Contents

Company Profile

Board Of Directors

Chairman :
Mr. Mohammad Abdullah

Chief Executive :
Mr. Nadeem Abdullah

Director :
Mr. Shahid Abdullah
Mr. Amer Abdullah
Mr. Yousuf Abdullah
Mr. Nabeel Abdullah
Mr. Shayan Abdullah

Independent Director:

Mr. Nadeem Karamat

Audit Committee

Chairman :
Mr. Nadeem Karamat

Member :
Mr. Amer Abdullah
Mr. Yousuf Abdullah
Mr. Shayan Abdullah

Human Resource & Remuneration Committee :

Chairman :
Mr. Nadeem Karamat

Member :
Mr. Amer Abdullah
Mr. Yousuf Abdullah

Chief Financial Officer :
Mr. Abdul Sattar

Secretary :
Mr. Zeeshan

Auditors :
E. Y Ford Rhodes,
Chartered Accountants

Tax Consultants :
Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor :
A. K. Brohi & Company

Bankers :
Allied Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Meezan Bank Limited

Share Registrar :
Hameed Majeed Associates (Pvt.) Ltd.

Registered Office :
212, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.

Mills :

S. I. T. E. Kotri,

S. I. T. E. Nooriabad,

Chunian, District Kasur

Feroze Wattoan,

Bhubtian, Lahore.

Vision

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

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

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

Mission

Our mission is to be recognised 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 Annual General Meeting

Notice is hereby given that 51st Annual General Meeting of Sapphire Textile Mills Limited will be held on Friday, October 25, 2019 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at **03:45 p.m.** to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.

2. To receive, consider and adopt the Audited Accounts together with Chairman's, Directors' and Auditors' Reports for the year ended 30th June, 2019.

3. To approve and declare the final dividend.

4. To appoint auditors for the year ending 30th June 2020 and fix their remuneration. The present Auditors, M/s EY Ford Rhodes, 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:

A. **"RESOLVED THAT** the pursuant to section 208 of the Companies Act 2017, the shareholders' consent be and is hereby accorded to authorize Mr Nadeem Abdullah son of Mr Mohammad Abdullah holding CNIC No 42201-2771651-1, CEO of the company to enter into purchase agreement with Sapphire Retail Limited the 100% subsidiary of the company for the purchase of property located at 21, Block H Gulberg-II Lahore measuring 04-Kanal ,07 Marlas and 50- square Feet, including all benefits, rights, shares, privileges, deposits, easements, utilities, connections , appurtenant, enjoyed or attached to the said property and is authorized to pay purchase consideration and to apply to Competent Authority for the permission to assign/NOC/ transfer the said Property."

"FURTHER RESOLVED THAT Mr Nadeem Abdullah holding CNIC No 42201-2771651-1, is hereby authorized to execute, admit and register the Conveyance Deed of the said Property and appear before competent Registration Authorities to complete all formalities for the purchase and transfer of the property in favour of Sapphire Textile Mills Limited, including receiving of original title documents and vacant peaceful physical possession of the said property."

B. **(i) "RESOLVED THAT** the related Parties transactions conducted during the year in which the majority of Directors are interested as disclosed in the note 42 of the unconsolidated financial statements for the year ended June 30, 2019, 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, 2020.

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

Any other Business

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

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

By Order of the Board

Karachi
Dated: September 26, 2019

Zeeshan
Company Secretary

NOTE

1) **Closure of share transfer books:**

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 19th October, 2019 to 25th October, 2019 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 18th October, 2019, will be considered in time for the payment of dividend.

2) **Participation in the Annual General Meeting:**

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

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 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

4) Any change of address of members should be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

5) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

a) **For attending the meeting:**

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

b) **For appointing proxies:**

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

iii) Attested copies of CNIC or the passport.

iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

6) 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.

7) **Payment of Cash Dividend Electronically (Mandatory Requirement)**

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Sapphire Textiles Mills Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders.

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi (in case of shareholding in Physical Form).

1.	**Shareh olders' Detail**	
	Name	
	Folio# / CDS Account No.	
	CNIC No. (Copy attached)	
	Mobile/ Landline No.	
2.	Shareholders' Bank Detail	
	Title of Bank Account	
	International Bank Account No.	
	(IBAN)	
	Bank's Name	
	Branch Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

8) (i) The Government of Pakistan through Finance Act, 2019 effective July 01, 2019 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

a) For filers of income tax returns: 15%
b) For non-filers of income tax returns: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(ii) 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 shareholder and Joint-holder(s) in respect of shares held by them to our Share 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 Share 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).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or, Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

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

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

"I/We, ___________ of ____________ being a member of Sapphire Textile Mills Ltd, holder of ________ Ordinary

Shares as per registered folio # __________ hereby opt for video conference facility at _____________."

____

Signature of Member

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

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26th Oct, 2015	Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit(SBLC) in PKR equivalent upto approximately USD 10 Million in order to secure certain obligations of SWPCL	Nil	This amount was amended in AGM held on 26th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27th March 2017	By way of subscription in ordinary shares of PKR 10 (Pakistani Rupees Ten) each of TBCCPL in the PKR equivalent of up-to USD 46.5 Million from time to time over a period of two years.	Investment = USD 45.243 Million	STML has fully subscribed its share in accordance with the Sponsor Support Agreement signed between the Sponsors.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue standby letters of credit together with any replacement standby letters of credit in order to secure the equity amount up-to USD 16.3 Million (United States Dollars Sixteen Million Three Hundred Thousand);	Nil	STML has fully subscribed its share of equity (57.125%) upfront before Financial Close.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty Four Million);	Nil	This amount was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and	Nil	This amount was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Pproject, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee	SBLC = USD 11.3 Million	This amount of loan was approved in the EOGM Dated 27th March, 2017and is in the process of implementation as and when required

Material Changes in Financial Statements of Associated Company

Sapphire Wind Power Company Limited

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

Triconboston Consulting Corporation (Private) Limited

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018. The project is operating following best industry practice and is yielding satisfactory results.

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

1. Relating to Item Number 5 (A) of the notice – Purchased of Commercial property from Subsidiary

A. Details of Property to be Purchased

The commercial property located at 21, Block H, Gulberg-II Lahore measuring 04-Kanal, 07 Marlas and 50-square Feet comprising building along with fittings fixtures and utilities installed therein.

B. Proposed Manner of Purchase of Said Property

The Current Market Value as determined by the property appraiser.

C. Reasons for the purchase and Benefits Expected to Accrue to the Shareholders.

The main purpose of purchase of said property is for office use.

D. Relation with the seller

The Seller "Sapphire Retail Limited" is the 100% subsidiary of Sapphire Textile Mills Limited.

E. Interest of Director or concerned persons

The directors are interested to the extent of common directorship and shareholding in the related party.

F. Time frame or duration of the transactions or contracts or arrangements

Mr. Nadeem Abdullah is to be authorized to complete all regulatory requirements for completion of transaction in the best interest of Company.

2. Relating to Item Number 5 (B)(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 42 to the unconsolidated financial statements for the year ended June 30, 2019.

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 the note 42 to the unconsolidated financial statements for the year ended June 30, 2019.

3. Relating to Item Number 5 (B)(ii) of the notice Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2020

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020 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, 2020 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 of Directors 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 Textile Mills Limited** is carried out. 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, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Which 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 fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

Sapphire Textile Mills 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 non- executive and independent directors are equally involved in important decisions of the board.

Lahore :	**Mohammad Abdullah**
Dated: September 26, 2019	Chairman

چیرمین کی جائزہ رپورٹ

کمپنی کے ڈائریکٹران اپنے فرائض قانون کے مطابق اور حصص یافتگان کے بہترین مفادات میں ادا کر رہے ہیں۔ سیفائر ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ کوڈ آف کارپوریٹ کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے ۳۰ جون ۲۰۱۹ء کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو انداز سے پورا کرنا شامل ہیں۔

سیفائر ٹیکسٹائل ملز بورڈ کی تشکیل، طریقہ کار اور بورڈ اور اس کی کمیٹی کی میٹنگز کے سلسلے میں تمام قوانین کی پاسداری کرتا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز اور اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت فراہم کیے گئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لئے باقاعدگی سے ملاقات کرتا ہے۔ بورڈ نے اپنے تمام اختیارات کا استعمال قانونی اور ریگولیشن کے مطابق کیا ہیا ور نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔

لاہور۔
26 ستمبر 2019ء

محمد عبداللہ
چیرمین

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2019.

Financial Review

The Company's financial results have been quite encouraging. The Summery of key financial numbers are presented below:

	(Rupees in Thousand)	
	2019	2018
Net turnover	**34,252,752**	28,896,327
Gross Profit	**5,405,733**	3,536,240
Profit from Operations	**5,031,346**	3,340,232
Other Income	**1,485,021**	1,348,444
Finance cost	**(2,085,427)**	(1,391,491)
Profit before taxation	**2,946,009**	1,948,742
Profit after taxation	**2,559,440**	1,595,059

The Company's net turnover increased from Rs.28.896 billion in year ended 2018 to Rs.34.252 billion. Profit from operation crossed Rs.5 billion mark compared to Rs.3 billion in the previous year. The gross profit as a percentage of sales increased to 15.78% from 12.24%in the previous year. The increased profitability of the Company can be attributed to rationalization of energy prices for the export-oriented industry, currency adjustment, Company's continued emphasis on vertical integration and growth in sale of value-added products. The increase in interest rates is a challenge due to high cost of borrowing for working capital. The finance cost during the year increased to Rs.2.085 billion representing 6.09% of sales from Rs.1.391 billion representing 4.82% of sales in the previous year. Other income during the year was Rs.1.485 billion.

Appropriation of Profit

		Rupess In Thousand
Profit Before Taxation		2,946,009
Less: Taxation		
For the year	(402,681)	
Prior year	834	
Deferred	15,278	
		(386,569)
Profit after taxation		2,559,440
Loss on remeasurement of staff retirement benefits - net of tax		(7,971)
Add: Unappropriated profit brought forward		13,664,652
		16,216,121
Appopriations		
Final dividend for the year ended June 30, 2018 (160% i.e Rs.16 per share)		(321,330)
Unappropriated Profit Carried Forward		15,894,791
Subsequent Effects		
Proposed Final cash dividend for the year ended June 30, 2019		(522,162)
		15,372,629

Earnings per Share

The earnings per share for the year ended June 30, 2019 is Rs. 127.44 as compared to Rs. 79.42 for last year ended June 30, 2018.

Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 260% i.e. Rs. 26 per share for the year ended June 30, 2019. (2018: 160%).

Right Shares

The Board of Directors approved 8% right shares at Rs.400 (including premium of Rs.390) per share in proportion of 8 shares for every 100 shares held by the shareholder.

Future Prospects

Management is optimistic about future performance of the Company. The Company is continuing to invest in value addition and more vertical integration. The Company has also worked on energy efficiency which is helping in optimization of energy cost. Pakistan is becoming very competitive in textile sector. In addition, due to improved perception of Pakistan in the international market, rationalization of energy cost and support from the Government in the form of availability of working capital / CAPEX loans on reduced markup cost and fair duty drawbacks; the industry competitiveness has been enhanced. The biggest challenge which needs to be addressed is the need to increase the size of cotton crop.
The Company's investment in energy business is expected to yield healthy return. Investments in stock market is also expected to yield good return as in coming years' market is expected to recover from its lowest level.

Subsidiaries of Sapphire Textile Mills Limited

There are six (6) subsidiaries out of which four (4) are 100% equity owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. **Sapphire Retail Limited**

   Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

2. **Sapphire Wind Power Company Limited**

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

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

   Triconboston Consulting Corporation (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018.

4. **Sapphire Renewables Limited**

   Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects.

5. **Sapphire Tech (Pvt.) Limited**

   The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

6. Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Board of Directors

The Board of Directors comprises of eight (8) Directors, all male.

During the Year Four (4) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	Category	No of Meetings
Mr. Nadeem Abdullah	Executive Director	4
Mr. Nabeel Abdullah	Executive Director	4
Mr. Mohammad Abdullah	Non- Executive Director	4
Mr. Shahid Abdullah	Non- Executive Director	4
Mr. Amer Abdullah	Non- Executive Director	2
Mr. Yousuf Abdullah	Non- Executive Director	4
Mr. Shayan Abdullah	Non- Executive Director	4
Mr. Nadeem Karamat	Independent Director	3

Audit Committee

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

Name	No of Meetings
Mr. Amer Abdullah	2
Mr. Yousuf Abdullah	4
Mr. Nadeem Karamat	3
Mr. Shayan Abdullah *	1

* Mr. Shayan Abdullah has been appointed as member of Audit Committee in half yearly Board Meeting.

Human Resource & Remuneration Committee

The Board of Directors of the Company in compliance to the Code of Corporate Governance has formed a Human Resource & Remuneration Committee comprise of Mr. Nadeem Karamat as Chairman, Mr. Amer Abdullah and Mr. Yousuf Abdullah as members. During the year one (1) meeting was held.

Directors Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non- executive directors except fee for attending the meetings to independent director.

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:

a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

b) The company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.

f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.

g) There are no doubts about the company's ability to continue as a going concern.

h) There has been no material departure from the best practice of Corporate Governance.

i) The key operating and financial data and key ratios of six years are annexed.

j) The Company is operating Employees' Provident Fund for its eligible employees. The value of investment of the fund as on June 30, 2019 is Rs.275.638 million.

k) 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.

950,000 Shares	Gifted by Ms.Shireen Shahid to Mr. Hassan Abdullah
1,000 Shares	Share Purchased by Mrs.Shamshad Begum

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.

Related Party Transactions

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

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 42 to unconsolidated financial statements attached therein.

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

Corporate Environment, Health & 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 especially with regards to the safe, production, delivery, storage and handling of the materials. Your company always ensures environment preservation and adopts all possible means for environment protection.

We maintain our commitment to raise the educational, health and environment standards of the community & made generous donations for health, education and social welfare projects as reported in Note no. 35.

Auditors

The present Auditors, M/s. EY Ford Rhodes, Chartered Accountants will retire in Annual General Meeting and being eligible, have offered themselves for reappointment. The Board of Directors on recommendation of Audit Committee, proposes the appointment of M/s. EY Ford Rhodes, Chartered Accountants, as external auditor of the Company for the year ending June 30, 2020.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2019 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

Subsequent Events

Sapphire Textile Mills Limited has incorporated 100% subsidiary in Denmark on 27 August 2019. The main purpose of the subsidiary company is to trade in textiles and other related activities.

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Acknowledgment

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

On behalf of the Board

Lahore	**NADEEM ABDULLAH**	**MOHAMMAD ABDULLAH**
Dated: September 26, 2019	CHIEF EXECUTIVE	DIRECTOR

بعد کے واقعات

سیفائر ٹیکسٹائل ملز لمیٹڈ نے 27 اگست 2019 کو ڈنمارک میں 100 فیصد ہولڈنگ سبسیڈ یری اندراج کرائی ہے۔ ماتحت کمپنی کا بنیادی مقصد ٹیکسٹائل اور دیگر متعلقہ سرگرمیوں میں تجارت کرنا ہے۔

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین، کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی خاص تبدیلی یا وعدے نہیں ہوئے ہیں۔

شکرگزاری

مینجمنٹ بورڈ آف ڈائریکٹرز، ریگولیٹری اتھارٹیز، شیئر ہولڈرز، صارفین، مالیاتی اداروں، سپلائیرز کے تعاون اور عملہ اور ورکرز کی بے لوث خدمات کو سراہتے ہوئے ریکارڈ میں درج کرنا چاہتی ہے۔

منجانب بورڈ

ندیم عبداللہ	**محمد عبداللہ**	**لاہور۔**
(چیف ایگزیکٹو)	**(ڈائریکٹر)**	مورخہ 26 ستمبر 2019ء

کوڈ آف کنڈکٹ (ضابطہ اخلاق)

کوڈ آف کنڈکٹ عمل میں لایا گیا اور کمپنی کے ہر ڈائریکٹر اور ملازمین سے تسلیم کرایا گیا۔

ریلیٹڈ پارٹی ٹرانز یکشنز

کمپنی نے اسٹاک ایکس چینج آف پاکستان کے لسٹنگ ریگولیشن میں درج منتقلی کے اخراجات پر عمدہ عملدرآمد کے ساتھ تعمیل کی ہے۔ ریلیٹڈ پارٹیوں کے ساتھ ٹرانزیکشنز آرم لینتھ، بلا کنٹرول قیمتوں کے طریقہ کار کے مقابلہ میں طے شدہ قابل قبول نرخوں پر کئے گئے۔

رواں سال میں کمپنی نے ریلیٹڈ پارٹی کے ساتھ ٹرانزیکشنز کی ہیں جس کی تفصیل سنگل اکاؤنٹ کے نوٹ نمبر 42 میں درج ہیں۔

معتبر ریلیٹڈ پارٹی کی لین دین کے بارے میں تفصیلات آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے۔ ریگولیٹری ضروریات کے مطابق آڈٹ کمیٹی کی سفارشات کو جائزے کے لئے بورڈ کو پیش کیا جاتا ہے۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داریاں

کمپنی نے کام کی صورتحال ایسی رکھی ہے جو تمام ملازمین اور بڑے پیمانہ پر عوام کیلئے محفوظ اور صحت کے خدشہ سے پاک ہے ہماری پوری توجہ تمام پہلوؤں کو بہتر بنانے پر مرکوز ہے خصوصاً تحفظ، پروڈکشن، ڈیلیوری، اسٹوریج اور سامان کی نقل وحمل میں تحفظ کے ضمن میں۔ آپکی کمپنی ہمیشہ ماحول کے تحفظ اور ماحولیاتی تحفظ کیلئے تمام ممکنہ اقدامات اختیار کرنے کو یقینی بناتی ہے۔

ہم تعلیم، صحت اور کمیونٹی کے ماحولیاتی معیار کو بلند کرنے کا عزم رکھتے ہیں اور صحت، تعلیم اور سماجی بہبود کے منصوبوں کیلئے عطیات دیتے ہیں جسکی تفصیل نوٹ نمبر 35 میں دی ہوئی ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز EY Ford Rhodes (چارٹرڈ اکاؤنٹینٹس) کمپنی کے سالانہ جنرل اجلاس کے اختتام پر سبکدوش ہوجائیں گے۔ اور وہ اپنی دوبارہ تقرری کے لئے خدمات پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز EY Ford Rhodes (چارٹرڈ اکاؤنٹینٹس) کو آڈیٹر کے طور پر 30 جون 2020ء کے آڈٹ کے لئے تجویز پیش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار

30 جون 2019ء کو کمپنی کی شیئر ہولڈنگ کا طریقہ کار منسلک ہذا ہے۔ یہ گوشوارہ سیکشن (f)(2)227 کمپنیز ایکٹ مجریہ 2017ء کے مطابق تیار کیا گیا ہے۔

کارپوریٹ وفنانشل رپورٹنگ فریم ورک پر گوشوارہ

بورڈ آف ڈائریکٹرز مقررہ مدت میں کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ بزنس پلان اور ہدوف چیف ایگزیکٹیو طے کرتے ہیں اور بورڈ جائزہ لیتا ہے۔ بورڈ نے اعلیٰ درجہ کی کارپوریٹ گورنینس قائم رکھنے کا تہیہ کررکھا ہے۔ بورڈ نے کوڈ آف کارپوریٹ گورنینس کا جائزہ لیا اور تصدیق کی ہے کہ:

۱) مالیاتی گوشوارے اوران پر نوٹس کمپنیز ایکٹ مجریہ 2017ء کے مطابق بنائے گئے ہیں۔ یہ امور، کارکردگی کے نتائج نقد کے لین دین اور ایکیوٹی میں تبدیلی کے بارے میں شفاف صورتحال پیش کرتے ہیں۔

۲) کمپنی نے اکاؤنٹس کی باقاعدہ کتب بنائی ہوئی ہیں۔

۳) مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں اختیار کی گئی ہیں اور مالیاتی تخمینے موزوں اور منصفانہ بنیادوں پر ہیں۔

۴) پاکستان میں نافذ العمل انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز مالیاتی گوشواروں کی تیاری میں بروئے عمل لائے گئے ہیں۔ اوران سے کسی قسم کی پہلوتہی کا مناسب انکشاف اور تشریح کی گئی ہے۔

۵) انٹرنل کنٹرول کا نظام رائج ہے اور انٹرنل آڈٹ جائزہ لیا جاتا ہے جس پر موثر طور پر عملدرآمد ہوتا ہے۔ جائزہ نگرانی کا مسلسل عمل اس کو مزید بہتر بنانے کیلئے ہے۔

۶) ٹیکس، ڈیوٹیوں، واجبات کی مد میں ادائیگی کے ضمن میں تمام واجب الادا رقوم مکمل طور پر فراہم کردی گئی ہیں اور جلد ادا کردی جائیں گی یا جہاں طلب نہیں کی گئی ہے وہاں کٹوتی کر کے اکاؤنٹس کے نوٹس میں عارضی ادائیگیوں میں ظاہر کردی گئی ہیں۔

۷) کمپنی کے برقرار رہنے اور مسلسل کام کرنے کی اہلیت میں کوئی شبہ نہیں۔

۸) کارپوریٹ گورنینس پر بہترین عملدرآمد کوئی ٹھوس فروگزاشت نہیں ہوئی۔

۹) چھ سال کا فنانشل ڈیٹا خاص آپریٹنگ اور خاص ریشوز منسلک ہذا ہیں۔

۱۰) کمپنی نے عملہ کیلئے ایمپلائز پراویڈنٹ فنڈ بھی متعارف کرایا ہوا ہے۔ پراویڈنٹ فنڈ میں سرمایہ کاری کی مالیت 30 جون 2019ء کو 275.638 ملین روپے تک ہوگئی ہے۔

۱۱) ڈائریکٹرز، چیف ایگزیکٹیو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے اہل خانہ اور نابالغ بچوں نے کمپنی کے حصص کا مندرجہ ذیل کاروبار کیا۔

محترمہ شیریں شاہد نے حسن عبداللہ صاحب کو تحفے میں دیئے	950,000 shares
محترمہ شمشاد بیگم نے shares خریدے	1,000 shares

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز آٹھ (8) ڈائریکٹرز پر مشتمل ہے۔ (تمام مرد)

سال رواں کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ فی ڈائریکٹر اجلاس میں شرکت کی تفصیل حسب ذیل ہے:

نام	قسم	اجلاس کی تعداد
جناب ندیم عبداللہ	ایگزیکٹیو ڈائریکٹر	4
جناب نبیل عبداللہ	ایگزیکٹیو ڈائریکٹر	4
جناب محمد عبداللہ	نان ایگزیکٹیو ڈائریکٹر	4
جناب شاہد عبداللہ	نان ایگزیکٹیو ڈائریکٹر	4
جناب عامر عبداللہ	نان ایگزیکٹیو ڈائریکٹر	2
جناب یوسف عبداللہ	نان ایگزیکٹیو ڈائریکٹر	4
جناب شایان عبداللہ	نان ایگزیکٹیو ڈائریکٹر	4
جناب ندیم کرامت	خودمختار ڈائریکٹر	3

آڈٹ کمیٹی

سال رواں کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ فی ممبر شرکت کی تفصیل حسب ذیل ہے:

نام	اجلاس کی تعداد
جناب عامر عبداللہ	2
جناب یوسف عبداللہ	4
جناب ندیم کرامت	3
جناب شایان عبداللہ*	1

*جناب شایان عبداللہ کو نصف سالانہ بورڈ میٹنگ میں آڈٹ کمیٹی کا ممبر مقرر کیا گیا ہے۔

افرادی قوت اور مشاہیرہ کمیٹی

کوڈ آف کارپوریٹ گورنینس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک افرادی قوت و مشاہیرہ کمیٹی تشکیل دی ہے جس میں جناب ندیم کرامت کو بطور چیئرمین، جناب عامر عبداللہ اور جناب یوسف عبداللہ بطور ممبرز ہیں۔ سال رواں کے دوران (1) اجلاس منعقد ہوا ہے۔

ڈائریکٹر کا معاوضہ

بورڈ ممبران کے معاوضے کا تعین بورڈ کی طرف سے خود کیا جاتا ہے۔ تاہم کوڈ آف کارپوریٹ گوورننس کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین کے عمل میں خود شریک نہ ہوں۔ کمپنی نان ایگزیکٹیو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی، ماسوائے اجلاسوں میں شرکت کی فیس کے جو خودمختار ڈائریکٹر کو دی جاتی ہے۔

کپاس کی فصل کی پیداوار کو بڑھانا ہے۔

کمپنی کی سرمایہ کاری انرجی کے شعبے سے اچھا منافع کی متوقع ہے۔کمپنی اسٹاک مارکیٹ میں آنے والے سالوں میں سرمایہ کاری سے اچھا منافع اور مارکیٹ کی اپنی نچلی سطح سے بحالی کے لئے متوقع ہے۔

سیفائر ٹیکسٹائل ملز لمیٹڈ کی سبسیڈ یریاں

کمپنی کی چھ(6)سبسیڈ یریاں ہیں جن میں سے چار(4)سیفائر ٹیکسٹائل ملز لمیٹڈ کی سو فیصد ایکیوٹی ملکیت ہیں۔تمام سبسیڈ ریوں کا مختصر جائزہ مندرجہ ذیل ہے:

1۔ سیفائر ریٹیل لمیٹڈ

سیفائر ریٹیل لمیٹڈ'سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈ یئری ہے۔اس سبسیڈ یئری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے''سیفائر برانڈ'' ریٹیل آوٹ لیٹس چلانا ہے۔

2-سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بنک الفلاح لمیٹڈ کی ملکیت ہے۔کمپنی نے جھمپیر میں 52.80 میگاواٹ کی گنجائش کے ونڈ فارم لگائے ہیں جنہوں نے نومبر 2015ء میں تجارتی سرگرمیاں شروع کر دی ہیں۔پروجیکٹ بہترین صنعتی عمل انجام دے رہا ہے اور اطمینان بخش نتائج حاصل ہو رہے ہیں۔

3-ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ جھمپیر سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور 3X50 میگاواٹ ونڈ انرجی کے(3) پروجیکٹس چلا رہی ہے۔ تینوں پروجیکٹ کی تجارتی سرگرمیاں ستمبر 2018 سے کامیابی کے ساتھ شروع ہو گئی ہیں۔

4۔سیفائر رینو ایبلز لمیٹڈ

سیفائر رینو ایبلز لمیٹڈ' مکمل طور پر سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی سبسیڈ یئری ہے جو 30 مئی 2016ء کو تشکیل ہوئی تھی۔کمپنی کا اصل کاروبار رینو ایبل انرجی پروجیکٹس میں سرمایہ کاری ہے۔

5-سیفائر ٹیک (پرائیویٹ) لمیٹڈ

سبسیڈ یئری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔یہ سو فیصد ایکیوٹی کی ملکیت ہے۔ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

6-سیفائر سولر (پرائیویٹ) لمیٹڈ

سیفائر سولر (پرائیویٹ) لمیٹڈ' سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سبسیڈ یئری ہے۔یہ سو فیصد ایکیوٹی ملکیت ہے۔ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

منافع کے حصول

	روپے (ہزاروں میں)
منافع قبل از ٹیکسیشن	2,946,009
ٹیکس جات:	
ٹیکس	(386,569)
منافع بعد از ٹیکس	2,559,440
عملہ کے ریٹائرمنٹ مراعات پر نظرثانی میں اضافہ۔ ٹیکس کے علاوہ	(7,971)
مزید: غیر تخمینہ منافع آگے بڑھانا	13,664,652
	16,216,121
تفصیلات	
30 جون 2018ء کو مکمل ہونیوالے سال حتمی ڈیویڈنڈ (160 فیصد یعنی -/16 روپے فی حصص)	(321,330)
بعد کے واقعات:	
30 جون 2019ء کو مکمل ہونیوالے سال مجوزہ حتمی نقد ڈیویڈنڈ	(522,162)
غیر تخمینہ منافع۔ آگے بڑھانا	15,372,629

فی حصص آمدنی

30 جون 2019ء کو مکمل ہونے والے سال کیلئے فی حصص آمدنی 127.44 روپے ہے جبکہ اس کے مقابلے میں فی حصص آمدنی گزشتہ 30 جون 2018ء میں 79.42 روپے تھی۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019ء کو مکمل ہونے والے سال کیلئے -/26 روپے یعنی 260 فیصد حصص نقد منافہ منقسمہ کی سفارش کی ہے (2018: 160%)

منصفانہ حصص

بورڈ آف ڈائریکٹرز نے 8 فیصد منصفانہ حصص کی منظوری 400 روپے (جس میں 390 روپے فی حصص پریمیم شامل ہے) دی ہے۔ جو کہ ہر 100 حصص پر 8 حصص کے حساب سے ہے۔

آئندہ کا لائحہ عمل

انتظامیہ کمپنی کے مستقبل کی کارکردگی کے بارے میں پرامید ہے۔ کمپنی ویلیوایڈیشن اور عمودی انضمام میں سرمایہ کاری جاری رکھے ہوئے ہے۔ کمپنی نے بجلی کی بچت پر بھی کام کیا جو بجلی کی لاگت کو بہتر بنانے میں مدد فراہم کر رہی ہے۔ ٹیکسٹائل کے شعبے میں پاکستان بہت مسابقتی ہوتا جا رہا ہے۔ اس کے علاوہ، بین الاقوامی مارکیٹ میں پاکستان کے بارے میں بہتر تاثر کی وجہ سے، بجلی کی لاگت میں کمی اور گورنمنٹ کی حمایت، کم شرح سود پر CAPEX قرض کی دستیابی کام چلانے کے لئے سرمایہ اور مناسب ;Duty Drawbacks کی صورت میں صنعت کی مسابقت بڑھ گئی ہے۔ سب سے بڑا چیلنج جس پر توجہ دینے کی ضرورت ہے وہ

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کیلئے سالانہ آڈٹ کردہ مالیاتی اسٹیٹمنٹ بمعہ اپنی رپورٹ نہایت مسرت کے ساتھ پیش کرتے ہیں۔

مالیاتی جائزہ:

کمپنی کے مالی نتائج کافی حوصلہ افزا رہے ہیں۔اس سال کے اہم مالیاتی نمبر درج ذیل ہیں:

	30 جون 2019	30 جون 2018
	رقم ہزاروں میں	
نیٹ کل فروخت	34,252,752	28,896,327
مجموعی منافع	5,405,733	3,536,240
آپریشن سے منافع	5,031,346	3,340,232
دیگر ذرائع سے آمدنی	1,485,021	1,348,444
سود کی لاگت	(2,085,427)	(1,391,491)
قبل از ٹیکس منافع	2,946,009	1,948,742
بعد از ٹیکس منافع	2,559,440	1,595,059

کمپنی کی نیٹ کل فروخت سال 2018 کے اختتام پر 28.896 بلین روپے سے بڑھ کر 34.252 بلین روپے رہی۔پچھلے سال کے 3.3 بلین کے مقابلے میں آپریشن سے منافع 5.03 بلین روپے سے تجاوز کر گیا۔فروخت پر مجموعی منافع پچھلے سال کے حساب میں 12.24 فیصد سے بڑھ کر 15.78 فیصد ہو گیا۔کمپنی کے بڑھتے ہوئے منافع کا سبب برآمدی صنعتوں کے لئے بجلی کی قیمتوں میں عقلی جواز، کرنسی میں ایڈجسٹمنٹ، عمودی انضمام پر کمپنی کا مستقل زور اور ویلیو ایڈڈ مصنوعات کی فروخت میں اضافہ ہیں۔ قرض پر شرح سود کے اضافہ کی وجہ سے کاروباری سرمایہ کاری کو کرنا ایک چیلنج ہے۔اس سال کے دوران سود کی لاگت 2.085 بلین روپے ہوگئی جو فروخت کا 6.09 فیصد ہے جبکہ پچھلے سال 1.391 بلین روپے تھی جو فروخت کا 4.82 فیصد تھی۔سال رواں کے دوران دیگر ذرائع سے آمدنی 1.485 بلین روپے رہی۔

Six Years Growth at a Glance

YEARS		2019	2018	2017	2016	2015	2014
		---------------------------- (Rupees in Million) ----------------------------					
Sales		34,252.75	28,896.33	25,583.98	23,110.56	23,315.33	25,411.30
Gross Profit		5,405.73	3,536.24	2,677.82	2,562.57	2,607.73	2,788.03
Profit Before Tax		2,946.01	1,948.74	2,975.36	1,736.72	1,178.39	1,270.21
Profit After Tax		2,559.44	1,595.06	2,721.75	1,448.21	1,034.15	983.40
Share Capital		200.83	200.83	200.83	200.83	200.83	200.83
Shareholder's Equity		16,382.08	16,022.25	16,994.75	14,903.98	14,370.18	13,340.62
Fixed Assets - Net		12,712.10	11,449.11	10,609.98	9,559.60	8,920.46	8,247.40
Total Assets		44,211.79	42,330.15	42,415.54	31,800.66	28,087.80	22,050.55
DIVIDEND - Cash	%	260.00	160.00	140.00	140.00	100.00	100.00
RATIOS:							
Profitability							
Gross Profit	%	15.78	12.24	10.47	11.09	11.18	10.97
Profit Before Tax	%	8.60	6.74	11.63	7.51	5.05	5.00
Profit After Tax	%	7.47	5.52	10.64	6.27	4.44	3.87
Return To Shareholders							
R.O.E-Before Tax	%	17.98	12.16	17.51	11.65	8.20	9.52
R.O.E After Tax	%	15.62	9.96	16.02	9.72	7.20	7.37
Basic E.P.S-After Tax	Rs.	127.44	79.42	135.52	72.11	51.49	48.97
Activity							
Sales To Total Assets	Times	0.77	0.68	0.60	0.73	0.83	1.15
Sales To Fixed Assets	Times	2.69	2.52	2.41	2.42	2.61	3.08
Liquidity/Leverage							
Current Ratio		1.14:1	1.18:1	1.19:1	1.20:1	1.18:1	1.40:1
Debt Equity Ratio	Times	0.75	0.80	0.78	0.45	0.35	0.18
Total Liabilities to Equity.	Times	1.70	1.64	1.50	1.13	0.95	0.65
Break up value per share	Rs.	815.71	797.80	846.22	742.11	715.53	664.27

Independent Auditor's Review Report

To the members of Sapphire Textile Mills Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sapphire Textile Mills Limited ('the Company') for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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 provision of the Regulations and report if it does not and to highlight any non-compliance with 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were taken at arm's length price or not.

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 30 June 2019.

Lahore
Dated: 26th September, 2019

EY Ford Rhodes
Chartered Accountants

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2017

Name of Company **SAPPHIRE TEXTILE MILLS LIMITED** year ended June 30, 2019.

The company has applied the principles contained in the Regulations in the following manner:

1. The total number of directors are 08 as per the following:

   a. Male: 08
   b. Female: Nil

2. The composition of the Board is as follows

Category	Names
Independent Directors(*)	Mr.Nadeem Karamat
Executive Directors	Mr. Nadeem Abdullah Mr. Nabeel Abdullah
Non-Executive Directors	Mr. Mohammad Abdullah Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

9. The Board of Directors ensured that by June 30, 2019, at least half of the directors on its boards have acquired the prescribed certification under approved director training program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

    a) Audit Committee

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

    b) HR and Remuneration Committee

    - Mr. Nadeem Karamat (Chairman)
    - Mr. Amer Abdullah (Member)
    - Mr. Yousuf Abdullah (Member)

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

14. The frequency of meetings (quarterly/ half yearly/ yearly) 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.

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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the Partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Lahore
Dated: 26th September, 2019

MOHAMMAD ABDULLAH
CHAIRMAN

NADEEM ABDULLAH
CHIEF EXECUTIVE

Independent Auditors' Report

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

Opinion

We have audited the annexed unconsolidated financial statements of Sapphire Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss, the statement of 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 (hereinafter referred to as the 'separate financial statements') 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, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the 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 30 June 2019 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 :

	Key audit matters :	How our audit addressed the key audit matter
1.	**Stock in trade**	
	The Company has a composite textile set-up comprising spinning, weaving, processing and home textile units. Therefore its stock in trade includes various inventory items including cotton, yarn and fabric categorized into raw materials, work in process and finished goods based on the processes of respective units where these are being utilized / produced. These are stored at various geographically dispersed locations. Stock in trade as at 30 June 2019 amounted to Rs. 7.482 billion comprising a significant percentage (17%) of the Company's total assets. Due to the above factors, significant auditor attention is required in auditing of inventory balances and transactions during the year and hence considered a Key Audit Matter.	We gained an understanding of the management's process of recording and valuing inventories. We tested controls over the Company's processes of inventory purchases and issuance. We attended inventory counts and reconciled the count results to inventory listings at the year end. We performed substantive procedures over purchases recorded during the year. We tested the valuation of inventory items in accordance with Company's policy (weighted average) and international accounting standards. We assessed the appropriateness of basis of allocation of factory overheads to closing work in process and finished goods.
2.	**Adoption of IFRS 9, Financial Instruments**	
	As referred to in note 4.1 to the accompanying financial statements, IFRS 9, Financial Instruments was applicable for the first time for the preparation of	We identified the Company's financial instruments from its financial statements and obtained management's assessment of their classification into relevant categories of IFRS 9.

	the Company's annual financial statements for the year ended 30 June 2019. As disclosed in note 47.5, the Company has significant amount of financial assets and liabilities classified under different categories i.e.; debt instruments at amortized cost, debt and equity instruments at fair value through other comprehensive income and financial liabilities at amortized cost. These instruments are subject to different initial recognition, subsequent measurement and disclosure requirements based on their respective categorization. Adoption of IFRS 9 required significant audit attention as this involved assessment of the appropriate classification of the financial instruments into their respective categories based on their underlying characteristics and business model of the entity as well as compliance of the transition and disclosure requirements.	We assessed the purpose of acquiring the financial assets and management's intention of holding these in order to ascertain the business model of the respective portfolios to ensure their appropriate classification. We reviewed the transition requirements of IFRS 9 and ensured that the method of retrospective application adopted by management is in compliance with the transition requirements. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.
3.	**Related party transactions**	
	The Company is the parent entity in a Group of companies. Nature of transactions with related parties includes investments, purchases and sales, expenses charged on behalf of each other, dividend income and intercompany loans along-with interest thereon (as disclosed in note 42 to the accompanying separate financial statements) leading to a significant amounts of investments, receivable and payable balances of Rs. 10,107 million, Rs. 1,588 million and Rs. 1,611 million as at the year end, respectively. The inter-company transactions and balances require significant auditor attention as the amounts are material to the separate financial statements as a whole and are hence considered as Key Audit Matter.	We obtained a list of related parties and transactions entered into with them during the year from management. We performed substantive procedures on related party transactions and balances including review of contract terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective Group entities. We reviewed the approval process for related party transactions including approval by those charged with governance. We assessed whether appropriate disclosures have been made in separate financial statements regarding related party transactions and balances in accordance with IAS 24 and requirements under the fourth schedule to the Companies Act, 2017.

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 separate financial statements and our auditors' report thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 are 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 separate 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 separate 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 separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 separate 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 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.

Other matter

The financial statements of Sapphire Textile Mills Limited for the year ended 30 June 2018, were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on 27 September 2018.

The engagement partner on the audit resulting in this independent auditors' report is Farooq Hameed.

Lahore
Dated: September 26, 2019

EY Ford Rhodes
Chartered Accountants

Statement of Financial Position
as at 30 June 2019

	Note	2019 (Rupees)	2018 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,679,723,703	11,415,325,178
Investment property	7	31,750,000	31,750,000
Intangible assets	8	627,039	2,035,188
Long term investments	9	14,256,507,418	14,926,618,637
Long term loans and advances	10	51,343,927	518,741,452
Long term deposits	11	87,909,092	88,434,708
		27,107,861,179	26,982,905,163
CURRENT ASSETS			
Stores, spares and loose tools	12	393,812,720	390,369,902
Stock in trade	13	7,481,967,254	5,471,700,519
Trade debts	14	2,197,892,804	2,947,183,401
Loans and advances	15	72,388,577	119,636,806
Trade deposits and short term prepayments	16	6,688,684	7,839,896
Other receivables	17	921,899,641	566,397,978
Short term investments	18	4,030,717,707	4,103,068,742
Tax refunds due from Government	19	1,901,803,432	1,685,599,982
Cash and bank balances	20	96,759,191	55,448,646
		17,103,930,010	15,347,245,872
TOTAL ASSETS		44,211,791,189	42,330,151,035
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (2018: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (2018: 20,083,140) ordinary shares of Rs.10 each	21	200,831,400	200,831,400
Reserves	22	16,181,248,942	15,821,423,802
		16,382,080,342	16,022,255,202
NON-CURRENT LIABILITIES			
Long term financing	23	12,257,108,436	12,857,957,903
Deferred liabilities	24	509,584,337	478,375,674
		12,766,692,773	13,336,333,577
CURRENT LIABILITIES			
Trade and other payables	25	3,442,588,442	3,867,282,911
Contract liabilities	26	850,602,812	-
Accrued Interest / mark-up	27	320,423,966	184,774,201
Unclaimed dividend		1,795,457	1,309,519
Short term borrowings	28	7,797,508,535	7,302,116,241
Current portion of long term financing	23	2,001,251,085	1,139,457,250
Provision for taxation	29	648,847,777	476,622,134
		15,063,018,074	12,971,562,256
CONTINGENCIES AND COMMITMENTS	30		
TOTAL EQUITY AND LIABILITIES		44,211,791,189	42,330,151,035

The annexed notes from 1 to 49 form an integral part of these financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Statement of Profit or Loss

For the year ended 30 June 2019

	Note	2019	2018
		(Rupees)	(Rupees)
Net turnover	31	**34,252,752,057**	28,896,327,034
Cost of sales	32	**(28,847,019,067)**	(25,360,086,618)
Gross profit		**5,405,732,990**	3,536,240,416
Distribution cost	33	**(1,084,077,934)**	(1,011,944,024)
Administrative expenses	34	**(428,051,718)**	(413,537,884)
Other operating expenses	35	**(347,188,591)**	(118,970,100)
Other income	36	**1,485,021,046**	1,348,444,070
		(374,297,197)	(196,007,938)
Profit from operations		**5,031,435,793**	3,340,232,478
Finance cost	37	**(2,085,427,251)**	(1,391,490,732)
Profit before taxation		**2,946,008,542**	1,948,741,746
Taxation	38	**(386,568,597)**	(353,682,726)
Profit after taxation for the year		**2,559,439,945**	1,595,059,020
Earnings per share - basic and diluted	39	**127.44**	79.42

The annexed notes from 1 to 49 form an integral part of these financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Statement of Comprehensive Income

For the year ended 30 June 2019

	2019	2018
	(Rupees)	(Rupees)
Profit after taxation for the year	**2,559,439,945**	1,595,059,020
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent years:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	**-**	33,179,839
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	**(17,651,047)**	(7,764,396)
	(17,651,047)	25,415,443
Reclassification adjustments for gain on available for sale investments included in profit and loss account	**-**	(5,002,843)
Net loss on debt instruments at fair value through other comprehensive income	**(6,756,705)**	-
Unrealized loss on available for sale investments	**-**	(2,575,444,139)
Items not be reclassified to profit or loss in subsequent years:		
Net loss on equity instruments at fair value through other comprehensive income	**(1,845,905,550)**	-
Loss on remeasurement of staff retirement benefits	**(8,535,640)**	(13,604,382)
Impact of deferred tax	**564,377**	1,077,453
	(7,971,263)	(12,526,929)
Other comprehensive loss for the year	**(1,878,284,565)**	(2,567,558,468)
Total comprehensive income / (loss) for the year	**681,155,380**	(972,499,448)

The annexed notes from 1 to 49 form an integral part of these financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Statement of Changes in Equity

For the year ended 30 June 2019

		Capital Reserves					Revenue Reserves		
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total Equity
	----- Rupees -----								
Balance as at 01 July 2017	200,831,400	156,202,200	65,000,000	3,168,365,588	-	(7,764,396)	1,330,000,000	12,082,119,858	16,994,754,650
Total comprehensive loss for the year ended 30 June 2018									
Profit after taxation for the year	-	-	-	-	-	-	-	1,595,059,020	1,595,059,020
Other comprehensive (loss) / income for the year	-	-	-	(2,580,446,982)	-	25,415,443	-	(12,526,929)	(2,567,558,468)
	-	-	-	(2,580,446,982)	-	25,415,443	-	1,582,532,091	(972,499,448)
Balance as at 30 June 2018	200,831,400	156,202,200	65,000,000	587,918,606	-	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
Balance as at 01 July 2018	200,831,400	156,202,200	65,000,000	587,918,606	-	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
Effect of adoption of IFRS 9 - note 4.1	-	-	-	(587,918,606)	587,918,606	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	587,918,606	17,651,047	1,330,000,000	13,664,651,949	16,022,255,202
Total comprehensive income for the year ended 30 June 2019									
Profit after taxation for the year	-	-	-	-	-	-	-	2,559,439,945	2,559,439,945
Other comprehensive loss for the year	-	-	-	-	(1,852,662,255)	(17,651,047)	-	(7,971,263)	(1,878,284,565)
	-	-	-	-	(1,852,662,255)	(17,651,047)	-	2,551,468,682	681,155,380
Transaction with owners									
Final dividend for the year ended 30 June 2018 @ Rs.16 per share	-	-	-	-	-	-	-	(321,330,240)	(321,330,240)
Balance as at 30 June 2019	200,831,400	156,202,200	65,000,000	-	(1,264,743,649)	-	1,330,000,000	15,894,790,391	16,382,080,342

The annexed notes from 1 to 49 form an integral part of these financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 (Rupees)	2018 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	**4,570,592,925**	2,871,033,352
Long term loans, advances and deposits		**(14,076,863)**	3,805,080
Finance cost paid		**(1,949,777,484)**	(1,380,599,033)
Staff retirement benefits - gratuity paid		**(71,451,763)**	(76,488,022)
Taxes paid		**(659,547,043)**	(231,936,125)
		(2,694,853,153)	(1,685,218,100)
Net cash generated from operating activities		**1,875,739,772**	1,185,815,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,659,856,110)**	(2,039,969,109)
Purchase of intangibles		**-**	(500,000)
Investment in subsidiaries		**(1,000,000,000)**	(513,049,480)
Investments made		**(50,000,000)**	(500,000)
Loans to subsidiaries recovered - net		**482,000,000**	30,150,000
Proceeds from disposal of property, plant and equipment		**217,237,477**	96,841,993
Proceeds from sale of investments		**-**	505,109,950
Dividend received		**715,830,198**	705,145,255
Interest received		**24,079,347**	60,901,641
Rental income received		**787,500**	712,500
Net cash used in investing activities		**(2,269,921,588)**	(1,155,157,250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**496,232,329**	(161,401,686)
Proceeds from long term financing		**1,312,068,000**	2,012,968,000
Repayment of long term financing		**(1,051,123,632)**	(1,898,529,683)
Dividend paid		**(320,844,302)**	(52,124)
Net cash generated from / (used in) financing activities		**436,332,395**	(47,015,493)
Net increase / (decrease) in cash and cash equivalents		**42,150,580**	(16,357,491)
Cash and cash equivalents at the beginning of the year		**54,608,611**	70,966,102
Cash and cash equivalents at the end of the year	41	**96,759,191**	54,608,611

The annexed notes from 1 to 49 form an integral part of these financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

1 LEGAL STATUS AND OPERATIONS

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

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

BUSINESS UNIT	LOCATION
Production Plants	
Spinning	A-17,SITE, Kotri
Spinning	A-84,SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd,Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Wattoan,Sheikhupura.
Weaving	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Printing and processing	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Stitching and Home textile	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.
Registered Office	
Karachi	212, Cotton Exchange Building,I. I. Chundrigar Road, Karachi

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

-Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These are separate financial statements, where the investment in subsidiaries and associates is shown at cost; consolidated financial statements are separately presented.

2.3 These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

2.4 These financial statements are presented in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest rupee unless otherwise stated.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 5.1, 5.2, 5.3, 6.1, 7 and 8]

b) Provision for obsolete and slow moving stores, spares and loose tools [note 5.5 and 12]

c) Net realisable values of stock-in-trade [note 5.6 and 13]

d) Provision for expected credit loss [note 5.7 and 14]

e) Provision for employees' retirement benefits [note 5.10 and 24.2]

f) Provision for taxation [note 5.12 and 38]

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current year:

IAS 40 - Transfers to Investment Property (Amendments)
IFRS 4 - Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)
IFRS 2 - Share based Payments — Classification and Measurement (Amendments)
IFRIC 22 - Foreign Currency Transactions and Advance Consideration
IFRS 9 - Financial Instruments: Classification and measurement
IFRS 15 - Revenue from Contracts with Customers

The adoption of above standards did not have a significant impact on the financial statements except for IFRS 9 and IFRS 15 which is disclosed below:

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is as follows:

Statement of financial Position	IAS 18 Carrying amount	Reclassification 30 June 2019	IFRS 15 Carrying amount
	(Rupees)	(Rupees)	(Rupees)
Trade and other payables	**4,293,191,254**	**(850,602,812)**	**3,442,588,442**
Contract liabilities	**-**	**850,602,812**	**850,602,812**
	4,293,191,254	**-**	**4,293,191,254**
		1 July 2018	
Trade and other payables	3,867,282,911	(848,204,618)	3,019,078,293
Contract liabilities	-	848,204,618	848,204,618
	3,867,282,911	-	3,867,282,911

The adoption of revenue recognition standard did not have a material impact on amounts in statement of profit or loss, statement of other comprehensive income, statement of cash flows or earnings per share for the prior period as the Company did not have any incomplete existing customers contracts from prior periods.

The Company is in the business of providing yarn, fabric, home textile products and processing services. The products and services are sold on their own in separately identified contracts with customers.

(a) Sale of Goods

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

Local Sales

The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory.

Export Sales

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

Therefore, the adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition as there are no terms resulting in variable consideration.

(b) Rendering of services

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

The Company has concluded that revenue from services will continue to be recognised at the point in time, generally on dispatch of the stitched/processed fabric from the factory. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition or amount of revenue recognition as there are no terms resulting in variable consideration.

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement of Financial Assets

Under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Other financial assets are classified and subsequently measured, as follows:

Equity instruments at Fair Value through Other Comprehensive Income (FVOCI), with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company has irrevocably elected to so classify upon initial recognition or transition. The company classified its equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as Available for sale (AFS) financial assets.

Financial assets at Fair Value through Profit or loss(FVPL) comprise derivative instruments and quoted equity instruments which the company had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the solely payments of principal and interest (SPPI) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Company's quoted equity securities were classified as AFS financial assets.

Upon transition, the Company elected to recognize the impact of adoption of IFRS 9 in opening retained earnings and not restating comparative amounts.This did not result in an impact on the financial statements as the realized and unrealized gains/losses were already recognized in upappropriated profit through statement of profit or loss or other comprehensive income as applicable.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications:

As at 01 July 2018

		IFRS 9 measurement category		
		FVPL	Amortised Cost	FVOCI
IAS 39 measurement category	**(Rupees)**	**(Rupees)**	**(Rupees)**	**(Rupees)**
Deposits, loans, debts and receivables				
Long term deposits	88,434,708	-	88,434,708	-
Trade debts	2,947,183,401	-	2,947,183,401	-
Loan to employees	51,024,641	-	51,024,641	-
Trade deposits	3,870,501	-	3,870,501	-
Other receivables	133,494,663	-	133,494,663	-
Available for sale				
Listed equity Investments	9,836,949,797	-	-	9,836,949,797
Non-listed equity Investments	86,648,236	-	-	86,648,236
		-	3,224,007,914	9,923,598,033

Impairment of Financial Assets

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current year. Such improvements to the standards did not have any material impact on the Company's financial statements for the year.

4.2 Standards, Interpretations and amendments to approved accounting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation			**Effective date (annual periods beginning on or after)**
IFRS 3	-	Definition of Business (Amendments)	01 January 2020
IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation	01 January 2019
IFRS 16	-	Leases	01 January 2019
IAS 1	-	Presentation of Financial Statements — (Amendments)	01 January 2020
IAS 8	-	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	01 January 2020
IAS 12	-	Income Taxes - Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	-	Borrowing Costs - Borrowing costs eligible for capitalization	01 January 2020
IAS 28	-	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	-	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2018. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard			**IASB effective date (annual periods beginning on or after)**
IFRS 1	-	First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 14	-	Regulatory Deferral Accounts	01 January 2016
IFRS 17	-	Insurance Contracts	01 January 2021

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, except as explained in note 4.1.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Capital work-in-progress

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

5.2 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment property comprises of land. The Company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

5.3 Intangible assets

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

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

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

5.4 Investment in subsidiary and associated companies

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

5.5 Stores, spares and loose tools

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

5.6 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less expected credit losses (ECL) as explained in note 5.19.1 (d).

5.8 Cash and cash equivalents

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

5.9 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective interest rate (EIR) method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.10 Employee benefits

Defined benefit plan

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

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

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

Defined Contribution Plan

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

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

5.11 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.12 Taxation

Current year

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

Deferred tax

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

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The company has a portion of income subject to deduction of tax as final discharge of tax liability while remaining portion attracts assessment under normal provision of the Income Tax Ordinance, 2001. As per TR - 27 (Revised 2012) issued by Institute of Chartered Accountants of Pakistan, such companies should provide deferred tax according to turnover trend of last three years including the current year between the two portions. The Company recorded deferred tax according to guidelines in TR - 27 (Revised 2012).

5.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.14 Provisions

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

5.15 Revenue recognition

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

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.16 Borrowing cost

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

5.17 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.18 Impairment

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

5.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

5.19.1 Financial assets

a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 as explained in Note 4.1 Revenue from Contracts with Customers.

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

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

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

b) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

(I) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,and

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

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

The Company's financial assets at amortised cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables as disclosed in Note 4.1.

Financial assets at fair value through OCI (debt instruments)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

Based on business model of the Company, it elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit or loss

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

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

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

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

c) Derecognition

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

(I) The rights to receive cash flows from the asset have expired,or

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

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

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

d) Impairment of financial assets

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

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

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

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

The Company 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.

5.19.2 Off-setting of financial assets and liabilities

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

5.19.3 Derivative financial instruments

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

a) Cash flow Hedges

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

Before 1 July 2018, the Company designated all of the forward contracts as hedging instruments. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Beginning 1 July 2018, the Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

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

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

b) Fair value hedges

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

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

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

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

5.19.4 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

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

b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

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

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

This category generally applies to the liabilities as disclosed in Note 47.5.

5.20 Earnings per share - basic and diluted

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

5.21 Related party transactions

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

6 **PROPERTY, PLANT AND EQUIPMENT**

	Note	2019	2018
		(Rupees)	(Rupees)
Operating fixed assets	6.1	12,209,645,502	11,023,834,392
Capital work-in-progress	6.6	470,078,201	391,490,786
		12,679,723,703	11,415,325,178

6.1 **Operating fixed assets**

	2019																	
	Land		Buildings on free - hold land			Buildings on lease - hold land												
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total
	Rupees																	Rupees
Balance as at 1 July 2018																		
Cost	324,259,058	115,038,377	2,190,884,787	441,296,480	403,323,748	315,446,843	78,211,563	89,436,813	14,165,368,516	509,302,988	19,902,818	68,272,927	79,970,954	40,906,781	98,169,445	68,587,385	358,761,271	19,367,140,754
Accumulated depreciation	-	-	(1,049,737,367)	(157,509,427)	(56,265,071)	(202,884,816)	(25,319,670)	(58,900,528)	(6,216,573,535)	(224,539,485)	(5,748,414)	(31,768,845)	(52,210,042)	(30,028,788)	(43,182,152)	(27,202,052)	(161,436,170)	(8,343,306,362)
Net book value - as stated	324,259,058	115,038,377	1,141,147,420	283,787,053	347,058,677	112,562,027	52,891,893	30,536,285	7,948,794,981	284,763,503	14,154,404	36,504,082	27,760,912	10,877,993	54,987,293	41,385,333	197,325,101	11,023,834,392
Reclassification adjustments:																		
-Cost	-	-	-	(10,396,120)	-	-	10,396,120	-	-	-	-	-	-	-	-	-	-	-
-Accmulated Depreciation	-	-	1,902,775	3,875,207	-	(1,902,775)	(3,875,207)	-	9,514	(6,642)	372,564	6,642	165,379	(165,379)	(372,254)	-	(9,824)	-
Net book value - adjusted	324,259,058	115,038,377	1,143,050,195	277,266,140	347,058,677	110,659,252	59,412,806	30,536,285	7,948,804,495	284,756,861	14,526,968	36,510,724	27,926,291	10,712,614	54,615,039	41,385,333	197,315,277	11,023,834,392
For the year ended 30 June 2019																		
Additions	-	-	781,042,678	90,622,353	17,449,500	7,268,313	8,888,663	-	1,514,057,567	35,849,684	6,567,902	46,244,821	12,862,294	1,276,298	8,939,703	10,157,249	40,041,670	2,581,268,695
Disposals:																		
- Cost	-	-	-	-	-	-	-	-	598,984,542	574,829	-	500,000	1,783,575	-	-	-	175,412,467	777,255,413
- Depreciation	-	-	-	-	-	-	-	-	(448,912,208)	(560,277)	-	(494,808)	(1,299,706)	-	-	-	(88,769,619)	(540,036,618)
	-	-	-	-	-	-	-	-	150,072,334	14,552	-	5,192	483,869	-	-	-	86,642,848	237,218,795
Depreciation for the year	-	-	(129,967,609)	(14,690,023)	(18,167,310)	(11,678,921)	(3,118,785)	(6,107,257)	(886,442,029)	(28,870,034)	(1,716,112)	(5,658,817)	(10,380,234)	(1,131,896)	(6,101,270)	(4,543,548)	(29,664,945)	(1,158,238,790)
	324,259,058	115,038,377	1,794,125,264	353,198,470	346,340,867	106,248,644	65,182,684	24,429,028	8,426,347,699	291,721,959	19,378,758	77,091,536	29,924,482	10,857,016	57,453,472	46,999,034	121,049,154	12,209,645,502
Balance as at 30 June 2019																		
Cost	324,259,058	115,038,377	2,971,927,465	521,522,713	420,773,248	322,715,156	97,496,346	89,436,813	15,080,441,541	544,577,843	26,470,720	114,017,748	91,049,673	42,183,079	107,109,148	78,744,634	223,390,474	21,171,154,036
Accumulated depreciation	-	-	(1,177,802,201)	(168,324,243)	(74,432,381)	(216,466,512)	(32,313,662)	(65,007,785)	(6,654,093,842)	(252,855,884)	(7,091,962)	(36,926,212)	(61,125,191)	(31,326,063)	(49,655,676)	(31,745,600)	(102,341,320)	(8,961,508,534)
	324,259,058	115,038,377	1,794,125,264	353,198,470	346,340,867	106,248,644	65,182,684	24,429,028	8,426,347,699	291,721,959	19,378,758	77,091,536	29,924,482	10,857,016	57,453,472	46,999,034	121,049,154	12,209,645,502
Depreciation rate % per annum	-	-	10	5	5	10	5	20	10	10	10	10	30	10	10	10	20	

	Land		On free - hold			On lease - hold											
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant & machinery	Electric installations	Fire fighting equipment	Electric equipments	Computers	Office equipments	Mills equipments	Furniture & fixtures	Vehicles	**Total**
	Rupees																	Rupees
Balance as at 1 July 2017																		
Cost	317,957,458	106,108,377	2,081,191,450	435,593,868	258,409,100	313,046,843	73,619,838	89,436,813	12,908,818,419	499,358,479	19,771,018	66,893,727	71,191,593	39,873,281	93,279,414	66,472,881	344,589,391	17,785,611,950
Accumulated depreciation	-	-	(926,282,396)	(143,048,166)	(44,092,229)	(191,335,847)	(22,291,778)	(51,266,457)	(5,641,139,785)	(193,548,095)	(4,033,932)	(27,731,969)	(44,541,505)	(28,904,146)	(37,460,177)	(22,738,433)	(153,470,982)	(7,531,885,897)
Net book value	317,957,458	106,108,377	1,154,909,054	292,545,702	214,316,871	121,710,996	51,328,060	38,170,356	7,267,678,634	305,810,384	15,737,086	39,161,758	26,650,088	10,969,135	55,819,237	43,734,448	191,118,409	10,253,726,053
For the year ended 30 June 2018																		
Additions	6,301,600	8,930,000	109,693,337	5,702,612	144,914,648	2,400,000	4,591,725	-	1,583,400,329	9,944,509	131,800	1,379,200	11,408,256	1,033,500	4,890,031	2,114,504	73,207,701	1,970,043,752
Disposals:																		
- Cost	-	-	-	-	-	-	-	-	326,850,232	-	-	-	2,628,895	-	-	-	59,035,821	388,514,948
- Depreciation	-	-	-	-	-	-	-	-	(247,892,177)	-	-	-	(1,775,621)	-	-	-	(35,542,229)	(285,210,027)
	-	-	-	-	-	-	-	-	78,958,055	-	-	-	853,274	-	-	-	23,493,592	103,304,921
Depreciation for the year	-	-	(123,454,971)	(14,461,261)	(12,172,842)	(11,548,969)	(3,027,892)	(7,634,071)	(823,325,927)	(30,991,390)	(1,714,482)	(4,036,876)	(9,444,158)	(1,124,642)	(5,721,975)	(4,463,619)	(43,507,417)	(1,096,630,492)
	324,259,058	115,038,377	1,141,147,420	283,787,053	347,058,677	112,562,027	52,891,893	30,536,285	7,948,794,981	284,763,503	14,154,404	36,504,082	27,760,912	10,877,993	54,987,293	41,385,333	197,325,101	11,023,834,392
Balance as at 30 June 2018																		
Cost	324,259,058	115,038,377	2,190,884,787	441,296,480	403,323,748	315,446,843	78,211,563	89,436,813	14,165,368,516	509,302,988	19,902,818	68,272,927	79,970,954	40,906,781	98,169,445	68,587,385	358,761,271	19,367,140,754
Accumulated depreciation	-	-	(1,049,737,367)	(157,509,427)	(56,265,071)	(202,884,816)	(25,319,670)	(58,900,528)	(6,216,573,535)	(224,539,485)	(5,748,414)	(31,768,845)	(52,210,042)	(30,028,788)	(43,182,152)	(27,202,052)	(161,436,170)	(8,343,306,362)
Net book value - 2018	324,259,058	115,038,377	1,141,147,420	283,787,053	347,058,677	112,562,027	52,891,893	30,536,285	7,948,794,981	284,763,503	14,154,404	36,504,082	27,760,912	10,877,993	54,987,293	41,385,333	197,325,101	11,023,834,392
Depreciation rate % per annum	-	-	10	5	5	10	5	20	10	10	10	10	30	10	10	10	20	

6.2 Free hold lands of the Company are located at Sheikhupura, Kasur and Lahore with an area of 1,077,327 square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 435,964 square yards.

6.3 Freehold land includes Rs.80.685 million representing the Company's 30% share of jointly controlled property located at Block-D/1, Gulberg, Lahore, registered in the name of the Company along with Sapphire Fibres Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).

6.4 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees)	(Rupees)
Cost of sales	32	**1,114,315,358**	1,067,564,046
Distribution cost	33	**2,425,329**	-
Administrative expenses	34	**41,498,103**	29,066,446
		1,158,238,790	1,096,630,492

6.5 Particulars of disposed operating fixed assets during the year, having book value of five hundred thousand rupees or more are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
	----------	----------	Rupees	----------	----------		
Plant and Machinery							
Digital Printing Machine	92,021,104	55,467,868	36,553,236	36,555,000	1,764	Negotiation	Elaf Textile (Private) Limited, Lahore
Digital Printing Machine	62,040,780	35,559,017	26,481,763	26,500,000	18,237	- - - - do - - - -	Elaf Textile Pvt. Ltd., Lahore
Ring Frame Machine	84,858,892	65,054,943	19,803,949	8,547,009	(11,256,940)	- - - - do - - - -	International Textile Machinery, Hyderabad
Ring Frame Machine	47,766,806	36,619,225	11,147,581	4,273,504	(6,874,077)	- - - - do - - - -	International Textile Machinery, Hyderabad
Ring Spinning Machine	56,056,593	45,647,553	10,409,040	4,102,564	(6,306,476)	- - - - do - - - -	International Textile Machinery, Hyderabad
Tsudakoma Air Jet	43,895,990	36,372,026	7,523,964	8,040,000	516,036	- - - - do - - - -	Bismillah Industries, Faisalabad
Gas Generator	17,137,636	12,958,952	4,178,684	11,565,000	7,386,316	- - - - do - - - -	Orient Energy System, Lahore
Tsudakoma Zax E Air Jet	14,631,997	12,333,008	2,298,989	2,400,000	101,011	- - - - do - - - -	Zafar Jamil Ansari, Lahore
Auto Doffing Machines	2,362,533	252,332	2,110,201	2,102,210	(7,991)	- - - - do - - - -	Olyempia Textile International, Lahore
Tsudakoma Air Jet	7,940,670	6,260,342	1,680,328	1,760,000	79,672	- - - - do - - - -	Bismillah Industries, Faisalabad
Blow Room Machinery	9,059,025	7,477,513	1,581,512	1,880,342	298,830	- - - - do - - - -	Olyempia Textile International, Lahore
Tsudakoma Zax E Air Jet	7,940,670	6,400,370	1,540,300	1,600,000	59,700	- - - - do - - - -	Zafar Jamil Ansari, Lahore
Pressure Jigger Machines	1,603,789	157,372	1,446,417	850,000	(596,417)	- - - - do - - - -	Arzoo Textile Mills Limited, Faisalabad
Lockstitch Sewing Machine	1,851,937	499,792	1,352,145	437,500	(914,645)	- - - - do - - - -	Muhammad Idrees, Lahore
Blow Room Sets	8,632,292	7,411,612	1,220,680	1,711,967	491,287	- - - - do - - - -	Olyempia Textile International, Lahore
Lockstitch Sewing Machine	1,629,705	429,733	1,199,972	1,166,000	(33,972)	- - - - do - - - -	Muhammad Idrees, Lahore
Clc3 Hooper	5,431,725	4,250,388	1,181,337	1,300,000	118,663	- - - - do - - - -	Olyempia Textile International, Lahore
Tsudakoma Zax E Air Jet	7,315,998	6,156,054	1,159,944	1,200,000	40,056	- - - - do - - - -	Genial Textile Industries, Gujaranwala
Coner Machine	13,208,369	12,052,931	1,155,438	700,000	(455,438)	- - - - do - - - -	International Textile Machinery, Hyderabad
Shute Feed	1,769,643	722,509	1,047,134	179,487	(867,647)	- - - - do - - - -	International Textile Machinery, Hyderabad
Gas Generator	10,448,000	9,408,263	1,039,737	854,701	(185,036)	- - - - do - - - -	International Textile Machinery, Hyderabad
Tsudakoma Zex-E Air Jet	4,800,000	3,868,915	931,085	1,289,816	358,731	- - - - do - - - -	Khawaja Fabrics, Karachi
Coner Machine	8,511,657	7,616,402	895,255	300,000	(595,255)	- - - - do - - - -	International Textile Machinery,Hyderabad
Lockstitch Sewing Machine	1,111,162	286,124	825,038	795,000	(30,038)	- - - - do - - - -	Al Barakat Technical Institute, Sheikhupura
Card C-51	4,744,367	3,998,929	745,438	1,709,402	963,964	- - - - do - - - -	Olyempia Textile International, Lahore
Coal Gasfire System	1,420,000	763,091	656,909	703,419	46,510	- - - - do - - - -	Olyempia Textile International, Lahore
Lockstitch Sewing Machine	925,967	290,002	635,965	1,046,500	410,535	- - - - do - - - -	Muhammad Idrees, Lahore
Ring Frames	3,331,177	2,705,259	625,918	726,496	100,578	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
Manual Winder & Dyeing Machine	6,418,375	5,800,475	617,900	102,564	(515,336)	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
Drawing Frame	6,666,000	6,077,803	588,197	450,000	(138,197)	- - - - do - - - -	S.N Textile Mills (Private) Limited, Lahore
Drawing Frame	3,916,537	3,347,600	568,937	625,000	56,063	- - - - do - - - -	International Textile Machinery, Hyderabad
Tube Boiler Softing Plant	1,683,000	1,130,225	552,775	700,000	147,225	- - - - do - - - -	Olyempia Textile International, Lahore
Comber With Lap Trolly	4,713,690	4,191,144	522,546	217,950	(304,596)	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
	545,846,086	**401,567,772**	**144,278,314**	**126,391,431**	**(17,886,883)**		

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
Vehicles - Sold to employees	------------ Rupees ------------						
Honda Civic	2,577,500	824,800	1,752,700	1,752,700	-	As per Company Policy	Mr. Shaukat Iqbal, Lahore
Honda Civic	2,577,500	945,083	1,632,417	1,633,000	583	- - - - do - - - -	Mr. Rahat Jamal , Lahore
Toyota Altis	2,382,500	794,167	1,588,333	1,588,333	-	- - - - do - - - -	Mr. Abdul Sattar, Karachi (Chief Financial Officer)
Toyota Corola Altas	2,227,000	647,315	1,579,685	1,607,400	27,715	- - - - do - - - -	Mr. Jahanzeb Tariq Baloch, Lahore
Toyota Corolla	2,382,500	820,639	1,561,861	1,561,861	-	- - - - do - - - -	Mr. Ajmal Rasheed Khawaja, Karachi
Honda Civic	2,475,500	970,396	1,505,104	1,505,104	-	- - - - do - - - -	Mr. Liaquat Ali, Hyderabad
Toyota Corrola	1,882,000	401,493	1,480,507	1,480,520	13	- - - - do - - - -	Mr. Abdul Sattar, Faisalabad
Suzuki Swift Auto	1,511,000	219,095	1,291,905	1,315,829	23,924	- - - - do - - - -	Mr. Kashif Altaf, Jhang
Toyota Corola Gli	1,880,500	640,206	1,240,294	1,240,294	-	- - - - do - - - -	Mr. Shoukat Iqbal, Lahore
Toyota Corola Gli	1,805,500	577,760	1,227,740	1,227,740	-	- - - - do - - - -	Mr. Asif Aziz, Lahore
Suzuki Swift	1,463,000	243,833	1,219,167	1,219,167	-	- - - - do - - - -	Mr. Abdul Sami, Swabi
Toyota Corolla Gli	1,880,500	684,502	1,195,998	1,174,000	(21,998)	- - - - do - - - -	Mr. Atif Hussain Saga, Lahore
Toyota Corrola	1,805,500	649,980	1,155,520	1,155,520	-	- - - - do - - - -	Mr. Sohail Bashir, Bhai phero
Suzuki Swift	1,463,000	369,325	1,093,675	1,093,675	-	- - - - do - - - -	Mr. Abdul Hafeez, Lahore
Honda Civic	2,378,000	1,302,510	1,075,490	1,075,490	-	- - - - do - - - -	Mr. Irshad Hussain, Lahore
Honda City	1,527,000	468,280	1,058,720	1,058,720	-	- - - - do - - - -	Mr. Amir Manzoor, Islamabad
Honda City	1,724,500	676,004	1,048,496	1,048,496	-	- - - - do - - - -	Mr. Yousaf Shah, Mardan
Toyota Grande	2,320,500	1,290,817	1,029,683	1,029,683	-	- - - - do - - - -	Mr. Hamayun Haroon, Bhai Phero
Honda Civic	2,447,500	1,424,119	1,023,381	897,315	(126,066)	- - - - do - - - -	Mr. Muhammad Awais Kamal, Lahore
Suzuki Cultus	1,250,000	229,167	1,020,833	1,020,833	-	- - - - do - - - -	Mr. Zulfiqar Ali,Lahore
Toyota Corrola	1,770,500	784,686	985,814	985,814	-	- - - - do - - - -	Mr. Muhammad Bilal, Lahore Cantt
Toyota Corrola	1,970,500	1,012,049	958,451	958,451	-	- - - - do - - - -	Mr. Wajid Manzoor Baig, Lahore
Honda City	1,709,500	756,739	952,761	969,477	16,716	- - - - do - - - -	Mr. Muhammad Imran Ali, Lahore
Suzuki Cultus	1,250,000	311,107	938,893	1,000,000	61,107	- - - - do - - - -	Mr. Sarang Khan, Sheikhupura
Honda Civic	2,206,500	1,283,889	922,611	922,611	-	- - - - do - - - -	Mr. Muhammad Imran, Lahore
Suzuki Cultus	1,250,000	331,250	918,750	918,750	-	- - - - do - - - -	Mr. Abeer Nawaz, Lahore
Toyota Gli	1,845,500	932,101	913,399	913,399	-	- - - - do - - - -	Mr. Waqas Bin Inam, Faisalabad
Suzuki Cultus	1,250,000	347,222	902,778	902,778	-	- - - - do - - - -	Mr. Asif Maqbool, Khanewal
Suzuki Cultus	1,250,000	348,264	901,736	901,736	-	- - - - do - - - -	Mr. Ali Saeed , Lahore
Suzuki Swift	1,433,000	561,736	871,264	871,264	-	- - - - do - - - -	Mr. Muhammad Zahid, Faisalabad
Suzuki Swift	1,433,000	561,736	871,264	871,264	-	- - - - do - - - -	Mr. Safdar Ali Dahar, Rawalpindi
Honda City	1,703,500	845,844	857,656	872,192	14,536	- - - - do - - - -	Mr. Syed Khurram Badshah, Sheikhupura
Honda Civic	2,156,000	1,317,057	838,943	838,943	-	- - - - do - - - -	Mr. Muhammad Tayyab, Hyderabad
Honda City	1,662,000	825,238	836,762	836,762	-	- - - - do - - - -	Mr. Munir Ahmed Awan, Lahore
Suzuki Swift	1,418,000	601,232	816,768	816,768	-	- - - - do - - - -	Mr. Muhammad Zubair,Sheikhupura
Suzuki Swift	1,327,000	514,876	812,124	812,124	-	- - - - do - - - -	Mr. Riaz Khan, Lahore
Honda Civic	2,237,000	1,473,437	763,563	763,563	-	- - - - do - - - -	Mr. Abdul Baseer Khan, Hyderabad
Honda City	1,512,000	776,563	735,437	735,437	-	- - - - do - - - -	Mr. Shoukat Ali, Bhai Phero
Suzuki Cultus	1,129,000	399,666	729,334	729,334	-	- - - - do - - - -	Mr. Arslan Arshad, Faisalabad
Suzuki Wagon R	1,054,000	347,586	706,414	718,594	12,180	- - - - do - - - -	Mr. Usman Noor, Lahore
Suzuki Cultus	1,099,000	407,363	691,637	691,637	-	- - - - do - - - -	Mr. Muhammad Ashfaq, Bhai Phero
Suzuki Cultus	1,129,000	438,052	690,948	703,743	12,795	- - - - do - - - -	Mr. Muhammd Ramzan, Jhang
Suzuki Cultus	1,099,000	442,531	656,469	656,469	-	- - - - do - - - -	Mr. Muhammad Aamir, Lahore
Suzuki Cultus	1,099,000	442,531	656,469	656,469	-	- - - - do - - - -	Mr. Irfan Aziz,Lahore
Suzuki Wagon R	1,024,000	379,563	644,437	644,437	-	- - - - do - - - -	Mr. Danish Christopher, Lahore
Suzuki Swift	1,282,000	642,025	639,975	639,975	-	- - - - do - - - -	Mr. Abdul Waheed ,Karachi
Hond City	1,653,000	1,013,389	639,611	639,611	-	- - - - do - - - -	Mr. Raees Ahmed, Lahore
Suzuki Swift	1,282,000	658,435	623,565	623,565	-	- - - - do - - - -	Ms. Saria Zaheer, Lahore
Suzuki Wagon R	1,014,000	418,038	595,962	606,237	10,275	- - - - do - - - -	Mr. Sikandar Saleem, Lahore
Suzuki Cultus	1,039,000	451,619	587,381	587,381	-	- - - - do - - - -	Mr. Kashif Nisar, Karachi
Suzuki Cultus	1,039,000	462,701	576,299	576,299	-	- - - - do - - - -	Mr. Asif Iqbal ,Rawalpindi
Suzuki Cultus	1,039,000	473,784	565,216	565,216	-	- - - - do - - - -	Mr. Inam Ul Haq, Faisalabad
Suzuki Cultus	1,034,000	470,033	563,967	563,967	-	- - - - do - - - -	Mr. Shahbaz Ul Haq, Okara
Suzuki Wagon R	1,004,000	447,115	556,885	556,885	-	- - - - do - - - -	Mr. Muhammad Hameed, Jamshoro
Suzuki Cultus	1,039,000	484,867	554,133	554,133	-	- - - - do - - - -	Mr.Tariq Masood, Lahore
Suzuki Cultus	1,039,000	494,102	544,898	554,133	9,235	- - - - do - - - -	Mr. Nauman Tariq, Raheemyar Khan
Suzuki Swift	1,418,000	883,571	534,429	534,429	-	- - - - do - - - -	Mr. Atif Saeed, Lahore
Suzuki Cultus	1,039,000	515,898	523,102	523,102	-	- - - - do - - - -	Mr. Atif Javed, Lahore
Suzuki Cultus	1,034,000	513,415	520,585	520,585	-	- - - - do - - - -	Mr. Shahzad Khalil, Islamabad
Suzuki Cultus	1,034,000	522,239	511,761	511,761	-	- - - - do - - - -	Mr. Muhammad Zaheer Ud Din, Lahore
Suzuki Cultus	1,034,000	528,489	505,511	505,511	-	- - - - do - - - -	Mr. Zameer Mehdi, Lahore
	95,001,000	**39,601,529**	**55,399,471**	**55,440,486**	**41,015**		
Vehicles - Sold to third parties							
Toyota Corola Gli	2,172,000	108,600	2,063,400	2,197,000	133,600	Negotiation	Mr. Liaqat Hayat, Kasur
Toyota Corolla	2,129,000	70,967	2,058,033	2,154,000	95,967	- - - - do - - - -	Mr. Dar Muhammad , Mastong
Honda Civic	2,637,000	733,672	1,903,328	2,550,000	646,672	- - - - do - - - -	Mr. Shehyar Khan, Lahore
Toyota Fortuner	5,005,500	3,191,596	1,813,904	3,400,000	1,586,096	- - - - do - - - -	Mr. Manzar Abbas Rizvi
Honda City	1,703,000	56,767	1,646,233	1,703,000	56,767	- - - - do - - - -	Mr. Mian Munawar Tahir, Lahore
Suzuki Swift	1,511,000	241,760	1,269,240	1,420,000	150,760	- - - - do - - - -	Mr. Khurrum Imtiaz, Lahore
Suzuki Cultus	1,250,000	125,000	1,125,000	1,270,000	145,000	- - - - do - - - -	Mr. Sajjad Ahmad, Larkana
Suzuki Cultus	1,034,000	502,570	531,430	600,000	68,570	- - - - do - - - -	Mr. Khurram Imtiaz, Lahore
Toyota Corola Gli	1,869,500	1,365,128	504,372	1,400,000	895,628	- - - - do - - - -	Mr. Muhammad Shahzad, Lahore
	19,311,000	**6,396,060**	**12,914,940**	**16,694,000**	**3,779,060**		
Other assets having book value less than Rs.500,000	**117,097,327**	**92,471,256**	**24,626,070**	**29,524,785**	**4,898,715**		
2019	**777,255,413**	**540,036,617**	**237,218,795**	**228,050,702**	**(9,168,093)**		
2018	388,514,948	285,210,027	103,304,922	166,876,076	63,571,154		

6.6 **Capital work-in-progress**

	Note	2019	2018
		(Rupees)	(Rupees)
Advance for land		**84,500,000**	-
Civil works and buildings		**154,608,429**	287,228,119
Plant and machinery	6.6.1	**184,923,436**	88,086,367
Electric installations		**44,904,336**	-
Computers		**642,000**	-
Advance for vehicles		**500,000**	16,176,300
		470,078,201	391,490,786

6.6.1 Additions to capital work in progress include borrowing cost aggregating Rs.419,125 (2018: Rs. Nil) and the borrowing rate used was 2.50% (2018: Nil) per annum.

6.7 Movement of capital work-in-progress during the year is as follows:

Particulars	30 June 2018	Additions during the year	Transferred to operating fixed assets	30 June 2019
	(Rupees)			
Advance for land	-	84,500,000	-	84,500,000
Civil works and buildings	287,228,119	772,651,817	(905,271,507)	154,608,429
Plant and machinery	88,086,367	818,225,435	(721,388,366)	184,923,436
Electric installations	-	44,904,336	-	44,904,336
Computers	-	642,000	-	642,000
Advance for vehicles	16,176,300	24,365,370	(40,041,670)	500,000
	391,490,786	**1,745,288,958**	**(1,666,701,543)**	**470,078,201**

	Note	2019	2018
7 **INVESTMENT PROPERTY**		**(Rupees)**	(Rupees)
Freehold land		**31,750,000**	31,750,000

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

7.2 Fair value of the investment property, based on the estimation was Rs.45 million (2018: Rs.45 million).

8 **INTANGIBLE ASSETS**
(Computer software)

	Note	2019	2018
Net carrying value as at 01 July 2018			
Net book value as at July 01		**2,035,188**	2,943,337
Addition during the year		**-**	500,000
Amortization during the year	8.1	**(1,408,149)**	(1,408,149)
Net book value as at 30 June 2019		**627,039**	2,035,188
Gross carrying value as at 30 June 2019			
Cost		**24,992,360**	24,992,360
Accumulated amortization		**(24,365,321)**	(22,957,172)
Net book value as at 30 June 2019		**627,039**	2,035,188
Amortization rate % per annum		**20**	20

8.1 Amortization expense for the year has been charged to other operating expenses.

9 LONG TERM INVESTMENTS

		Note	2019	2018
			(Rupees)	(Rupees)
Related parties - at cost:				
Subsidiaries	- unlisted	9.1	**9,630,113,070**	8,630,113,070
Associates	- listed	9.2	**8,461,851**	8,461,851
	- unlisted	9.3	**467,514,425**	467,514,425
			475,976,276	475,976,276
Other companies - Fair value through other comprehensive income		9.4	**4,150,418,072**	5,820,529,291
			14,256,507,418	14,926,618,637

9.1 Investments in subsidiary companies - unlisted

No. of Shares 2019	No. of Shares 2018	Name of Company	Note	2019 (Rupees)	2018 (Rupees)
228,228,737	228,228,737	**Sapphire Wind Power Company Limited (SWPCL)**	9.1.1	**2,282,287,370**	2,282,287,370
		Equity Interest Held 70% (2018: 70%)			
10,000	10,000	**Sapphire Tech (Private) Limited**			
		Equity Interest Held 100% (2018: 100%)		**100,000**	100,000
		Less: Impairment charged		**(100,000)**	(100,000)
				-	-
1,000	1,000	**Sapphire Solar (Private) Limited**			
		Equity Interest Held 100% (2018: 100%)		**10,000**	10,000
		Less: Impairment charged		**(10,000)**	(10,000)
				-	-
200,000,000	100,000,000	**Sapphire Retail Limited**		**2,000,000,000**	1,000,000,000
		Equity Interest Held 100% (2018: 100%)			
475,051,500	475,051,500	**Triconboston Consulting Corporation (Private) Limited (TBCL)**	9.1.1	**5,224,375,700**	5,224,375,700
		Equity Interest Held 57.125% (2018: 57.125%)			
1,234,500	1,234,500	**Sapphire Renewables Limited**		**123,450,000**	123,450,000
		Equity Interest Held 100% (2018: 100%) (Face value of Rs.100 per share)			
				9,630,113,070	8,630,113,070

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

9.2 Investments in associates - listed

No. of Shares 2019	No. of Shares 2018	Name of Company	2019 (Rupees)	2018 (Rupees)
313,295	313,295	**Reliance Cotton Spinning Mills Limited**	**8,461,851**	8,461,851
		Equity Interest Held 3.04% (2018: 3.04%)		

9.3 Investments in associates - unlisted

No. of Shares 2019	No. of Shares 2018	Name of Company	Note	2019 (Rupees)	2018 (Rupees)
4,234,500	4,234,500	**Sapphire Power Generation Limited** Equity Interest Held 26.43% (2018: 26.43%)		**113,705,500**	113,705,500
6,000,000	6,000,000	**Sapphire Electric Company Limited** Equity Interest Held 1.42% (2018: 1.42%)		**60,000,000**	60,000,000
10,000	10,000	**Sapphire Holding Limited** Equity Interest Held 0.05% (2018: 0.05%)		**100,000**	100,000
23,500,000	23,500,000	**Sapphire Dairies (Private) Limited** Equity Interest Held 21.36% (2018: 21.36%)		**235,000,000**	235,000,000
3,675	3,675	**Foreign Company - Creadore A/S Denmark** Beneficial ownership: Sapphire Textile Mills Limited - 49% (2018: 49%) and Beirholm holding A/S Nordager 20, 6000 Kolding, Denmark- 51% (2018: 51%)		**58,708,925**	58,708,925
				467,514,425	467,514,425

9.4 Other companies - Fair value through other comprehensive income

Number of Shares 2019	Number of Shares 2018	Name of Company	Note	2019	2018
		Quoted - conventional			
4,061,840	4,061,840	MCB Bank Limited		**217,880,150**	217,880,150
		Fair value adjustment		**490,707,838**	585,429,947
				708,587,988	803,310,097
29,623,714	29,623,714	Habib Bank Limited		**5,926,153,798**	5,926,153,798
		Fair value adjustment		**(2,570,971,950)**	(995,582,840)
				3,355,181,848	4,930,570,958
		Unquoted			
7,055,985	7,055,985	Novelty Enterprises Private Limited	**9.4.1**	**86,148,236**	86,148,236
50,000	50,000	TCC Management Services Private Limited		**500,000**	500,000
				4,150,418,072	5,820,529,291

9.4.1 This represents 12.5% equity interest in Novelty Enterprises (Private) Limited, a privately held entity. The investee company has not yet commenced its operations accordingly fair value of the investment cannot be determined. However, based on the latest available financial statements, the management is of the view that there are no indications of impairment and the carrying amount has been considered equal to the fair value.

9.4.2 The Company has pledged 2.832 million (2018: 1.305 million) shares of MCB Bank Limited, 1 million (2018: 0.0284 million) shares of Engro Corporation Limited, 18.906 million (2018: 19.605 million) shares of Bank Al-Habib Limited, 21.177 million (2018: 24.427 million) shares of Habib Bank Limited and 0.06 million shares of Pakistan State Oil Limited with various financial institutions for arrangement of finance facilities.

9.4.3 The Company has pledged 4.407 million (2018: 4.407 million) shares of Engro Corporation Limited, 9.200 million (2018: 6 million) shares of Bank Al-Habib Limited, 1.230 million (2018: 1.230 million) shares of MCB Bank Limited, 2.447 million shares of Habib Bank Limited and 30.183 million shares of K- Electric with Standard Chartered Bank as security for issuance of standby letter of credit amounting to US $ 11.300 million (2018: US $ 11.300 million) in favour of a financial institutions for contingency support in TBCL in accordance with Sponsors Support agreement.

		Note	2019	2018
			(Rupees)	(Rupees)
10	**LONG TERM LOANS AND ADVANCES**			
	Loan to employees	10.1	**51,343,927**	36,741,452
	Loan to Subsidiary Company		**-**	482,000,000
			51,343,927	518,741,452
10.1	**Loan to employees - unsecured (considered good)**			
	Loans to employees	10.1.1	**78,281,393**	51,024,641
	Current portion of loans shown under current assets	15	**(26,937,466)**	(14,283,189)
			51,343,927	36,741,452

10.1.1 These represent interest free loans to employees as per company's human resource policy. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.

		Note	2019	2018
11	**LONG TERM DEPOSITS**		(Rupees)	(Rupees)
	Security deposits			
	WAPDA		**85,830,588**	86,038,576
	SNGPL		**1,097,000**	1,097,000
	PTCL		**-**	179,843
	Others	11.1	**981,504**	1,119,289
			87,909,092	88,434,708

11.1 It includes an amount of Rs.36,000 (2018: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.

		Note	2019	2018
12	**STORES, SPARES AND LOOSE TOOLS**		(Rupees)	(Rupees)
	Stores		**198,542,639**	196,397,413
	Spares - in hand		**188,427,624**	190,138,319
	Spares - in transit		**71,764,713**	59,489,932
			260,192,337	249,628,251
	Loose tools		**547,686**	150,872
			459,282,662	446,176,536
	Less: Provision for slow moving stores, spares and loose tools	12.1	**(65,469,942)**	(55,806,634)
			393,812,720	390,369,902
12.1	**Provision for slow moving stores, spares and loose tools**			
	Balance at the beginning of the year		**55,806,634**	52,298,823
	Provision made during the year - net	35	**9,663,308**	3,507,811
	Balance at the end of the year		**65,469,942**	55,806,634
13	**STOCK IN TRADE**			
	Raw material - in hand	32.1	**5,132,990,550**	4,045,463,922
	Raw material - in transit		**268,530,903**	96,665,225
			5,401,521,453	4,142,129,147
	Work in process	32	**589,256,549**	478,749,878
	Finished goods		**1,460,392,852**	835,636,686
	Waste		**30,796,400**	15,184,808
		32	**1,491,189,252**	850,821,494
			7,481,967,254	5,471,700,519

		Note	2019	2018
			(Rupees)	(Rupees)
14	**TRADE DEBTS**			
	Considered good			
	Foreign debts		**547,412,695**	1,156,637,120
	Considered good			
	Domestic debts	14.1 to 14.3	**1,609,750,052**	1,735,850,079
	Waste		**24,324,356**	29,733,386
	Others		**16,405,701**	24,962,816
			1,650,480,109	1,790,546,281
	Considered doubtful		**36,505,865**	44,925,809
	Less: Provision for expected credit loss	14.5	**(36,505,865)**	(44,925,809)
			1,650,480,109	1,790,546,281
			2,197,892,804	2,947,183,401

14.1 Domestic debts include amount of Rs.402,577,494 (2018: Rs.259,929,969) receivable against indirect export sales.

		2019	2018
14.2	**Due from related parties- Domestic debts**	(Rupees)	(Rupees)
	Diamond Fabrics Limited	**1,547,426**	3,588,017
	Sapphire Fibres Limited	**-**	12,065
	Reliance Cotton Mills Limited	**468,180**	-
	Sapphire Finishing Mills Limited	**129,618,265**	140,199,063
	Sapphire Retail Limited	**734,068,164**	645,247,398
		865,702,035	789,046,543

14.3 The aging of trade debts receivable from related parties is within the range of 0-90 days as at reporting date.

14.4 Maximum amount due from related parties during the year, calculated by reference to month-end balances, was Rs.1,677,704,456 (2018: Rs.1,082,667,176).

		Note	2019	2018
			(Rupees)	(Rupees)
14.5	**Provision for expected credit loss**			
	Balance at the beginning of the year		**44,925,809**	44,925,809
	Written off during the year		**(7,836,532)**	-
	Recovered during the year		**(583,412)**	-
	Balance at the end of the year		**36,505,865**	44,925,809

		Note	2019	2018
15	**LOANS AND ADVANCES**			
	Advances			
	- Unsecured-Considered good			
	to suppliers		**38,903,397**	85,281,131
	to contractors		**989,134**	1,286,370
			39,892,531	86,567,501
	- Unsecured - considered doubtful		**-**	7,405,940
	Provision for doubtful advance	15.1	**-**	(7,405,940)
			39,892,531	86,567,501
	Loans			
	Current portion of long term loans to employees	10.1	**26,937,466**	14,283,189
	Short term loans to employees		**5,558,580**	18,786,116
	Short term loans to subsidiaries			
	- Sapphire Solar (Private) Limited (subsidiary)		**2,500,662**	2,500,662
	Less: Impairment		**(2,500,662)**	(2,500,662)
	- Sapphire Tech (Private) Limited (subsidiary)		**138,738**	138,738
	Less: Impairment		**(138,738)**	(138,738)
			-	-
			72,388,577	119,636,806

		Note	2019	2018
			(Rupees)	(Rupees)
15.1	**Provision for doubtful advance**			
	Balance at the beginning of the year		**7,405,940**	7,405,940
	Written off during the year		**(7,405,940)**	-
	Balance at the end of the year		**-**	7,405,940
16	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**4,065,140**	3,870,501
	Prepayments		**2,623,544**	3,969,395
			6,688,684	7,839,896
17	**OTHER RECEIVABLES**			
	Claims receivable		**-**	23,762,477
	Deposits with High Court		**19,430,291**	-
	Export rebate receivable		**99,244,147**	415,252,268
	Receivable against sale of fixed assets		**80,841,307**	70,028,082
	Dividend receivable		**-**	600,000
	Unrealized gain on measurement of forward foreign currency contracts		**-**	17,651,047
	Mark-up receivable from Sapphire Retail Limited (Subsidiary)		**-**	8,916,604
	Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary)	**17.1**	**721,482,301**	30,000,000
	Receivable from Sapphire Wind Power Company Limited against shared expenses		**406,800**	-
	Rent receivable		**-**	187,500
	Interest receivable		**494,795**	-
			921,899,641	566,397,978

17.1 It includes an amount of Rs.691.482 million (2018: Rs. Nil) receivable against technical services and Rs. 30.000 million (2018: Rs. 30.000 million) representing receivable balance transferred to the Company from the subsidiary's previous sponsor at the time of its acquisition. This is interest free and un-secured.

		Note	2019	2018
18	**SHORT TERM INVESTMENTS**		(Rupees)	(Rupees)
	Advance for Term Finance Certificates (TFCs)	**18.1**	**50,000,000**	-
	Investments at fair value through other comprehensive income (FVOCI)	**18.2**	**3,980,717,707**	4,103,068,742
			4,030,717,707	4,103,068,742

18.1 This represents the amount given to HBL for issuance of 500 TFCs having par value of Rs.100,000 and aggregate value of Rs.50,000,000. TFCs to be issued are rated, listed, unsecured, subordinated, perpetual, non-commulative, contingent convertible, additional Tier-1, capital eligible and having green shoe option.

		Note	2019	2018
18.2	**Investments at fair value through other comprehensive income (FVOCI) comprises of:**		(Rupees)	(Rupees)
	Debt instruments at fair value through other comprehensive income (FVOCI)	**18.2.1**	**53,443,295**	-
	Equity instruments at fair value through other comprehensive income (FVOCI)	**18.2.2**	**3,927,274,412**	4,103,068,742
			3,980,717,707	4,103,068,742

18.2.1 Debt instruments at fair value through other comprehensive income (FVOCI)

Number of Certificates		Particulars	2019	2019	2018
			Cost	Carrying value	
2019	2018		(Rupees)	(Rupees)	(Rupees)
602	-	Sales tax refund bonds	**60,200,000**	**53,443,295**	-

This represents bonds issued by FBR Refund Settlement Company Limited, in Central Depository System (CDS) against Refund Payment Orders (RPOs) issued in favor of the Company under section 67A of the Sales Tax Act 1990. The bonds are issued in multiples of one hundred thousand rupees and carry simple profit of 10% per annum payable at the end of maturity period i.e. three years from the issuance of bonds. These bonds are freely transferable within CDS and the Company can sell / transfer the bonds to another person / bank/ entity against any consideration or without any consideration. The Company intends to sell / transfer the bonds whenever market has been established therefore, these have been classified as short-term.

18.2.2 Equity instruments at fair value through other comprehensive income (FVOCI)

Number of Shares 2019	Number of Shares 2018	Name of Company	2019 Cost (Rupees)	2019 Fair value (Rupees)	2018 Fair value (Rupees)
28,105,846	28,105,846	Bank Al-Habib Limited	**1,151,228,062**	**2,202,936,210**	2,215,583,840
5,947,370	5,406,700	Engro Corporation (Pakistan) Limited	**1,681,677,147**	**1,579,621,472**	1,696,946,862
72,000	60,000	Pakistan State Oil Limited	**11,286,649**	**12,213,360**	19,098,600
30,183,000	30,183,000	K Electric Limited	**260,805,385**	**132,503,370**	171,439,440
			3,104,997,243	**3,927,274,412**	4,103,068,742
972,295	972,295	Gulshan Spinning Mills Limited	**17,441,370**	**-**	-
			3,122,438,613	**3,927,274,412**	4,103,068,742

		Note	2019 (Rupees)	2018 (Rupees)
19	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Income tax		**1,666,028,099**	1,394,412,186
	Sales tax receivable		**524,303,681**	426,193,860
	Less: provision against doubtful sales tax refunds	19.1	**(288,528,348)**	(135,006,064)
			235,775,333	291,187,796
			1,901,803,432	1,685,599,982
19.1	**Provision against doubtful sales tax refunds**			
	Balance at the beginning of the year		**135,006,064**	135,006,064
	Provision made during the year		**153,522,284**	-
	Balance at the end of the year		**288,528,348**	135,006,064
20	**CASH AND BANK BALANCES**			
	Cash in hand		**1,517,000**	1,097,573
	Bank balances			
	Local Currency			
	Current		**43,365,855**	19,612,763
	Saving	20.1	**34,498,339**	32,392,196
			77,864,194	52,004,959
	Foreign currency-current accounts			
	USD	20.2	**16,657,349**	1,799,625
	EURO	20.3	**720,648**	546,489
			17,377,997	2,346,114
			96,759,191	55,448,646

20.1 Balances with banks carry profit at the rate ranging from 8% to 12% (2018: 3.75% to 3.86%) per annum.

20.2 Cash at bank on USD account was US$ 101,569 (2018: US $ 14,824).

20.3 Cash at bank on EURO account was EURO 3,867 (2018: EURO 3,867).

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Shares 2019	No. of Shares 2018		2019 (Rupees)	2018 (Rupees)
6,206,740	6,206,740	Ordinary shares of Rs.10 each allotted for	**62,067,400**	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as bonus shares	**138,764,000**	138,764,000
20,083,140	20,083,140		**200,831,400**	200,831,400

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

21.2 6,215,749 (2018: 6,215,349) shares of the Company are held by associated companies as at the reporting date.

22 RESERVES

	Note	2019 (Rupees)	2018 (Rupees)
Capital reserves	**22.1**	**(1,043,541,449)**	826,771,853
Revenue reserves	**22.2**	**17,224,790,391**	14,994,651,949
		16,181,248,942	15,821,423,802

22.1 Composition of capital reserves is as follows:

	Note	2019 (Rupees)	2018 (Rupees)
Share Premium	**22.1.1**	**156,202,200**	156,202,200
Fixed Assets Replacement Reserve	**22.1.2**	**65,000,000**	65,000,000
Unrealized loss on investments at fair value through OCI	**22.1.3**	**(1,264,743,649)**	-
Unrealized gain on available for sale investments		**-**	587,918,606
Unrealized gain on forward foreign exchange contracts		**-**	17,651,047
		(1,043,541,449)	826,771,853

22.1.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

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

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

22.2 Composition of revenue reserves is as follows:

	Note	2019 (Rupees)	2018 (Rupees)
General reserves	**22.2.1**	**1,330,000,000**	1,330,000,000
Unappropriated profit	**22.2.2**	**15,894,790,391**	13,664,651,949
		17,224,790,391	14,994,651,949

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

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

23 LONG TERM FINANCING

	Note	2019 (Rupees)	2018 (Rupees)
Loans from banking companies - secured			
Allied Bank Limited	23.1	**2,832,884,395**	1,910,213,552
Bank Alfalah Limited - Related Party	23.2	**499,905,000**	499,905,000
Bank Al Habib Limited	23.3	**1,838,740,792**	2,114,464,268
Faysal Bank Limited	23.4	**95,006,000**	124,634,000
Habib Bank Limited	23.5	**7,821,197,334**	8,359,728,333
United Bank Limited	23.6	**1,170,626,000**	988,470,000
		14,258,359,521	13,997,415,153
Less: Current portion shown under current liabilities		**(2,001,251,085)**	(1,139,457,250)
		12,257,108,436	12,857,957,903

23.1 These loans carry mark-up ranging from 2.5% to 11.43% (2018: 2.50% to 6.85%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.2,659 million (2018: Rs.1,841 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.838.077 million (2018: Rs.848.489 million) as on reporting date.

23.2 These loans carry mark-up of 2.50% (2018: 2.50%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.588.240 million (2018: Rs.509.435 million) over specific plant & machinery.

23.3 These loans carry mark-up ranging from 2.50% to 11.13% (2018: 2.50% to 6.17%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.328 million (2018: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,631.120 million (2018: Rs.2,602.425 million) as on reporting date.

23.4 These loans carry mark-up ranging from 2.50% to 6.50% (2018: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228.033 million (2018: Rs.202.700 million) over specific plant & machinery.

23.5 These loans carry mark-up ranging from 2.50% to 11.25% (2018: 2.50% to 6.73%) obtained in different tranches and are repayable in quarterly instalments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.8,544.773 million (2018: Rs.8,544.773 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,037.288 million (2018: Rs.1,712.653 million) as on reporting date.

23.6 These loans carry mark-up at the rate of 2.50% (2018: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,425 million (2018: Rs.988.553 million) over specific plant & machinery.

24 DEFERRED LIABILITIES

	Note	2019 (Rupees)	2018 (Rupees)
Deferred taxation	24.1	**236,675,636**	252,518,368
Staff retirement benefits - gratuity	24.2	**272,908,701**	225,857,306
		509,584,337	478,375,674

24.1 Deferred taxation

Deferred tax liability / (asset) as at year end comprises of temporary differences relating to:

	2019	2018
Accelerated tax depreciation allowances	**277,203,750**	274,825,871
Staff retirement benefits - gratuity	**(18,044,723)**	(17,887,673)
Provision for stores, spares and loose tools	**(4,328,873)**	(4,419,830)
Minimum tax carried forward	**(18,154,518)**	-
	236,675,636	252,518,368

24.2 Staff retirement benefits

Movement in the net liability recognized in the statement of financial position

	Note	2019	2018
Opening net liability		**225,857,306**	200,339,674
Expense for the year in profit and loss	24.2.1	**109,967,518**	88,856,272
Remeasurement recognized in other comprehensive income		**8,535,640**	13,604,382
		344,360,464	302,800,328
Benefits paid during the year		**(71,451,763)**	(76,488,022)
Benefits due but not paid		**-**	(455,000)
Closing net liability		**272,908,701**	225,857,306

24.2.1 Expense recognized in the statement of profit or loss

	2019	2018
Current service cost	**92,855,690**	76,311,489
Interest cost	**17,111,828**	12,544,783
	109,967,518	88,856,272

Movement in the present value of defined benefit obligation

	2019	2018
Present value of defined benefit obligation	**225,857,306**	200,339,674
Current service cost	**92,855,690**	76,311,489
Interest cost	**17,111,828**	12,544,783
Actuarial loss	**8,535,640**	13,604,382
Benefits paid	**(71,451,763)**	(76,488,022)
Benefits due but not paid	**-**	(455,000)
	272,908,701	225,857,306

Historical information	2019	2018	2017	2016	2015
	---------- Rupees ----------				
Present value of defined benefit obligation	**272,908,701**	225,857,306	200,339,674	250,766,027	272,019,736
Experience adjustments on plan liabilities	**(8,535,640)**	(13,604,382)	7,398,992	9,965,376	(16,363,523)

- Expected gratuity expenses charged to profit and loss for the year ending 30 June 2020 works out to Rs.147,516,581
- The weighted average duration of defined benefit obligation is 5 years.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method. Latest actuarial valuation was carried out on 30 June 2019.

Principal actuarial assumptions

Following are a few important actuarial assumption used in the valuation:	2019	2018
	%	%
Discount rate	**14.25**	9.00
Expected rate of increase in salary	**13.25**	8.00
Average age of employees	**31.6 years**	31.2 years
Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	-------- Rupees in 000 --------	
Discount rate	**259,811**	**287,754**
Increase in future salaries	**288,697**	**258,701**

		Note	2019	2018
25	**TRADE AND OTHER PAYABLES**		**(Rupees)**	(Rupees)
	Creditors	**25.1**	**714,556,613**	698,488,962
	Accrued liabilities	**25.2**	**2,059,619,157**	1,798,358,782
	Advances from customers	**26**	**-**	848,204,618
	Workers' profit participation fund	**25.3**	**99,005,254**	59,029,338
	Workers' welfare fund		**346,498,561**	287,938,361
	Infrastructure fee	**25.4**	**215,818,411**	171,604,152
	Payable to provident fund		**3,115,242**	2,858,698
	Others		**3,975,204**	800,000
			3,442,588,442	3,867,282,911

25.1 These balances include the following amounts due to related parties:

	2019	2018
Amer Cotton Mills (Private) Limited	**17,499**	281,201
Reliance Cotton Spinning Mills Limited	**-**	2,389,600
Sapphire Fibres Limited	**4,949,420**	19,952,380
Sapphire Finishing Mills Limited	**142,548**	-
	5,109,467	22,623,181

25.2 These balances include the following amount due to related party:

	2019	2018
Sapphire Power Generation Limited	**-**	6,322,962

25.3 Workers' profit participation fund

	Note	2019	2018
Balance at the beginning of the year		**59,029,338**	48,729,015
Allocation for the year	**35**	**99,005,254**	59,029,338
Interest on funds utilized in the Company's business	**37**	**719,673**	3,784,843
		99,724,927	62,814,181
		158,754,265	111,543,196
Less: Payments during the year		**(59,749,011)**	(52,513,858)
Balance at the end the year		**99,005,254**	59,029,338

25.4 It includes Rs.214,405,369 (2018: Rs.170,290,058) representing provision recognised 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 High Court in its judgment dated 15 September 2008 partly accepted the appeal by declaring the levy and collection of infrastructure fee prior to 28 December 2006 as illegal and ultra vires and afterward as legal. The Company filed an appeal in the Supreme Court against this judgement. Additionally, the Government of Sindh also filed appeal for 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 27 December 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to 27 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at 30 June 2019, the Company has provided bank guarantees aggregating Rs.214.823 million (2018: Rs.174.823 million) in favour of Excise and Taxation Department.

26 CONTRACT LIABILITIES

It includes advances received from Creadore A/S Denmark amounting Rs.45,117,361 (2018: Rs. 15,321,986)

27 ACCRUED INTEREST / MARK-UP

	2019	2018
	(Rupees)	(Rupees)
Accrued interest / mark-up on secured:		
- long term financing	**170,362,670**	97,940,682
- short term borrowings	**150,061,296**	86,833,519
	320,423,966	184,774,201

27.1 Accrued mark-up includes an amount of Rs.9,637,049 (2018: Rs.7,992,059) due to Bank Alfalah Limited - related party.

28 SHORT TERM BORROWINGS

	Note	**2019**	2018
		(Rupees)	(Rupees)
Short term loans		**5,009,967,750**	5,100,000,000
Running finance under mark-up arrangements		**2,549,697,785**	2,201,276,206
	28.1	**7,559,665,535**	7,301,276,206
Bank overdrafts		**-**	840,035
Loan from related parties	**28.2**	**237,843,000**	-
		7,797,508,535	7,302,116,241

28.1 Aggregate facilities amounting to Rs.15,662 million (2018: Rs.13,580 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts, export bills under collection and pledge of shares. These carry mark up ranging 2.15% to 13.30% (2018: 2.15% to 7.42%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.813.804 million (2018: Rs.694.849 million) due to Bank Alfalah Limited (related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.9,987.550 million (2018: Rs.8,080.865 million) out of which the amount remained unutilised at the year-end was Rs.6,461.350 million (2018: Rs.3,218.531 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares

28.2 It includes loans received from related parties, which are interest free, unsecured and payable by the entity on demand.Details of the parties are as follows:

	2019 (Rupees)	2018 (Rupees)
Loan from Directors and their spouses	**148,140,000**	-
Loan from major shareholders	**19,443,000**	-
Loan from associated companies	**70,260,000**	-
	237,843,000	-

29 PROVISION FOR TAXATION

	2019	2018
Balance at the beginning of the year	**476,622,134**	379,464,893
Provision for the year	**401,846,952**	305,180,229
	878,469,086	684,645,122
Less: Advance tax adjusted during the year against completed assessments	**(229,621,309)**	(208,022,988)
	648,847,777	476,622,134

30 CONTINGENCIES AND COMMITMENTS

Contingencies

		2019	2018
30.1	Guarantees issued by banks on behalf of the Company	**617,943,587**	605,443,587

30.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 30 June 2019 the value of these cheques amounted to Rs.720.484 million (2018: Rs.578.991 million).

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

30.4 Also refer to content of note 9.4.2 and 9.4.3.

Commitments	Note	2019 (Rupees)	2018 (Rupees)
Commitments in respect of confirmed letter of credit	**30.4.1**	**1,055,047,702**	1,540,572,414
Commitments in respect of capital expenditure	**30.4.2**	**128,731,342**	378,946,437
		1,183,779,044	1,919,518,851

30.4.1 Confirmed letter of credit in respect of:

	2019	2018
- plant and machinery	**297,630,174**	1,066,038,792
- raw material	**706,206,126**	409,071,691
- stores and spares	**51,211,402**	65,461,931
	1,055,047,702	1,540,572,414

30.4.2 This includes commitments for payments to be made for to various construction companies for the contruction and extention on existing building at multiple plants of the Company.

31 NET TURNOVER

	Note	Export Sales 2019	Export Sales 2018	Local Sales 2019	Local Sales 2018	Total 2019	Total 2018
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Yarn	31.2	**13,255,163,103**	9,471,685,784	**1,427,087,011**	3,233,972,878	**14,682,250,114**	12,705,658,662
Fabric	31.3	**10,842,110,780**	7,230,285,519	**563,725,987**	1,894,675,443	**11,405,836,767**	9,124,960,962
Home textile products		**5,183,496,486**	4,406,382,128	**117,765,718**	83,686,393	**5,301,262,204**	4,490,068,521
Raw material		**-**	-	**29,873,566**	167,293,148	**29,873,566**	167,293,148
Waste	31.4	**179,230,548**	196,986,230	**267,546,934**	215,155,865	**446,777,482**	412,142,095
Processing income		**-**	-	**2,243,606,323**	1,474,503,097	**2,243,606,323**	1,474,503,097
		29,460,000,917	21,305,339,661	**4,649,605,539**	7,069,286,824	**34,109,606,456**	28,374,626,485
Export rebate and duty drawback						**160,828,378**	530,178,001
Less: sales tax						**(17,682,777)**	(8,477,452)
						34,252,752,057	28,896,327,034

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

	2019	2018
31.2 Export sales - Yarn	**(Rupees)**	(Rupees)
Direct export	**4,676,488,557**	5,462,045,092
In-direct export	**8,578,674,546**	4,009,640,692
	13,255,163,103	9,471,685,784
31.3 Export sales - Fabric		
Direct export	**8,059,404,814**	6,262,731,478
In-direct export	**2,782,705,966**	967,554,041
	10,842,110,780	7,230,285,519

31.4 Export waste sales represent comber noil sales.

31.5 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.77.652 million (2018: loss of Rs.28.849 million) has been included in export sales.

32 COST OF SALES

	Note	2019	2018
		(Rupees)	(Rupees)
Raw material consumed	32.1	**20,441,921,666**	16,979,359,791
Packing material consumed		**433,831,982**	391,844,257
Stores and spares consumed		**918,861,102**	836,920,422
Salaries, wages and benefits	32.2	**3,514,144,126**	3,013,925,706
Fuel, power and water		**2,212,273,630**	2,160,442,339
Other manufacturing expenses	32.3	**701,221,384**	471,507,764
Repair and maintenance		**63,008,830**	77,054,783
Vehicle running expenses		**40,582,373**	30,934,913
Travelling and conveyance		**41,318,644**	36,916,303
Insurance expenses		**27,719,223**	26,839,048
Rent, rates and taxes		**15,551,558**	23,360,372
Fees and subscription		**6,567,026**	5,943,976
Communication expenses		**15,114,005**	13,125,056
Printing and stationery		**955,284**	2,463,199
Legal and professional charges		**568,308**	1,971,482
Depreciation	6.4	**1,114,315,358**	1,067,564,046
Miscellaneous expenses		**4,691,425**	4,187,146
		29,552,645,924	25,144,360,603
Work in process			
Opening stock		**478,749,878**	397,339,030
Closing stock	13	**(589,256,549)**	(478,749,878)
		(110,506,671)	(81,410,848)
Cost of goods manufactured		**29,442,139,253**	25,062,949,755
Finished goods			
Opening stock		**850,821,494**	955,831,564
Closing stock	13	**(1,491,189,252)**	(850,821,494)
		(640,367,758)	105,010,070
Cost of goods sold - manufactured		**28,801,771,495**	25,167,959,825
Cost of raw material sold	32.4	**45,247,572**	192,126,793
		28,847,019,067	25,360,086,618

	Note	2019	2018
		(Rupees)	(Rupees)

32.1 Raw material consumed

	Note	2019	2018
Opening balance		**4,045,463,922**	3,788,923,340
Purchases		**21,529,448,294**	17,235,900,373
		25,574,912,216	21,024,823,713
Closing stock	**13**	**(5,132,990,550)**	(4,045,463,922)
		20,441,921,666	16,979,359,791

32.2 Salaries, wages and benefits include Rs.109,967,518 (2018: Rs.88,856,272) in respect of post employment benefits - gratuity and Rs.27,299,161 (2018: Rs.23,583,576) in respect of provident fund contribution.

32.3 Other manufacturing expenses

	2019	2018
Cotton dyeing, bleaching and bale pressing charges	**179,369,514**	166,818,944
Yarn dyeing and bleaching charges	**47,647,855**	34,505,720
Fabric dyeing, bleaching, knitting and processing charges	**66,244,055**	72,477,202
Weaving and yarn doubling charges	**48,831,353**	73,440,836
Stitching, spinning and other charges	**90,614,042**	50,974,728
Embroidery charges	**268,514,565**	73,290,334
	701,221,384	471,507,764

32.4 It includes salaries, wages and benefits, insurance and finance cost amounting Rs.400,421 (2018: Rs.1,221,371), Rs.800,842 (2018: Rs.2,442,743) and Rs.4,004,210 (2018: Rs.8,549,601) respectively.

33 DISTRIBUTION COST

	Note	2019	2018
		(Rupees)	(Rupees)
On export sales			
Export development surcharge		**45,441,414**	41,541,227
Insurance		**7,313,037**	4,979,842
Commission		**254,905,801**	256,771,709
Ocean freight and forwarding		**380,184,579**	371,767,472
		687,844,831	675,060,250
On local sales			
Inland freight and handling		**53,179,803**	45,828,682
Commission		**53,010,756**	41,052,315
		106,190,559	86,880,997
Other distribution cost			
Salaries and benefits	**33.1**	**173,721,218**	145,625,338
Rent and utilities		**161,397**	583,958
Communication		**13,515,578**	12,549,332
Travelling, conveyance and entertainment		**65,859,323**	59,695,302
Insurance expenses		**323,405**	-
Repair and maintenance		**394,530**	650,815
Fees and subscription		**10,578,633**	4,580,890
Samples and advertising		**11,842,377**	2,457,502
Exhibition expenses		**10,822,151**	22,691,168
Printing and stationery		**398,603**	921,698
Depreciation	**6.4**	**2,425,329**	-
Others		**-**	246,774
		290,042,544	250,002,777
		1,084,077,934	1,011,944,024

33.1 Salaries and benefits include Rs.6,640,620 (2018: Rs.6,351,220) in respect of provident fund contribution.

		Note	2019	2018
			(Rupees)	(Rupees)
34	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**45,600,000**	31,200,000
	Directors' meeting fee		**300,000**	400,000
	Salaries and benefits	**34.1**	**220,382,140**	203,517,936
	Rent, rates and utilities		**18,040,850**	18,164,962
	Communication		**11,989,461**	8,845,777
	Printing and stationery		**5,302,492**	4,369,664
	Travelling, conveyance and entertainment		**30,275,027**	36,843,752
	Motor vehicle expenses		**15,627,262**	14,882,522
	Repair and maintenance		**17,725,377**	14,474,738
	Insurance expense		**2,675,486**	2,333,578
	Legal and professional charges		**3,413,253**	33,746,407
	Fees and subscription		**8,500,944**	6,966,511
	Computer expenses		**6,224,475**	7,886,901
	Advertisement		**136,630**	96,390
	Depreciation	**6.4**	**41,498,103**	29,066,446
	Others		**360,218**	742,300
			428,051,718	413,537,884

34.1 Salaries and benefits include Rs.7,842,312 (2018: Rs.8,122,000) in respect of provident fund contribution.

		Note	2019	2018
35	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	**25.3**	**99,005,254**	59,029,338
	Workers' welfare fund		**60,122,623**	39,770,240
	Auditors' remuneration	**35.1**	**2,231,850**	2,447,517
	Donations	**35.2**	**12,067,030**	10,112,485
	Amortization of intangible assets	**8.1**	**1,408,149**	1,408,149
	Provision for stores, spares and loose tools	**12.1**	**9,663,308**	3,507,811
	Provision against doubtful sales tax refundable	**19.1**	**153,522,284**	-
	Impairment on loan to subsidiaries		**-**	2,639,400
	Loss on sale of fixed assets	**6.5**	**9,168,093**	-
	Exchange loss on remeasurement of long term liability		**-**	55,160
			347,188,591	118,970,100

			2019	2018
35.1	**Auditors' remuneration**			
	Audit fee		**1,618,000**	1,618,000
	Half yearly review fee		**423,000**	423,000
	Code of corporate governance review fee		**85,850**	85,850
	Other certification / services		**105,000**	306,917
	Out of pocket expenses		**-**	13,750
			2,231,850	2,447,517

35.2 Donations to following organisation are greater than 10% of total donations(Rs.1,206,703) of the Company.

	Note	2019	2018
The Kidney Centre Post Graduate Training Institute		**1,250,000**	1,000,000
Network of Organisations Working for People with Disabilities Pakistan (NOWPDP)		**1,500,000**	1,000,000
Abdullah Foundation	**35.2.1**	**2,300,000**	-
		5,050,000	2,000,000

35.2.1 The Directors of the Company who have interest in Abdullah Foundation (donee) are following.

Name of director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	**Abdullah Foundation, 312, Cotton Exchange Building,I.I. Chundrigar Road, Karachi.**
Mr. Shahid Abdullah	Director	
Mr. Nadeem Abdullah	Director	
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	
Mr. Shayan Abdullah	Director	

36	OTHER INCOME	Note	2019	2018
			(Rupees)	(Rupees)
	Income from financial assets			
	Dividend income			
	- from other companies		**397,359,558**	428,728,105
	- from subsidiary and associated companies		**317,870,640**	249,474,650
			715,230,198	678,202,755
	Gain on sale of investments		**-**	45,941,094
	Mark-up income on loans to subsidiaries		**12,822,179**	38,375,243
	Exchange gain on foreign currency accounts		**3,541,393**	1,077,885
	Interest income on saving account and bonds		**2,835,359**	1,202,045
			734,429,129	764,799,022
	Income from non-financial assets			
	Gain on sale of property, plant and equipment - net		**-**	63,565,154
	Credit balance written-back		**6,883,216**	1,240,625
	Rental income		**600,000**	600,000
	Technical services		**691,482,301**	469,917,434
	Scrap sales [Net of sales tax aggregating Rs.9.783 million (2018: Rs.5.708 million)]		**51,626,400**	48,321,835
			750,591,917	**583,645,048**
			1,485,021,046	1,348,444,070

37	FINANCE COST	Note	2019	2018
	Interest / mark-up on :			
	- short term finances		**838,361,165**	449,535,542
	- long term loans		**1,049,341,278**	795,013,130
	- Workers' Profit Participation Fund	25.3	**719,673**	3,784,843
			1,888,422,116	1,248,333,515
	Bank charges, commission and others charges		**197,005,135**	141,687,986
	Exchange loss on foreign currency loans		**-**	1,469,231
			2,085,427,251	1,391,490,732

38	TAXATION		2019	2018
	Current tax			
	- for the year		**402,681,080**	305,227,121
	- prior year		**(834,128)**	(46,892)
			401,846,952	305,180,229
	Deferred tax		**(15,278,355)**	48,502,497
			386,568,597	353,682,726

"There is no relationship between tax expense and accounting profit since the Company's profits are subject to tax under the Final Tax Regime for the current year. Accordingly, no numerical reconciliation has been presented. "

38.1 The Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 7.5%, for the year ended 30 June 2017, of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 40% of the accounting profit through cash dividend within six months of the end of the said year. The Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC), Sindh on 28 July 2017 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and SHC accepted the CP and granted stay against the newly amended section 5A. In case the SHC's decision is not in favour of the Company; the Company will either be required to declare amount of dividend or it will be liable to pay additional tax at the rate of 7.5% of its profit before tax for the financial year ended 30 June 2017. The Company has complied with this section for the year ended 30 June 2018. However, the matter is still pending with the court for the year ended 30 June 2017, as at current reporting date.

38.2 The Board of Directors of the Company has proposed a dividend amounting to Rs. 522.162 million in their meeting held on 26 September 2019 for the financial and tax year 2019 which meets the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed profits as of 30 June 2019.

39 EARNINGS PER SHARE - BASIC AND DILUTED

		2019	2018
Profit after taxation for the year	Rupees	**2,559,439,945**	1,595,059,020
Weighted average number of ordinary shares	Number	**20,083,140**	20,083,140
Earnings per share - basic and diluted	Rupees	**127.44**	79.42

40 CASH GENERATED FROM OPERATIONS

	Note	2019 (Rupees)	2018 (Rupees)
Profit before taxation		**2,946,008,542**	1,948,741,746
Adjustments for non-cash items:			
Depreciation on operating fixed assets		**1,158,238,790**	1,096,630,492
Gain on sale of investments		**-**	(45,941,094)
Amortization of intangible assets		**1,408,149**	1,408,149
Interest income		**(15,657,538)**	(39,577,288)
Loss / (gain) on sale of property, plant and equipment		**9,168,093**	(63,565,154)
Dividend income - others		**(397,359,558)**	(428,728,105)
Dividend income - subsidiary and associate		**(317,870,640)**	(249,474,650)
Provision for gratuity		**109,967,518**	88,856,272
Provision for stores, spares and loose tools		**9,663,308**	3,507,811
Provision against doubtful sales tax refundable		**153,522,284**	-
Credit balance written back		**(6,883,216)**	(1,240,625)
Impairment loss		**-**	2,639,400
Exchange differences		**-**	55,160
Finance cost		**2,085,427,251**	1,390,021,501
Rental income		**(600,000)**	(600,000)
		2,789,024,441	1,753,991,869
Operating cash flow before changes in working capital		**5,735,032,983**	3,702,733,615
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		**(13,106,126)**	(64,358,239)
Stock-in-trade		**(2,010,266,735)**	(47,178,660)
Trade debts		**749,290,597**	(1,223,555,816)
Loans and advances		**47,248,229**	(14,991,481)
Trade deposits and short term prepayments		**1,151,212**	9,619,256
Other receivables		**(371,548,794)**	(260,509,083)
		(1,597,231,617)	(1,600,974,023)
(Decrease) / Increase in current liabilities			
Trade and other payables		**(417,811,253)**	769,273,760
Contract liabilities		**850,602,812**	-
		4,570,592,925	2,871,033,352

41 CASH AND CASH EQUIVALENTS

	Note	2019	2018
Bank overdrafts		**-**	(840,035)
Cash and bank balances	20	**96,759,191**	55,448,646
		96,759,191	54,608,611

42 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. The remuneration of key management personnel is disclosed in note 45. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as

	Relationship with the Company	Nature of transactions	2019 (Rupees)	2018 (Rupees)
(i)	**Subsidiaries**	Sales of fabric / processing / stores / services	**2,996,099,227**	2,231,520,066
		Purchase of vehicle	**2,350,000**	-
		Shares deposit money	**1,000,000,000**	507,200,000
		Shares received	**1,000,000,000**	542,200,000
		Expenses charged to the Company	**441,371**	247,386
		Markup charged to the Company	**12,822,179**	29,458,639
		Loans recovered	**(482,000,000)**	(30,150,000)
		Rental income	**600,000**	600,000
		Dividend received	**279,999,998**	230,999,997
(ii)	**Associates**	Sales of yarn/fabric/processing/stores	**2,024,157,587**	1,682,722,816
		Purchase of yarn/fabric/processing/stores/rent/fixed assets	**348,990,618**	571,612,288
		Purchase of electricity / steam	**10,886,678**	185,673,211
		Expenses charged to the Company	**44,785,484**	40,661,316
		Expenses charged by the Company	**8,683,181**	6,348,750
		Markup charged by the Company	**44,800,008**	37,305,064
		Dividend paid	**89,971,632**	-
		Dividend received	**37,870,642**	18,474,652
		Loans obtained net	**189,215,131**	269,120,929
(iii)	**Others**	Contribution to provident fund	**41,782,093**	38,056,796
		Loan from directors and related parties	**167,583,000**	-
		Sale of vehicles to key management personnel	**1,869,482**	-

42.1 The related parties with whom the Company had entered into transactions or have arrangement / agreement in place are

Company Name	Basis of relationship	Aggregate % of shareholding
Sapphire Wind Power Company Limited	Subsidiary	70%
Triconboston Consulting Corporation (Private) Limited	Subsidiary	57.125%
Sapphire Retail Limited	Subsidiary	100%
Sapphire Renewables Limited	Subsidiary	100%
Sapphire Solar Private Limited	Subsidiary	100%
Sapphire Tech Private Limited	Subsidiary	100%
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Private) Limited	Associated Company	21.36%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Private) Limited	Common directorship	N/A
Sapphire Finishing Mills Limited	Common directorship	N/A
Four Strength (Private) Limited	Common directorship	N/A
Amer Cotton Mills (Private) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Bank Alfalah Limited	Investor in a subsidiary of the Company	N/A
Amer Tex (Private) Limited	Common directorship	N/A
Galaxy Agencies (Private) Limited	Common directorship	N/A
Nadeem Enterprises (Private) Limited	Common directorship	N/A
Neelum Textile Mills (Private) Limited	Common directorship	N/A
Sapphire Agencies (Private) Limited	Common directorship	N/A
Green Field Enterprises (Private) Limited	Subsidiary of an associated company	N/A

43 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at year end	**9,120**	8,303
Average number of employees	**8,864**	8,233

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

Total number of spindles installed	**139,433**	136,689
Average number of spindles worked	**138,424**	135,210
Total number of rotors installed	**3,120**	3,120
Average number of rotors worked	**-**	-
Number of shifts worked per day	**3**	3
Total days worked	**365**	365
Installed capacity after conversion into 20/s lbs.	**119,255,126**	116,402,443
Actual production after conversion into 20/s lbs	**98,423,297**	94,254,079

Weaving

Total number of looms installed	**360**	371
Average number of looms worked	**360**	349
Number of shifts worked per day	**3**	3
Total days worked	**365**	365
Installed capacity(at 50 picks/inch of fabric square meters)	**145,980,990**	134,694,682
Actual production(at 50 picks/inch of fabric square meters)	**142,630,979**	133,169,328

Finishing and Printing

Production capacity meters	**43,200,000**	38,400,000
Actual production meters	**38,986,791**	35,983,431

Home Textile Product

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

44.1 Reason for low production

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

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Executives		Director		Chief Executive	
	2019	2018	**2019**	2018	**2019**	2018
	(Rupees)	(Rupees)	**(Rupees)**	(Rupees)	**(Rupees)**	(Rupees)
Remenuration	**252,541,929**	232,907,156	**12,600,000**	7,200,000	**33,000,000**	24,000,000
Bonus	**24,667,078**	22,385,463	**-**	-	**-**	-
Medical	**3,245,176**	3,323,400	**-**	-	**-**	-
Contribution to provident fund	**12,102,292**	11,374,954	**-**	-	**-**	-
Leave encashment and other benefits	**28,861,328**	11,514,168	**-**	-	**-**	-
	321,417,803	281,505,141	**12,600,000**	7,200,000	**33,000,000**	24,000,000
Number of persons	**75**	68	**1**	1	**1**	1

45.1 In addition, some of the above persons have been provided with the company maintained cars.

45.2 Meeting fee of Rs.0.300 million (2018: Rs.0.400 million) has been paid to independent non-executive director. No other remuneration has been paid to non-executive directors of the Company.

45.3 The Chief Executive and Executive Director were also provided with the telephones at residence.

46	PROVIDENT FUND RELATED DISCLOSURES	Un-Audited 2019 (Rupees)	Audited 2018 (Rupees)

46.1 The following information is based on the financial statements of the Fund as at 30 June 2019

	Un-Audited 2019 (Rupees)	Audited 2018 (Rupees)
Size of the fund - Total assets	**278,942,234**	231,001,566
Cost of investments made	**268,325,092**	209,071,123
Fair value of investments	**275,637,835**	227,974,444
Percentage of Investments made	**98.82%**	98.69%

46.2 The break-up of fair value of investments is as follows:

	2019 (Percentage)	2018 (Percentage)	2019 (Rupees)	2018 (Rupees)
National Saving Schemes	**98.46%**	99.20%	**271,406,743**	226,143,321
Loan to members	**0.21%**	0.26%	**576,857**	581,864
Bank Balance - saving	**1.33%**	0.55%	**3,654,235**	1,249,259
	100%	100%	**275,637,835**	227,974,444

46.3 The investments out of provident fund have made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

47 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

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.

47.1 Credit risk

47.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, trade deposits, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.11,390 million (2018: Rs.13,114 million), financial assets which are subject to credit risk aggregate to Rs.3,313 million (2018: Rs.3,264 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019 (Rupees)	2018 (Rupees)
Long term deposits	**87,909,092**	88,434,708
Trade debts	**2,197,892,804**	2,947,183,401
Loan to employees	**51,343,927**	36,741,452
Trade deposits	**4,065,140**	3,870,501
Other receivables	**822,655,494**	133,494,663
Short term investments	**53,443,295**	-
Bank balances	**95,242,191**	54,351,073
	3,312,551,943	3,264,075,798

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

	2019	2018
	(Rupees)	(Rupees)
Domestic	**1,650,480,109**	1,790,546,281
Export	**547,412,695**	1,156,637,120
	2,197,892,804	2,947,183,401

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

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

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 groupings of 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. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security. The letters of credit for export sales are considered integral part of export trade receivables and there is no past history of default in case of export debtors, so the expected credit loss rate for the export trade receivables is insignificant, hence gross amount equals to net carrying amount.However, for local trade receivables the Company evaluates the concentration of risk with respect to them as low, as its customers mostly deal in advances and their demand is order based.

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
	--------------------Rupees--------------------						
As at 30 June 2019							
Estimated total gross carrying amount at default	924,835,461	331,960,447	208,541,467	162,325,440	44,395,138	3,415,038	11,512,983
Expected credit loss	6,787,847	10,401,101	3,476,282	1,612,100	154,273	2,561,278	11,512,983

47.1.4 Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A.	Moody's	P-1	Aa3
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA
Allied Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Industrial and Commercial Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-

47.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2019				
	Carrying amount	**Contractual cashflow**	**Up to 1 year**	**Between 1 to 5 years**	**5 years and above**
	Rupees				
Long term financing	**14,258,359,521**	**18,226,035,999**	**3,127,730,141**	**12,757,064,140**	**2,341,241,718**
Trade and other payables	**2,781,266,216**	**2,781,266,216**	**2,781,266,216**	**-**	**-**
Accrued interest / mark-up	**320,423,966**	**320,423,966**	**320,423,966**	**-**	**-**
Unclaimed dividend	**1,795,457**	**1,795,457**	**1,795,457**	**-**	**-**
Short term borrowings	**7,797,508,535**	**7,940,128,276**	**7,940,128,276**	**-**	**-**
	25,159,353,695	**29,269,649,914**	**14,171,344,056**	**12,757,064,140**	**2,341,241,718**

	2018				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	13,997,415,153	17,187,294,587	1,927,036,866	11,940,730,341	3,319,527,380
Trade and other payables	3,348,711,060	3,348,711,060	3,348,711,060	-	-
Accrued interest / mark-up	184,774,201	184,774,201	184,774,201	-	-
Unclaimed dividend	1,309,519	1,309,519	1,309,519	-	-
Short term borrowings	7,301,276,206	7,375,599,394	7,375,599,394	-	-
	24,833,486,139	28,097,688,761	12,837,431,040	11,940,730,341	3,319,527,380

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

47.3 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 holding of financial instruments.

47.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2019						
	Rupees	**US $**	**EURO**	**JPY**	**CHF**	**AED**	**GBP**
Trade debts	**(547,412,695)**	**(2,741,522)**	**(524,779)**	**-**	**-**	**-**	**-**
Bank balances	**(17,377,997)**	**(101,569)**	**(3,867)**	**-**	**-**	**-**	**-**
	(564,790,692)	**(2,843,091)**	**(528,646)**	**-**	**-**	**-**	**-**
Outstanding letters of credit	**1,055,047,702**	**4,028,853**	**1,216,360**	**14,604,000**	**48,900**	**2,955,600**	**9,000**
Net Exposures	**490,257,010**	**1,185,762**	**687,714**	**14,604,000**	**48,900**	**2,955,600**	**9,000**

	2018						
	Rupees	US $	EURO	JPY	CHF	**AED**	**GBP**
Trade debts	(1,156,637,120)	(8,380,334)	(985,377)	-	-	**-**	**-**
Bank balances	(2,346,114)	(14,824)	(3,867)	-	-	**-**	**-**
	(1,158,983,234)	(8,395,158)	(989,244)	-	-	**-**	**-**
Outstanding letters of credit	1,540,572,414	9,512,741	2,465,381	-	284,493	**-**	**-**
Forward exchange contracts	418,358,982	2,185,556	1,202,560	-	-	**-**	**-**
Net Exposures	799,948,162	3,303,139	2,678,697	-	284,493	**-**	**-**

The following significant exchange rates have been applies as at reporting date:

	2019	2018
US $ to Rupees (Buying/Selling)	**164 / 164.5**	121.4 / 121.6
Euro to Rupees (Buying/Selling)	**186.37 / 186.99**	141.33 / 141.57

Sensitivity analysis

A 20 percent (2018: 10 percent) strengthening of the Rupees against US Dollar and Euro at 30 June would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particulars interest rates, remain constant.

	Equity (Rupees)	**Profit or loss (Rupees)**
As at 30 June 2019		
Effect in US Dollar	**(93,253,385)**	**(93,253,385)**
Effect in Euro	**(19,704,751)**	**(19,704,751)**
As at 30 June 2018		
Effect in US Dollar	(101,917,340)	(101,917,340)
Effect in Euro	(13,980,985)	(13,980,985)

20 percent (2018: 10 percent) weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

47.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	Effective rate		Carrying Amount	
	2019	2018	**2019**	2018
	(Percentage)	(Percentage)	**(Rupees)**	(Rupees)
Fixed rate instruments				
Financial liabilities				
Long term financing	**2.5% to 6.5%**	2.5% to 6.5%	**4,535,248,994**	3,506,932,975
Short term borrowings	**2.15% to 3%**	2.15% to 2.50%	**2,100,000,000**	1,800,000,000
Variable rate instruments				
Financial liabilities				
Long term financing	**6.47% - 13.43%**	6.10% - 6.85%	**9,723,110,527**	10,490,482,178
Short term borrowings - local currency	**6.46% to 13.30%**	6.43% to 7.42%	**5,459,665,535**	5,501,276,206

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit and loss 100 bps	
	Increase	**(Decrease)**
	(Rupees)	**(Rupees)**
As at 30 June 2019		
Cash flow sensitivity - variable rate instruments	**151,827,761**	**(151,827,761)**
As at 30 June 2018		
Cash flow sensitivity - variable rate instruments	159,917,584	(159,917,584)

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

47.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the reporting date would have increased / decreased the Company's unrealized gain on investments at fair value through OCI as follows:

	2019	2018
	(Rupees)	(Rupees)
Effect on equity	**799,104,425**	983,694,980
Effect on investments	**799,104,425**	983,694,980

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

47.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

47.5 Financial instruments by Category

	2019 (Rupees)	2018 (Rupees)
FINANCIAL ASSETS		
Debt instruments at amortised cost		
Long term deposits	**87,909,092**	88,434,708
Trade debts	**2,197,892,804**	2,947,183,401
Loan to employees	**51,343,927**	36,741,452
Trade deposits	**4,065,140**	3,870,501
Other receivables	**822,655,494**	133,494,663
Bank balances	**95,242,191**	54,351,073
	3,259,108,648	3,264,075,798
Debt instruments at fair value through OCI		
Sales tax refund bonds	**53,443,295**	-
Equity instruments at fair value through OCI		
Quoted equity shares	**7,991,044,248**	9,836,949,797
Unquoted equity shares	**86,648,236**	86,648,236
	8,077,692,484	9,923,598,033
Total current	**6,951,887,850**	7,205,268,354
Total non current	**4,438,356,577**	5,908,963,999
FINANCIAL LIABILITIES		
At amortized cost		
Trade and other payables	**2,781,266,216**	3,348,711,060
Accrued interest / mark-up	**320,423,966**	184,774,201
Unclaimed dividend	**1,795,457**	1,309,519
Secured bank loan	**12,257,108,436**	12,857,957,903
Bank overdrafts	**-**	840,035
Short term finances from banks	**9,560,916,620**	8,440,733,456
Other current loans	**237,843,000**	-
	25,159,353,695	24,834,326,174
Total current	**12,580,025,836**	11,790,284,551
Total non current	**12,579,327,859**	13,044,041,623

47.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1.Quoted market price (unadjusted) in an active market for identical instrument.

Level 2.Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3.Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The main level of inputs used by the Company for its financial assets are derived and evaluated as follows:

	Level 1	Level 2	Level 3
	(Rupees)	(Rupees)	(Rupees)
As at 30 June 2019			
Assets carried at fair value			
Debt instruments at fair value through OCI	**-**	**53,443,295**	**-**
Equity instruments at fair value through OCI	**7,991,044,248**	**-**	**86,648,236**
	7,991,044,248	**53,443,295**	**86,648,236**
As at 30 June 2018			
Assets carried at fair value			
Equity instruments at fair value through OCI	9,836,949,797	-	86,648,236
Cashflow hedge at fair value through OCI	-	17,651,047	-
	9,836,949,797	17,651,047	86,648,236

47.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term financing and short term borrowings as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

	2019	2018
	(Rupees)	(Rupees)
Total borrowings	**22,055,868,056**	21,299,531,394
Less: Cash and bank balances	**96,759,191**	55,448,646
Net debt	**21,959,108,865**	21,244,082,748
Total equity	**16,382,080,342**	16,022,255,202
Total capital	**38,341,189,207**	37,266,337,950

	2019	2018
	(Percentage)	(Percentage)
Gearing ratio	**57.27**	57.01

48 EVENTS AFTER REPORTING DATE

The board of directors in its meeting held on 26 September 2019 proposed cash dividendof Rs. 26. (2018: Rs. 16) per ordinary share of Rs. 10 each which is subject to approval by shareholders at the forthcoming Annual General Meeting and has not recognised in these financial statements. The board of directors approved 8% right shares at Rs.400 (including premium of Rs.390) per share in proportion of 8 shares for every 100 shares held by the shareholder.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on September 26, 2019.

Nadeem Abdullah	Abdul Sattar	Mohammad Abdullah
Chief Executive	Chief Financial Officer	Director

Pattern of Shareholding

As At June 30, 2019

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
280	1	100	4,296
45	101	500	12,512
15	501	1,000	11,042
26	1,001	5,000	53,421
5	5,001	10,000	38,815
2	10,001	15,000	25,293
2	15,001	20,000	34,370
2	20,001	25,000	41,623
2	25,001	30,000	56,500
1	30,001	35,000	32,500
2	35,001	40,000	73,283
1	45,001	50,000	46,617
1	50,001	55,000	51,420
2	60,001	65,000	123,667
1	70,001	75,000	72,542
1	75,001	80,000	75,400
1	90,001	95,000	93,241
2	105,001	110,000	217,500
1	125,001	130,000	128,401
1	130,001	135,000	131,000
1	145,001	150,000	146,500
1	175,001	180,000	175,500
1	200,001	205,000	201,800
1	210,001	215,000	211,100
1	235,001	240,000	239,013
1	260,001	265,000	264,638
1	270,001	275,000	272,594
1	290,001	295,000	293,123
1	375,001	380,000	378,057
1	385,001	390,000	386,183
1	395,001	400,000	400,000
1	460,001	465,000	461,532
1	500,001	505,000	504,611
1	525,001	530,000	525,106
1	560,001	565,000	564,522
1	585,001	590,000	586,242
1	605,001	610,000	609,063
1	620,001	625,000	623,289
2	635,001	640,000	1,270,681
2	895,001	900,000	1,800,000
1	920,001	925,000	924,088
2	945,001	950,000	1,900,000
1	1,675,001	1,680,000	1,677,128
1	2,105,001	2,110,000	2,106,659
1	2,235,001	2,240,000	2,238,268
421			**20,083,140**

** Note: There is no shareholding in the slab not mantioned*

Categories of Shareholders
As At June 30, 2019

Particulars	No. of Shares Held	Percentage %
Directors, CEO, and their spouse and minor children	9,943,546	49.51
Associated Companies, Undertakings and Related Parties	6,215,749	30.95
NIT & ICP	929,028	4.63
Banks, Development Finance Institutions, Non- Banking Finance Institutions	129	0.00
Insurance Companies	11,910	0.06
Others Companies	264,506	1.32
General Public (Local)	2,718,272	13.54
	20,083,140	**100.00**

Pattern of Shareholding
As At June 30, 2019

C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN

DIRECTORS & THEIR SPOUSES

Mr. Yousuf Abdullah	2,120,042
Mr. Shahid Abdullah	396,057
Mr. Nabel Abdullah	900,000
Mr. Shayan Abdullah	950,000
Mr. Mohammad Abdullah	461,532
Mr. Amer Abdullah	1,709,628
Mrs. Ambareen Amer	811,006
Mrs. Shamshad Begum	637,563
Mrs. Shireen Shahid	656,106
Mrs. Usma Yousuf	107,500
Mr. Nadeem Karamat	500

CHIEF EXECUTIVE OFFICER & HIS SPOUSES

Mr. Nadeem Abdullah	698,689
Mrs. Noshaba Nadeem	494,923

D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS

BANKS

National Bank of Pakistan	129

INSURANCE COMPANIES

EFU Life Assurance Limited	11,910

Pattern of Shareholding
As At June 30, 2019

E) SHAREHOLDERS HOLDING 5% OR MORE

Mr. Amer Abdullah	1,709,628
Mr. Yousuf Abdullah	2,120,042
Sapphire Agencies (Pvt.) Limited	2,331,509

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

Gifted by Mrs. Shireen Shahid to Mr. Hasan Abdullah	950,000
Mrs. Shamshad Begum Purchased	1,000

Contents

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Tricon Boston Consulting Corporation (Private) Limited, Sapphire Renewables Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited, it is our pleasure to present Directors' Report with Audited Consolidated Financial Statement of the Group and Auditor's report thereon for the year ended June 30, 2019.

Sapphire Wind Power Company Limited

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

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018.

Sapphire Renewables Limited

Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects.

Sapphire Tech (Pvt.) Limited

The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

On behalf of the Board

Lahore	**NADEEM ABDULLAH**	**MOHAMMAD ABDULLAH**
Dated: September 26, 2019	CHIEF EXECUTIVE	DIRECTOR

سیفائر ٹیک (پرائیویٹ) لمیٹڈ

سبسیڈ یئری الیکٹرک پاور جنریشن پروجیکٹ اور بجلی کی فروخت کیلئے قائم کی گئی۔ یہ سو فیصدا یکیوٹی کی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔ اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

سیفائر سولر (پرائیویٹ) لمیٹڈ

سیفائر سولر (پرائیویٹ) لمیٹڈ، سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیتی سبسیڈ یئری ہے۔ یہ سو فیصدا یکیوٹی ملکیت ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز نے سالانہ اجلاس عام منعقدہ 26 اکتوبر 2015ء میں کمپنی کی تحلیل یا فروخت کی منظوری دی ہے۔اس ضمن میں مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

منجانب بورڈ

لاہور۔	**ندیم عبداللہ**	**محمد عبداللہ**
مورخہ 26 ستمبر 2019ء	**چیف ایگزیکٹو**	**ڈائریکٹر**

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ریٹیل لمیٹڈ، ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر رینیو ایبلز لمیٹڈ، سیفائر ٹیک (پرائیویٹ) لمیٹڈ، سیفائر سولر (پرائیویٹ) لمیٹڈ، کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو مکمل ہونے والے سال کیلئے ڈائریکٹرز کی رپورٹ معہ گروپ کے آڈٹ شدہ کنسالیڈیٹڈ اسٹیٹمنٹس اور آڈیٹرز کی رپورٹ پیش کرنے کا اعزاز حاصل کر رہے ہیں:

سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بنک الفلاح لمیٹڈ کی ملکیت ہے۔ کمپنی نے جھمپیر میں 52.80 ایم ڈبلیو گنجائش کے ونڈ فارم لگائے ہیں جنہوں نے نومبر 2015ء میں تجارتی سرگرمیاں شروع کر دی ہیں۔ پروجیکٹ بہترین صنعتی عمل انجام دے رہا ہے اور اطمینان بخش نتائج حاصل ہو رہے ہیں۔

سیفائر ریٹیل لمیٹڈ

سیفائر ریٹیل لمیٹڈ، سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیئری ہے۔ اس سبسیڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے "سیفائر برانڈ" ریٹیل آؤٹ لیٹس چلانا ہے۔

ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرائیکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ جھمپیر سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور 3X50 میگا واٹ ونڈ انرجی کے (3) پروجیکٹس چلا رہی ہے۔ تینوں پروجیکٹ کی تجارتی سرگرمیاں ستمبر 2018 سے کامیابی کے ساتھ شروع ہوگئی ہیں۔

سیفائر رینیو ایبلز لمیٹڈ

سیفائر رینیو ایبلز لمیٹڈ، مکمل طور پر سیفائر ٹیکسٹائل ملز لمیٹڈ کی ملکیتی سبسیڈیری ہے جو 30 مئی 2016ء کو تشکیل ہوئی تھی۔ کمپنی کا اصل کاروبار رینیو ایبل انرجی پروجیکٹس میں سرمایہ کاری ہے۔

Independent auditor's report

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

Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 30 June 2019 and 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 the 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:

	Key audit matters	Our audit addressed the key audit matter
1.	Preparation of consolidated financial statements The Group's consolidated financial statements comprise of transactions and balances of the parent company, its subsidiaries and associates. Consolidating these financial statements involves elimination of intercompany transactions and balances and consolidation of the amounts and disclosures of each entity's financial statements. Significant auditor attention is required in review of the consolidation schedules as the Group comprises of a number of subsidiaries as associates and intercompany transactions are material to the consolidated financial statements as a whole, hence these are considered a Key Audit Matter.	We reviewed the consolidation schedules in relation to transactions and balances of the subsidiaries. We reviewed the computation of share of profit of associates. We cross-matched the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same. We reviewed the arithmetic accuracy of the consolidation schedules. We reviewed the work performed by component auditors including reviewing reporting deliverables from the component audit teams. We reviewed the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.

Key audit matters	Our audit addressed the key audit matter
2. Stock in trade The parent Company has a composite textile set-up comprising spinning, weaving, processing and home textile units. Therefore its stock in trade includes various inventory items including cotton, yarn and fabric categorized into raw materials, work in process and finished goods based on the processes of respective units where these are being utilized / produced. These are stored at various geographically dispersed locations. Stock in trade as at 30 June 2019 amounted to Rs. 9.737 billion comprising a significant percentage (9.42%) of the Group's total assets. Due to the above factors, significant auditor attention is required in auditing of inventory balances and transactions during the year and hence considered a Key Audit Matter.	We gained an understanding of the management's process of recording and valuing inventories. We tested controls over the parent Company's processes of inventory purchases and issuance. We attended inventory counts and reconciled the count results to inventory listings at the year end. We performed substantive procedures over purchases recorded during the year. We tested the valuation of inventory items in accordance with parent Company's policy and international accounting standards. We assessed the appropriateness of basis of allocation of factory overheads to closing work in process and finished goods.
3. Adoption of IFRS 9, Financial Instruments As referred to in note 5.1 to the accompanying consolidated financial statements, IFRS 9, Financial Instruments was applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2019. As disclosed in note 50.5, the Group has significant amount of financial assets and liabilities classified under different categories i.e.; debt instruments at amortized cost, debt and equity instruments at fair value through other comprehensive income and financial liabilities at amortized cost. These instruments are subject to different initial recognition, subsequent measurement and disclosure requirements based on their respective categorization. Adoption of IFRS 9 required significant audit attention as this involved assessment of the appropriate classification of the financial instruments into their respective categories based on their underlying characteristics and business model of the Group as well as compliance of the transition and disclosure requirements.	We identified the Group's financial instruments from its financial statements and obtained management's assessment of their classification into relevant categories of IFRS 9. We assessed the purpose of acquiring the financial assets and management's intention of holding these in order to ascertain the business model of the respective portfolios to ensure their appropriate classification. We reviewed the transition requirements of IFRS 9 and ensured that the method of retrospective application adopted by management is in compliance with the transition requirements. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 auditor's 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The consolidated financial statements of Sapphire Textile Mills Limited for the year ended 30 June 2018, were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on 27 September 2018.

The engagement partner on the audit resulting in this independent auditors' report is Farooq Hameed.

Lahore:
Dated : September 26, 2019

EY Ford Rhodes
Chartered Accountants

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 (Rupees)	(Restated) 2018 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**67,853,221,445**	51,637,703,603
Investment property	8	**31,750,000**	31,750,000
Intangible assets	9	**457,922,727**	473,465,504
Long term investments	10	**5,392,557,086**	6,879,577,347
Long term loans and advances	11	**51,343,927**	36,741,452
Long term deposits and prepayments	12	**255,063,553**	249,086,588
		74,041,858,738	59,308,324,494
CURRENT ASSETS			
Stores, spares and loose tools	13	**639,876,314**	513,863,819
Stock in trade	14	**9,737,203,625**	7,478,759,709
Trade debts	15	**5,587,782,714**	3,966,358,463
Loans and advances	16	**137,705,316**	217,215,440
Trade deposits and short term prepayments	17	**58,776,966**	54,436,381
Other receivables	18	**2,946,182,241**	1,054,367,947
Short term investments	19	**4,030,717,707**	4,103,068,742
Tax refunds due from Government	20	**1,762,118,693**	2,033,428,680
Cash and bank balances	21	**4,414,025,673**	4,617,720,454
		29,314,389,249	24,039,219,635
TOTAL ASSETS		**103,356,247,987**	83,347,544,129
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 (2018: 35,000,000) ordinary shares of Rs.10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 (2018: 20,083,140) ordinary shares of Rs.10 each	22	**200,831,400**	200,831,400
Reserves	23	**17,938,008,345**	16,332,142,748
Equity attributable to equityholders of the parent		**18,138,839,745**	16,532,974,148
Non-controlling interest		**6,204,799,788**	5,045,923,889
Total Equity		**24,343,639,533**	21,578,898,037
NON-CURRENT LIABILITIES			
Long term financing	24	**55,768,661,310**	41,147,456,937
Deferred liabilities	25	**439,447,411**	410,333,097
Liabilities against assets subject to finance lease	26	**10,644,971**	31,789,874
		56,218,753,692	41,589,579,908
CURRENT LIABILITIES			
Trade and other payables	27	**5,089,972,393**	7,729,461,567
Contract liabilities	28	**850,602,812**	-
Accrued Interest / mark-up	29	**539,247,498**	330,132,390
Unclaimed dividend		**1,795,457**	1,309,519
Short term borrowings	30	**8,858,241,142**	8,294,872,401
Current portion of long term financing	24	**6,774,126,398**	3,333,466,695
Current portion of liabilities against assets subject to finance lease	26	**3,807,116**	8,878,906
Provision for taxation	31	**676,061,946**	480,944,706
		22,793,854,762	20,179,066,184
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		**103,356,247,987**	83,347,544,129

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Profit or Loss

For the year ended 30 June 2019

	Note	2019	(Restated) 2018
		(Rupees)	(Rupees)
Net turnover	33	49,641,617,037	35,380,562,771
Cost of sales	34	(35,792,532,087)	(28,856,546,011)
Gross profit		13,849,084,950	6,524,016,760
Distribution cost	35	(2,857,822,555)	(2,779,104,842)
Administrative expenses	36	(795,739,879)	(815,612,092)
Other operating expenses	37	(515,724,842)	(123,487,888)
Other income	38	585,048,426	586,376,355
		(3,584,238,850)	(3,131,828,467)
Profit from operations		10,264,846,100	3,392,188,293
Finance cost	39	(4,970,115,365)	(2,029,864,129)
Share of profit of associated companies	10	175,894,211	70,330,585
Profit before taxation		5,470,624,946	1,432,654,749
Taxation	40	(431,316,256)	(391,294,716)
Profit after taxation for the year		5,039,308,690	1,041,360,033
Attributable to:			
Equity holders of the parent		3,760,432,789	789,801,433
Non-controlling interest		1,278,875,901	251,558,600
		5,039,308,690	1,041,360,033
Earnings per share - basic and diluted	41	187.24	39.33

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Nadeem Abdullah	Abdul Sattar	Mohammad Abdullah
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 (Rupees)	(Restated) 2018 (Rupees)
Profit after taxation for the year	**5,039,308,690**	1,041,360,033
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent years:		
Forward foreign currency contracts		
Unrealized gain on remeasurement of forward foreign currency contracts	**-**	33,179,839
Reclassification adjustments relating to gain realized on settlement of forward foreign currency contracts	**(17,651,047)**	(7,764,396)
Unrealised gain on remeasurement of forward foreign currency contracts of associates	**188,100**	204,993
	(17,462,947)	25,620,436
Reclassification adjustments for gain on available for sale investments included in profit and loss account	**(18,940,824)**	(5,002,843)
Net loss on debt instruments at fair value through other comprehensive	**(6,756,705)**	-
Unrealized loss on available for sale investments	**-**	(2,599,384,619)
Exchange difference on translation of foreign operations	**65,313,797**	27,063,631
Items not be reclassified to profit or loss in subsequent years:		
Net loss on equity instruments at fair value through other comprehensive income	**(1,845,905,550)**	-
Loss on remeasurement of staff retirement benefits	**(8,535,640)**	(13,604,382)
Gain/(Loss) on remeasurement of staff retirement gratuity - associates	**168,288**	(51,175)
Impact of deferred tax	**564,377**	1,077,453
	(7,802,975)	(12,578,104)
Other comprehensive loss for the year	**(1,831,555,204)**	(2,564,281,499)
Total comprehensive income / (loss) for the year	**3,207,753,486**	(1,522,921,466)
Attributable to:		
Equityholders of the parent	**1,928,877,585**	(1,774,480,066)
Non- controlling interest	**1,278,875,901**	251,558,600
	3,207,753,486	(1,522,921,466)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Nadeem Abdullah	Abdul Sattar	Mohammad Abdullah
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

		Capital Reserves						Revenue Reserves				
	Share Capital	Share Premium	Fixed Assets Replacement	Unrealized Gain/(loss) on available for sale investments	Unrealized Gain/(loss) on investments at fair value through OCI	Unrealized (loss)/Gain on translation of foreign operation	Unrealized (Loss)/gain on forward foreign exchange contracts	General reserves	Unappropriated profit	Total	Non-Controlling Interest	Total Equity
	Rupees											
Balance as at 01 July 2017	200,831,400	156,202,200	65,000,000	3,194,231,562	-	(3,608,703)	(7,816,272)	1,330,000,000	13,372,941,107	18,307,781,294	4,893,365,292	23,201,146,586
Total comprehensive loss for the year ended 30 June 2018												
Profit after taxation for the year - (restated)	-	-	-	-	-	-	-	-	789,801,433	789,801,433	251,558,600	1,041,360,033
Other comprehensive (loss) / income for the year	-	-	-	(2,604,387,462)	-	27,063,631	25,620,436	-	(12,578,104)	(2,564,281,499)	-	(2,564,281,499)
	-	-	-	(2,604,387,462)	-	27,063,631	25,620,436	-	777,223,329	(1,774,480,066)	251,558,600	(1,522,921,466)
Share of decrease in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	(118,106)	(118,106)	-	(118,106)
Transaction with owners												
Share issuance cost incurred by Sapphire Renewables Limited (subsidiary company)	-	-	-	-	-	-	-	-	(208,974)	(208,974)	-	(208,974)
Interim dividend @ Rs.1.012 per share - SWPCL	-	-	-	-	-	-	-	-	-	-	(99,000,003)	(99,000,003)
Balance as at 30 June 2018 - (restated)	200,831,400	156,202,200	65,000,000	589,844,100	-	23,454,928	17,804,164	1,330,000,000	14,149,837,356	16,532,974,148	5,045,923,889	21,578,898,037
Effect of adoption of IFRS 9 by parent company - (Note 5.1)	-	-	-	(589,844,100)	589,844,100	-	-	-	-	-	-	-
Balance as at 01 July 2018 (restated)	200,831,400	156,202,200	65,000,000	-	589,844,100	23,454,928	17,804,164	1,330,000,000	14,149,837,356	16,532,974,148	5,045,923,889	21,578,898,037
Total comprehensive income for the year ended 30 June 2019												
Profit after taxation for the year	-	-	-	-	-	-	-	-	3,760,432,789	3,760,432,789	1,278,875,901	5,039,308,690
Other comprehensive (loss)/Income for the year	-	-	-	-	(1,871,603,079)	65,313,797	(17,462,947)	-	(7,802,975)	(1,831,555,204)	-	(1,831,555,204)
	-	-	-	-	(1,871,603,079)	65,313,797	(17,462,947)	-	3,752,629,814	1,928,877,585	1,278,875,901	3,207,753,486
Share of decrease in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	(1,681,748)	(1,681,748)	-	(1,681,748)
Transaction with owners												
Final dividend for the year ended 30 June 2018 @ Rs.16 per share	-	-	-	-	-	-	-	-	(321,330,240)	(321,330,240)	-	(321,330,240)
Interim dividend @ Rs.1.23 per share-SWPCL	-	-	-	-	-	-	-	-	-	-	(120,000,002)	(120,000,002)
Balance as at 30 June 2019	200,831,400	156,202,200	65,000,000	-	(1,281,758,979)	88,768,725	341,217	1,330,000,000	17,579,455,182	18,138,839,745	6,204,799,788	24,343,639,533

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019	(Restated) 2018
		(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	**5,722,624,303**	5,107,730,152
Long term loans, advances and deposits		**(20,579,440)**	365,209,938
Finance cost paid		**(4,706,307,449)**	(1,984,106,448)
Staff retirement benefits - gratuity paid		**(71,451,763)**	(83,132,355)
Taxes paid		**(42,461,733)**	(633,615,592)
		(4,840,800,385)	(2,335,644,457)
Net cash generated from operating activities		**881,823,918**	2,772,085,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(8,335,626,263)**	(26,219,468,722)
Purchase of intangibles		**(722,236)**	(18,591,937)
Dividend received from associates		**37,850,867**	18,469,943
Investments made		**(50,000,000)**	(500,000)
Proceeds from disposal of property, plant and equipment		**268,240,755**	185,467,145
Proceeds from sale of investments		**-**	505,109,950
Dividend received		**397,979,333**	455,675,315
Interest received		**125,123,289**	13,973,582
Net cash used in investing activities		**(7,557,154,255)**	(25,059,864,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		**564,208,776**	80,610,447
Proceeds from long term financing		**10,277,538,139**	21,455,757,570
Repayment of long term financing		**(3,902,210,327)**	(3,274,240,020)
Repayment of long term payable		**-**	(5,849,480)
Repayment of finance lease obligation		**(26,216,693)**	(9,699,729)
Issuance of shares - net		**-**	(208,974)
Dividend paid		**(440,844,304)**	(99,052,127)
Net cash generated from financing activities		**6,472,475,591**	18,147,317,687
Net decrease in cash and cash equivalents		**(202,854,746)**	(4,140,461,342)
Cash and cash equivalents at the beginning of the year		**4,616,880,419**	8,757,341,761
Cash and cash equivalents at the end of the year	43	**4,414,025,673**	4,616,880,419

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Nadeem Abdullah	**Abdul Sattar**	**Mohammad Abdullah**
Chief Executive	Chief Financial Officer	Director

1 LEGAL STATUS AND OPERATIONS

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

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

BUSINESS UNIT	LOCATION
Production Plants	
Spinning	A-17,SITE, Kotri
Spinning	A-84,SITE Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd,Chunian, District Kasur
Spinning	1.5-KM, Warburton Road, Feroze Wattoan,Sheikhupura.
Weaving	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Printing and processing	2-KM, Warburtan Road, Feroze Wattoan,Sheikhupura.
Stitching and Home textile	1.5-KM Off, Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.
Registered Office	
Karachi	212, Cotton Exchange Building,I. I. Chundrigar Road, Karachi

1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

	Subsidiary Companies	% of shareholding
(i)	Sapphire Retail Limited (SRL)	100%
(ii)	Sapphire Renewables Limited (SRNL)	100%
(iii)	Sapphire Solar (Private) Limited (SSPL)	100%
(iv)	Sapphire Tech (Private) Limited (STPL)	100%
(v)	Sapphire Wind Power Company Limited (SWPCL)	70%
(vi)	Tricon Boston Consulting Corporation (Private) Limited (TBCL)	57.125%

(i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 11 June 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. SRL is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through E-store.

(ii) Sapphire Renewables Limited (SRNL) was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 30 May 2016. The principal objective of SRNL is to invest, manage, operate, run, own and build power projects. Its registered office is situated at 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab, Pakistan.

(iii) Sapphire Solar (Private) Limited (SSPL) is incorporated in Pakistan on 06 March 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principle activity of SSPL is power generation by means of solar energy and other alternative energy sources. Its registered office is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh.

SSPL was issued letter of intent (LOI) by the Alternate Energy Development Board (AEDB), Government of Pakistan vide letter No. B/3/2/SPV/LOI-018 dated 25 March 2013 for setting up 10 MW Solar PV Power Project in Punjab. The LOI expired on 24 September 2014 as per terms stated therein as it could not achieve the milestones stipulated under the LOI within given time frame. The Guarantee provided by to AEDB was encashed. Its accumulated loss as at 30 June 2019 is Rs.2,557,609 (2018: Rs.2,513,554), moreover, the current liabilities of SSPL exceed its assets by Rs.2,547,609 (2018: Rs.2,503,554). In view of the aforementioned circumstances SSPL is not considered a going concern.

(iv) Sapphire Tech (Private) Limited (STPL) is a private limited company incorporated in Pakistan on 05 November 2013, under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

STPL was originally incorporated for power generation project but it was not involved in any operational activity since its inception. Further, it has negative equity of Rs.177,648 (2018: Rs.Rs.133,388) and its accumulated losses aggregate to Rs.277,648 (2018: Rs.233,388). The current liabilities also exceed current assets by Rs.177,648 (2018: Rs.133,388) as of that date. Due to these conditions it is not considered as going concern.

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

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

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

During the previous year, SWPCL executed a Novation Agreement with National Transmission and Dispatch Company Limited ('NTDC') and CPPA-G whereby all the rights and obligations of NTDC under the EPA were transferred to CPPA-G as per section 19.9 of the EPA. Consequently, NTDC ceased to be a party to EPA and CPPA-G became a party in place of NTDC assuming all of NTDC's rights and obligations thereunder.

(vi) Triconboston Consulting Corporation (Private) Limited (TBCL) was incorporated in Pakistan as a private Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 13 August 2012. It's principle objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity. Its registered office is located at 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab.

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

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

-Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These consolidated financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited have been prepared on an alternative basis i.e. realizable value.

2.3 These consolidated financial statements are presented in Pak Rupees, which is the functional currency of the Group. Figures have been rounded off to the nearest rupee unless otherwise stated.

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 6.3, 6.4, 6.5, 7.1, 8 and 9]
b) Provision for obsolete and slow moving stores, spares and loose tools [note 6.6 and 13]
c) Net realizable values of stock-in-trade [note 6.7 and 14]
d) Provision for expected credit loss [note 6.8 and 15]
e) Provision for employees' retirement benefits [note 6.11 and 25.2]
f) Provision for taxation [note 6.13 and 40]

5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following amendments and interpretation of IFRSs which became effective for the current year:

IAS 40 - Transfers to Investment Property (Amendments)
IFRS 4 - Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)
IFRS 2 - Share based Payments — Classification and Measurement (Amendments)
IFRIC 22 - Foreign Currency Transactions and Advance Consideration
IFRS 9 - Financial Instruments: Classification and measurement
IFRS 15 - Revenue from Contracts with Customers

The adoption of above standards did not have a significant impact on the financial statements except for IFRS 9 and IFRS 15 which is disclosed below:

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. Their is no effect of that adoption on the group, except for the Holding Company which is as follows:

Statement of financial Position	**IAS 18 Carrying**	**Reclassification**	**IFRS 15 Carrying**
		30 June 2019	
	(Rupees)	**(Rupees)**	**(Rupees)**
Trade and other payables	**5,940,575,205**	**(850,602,812)**	**5,089,972,393**
Contract liabilities	**-**	**850,602,812**	**850,602,812**
	5,940,575,205	**-**	**5,940,575,205**
		1 July 2018	
Trade and other payables	8,577,666,185	(848,204,618)	7,729,461,567
Contract liabilities	-	848,204,618	848,204,618
	8,577,666,185	-	8,577,666,185

The adoption of revenue recognition standard did not have a material impact on amounts in statement of profit or loss, statement of other comprehensive income, statement of cash flows or earnings per share for the prior period as the Holding Company did not have any incomplete existing customers contracts from prior periods.

The Holding Company is in the business of providing yarn, fabric, home textile products and processing services. The products and services are sold on their own in separately identified contracts with customers.

(a) **Sale of Goods**

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

Local Sales

The Holding Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory.

Export Sales

The Holding Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the goods is transferred to the customer, dependent on the related inco-terms generally on date of bill of lading or delivery of the product to the port of destination.

Therefore, the adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition as there are no terms resulting in variable consideration.

(b) **Rendering of services**

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

The Holding Company has concluded that revenue from services will continue to be recognised at the point in time, generally on dispatch of the stitched/processed fabric from the factory. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition or amount of revenue recognition as there are no terms resulting in variable consideration.

- **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Classification and measurement of Financial Assets

Under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Other financial assets are classified and subsequently measured, as follows:

Equity instruments at Fair Value through Other Comprehensive Income (FVOCI), with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company has irrevocably elected to so classify upon initial recognition or transition. The Group classified its equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as Available for sale (AFS) financial assets.

Financial assets at Fair Value through Profit or loss(FVPL) comprise derivative instruments and quoted equity instruments which the company had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the solely payments of principal and interest (SPPI) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's quoted equity securities were classified as AFS financial assets.

Upon transition, the Group elected to recognize the impact of adoption of IFRS 9 in opening retained earnings and not restating comparative amounts. This did not result in an impact on the financial statements as the realized and unrealized gains/losses were already recognized in upappropriated profit through statement of profit or loss or other comprehensive income as applicable, except for reclassification as shown in statement of changes in equity.

In summary, upon the adoption of IFRS 9, the Group had the following required or elected reclassifications:

As at 01 July 2018

		IFRS 9 measurement category		
		FVPL	Amortized Cost	FVOCI
IAS 39 measurement category	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Deposits, loans, debts and receivables				
Long term deposits	249,086,588	-	249,086,588	-
Trade debts	3,966,358,463	-	3,966,358,463	-
Loan to employees	51,024,641	-	51,024,641	-
Trade deposits	9,342,801	-	9,342,801	-
Other receivables	639,115,679	-	639,115,679	-
Available for sale				
Listed equity Investments	9,836,949,797	-	-	9,836,949,797
Non-listed equity Investments	86,648,236	-	-	86,648,236
		-	4,914,928,172	9,923,598,033

Impairment of Financial Assets

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current year. Such improvements to the standards did not have any material impact on the Group's financial statements for the year.

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

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretation Committee ('IFRIC') 4, 'Determining whether an Arrangement contains a Lease', and IFRIC 12, 'Service Concession Arrangements', to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Under IFRIC 4, 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 under IAS 17, 'Leases'. Group's wind power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of IFRIC 4. Consequently, if the Group were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2019 (Rupees)	(Re-stated) 2018 (Rupees)
De-recognition of property, plant and equipment	**(45,660,284,995)**	(11,253,917,400)
De-recognition of trade debts	**(1,775,377,709)**	(1,663,413,729)
Recognition of lease debtor	**45,089,370,552**	12,282,459,489
	(2,346,292,152)	(634,871,640)
(Decrease)/increase in un-appropriated profit at the beginning of the year	**(634,871,640)**	276,508,624
Decrease in profit for the year	**(1,711,420,511)**	(911,380,264)
Decrease in un-appropriated profit at the end of the year	**(2,346,292,152)**	(634,871,640)

5.3 Standards, Interpretations and amendments to approved accounting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation			**Effective date (annual periods beginning on or after)**
IFRS 3	-	Definition of Business (Amendments)	01 January 2020
IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation	01 January 2019
IFRS 16	-	Leases	01 January 2019
IAS 1	-	Presentation of Financial Statements — (Amendments)	01 January 2020
IAS 8	-	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	01 January 2020
IAS 12	-	Income Taxes - Income tax consequences of payments on financial	01 January 2019
IAS 19	-	Plan Amendment, Curtailment or Settlement	01 January 2019
IAS 23	-	Borrowing Costs - Borrowing costs eligible for	01 January 2020
IAS 28	-	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	-	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 16-Leases, of which management of Sapphire Retail Limited (SRL) is in process of calculating the impact on the subsidiary's financial statements.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

For SWPCL and TBCL (power generating companies), SECP through SRO 986(I)/2019 dated 2 September 2019 has granted exemption from the requirements of IFRS 16 to all power generating companies that have executed their power purchase agreements before 01 January 2019. Therefore, the standard will not have any impact on the subsidiaries' financial statements.

The subsidiary company (SRL) has lease contracts for rented premises (retail outlets). As per IAS 17, SRL has classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense on a straight-line basis over the lease term.

However, as per IFRS 16, it has to recognize right to use assets (against rented premises) and a corresponding lease liability. The lease liability will be measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments will be discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the subsidiary company (SRL) may use the incremental rate of borrowing. The right-of-use asset will be initially measured at the present value of lease liability and will be adjusted for lease prepayments/accruals and borrowing costs.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2018. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Group expects that such improvements to the standards will not have any impact on the Group's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard			IASB effective date (annual periods beginning on or after)
IFRS 1	-	First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 14	-	Regulatory Deferral Accounts	01 January 2016
IFRS 17	-	Insurance Contracts	01 January 2021

The Group expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Group's financial statements in the period of initial application.

5.4 Change in accounting policy of Sapphire Wind Power Company Limited (SWPCL)

During the year, the SWPCL has changed its accounting policy in respect of treatment of exchange differences resulting from the settlement and translation of foreign currency transactions and monetary assets and liabilities denominated in foreign currencies. Previously, only those exchange differences which related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets were capitalized. Now the exchange differences pertaining to the related bank accounts are also being adjusted while capitalizing the said exchange differences.

The change has been made as it provides reliable and more relevant information as it is consistent with prevalent local industry practice being followed in terms of SRO 24(I)/2012 dated January 16, 2012 of the SECP, making the subsidiary's financial statements more comparable.

This change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated. Effects of the retrospective application of change in accounting policy of SWPCL are as follows:

	As previously reported	As re-stated	Re-statement
	For the year ended 30 June 2018		
	(Rupees)	(Rupees)	(Rupees)
Effect on statement of profit or loss			
Cost of sales	(954,630,528)	(953,993,814)	636,714
Other income	144,823,365	11,750,201	(133,073,164)
Net increase/(decrease) in profit for the year			(132,436,450)

	As previously reported	As re-stated	Re-statement
	As at 30 June 2018		
	(Rupees)	(Rupees)	(Rupees)
Effect on statement of financial position			
Assets			
Property, plant and equipment	11,471,481,364	11,339,044,914	(132,436,450)
Equity			
Revenue reserve: Un-appropriated profit	2,130,064,593	1,997,628,143	(132,436,450)

There is no effect on the statement of cash flows. The impact of change in accounting policy on the opening equity as of July 1, 2017 is immaterial and, therefore, has not been adjusted. Hence, third statement of financial position has also not been presented.

Had there been no change in accounting policy, the effect of figures reported in respect of year ended June 30, 2019 would have been as follows:

Statement of profit or loss	**(Rupees)**
Increase/(decrease) in:	
Sales	-
Cost of sales	(9,730,951)
Gross profit	9,730,951
Administrative expenses Other expense	-
Other income	(411,806,196)
Finance cost	-
Profit before taxation	(402,075,245)
Taxation	-
Profit for the year	(402,075,245)

Statement of financial position	
Increase in:	
Assets	
Property, plant and equipment	534,511,695
Advances, prepayment and other receivables	20,103,762
Liabilities	
Trade and other payables	20,103,762
Equity	
Revenue reserve: Un-appropriated profit	534,511,695

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set-out below. These policies have been consistently applied to all the years presented, except as explained in note 5.1 and 5.3.

6.1 Business combinations and goodwill

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

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

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

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

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

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

6.2 Investment in associates

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

The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The financial statements of foreign associate of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and the statement of profit or loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

6.3 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method except to the effect that straight line method is used for assets of SWPCL and TBCL and charged to the statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 7.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss.

The Group reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Assets subject to finance lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased assets or if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognized in profit or loss.

Leased assets are depreciated over the useful life of the asset at the rates stated in note 7.1. However, if there is no reasonable certainty that the Group will obtain ownership by the end of lease term, the asset is depreciated over the shorter of estimated useful life of the asset and lease term.

Capital work-in-progress

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

Major spare parts and stand-by equipment

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

6.4 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment Property comprises of land. The Group has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets.

6.5 Intangible assets

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

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

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

6.6 Stores, spares and loose tools

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

6.7 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses. Provision for obsolete stock is determined based on management estimate regarding their future usability.

6.8 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less expected credit losses (ECL) as explained in note 6.21.1 (d).

6.9 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 flows, cash and cash equivalents consist of cash-in-hand and balances with banks, net of temporary overdrawn bank balances.

6.10 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

6.11 Employee benefits

Compensated absences

The Group accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefit plan

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

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

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

Defined Contribution Plan

There is an approved contributory provident fund for its eligible employees as per terms of employment for which contributions are charged to income for the year.

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

6.12 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

6.13 Taxation

Current year

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

The profits and gains of the Subsidiary companies - Sapphire Wind Power Company Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

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

Deferred tax

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

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The Holding Company has a portion of income subject to deduction of tax as final discharge of tax liability while remaining portion attracts assessment under normal provision of the Income Tax Ordinance, 2001. As per TR - 27 (Revised 2012) issued by Institute of Chartered Accountants of Pakistan, such companies should provide deferred tax according to turnover trend of last three years including the current year between the two portions. The Holding Company recorded deferred tax according to guidelines in TR - 27 (Revised 2012).

6.14 Leases

The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At commencement, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term, depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit or loss over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease term.

6.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

6.16 Provisions

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

6.17 Revenue recognition

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

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

For power generating companies, revenue shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue on account of energy is recognised on electricity output delivered to CPPA-G whereas on account of Non-Project Missed Volume is recognised when the event has occurred in terms of the EPA and underlying data is available. Both are recognised at the rates specified under the EPA.Delayed payment markup on amounts due under the EPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the EPA. Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

All other incomes are recognized on accrual basis.

6.18 Borrowing cost

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

6.19 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee using the exchange rates at reporting date. Non-monetary assets and liabilities are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair value is determined. Exchange differences on foreign currency transactions and translations are included in statement of profit or loss, except as follows:

SECP vide its S.R.O. 24/(1)/2012 dated January 16, 2012 has granted waiver to Power Sector Companies with immediate effect from the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of the accounting principle of capitalization of exchange differences.

Accordingly, the exchange differences of the Group's Power Sector subsidiaries have been capitalized.

6.20 Impairment

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

6.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

6.21.1 Financial assets

a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as explained in Note 5.1 Revenue from Contracts with Customers.

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

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

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

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

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

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables as disclosed in Note 5.1.

Financial assets at fair value through OCI (debt instruments)

The Group measures financial assets at fair value through OCI if both of the following conditions are met:

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

Based on business model of the Group, it elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit or loss

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

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

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

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

c) Derecognition

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

(i) The rights to receive cash flows from the asset have expired, or

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

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

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

d) Impairment of financial assets

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

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

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

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

The Group 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.

6.21.2 Off-setting of financial assets and liabilities

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

6.21.3 Derivative financial instruments

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

a) Cash flow Hedges

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

Before 1 July 2018, the Group designated all of the forward contracts as hedging instruments. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.
Beginning 1 July 2018, the Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

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

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

b) Fair value hedges

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

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

If the hedged item is derecognised, the unamortized fair value is recognised immediately in profit or loss.

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

6.21.4 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and lease liabilities.

Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

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

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

This category generally applies to the liabilities as disclosed in Note 50.5.

6.22 Earnings per share - basic and diluted

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

6.23 Segment reporting

Segment reporting is based on the operating (business) segment of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of property, plant and equipment, inventories, trade debts, loans and advances and cash & bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Textile retail and Power generation which also reflects the management structure of Group.

6.24 Related party transactions

All transactions with related parties are carried out by the Group at arms' length. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 (Rupees)	2018 (Rupees)
Operating fixed assets	7.1	**66,878,177,418**	23,194,555,400
Capital work-in-progress	7.8	**905,827,771**	28,373,931,947
Major spare parts and stand-by equipment	7.9	**69,216,256**	69,216,256
		67,853,221,445	51,637,703,603

7.1 Operating fixed assets

2019

	Land: Free - hold	Land: Lease - hold	Buildings on free - hold land: Factory building	Buildings on free - hold land: Labour, staff colony and others	Buildings on free - hold land: Office building	Buildings on lease - hold land: Factory building	Buildings on lease - hold land: Labour, staff colony and others	Buildings on lease - hold land: Leased building improvements	Plant and machinery	Electric installation
	Rupees									
Balance as at 1 July 2018										
Cost	324,889,958	114,407,477	2,194,484,734	441,296,480	403,323,748	628,586,477	78,211,563	503,492,543	26,665,076,505	611,828,312
Accumulated depreciation	-	-	(1,050,328,910)	(157,509,427)	(56,265,071)	(240,356,384)	(25,319,670)	(172,748,866)	(7,732,843,150)	(225,938,972)
Net book value - restated	324,889,958	114,407,477	1,144,155,824	283,787,053	347,058,677	388,230,093	52,891,893	330,743,677	18,932,233,355	385,889,340
Reclassification adjustments:										
-Cost	-	-	-	(10,396,120)	-	-	10,396,120	-	-	-
-Accumulated Depreciation	-	-	1,902,775	3,875,207	-	(1,902,775)	(3,875,207)	-	9,514	(6,642)
Net book value - adjusted	324,889,958	114,407,477	1,146,058,599	277,266,140	347,058,677	386,327,318	59,412,806	330,743,677	18,932,242,869	385,882,698
For the year ended 30 June 2019										
Additions										
Additions during the year										
-Direct Additions	-	-	462,077,461	80,226,232	17,449,500	1,275,552,540	19,284,784	186,006,762	33,331,492,197	35,849,684
-Net exchange loss capitalised (Note 7.4)	-	-	318,965,217	-	-	-	-	-	11,305,868,390	-
Disposals:										
- Cost	-	-	-	-	-	-	-	30,523,976	598,984,543	574,829
- Depreciation	-	-	-	-	-	-	-	(14,110,352)	(448,912,208)	(560,277)
	-	-	-	-	-	-	-	16,413,624	150,072,335	14,552
Depreciation for the year	-	-	(128,064,834)	(10,814,816)	(18,167,310)	(69,094,107)	(6,993,992)	(87,603,439)	(2,930,571,894)	(29,926,230)
	324,889,958	114,407,477	1,799,036,443	346,677,556	346,340,867	1,592,785,751	71,703,598	412,733,376	60,488,959,227	391,791,600
Balance as at 30 June 2019										
Cost	324,889,958	114,407,477	2,975,527,412	511,126,592	420,773,248	1,904,139,017	107,892,467	658,975,329	70,703,452,549	647,103,167
Accumulated depreciation	-	-	(1,176,490,969)	(164,449,036)	(74,432,381)	(311,353,266)	(36,188,869)	(246,241,953)	(10,214,493,322)	(255,311,567)
	324,889,958	114,407,477	1,799,036,443	346,677,556	346,340,867	1,592,785,751	71,703,598	412,733,376	60,488,959,227	391,791,600
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	10	10

	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Leased vehicles	Total
	Rupees								Rupees
Balance as at 1 July 2018									
Cost	19,902,818	245,708,822	185,387,930	51,364,521	98,169,445	294,566,541	424,833,808	52,297,500	33,337,829,182
Accumulated depreciation	(5,748,414)	(63,491,225)	(83,916,638)	(34,739,288)	(43,182,152)	(53,964,386)	(187,366,609)	(9,554,620)	(10,143,273,782)
Net book value - restated	14,154,404	182,217,597	101,471,292	16,625,233	54,987,293	240,602,155	237,467,199	42,742,880	23,194,555,400
Reclassification adjustments:									
-Cost	-	-	-	-	-	-	-	-	-
-Accumulated Depreciation	372,564	6,642	165,379	(165,379)	(372,254)	-	(9,824)	-	-
Net book value - adjusted	14,526,968	182,224,239	101,636,671	16,459,854	54,615,039	240,602,155	237,457,375	42,742,880	23,194,555,400
For the year ended 30 June 2019									
Additions									
Additions during the year									
-Direct Additions	6,567,902	164,230,339	43,941,807	3,513,271	8,939,703	106,831,761	58,116,623	10,506,900	35,810,587,466
-Net exchange loss capitalised (Note 7.4)	-	-	-	-	-	-	-	-	11,624,833,607
Disposals:									
- Cost	-	13,129,907	3,433,310	315,696	-	1,338,210	181,488,920	42,558,500	872,347,891
- Depreciation	-	(2,189,697)	(2,074,745)	(290,392)	-	(195,465)	(93,682,182)	(10,888,512)	(572,903,830)
	-	10,940,210	1,358,565	25,304	-	1,142,745	87,806,738	31,669,988	299,444,061
Depreciation for the year	(1,343,548)	(37,093,557)	(40,575,856)	(4,568,490)	(6,473,523)	(30,655,573)	(42,302,693)	(8,105,132)	(3,452,354,994)
	19,751,322	298,420,811	103,644,057	15,379,331	57,081,219	315,635,598	165,464,567	13,474,660	66,878,177,418
Balance as at 30 June 2019									
Cost	26,470,720	396,809,254	225,896,427	54,562,096	107,109,148	400,060,092	301,461,511	20,245,900	79,900,902,364
Accumulated depreciation	(6,719,398)	(98,388,443)	(122,252,370)	(39,182,765)	(50,027,929)	(84,424,494)	(135,996,944)	(6,771,240)	(13,022,724,946)
	19,751,322	298,420,811	103,644,057	15,379,331	57,081,219	315,635,598	165,464,567	13,474,660	66,878,177,418
Depreciation rate % per annum	10	10	30	10 & 33.33	10	10 & 15	20	20	

	2018																		
	Land		On free - hold			On lease - hold													
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant & machinery	Electric installations	Fire fighting equipment	Electric equipments	Computers	Office equipments	Mills equipments	Furniture & fixtures	Vehicles	Leased vehicles	Total
	Rupees																		Rupees
Balance as at 1 July 2017																			
Cost	318,588,358	105,477,477	2,087,170,425	435,593,868	258,409,100	595,519,556	73,619,838	433,608,723	24,293,105,139	502,157,686	19,771,018	252,914,330	136,513,523	48,647,427	93,279,414	228,257,709	398,596,843	17,151,500	30,298,381,934
Accumulated depreciation	-	-	(926,581,345)	(143,048,166)	(44,092,229)	(214,520,015)	(22,291,778)	(104,742,417)	(6,582,153,399)	(194,247,827)	(4,033,932)	(39,455,056)	(59,504,335)	(31,166,254)	(37,460,177)	(31,083,386)	(169,601,134)	(2,423,817)	(8,606,405,267)
Net book value	318,588,358	105,477,477	1,160,589,080	292,545,702	214,316,871	380,999,541	51,328,060	328,866,306	17,710,951,740	307,909,859	15,737,086	213,459,274	77,009,188	17,481,173	55,819,237	197,174,323	228,995,709	14,727,683	21,691,976,667
For the year ended 30 June 2018																			
Additions during the year																			
-Direct Additions	6,301,600	8,930,000	79,845,713	5,702,612	144,914,648	33,066,921	4,591,725	86,724,680	1,583,400,329	109,670,626	131,800	1,379,200	65,745,524	4,536,372	4,890,031	69,680,352	90,317,670	35,146,000	2,334,975,803
Effect of restatement in SWPCL - (Note 7.4)																			
-Net exchange loss capitalised - (restated)	-	-	27,468,596	-	-	-	-	-	1,115,421,269	-	-	-	-	-	-	-	-	-	1,142,889,865
Disposals:																			
- Cost	-	-	-	-	-	-	-	16,840,860	326,850,232	-	-	8,584,708	16,871,117	1,819,278	-	3,371,520	64,080,705	-	438,418,420
- Depreciation	-	-	-	-	-	-	-	(4,987,122)	(247,892,177)	-	-	(1,540,439)	(7,869,080)	(186,333)	-	(605,009)	(36,959,635)	-	(300,039,795)
	-	-	-	-	-	-	-	11,853,738	78,958,055	-	-	7,044,269	9,002,037	1,632,945	-	2,766,511	27,121,070	-	138,378,625
Depreciation for the year- restated (Note 5.3)	-	-	(123,747,565)	(14,461,261)	(12,172,842)	(25,836,369)	(3,027,892)	(72,993,571)	(1,398,581,928)	(31,691,145)	(1,714,482)	(25,576,608)	(32,281,383)	(3,759,367)	(5,721,975)	(23,486,009)	(54,725,110)	(7,130,803)	(1,836,908,310)
	324,889,958	114,407,477	1,144,155,824	283,787,053	347,058,677	388,230,093	52,891,893	330,743,677	18,932,233,355	385,889,340	14,154,404	182,217,597	101,471,292	16,625,233	54,987,293	240,602,155	237,467,199	42,742,880	23,194,555,400
Balance as at 30 June 2018																			
Cost	324,889,958	114,407,477	2,194,484,734	441,296,480	403,323,748	628,586,477	78,211,563	503,492,543	26,665,076,505	611,828,312	19,902,818	245,708,822	185,387,930	51,364,521	98,169,445	294,566,541	424,833,808	52,297,500	33,337,829,182
Accumulated depreciation	-	-	(1,050,328,910)	(157,509,427)	(56,265,071)	(240,356,384)	(25,319,670)	(172,748,866)	(7,732,843,150)	(225,938,972)	(5,748,414)	(63,491,225)	(83,916,638)	(34,739,288)	(43,182,152)	(53,964,386)	(187,366,609)	(9,554,620)	(10,143,273,782)
Net book value - 2018 - restated	324,889,958	114,407,477	1,144,155,824	283,787,053	347,058,677	388,230,093	52,891,893	330,743,677	18,932,233,355	385,889,340	14,154,404	182,217,597	101,471,292	16,625,233	54,987,293	240,602,155	237,467,199	42,742,880	23,194,555,400
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	10	10	10	10	30	10 & 33.33	10	10 & 15	20	20	

7.2 Free hold lands of the Group are located at Sheikhupura, Kasur and Lahore with an area of 1,077,327 square yards and leasehold lands of the Group are located at Kotri, Nooriabad and Karachi with an area of 435,964 square yards.

7.3 Freehold land includes Rs.80.685 million representing the Holding Company's 30% share of jointly controlled property located at Block-D/1, Gulberg, Lahore, registered in the name of the Holding Company along with Sapphire Fibres Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (Associated Companies).

7.4 This represents exchange difference capitalised in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP (as fully explained fully in note 6.19 to these financial statements). Had the subsidiary companies followed IAS 21 "The Effects of Changes in Foreign Exchange Rates", the effect on the consolidated financial statements would be as follows:

	2019	**(Re-stated)** 2018
	(Rupees)	(Rupees)
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at 30 June	**(12,837,721,668)**	(1,341,049,020)
Decrease in cost of sales	**128,160,959**	17,216,699
Increase in other expenses	**(11,624,833,607)**	(1,142,889,865)
Decrease in profit for the year	**(11,496,672,648)**	(1,125,673,166)

7.5 During the current year, SWPCL (Subsidiary Company) had a settlement with its Engineering, Procurement and Construction ('EPC') contractor, HydroChina International Engineering Company Limited ('HydroChina') as the Subsidiary Company had lodged a claim with them on account of certain defects identified in the Subsidiary Company's wind power plant. HydroChina had earlier replaced the defective parts and has also waived the balance amount payable to them upon final settlement with the Subsidiary Company on March 28, 2019 that has resulted in an adjustment to the cost of the power plant and corresponding reversal of liability.

7.6 **The depreciation charge for the year has been allocated as follows:**

	Note	**2019**	2018
		(Rupees)	(Rupees)
Cost of sales	**34**	**3,226,085,387**	1,668,457,533
Distribution cost	**35**	**148,818,386**	112,774,756
Administrative expenses	**36**	**77,451,221**	55,676,021
		3,452,354,994	1,836,908,310

7.7 Particulars of disposed operating fixed assets during the year, having book value of five hundred thousand rupees or more are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
	------------------------------------ Rupees ------------------------------------						
Plant and Machinery							
Digital Printing Machine	92,021,104	55,467,868	36,553,236	36,555,000	1,764	Negotiation	Elaf Textile (Private) Limited, Lahore
Digital Printing Machine	62,040,780	35,559,017	26,481,763	26,500,000	18,237	- - - - do - - - -	Elaf Textile Pvt. Limited, Lahore
Ring Frame Machine	84,858,892	65,054,943	19,803,949	8,547,009	(11,256,940)	- - - - do - - - -	International Textile Machinery, Hyderabad
Ring Frame Machine	47,766,806	36,619,225	11,147,581	4,273,504	(6,874,077)	- - - - do - - - -	International Textile Machinery, Hyderabad
Ring Spinning Machine	56,056,593	45,647,553	10,409,040	4,102,564	(6,306,476)	- - - - do - - - -	International Textile Machinery, Hyderabad
Tsudakoma Air Jet	43,895,990	36,372,026	7,523,964	8,040,000	516,036	- - - - do - - - -	Bismillah Industries, Faisalabad
Gas Generator	17,137,636	12,958,952	4,178,684	11,565,000	7,386,316	- - - - do - - - -	Orient Energy System, Lahore
Tsudakoma Zax E Air Jet	14,631,997	12,333,008	2,298,989	2,400,000	101,011	- - - - do - - - -	Zafar Jamil Ansari, Lahore
Auto Doffing Machines	2,362,533	252,332	2,110,201	2,102,210	(7,991)	- - - - do - - - -	Olympia Textile International, Lahore
Tsudakoma Air Jet	7,940,670	6,260,342	1,680,328	1,760,000	79,672	- - - - do - - - -	Bismillah Industries, Faisalabad
Blow Room Machinery	9,059,025	7,477,513	1,581,512	1,880,342	298,830	- - - - do - - - -	Olympia Textile International, Lahore
Tsudakoma Zax E Air Jet	7,940,670	6,400,370	1,540,300	1,600,000	59,700	- - - - do - - - -	Zafar Jamil Ansari, Lahore
Pressure Jigger Machines	1,603,789	157,372	1,446,417	850,000	(596,417)	- - - - do - - - -	Arzoo Textile Mills Limited, Faisalabad
Lockstitch Sewing Machine	1,851,937	499,792	1,352,145	437,500	(914,645)	- - - - do - - - -	Muhammad Idrees, Lahore
Blow Room Sets	8,632,292	7,411,612	1,220,680	1,711,967	491,287	- - - - do - - - -	Olympia Textile International, Lahore
Lockstitch Sewing Machine	1,629,705	429,733	1,199,972	1,166,000	(33,972)	- - - - do - - - -	Muhammad Idrees, Lahore
Clc3 Hooper	5,431,725	4,250,388	1,181,337	1,300,000	118,663	- - - - do - - - -	Olympia Textile International, Lahore
Tsudakoma Zax E Air Jet	7,315,998	6,156,054	1,159,944	1,200,000	40,056	- - - - do - - - -	Genial Textile Industries, Gujranwala
Coner Machine	13,208,369	12,052,931	1,155,438	700,000	(455,438)	- - - - do - - - -	International Textile Machinery, Hyderabad
Shute Feed	1,769,643	722,509	1,047,134	179,487	(867,647)	- - - - do - - - -	International Textile Machinery, Hyderabad
Gas Generator	10,448,000	9,408,263	1,039,737	854,701	(185,036)	- - - - do - - - -	International Textile Machinery, Hyderabad
Tsudakoma Zex-E Air Jet	4,800,000	3,868,915	931,085	1,289,816	358,731	- - - - do - - - -	Khawaja Fabrics, Karachi
Coner Machine	8,511,657	7,616,402	895,255	300,000	(595,255)	- - - - do - - - -	International Textile Machinery, Hyderabad
Lockstitch Sewing Machine	1,111,162	286,124	825,038	795,000	(30,038)	- - - - do - - - -	Al Barakat Technical Institute, Sheikhupura
Card C-51	4,744,367	3,998,929	745,438	1,709,402	963,964	- - - - do - - - -	Olympia Textile International, Lahore
Coal Gasfire System	1,420,000	763,091	656,909	703,419	46,510	- - - - do - - - -	Olympia Textile International, Lahore
Lockstitch Sewing Machine	925,967	290,002	635,965	1,046,500	410,535	- - - - do - - - -	Muhammad Idrees, Lahore
Ring Frames	3,331,177	2,705,259	625,918	726,496	100,578	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
Manual Winder & Dyeing Machine	6,418,375	5,800,475	617,900	102,564	(515,336)	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
Drawing Frame	6,666,000	6,077,803	588,197	450,000	(138,197)	- - - - do - - - -	S.N Textile Mills (Private) Limited, Lahore
Drawing Frame	3,916,537	3,347,600	568,937	625,000	56,063	- - - - do - - - -	International Textile Machinery, Hyderabad
Tube Boiler Softing Plant	1,683,000	1,130,225	552,775	700,000	147,225	- - - - do - - - -	Olympia Textile International, Lahore
Comber With Lap Trolly	4,713,690	4,191,144	522,546	217,950	(304,596)	- - - - do - - - -	Jeelani Textile Traders, Hyderabad
	545,846,086	**401,567,772**	**144,278,314**	**126,391,431**	**(17,886,883)**		
Heat, ventilation and air conditioning system	2,000,000	348,875	1,651,125	1,500,000	(151,125)		Al-Razzaq Fibers (Pvt.) Limited(Third party)
Air conditioning unit	1,570,576	317,552	1,253,024	785,287	(467,737)		Nadeem Shahzad (Third party)
	3,570,576	666,427	2,904,149	2,285,287	(618,862)		
Vehicles -Owned							
Honda Civic	2,577,500	824,800	1,752,700	1,752,700	-	As per Company Policy	Mr. Shaukat Iqbal, Lahore
Honda Civic	2,577,500	945,083	1,632,417	1,633,000	583	- - - - do - - - -	Mr. Rahat Jamal , Lahore
Toyota Altis	2,382,500	794,167	1,588,333	1,588,333	-	- - - - do - - - -	Mr. Abdul Sattar, Karachi (Chief Financial Officer)
Toyota Corolla Altas	2,227,000	647,315	1,579,685	1,607,400	27,715	- - - - do - - - -	Mr. Jahanzeb Tariq Baloch, Lahore
Toyota Corolla	2,382,500	820,639	1,561,861	1,561,861	-	- - - - do - - - -	Mr. Ajmal Rasheed Khawaja, Karachi
Honda Civic	2,475,500	970,396	1,505,104	1,505,104	-	- - - - do - - - -	Mr. Liaquat Ali, Hyderabad
Toyota Corolla	1,882,000	401,493	1,480,507	1,480,520	13	- - - - do - - - -	Mr. Abdul Sattar, Faisalabad
Suzuki Swift Auto	1,511,000	219,095	1,291,905	1,315,829	23,924	- - - - do - - - -	Mr. Kashif Altaf, Jhang
Toyota Corolla Gli	1,880,500	640,206	1,240,294	1,240,294	-	- - - - do - - - -	Mr. Shoukat Iqbal, Lahore
Toyota Corolla Gli	1,805,500	577,760	1,227,740	1,227,740	-	- - - - do - - - -	Mr. Asif Aziz, Lahore
Sold Suzuki Swift	1,463,000	243,833	1,219,167	1,219,167	-	- - - - do - - - -	Mr. Abdul Sami, Swabi
Toyota Corolla Gli	1,880,500	684,502	1,195,998	1,174,000	(21,998)	- - - - do - - - -	Mr. Atif Hussain Saga, Lahore
Toyota Corolla	1,805,500	649,980	1,155,520	1,155,520	-	- - - - do - - - -	Mr. Sohail Bashir, Bhai phero
Suzuki Swift	1,463,000	369,325	1,093,675	1,093,675	-	- - - - do - - - -	Mr. Abdul Hafeez, Lahore
Honda Civic	2,378,000	1,302,510	1,075,490	1,075,490	-	- - - - do - - - -	Mr. Irshad Hussain, Lahore
Honda City	1,527,000	468,280	1,058,720	1,058,720	-	- - - - do - - - -	Mr. Amir Manzoor, Islamabad
Honda City	1,724,500	676,004	1,048,496	1,048,496	-	- - - - do - - - -	Mr. Yousaf Shah, Mardan
Toyota Grande	2,320,500	1,290,817	1,029,683	1,029,683	-	- - - - do - - - -	Mr. Hamayun Haroon, Bhai Phero
Honda Civic	2,447,500	1,424,119	1,023,381	897,315	(126,066)	- - - - do - - - -	Mr. Muhammad Awais Kamal, Lahore
Suzuki Cultus	1,250,000	229,167	1,020,833	1,020,833	-	- - - - do - - - -	Mr. Zulfiqar Ali,Lahore
Toyota Corolla	1,770,500	784,686	985,814	985,814	-	- - - - do - - - -	Mr. Muhammad Bilal, Lahore Cantt
Toyota Corolla	1,970,500	1,012,049	958,451	958,451	-	- - - - do - - - -	Mr. Wajid Manzoor Baig, Lahore
Honda City	1,709,500	756,739	952,761	969,477	16,716	- - - - do - - - -	Mr. Muhammad Imran Ali, Lahore
Suzuki Cultus	1,250,000	311,107	938,893	1,000,000	61,107	- - - - do - - - -	Mr. Sarang Khan, Sheikhupura
Honda Civic	2,206,500	1,283,889	922,611	922,611	-	- - - - do - - - -	Mr. Muhammad Imran, Lahore
Suzuki Cultus	1,250,000	331,250	918,750	918,750	-	- - - - do - - - -	Mr. Abeer Nawaz, Lahore
Toyota Gli	1,845,500	932,101	913,399	913,399	-	- - - - do - - - -	Mr. Waqas Bin Inam, Faisalabad
Sold Suzuki Cultus	1,250,000	347,222	902,778	902,778	-	- - - - do - - - -	Mr. Asif Maqbool, Khanewal
Suzuki Cultus	1,250,000	348,264	901,736	901,736	-	- - - - do - - - -	Mr. Ali Saeed , Lahore
Suzuki Swift	1,433,000	561,736	871,264	871,264	-	- - - - do - - - -	Mr. Muhammad Zahid, Faisalabad
Suzuki Swift	1,433,000	561,736	871,264	871,264	-	- - - - do - - - -	Mr. Safdar Ali Dahar, Rawalpindi
Honda City	1,703,500	845,844	857,656	872,192	14,536	- - - - do - - - -	Mr. Syed Khurram Badshah, Sheikhupura
Honda Civic	2,156,000	1,317,057	838,943	838,943	-	- - - - do - - - -	Mr. Muhammad Tayyab, Hyderabad
Honda City	1,662,000	825,238	836,762	836,762	-	- - - - do - - - -	Mr. Munir Ahmed Awan, Lahore
Suzuki Swift	1,418,000	601,232	816,768	816,768	-	- - - - do - - - -	Mr. Muhammad Zubair,Sheikhupura
Suzuki Swift	1,327,000	514,876	812,124	812,124	-	- - - - do - - - -	Mr. Riaz Khan, Lahore
Honda Civic	2,237,000	1,473,437	763,563	763,563	-	- - - - do - - - -	Mr. Abdul Baseer Khan, Hyderabad
Honda City	1,512,000	776,563	735,437	735,437	-	- - - - do - - - -	Mr. Shoukat Ali, Bhai Phero
Suzuki Cultus	1,129,000	399,666	729,334	729,334	-	- - - - do - - - -	Mr. Arslan Arshad, Faisalabad
Suzuki Wagon R	1,054,000	347,586	706,414	718,594	12,180	- - - - do - - - -	Mr. Usman Noor, Lahore
Suzuki Cultus	1,099,000	407,363	691,637	691,637	-	- - - - do - - - -	Mr. Muhammad Ashfaq, Bhai Phero
Suzuki Cultus	1,129,000	438,052	690,948	703,743	12,795	- - - - do - - - -	Mr. Muhammad Ramzan, Jhang
Suzuki Cultus	1,099,000	442,531	656,469	656,469	-	- - - - do - - - -	Mr. Muhammad Aamir, Lahore
Suzuki Cultus	1,099,000	442,531	656,469	656,469	-	- - - - do - - - -	Mr. Irfan Aziz,Lahore
Suzuki Wagon R	1,024,000	379,563	644,437	644,437	-	- - - - do - - - -	Mr. Danish Christopher, Lahore

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
	------------	------------	Rupees	------------	------------		
Suzuki Swift	1,282,000	642,025	639,975	639,975	-	- - - - do - - - -	Mr. Abdul Waheed ,Karachi
Honda City	1,653,000	1,013,389	639,611	639,611	-	- - - - do - - - -	Mr. Raees Ahmed, Lahore
Suzuki Swift	1,282,000	658,435	623,565	623,565	-	- - - - do - - - -	Ms. Saria Zaheer, Lahore
Suzuki Wagon R	1,014,000	418,038	595,962	606,237	10,275	- - - - do - - - -	Mr. Sikandar Saleem, Lahore
Suzuki Cultus	1,039,000	451,619	587,381	587,381	-	- - - - do - - - -	Mr. Kashif Nisar, Karachi
Suzuki Cultus	1,039,000	462,701	576,299	576,299	-	- - - - do - - - -	Mr. Asif Iqbal ,Rawalpindi
Suzuki Cultus	1,039,000	473,784	565,216	565,216	-	- - - - do - - - -	Mr. Inam Ul Haq, Faisalabad
Suzuki Cultus	1,034,000	470,033	563,967	563,967	-	- - - - do - - - -	Mr. Shahbaz Ul Haq, Okara
Suzuki Wagon R	1,004,000	447,115	556,885	556,885	-	- - - - do - - - -	Mr. Muhammad Hameed, Jamshoro
Suzuki Cultus	1,039,000	484,867	554,133	554,133	-	- - - - do - - - -	Mr.Tariq Masood, Lahore
Suzuki Cultus	1,039,000	494,102	544,898	554,133	9,235	- - - - do - - - -	Mr. Nauman Tariq, Rahimyar Khan
Suzuki Swift	1,418,000	883,571	534,429	534,429	-	- - - - do - - - -	Mr. Atif Saeed, Lahore
Suzuki Cultus	1,039,000	515,898	523,102	523,102	-	- - - - do - - - -	Mr. Atif Javed, Lahore
Suzuki Cultus	1,034,000	513,415	520,585	520,585	-	- - - - do - - - -	Mr. Shahzad Khalil, Islamabad
Suzuki Cultus	1,034,000	522,239	511,761	511,761	-	- - - - do - - - -	Mr. Muhammad Zaheer Ud Din, Lahore
Suzuki Cultus	1,034,000	528,489	505,511	505,511	-	- - - - do - - - -	Mr. Zameer Mehdi, Lahore
Honda Civic	2,469,000	2,469,000	-	1,710,000	1,710,000	- - - - do - - - -	Umer Farooq (Employee)
Suzuki Cultus	1,044,000	1,044,000	-	815,000	815,000	- - - - do - - - -	Ahmed Islam (Employee)
Toyota Corolla Gli	2,172,000	108,600	2,063,400	2,197,000	133,600	Negotiation	Mr. Liaqat Hayat, Kasur
Toyota Corolla	2,129,000	70,967	2,058,033	2,154,000	95,967	- - - - do - - - -	Mr. Dar Muhammad , Mastong
Honda Civic	2,637,000	733,672	1,903,328	2,550,000	646,672	- - - - do - - - -	Mr. Shehyar Khan, Lahore
Toyota Fortuner	5,005,500	3,191,596	1,813,904	3,400,000	1,586,096	- - - - do - - - -	Mr. Manzar Abbas Rizvi
Honda City	1,703,000	56,767	1,646,233	1,703,000	56,767	- - - - do - - - -	Mr. Mian Munawar Tahir, Lahore
Suzuki Swift	1,511,000	241,760	1,269,240	1,420,000	150,760	- - - - do - - - -	Mr. Khurrum Imtiaz, Lahore
Suzuki Cultus	1,250,000	125,000	1,125,000	1,270,000	145,000	- - - - do - - - -	Mr. Sajjad Ahmad, Larkana
Suzuki Cultus	1,034,000	502,570	531,430	600,000	68,570	- - - - do - - - -	Mr. Khurram Imtiaz, Lahore
Toyota Corolla Gli	1,869,500	1,365,128	504,372	1,400,000	895,628	- - - - do - - - -	Mr. Muhammad Shahzad, Lahore
Honda Civic	2,853,953	504,198	2,349,755	2,325,500	(24,255)	- - - - do - - - -	Mr. Fasial Naseem (Ex-Employee)
Honda Civic	2,817,000	563,400	2,253,600	2,253,600	-	- - - - do - - - -	Mr. Danish Adamjee (Ex-Employee)
Honda Civic Turbo	3,003,000	1,063,062	1,939,938	1,939,938	-	- - - - do - - - -	Mr. Sibtain Haji (Ex-Employee)
Suzuki Swift	1,297,000	548,084	748,916	800,000	51,084	- - - - do - - - -	Khurram Imtiaz (Third Party)
Suzuki Cultus	1,039,000	511,465	527,535	528,274	739	- - - - do - - - -	Zain Ahmed (Employee)
Vehicles-Leased							
Toyota Grandee	2,822,000	282,200	2,539,800	2,700,000	160,200	Negotiation	Mr. Khurram Badshah (Executive Director)
Toyota Altis	2,172,000	418,110	1,753,890	1,791,900	38,010	- - - - do - - - -	Abid Chaudhary (Ex-Employee)
Toyota Altis	2,172,000	445,260	1,726,740	2,350,000	623,260	- - - - do - - - -	Sapphire Textile Mills Limited
Honda City	1,703,000	167,934	1,535,066	1,535,066	-	- - - - do - - - -	Ali Daha (Ex-Employee)
Honda City	1,743,000	286,143	1,456,857	1,339,841	(117,016)	- - - - do - - - -	Gibran Ali (Ex-Employee)
Honda City	1,843,000	393,174	1,449,826	1,362,400	(87,426)	- - - - do - - - -	Muhammad Kashif (Employee)
Honda City	1,843,000	393,174	1,449,826	1,390,783	(59,043)	- - - - do - - - -	Muhammad Ishfaq (Employee)
Suzuki Swift	1,435,000	215,250	1,219,750	1,219,750	-	- - - - do - - - -	Mohsin Rehman (Employee)
Suzuki Swift	1,435,000	215,250	1,219,750	1,219,750	-	- - - - do - - - -	Vinay Varasia (Ex-Employee)
Suzuki Swift	1,375,000	421,667	953,333	866,666	(86,667)	- - - - do - - - -	Ahmad Burhan (Employee)
Suzuki Cultus	1,265,000	337,333	927,667	988,958	61,291	- - - - do - - - -	Jameel Rabbani (Ex-Employee)
Suzuki Swift	1,327,000	424,640	902,360	946,910	44,550	- - - - do - - - -	Waseem Shahzad (Ex-Employee)
Suzuki Swift	1,327,000	514,876	812,124	781,456	(30,668)	- - - - do - - - -	Omer Zia (Ex-Employee)
Suzuki Cultus	1,250,000	450,000	800,000	800,000	-	- - - - do - - - -	Hafiz Shahzad (Employee)
Suzuki Wagon-R	1,054,000	263,499	790,501	822,200	31,699	- - - - do - - - -	Ali Shah (Ex-Employee)
Suzuki Swift	1,327,000	546,724	780,276	780,276	-	- - - - do - - - -	Ghulam Mustafa (Employee)
Suzuki Swift	1,297,000	534,363	762,637	762,637	-	- - - - do - - - -	Adeel Hafeez (Ex-Employee)
Suzuki Swift	1,297,000	536,093	760,907	760,907	-	- - - - do - - - -	Jamshaid Ahmad (Employee)
Suzuki Cultus	1,124,000	448,851	675,149	675,149	-	- - - - do - - - -	Haroon Khadim (Employee)
Suzuki Wagon-R	1,034,000	394,299	639,701	639,701	-	- - - - do - - - -	Abdullah Umar Saleem (Employee)
Suzuki Cultus	1,094,000	475,525	618,475	618,475	-	- - - - do - - - -	Asif Rafique (Employee)
Suzuki Cultus	1,099,000	501,144	597,856	597,856	-	- - - - do - - - -	Omer Ismail (Employee)
Suzuki Wagon-R	1,024,000	432,356	591,644	591,644	-	- - - - do - - - -	Omar Iqbal (Employee)
	162,896,953	**61,798,663**	**101,098,290**	**108,049,123**	**6,950,833**		
Assets abandoned on vacating outlets	**30,394,021**	**12,292,543**	**18,101,478**	**-**	**(18,101,478)**		Written-off
Other assets having book value less than Rs.500,000	**129,640,255**	**96,578,425**	**33,061,830**	**31,514,914**	**(1,546,916)**		
2019	**872,347,891**	**572,903,830**	**299,444,061**	**268,240,755**	**(31,203,306)**		
2018	438,418,420	300,039,795	138,378,625	185,467,144	47,088,519		

7.8	Capital work-in-progress	Note	2019 (Rupees)	2018 (Rupees)
	Advance for land		**84,500,000**	-
	Land improvements		**-**	6,501,900
	Freehold land and building	7.8.1	**435,749,570**	435,749,570
	Civil works and buildings		**154,608,429**	2,329,582,529
	Plant and machinery		**184,923,436**	20,294,434,792
	Electric installations		**44,904,336**	-
	Computers		**642,000**	-
	Advance for vehicles		**500,000**	16,176,300
	Advances to contractors		**-**	1,413,494,631
	Un-allocated expenditure		**-**	3,877,992,225
		7.8.2	**905,827,771**	28,373,931,947

7.8.1 This represents land and building owned by SRL (Subsidiary Company) requiring levelling / construction.

7.8.2 Movement of capital work-in-progress during the year is as follows:

Particulars	30 June 2018	Additions during the year	Transferred to operating fixed assets	30 June 2019
	(Rupees)			
Advance for land	-	84,500,000	-	84,500,000
Land improvements	6,501,900	-	(6,501,900)	-
Freehold land & building	435,749,570	-	-	435,749,570
Civil works and buildings	2,329,582,529	1,823,448,358	(3,998,422,458)	154,608,429
Plant and machinery	20,294,434,792	4,418,523,243	(24,528,034,599)	184,923,436
Electric installations	-	44,904,336	-	44,904,336
Computers	-	642,000	-	642,000
Advance for vehicles	16,176,300	24,365,370	(40,041,670)	500,000
Advances to contractors	1,413,494,631	-	(1,413,494,631)	-
Unallocated expenditure	3,877,992,225	1,366,157,153	(5,244,149,378)	-
	28,373,931,947	**7,762,540,460**	**(35,230,644,636)**	**905,827,771**

7.8.3 Additions to capital work in progress include borrowing cost amounting to Rs.419,125 (2018: Rs. Nil) and Rs.1,073,148,195 (2018: Rs. 768,990,005) at the borrowing rate of 2.50% (2018: Nil) and 6.84% (2018: 6.81%) per annum of the Holding Company and TBCL (subsidiary company) respectively .

7.9 These spare parts and stand-by equipment are in the possession and control of SWPCL's (subsidiary company) O&M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the O&M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. Previously, these were in the possession and control of former O&M contractor, HydroChina as per the terms of the O&M Agreement dated 12 December 2013. Upon completion of the term of the said agreement on 07 March 2018, HydroChina handed over the major spare parts and stand-by equipment to General Electric. As per the terms of the above mentioned O&M Agreement, General Electric will replenish and hand over these items to the Subsidiary Company on the expiry of the respective O&M Agreement i.e. eight years from the Taking-Over Date.

8	INVESTMENT PROPERTY	Note	2019 (Rupees)	2018 (Rupees)
	Freehold land		**31,750,000**	31,750,000

8.1 This represents free-hold land of Holding Company situated at Raiwind Road, Lahore having an area of 5,000 square yards.

8.2 Fair value of the investment property, based on the estimation was Rs.45 million (2018: Rs.45 million).

9	INTANGIBLE ASSETS			
	Computer software	9.1	**2,382,417**	17,925,194
	Goodwill	9.2	**455,540,310**	455,540,310
			457,922,727	473,465,504

9.1	Computer software	Note	2019	2018
			(Rupees)	(Rupees)
	Net carrying value as at 01 July 2018			
	Net book value as at July 01		**17,925,194**	3,455,974
	Addition during the year		**722,236**	18,591,937
	Write-off	9.1.1	**(8,969,460)**	-
	Amortization during the year	9.1.2	**(7,295,553)**	(4,122,717)
	Net book value as at 30 June 2019		**2,382,417**	17,925,194
	Gross carrying value as at 30 June 2019			
	Cost		**35,369,773**	43,616,997
	Accumulated amortization		**(32,987,356)**	(25,691,803)
	Net book value as at 30 June 2019		**2,382,417**	17,925,194
	Amortization rate % per annum		**20 & 33.33**	20 & 33.33

9.1.1 This represents Augmented Reality Program for IOS and Android systems written-off during the year in the financial statements of SRL (Subsidiary Company).

9.1.2 Amortization expense for the year has been charged to other operating expenses.

9.2 Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.

10	LONG TERM INVESTMENTS		Note	2019	2018
				(Rupees)	(Rupees)
	Related parties under equity method:				
	Associates	- listed	10.1	**85,189,188**	73,836,587
		- unlisted	10.2	**1,156,949,826**	985,211,469
				1,242,139,014	1,059,048,056
	Other companies - Fair value through other comprehensive income		10.3	**4,150,418,072**	5,820,529,291
				5,392,557,086	6,879,577,347

10.1 **Investments in associates - listed**

No. of Shares 2019	No. of Shares 2018	Name of Company	2019	2018
			(Rupees)	(Rupees)
313,295	313,295	**Reliance Cotton Spinning Mills Limited (RCSM)**	**85,189,188**	73,836,587
		Equity Interest Held 3.04% (2018: 3.04%)		
		Fair value of the ordinary shares as at 24 June 2019 amounted to Rs.45.741 million (30 June 2018: Rs.49.999 million).		

10.1.1 The movement in the value of equity investment is as follows:

	2019	2018
	(Rupees)	(Rupees)
Cost	**8,461,851**	8,461,851
Dividend received	**(2,036,418)**	(469,943)
Accumulated profit	**78,763,755**	65,844,679
	85,189,188	73,836,587

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2018: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 june 2019. RCSM was incorporated on 13 June 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship.

10.2 Investments in associates - unlisted

No. of Shares 2019	No. of Shares 2018		Note	2019 (Rupees)	2018 (Rupees)
4,234,500	4,234,500	**Sapphire Power Generation Limited (SPGL)** Equity Interest Held 26.43% (2018: 26.43%)	**10.2.1**	**366,555,937**	377,108,066
6,000,000	6,000,000	**Sapphire Electric Company Limited (SECL)** Equity Interest Held 1.42% (2018: 1.42%)	**10.2.2**	**201,011,680**	156,013,291
10,000	10,000	**Sapphire Holding Limited (SHL)** Equity Interest Held 0.05% (2018: 0.05%)	**10.2.3**	**3,802,866**	3,282,908
23,500,000	23,500,000	**Sapphire Dairies (Private) Limited (SDL)** Equity Interest Held 21.36% (2018: 21.36%)	**10.2.4**	**278,957,283**	244,938,967
3,675	3,675	**Foreign Company - Creadore A/S Denmark (Creadore A/S)** Beneficial ownership: Sapphire Textile Mills Limited - 49% (2018: 49%) and Beirholm holding A/S Nordager 20, 6000 Kolding, Denmark- 51% (2018: 51%)	**10.2.5**	**306,622,060**	203,868,237
			10.2.6	**1,156,949,826**	985,211,469

10.2.1 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2018: 26.43%) of SPGL's issued, subscribed and paid-up capital as at 30 June 2019. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution.

10.2.2 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2018: 1.42%) of SECL's issued, subscribed and paid-up capital as at 30 June 2019. SECL was incorporated in Pakistan as a public limited company and the principal activity of the company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhupura. SECL is an associate of the Group due to common directorship.

10.2.3 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2018: 0.05%) of SHL's issued, subscribed and paid-up capital as at 30 June 2019. SHL was incorporated in Pakistan as a public limited company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.2.4 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 21.36% (2018: 21.36%) of SDL's issued, subscribed and paid-up capital as at 30 June 2019. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products.

10.2.5 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2018: 49%) of Creadore's share capital as at 30 April 2019. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

10.2.6 The movement in the value of equity investment is as follows:

	SPGL	SECL	SHL	SDL	Creadore A/S
2019	(Rupees)				
Cost	**113,705,500**	**60,000,000**	**100,000**	**235,000,000**	**58,708,925**
Dividend received	**-**	**-**	**(17,500)**	**-**	**(35,796,949)**
Accumulated profit	**252,850,437**	**141,011,680**	**3,720,366**	**43,957,283**	**283,710,084**
	366,555,937	**201,011,680**	**3,802,866**	**278,957,283**	**306,622,060**
2018					
Cost	113,705,500	60,000,000	100,000	235,000,000	58,708,925
Dividend received	-	(18,000,000)	-	-	-
Accumulated profit	263,402,566	114,013,291	3,182,908	9,938,967	145,159,312
	377,108,066	156,013,291	3,282,908	244,938,967	203,868,237

The summary of financial statements / reconciliation of the associates is as follows:

	30 June 2019					30 April 2019
	RCSML	**SPGL**	**SECL**	**SHL**	**SDL**	**Creadore**
	----- Rupees -----					
Summarized Statement of Financial Position						
Non-current assets	2,798,087,483	1,208,437,851	12,711,139,304	8,156,112,550	2,355,473,666	-
Current assets	3,264,523,208	310,117,593	12,149,706,721	108,714,997	316,673,348	793,263,364
	6,062,610,691	1,518,555,444	24,860,846,025	8,264,827,547	2,672,147,014	793,263,364
Non-current and current liabilities	3,264,075,377	131,430,651	10,655,305,135	623,675,990	1,366,389,518	167,504,058
Net assets	2,798,535,314	1,387,124,793	14,205,540,890	7,641,151,557	1,305,757,496	625,759,306

	30 June 2019					30 April 2019
	RCSML	**SPGL**	**SECL**	**SHL**	**SDL**	**Creadore**
	----- Rupees -----					
Reconciliation to carrying amount						
Opening net assets	2,425,593,005	1,427,056,270	11,025,494,570	6,596,393,913	1,146,522,825	416,057,628
Profit / (loss) for the period	517,324,312	25,539,768	3,180,046,320	1,501,117,021	161,136,640	149,463,215
Other comprehensive (loss) / income	(69,893,791)	(60,365,252)	-	(434,342,868)	(1,351,758)	-
Other adjustments	(7,590,212)	(5,105,992)	-	13,146,486	(550,211)	133,293,463
Dividend paid during the year	(66,898,000)	-	-	(35,162,995)	-	(73,055,000)
Closing net assets	2,798,535,314	1,387,124,794	14,205,540,890	7,641,151,557	1,305,757,496	625,759,306
Group's share (%)	3.04%	26.43%	1.42%	0.05%	21.36%	49.00%
Carrying amount of investment	85,189,188	366,555,937	201,011,680	3,802,866	278,957,283	306,622,060

	RCSML	**SPGL**	**SECL**	**SHL**	**SDL**	**Creadore**
	----- Rupees -----					
Summarized Statement of Profit or Loss						
Revenue	5,379,009,395	93,065,004	14,872,883,864	36,868,689	1,088,576,356	1,226,221,810
Profit / (loss) before tax	550,889,260	36,629,274	3,180,578,910	1,560,535,943	202,222,259	191,299,790
Profit / (loss) after tax	517,324,312	25,539,768	3,180,046,320	1,501,117,021	161,136,640	149,463,215

	30 June 2018					30 April 2018
	RCSML	SPGL	SECL	SHL	SDL	Creadore
	----- Rupees -----					
Summarized Statement of Financial Position						
Non current assets	2,188,080,153	1,201,076,071	13,228,925,615	7,053,129,858	1,340,435,563	-
Current assets	2,392,630,231	400,502,515	8,658,287,841	116,099,463	341,775,205	514,835,936
	4,580,710,384	1,601,578,586	21,887,213,456	7,169,229,321	1,682,210,768	514,835,936
Non-current and current liabilities	2,155,117,379	174,522,316	10,861,718,886	572,835,408	535,687,943	98,778,308
Net assets	2,425,593,005	1,427,056,270	11,025,494,570	6,596,393,913	1,146,522,825	416,057,628

Reconciliation to carrying amount	RCSML	SPGL	SECL	SHL	SDL	Creadore
	30 June 2018					30 April 2018
	---------- Rupees ----------					
Opening net assets	2,155,251,899	1,633,030,048	10,057,378,204	6,705,280,969	1,068,074,945	271,536,242
Profit / (loss) for the year	358,006,396	(124,930,292)	2,240,180,437	463,735,773	78,421,916	89,289,486
Other comprehensive income / (loss)	(70,633,114)	(80,809,892)	-	(556,322,928)	25,964	-
Other adjustments	(1,594,176)	(233,594)	-	(16,299,901)	-	55,231,900
Dividend paid during the year	(15,438,000)	-	(1,272,064,071)	-	-	-
Closing net assets	2,425,593,005	1,427,056,270	11,025,494,570	6,596,393,913	1,146,522,825	416,057,628
Group's share (percentage)	3.04%	26.43%	1.42%	0.05%	21.36%	49.00%
Carrying amount of investment	73,836,587	377,108,066	156,013,291	3,282,908	244,938,967	203,868,237
Summarized Statement of Profit or Loss						
Revenue	4,398,017,387	573,175,513	13,198,101,314	(23,887,270)	890,073,373	905,201,622
Profit / (loss) before tax	396,930,207	(111,434,538)	2,240,342,787	556,438,948	153,631,237	114,136,020
Profit / (loss) after tax	358,006,396	(124,930,292)	2,240,180,437	463,735,773	78,421,916	89,289,486

10.2.7 The share of profit or loss after acquisition is recognized based on financial statements as at 30 June 2019 except Creadore A/S, Denmark whose financial year ended on 30 April 2019.

10.3 Other companies - Fair value through other comprehensive income

Number of Shares 2019	Number of Shares 2018	Name of Company	Note	2019 (Rupees)	2018 (Rupees)
		Quoted - conventional			
4,061,840	4,061,840	MCB Bank Limited		**217,880,150**	217,880,150
		Fair value adjustment		**490,707,838**	585,429,947
				708,587,988	803,310,097
29,623,714	29,623,714	Habib Bank Limited		**5,926,153,798**	5,926,153,798
		Fair value adjustment		**(2,570,971,950)**	(995,582,840)
				3,355,181,848	4,930,570,958
		Unquoted			
7,055,985	7,055,985	Novelty Enterprises Private Limited	**10.3.1**	**86,148,236**	86,148,236
50,000	50,000	TCC Management Services Private Limited		**500,000**	500,000
				4,150,418,072	5,820,529,291

10.3.1 This represents 12.5% equity interest in Novelty Enterprises (Private) Limited, a privately held entity. The investee Company has not yet commenced its operations accordingly fair value of the investment cannot be determined. However, based on the latest available financial statements, the management is of the view that there are no indications of impairment and the carrying amount has been considered equal to the fair value.

10.3.2 The Holding Company has pledged 2.832 million (2018: 1.305 million) shares of MCB Bank Limited, 1 million (2018: 0.0284 million) shares of Engro Corporation Limited, 18.906 million (2018: 19.605 million) shares of Bank Al-Habib Limited, 21.177 million (2018: 24.427 million) shares of Habib Bank Limited and 0.06 million shares of Pakistan State Oil Limited with various financial institutions for arrangement of finance facilities.

10.3.3 The Holding Company has pledged 4.407 million (2018: 4.407 million) shares of Engro Corporation Limited, 9.200 million (2018: 6 million) shares of Bank Al-Habib Limited, 1.230 million (2018: 1.230 million) shares of MCB Bank Limited, 2.447 million shares of Habib Bank Limited and 30.183 million shares of K- Electric with Standard Chartered Bank as security for issuance of standby letter of credit amounting to US $ 11.300 million (2018: US $ 11.300 million) in favour of a financial institutions for contingency support in TBCL in accordance with Sponsors Support agreement.

		Note	2019	2018
11	**LONG TERM LOANS AND ADVANCES**		**(Rupees)**	(Rupees)
	Loan to employees	**11.1**	**51,343,927**	36,741,452

		Note	2019	2018
11.1	**Loan to employees - unsecured (considered good)**			
	Loans to employees	**11.1.1**	**78,281,393**	51,024,641
	Current portion of loans shown under current assets	**16**	**(26,937,466)**	(14,283,189)
			51,343,927	36,741,452

11.1.1 These represent interest free loans to employees as per Group's human resource policy. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.

		Note	2019	2018
12	**LONG TERM DEPOSITS AND PREPAYMENTS**		**(Rupees)**	(Rupees)
	Security deposits			
	WAPDA		**85,830,588**	86,038,576
	SNGPL		**1,097,000**	1,097,000
	PTCL		**-**	179,843
	Others	**12.1**	**130,068,244**	134,639,626
			216,995,832	221,955,045
	Lease deposit money	**12.2**	**22,973,966**	27,131,543
	Prepayments		**15,093,755**	-
			255,063,553	249,086,588

12.1 It includes an amount of Rs.36,000 (2018: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party by the Holding Company.

12.2 This represents payment made to Government of Sindh by TBCL (Subsidiary Company) for lease of land measuring 3,852 acres situated at Deh Kohistan 7/1 Tapo Jhampir, Taluka & District Thatta in the province of Sindh.

		Note	2019	2018
13	**STORES, SPARES AND LOOSE TOOLS**		**(Rupees)**	(Rupees)
	Stores	**13.1**	**444,606,233**	319,891,330
	Spares - in hand		**188,427,624**	190,138,319
	Spares - in transit		**71,764,713**	59,489,932
			260,192,337	249,628,251
	Loose tools		**547,686**	150,872
			705,346,256	569,670,453
	Less: Provision for slow moving stores, spares and loose tools	**13.2**	**(65,469,942)**	(55,806,634)
			639,876,314	513,863,819

13.1 This includes stores and spares amounting of Rs.111.051 million (2018: Rs.111.051 million) of SPWCL (Subsidiary Company) which are in the possession and control of the subsidiary companies' O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary companies' plant as per the terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. Previously, these were in the possession and control of former O & M contractor, HydroChina as per the terms of the O&M Agreement dated 12 December 2013. Upon completion of the term of the said agreement on 7 March 2018, HydroChina handed over the stores and spares to General Electric. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to the subsidiary companies on the expiry of the respective O & M Agreement i.e. eight years from the Taking-Over Date.

This also includes spare parts and stand-by equipment of Rs.122.975 (2018: Nil) of TBCL (Subsidiary Company) which are in the possession and control of TBCL's (subsidiary company) O & M contractor, HydroChina, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the O & M Agreement dated 26 September 2016 amended through supplement Agreement dated 06 May 2017 for a period of two years from the taking over date. Furthermore, the TBCL has also signed LTOMA dated 26 September 2016 as amended through supplemental agreements dated 19 April 2017 for a term of eight years starting from the end of the above mentioned HydroChina's WP O&M Agreement, and these items will be handed over to the GE on expiry of HydroChina's WP O&M Agreements. As per the terms of the WP O&M Agreements, HydroChina and subsequently GE will replenish and hand over these items to the subsidiary company on the expiry of their respective Agreements.

		Note	2019	2018
13.2	**Provision for slow moving stores, spares and loose tools**		**(Rupees)**	(Rupees)
	Balance at the beginning of the year		**55,806,634**	52,298,823
	Provision made during the year - net	**37**	**9,663,308**	3,507,811
	Balance at the end of the year		**65,469,942**	55,806,634
14	**STOCK IN TRADE**			
	Raw material - in hand	**34.1**	**5,484,996,977**	4,446,479,832
	Raw material - in transit		**268,530,903**	96,665,225
			5,753,527,880	4,543,145,057
	Work in process	**34**	**1,706,335,329**	1,686,535,501
	Provision for the year	**14.1**	**(1,200,000)**	(61,825,350)
			1,705,135,329	1,624,710,151
	Finished goods - manufactured	**34**	**2,199,493,745**	1,252,510,572
	Provision for obsolete stock	**14.2**	**-**	(5,872,188)
			2,199,493,745	1,246,638,384
	Finished goods - purchase for resale		**48,250,271**	56,254,103
	Provision for obsolete stock	**14.3**	**-**	(7,172,794)
			48,250,271	49,081,309
	Waste	**34**	**30,796,400**	15,184,808
			9,737,203,625	7,478,759,709
14.1	**Provision for obsolete stock - (work-in-process)**			
	Opening balance		**61,825,350**	-
	Add: Provision for the year		**1,200,000**	61,825,350
	Less: Reversal during the year		**(61,825,350)**	-
	Closing balance		**1,200,000**	61,825,350
14.2	**Provision for obsolete stock - (Finished goods - manufactured)**			
	Opening balance		**5,872,188**	-
	Add: Provision for the year		**-**	5,872,188
	Less: Reversal during the year		**(5,872,188)**	-
	Closing balance		**-**	5,872,188
14.3	**Provision for obsolete stock - (Finished goods - purchase for resale)**			
	Opening balance		**7,172,794**	-
	Add: Provision for the year		**-**	7,172,794
	Less: Reversal during the year		**(7,172,794)**	-
	Closing balance		**-**	7,172,794
15	**TRADE DEBTS**			
	Considered good			
	Foreign debts		**547,412,695**	1,156,637,120
	CPPA-G	**15.1**	**4,123,958,073**	1,663,413,729
	Other domestic debts	**15.2 & 15.3**	**875,681,889**	1,091,611,412
	Waste		**24,324,356**	29,733,386
	Others		**16,405,701**	24,962,816
			5,587,782,714	3,966,358,463
	Considered doubtful		**36,505,865**	44,925,809
	Less: Provision for expected credit loss	**15.6**	**(36,505,865)**	(44,925,809)
			5,587,782,714	3,966,358,463

15.1 These include amount of Rs.1,775.38 million (2018: Rs.1,663.41 million) receivable from CPPA-G by SWPC (Subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 10.66% to 12.42% (2018: 10.64% to 11.31%) per annum.

These also include amount of Rs.2,348.58 million (2018: Nil) receivable from CPPA-G by TBCL (Subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 2% is charged in case the amounts are not paid within due dates.

15.2 Domestic debts include amount of Rs.402,577,494 (2018: Rs.259,929,969) receivable against indirect export sales.

15.3	Due from related parties- Domestic debts	2019 (Rupees)	2018 (Rupees)
	Diamond Fabrics Limited	**1,547,426**	3,588,017
	Sapphire Fibres Limited	**-**	12,065
	Reliance Cotton Mills Limited	**468,180**	-
	Sapphire Finishing Mills Limited	**129,618,265**	140,199,063
		131,633,871	143,799,145

15.4 The aging of trade debts receivable from related parties is within the range of 0-90 days as at reporting date.

15.5 Maximum amount due from related parties during the year, calculated by reference to month-end balances, was Rs.238,317,735 (2018: Rs.259,929,969).

15.6	Provision for expected credit loss	Note	2019 (Rupees)	2018 (Rupees)
	Balance at the beginning of the year		**44,925,809**	44,925,809
	Written off during the year		**(7,836,532)**	-
	Recovered during the year		**(583,412)**	-
	Balance at the end of the year		**36,505,865**	44,925,809

16 LOANS AND ADVANCES

		Note	2019	2018
	Advances			
	- Unsecured-Considered good			
	to suppliers		**103,921,447**	181,325,074
	to contractors		**989,134**	1,286,370
	to custom agents		**-**	917,366
			104,910,581	183,528,810
	- Unsecured - considered doubtful		**-**	7,405,940
	Provision for doubtful advance	16.1	**-**	(7,405,940)
			104,910,581	183,528,810
	Loans			
	Current portion of long term loans to employees	11.1	**26,937,466**	14,283,189
	Short term loans to employees		**5,857,269**	19,403,441
			137,705,316	217,215,440

16.1	Provision for doubtful advance	2019	2018
	Balance at the beginning of the year	**7,405,940**	7,405,940
	Written off during the year	**(7,405,940)**	-
	Balance at the end of the year	**-**	7,405,940

		Note	2019	2018
			(Rupees)	(Rupees)
17	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**4,134,140**	4,994,901
	Margin deposits with bank	**17.1**	**5,327,900**	4,347,900
	Prepayments		**49,314,926**	45,093,580
			58,776,966	54,436,381

17.1 This represents cash margin deposited with a bank by SRNL (Subsidiary Company) on behalf of TBCL(Subsidiary Company) against issuance of letters of guarantee.

18 OTHER RECEIVABLES

	Note	2019	2018
Claims receivable		**-**	23,762,477
Deposits with High Court		**19,430,291**	-
Export rebate receivable		**99,244,147**	415,252,268
Receivable against sale of fixed assets		**80,841,307**	70,028,082
Dividend receivable		**-**	600,000
Unrealized gain on measurement of forward foreign currency contracts		**-**	17,651,047
Claims recoverable from NTDC against WPPF for pass through items	**18.1**	**224,346,175**	129,174,909
Receivables from CPPA-G	**18.2**	**2,521,552,891**	289,940,275
Rent receivable		**-**	120,000
Interest receivable		**494,795**	-
Receivables from project developers	**18.3**	**-**	107,838,889
Other receivables - considered good		**272,635**	-
		2,946,182,241	1,054,367,947

18.1 Under section 9.2(a) of the EPA, payments to Workers' Profit Participation Fund (WPPF) by SWPCL and TBCL (Subsidiary Companies) are recoverable from CPPA-G as a pass through item amounting to Rs. 119.348 million (2018: Rs.129.175 million) and 104,998 million (2018: Nil).Movement of WPPF for during the year is as follows:

	Note	2019	2018
		(Rupees)	(Rupees)
Opening balance		**129,174,909**	74,399,599
Accrued for the year	**27.3**	**169,570,864**	54,775,310
Received during the year		**(74,399,598)**	-
Closing balance		**224,346,175**	129,174,909

18.2 Receivables from CPPA-G by TBCL (Subsidiary Company)

	Note	2019	2018
Import duty		**290,368,399**	289,940,275
Insurance	**18.2.1**	**118,659,022**	-
Un-billed Price differential	**18.2.2**	**2,112,525,470**	-
		2,521,552,891	289,940,275

18.2.1 Under section 9.2(a) of the EPA with CPPA-G, Insurance payments are recoverable from CPPA-G as a pass through item.

18.2.2 These are accrued on the basis of difference between indexed tariff applied with NEPRA and Reference Tariff as approved by NEPRA through its tariff determination dated 13 May 2016 numbered NEPRA/TRF-343/TBCCPL-A-2015/6485-6487, NEPRA/TRF-344/TBCCPL-B-2015/6491-6493 and NEPRA/TRF-345/TBCCPL-C-2015/6497-6499 issued by NEPRA for the Project A, B and C respectively. The subsidiary company is expecting to get the tariff indexation adjustment approval from NEPRA soon.

			2019	2018
18.3	**Receivables from project developers:**		**(Rupees)**	(Rupees)
	Receivables from project developers		**107,838,889**	107,838,889
	Loss allowance for receivables from Project Developers		**(107,838,889)**	-
			-	107,838,889

These represent receivables from two Project Developers with whom the SRNL (Subsidiary Company) has signed separate agreements for joint investment in renewable energy and hydro power projects in Asia and Africa. Due to changes in the government policy and its impacts on the overall strategy of the Subsidiary Company in the current year, the Company has decided not to pursue any such projects outside Pakistan. Considering the aforementioned changes and the fact that the Project Developers have made efforts to identify suitable opportunities and thus spent considerable time and expense in this behalf, it is considered that the amounts are not recoverable and accordingly, have been fully impaired.

		Note	2019	2018
19	**SHORT TERM INVESTMENTS**		**(Rupees)**	(Rupees)
	Advance for Term Finance Certificates (TFCs)	**19.1**	**50,000,000**	-
	Investments at fair value through other comprehensive income (FVOCI)	**19.2**	**3,980,717,707**	4,103,068,742
			4,030,717,707	4,103,068,742

19.1 This represents the amount given to HBL for issuance of 500 TFCs having par value of Rs.100,000 and aggregate value of Rs.50,000,000. TFCs to be issued are rated, listed, unsecured, subordinated, perpetual, non-cumulative, contingent convertible, additional Tier-1, capital eligible and having green shoe option.

		Note	2019	2018
19.2	**Investments at fair value through other comprehensive income (FVOCI) comprises of:**		**(Rupees)**	(Rupees)
	Debt instruments at fair value through other comprehensive income (FVOCI)	**19.2.1**	**53,443,295**	-
	Equity instruments at fair value through other comprehensive income (FVOCI)	**19.2.2**	**3,927,274,412**	4,103,068,742
			3,980,717,707	4,103,068,742

19.2.1 Debt instruments at fair value through other comprehensive income (FVOCI)

Number of Certificates		Particulars	2019	2019	2018
			Cost	**Carrying value**	
2019	2018		**(Rupees)**	**(Rupees)**	(Rupees)
602	-	Sales tax refund bonds	**60,200,000**	**53,443,295**	-

This represents bonds issued by FBR Refund Settlement Company Limited, in Central Depository System (CDS) against Refund Payment Orders (RPOs) issued in favor of the Holding Company under section 67A of the Sales Tax Act 1990. The bonds are issued in multiples of one hundred thousand rupees and carry simple profit of 10% per annum payable at the end of maturity period i.e. three years from the issuance of bonds. These bonds are freely transferable within CDS and the Company can sell / transfer the bonds to another person / bank / entity against any consideration or without any consideration. The Holding Company intends to sell / transfer the bonds whenever market has been established therefore, these have been classified as short-term.

19.2.2 Equity instruments at fair value through other comprehensive income (FVOCI)

Number of Shares		Name of Company	2019	2019	2018
			Cost	**Fair value**	
2019	2018		**(Rupees)**	**(Rupees)**	(Rupees)
28,105,846	28,105,846	Bank Al-Habib Limited	**1,151,228,062**	**2,202,936,210**	2,215,583,840
5,947,370	5,406,700	Engro Corporation (Pakistan) Limited	**1,681,677,147**	**1,579,621,472**	1,696,946,862
72,000	60,000	Pakistan State Oil Limited	**11,286,649**	**12,213,360**	19,098,600
30,183,000	30,183,000	K Electric Limited	**260,805,385**	**132,503,370**	171,439,440
			3,104,997,243	**3,927,274,412**	4,103,068,742
972,295	972,295	Gulshan Spinning Mills Limited	**17,441,370**	**-**	-
			3,122,438,613	**3,927,274,412**	4,103,068,742

		Note	2019	2018
20	**TAX REFUNDS DUE FROM GOVERNMENT**		**(Rupees)**	(Rupees)
	Income tax		**1,710,249,230**	1,431,340,277
	Sales tax receivable		**340,397,811**	737,094,467
	Less: provision against doubtful sales tax refunds	**20.1**	**(288,528,348)**	(135,006,064)
			51,869,463	602,088,403
			1,762,118,693	2,033,428,680
20.1	**Provision against doubtful sales tax refunds**			
	Balance at the beginning of the year		**135,006,064**	135,006,064
	Provision made during the year	**37**	**153,522,284**	-
	Balance at the end of the year		**288,528,348**	135,006,064
21	**CASH AND BANK BALANCES**			
	Cash in hand		**109,063,508**	242,149,601
	Bank balances			
	Local Currency			
	Current		**1,352,472,739**	360,151,785
	Saving	**21.1**	**35,188,509**	32,392,196
			1,387,661,248	392,543,981
	Foreign currency-current accounts			
	USD	**21.2**	**16,657,349**	1,799,625
	EURO	**21.3**	**720,648**	546,489
			17,377,997	2,346,114
	Foreign currency-saving accounts(USD)			
	Sapphire Wind Power Company Limited (SWPCL)	**21.4**	**1,730,825,941**	1,309,747,453
	Tricon Boston Consulting Corporation (Private) Limited (TBCL)	**21.5**	**1,169,096,979**	2,670,933,305
			2,899,922,920	3,980,680,758
			4,414,025,673	4,617,720,454

21.1 Balances with banks carry profit at the rate ranging from 8% to 12% (2018: 3.75% to 3.86%) per annum.

21.2 Cash at bank on USD account was US$ 101,569 (2018: US $ 14,824).

21.3 Cash at bank on EURO account was EURO 3,867 (2018: EURO 3,867).

21.4 This includes the following balances as at 30 June 2019 held in various accounts, mentioned below, established and maintained by the subsidiary company in pursuance to the Finance Agreement dated 31 March 2014 entered into by the Company with OPIC and the Accounts Agreement dated 07 May 2014 entered into by the subsidiary company with OPIC and various branches of CitiBank, N.A.:

USD 9.570 million equivalent to Rs 1,569.49 million (2018: USD 9.786 million equivalent to Rs 1,188.028 million) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to OPIC; and

USD 0.984 million equivalent to Rs 161.34 million (2018: USD 1.003 million equivalent to Rs 121.719 million) in Dollar Maintenance Reserve account for payments against O & M Agreements as fully explained in note 32.8 to these financial statements.

Profit on balances on these accounts ranges from 1.75% to 1.48% (2018: 0.96% to 1.56%) per annum.

21.5 This represents balances as at 30 June 2019 held in various accounts, established and maintained by the Company pursuant to the Accounts Agreement dated 21 April 2017 entered into by the Company with various branches of Citibank, N.A.

Profit on balances on these accounts ranges from 1.44% to 1.90% (2018:0.70% to 1.22%) per annum.

22 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Shares 2019	No. of Shares 2018		2019 (Rupees)	2018 (Rupees)
6,206,740	6,206,740	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**62,067,400**	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as bonus shares	**138,764,000**	138,764,000
20,083,140	20,083,140		**200,831,400**	200,831,400

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

22.2 6,215,749 (2018: 6,215,349) shares of the Holding Company are held by associated companies as at the reporting date.

	Note	2019 (Rupees)	(Re-stated) 2018 (Rupees)
23 RESERVES			
Capital reserves	23.1	**(971,446,837)**	852,305,392
Revenue reserves	23.2	**18,909,455,182**	15,479,837,356
		17,938,008,345	16,332,142,748

23.1 Composition of capital reserves is as follows:

	Note	2019	2018
Share Premium	23.1.1	**156,202,200**	156,202,200
Fixed Assets Replacement Reserve	23.1.2	**65,000,000**	65,000,000
Unrealized loss on investments at fair value through OCI	23.1.3	**(1,281,758,979)**	-
Unrealized gain on available for sale investments		**-**	589,844,100
Unrealized Gain on translation of foreign operation		**88,768,725**	23,454,928
Unrealized gain on forward foreign exchange contracts		**341,217**	17,804,164
		(971,446,837)	852,305,392

23.1.1 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

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

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

	Note	2019 (Rupees)	2018 (Rupees)
23.2 Composition of revenue reserves is as follows:			
General reserves	23.2.1	**1,330,000,000**	1,330,000,000
Unappropriated profit	23.2.2	**17,579,455,182**	14,149,837,356
		18,909,455,182	15,479,837,356

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

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

24 LONG TERM FINANCING

	Note	2019	2018
Loans from banking companies - secured	24.1	**12,599,295,936**	13,342,895,403
Loans from Overseas Private Investment Corporation	24.2	**8,982,814,594**	7,781,684,357
Loans from International Finance Corporation,Asian Development Bank, Islamic Development Bank and DEG	24.3	**34,186,550,780**	20,022,877,177
		55,768,661,310	41,147,456,937

24.1 Loans from banking companies - secured

	Note	2019	2018
Allied Bank Limited	24.1.1	**2,832,884,395**	1,910,213,552
Bank Alfalah Limited - Related Party	24.1.2	**499,905,000**	499,905,000
Bank Al Habib Limited	24.1.3	**2,013,740,792**	2,389,464,268
Faysal Bank Limited	24.1.4	**95,006,000**	124,634,000
Habib Bank Limited	24.1.5	**7,821,197,334**	8,359,728,333
Diminishing musharakah from Meezan Bank	24.1.6	**309,937,500**	342,000,000
United Bank Limited	24.1.7	**1,170,626,000**	988,470,000
		14,743,297,021	14,614,415,153
Less: Current portion shown under current liabilities		**(2,144,001,085)**	(1,271,519,750)
		12,599,295,936	13,342,895,403

24.1.1 These loans carry mark-up ranging from 2.5% to 11.43% (2018: 2.50% to 6.85%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.2,659 million (2018: Rs.1,841 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Holding Company having market value of Rs.838.077 million (2018: Rs.848.489 million) as on reporting date.

24.1.2 These loans carry mark-up of 2.50% (2018: 2.50%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.588.240 (2018: Rs.509.435 million) over specific plant & machinery of the Holding Company.

24.1.3 For the Holding Company, these loans carry mark-up ranging from 2.50% to 11.13% (2018: 2.50% to 6.17%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.328 million (2018: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Holding Company having market value Rs.1,631.120 million (2018: Rs.2,602.425 million) as on reporting date.

SRL (Subsidiary Company) has obtained long term loan from Bank AL Habib Limited to meet its long term capital requirements .The repayment period of the loan is in arrears of quarterly equal installment of Rs. 25 Million over the next 3 years from the date of initiation. The markup rate is 3 months KIBOR + 2% per annum. The loan is secured against exclusive charge of Rs. 400 million over electrical equipment, furniture and fittings etc. of the Subsidiary Company.

24.1.4 These loans carry mark-up ranging from 2.50% to 6.50% (2018: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228.033 million (2018: Rs.202.700 million) over specific plant & machinery.

24.1.5 These loans carry mark-up ranging from 2.50% to 11.25% (2018: 2.50% to 6.73%) obtained in different tranches and are repayable in quarterly instalments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.8,544.773 million (2018: Rs.8,544.773 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Holding Company having market value Rs.1,037.288 million (2018: Rs.1,712.653 million) as on reporting date.

24.1.6 SRL (Subsidiary Company) has obtained long term facility from Meezan Bank Limited in July 2016 for the purchase of land, building and its commercialization fee. The facility is for 10 years tenure including 2 years grace period after which principal is repayable in quarterly installments. The markup rate is 3 months KIBOR + 0.45% per annum. The facility is secured against first charge over the purchased land and building of the subsidiary company (SRL).

24.1.7 These loans carry mark-up at the rate of 2.50% (2018: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,425 million (2018: Rs.988.553 million) over specific plant & machinery of the Holding Company.

24.2 Loans from Overseas Private Investment Corporation

	2019	2018
	(Rupees)	(Rupees)
Opening balance	**9,031,048,357**	8,330,732,574
Receipt during the year	**-**	403,200,000
Exchange loss	**2,963,854,327**	1,264,668,962
Transaction cost	**-**	(18,385,560)
Amortization of transaction cost	**22,635,000**	20,838,521
	12,017,537,684	10,001,054,497
Repaid during the year	**(1,409,681,875)**	(970,006,140)
	10,607,855,809	9,031,048,357
Less: Current portion shown under current liabilities	**(1,625,041,215)**	(1,249,364,000)
	8,982,814,594	7,781,684,357

This represents long term finance facility of USD 95 million obtained from OPIC for the construction of the wind power project at Jhimpir in accordance with the Finance Agreement dated 31 March 2014. The Subsidiary Company has fully availed the loan facility during the previous year. The security for the loan includes all the current and future assets of the SWPCL (Subsidiary Company). It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 3.7% OPIC guarantee fee per annum. As of 30 June 2019, the principal amount is repayable in thirteen unequal semi annual installments ending on 10 October 2025 in accordance with the amortization schedule provided by OPIC.

24.3 Loans from International Finance Corporation,Asian Development Bank, Islamic Development Bank and DEG

	2019	2018
	(Rupees)	(Rupees)
Opening balance	**20,835,460,122**	-
Receipt during the year	**7,799,500,800**	18,764,589,570
Transaction cost	**-**	(425,948,078)
Amortization of transaction cost	**38,914,836**	17,790,920
Exchange loss	**9,827,101,440**	2,479,027,710
	38,500,977,198	20,835,460,122
Repaid during the period	**(1,309,342,320)**	-
	37,191,634,878	20,835,460,122
Less: Current portion shown under current liabilities	**(3,005,084,098)**	(812,582,945)
	34,186,550,780	20,022,877,177

This represents long term finance facility of USD 237.60 million (equivalent to Rs.28,893 million) obtained from IFC, ADB, IsDB and DEG for the construction of the projects at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of TBCL (Subsidiary Company). It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 4.5% fee per annum. The principal amount is repayable in nineteen unequal semi annual instalments ending on September 2028.

25 DEFERRED LIABILITIES

	Note	2019	2018
		(Rupees)	(Rupees)
Deferred taxation	**25.1**	**166,538,710**	184,475,791
Staff retirement benefits - gratuity	**25.2**	**272,908,701**	225,857,306
		439,447,411	410,333,097

25.1 Deferred taxation

Deferred tax liability / (asset) as at year end comprises of temporary differences relating to:

	Note	2019	2018
Accelerated tax depreciation allowances		**334,917,532**	319,034,694
Investment in associates		**11,509,101**	9,806,211
Staff retirement benefits - gratuity		**(18,044,723)**	(17,887,673)
Provision for stores, spares and loose tools		**(4,328,873)**	(4,419,830)
Provision for leave encashment and bonus		**(3,915,000)**	(6,283,957)
Minimum tax available for carry forward	**25.1.2**	**(58,834,980)**	(47,631,479)
Minimum tax carried forward		**(94,764,347)**	(68,142,175)
		166,538,710	184,475,791

25.1.1 The temporary differences associated with investments in the Group's associate, for which a deferred tax liability has not been recognised in the periods presented, aggregate to Rs. 92.84 million (2018: Rs. 70.45 million). The Group has determined that the undistributed profits of its associates will not be distributed in the foreseeable future. Furthermore, the Group has also no intention to sell the investments in its associate in the forseeable future. Hence, there are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by the Group to its shareholders.

25.1.2 The aggregate unused tax losses and minimum tax credits available to SRL (subsidiary company) for set off against future taxable profit as at 30 June 2019 amount to Rs. 999.85 million and Rs. 103.29 million respectively. Of these, deferred tax assets on unused tax losses arising from depreciation and minimum tax credits amounting to Rs. 326.77 and Rs. 40.68 million respectively have been recognized.

Expiry of tax losses (excluding depreciation) and minimum tax credits for which no deferred tax asset has been recognized is as follows:

Tax Year	Nature	2019	2018
		Rupees	**Rupees**
2023	Business loss	**12,081,851**	55,124,156
2024	Business loss	**660,998,102**	621,661,440
2020	Minimum tax credit	**3,625,664**	3,625,664
2021	Minimum tax credit	**13,211,118**	-
2022	Minimum tax credit	**17,140,632**	-
2023	Minimum tax credit	**28,631,627**	28,614,321
		735,688,994	709,025,581

25.2 Staff retirement benefits

	Note	2019 Rupees	2018 Rupees
Movement in the net liability recognized in the statement of financial position			
Opening net liability		**225,857,306**	204,111,474
Expense for the year in profit and loss	25.2.1	**109,967,518**	91,728,805
Remeasurement recognized in other comprehensive income		**8,535,640**	13,604,382
		344,360,464	309,444,661
Benefits paid during the year		**(71,451,763)**	(83,132,355)
Benefits due but not paid		**-**	(455,000)
Closing net liability		**272,908,701**	225,857,306

25.2.1 Expense recognized in the statement of profit or loss

	2019 Rupees	2018 Rupees
Current service cost	**92,855,690**	79,184,022
Interest cost	**17,111,828**	12,544,783
	109,967,518	91,728,805

Movement in the present value of defined benefit obligation

	2019	2018
Opening balance	**225,857,306**	204,111,474
Current service cost	**92,855,690**	79,184,022
Interest cost	**17,111,828**	12,544,783
Actuarial loss	**8,535,640**	13,604,382
Benefits paid	**(71,451,763)**	(83,132,355)
Benefits due but not paid	**-**	(455,000)
	272,908,701	225,857,306

Historical information	2019	2018	2017	2016	2015
	Rupees				
Present value of defined benefit obligation	**272,908,701**	225,857,306	204,111,474	250,766,027	272,019,736
Experience adjustments on plan liabilities	**(8,535,640)**	(13,604,382)	7,398,992	9,965,376	(16,363,523)

- Expected gratuity expenses charged to profit and loss for the year ending 30 June 2020 works out to Rs.147,516,581
- The weighted average duration of defined benefit obligation is 5 years.

General description

The scheme provides for terminal benefits for its eligible employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method. Latest actuarial valuation was carried out on 30 June 2019.

Principal actuarial assumptions

Following are a few important actuarial assumption used in the valuation:	2019 %	2018 %
Discount rate	**14.25**	9.00
Expected rate of increase in salary	**13.25**	8.00
Average age of employees	**31.6 years**	31.2 years
Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions	Decrease in assumptions
	-------- Rupees in 000 --------	
Discount rate	**259,811**	**287,754**
Increase in future salaries	**288,697**	**258,701**

26 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2019 (Rupees)	2018 (Rupees)
Present value of minimum lease payments	**14,452,087**	40,668,780
Less: Current portion shown under current liabilities	**(3,807,116)**	(8,878,906)
	10,644,971	31,789,874

	Minimum lease payments	Finance cost for future periods	Principal outstanding
		2019	
	----------------	**Rupees**	----------------
Not later than one year	**5,532,562**	**1,725,446**	**3,807,116**
Later than one year but not later than five years	**12,531,746**	**1,886,775**	**10,644,971**
Above five years	**-**	**-**	**-**
	18,064,308	**3,612,221**	**14,452,087**
		2018	
	----------------	Rupees	----------------
Not later than one year	11,552,883	2,673,977	8,878,906
Later than one year but not later than five years	35,848,674	4,058,800	31,789,874
Above five years	-	-	-
	47,401,557	6,732,777	40,668,780

Salient features of the leases are as follows:	**2019 Rupees**	2018 Rupees
Applicable Rate	**1 Month KIBOR + 0.5%**	1 Month KIBOR + 0.5%
Discounting factor	**8.43%-12.61%**	5.07%-5.12%
Period of lease	**60 months/48 months**	60 months
Security deposits	**15%**	15%

SRL (Subsidiary Company) has entered into finance lease arrangements with Bank Al Habib Limited for leased vehicles. The liabilities under these arrangements are payable in monthly installments and above mentioned mark-up rates are used as discounting factor to determine the present value of minimum lease payments.

Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposit. There are no financial restrictions imposed by lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

27	TRADE AND OTHER PAYABLES	Note	2019 (Rupees)	2018 (Rupees)
	Creditors	27.1	**1,654,108,744**	4,117,067,181
	Accrued liabilities	27.2	**2,462,971,599**	2,146,704,609
	Advances from customers		**-**	848,204,618
	Workers' profit participation fund	27.3	**268,576,118**	113,804,648
	Workers' welfare fund		**346,498,561**	287,938,361
	Infrastructure fee	27.4	**262,476,055**	171,604,152
	Lender fees and charges payable		**65,537,913**	15,727,063
	Tax deducted at source		**1,070,147**	8,161,458
	Provision against accumulating compensated absences		**13,500,000**	5,591,638
	Payable to provident fund		**7,288,404**	7,270,759
	Others		**7,944,852**	7,387,080
			5,089,972,393	7,729,461,567

27.1 These balances include the following amounts due to related parties:

Amer Cotton Mills (Private) Limited	**17,499**	281,201
Diamond Fabrics Limited	**-**	906,830
Reliance Cotton Spinning Mills Limited	**-**	2,389,600
Sapphire Fibres Limited	**4,949,420**	19,952,380
Sapphire Finishing Mills Limited	**2,515,398**	2,378,650
	7,482,317	25,908,661

27.2 These balances include the following amount due to related party:

Sapphire Power Generation Limited	**-**	6,322,962

27.3 Workers' profit participation fund

	Note	2019	2018
Balance at the beginning of the year		**113,804,648**	89,197,910
Allocation for the year	37	**99,005,254**	59,029,338
Receivable from CPPA-G	18.1	**169,570,864**	54,775,310
Interest on funds utilized in the Group's business	39	**719,673**	3,784,843
		269,295,791	117,589,491
		383,100,439	206,787,401
Less: Payments during the year		**(114,524,321)**	(92,982,753)
Balance at the end the year		**268,576,118**	113,804,648

27.4 It includes Rs.214,405,369 (2018: Rs.170,290,058) representing provision recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Holding Company has contested this issue in the Sindh High Court (the High Court). The High Court in its judgment dated 15 September 2008 partly accepted the appeal by declaring the levy and collection of infrastructure fee prior to 28 December 2006 as illegal and ultra vires and afterward as legal. The Holding Company filed an appeal in the Supreme Court against this judgement. Additionally, the Government of Sindh also filed appeal for 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 27 December 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to 27 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at 30 June 2019, the Holding Company has provided bank guarantees aggregating Rs.214.823 million (2018: Rs.174.823 million) in favour of Excise and Taxation Department.

28 CONTRACT LIABILITIES

It includes advances received from Creadore A/S Denmark amounting Rs.45,117,361 (2018: Rs. 15,321,986)

29 ACCRUED INTEREST / MARK-UP

	Note	2019	2018
		(Rupees)	(Rupees)
Accrued interest / mark-up on secured:			
- long term financing		358,597,542	237,441,131
- short term borrowings		180,649,956	92,691,259
		539,247,498	330,132,390

29.1 Accrued mark-up includes an amount of Rs.9,637,049 (2018: Rs.7,992,059) due to Bank Alfalah Limited - related party.

30 SHORT TERM BORROWINGS

	Note	2019	2018
Short term loans	30.1	5,009,967,750	5,100,000,000
Running finance under mark-up arrangements	30.1	3,312,693,610	2,908,899,448
Running Musharakah facility	30.2	297,736,782	285,132,918
		8,620,398,142	8,294,032,366
Bank overdrafts		-	840,035
Loan from related parties	30.3	237,843,000	-
		8,858,241,142	8,294,872,401

30.1 Aggregate facilities amounting to Rs.15,662 million (2018: Rs.15,080 million) were available to the Group from banking companies. These are secured against hypothecation charge on stock in trade, book debts, export bills under collection and pledge of shares. These carry mark up ranging 2.15% to 13.30% (2018: 2.15% to 7.42%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.813.804 million (2018: Rs.694.849 million) due to Bank Alfalah Limited (related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.10,537.550 million (2018: Rs.8,330.865 million) out of which the amount remained unutilised at the year-end was Rs.6,625.350 million (2018: Rs.3,408.531 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

30.2 Running Musharakah facility available from commercial bank aggregates to Rs 300 million (2018: Rs 300 million) at profit rate of 1 month KIBOR plus 0.15% and 0.25% (2018: 3 month KIBOR plus 0.05% and 0.15%) per annum. The amount utilized as at 30 June 2019, for Musharakah was Rs. 297.7 million (2018: Rs 285 million). The facilities are secured against pari passu charge on the current assets of SRL (subsidiary company) with 10% risk margin, and lien on import documents. The mark-up rate charged during the year on the outstanding balance ranges from 7.18% to 13.05% (2018: 6.19% to 6.65%) per annum.

30.3 It includes loans received from related parties, which are interest free, unsecured and payable by the entity on demand. Details of the parties are as follows:

	2019	2018
	(Rupees)	(Rupees)
Loan from Directors and their spouses	148,140,000	-
Loan from major shareholders	19,443,000	-
Loan from associated companies	70,260,000	-
	237,843,000	-

31 PROVISION FOR TAXATION

	2019	2018
	(Rupees)	(Rupees)
Balance at the beginning of the year	480,944,706	382,037,656
Provision for the year	448,688,960	337,416,161
	929,633,666	719,453,817
Less: Advance tax adjusted during the year against completed assessments	(253,571,720)	(238,509,111)
	676,061,946	480,944,706

32 CONTINGENCIES AND COMMITMENTS

Contingencies

	2019	2018
32.1 Guarantees issued by banks on behalf of the Group	624,093,587	610,003,587

32.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 30 June 2019 the value of these cheques amounted to Rs.720.484 million (2018: Rs.578.991 million).

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

32.4 Irrevocable letter of credit of USD 1.17 million equivalent to Rs 192.47 million (2018: USD 3.9 million equivalent to Rs 474.240 million) in favour of CitiBank, N.A. as per the terms of the Finance Agreement dated 31 March 2014.

32.5 Also refer to content of note 10.3.2 and 10.3.3.

32.6 **Commitments**	Note	**2019**	2018
		(Rupees)	(Rupees)
Commitments in respect of confirmed letter of credit	**32.6.1**	**1,441,047,702**	1,730,736,025
Commitments in respect of capital expenditure	**32.6.2**	**128,731,342**	378,946,437
		1,569,779,044	2,109,682,462

32.6.1 Confirmed letter of credit in respect of:

	2019	2018
- plant and machinery	**297,630,174**	1,066,038,792
- raw material	**1,092,206,126**	599,235,302
- stores and spares	**51,211,402**	65,461,931
	1,441,047,702	1,730,736,025

32.6.2 This includes commitments for payments to be made for to various construction companies for the construction and extension on existing building at multiple plants of the Holding Company.

32.7 SWPCL (Subsidiary Company) has an agreement with General Electric International Inc. ('General Electric') for the Operations and Maintenance ('O & M') of the wind power plant for a period of eight years from the Taking-Over Date i.e. 07 March 2018 as per terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. Under the terms of above mentioned O & M Agreement, the Company is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreement.

32.8 The amount of future payments under non-cancellable operating leases of SWPCL (Subsidiary Company) and the period in which these payments will become due are as follows:

	2019	2018
	(Rupees)	(Rupees)
Later than one year but not later than five years	**7,340,025**	8,640,025
Later than five years	**59,014,795**	61,758,795
	66,354,820	70,398,820

This represents rentals to AEDB for a 20 years lease of 1,372 acres of land, situated in Jhimpir, District Thatta on which the wind power plant is installed. The aforementioned land has been allocated to the company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated 13 February 2008. The subsidiary company, in order to gain access to the land for conducting feasibility/other associated studies, had signed an Agreement to Lease with AEDB dated 21 September 2008. However, the formal site sub-lease agreement was signed on 11 March 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

32.9 The amount of future payments by TBCL (Subsidiary Company) under lease agreement with Government of Sindh in respect of land and the period in which these payments will become due are as follows:

	2019	2018
	(Rupees)	(Rupees)
Later than one year but not later than five years	**11,556,000**	7,704,000
Later than five years	**79,259,225**	83,111,225
	90,815,225	90,815,225

32.10 TBCL (Subsidiary Company) has three Warranty Period Operations & Maintenance Agreements (WP O&M Agreement) with Hydrochina International Engineering Company Limited ('HydroChina') for the Operations and Maintenance of the wind power plants (Project A, B and C) for a period of two years from the taking-over date. As per terms of the WP O&M Agreements dated 26 September 2016 as amended by Supplemental Agreement dated 06 May 2017, the Subsidiary Company is required to pay a monthly fixed fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the WP O&M Agreements.

32.11 TBCL (Subsidiary Company) has also signed three Long Term Operations & Maintenance Agreement ('LTOMA') for a term of eight years starting from the end of the above mentioned HydroChina's WP O&M Agreements, with General Electric International Inc. ('GE'). As per terms of the LTOMA, the Subsidiary Company is required to pay a monthly fixed fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the LTOMA.

33 NET TURNOVER

	Note	Export Sales 2019	Export Sales 2018	Local Sales 2019	Local Sales 2018	Total 2019	Total 2018
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Yarn	33.2	13,255,163,103	9,471,685,784	1,427,028,111	3,233,972,878	14,682,191,214	12,705,658,662
Fabric	33.3	10,842,110,781	7,230,285,519	455,019,418	1,565,612,474	11,297,130,199	8,795,897,993
Clothing items		9,310,842	7,924,417	10,497,133,111	6,935,944,214	10,506,443,953	6,943,868,631
Home textile products		5,183,496,486	4,406,382,128	219,485,459	174,612,090	5,402,981,945	4,580,994,218
Raw material		-	-	29,873,566	167,293,148	29,873,566	167,293,148
Accessories		-	-	318,470,085	412,065,351	318,470,085	412,065,351
Waste	33.4	179,230,548	196,986,230	260,379,471	209,492,012	439,610,019	406,478,242
Processing income		-	-	146,025,628	120,346,431	146,025,628	120,346,431
Power Generation		-	-	10,755,034,731	2,904,920,608	10,755,034,731	2,904,920,608
		29,469,311,760	21,313,264,078	24,108,449,580	15,724,259,206	53,577,761,340	37,037,523,284
Export rebate and duty drawback						160,828,378	530,178,001
Less: sales tax						(1,388,225,573)	(765,059,178)
Less: Discounts to customers						(2,708,747,108)	(1,422,079,336)
						49,641,617,037	35,380,562,771

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

	2019	2018
33.2 Export sales - Yarn	(Rupees)	(Rupees)
Direct export	4,676,488,556	5,462,045,092
In-direct export	8,578,674,547	4,009,640,692
	13,255,163,103	9,471,685,784
33.3 Export sales - Fabric		
Direct export	8,059,404,814	6,262,731,478
In-direct export	2,782,705,967	967,554,041
	10,842,110,781	7,230,285,519

33.4 Export waste sales represent comber noil sales.

33.5 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.77.652 million (2018: loss of Rs.28.849 million) has been included in export sales.

34	COST OF SALES	Note	2019	(Restated) 2018
			(Rupees)	(Rupees)
	Raw material consumed	34.1	**20,354,059,634**	17,212,736,572
	Packing material consumed		**518,321,259**	472,220,608
	Stores and spares consumed		**918,861,102**	836,920,422
	Salaries, wages and benefits	34.2	**4,062,945,352**	3,366,066,861
	Fuel, power and water		**2,251,281,973**	2,172,225,230
	Other manufacturing expenses	34.3	**3,647,161,320**	2,727,255,729
	Repair and maintenance		**1,013,762,303**	325,913,094
	Vehicle running expenses		**55,301,751**	36,398,134
	Travelling and conveyance		**85,248,245**	58,495,449
	Site management expenses		**28,185,492**	14,825,104
	Insurance expenses		**61,717,142**	54,518,518
	Rent, rates and taxes		**47,312,599**	58,530,597
	Fees and subscription		**7,867,846**	8,878,974
	Communication expenses		**31,986,744**	25,786,471
	Printing and stationery		**4,156,644**	4,931,250
	Legal and professional charges		**1,012,448**	2,516,035
	Security		**6,008,140**	2,909,249
	Depreciation	7.6	**3,226,085,387**	1,668,457,533
	Miscellaneous expenses		**37,378,133**	5,388,079
			36,358,653,514	29,054,973,909
	Work in process			
	Opening stock		**1,624,710,151**	921,557,555
	Closing stock	14 & 34.4	**(1,705,135,329)**	(1,624,710,151)
			(80,425,178)	(703,152,596)
	Cost of goods manufactured		**36,278,228,336**	28,351,821,313
	Finished goods			
	Opening stock		**1,261,823,192**	1,245,471,130
	Closing stock	14 & 34.5	**(2,230,290,145)**	(1,261,823,192)
			(968,466,953)	(16,352,062)
	Cost of goods sold - manufactured		**35,309,761,383**	28,335,469,251
	Cost of raw material sold	34.6	**45,247,572**	192,126,793
	Cost of sales - purchased for resale		**437,523,132**	328,949,967
			35,792,532,087	28,856,546,011
34.1	**Raw material consumed**			
	Opening balance		**4,446,479,832**	4,103,498,965
	Purchases		**21,392,576,779**	17,555,717,439
			25,839,056,611	21,659,216,404
	Closing stock	14	**(5,484,996,977)**	(4,446,479,832)
			20,354,059,634	17,212,736,572

34.2 Salaries, wages and benefits include Rs.109,967,518 (2018: Rs.88,856,272) in respect of post employment benefits - gratuity and Rs.46,103,168 (2018: Rs.30,861,747) in respect of provident fund contribution.

34.3 Other manufacturing expenses

	2019	2018
	(Rupees)	(Rupees)
Cotton dyeing, bleaching and bale pressing charges	**179,369,514**	166,818,944
Yarn dyeing and bleaching charges	**47,647,855**	34,505,720
Fabric dyeing, bleaching, knitting and processing charges	**3,006,434,469**	2,244,049,156
Weaving and yarn doubling charges	**48,831,353**	73,440,836
Designing Cost	**5,749,522**	84,176,011
Stitching, spinning and other charges	**90,614,042**	50,974,728
Embroidery charges	**268,514,565**	73,290,334
	3,647,161,320	2,727,255,729

34.4 This includes net charge / (reversal) for provision of write down of work in process amounting to Rs. (60,625,350) (2018: charge of Rs.61,825,350)

34.5 This includes (reversal) / provision for write down of own manufactured finished goods amounting to Rs. (5,872,188) (2018: charge of Rs.5,872,188)

34.6 It includes salaries, wages and benefits, insurance and finance cost amounting Rs.400,421 (2018: Rs.1,221,371), Rs.800,842 (2018: Rs.2,442,743) and Rs.4,004,210 (2018: Rs.8,549,601) respectively.

35 DISTRIBUTION COST	Note	2019	2018
		(Rupees)	(Rupees)
On export sales			
Export development surcharge		**45,441,414**	41,541,227
Insurance		**7,313,037**	4,979,842
Commission		**254,905,801**	256,771,709
Ocean freight and forwarding		**380,184,579**	371,767,472
		687,844,831	675,060,250
On local sales			
Inland freight and handling		**161,465,893**	105,167,065
Commission		**53,010,756**	41,052,315
		214,476,649	146,219,380
Other distribution cost			
Salaries and benefits	35.1	**455,294,307**	346,851,243
Rent and utilities		**486,795,946**	368,510,900
Communication		**27,049,362**	21,311,320
Travelling, conveyance and entertainment		**96,938,830**	74,358,398
Repair and maintenance		**255,831,983**	207,969,023
Fees and subscription		**10,578,633**	4,580,890
Samples and advertising		**342,265,518**	302,263,381
Packing material		**54,937,953**	63,316,501
Exhibition expenses		**10,822,151**	22,691,168
Designer charges		**-**	366,521,130
Retail outlet expenses		**55,498,048**	45,435,133
Legal and professional charges		**1,096,153**	3,228,060
Depreciation	7.6	**148,818,386**	112,774,756
Computer, printing and stationery		**8,994,396**	7,420,722
Insurance		**393,916**	-
Others		**185,493**	10,592,587
		1,955,501,075	1,957,825,212
		2,857,822,555	2,779,104,842

35.1 Salaries and benefits include Rs.16,310,878 (2018: Rs.11,506,517) in respect of provident fund contribution.

		Note	2019	2018
			(Rupees)	(Rupees)
36	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**45,600,000**	31,200,000
	Directors' meeting fee		**2,100,000**	2,050,000
	Salaries and benefits	**36.1**	**379,103,531**	434,886,583
	Rent, rates and utilities		**49,137,021**	33,996,456
	Communication		**18,776,983**	15,123,345
	Printing and stationery		**10,994,632**	9,543,045
	Travelling, conveyance and entertainment		**58,145,749**	65,504,678
	Motor vehicle expenses		**21,068,478**	17,355,175
	Repair and maintenance		**34,783,471**	35,175,732
	Insurance expense		**5,816,367**	4,952,202
	Legal and professional charges		**38,352,088**	57,169,451
	Fees and subscription		**35,205,963**	31,293,325
	Computer expenses		**8,202,979**	12,050,628
	Advertisement		**136,630**	1,131,435
	Depreciation	**7.6**	**77,451,221**	55,676,021
	Others		**10,864,766**	8,504,016
			795,739,879	815,612,092

36.1 Salaries and benefits include Rs.12,370,357 (2018: Rs.13,916,707) in respect of provident fund contribution.

		Note	2019	2018
37	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	**27.3**	**99,005,254**	59,029,338
	Workers' welfare fund		**60,122,623**	39,770,240
	Auditors' remuneration	**37.1**	**7,391,244**	6,890,137
	Donations	**37.2**	**14,167,030**	10,112,485
	Amortization of intangible assets	**9.1**	**7,295,553**	4,122,717
	Provision for stores, spares and loose tools	**13.2**	**9,663,308**	3,507,811
	Balance written off during the year		**16,545,891**	-
	Provision against doubtful sales tax refundable	**20.1**	**153,522,284**	-
	Impairment of receivable	**18.3**	**107,838,889**	-
	Loss on sale of fixed assets	**7.7**	**31,203,306**	-
	Loss on write-off of intangible assets	**9.1**	**8,969,460**	-
	Exchange loss on remeasurement of long term liability		**-**	55,160
			515,724,842	123,487,888

		Note	2019	2018
37.1	**Auditors' remuneration**		**(Rupees)**	(Rupees)
	Audit fee		**4,682,400**	4,115,400
	Half yearly review fee		**423,000**	423,000
	Code of corporate governance review fee		**85,850**	85,850
	Other certification / services		**1,560,900**	1,945,917
	Taxation Services		**300,000**	-
	Out of pocket expenses		**339,094**	319,970
			7,391,244	6,890,137
	A.F Ferguson & Company			
	Audit fee		**1,152,000**	1,000,000
	Other assurance services		**508,400**	669,000
	Taxation services		**300,000**	-
	Out of pocket expenses		**177,229**	199,435
			2,137,629	1,868,435
	EY Ford Rhodes			
	Audit fee		**2,468,000**	835,000
	Half yearly review fee		**423,000**	-
	CCG		**85,850**	-
	Other certification		**105,000**	-
	Out of pocket expenses		**61,865**	56,785
			3,143,715	**891,785**
	Shinewing Hameed Chaudhri & Company			
	Audit fee		**32,400**	32,400
	Deloitte Yousuf Adil			
	Audit fee		**1,030,000**	630,000
	Other assurance services		**947,500**	970,000
	Out of pocket		**100,000**	50,000
			2,077,500	**1,650,000**
	Mushtaq & Company			
	Audit fee		**-**	1,618,000
	Half yearly review		**-**	423,000
	Code of corporate governance		**-**	85,850
	Other certification charges		**-**	306,917
	Out of pocket expenses		**-**	13,750
			-	2,447,517

37.2 Donation to following organisations are greater than 10% of total donation (Rs.1,416,703) of the group.

	Note	2019	2018
Network of Organisations Working for People with Disabilities Pakistan (NOWPDP)		**1,500,000**	1,000,000
Abdullah Foundation	**37.2.1**	**2,300,000**	-
		3,800,000	1,000,000

37.2.1 Following Directors of the Company have interest in Abdullah Foundation (donee) .

Name of director	Interest in donee	Name and address of donee
Mr. Mohammad Abdullah	Director	**Abdullah Foundation, 312, Cotton Exchange Building,I.I. Chundrigar Road, Karachi.**
Mr. Shahid Abdullah	Director	
Mr. Nadeem Abdullah	Director	
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	
Mr. Shayan Abdullah	Director	

		Note	2019	2018
38	**OTHER INCOME**		(Rupees)	(Rupees)
	Income from financial assets			
	Dividend income		**397,379,333**	428,732,815
	Gain on sale of investments		**-**	45,941,094
	Exchange gain on foreign currency accounts		**3,541,393**	1,077,885
	Interest income on saving account and bonds		**125,618,084**	13,973,582
			526,538,810	489,725,376
	Income from non-financial assets			
	Gain on sale of property, plant and equipment - net		**-**	47,088,519
	Credit balance written-back		**6,883,216**	1,240,625
	Scrap sales [Net of sales tax aggregating Rs.9.783 million (2018: Rs.5.708 million)]		**51,626,400**	48,321,835
			58,509,616	96,650,979
			585,048,426	586,376,355
39	**FINANCE COST**			
	Interest / mark-up on :			
	- short term finances		**938,195,032**	488,335,964
	- long term loans		**3,663,698,501**	1,292,194,982
	- Workers' Profit Participation Fund	**27.3**	**719,673**	3,784,843
	- finance lease		**2,590,689**	1,946,888
			4,605,203,895	1,786,262,677
	Bank charges, commission and others charges		**267,592,498**	189,922,288
	Amortization of loan transaction cost		**54,692,808**	20,838,521
	Lender's fees and charges		**42,626,164**	31,371,412
	Exchange loss on foreign currency loans		**-**	1,469,231
			4,970,115,365	2,029,864,129
40	**TAXATION**			
	Current tax			
	- for the year		**466,594,556**	337,511,322
	- prior year		**(17,905,596)**	(46,892)
			448,688,960	337,464,430
	Deferred tax		**(17,372,704)**	53,830,286
			431,316,256	391,294,716

There is no relationship between tax expense and accounting profit, since the Holding Company's profits are subject to tax under the Final Tax Regime for the current year, SRL's (subsidiary company) current tax represents minimum tax under Income Tax Ordinance, 2001 and for the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 6.13. Accordingly, no numerical reconciliation has been presented.

40.1 The Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company at the rate of 7.5%, for the year ended June 30, 2017, of its accounting profit before tax for the year. However, this tax shall not apply in case the Company distribute 40% of the accounting profit through cash dividend within six months of the end of the said year. The Holding Company filed a Constitutional Petition (CP) before the Honorable Sindh High Court (SHC), Sindh on July 28, 2017 challenging the vires of amended Section 5A of the Income Tax Ordinance, 2001, and SHC accepted the CP and granted stay against the newly amended section 5A. In case the SHC's decision is not in favour of the Holding Company; the Holding Company will either be required to declare amount of dividend or it will be liable to pay additional tax at the rate of 7.5% of its profit before tax for the financial year ended June 30, 2017. As at reporting date no charge has been recorded in this respect.

40.2 The Board of Directors of the Holding Company has proposed a dividend amounting to Rs.522.162 million in their meeting held on 26 September 2019 for the financial and tax year 2019 which meets the prescribed minimum dividend requirement as referred above. Therefore, the Holding Company believes that it would not be liable to pay tax on its undistributed reserves as of 30 June 2019.

41 EARNINGS PER SHARE - BASIC AND DILUTED

		2019	2018
Profit after taxation for the year attributable to equityholders of the parent	Rupees	**3,760,432,789**	789,801,433
Weighted average number of ordinary shares	Number	**20,083,140**	20,083,140
Earnings per share - basic and diluted	Rupees	**187.24**	39.33

42 CASH GENERATED FROM OPERATIONS

	Note	2019	(Restated) 2018
		(Rupees)	(Rupees)
Profit before taxation and share of profit of associates		**5,294,730,735**	1,362,324,164
Adjustments for non-cash items:			
Depreciation on operating fixed assets		**3,452,354,994**	1,836,908,310
Gain on sale of investments		**-**	(45,941,094)
Amortization of intangible assets		**7,295,553**	4,122,717
Interest income		**(125,618,084)**	(13,973,582)
Loss / (gain) on sale of property, plant and equipment		**31,203,306**	(47,088,519)
Loss on write-off of Intangible assets		**8,969,460**	-
Dividend income		**(397,379,333)**	(428,732,815)
Provision for gratuity		**109,967,518**	91,728,805
(Reversal)/Provision of provision of stocks		**(73,670,332)**	74,870,332
Amortization of transaction cost		**54,692,808**	20,838,521
Provision for stores, spares and loose tools		**9,663,308**	3,507,811
Credit balance written back		**(6,883,216)**	(1,240,625)
Balance written off during the year		**16,545,891**	-
Impairment of receivable		**107,838,889**	-
Exchange differences		**-**	55,160
Finance cost		**4,915,422,557**	2,007,556,377
		8,110,403,319	3,502,611,398
Operating cash flow before changes in working capital		**13,405,134,054**	4,864,935,562
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		**(135,675,803)**	(151,671,703)
Stock-in-trade		**(2,184,773,584)**	(925,804,134)
Trade debts		**(1,645,223,262)**	(1,250,581,438)
Loans and advances		**86,916,064**	(65,012,469)
Trade deposits and short term prepayments		**(4,340,585)**	5,730,905
Other receivables		**(2,017,409,435)**	(687,783,141)
		(5,900,506,605)	(3,075,121,980)
Increase in current liabilities			
Trade and other payables		**(2,632,605,958)**	3,317,916,570
Contract liabilities		**850,602,812**	-
		5,722,624,303	5,107,730,152

43 CASH AND CASH EQUIVALENTS

	Note	2019	2018
Bank overdrafts		**-**	(840,035)
Cash and bank balances	21	**4,414,025,673**	4,617,720,454
		4,414,025,673	4,616,880,419

44 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. The remuneration of key management personnel is disclosed in note 48. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

	Relationship with the Company	Nature of transactions	2019 (Rupees)	2018 (Rupees)
(i)	Associates	Sales of yarn/fabric/processing/stores	2,024,157,587	1,682,722,816
		Purchase of yarn/fabric/processing/stores/rent/fixed assets	358,482,018	579,806,538
		Purchase of electricity / steam	10,886,678	185,673,211
		Expenses charged to the Company	44,785,484	40,661,316
		Expenses charged by the Company	8,683,181	6,348,750
		Markup charged by the Company	44,800,008	51,687,622
		Dividend paid	209,971,634	99,000,001
		Dividend received	32,501,100	18,474,652
		Loans obtained net	189,215,131	156,770,929
(ii)	Others	Contribution to provident fund	74,784,403	56,284,971
		Loan from directors and related parties	167,583,000	-
		Sale of vehicles to key management personnel	4,569,482	-

44.1 The related parties with whom the Group had entered into transactions or have arrangement / agreement in place are following:

Company Name	Basis of relationship	Aggregate % of shareholding
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Private) Limited	Associated Company	21.36%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Private) Limited	Common directorship	N/A
Sapphire Finishing Mills Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Amer Cotton Mills (Private) Limited	Common directorship	N/A
Four Strength (Private) Limited	Common directorship	N/A
Bank Alfalah Limited	Investor in a subsidiary of the Group	N/A
Amer Tex (Private) Limited	Common directorship	N/A
Galaxy Agencies (Private) Limited	Common directorship	N/A
Nadeem Enterprises (Private) Limited	Common directorship	N/A
Neelum Textile Mills (Private) Limited	Common directorship	N/A
Sapphire Agencies (Private) Limited	Common directorship	N/A
Green Field Enterprises (Private) Limited	Subsidiary of an associated Group	N/A

45 SEGMENT ANALYSIS

45.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Elimination of inter segment transaction	Total
	Rupees					
For the year ended 30 June 2018						
Net turnover	**19,608,053,545**	**12,903,643,914**	**14,838,423,013**	**9,548,078,730**	**(7,256,582,165)**	**49,641,617,037**
Cost of sales	**(17,552,744,021)**	**(10,718,036,734)**	**(11,364,812,697)**	**(3,413,520,800)**	**7,256,582,165**	**(35,792,532,087)**
Gross Profit	**2,055,309,524**	**2,185,607,180**	**3,473,610,316**	**6,134,557,930**	**-**	**13,849,084,950**
Distribution cost	**(371,752,061)**	**(440,150,291)**	**(2,046,517,769)**	**597,566**	**-**	**(2,857,822,555)**
Administrative expenses	**(248,163,598)**	**(104,641,636)**	**(279,187,716)**	**(163,746,929)**	**-**	**(795,739,879)**
	(619,915,659)	**(544,791,927)**	**(2,325,705,485)**	**(163,149,363)**	**-**	**(3,653,562,434)**
Profit before taxation and unallocated income and expenses	**1,435,393,865**	**1,640,815,253**	**1,147,904,831**	**5,971,408,567**	**-**	**10,195,522,516**
Depreciation	**564,441,305**	**258,418,689**	**507,440,779**	**2,122,054,221**	**-**	**3,452,354,994**
For the year ended 30 June 2018						
Net turnover	16,714,642,741	10,231,570,712	11,164,066,685	2,510,988,607	(5,240,705,974)	35,380,562,771
Cost of sales	(15,315,455,894)	(8,727,750,009)	(9,100,052,268)	(953,993,814)	5,240,705,974	(28,856,546,011)
Gross Profit	1,399,186,847	1,503,820,703	2,064,014,417	1,556,994,793	-	6,524,016,760
Distribution cost	(377,797,545)	(354,246,521)	(2,047,060,776)	-	-	(2,779,104,842)
Administrative expenses	(222,410,358)	(112,132,716)	(334,854,428)	(146,214,590)	-	(815,612,092)
	(600,207,903)	(466,379,237)	(2,381,915,204)	(146,214,590)	-	(3,594,716,934)
Profit before taxation and unallocated income and expenses	798,978,944	1,037,441,466	(317,900,787)	1,410,780,203	-	2,929,299,826
Depreciation	523,414,937	223,539,013	486,542,680	604,048,394	-	1,837,545,024

Reconciliation of operating results with profit after tax is as follows:

	2019	2018
	(Rupees)	(Rupees)
Total results for reportable segments	**10,195,522,516**	2,929,299,826
Other operating expenses	**(515,724,842)**	(123,487,888)
Other income	**585,048,426**	586,376,355
Finance cost	**(4,970,115,365)**	(2,029,864,129)
Share of profit of associated companies	**175,894,211**	70,330,585
Profit before taxation	**5,470,624,946**	1,432,654,749
Taxation	**(431,316,256)**	(391,294,716)
Profit for the year	**5,039,308,690**	1,041,360,033

45.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	---------- Rupees ----------				
As at 30 June 2019					
Segment assets	**11,820,053,480**	**4,594,319,755**	**10,011,348,139**	**62,309,278,158**	**88,734,999,532**
Segment Liabilities	**20,631,414,203**	**2,626,065,688**	**6,264,377,710**	**48,031,280,061**	**77,553,137,662**
As at 30 June 2018					
Segment assets (Restated)	10,281,873,413	5,211,651,310	8,249,556,698	45,034,663,490	68,777,744,911
Segment Liabilities	19,952,179,577	2,311,737,080	5,622,178,903	32,814,077,509	60,700,173,069

	2019	(Restated) 2018
Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:	**(Rupees)**	(Rupees)
Total for reportable segments assets	**88,734,999,532**	68,777,744,911
Unallocated assets	**14,621,248,455**	14,569,799,218
Total assets as per statement of financial position	**103,356,247,987**	83,347,544,129
Total for reportable segments liabilities	**77,553,137,662**	60,700,173,069
Unallocated liabilities	**1,459,470,792**	1,068,473,023
Total liabilities as per statement of financial position	**79,012,608,454**	61,768,646,092

46 NUMBER OF EMPLOYEES

	2019	2018
Number of employees at year end	10,038	9,193
Average number of employees	9,762	8,899

47 PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
	(Rupees)	(Rupees)
Spinning		
Total number of spindles installed	**139,433**	136,689
Average number of spindles worked	**138,424**	135,210
Total number of rotors installed	**3,120**	3,120
Average number of rotors worked	**-**	-
Number of shifts worked per day	**3**	3
Total days worked	**365**	365
Installed capacity after conversion into 20/s lbs.	**119,255,126**	116,402,443
Actual production after conversion into 20/s lbs	**98,423,297**	94,254,079
Weaving		
Total number of looms installed	**360**	371
Average number of looms worked	**360**	349
Number of shifts worked per day	**3**	3
Total days worked	**365**	365
Installed capacity(at 50 picks/inch of fabric square meters)	**145,980,990**	134,694,682
Actual production(at 50 picks/inch of fabric square meters)	**142,630,979**	133,169,328

	2019 (Rupees)	2018 (Rupees)
Finishing and Printing		
Production capacity meters	**43,200,000**	38,400,000
Actual production meters	**38,986,791**	35,983,431

Home Textile Product

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

	2019	2018
Power Generation		
Installed capacity (MWh)	**520,216**	143,384
Actual energy delivered (MWh)	**487,460**	140,344

47.1 **Reason for low production**

Under utilization of available capacity for spinning and finishing and printing is mainly due to normal maintenance / temporarily shut down and changes in production Pattern.

48 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Executives		Director		Chief Executive	
	2019	2018	2019	2018	2019	2018
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Remuneration	**568,015,005**	562,509,634	**12,600,000**	7,200,000	**33,000,000**	24,000,000
Bonus	**112,110,761**	112,509,169	-	-	-	-
Medical	**5,995,629**	5,913,644	-	-	-	-
Contribution to provident fund	**23,210,263**	21,173,202	-	-	-	-
Leave encashment and other benefits	**41,785,410**	28,439,944	-	-	-	-
	751,117,068	730,545,593	**12,600,000**	7,200,000	**33,000,000**	24,000,000
Number of persons	**134**	116	**1**	1	**1**	1

48.1 In addition, some of the above persons have been provided with the company maintained cars.

48.2 Meeting fee of Rs.2.10 million (2018: Rs.2.05 million) has been paid to independent non-executive director. No other remuneration has been paid to non-executive directors of the Company.

48.3 The Chief Executive and Executive Director were also provided with the telephones at residence.

	Un-Audited 2019 (Rupees)	Audited 2018 (Rupees)
49 PROVIDENT FUND RELATED DISCLOSURES		

49.1 The following information is based on the financial statements of the Funds of the various companies of the group as at 30 June 2019.

	2019	2018
Size of the fund - Total assets	**340,238,899**	276,769,290
Cost of investments made	**321,321,305**	248,453,969
Fair value of investments	**332,729,181**	269,328,053
Percentage of Investments made	**97.79%**	97.31%

49.2 The break-up of fair value of investments is as follows:

	2019 (Percentage)	2018 (Percentage)	2019 (Rupees)	2018 (Rupees)
National Saving Schemes	**94.20%**	98.66%	**313,416,097**	265,722,889
Loan to members	**0.17%**	0.22%	**576,857**	581,864
Bank Balance - saving	**5.63%**	1.12%	**18,736,227**	3,023,300
	100%	100%	**332,729,181**	269,328,053

49.3 The investments out of provident fund have made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

50 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market 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.

50.1 Credit risk

50.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs. 21,281 million (2018: Rs.19,442 million), financial assets which are subject to credit risk aggregate to Rs.13,121 million (2018: Rs.9,290 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
	(Rupees)	(Rupees)
Long term deposits	**239,969,798**	249,086,588
Trade debts	**5,587,782,714**	3,966,358,463
Loan to employees	**78,281,393**	51,024,641
Trade deposits	**9,462,040**	9,342,801
Other receivables	**2,846,938,094**	639,115,679
Short term investments	**53,443,295**	-
Bank balances	**4,304,962,165**	4,375,570,853
	13,120,839,499	9,290,499,025

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

Domestic	**5,040,370,019**	2,809,721,343
Export	**547,412,695**	1,156,637,120
	5,587,782,714	3,966,358,463

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

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

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 groupings of 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. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Group does not hold collateral as security. The letters of credit for export sales are considered integral part of export trade receivables and there is no past history of default in case of export debtors, so the expected credit loss rate for the export trade receivables is insignificant, hence gross amount equals to net carrying amount. However, for local trade receivables the Group evaluates the concentration of risk with respect to them as low, as its customers mostly deal in advances and their demand is order based.

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

	Not due	**1-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**361 days or more**
	------Rupees------						
As at 30 June 2019							
Estimated total gross carrying amount at default	2,827,723,084	1,168,148,380	494,303,823	374,100,313	129,014,382	30,844,936	52,740,965
Expected credit loss	6,787,847	10,401,101	3,476,282	1,612,100	154,273	2,561,278	11,512,983

50.1.4 Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A.	Moody's	P-1	Aa3
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA
Allied Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Industrial and Commercial Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA
Soneri Bank Limited	PACRA	A1+	AA-
Citibank N.A. London	Moody's	P-1	A1

50.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Group's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2019				
	Carrying amount	**Contractual cashflow**	**Up to 1 year**	**Between 1 to 5 years**	**5 years and above**
	Rupees				
Long term financing	**62,542,787,708**	**66,510,464,186**	**7,900,605,454**	**27,077,935,779**	**31,531,922,953**
Liabilities against assets subject to finance lease	**14,452,087**	**18,064,308**	**5,532,562**	**12,531,746**	**-**
Trade and other payables	**4,211,351,512**	**4,211,351,512**	**4,211,351,512**	**-**	**-**
Accrued interest / mark-up	**539,247,498**	**539,247,498**	**539,247,498**	**-**	**-**
Unclaimed dividend	**1,795,457**	**1,795,457**	**1,795,457**	**-**	**-**
Short term borrowings	**8,858,241,142**	**9,000,860,883**	**9,000,860,883**	**-**	**-**
	76,167,875,404	**80,281,783,844**	**21,659,393,366**	**27,090,467,525**	**31,531,922,953**

	2018				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	44,480,923,632	49,278,037,932	4,004,901,940	25,738,307,090	19,534,828,902
Liabilities against assets subject to finance lease	40,668,780	47,401,557	11,552,883	35,848,674	-
Trade and other payables	7,147,952,948	7,147,952,948	7,147,952,948	-	-
Accrued interest / mark-up	330,132,390	330,132,390	330,132,390	-	-
Unclaimed dividend	1,309,519	1,309,519	1,309,519	-	-
Short term borrowings	8,294,032,366	8,368,355,554	8,368,355,554	-	-
	60,295,019,635	65,173,189,900	19,864,205,234	25,774,155,764	19,534,828,902

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

50.3 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 holding of financial instruments.

50.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2019						
	Rupees	**US $**	**EURO**	**JPY**	**CHF**	**AED**	**GBP**
Trade debts	**(547,412,695)**	**(2,741,522)**	**(524,779)**	-	-	-	-
Bank balances	**(2,926,225,471)**	**(17,784,209)**	**(3,867)**	-	-	-	-
Long term finance - secured	**47,799,490,687**	**290,574,411**	-	-	-	-	-
Creditors	**348,559,400**	**2,125,362.20**	-	-	-	-	-
	44,325,852,521	**270,048,680**	**(528,646)**	-	-	-	-
Outstanding letters of credit	**1,055,047,702**	**4,028,853**	**1,216,360**	**14,604,000**	**48,900**	**2,955,600**	**9,000**
Forward exchange contracts	-	-	-	-	-	-	-
Net Exposures	**45,380,900,223**	**274,077,533**	**687,714**	**14,604,000**	**48,900**	**2,955,600**	**9,000**

	2018						
	Rupees	**US $**	**EURO**	**JPY**	**CHF**	**AED**	**GBP**
Trade debts	(1,156,637,093)	(8,380,344)	(985,377)	-	-	-	-
Bank balances	(3,982,930,757)	(32,803,824)	(3,867)	-	-	-	-
Long term finance - secured	29,866,508,479	245,612,734	-	-	-	-	-
Creditors and accrued liabilities	2,365,982,357	19,425,000	-	-	-	-	24,480
	27,092,922,986	223,853,566	(989,244)	-	-	-	24,480
Outstanding letters of credit	1,540,572,478	9,512,741	2,465,381	-	284,493	-	-
Forward exchange contracts	412,860,749	2,185,556	1,202,560	-	-	-	-
Net Exposures	29,046,356,213	235,551,863	2,678,697	-	284,493	-	**24,480**

The following significant exchange rates have been applies as at reporting date:

	2019	2018
US $ to Rupees (Buying/Selling)	**164 / 164.5**	121.4 / 121.6
Euro to Rupees (Buying/Selling)	**186.37 / 186.99**	141.33 / 141.57

Sensitivity analysis

A 20 percent (2018: 10 percent) strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particulars interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Equity	Profit or loss
	(Rupees)	**(Rupees)**
As at 30 June 2019		
Effect in US Dollar	**8,989,743,098**	**8,989,743,098**
Effect in Euro	**25,633,852**	**25,633,852**
As at 30 June 2018		
Effect in US Dollar	2,717,582,291	2,717,582,291
Effect in Euro	(13,980,985)	(13,980,985)

20 percent (2018: 10 percent) weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

50.3.2 **Interest rate risk**

At the reporting date, the profit, interest and mark-up rate profile of the Group's significant financial assets and liabilities is as follows:

	Effective rate		Carrying Amount	
	2019	2018	**2019**	2018
	(Percentage)	(Percentage)	**(Rupees)**	(Rupees)
Fixed rate instruments				
Financial liabilities				
Long term financing	**2.5% to 6.5%**	2.5% to 6.5%	**4,535,248,994**	3,506,932,975
Short term borrowings	**2.15% to 3%**	2.15% to 2.50%	**2,100,000,000**	1,800,000,000
Variable rate instruments				
Financial liabilities				
Long term financing				
- foreign currency loan	**6.84% to 7.90%**	5.26% to 6.83%	**47,799,490,687**	29,866,508,479
- local currency loan	**6.47% to 13.43%**	6.10% to 6.85%	**10,208,048,027**	11,107,482,178
Short term borrowings - local currency loan	**6.46% to 14.05%**	6.19% to 7.42%	**6,520,398,142**	6,494,032,366

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit and loss 100 bps	
	Increase	**(Decrease)**
	(Rupees)	**(Rupees)**
As at 30 June 2019		
Cash flow sensitivity - variable rate instruments	**645,279,369**	**(645,279,369)**
As at 30 June 2018		
Cash flow sensitivity - variable rate instruments	474,680,230	(474,680,230)

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

50.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the group diversify its portfolio and continuously monitor developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the reporting date would have increased / decreased the Group's unrealized gain on investments at FVOCI as follows:

	2019	2018
	(Rupees)	(Rupees)
Effect on equity	**799,104,425**	983,694,980
Effect on investments	**799,104,425**	983,694,980

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

50.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

50.5 Financial instruments by Category

	2019	2018
	(Rupees)	(Rupees)
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	**239,969,798**	249,086,588
Trade debts	**5,587,782,714**	3,966,358,463
Loan to employees	**78,281,393**	51,024,641
Trade deposits	**9,462,040**	9,342,801
Other receivables	**2,846,938,094**	639,115,679
Cash and bank balances	**4,414,025,673**	4,617,720,454
	13,176,459,712	9,532,648,626
Debt instruments at fair value through OCI		
Sales tax refund bonds	**53,443,295**	-
Equity instruments at fair value through OCI		
Quoted equity shares	**7,991,044,248**	9,836,949,797
Unquoted equity shares	**86,648,236**	86,648,236
	8,077,692,484	9,923,598,033
Total current	**16,776,020,893**	9,223,194,596
Total non current	**4,531,574,598**	10,233,052,063
FINANCIAL LIABILITIES		
At amortized cost		
Trade and other payables	**4,211,351,512**	7,147,952,948
Accrued Interest / mark-up	**539,247,498**	330,132,390
Unclaimed dividend	**1,795,457**	1,309,519
Secured bank loan	**55,768,661,310**	41,147,456,937
Liabilities against assets subject to finance lease	**10,644,971**	31,789,874
Bank overdrafts	**-**	840,035
Other current loans	**237,843,000**	-
Short term borrowings	**15,398,331,656**	11,636,377,967
	76,167,875,404	60,295,859,670
Total current	**20,388,569,123**	19,116,612,859
Total non current	**55,779,306,281**	41,179,246,811

50.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The main level of inputs used by the Group for its financial assets are derived and evaluated as follows:

	Level 1	Level 2	Level 3
	(Rupees)	(Rupees)	(Rupees)
As at 30 June 2019			
Assets carried at fair value			
Debt instruments at fair value through OCI	-	53,443,295	-
Equity instruments at fair value through OCI	7,991,044,248	-	86,648,236
	7,991,044,248	53,443,295	86,648,236
As at 30 June 2018			
Assets carried at fair value			
Equity instruments at fair value through OCI	9,836,949,797	-	86,648,236
Cashflow hedge at fair value through OCI	-	17,651,047	-
	9,836,949,797	17,651,047	86,648,236

50.7 Capital risk management

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'Liabilities against assets subject to finance lease' as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2019	2018
	(Rupees)	(Rupees)
Total borrowings	62,557,239,795	44,521,592,412
Less: Cash and bank balances	4,414,025,673	4,617,720,454
Net debt	58,143,214,122	39,903,871,958
Total equity	18,138,839,745	16,532,974,148
Total capital	76,282,053,867	56,436,846,106

	2019	2018
	(Percentage)	(Percentage)
Gearing ratio	76.22	70.71

51 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified, whenever necessary for better presentation. However, no significant reclassification has been made during the year.

52 EVENTS AFTER REPORTING DATE

The board of directors of Holding Company in its meeting held on 26 September 2019 proposed cash dividend of Rs. 26 (2018: Rs.16) per ordinary share of Rs.10 each which is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been recognised in these consolidated financial statements. The board of directors of Holding Company has also approved 8% right shares (8 shares for every 100 shares) at Rs.400 per share (2018: Nil).

53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on 26 September 2019.

Nadeem Abdullah	Abdul Sattar	Mohammad Abdullah
Chief Executive	Chief Financial Officer	Director


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP
*Mobile apps are also available for download for android and ios devices

Form of Proxy

Sapphire Textile Mills Limited

I / we ____

Folio No. ______________________ of ______________________

a member(s) of **Sapphire Textile Mills Limited** and a holder of Ordinary Shares,

do hereby appoint ____

of ____

or failing him/her ____

of ____

a member of **Sapphire Textile Mills Limited**, vide Registered Folio No. ______________ as my/our Proxy to act on my/our behalf at 51st Annual General Meeting of the Company to be held on Friday the 25th October, 2019 at 03:45 p.m. at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi and / or any adjournment thereof.

Signed this________ day of ________________ 2019

REVENUE STAMP OF RS.5/-

Signature ______________________________

(Signature should agree with the specimen signature registered with the Company)

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-

2. In the case of Bank or Company, the proxy form must be executed under its 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 atleast 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 :

Witness 1	Witness 2
Name	Name
Address	Address
NIC No.	NIC No.

فارم برائے قائم مقام/متبادل

سفائر ٹیکسٹائل ملز لمیٹڈ

میں/ہم ____________________

پتہ: ____________________

سفائر ٹیکسٹائل ملز لمیٹڈ کے ممبر ہونے کے ناطے اپنا/اپنے مندرجہ ذیل قائم مقام/متبادل مقرر کرتا ہوں/کرتے ہیں۔

نام (جناب/محترمہ ____________________

پتہ: ____________________

اور اُن کی غیر موجودگی میں جناب/محترمہ ____________________

پتہ: ____________________

میری/ہماری غیر موجودگی میں قائم مقام/متبادل کمپنی کی سالانہ جنرل میٹنگ میں شرکت کریں گے جو بروز جمعہ 25 اکتوبر 2019ء کو بوقت 3:45 بجے شام، ٹریڈنگ ہال، کاٹن ایکسچینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہوگی۔

ریوینو ٹکٹ
پانچ روپے

اس دستاویز پر مورخہ ____________ 2019 کو دستخط ہوئے۔

شیئر ہولڈر کے دستخط ____________________

شیئر ہولڈر کا فولیو نمبر: ____________________

شریک ہونے والے کا ID نمبر ____________________

اور/یا CDC ____________________

اور سب اکاؤنٹ نمبر ____________________

نوٹس:

ا۔ کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) 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 اٹرنی 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 چاہیے۔

(ii) Beneficial owners کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی اور پراکسی پیش کیا جائے فارم کے ساتھ۔

(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 attorny بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (جب تک یہ پہلے فراہم نہیں کیا گیا ہو)۔

گواہان:

(1) دستخط: ____________________

نام: ____________________

پتہ: ____________________

CNIC یا پاسپورٹ نمبر ____________________

(2) دستخط: ____________________

نام: ____________________

پتہ: ____________________

CNIC یا پاسپورٹ نمبر ____________________