,036,054	313,859,972	574,597,077	3,894,795	3,065,945,216	17,959,238,897	244,295,257	15,974,559	4,809,361	13,453,701	8,151,244	6,763,383	110,287,546	23,539,521	13,852	26,922	23,029,887,357
Additions	830,652,133	-	5,541,384	-	190,204,256	1,022,758,377	3,718,676	-	-	1,433,744	-	3,993,855	102,900,212	852,499	-	-	2,162,055,136
Disposals:																	
- cost	80,685,473	-	-	-	-	168,404,644	-	-	-	-	-	222,000	17,287,475	-	-	-	266,599,592
- accumulated depreciation	-	-	-	-	-	(130,610,988)	-	-	-	-	-	(144,083)	(12,434,768)	-	-	-	(143,189,839)
	80,685,473	-	-	-	-	37,793,656	-	-	-	-	-	77,917	4,852,707	-	-	-	123,409,753
Depreciation charge	-	6,339	95,924,382	778,959	177,603,798	1,118,565,147	24,743,431	1,597,456	757,442	1,423,174	815,124	2,781,308	29,144,322	3,069,450	1,385	2,692	1,457,214,409
Closing net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
At June 30, 2021																	
Cost	1,435,002,714	313,872,650	983,927,477	28,636,645	4,977,997,474	28,542,452,707	422,432,519	21,111,998	26,355,356	41,960,709	20,672,670	36,225,074	323,835,776	65,500,727	149,886	248,579	37,240,382,961
Accumulated depreciation	-	19,017	499,713,398	25,520,809	1,899,451,800	10,716,814,236	199,162,017	6,734,895	22,303,437	28,496,438	13,336,550	28,327,061	144,645,047	44,178,157	137,419	224,349	13,629,064,630
Net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
Year ended June 30, 2022																	
Opening net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
Additions	-	-	3,823,726	-	39,419,019	1,653,206,673	29,037,970	-	26,043,150	4,186,309	-	17,281,886	60,719,322	16,236,079	-	-	1,849,954,134
Disposals:																	
- cost	-	-	-	-	-	303,592,420	-	-	-	-	-	1,135,750	14,526,500	-	-	-	319,254,670
- accumulated depreciation	-	-	-	-	-	(169,565,600)	-	-	-	-	-	(958,105)	(10,107,576)	-	-	-	(180,631,281)
	-	-	-	-	-	134,026,820	-	-	-	-	-	177,645	4,418,924	-	-	-	138,623,389
Depreciation charge	-	6,339	94,449,726	623,167	172,315,034	1,146,429,934	24,518,732	1,437,710	1,527,446	1,614,025	733,612	3,771,432	36,377,368	3,591,846	1,247	2,423	1,487,400,041
Closing net book value	1,435,002,714	313,847,294	393,588,079	2,492,669	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
At June 30, 2022																	
Cost	1,435,002,714	313,872,650	987,751,203	28,636,645	5,017,416,493	29,892,066,960	451,470,489	21,111,998	52,398,506	46,147,018	20,672,670	52,371,210	370,028,598	81,736,806	149,886	248,579	38,771,082,425
Accumulated depreciation	-	25,356	594,163,124	26,143,976	2,071,766,834	11,693,678,570	223,680,749	8,172,605	23,830,883	30,110,463	14,070,162	31,140,388	170,914,839	47,770,003	138,666	226,772	14,935,833,390
Net book value	1,435,002,714	313,847,294	393,588,079	2,492,669	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
Depreciation rate (% - per annum)			5	20	3.33 & 10	3.33, 5 & 10	10	10	10	10	10	30 & 33	20	10	10	10	

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

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	569,156
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
- Muridke, District Sheikhupura.	Production plant	286,010
- Billot Shareef, District Dera Ismail Khan	Proposed production plant	2,906,581
Leasehold Land		
- Nooriabad, Karachi.	Proposed Mill / Factory	135,520
- Port Qasim Authority, Karachi.	Proposed warehouse	14,520
- Defence Housing Authority, Karachi.	Proposed office	666
- Billot Shareef, District Dera Ismail Khan	Proposed production plant	31,469

	Note	2022 Rupees	2021 Rupees
4.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	29.1	1,455,397,607	1,431,229,150
Administrative expenses	31	32,002,434	25,985,259
		1,487,400,041	1,457,214,409

	Note	2022 Rupees	2021 Rupees
4.3 Capital work-in-progress			
Buildings		645,081,936	269,978,426
Furniture and fixtures		19,680,831	3,291,327
Plant and machinery {including in transit aggregating Rs.240.002 million (June 30, 2021: Rs. 50.455 million)}		728,961,249	557,272,008
Un-allocated capital expenditure	4.3.1	406,290,562	378,466,319
Advance payments against:			
- land - freehold		36,680,950	24,554,700
- factory / office building		78,192,418	17,175,861
- electric installation		206,328,734	15,764,565
- vehicles		31,274,000	4,203,000
- computer software		-	519,750
		352,476,102	62,217,876
		2,152,490,680	1,271,225,956

4.3.1 These include RS.244.912 million incurred by Subsidiary Company - PCL for its proposed cement project and Rs. 161.378 million in respect of pre-commencement expenditure of Subsidiary Company - SHL. These also include charges of different foreign and local parties for engineering consultancy services including preparation of feasibility report, engineering designs, bidding and tendering documents, and environmental and social impact assessment report of the project to be constructed by the Group.

A generation license for the hydro power project was granted to the Group by National Electric Power Regulatory Authority subsequent to the year end. Moreover, the management is confident that the tariff petition for constructing the power project would be approved in due course. Therefore, these costs have been recognised as an asset under International Accounting Standard 16 'Property, Plant and Equipment' since management believes that it is highly probable that the power project will be constructed and future economic benefits associated with these costs will flow to the Group.

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
			Rupees				
Assets having net book value exceeding Rs.500,000 each							
Parent Company							
Plant and machinery							
1 No. Complete Sabar Fully Automatic High Production	2,696,369	1,470,382	1,225,987	1,400,000	174,013	Negotiation	M/s. A.S. Engineering Works
1 No. Murata 7-V Machconer Automatic Cone winder	14,245,736	12,697,085	1,548,651	1,850,000	301,349	Negotiation	M/s.. Ideal Trading Company
1 No. Complete Loptex Optosonic Sorter System	9,302,904	6,656,456	2,646,448	2,750,000	103,552	Negotiation	M/s. Nadeem Textile Mills Limited
1 No. Murata Automatic Winder Magazine Type 21C	9,396,790	8,100,216	1,296,574	7,000,000	5,703,426	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One High Speed Precision Cross Winder (SSM-2)	9,092,853	8,093,445	999,408	1,430,536	431,128	Negotiation	M/s. Hanif's Trading Corporation
One High Speed Precision Cross Winder (SSM-3)	9,758,752	8,301,576	1,457,176	2,085,776	628,600	Negotiation	M/s. Hanif's Trading Corporation
One Set Complete Murata Automatic Cone Winder No.21C	10,149,412	8,774,651	1,374,761	9,700,000	8,325,239	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One Fabric Cutting Machine	2,512,294	1,983,780	528,514	384,616	(143,898)	Negotiation	M/s. GT Traders
Subsidiary Company							
Plant and machinery	188,216,846	68,559,239	119,657,607	45,563,000	(74,094,607)	Negotiation	M/s. Siemens Energy Global
	255,371,956	**124,636,830**	**130,735,126**	**72,163,928**	**(58,571,198)**		
Parent Company							
Vehicles							
Toyota Corolla	1,987,000	1,164,082	822,918	900,000	77,082	Negotiation	Muhammad Hamayun
Suzuki Cultus	1,410,000	581,797	828,203	828,203	-	Company policy	M. Jamil Akhtar (employee)
	3,397,000	**1,745,879**	**1,651,121**	**1,728,203**	**77,082**		
Various assets having net book value upto Rs.500,000 each	60,485,714	54,248,572	6,237,142	20,268,125	14,030,983	Negotiation	Various parties
June 30, 2022	**319,254,670**	**180,631,281**	**138,623,389**	**94,160,256**	**(44,463,133)**		
June 30, 2021	266,599,592	143,189,839	123,409,753	219,101,702	95,691,949		

5. INVESTMENT PROPERTY

5.1 This represents free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards.

5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2022 was Rs.75 million (2021: Rs.75 million).

	Computer Softwares	Goodwill	Total
	Rupees		
6. INTANGIBLE ASSETS			
At July 1, 2020			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	25,581,001	-	25,581,001
Net book value	4,309,170	5,612,904	9,922,074
Year ended June 30, 2021			
Amortization charge	1,465,030	-	1,465,030
Net book value as at June 30, 2021	2,844,140	5,612,904	8,457,044
Year ended June 30, 2021			
Amortization charge	1,465,030	-	1,465,030
Net book value as at June 30, 2022	1,379,110	5,612,904	6,992,014
At June 30, 2021			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	27,046,031	-	27,046,031
Net book value	2,844,140	5,612,904	8,457,044
At June 30, 2022			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	28,511,061	-	28,511,061
Net book value	1,379,110	5,612,904	6,992,014
Amortization rate (% per annum)	20		

6.1 Goodwill represents excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired of the Subsidiary Company - SECL .

	Note	2022 Rupees	2021 Rupees
7. LONG TERM INVESTMENTS			
Associates - equity accounted investments	7.1	2,201,276,705	1,788,993,174
Others - equity instruments	7.3	2,902,043,584	3,797,987,222
- debt instruments	7.4	46,500,000	47,000,000
		5,149,820,289	5,633,980,396

		Note	2022 Rupees	2021 Rupees
7.1	**Associated Companies - Quoted**			
	Reliance Cotton Spinning Mills Limited - RCSM	7.1.1	99,577,454	59,854,524
	SFL Limited - SFLL	7.1.2	3,391,544	2,489,110
	Unquoted			
	Sapphire Power Generation Limited - SPGL	7.1.3	281,925,998	244,765,165
	Sapphire Dairies (Private) Limited - SDL	7.1.4	190,433,942	117,900,174
	Tricon Boston Consulting Corporation (Private) Limited - TBCCL	7.1.5	1,625,947,767	1,363,984,201
	Energas Terminal (Private) Limited - ETL	7.1.6	-	-
	Energas Marketing (Private) Limited (EML)	7.1.7	-	-
			2,201,276,705	1,788,993,174

7.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (2021: 1.35%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2022. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at June 30, 2022 was Rs.53.556 million (2021: Rs.26.905 million). RCSM is an associate of the Group due to common directorship.

7.1.2 Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (2021: 0.051%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2022. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFLL is to investment in the shares of Related Parties. Market value of the Group's investment in SFLL as at June 30, 2022 was Rs.1.632 million (2021: Rs.8.057 million). SFLL is an associate of the Group due to common directorship.

7.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (2021: 17.63%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2022. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.

7.1.4 Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 5.50% (2021: 5.50%) of SDL's issued, subscribed and paid-up capital as at June 30, 2022. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.

7.1.5 Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% (2021: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at June 30, 2022. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2018 as security against financing facilities advanced to TBCCL. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.

7.1.6 The Group has made investment in ETL's 2500 fully paid ordinary shares (2021:3000) of Rs.10 each representing 25% (2021:30%) of ETL's issued, subscribed and paid-up capital as at June 30, 2022. ETL was incorporated as a private limited company and its principal business is to undertake and develop power projects.

ETL has incurred loss for the year amounted Rs.13.674 million (2021: Rs. 3.447 million) and has accumulated losses aggregated Rs. 94.257 million (2021: Rs.80.583 million). Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.

7.1.7 The Subsidiary Company - SEL has made investment in EML's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of EML's issued, subscribed and paid-up capital as at June 30, 2022. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.

EML has incurred loss for the year amounted Rs.208 thousand (2021: 203 thousand) and it has accumulated losses aggregated Rs.662 thousand (2021: Rs. 454 thousand). Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.

7.2 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on un-audited financial statements of Associates as at June 30, 2022. Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	RCSM		SFLL		SPGL		SDL		TBCCL		EML		ETL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees													
Summarised Statement of Financial Position														
Non current assets	4,570,088,296	3,237,606,119	6,683,115,826	4,886,445,621	1,682,947,163	1,432,456,174	4,912,617,846	4,003,096,319	41,595,667,989	35,981,901,506	521,638	475,000	768,047,194	587,893,773
Current assets	7,607,409,593	4,457,378,316	54,109,038	49,039,275	138,095,131	134,830,971	927,704,293	601,346,368	17,540,806,860	14,358,498,117	25,902	24,097	154,923,921	46,305,234
	12,177,497,889	7,694,984,435	6,737,224,864	4,935,484,896	1,821,042,294	1,567,287,145	5,840,322,139	4,604,442,687	59,136,474,849	50,340,399,623	547,540	499,097	922,971,115	634,199,007
Non current liabilities	1,886,472,675	1,188,536,054	54,329,598	30,409,145	206,478,498	163,695,979	1,382,095,019	1,384,829,460	29,748,415,509	26,307,005,422	-	-	-	-
Current liabilities	2,912,687,168	2,071,437,595	1,747,226	1,669,933	15,112,717	14,964,682	1,001,374,994	1,079,430,315	6,567,739,799	4,889,756,299	1,110,502	853,466	1,017,129,041	714,682,618
	4,799,159,843	3,259,973,649	56,076,824	32,079,078	221,591,215	178,660,661	2,383,470,013	2,464,259,775	36,316,155,308	31,196,761,721	1,110,502	853,466	1,017,129,041	714,682,618
Net assets	7,378,338,046	4,435,010,786	6,681,148,040	4,903,405,818	1,599,451,079	1,388,626,484	3,456,852,126	2,140,182,912	22,820,319,541	19,143,637,902	(562,962)	(354,369)	(94,157,926)	(80,483,611)
Reconciliation to carrying amount														
Opening net assets	4,435,010,786	3,066,417,171	4,903,405,818	4,103,472,364	1,388,626,484	1,396,774,497	2,140,182,912	1,452,856,368	19,143,637,902	15,022,903,777	(354,369)	(151,057)	(80,483,611)	(67,036,609)
Profit / (loss) for the year	3,046,062,035	1,330,697,755	1,885,548,174	706,861,668	269,422,331	116,088,778	1,320,142,390	38,279,017	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,447,002)
Other comprehensive (loss) / income	(51,300,357)	38,895,290	(107,831,274)	93,414,665	(58,625,889)	36,004,412	(3,473,176)	(989,973)	-	-	-	-	-	-
Other adjustments	25,582	(999,430)	25,322	(342,879)	28,153	1,187	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	650,037,500	-	-	-	-	-	-
Dividend paid during the year	(51,460,000)	-	-	-	-	(160,242,390)	-	-	(2,900,000,000)	-	-	-	-	-
Closing net assets	7,378,338,046	4,435,010,786	6,681,148,040	4,903,405,818	1,599,451,079	1,388,626,484	3,456,852,126	2,140,182,912	22,820,319,541	19,143,637,902	(562,962)	(354,369)	(94,157,926)	(80,483,611)
Group's share (percentage)	1.35%	1.35%	0.051%	0.051%	17.63%	17.63%	5.50%	5.50%	7.13%	7.13%	25.00%	30.00%	30.00%	30.00%
Carrying amount of investment (Rupees)	99,577,454	59,854,524	3,391,544	2,489,110	281,925,998	244,765,165	190,433,942	117,900,174	1,625,947,767	1,363,984,201	-	-	-	-
Summarised Statement of profit or loss														
Revenue	11,386,469,405	7,681,902,021	6,257,155	4,974,085	-	-	2,573,211,204	1,875,536,135	11,814,570,375	9,203,400,224	-	-	13,751,481	1,254,150
Profit / (loss) before tax	3,245,585,806	1,432,453,959	1,910,846,511	718,721,533	310,336,238	148,611,704	1,403,890,005	68,324,591	6,608,971,350	4,146,851,260	(208,592)	-	(13,674,315)	(13,453,320)
Profit / (loss) after tax	3,046,062,035	1,330,697,755	1,885,548,174	706,861,663	269,422,331	116,088,778	1,320,142,390	38,279,017	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,453,320)
Other comprehensive (loss) / income	(51,300,357)	38,895,290	(107,831,274)	93,414,665	(58,625,889)	36,004,412	(3,473,176)	(989,973)	-	-	-	-	-	-
Total comprehensive income / (loss)	2,994,761,678	1,369,593,045	1,777,716,900	800,276,328	210,796,442	152,093,190	1,316,669,214	37,289,044	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,453,320)

		2022 Rupees	2021 Rupees
7.3	**Equity Instruments - at FVTOCI**		
	Quoted		
	MCB Bank Limited		
	18,213,195 (2021: 18,213,195) ordinary shares of Rs.10 each - cost	896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value	1,343,407,598	2,014,563,834
		2,239,858,721	2,911,014,957
	Habib Bank Limited		
	7,244,196 ordinary shares of Rs.10 each - cost	1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value	(555,388,746)	(330,601,344)
		661,684,863	886,472,265
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs.10 each	500,000	500,000
		2,902,043,584	3,797,987,222
7.4	**Debt Instruments - at FVTOCI**		
	Habib Bank Limited - term finance certificates (TFCs)		
	500 (2021: 500)Term finance certificates of Rs.100,000 each - cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(3,500,000)	(3,000,000)
		46,500,000	47,000,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 9.06% to 13.56% (2021: 7.71% to 13.99%) per annum.

		Note	2022 Rupees	2021 Rupees
8	**LONG TERM LOANS - Secured**			
	Loans due from employees	8.1 & 8.2	8,099,250	7,490,000
	Less: recoverable within one year and grouped under current assets		3,753,000	1,035,000
			4,346,250	6,455,000

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

The Group, during the year, provided a loan amounted Rs.4.500 million to Mr.Jawad Faisal and Rs.2.117 million to Mr. Ahmad Jovdet Bilal. Both are key management personnel of the Group.

		Note	2022 Rupees	2021 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		588,731,705	176,156,968
	Spare parts		160,769,664	128,744,740
	Loose tools		121,727	239,981
	Items in transit		30,008,868	173,567,885
			779,631,964	478,709,574
	Less: provision for slow moving items	9.1	11,526,482	12,020,122
			768,105,482	466,689,452
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		12,020,122	12,055,543
	Less: provision reversed during the year		(493,640)	(35,421)
	Balance at end of the year		11,526,482	12,020,122
10.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills		9,075,672,131	7,404,490,919
	- in transit		1,128,498,575	1,495,785,295
			10,204,170,706	8,900,276,214
	Work-in-process		1,296,808,329	1,072,589,736
	Finished goods - at mills		3,153,668,218	1,655,968,789
			14,654,647,253	11,628,834,739
11.	**TRADE DEBTS**			
	Considered good			
	Unsecured			
	- local	11.1	1,824,296,802	1,838,184,170
	Secured			
	- foreign debts		3,262,759,531	898,462,451
	- local	11.5	8,878,247,351	12,735,605,658
			12,141,006,882	13,634,068,109
	Considered doubtful			
	Unsecured - foreign debts	11.4	75,410,417	69,951,066
			14,040,714,101	15,542,203,345
	Less: provision for impairment	11.6	83,959,116	78,939,116
			13,956,754,985	15,463,264,229

		2022 Rupees	2021 Rupees
11.1	**These include the following amounts due from related parties:**		
	Diamond Fabrics Limited	1,804,326	9,361,383
	Reliance Cotton Spinning Mills Limited	3,065,588	5,743,553
	Amer Cotton Mills (Pvt.) Limited	7,732,838	22,100,801
	Sapphire Textile Mills Limited	17,752,027	23,642,135
	Sapphire Power Generation Limited	6,400	-
	Sapphire Diaries (Pvt.) Ltd	1,230,001	-
		31,591,180	60,847,872

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

	Related Parties		Others	
	2022	2021	2022	2021
	Rupees			
Not past due	1,943,599	660,114	7,314,876,424	4,925,914,874
Past due 1-30 days	22,562,533	43,762,454	5,100,919,920	2,470,719,170
Past due 31-60 days	1,291,960	4,209,921	804,836,891	1,571,597,602
Past due 61-90 days	1,153,415	281,180	209,243,268	646,459,320
Past due 91-365 days	1,071,641	11,628,319	395,534,679	5,731,014,901
Past due one year	3,568,032	305,884	183,711,739	135,649,606
	31,591,180	60,847,872	14,009,122,921	15,481,355,473

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.222.927 million (2021: Rs.83.790 million).

11.4 These mainly include doubtful receivables amounting U.S. Dollar 372.506 thousand, U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s. Star Knitwear Ltd. Mauritius, Hong Kong, M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

11.5 These represent trade receivables from CPPA 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 KIBOR plus 4.5% is charged in case the amounts are not paid within the due dates, with the exception of RLNG fuel cost component invoices, in which case, the delayed payment markup at the rate of three months KIBOR plus 2% is charged on the amounts not paid within a period of thirty days from the due date and at the rate of three months KIBOR plus 4.5% after the first thirty days. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 9.38% to 19.53% (2021: 9.15% to 18.42%) per annum. These include unbilled receivables aggregating to Rs. 3,914.912 million (2021: Rs 1,765.193 million).

Included in trade debts are amounts aggregating Rs 227.610 million relating to capacity revenue not acknowledged by NTDC/CPPA for the period from March 2011 to May 2011 due to non-supply of gas by SNGPL on account of certain force majeure events. The Group's management raised this matter with NTDC, SNGPL and Private Power & Infrastructure Board ('PPIB'), however, the dispute remained unresolved. Hence, the Group had taken up this issue at appropriate forums.

On June 28, 2013, the Group entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Group before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Group

applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the Group in consultation with NTDC, appointed an Expert for dispute resolution under PPA. In August 2015, the Expert gave his determination whereby the Group's claim regarding the above-mentioned amount of Rs.227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the Group had also filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the GSA against SNGPL whereby an Arbitrator was appointed. The Arbitrator through his order dated March 9, 2016, decided the matter in the Group's favor whereby the aforesaid amount of Rs.227.610 million was determined to be payable to the Group by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the Group along with interest at the rate of 6% per annum from the date of award till the date of actual payment, that works out to Rs.117.052 million as of June 30, 2022 and has been recognised as a receivable (out of which Rs.6.801 million is classified in other receivables. Consequently, under the relevant provisions of the Arbitration Act, 1940, the group filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation/enforcement of the Arbitration Award, which is pending adjudication.

Based on the advice of the Group's legal counsel and Arbitration Award in the Group's favour, management strongly feels that under the terms of the PPA, Implementation Agreement and the GSA, this receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

Also included in trade debts are amounts aggregating Rs 282.963 million relating to energy revenue not acknowledged by CPPA for the period from January 2020 to June 2022 on account of differences in the heat rates correction ('KH') factor. The Part Load Correction Curve ('PLAC') used in the computation of KH factor by the Group was based upon the tested capacity as per the terms of the PPA, however, CPPA based it on the total available capacity. The Group has always invoiced the energy revenue based on tested capacity as per the terms of PPA from COD and that have been acknowledged by CPPA till December 2019.

Based on the advice of the Group's legal counsel, management strongly feels that under the terms of the PPA, the Group's claim is correct and such receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

		Note	2022 Rupees	2021 Rupees
11.6	**Provision for expected credit loss**			
	Balance at the beginning of the year		78,939,116	59,272,994
	Charged during the year		5,020,000	21,662,180
	Reversal made during the year		-	(1,996,058)
	Closing at the end of the year		83,959,116	78,939,116
12.	**LOANS AND ADVANCES**			
	- Considered good			
	Current portion of long term loans to employees	8	3,753,000	1,035,000
	Due from related party	12.1	279,382,000	203,965,000
	Advances to:			
	- suppliers and contractors		532,033,044	180,610,997
	- employees		2,147,588	2,109,344
	- others		1,700,000	1,700,000
			535,880,632	184,420,341
			819,015,632	389,420,341

12.1 The Subsidiary Company - SEL has entered into a loan agreement with ETL (an Associated Company) to provide an unsecured loan upto US$ 18.750 million (equivalent to Rs.1.986 billion with US$ to Rupee conversion fix at Rs.106) for a period of one year. This loan carries mark-up at the rate of 6 month KIBOR (applicable on the first working day of each month) + 0.25% and is repayable on date of maturity of the loan. Effective mark-up rate charged by the Parent Company, during the year, ranged from 7.79% to 15.12% per annum (2021: 6.45% to 14.33%) per annum. As the tenure of the loan agreement is of one year this loan has been classified as short term. The maximum aggregate amount outstanding against this loan at the end of any month during the period was Rs.279 million (2021: Rs.204 million).

	Note	2022 Rupees	2021 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - unsecured and considered good		1,101,608	1,008,608
Margin against letter of credit		23,726,752	3,372,478
Prepayments		79,513,307	48,161,797
		104,341,667	52,542,883
14. SHORT TERM INVESTMENTS			
Equity instruments - FVTOCI	14.1	2,317,444,048	2,977,735,568
Held at amortised cost:			
Term Deposit Receipts (TDRs)	14.2	1,159,314,370	-
Held at FVTPL			
Pakistan Investment Bonds	14.3	1,808,432,020	-
Government Ijara Sukuk	14.4	1,808,196,907	-
		3,616,628,927	-
		7,093,387,345	2,977,735,568

14.1 Equity Instruments - at FVTOCI

(Investment in quoted securities)

2022 No. of shares / certificates	2021 No. of shares / certificates	Name of the investee company	Market value 2022	Market value 2021	Cost 2022	Cost 2021
			Rupees			
54,720	54,720	Attock Petroleum Ltd.	17,582,083	17,566,762	12,153,848	12,153,848
9,538,500	9,538,500	Bank Al-Habib Ltd.	553,805,310	668,839,620	419,888,054	419,888,054
341,103	341,103	Charat Packaging Ltd.	38,517,351	67,848,798	35,824,418	35,824,418
2,636,260	2,636,260	Engro Corporation Ltd.	677,756,083	776,668,559	589,213,189	589,213,189
125,000	125,000	Fauji Cement Company Ltd.	1,771,250	2,875,000	3,683,337	3,683,337
7,766,704	7,766,704	Habib Bank Ltd.	709,410,744	950,411,568	1,603,060,152	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
12,878,000	12,878,000	K-Electric Ltd.	39,149,120	53,830,040	120,385,975	120,385,975
303,000	303,000	Lucky Cement Ltd.	139,089,120	261,622,320	117,777,538	117,777,538
448,934	448,934	Pakistan State Oil Company Ltd.	77,144,819	100,673,450	63,918,848	63,918,848
132,317	101,783	The Searle Company Ltd.	14,425,199	24,694,591	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	48,792,969	52,704,860	80,749,609	80,749,609
			2,317,444,048	2,977,735,568	3,051,342,984	3,051,342,984
		Add: Adjustment arising from re-measurement to fair value			(733,898,936)	(73,607,416)
		Market value			2,317,444,048	2,977,735,568

14.2 Term Deposits Receipts have been purchased from a banking company and carry markup at the rate of 13.50% per annum.

14.3 Pakistan Investment Bonds have a face value of Rs 1,799.200 million and carry a coupon rate 15.65% per annum and effective rate of 15.93% per annum.

14.4 Government Ijara Sukuk have a face value of Rs 1,766.300 million and carry a coupon rate 13.53% per annum and effective rate of 13.70% per annum.

	Note	2022 Rupees	2021 Rupees
15. OTHER RECEIVABLES			
Advance income tax		672,417,807	442,331,705
Export rebate and duty drawbacks		12,806,153	86,290,467
Dividend receivable		28,708,346	26,889,852
Claim recoverable from NTDCL			
for pass through item			
- Workers' Profit Participation Fund	15.1	570,000,140	465,262,698
- Punjab Workers' Welfare Fund		164,354,236	122,459,259
Accrued mark-up on term finance certificates		59,641,970	31,165,516
Others		41,461,695	17,868,991
		1,549,390,347	1,192,268,488

15.1 Under section 9.3(a) of PPA with CPPA, payments made by the Subsidiary Company - SECL to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from CPPA as a pass through item.

	Note	2022 Rupees	2021 Rupees
16 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		2,713,408,467	1,295,275,083
Income tax		563,863,913	528,658,088
Excise duty		26,811,914	24,201,390
Less: provision for doubtful tax refunds	16.1	367,965,177	282,074,014
		2,936,119,117	1,566,060,547

16.1 Provision for doubtful tax refunds

Balance at beginning of the year		282,074,014	282,074,014
Add: provision for the year		85,891,163	-
Balance at end of the year		367,965,177	282,074,014

17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	6,094,212	5,164,162
Balances with banks on:			
- off shore current account	17.2	518,544,683	399,255,158
- on shore:			
current accounts	17.3	75,020,517	85,813,488
term deposit account (TDA)	17.4	65,282,414	11,666,796
term deposit receipt (TDR)	17.5	-	10,900,000
dividend account		6,639,880	6,179,813
		665,487,494	513,815,255
		671,581,706	518,979,417

17.1 Cash-in-hand includes Rs.5.374 million (2021: Rs.1.210 million) advanced to employees for various expenses.

17.2 The balances in deposit accounts bear markup ranging from 5.50% to 12.25% (2021: at the rate of 5.50%) per annum.

17.3 These include foreign currency deposits amounting to US.$ 78,865 (2021: US.$ 83,434).

17.4 Effective rates of profit on TDA, during the year, ranged at 5.75% to 6.00% (2021: 5.73% to 7.75%) per annum.

17.5 These TDRs are under lien against performance guarantee issued by the bank. During the year, these carried mark-up at the rate of 5.87% (2021: ranged from 10.26% to 10.75%) per annum and are having a maturity period of one year.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 Number	2021 Number		2022 Rupees	2021 Rupees
12,759,375	12,759,375	Ordinary shares of Rs.10		
		each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10		
		each issued as fully paid bonus shares	79,125,000	79,125,000
20,671,875	20,671,875		206,718,750	206,718,750

18.1 10,714,798 (2021: 10,714,798) ordinary shares of Rs.10 each are held by Related Parties as at year-end.

18.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

	Note	2022 Rupees	2021 Rupees
19. RESERVES			
Capital reserve			
- share premium	19.1	391,833,750	391,833,750
- maintenance reserve	19.2	347,810,242	190,833,377
General reserve - revenue reserve	19.3	1,183,845,000	1,183,845,000
Unrealized gain on financial assets at fair value through other comprehensive income	19.4	24,717,363	1,592,511,269
Unrealised gain on remeasurement of hedging instruments		252,160	243,733
		1,948,458,515	3,359,267,129

19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.

19.2 Under the terms of the project agreements, the Subsidiary Company - SECL is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The reserve fund can only be utilized to pay expenses on major maintenance for proper operation of the power station.

19.3 This represents reserves funds set aside from unappropriated profit.

19.4 These represent unrealized gain on re-measurement of investments at fair value through OCI and are not available for distribution.

	Note	2022 Rupees	2021 Rupees
20. LONG TERM LIABILITIES - Secured			
Long term finances	20.1	6,405,605,255	5,924,357,343
Provision for Gas infrastructure Development Cess	20.2	311,317,527	297,105,989
		6,716,922,782	6,221,463,332
Less: current portion grouped under current liabilities		(1,072,001,118)	(1,016,060,869)
		5,644,921,664	5,205,402,463

20.1 Long term finances

Sapphire Fibres Limited			
(from banking companies)			
- MCB Bank Limited			
- Long term finance facility - I	20.1.1	42,898,000	59,264,608
- Long term finance facility - II	20.1.2	1,133,902,000	1,309,668,142
- Long term finance facility - III	20.1.3	133,215,000	-
- Demand finance	20.1.4	-	6,614,608
		1,310,015,000	1,375,547,358
- Habib Bank Limited			
- Long term finance facility	20.1.5	396,585,000	256,780,000
- Long term finance facility (under refinance scheme for payment of wages and salaries)	20.1.6	117,690,418	377,395,778
		514,275,418	634,175,778
- Allied Bank Limited	20.1.7	565,344,750	687,191,050
- United Bank Limited	20.1.8	1,245,246,247	1,473,221,407
- Faysal Bank Limited	20.1.9	1,361,941,950	1,353,698,750
- Bank Alfalah Limited	20.1.10	1,059,677,890	184,633,000
- Habib Metropolitan Limited	20.1.11	215,890,000	215,890,000
- Meezan Bank Limited	20.1.12	120,214,000	-
- Askari Bank Limited	20.1.13	13,000,000	-
		6,405,605,255	5,924,357,343

20.1.1 The Parent Company has arranged long term finance facilities amounting Rs.110 million from MCB Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.80.663 million in ten tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranging from 3.00% to 4.00% (2021: 3.00% to 12.19%) per annum and are secured against joint pari passu charge of Rs.200 million over the machinery financed by the bank.

20.1.2 The Parent Company has arranged long term finance facilities amounting Rs.1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs.1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Parent Company.

20.1.3 The Parent Company has arranged long term finance facilities amounting Rs.133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at SBP rate + 1% per annum. The loan is secured against first charge of aggregate Rs.2,200 million over the specific plant and machinery of the Parent Company along with the other facilities from the bank.

20.1.4 MCB Bank Limited, on request of the Parent Company, converted four tranches of long term finance facility amounting Rs.46.302 million into a demand finance facility. This finance facility was repayable in seven equal semi-annual instalments commenced from June, 2017 and carried mark-up at the rate of 3 month Kibor + 1% per annum. These finances carried mark-up at the rate of 2.50% (2021: at the rate ranged from 12.13% to 14.24%) per annum and was secured against joint pari passu charge of Rs.200 million over the imported machinery.

20.1.5 The Parent Company has arranged long term finance facilities amounting Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.256.780 million in nine tranches of different amounts during the preceding years and Rs.147.372 million in nine tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2021: ranged from 2.85% to 11.38%) per annum and are secured against first charge of Rs.667 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.6 The Parent Company has arranged a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Parent Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Parent Company for Rs.583.333 million.

As the above loan is below market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market- related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as a Government grant (note 21).

20.1.7 The Parent Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.960.357 million in seventeen trenches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Parent Company.

20.1.8 The Parent Company has arranged long term finance facilities amounting Rs.1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2021: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.9 The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,353.717 million in forty tranches of different amounts during the preceding year and Rs. 32.907 million in two tranches of different amounts during the current year. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2021: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs.900 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.10 The Parent Company has arranged long term finance facility amounting Rs.1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.184.633 million in seven tranches of different amounts during the preceding years and Rs.876.545 million in eighteen tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2021: 3.00% to 4.00%) per annum and are secured against first joint pari passu charge of Rs.1,333.340 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.11 The Parent Company has arranged a long term finance facility amounting Rs.270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Parent Company.

20.1.12 The Parent Company, during the current year, arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.120.214 million in nine tranches of different amounts during the current period. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 3.50% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Parent Company with 25% margin.

20.1.13 The Parent Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranches. The loan is repayable in 32 equal quarterly installments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs.666.667 million on the fixed assets of the Parent Company.

	Note	2022 Rupees	2021 Rupees
20.2 Movement in Gas Infrastructure Development Cess payable			
Balance of provision for GIDC	20.2.1	297,105,989	325,853,952
Effect of discounting		-	(48,195,586)
Unwinding of interest		14,211,538	19,447,623
		311,317,527	297,105,989

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

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

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

	2022 Rupees	2021 Rupees
21 DEFERRED INCOME - GOVERNMENT GRANT		
Government grant on loan at below		
market rate of interest - net	1,178,823	16,336,589
Less: current portion grouped under current liabilities	1,178,823	12,848,707
	-	3,487,882

21.1 As fully detailed in note 20.1.6 to these consolidated financial statements, the Group has recorded Rs.35.733 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS-20 'Accounting for government grant and disclosure of government assistance'.

21.2 The Group has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the year, Rs.15.158 million has been recognized in the consolidated statement of profit or loss.

22. STAFF RETIREMENT BENEFIT - Gratuity

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

	2022 Rupees	2021 Rupees
22.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	341,556,615	310,591,147
Charge to statement of profit or loss	131,608,465	110,916,094
Remeasurement recognized in statement of other comprehensive income	(1,673,946)	(10,707,520)
Payments made during the year	(71,952,616)	(69,243,106)
Net liability at the end of the year	399,538,518	341,556,615
22.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	341,556,615	310,591,147
Current service cost	101,050,434	87,458,679
Interest cost	30,558,031	23,457,415
Benefits paid	(71,952,616)	(69,243,106)
Remeasurements on obligation	(1,673,946)	(10,707,520)
Balance at end of the year	399,538,518	341,556,615
22.3 Expense recognized in statement of profit or loss		
Current service cost	101,050,434	87,458,679
Interest cost	30,558,031	23,457,415
	131,608,465	110,916,094
22.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	(6,027,506)	(12,479,822)
Actuarial loss	4,353,560	1,772,302
	(1,673,946)	(10,707,520)

22.5 Actuarial assumptions used	**2022**	**2021**
Discount rate	13.25%	10.00%
Expected rate of increase in future salaries	12.25%	9.00%
Mortality rates (for death in service)	SLIC	SLIC
	(2001-05)	(2001-05)

22.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1.00%	(374,552,659)	428,169,452
Increase in future salaries	1.00%	429,299,178	(373,083,002)

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.

22.7 Based on actuary's advice, the expected charge for the year ending June 30, 2023 amounts to Rs.166.31 million.

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

22.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at June 30, 2022	77,826,152	168,076,854	241,523,197	8,379,765,515	8,867,191,718

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
22.10 Historical information:					
Present value of defined benefit obligation	399,538,518	341,556,615	310,591,147	242,930,143	346,597,468
Experience adjustment on obligation / actuarial loss	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)	8,423,010

	Note	2022 Rupees	2021 Rupees
23. DEFERRED TAXATION - Net			
Credit balances arising in respect of:			
- accelerated tax depreciation allowance / investment in associates		169,097,791	166,653,234
Debit balances arising in respect of:			
- staff retirement benefit - gratuity		17,449,445	17,026,939
- provision for slow moving items		503,408	599,215
- provision for doubtful tax refunds		15,584,764	14,061,672
- provision for impairment in trade debts		3,666,830	3,935,194
		37,204,447	35,623,020
		131,893,344	131,030,214

23.1 The Parent Company's income of the current year is chargeable to tax under presumptive tax regime of the Income Tax Ordinance, 2001. However, deferred tax liability / (asset) is recognized as management is not certain whether income of subsequent years is chargeable to tax under presumptive tax regime or normal tax regime.

23.2 No deferred tax liability / (asset) has arisen on temporary differences with respect to the Subsidiary Companies; PCL, SCCL, SEL , SHL, IPPL, SPL, SBML and SMEL.

	Note	2022 Rupees	2021 Rupees
24. TRADE AND OTHER PAYABLES			
Trade creditors	24.1	4,403,962,271	2,310,877,304
Accrued expenses		1,438,027,579	804,380,323
Bills payable	24.2	565,680,154	749,346,003
Sindh government infrastructure fee	24.3	447,143,385	313,966,770
Workers' profit participation fund	24.4	838,466,312	584,923,993
Workers' welfare fund - federal		309,119,938	123,274,930
Current portion of Government grant		1,178,823	12,848,707
Others		50,075,964	3,046,919
		8,053,654,426	4,902,664,949

	Note	2022 Rupees	2021 Rupees
24.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Limited		155,952,832	50,897,959
Amer Cotton Mills Limited		572,759,110	176,877,206
Sapphire Textile Mills Limited		182,754	-
Diamond Fabrics Ltd.		101,395	-
		728,996,091	227,775,165

24.1.1 This includes Rs.1,695.278 million (2021: Rs.805.911 million) due to Sui Northern Gas Pipelines Limited ('SNGPL'), out of which Rs.257.374 million represents the aggregate amount (Rs.227.610 million and certain arbitration costs plus interest thereon) awarded to the Group by the Arbitrator through his order dated March 9, 2016. Under the relevant provisions of the Arbitration Act, 1940, the Group has filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award which is pending adjudication. The Group has set off this amount from SNGPL's bill for the month of April 2016, however, an adjustment to setoff the payable with the related receivable from CPPA to the extent of Rs.227.610 million would be made in these consolidated financial statements when the award is implemented. SNGPL has filed a suit for recovery before the District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment and had also filed a request for arbitration before the London Court of International Arbitration (LCIA) on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL had claimed adjustment amount of Rs 257.374 million and markup thereon from the date of such adjustment. During the year, the LCIA has decided this matter in SNGPL's favour through Final Arbitration Award dated April 22, 2022 wherein the Group's adjustment of the above amount against SNGPL's invoice has been declared unlawful and it has awarded interest at the rate of 6% per annum on the amount of Rs.257.374 million from the due date of such invoice until full and final payment. Further, LCIA has also accorded to reimburse the cost of litigation and interest at 6% per annum from the date of award to the date of actual payment that works out to be Rs.104.604 million as at June 30, 2022 and has been recognized as a liability.

24.2 These are secured against import documents.

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

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

As at June 30, 2022, the Company has provided bank guarantees aggregating Rs.496.950 million (2021: Rs.296.950 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Parent Company's favor.

	Note	2022 Rupees	2021 Rupees
24.4 Workers' profit participation fund			
Balance at beginning of the year		584,923,993	398,105,866
Add: interest on funds utilised by the Group companies		904,702	1,135,490
		585,828,695	399,241,356
Less: payments made during the year		120,565,997	60,363,027
		465,262,698	338,878,329
Add: allocation for the year		373,203,614	246,045,664
Balance at end of the year		838,466,312	584,923,993

	Note	2022 Rupees	2021 Rupees
25. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		59,826,713	83,234,264
- short term borrowings		282,454,424	152,622,629
		342,281,137	235,856,893
26. SHORT TERM BORROWINGS			
Running / cash finances - secured	26.1	11,427,140,251	15,563,202,993
Running Musharaka and Murahabha finances - secured	26.2	3,450,000,001	1,392,219,782
Temporary bank overdraft - unsecured	26.3	-	2,150,359
		14,877,140,252	16,957,573,134

26.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.35,455 million (2021: Rs.31,121 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.25% to 14.61% (2021: 2.25% to 14.36%) per annum. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs.22,159 million (2021: Rs.14,355 million) out of which the amount remained unutilised at the year-end was Rs.13,750 million (2021: Rs.7,006 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and counter guarantee.

Abovementioned facilities are expiring on various dates upto April 30, 2023.

26.2 Murabaha and musharaka finance facilities available from various commercial banks amount to Rs.1,700 million (2021: Rs.2,000 million) to finance the procurement of multiple oils from fuel suppliers. Mark-up on murabaha is payable at maturity of the respective murabaha transaction, while the markup on musharaka is payable monthly on the balance outstanding. The mark-up rate charged during the year on the outstanding balance ranges from 7.81 to 14.61% (2021: 2.25% to 8.84%) per annum.

26.3 This represents book overdraft balance due to unpresented cheques.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Guarantees aggregating Rs.3,007.860 million (2021: Rs.2,805.138 million) have been issued by banks of the Group to various Government institutions and SNGPL.

27.1.2 SNGPL has claimed late payment surcharge amounting to Rs.316.343 million on account of partial payments made by the Group against the RLNG consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management is of the view that, as per the terms of the Gas Supply Agreement ('GSA') and the Operating Procedure signed by the Group, Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited, the Group is liable to make payments to SNGPL on the basis of the prices notified by OGRA, therefore, the partial payments made by the Group to SNGPL prior to OGRA price determinations do not constitute a default on the Group's part. Based on the advice of the Group's legal counsel, management considers that under the terms of the GSA and the Operating Procedure, there are meritorious grounds to support the Group's stance. Consequently, no provision for the abovementioned amount has been made in these consolidated financial statements.

27.1.3 A sales tax demand of Rs.830.031 million was raised against the Group through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Group on account of 'capacity price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Group was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy price' admissible to the Group. Against the aforesaid order, the Group preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the Group's other grounds of appeal. Consequently, the Group preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the ACIR also preferred a second appeal before the ATIR against the CIR(A)'s order. However, ATIR refrained from issuing any order on the law points as raised by the Group. Consequently, Group has filed a reference application in Lahore High Court for modification of order of the ATIR.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated December 2, 2014 whereby intentions were shown to raise a sales tax demand of Rs.505.540 million by primarily disallowing input sales tax claimed by the Group for the tax periods from July 2012 to June 2013 on the abovementioned grounds of the ACIR and non-payment of sales tax on interest on delayed payment of energy price. Aggrieved by this show cause notice, the Group filed a writ petition before the Lahore High Court ('LHC') to the extent of aforesaid matters amounting to Rs.504.909 million while the Group has provided for the remaining amount of Rs.0.631 million in these consolidated financial statements. LHC has disposed of the petition in the Group's favour through its order dated October 31, 2016, by stating that there is no existence of exempt supply. Accordingly, the Group is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. Being aggrieved, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order which is pending adjudication.

Moreover, during the last year on March 5, 2021, the DCIR issued a show cause notice whereby intentions were shown to raise a sales tax demand of Rs.149.742 million for the period from December 2019 to January 2021 on similar grounds. On July 30, 2021, a demand of the same amount was raised. The Group preferred an appeal against the same before CIR(A) on August 27, 2021 and the same has been decided in favor of the Group.

Based on the advice of the Group's legal counsel and above mentioned LHC's decision dated October 31, 2016, management believes that there are meritorious grounds to defend the Group's stance. Consequently, no provision has been made in these consolidated financial statements for the amounts aggregating Rs.1,484.682 million.

27.1.4 A sales tax demand of Rs.49.987 million (along with default surcharge and penalty to be calculated at the time of deposit) for the tax period from 2018 to 2020 was raised against the Group through a notice dated March 15, 2021 by the Additional Collector (Withholding), Khyber Pakhtunkhwa Revenue Authority on account of non-deposit of withholding taxes as required under Khyber Pakhtunkhwa Finance Act, 2013 read with the Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015. Against the aforesaid order, the Group submitted its reply on April 4, 2021, whereby the Group is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre-commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

Based on the advice of the Group's legal counsel, the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the Group's favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

27.2 Commitments

27.2.1 The Subsidiary Company - SECL has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the O&M of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the Group is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on RLNG or HSD, both of which shall be subject to a minimum annual increase of 3%.

27.2.2 Commitments in respect of :

	Note	2022 Rupees	2021 Rupees
- letters of credit for capital expenditure		1,393,549,471	1,009,617,786
- letters of credit for purchase of raw materials and stores, spare parts & chemicals		1,245,777,622	1,709,336,309
- capital expenditure other than letters of credit		685,315,214	366,475,127
- foreign bills discounted		3,870,571,986	3,246,576,158

28. SALES - Net

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

For the year ended June 30, 2022

	Spinning	Knits	Denim	Power	Total
	Rupees				
Types of goods and services					
Local sales					
- Yarn	3,700,010,385	18,204,572	17,704,378	-	3,735,919,335
- Fabric	-	1,065,011,760	1,868,818,460	-	2,933,830,220
- Garments	-	46,087,456	456,246	-	46,543,702
- Waste	364,518,730	69,286,327	123,358,572	-	557,163,629
- Energy revenue	-	-	-	21,424,912,180	21,424,912,180
- Capacity revenue	-	-	-	2,552,024,647	2,552,024,647
- Delayed payment mark-up	-	-	-	1,105,291,312	1,105,291,312
- Raw materials	168,568,428	-	-	-	168,568,428
- Local steam income	17,734,950	-	-	-	17,734,950
- Processing income	2,672,048	54,081,120	307,652	-	57,060,820
	4,253,504,541	1,252,671,235	2,010,645,308	25,082,228,139	32,599,049,223
Export Sales					
- Yarn	20,328,816,368	215,866,614	-	-	20,544,682,982
- Fabric	-	1,684,324,683	10,775,580,497	-	12,459,905,180
- Garments	-	4,701,139,190	-	-	4,701,139,190
- Waste	513,281,777	-	-	-	513,281,777
	20,842,098,145	6,601,330,487	10,775,580,497	-	38,219,009,129
Export rebate					
- Yarn	-	685,166	-	-	685,166
- Fabric	-	21,464,841	76,466,850	-	97,931,691
- Garments	-	46,247,624	-	-	46,247,624
	-	68,397,631	76,466,850	-	144,864,481
Less: sales tax	967,297,034	187,867,728	1,088,013,361	2,990,323,090	5,233,501,213
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620
Timing of revenue recognition					
Goods transferred at a point in time	24,125,633,604	7,680,450,505	11,774,371,642	22,091,905,049	43,580,455,751
Services rendered at a point in time	2,672,048	54,081,120	307,652	-	57,060,820
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620

For the year ended June 30, 2021

	Spinning	Knits	Denim	Power	Total
			Rupees		
Types of goods and services					
Local sales					
- Yarn	3,277,486,845	60,478,730	38,405,215	-	3,376,370,790
- Fabric	-	1,083,754,001	1,910,827,680	-	2,994,581,681
- Garments	-	39,399,098	-	-	39,399,098
- Waste	199,675,058	40,590,073	67,077,646	-	307,342,777
- Energy revenue	-	-	-	9,072,850,724	9,072,850,724
- Capacity revenue	-	-	-	3,479,578,278	3,479,578,278
- Delayed payment mark-up	-	-	-	910,848,933	910,848,933
- Raw materials	131,719,783	-	-	-	131,719,783
- Local steam income	22,882,860	-	-	-	22,882,860
- Processing income	1,085,201	175,759,455	1,950,419	-	178,795,075
	3,632,849,747	1,399,981,357	2,018,260,960	13,463,277,935	20,514,369,999
Export Sales					
- Yarn	11,265,592,467	517,308,812	-	-	11,782,901,279
- Fabric	-	897,818,051	6,740,122,748	-	7,637,940,799
- Garments	-	2,412,446,303	-	-	2,412,446,303
- Waste	392,215,514	-	-	-	392,215,514
	11,657,807,981	3,827,573,166	6,740,122,748	-	22,225,503,895
Export rebate					
- Yarn	-	473,261	-	-	473,261
- Fabric	-	13,131,040	50,007,056	-	63,138,096
- Garments	-	53,833,012	-	-	53,833,012
	-	67,437,313	50,007,056	-	117,444,369
Less: sales tax	740,311,981	260,472,262	862,052,947	1,262,031,953	3,124,869,143
	14,550,345,747	5,034,519,574	7,946,337,817	12,201,245,982	39,732,449,120
Timing of revenue recognition					
Goods transferred at a point in time	14,549,260,546	4,858,760,119	7,944,387,398	12,201,245,982	39,553,654,045
Services rendered at a point in time	1,085,201	175,759,455	1,950,419	-	178,795,075
	14,550,345,747	5,034,519,574	7,946,337,817	12,201,245,982	39,732,449,120

28.1 This includes indirect export of Rs. 8,359.051 million (2021: Rs.5,797.515 million).

28.2 Waste sales include sale of comber noil.

28.3 Exchange (loss) / gain due to currency rate fluctuations relating to export sales amounting to Rs.686.253 million (2021: Rs.56.019 million) has been included in export sales.

	Note	2022 Rupees	2021 Rupees
29. COST OF SALES			
Finished goods at beginning of the year		1,655,968,789	1,263,603,319
Cost of goods manufactured	29.1	54,217,439,027	32,839,157,811
Cost of raw materials sold		107,449,828	109,519,870
		54,324,888,855	32,948,677,681
		55,980,857,644	34,212,281,000
Finished goods at end of the year		(3,153,668,218)	(1,655,968,789)
		52,827,189,426	32,556,312,211
29.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,072,589,736	798,954,257
Raw materials consumed	29.2	43,793,885,376	25,174,392,156
Salaries, wages and benefits	29.3	2,771,531,718	2,093,723,075
Operations and maintenance		901,716,397	665,966,540
Packing stores consumed		404,000,166	315,724,696
General stores consumed		584,932,648	414,369,929
Processing charges		1,388,487,591	921,639,852
Depreciation	4.2	1,455,397,607	1,431,229,150
Fuel and power		2,503,247,597	1,642,360,457
Repair and maintenance		206,408,565	67,020,671
Insurance		245,218,780	208,961,993
Vehicles' running		50,128,396	34,790,661
Travelling and conveyance		47,768,961	34,452,995
Printing and stationery		564,062	612,818
Legal and professional charges		12,026,181	3,856,266
Fee and subscription		9,913,176	18,932,102
Entertainment		20,538,477	16,509,621
Telephone		3,537,326	3,777,933
Postage		10,814,052	11,715,957
Rent, rates and taxes		5,919,166	13,124,491
Miscellaneous		25,621,378	39,631,927
		55,514,247,356	33,911,747,547
Work-in-process at end of the year		(1,296,808,329)	(1,072,589,736)
		54,217,439,027	32,839,157,811

	Note	2022 Rupees	2021 Rupees
29.2 Raw materials consumed			
Stocks at beginning of the year		7,404,490,919	5,217,266,414
Purchases		45,465,066,588	27,361,616,661
		52,869,557,507	32,578,883,075
Stocks at end of the year		(9,075,672,131)	(7,404,490,919)
		43,793,885,376	25,174,392,156

29.3 Salaries, wages and benefits include Rs. 129.513 million (2021: Rs.115.062 million) in respect of staff retirement benefit - gratuity and Rs. 20.782 million (2021: Rs.19.010 million) contribution in respect of to staff provident fund.

	Note	2022 Rupees	2021 Rupees
30. DISTRIBUTION COST			
Salaries and other benefits	30.1	93,433,808	81,477,658
Travelling, conveyance and entertainment		10,313,720	2,024,557
Vehicles' running		2,301,540	1,837,241
Telephone		555,860	762,245
Postage		15,100,530	12,466,528
Printing and stationery		4,158	12,927
Sample expenses		679,123	96,995
Commission:			
- local		12,205,112	15,397,840
- export		515,775,734	248,240,571
		527,980,846	263,638,411
Freight and forwarding:			
- local		12,908,556	11,493,585
- export		1,118,463,534	496,674,925
		1,131,372,090	508,168,510
Export development surcharge		68,790,242	41,716,784
Other export expenses		34,922,813	17,719,961
Sales promotion		135,486,618	107,232,836
Provision for impairment of trade debts		5,020,000	19,666,122
		2,025,961,348	1,056,820,775

30.1 Salaries and other benefits include Rs.3.019 million (2021: Rs.3.063 million) in respect of contribution to staff provident fund.

	Note	2022 Rupees	2021 Rupees
31 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	31.1	399,563,207	305,859,055
Telephone		9,825,054	8,196,856
Postage		770,796	646,835
Fee and subscription		31,150,108	42,909,347
Legal and professional charges		34,538,539	35,466,733
Entertainment		9,759,673	3,710,231
Travelling and conveyance		10,373,508	8,126,559
Printing and stationery		8,364,371	6,617,141
Rent, rates and taxes		11,306,611	13,304,059
Advertisement		3,087,080	761,665
Electricity, gas and water		12,240,593	8,589,007
Repair and maintenance		22,275,169	24,979,959
Vehicles' running		25,740,988	16,522,663
Charity and donations	31.2	19,180,831	19,812,304
Insurance		2,358,220	3,710,218
Depreciation	4.2	32,002,434	25,985,259
Amortisation	6	1,465,030	1,465,030
Others		2,020,930	1,093,557
		636,023,142	527,756,478

31.1 Salaries and other benefits include Rs. 11.748 million (2021: Rs.10.115 million) in respect of contribution to staff provident fund.

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

These include donations amounted Rs. 17.040 million (2021: Rs.16.290 million) made to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

	2022 Rupees	2021 Rupees
32 . OTHER INCOME		
Income from financial assets		
Dividend income	624,674,889	595,891,354
Interest income	32,462,156	21,592,259
Mark-up earned on term finance certificates	5,934,678	29,519
Amortisation of deferred income - government grant	15,157,766	19,396,034
	678,229,489	636,909,166
Income from assets other than financial assets		
Gain on disposal of operating fixed assets	-	95,691,950
Gain on sale of store and spares	-	1,440,589
Exchange gain	91,853,615	4,455,135
Scrap sales [Net of sales tax aggregating Rs.13.088 million (2021: Rs.24.130 million)]	79,235,108	48,799,237
	171,088,723	150,386,911
	849,318,212	787,296,077

	Note	2022 Rupees	2021 Rupees
33. OTHER EXPENSES			
Workers' profit participation fund	24.4	268,466,172	119,661,295
Workers' welfare fund		143,950,031	-
Auditors' remuneration	33.1	10,197,451	5,200,467
Loss on sale of investment		15,100,886	-
Loss on sale of fixed assets		44,463,133	-
Loss on sale of store and spares		18,299	-
Provision for doubtful tax refunds		85,891,163	-
Sales tax written off		2,343,570	-
Donation		15,000	-
Receivable balance written off		-	145,197,919
		570,445,705	270,059,681

33.1 Auditors' remuneration

ShineWing Hameed Chaudhri & Co.			
- annual audit		1,778,700	2,048,625
- half yearly review		242,550	220,500
- special audit		1,500,000	-
- review of Code of Corporate Governance		71,610	65,100
- audit of retirement funds		313,750	313,750
- out-of-pocket expenses		253,640	150,000
		4,160,250	2,797,975
A.F. Ferguson & Co.			
- audit fee		1,900,800	1,728,000
- group reporting		300,000	300,000
- tax services		3,587,000	230,000
- reimbursement of expenses		90,763	84,492
- assurance and other certification services		60,000	60,000
		5,938,563	2,402,492
		10,098,813	5,200,467

34. FINANCE COST

Mark-up / interest on long term finances		186,374,592	203,540,334
Mark-up / interest on short term borrowings		1,671,921,417	1,140,429,469
Exchange loss / (gain) on foreign currency loans		55,022,181	(69,765,886)
		1,726,943,598	1,070,663,583
Interest on workers' profit participation fund accrued	24.4	904,702	1,135,490
Unwinding effect of long term liabilities		14,211,538	19,447,623
Interest on payable to SNGPL		17,315,796	-
Bank and other financial charges		165,952,264	127,462,720
Loan arrangement fee		-	1,125,000
		2,111,702,490	1,423,374,750

	Note	2022 Rupees	2021 Rupees
35 TAXATION			
Current			
Current tax on profit for the year	35.1	843,631,507	399,595,804
Adjustments in respect of prior years		592,148	(2,646,739)
		844,223,655	396,949,065
Deferred			
Origination and reversal of temporary differences		677,413	6,954,859
		844,901,068	403,903,924

35.1 The income of the Parent 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.

35.2 Numeric tax rate reconciliation is not presented as the Parent Company's income is chargeable to tax under presumptive tax regime and income of Subsidiary Company - SECL is mainly exempt from tax in terms of clause 132 of part I of Second Schedule to the Ordinance. Income of Subsidiary Companies; PCL, SCCL, SEL , SHL, IPPL, SPL, SBML and SMEL is not taxable due to losses; however, provision against any other sources of income has been provided for in these consolidated financial statements.

	2022 Rupees	2021 Rupees
36. EARNINGS PER SHARE		
36.1 Basic earnings per share		
Net profit for the year	7,525,528,605	3,808,878,435
	Number of Shares	
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupees	
Earnings per share	364.05	184.25

36.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2022 Rupees	2021 Rupees
37.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		8,407,417,721	4,685,421,302
	Adjustments for non-cash charges and other items:			
	Depreciation		1,487,400,041	1,457,214,409
	Amortisation		1,465,030	1,465,030
	Staff retirement benefit - gratuity		131,608,465	110,916,094
	Dividend and interest income		(1,272,253,877)	(617,513,132)
	Amortization on government grant		(15,157,766)	(19,396,034)
	Loss / (gain) on sale of stores and spares		18,299	(1,440,589)
	Loss / (gain) on disposal of operating fixed assets		44,463,133	(95,691,950)
	Exchange gain		(91,853,615)	(4,455,135)
	Provision for workers' profit participation fund		268,466,172	119,661,295
	Provision for workers' welfare fund		143,950,031	-
	Receivable balance written off		-	145,197,919
	Rent payable settled against security deposit		870,000	-
	Provision for slow moving items		493,640	-
	Provision for doubtful tax refunds		85,891,163	-
	Mark-up on loan to an Associated Company		(28,553,642)	-
	Finance cost		2,155,214,470	1,423,374,750
	Loss on disposal of investments		15,100,886	-
	Provision for impairment of trade debts		5,020,000	19,666,122
	Working capital changes	37.1	(878,832,093)	(6,482,507,021)
			10,460,728,058	741,913,060

37.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		(300,940,689)	(108,661,835)
	Stock-in-trade		(3,025,812,514)	(3,973,233,482)
	Trade debts		1,501,489,244	(2,722,908,040)
	Loans and advances		(325,499,369)	(52,942,626)
	Deposits, other receivables and sales tax		(1,835,919,186)	(670,456,090)
			(3,986,682,514)	(7,528,202,073)
	Increase in trade and other payables		3,107,850,421	1,045,695,052
			(878,832,093)	(6,482,507,021)

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	55,990,129	53,209,010	262,649,324	216,928,228
Contribution to provident fund trust	-	-	21,965,410	16,874,506
House rent and utilities	23,803,260	22,718,425	123,470,971	97,787,974
Medical	755,932	686,503	5,096,603	7,827,866
Leave encashment / bonus	-	486,420	58,766,596	41,015,192
Other benefits	-	-	13,799,139	13,220,468
	80,549,321	77,100,358	485,748,043	393,654,234
Number of persons	3	3	72	72

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs.1,230 thousand (2021: Rs.865 thousand) was paid to two non-executive director.

39. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding
Reliance Cotton Spinning Mills Limited	Common directorship	1.35%
SFL Limited	Common directorship	0.051%
Sapphire Power Generation Limited	Common directorship	17.63%
Sapphire Dairies (Pvt.) Limited	Common directorship	9.09%
Tricon Boston Consulting Corporation (Pvt.) Limited (TBCCL)	Common directorship	7.13%
Energas Terminal (Pvt) Limited	Common directorship	25.00%
Energas Marketing (Pvt) Limited	Common directorship	30.00%
Neelam Textile Mills Limited	Common directorship	-
Amer Cotton Mills Limited	Common directorship	-
Sapphire Textile Mills Limited	Common directorship	-
Diamond Fabrics Limited	Common directorship	-
Salman Ismail (SMC-Pvt.) Limited	Common directorship	-
Sapphire Agencies (Pvt.) Limited	Common directorship	-
Crystal Enterprises Limited	Common directorship	-
Sapphire Holding Limited	Common directorship	-
Four Strength (Pvt.) Ltd.	Common directorship	-
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-
Sanifa Agri Farms Services limited	Common directorship	-

Key management personnel

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

	2022 Rupees	2021 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	346,745,540	298,481,074
- assets	28,100,000	2,800,000
Purchases:		
- raw material / yarn / fabric / stores	3,323,091,230	2,350,556,642
Services:		
- rendered	1,002,902	7,622
- obtained	595,912	164,680
Expenses charged by	45,096,024	39,177,949
Expenses charged to	14,873,277	15,197,634
Dividend:		
- received	207,394,030	28,245,000
- paid	184,551,906	136,000,916
Loan given	75,417,000	42,965,000
Interest charged	28,553,642	14,400,432
ii) Director and their related parties		
Dividend paid	3,781,170	3,781,170
iii) Key management personnel		
Salary and other employment benefits	178,792,535	169,542,994
iv) Retirement Fund		
Contribution towards provident fund	34,280,674	30,300,358

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

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

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

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets (note 40.4), the financial assets exposed to credit risk aggregated to Rs.24,947.971 million (2021: Rs.22,990.917 million) as at June 30, 2022. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99.17% (2021: 99.49%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2022 Rupees	2021 Rupees
Long term investments	2,948,543,584	3,844,987,222
Long term deposits	62,426,345	31,406,445
Trade debts	14,040,714,101	15,542,203,345
Loans and advances	7,600,588	4,844,344
Short term investments	7,093,387,345	2,977,735,568
Other receivables	129,812,011	75,924,359
Bank balances	665,487,494	513,815,255
	24,947,971,468	22,990,916,538

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

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

	2022 Rupees	2021 Rupees
Domestic	10,702,544,153	14,573,789,828
Export	3,338,169,948	968,413,517
	14,040,714,101	15,542,203,345

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

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

	2022 Rupees	2021 Rupees
Yarn	2,346,663,753	1,249,742,172
Fabric	1,829,417,525	1,262,469,915
Garments	886,277,466	254,219,282
Power	8,879,477,352	12,735,605,658
Waste	98,878,005	40,166,318
	14,040,714,101	15,542,203,345

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2022					
Long term finances	6,716,922,782	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables	8,053,654,426	8,053,654,426	8,053,654,426	-	-
Accrued mark-up / interest	342,281,137	342,281,137	342,281,137	-	-
Short term borrowings	14,877,140,252	15,600,885,503	15,600,885,503	-	-
Unclaimed dividend	6,670,826	6,670,826	6,670,826	-	-
	29,996,669,423	31,128,982,545	25,006,241,229	4,081,818,339	2,040,922,977

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2021					
Long term finances	6,221,463,332	6,558,521,588	950,904,712	3,635,089,068	1,972,527,808
Trade and other payables	4,902,664,949	4,902,664,949	4,902,664,949	-	-
Accrued mark-up / interest	235,856,893	235,856,893	235,856,893	-	-
Short term borrowings	16,957,573,134	17,265,509,804	17,265,509,804	-	-
Unclaimed dividend	6,194,951	6,194,951	6,194,951		
	28,323,753,259	28,968,748,185	23,361,131,309	3,635,089,068	1,972,527,808

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 consolidated 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 optimising the return.

Currency risk

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

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

	Rupees	U.S.$	Euro	JPY	CHF
			Rupees		
June 30, 2022					
Bills payables	565,680,154	2,493,047	115,747	18,000,000	-
Advance payments	880,409,400	4,273,583	-	-	-
	1,446,089,554	6,766,630	115,747	18,000,000	-
Trade debts	(3,338,169,948)	(16,204,708)	-	-	-
Bank balances	(534,751,461)	(2,596,072)	-	-	-
Net reporting date exposure	(2,426,831,855)	(12,034,150)	115,747	18,000,000	-
Outstanding letters of credit	2,639,327,093	8,110,372	3,698,439	4,809,156	756,616
	212,495,238	(3,923,778)	3,814,186	22,809,156	756,616

	Rupees	U.S.$	Euro	JPY	CHF
			Rupees		
June 30, 2021					
Bills payables	896,762,605	5,441,392	36,714	-	207,000
Advance payments	374,848,496	2,372,538	-	-	-
	1,271,611,101	7,813,930	36,714	-	207,000
Trade debts	(968,413,517)	(6,198,345)	-	-	-
Bank balances	(482,350,576)	(83,343)	-	-	-
Net reporting date exposure	(179,152,992)	1,532,242	36,714	-	207,000
Outstanding letters of credit	2,718,954,095	11,199,708	2,468,563	18,000,000	2,644,096
	2,539,801,103	12,731,950	2,505,277	18,000,000	2,851,096

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
U.S. Dollar to Rupee	185.07	158.06	206 / 205.50	158.30 / 157.80
Euro to Rupee	203.00	188.42	215.75 / 215.23	188.71 / 188.12
Japanese Yen to Rupee	1.6300	1.4300	1.5047 / 1.5083	1.4324 / 1.4279
Swiss Frank to Rupee	186.15	171.59	215.96 / 215.43	171.86 / 171.32

At June 30, 2022, 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.

	2022 Rupees	2021 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(247,903,490)	24,178,779
Euro to Rupee	2,488,561	690,664
JPY to Rupee	2,708,460	-
CHF to Rupee	-	3,546,324
	(242,706,470)	28,415,767

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

Interest rate risk

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

Majority of the interest rate risk of the Group arises from short & long 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:

	Effective rate		Carrying amount	
	2022 %	2021 %	2022 Rupees	2021 Rupees
Fixed rate instruments				
Financial assets				
Term deposit account	5.75 to 6.00	5.73 to 7.75	65,282,414	11,666,796
Financial liabilities				
Long term finances	2.00 to 4.00	2.5 to 4.00	5,043,663,305	4,564,043,985
Variable rate instruments				
Financial assets				
Trade debts	9.38 to 19.53	9.15 to 18.42	8,878,247,351	12,735,605,658
Financial liabilities				
Long term finances	0.6 to 7.31	0.6 to 11.38	117,690,418	641,358,478
Short term borrowings	2.25 & 16.55	2.25 & 8.84	14,877,140,252	16,955,422,775

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

At June 30, 2022, if the interest rate on the variable rate Group's 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.149.948 million (2021: Rs.175.967 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.

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.8,882.116 million (2021: Rs.6,822.122 million) are exposed to price risk due to changes in market price.

At June 30, 2022, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the year would have higher / (lower) by Rs.526.548 million (2021: Rs.682.122 million).

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

40.2 Fair value estimation

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

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

The Group's consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs.8,882.116 million (2021: Rs.6,822.222 million). The carrying values of other financial assets and liabilities reflected in the consolidated 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.

40.3 Capital risk management

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

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

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

	2022 Rupees	2021 Rupees
Total borrowings	21,594,063,034	23,176,886,107
Less: cash and bank balances	671,581,706	518,979,417
Net debt	20,922,481,328	22,657,906,690
Total equity	35,034,333,962	29,280,873,418
Total capital	55,956,815,290	51,938,780,108
Gearing ratio	37%	44%

40.4 Financial instruments by category

	As at June 30, 2022			As at June 30, 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
Financial assets as per statement of financial position						
Long term investments	-	2,948,543,584	2,948,543,584	-	3,844,987,222	3,844,987,222
Long term loans	4,346,250	-	4,346,250	6,455,000	-	6,455,000
Long term deposits	62,426,345	-	62,426,345	31,406,445	-	31,406,445
Trade debts	14,040,714,101	-	14,040,714,101	15,542,203,345	-	15,542,203,345
Loans and advances	286,982,588	-	286,982,588	208,809,344	-	208,809,344
Trade deposits	24,828,360	-	24,828,360	4,381,086	-	4,381,086
Short term investments	-	5,934,072,975	5,934,072,975	-	2,977,735,568	2,977,735,568
Other receivables	129,812,011	-	129,812,011	75,924,359	-	75,924,359
Cash and bank balances	671,581,706	-	671,581,706	518,979,417	-	518,979,417
	15,220,691,361	8,882,616,559	24,103,307,920	16,388,158,996	6,822,722,790	23,210,881,786

	Financial liabilities measured at amortised cost	
	2022 Rupees	2021 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	6,776,749,495	5,288,636,727
Trade and other payables	5,175,516,843	3,221,896,579
Unclaimed dividend	6,670,826	6,194,951
Short term borrowings and accrued mark-up	15,159,594,676	17,110,195,763
	27,118,531,840	25,626,924,020

			2022	2021
41.	**CAPACITY AND PRODUCTION**			
41.1	**Spinning units**			
	Number of spindles installed		102,096	102,336
	Number of spindles worked		100,666	100,041
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	64,951,846	62,707,830
	Actual production after conversion into 20's count	Lbs.	66,872,608	55,484,333

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

41.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		364	360
	Installed capacity	Lbs.	16,402,373	13,965,242
	Actual production	Lbs.	12,615,887	11,020,187
41.3	**Knitting unit**			
	Total number of days worked		364	364
	Installed capacity	Lbs.	15,196,858	14,612,963
	Actual production	Lbs.	6,918,552	7,366,118

41.3.1 Low production is due to low demand.

41.4	**Stitching unit**			
	Installed capacity	Pcs.	9,600,000	1,967,000

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

			2022	2021
41.5	**Denim unit**			
	Total number of days worked		364	364
	Installed capacity	Mtrs.	20,400,000	19,200,000
	Actual production	Mtrs.	20,970,742	18,890,552
41.6	**Power**			
	De-rated capacity [based on 8,760 hours (2021: 8,760 hours)	MWH	1,764,536	1,765,863
	Actual energy delivered	MWH	780,500	568,042

41.6.1 Output produced by the plant is dependent on the load demanded by NTDCL and plant availability.

41.7 The Subsidiary Companies; SEL, SCCL, PCL, SHL, SPL, SBML and SMEL are in setup phase and their plants are yet to be constructed.

42. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

42.1 Segment revenues and results

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Rupees					
For the year ended June 30, 2022						
Sales	27,078,590,262	7,734,433,188	11,774,873,573	22,091,905,049	(2,950,380,452)	65,729,421,620
Cost of sales	(18,681,294,043)	(7,160,011,893)	(10,458,768,526)	(19,477,495,416)	2,950,380,452	(52,827,189,426)
Gross profit	8,397,296,219	574,421,295	1,316,105,047	2,614,409,633	-	12,902,232,194
Selling and distribution expenses	(1,343,790,763)	(270,281,202)	(411,889,383)	-	-	(2,025,961,348)
Profit before taxation and unallocated income and expenses	7,053,505,456	304,140,093	904,215,664	2,614,409,633	-	10,876,270,846
Unallocatable income and expenses						
Other income						849,318,212
Other expenses						(570,445,705)
Administrative expenses						(636,023,142)
Finance cost						(2,111,702,490)
Share of profit of Associates						630,869,751
Taxation						(844,901,068)
Profit after taxation						8,193,386,404

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Rupees					
For the year ended June 30, 2021						
Sales	16,783,861,020	5,034,877,986	7,947,691,496	12,201,245,982	(2,235,227,364)	39,732,449,120
Cost of sales	(13,876,674,206)	(4,640,465,298)	(7,308,689,184)	(8,965,710,887)	2,235,227,364	(32,556,312,211)
Gross profit	2,907,186,814	394,412,688	639,002,312	3,235,535,095	-	7,176,136,909
Selling and distribution expenses	(646,903,752)	(155,472,425)	(254,444,598)	-	-	(1,056,820,775)
Profit before taxation and unallocated income and expenses	2,260,283,062	238,940,263	384,557,714	3,235,535,095	-	6,119,316,134
Unallocatable income and expenses						
Other income						787,296,077
Other expenses						(270,059,681)
Administrative expenses						(527,756,478)
Finance cost						(1,423,374,750)
Share of profit of Associates						334,491,163
Taxation						(403,903,924)
Profit after taxation						4,616,008,541

42.2 Segment assets and liabilities

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

	Spinning	Knitting, processing and garments	Denim	Power	Total
	Rupees				
As at 30 June 2022					
Segment assets	16,371,057,874	6,478,223,456	10,320,312,281	26,506,042,769	59,675,636,380
Unallocatable assets					14,120,781,767
Total assets as per statement of financial position					73,796,418,147
Segment liabilities	4,516,855,511	6,824,138,457	13,471,902,285	6,574,758,363	31,387,654,616
Unallocatable liabilities					1,035,621,135
Total liabilities as per statement of financial position					32,423,275,751
As at June 30, 2021					
Segment assets	11,803,439,035	4,288,192,255	8,994,829,623	25,689,712,536	50,776,173,449
Unallocatable assets					14,074,215,387
Total assets as per statement of financial position					64,850,388,836
Segment liabilities	5,916,169,837	3,510,510,292	12,047,169,880	7,270,743,407	28,744,593,416
Unallocatable liabilities					947,232,939
Total liabilities as per statement of financial position					29,691,826,355

42.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 53.97% (2021: 48.00%) and to customers outside Pakistan (including indirect export) are 46.03% (2021: 54.09%) of the total sales during the year.

42.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2021: One) of the Group's customers contributed towards 35.42% (2021: 31.50%) of the local sales during the year aggregating Rs. 25,082.228 million (2021: Rs.13,463.278 million) which exceeds 10% of the local sales of the Group.

42.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

43. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Fibres Limited

43.1 The Parent Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended

	2022 Rupees	2021 Rupees
Size of the Fund - Total Assets	166,191,952	136,425,500
Cost of investments made	156,539,862	135,689,332
Percentage of investments made	94.19%	99.46%
Fair value of investments made	161,641,830	137,979,244

43.1.1 The break-up of fair value of investments is as follow:

	2022 %	2021 %	2022 Rupees	2021 Rupees
Special account in a scheduled bank	5.30	2.55	8,561,531	3,466,263
Government securities	93.16	95.94	150,579,099	130,184,369
Listed securities	1.55	1.50	2,501,200	2,038,700
	100.00	100.00	161,641,830	135,689,332

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

Sapphire Electric Company Limited

43.2 The Subsidiary Company - SECL Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended.

	2022 Rupees	2021 Rupees
Size of the Fund - Total Assets	47,341,289	39,957,312
Cost of investments made	43,505,157	39,451,062
Percentage of investments made	91.90%	98.73%
Fair value of investments made	44,659,776	37,218,822

43.2.1 The break-up of fair value of investments is as follow:

	2022 %	2021 %	2022 Rupees	2021 Rupees
Special account in a scheduled bank	5.66	6.85	2,681,513	2,738,490
Government securities	70.69	72.96	33,463,459	29,154,766
Mutual funds	23.65	18.91	11,196,317	7,557,806
Loan to members	0.00	1.27	-	506,250
	100.00	100.00	47,341,289	39,957,312

43.2.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2022	2021
44. NUMBER OF EMPLOYEES		
Average number of employees during the year	4,700	4,569
Number of employees at the June 30,	4,881	4,789

45. CORRESPONDING FIGURES

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

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date

The Board of Directors of the Parent Company, in their meeting held on September 26, 2022, has proposed a final cash dividend of 100% (i.e. Rs. 10 per share) amounting to Rs. 206.719 million for the year ended June 30, 2022, for approval of the members at the Annual General Meeting to be held on October 26, 2022.

These consolidated financial statements do not include the effect of above dividends.

46.2 Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 26, 2022 by the Board of Directors of the Parent Company.

Chief Executive Officer | Director | Chief Financial Officer

PATTERN OF SHAREHOLDING

As at 30 June 2022

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
241	1	100	4,349
141	101	500	33,107
97	501	1000	62,665
71	1001	5000	123,007
12	5001	10000	88,497
5	10001	15000	63,480
1	15001	20000	18,910
1	20001	25000	22,147
1	25001	30000	28,237
2	30001	35000	64,118
1	35001	40000	37,275
1	40001	45000	40,506
1	50001	55000	54,184
1	95001	100000	98,207
3	100001	105000	305,124
1	115001	120000	118,125
1	120001	125000	122,272
1	160001	165000	163,518
1	165001	170000	168,697
1	205001	210000	210,000
1	220001	225000	225,000
1	225001	230000	226,485
1	240001	245000	240,658
2	250001	255000	502,271
1	285001	290000	287,906
1	335001	340000	335,120
1	340001	345000	344,333
1	355001	360000	355,084
1	385001	390000	386,038
1	395001	400000	400,000
1	415001	420000	419,745
1	420001	425000	420,367
3	520001	525000	1,574,477
2	525001	530000	1,052,827
6	565001	570000	3,413,606
1	605001	610000	607,889
1	615001	620000	616,671
1	760001	765000	761,425
4	895001	900000	3,586,193
1	3085001	3090000	3,089,355
616			20,671,875

CATEGORIES OF SHAREHOLDERS

As at 30 June 2022

PARTICULARS	NUMBER OF FOLIO	NO. OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
Associated Companies, undertaking, related parties	21	10,715,055	51.8340
Directors, CEO, spouses minor.Children	18	2,815,054	13.6178
NIT & ICP	1	616,671	2.9831
Banks, DFI & NBFI	3	1,718	0.0083
Insurance Companies	1	250,128	1.2100
Modaraba & Mutual Fund	2	161	0.0008
General Public (Local)	537	5,396,311	26.1046
General Public (Foreign)	18	7,394	0.0358
Others Companies	15	869,383	4.2056
	616	20,671,875	100.0000

PATTERN OF SHAREHOLDING

As at 30 June 2022

A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NO OF SHARES
	Sapphire Textile Mills Limited.	145
	Crystal Enterprises (Private) Limited	5,837
	Sapphire Power Generation Limited	473,209
	Salman Ismail (Pvt) Limited	23,302
	Reliance Cotton Spinning Mills Limited	393,697
	Sapphire Holding Limited	3,089,355
	Amer Tex (Pvt.) Limited	869,711
	Synergy Holdings (Pvt) Limtied	1,464,949
	Resource Corporation (Pvt) Limited	1,464,950
	ATMZ Company (Pvt) Limited	1,464,950
	Channel Holdings (Pvt) Limited	1,464,950
B)	NIT & ICP	
	CDC Trustee National Investment (UNIT) Trust	616,671
C)	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah.	200,793
	Mr. Amer Abdullah.	122,272
	Mr. Yousuf Abdullah.	587,263
	Mrs. Usma Yousuf	9,962
	Mrs. Noshaba Nadeem.	280,669
	Mrs. Ambareen Amer	344,333
	Mr. Shayan Abdullah	525,000
	Mr. Tajammal Hussain Bokharee	525
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	525
	Ms. Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah.	426,544
	Mrs. Shireen Shahid.	316,143

PATTERN OF SHAREHOLDING

As at 30 June 2022

D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	NO OF SHARES
	BANKS, DFI & NBFI	
	National Bank of Paksitan	1,300
	National Bank of Paksitan	81
	Prudential Discount & Guarantee House Ltd.	337
	INSURANCE COMPANIES	
	State Life Insurance Corporation of Pakistan	250,128
	MODARABAS & MUTUAL FUNDS	
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	CDC Trustee Golden Arrow Selected Stock Funds	49
E)	**SHAREHOLDERS HOLDING 5% OR MORE**	
	Sapphire Holding Limited	3,089,355
	Synergy Holdings (Pvt) Limtied	1,464,949
	Resource Corporation (Pvt) Limited	1,464,950
	ATMZ Company (Pvt) Limited	1,464,950
	Channel Holdings (Pvt) Limited	1,464,950
F)	**TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS CHIEF EXCEUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDERN**	
	Mr. Amer Abdullah Gifted to Mr. Tayyab Abdullah	220,457
	Mrs. Ambareen Amer Gifted to Mr. Tayyab Abdullah	199,288
	Mrs. Ambareen Amer Gifted to Mr. Mustafa Abdullah	400,000
	Mr. Yousuf Abdullah Gifted to Mr. Ismael Abdullah	570,000

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FORM OF PROXY SAPPHIRE FIBRES LIMITED

For the year ended 30 June 2022

I/ We _____ of _____

a member(s) of Sapphire Fibres Limited and a holder of _____ ordinary shares, do hereby appoint _____ of _____ or failing him/ her

_____ of _____

who is also a member of Sapphire Fibres Limited, vide Registered Folio No. _____ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi on Wednesday the 26th October, 2022 at 02:30 pm and / or any adjournment thereof.

Signature of proxy: _____

CNIC No: _____

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

Email: _____

Signature of proxy: _____

CNIC No: _____

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

Email: _____

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

REVENUE STAMP PF RS.5/-

Notice:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:

   i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   ii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   iii. The proxy shall produce his original CNIC or original passport at the time of meeting.

   iv. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness:

Name _____	Name _____
Address _____	Address _____
CNIC No. _____	CNIC No. _____

فارم برائے قائم مقام/متبادل

سفائر فائبرز لمیٹڈ

میں/ہم _____ جس کا تعلق _____ سے ہے:

سفائر فائبرز لمیٹڈ کے ممبر کی حیثیت سے _____ شیئرز کی تحویل رکھتا/رکھتی ہوں۔ میں/ہم _____ کو یا ان کی عدم حاضری کی صورت میں _____ کو جس/جن کا تعلق _____ سے ہے، کو 26 اکتوبر 2022 دوپہر 2:30 بجے، ٹریڈنگ ہال، کاٹن ایکسچینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی/ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لئے اپنا/ہمارا پراکسی مقرر کرتا/ کرتے/ کرتی ہوں۔

ریونیو ٹکٹ
پانچ روپے

اس دستاویز پر مورخہ _____ 2022 کو دستخط ہوئے۔

شیئر ہولڈر کے دستخط _____

شیئر ہولڈر کا فولیو نمبر _____ شریک ہونے والے کا CNIC نمبر _____

اور/یا CDC _____ اور سب اکاؤنٹ نمبر _____

پراکسی کے دستخط _____

شیئر ہولڈر کا فولیو نمبر _____ شریک ہونے والے کا CNIC نمبر _____

اور/یا CDC _____ اور سب اکاؤنٹ نمبر _____

نوٹس

۱۔ کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا محصول ٹکٹ نہ لگایا جائے۔

۲۔ بینک یا کمپنی کی صورت میں پراکسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشترکہ مہر لازم ہوگی۔

۳۔ پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔

۴۔ دستخط شدہ پراکسی فارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں

(i) پراکسی فارم پر دو افراد تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر فارم پر موجود ہونا چاہئے۔

(ii) Beneficial owners کے CNIC یا پاسپورٹ کی اسکین شدہ کاپی پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

(iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔

(iv) کارپوریٹ اینٹیٹی کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution/power of attoreny بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے فراہم نہیں کیا گیا ہو)۔

گواہان:

(1) دستخط: _____ (2) دستخط: _____

نام: _____ نام: _____

پتہ: _____ پتہ: _____

CNIC یا پاسپورٹ نمبر: _____ CNIC یا پاسپورٹ نمبر: _____



CORPORATE OFFICE:
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