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BOARD OF DIRECTORS

Chairman

Mr. Yousuf Abdullah

Chief Executive

Mr. Shahid Abdullah

Director

Mr. Nadeem Abdullah Mr. Amer Abdullah

Mr. Shayan Abdullah Mr. Abdul Sattar

Independent Director

Mr. Tajammal Husain Bokharee Mr. Nadeem Arshad Elahi

Dr. Marium Chughtai

Audit Committee

Mr. Nadeem Arshad Elahi - Chairman

Mr. Shayan Abdullah - Member

Mr. Yousuf Abdullah - Member

Mr. Tajammal Husain Bokhree - Member

Human Resource and Remuneration Committee

Mr. Tajammal Husain Bokhree - Chairman

Mr. Yousuf Abdullah - Member

Mr. Shahid Abdullah - Member

Mr. Shayan Abdullah - Member

Chief Financial Officer

Mr. Jawwad Faisal

Secretary

Mr. Rameez Ghausi

Auditors

Shinewing Hameed Chaudhri & Company Chartered Accountants

Tax Consultants

Yousuf Adil, Chartered Accountants

Legal Advisor

Hassan & Hassan Advocates

Bankers

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

Share Registrars

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

Registered Office

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

Corporate Office

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

Mills

inning Units

10 KM, Sheikhupura Faisalabad Road, Kharianwala District Sheikhupura 26 KM, Sheikhupura Faisalabad Road, Ferozewattuan District Sheikhupura

Fabric Knitting Unit

7 KM, Warburton Road, Ferozewattuan District Sheikhupura

Fabric Dyeing and Denim Units

3.5 Km, Raiwind Manga Road, Raiwind

DIRECTORS PROFILE

MARKETING

BUSINESS

INNOVATION

STRATEGY

GROWTH

ADVERTISING

QUALITY

FINANCE

PLANNING



YOUSUF ABDULLAH Chairman

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

SHAHID ABDULLAH Chief Executive Officer

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

NADEEM ABDULLAH Director

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 16 years and is also a director in other group companies. He graduated from McGill University Canada. He is serving as Chief Executive Officer of company's subsidiaries in the renewable energy seament.

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

AMER ABDULLAH Director

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

SHAYAN ABDULLAH Director

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





NADEEM ARSHAD ELAHI Director

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

ABDUL SATTAR Director

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

TAJAMMAL HUSAIN BOKHAREE Director

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

MARIAM CHUGHTAI Director

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

OUR VISION

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

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

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

OUR MISSION

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

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

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

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Sapphire Fibres Limited

NOTICE OF ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

- 1. To confirm the minutes of last Annual General Meeting.
- 2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2022 together with the Chairman's Review, Directors' and Auditors' Report thereon.
- 3. To approve final dividend for the year ended June 30, 2022.
- 4. To appoint auditors for the year ending 30th June 2023 and fix their remuneration. The present Auditors, M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

- 5. To approve by way of special resolution with or without modification the following resolutions in respect of related party transaction in terms of Section 208 of the Companies Act, 2017:
 - (i) "RESOLVED THAT the related parties' transactions conducted during the year as disclosed in the note 40 of the unconsolidated financial statements for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed."
 - (ii) "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case-to-case basis during the financial year ending June 30, 2023.
 - "FURTHER RESOLVED that transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

ANY OTHER BUSINESS

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

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

By Order of the Board

Karachi. 26 September 2022 Rameez Ghausi Company Secretary

NOTES

 Closure of share transfer books: Share Transfer Books will remain cl

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

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Sapphire Fibres Limited

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

In order to comply with the requirement of circular 4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the video conference facility for those shareholders who are interested to participate virtually in the AGM.

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

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

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

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

- 3. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at least 48 hours before the time of the meeting.
- Change in address: Any change of address of members should be immediately notified to the company's share registrars, THK Associates (Private) Limited, plot No. 32-C, Jami Commercial Street 2, D.H.A, Phase-VII, Karachi.
- Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

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

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

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

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Sapphire Fibres Limited

- 7. (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
 - 1. Persons appearing in Active Tax Payers List (ATL) 15%
 - 2. Persons not appearing in Active Tax Payers List (ATL) 30%

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

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to THK Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

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

- (iv) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@sapphiretextiles.com.pk and/or THK Associates (Private) Limited at phone: (021) 35310191- 6 & email address: it@thk.com.pk
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or THK Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.
- 8. Deposit of Physical Certificate in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book entry form in a manner as may be specified and from the date notified by the commission, within a period not exceeding four years from the commencement of this Act.

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

- 9. An updated year wise list for unclaimed dividend/shares of the Company is available on the Company's website www.sapphire.com.pk/sfl. These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.
 - Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Shares Registrar for receipt of such dividend/shares.
- 10. In compliance with regulatory directives issued from time to time, members who have not yet submitted copy of their valid CNIC/NTN are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.



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

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

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

Material Changes in Financial Statements of Associated Company

Triconboston Consulting Corporation (Private) Limited

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

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

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

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

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

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

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Sapphire Fibres Limited

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

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

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

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

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

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Sapphire Fibres Limited

REVIEW REPORT BY THE CHAIRMAN

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

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

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

Yousuf Abdullah Chairman

SCII

Lahore September 26, 2022 316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi (Pakistan). UAN: +92 21 111 000 100 Fax: +92 21 3241 6705 7A-K, Main Boulevard, Gulberg II, Lahore (Pakistan) Phone: +92 42 35750410, Fax: +92 42 35758783 World Fax: +1 917 5913166



Sapphire Fibres Limited

چيئر مين کي جائزه ر بورث

بورڈ اپنے فرائض کو قانون کے مطابق اور کمپنی اور اس کے حصد داروں کے بہترین مفادیس انجام دے رہا ہے۔ کوڈ آف کارپوریٹ گورنس کے تحت در کار سفائر فائبرز کم بیٹر کے بورڈ آف ڈائر کیٹرز کی سالا نتشخیص کی گئی ہے۔اس تشخیص کا مقصداس بات کویتنی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور نتائج کمپنی کے مقاصد قائم کرنے کے تناظر میں پیاکش اور تو قعات کے خلاف پینے مارک ہیں۔

30 جون 2022 کوختم ہونے والے مالی سال کے لئے ، بورڈ کی مجموعی کارکر دگی اور نتائج کواطمینان بخش قرار دیا گیا ہے۔ یفظ نظر مشن اور اقد ار ، اسٹر ینجک بلاننگ میں مصروفیت؛ پالیسیوں کی تشکیل بنظیم کی کاروباری سرگرمیوں کی گرانی؛ مالی وسائل مینجینٹ کی گرانی؛ موکز مالی گرانی؛ بورڈ کے کاروباری انجام دہی میں تنام ملازمین اور کارکردگی کے منصفاندٹر یٹنٹ سمیت لازمی اجزاء کی تشخیص پرمنی ہے۔ میں بورڈ کی جانب سے ان کی شبت شراکت اور مسلسل وابستگی کا اعتراف اور شکر گزار ہوں۔

سفائر فانبر زلمینڈ بورڈ آفڈ ائز بکٹرزاوراس کی کمیٹیوں کی تشکیل ،طریقہ ء کاراورا جاناسوں کے حوالہ سے قانون میں متعین تمام ریکوائزمنٹس پڑمل کرتی ہے۔ضروری بورڈ ایجنڈ ااور متعلقہ معاون دستاویزات بورڈ اوراس کی کمیٹی کے اجلاسوں سے قبل مناسب وقت پر بورڈ کومہیا کی گئیں۔ بورڈ نے اپنے تمام اختیارات کو متعلقہ قوانین اور ریکولیشن کے مطابق استعال کیا ہے اور نان ایگز کیٹواور آزاد ڈائر کیٹرز بورڈ کے اہم فیصلوں میں مساوی کے شریک ہوتے ہیں۔

كالمالك كالمالك

لوسف عبدا

چيزمين

لابهور

مورخه:26 متبر 2022ء



Directors' Report to the Shareholders:

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

Financial Highlights

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

Financial Performance:

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

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

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

Earnings per Share:

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

Dividend:

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

316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi (Pakistan). UAN: +92 21 111 000 100 Fax: +92 21 3241 6705 7A-K, Main Boulevard, Gulberg II, Lahore (Pakistan). Phone: +92 42 35750410, Fax: +92 42 35758783 World Fax: +1 917 5913166



Sapphire Fibres Limited

Future Outlook:

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

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

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

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

Subsidiary Companies:

Sapphire Electric Company Limited:

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

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

Premier Cement Limited:

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

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

Sapphire Cement Company Limited:

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

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

Sapphire Hydro Limited

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

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

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Sapphire Fibres Limited

Sapphire Energy (Private) Limited

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

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

Ignite Power (Private) Limited

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

Sapphire Mining Exploration (Private) Limited (SMEL)

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

Sapphire Building Materials Limited - SBML

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

Sapphire Power limited - SPL

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

Related Parties:

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

Corporate Environment, Health and Social Responsibility:

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



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

Composition of the Board and their Meetings:

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

Total Number of Directors

(a) Male 08 (b) Female 01

Composition:

(a) Independent Directors 03 (including 01 Female Director)

(b) Executive Director 01
(c) Non-Executive Directors 05

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

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

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

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

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



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

Mr. Tajammal Husain Bokharee

Chairman (independent)

Mr. Shahid Abdullah Mr. Yousuf Abdullah Member Member

Mr. Shayan Abdullah

Member

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

Mr. Shahid Abdullah

Chairman

Mr. Shayan Abdullah

Member

Mr. Jawwad Faisal

Member

Remuneration of Directors:

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

Board Evaluation:

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

Statement on Corporate and Financial Reporting Frame Work:

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

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



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

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

Pattern of Shareholding:

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

Auditors:

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

Acknowledgements:

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

For and on behalf of the Board

Shayan Abdullah Director

Lahore September 26, 2022 Shahid Abdullah Chief Executive



ڈائر یکٹرز کی حصص داران کور پورٹ

سفائر فائبر زلمیٹڈ کے ڈائز یکٹرز 30 جون 2022 ءکوفتم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں پراپنی سالاندر پورٹ پیش کرتے ہوئے خوشی محسوں کرتے ہیں۔ مالماتی جھلکاں

روييے ہزاروں میں'000'

	7	000 0403772
	2022	2021
تیکس سے پہلے منافع	7,053,551	2,673,795
<i>(, E</i>	(000,000)	(400 220)
عی <i>س</i> کی کی	(838,099)	(400,230)
عمیس کے بعد منافع	6,215,452	2,273,565
عمیس کے بعد منافع رمیر مجموعی نقصان	1,488	4,891
اضافہ:غیرتصرفاتی منافع جوآ گے گیا	15,116,736	13,044,999
بعد کے اثرات		
سال کے لئے بجوز وحتی نقد منا فع منقسمہ	(206,719)	(206,719)
	21,126,957	15,116,736

مالى كاركروگى

زیر جائزہ سال کے دوران، آپ کی تبنی نے گزشتہ سال میں 27.53 بلین روپے کے مقابلے موجودہ سال 43.64 بلین روپے فردخت حاصل کی جو 58.5 فیصد کا قابل ذکراضا فد ہے۔ فروخت فیصد کے طور پر مجموع منافع گزشتہ سال کے 14.3 فیصد سے بڑھ کررواں سال کے دوران 23.6 فیصد سے بڑھ کر رواں سال کے دوران فروخت کا 14.22 فیصد ہوا۔

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

سال کے دوران کمپنی نے ذیلی کینیوں میں سرماییکاری اور بلیوچپ کمپنیوں کے قصص کے پورٹ نولیوے گزشتہ سال 6.1 بلین روپے کے مقابلے میں 1.27 بلین روپے کی ڈیویڈ ڈآمد نی حاصل کی۔

ني حصص آمدني

موجوده سال کی فی شیئر آمدنی EPS) 300.67 رویے ہے جو کہ پچھلے سال 109.98 رویے تھی۔

منافع منقسمه

سكيني كي كل نظماء 30 جون 2022 كونتم بونے والے سال كے لئے حتى نقد منافع منقسمہ بشرح 100 فيصد (2021 : 100%) سفارش كرتے ہوئے خوشی محسوس كرتى ہے۔



متنتبل كانقط نظر

پیچلے پانچ سالوں میں، آپ کی مینی متاثر کن %26 کی مجموق سالانہ شرح نموحاصل کرنے میں کا میاب رہی ہے ای مدت کے دوران شیئر ہولڈر کے منافع میں نمایاں بہتری آئی ہے۔

تاہم، پاکستان کی معیشت کواب بہت سے چیلنجوز کا سامنا ہے جس کے بنتیج میں ستھبل قریب میں معاثی نمو کی متوقع ست دوی کا سامنا ہے۔ سب سے اہم چیلنجوں میں عالمی طلب میں گی،

روپ کی قدر میں تیزی ہے کی ، حالیہ سیا ہے کی وجہ سے کہاں کی فصل کو فقصان اوراجناس کی قیمتوں میں تیزی سے اضافہ ، مہنگائی اور ملک میں قرض لینے کی زیادہ شرحیں شامل ہیں۔

مذکورہ بالاتمام عوامل نے پہلے ہی ملکی اور بین الاقوامی مارکیٹوں میں مقابلہ کرنے والی ٹیکسٹائل کمپنیوں کی تمواور منافع کو متاثر کرنا شروع کردیا ہے۔ ہم حکومت سے قوقع کرتے ہیں کدوہ اس صورتحال کوروکے کے لیے بروقت یالیسی فیصلے اور معیشت کو درجیش منفی خطرات کو کم کرے گ

آ گے کے ان شکل حالات کے باوجود ، انتظامیمسلسل مصنوعات کی تنوع اور لاگت کی قیادت کے ذریعے ہمارے طویل مدتی مسابقتی فائدہ کو برقر ارر کھنے پر مرکوز ہے۔

ذیلی کمپنیال:

سفائر اليكثرك تميني لميثد:

سفائرَ الكِثرك كَمِينَ لَمِينَهُ 18 جنورى 2005 كَيْنِيز آردُ يَنس، 1984 كِتَت پاكتان مِن ايك پلك غيرمندرج كمينى ك حيثيت سے قائم موتى _سفائر فائبرز لميندُ ذيلى ممينى ك 18.11 فيصد (12020) فيصد (68.11:2020) فيصد (68.11:2020) ما لك ہے ـ

ذیلی تمپنی کی اصل سرگری 212 میگاواٹ کی خالص صلاحیت کے کمبائنڈ سائنگل پاور شیشن کی ملکیت، جلانااور برقرار رکھناہے۔

ىرىمىترسىمنىڭ كىيىز:

رِیمیرَ سینٹ لمیٹر (پی ایل)کینیز آرڈینس 1984 سے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک مکپنی لمیٹر کی حشیت سے پاکستان میں قائم ہول کے ایس ایف ایل 30 جون 2022 کے مطابق بی تحالی کے 100 نیصد صصص کی مالک ہے۔

ضروری منظور یوں کے حوالہ ہے، پی کابل ہوشم کے سینٹ ادراس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اورنصب کرنے کاارادہ رکھتی ہے۔

سفائر سيمنث سميني لميثذ:

۔ سفائر سینٹ کینی لمیٹر (ایس می ایل ککینیز آرڈینس 1984 کے تحت شیئر ز کے ذریعے ایک غیر مندرج پلک کمپنی لمیٹر کی حیثیت سے پاکستان میں قائم ہوئی۔ایس ایف ایل 30 جون 2022 کے مطابق ایس می ایل کے 100 فیصد حصص کی مالک ہے۔

ضروری منظور یوں کے حوالہ ہے ،الیس سی املی ہرشم کے سینٹ اوراس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اورنصب کرنے گاارادہ رکھتی ہے۔

سفائر بائيد روكميند:

سفائر ہائیڈرولمیٹڈ (SHL)،07 ستبر 2017 کی بینزا کیٹ 2017 سے تھت شیئرز کے ذریعے بیلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ فیلی کمپنی کااصل کاروبارشر می بخیبر پختو نخواہ میں 682 GWh کی سالا ندانر جی جزیشن کی پٹینشل کے ساتھ 150 میگاواٹ کی خالص صلاحیت کا حال ہائیڈروالیکٹرک پاور جزیشن پراجیکٹ کی تغییر، تیام اور چلانا ہوگا۔ سفائر ہائیڈرولمیٹڈ (SHL)، سفائرالیکٹرک کمپنی لمیٹڈ کی ایک ممل ملکیتی فریلی کمپنی ہے جوخود سفائر فائبرزلمیٹڈک ایک فیلی کمپنی ہے۔

سفارُ ازجی (پرائیویث) کمیٹر:

سفارًا زبی (پرائیویٹ) لمیٹر (SEPL) دمبر 2017 کیکیٹرا یکٹ 2017 سے تشیر زے ذریعے ایک ٹی ممپنی لمیٹٹری حیثیت سے پاکتان میں قائم ہوئی۔ایس ایف ایل 30 جون 2022 کے مطابق ایس ای پیایل کے %100 حصص کی مالک ہے۔



الیں ای پی ایل بچل کی پیداوار میں مصروف عمل کمپنیوں میں انڈر میک، پاور پر دجیکش کوڈ ویلپ اور ایکوئی سرماییکاری جصص رکھنے یا خریدنے کا اور تمام اقسام کی کیسوں اور تمام دیگر متعلقہ ما نعات، بھیکل اینڈ پیٹر ولیم مصنوعا تک کو بینڈ لنگ، رک کیس ککیش، سٹور تج بڑیشنٹ اور پروسینگ کے لئے ٹرمینل چلانے کا ارادہ رکھتی ہے۔

اً گنائث یا در (پرائیویث) کمیٹٹر

ا گذائن پاور (پرائیویٹ) لمینڈسیفائرانر جی (پرائیویٹ) لمینڈ-ایس ای پیالی کا 60 فیصد ملکیتی فیل ادارہ ہے جو پیرٹ کمپنی کا کمل ملکیتی ماتحت ادارہ ہے اور 03 جولائی، 2019 کو کمپنیزا یکٹ، 2017 کے تحت تصص کے ذریعے پلک کمپنی لمینڈ کی حیثیت سے پاکستان میں قائم کیا گیا۔ بیشی تو اٹائی نظام اوراس سے وابستہ دیگر تو اٹائی کی مصنوعات اورخد مات کی دیگر شکلوں سے سیت بجلی مصنوبوں کوشروع، تیار کرنے کا ارادہ رکھتا ہے۔

سيفائر ما كننگ ايكسپلوريش (پرائيويث) لميشد (SMEL):

سیفائر مائننگ ایکسپاوریش (پرائیویٹ) لمینڈ (الیس ایم ای ایل) کو پاکستان میں 25 اگست 2020 کیلینیز ایک 2017 کے تحت تعمی کے ذریعی نجی کمپنی لمینڈ کے طور پرشال کیا گیا تھا۔ ضروری منظور یوں کے حوالہ سے SMEL گلکت میں ہرشم کے بیمنٹ اوراس سے متعلقہ مصنوعات کی تیاری کے لیے پلانٹ قائم اورنصب کرنے کا ادادہ رکھتی ہے۔ SMEL پر یمیئر بیمنٹ لمینڈ کا کمل ملکیتی فریلی ادارہ ہے جو کہ سیفائر فائبر لمینڈ کا کا دارہ ہے۔

سيفائر بلذيك ميشر ملز لميشد -ايس بي ايم ايل

سيفائز باندنگ ميٹر بلزلمينڈ -ايس بي ايم ايل كو پاكتان ميركينيزا يك 2017 كتحت 24 مارچ 2021 كوشص كذر يعيم پنى لينند كي طور پرشال كيا گيا تھا۔ايس بي ايم ايل تعميرا تي صنعت ميں استعال ہونے والى متعلقہ مسنوعات كوڈيل كرنے كاارادہ ركھتی ہے۔ايس بي ايم ايل پر يميئر سينٹ كميند كا كھمل ملكت ذيلى ادارہ ہے جو كہ سيفائز فاجر كميند كا ذيلى ادارہ ہے۔ سيفائز باور كمينڈ -ايس بي ايل

سیفائر پاورلمینڈ (کمپنی)ایک پلک فیرلساد کمپنی ہے جکینیز آرؤینس، 1984 (اسکینیزا کیٹ، 2017) کے تحت 19اپریل 2021 کو پاکستان میں صف کے ذریعے شامل کی گئے ہے۔ کمپنی کی بنیا دی سرگری ہائیڈرل اور ونڈ پاورسسٹم سیت بخل ہیدا کرنا، فریدنا، درآ مہ کرنا، نتیل کرنا، تبدیل کرنا، تتبدیل کرنا، تتبدیل کرنا، تتبدیل کرنا، تتبدیل کرنا، تعبد کی کرنا، تعبد کی کامل ملکتی ذیلی ادارہ

متعلقه بإرثيول يلين دين

متعلقہ پارٹیوں کے ساتھ تمام لین دین قابل رسائی قیمتوں کی بنیاد پر پر کئے گئے تھے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانسفر پرائسنگ طریقوں اور پالیسی کے مطابات تھے۔
تمام متعلقہ پارٹی ٹرانز یکشن کا کمل فہرست مرتب اور ہرسہ ماہی ہیں آڈٹ کمیٹی کوئٹ کرائی جاتی ہے۔ واضی آڈٹ فنکشن بیتی بنا تا ہے کہ تمام متعلقہ پارٹی ٹرانز یکشنز قابل رسائی قیمتوں کی بنیاد پر
گئی ہیں۔ آڈٹ کمیٹی کے بغور جائزہ کے بعد ، ان کے فوروخوض اور منظوری کے لئے ٹرانز یکشنز بورڈ کے رو پروٹیش کی گئی ہیں۔ سال کے دوران ، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ
ٹرانز یکشنز کی ہیں۔ ان ٹرانز یکشنز کی تفصیلات غیر مجمد فنافشل کے نوٹ 40 میں منکشف ہیں۔

كاربوريث ماحول بمحت اورساجي ذمدداري

کمپنی کام کے ایسے حالات کو برقر اررکھتی ہے جوتمام ملاز میں اور توام کی صحت کے لئے محفوظ اور خطرے سے خالی ہوں۔ حفاظت ، پیدادار برتیل ،اسٹورج اور سامان کی بینڈلنگ کے حوالے سے خاس طور پر حفاظت کے تمام پہلوؤل کو بہتر بنانے پر ہماری توجہ مرکوزرہتی ہے۔ آپ کی کمپنی ہمیشہ ماحولیاتی شحفظ کے الئے ہم ممکن وسائل کواپناتی ہے۔ سکپنی بڑے بیانے پرکمیزٹی کے بارے میں اپنی ذمہ داری پر پہندیقین رکھتی ہے اور اس نے تعلیم ،صحت اور لڈر تی ماحول کے شعبہ میں مختلف اقد امات اٹھائے ہیں۔ کمپنی نے صحت آجلیم اور 316, Cotton Exchange Building, 1.1. Chundrigar Road, Karachi (Pakistan). UAN: +92 21 111 000 100 Fax: +92 21 3241 6705 7A-K, Main Boulevard, Gulberg II, Lahore (Pakistan) Phone: +92 42 35750410, Fax: +92 42 35758783 World Fax: +1 917 5913166



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معاشرتی بہود کے منصوبوں کے لئے فراخد لی سے عطید دیا، جس کی تفصیل مالی حسابات کے فوٹ نمبر 32 میں بیان کی گئی ہے۔

بورد کی تفکیل اوران کے اجلاس

بورذ كى تشكيل مندرجه ادارول برقابل اطلاق كوذ آف كاربوريث كوننس كيليشنز، 2019 كي ضروريات كالتيل كمطابق باورجومندرجه ذيل ب

ڈائر یکٹرز کی کل تعداد

08 2/(a)

(b) خاتون 01

تفكيل:

03 (بشمول ایک خاتون ڈائر یکٹر)

(a) آزاد ڈائر یکٹرز

01

(b) ایگزیکوۋائزیکٹرز

05

(c) نان الكِز يكفود الرّبكشرز

سال کے دوران بورڈ آف ڈائز یکٹرز کے چارا جاس منعقد ہوئے۔ ہرایک ڈائزیکٹر کی حاضری حب ذیل ہے:

اجابسوں کی تعداد	سينگري	ام
4	ا گَذِيكُودُ ارْ يَكْشِر	جناب شابد عبد الله
4	ئان ایگزیکٹوڈ اتر یکٹر	جناب نديم عبدالله جناب نديم عبدالله
3	ئانا گَيْزِيكُودْ اَتْزِيكُرْ	جناب عامر عبدالله
3	نان الگزیکنود انزیکثر	جناب بوسف عبدالله
4	ئان ایگزیکٹوڈ ائریکٹر	جناب شايان عبرالله
4	نان ایگزیکٹوڈائزیکٹر	جناب <i>عبدالسار</i>
4	آزادڈ ائز یکٹر	جناب ندیم ارشدا ^ب ی
.4	آزادة الزيكثر	جناب قبل حسين بخاري
4	آزاد ڈائز یکٹر	محترمه مريم چنتانی



بورة نے ذیلی كمیٹياں بنانى بیں جنبوں نے مطلوبه مقاصد حاصل كرنے ميں اہم شراكت كى ہے۔ سيكميٹيال مشتل بين:

آ وْتُ كَمِينُ

سال کے دوران آؤٹ کمیٹی کے جارا جلاس منعقد ہوئے۔ ہرایک ڈائر میٹری حاضری حب ذیل ہے:

(1)	کینگری	اجلاسوں کی تعداد
جناب ندیم ارشدا ^ل تی	چيئز مين (آزاد)	3
جناب ثامان عبدالله	ركن	3
جناب يوسف عبدالله	ركن	4
جناب خبل حسين بغارى	ركن	4

ميومن ريسورس ايندر يمنريش ميني

سال کے دوران ہیومن ریبورس اینڈر بمنریش کمیٹی کا ایک اجلاس منعقد ہوااور تمام ممبران نے اس میں شرکت کی۔

رد	کیگری .
جناب ^خ بل حسين بخاري	چيئز مين(آزاد)
جناب شاہر عبداللہ	ركن
جناب يوست عبدالله	رکن
جناب شايان عبدالله	ركن

دسك مينجنث كميثى

مالى سال 2022-23 سے اپنى بہلى ميڤنگ بلائے گى اور كىمىثى حال ہى ميں تفكيل دى گئى ہے۔ كىمىثى مندرجيذ يل اداكيين برمشمل ہے:

جناب شابرعبدالله چيترين

جناب شايان عبدالله

جناب جواد فيصل مبر

والزيكثرز كامشاهره

بورة آف ذائر يکٹرز كے اجلاس ميں كمپنی كی طرف سے دائر يکٹرز كے معاد سے كاتين كيا جاتا ہے۔ معاد سے كاتين ماركيٹ ميں معيارات كى بنياد پر كياجاتا ہے اوران كے كام كے دائر ہ كار اور ڈائر يکٹرز كى ذمہ داريوں ميں اضافے كى روشنى ميں قابليت اوركوششوں كے مطالبات كى عكاس كرتا ہے۔ تاہم، كار پوريٹ گورنٹس كے كوڈ كے مطابق ، يہننى بناياجا تا ہے كہ كو گئي ہے ڈائر يکٹرا پنی معاوضے مے فیلے ميں حصنيس لے گا۔ چيف اگر تکٹواورد بگرا بگز يکٹو ڈائر يکٹرز كے معاوضے كا پيکتج مالى صابات كے نوث نمبر 39 ميں متكشف ہے۔



بوردُ كُلْتَخِينَ:

بورؤ آف ڈائز یکٹرزنے خوتشفیص کی بنیاد پراپنی کارکردگی کاجائزہ لینے کے لیے ایک موڑ طریقہ کاروض کیا ہے۔ بورؤ مناسب طریقے سے قابل قدررہنمائی فراہم کرتا ہے اور کارپوریٹ گورنٹس کو موٹر بنا تا ہے۔

كاربوريث ادر مالياتى ربورشك فريم درك كابيان

بورۇ آف ۋائر يکٹرز با قاعدگى سے كمپنى كى اسر ينجگ ست كاجائز ه ليتا ہے۔ چيف آگيز يكنو كى طرف سے كارد بارى منصوبوں ادراہداف كومقر رادر بور ڈكی طرف سے جائز ه ليا گيا ہے۔ بور ڈ كاربوريٹ گورنس كے اعلى معيار كو برقر ادر كفتے كے لئے برعز م ہے۔ بور ڈ نے كاربوريث گورنس كو دُكاجائز ه ليا ہے اوراس بات كى تصديق كى ہے كہ:

- 1_ مینی کی اتظامیه کی طرف سے تیار کردہ ، مالیاتی حسابات ،اس کے امور ، آپریشنز کے متائج ، نفذی بہاؤاور ایکوئی میں تبدیلیوں کو مصفانہ طور پر ظاہر کرتے ہیں۔
 - 2_ مینی کے کھاتوں کا حساب کتاب ملسل طور پر برقر ارد کھا گیاہے۔
- 3_ مالى حمايات كى تيارى بين مناسب اكاؤنننگ ياليسيول كوتسلس كے ساتھ لا كوكيا كيا كيا جاوراكاؤنننگ كے تخيندجات مناسب اوروائشمندانه فيصلول بريني بين-
 - 4۔ مالى حمايات كى تيارى ميں ياكستان ميں الاكوبين الاقوامى مالياتى رپورٹنگ كے معيارات كى بيروى كى تى ہے،
- 5_ داخلی کنٹرول کا ندرونی آڈٹ اوراس طرح کے دیگر طریقہ کار کے ذریعے سلسل جائزہ لیاجار ہاہے۔ جائزہ اورنگرانی کاعمل اس کومزید بہتر بنانا جاری رکھے گا۔
- 6۔ تیکں، ویوٹیز، اور جار جزک مدیس تمام ادائیگیاں کمل طور پر فراہم کی گئی ہیں اور مقررہ وقت میں اداکردی جائیں گیا جہاں قرض کے دعویٰ کا اعتراف نہیں گیاان کا مالی حسابات میں انکشاف کیا گیاہے؛
 - 7_ مینی کے رواں دواں ہونے کی صلاحیت برکوئی قابل ذکر شکوک وشہبات نہیں ہیں۔
 - 8۔ کار بوریٹ گونٹس کے بہتر بن عملوں ہے کوئی مادی انجراف نہیں کیا گیا ہے۔
- 9۔ کپنی نے اپنے صدر دفتر کے ملاز مین کے لئے مینجنٹ سٹاف گر بجوئی فنڈ قائم کیا ہے جو بتدرنج ملز میں بھی لا گوہوگا۔ کپنی نے عملہ کے لئے ایمپلائز پراویڈٹ فنڈ بھی متعارف کرایا ہے۔ یہ براویڈٹ فنڈ کے مہران گر بجوئی فنڈ کے اہل نہیں ہیں۔ 30 جون 2022 کوگر بجوئی اور پراویڈٹ فنڈ کی سرمایہ کاری کی قدر بالتر تیب 10 ملین رویے اور 162 ملین رویے ہے۔
 - 10- سىمىنى كاكلىدى آيرىۋنىگ ادر مالياتى ۋىيانسلك ب-
 - 11۔ کوڈ آف کنڈ کٹ کو کمپنی کے ہرڈ ائز کیٹر اور ملاز مین کی طرف سے تسلیم اور مطلع کیا گیا ہے۔
 - 12۔ ﴿ وَانزِ يَكْثِرْ وَهِيْ الْكِنْرِ يَكُونَا فِيسر، چيف فانشل آفيسر، كَمِينى كَيْرِينى مِينى كَيْرِي، ان كَيْشر يك حيات اور نابالغ بجول كے ذريع كمپنى كے صف ميں درج ذيل تجارت كا كئي ہے۔

220,457 شيترز	جناب عامر عبداللَّد نے اپنے مبینے طبیب عبداللّٰہ کو تخفید یا۔
199,288 ثيترز	محتر مد تنبرین عامرنے اپنے بیٹے طیب عبداللّٰہ کوتخفد دیا۔
400,000شيترز	محتر مەعنىرين عامرنے اپنے بيليے جناب مصطفیٰ عبداللّٰد کوتھند دیا۔
570,000 شيترز	جناب بيسف عبدالله نے اپنے بيٹے جناب اساعیل عبدالله کو تفددیا۔

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Sapphire Fibres Limited

نمونه وتقص داري

30 جون 2022 کے مطابق ممینی کانمونہ عصص داری نسلک ہے۔ بیٹیٹنٹ کمینیزا یکٹ 2017 کے سیشن (f)(2)(2) کے مطابق تیار کی تئی ہے۔

محاسب كأتقرر

موجودہ عاسب شائن ونگ جمید چوہدری اینڈ ممپنی، چارٹرڈا کا وَنْمُنْس ، ریٹائر ہوگئے ہیں اور اہل ہونے کی بناء پراسپے آپ کودوبار وتقرری کے لئے بیش کرتے ہیں۔ آؤٹ ممبنی اور بورڈ آف ڈائر کیٹرزنے 30 جون 2023 کوختم ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی پیشکش بھی دے دی ہے۔

اظهارتشكر

انظامیہ بور ڈ آف ڈائر کیٹرزی حمایت کے لئے جصص دار، ریگولیٹری حکام، مالیاتی اداروں، گا کہوں، سپلائرزی شکر گزاراور عملےاور کارکنوں کی ککن اور تخت محت کوسراہتی ہے۔

منجانب بوردا ف دائر يكثرز

- Ashell

شایان عبدالله دار کنه

شاہرعبداللہ سے سے

لا تور: تاريخ:26 ستبر 2022

nnual Report 2022

SIX YEARS AT A **GLANCE**

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

FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

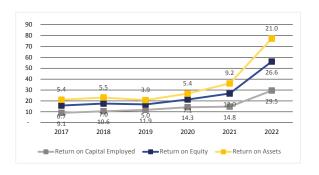
Profitability Ratios

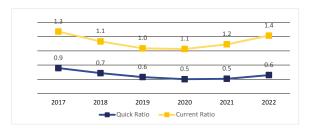
Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Sales Ratio, EBITDA Margin to Sales, Return on Assets, Return on Equity and Return on Capital Employed.

Liquidity Ratios

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







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

FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

Share Price Sensitivity Analysis

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







	UOM	2017	2018	2019	2020	2021	2022
Investor Ratios		······································					
Earning per Share	Rs. Per share	57.9	58.2	38.6	54.4	110.0	300.
Price Earning Ratio	Times	20.7	15.3	21.3	14.7	7.2	3.
Price to Book Ratio	Times	1.4	1.1	1.1	1.0	0.9	1.
Dividend Yield	Percentage	0.5	1.4	1.0	0.0	1.3	0.
Cash Dividend per Share	Rs. Per share	6.5	12.0	8.0	0.0	10.0	10.
Dividend Payout Ratio	Percentage	11.2	20.6	20.7	0.0	9.1	3.
Dividend Cover Ratio	Times	8.9	4.8	4.8	0.0	11.0	30.
Breakup Value per Share	Rs. Per share	866.3	827.1	776.5	768.6	915.1	1130.
Market Value per Share at the End of the Year	Rs. Per share	1200.0	887.4	821.1	801.0	790.0	1075.
Share Price - High During the Year	Rs. Per share	1386.0	1314.8	821.1	1045.0	975.0	1234
Share Price - Low During the Year	Rs. Per share	526.0	778.8	628.3	502.0	682.0	634

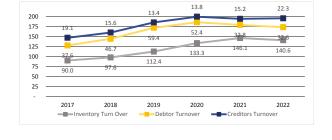
FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

Capital Structure

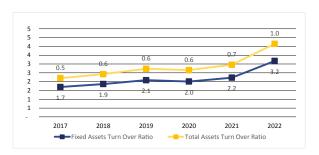
Capital structure describes the mix of a Company's long-term capital, which consists of a combination of debt and equity. Capital structure is a permanent type of funding that supports a company's growth and related assets. Capital structure includes Financial Leverage ratios, Interest Cover ratio and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

Cash Operating Cycle / Activity

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



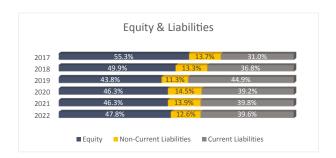


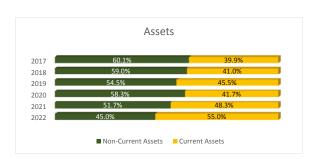


	UOM	2017	2018	2019	2020	2021	2022
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.6	0.8	1.1	0.9	0.9	0.
Weighted Average Cost of Capital	Percentage	5.1	5.6	8.8	9.6	6.4	9.
Debt to Equity Ratio	Times	0.2	0.3	0.3	0.3	0.3	0.
Interest Cover Ratio	Times	4.8	3.9	2.4	2.7	4.7	5
Activity / Turnover Ratio							
Inventory Turn Over	Days	90.0	97.6	112.4	133.3	146.1	140
Inventory Turn Over Ratio	Times	4.1	3.7	3.2	2.7	2.5	2
Debtor Turnover	Days	37.6	46.7	59.4	52.4	32.8	32
Debtors Turn Over Ratio	Times	9.7	7.8	6.1	7.0	11.1	11
Creditors Turnover	Days	19.1	15.6	13.4	13.8	15.2	22
Creditors Turnover Ratio	Times	19.1	23.4	27.2	26.4	24.1	16
Fixed Assets Turn Over Ratio	Times	1.7	1.9	2.1	2.0	2.2	3
Total Assets Turn Over Ratio	Times	0.5	0.6	0.6	0.6	0.7	1
Operating Cycle	Days	108.5	128.8	158.4	171.9	163.8	151

SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

Financial Position



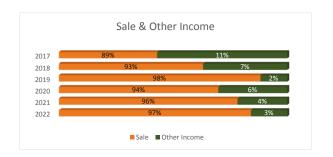


	2022	2021	2020	2019	2018	2017
			Rupees in tho	ousands		
Total Equity	23,368,965	18,915,479	15,888,230	15,287,207	16,283,524	17,055,008
Total non-current liabilities	6,162,284	5,673,501	4,964,497	3,928,640	4,354,411	4,224,767
Total current liabilities	19,369,187	16,270,740	13,464,036	15,686,972	12,018,208	9,560,605
	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142	30,840,380
Total non-current assets	22,008,192	21,105,382	20,011,880	19,031,808	19,254,437	18,546,492
Total current assets	26,892,244	19,754,338	14,304,882	15,871,011	13,401,705	12,293,888
Total assets	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142	30,840,380

		Variance in %	i		
23.54	19.05	3.93	(6.12)	(4.52)	11.00
8.62	14.28	26.37	(9.78)	3.07	63.86
19.04	20.85	(14.17)	30.53	25.71	11.38
19.68	19.07	(1.68)	6.88	5.89	16.26
4.28	5.46	5.15	(1.16)	3.82	8.46
36.13	38.10	(9.87)	18.43	9.01	30.41
19.68	19.07	(1.68)	6.88	5.89	16.26
	8.62 19.04 19.68 4.28 36.13	8.62 14.28 19.04 20.85 19.68 19.07 4.28 5.46 36.13 38.10	23.54 19.05 3.93 8.62 14.28 26.37 19.04 20.85 (14.17) 19.68 19.07 (1.68) 4.28 5.46 5.15 36.13 38.10 (9.87)	8.62 14.28 26.37 (9.78) 19.04 20.85 (14.17) 30.53 19.68 19.07 (1.68) 6.88 4.28 5.46 5.15 (1.16) 36.13 38.10 (9.87) 18.43	23.54 19.05 3.93 (6.12) (4.52) 8.62 14.28 26.37 (9.78) 3.07 19.04 20.85 (14.17) 30.53 25.71 19.68 19.07 (1.68) 6.88 5.89 4.28 5.46 5.15 (1.16) 3.82 36.13 38.10 (9.87) 18.43 9.01

SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

Statement of Profit or Loss





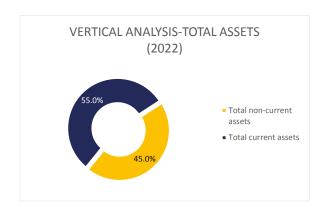
	2022	2021	2020	2019	2018	2017
		F	Rupees in '000			
Statement of Profit or Loss						
Net Sales	43,637,517	27,531,203	22,491,619	21,750,250	17,828,047	14,465,759
Cost of sales	33,349,694	23,590,601	19,667,570	18,885,554	16,002,642	13,491,724
Gross profit	10,287,823	3,940,602	2,824,049	2,864,697	1,825,406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

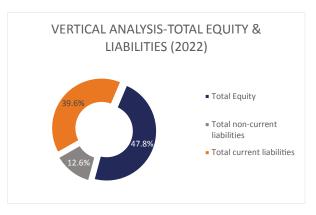
	var	iance in %			
58.50	22.41	3.41	22.00	23.24	15.93
41.37	19.95	4.14	18.02	18.61	18.47
161.07	39.54	(1.42)	56.93	87.41	(10.62)
91.74	24.84	17.39	22.12	27.44	22.19
25.66	12.01	6.11	3.18	0.18	12.45
311.78	5.01	40.82	(51.42)	33.21	(14.08)
15.04	(13.73)	172.52	(62.65)	(23.48)	13.59
139.95	22.26	30.56	4.44	12.68	0.49
73.70	(34.21)	15.92	72.26	36.54	26.46
163.80	76.95	48.75	(29.87)	3.53	(6.84)
109.40	3.75	50.30	(15.45)	16.69	159.43
173.38	102.04	48.23	(33.70)	0.53	(18.74)
	41.37 161.07 91.74 25.66 311.78 15.04 139.95 73.70 163.80 109.40	58.50 22.41 41.37 19.95 161.07 39.54 91.74 24.84 25.66 12.01 311.78 5.01 15.04 (13.73) 139.95 22.26 73.70 (34.21) 163.80 76.95 109.40 3.75	58.50 22.41 3.41 41.37 19.95 4.14 161.07 39.54 (1.42) 91.74 24.84 17.39 25.66 12.01 6.11 311.78 5.01 40.82 15.04 (13.73) 172.52 139.95 22.26 30.56 73.70 (34.21) 15.92 163.80 76.95 48.75 109.40 3.75 50.30	58.50 22.41 3.41 22.00 41.37 19.95 4.14 18.02 161.07 39.54 (1.42) 56.93 91.74 24.84 17.39 22.12 25.66 12.01 6.11 3.18 311.78 5.01 40.82 (51.42) 15.04 (13.73) 172.52 (62.65) 139.95 22.26 30.56 4.44 73.70 (34.21) 15.92 72.26 163.80 76.95 48.75 (29.87) 109.40 3.75 50.30 (15.45)	58.50 22.41 3.41 22.00 23.24 41.37 19.95 4.14 18.02 18.61 161.07 39.54 (1.42) 56.93 87.41 91.74 24.84 17.39 22.12 27.44 25.66 12.01 6.11 3.18 0.18 311.78 5.01 40.82 (51.42) 33.21 15.04 (13.73) 172.52 (62.65) (23.48) 139.95 22.26 30.56 4.44 12.68 73.70 (34.21) 15.92 72.26 36.54 163.80 76.95 48.75 (29.87) 3.53 109.40 3.75 50.30 (15.45) 16.69

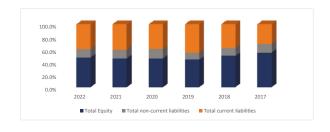
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

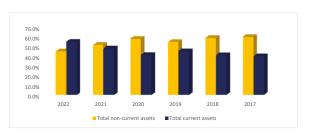
Financial Position

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







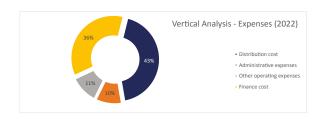


202	2	2021		2020	2020 2019		2018		2017		
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
-				-					-		
					•		•	•			
23,368,965	47.79	18,915,479	46.29	15,888,230	46.30	15,287,207	43.80	16,283,524	49.86	17,055,008	55.30
6,162,284	12.60	5,673,501	13.89	4,964,497	14.47	3,928,640	11.26	4,354,411	13.33	4,224,767	13.70
19,369,187	39.61	16,270,740	39.82	13,464,036	39.23	15,686,972	44.94	12,018,208	36.80	9,560,605	31.00
48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00	32,656,142	100.00	30,840,380	100.00
22,008,192	45.01	21,105,382	51.65	20,011,880	58.32	19,031,808	54.53	19,254,437	58.96	18,546,492	60.14
26,892,244	54.99	19,754,338	48.35	14,304,882	41.68	15,871,011	45.47	13,401,705	41.04	12,293,888	39.86
48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00	32,656,142	100.00	30,840,380	100.00
	Rs. '000 23,368,965 6,162,284 19,369,187 48,900,436 22,008,192 26,892,244	23,368,965 47.79 6,162,284 12.60 19,369,187 39.61 48,900,436 100.00 22,008,192 45.01 26,892,244 54.99	Rs. '000 % Rs. '000 23,368,965 47.79 18,915,479 6,162,284 12.60 5,673,501 19,369,187 39.61 16,270,740 48,900,436 100.00 40,859,720 22,008,192 45.01 21,105,382 26,892,244 54.99 19,754,338	Rs. '000 % Rs. '000 % 23,368,965 47.79 18,915,479 46.29 6,162,284 12.60 5,673,501 13.89 19,369,187 39.61 16,270,740 39.82 48,900,436 100.00 40,859,720 100.00 22,008,192 45.01 21,105,382 51.65 26,892,244 54.99 19,754,338 48.35	Rs. '000 % Rs. '000 % Rs. '000 23,368,965 47.79 18,915,479 46.29 15,888,230 6,162,284 12.60 5,673,501 13.89 4,964,497 19,369,187 39.61 16,270,740 39.82 13,464,036 48,900,436 100.00 40,859,720 100.00 34,316,762 22,008,192 45.01 21,105,382 51.65 20,011,880 26,892,244 54.99 19,754,338 48.35 14,304,882	Rs. '000 % Rs. '000 % Rs. '000 % 23,368,965 47.79 18,915,479 46.29 15,888,230 46.30 6,162,284 12.60 5,673,501 13.89 4,964,497 14.47 19,369,187 39.61 16,270,740 39.82 13,464,036 39.23 48,900,436 100.00 40,859,720 100.00 34,316,762 100.00 22,008,192 45.01 21,105,382 51.65 20,011,880 58.32 26,892,244 54.99 19,754,338 48.35 14,304,882 41.68	Rs. '000 % Rs. '000 % Rs. '000 % Rs. '000 23,368,965 47.79 18,915,479 46.29 15,888,230 46.30 15,287,207 6,162,284 12.60 5,673,501 13.89 4,964,497 14.47 3,928,640 19,369,187 39.61 16,270,740 39.82 13,464,036 39.23 15,686,972 48,900,436 100.00 40,859,720 100.00 34,316,762 100.00 34,902,819 22,008,192 45.01 21,105,382 51.65 20,011,880 58.32 19,031,808 26,892,244 54.99 19,754,338 48.35 14,304,882 41.68 15,871,011	Rs. '000 % Rs. '000 % Rs. '000 % Rs. '000 % 23,368,965 47.79 18,915,479 46.29 15,888,230 46.30 15,287,207 43.80 6,162,284 12.60 5,673,501 13.89 4,964,497 14.47 3,928,640 11.26 19,369,187 39.61 16,270,740 39.82 13,464,036 39.23 15,686,972 44.94 48,900,436 100.00 40,859,720 100.00 34,316,762 100.00 34,902,819 100.00 22,008,192 45.01 21,105,382 51.65 20,011,880 58.32 19,031,808 54.53 26,892,244 54.99 19,754,338 48.35 14,304,882 41.68 15,871,011 45.47	Rs. '000 % Rs. '000 % <t< td=""><td>Rs. '000 % Rs. '000 % <t< td=""><td>Rs. '000 % Rs. '000 % <t< td=""></t<></td></t<></td></t<>	Rs. '000 % Rs. '000 % <t< td=""><td>Rs. '000 % Rs. '000 % <t< td=""></t<></td></t<>	Rs. '000 % Rs. '000 % <t< td=""></t<>

SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

Statement of Profit or Loss

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







	2022		2021		2020	020 2019		2018		3	2017	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of Profit or Loss					-	•	•			•		
Net Turnover	43,637,517	100.00	27,531,203	100.00	22,491,619	100.00	21,750,250	100.00	17,828,047	100.00	14,465,759	100.00
Cost of sales	33,349,694	76.42	23,590,601	85.69	19,667,570	87.44	18,885,554	86.83	16,002,642	89.76	13,491,724	93.27
Gross profit	10,287,823	23.58	3,940,602	14.31	2,824,049	12.56	2,864,697	13.17	1,825,406	10.24	974,035	6.73
Distribution cost	2,025,961	4.64	1,056,595	3.84	846,382	3.76	721,021	3.32	590,408	3.31	463,271	3.20
Administrative expenses	467,737	1.07	372,229	1.35	332,331	1.48	313,198	1.44	303,556	1.70	302,999	2.09
Other operating expenses	502,486	1.15	122,028	0.44	116,204	0.52	82,518	0.38	169,871	0.95	127,521	0.88
Other income	1,434,390	3.29	1,246,894	4.53	1,445,360	6.43	530,368	2.44	1,419,921	7.96	1,855,690	12.83
Earnings before interest & tax	8,726,029	20.00	3,636,644	13.21	2,974,492	13.22	2,278,327	10.47	2,181,492	12.24	1,935,934	13.38
Finance cost	1,672,477	3.83	962,850	3.50	1,463,422	6.51	1,262,473	5.80	732,877	4.11	536,737	3.71
Profit before taxation	7,053,552	16.16	2,673,795	9.71	1,511,069	6.72	1,015,855	4.67	1,448,615	8.13	1,399,197	9.67
Provision for taxation	838,099	1.92	400,230	1.45	385,746	1.72	256,657	1.18	303,543	1.70	260,122	1.80
Profit after taxation	6,215,452	14.24	2,273,565	8.26	1,125,323	5.00	759,197	3.49	1,145,072	6.42	1,139,074	7.87
		-	-	- -	- -					•	•	

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

Cash Flow Analysis



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



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



CHARTERED ACCOUNTANTS

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SAPPHIRE FIBRES LIMITED** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

LAHORE; September 28, 2022 UDIN: AR202210104nKGtTBrYW Swine wing Hameed Chaudhu's co., shinewing hameed chaudhri & co., chartered accountants

Audit Engagement Partner: Osman Hameed Chaudhri

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Sapphire Fibres Limited

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

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

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

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

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

a. Male: 08b. Female: 01

2. The composition of the Board is as follows:

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

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. Out of total nine (9) Directors of the Company, eight (8) Directors meet the requirements. Five (5) Directors have already attained certification under directors training program and three (3) Directors meet the requirements of the exemption under regulation.
- 10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment and complied with relevant requirements of the Regulations.



Sapphire Fibres Limited

- 11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
- 12. The Board has formed committees comprising of members given below:
 - a) Audit Committee
 - Mr. Nadeem Arshad Elahi (Chairman)
 - Mr. Yousuf Abdullah (Member)
 - Mr. Shayan Abdullah (Member)
 - Mr. Tajammal Husain Bokharee (Member)
 - b) HR and Remuneration Committee
 - Mr. Tajammal Husain Bokharee (Chairman)
 - Mr. Shahid Abdullah (Member)
 - Mr. Yousuf Abdullah (Member)
 - Mr. Shayan Abdullah (Member)
 - c) Risk Management Committee (*)
 - Mr. Shahid Abdullah (Chairman)
 - Mr. Shayan Abdullah (Member)
 - Mr. Jawwad Faisal (Member)
- (*) The committee has recently been formed and shall convene its first meeting from financial year 2022-23.
- 13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee [Quarterly]
 - b) HR and Remuneration Committee [Yearly]
- 15. The Board has set up an effective Internal Audit Function which is co-sourced. The Head of Internal Audit and outsourced team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board

SHAYAN ABDULLAH
DIRECTOR

Lahore September 26, 2022



CHARTERED ACCOUNTANTS

Independent Auditor's Report <u>To the Members of Sapphire Fibres Limited</u>

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sapphire Fibres Limited (the Company), which comprise the statement of financial position as at June 30, 2022, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Principal Office:





CHARTERED ACCOUNTANTS

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit				
1.	Capital expenditures Refer note 4 to the financial statements. The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2022. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy. Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	 Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. Visited the mills where significant capital projects are ongoing to understand the nature of the projects. Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. 				
2.	the reporting date amounted to	trade and validated the valuation by taking following steps: - Assessed whether the Company's accounting policy				



CHARTERED ACCOUNTANTS

S. No.	Description	How the matter was addressed in our audit
	The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	 Assessed the historical costs recorded in the inventory valuation by checking purchase invoice on sample basis. Tested the reasonability of assumptions applied be the management in the allocation of labour and other various overhead costs to the inventories. Assessed the management determination of NRV or raw material thereon by performing tests on the subsequent purchase price. Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated be
3.	to manufacture and sale of yarn, fabrics and garments. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation.	 Assessed the design, implementation and operatin effectiveness of the key internal controls involved in revenue recognition. Performed testing of revenue transactions on sample basis with underlying documentation including dispatch documents and sales invoices. Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the corresperiod.
	We considered revenue recognition as a key audit matter due to revenue	-

being one of the key performance indicators of the Company and due to

the reason that revenue increased

significantly as compared to last year. In addition, revenue was also

considered as an area of significant

audit risk as part of the audit process.

Performed recalculations of discounts as per the

Understood and evaluated the accounting policy with

the price and quantity sold during the year.

Company's policy on test basis.

respect to revenue recognition.



CHARTERED ACCOUNTANTS

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



CHARTERED ACCOUNTANTS

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Lahore: September 28, 2022 UDIN: AR202210104xR4p2T6bu Shinewing Hameed Chaudhing Co., SHINEWING HAMEED CHAUDHRI & CO., CHARTERED ACCOUNTANTS



Sapphire Fibres Limited Statement Of Financial Position As at June 30, 2022

		2022 2021		
	Note	Rupees		
Assets				
Non current assets	á	44 694 666 959	40 969 470 990	
Property, plant and equipment	4 5	14,631,666,353	12,863,179,320	
Investment property Intangible assets	6	31,750,000 1,379,110	31,750,000	
	7	7,281,628,669	2,844,140	
Long term investments Long term loans	8	1,261,020, 009 1,271,250	8,178,072,307 930,000	
Long term deposits	O	60,496,545	28,606,645	
Long term deposits		22,008,191,927	21,105,382,412	
Current assets		22,000, 191,921	21,100,302,412	
Stores, spare parts and loose tools	9	759,045,137	466,689,452	
Stock-in-trade	10	14,344,276,259	11,352,379,787	
Trade debts	11	5,077,277,633	2,727,658,571	
Loans and advances	12	492,487,585	144,542,468	
Trade deposits and short term prepayments	13	39,688,825	7,990,921	
Short term investments	14	2,317,444,048	2,977,735,568	
Other receivables	15	1,355,114,102	902,010,831	
Tax refunds due from Government	16	2,461,078,774	1,110,337,150	
Cash and bank balances	17	45,831,510	64,993,047	
		26,892,243,873	19,754,337,795	
Total assets	•	48,900,435,800	40,859,720,207	
	:			
Equity and Liabilities Share capital and reserves				
Authorised capital 35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000	
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750	
Reserves	19	1,621,851,173	3,178,586,331	
Unappropriated profit		21,540,395,399	15,530,173,708	
Total equity	•	23,368,965,322	18,915,478,789	
Non current liabilities				
Long term liabilities	20	5,644,921,664	5,205,402,463	
Deferred income - Government grant	21	_	3,487,882	
Staff retirement benefit - gratuity	22	399,538,518	341,556,615	
Deferred taxation	23	117,823,533	123,054,208	
	·-	6,162,283,715	5,673,501,168	
Current liabilities				
Trade and other payables	24	5,175,516,843	3,221,855,521	
Contract liabilities		1,051,628,011	492,483,771	
Accrued mark-up / interest	25	252,363,913	195,808,765	
Short term borrowings	26	10,968,082,484	10,939,583,162	
Current portion of long term liabilities	27	1,072,001,118	1,016,060,869	
Unclaimed dividend		6,670,826	6,194,951	
Provision for taxation		842,923,568	398,753,211	
		19,369,186,763	16,270,740,250	
Total liabilities		25,531,470,478	21,944,241,418	
Contingencies and commitments	28			
Total equity and liabilities	;	48,900,435,800	40,859,720,207	
The annexed notes form an integral part of these fir	nancial sta	tements.		

hief Executive Officer

SHC

Director

Chief Financial Officer

Sapphire Fibres Limited Statement Of Profit Or Loss For the Year Ended June 30, 2022

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

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

Chief Executive Officer

Director

Chief Financial Officer

Sapphire Fibres Limited Statement Of Other Comprehensive Income For the Year Ended June 30, 2022

2022

6,215,452,212

4,660,205,283

2021

2,273,564,606

---Rupees---

Profit after taxation

Other comprehensive (loss) / income

Items that will not be reclassified to statement of profit or loss subsequently

Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income

- long term
- short term

Impact of deferred tax

Realised loss on sale of investment at fair value through other comprehensive income

Gain on re-measurement of staff retirement benefit obligation
Impact of deferred tax

(896,443,638)	142,228,961
(660,291,520)	581,387,300
-	25,176,390
	(5,202,590)
(1,556,735,158)	743,590,061
1,673,946	10,707,520
(185,717)	(613,333)
1,488,229	10,094,187
(1,555,246,929)	753,684,248

Total comprehensive income for the year

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

hief Executive Officer

SHC

Director

Chief Financial Officer

3,027,248,854

Sapphire Fibres Limited Statement Of Cash Flows For the Year Ended June 30, 2022

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

Chief Executive Officer

SHC

Director

Chief Financial Officer

Sapphire Fibres Limited Statement Of Changes In Equity For the Year Ended June 30, 2022

				Reserves			
	Issued, subscribed and paid-up capital	Capital Share premium	Rev General	enue Unappropriated profit	Sub- total	Unrealised gain / (loss) on financial assets at fair value through other comprehensive income	Total
				Rupees-			
Balance as at July 01, 2020	206,718,750	391,833,750	1,183,845,000	13,251,717,505	14,827,396,255	854,114,930	15,888,229,935
Total comprehensive income for the year ended June 30, 2021					f :		
Profit for the year	-	-	•	2,273,564,606	2,273,564,606	-	2,273,564,606
Other comprehensive income	_	- [-	10,094,187	10,094,187	743,590,061	753,684,248
	-	-		2,283,658,793	2,283,658,793	743,590,061	3,027,248,854
Reclassification adjustment of realised loss on sale of investment at fair value through other comprehensive income Balance as at June 30, 2021	206,718,750	391,833,750	1,183,845,000	(5,202,590) 15,530,173,708	(5,202,590) 17,105,852,458	5,202,590 1,602,907,581	
balance as at June 50, 2021	200,710,730	291,635,730	1, 100,040,000	19 ¹ 990 ¹ 119 ¹ 100	11,100,002,400	1,002,507,301	10,313,410,103
Transaction with owners of the Company Final dividend related to the year ended June 30, 2021 at the rate of Rs.10 per share Total comprehensive income for the year ended June 30, 2022	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)
Profit for the year	-	-	•	6,215,452,212	6,215,452,212	-	6,215,452,212
Other comprehensive income / (loss)	-		-	1,488,229	1,488,229	(1,556,735,158)	(1,555,246,929)
				6,216,940,441	6,216,940,441	(1,556,735,158)	4,660,205,283
Balance as at June 30, 2022	206,718,750	391,833,750	1,183,845,000	21,540,395,399	23,116,074,149	46,172,423	23,368,965,322
The approved notes form an integral part of those f	inancial ctatements					•	

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

Chief Executive Officer

SHC

=a-434000

Director

Chief financial Officer

Sapphire Fibres Limited Notes to the Financial Statements For the Year Ended June 30, 2022

1. LEGAL STATUS AND OPERATIONS

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

Production plant

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

26 km, Sheikhupura / Faisalabad Road, Feroze wattoan

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

Effective date: January 01, 2022

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

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

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

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

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

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

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

(a) IAS 37 Onerous contracts

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

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

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

Effective date: January 01, 2023

(c) IAS 1 Disclosure of accounting policies

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

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

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

2.5 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

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

(e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

3.2 Investment property

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

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

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

3.3 Intangible assets

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

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

Subsequent expenditure

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

Amortization

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

3.4 Right-of-use assets

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

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

Debt Instruments at FVTOCI

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

- Debt Instruments at FVTPL

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

Financial Assets measured at amortised cost

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

Derecognition

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

Investments in Subsidiary and Associated Companies

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

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

Particulars	Mode of valua	tion

Raw materials - weighted average cost

Raw materials in transit - cost accumulated to the reporting date

Work-in-process - cost of direct materials and appropriate

manufacturing overheads

Finished goods - lower of average cost and net realizable value

Waste - net realizable value

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Impairment

(a) Financial assets

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

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

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

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

(b) Non-financial assets

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

3.11 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

3.12 Cash and cash equivalents

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

3.13 Borrowings

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

3.14 Employees' retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

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

3.15 Taxation

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

Current

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

Deferred

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

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

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

3.16 Lease liability

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

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

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

3.17 Trade and other payables

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

3.18 Provisions

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

3.19 Foreign currency translation

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

3.20 Revenue recognition

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

Sale of goods

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

Rendering of services

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

Other sources of revenue

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

3.21 Borrowing costs

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

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

4.1 Operating fixed assets

			Residential	Leased	Factory				Equip	ment	:			Furniture	Arms and		
	Freehold land	Leasehold land	buildings and others on freehold land	office Improve- ments	buildings on freehold land	Plant and machinery	Electric installations	Fire fighting	Office	Mills	Electric / gas	Computer hardware	Vehicles	and fixtures	ammuni- tion	Tools	Total
								Rup	9 e s							*	••
At July 1, 2020											Ž						
Cost	466,730,130	313,245,050	978,386,092	28,636,645	2,935,250,773	11,924,277,970	417,196,648	21,111,998	19,746,970	40,526,965	20,672,670	26,282,125	211,743,870	51,908,992	149,886	248,579	17,456,115,363
Accumulated depreciation		-	281,523,381	24,741,850	1,235,872,105	4,638,417,398	172,917,523	5,137,439	16,594,508	27,073,264	12,521,426	19,966,779	114,064,032	31,180,433	136,034	221,657	6,580,367,829
let book value	466,730,130	313,245,050	696,862,711	3,894,795	1,699,378,668	7,285,860,572	244,279,125	15,974,559	3,152,462	13,453,701	8,151,244	6,315,346	97,679,838	20,728,559	13,852	26,922	10,875,747,534
ear ended Juhe 30, 2021																	
pening net book value	466,730,130	313,245,050	696,862,711	3,894,795	1,699,378,668	7,285,860,572	244,279,125	15,974,559	3,152,462	13,453,701	8,151,244	6,315,346	97,679,838	20,728,559	13,852	26,922	10,875,747,534
Additions	830,652,133	-	5,541,384		190,204,256	998,911,782	3,718,676		-	1,433,744	<u> </u>	3,713,855	38,404,505	852,499			2,073,432,834
lisposals:											O Design						
- cost	80,685,473	w	•	-	-	168,404,644	•	•	-	-	-	222,000	14,619,500	-		•	263,931,617
- accumulated depreciation	7		-	Ħ	•	(130,610,988)	*		•	-	4	(144,083)	(11,047,420)			•	(141,802,491
	80,685,473	•	•	٠	-	37,793,656	•	•	•	-	· •	77,917	3,572,080	-	-	•	122,129,126
epreciation charge	•		34,897,770	778,959	177,603,798	588,027,641	24,727,298	1,597,456	315,246	1,423,174	815,124	2,542,407	21,771,013	2,127,596	1,385	2,692	856,631,559
losing net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
t June 30, 2021											i i						
Cost	1,216,696,790	313,245,050	983,927,476	28,636,645	3,125,455,029	12,754,785,108	420,915,324	21,111,998	19,746,970	41,960,709	20,672,670	29,773,980	235,528,875	52,761,491	149,886	248,579	19,265,616,580
ccumulated depreciation	-	-	316,421,151	25,520,809	1,413,475,903	5,095,834,051	197,644,821	6,734,895	16,909,754	28,496,438	13,336,550	22,365,103	124,787,625	33,308,029	137,419	224,349	7,295,196,897
let book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
ear ended June 30, 2022																	
pening net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
dditions	•	•	3,823,726	•	23,496,438	1,653,206,673	27,376,410	•	25,758,534	4,186,309		16,843,386	52,041,895	16,236,079			1,822,969,450
lisposals:																	
- cost		-	E	*	-	115,375,574		•	-	-	· -	837,250	14,526,500	-	-	-	130,739,324
- accumulated depreciation				•		(101,082,430)					, .	(659,605)	(10,107,576)	#+, ,		•	(111,849,611
	-	-	-	-	•	14,293,144	•	-		•	•	177,645	4,418,924	*	•	•	18,889,713
Depreciation charge	-		33,423,113	623,167	172,182,346	622,402,925	24,380,281	1,437,710	1,104,841	1,614,025	733,612	3,515,660	24,797,941	2,813,894	1,247	2;423	889,033,185
Closing net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,655	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
t June 30, 2022																	
Cost	1,216,696,790	313,245,050	987,751,202	28,636,645	3,148,951,467	14,292,616,207	448,291,734	21,111,998	45,505,504	46,147,018	20,672,670	45,780,116	273,044,270	68,997,570	149,886	248,579	20,957,846,706
ccumulated depreciation	•		349,844,264	26,143,976	1,585,658,249	5,617,154,546	222,025,102	8,172,605	18,014,595	30,110,463	14,070,162	25,221,158	139,477,990	36,121,923	138,666	226,772	8,072,380,471
let book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,685,466,235
Depreciation rate (% - per ani	numl		5	20	.10	5 & 10	10	10	10	10	10	30	20	10	10	10	

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

Location		of immovable roperty	Total area in square yards
Freehold Land			
- Kharianwala, District Shiekhupura.	Produ	iction plant	174,815
- Ferozewattoan, District Shiekhupura.	Produ	iction plant	569,156
- Riawind, District Lahore.	Produ	uction plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed	Mill / Factory	113,075
Leasehold Land	·	·	•
- Nooriabad, Karachi.	Proposed	d Mill / Factory	135,520
- Port Qasim Authority, Karachi.	•	ed warehouse	14,520
- Defence Housing Authority, Karachi.		osed office	666
Depreciation charge has been allocated as follows:		2022 Rup	2021 e e s
Cost of goods manufactured		868,833,943	838,309,738
Administrative expenses		20,199,242	18,321,821
		889,033,185	856,631,559
Capital work-in-progress			
Buildings		645,081,936	269,978,426
Furniture and fixtures		19,680,831	3,291,327
Plant and machinery {including in transit aggregating Rs.240.002 million (June 30, 2021: Rs.50.455 million)}	ו	521,326,846	518,480,591
Advance payments against:		· · · · · · · · · · · · · · · · · · ·	
- land - freehold		36,680,950	24,554,700
- factory / office building		78,192,418	17,175,861
- plant and machinery		207,634,403	38,791,417
- electric installation		206,328,734	15,764,565
- vehicles		31,274,000	4,203,000
- computers		560,110,505	519,750 101,009,293
		1,746,200,118	892,759,637

Movement in the capital work-in-progress 4.4

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

Net

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

Particulars of assets	Cost	Accumu- lated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:				
Rupees											
Assets having net book value exceeding Rs.500,000 each											
Plant and machinery											
1 No. Complete Sabar Fully Automatic High Production	2,696,369	1,470,382	1,225,987	1,400,000	174,013	Negotiation	M/s. A.S. Engineering Works				
1 No. Murata 7-V Machconer Automatic Cone winder	14,245,736	12,697,085	1,548,651	1,850,000	301,349	Negotiation	M/s. Ideal Trading Company				
1 No. Complete Loptex Optosonic Sorter System	9,302,904	6,656,456	2,646,448	2,750,000	103,552	Negotiation	M/s. Nadeem Textile Mils Limited				
1 No. Mureta Automatic Winder Magazine Type 21C	9,396,790	8,100,216	1,296,574	7,000,000	5,703,426	Negotation	M/s. Reliance Cotton Spinning Mills Limited (related party)				
One High Speed Precision Cross Winder (SSM-2)	9,092,853	8,093,445	999,408	1,430,538	431,128	Negotiation	M/s. Hand's Trading Corporation				
One High Speed Precision Cross Winder (SSM-3)	9,758,752	8,301,576	1,457,176	2,085,776	628,600	Negotiation	M/s. Hand's Trading Corporation				
One Set Complete Murata Automatic Cone Winder No.21C	10,149,412	8,774,651	1,374,761	9,700,000	8,325,239	Negotiation	NJs. Refance Cotton Spinning Mils Limited (related party)				
One Fabric Cutting Machine	2,512,294	1,983,780	528,514	384,616	(143,898)	Negotiation	M/s. GT Traders				
	67,155,110	56,077,591	11,077,519	26,600,928	15,523,409	•					
Vehicles											
Toyota Corolla	1,987,000	1,164,082	822,918	900,000	77,082	Hegotation	Muhammad Hamayun				
Sizuki Cultus	1,410,000	581,797	828,203	828,203	•	Company pošcy	II. Janii Akhtar (employee)				
	3,397,000	1,745,879	1,651,121	1,728,203	77,082						
Various assets having net book value upto Rs.500,000 each	60,187,214	54,026,141	6,161,073	20,192,056	14,030,983	Negotiation	Various parties				
June 30, 2022	130,739,324	111,849,511	18,889,713	48,521,187	29,631,474						
June 30, 2021	263,931,617	141,802,491	122,129,125	217,821,075	95,691,950						
			100.00								

5. INVESTMENT PROPERTY

- 5.1 This represents free-hold land situated at Raiwand Road, Lahore having an area of 5,000 square yards.
- Fair value of the investment property, based on the management estimation, as at June 30, 2022 was Rs.75 million (June 30, 2021: Rs.75 million).

6.	INTANGIBLE ASSETS	- · · · · · · · · · · · · · · · · · · ·	2022	2021
		Note	Rup	
	These represent computer software licenses	i .		
	Net carrying value as at July 1,			
	Opening net book value		2,844,140	4,309,170
	Amortization for the year		(1,465,030)	(1,465,030)
	Net book value as at,		1,379,110	2,844,140
	Gross carrying value as at, Cost		29,890,171	30 900 171
	Accumulated amortization		28,511,061	29,890,171 27,046,031
	Net book value		1,379,110	2,844,140
	Amortization rate (% per annum)		20	20
7.	LONG TERM INVESTMENTS			
• •	Subsidiary Companies - at cost	7.1	3,574,808,316	3,574,808,316
	Associated Companies - at cost	7.2	758,276,769	758,276,769
	Others - equity instruments	7.3	2,902,043,584	3,797,987,222
	- debt instruments	7.4	46,500,000	47,000,000
			7,281,628,669	8,178,072,307
7.1	Subsidiary Company - unquoted			
	Sapphire Electric Company Limited (SECI	L)		
	288,782,600 ordinary shares of Rs.10 each	7.1.1	3,039,008,316	3,039,008,316
	Equity held: 68.11%		, , ,	, , ,
	Premier Cement Limited (PCL)			
	46,860,000 ordinary shares of Rs.10 each	7.1.2	468,600,000	468,600,000
	Equity held: 100%		•	
	Sapphire Cement Company Limited (SCC	L)		
	50,000 ordinary shares of Rs.10 each	7.1.3	500,000	500,000
	Equity held: 100%			000,000
	Sapphire Energy (Pvt.) Limited (SEPL)			
	6,620,000 ordinary shares of Rs.10 each	7.1.4	66,200,000	66,200,000
	Equity held: 100%	* * * * *	00,200,000	0.0,200,000
	Sapphire Power Limited (SPL)			
	50,000 ordinary shares of Rs.10 each	7.1.5		
	Equity held: 100%	7.110	500,000	500,000
	Equity riola. 10070		3,574,808,316	3,574,808,316
				J,J, 4,000,010

7.2

- 7.1.1 SECL was incorporated in January 18, 2005 as a public limited company. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhupura, Punjab.
 - The Company has pledged 172,446,420 shares of SECL with a financial institution under Share Pledge Agreement dated April 16, 2007 and Working Capital Support Agreement dated August 13, 2010 as security against financing facilities advanced to SECL.
- 7.1.2 PCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.
- 7.1.3 SCCL is a wholly owned Subsidiary Company incorporated as a public limited company. The Subsidiary Company intends to establish and install plant for manufacturing of all kinds of cement and its allied products.
- 7.1.4 SEPL is a wholly owned Subsidiary Company incorporated as a private limited company. The Subsidiary Company intends to establish and install plant for handling, storage, treatment and processing of Liquefied Natural Gas, Re-gasified Liquefied Natural Gas, Liquid Petroleum Gas, Natural Gas Liquid and its allied products.
- 7.1.5 SPL is wholly owned subsidiary Company incorporated during the current year as public unlisted company. The Subsidiary Company intends to establish and install plant to generate, purchase, import, transform, convert, distribute and supply electricity including the hydril and wind power system.

)	Associated Companies - Quoted	2022	2021
		Rupe	es
	Reliance Cotton Spinning Mills Limited		
	138,900 ordinary shares of Rs.10 each	1,306,269	1,306,269
	Equity held: 1.35%		
	Fair value: Rs.53,556 million (2021: Rs.26,905 million)		
	SFL Limited - note 7.2.1		
	10,199 ordinary shares of Rs.10 each	100,000	100,000
	Equity held: 0.051%		
	Fair value: Rs.1.632 million (2021: Rs.8.057 million)		
	Associated Companies - unquoted		
	Sapphire Power Generation Limited		
	2,824,500 ordinary shares of Rs.10 each	64,355,500	64,355,500
	Equity held: 17,63%		
	Break-up value per share on the basis of un-audited		
	financial statement Rs.99.81 (2021: Rs. 86.65)		
	Sapphire Dairies (Private) Limited	400 000 000	400,000,000
	10,000,000 ordinary shares of Rs.10 each	100,000,000	100,000,000
	Equity held: 5.50%		
	Break-up value per share on the basis of un-audited financial statement Rs.19.04 (2021: Rs. 11.79)		
	Tricon Boston Consulting		
	Corporation (Private) Limited (TBCCL) - note 7.2.2		
	59,251,500 ordinary shares of Rs.10 each	592,515,000	592,515,000
	Equity held: 7.13%		
	Break-up value per share on the basis of un-audited financial statement Rs.27.44 (2021: Rs. 23.02)		
	-	758,276,769	758,276,769
	=		

- **7.2.1** SFL Limited is in process of voluntary delisting from Pakistan Stock Exchange and has made an offer to buy-back its shares at an agreed price of Rs.160 per share.
- 7.2.2 The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities availed by TBCCL.
- 7.2.3 Investments in Associated Companies have been carried at cost in these unconsolidated financial statements. Equity method as required under IAS-28 shall be applied in the consolidated financial statements of the Company.
- **7.2.4** The existence of significant influence by the Company is evidenced by the representation on the board of directors of abovementioned Associated Companies.

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

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

8.	LONG TERM LOANS - Secured		2022	2021
		Note	Rupe	9 S
	Loans due from employees	8.1	2,714,250	1,965,000
	Less: recoverable within one year and			
	grouped under current assets	•••	1,443,000	1,035,000
			1,271,250	930,000
		_		

- 8.1 These represent interest free loans provided to employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case. Loans are secured against employees' vested retirement benefits.
- The Company, during the year, provided a loan amounted Rs.4.500 million to Mr. Jawad Faisal (Key management personnel). The loan has been recovered during the year.

Stores S	9.	STORES, SPARE PARTS AND		2022	2021
Spare parts		LOOSE TOOLS	Note	Rup	ees
Loose tools 121,727 239,981 Items in transit 30,008,868 173,567,885 770,571,619 478,709,574 Less: provision for slow moving items 9.1 11,526,482 12,020,122 759,045,137 466,689,452 9.1 Provision for slow moving items Balance at beginning of the year 12,020,122 12,055,543 Less: provision reversed during the year (493,640) (35,421) Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials:		Stores		579,671,360	176,156,968
Items in transit		Spare parts		160,769,664	128,744,740
Less: provision for slow moving items 9.1 Provision for slow moving items Balance at beginning of the year Less: provision reversed during the year Balance at end of the year 11,526,482 12,020,122 12,055,543 (493,640) 13,526,482 12,020,122 12,055,543 (493,640) 13,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills - at mills - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process Finished goods - at mills 3,153,668,218 1,655,968,789		Loose tools		121,727	239,981
Less: provision for slow moving items 9.1 11,526,482 12,020,122 759,045,137 466,689,452 9.1 Provision for slow moving items Balance at beginning of the year Less: provision reversed during the year Alance at end of the year Balance at end of the year Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process Finished goods - at mills 3,153,668,218 1,655,968,789		Items in transit		30,008,868	173,567,885
9.1 Provision for slow moving items Balance at beginning of the year Less: provision reversed during the year Balance at end of the year Balance at end of the year Balance at end of the year Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process Finished goods - at mills 3,153,668,218 1,655,968,789				770,571,619	478,709,574
9.1 Provision for slow moving items Balance at beginning of the year 12,020,122 12,055,543 Less: provision reversed during the year (493,640) (35,421) Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills 8,765,301,137 7,128,035,967 - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		Less: provision for slow moving items	9.1	11,526,482	12,020,122
Balance at beginning of the year Less: provision reversed during the year (493,640) (35,421) Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills - in transit 1,128,498,575 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789				759,045,137	466,689,452
Less: provision reversed during the year(493,640)(35,421)Balance at end of the year11,526,48212,020,12210. STOCK-IN-TRADE Raw materials: - at mills - in transit8,765,301,137 1,128,498,575 9,893,799,712 9,893,799,712 8,623,821,262 1,072,589,736Work-in-process Finished goods - at mills3,153,668,218 3,153,668,2181,655,968,789	9.1	Provision for slow moving items			· · · · · · · · · · · · · · · · · · ·
Balance at end of the year 11,526,482 12,020,122 10. STOCK-IN-TRADE Raw materials: - at mills 8,765,301,137 7,128,035,967 - in transit 1,128,498,575 1,495,785,295 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		Balance at beginning of the year		12,020,122	12,055,543
10. STOCK-IN-TRADE Raw materials: - at mills 8,765,301,137 7,128,035,967 - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		Less: provision reversed during the year		(493,640)	(35,421)
Raw materials: 8,765,301,137 7,128,035,967 - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		Balance at end of the year		11,526,482	12,020,122
- at mills 8,765,301,137 7,128,035,967 - in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789	10.	STOCK-IN-TRADE			
- in transit 1,128,498,575 1,495,785,295 9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		Raw materials:			
9,893,799,712 8,623,821,262 Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		- at mills		8,765,301,137	7,128,035,967
Work-in-process 1,296,808,329 1,072,589,736 Finished goods - at mills 3,153,668,218 1,655,968,789		- in transit		1,128,498,575	1,495,785,295
Finished goods - at mills 3,153,668,218 1,655,968,789				9,893,799,712	8,623,821,262
		Work-in-process		1,296,808,329	1,072,589,736
14,344,276,259 11,352,379,787		Finished goods - at mills		3,153,668,218	1,655,968,789
				14,344,276,259	11,352,379,787

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

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

	se include the following amounts due om related parties:	2022 R u p	2021 e e s
Dia	amond Fabrics Ltd.	1,804,326	9,361,383
Re	liance Cotton Spinning Mills Ltd.	3,065,588	5,743,553
An	ner Cotton Mills (Pvt.) Ltd.	7,732,838	22,100,801
Sa	pphire Textile Mills Ltd.	17,752,027	23,642,135
Sa	pphire Power Generation Ltd.	6,400	-
		30,361,179	60,847,872

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

	Related parties		Oth	ers
	2022	2021	2022	2021
	100 food safe' food 100	R	upees	
Not past due	713,598	660,114	2,000,003,954	1,406,132,361
Past due 1-30 days	22,562,533	43,762,454	1,537,545,039	818,202,369
Past due 31-60 days	1,291,960	4,209,921	804,836,891	186,735,708
Past due 61-90 days	1,153,415	281,180	209,243,268	85,408,947
Past due 91-365 days	1,071,641	11,628,319	395,534,679	113,620,824
Past due one year	3,568,032	305,884	183,711,739	135,649,606
	30,361,179	60,847,872	5,130,875,570	2,745,749,815

- 11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.222.927 million (2021: Rs.83.790 million).
- 11.4 These mainly include doubtful receivables amounting U.S. Dollar 372.506 thousand, U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s. Star Knitwear Ltd. Mauritius, Hong Kong, M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.

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

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

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

SAPPHIRE FIBRES LIMITED

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

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

- 15.1 The Company has entered into a loan agreement with Premier Cement Ltd. (the Subsidiary Company), to provide an unsecured loan upto an amount of Rs.500 million for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, ranged from 7.54% to 13.57% (2021: 7.10% to 7.44%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.250.760 million (2021: Rs.122.116 million).
- 15.2 The Company has entered into a loan agreement with Sapphire Energy (Pvt.) Limited (the Subsidiary Company), to provide an unsecured loan upto an amount Rs.375 million for working capital requirements. This loan carries mark-up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark-up rate charged by the Company, during the year, was 7.54% to 13.57% (2021: 7.10% to 7.44%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.357.280 million (2021: Rs.226.548 million).
- 15.3 These balances have arisen during the normal course of business activity.
- 15.4 The aggregate maximum outstanding balance due from the related parties (associated companies) at the end of any month during the year was Rs.24.581 million (2021: Rs.0.584 million). Receivable from Sapphire Cement Company Ltd., Sapphire Power Ltd. and Reliance Cotton Spinning Mills Ltd. are past due for more than one year.

16.	TAX REFUNDS DUE FROM		2022	2021
GOVERNMENT Note		Note	Rupees	
	Sales tax		2,346,304,269	923,908,933
	Income tax		455,927,768	444,300,841
	Excise duty		26,811,914	24,201,390
	Less: provision for doubtful tax refunds	16.1	367,965,177	282,074,014
			2,461,078,774	1,110,337,150

16.1	Provision for doubtful tax refunds	Note	2022 Rupe	202 <u>1</u> e s
	Balance at beginning of the year		282,074,014	282,074,014
	Add: provision for the period year	_	85,891,163	<u> </u>
	Balance at end of the year	· -	367,965,177	282,074,014
17.	CASH AND BANK BALANCES	•		
	Cash-in-hand	17.1	5,929,217	5,021,238
	Balances with banks on:	F		
	- current accounts	17.2	27,222,413	47,751,996
	- term deposit account (TDA)	17.3	6,040,000	6,040,000
	- dividend account		6,639,880	6,179,813
			39,902,293	59,971,809
		.	45,831,510	64,993,047

- 17.1 Cash-in-hand includes Rs.5.374 million (2021: Rs.1.210 million) advanced to employees for various expenses.
- 17.2 These include foreign currency deposits amounting to US.\$ 78,865 (2021: US.\$ 83,343).
- 17.3 Effective rates of profit on TDA, during the period, ranged at 5.75% to 6.00% (2021: 5.73% to 7.75%) per annum. The maturity period of the TDA is one year from the date of original issue. This deposit is under bank's lien as security of bank guarantee issued on behalf of the Company.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

- 18.1 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.
- 18.2 10,714,798 (2021: 10,714,798) ordinary shares of Rs.10 each are held by the related parties as at year-end.

19.	RESERVES	-	2022	2021
		Note	Rup	e e s
	Share premium - capital reserve	19.1	391,833,750	391,833,750
	General reserve - revenue reserve	19.2	1,183,845,000	1,183,845,000
	Unrealized gain on financial assets at fair value through other comprehensive income	19.3	46,172,423	1 602 007 591
	comprehensive income	19.5	40,172,423	1,602,907,581
			1,621,851,173	3,178,586,331

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

- 19.2 This represents reserves funds set aside from unappropriated profit.
- 19.3 This represents unrealized gain on re-measurement of investments at fair value through OCI and is not available for distribution.

20.	LONG TERM LIABILITIES - Secured	Note	2022 Rupe	2021
	Long term finances	20.1	6,405,605,255	5,924,357,343
	Provision for Gas infrastructure		• • • •	
	Development Cess	20.2	311,317,527	297,105,989
			6,716,922,782	6,221,463,332
	Less: current portion grouped under current liabilities		(1,072,001,118)	(1,016,060,869)
			5,644,921,664	5,205,402,463
20.1	Long term finances (from banking companies) - MCB Bank Limited			
	- Long term finance facility - I	20.1.1	42,898,000	59,264,608
	- Long term finance facility - II	20.1.2	1,133,902,000	1,309,668,142
	- Long term finance facility - III	20.1.3	133,215,000	-
	- Demand finance	20.1.4	.=	6,614,608
			1,310,015,000	1,375,547,358
	- Habib Bank Limited			
	- Long term finance facility	20.1.5	396,585,000	256,780,000
	 Long term finance facility (under refinance scheme for payment of wages and salaries) 	20.1.6	117,690,418 514,275,418	377,395,778 634,175,778
	- Allied Bank Limited	20.1.7	565,344,750	687,191,050
	- United Bank Limited	20.1.8	1,245,246,247	1,473,221,407
	- Faysal Bank Limited	20.1.9	1,361,941,950	1,353,698,750
	- Bank Alfalah Limited	20.1.10	1,059,677,890	184,633,000
	- Habib Metropolitan Limited	20.1.11	215,890,000	215,890,000
	- Meezan Bank Limited	20.1.12	120,214,000	-
	- Askari Bank Limited	20.1.13	13,000,000	***************************************
		:	6,405,605,255	5,924,357,343

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

- 20.1.2 The Company has arranged long term finance facilities amounting Rs.1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs.1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Company.
- 20.1.3 The Company has arranged long term finance facilities amounting Rs.133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at SBP rate + 1% per annum. The loan is secured against first charge of aggregate Rs.2,200 million over the specific plant and machinery of the Company along with the other facilities from the bank.
- 20.1.4 MCB Bank Limited, on request of the Company, converted four tranches of long term finance facility amounting Rs.46.302 million into a demand finance facility. This finance facility was repayable in seven equal semi-annual instalments commenced from June, 2017 and carried mark-up at the rate of 3 month Kibor + 1% per annum. These finances carried mark-up at the rate of 2.50% (2021: at the rate ranged from 12.13% to 14.24%) per annum and was secured against joint pari passu charge of Rs.200 million over the imported machinery.
- 20.1.5 The Company has arranged long term finance facilities amounting Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.256.780 million in nine tranches of different amounts during the preceding years and Rs.147.372 million in nine tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2021: ranged from 2.85% to 11.38%) per annum and are secured against first charge of Rs.667 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.6 The Company has arranged a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Company for Rs.583.333 million.
 - As the above loan is below market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market- related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as a Government grant (note 21).
- 20.1.7 The Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.960.357 million in seventeen trenches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.
- 20.1.8 The Company has arranged long term finance facilities amounting Rs.1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2021: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Company.

- 20.1.9 The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,353.717 million in forty tranches of different amounts during the preceding year and Rs. 32.907 million in two tranches of different amounts during the current year. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2021: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs.900 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.10 The Company has arranged long term finance facility amounting Rs.1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.184.633 million in seven tranches of different amounts during the preceding years and Rs.876.545 million in eighteen tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2021: 3.00% to 4.00%) per annum and are secured against first joint pari passu charge of Rs.1,333.340 million with 25% margin over the specific plant and machinery of the Company.
- 20.1.11 The Company has arranged a long term finance facility amounting Rs.270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Company.
- 20.1.12 The Company, during the current year, arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.120.214 million in nine tranches of different amounts during the current period. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 3.50% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Company with 25% margin.
- 20.1.13 The Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranches. The loan is repayable in 32 equal quarterly installments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs.666.667 million on the fixed of the Company.

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

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

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

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

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

- 21.1 As fully detailed in note 20.1.6 to these financial statements, the Company has recorded Rs.35.733 million as Government grant on loan at below-market rate of interest, as per the requirements of IAS-20 'Accounting for government grant and disclosure of government assistance'.
- 21.2 The Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the year, Rs.15.158 million has been recognized in the statement of profit or loss.

22. STAFF RETIREMENT BENEFIT - Gratuity

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

22.1 Amount recognized in the statement of financial position		2022 Rupe	2021 e s
	Net liability at the beginning of the year	341,556,615	310,591,147
	Charge to statement of profit or loss	131,608,465	110,916,094
	Remeasurement recognized in statement of other comprehensive income	(1,673,946)	(10,707,520)
	Payments made during the year	(71,952,616)	(69,243,106)
	Net liability at the end of the year	399,538,518	341,556,615
22.2	Movement in the present value of defined benefit obligation		
	Balance at beginning of the year	341,556,615	310,591,147
	Current service cost	101,050,434	87,458,679
	Interest cost	30,558,031	23,457,415
	Benefits paid	(71,952,616)	(69,243,106)
	Remeasurements on obligation	(1,673,946)	(10,707,520)
	Balance at end of the year	399,538,518	341,556,615

SAPPH	IRE FIBRES LIMITED	(27)	NC	OTES TO THE FINANC	CIAL STATEMENTS
22.3	Expense recognized in statement of profit or loss			2022 Rupe	2021 e e s
	Current service cost			101,050,434	87,458,679
	Interest cost			30,558,031	23,457,415
			-	131,608,465	110,916,094
22.4	Remeasurements recognized in stater of other comprehensive income	nent			
	Experience adjustment			(6,027,506)	(12,479,822)
	Actuarial loss			4,353,560	1,772,302
				(1,673,946)	-10,707,520
22.5	Actuarial assumptions used			2022	2021
	Discount rate used for year-end obligation	n		13.25%	10.00%
	Expected rate of increase in future salari	es		12.25%	9.00%
	Mortality rates (for death in service)			SLIC (2001-05)	SLIC (2001-05)

22.6 Sensitivity analysis for actuarial assumptions

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

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

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

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

- 22.7 Based on actuary's advice, the expected charge for the year ending June 30, 2023 amounts to Rs.166.31 million.
- 22.8 The weighted average duration of defined benefit obligation is 7 years.
- 22.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
			Rupees		
As at June 30, 2022	77.826.152	168,076,854	241,523,197	8,379,765,515	8.867.191.718

22.10 Historical information:

22.10	Historical information:					
		2022	2021	2020	2019	2018
		4,4 4 5 5		Rupees		* * * * * *
	Present value of defined					
	benefit obligation	399,538,518	341,556,615	310,591,147	242,930,143	346,597,468
	Experience adjustment			•		
	on obligation / actuarial loss	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)	8,423,010
23.	DEFERRED TAXATION - N	et		2022		2021
	The balance of deferred tax of following major temporar	•		₩ ₩	-Rupees	; = = =
	Taxable temporary differences arising in respect of:					
	- accelerated tax depreciation allowance			155,02	7,980	158,677,228
				155,02	7,980	158,677,228
	Deductible temporary differen	ences arising i	n respect of:	F		· · · · · · · · · · · · · · · · · · ·
	- staff retirement benefit -	gratuity		17,44	9,445	17,026,939
	- provision for slow moving	inventory		50	3,408	599,215
	- provision for doubtful tax refunds			15,58	4,764	14,061,672
	- provision for impairment	in trade debts		3,66	6,830	3,935,194
				37,20	4,447	35,623,020
				117,82	3,533	123,054,208

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

24.	TRADE AND OTHER PAYABLES	Note	2022 Rupe	2021 e e s
	Trade creditors	24.1	2,320,295,466	1,231,738,190
	Accrued expenses		1,427,473,586	791,994,697
	Bills payable	24.2	565,680,154	749,346,003
	Sindh government infrastructure fee	24.3	447,143,385	313,966,770
	Workers' profit participation fund	24.4	268,466,172	119,661,295
	Workers' welfare fund	24.5	144,765,702	815,671
	Current portion of Government grant	21	1,178,823	12,848,707
	Others		513 <u>,5</u> 55	1,484,188
			5,175,516,843	3,221,855,521

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

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

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

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

24.4	Workers' profit participation fund	2022 Rupe	2021 e s
	Balance at beginning of the year	119,661,295	59,227,537
	Add: interest on funds utilized by the Company	904,702	1,135,490
		120,565,997	60,363,027
	Less: payments made during the year	120,565,997	60,363,027
		-	-
	Add: allocation for the year	268,466,172	119,661,295
	Balance at end of the year	268,466,172	119,661,295
24.5	Workers' welfare fund		
	Balance at beginning of the year	815,671	815,671
	Add: allocation for the year	143,950,031	-
	Balance at end of the year	144,765,702	815,671

25.	ACCRUED MARK-UP / INTEREST	Note	2022. R u.p	2021 e e s
	Mark-up / interest accrued on:			
	- long term finances		59,826,713	83,234,264
	- short term borrowings		192,537,200	112,574,501
			252,363,913	195,808,765
26.	SHORT TERM BORROWINGS			
	Running / cash finances - secured	26.1	8,518,082,484	9,939,583,162
	Running Musharaka finance	26.1	2,450,000,000	1,000,000,000
			10,968,082,484	10,939,583,162

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

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

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

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

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Outstanding bank guarantees

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

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

29. SALES - Net

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

For the period ended June 30, 2022	For the	period	ended	June	30,	2022
------------------------------------	---------	--------	-------	------	-----	------

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

For the year ended June 30, 2021

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

- **29.1** This includes indirect export of Rs.8,359.051 million (2021: Rs.5,797.515 million).
- 29.2 Waste sales include sale of comber noil.
- 29.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.686.253 million (2021: exchange loss Rs.56.019 million) has been included / net-off in export sales.

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

SAPPHIRE FIBRES LIMITED ((34)	NOTES TO THE FINAN	CIAL STATEMENTS
30.2	Raw materials consumed		2022 R u p	2021 e e s
	Stocks at beginning of the year		7,128,035,967	5,099,562,285
	Purchases		27,820,280,370	19,896,539,703
			34,948,316,337	24,996,101,988
	Stocks at end of the year		(8,765,301,137)	(7,128,035,967)

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

26,183,015,200

17,868,066,021

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

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

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

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

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

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

CADE	PHIRE	FIRRES	1	IMITED

(36)

NOTES TO THE FINANCIAL STATEMENTS

33. OTHER INCOME

34.

34.1

2022

2021

Note

te ---Rupees---

Income from financial assets

Dividend income from:

	433,942,930	461,418,900
	831,299,889	595,886,743
.1	1,265,242,819	1,057,305,643
	357,563	5,835,397
	43,511,980	19,126,184
	5,493,288	-
rant	15,157,766	19,396,034
	1,329,763,416	1,101,663,258
Ī		
4.5	29,631,474	95,691,950
	-	1,440,589
į	74,995,198	48,098,294
	104,626,672	145,230,833
•	1,434,390,088	1,246,894,091
•	****	
24.4	268,466,172	119,661,295
	143,950,031	-
	4,160,250	2,366,350
	18,299	-
	85,891,163	-
•	502,485,915	122,027,645
•		
	1,778,700	1,617,000
	242,550	220,500
iew	71,610	65,100
	1,500,000	-
	313.750	313,750
	253,640	150,000
•	4,160,250	2,366,350
	4.5 24.4	831,299,889 1,265,242,819 357,563 43,511,980 5,493,288 15,157,766 1,329,763,416 4.5 29,631,474 74,995,198 104,626,672 1,434,390,088 24.4 268,466,172 143,950,031 4,160,250 18,299 85,891,163 502,485,915 1,778,700 242,550 71,610 1,500,000 313,750 253,640

			*	* *
35.	FINANCE COST		2022 _	2021
		Note	Rupe	e s
	Mark-up / interest on long term finances		186,374,592	188,305,141
	Mark-up / interest on short term borrowings		1,258,606,108	705,036,995
	Exchange loss / (gains) on foreign currency lo	oans	55,022,181	(69,765,886)
			1,313,628,289	635,271,109
	Interest on workers' profit participation fund	24.4	904,702	1,135,490
	Unwinding effect of long term liabilities	20.2	14,211,538	19,447,623
	Bank and other financial charges		157,358,107	118,690,346
			1,672,477,228	962,849,709
36.	TAXATION			
	Current			
	Current tax on profit for the year	36.1	842,923,568	398,753,211
	Adjustments in respect of prior years		592,148	(2,646,739)
			843,515,716	396,106,472
	Deferred			
	Origination and reversal of temporary different	ences	(5,416,392)	4,123,491
			838,099,324	400,229,963

- 36.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. Further current year's provision include super tax at the rate of 10% of income under section 4C levied through Finance Act, 2022 applicable for tax year 2022.
- 36.2 Numeric tax rate reconciliation is not presented as the Company's income is chargeable to tax under presumptive tax regime.

37. EARNINGS PER SHARE

2022

2021

---Rupees---

37.1 Basic earnings per share

Net profit for the period / year	6,215,452,212	2,273,564,606
	Number of	shares
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupe	es
Earnings per share	300.67	109.98

37.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

38.	CASH GENERATED FROM OPERATIONS	Note	2022 Rup	2021 e e s
	Profit before taxation		7,053,551,536	2,673,794,569
	Adjustments for non-cash charges and other items:			
	Depreciation		889,033,185	856,631,559
	Amortization		1,465,030	1,465,030
	Amortization of deferred income - Governme	nt grant	(15,157,766)	(19,396,034)
	Staff retirement benefit - gratuity		131,608,465	110,916,094
	Provision for slow moving items		(493,640)	(35,421)
	Dividend and interest income		(1,271,093,670)	(1,063,141,040)
	Loss / (gain) on sale of stores and spares		18,299	(1,440,589)
	Gain on disposal of operating fixed assets		(29,631,474)	(95,691,950)
	Provision for workers' profit participation fund	l	268,466,172	119,661,295
	Provision for workers' welfare fund		143,950,031	•
	Provision for impairment of trade debts - net		5,020,000	19,666,122
	Provision for doubtful tax refunds		85,891,163	-
	Finance cost		1,672,477,228	962,849,709
	Working capital changes	38.1	(5,451,707,876)	(3,487,257,484)
			3,483,396,683	78,021,860
38.1	Working capital changes			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		(291,880,344)	(109,158,500)
	Stock-in-trade		(2,991,896,472)	(3,814,482,659)
	Trade debts		(2,354,639,062)	(521,214,070)
	Loans and advances		(347,945,117)	15,857,803
	Long term deposits		(31,889,900)	-
	Deposits, other receivables and sale tax		(1,666,269,567)	(533,595,609)
			(7,684,520,462)	(4,962,593,035)
	Increase in trade and other payables		2,232,812,586	1,475,335,551
			(5,451,707,876)	(3,487,257,484)

39. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

Dadiadaa	Chief Executive		Execu	Executives	
Particulars	2022	2021	2022	2021	
_		Rup	ees		
Managerial remuneration	24,001,200	24,001,200	206,362,376	166,641,557	
Contribution to provident fund trust	-	-	17,890,024	13,250,732	
House rent and utilities	11,998,800	11,998,800	97,290,841	77,835,459	
Medical	-	₩.	4,033,111	3,389,749	
Leave encashment / bonus	-	-	48,761,953	31,489,611	
Other benefits	-	-	10,892,143	10,460,468	
_	36,000,000	36,000,000	385,230,448	303,067,576	
Number of persons	1	1	69	59	

- 39.1 Certain executives are provided with Company maintained vehicles.
- 39.2 During the year, meeting fees of Rs.1,230 thousand (2021: Rs.865 thousand) was paid to two non-executive director.
- 39.3 No remuneration is paid to any director of the Company.

40. TRANSACTIONS WITH RELATED PARTIES

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

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

Key management personnel

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

HIRE FIBRES LIMITED	(40)	NOTES TO THE FINANC	CIAL STATEMENTS
Significant transactions with the relat	ed parties	2022 R u p	2021 e e s
i) Subsidiary Companies			
Dividend received		433,173,900	433,173,900
Loan provided		215,833,555	170,352,419
Mark-up charged		43,511,980	19,126,184
Expenses charges to		435,219	14,176,893
ii) Associated Companies			
Sales of:			
- raw material / yarn / fabric / stores	\$	346,745,540	298,481,074
- assets		28,100,000	2,800,000
Purchases:			
- raw material / yarn / fabric / stores	6	3,323,091,230	2,350,556,642
Services:			
- rendered		1,002,902	7,622
- obtained		595,912	164,680
Expenses charged by		44,998,576	39,177,949
Expenses charged to		14,873,277	15,197,634
Dividend:			
- received		207,394,030	28,245,000
- paid		48,550,990	-
iii) Key management personnel			
	ı.	444 540 400	400 007 050

Salary and other employment benefits 111,549,402 109,287,852

iv) Retirement Fund

Contribution towards provident fund 34,280,674 30,300,358

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

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

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

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

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

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

(a) Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	== = = =		Rupees		
June 30, 2022		7.407.400.670		1001:010:00	
Long term liabilities	6,405,605,255	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables Accrued mark-up / interest	4,315,141,584 252,363,913	4,315,141,584 252,363,913	4,315,141,584 252,363,913	•	*
Short term borrowings	10,968,082,484	11,691,827,735	11,691,827,735	• •	-
Unclaimed dividend	6,670,826	6,670,826	6,670,826	•	-
	21,947,864,062	23,391,494,711	17,268,753,395	4,081,818,339	2,040,922,977
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			- Rupees		
June 30, 2021			•		
Long term finances	5,924,357,343	7,011,765,929	1,107,043,064	3,932,195,057	1,972,527,808
Trade and other payables	2,787,411,785	2,787,411,785	2,787,411,785		-
Accrued mark-up / interest	195,808,765	195,808,765	195,808,765	•	_
Short term borrowings	10,939,583,162	11,247,519,832	11,247,519,832		_
Unclaimed dividend	6,194,951	6,194,951	6,194,951	-	-
	19,853,356,006	21,248,701,262	15,343,978,397	3,932,195,057	1,972,527,808

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

(c) Market risk

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

(i) Currency risk

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

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

CHF - - -
<u>-</u>
M
•
. •
-
756,616
756,616
CHF
207,000
207,000
-
-
207,000
2,644,096
2,851,096

The following significant exchange rates have been applied:

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

At June 30, 2022, if Rupee had strengthened by 10% against US Dollar, Euro and CHF with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

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

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

(ii) Interest rate risk

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

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

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

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

At June 30, 2022, if the interest rate on the Company's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.110.857 million (2021: Rs.113.235 million) mainly as a result of higher / (lower) interest expense.

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

(iii) Other price risk

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

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

At June 30, 2022, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs.526.689 million (2021: Rs.682.272 million).

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

41.2 Fair value measurement of financial instruments

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

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

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

The Company's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.5,266.894 million (2021: Rs.6,822.722 million). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to determine fair values

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

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

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

41.3 Capital risk management

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

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

41.4

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

of the Company that a the statement of finance	_			al is calculate	ed as equity	as shown
				2022		2021
					Rupees	
Total borrowings	•			17,685,005	•	161,046,494
Less: cash and bank b	alances		_	45,831		64,993,047
Net debt				17,639,173	•	096,053,447
Total equity			_	23,368,965		915,478,789
Total capital			<u> </u>	41,008,139		011,532,236
Gearing ratio					43%	479
Financial instrument	_ 					
	A	s at June 30, 20	22		As at June 30, 202	1
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Financial assets as per statement of financial position	*******	Rupees-	*****		Rupees	
Long term investments	•	2,948,543,584	2,948,543,584		3,844,987,222	3,844,987,222
Long term loans	1,271,250	•	1,271,250	930,000	-	930,000
Long term deposits	60,496,545		60,496,545	28,606,645	•	28,606,645
Trade debts	5,161,236,749	•	5,161,236,749	2,806,597,687		2,806,597,687
Loans and advances	1,443,000	•	1,443,000	1,035,000		1,035,000
Trade deposits	24,828,360		24,828,360	4,381,086	•	4,381,086
Short term investments		2,317,444,048	2,317,444,048		2,977,735,568	2,977,735,568
Other receivables	669,890,142		669,890,142	385,011,764	•	385,011,764
Cash and bank balances	45,831,510		45,831,510	64,993,047	-	64,993,047
	5,964,997,556	5,265,987,632	11,230,985,188	3,291,555,229	6,822,722,790	10,114,278,019
				•	Financial liabilit amortis	ies measured at ed cost
					2022	2021

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

43. 43.1

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

	Liabilities			
	Long term liabilities	Short term borrowings	Dividend	
		Rupees		
Balance as at July 01, 2021	5,924,357,343	10,939,583,162	6,194,951	
Changes from financing activities				
Finances obtained	1,323,473,590	28,499,322	-	
Finances repaid	(843,564,962)	_	_	
Dividends paid	(0,10,00,1,002,)	_	(206,242,875)	
Dividend declared	_	_	206,718,750	
	6,404,265,971	10,968,082,484		
Total changes from financing cash flows Other changes / adjustments		10,360,002,404	6,670,826	
Other changes / adjustments	1,339,284	•	-	
Balance as at June 30, 2022	6,405,605,255	10,968,082,484	6,670,826	
		Liabilities		
	Long term finances	Short term borrowings	Dividend	
		Rupees		
Balance as at July 01, 2020	4,886,009,007	10,026,256,385	6,137,961	
Changes from financing activities Finances obtained	1,542,955,065	913,326,777	_	
Finances repaid	(481,722,813)	-		
Dividends paid	-	-	56,990	
Proceed from issue of right shares				
Share premium reserve Dividend declared	_	· -	_	
Total changes from financing cash flows	5,947,241,259	10,939,583,162	6,194,951	
Other changes	(22,883,916)	-	-	
Balance as at June 30, 2021	5.924,357,343	10,939,583,162	6,194,951	
CAPACITY AND PRODUCTION		2022	2021	
Spinning units Number of spindles installed		102,096	102,336	
Number of spindles worked		100,666	100,041	
Number of shifts worked per day		3	3	
Total number of days worked		365	365	
Installed capacity after conversion into 20's count Actual production after conversion	Lbs.	64,951,846	62,707,830	
into 20's count	Lbs.	66,872,608	55,484,333	

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

SAPPH	IRE FIBRES LIMITED	(49)	N	OTES TO THE FINANC	IAL STATEMENTS
43.2	Dyeing Fabric Dyeing Unit Total number of days worked		Lbs.	2022 364	2021 360
	Installed capacity Actual production		Lbs.	16,402,373 12,615,887	13,965,242 11,020,187
43.3	Knitting unit				
	Total number of days worked			364	364
	Installed capacity		Lbs.	15,196,858	14,612,963
	Actual production		Lbs.	6,918,552	7,366,118
43.3.1	Low production is due to low der	mand.			
43.4	Stitching unit				
	Installed capacity		Pcs.	9,600,000	1,967,000
43.4.1	Sluggish sale in the internation temporarily close its stitching un		and high	ner fuel cost forced	management to
43.5	Denim unit			2022	2021
•	Total number of days worked			364	364
	Installed capacity		Mtrs.	20,400,000	19,200,000
	Actual production		Mtrs.	20,970,742	18,890,552
44.	NUMBER OF EMPLOYEES				
	Number of employees as at,			4,844	4,752
	Average number of employees a	as at,		4,662	4,531
45.	PROVIDENT FUND RELATED	DISCLOSUR	E		
45.1	The following information is bas ended:	ed on un-aud	ited financi	ial statements of the	Fund for the year
				2022	2021
				Rupe	
	Size of the Fund - Total Assets		:	<u>166,191,952</u> _	136,425,500
	Cost of investments made		,	156,539,862	134,111,538
	Percentage of investments made	9	:	<u>94.19%</u> _	98.30%
	Fair value of investments made		:	161,641,830	136,425,500
45.2	The break-up of fair value of inve	estments is a	s follow:		
		2022	2021	2022	2021
	Special account in a	Percer	itage	Rupe	: e s
	scheduled bank	5.30	3.08	8,561,531	4,202,431
	Government securities & accrued mark-up	93.16	95.43	150,579,099	130,184,369
	Listed securities	1.55	1.49	• •	2,038,700
		100.00	100.00	161,641,830	136,425,500

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

46. CORRESPONDING FIGURES

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

47. GENERAL

47.1 Non adjusting events subsequent to the reporting date

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

47.2 Date of authorisation for issue

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

Chief Executive Officer

SHC Director

Chief Financial Officer

316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi (Pakistan). UAN: +92 21 111 000 100 Fax: +92 21 3241 6705 7A-K, Main Boulevard, Gulberg II, Lahore (Pakistan) Phone: +92 42 35750410, Fax: +92 42 35758783 World Fax: +1 917 5913166



Sapphire Fibres Limited

DIRECTORS' REPORT

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

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

Sapphire Electric Company Limited:

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

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

Premier Cement Limited:

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 30 June, 2022. PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

Sapphire Cement Company Limited:

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

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

Sapphire Hydro Limited

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

Sapphire Energy (Private) Limited

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

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



Sapphire Fibres Limited

Ignite Power (Private) Limited

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

Sapphire Mining Exploration (Private) Limited (SMEL)

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

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

Sapphire Building Materials Limited - SBML

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

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

Sapphire Power limited - SPL

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

For and on behalf of the Board of Directors

Shahid Abdullah Chief Executive

Shayan Abdullah

Director

Lahore:

Dated: September 26, 2022

316, Cotton Exchange Building,
I.I. Chundrigar Road, Karachi (Pakistan),
UAN: +92 21 111 000 100 Fax: +92 21 3241 6705
7A-K, Main Boulevard, Gulberg II, Lahore (Pakistan)
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Sapphire Fibres Limited

ڈائر کیٹرزر پورٹ

ڈائر یکٹرز 30 جون 2022 کوئتم ہونے والی مدت کے لئے سفائر فائبر زلمیٹڈ اورائک ذیلی کمپنیوں سفائر الیکٹرک کپنی لمیٹڈ، پریمیئر سینٹ کمیٹڈ، سفائر ہائیڈ سفائر ہائیڈ،

سفائر البكثرك كميني لمينتر (SECL):

۔ فائرَ الکِٹرک کمپنی لمیٹڈ (ایس ای کا ایل) 18 جنوری 2005 کیکیٹیز آرڈیٹنس، 1984 کے تحت غیر مندرج پبلک کمپنی کے طور پریٹراکٹ سے پاکستان میں قائم ہوئی۔۔ فائر ذالمیٹڈ ذیلی کمپنی کے 18% (1802: 68.11%) صص کمپیٹل کی مالک ہے۔

ز لی مینی کی اصل سر گرمی 212 میگادات کی خالص صلاحیت سے حامل کمبائنڈ سائنکل پاور شیشن کی ملکیت ، کوچلانا اور برقر ارر کھنا ہے۔

ىرىمىرسىنىڭ لىنىڭ (PCL):

. پریمیئر سنٹ لمیٹڈ (پی مایل) 26 جولائی 2016 کیٹینز آرڈیننس 1984 کے تحت ایک غیرمندرج پابک کمپنی لمیٹڈ کے طور پرشراکت سے پاکستان میں قائم ہوئی۔ایس ایف ایل 30 جون 2022ء کے مطابق بی محال کے %100 حصص کی مالک ہے۔

بی ت امل بوسم کے بیمنٹ ادراس کی متعلقہ مصنوعات بنانے سے لئے پلانٹ قائم اورنصب کرنے کا اراد ورکھتی ہے۔

سفائرسمنت ممين كميندُ (SCCL):

۔۔ شائر سینٹ کمپنی کمیٹڈ (ایس می میابل) 128 کتوبر 2016ء ککیٹیز آرڈیٹنس 1984 کے تحت ایک غیر مندرج پیک کمپنی کمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہو گی۔ایس ایف ایل 30 جون 2022ء کے مطابق ایس می میابل کے %100 حصص کی مالک ہے۔

الیں ی ایل ہرتم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اورنصب کرنے کا اراد ہ رکھتی ہے۔

سفارٌ بائيدُ رولمينندُ (SHL):

سفائر ہائیڈرولمیٹڈ (ایس انٹے ایل)07 ستمبر 2017ء کیٹینز ایک 2017ء سیبلک کمپنی لمیٹڈ کے طور پرشراکت سے پاکستان میں قائم ہوئی۔ فیل کمپنی کاامسل کاروبارشر کی ، فیبر پختونخواہ میں 682 کوسالانہ بنگل کی بیدادار کی پٹینشل کے ساتھ 150 میگاواٹ کی خالص صلاحیت کا حال ایک ہائیڈروالیکٹرک پاور جزیش منصو بنتمیر، قائم اور چلانا ہوگا۔ سفائر ہائیڈرولمیٹٹر (ایس انٹے ایس) پیریٹ کمپنی سفائر فائیرز کم پٹنی سفائر الیکٹرک کپنی لمیٹر کا کیکٹر کا کیکٹر

سفارُ ارْ بِي (پرائيويث) لمينْدُ (SEPL):

۔غائز ازجی (پرائیویٹ) کمیٹڈ (ایسای پی ایل)11 دسمبر 2017ء کیٹینزا یکٹ 2017 سے تھت ایک پرائیویٹ کمپنی کمیٹٹر کے طور پرشرا کت سے پاکستان میں قائم ہوئی۔ایس ایف ایل 30 جون 2022ء کے مطابق ایس ای بی امل کے %100 حصص کی مالک ہے۔

الیں ای پی ایل بجلی بیدا کرنے اور تمام تم کی گیسوں اور تمام دیگر متعلقہ ما کعات، کیمیکل اور پیرو لیم مصنوعات کی بینڈلنگ، رک گیسی فکیشن، اسٹوریج، بڑیٹیشٹ اور پروسینگ کے لئے ایک برینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سر ماریکاری کرنے یا قصص حاصل کرنے کا ارادہ رکھتی ہے۔ 316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi (Pakistan). UAN: +92 21 111 000 100 Fax: +92 21 3241 6705 7A-K, Main Boulévard, Gulberg II, Lahore (Pakistan) Phone: +92 42 35750410, Fax: +92 42 35758783 World Fax: +1 917 5913166



Sapphire Fibres Limited

ا گنائث ياور (يرائيويث) لمينلز (IPPL):

ا گٹائٹ پاور (پرائیویٹ) لمینڈ (آئی پی پیامل) پیرٹ کمپنی سفائر فائبرزلمینڈ کی ذیلی کمپنی سفائر از جی پرائیویٹ لمینڈ کی سفائر از جی پرائیویٹ لمینڈ کی پیائیویٹ کمپنی ہے۔ اگٹائٹ پاور (پرائیویٹ) لمینڈ (آئی پی پیامل) معلقہ 03 جولائی 2019ء کھینز ایک محتصاب بلک سمبنی لمینڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔سولراز جی سٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت یا ور پر جیکٹس حاصل ،ترتی دینے کا اراد در کھتی ہے۔

سفائر مائنگ ایکسپلوریش (برائیویث) لمینند (SMEL):

سفائر ما ننگ ایکسپلوریش (پرائیویٹ) کمیٹٹر (ایس ایم ای ایل) 25 اگست 2020 کیٹینرا یکٹ 2017 کے تحت ایک پرائیویٹ سمپنی کمیٹٹر کے طور پرشرا کت سے پاکستان میں قائم ہوئی۔ ضروری منظور یوں کے حوالہ سے ، ایس ایم ای ایل گلگت میں تمام اقسام کے بیمنٹ اور اس کی متعلقہ مصنوعات کی تیاری کے لئے پلائٹ قائم اورنصب کرنے کا کا ارادہ رکھتی ہے۔ ایس ایم ای ایل سفائر فائبرز کمیٹر کی ڈیلی سمپنی پریمئر سینٹ کمیل ملکیتی فریلی کمینی کے ایک بیٹی ہے۔

سفارُ بلزگ مير يلزليندُ (SBML):

سفائر بلڈنگ میٹر بلز کمیٹر لیز ایس بی ایم ایل 24 مارچ 2021 کھیٹیز ایک 2017 کے تحت ایک کپنی کمیٹلڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس بی ایم ایل تعیر اتی صنعت میں استعال ہوئے والی متعلقہ مصنوعات میں ڈیل کرنے کا ارادہ رکھتی ہے۔ ایس بی ایم ایل سفائر فائبر زلمیٹلڈ کی ذیلی کمپنی پر بمئر سنٹ کمیٹل ملکیتی ذیلی کپنی ہے۔

سفار يا درليندُ (SPL):

سفائر پاورلميند (كىپنى)19 اېرىل 2021 كىنىنرآ رۇينن 1984 (اكىپىنزا كىك 2017) كىخت اىك پېلىغىرىندرج كىپنى كىينىڭ كىطور بېترا كىت سے پاكستان بىل قائم بوئى كىپنى كى اصل سرگرى بائيۇرل اوروند ياورسىئى سىيت بىلى كى بىدادار بخرىدارى، درآ دىرانىغارم، كۆرك، تىتىيم اورسپلائى كرنا ہے كىپنى سفائر قائبرز لىيند (بولدنگ كىپنى) كىكىل كىكىنى دىلى كىپنى ہے۔

منجانب بوردٔ آف دُ ائر يکثرز

= Asalla

شامان عبدالهٔ دُائر بکٹر

شابدعبدالله چف ایگزیکٹو

اء برد،

تاریخ :26 ستمبر 2022ء



SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Independent Auditor's Report <u>To the Members of Sapphire Fibres Limited</u>

Report on the Audit of Consolidated Financial Statements Opinion

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

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1.	Capital expenditures Refer note 4 to the financial statements. The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2022. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy.	 Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which

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SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

S. No.

Description

Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved.

For these reasons we considered it to be a key audit matter.

How the matter was addressed in our audit

- Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework.
- Visited the mills where significant capital projects are ongoing to understand the nature of the projects.
- Checked the date of transferring capital work-inprogress to operating fixed assets by examining the completion certificates, on a sample basis.
- Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.
- The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

2. Valuation of stock-in-trade

The total value of stock in trade as at the reporting date amounted to Rs.14.654 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the financial statements.

The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.

We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.

We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:

- Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards.
- Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data.
- Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis.
- Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories.
- Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price.
- Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.

We reviewed the Group's disclosure in the consolidated financial statement in respect of stock in trade.



SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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



SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

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

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

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

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

LAHORE; September 28, 2022 UDIN: AR202210104qlPdJz4DA Shinewing Hameed Chaudhi's co., SHINEWING HAMEED CHAUDHRI & CO., CHARTERED ACCOUNTANTS

SAPPHIRE FIBRES LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

The state of the s	3	2022	2021
	Note	Rupe	e.s
ASSETS			
Non current assets			
Property, plant and equipment	4	25,987,739,715	24,882,544,287
Investment property	5	31,750,000	31,750,000
Intangible assets	6	6,992,014	8,457,044
Long term investments	7	5,149,820,289	5,633,980,396
Long term loans	8	4,346,250	6,455,000
Long term deposits		62,426,345	31,406,445
		31,243,074,613	30,594,593,172
Current assets	o [700.405.400	460,690,450
Stores, spare parts and loose tools	9	768,105,482	466,689,452
Stock-in-trade	10 11	14,654,647,253	11,628,834,739
Trade debts	12	13,956,754,985	15,463,264,229
Loans and advances	13	819,015,632 104,341,667	389,420,341 52,542,883
Trade deposits and short term prepayments Short term investments	14	7,093,387,345	2,977,735,568
Other receivables	15	1,549,390,347	1,192,268,488
Tax refunds due from Government	16	2,936,119,117	1,566,060,547
Cash and bank balances	17	671,581,706	518,979,417
Odoli alia karin bajariyoy	·	42,553,343,534	34,255,795,664
Total assets	_	73,796,418,147	64,850,388,836
	=	13,130,410,141	04,000,000,000
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of			
Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	1,948,458,515	3,359,267,129
Unappropriated profit		32,879,156,697	25,714,887,539
Equity attributable to shareholders of			
the Parent Company		35,034,333,962	29,280,873,418
Non-controlling interest		6,338,808,434	5,877,689,063
Total equity	<u> </u>	41,373,142,396	35,158,562,481
Non current liabilities			
Long term liabilities	20	5,644,921,664	5,205,402,463
Deferred income - Government grant	21	0,044,024,004	3,487,882
Staff retirement benefit - gratuity	22	399,538,518	341,556,615
Deferred taxation	23	131,893,344	131,030,214
	· L	6,176,353,526	5,681,477,174
Current liabilities			
Trade and other payables	24	8,053,654,426	4,902,664,949
Contract liabilities		1,051,628,011	492,483,771
Unclaimed dividend		6,670,826	6,194,951
Accrued mark-up / interest	25	342,281,137	235,856,893
Short term borrowings	26	14,877,140,252	16,957,573,134
Current portion of long term liabilities	20	1,072,001,118	1,016,060,869
Provision for taxation	1	843,546,455	399,514,614
	<u></u>	26,246,922,225	24,010,349,181
Total liabilities		32,423,275,751	29,691,826,355
Contingencies and commitments	27		
Total equity and liabilities	_	73,796,418,147	64,850,388,836
The appexed notes form an integral part of these consol	idated financi		

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

Chief Executive Officer

SHC

Director

Chief Financial Officer

SAPPHIRE FIBRES LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rup	e e s
Sales	28	65,729,421,620	39,732,449,120
Cost of sales	29	(52,827,189,426)	(32,556,312,211)
Gross profit		12,902,232,194	7,176,136,909
Distribution cost	3.0	(2,025,961,348)	(1,056,820,775)
Administrative expenses	31	(636,023,142)	(527,756,478)
Other income	32	849,318,212	787,296,077
Other expenses	33	(570,445,705)	(270,059,681)
Profit from operations		10,519,120,211	6,108,796,052
Finance cost	34	(2,111,702,490)	(1,423,374,750)
		8,407,417,721	4,685,421,302
Share of profit from Associated Companies		630,869,751	334,491,163
Profit before taxation		9,038,287,472	5,019,912,465
Taxation	35	(844,901,068)	(403,903,924)
Profit after taxation		8,193,386,404	4,616,008,541
Attributable to:			
- Shareholders of the Parent Company		7,525,528,605	3,808,878,435
- Non-controlling interest		667,857,799	807,130,106
		8,193,386,404	4,616,008,541
Earnings per share - attributable to the shareholders of Parent Company	36	364.05	184.25

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

Chief Executive Officer

SHC

Director

Chief Financial Office

SAPPHIRE FIBRES LIMITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

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

2022

2021

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

Chief Executive Officer

SHC

Director

Chief Financial Officer

SAPPHIRE FIBRES LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupe	2021
CASH FLOWS FROM OPERATING ACTIVITIES	14016	Kupo	C3
Cash generated from operations	37	10,460,728,058	741,913,060
Staff retirement benefit paid		(71,952,616)	(69,243,106)
Finance cost paid		(1,990,162,007)	(1,476,153,026)
Taxes paid		(662,900,533)	(308,938,674)
Workers' profit participation fund paid		(120,565,997)	(60,363,027)
Long term loans - net		(341,250)	(6,193,000)
Long term deposits - net		-	(200,000)
Net cash generated from / (used in) operating a	ctivities	7,614,805,655	(1,179,177,773)
CASH FLOWS FROM INVESTING ACTIVITIES			· · · · · · · · · · · · · · · · · · ·
Fixed capital expenditure		(2,731,218,858)	(2,078,261,688)
Proceeds from disposal of operating fixed assets		94,084,187	219,101,702
Long and short term investments - net		(6,024,977,860)	36,498,958
Proceeds from sale of stores and spares		61,519	1,972,675
Proceeds from disposal of investments		2,395,958,047	-
Profit on bank deposits received		293,284	-
Dividend and interest income received		1,270,219,287	604,124,394
Net cash used in investing activities		(4,995,580,394)	(1,216,563,959)
CASH FLOWS FROM FINANCING ACTIVITIES		· · · · · · · · · · · · · · · · · · ·	1
Long term finances - obtained		1,427,035,307	1,651,544,030
- repaid		(843,564,962)	(1,069,430,670)
Dividend paid		(842,274,896)	(202,773,626)
Short term borrowings - net		(2,207,818,421)	1,721,749,291
Net cash (used in) / generated from financing ac	ctivities	(2,466,622,972)	2,101,089,025
Net increase / (decrease) in cash and cash equi-	valents	152,602,289	(294,652,707)
Cash and cash equivalents - at beginning of the y	/ear	518,979,417	813,632,124
Cash and cash equivalents - at end of the year	-	671,581,706	518,979,417
The appeared notes form an integral part of these o	onsolidate	ed financial statement	·

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

Chief Executive Officer

SHC

Director

Chief Phancial Officer

	A	Reserves				·	Other	equity		America	
		Capital		Revenue			Unrealised ga	in / (loss)			
	Issued, subscribed and paid-up capital	Share premium	Maintenance reserve	General	Unappropri- ated profit	Sub- total	on financial assets at fair value through other comprehensive income	on hedging instruments	Sub-total	Total	Non- Controlling Interest
Dilaman i et lutut enne	206,718,750	391,833,750	154,710,148	1,183,845,000	21,937,736,251	Rupees - 23,668,125,149	836,743,345	257,889	837,001,234	24,711,845,133	5,273,421,703
Balance as at July 1, 2020	200,710,750	391,033,730	154,710,146	1, 105,045,000	21,937,730,251	23,005,125,145	630,743,343	237,669	837,001,234	24,7 (1,045,155	3,273,42,1,703
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	~	(202,862,746)
Transfer from unappropriated profit	-	-	36,123,229	-	(36,123,229)	-	‡ +	-	-	•	-
Effect of items directly credited in equity by the Associated companies	-	-	•	_	(398,477)	(398,477)	· · ·	-	-	(398,477)	*
Total comprehensive income for the year ended June 30, 2021											
Profit for the year	-	- 1	-		3,808,878,435	3,808,878,435	7 7 -	-		3,808,878,435	807,130,106
Other comprehensive income / (loss)	-	- 1	-	-	9,997,149	9,997,149	750,565,334	(14,156)	750,551,178	760,548,327	•
	-	-	-	•	3,818,875,584	3,818,875,584	750,565,334	(14,156)	750,551,178	4,569,426,762	807,130,106
Reclassification adjustment of realised gain on sale of investment at fair value through other comprehensive income			_	-	(5,202,590)	(5,202,590)	5,202,590	•	5,202,590	•	-
Balance as at June 30, 2021	206,718,750	391,833,750	190,833,377	1,183,845,000	25,714,887,539	27,481,399,666	1,592,511,269	243,733	1,592,755,002	29,280,873,418	5,877,689,063
Distribution to owners										•	
Dividend paid by Subsidiary Company - SECL	-	•	-	-	=	-	-	-	-		(202,858,620
Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share	-	-	•	•	(206,718,750)	(206,718,750)	. •	-	-	(206,718,750)	•
Transfer from unappropriated profit	-	~	156,976,865	-	(156,976,865)	-		-	-	-	-
Effect of items directly credited in equity by the Associated companies	-		-	-	79,875	79,875	; ; -	-	•	79,875	-
Total comprehensive income for the year ended June 30, 2022											
Profit for the year	-	-	-	-	7,525,528,605	7,525,528,605	-	-	-]	7,525,528,605	667,857,799
Other comprehensive income / (loss)	. =			<u>.</u>	1,266,485	1,266,485	(1,567,793,906)	8,427	(1,567,785,479)	(1,566,518,994)	-
	-	-	-	-	7,526,795,090	7,526,795,090	(1,567,793,906)	8,427	(1,567,785,479)	5,959,009,611	667,857,799
Adjustment in NCI due to further acquisition of shares by a subsidiary Company - SEL	-	-	-	-	1,089,808	1,089,808	÷ -	•		1,089,808	(3,879,808
Balance as at June 30, 2022	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,156,697	34,802,645,689	24,717,363	252,160	24,969,523	35,034,333,962	6,338,808,434
The annexed notes form an integral part of these of	onsolidated financia	l etatemente	W. S.	- The state of the							

Chief Executive Officer

SHC

ser Associ

Director

Chief Financial Officer

SAPPHIRE FIBRES LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

- Sapphire Fibres Limited

Subsidiary Companies

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

Sapphire Fibres Limited

Karachi

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

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

Purpose

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

Sapphire Electric Company Limited - SECL

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

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

Lahore

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Purpose

7 A / K, Main Boulevard, Gulberg

Registered office

Sheikhupura

Muridke, District Sheikhupura

Production plant

Premier Cement Limited - PCL

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

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

Sapphire Cement Company Limited - SCCL

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

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

Sapphire Energy (Pvt.) Limited - SEL

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

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

· Sapphire Hydro Limited - SHL

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

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

Lahore Purpose

7 - A/K, Main Boulevard, Gulberg

Registered office

Ignite Power (Private) Limited - IPPL

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

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

· Sapphire Power Limited - SPL

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

Sapphire Building Materials Limited - SBML

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

Lahore Purpose

First Floor, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II.

Registered office

Sapphire Mining Exploration Private Limited - SMEL

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

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

HUNZA Purpose

Passu Ambassador Hotel, Gojal, Hunza, Gilgit.

Registered office

1.1 Master Agreement and PPA Amendment Agreement

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

- Mechanism of settlement of outstanding acknowledged overdue receivables aggregating Rs. 9,041.418 million as on November 30, 2020, in two installments which have been received during the current financial year;
- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with the State Bank of Pakistan, while United States Dollar (USD) indexation will be retained for local investor, the rate will be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. During the financial year, installments have been paid by CPPA and hence discounts become effective and revised tariff has become effective for the remainder of the PPA;
- Fuel and 'Operations and Maintenance' (O&M) savings shall be taken as one consolidated line item and savings if any shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. Fuel and O&M savings applied from July 1, 2021 subject to certain conditions stipulated in Master Agreement which have become effective;
- If the reserve for overhaul remains unutilized at the end of the term, it shall be shared in the ratio of 60:40 between Power Purchaser and the Group, respectively. The parties also agree that if the overhaul expense exceeds the reserves available at the time of overhaul, the difference shall be carried forward to the future years;
- Reduction in delayed payment markup rate in respect of energy invoices of High Speed Diesel, Capacity Invoices, Variable O&M and other pass through items from Karachi Inter-Bank Offered Rate (KIBOR) plus 4.5% per annum to KIBOR plus 2% per annum for the first 60 days after the due date. The reduction in delayed payment markup is effective from July 01, 2022.
- Waiver of late payment interest on late payment interest invoices in consideration of CPPA making payments on First In First Out (FIFO) principle in respect of past and future payment of invoices raised by the Group;

- Conversion of the PPA to 'Take and Pay Basis' when competitive trading arrangement is implemented and becomes fully operational, as per terms stipulated in the Generation License; and
- Amicable resolution of the capacity revenue dispute involving Rs 576.073 million for the period ('disputed period') in which the plant was not fully available for power generation due to non-availability of fuel owing to non-payment by CPPA. Pursuant to the PPA Amendment Agreement, the disputed period has been treated as an Other Force Majeure Event ('OFME') under the PPA. The OFME period commenced from October 5, 2021 and ended on November 26, 2021, consequently, the term of PPA extended by 53 days, till November 26, 2040.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Principle of consolidation

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

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

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

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

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

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

2.3 Transactions and non-controlling interests

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

2.4 Functional and presentation currency

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

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

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

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

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

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

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

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

Effective date: January 01, 2022

(a) IAS 37 Onerous contracts

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

Effective date: January 01, 2023

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

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

(c) IAS 1 Disclosure of accounting policies

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

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

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

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

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

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

2.6 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

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

(e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

3.2 Investment property

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

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

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

3.3 Intangible assets

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

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

Subsequent expenditure

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

Amortisation

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

3.4 Right-of-use assets

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

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

- Debt Instruments at FVTOCI

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

- Debt Instruments at FVTPL

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

Financial Assets measured at amortised cost

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

Derecognition

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

Investments in Associated Companies

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

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

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

Financial assets due from the Government of Pakistan

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

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

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

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

Particulars

Mode of valuation

Raw materials

- weighted average cost

Raw materials in transit

- cost accumulated to the reporting date

Work-in-process

- cost of direct materials and appropriate

manufacturing overheads

Finished goods

- lower of average cost and net realisable value

Waste

- net realisable value

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

3.11 Derivative financial instruments and hedging activities

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

(a) Cash flow hedge

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

(b) Fair value hedge

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

3.12 Offsetting of financial instruments

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

3.13 Impairment

(a) Financial assets

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

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

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

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

(b) Non-financial assets

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

3.14 Cash and cash equivalents

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

3.15 Borrowings

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

3.16 Employees' retirement benefits

(a) Defined contribution plan

The Parent Company

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

The Subsidiary Company - SECL

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

(b) Defined benefit plan

The Parent Company

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

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

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

The Subsidiary Company - SECL

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

3.17 Taxation

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

Current

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

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

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

Deferred

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

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

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

3.18 Lease liability

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

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

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

3.19 Trade and other payables

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

3.20 Provisions

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

3.21 Foreign currency translation

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

3.22 Revenue recognition

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

Sale of goods

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

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

Provision of Services

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

Others

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

Revenue from the sale of electricity to CPPA, the sole customer of the Group, is recorded on the following basis:

- Capacity price revenue is recognised based on the capacity made available to CPPA (over time); and
- Energy price revenue is recognised based on the Net Electrical Output (NEO) delivered to CPPA (at a point in time).

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

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

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

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

3.23 Borrowing costs

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

3.24 Segment reporting

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

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

3.25 Dividend and appropriation to reserves

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

3.26 Earnings per share

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

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

			Residential						Equipment				•				
	Freehold land	Leasehold land	buildings and others on freehold land	mnmve.	Factory buildings on freehold land	Plant and machinery	Electric installations	Fire fighting	Office	Mills	Electric / gas	Computer hardware	Vehicles	Fumiture and fixtures	Arms and ammuni- tion	Tools	Total
			*******					· · · · Rup	ees		****		*********				
At July 1, 2020									4			è					
Cost	685,036,054	313,872,650	978,386,093	28,636,645	4,787,793,218	27,688,098,974	418,713,843	21,111,998	26,355,356	40,526,965	20,672,670	32,453,219	238,223,039	64,648,228	149,886	248,579	35,344,927,417
Accumulated depreciation		12,678	403,789,016	24,741,850	1,721,848,002	9,728,860,077	174,418,586	5,137,439	21,545,995	27,073,264	12,521,426	25,689,836	127,935,493	41,108,707	136,034	221,657	12,315,040,060
Net book value	685,036,054	313,859,972	574,597,077	3,894,795	3,065,945,216	17,959,238,897	244,295,257	15,974,559	4,809,361	13,453,701	8,151,244	6,763,383	110,287,546	23,539,521	13,852	26,922	23,029,887,357
Year ended June 30, 2021												į.					
Opening net book value	685,036,054	313,859,972	574,597,077	3,894,795	3,065,945,216	17,959,238,897	244,295,257	15,974,559	4,809,361	13,453,701	8,151,244	6,763,383	110,287,546	23,539,521	13,852	26,922	23,029,887,357
Additions	830,652,133	-	5,541,384	*	190,204,256	1,022,758,377	3,718,676	*	-	1,433,744	•	3,993,855	102,900,212	852,499	•	٠	2,162,055,136
Disposals:						<u> </u>						<u></u>					
- cost	80,685,473	*	•	*	•	168,404,644	-	-	*	•	-	222,000	17,287,475	-	-	٠	266,599,592
- accumulated depreciation	80,685,473	<u> </u>	•	<u> </u>		(130,610,988) 37,793,656	<u>-</u>	•	-	-	.	(144,083 <u>)</u> 77,917	(12,434,768) 4,852,707		•	-	(143,189,839) 123,409,753
Depreciation charge	417,000,00	6,339	95,924,382	778,959	177,603,798	1,118,565,147	24,743,431	1,597,456	757,442	1,423,174	815,124	2,781,308	29,144,322	3,069,450	1,385	2,692	1,457,214,409
	4 425 000 744	13.73															
Closing net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
At June 30, 2021	1 105 000 747	810 070 000	A00 000 170	42 A44 A15													
Cost	1,435,002,714	313,872,650	983,927,477	28,636,645	4,977,997,474	28,542,452,707	422,432,519	21,111,998	26,355,356	41,960,709	20,672,670	36,225,674	323,835,776	65,500,727	149,886	248,579	37,240,382,961
Accumulated depreciation	•	19,017	499,713,398	25,520,809	1,899,451,800	10,716,814,236	199,162,017	6,734,895	22,303,437	28,496,438	13,336,550	28,327,061	144,645,047	44,178,157	137,419	224,349	13,629,064,630
Net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,484,271	7,336,120	7,898,013	179,190,729	21,322,570	12,457	24,230	23,611,318,331
Year ended June 30, 2022												A .					
Opening net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
Additions	•	•	3,823,726		39,419,019	1,653,206,673	29,037,970	•	26,043,150	4,186,309	•	17,281,686	60,719,322	16,236,079	•	•	1,849,954,134
Disposals:												4					
- cost	-	-	-	-	*	303,592,420		•	•	-	•	1,135,750	14,526,500	<u>.</u>	•	•	319,254,670
- accumulated depreciation	-	•	•			(169,565,600)	-		-	•	•	(958,105)	(10,107,576)	-		-	(180,631,281)
Danisalettan ühassa	•	* c ann	01 110 700	eng des	470 745 074	134,026,820	0.6540.700	4 (07 740	4 507 140	4.044.007	700.010	177,645	4,418,924	-	4.047		138,623,389
Depreciation charge	· · · · · · · · · · · · · · · · · · ·	6,339	94,449,726	623,167	172,315,034	1,146,429,934	24,518,732	1,437,710	1,527,446	1,614,025	733,612	3,771,432	36,377,368	3,591,846	1,247	2,423	1,487,400,041
Closing net book value	1,435,002,714	313,847,294	393,588,079	2,492,659	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
At June 30, 2022												ş"¥					
Cost	1,435,002,714	313,872,650	987,751,203	28,636,645	5,017,416,493	29,892,066,960	451,470,489	21,111,998	52,398,506	46,147,018	20,672,670	52,371,210	370,028,598	81,736,806	149,886	248,579	38,771,082,425
Accumulated depreciation	-	25,356	594,163,124	26,143,976	2,071,766,834	11,693,678,570	223,680,749	8,172,605	23,830,883	30,110,463	14,070,162	31,140,388	170,914,839	47,770,003	138,666	226,772	14,935,833,390
Net book value	1,435,002,714	313,847,294	393,588,079	2,492,669	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
Depreciation rate (% - per an	num)		5	20	3.33 & 10	3,33, 5 & 10	10	10	10	10	10	30 & 33	20	10	10	10	

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

	Location	Usage o	f immovable property	Total area in square yards
	Freehold Land			
	- Kharianwala, District Sheikhupura.	P	roduction plant	174,815
	- Ferozewattoan, District Sheikhupura.	P	roduction plant	569,156
	- Riawind, District Lahore.	P	roduction plant	925,169
	- Mauza Paaji, Riawind, District Lahore.	Prop	osed Mill / Factory	113,075
	- Muridke, District Sheikhupura.	Þ	roduction plant	286,010
	- Billot Shareef, District Dera Ismail Khan	Propos	sed production plant	2,906,581
	Leasehold Land			
	- Nooriabad, Karachi.	Prop	osed Mill / Factory	135,520
	- Port Qasim Authority, Karachi.	Prop	oosed warehouse	14,520
	- Defence Housing Authority, Karachi.	Proposed office		666
	- Billot Shareef, District Dera Ismail Khan	Propos	sed production plant	31,469
2	Depreciation charge has been allocated as follows:	Note	2022 Rupe	2021
	Cost of goods manufactured	HOLE	1,455,397,607	1,431,229,150
	Administrative expenses		32,002,434	25,985,259
			1,487,400,041	1,457,214,409
3	Capital work-in-progress			
	Buildings		645,081,936	269,978,420
	Furniture and fixtures		19,680,831	3,291,327
	Plant and machinery (including			
	in transit aggregating Rs.240.002 million (June 30, 2021: Rs. 50.455 million)}		728,961,249	557,272,008
	Un-allocated capital expenditure	4.3.1	406,290,562	378,466,319
	Advance payments against:			• •
	- land - freehold		36,680,950	24,554,700
	- factory / office building		78,192,418	17,175,86
	- electric installation		206,328,734	15,764,56
	- vehicles		31,274,000	4,203,000
	- computer software		-	519,750
			352,476,102	62,217,876
			2,152,490,680	1,271,225,956

4.3.1 These include RS.244.912 million incurred by Subsidiary Company - PCL for its proposed cement project and Rs. 161.378 million in respect of pre-commencement expenditure of Subsidiary Company - SHL. These also include charges of different foreign and local parties for engineering consultancy services including preparation of feasibility report, engineering designs, bidding and tendering documents, and environmental and social impact assessment report of the project to be constructed by the Group.

A generation license for the hydro power project was granted to the Group by National Electric Power Regulatory Authority subsequent to the year end. Moreover, the management is confident that the tariff petition for constructing the power project would be approved in due course. Therefore, these costs have been recognised as an asset under International Accounting Standard 16 'Property, Plant and Equipment' since management believes that it is highly probable that the power project will be constructed and future economic benefits associated with these costs will flow to the Group.

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

Particulars of assets	Cost	Accumu- lated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	****		Rupees				
Assets having net book value exceeding Rs.500,000 each							
Parent Company							
Plant and machinery							
No. Complete Sabar Fully Automatic High Production	2,696,369	1,470,382	1,225,987	1,400,000	174,013	Negotiation	M/s. A.S. Engineering Works
No. Murata 7-V Machconer Automatic Cone winder	14,245,736	12,697,085	1,548,651	1,850,000	301,349	Negotiation	M/s Ideal Trading Company
No. Complete Lopkex Optosonic Sorter System	9,302,904	6,656,456	2,646,448	2,750,000	103,552	Negotiation	M/s. Nadeem Textile Mills Limited
i No. Murata Automatic Winder Magazine Type 21C	9,396,790	8,100,216	1,296,574	7,000,000	5,703,426	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One High Speed Precision Cross Winder (SSM-2)	9,092,853	8,093,445	999,408	1,430,536	431,128	Negotiation	M/s. Hanif's Trading Corporation
one High Speed Precision Cross Winder (SSM-3)	9,758,752	8,301,576	1,457,176	2,085,776	628,600	Negotiation	M/s. Hanif's Trading Corporation
One Set Complete Murata Automatic Cone Winder No.21C	10,149,412	8,774,651	1,374,761	9,700,000	8,325,239	Negotiation	M/s. Reliance Cotton Spinning Mills Limited (related party)
One Fabric Cutting Machine	2,512,294	1,983,780	528,514	384,616	(143,898)	Negotiation	M/s. GT Traders
Subsidiary Company							
lant and machinery	188,216,846	68,559,239	119,657,607	45,563,000	(74,094,607)	Negotiation	M/s. Siemens Energy Global
	255,371,956	124,636,830	130,735,126	72,163,928	(58,571,198)		
Parent Company							
/ehicles							
Toyota Corolla	1,987,000	1,164,082	822,918	900,000	77,082	Negotiation	Muhammad Hamayun
Suzuki Cukus	1,410,000	581,797	828,203	828,203		Company policy	M. Jamil Akhtar (employee)
	3,397,000	1,745,879	1,651,121	1,728,203	77,082		
larious assets having net book value upto		F1/8/6 PM6	0 0 1 ± 10 0	AA 000 (07	44.000.000		
Rs.500,000 each	60,485,714	54,248,572	6,237,142	20,268,125	14,030,983	Negotiation	Various parties
lune 30, 2022	319,254,670	180,631,281	138,623,389	94,160,256	(44,463,133)		
lune 30, 2021	266,599,592	143,189,839	123,409,753	219,101,702	95,691,949		

5. INVESTMENT PROPERTY

- 5.1 This represents free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards.
- 5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2022 was Rs.75 million (2021: Rs.75 million).

6. INTANGIBLE ASSETS

	Computer Softwares	Goodwill	Total
		-Rupees	
At July 1, 2020 Cost Accumulated amortization	29,890,171 25,581,001	5,612,904 -	35,503,075 25,581,001
Net book value	4,309,170	5,612,904	9,922,074
Year ended June 30, 2021 Amortization charge	1,465,030		1,465,030
Net book value as at June 30, 2021	2,844,140	5,612,904	8,457,044
Year ended June 30, 2021			
Amortization charge	1,465,030		1,465,030
Net book value as at June 30, 2022	1,379,110	5,612,904	6,992,014
At June 30, 2021			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	27,046,031		27,046,031
Net book value	2,844,140	5,612,904	8,457,044
At June 30, 2022			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	28,511,061		28,511,061
Net book value	1,379,110	5,612,904	6,992,014
Amortisation rate (% per annum)	20		-

6.1 Goodwill represents excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired of the Subsidiary Company - SECL.

7.	LONG TERM INVESTMENTS		2022	2021	
		Note	Rupees		
	Associates - equity accounted investment	7.1	2,201,276,705	1,788,993,174	
	Others - equity instruments	7.3	2,902,043,584	3,797,987,222	
	- debt instruments	7.4	46,500,000	47,000,000	
			5,149,820,289	5,633,980,396	
7.1	Associated Companies Quoted				
	Reliance Cotton Spinning Mills				
	Limited - RCSM	7.1.1	99,577,454	59,854,524	
	SFL Limited - SFLL	7.1.2	3,391,544	2,489,110	
	Unquoted				
	Sapphire Power Generation				
	Limited - SPGL	7.1.3	281,925,998	244,765,165	
	Sapphire Dairies (Private)				
	Limited - SDL	7.1.4	190,433,942	117,900,174	
	Tricon Boston Consulting				
	Corporation (Private) Limited - TBCCL	7.1.5	1,625,947,767	1,363,984,201	
	Energas Terminal (Private)				
	Limited - ETL	7.1.6	-	-	
	Energas Marketing (Private)				
	Limited (EML)	7.1.7			
			2,201,276,705	1,788,993,174	

- 7.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (2021: 1.35%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2022. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at June 30, 2022 was Rs.53.556 million (2021: Rs.26.905 million). RCSM is an associate of the Group due to common directorship.
- 7.1.2 Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (2021: 0.051%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2022. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFLL is to investment in the shares of Related Parties. Market value of the Group's investment in SFLL as at June 30, 2022 was Rs.1.632 million (2021: Rs.8,057 million). SFLL is an associate of the Group due to common directorship.
- 7.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (2021: 17.63%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2022. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.
- 7.1.4 Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 5.50% (2021: 5.50%) of SDL's issued, subscribed and paid-up capital as at June 30, 2022. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.
- 7.1.5 Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% (2021: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at June 30, 2022. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2018 as security against financing facilities advanced to TBCCL. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.
- 7.1.6 The Group has made investment in ETL's 2500 fully paid ordinary shares (2021:3000) of Rs.10 each representing 25% (2021:30%) of ETL's issued, subscribed and paid-up capital as at June 30, 2022. ETL was incorporated as a private limited company and its principal business is to undertake and develop power projects.
 - ETL has incurred loss for the year amounted Rs.13.674 million (2021: Rs. 3.447 million) and has accumulated losses aggregated Rs. 94.257 million (2021: Rs.80.583 million). Subsidiary Company's SEL share of loss has been recognised upto the extant of cost of investment.
- 7.1.7 The Subsidiary Company SEL has made investment in EML's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of EML's issued, subscribed and paid-up capital as at June 30, 2022. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquefied natural gas all other related items.
 - EML has incurred loss for the year amounted Rs.208 thousand (2021: 203 thousand) and it has accumulated losses aggregated Rs.662 thousand (2021: Rs. 454 thousand). Subsidiary Company's SEL share of loss has been recognised upto the extant of cost of investment.

7.2 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on un-audited financial statements of Associates as at June 30, 2022, Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	RC!	SM	SFL	.L	SPO	SL	SD	Ú.	TBO	CCL	EN	EML ETL		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Summarised Statement of Financial Position			<u>iiiisii</u>		Rup	ees		Andrew Alexander	er da e e e e e e e e e e e e e e e e e e					
Non current assets	4,570,088,296	3,237,606,119	6,683,115,826	4,886,445,621	1,682,947,163	1,432,456,174	4,912,617,846	4,003,096,319	41,595,667,989	35,981,901,506	521,638	475,000	768,047,194	587,893,773
Current assets	7,607,409,593	4,457,378,316	54,109,038	49,039,275	138,095,131	134,830,971	927,704,293	601,346,368	17,540,806,860	14,358,498,117	25,902	24,097	154,923,921	46,305,234
	12,177,497,889	7,694,984,435	6,737,224,864	4,935,484,896	1,821,042,294	1,567,287,145	5,840,322,139	4,604,442,687	59,136,474,849	50,340,399,623	547,540	499,097	922,971,115	634,199,007
Non current liabilities	1,886,472,675	1,188,536,054	54,329,598	30,409,145	206,478,498	163,695,979	1,382,095,019	1,384,829,460	29,748,415,509	26,307,005,422	-	-		-
Current liabilities	2,912,687,168 4,799,159,843	2,071,437,595 3,259,973,649	1,747,226 56,076,824	1,669,933 32,079,078	15,112,717 221,591,215	14,964,682 178,660,661	1,001,374,994 2,383,470,013	1,079,430,315 2,464,259,775	6,567,739,799 36,316,155,308	4,889,756,299 31,196,761,721	1,110,502 1,110,502	853,466 853,466	1,017,129,041 1,017,129,041	714,682,618 714,682,618
Net assets	7,378,338,046	4,435,010,786	6,681,148,040	4,903,405,818	1,599,451,079	1,388.626,484	3,456,852,126	2,140,182,912	22,820,319,541	19,143,637,902	(562,962)	(354,369)	(94,157,926)	(80,483,611
Reconciliation to carrying amount					7			1.43		To the state of th		Terrent algeri		1770 (asin: - 3772 ()
Opening net assets	4,435,010,786	3,066,417,171	4,903,405,818	4,103,472,364	1,388,626,484	1,396,774,497	2,140,182,912	1,452,856,368	19,143,637,902	15,022,903,777	(354,369)	(151,057)	(80,483,611)	(67,036,609
Profit / (loss) for the year	3,046,062,035	1,330,697,755	1,885,548,174	706,861,668	269,422,331	116,088,778	1,320,142,390	38,279,017	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,447,002
Other comprehensive (loss) / income	(51,300,357)	38,895,290	(107,831,274)	93,414,665	(58,625,889)	36,004,412	(3,473,176)	(989,973)						
Other adjustments	25,582	(999,430)	25,322	(342,679)	28,153	1,187	4	-	en en en en en en en en en en en en en e	<u> </u>	-		-{√ 	·
Issuance of shares		· _		-	· -	•		650,037,500		•	_	-		- 1
Dividend paid during the year	(51,460,000)	. •	-	-		(160,242,390)		•	(2,900,000,000)	_	-	. .		<u>.</u>
Closing net assets	7,378,338,046	4,435,010,786	6,681,148,040	4,903,405,818	1,599,451,079	1,388,626,484	3,456,852,126	2,140,182,912	22,820,319,541	19,143,637,902	(562,962)	(354,369)	(94,157,926)	(80,483,611
Group's share (percentage)	1.35%	1.35%	0.051%	0.051%	17.63%	17,63%	5.50%	5.50%	7.13%	7.13%	25.00%	30.00%	30.00%	30,00%
Carrying amount of investment (Rupees)	99,577,454	59,854,524	3,391,544	2,489,110	281,925,998	244,765,165	190,423,942	117,900,174	1,625,947,767	1,363,984,201	.	. <u>-</u>		<u>.</u>
Summarised Statement of profit or loss									e nie i sanchij e sa	Many many a				98.48 - 84
Revenue	11,386,469,405	7,681,902,021	6,257,155	4,974,085			2,573,211,204	1,875,536,135	11,814,570,375	9,203,400,224		: .	13,751,481	1,254,150
Profit / (loss) before tax	3,245,585,806	1,432,453,959	1,910,846,511	718,721,533	310,336,238	148,611,704	1,403,890,005	68,324,591	6,608,971,350	4,146,851,260	(208,592)		(13,674,315)	(13,453,320
Profit / (loss) after tax	3,046,062,035	1,330,697,755	1,885,548,174	706,861,663	269,422,331	116,088,778	1,320,142,390	38,279,017	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,453,320
Other comprehensive (loss) / income	(51,300,357)	38,895,290	(107,831,274)	93,414,665	(58,625,889)	36,004,412	(3,473,176)	(989,973)		-	-	-		/. - /
Total comprehensive income / (loss)	2,994,761,678	1,369,593,045	1,777,716,900	800,276,328	210,796,442	152,093,190	1,316,669,214	37,289,044	6,576,681,639	4,120,734,125	(208,593)	(203,312)	(13,674,315)	(13,453,320

FINANCIAL STATEMENTS

---Rupees---

2021

2022

7.3	Equity	Instruments -	- at FVTOCI

Quoted

MCB Bank Limited

18,213,195 (2021: 18,213,195) ordinary shares of Rs.10 each - cost	896,451,123	896,451,123
Adjustment arising from re-measurement to fair value	1,343,407,598	2,014,563,834
	2,239,858,721	2,911,014,957

Habib Bank Limited

7,244,196 ordinary shares of Rs.10 each - cost	1,217,073,609	1,217,073,609
Adjustment arising from re-measurement	(555,388,746)	(330,601,344)
to fair value	(333,300,746)	(330,001,344)
	661,684,863	886,472,265

Unquoted

TCC Management Services (Private) Limited

50,000 ordinary shares of Rs.10 each	500,000	500,000
	2,902,043,584	3,797,987,222

7.4 Debt Instruments - at FVTOCI Habib Bank Limited term finance certificates (TFCs)

500 (2021: 500)Term finance certificates of Rs.100,000 each - cost	50,000,000	50,000,000
Adjustment arising from re-measurement to fair value	(3,500,000)	(3,000,000)
	46,500,000	47,000,000

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

8.	LONG TERM LOANS - Secured		2022	2021
		Note	Rupe e	s
	Loans due from employees	8.1 & 8.2	8,099,250	7,490,000
	Less: recoverable within one year and grouped under current assets		3,753,000	1,035,000
			4,346,250	6,455,000

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

The Group, during the year, provided a loan amounted Rs.4.500 million to Mr.Jawad Faisal and Rs.2.117 million to Mr. Ahmad Jovdet Bilal. Both are key management personnel of the Group.

SAPPRIKE FIBRES LIWITED		(20)		FINANCIAL STATEMENTS		
9.	STORES, SPARE PARTS AND		2022	2021		
	LOOSE TOOLS	Note	Rup	e e s		
	Stores		588,731,705	176,156,968		
	Spare parts		160,769,664	128,744,740		
	Loose tools		121,727	239,981		
	Items in transit		30,008,868	173,567,885		
			779,631,964	478,709,574		
	Less: provision for slow moving items	9.1	11,526,482	12,020,122		
			768,105,482	466,689,452		
9.1	Provision for slow moving items		-			
	Balance at beginning of the year		12,020,122	12,055,543		
	Less: provision reversed during the year		(493,640)	(35,421)		
	Balance at end of the year		11,526,482	12,020,122		
10.	STOCK-IN-TRADE					
	Raw materials:					
	- at mills		9,075,672,131	7,404,490,919		
	- in transit		1,128,498,575	1,495,785,295		
			10,204,170,706	8,900,276,214		
	Work-in-process		1,296,808,329	1,072,589,736		
	Finished goods - at mills		3,153,668,218	1,655,968,789		
			14,654,647,253	11,628,834,739		
11.	TRADE DEBTS					
	Consider good Unsecured					
	- local	11.1	1,824,296,802	1,838,184,170		
	Secured		F			
	- foreign debts		3,262,759,531	898,462,451		
	- local	11.5	8,878,247,351	12,735,605,658		
			12,141,006,882	13,634,068,109		
	Considered doubtful					
	Unsecured - foreign debts	11.4	75,410,417	69,951,066		
			14,040,714,101	15,542,203,345		
	Less: provision for impairment	11.6	83,959,116	78,939,116		
			13,956,754,985	15,463,264,229		

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SAPPHIRE FIBRES LIMITED

NOTES TO THE CONSOLIDATED

2021

2022

11.1 These include the following amounts due from Related Parties:

---Rupees---1.804.326 9,361,383 Diamond Fabrics Limited 3,065,588 5,743,553 Reliance Cotton Spinning Mills Limited 7,732,838 22,100,801 Amer Cotton Mills (Pvt.) Limited 17,752,027 23,642,135 Sapphire Textile Mills Limited 6,400 Sapphire Power Generation Limited 1,230,001 Sapphire Diaries (Pvt.) Ltd 31,591,180 60,847,872

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11.2 The ageing of trade debts at June 30, is as follows:

	Related Parties		Oth	ers
	2022	2021	2022	2021
	Rup	e e s	Rup	e e s
Not past due	1,943,599	660,114	7,314,876,424	4,925,914,874
Past due 1-30 days	22,562,533	43,762,454	5,100,919,920	2,470,719,170
Past due 31-60 days	1,291,960	4,209,921	804,836,891	1,571,597,602
Past due 61-90 days	1,153,415	281,180	209,243,268	646,459,320
Past due 91-365 days	1,071,641	11,628 <u>,</u> 319	395,534,679	5,731,014,901
Past due one year	3,568,032	305,884	183,711,739	135,649,606
	31,591,180	60,847,872	14,009,122,921	15,481,355,473

- 11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.222.927 million (2021: Rs.83.790 million).
- These mainly include doubtful receivables amounting U.S. Dollar 372.506 thousand, U.S. Dollar 163.760 thousand and U.S. Dollar 26.333 thousand from M/s. Star Knitwear Ltd. Mauritius, Hong Kong, M/s.Cortland Industries Inc. New York, United States and M/s. Ranka Shoel, Yangong, Bangladesh, respectively.
- 11.5 These represent trade receivables from CPPA and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within the due dates, with the exception of RLNG fuel cost component invoices, in which case, the delayed payment markup at the rate of three months KIBOR plus 2% is charged on the amounts not paid within a period of thirty days from the due date and at the rate of three months KIBOR plus 4.5% after the first thirty days. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 9.38% to 19.53% (2021: 9.15% to 18.42%) per annum. These include unbilled receivables aggregating to Rs. 3,914.912 million (2021: Rs 1,765.193 million).

Included in trade debts are amounts aggregating Rs 227.610 million relating to capacity revenue not acknowledged by NTDC/CPPA for the period from March 2011 to May 2011 due to non-supply of gas by SNGPL on account of certain force majeure events. The Group's management raised this matter with NTDC, SNGPL and Private Power & Infrastructure Board ('PPIB'), however, the dispute remained unresolved. Hence, the Group had taken up this issue at appropriate forums.

On June 28, 2013, the Group entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Group before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Group applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the Group in consultation with NTDC, appointed an Expert for dispute resolution under PPA. In August 2015, the Expert gave his determination whereby the Group's claim regarding the above-mentioned amount of Rs.227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the Group had also filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the GSA against SNGPL whereby an Arbitrator was appointed. The Arbitrator through his order dated March 9, 2016, decided the matter in the Group's favor whereby the aforesaid amount of Rs.227.610 million was determined to be payable to the Group by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the Group along with interest at the rate of 6% per annum from the date of award till the date of actual payment, that works out to Rs.117.052 million as of June 30, 2022 and has been recognised as a receivable (out of which Rs.6.801 million is classified in other receivables. Consequently, under the relevant provisions of the Arbitration Act, 1940, the group filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation/enforcement of the Arbitration Award, which is pending adjudication.

Based on the advice of the Group's legal counsel and Arbitration Award in the Group's favour, management strongly feels that under the terms of the PPA, Implementation Agreement and the GSA, this receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

Also included in trade debts are amounts aggregating Rs 282.963 million relating to energy revenue not acknowledged by CPPA for the period from January 2020 to June 2022 on account of differences in the heat rates correction ('KH') factor. The Part Load Correction Curve ('PLAC') used in the computation of KH factor by the Group was based upon the tested capacity as per the terms of the PPA, however, CPPA based it on the total available capacity. The Group has always invoiced the energy revenue based on tested capacity as per the terms of PPA from COD and that have been acknowledged by CPPA till December 2019.

Based on the advice of the Group's legal counsel, management strongly feels that under the terms of the PPA, the Group's claim is correct and such receivable will be recovered in due course of time. Consequently, it is unimpaired as of the reporting date.

11.6	Provision for expected credit loss	2022 Rupere	2021 • S
	Balance at the beginning of the year	78,939,116	59,272,994
	Charged during the year	5,020,000	21,662,180
	Reversal made during the year	-	(1,996,058)
	Closing at the end of the year	83,959,116	78,939,116

SAPPHIRE FIBRES LIMITED

12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		I HVAIVC	HALSIAILNILNIS
LOANS AND ADVANCES		2022	2021
	Note	Rupees	
- Considered good			
Current portion of long term loans to employees	8	3,753,000	1,035,000
Due from related party	12.1	279,382,000	203,965,000
Advances to:	г		
- suppliers and contractors		532,033,044	180,610,997
- employees		2,147,588	2,109,344
- others		1,700,000	1,700,000
	L	535,880,632	184,420,341
	-	819,015,632	389,420,341

(28)

The Subsidiary Company - SEL has entered into a loan agreement with ETL (an Associated Company) to provide an unsecured loan upto US\$ 18.750 million (equivalent to Rs.1.986 billion with US\$ to Rupee conversion fix at Rs.106) for a period of one year. This loan carries mark-up at the rate of 6 month KIBOR (applicable on the first working day of each month) + 0.25% and is repayable on date of maturity of the loan. Effective mark-up rate charged by the Parent Company, during the year, ranged from 7.79% to 15.12% per annum (2021: 6.45% to 14.33%) per annum. As the tenure of the loan agreement is of one year this loan has been classified as short term. The maximum aggregate amount outstanding against this loan at the end of any month during the period was Rs.279 million (2021: Rs.204 million).

13.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2022 Rupe	2021 e e s
	Security deposits - unsecured and considered good		1,101,608	1,008,608
	Margin against letter of credit		23,726,752	3,372,478
	Prepayments		79,513,307	48,161,797
			104,341,667	52,542,883
14.	SHORT TERM INVESTMENTS			
	Equity instruments - FVTOCI	14.1	2,317,444,048	2,977,735,568
	Held at amortised cost: Term Deposit Receipts (TDRs)	14.2	1,159,314,370	-
	Held at FVTPL			
	Pakistan Investment Bonds	14.3	1,808,432,020	-
	Government Ijara Sukuk	14.4	1,808,196,907	
			3,616,628,927	-
			7,093,387,345	2,977,735,568

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

2022	2021	Name of the	Markel	value	Co	st
No. of shares /		Name of the investee company	2022	2021	2022	2021
certifi			47 F00 000		0 6 6 5	10.150.040
54,720	54,720	Attock Petroleum Ltd.	17,582,083	17,566,762	12,153,848	12,153,848
9,538,500	9,538,500	Bank Al-Habib Ltd.	553,805,310	668,839,620	419,888,054	419,888,054
341,103	341,103	Charat Packaging Ltd.	38,517,351	67,848,798	35,824,418	35,824,418
2,636,260	2,636,260	Engro Corporation Ltd.	677,756,083	776,668,559	589,213,189	589,213,189
125,000	125,000	Fauji Cement Company Ltd.	1,771,250	2,875,000	3,683,337	3,683,337
7,766,704	7,766,704	Habib Bank Ltd.	709,410,744	950,411,568	1,603,060,152	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	•	-	126,000	126,000
12,878,000	12,878,000	K-Electric Ltd.	39,149,120	53,830,040	120,385,975	120,385,975
303,000	303,000	Lucky Cement Ltd.	139,089,120	261,622,320	117,777,538	117,777,538
448,934	448,934	Pakistan State Oil Company Ltd.	77,144,819	100,673,450	63,918,848	63,918,848
132,317	101,783	The Searle Company Ltd.	14,425,199	24,694,591	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	48,792,969	52,704,860	80,749,609	80,749,609
			2,317,444,048	2,977,735,568	3,051,342,984	3,051,342,984
Add: Adjustme	ent arising from	m re-measurement to fair value			(733,898,936)	(73,607,416
Market value					2,317,444,048	2,977,735,568

- 14.2 Term Deposits Receipts have been purchased from a banking company and carry markup at the rate of 13.50% per annum.
- 14.3 Pakistan Investment Bonds have a face value of Rs 1,799.200 million and carry a coupon rate 15.65% per annum and effective rate of 15.93% per annum.
- 14.4 Government Ijara Sukuk have a face value of Rs 1,766.300 million and carry a coupon rate 13.53% per annum and effective rate of 13.70% per annum.

15. OTHER RECEIVABLES	Note	2022 Rupe	2021 e e s
Advance income tax		672,417,807	442,331,705
Export rebate and duty drawbacks		12,806,153	86,290,467
Dividend receivable		28,708,346	26,889,852
Claim recoverable from NTDCL for pass through item - Workers' Profit Participation Fund	15.1	570,000,140	465,262,698
- Punjab Workers' Welfare Fund		164,354,236	122,459,259
Accrued mark-up on term finance certificat	tes	59,641,970	31,165,516
Others		41,461,695	17,868,991
		1,549,390,347	1,192,268,488

15.1 Under section 9.3(a) of PPA with CPPA, payments made by the Subsidiary Company - SECL to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from CPPA as a pass through item.

16.	TAX REFUNDS DUE FROM GOVERNMENT	Note	2022 Rupe	2021 e e s
	Sales tax		2,713,408,467	1,295,275,083
	Income tax		563,863,913	528,658,088
	Excise duty		26,811,914	24,201,390
	Less: provision for doubtful tax refunds	16.1	367,965,177	282,074,014
			2,936,119,117	1,566,060,547
16.1	Provision for doubtful tax refunds			
	Balance at beginning of the year		282,074,014	282,074,014
	Add: provision for the year		85,891,163	-
	Balance at end of the year		367,965,177	282,074,014
17.	CASH AND BANK BALANCES			
	Cash-in-hand	17.1	6,094,212	5,164,162
	Balances with banks on:			
	- off shore current account	17.2	518,544,683	399,255,158
	- on shore:			
	current accounts	17.3	75,020,517	85,813,488
	term deposit account (TDA)	17.4	65,282,414	11,666,796
	term deposit receipt (TDR)	17.5	-	10,900,000
	dividend account		6,639,880	6,179,813
			665,487,494	513,815,255
			671,581,706	518,979,417

- 17.1 Cash-in-hand includes Rs.5.374 million (2021: Rs.1.210 million) advanced to employees for various expenses.
- 17.2 The balances in deposit accounts bear markup ranging from 5.50% to 12.25% (2021: at the rate of 5.50%) per annum.
- 17.3 These include foreign currency deposits amounting to US.\$ 78,865 (2021: US.\$ 83,434).
- 17.4 Effective rates of profit on TDA, during the year, ranged at 5.75% to 6.00% (2021: 5.73% to 7.75%) per annum.
- 17.5 These TDRs are under lien against performance guarantee issued by the bank. During the year, these carried mark-up at the rate of 5.87% (2021: ranged from 10.26% to 10.75%) per annum and are having a maturity period of one year.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 Num	2021		2022 Rupe	2021
	**	- H - H - H - H - H - H - H - H - H - H	Kupe	65
12,759,375	12,759,375	Ordinary shares of Rs.10 each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid		
		bonus shares	79,125,000	79,125,000
20,671,875	20,671,875		206,718,750	206,718,750

- 18.1 10,714,798 (2021: 10,714,798) ordinary shares of Rs.10 each are held by Related Parties as at year-end.
- Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

RESERVES		2022	2021
	Note	Rupe	es
Capital reserve			
- share premium	19.1	391,833,750	391,833,750
- maintenance reserve	19.2	347,810,242	190,833,377
General reserve - revenue reserve	19.3	1,183,845,000	1,183,845,000
Unrealized gain on financial assets at fair value through other comprehensive income	19.4	24,717,363	1,592,511,269
Unrealised gain on remeasurement of h instruments	edging	252,160	243,733
		1,948,458,515	3,359,267,129
	Capital reserve - share premium - maintenance reserve General reserve - revenue reserve Unrealized gain on financial assets at fair value through other comprehensive income Unrealised gain on remeasurement of h	Capital reserve - share premium - maintenance reserve General reserve - revenue reserve Unrealized gain on financial assets at fair value through other comprehensive income Unrealised gain on remeasurement of hedging	Capital reserve - share premium - maintenance reserve General reserve - revenue reserve Unrealized gain on financial assets at fair value through other comprehensive income Unrealised gain on remeasurement of hedging instruments NoteRupe

- 19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.
- 19.2 Under the terms of the project agreements, the Subsidiary Company SECL is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The reserve fund can only be utilized to pay expenses on major maintenance for proper operation of the power station.
- 19.3 This represents reserves funds set aside from unappropriated profit.
- 19.4 These represent unrealized gain on re-measurement of investments at fair value through OCI and are not available for distribution.

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

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2022	2021
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20.1 Long Term Finance

Sapphire Fibres Limited	Note	Rupe	2021
From banking companies:		•	
- MCB Bank Limited			
- Long term finance facility - I	20.1.1	42,898,000	59,264,608
- Long term finance facility - II	20.1.2	1,133,902,000	1,309,668,142
- Long term finance facility - III	20.1.3	133,215,000	-
- Demand finance	20.1.4		6,614,608
	·	1,310,015,000	1,375,547,358
- Habib Bank Limited	_	·	
- Long term finance facility	20.1.5	396,585,000	256,780,000
Long term finance facility (under refinance scheme for payment	20.1.6	117,690,418	377,395,778
of wages and salaries)	20.1.0	514,275,418	634,175,778
- Allied Bank Limited	20.1.7	565,344,750	687,191,050
- United Bank Limited	20.1.8	1,245,246,247	1,473,221,407
- Faysal Bank Limited	20.1.9	1,361,941,950	1,353,698,750
- Bank Alfalah Limited	20.1.10	1,059,677,890	184,633,000
- Habib Metropolitan Limited	20.1.11	215,890,000	215,890,000
- Meezan Bank Limited	20.1.12	120,214,000	-
- Askari Bank Limited	20.1.13	13,000,000	-
	-		

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

6,405,605,255

5,924,357,343

- 20.1.2 The Parent Company has arranged long term finance facilities amounting Rs.1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs.1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2,50% (2021: 2,50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Parent Company.
- 20.1.3 The Parent Company has arranged long term finance facilities amounting Rs.133.125 million from MCB Bank Limited under renewable energy scheme. The loan is repayable in 20 equal semi annual instalments commencing December, 2024. These finances carry mark-up at SBP rate + 1% per annum. The loan is secured against first charge of aggregate Rs.2,200 million over the specific plant and machinery of the Parent Company along with the other facilities from the bank.

- 20.1.4 MCB Bank Limited, on request of the Parent Company, converted four tranches of long term finance facility amounting Rs.46.302 million into a demand finance facility. This finance facility was repayable in seven equal semi-annual instalments commenced from June, 2017 and carried mark-up at the rate of 3 month Kibor + 1% per annum. These finances carried mark-up at the rate of 2.50% (2021: at the rate ranged from 12.13% to 14.24%) per annum and was secured against joint pari passu charge of Rs.200 million over the imported machinery.
- 20.1.5 The Parent Company has arranged long term finance facilities amounting Rs.500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.256.780 million in nine tranches of different amounts during the preceding years and Rs.147.372 million in nine tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2021: ranged from 2.85% to 11.38%) per annum and are secured against first charge of Rs.667 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.6 The Parent Company has arranged a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Parent Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Parent Company for Rs.583.333 million.

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

- 20.1.7 The Parent Company has arranged long term finance facilities amounting Rs.1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.960.357 million in seventeen trenches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 2.50% (2021: 2.50%) per annum and are secured against first pari passu charge of Rs.1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Parent Company.
- 20.1.8 The Parent Company has arranged long term finance facilities amounting Rs.1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 2.50% to 3.50% (2021: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs.2,000 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.9 The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.1,353.717 million in forty tranches of different amounts during the preceding year and Rs. 32.907 million in two tranches of different amounts during the current year. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rates ranged from 3.00% to 4.00% (2021: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs.900 million with 25% margin over the specific plant and machinery of the Parent Company.

- 20.1.10 The Parent Company has arranged long term finance facility amounting Rs.1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.184.633 million in seven tranches of different amounts during the preceding years and Rs.876.545 million in eighteen tranches of different amounts during the current year. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark-up at the rates ranged from 2.00% to 3.00% (2021: 3.00% to 4.00%) per annum and are secured against first joint pari passu charge of Rs.1,333.340 million with 25% margin over the specific plant and machinery of the Parent Company.
- 20.1.11 The Parent Company has arranged a long term finance facility amounting Rs.270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Parent Company.
- 20.1.12 The Parent Company, during the current year, arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs.1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.120.214 million in nine tranches of different amounts during the current period. Each tranche under this finance facility has different repayment terms. These finances carry mark-up at the rate of 3.50% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Parent Company with 25% margin.
- 20.1.13 The Parent Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranches. The loan is repayable in 32 equal quarterly installments commencing September, 2024. These finances carry mark-up at the rate of SBP plus 1% and are secured against joint pari pasu and ranking charge of Rs.666.667 million on the fixed of the Parent Company.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS					
2022	2021				
Rupe e) S =				
1,178,823	16,336,589				
1,178,823	12,848,707				

3,487,882

21 **DEFERRED INCOME -GOVERNMENT GRANT**

SAPPHIRE FIBRES LIMITED

market rate of interest - net

Less: current portion grouped under current liabilities

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

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

22. **STAFF RETIREMENT BENEFIT - Gratuity**

Government grant on loan at below

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

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

SAPPI	HIRE FIBRES LIMITED	(36)	*	E CONSOLIDATED
22.4	Remeasurements recognised of other comprehensive inco		2022 Rupe	2021
	Experience adjustment		(6,027,506)	-12,479,822
	Actuarial loss		4,353,560	1,772,302
			(1,673,946)	-10,707,520
22.5	Actuarial assumptions used		2022	2021
	Discount rate		13.25%	10.00%
	Expected rate of increase in futu	re salaries	12.25%	9.00%
	Mortality rates (for death in servi	cė)	SLIC (2001-05)	SLIC (2001-05)

22.6 Sensitivity analysis for actuarial assumptions

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

	Change in assump- tions	Increase in assumption	Decrease in assumption	
	4,5	Rupees		
Discount rate	1.00%	(374,552,659)	428,169,452	
Increase in future salaries	1.00%	429,299,178	(373,083,002)	

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

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

- 22.7 Based on actuary's advice, the expected charge for the year ending June 30, 2023 amounts to Rs.166.31 million.
- 22.8 The weighted average duration of defined benefit obligation is 7 years.
- 22.9 Expected maturity analysis of undiscounted retirement benefit plan:

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

22.10	Historical information:						
		2022	2021	2020	2019	2018	
				-Rupees			
	Present value of defined						
	benefit obligation	399,538,518	341,556,615	310,591,147	242,930,143	346,597,468	
	Experience adjustment			*			
	on obligation / actuarial gains_	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)	8,423,010	
23.	DEFERRED TAXATION -	Net		2022	2	2021	
				Rupees			
	Credit balances arising in	· -					
	 accelerated tax depreci investment in associa 		ce /	169.0	97,791	166,653,234	
	Debit balances arising in			,		, ,	
	- staff retirement benefit	·		17,4	49,445	17,026,939	
	- provision for slow movir	ng items		-50	03,408	599,215	
	- provision for doubtful ta	x refunds		15,5	84,764	14,061,672	
	- provision for impairmen	t in trade deb	ots	3,6	66,830	3,935,194	
				37,2	04,447	35,623,020	
				131,8	93,344	131,030,214	

- The Parent Company's income of the current year is chargeable to tax under presumptive tax 23.1 regime of the Income Tax Ordinance, 2001. However, deferred tax liability / (asset) is recognized as management is not certain whether income of subsequent years is chargeable to tax under presumptive tax regime or normal tax regime.
- No deferred tax liability / (asset) has arisen on temporary differences with respect to the 23.2 Subsidiary Companies; PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL.

24.	TRADE AND OTHER PAYABLES		2022	2021
		Note	Rup	e s
	Trade creditors	24.1	4,403,962,271	2,310,877,304
	Accrued expenses		1,438,027,579	804,380,323
	Bills payable	24.2	565,680,154	749,346,003
	Sindh government infrastructure fee	24.3	447,143,385	313,966,770
	Workers' profit participation fund	24.4	838,466,312	584,923,993
	Workers' welfare fund - federal		309,119,938	123,274,930
	Current portion of Government grant		1,178,823	12,848,707
	Others		50,075,964	3,046,919
			8,053,654,426	4,902,664,949
24.1	These balances include the following amounts due to related parties:			
	Reliance Cotton Spinning Mills Limited		155,952,832	50,897,959
	Amer Cotton Mills Limited		572,759,110	176,877,206
	Sapphire Textile Mills Limited		182,754	_
	Diamond Fabrics Ltd.		101,395	
			728,996,091	227,775,165
			**	

- 24.1.1 This includes Rs.1,695.278 million (2021: Rs.805.911 million) due to Sui Northern Gas Pipelines Limited ('SNGPL'), out of which Rs.257.374 million represents the aggregate amount (Rs.227,610 million and certain arbitration costs plus interest thereon) awarded to the Group by the Arbitrator through his order dated March 9, 2016. Under the relevant provisions of the Arbitration Act, 1940, the Group has filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award which is pending adjudication. The Group has set off this amount from SNGPL's bill for the month of April 2016, however, an adjustment to setoff the payable with the related receivable from CPPA to the extent of Rs.227.610 million would be made in these consolidated financial statements when the award is implemented. SNGPL has filed a suit for recovery before the District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment and had also filed a request for arbitration before the London Court of International Arbitration (LCIA) on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL had claimed adjustment amount of Rs 257.374 million and markup thereon from the date of such adjustment. During the year, the LCIA has decided this matter in SNGPL's favour through Final Arbitration Award dated April 22, 2022 wherein the Group's adjustment of the above amount against SNGPL's invoice has been declared unlawful and it has awarded interest at the rate of 6% per annum on the amount of Rs.257.374 million from the due date of such invoice until full and final payment. Further, LCIA has also accorded to reimburse the cost of litigation and interest at 6% per annum from the date of award to the date of actual payment that works out to be Rs.104.604 million as at June 30, 2022 and has been recognized as a liability.
- 24.2 These are secured against import documents.
- This provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the High Court). The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

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

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

SAPPHIRE FIBRES LIMITED		(39)	· ·	HE CONSOLIDATED ICIAL STATEMENTS 2021
24.4	Workers' profit participation fund	Note	Rup	
	Balance at beginning of the year		584,923,993	398,105,866
	Add: interest on funds utilised by the Group companies		904,702	1,135,490
			585,828,695	399,241,356
	Less: payments made during the year		120,565,997	60,363,027
			465,262,698	338,878,329
	Add: allocation for the year		373,203,614	246,045,664
	Balance at end of the year		838,466,312	584,923,993
25.	ACCRUED MARK-UP / INTEREST			•
	Mark-up / interest accrued on:			
	- long term finances		59,826,713	83,234,264
	- short term borrowings		282,454,424	152,622,629
			342,281,137	235,856,893
26.	SHORT TERM BORROWINGS			
	Running / cash finances - secured	26.1	11,427,140,251	15,563,202,993
	Running Musharaka and Murahabha finances - secured	26.2	3,450,000,001	1,392,219,782
	Temporary bank overdraft - unsecured	26.3	es .	2,150,359

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.35,455 million (2021: Rs.31,121 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.25% to 14.61% (2021: 2.25% to 14.36%) per annum. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

14,877,140,252

16,957,573,134

Facilities available for opening letters of credit and guarantees aggregate to Rs.22,159 million (2021: Rs.14,355 million) out of which the amount remained unutilised at the year-end was Rs.13,750 million (2021: Rs.7,006 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and counter guarantee.

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

26.2 Murabaha and musharaka finance facilities available from various commercial banks amount to Rs.1,700 million (2021: Rs.2,000 million) to finance the procurement of multiple oils from fuel suppliers. Mark-up on murabaha is payable at maturity of the respective murabaha transaction, while the markup on musharaka is payable monthly on the balance outstanding. The mark-up rate charged during the year on the outstanding balance ranges from 7.81 to 14.61% (2021: 2.25% to 8.84%) per annum.

26.3 This represents book overdraft balance due to unpresented cheques.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- **27.1.1** Guarantees aggregating Rs.3,007.860 million (2021: Rs.2,805.138 million) have been issued by banks of the Group to various Government institutions and SNGPL.
- 27.1.2 SNGPL has claimed late payment surcharge amounting to Rs.316.343 million on account of partial payments made by the Group against the RLNG consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management is of the view that, as per the terms of the Gas Supply Agreement ('GSA') and the Operating Procedure signed by the Group, Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited, the Group is liable to make payments to SNGPL on the basis of the prices notified by OGRA, therefore, the partial payments made by the Group to SNGPL prior to OGRA price determinations do not constitute a default on the Group's part. Based on the advice of the Group's legal counsel, management considers that under the terms of the GSA and the Operating Procedure, there are meritorious grounds to support the Group's stance. Consequently, no provision for the abovementioned amount has been made in these consolidated financial statements.
- 27.1.3 A sales tax demand of Rs.830.031 million was raised against the Group through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Group on account of 'capacity price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Group was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy price' admissible to the Group. Against the aforesaid order, the Group preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the Group's other grounds of appeal. Consequently, the Group preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the ACIR also preferred a second appeal before the ATIR against the CIR(A)'s order. However, ATIR refrained from issuing any order on the law points as raised by the Group. Consequently, Group has filed a reference application in Lahore High Court for modification of order of the ATIR.

Furthermore, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated December 2, 2014 whereby intentions were shown to raise a sales tax demand of Rs.505.540 million by primarily disallowing input sales tax claimed by the Group for the tax periods from July 2012 to June 2013 on the abovementioned grounds of the ACIR and non-payment of sales tax on interest on delayed payment of energy price. Aggrieved by this show cause notice, the Group filed a writ petition before the Lahore High Court ('LHC') to the extent of aforesaid matters amounting to Rs.504.909 million while the Group has provided for the remaining amount of Rs.0.631 million in these consolidated financial statements. LHC has disposed of the petition in the Group's favour through its order dated October 31, 2016, by stating that there is no existence of exempt supply. Accordingly, the Group is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. Being aggrieved, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order which is pending adjudication.

Moreover, during the last year on March 5, 2021, the DCIR issued a show cause notice whereby intentions were shown to raise a sales tax demand of Rs.149.742 million for the period from December 2019 to January 2021 on similar grounds. On July 30, 2021, a demand of the same amount was raised. The Group preferred an appeal against the same before CIR(A) on August 27, 2021 and the same has been decided in favor of the Group.

Based on the advice of the Group's legal counsel and above mentioned LHC's decision dated October 31, 2016, management believes that there are meritorious grounds to defend the Group's stance. Consequently, no provision has been made in these consolidated financial statements for the amounts aggregating Rs.1,484.682 million.

27.1.4 A sales tax demand of Rs.49.987 million (along with default surcharge and penalty to be calculated at the time of deposit) for the tax period from 2018 to 2020 was raised against the Group through a notice dated March 15, 2021 by the Additional Collector (Withholding), Khyber Pakhtunkhwa Revenue Authority on account of non-deposit of withholding taxes as required under Khyber Pakhtunkhwa Finance Act, 2013 read with the Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015. Against the aforesaid order, the Group submitted its reply on April 4, 2021, whereby the Group is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre-commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

Based on the advice of the Group's legal counsel, the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the Group's favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

27.2 Commitments

27.2.1 The Subsidiary Company - SECL has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the O&M of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the Group is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on RLNG or HSD, both of which shall be subject to a minimum annual increase of 3%.

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

28. SALES - Net

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

For the year ended June 30, 2022

ror the year ended June 30, 2022			<u> </u>		
	Spinning	Knits	Denim	Power	Total
		***	Rupees		
Types of goods and services					
Local sales					
- Yarn	3,700,010,385	18,204,572	17,704,378	-	3,735,919,335
- Fabric	•	1,065,011,760	1,868,818,460	-	2,933,830,220
- Garments		46,087,456	456,246	-	46,543,702
- Waste	364,518,730	69,286,327	123,358,572	•	557,163,629
- Energy revenue	-	-	-	21,424,912,180	21,424,912,180
- Capacity revenue	-		-	2,552,024,647	2,552,024,647
- Delayed payment mark-up	•			1,105,291,312	1,105,291,312
- Raw materials	168,568,428	•	·	•	168,568,428
- Local steam income	17,734,950	-	-	-	17,734,950
- Processing income	2,672,048	54,081,120	307,652	*	57,060,820
	4,253,504,541	1,252,671,235	2,010,645,308	25,082,228,139	32,599,049,223
Export Sales					
- Yarn	20,328,816,368	215,866,614	-	•	20,544,682,982
- Fabric	•	1,684,324,683	10,775,580,497		12,459,905,180
- Garments	•	4,701,139,190	-	-	4,701,139,190
- Waste	513,281,777	<u>-</u>	-		513,281,777
	20,842,098,145	6,601,330,487	10,775,580,497	•	38,219,009,129
Export rebate		1	i i		
- Yam	•	685,166	-	-	685,166
- Fabric	•	21,464,841	76,466,850	-	97,931,691
- Garments	•	46,247,624	•	-	46,247,624
	•	68,397,631	76,466,850		144,864,481
Less: sales tax	967,297,034	187,867,728	1,088,013,361	2,990,323,090	5,233,501,213
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620
Timing of revenue recognition				• •	
Goods transferred at a point in time	24,125,633,604	7,680,450,505	11,774,371,642	22,091,905,049	43,580,455,751
Services rendered at a point in time	2,672,048	54,081,120	307,652	•	57,060,820
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620
			7.		

For the year ended June 30, 2021

	Spinning	Knits	Denim	Power	Total
			Rupees		
Types of goods and services					
Local sales					
- Yarn	3,277,486,845	60,478,730	38,405,215	•	3,376,370,790
- Fabric	-	1,083,754,001	1,910,827,680	-	2,994,581,681
- Garments	-	39,399,098	-	-	39,399,098
- Waste	199,675,058	40,590,073	67,077,646	-	307,342,777
- Energy revenue	_	-	-	9,072,850,724	9,072,850,724
- Capacity revenue		- .	-	3,479,578,278	3,479,578,278
- Delayed payment mark-up	-	-	-	910,848,933	910,848,933
- Raw materials	131,719,783	-	-	-	131,719,783
- Local steam income	22,882,860	<u> </u>	-		22,882,860
- Processing income	1,085,201	175,759,455	1,950,419	-	178,795,075
	3,632,849,747	1,399,981,357	2,018,260,960	13,463,277,935	20,514,369,999
Export Sales					
- Yarn	11,265,592,467	517,308,812	-	-	11,782,901,279
- Fabric	-	897,818,051	6,740,122,748	-	7,637,940,799
- Garments	-	2,412,446,303	-	-	2,412,446,303
- Waste	392,215,514	-	-	-	392,215,514
	11,657,807,981	3,827,573,166	6,740,122,748	-	22,225,503,895
Export rebate	<u></u>				
- Yarn	-	473,261	-	-	473,261
- Fabric	-	13,131,040	50,007,056	-	63,138,096
- Garments	<u>.</u>	53,833,012	-	-	53,833,012
	-	67,437,313	50,007,056	-	117,444,369
Less: sales tax	740,311,981	260,472,262	862,052,947	1,262,031,953	3,124,869,143
	14,550,345,747	5,034,519,574	7,946,337,817	12,201,245,982	39,732,449,120
Timing of revenue recognition				***************************************	
Goods transferred at a point in time	14,549,260,546	4,858,760,119	7,944,387,398	12,201,245,982	39,553,654,045
Services rendered at a point in time	1,085,201	175,759,455	1,950,419	-	178,795,075
	14,550,345,747	5,034,519,574	7,946,337,817	12,201,245,982	39,732,449,120

- **28.1** This includes indirect export of Rs. 8,359.051 million (2021: Rs.5,797.515 million).
- 28.2 Waste sales include sale of comber noil.
- 28.3 Exchange (loss) / gain due to currency rate fluctuations relating to export sales amounting to Rs.686.253 million (2021: Rs.56.019 million) has been included in export sales.

¢ A∙DD	HIRE FIBRES LIMITED	(44)	NOTES TO T	HE CONSOLIDATED
		(44)	FINAN	ICIAL STATEMENTS
29.	COST OF SALES	Note	2022 R u p	2021 e.e.s
	Finished goods at beginning of the year	,,,,,,	1,655,968,789	1,263,603,319
	Finished goods at beginning of the year		1,033,300,703	1,203,003,319
	Cost of goods manufactured	29.1	54,217,439,027	32,839,157,811
	Cost of raw materials sold		107,449,828	109,519,870
			54,324,888,855	32,948,677,681
			55,980,857,644	34,212,281,000
	Finished goods at end of the year		(3,153,668,218)	(1,655,968,789)
			52,827,189,426	32,556,312,211
29.1	Cost of goods manufactured			•
	Work-in-process at beginning of the year	•	1,072,589,736	798,954,257
	Raw materials consumed	29.2	43,793,885,376	25,174,392,156
	Salaries, wages and benefits	29.3	2,771,531,718	2,093,723,075
	Operations and maintenance		901,716,397	665,966,540
	Packing stores consumed		404,000,166	315,724,696
	General stores consumed		584,932,648	414,369,929
	Processing charges		1,388,487,591	921,639,852
	Depreciation	4.2	1,455,397,607	1,431,229,150
	Fuel and power		2,503,247,597	1,642,360,457
	Repair and maintenance		206,408,565	67,020,671
	Insurance		245,218,780	208,961,993
	Vehicles' running		50,128,396	34,790,661
	Travelling and conveyance		47,768,961	34,452,995
	Printing and stationery		564,062	612,818
	Legal and professional charges		12,026,181	3,856,266
	Fee and subscription		9,913,176	18,932,102
	Entertainment		20,538,477	16,509,621
	Telephone		3,537,326	3,777,933
	Postage		10,814,052	11,715,957
	Rent, rates and taxes		5,919,166	13,124,491
	Miscellaneous		25,621,378	39,631,927

Work-in-process at end of the year

55,514,247,356

(1,296,808,329)

54,217,439,027

33,911,747,547

(1,072,589,736)

32,839,157,811

SAPPH	IIRE FIBRES LIMITED
29.2	Raw materials consumed

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2022		202
	Runees	

Stocks at beginning of the year	7,404,490,919	5,217,266,414
Purchases	45,465,066,588	27,361,616,661
	52,869,557,507	32,578,883,075
Stocks at end of the year	(9,075,672,131)	(7,404,490,919)
	43,793,885,376	25,174,392,156

(45)

29.3 Salaries, wages and benefits include Rs. 129.513 million (2021: Rs.115.062 million) in respect of staff retirement benefit - gratuity and Rs. 20.782 million (2021: Rs.19.010 million) contribution in respect of to staff provident fund.

Travelling, conveyance and entertainment 10,313,720 2,024,557 Vehicles' running 2,301,540 1,837,241 Telephone 555,860 762,245 Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 527,980,846 263,638,411 Freight and forwarding: 11,493,585 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		•			
Salaries and other benefits 30.1 93,433,808 81,477,658 Travelling, conveyance and entertainment 10,313,720 2,024,557 Vehicles' running 2,301,540 1,837,241 Telephone 555,860 762,245 Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836	30.	DISTRIBUTION COST	Note		
Travelling, conveyance and entertainment 10,313,720 2,024,557 Vehicles' running 2,301,540 1,837,241 Telephone 555,860 762,245 Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: - local 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 527,980,846 263,638,411 Freight and forwarding: 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836			ivore	K .u. p	e e s
Vehicles' running 2,301,540 1,837,241 Telephone 555,860 762,245 Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: - local 12,205,112 15,397,840 - export 515,775,734 248,240,571 248,240,571 Freight and forwarding: 527,980,846 263,638,411 Freight and forwarding: 11,493,585 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Salaries and other benefits	30.1	93,433,808	81,477,658
Telephone 555,860 762,245 Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: - local 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 527,980,846 263,638,411 Freight and forwarding: 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Travelling, conveyance and entertainment		10,313,720	2,024,557
Postage 15,100,530 12,466,528 Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: - local 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: - local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Vehicles' running		2,301,540	1,837,241
Printing and stationery 4,158 12,927 Sample expenses 679,123 96,995 Commission: - local 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: - local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Telephone		555,860	762,245
Sample expenses 679,123 96,995 Commission: 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 527,980,846 263,638,411 - local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Postage		15,100,530	12,466,528
Commission: 12,205,112 15,397,840 - export 515,775,734 248,240,571 Freight and forwarding: 527,980,846 263,638,411 - local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Printing and stationery		4,158	12,927
- local 12,205,112 15,397,840 - export 515,775,734 248,240,571 527,980,846 263,638,411 Freight and forwarding: - local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Sample expenses		679,123	96,995
- export 515,775,734 248,240,571 527,980,846 263,638,411 Freight and forwarding: - local 12,908,556 11,493,585 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Commission:			
Freight and forwarding: - local - export Export development surcharge Other export expenses 527,980,846 12,908,556 11,493,585 1,118,463,534 496,674,925 1,131,372,090 508,168,510 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		- local		12,205,112	15,397,840
Freight and forwarding: - local - export 12,908,556 1,1493,585 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		- export		515,775,734	248,240,571
- local 12,908,556 11,493,585 - export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836				527,980,846	263,638,411
- export 1,118,463,534 496,674,925 1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		Freight and forwarding:			
1,131,372,090 508,168,510 Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		- local		12,908,556	11,493,585
Export development surcharge 68,790,242 41,716,784 Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836		- export		1,118,463,534	496,674,925
Other export expenses 34,922,813 17,719,961 Sales promotion 135,486,618 107,232,836				1,131,372,090	508,168,510
Sales promotion 135,486,618 107,232,836		Export development surcharge		68,790,242	41,716,784
		Other export expenses		34,922,813	17,719,961
Provision for impairment of trade debts 5,020,000 19,666,122		Sales promotion		135,486,618	107,232,836
		Provision for impairment of trade debts		5,020,000	19,666,122
2,025,961,348 1,056,820,775				2,025,961,348	1,056,820,775

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

NOTES	TO	THE	CONSO	LIDATED
,	=INZ	NCL	AL STAT	EMENTS

19,812,304

3,710,218

25,985,259

1,465,030

1,093,557 527,756,478

2021

SAPPHIRE	FIRRES	LIMITED
SAFFIIINE	Linized	

Charity and donations

Insurance

Others

Depreciation

Amortisation

OTHER INCOME

32.

31.

ADMINISTRATIVE EXPENSES	\$.	2022	2021
	Note	Rupe	es
Salaries and other benefits	31.1	399,563,207	305,859,055
Telephone		9,825,054	8,196,856
Postage		770,796	646,835
Fee and subscription		31,150,108	42,909,347
Legal and professional charges		34,538,539	35,466,733
Entertainment		9,759,673	3,710,231
Travelling and conveyance		10,373,508	8,126,559
Printing and stationery		8,364,371	6,617,141
Rent, rates and taxes	31.2	11,306,611	13,304,059
Advertisement		3,087,080	761,665
Electricity, gas and water		12,240,593	8,589,007
Repair and maintenance		22,275,169	24,979,959
Vehicles' running		25,740,988	16,522,663

31.3

4.2

6

19,180,831

2,358,220

32,002,434

1,465,030

2,020,930

636,023,142

2022

(46)

31.1 Salaries and other benefits include Rs. 11.748 million (2021: Rs.10.115 million) in respect of contribution to staff provident fund.

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

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

2022	2021
Rupe	e s
624,674,889	595,891,354
32,462,156	21,592,259
5,934,678	29,519
15,157,766	19,396,034
678,229,489	636,909,166
-	95,691,950
-	1,440,589
91,853,615	4,455,135
79,235,108	48,799,237
171,088,723	150,386,911
849,318,212	787,296,077
	Rupe 624,674,889 32,462,156 5,934,678 15,157,766 678,229,489 - 91,853,615 79,235,108 171,088,723

SAPPH	HIRE FIBRES LIMITED	(47)	the contract of the contract o	E CONSOLIDATED
33.	OTHER EXPENSES	Š I a Ka	2022	2021
		Note	Rupe	e s
	Workers' profit participation fund	24.4	268,466,172	119,661,295
	Workers' welfare fund		143,950,031	-
	Auditors' remuneration	33.1	10,197,451	5,200,467
	Loss on sale of investment		15,100,886	-
	Loss on sale of fixed assets		44,463,133	-
	Loss on sale of store and spares		18,299	•
	Provision for doubtful tax refunds		85,891,163	-
	Sales tax written off		2,343,570	-
	Donation		15,000	-
	Receivable balance written off		-	145,197,919
			570,445,705	270,059,681
33.1	Auditors' remuneration			-
	ShineWing Hameed Chaudhri & Co.			
	- annual audit		1,778,700	2,048,625
	- half yearly review		242,550	220,500
	- special audit		1,500,000	-
	- review of Code of Corporate Governa	ance	71,610	65,100
	- audit of retirement funds		313,750	313,750
	- out-of-pocket expenses		253,640	150,000
			4,160,250	2,797,975
	A.F. Ferguson & Co.			
	- audit fee		1,900,800	1,728,000
	- group reporting		300,000	300,000
	- tax services		3,587,000	230,000
	- reimbursement of expenses		90,763	84,492
	- assurance and other certification ser	vices	60,000	60,000
			5,938,563	2,402,492
			10,098,813	5,200,467

•

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34.	FINANCE COST		2022	2021
		Note	Rupe	es
	Mark-up / interest on long term finances		186,374,592	203,540,334
	Mark-up / interest on short term borrowings		1,671,921,417	1,140,429,469
	Exchange loss / (gain) on foreign currency le	oans	55,022,181	(69,765,886)
			1,726,943,598	1,070,663,583
	Interest on workers' profit participation fund			
	accrued	24.4	904,702	1,135,490
	Unwinding effect of long term liabilities		14,211,538	19,447,623
	Interest on payable to SNGPL		17,315,796	-
	Bank and other financial charges		165,952,264	127,462,720
	Loan arrangement fee		-	1,125,000
			2,111,702,490	1,423,374,750
35.	TAXATION		***************************************	
	Current			
	Current tax on profit for the year	35.1	843,631,507	399,595,804
	Adjustments in respect of prior years		592,148	(2,646,739)
			844,223,655	396,949,065
	Deferred			
	Origination and reversal of temporary diffe	rences	677,413	6,954,859
			844,901,068	403,903,924

- 35.1 The income of the Parent Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly.
- Numeric tax rate reconciliation is not presented as the Parent Company's income is chargeable to tax under presumptive tax regime and income of Subsidiary Company SECL is mainly exempt from tax in terms of clause 132 of part I of Second Schedule to the Ordinance. Income of Subsidiary Companies; PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL is not taxable due to losses; however, provision against any other sources of income has been provided for in these consolidated financial statements.

36. EARNINGS PER SHARE

2022

2021

---Rupees---

36.1 Basic earnings per share

Net profit for the year	7,525,528,605	3,808,878,435
	Number of	shares
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupe	es
Earnings per share	364.05	184.25

36.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

SAPPH	HIRE FIBRES LIMITED	(49)		HE CONSOLIDATED CIAL STATEMENTS
37.	CASH GENERATED FROM OPERATIONS	Note	2022 Rupe	2021 e e s
	Profit before taxation	•	8,407,417,721	4,685,421,302
	Adjustments for non-cash charges at other items:	nd		
	Depreciation		1,487,400,041	1,457,214,409
	Amortisation		1,465,030	1,465,030
	Staff retirement benefit - gratuity		131,608,465	110,916,094
	Dividend and interest income		(1,272,253,877)	(617,513,132)
	Amortization on government grant		(15,157,766)	(19,396,034)
	Loss / (gain) on sale of stores and spare	es	18,299	(1,440,589)
	Loss / (gain) on disposal of operating fix	ed assets	44,463,133	(95,691,950)
	Exchange gain		(91,853,615)	(4,455,135)
	Provision for workers' profit participation	fund	268,466,172	119,661,295
	Provision for workers' welfare fund		143,950,031	-
	Receivable balance written off		-	145,197,919
	Rent payable settled against security de	posit	870,000	-
	Provision for slow moving items		493,640	_
	Provision for doubtful tax refunds		85,891,163	-
	Mark-up on loan to an Associated Comp	oany	(28,553,642)	_
	Finance cost		2,155,214,470	1,423,374,750
	Loss on disposal of investments		15,100,886	-
	Provision for impairment of trade debts		5,020,000	19,666,122
	Working capital changes	37.1	(878,832,093)	(6,482,507,021)
			10,460,728,058	741,913,060
37.1	Working capital changes			_
	(Increase) / decrease in current assets:		•	•
	Stores, spare parts and loose tools		(300,940,689)	(108,661,835)
	Stock-in-trade		(3,025,812,514)	(3,973,233,482)
	Trade debts		1,501,489,244	(2,722,908,040)
	Loans and advances		(325,499,369)	(52,942,626)
	Deposits, other receivables and sales	tax	(1,835,919,186)	(670,456,090)
			(3,986,682,514)	(7,528,202,073)
	Increase in trade and other payables		3,107,850,421	1,045,695,052
			(878,832,093)	(6,482,507,021)

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Doublesslave	Chief Ex	cecutive	Execu	ıtives
Particulars	2022	2021	2022	2021
	- · · · · · · · · · · · · · · · · · · ·	R u	pees	
Managerial remuneration	55,990,129	53,209,010	262,649,324	216,928,228
Contribution to provident				
fund trust	-	-	21,965,410	16,874,506
House rent and utilities	23,803,260	22,718,425	123,470,971	97,787,974
Medical	755,932	686,503	5,096,603	7,827,866
Leave encashment /				
bonus	-	486,420	58,766,596	41,015,192
Other benefits	- .	-	13,799,139	13,220,468
	80,549,321	77,100,358	485,748,043	393,654,234
Number of persons	3	3	72	72

- 38.1 Certain executives are provided with Company maintained vehicles.
- 38.2 During the year, meeting fees of Rs.1,230 thousand (2021: Rs.865 thousand) was paid to two non-executive director.

39. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding
Reliance Cotton Spinning Mills Limited	Common directorship	1.35%
SFL Limited	Common directorship	0.051%
Sapphire Power Generation Limited	Common directorship	17.63%
Sapphire Dairies (Pvt.) Limited	Common directorship	9.09%
Tricon Boston Consulting		
Corporation (Pvt.) Limited (TBCCL)	Common directorship	7.13%
Energas Terminal (Pvt) Limited	Common directorship	25.00%
Energas Marketing (Pvt) Limited	Common directorship	30.00%
Neelam Textile Mills Limited	Common directorship	-
Amer Cotton Mills Limited	Common directorship	-
Sapphire Textile Mills Limited	Common directorship	<u></u>
Diamond Fabrics Limited	Common directorship	-
Salman Ismail (SMC-Pvt.) Limited	Common directorship	-
Sapphire Agencies (Pvt.) Limited	Common directorship	-
Crystal Enterprises Limited	Common directorship	-
Sapphire Holding Limited	Common directorship	-
Four Strength (Pvt.) Limited	Common directorship	-
Yousuf Agencies (Pvt.) Limited	Common directorship	-
Sanifa Agri Farms Services Limited	Common directorship	-

Key management personnel

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

	2022	2021
Significant transactions with the related parties	Rupe	es
i) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	346,745,540	298,481,074
- assets	28,100,000	2,800,000
Purchases:		
- raw material / yarn / fabric / stores	3,323,091,230	2,350,556,642
Services:		
- rendered	1,002,902	7,622
- obtained	595,912	164,680
Expenses charged by	45,096,024	39,177,949
Expenses charged to	14,873,277	15,197,634
Dividend:		
- received	207,394,030	28,245,000
- paid	184,551,906	136,000,916
Loan given	75,417,000	42,965,000
Interest charged	28,553,642	14,400,432
ii) Director and their		
related parties		
Dividend paid	3,781,170	3,781,170
iii) Key management personnel		
Salary and other employment benefits	178,792,535	169,542,994
iv) Retirement Fund		
Contribution towards provident fund	34,280,674	30,300,358

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

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

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

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

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure. Out of total financial assets (note 40.4), the financial assets exposed to credit risk aggregated to Rs.24,947.971 million (2021: Rs.22,990.917 million) as at June 30, 2022. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99.17% (2021: 99.49%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

,	2022	2021
	Rupees	
Long term investments	2,948,543,584	3,844,987,222
Long term deposits	62,426,345	31,406,445
Trade debts	14,040,714,101	15,542,203,345
Loans and advances	7,600,588	4,844,344
Short term investments	7,093,387,345	2,977,735,568
Other receivables	129,812,011	75,924,359
Bank balances	665,487,494	513,815,255
	24,947,971,468	22,990,916,538

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

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

	2022	2021
	Rup	e e s
Domestic	10,702,544,153	14,573,789,828
Export	3,338,169,948	968,413,517
	14,040,714,101	15,542,203,345

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

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

	2022	2021
	Rup	e e s
Yarn	2,346,663,753	1,249,742,172
Fabric	1,829,417,525	1,262,469,915
Garments	886,277,466	254,219,282
Power	8,879,477,352	12,735,605,658
Waste	98,878,005	40,166,318
	14,040,714,101	15,542,203,345

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees	*******	
June 30, 2022					
Long term finances	6,716,922,782	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables	8,053,654,426	8,053,654,426	8,053,654,426	•	•
Accrued mark-up / interest	342,281,137	342,281,137	342,281,137	1 🛍	•
Short term borrowings	14,877,140,252	15,600,885,503	15,600,885,503	•	*
Unclaimed dividend	6,670,826	6,670,826	6,670,826	•	•
	29,996,669,423	31,128,982,545	25,006,241,229	4,081,818,339	2,040,922,977

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		-
June 30, 2021					
Long term finances	6,221,463,332	6,558,521,588	950,904,712	3,635,089,068	1,972,527,808
Trade and other payables	4,902,664,949	4,902,664,949	4,902,664,949	-	-
Accrued mark-up / interest	235,856,893	235,856,893	235,856,893	•	•
Short term borrowings	16,957,573,134	17,265,509,804	17,265,509,804	-	-
Unclaimed dividend	6,194,951	6,194,951	6,194,951		
	28,323,753,259	28,968,748,185	23,361,131,309	3,635,089,068	1,972,527,808

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

(c) Market risk

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

Currency risk

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

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

Rupees	U.S.\$	Euro	JPY	CHF
565,680,154	2,493,047	115,747	18,000,000	-
880,409,400	4,273,583	•	.	<u>.</u>
1,446,089,554	6,766,630	115,747	18,000,000	•
(3,338,169,948)	(16,204,708)	-	-	•
(534,751,461)	(2,596,072)	-	-	
(2,426,831,855)	(12,034,150)	115,747	18,000,000	-
2,639,327,093	8,110,372	3,698,439	4,809,156	756,616
212,495,238	(3,923,778)	3,814,186	22,809,156	756,616
	565,680,154 880,409,400 1,446,089,554 (3,338,169,948) (534,751,461) (2,426,831,855) 2,639,327,093	565,680,154 2,493,047 880,409,400 4,273,583 1,446,089,554 6,766,630 (3,338,169,948) (16,204,708) (534,751,461) (2,596,072) (2,426,831,855) (12,034,150) 2,639,327,093 8,110,372	565,680,154 2,493,047 115,747 880,409,400 4,273,583 - 1,446,089,554 6,766,630 115,747 (3,338,169,948) (16,204,708) - (534,751,461) (2,596,072) - (2,426,831,855) (12,034,150) 115,747 2,639,327,093 8,110,372 3,698,439	565,680,154 2,493,047 115,747 18,000,000 880,409,400 4,273,583 - - 1,446,089,554 6,766,630 115,747 18,000,000 (3,338,169,948) (16,204,708) - - (534,751,461) (2,596,072) - - (2,426,831,855) (12,034,150) 115,747 18,000,000 2,639,327,093 8,110,372 3,698,439 4,809,156

June 30, 2021	Rupees	U.S.\$	Euro	JPY	CHF
Bills payables	896,762,605	5,441,392	36,714	-	207,000
Advance payments	374,848,496	2,372,538	-	•	<u>.</u>
	1,271,611,101	7,813,930	36,714	*	207,000
Trade debts	(968,413,517)	(6,198,345)	-	-	-
Bank balances	(482,350,576)	(83,343)	-	-	-
Net reporting date exposure	(179,152,992)	1,532,242	36,714	-	207,000
Outstanding letters of credit	2,718,954,095	11,199,708	2,468,563	18,000,000	2,644,096
	2,539,801,103	12,731,950	2,505,277	18,000,000	2,851,096

The following significant exchange rates have been applied:

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

At June 30, 2022, if Rupee had strengthened by 10% against US Dollar, Euro and CHF with all other variables held constant, profit for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2022	2021
Effect on profit for the year:	Rupee	s
U.S. Dollar to Rupee	(247,903,490)	24,178,779
Euro to Rupee	2,488,561	690,664
JPJ to Rupee	2,708,460	-
CHF to Rupee		3,546,324
	(242,706,470)	28,415,767

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

Interest rate risk

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

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

	2022	2021	2022	2021
	Effecti	ve rate	Carrying amount	
		%	Rupees	Rupees
Fixed rate instruments				
Financial assets				
Term deposit account	5.75 to 6.00	5.73 to 7.75	65,282,414	11,666,796
Financial liabilities				
Long term finances	2.00 to 4.00	2.5 to 4.00	5,043,663,305	4,564,043,985
Variable rate instrume	nts			
Financial assets				
Trade debts	9.38 to 19.53	9.15 to 18.42	8,878,247,351	12,735,605,658
Financial liabilities				
Long term finances	0.6 to 7.31	0.6 to 11.38	117,690,418	641,358,478
Short term borrowings	2.25 & 16.55	2.25 & 8.84	14,877,140,252	16,955,422,775

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

At June 30, 2022, if the interest rate on the variable rate Group's borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.149.948 million (2021: Rs.175.967 million) mainly as a result of higher / (lower) interest expense.

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

Other price risk

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

The Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.8,882.116 million (2021: Rs.6,822.122 million) are exposed to price risk due to changes in market price.

At June 30, 2022, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the year would have higher / (lower) by Rs.526.548 million (2021: Rs.682.122 million).

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

40.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

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

The Group's consolidated financial assets measured at fair value consists of level 1 financial assets amounting to Rs.8,882.116 million (2021: Rs.6,822.222 million). The carrying values of other financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Valuation techniques used to determine fair values

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

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

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

40.3 Capital risk management

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

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

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

	2022	2021	
	Rupees		
Total borrowings	21,594,063,034	23,176,886,107	
Less: cash and bank balances	671,581,706	518,979,417	
Net debt	20,922,481,328	22,657,906,690	
Total equity	35,034,333,962	29,280,873,418	
Total capital	55,956,815,290	51,938,780,108	
Gearing ratio	37%	44%	

41. 41.1

40.4 Financial instrument by category

	As at June 30, 2022		As at June 30, 2021			
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Financial assets as per statement of financial position		Rupees			Rupees	
Long term investments	•	2,948,543,584	2,948,543,584	-	3,844,987,222	3,844,987,222
Long term loans	4,346,250		4,346,250	6,455,000	•	6,455,000
Long term deposits	62,426,345		62,426,345	31,406,445	•	31,406,445
Trade debts	14,040,714,101		14,040,714,101	15,542,203,345	-	15,542,203,345
Loans and advances	286,982,588	•	286,982,588	208,809,344	-	208,809,344
Trade deposits	24,828,360		24,828,360	4,381,086	-	4,381,086
Short term investments	•	5,934,072,975	5,934,072,975	-	2,977,735,568	2,977,735,568
Other receivables	129,812,011	•	129,812,011	75,924,359	•	75,924,359
Cash and bank balances	671,581,706		671,581,706	518,979,417	-	518,979,417
	15,220,691,361	8,882,616,559	24,103,307,920	16,388,158,996	6,822,722,790	23,210,881,786
				•	Financial liabilit	
Financial liabilities as per statement of financial position					Rup 2022	ees 2021
Long term finances and accrued ma	ırk-up				6,776,749,495	5,288,636,727
Trade and other payables					5,175,516,843	3,221,896,579
Unclaimed dividend					6,670,826	6,194,951
Short term borrowings and accrued	mark-up				15,159,594,676	17,110,195,763
				•	27,118,531,840	25,626,924,020
CAPACITY AND PRO	DUCTION			2022		2021
Number of spindles in Number of spindles w Number of shifts work	orked			102, 100,		102,336 100,041 3
Total number of days					365	365
Installed capacity afte			Lbs.	64,951,	846	62,707,830
Actual production afte into 20's count	er conversion		Lbs.	66,872,	608	55,484,333

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

SAPPH	IIRE FIBRES LIMITED	(59)		E CONSOLIDATED
41.2	Dyeing		2022	2021
	Fabric Dyeing Unit			
	Total number of days worked		364	360
	Installed capacity	Lbs.	16,402,373	13,965,242
	Actual production	Lbs.	12,615,887	11,020,187
41.3	Knitting unit			
	Total number of days worked		364	364
	Installed capacity	Lbs.	15,196,858	14,612,963
	Actual production	Lbs.	6,918,552	7,366,118
41.3.1	Low production is due to low demand	i.		
41.4	Stitching unit			
	Installed capacity	Pcs.	9,600,000	1,967,000
41.4.1	Sluggish sale in the international temporarily close its stitching unit.	markets and I	nigher fuel cost forced	management to
41.5	Denim unit		2022	2021
	Total number of days worked		364	364
	Installed capacity	Mtrs.	20,400,000	19,200,000
	Actual production	Mtrs.	20,970,742	18,890,552
41.6	Power			
	De-rated capacity [based on 8,760 hours (2021: 8,760 hours)	MWH	1,764,536	1,765,863
	Actual energy delivered	MWH	780,500	568,042

- 41.6.1 Output produced by the plant is dependent on the load demanded by NTDCL and plant availability.
- 41.7 The Subsidiary Companies; SEL, SCCL, PCL, SHL, SPL, SBML and SMEL are in setup phase and their plants are yet to be constructed.

42. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

42.1 Segment revenues and results

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
For the year ended June 30, 2022		######################################	Ru	pees. ***********************************	86444274242988889889 9	
Sales	27,078,590,262	7,734,433,188	11,774,873,573	22,091,905,049	(2,950,380,452)	65,729,421,620
Cost of sales	(18,681,294,043)	(7,160,011,893)	(10,458,768,526)	(19,477,495,416)	2,950,380,452	(52,827,189,426)
Gross profit	8,397,296,219	574,421,295	1,316,105,047	2,614,409,633	•	12,902,232,194
Selling and distribution expenses	(1,343,790,763)	(270,281,202)	(411,889,383)	-	•	(2,025,961,348)
Profit before taxation and unallocate income and expenses	d 7,053,505,456	304,140,093	904,215,664	2,614,409,633	v	10,876,270,846
Unallocatable income an	d expenses	,				
Other income						849,318,212
Other expenses						(570,445,705)
Administrative expenses						(636,023,142)
Finance cost						(2,111,702,490)
Share of profit of Associa	tes					630,869,751
Taxation						(844,901,068)
Profit after taxation						8,193,386,404
	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Spinning	processing		Power	inter segment	Total
For the year ended June 30, 2021		processing and garments	Ru	pees	inter segment transactions	
June 30, 2021 Sales	16,783,861,020	processing and garments 5,034,877,986	7,947,691,496	pees 12,201,245,982	inter segment transactions (2,235,227,364)	39,732,449,120
June 30, 2021 Sales Cost of sales	16,783,861,020 (13,876,674,206)	processing and garments 5,034,877,986 (4,640,465,298)	7,947,691,496 (7,308,689,184)	pees 12,201,245,982 (8,965,710,887)	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211)
June 30, 2021 Sales Cost of sales Gross profit	16,783,861,020	processing and garments 5,034,877,986 (4,640,465,298)	7,947,691,496	pees 12,201,245,982	inter segment transactions (2,235,227,364)	39,732,449,120
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses	16,783,861,020 (13,876,674,206)	5,034,877,986 (4,640,465,298) 394,412,688	7,947,691,496 (7,308,689,184)	pees 12,201,245,982 (8,965,710,887)	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752)	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312	pees 12,201,245,982 (8,965,710,887)	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income an	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income and Other income	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income and Other income Other expenses	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077 (270,059,681)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income an Other income Other expenses Administrative expenses	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077 (270,059,681) (527,756,478)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income and Other income Other expenses Administrative expenses Finance cost	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062 d expenses	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077 (270,059,681) (527,756,478) (1,423,374,750)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income an Other income Other expenses Administrative expenses	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062 d expenses	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077 (270,059,681) (527,756,478)
June 30, 2021 Sales Cost of sales Gross profit Selling and distribution expenses Profit before taxation and unallocate income and expenses Unallocatable income and Other income Other expenses Administrative expenses Finance cost Share of profit of Associa	16,783,861,020 (13,876,674,206) 2,907,186,814 (646,903,752) d 2,260,283,062 d expenses	5,034,877,986 (4,640,465,298) 394,412,688 (155,472,425)	7,947,691,496 (7,308,689,184) 639,002,312 (254,444,598)	12,201,245,982 (8,965,710,887) 3,235,535,095	inter segment transactions (2,235,227,364)	39,732,449,120 (32,556,312,211) 7,176,136,909 (1,056,820,775) 6,119,316,134 787,296,077 (270,059,681) (527,756,478) (1,423,374,750) 334,491,163

42.2 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

e 13		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
follows:	Spinning	Knitting, processing and garments	Denim	Power	Total
			Rupees		
As at June 30, 2022					
Segment assets	16,371,057,874	6,478,223,456	10,320,312,281	26,506,042,769	59,675,636,380
Unallocatable assets Total assets as per				_	14,120,781,767
statement of financial position				_	73,796,418,147
Segment liabilities	4,516,855,511	6,824,138,457	13,471,902,285	6,574,758,363	31,387,654,616
Unallocatable liabilities Total liabilities as per	-			_	1,035,621,135
statement of financial position					32,423,275,751
As at June 30, 2021				-	
Segment assets	11,803,439,035	4,288,192,255	8,994,829,623	25,689,712,536	50,776,173,449
Unallocatable assets Total assets as per				_	14,074,215,387
statement of financial position				_	64,850,388,836
Segment liabilities	5,916,169,837	3,510,510,292	12,047,169,880	7,270,743,407	28,744,593,416
Unallocatable liabilities Total liabilities as per					947,232,939
statement of financial position				-	29,691,826,355
				=	

- 42.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 53.97% (2021: 48.00%) and to customers outside Pakistan (including indirect export) are 46.03% (2021: 54.09%) of the total sales during the year.
- The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2021: One) of the Group's customers contributed towards 35.42% (2021: 31.50%) of the local sales during the year aggregating Rs.25,082.228 million (2021: Rs.13,463.278 million) which exceeds 10% of the local sales of the Group.

42.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

43. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Fibres Limited

43.1 The Parent Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended

2022	2021
Rupees	
166,191,952	136,425,500
156,539,862	135,689,332
94.19%	99.46%
161,641,830	137,979,244
	Rupe 166,191,952 156,539,862 94,19%

2021

39,957,312

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

	2022	2021	2022	2021
	Percen	tage	Rup	e e s
Special account in a scheduled bank	5.30	2.55	8,561,531	3,466,263
Government securities	93.16	95.94	150,579,099	130,184,369
Listed securities	1.55	1.50	2,501,200	2,038,700
	100.00	100.00	161,641,830	135,689,332

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

Sapphire Electric Company Limited

43.2 The Subsidiary Company - SECL Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended.

2022

47,341,289

				Rupee	2021
	Size of the Fund - Total Assets			47,341,289	39,957,312
	Cost of investments made			43,505,157	39,451,062
	Percentage of investments made			91.90%	98.73%
	Fair value of investments made			44,659,776	37,218,822
43.2.1	The break-up of fair value of inves	stments is as	follow:		
		2022 Percen	2021 itage	2022 Rupe	2021 e e s
	Special account in a scheduled bank	5.66	6.85	2,681,513	2,738,490
	Government securities	70.69	72.96	33,463,459	29,154,766
	Mutual funds	23.65	18.91	11,196,317	7,557,806
	Loan to members	0.00	1.27	-	506,250
	-				

43.2.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

100.00

100.00

44.	NUMBER OF EMPLOYEES	2022	2021
	Average number of employees during the year	4,700	4,569
	Number of employees at the June 30,	4,881	4,789

45. CORRESPONDING FIGURES

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

46. GENERAL

46.1 Non adjusting event subsequent to the reporting date

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

These consolidated financial statements do not include the effect of above dividends.

46.2 Date of authorisation for issue

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

Chief Executive Officer

Director

Chief Financial Officer

NUMBER OF SHAREHOLDERS	FROM	то	TOTAL SHARES HELD
241	1	100	4,349
141	101	500	4,349 33,107
97	501	1000	
97 71	1001	5000	62,665
12	5001		123,007
5	10001	10000	88,497
		15000	63,480
1	15001	20000 25000	18,910
1	20001		22,147
1	25001	30000	28,237
2	30001	35000	64,118
1	35001	40000	37,275
1	40001	45000	40,506
1	50001	55000	54,184
1	95001	100000	98,207
3	100001	105000	305,124
1	115001	120000	118,125
1	120001	125000	122,272
1	160001	165000	163,518
1	165001	170000	168,697
1	205001	210000	210,000
1	220001	225000	225,000
1	225001	230000	226,485
1	240001	245000	240,658
2	250001	255000	502,271
1	285001	290000	287,906
1	335001	340000	335,120
1	340001	345000	344,333
1	355001	360000	355,084
1	385001	390000	386,038
1	395001	400000	400,000
1	415001	420000	419,745
1	420001	425000	420,367
3	520001	525000	1,574,477
2	525001	530000	1,052,827
6	565001	570000	3,413,606
1	605001	610000	607,889
1	615001	620000	616,671
1	760001	765000	761,425
4	895001	900000	3,586,193
1	3085001	3090000	3,089,355
616			20,671,875

CATEGORIES OF SHAREHOLDERSAs at 30 June 2022

Particulars	No. of Shares Held	Percentage %
Directors, CEO, spouses minor.Children	2,815,054	13.6178
Associated Companies, undertaking, related parties	10,715,055	51.8340
NIT & ICP	616,671	2.9831
Banks, DFI & NBFI	1,718	0.0083
Insurance Companies	250,128	1.2100
Modaraba & Mutual Fund	161	0.0008
General Public (Local)	5,396,311	26.1046
General Public (Foreign)	7,394	0.0358
Others	869,383	4.2056
	20,671,875	100.0000

PATTERN OF SHAREHOLDING

As at 30 June 2022

A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NO OF SHARES
	Sapphire Textile Mills Limited.	145
	Crystal Enterprises (Private) Limited	5,837
	Sapphire Power Generation Limited	473,209
	Salman Ismail (Pvt) Limited	23,302
	Reliance Cotton Spinning Mills Limited	393,697
	Sapphire Holding Limited	3,089,355
	Amer Tex (Pvt.) Limited	869,711
	ATMZ Company (Pvt) Limited	1,464,950
	Channel Holdings (Pvt) Limited	1,464,950
	Resource Corporation (Pvt) Limited	1,464,950
	Synergy Holdings (Pvt) Limtied	1,464,949
B)	NIT & ICP	
	CDC Trustee National Investment (UNIT) Trust	616,671
C)	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE	
	AND MINOR CHILDREN	
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah.	200,793
	Mr. Amer Abdullah.	122,272
	Mr. Yousuf Abdullah.	587,263
	Mrs. Usma Yousuf	9,962
	Mrs. Noshaba Nadeem.	280,669
	Mrs. Ambareen Amer	344,333
	Mr. Shayan Abdullah	525,000
	Mr. Tajammal Hussain Bokharee	525
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	525
	Ms. Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah.	426,544
	Mrs. Shireen Shahid.	316,143

PATTERN OF SHAREHOLDING

As at 30 June 2022

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

BANKS, DFI & NBFI

National Bank of Paksitan	1,300
National Bank of Paksitan	81
Prudential Discount & Guarantee House Ltd.	337

INSURANCE COMPANIES

State Life Insurance Corporation of Pakistan 250,128

MODARABAS & MUTUAL FUNDS

Modaraba-Al-Mali 112

MUTUAL FUNDS

CDC Trustee Golden Arrow Selected Stock Funds 49

E) SHAREHOLDERS HOLDING 5% OR MORE

ATMZ Company (Pvt) Limited	1,464,950
Sapphire Holding Limited	3,089,355
Channel Holdings (Pvt) Limited	1,464,950
Resource Corporation (Pvt) Limited	1,464,950
Synergy Holdings (Pvt) Limtied	1,464,949

F) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS CHIEF EXCEUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDERN

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





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Annual Report 2022

FORM OF PROXY SAPPHIRE FIBRES LIMITED

For the year ended 30 June 2022

I/ V	Ve	of		
a m	nember(s) of Sapphire Fibres Limited and a hol	lder of	ordinary shares, do hereby	
арр	oint	of	or failing	g him/ her
		_ of		
my/ Cot	o is also a member of Sapphire Fibres Limited our Proxy to act on my/ our behalf at Annual Goton Exchange Building, I.I. Chundrigar Road, Ka	eneral Meeting of th	ne Company to be held at Tra	ading Hall,
and	/ or any adjournment thereof.			
	ature of proxy:			
	C No: No/ CDC and/or Sub Account No:			
	il:			
Signa	ature of proxy:			
CNIC	C No:			
	No/ CDC and/or Sub Account No:			
	il:ature should agree with the specimen signature registered with t			REVENUE STAMP PI RS.5/-
Not	tice:			1.0.07
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 authorized person.	m must be executed	under its Common seal and si	gned by its
3.	Power of attorney or other authority (if any) undepower of attorney must be deposited along with		orm is signed then a certified of	copy of that
4.	This form of proxy duly completed must be depo before the time of holding the meeting.	osited at the Registere	ed Office of the Company at lea	ıst 48 hours
5.	In case of CDC account holder:			
	 The proxy form shall be witnessed by two pmentioned on the form. 	persons whose name	s, addresses and CNIC numb	ers shall be
	ii. Attested copies of CNIC or passport of the b form.	peneficial owners and	the proxy shall be furnished wit	th the proxy
	iii. The proxy shall produce his original CNIC or	original passport at th	ne time of meeting.	
	iv. In case of corporate entity, the board of direct proxy holder shall be submitted (unless it has	tors' resolution/power s been provided earlie	of attorney with specimen sigr r) along with proxy form to the	nature of the company.
Wit	ness:			
Na	ame	Name		
Ad	ldress	Address		
10	IIC No			

فارم برائے قائم مقام/متبادل سفائر فائبرزلم بیٹر

میں/ہم	جس کا تعلق	
سفائر فائبرزلمیٹڈ کے ممبر کی حیثیت سے	شيئرز کي خويا	کی ہوں۔ میں/ہم کو
کی عدم حاضری کی صورت میں		/جن کاتعلقے۔
26 کتوبر 2022 دوپېر 2:30 بېج برُړيدنگ با	إل, كاڻن الشخيني بلڈنگ, آئي آئي چندر يگرروڈ, كراچي ميں من	والے سالا ندا جلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پراپنی/ ہ
غیرموجودگی میں شرکت اورووٹ دینے کے۔	کئے اپنا/ ہما را پراکسی مقرر کرتا/ کرتے / کرتی ہوں۔	
اس دستاویذ پرمورخه	کور تخط ہوئے۔	ر يوينيونك
شیئر ہولڈر کے دستھلے		پاپنے روپے
شيئر ہولڈر کا فولیونمبر:	شریک ہونے وا۔	· · · · · · · · · · · · · · · · · · ·
اور/یاCDC	اورسبا كاؤنث	
پراکسی کے دستھلا		
شيئر ہولڈر کا فولیونمبر:	شریک ہونے وا۔	Ωنمبر
اور/ياCDC	اورسبا كاؤنث	
نونش		
ا۔ کوئی بھی پراکسی اس وقت تک درست نہیں مجھی جا	بائے گی جب تک اس پر پانچ (05)روپے کا محصول ٹکٹ نالگایاجا۔	
• • • • • • • • • • • • • • • • • • • •	authorized pe کے ستخت کے ساتھ کمپنی کی مشتر کہ مہرلازم ہوگ	
· · · · · · · · · · · · · · · · · · ·	ں پرائسی فارم کے ساتھ اس کی تصدیق شدہ کا پی جع کرنی ہوگا۔ ۔	
٣ ـ د شخط شده پرائسی فارم کم از کم 48 گھنٹے پہلے کمپنی	ڪر ڊھڙو ڏآفس مين جمع ڪرانا ہوگا۔	
سى دۇي سى ا كاۋنىڭ بىوللەر كى صورت مىر	· ·	
	ی کے نام، پتے اور CNIC نمبر فارم پرموجود ہونا چاہئے۔ 	
	ٹ کی اسکین شدہ کا پی پرائسی فارم کے ساتھ جمع کرانے ہوں گے۔ 	
(iii) پرانسی میٹنگ کے وقت اپنااصل CNIC ما پاسپو		
(۱۷) کار پوریٹ آئی می صورت یک برا کی قارم –	کے ماکھ بورڈاف ڈائر میسرز Resolution/powerofattorny	بولڈر کے دستخطابھی جمع کروائے جا ^{ئم} یں گے (اگریہ پہلے فراہم نہیں کیا گیا ہو)۔
گوابان:		
(1) رستخط: 	(2) د تخط :	
ئام:	نام:	
پيد:	:ترپ	
CNIC يا پاسپورٹ نمبر	CNIC يا پاسپورٺ نمبر	



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