Sapphire

Sapphire Fibres Limited

Annual Report 2024

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman
Mr. Yousuf Abdullah

Chief Executive
Mr. Shahid Abdullah

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

Independent Director
Mr. Muhammad Naeem Khan
Mr. Nadeem Arshad Elahi
Dr. Marium Chughtai

Audit Committee

Mr. Nadeem Arshad Elahi	Chairman
Mr. Shayan Abdullah	Member
Mr. Yousuf Abdullah	Member
Mr. Amer Abdullah	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Naeem Khan	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.

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

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

MILLS

Spinning Units
10 KM, Sheikhupura Faisalabad Road,
Kharianwala District Sheikhupura

26 KM, Sheikhupura Faisalabad Road,
Ferozewattuan District Sheikhupura

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

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

DIRECTORS' PROFILE

YOUSUF ABDULLAH

Chairman

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

SHAHID ABDULLAH

Chief Executive Officer

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

NADEEM ABDULLAH

Director

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 17 years and is also a director in other group companies. He graduated from McGill University Canada. He is serving as Chief Executive Officer of company's subsidiaries in the renewable energy segment. Mr. Nadeem contributed to Company's growth in terms of diversification in the value-added segment including retail and renewable energy. He has vast experience of business establishment and management. He led the business growth of the organization, introduced new product lines and managed the development of many value-added products. He was involved in the development of the group's textile operations, which provided him an in-depth understanding of the business. Mr. Nadeem has expertise in multiple disciplines including sales and marketing, supply chain management, product development and management etc.

SHAYAN ABDULLAH

Director

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

AMER ABDULLAH

Director

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

NADEEM ARSHAD ELAHI

Director

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

ABDUL SATTAR

Director

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

MUHAMMAD NAEEM KHAN

Director

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

MARIAM CHUGHTAI

Director

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

Vision

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

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

Mission

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

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the shareholders of Sapphire Fibres Limited (The "Company") will be held on Monday, October 28, 2024 at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 11:00 a.m. to transact the following business:

1. To confirm the minutes of last General Meeting held on October 26, 2023.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2024 together with the Chairman's Review, Directors' and Auditors' Report thereon.

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

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

3. To approve final dividend for the year ended June 30, 2024.

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

SPECIAL BUSINESS

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

   (i) "**RESOLVED THAT** the related party transactions conducted during the year as disclosed in the note 39 of the unconsolidated financial statements for the year ended June 30, 2024 be and are hereby ratified, approved and confirmed."

   (ii) "**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case-to-case basis during the financial year ending June 30, 2025."

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

ANY OTHER BUSINESS

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

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

By Order of the Board

Karachi
September 27, 2024

Rameez Ghausi
Company Secretary

NOTE:

1) Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 22nd October 2024 to 28th October 2024 (both days inclusive). Transfers received in order, by the M/s. THK Associates (Private) Limited Company Registrar, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, up to 21st October 2024, will be considered in time to entitle the transferees to attend and vote at the meeting.

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

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

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

   a) **For attending the meeting:**

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

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

   b) **For appointing proxies:**

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

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

      iii) Attested copies of CNIC or the passport.

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

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

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

5) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the AGM.

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

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

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

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

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

6) The members are requested to submit a copy of their Computerized National Identity Card (CNIC)/ NTN, if not already provided and immediately notify changes if any, in their addresses to our Share Registrar M/s. THK Associates (Private) Limited.

7) Pursuant to Companies (Postal Ballot) Regulations 2018, in case of special business, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] is hereby given below:

   E-voting Procedure:

   (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 21st October, 2024.

   (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of THK Associates (Private) Limited (being the e-voting service provider).

   (c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

   (d) E-Voting lines will start from 24th October, 2024, 09:00 a.m. and shall close on 26th October. 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

   Procedure for voting through Postal Ballot:

   The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on October 26, 2024. The signature on the ballot paper shall match with the signature on CNIC.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Annual Report of the company for the year ended June 30, 2024 is also available on the company's website www.sapphire.com.pk/sfl.

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

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

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

Signature of Member

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

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

MATERIAL CHANGES IN FINANCIAL STATEMENTS OF ASSOCIATED COMPANY

Triconboston Consulting Corporation (Private) Limited

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

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

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

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

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

   All transactions with related parties to be ratified have been disclosed in the note 39 to the unconsolidated financial statements for the year ended June 30, 2024.

   The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business and periodically reviewed by the Board Audit Committee. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board 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 39 to the unconsolidated financial statements for the year ended June 30, 2024.

2. Agenda number 5(ii) of the notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2025.

   The Company shall be conducting transactions with its related parties during the year ending June 30, 2025 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The 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, 2025 and such transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

REVIEW REPORT BY THE CHAIRMAN

GOVERNANCE

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

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

ECONOMIC FRONT

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

The constant increase in the cost of production is a challenge for the industry. Management is focused on building strategic alliances in the export market and developing innovative products to achieve sustainable profitability. The Company's investment portfolio is also expected to contribute positively in profitability.

ACKNOWLEDGMENTS:

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

Lahore
September 27, 2024

Yousuf Abdullah
Chairman

چیئرمین کی جائزہ رپورٹ

گورننس

سفائر فائبرز لمیٹڈ کی طرف سے قائم کردہ گورننس فریم ورک کارپوریٹ کامیابی کو یقینی بنانے اور اسٹیک ہولڈرز کے مابین اعتماد کو فروغ دینے کے لئے اہم ہے۔ ہمارے گورننس ڈھانچے کو قانونی اور ریگولیٹری تقاضوں سے ہم آہنگ کرنے کے لئے بہت ہی احتیاط سے تیار کیا گیا ہے، اس طرح ہمارے اسٹیک ہولڈرز کی معلوماتی ضروریات کو مؤثر طریقے سے پورا کیا گیا ہے۔ یہ فریم ورک پاکستان کے قوانین خاص طور پر کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس اور پاکستان اسٹاک ایکسچینج میں درج اداروں سے متعلق دیگر قانونی اور ریگولیٹری ذمہ داریوں میں مضمر ہے۔ ان قوانین کی تعمیل کو برقرار رکھنے کے لئے، کمپنی نے ایک ماہر اور تجربہ کار ٹیم تیار کی ہے، جو دیگر ضروری اقدامات کے علاوہ ایک جامع ضابطہ اخلاق، ایک وسل بلوئنگ پالیسی، اور کاروباری اخلاقیات کا ایک ضابطہ نافذ کر رہی ہے ۔

30 جون 2024 کو ختم ہونے والے مالی سال میں بورڈ کی کارکردگی اور موثریت کو تسلی بخش قرار دیا گیا ہے۔ یہ تخمینہ تنظیم کے وژن، مشن، اقدار؛ اسٹریٹجک منصوبہ بندی میں شمولیت؛ پالیسی کی تشکیل کاروباری کارروائیوں کی نگرانی؛ مالی وسائل کا انتظام؛ ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو سرانجام دینے میں مجموعی کارکردگی جیسے کلیدی عناصر کے مکمل جائزے سے اخذ کیا گیا ہے۔

اقتصادی جائزہ

مالی سال 24-2023 کے لئے معاشی منظرنامہ مسلسل مشکلات کی نشاندہی کرتا رہا ہے، جس میں افراط زر کی زیادہ شرح، ٹیکس میں اضافہ اور قرض کی زیادہ لاگت شامل ہیں۔ ان رکاوٹوں کے باوجود سخت مانیٹری اور مالیاتی پالیسیوں کے نفاذ کے اور ریکارڈ زرعی پیداوار اور مستحکم کرنسی نے افراط زر کی موجودہ سطح میں اضافہ کیا ہے۔ مزید برآں، حکومت پالیسی ریٹ کو کم کرنے پر آمادگی ظاہر کر رہی ہے، جس سے معاشی سرگرمیوں میں بتدریج بحالی میں مدد مل سکتی ہے۔

پیداواری لاگت میں مسلسل اضافہ صنعت کے لئے ایک چیلنج ہے۔ مینجمنٹ کی توجہ برآمدی مارکیٹ میں اسٹریٹجک اتحاد بنانے اور پائیدار منافع حاصل کرنے کے لئے جدید مصنوعات تیار کرنے پر مرکوز ہے۔ کمپنی کے سرمایہ کاری پورٹ فولیو سے بھی منافع میں مثبت کردار ادا کرنے کی توقع ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کی جانب سے میں اپنے شیئر ہولڈرز، صارفین اور ملازمین کا ان کے مسلسل اعتماد اور حمایت پر تہہ دل سے شکر گزار ہوں۔ میں بورڈ آف ڈائریکٹرز کی ثابت قدم قیادت اور کمپنی کی مسلسل ترقی میں قابل قدر خدمات کے لئے ان کے عزم اور لگن کو بھی سراہتا ہوں۔

لاہور

27 ستمبر 2024ء

یوسف عبداللہ

چیئرمین

DIRECTORS' REPORT TO THE SHAREHORLDERS

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 2024.

FINANCIAL HIGHLIGHTS

Category	2024	2023
	Rupees in '000'	
Sales	47,420,211	46,446,991
Profit from operations	6,997,472	8,078,901
Finance Cost	(2,783,785)	(1,984,023)
Taxation	(840,654)	(974,091)
Profit after taxation	3,373,032	5,120,787

FINANCIAL PERFORMANCE

During the year under review, your Company achieved sales of Rs. 47.42 billion compared to Rs. 46.47 billion during last year, reflecting a modest 2.1% increase. Strong performance in the Spinning and Denim divisions, with sales up by 21% and 12% respectively, offset a 46% decline in sales of Knitting, Processing and Garments division.

Operating margins experienced a decline compared to last year, largely due to subdued global demand and significant inflationary pressures at home. The gross profit as a percentage of sales reduced from 19.20% in the previous year to 11.95% this year.

During the year, the Company earned dividend income of Rs. 3.30 billion from its investments in subsidiary companies and a portfolio of blue-chip shares. The Company earned profit after tax of Rs. 3.37 billion during the year, compared to Rs. 5.12 billion in the corresponding year.

EARNINGS PER SHARE

The earnings per share (EPS) of current year is Rs. 163.17 as compared to Rs. 247.72 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, 2024 (2023: 100%).

TRANSFER TO RESERVES

The Board of Directors also decided to reclassify a sum of Rs. 27.50 billion from the Revenue Reserves to Septate Capital Reserves.

FUTURE OUTLOOK

Global GDP growth is forecasted at 3.3% in 2025, with a notable divergence between advanced economies and emerging markets. Advanced economies are expected to experience modest growth of 1.8%, whereas emerging and developing economies are projected to grow at a more robust rate of 4.3%, driven by stronger domestic demand.

Pakistan's projected growth rate of 3.5% highlights the country's resilience and its potential for economic recovery, despite numerous challenges facing its domestic industries. The downward trend in inflation and interest rates offers some much-needed relief to export oriented sectors, creating a more favorable environment for growth. If these trends are sustained, they could enhance the competitiveness of Pakistani exports in global markets and stimulate investment in key industries.

The management of your company is committed to sustaining our long-term competitive advantage by prioritizing cost leadership while actively diversifying both our markets and product offerings.

SUBSIDIARY COMPANIES

Sapphire Electric Company Limited

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

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

Premier Cement Limited

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984. SFL holds 100% shares of PCL as on 30 June 2024.

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 2024.

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, Khyber Pakhtunkhwa.

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 2024.

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

Ignite Power (Private) Limited

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

Sapphire Mining Exploration (Private) Limited (SMEL)

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

Sapphire Building Materials Limited - SBML

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

Sapphire Power limited – SPL

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

Sapphire Properties (Private) Limited - (SPPL)

Sapphire Properties (Private) Limited (the Company) is a private company limited by shares incorporated in Pakistan on August 05, 2022 under the Companies Act, 2017.

RELATED PARTIES

All related party transactions were conducted on an arm's length basis, in accordance with approved transfer pricing methods and the Board-approved policy on related party dealings. A comprehensive list of these transactions is compiled and submitted to the Audit Committee each quarter. The internal audit function ensures compliance with the arm's length requirement for all related party transactions. After Audit Committee's review, these transactions are presented to the Board for approval. During the year, the Company engaged in transactions with related parties, the details of which are disclosed in Note 39 of the unconsolidated financial statements.

CORPORATE ENVIRONMENT, HEALTH AND SOCIAL RESPONSIBILITY

The Company is committed to providing a safe and risk-free working environment for all employees and the public. Our focus remains on continuously enhancing safety measures, particularly in the production, delivery, storage, and handling of materials. The Company prioritizes environmental preservation and takes all necessary steps to protect the environment.

Recognizing its broader responsibility to the community, the Company has undertaken several initiatives in the areas of education, healthcare, and environmental sustainability. Generous contributions were made towards health, education, and social welfare projects, as detailed in Note 31 of the financial statements.

BOARD'S STATEMENT FOR STRATEGIC OBJECTIVE ON ESG

The company is committed to developing a transparent and robust ESG reporting strategy that goes beyond mere compliance, aiming to create meaningful and measurable improvements in sustainability performance. This vision is driven by a desire to integrate and prioritize sustainability principles throughout the company's operations and decision-making processes, ensuring long-term value creation.

By adopting renewable energy policies, embracing eco-friendly practices, and launching green initiatives, the company seeks to actively contribute to a more sustainable future. The strategic team is also dedicated to upholding the highest standards of corporate governance, strictly adhering to corporate laws and regulations to avoid conflicts of interest.

In addition, the management has set specific and measurable ESG targets that align with the company's strategic goals, aimed at enhancing sustainable resilience and creating a positive social impact.

SUSTAINABILITY RELATED RISKS & OPPORTUNITIES

This sustainability reporting framework helps the company identify and manage risks associated with environmental, social, and governance (ESG) factors, which are increasingly critical to investors, regulators, and consumers. The company is primarily exposed to the following sustainability risks:

ENVIRONMENTAL RISKS

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

SOCIAL RISKS

- Labor practices, human rights, health, and safety.

GOVERNANCE RISKS

- Regulatory compliance and supply chain transparency.

Failure to address these risks may expose the company to penalties in the short term and more severe consequences such as heavy fines, legal costs, reputational damage, and loss of business in the long term. Additionally, inadequate oversight of sustainability practices or lack of transparency could erode investor confidence and restrict access to capital.

However, these risks also present opportunities. By adopting sustainable practices and improving energy efficiency, the company can achieve immediate cost savings and enhance its brand reputation. Over the long term, commitment to ESG principles offers a sustained competitive advantage, boosting investor confidence, reducing financial volatility, and ensuring long-term profitability.

PROGRESS TOWARDS ESG INITIATIVES

Throughout the year, SFL made significant progress in advancing its ESG initiatives, focusing on improving environmental performance, promoting social equity, and reinforcing governance frameworks. We are also actively developing a comprehensive ESG policy to deepen our commitment to sustainable and responsible business practices.

COMPOSITION OF THE BOARD AND THEIR MEETINGS

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

Total Number of Directors

(a)	Male	08
(b)	Female	01

Composition:

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

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

Name	Category	No. of Meetings
Mr. Shahid Abdullah	Executive Director	5
Mr. Nadeem Abdullah	Non- Executive Director	5
Mr. Amer Abdullah	Non- Executive Director	5
Mr. Yousuf Abdullah	Non- Executive Director	4
Mr. Shayan Abdullah	Non- Executive Director	5
Mr. Abdul Sattar	Non- Executive Director	5
Mr. Nadeem Arshad Elahi	Independent Director	5
Mr. Muhammad Naeem Khan	Independent Director	5
Ms. Mariam Chughtai	Independent Director	5

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. Amer Abdullah	4

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

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

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

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

REMUNERATION OF DIRECTORS

The remuneration of Directors is set during the Board of Directors' meetings, with strict adherence to the Code of Corporate Governance, ensuring that no director participates in determining their own compensation. Non-executive and independent directors are not paid remuneration but do receive a meeting attendance fee. The remuneration package for the Chief Executive and other executive directors is detailed in Note 38 of the financial statements.

PRINCIPAL RISKS & UNCERTAINTY

Businesses face various risks and uncertainties that, if not properly managed, could significantly impact the Company. The Board of Directors, through the Risk Management Committee (RMC), has conducted a thorough evaluation of both internal and external risks. Key risks identified include:

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

RISK MANAGEMENT

Effective risk management is essential for sustainable business growth. At SFL, the Risk Management Committee oversees the risk management and internal control processes. These procedures, which are well-documented and regularly reviewed, are designed to protect assets and address risks that may affect business continuity. Any significant risks affecting strategic, operational, financial or compliance objectives are promptly reported to the Board for timely action, ensuring uninterrupted operations.

BOARD EVALUATION

The Board has implemented a robust self-assessment mechanism to regularly review its performance. It provides valuable guidance and upholds strong corporate governance to ensure the Company's long-term success.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

The Board of Directors periodically reviews the Company's strategic direction, with business plans and targets set by the Chief Executive and overseen by the Board. Committed to maintaining high standards of corporate governance, the Board has reviewed the Code of Corporate Governance and confirms the following:

1. The financial statements prepared by management accurately reflect the Company's financial position, results of operations, cash flows, and changes in equity.
2. The Company maintains proper and accurate books of accounts.
3. Consistent application of appropriate accounting policies has been followed, with estimates based on reasonable and prudent judgment.
4. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been adhered to in the preparation of financial statements, with any deviations clearly disclosed and explained.
5. The internal control system is well-designed, effectively implemented and monitored.
6. All liabilities related to taxes, duties, levies and charges have been fully accounted for and payments will be made in due course. Any unacknowledged claims are disclosed as contingent liabilities in the notes to the accounts.
7. There are no concerns regarding the Company's ability to continue as a going concern.
8. The Company has followed the best practices of Corporate Governance without any material deviation.
9. The Company has established a Management Staff Gratuity Fund for head office employees, which will gradually extend to mill employees. An Employees Provident Fund has also been introduced, with members of the Provident Fund ineligible for the Gratuity Fund. As of June 30, 2024, the value of investments in the Gratuity and Provident Funds stands at Rs. 13 million and Rs. 280 million, respectively.
10. A summary of key operating and financial data is annexed for reference.
11. The Code of Conduct has been communicated to, and acknowledged by, all Directors and employees.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at 30 June 2024 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 2025.

ACKNOWLEDGEMENTS

Management wishes to express its sincere appreciation for the support of the Board of Directors, shareholders, regulatory authorities, financial institutions, customers, and suppliers. We also extend our gratitude to the staff and workers for their dedication and hard work.

For and on behalf of the Board.

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

Lahore
September 27, 2024

سفائرانرجی (پرائیویٹ) لمیٹڈ (SEPL)

سفائرانرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2024 کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

ایس ای پی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈرٹیک، پاور پروجیکٹس کو ڈویلپ اور ایکوئٹی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مائعات، کیمیکل اینڈ پیٹرولیم مصنوعات کو ہینڈلنگ، ری گیسی فکیشن، سٹوریج، ٹریٹمنٹ اور پروسیسنگ کے لئے ٹرمینل چلانے کا ارادہ رکھتی ہے۔

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL)

اگنائٹ پاور (پرائیویٹ) لمیٹڈ سفائرانرجی (پرائیویٹ) لمیٹڈ ایس ای پی ایل کا 60 فیصد ملکیتی ذیلی ادارہ ہے جو پیرنٹ کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے اور 03 جولائی، 2019 کو کمپنیز ایکٹ، 2017 کے تحت حصص کے ذریعے پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم کیا گیا۔ یہ شمسی توانائی نظام اور اس سے وابستہ دیگر توانائی کی مصنوعات اور خدمات کی دیگر شکلوں سمیت بجلی کے منصوبوں کو شروع، تیار کرنے کا ارادہ رکھتا ہے۔

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

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

سفائر بلڈنگ میٹریلز لمیٹڈ (ایس بی ایم ایل)

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

سفائر پاور لمیٹڈ (ایس پی ایل)

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

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

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) ایک پبلک غیر لسٹڈ کمپنی ہے جو کمپنیز ایکٹ، 2017 کے تحت 05 اگست 2022 کو پاکستان میں حصص کے ذریعے شامل کی گئی ہے۔

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے ساتھ تمام لین دین قابل رسائی قیمتوں کی بنیاد پر کئے گئے تھے جو بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کے لئے ٹرانسفر پرائسنگ طریقوں اور پالیسی کے مطابق تھے۔ تمام متعلقہ پارٹی ٹرانزیکشن کی مکمل فہرست مرتب اور ہر سہ ماہی میں آڈٹ کمیٹی کو جمع کرائی جاتی ہے۔ داخلی آڈٹ فنکشن یقینی بناتا ہے کہ تمام متعلقہ پارٹی ٹرانزیکشنز قابل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ آڈٹ کمیٹی کے بغور جائزہ کے بعد، ان کے غور وخوض اور منظوری کے لئے ٹرانزیکشنز بورڈ کے روبرو پیش کی گئی ہیں۔ سال کے دوران، کمپنی نے اپنی متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز کی ہیں۔ ان ٹرانزیکشنز کی تفصیلات غیر منجمد فنانشل کے نوٹ 39 میں منکشف ہیں۔

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری

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

کمپنی بڑے پیمانے پر کمیونٹی کے بارے میں اپنی ذمہ داری پر پختہ یقین رکھتی ہے اور اس نے تعلیم، صحت اور قدرتی ماحول کے شعبہ میں مختلف اقدامات اٹھائے ہیں۔ کمپنی نے صحت، تعلیم اور معاشرتی بہبود کے منصوبوں کے لئے فراخدلی سے عطیہ دیا، جس کی تفصیل مالی حسابات کے نوٹ نمبر 31 میں بیان کی گئی ہے۔

ESG پر اسٹریٹجک مقصد کے لیے بورڈ کا بیان

کمپنی ایک شفاف اور مضبوط ESG رپورٹنگ حکمت عملی تیار کرنے کے لیے پُرعزم ہے جو محض تعمیل سے بالاتر ہے، جس کا مقصد پائیدار کارکردگی میں بامعنی اور قابل پیمائش بہتری پیدا کرنا ہے۔ یہ وژن کمپنی کے تمام آپریشنز اور فیصلہ سازی کے عمل میں پائیداری کے اصولوں کو ضم کرنے اور ترجیح دینے کی خواہش سے کارفرما ہے، طویل مدتی قدر کی تخلیق کو یقینی بناتا ہے۔

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

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

پائیداری سے متعلق خطرات اور مواقع

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

ماحولیاتی خطرات

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

سماجی خطرات

- مزدوری کے طریقے، انسانی حقوق، صحت اور حفاظت۔

ڈائریکٹرز کی حصص داران کو رپورٹ

سفائر فائبرز لمیٹڈ کے ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے سال کے لئے کمپنی کے نظرثانی شدہ مالیاتی گوشواروں پر اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں

	2024	2023
فروخت	47,420,211	46,446,991
آپریشنز سے منافع	6,997,472	8,078,901
مالی لاگت	(2,783,785)	(1,984,023)
ٹیکسیشن	(840,654)	(974,091)
ٹیکس کے بعد منافع	3,373,032	5,120,787

مالی کارکردگی

زیر جائزہ سال کے دوران، آپ کی کمپنی نے گزشتہ سال میں 46.47 ارب روپے کے مقابلے موجودہ سال 47.42 ارب روپے فروخت حاصل کی جو 2.1 فیصد کا قابل ذکر اضافہ ہے۔ سپنگ اور ڈینم ڈویژن میں کارکردگی مستحکم رہی، جس میں فروخت بالترتیب 21% اور 12% تک بہتر ہوئی، جس سے نٹنگ، پروسیسنگ اور گارمنٹس ڈویژن کی فروخت میں 46% کی کمی واقع ہوئی۔

گزشتہ سال کے مقابلے میں آپریٹنگ مارجن میں کمی واقع ہوئی ہے جس کی بڑی وجہ عالمی طلب میں کمی اور اندرون ملک افراط زر کا دباؤ ہے۔ فروخت فیصد کے طور پر مجموعی منافع پچھلے سال کے 19.20 فیصد سے کم ہو کر اس سال 11.95 فیصد رہ گیا۔

سال کے دوران کمپنی نے ذیلی کمپنیوں میں سرمایہ کاری اور بلیو چپ حصص کے پورٹ فولیو سے 3.30 ارب روپے کا منافع کمایا۔ کمپنی نے سال کے دوران 3.37 ارب روپے کا بعد از ٹیکس منافع کمایا جبکہ گزشتہ سال یہ 5.12 ارب روپے تھا۔

فی حصص آمدنی

موجودہ سال کی فی شیئر آمدنی (EPS) 163.17 روپے ہے جو کہ پچھلے سال 247.72 روپے تھی۔

منافع منقسمہ

کمپنی کی مجلس نظماء 30 جون 2024 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 100 فیصد (2023: 100%) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

ذخائر کی منتقلی

بورڈ آف ڈائریکٹرز نے یہ بھی فیصلہ کیا ہے کہ 27.50 ارب روپے آمدن کے ذخائر سے محفوظ سرمایہ کے ذخائر میں منتقل کئے جائیں۔

مستقبل کا نقطہ نظر

ترقی یافتہ معیشتوں اور ابھرتی ہوئی منڈیوں کے درمیان نمایاں فرق کے ساتھ، 2025 میں عالمی جی ڈی پی کی شرح نمو 3.3 فیصد رہنے کی پیش گوئی کی گئی ہے۔ ترقی یافتہ معیشتوں سے 1.8% کی معمولی نمو کی توقع ہے، جب کہ ابھرتی ہوئی اور ترقی پذیر معیشتوں کے لیے 4.3% کی زیادہ مضبوط شرح سے نمو متوقع ہے، جو کہ مقامی مضبوط طلب کی وجہ سے ہوئی ہے۔

پاکستان کی متوقع شرح نمو 3.5% ملکی صنعتوں کو درپیش متعدد مشکلات کے باوجود ملک کی لچک اور معاشی بحالی کے امکانات کو اجاگر کرتی ہے۔ افراط زر اور شرح سود میں کمی کا رجحان برآمدات پر مبنی شعبوں کو کچھ انتہائی ضروری ریلیف فراہم کرتا ہے، جس سے نمو کے لیے زیادہ سازگار ماحول پیدا ہوتا ہے۔ اگر یہ رجحانات برقرار رہے تو یہ عالمی منڈیوں میں پاکستانی برآمدات کی مسابقت کو بڑھا سکتے ہیں اور اہم صنعتوں میں سرمایہ کاری کو تحریک دے سکتے ہیں۔

آپ کی کمپنی کی انتظامیہ لاگت کی بچت کو ترجیح دیتے ہوئے ہمارے طویل مدتی مسابقتی فائدہ کو برقرار رکھنے کے لیے پُرعزم ہے اور ہماری مارکیٹوں اور مصنوعات کی پیشکشوں کو فعال طور پر متنوع بناتی ہے۔

ذیلی کمپنیاں

سفائر الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل)

سفائر الیکٹرک کمپنی لمیٹڈ 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت پاکستان میں ایک پبلک غیر مندرج کمپنی کی حیثیت سے قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11 فیصد (68.11:2023 فیصد) حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے کمبائنڈ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل)

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2024 کے مطابق پی سی ایل کے 100 فیصد حصص کی مالک ہے۔

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

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل)

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2024 کے مطابق ایس سی سی ایل کے 100 فیصد حصص کی مالک ہے۔

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

سفائر ہائیڈرو لمیٹڈ (SHL)

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

سفائر ہائیڈرو لمیٹڈ (SHL)، سفائر الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے جو خود سفائر فائبرز لمیٹڈ کی ایک ذیلی کمپنی ہے۔

- ایندھن/گیس کی بلند قیمتوں، قدرتی گیس کی قلت، اور افراط زر کے دباؤ کی وجہ سے تبادلوں اور بجلی کی قیمتوں میں اضافہ۔
- پالیسی کی زیادہ شرح، جیسے کہ KIBOR، مالیاتی اخراجات میں اضافہ۔
- ٹیکس رجیم کی غیر یقینی صورتحال، جس میں ایکسپورٹرز کے لیے فائنل ٹیکس رجیم (FTR) سے نارمل ٹیکس رجیم (NTR) میں تبدیلی اور سپر ٹیکس کا تسلسل شامل ہے۔
- بڑھتی ہوئی افراط زر، جس سے صارفین کی قوت خرید اور کمپنی کی مصنوعات کی طلب میں کمی آتی ہے۔

رسک مینجمنٹ:

پائیدار کاروبار کی نمو کے لیے مؤثر رسک مینجمنٹ ضروری ہے۔ ایس ایف ایل میں، رسک مینجمنٹ کمیٹی رسک مینجمنٹ اور اندرونی کنٹرول کے عمل کی نگرانی کرتی ہے۔ یہ طریقہ کار، جن کا اچھی طرح سے دستاویزی اور باقاعدگی سے جائزہ لیا جاتا ہے، اثاثوں کی حفاظت اور کاروبار کے تسلسل کو متاثر کرنے والے خطرات سے نمٹنے کے لیے بنائے گئے ہیں۔ اسٹریٹجک، آپریشنل، مالی، یا تعمیل کے مقاصد کو متاثر کرنے والے کسی بھی اہم خطرات کی اطلاع فوری طور پر بورڈ کو بروقت کارروائی کے لیے دی جاتی ہے، تاکہ بلاتعطل کارروائیوں کو یقینی بنایا جا سکے۔

بورڈ کی تشخیص:

بورڈ نے اپنی کارکردگی کا باقاعدگی سے جائزہ لینے کے لئے ایک مضبوط خود تشخیصی طریقہ کار نافذ کیا ہے۔ یہ قابل قدر رہنمائی فراہم کرتا ہے اور کمپنی کی طویل مدتی کامیابی کو یقینی بنانے کے لئے مضبوط کارپوریٹ گورننس کو برقرار رکھتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

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

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

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

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

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

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

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

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

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

9۔ کمپنی نے اپنے صدر دفتر کے ملازمین کے لئے مینجمنٹ سٹاف گریجویٹی فنڈ قائم کیا ہے جو بتدریج ملز میں بھی لاگو ہوگا۔ کمپنی نے عملہ کے لئے ایمپلائز پراویڈنٹ فنڈ بھی متعارف کرایا ہے، پراویڈنٹ فنڈ کے ممبران گریجویٹی فنڈ کے اہل نہیں ہیں۔ 30 جون 2024 کو گریجویٹی اور پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر بالترتیب 13 ملین روپے اور 280 ملین روپے ہے۔

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

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

نمونہ حصص داری

30 جون 2024 کے مطابق کمپنی کا نمونہ حصص داری منسلک ہے۔ یہ سٹیٹمنٹ کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے مطابق تیار کی گئی ہے۔

محاسب کا تقرر

موجودہ محاسب شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی سفارش بھی کی ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ
چیف ایگزیکٹو

شایان عبداللہ
ڈائریکٹر

لاہور
تاریخ: 27 ستمبر 2024ء

گورننس کے خطرات

- ریگولیٹری تعمیل اور سپلائی چین کی شفافیت۔

ان خطرات سے نمٹنے میں ناکامی کمپنی کو قلیل مدت میں جرمانے اور زیادہ سنگین نتائج جیسے بھاری جرمانے، قانونی اخراجات، شہرت کو نقصان، اور طویل مدت میں کاروبار کا نقصان پہنچا سکتی ہے۔ مزید برآں، پائیداری کے طریقوں کی ناکافی نگرانی یا شفافیت کا فقدان سرمایہ کاروں کے اعتماد کو ختم اور سرمائے تک رسائی کو محدود کر سکتا ہے۔

تاہم، یہ خطرات مواقع بھی پیش کرتے ہیں۔ پائیدار طریقوں کو اپنا کر اور توانائی کی کارکردگی کو بہتر بنا کر، کمپنی فوری طور پر لاگت کی بچت حاصل کر سکتی ہے اور اپنے برانڈ کی ساکھ کو بہتر بنا سکتی ہے۔ طویل مدت کے دوران، ESG اصولوں سے وابستگی ایک پائیدار مسابقتی فائدہ کی پیش کش کرتی ہے، سرمایہ کاروں کے اعتماد کو بڑھاتی، مالیاتی اتار چڑھاؤ کو کم کرتی، اور طویل مدتی منافع کو یقینی بناتی ہے۔

ESG اقدامات کی طرف پیش رفت

سال بھر میں، ایس ایف ایل نے اپنے ESG اقدامات کو آگے بڑھانے، ماحولیاتی کارکردگی کو بہتر بنانے، سماجی مساوات کو فروغ دینے، اور گورننس کے فریم ورک کو تقویت دینے میں نمایاں پیش رفت کی ہے۔ ہم پائیدار اور ذمہ دار کاروباری طریقوں کے لیے اپنی وابستگی کو مزید گہرا کرنے کے لیے ایک جامع ESG پالیسی بھی فعال طور پر تیار کر رہے ہیں۔

بورڈ کی تشکیل اور ان کے اجلاس

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

ڈائریکٹرز کی کل تعداد

(a) مرد	08
(b) خاتون	01

تشکیل:

(a) آزاد ڈائریکٹرز	03 (بشمول ایک خاتون ڈائریکٹر)
(b) ایگزیکٹو ڈائریکٹرز	01
(c) نان ایگزیکٹو ڈائریکٹرز	05

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

نام	کیٹگری	اجلاسوں کی تعداد
جناب شاہد عبداللہ	ایگزیکٹو ڈائریکٹر	5
جناب ندیم عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شایان عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	5
جناب ندیم ارشد الٰہی	آزاد ڈائریکٹر	5
جناب محمد نعیم خان	آزاد ڈائریکٹر	5
محترمہ مریم چغتائی	آزاد ڈائریکٹر	5

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

آڈٹ کمیٹی

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

نام	کیٹگری	اجلاسوں کی تعداد
جناب ندیم ارشد الٰہی	چیئرمین (آزاد)	4
جناب شایان عبداللہ	رکن	4
جناب یوسف عبداللہ	رکن	3
جناب عامر عبداللہ	رکن	4

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

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

نام	کیٹگری
جناب محمد نعیم خان	چیئرمین (آزاد)
جناب شاہد عبداللہ	رکن
جناب یوسف عبداللہ	رکن
جناب شایان عبداللہ	رکن

رسک مینجمنٹ کمیٹی

سال کے دوران رسک مینجمنٹ کمیٹی کے دو اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسبِ ذیل ہے:

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

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز کے اجلاس میں کمپنی کی طرف سے ڈائریکٹرز کے معاوضے کا تعین کیا جاتا ہے۔ معاوضے کا تعین مارکیٹ میں معیارات کی بنیاد پر کیا جاتا ہے اور ان کے کام کے دائرہ کار اور ڈائریکٹرز کی ذمہ داریوں میں اضافے کی روشنی میں قابلیت اور کوششوں کے مطالبات کی عکاسی کرتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہیں لے گا۔ چیف ایگزیکٹو اور دیگر ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکیج مالی حسابات کے نوٹ نمبر 38 میں منکشف ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

کاروبار کو مختلف خطرات اور غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جن کا اگر مناسب طریقے سے انتظام نہ کیا جائے تو کمپنی پر نمایاں اثر ڈال سکتی ہے۔ بورڈ آف ڈائریکٹرز نے رسک مینجمنٹ کمیٹی (RMC) کے ذریعے اندرونی اور بیرونی خطرات کا مکمل جائزہ لیا ہے۔ اہم خطرات میں شامل ہیں:

- بڑھتی ہوئی عالمی اور علاقائی مسابقت جس کی وجہ سے لاگت کی تاثیر پر دباؤ پڑتا ہے۔
- کرنسی میں اتار چڑھاؤ، درآمد شدہ خام مال کی قیمت کو بڑھاتا ہے۔
- کپاس اور مصنوعی ریشوں پر کسٹم اور ریگولیٹری ڈیوٹی، خام مال کی قیمتوں میں اضافہ۔

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, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Shinewing Hameed Chaudhri & Co.

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants
Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE; October 01, 2024
UDIN: CR202410104XdDY7agp3

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code Of Corporate Governance) Regulations, 2019

Name of Company **SAPPHIRE FIBRES LIMITED** year ended June 30, 2024.

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

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

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

   a. Male: 08
   b. Female: 01

2. The composition of the Board is as follows:

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

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

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

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

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

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

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

9. Out of total nine (9) Directors, eight (8) Directors meet the requirements of Directors' Training Program [DTP]. Five (5) Directors have already attained certification under DTP and three (3) Directors meet the requirements of the exemption under regulation. Remaining director will complete training in the year 2024- 25.

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

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

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

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

    b) HR and Remuneration Committee
    - Mr. Muhammad Naeem Khan (Chairman)
    - Mr. Shahid Abdullah (Member)
    - Mr. Yousuf Abdullah (Member)
    - Mr. Shayan Abdullah (Member)

    c) Risk Management Committee
    - Mr. Shahid Abdullah (Chairman)
    - Mr. Shayan Abdullah (Member)
    - Mr. Jawwad Faisal (Member)

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

14. The frequency of meetings of the committee were as per following:
    a) Audit Committee [Quarterly]
    b) HR and Remuneration Committee [Yearly]
    c) Risk Management Committee [Half yearly]

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

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

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

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

19. Explanation with requirements other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

Matter	Regulation no.	Explanation
Environmental, Social and Governance (ESG) matters The board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The board may establish a dedicated sustainability committee having at least one female director.	10(A)(5)	At present the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024 will be complied with in due course.

For and on behalf of the Board

Yousuf Abdullah
Chairman

Shahid Abdullah
Chief Executive

Lahore
September 27, 2024

SIX YEARS GOWTH

AT A GLANCE

	UOM	2024	2023	2022	2021	2020	2019
Sales	Rs. (000)	47,420,211	46,446,991	43,637,517	27,531,203	22,491,619	21,750,250
Gross profit	Rs. (000)	5,664,747	8,916,900	10,287,823	3,940,602	2,824,049	2,864,697
Net profit before taxation	Rs. (000)	4,213,687	6,094,878	7,053,552	2,673,795	1,511,069	1,015,855
Net profit after taxation	Rs. (000)	3,373,032	5,120,787	6,215,452	2,273,565	1,125,323	759,197
Share capital	Rs. (000)	206,719	206,719	206,719	206,719	206,719	196,875
Shareholders' equity	Rs. (000)	34,560,084	27,708,666	23,368,965	18,915,479	15,888,230	15,287,207
Fixed assets – net	Rs. (000)	16,079,741	15,184,844	14,664,795	12,897,773	11,903,976	10,595,081
Total assets	Rs. (000)	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819
Cash dividend	%	100.00	100.00	100.00	100.00	–	80.00
RATIOS							
Profitability Ratios							
Gross profit	%	11.95	19.20	23.58	14.31	12.56	13.17
Profit before tax	%	8.89	13.12	16.16	9.71	6.72	4.67
Profit after tax	%	7.11	11.03	14.24	8.26	5.00	3.49
Return to Shareholders							
Return on equity before tax	%	12.19	22.00	30.18	14.14	9.51	6.65
Return on equity after tax	%	9.76	18.48	26.60	12.02	7.08	4.97
Basic earning per share after tax	Rs.	163.17	247.72	300.67	109.98	55.61	36.72
Activity							
Sale to fixed assets	Times	2.95	3.06	2.98	2.13	1.89	2.05
Sale to total assets	Times	0.84	0.91	0.89	0.67	0.66	0.62
Liquidity Ratios							
Current ratio		1.74 : 1	1.61 : 1	1.39 : 1	1.21 : 1	1.06 : 1	1.01 : 1
Debt to equity ratio	Times	0.151	0.218	0.287	0.328	0.308	0.291
Total liability to equity ratio	Times	0.63	0.85	1.09	1.16	1.16	1.28
Breakup value per share	Rs. Per share	1,671.83	1,340.40	1,130.46	915.03	768.59	776.49

FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2019	2020	2021	2022	2023	2024
Profitability Ratios							
Gross Profit	Percentage	13.2	12.6	14.3	23.6	19.2	11.9
Net Profit to Sales	Percentage	3.5	5.0	8.3	14.2	11.0	7.1
EBITDA Margin to Sales	Percentage	13.8	17.6	16.3	22.0	19.5	17.0
Return on Capital Employed	Percentage	11.9	14.3	14.8	29.5	24.3	17.9
Return on Equity	Percentage	5.0	7.1	12.0	26.6	18.5	9.8
Return on Assets	Percentage	3.9	5.4	9.2	21.0	15.4	8.6
Liquidity Ratios							
Current Ratio	Times	1.0	1.1	1.2	1.4	1.6	1.7
Quick Ratio	Times	0.6	0.5	0.5	0.6	0.8	0.9

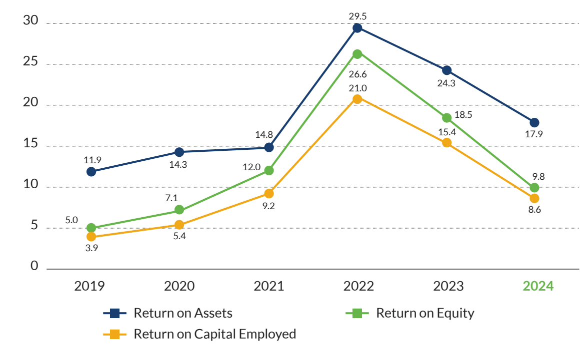
Profitability Ratios

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

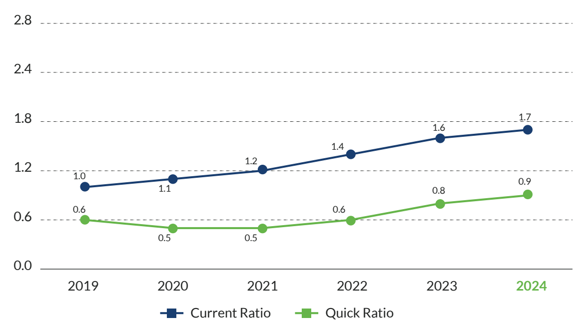
Liquidity Ratios

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

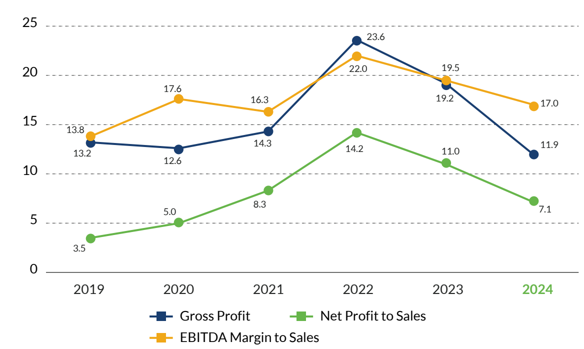
Profitability Ratios



Liquidity Ratios



Profitability Ratios



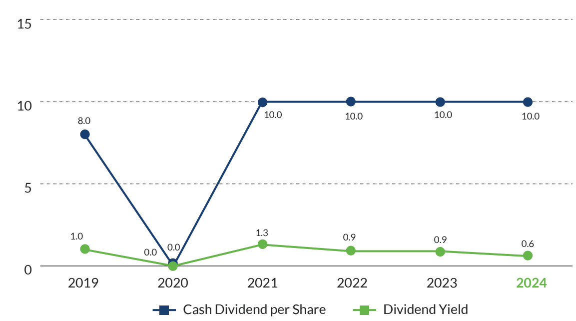
FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2019	2020	2021	2022	2023	2024
Investor Ratios							
Earning per Share	Rs. Per share	38.6	54.4	110.0	300.7	247.7	163.2
Price Earning Ratio	Times	21.3	14.7	7.2	3.6	4.5	9.7
Price to Book Ratio	Times	1.1	1.0	0.9	1.0	0.8	1.0
Dividend Yield	Percentage	1.0	0.0	1.3	0.9	0.9	0.6
Cash Dividend per Share	Rs. Per share	8.0	0.0	10.0	10.0	10.0	10.0
Dividend Payout Ratio	Percentage	20.7	0.0	9.1	3.3	4.0	6.1
Dividend Cover Ratio	Times	4.8	0.0	11.0	30.1	24.8	16.3
Breakup Value per Share	Rs. Per share	776.5	768.6	915.1	1130.5	1340.5	1671.9
Market Value per Share at the End of the Year	Rs. Per share	821.1	801.0	790.0	1075.0	1118.4	1590.0
Share Price - High During the Year	Rs. Per share	821.1	1045.0	975.0	1234.0	1365.2	1900.0
Share Price - Low During the Year	Rs. Per share	628.3	502.0	682.0	634.0	888.2	1033.7

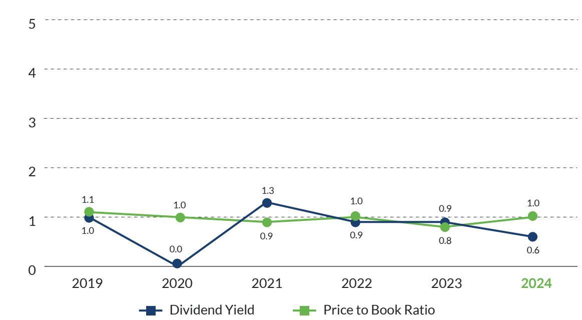
Share Price Sensitivity Analysis

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 2024, SFL's share price touched the peak of Rupees 1,900 while the lowest recorded price as Rupees 1,034 with a closing price of Rupees 1,590 at the end of the year.

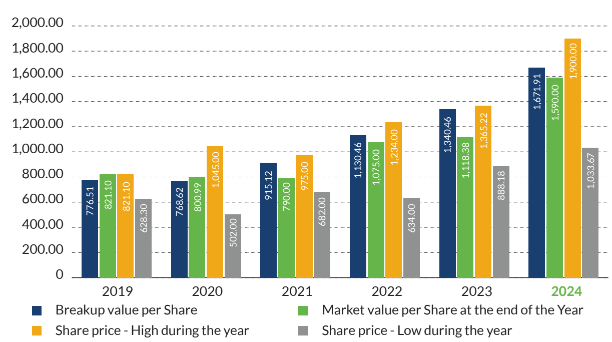
Invsetment / Market Share Ratio



Invsetment / Market Share Ratio



Share Price Sensitivity Analysis



FINANCIAL RATIOS WITH GRAPHICAL PRESENTATION

	UOM	2019	2020	2021	2022	2023	2024
Capital Structure Ratios							
Financial Leverage Ratio	Times	1.1	0.9	0.9	0.8	0.5	0.4
Weighted Average Cost of Capital	Percentage	8.8	9.6	5.6	9.5	13.3	14.9
Debt to Equity Ratio	Times	0.3	0.3	0.3	0.3	0.2	0.2
Interest Cover Ratio	Times	2.4	2.7	4.7	5.8	4.6	2.9
Activity / Turnover Ratio							
Inventory Turn Over	Days	112.4	133.3	146.1	140.6	140.3	128.5
Inventory Turn Over Ratio	Times	3.2	2.7	2.5	2.6	2.6	2.8
Debtor Turnover	Days	59.4	52.4	32.8	32.6	49.2	50.2
Debtors Turn Over Ratio	Times	6.1	7.0	11.1	11.2	7.4	7.3
Creditors Turnover	Days	13.4	13.8	15.2	22.3	27.5	20.5
Creditors Turnover Ratio	Times	27.2	26.4	24.1	16.4	13.3	17.8
Fixed Assets Turn Over Ratio	Times	2.1	2.0	2.2	3.2	3.1	3.0
Total Assets Turn Over Ratio	Times	0.6	0.6	0.7	1.0	0.9	0.9
Operating Cycle	Days	158.4	171.9	163.8	151.0	162.0	158.1

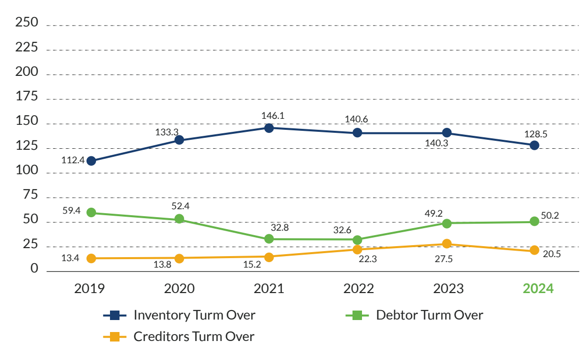
Capital Structure

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

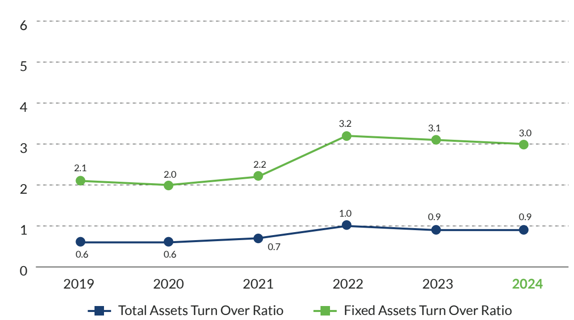
Cash Operating Cycle / Activity

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

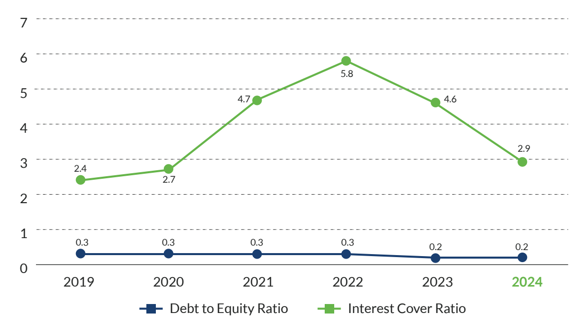
Activity / Turnover Ratio



Activity / Turnover Ratio



Interest Coverage Ratio



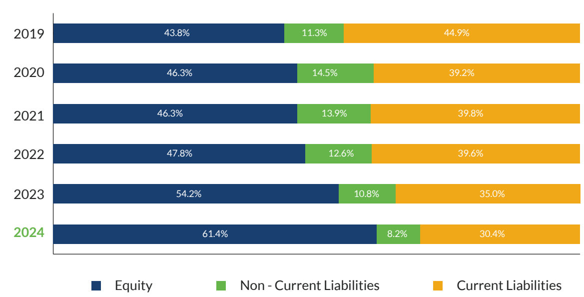
SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

FINANCIAL POSITION

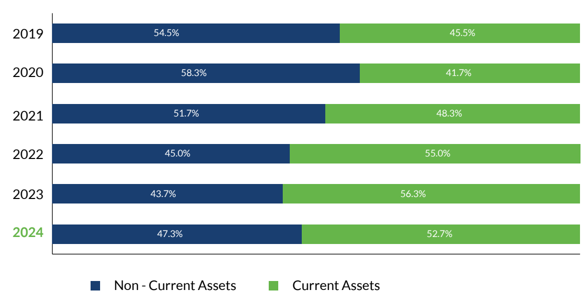
Rs. '000'	2024	2023	2022	2021	2020	2019
Total Equity	34,560,084	27,708,666	23,368,965	18,915,479	15,888,230	15,287,207
Total non-current liabilities	4,630,604	5,523,614	6,162,284	5,673,501	4,964,497	3,928,640
Total current liabilities	17,084,910	17,923,358	19,369,187	16,270,740	13,464,036	15,686,972
	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819
Total non-current assets	26,621,953	22,342,292	22,008,192	21,105,382	20,011,880	19,031,808
Total current assets	29,653,645	28,813,346	26,892,244	19,754,338	14,304,882	15,871,011
Total assets	56,275,598	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819

Variance in %	2024	2023	2022	2021	2020	2019
Total Equity	24.73	18.57	23.54	19.05	3.93	(6.12)
Total non-current liabilities	(16.17)	(10.36)	8.62	14.28	26.37	(9.78)
Total current liabilities	(4.68)	(7.46)	19.04	20.85	(14.17)	30.53
	10.01	4.61	19.68	19.07	(1.68)	6.88
Total non-current assets	19.15	1.52	4.28	5.46	5.15	(1.16)
Total current assets	2.92	7.14	36.13	38.10	(9.87)	18.43
Total assets	10.01	4.61	19.68	19.07	(1.68)	6.88

Equity & Liabilities



Assets



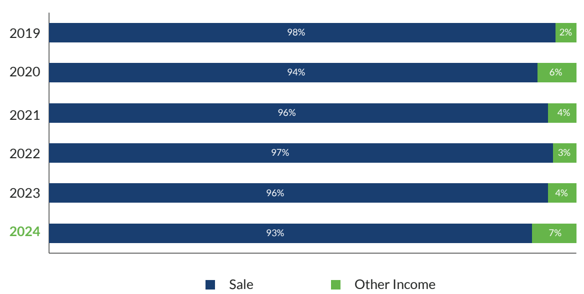
SIX YEARS HORIZONTAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

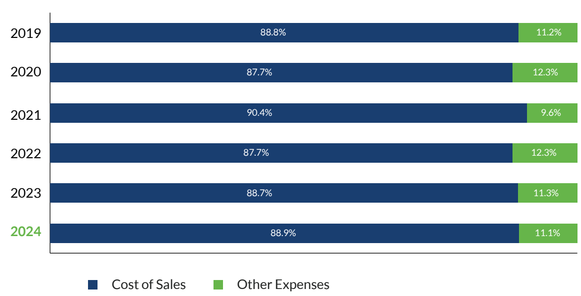
Rs. '000'	2024	2023	2022	2021	2020	2019
Net Sales	47,420,211	46,446,991	43,637,517	27,531,203	22,491,619	21,750,250
Cost of sales	41,755,464	37,530,090	33,349,694	23,590,601	19,667,570	18,885,554
Gross profit	5,664,747	8,916,900	10,287,823	3,940,602	2,824,049	2,864,697
Distribution cost	1,764,792	1,951,105	2,025,961	1,056,595	846,382	721,021
Administrative expenses	613,294	526,332	467,737	372,229	332,331	313,198
Other operating expenses	53,982	325,169	502,486	122,028	116,204	82,518
Other operating income	3,764,793	1,964,607	1,434,390	1,246,894	1,445,360	530,368
Profit from operations	6,997,472	8,078,901	8,726,029	3,636,644	2,974,492	2,278,327
Finance cost	2,783,785	1,984,023	1,672,477	962,850	1,463,422	1,262,473
Profit before taxation	4,213,687	6,094,878	7,053,552	2,673,795	1,511,069	1,015,855
Provision for taxation	840,655	974,092	838,099	400,230	385,746	256,657
Profit after taxation	3,373,032	5,120,787	6,215,452	2,273,565	1,125,323	759,197

Variance in %	2024	2023	2022	2021	2020	2019
Net Sales	2.10	6.44	58.50	22.41	3.41	22.00
Cost of sales	11.26	12.54	41.37	19.95	4.14	18.02
Gross profit	(36.47)	(13.33)	161.07	39.54	(1.42)	56.93
Distribution cost	(9.55)	(3.69)	91.74	24.84	17.39	22.12
Administrative expenses	16.52	12.53	25.66	12.01	6.11	3.18
Other operating expenses	(83.40)	(35.29)	311.78	5.01	40.82	(51.42)
Other operating income	91.63	36.96	15.04	(13.73)	172.52	(62.65)
Profit from operations	(13.39)	(7.42)	139.95	22.26	30.56	4.44
Finance cost	40.31	18.63	73.70	(34.21)	15.92	72.26
Profit before taxation	(30.87)	(13.59)	163.80	76.95	48.75	(29.87)
Provision for taxation	(13.70)	16.23	109.40	3.75	50.30	(15.45)
Profit after taxation	(34.13)	(17.61)	173.38	102.04	48.23	(33.70)

Sale & Other Income



Cost of Sales and Expenses



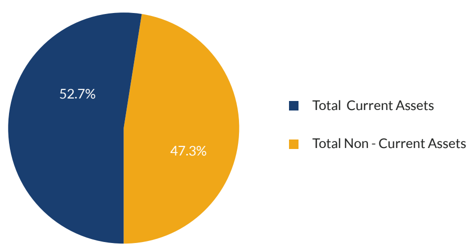
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

FINANCIAL POSITION

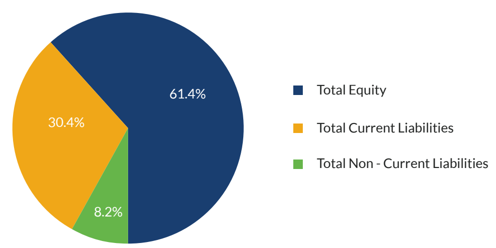
Total assets comprise of current and non-current assets. At 30 June 2024, non-current assets are 47.3% of total assets while current assets are 52.7%. On the other side, share capital and reserves are 61.4% of the total equity and liabilities while non-current liabilities and current liabilities are 8.2% and 30.4% 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.

	2024		2023		2022		2021		2020		2019	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Total Equity	34,560,084	61.41	27,708,666	54.17	23,368,965	47.79	18,915,479	46.29	15,888,230	46.30	15,287,207	43.80
Total Non-Current Liabilities	4,630,604	8.23	5,523,614	10.80	6,162,284	12.60	5,673,501	13.89	4,964,497	14.47	3,928,640	11.26
Total Current Liabilities	17,084,910	30.36	17,923,358	35.04	19,369,187	39.61	16,270,740	39.82	13,464,036	39.23	15,686,972	44.94
Total equity and liabilities	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00
Total Non-Current Assets	26,621,953	47.31	22,342,292	43.68	22,008,192	45.01	21,105,382	51.65	20,011,880	58.32	19,031,808	54.53
Total Current Assets	29,653,645	52.69	28,813,346	56.32	26,892,244	54.99	19,754,338	48.35	14,304,882	41.68	15,871,011	45.47
Total assets	56,275,598	100.00	51,155,638	100.00	48,900,436	100.00	40,859,720	100.00	34,316,762	100.00	34,902,819	100.00

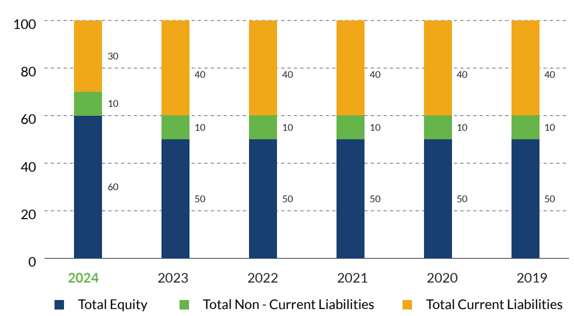
Vertical Analysis - Total Assets (2024)



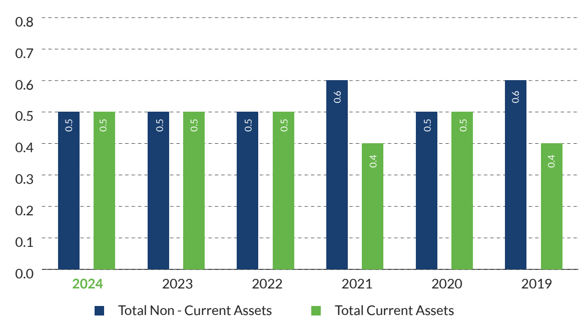
Vertical Analysis - Total Equity & Liabilities 2024



Vertical Analysis - Total Equity & Liabilities



Vertical Analysis - Total Assets



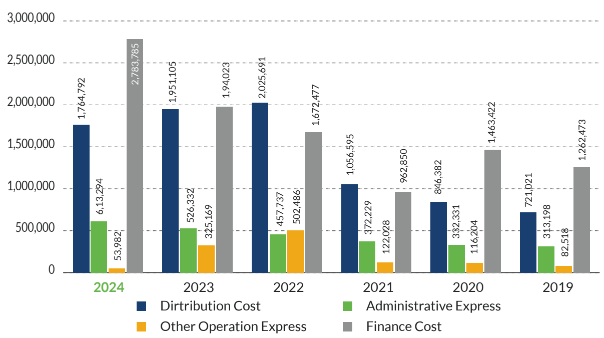
SIX YEARS VERTICAL ANALYSIS WITH GRAPHICAL PRESENTATION

STATEMENT OF PROFIT OR LOSS

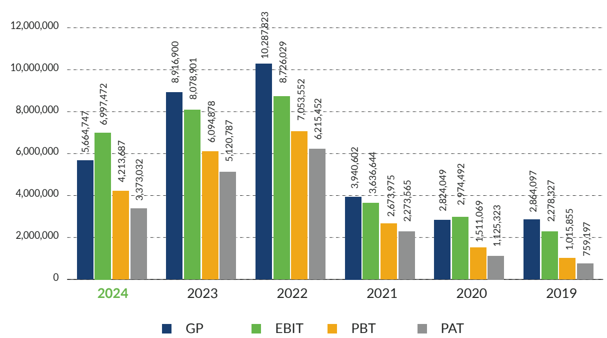
During the year, Company has recorded sales amounting to Rs. 47.4 billion as compared to Rs. 46.4 from last year showing an escalation of 2.1%. Gross profit has remained 12% as compared to 19.2% of last year whereas, profit after tax decreased to 7% from 11%. This decrease in profit is mainly due to increase in finance cost.

	2024		2023		2022		2021		2020		2019	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Turnover	47,420,211	100.00	46,446,991	100.00	43,637,517	100.00	27,531,203	100.00	22,491,619	100.00	21,750,250	100.00
Cost of sales	41,755,464	88.05	37,530,090	80.80	33,349,694	76.42	23,590,601	85.69	19,667,570	87.44	18,885,554	86.83
Gross profit	5,664,747	11.95	8,916,900	19.20	10,287,823	23.58	3,940,602	14.31	2,824,049	12.56	2,864,697	13.17
Distribution cost	1,764,792	3.72	1,951,105	4.20	2,025,961	4.64	1,056,595	3.84	846,382	3.76	721,021	3.32
Administrative expenses	613,294	1.29	526,332	1.13	467,737	1.07	372,229	1.35	332,331	1.48	313,198	1.44
Other operating expenses	53,982	0.11	325,169	0.70	502,486	1.15	122,028	0.44	116,204	0.52	82,518	0.38
Other income	3,764,793	7.94	1,964,607	4.23	1,434,390	3.29	1,246,894	4.53	1,445,360	6.43	530,368	2.44
Earnings before interest & tax	6,997,472	14.76	8,078,901	17.39	8,726,029	20.00	3,636,644	13.21	2,974,492	13.22	2,278,327	10.47
Finance cost	2,783,785	5.87	1,984,023	4.27	1,672,477	3.83	962,850	3.50	1,463,422	6.51	1,262,473	5.80
Profit before taxation	4,213,687	8.89	6,094,878	13.12	7,053,552	16.16	2,673,795	9.71	1,511,069	6.72	1,015,855	4.67
Provision for taxation	840,655	1.77	974,092	2.10	838,099	1.92	400,230	1.45	385,746	1.72	256,657	1.18
Profit after taxation	3,373,032	7.11	5,120,787	11.03	6,215,452	14.24	2,273,565	8.26	1,125,323	5.00	759,197	3.49

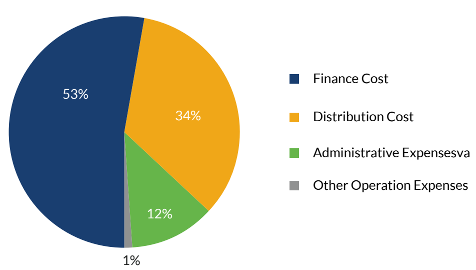
Vertical Analysis - Expenses



Vertical Analysis - Profits



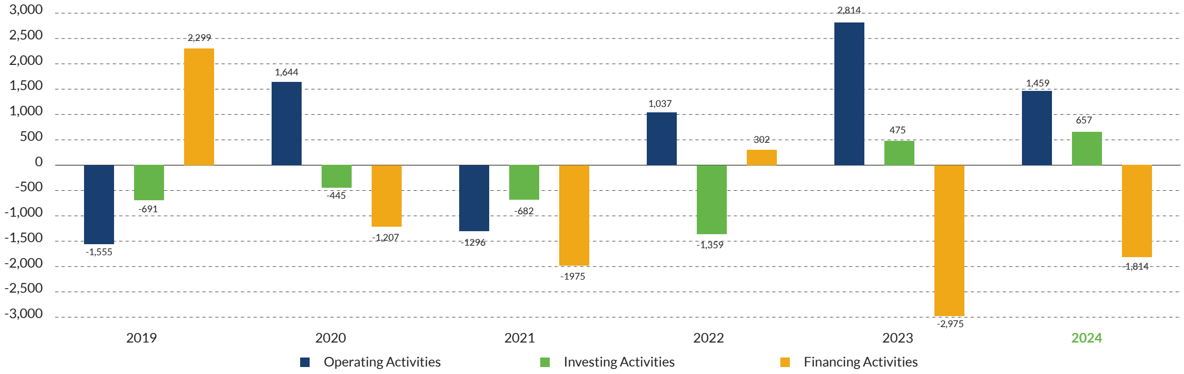
Vertical Analysis - Expenses 2024



SIX YEARS ANALYSIS OF CASH FLOWS WITH GRAPHICAL PRESENTATION

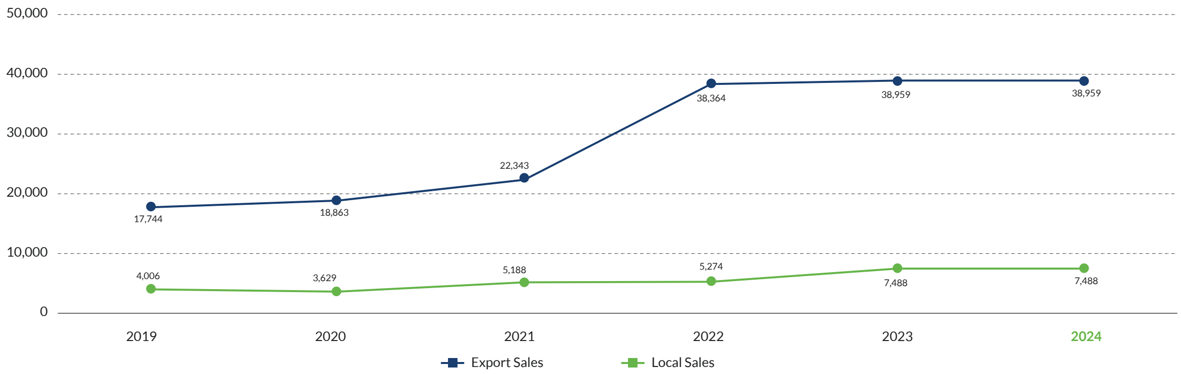
	UOM	2019	2020	2021	2022	2023	2024
Cash Flows							
Operating Activities	Rs. In Million	(1,555)	1,644	(1,296)	1,037	2,814	1,459
Investing Activities	Rs. In Million	(691)	(445)	(682)	(1,359)	475	657
Financing Activities	Rs. In Million	2,299	(1,207)	(1,975)	302	(2,975)	(1,814)

Cash Flows Analysis



	UOM	2019	2020	2021	2022	2023	2024
Local and export sales							
Local Sales	Rs. In Million	4,006	3,629	5,188	5,274	7,488	7,488
Export Sales	Rs. In Million	17,744	18,863	22,343	38,364	38,959	38,959
Total Sales	Rs. In Million	21,750	22,492	27,531	43,638	46,447	46,447

Composition of Local & Export Sales



CSR

WORLD ENVIRONMENT DAY - 2024

Sapphire Fibres Limited Celebrated World Environment Day 2024 by giving employees plants to encourage sense of ownership for a greener planet. We are committed to protect our planet by being more responsible towards Environment and how our actions can have a negative impact.

WORLD HYPERTENSION DAY – 2024

Sapphire Fibres Limited constantly strives for the well-being of its employees, recognizing that a positive mindset fosters a healthy environment. In observance of World Hypertension Day, we collaborated with Dr. Mohammad Muezz Uddin, a renowned consultant interventional cardiologist, who discussed Cardiac Vascular (CV) disease, its risk factors, and strategies to mitigate these risks. Additionally, our Group Head HR, Ms. Aliya Kashmiri, shared valuable insights on Mastering Stress.

Our core values, embodied in PRIDE, emphasize ‘People’ at the forefront, underscoring our commitment to prioritizing our employees’ health and well-being.

PRIORITIZING HEATH & HYGIENE AT WORK

At Sapphire Fibres Limited, we are dedicated to create a healthy work environment and support the overall well-being of our employees. As part of this commitment, we recently conducted health sessions for our management and non managment employees in collaboration with Doctors Hospital & Medical Center.

During these sessions, the expert medical professionals shared insights into prevalent health issues and offered practical tips for maintaining overall well-being. Special Thanks to Doctors Hospital & Medical Center team for their support.

WORLD BLOOD DONATION DAY

For World Blood Donation Day, Sapphire Fibres Limited, in collaboration with the Fatimid Foundation, organized a successful blood drive across the Sapphire Group. Heartfelt thanks to everyone at Sapphire Textile Mills, Diamond Fabrics Limited (Sapphire Group), and Sapphire Mills for your incredible contributions to saving lives. Together, we're making a positive impact!

WORLD NO TOBACCO DAY

At Sapphire Fibers Limited, we are committed to the health and happiness of our community. This World No Tobacco Day, we join the global effort to highlight the dangers of tobacco use and promote healthier lifestyles. Together, we can inspire change and support each other in making healthier choices for ourselves and our communities.

EARTH DAY

At the heart of our mission lies a deep commitment to nurturing our planet. This year, as we align with the Earth Day theme of 'Planet vs. Plastics, we're diligently working toward recycling and incorporating more sustainable and biodegradable fibers into our production process.

By opting for eco-friendly materials over plastic-based solutions. Join us on this journey of care and responsibility for our beautiful planet.

EYE CAMP

Sapphire believes in giving back, and in return, we simply ask you to contribute by planting trees at your home as a continuous act of charity.

Recently, an eye camp was organized by Sapphire Group in collaboration with Lahore Green Eye Lions Club. This initiative aligns with the sustainable development goals, particularly focusing on good health and the well-being of our community.

INTERNATIONAL WOMEN'S DAY

Sapphire Fibres Limited celebrated International Women's Day on March 8th, 2024 focusing on the theme of Inspire Inclusion and highlighting the importance of self-inclusion to play our individual role in creating an inclusive work culture for all. The day-long session focused on learning from the inspiring life of Ms. Nicole Sandra Isaacs (PHRi™) from Kashf Foundation, understanding life stressors and coping strategies from Dr. Ahmed Waheed – Consultant Psychiatrist and importance of general women health by Dr. Huma Arshad – Consultant Gynecologist & Obstetrician. The session continued with a power talk by Ms. Aliya Kashmiri – Group Head HR and ended on concluding note by Mr. Hasan Abdullah – C.O.O, who highlighted the importance of having a diverse workforce and potential of women employees contributing in business success.

The day included some fun elements as the females were engaged in Treasure Hunt and Bowling Competition. All the fun and laughter helped us bond stronger, build magical memories yet we promised to play our part in creating a self-inclusive work environment for all – not just on 8th March but throughout the year.

Thank you, Kashf Foundation and Doctors Hospital, for joining us and sharing your valuable experiences.

DIVERSITY AND GENDER PAY DISCLOSURE

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

At present, women represent 9% of the workforce. We are continuously working to improve this representation as part of our broader diversity and inclusion strategy.

In line with our commitment to fair compensation, men and women performing equivalent roles within the Company receive equal remuneration. However, our analysis of pay across the workforce reveals a mean gender pay gap of 26% and a median gender pay gap of 22%. These figures reflect differences in roles and seniority and are areas we are actively addressing through targeted initiatives to ensure a more balanced representation of women across all functions and leadership positions.

Sapphire Fibres Limited remains committed to transparency and continuous improvement in achieving gender equality within the organization.

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Description	How the matter was addressed in our audit
1	**Capital expenditures** **Refer note 4 to the financial statements.** The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy. Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	**Our audit procedures included the following:** – Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. – Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. – Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. – Visited the mills where significant capital projects are ongoing to understand the nature of the projects. – Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. – Reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. – The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2	**Valuation of stock-in-trade** The total value of stock in trade as at the reporting date amounted to Rs. 14.890 billion, representing 50.22% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: – Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. – Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. – Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. – Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. – Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. – Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. We reviewed the Company's disclosure in the financial statement in respect of stock in trade.

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

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Shinewing Hameed Chaudhri & co.

Lahore: October 01, 2024
UDIN: AR202410104rXFJiRODv

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	16,045,333,501	15,148,289,454
Investment property	5	31,750,000	31,750,000
Intangible assets	6	2,657,333	4,804,321
Long term investments	7	10,142,348,046	7,095,441,990
Long term loans	8	365,570	1,510,000
Deferred taxation	22	337,480,577	–
Long term deposits		62,018,345	60,496,545
		26,621,953,372	22,342,292,310
Current assets			
Stores, spare parts and loose tools	9	1,281,986,491	963,705,040
Stock–in–trade	10	14,890,873,033	14,503,077,307
Trade debts	11	5,596,181,993	7,446,623,923
Loans and advances	12	448,776,997	281,444,587
Trade deposits and short term prepayments	13	10,058,628	53,587,970
Short term investments	14	2,954,959,698	1,609,381,756
Other receivables	15	1,671,735,391	1,678,329,389
Tax refunds due from Government	16	2,136,849,845	1,917,204,275
Cash and bank balances	17	662,222,792	359,991,393
		29,653,644,868	28,813,345,640
Total assets		56,275,598,240	51,155,637,950
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	4,944,193,070	972,715,713
Unappropriated profit		29,409,171,885	26,529,231,407
Total equity		34,560,083,705	27,708,665,870
Non current liabilities			
Long term liabilities	20	3,913,799,341	4,881,704,404
Staff retirement benefit – gratuity	21	716,804,813	513,768,596
Deferred taxation	22	–	128,141,084
		4,630,604,154	5,523,614,084
Current liabilities			
Trade and other payables	23	4,742,066,969	5,819,666,818
Contract liabilities		1,051,457,307	727,672,349
Accrued mark–up / interest	24	205,543,878	360,624,213
Short term borrowings	25	8,117,354,325	8,871,715,921
Current portion of long term liabilities	26	1,291,068,388	1,172,524,522
Unclaimed dividend		8,072,375	7,213,927
Provision for taxation		1,669,347,139	963,940,246
		17,084,910,381	17,923,357,996
Total liabilities		21,715,514,535	23,446,972,080
Contingencies and commitments	27		
Total equity and liabilities		56,275,598,240	51,155,637,950

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	(Restated) 2023 Rupees
Sales	28	47,420,211,276	46,446,990,548
Cost of sales	29	(41,755,464,124)	(37,530,090,067)
Gross profit		5,664,747,152	8,916,900,481
Distribution cost	30	(1,764,792,161)	(1,951,105,192)
Administrative expenses	31	(613,293,924)	(526,332,132)
Other income	32	3,764,792,584	1,964,606,543
Other expenses	33	(53,981,978)	(325,168,630)
Profit from operations		6,997,471,673	8,078,901,070
Finance cost	34	(2,783,785,104)	(1,984,022,626)
Profit before revenue tax and income tax		4,213,686,569	6,094,878,444
Final taxes – levy	35.1	(1,221,526,377)	(877,044,091)
Profit before income tax		2,992,160,192	5,217,834,353
Income tax	35.4	380,871,548	(97,047,573)
Profit for the year		3,373,031,740	5,120,786,780
Earnings per share – basic and diluted	36	163.17	247.72

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

Chief Executive Officer **Director** **Chief Financial Officer**

UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Profit after taxation	3,373,031,740	5,120,786,780
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain / (loss) on remeasurement of investment at fair value through other comprehensive income		
- long term	2,470,330,798	(286,436,679)
- short term	1,624,312,640	(360,914,703)
Impact of deferred tax	(123,166,081)	(1,784,078)
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(225,217,146)	103,841,047
	3,746,260,211	(545,294,413)
Loss on re-measurement of staff retirement benefit obligation	(127,291,009)	(31,169,960)
Impact of deferred tax	66,135,643	2,096,891
	(61,155,366)	(29,073,069)
	3,685,104,845	(574,367,482)
Total comprehensive income for the year	7,058,136,585	4,546,419,298

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

Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

		Reserves					
		Capital	Revenue				
	Issued, subscribed and paid-up capital	Share premium	General	Unappropriated profit	Sub-Total	Unrealised gain/(loss) on financial assets at fair value through other comprehensive income	Total
	Rupees						
Balance as at July 01, 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
Transaction with owners of the Company							
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)
Total comprehensive income for the year							
ended June 30, 2023							
Profit for the year	-	-	-	5,120,786,780	5,120,786,780	-	5,120,786,780
Other comprehensive loss	-	-	-	(29,073,069)	(29,073,069)	(545,294,413)	(574,367,482)
	-	-	-	5,091,713,711	5,091,713,711	(545,294,413)	4,546,419,298
Reclassification adjustment of realised gain on sale							
of investment at fair value through other							
comprehensive income	-	-	-	103,841,047	103,841,047	(103,841,047)	-
Balance as at June 30, 2023	206,718,750	391,833,750	1,183,845,000	26,529,231,407	28,104,910,157	(602,963,037)	27,708,665,870
Transaction with owners of the Company							
Final dividend related to the year ended							
June 30, 2023 at the rate of Rs.10 per share	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)
Total comprehensive income for the year							
ended June 30, 2024							
Profit for the year	-	-	-	3,373,031,740	3,373,031,740	-	3,373,031,740
Other comprehensive (loss) / income	-	-	-	(61,155,366)	(61,155,366)	3,746,260,211	3,685,104,845
	-	-	-	3,311,876,374	3,311,876,374	3,746,260,211	7,058,136,585
Reclassification adjustment of realised loss on							
sale of investment at fair value through other							
comprehensive income	-	-	-	(225,217,146)	(225,217,146)	225,217,146	-
Balance as at June 30, 2024	206,718,750	391,833,750	1,183,845,000	29,409,171,885	30,984,850,635	3,368,514,320	34,560,083,705

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

Chief Executive Officer **Director** **Chief Financial Officer**

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	5,407,652,151	5,661,318,815
Staff retirement benefit paid	21.1	(135,023,726)	(82,920,202)
Finance cost paid		(2,935,399,417)	(1,861,460,282)
Taxes paid		(679,824,929)	(629,991,774)
Workers' profit participation fund paid		(199,260,238)	(272,680,123)
Long term loans – net		1,144,430	(238,750)
Net cash generated from operating activities		1,459,288,271	2,814,027,684
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,968,341,295)	(1,534,859,267)
Proceeds from disposal of operating fixed assets	4.5	28,443,562	31,867,707
Long and short term investments – net		(758,938,159)	(178,639,861)
Proceeds from sale of short term investment		235,841,266	529,378,497
Proceeds from sale of stores and spares		1,538,199	9,071,400
Dividend and interest income received		3,118,310,186	1,618,637,884
Net cash generated from investing activities		656,853,759	475,456,360
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – obtained		–	152,410,000
– repaid		(853,688,733)	(825,191,949)
Dividend paid		(205,860,302)	(206,175,649)
Short term borrowings – net		(754,361,596)	(2,096,366,563)
Net cash used in financing activities		(1,813,910,631)	(2,975,324,161)
Net increase in cash and cash equivalents		302,231,399	314,159,883
Cash and cash equivalents – at beginning of the year		359,991,393	45,831,510
Cash and cash equivalents – at end of the year		662,222,792	359,991,393

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

Chief Executive Officer **Director** **Chief Financial Officer**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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
26 km, Sheikhupura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Changes in Accounting Policies and Disclosures Resulting From Amendments in Standards During The Year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	As at June 30, 2024			As at June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy
	Rupees					
Effect on profit or loss and other comprehensive income						
Final taxes – levy	–	(1,221,526,377)	(1,221,526,377)	–	(877,044,091)	(877,044,091)
Profit before income tax	4,213,686,569	(1,221,526,377)	2,992,160,192	6,094,878,444	(877,044,091)	5,217,834,353
Income tax expense	(840,654,829)	(1,221,526,377)	380,871,548	(974,091,664)	(877,044,091)	(97,047,573)

2.6 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

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

(e) Income taxes

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

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

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

3.2 Investment property

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

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

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

3.3 Intangible assets

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

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

Subsequent expenditure

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

Amortization

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

3.4 Right-of-use assets

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

3.5 Financial assets

Initial measurement

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

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

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

Subsequent Measurement

- **Equity Instruments at FVTOCI**

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

– **Debt Instruments at FVTOCI**

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

– **Debt Instruments at FVTPL**

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

– **Financial Assets measured at amortised cost**

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

Derecognition

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

Investments in Subsidiary and Associated Companies

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

3.6 Stores, spare parts and loose tools

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

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

3.7 Stock-in-trade

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

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

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Impairment

(a) Financial assets

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

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

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

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

(b) Non-financial assets

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

3.11 Financial liabilities

Classification & subsequent measurement

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

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

Derecognition

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

3.12 Cash and cash equivalents

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

3.13 Borrowings

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

3.14 Employees' retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2024 on the basis of projected unit credit method by an Independent Actuary. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

3.15 Taxation

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

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

Current

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

Deferred

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

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

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

3.16 Lease liability

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

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

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

3.17 Trade and other payables

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

3.18 Provisions

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

3.19 Foreign currency translation

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

3.20 Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

Other sources of revenue

- export rebate income is recognized on accrual basis as and when the right to receive the income establishes;

- dividend income from investments is recognized when the Company's right to receive dividend is established; and

- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

3.21 Borrowing costs

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

	Note	2024 Rupees	2023 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	14,103,694,892	13,524,386,843
Capital work-in-progress	4.3	1,941,638,609	1,623,902,611
		16,045,333,501	15,148,289,454

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve-ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment: Fire fighting	Equipment: Office	Equipment: Mills	Equipment: Electric /gas	Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
	Rupees																
At July 1, 2022																	
Cost	1,216,696,790	313,245,050	987,751,202	28,636,645	3,148,951,467	14,292,616,207	448,291,734	21,111,998	45,505,504	46,147,018	20,672,670	45,780,116	273,044,270	68,997,570	149,886	248,579	20,957,846,706
Accumulated depreciation	-	-	349,844,264	26,143,976	1,585,658,249	5,617,154,546	222,025,102	8,172,605	18,014,595	30,110,463	14,070,162	25,221,158	139,477,990	36,121,923	138,666	226,772	8,072,380,471
Net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
Year ended June 30, 2023																	
Opening net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
Additions	15,497,360	24,218,750	150,281,345	-	337,051,450	769,045,594	97,225,380	1,586,000	3,056,107	38,819,709	-	15,322,555	140,616,796	59,880,300	-	-	1,652,601,346
Disposals:																	
- cost	-	-	-	-	-	28,394,545	-	-	-	-	-	173,000	40,711,800	-	-	-	69,279,345
- accumulated depreciation	-	-	-	-	-	(25,450,726)	-	-	-	-	-	(139,931)	(28,658,828)	-	-	-	(54,249,485)
	-	-	-	-	-	2,943,819	-	-	-	-	-	33,069	12,052,972	-	-	-	15,029,860
Depreciation charge	-	-	36,795,629	498,533	171,437,305	708,577,657	25,200,363	1,439,322	2,916,428	2,658,501	660,251	7,448,608	35,060,116	5,954,862	1,122	2,181	998,650,878
Closing net book value	1,232,194,150	337,463,800	751,392,654	1,994,136	1,728,907,363	8,732,985,779	298,291,649	13,086,071	27,630,588	52,197,763	5,942,257	28,399,836	227,069,988	86,801,085	10,098	19,626	13,524,386,843
At June 30, 2023																	
Cost	1,232,194,150	337,463,800	1,138,032,547	28,636,645	3,486,002,917	15,033,267,256	545,517,114	22,697,998	48,561,611	84,966,727	20,672,670	60,929,671	372,949,266	128,877,870	149,886	248,579	22,541,168,707
Accumulated depreciation	-	-	386,639,893	26,642,509	1,757,095,554	6,300,281,477	247,225,465	9,611,927	20,931,023	32,768,964	14,730,413	32,529,835	145,879,278	42,076,785	139,788	228,953	9,016,781,864
Net book value	1,232,194,150	337,463,800	751,392,654	1,994,136	1,728,907,363	8,732,985,779	298,291,649	13,086,071	27,630,588	52,197,763	5,942,257	28,399,836	227,069,988	86,801,085	10,098	19,626	13,524,386,843
Year ended June 30, 2024																	
Opening net book value	1,232,194,150	337,463,800	751,392,654	1,994,136	1,728,907,363	8,732,985,779	298,291,649	13,086,071	27,630,588	52,197,763	5,942,257	28,399,836	227,069,988	86,801,085	10,098	19,626	13,524,386,843
Additions *	450,000,000	-	9,852,468	-	411,069,884	655,838,370	37,725,058	11,750,985	-	2,673,650	-	27,602,801	38,440,100	5,651,980	-	-	1,650,605,296
Disposals:																	
- cost	-	-	-	-	-	41,289,925	-	-	-	-	-	623,000	22,305,000	-	-	-	64,217,925
- accumulated depreciation	-	-	-	-	-	(35,222,671)	-	-	-	-	-	(518,297)	(16,767,771)	-	-	-	(52,508,739)
	-	-	-	-	-	6,067,254	-	-	-	-	-	104,703	5,537,229	-	-	-	11,709,186
Depreciation charge	-	-	38,220,727	398,827	193,204,725	713,768,971	31,919,242	1,850,020	229,815	5,697,441	3,243,500	11,585,945	50,396,790	9,069,085	1,010	1,963	1,059,588,061
Closing net book value	1,682,194,150	337,463,800	723,024,395	1,595,309	1,946,772,522	8,668,987,924	304,097,465	22,987,036	27,400,773	49,173,972	2,698,757	44,311,989	209,576,069	83,383,980	9,088	17,663	14,103,694,892
At June 30, 2024																	
Cost	1,682,194,150	337,463,800	1,147,885,015	28,636,645	3,897,072,801	15,647,815,701	583,242,172	34,448,983	48,561,611	87,640,377	20,672,670	87,909,472	389,084,366	134,529,850	149,886	248,579	24,127,556,078
Accumulated depreciation	-	-	424,860,620	27,041,336	1,950,300,279	6,978,827,777	279,144,707	11,461,947	21,160,838	38,466,405	17,973,913	43,597,483	179,508,297	51,145,870	140,798	230,916	10,023,861,186
Net book value	1,682,194,150	337,463,800	723,024,395	1,595,309	1,946,772,522	8,668,987,924	304,097,465	22,987,036	27,400,773	49,173,972	2,698,757	44,311,989	209,576,069	83,383,980	9,088	17,663	14,103,694,892
Depreciation rate (% - per annum)			5	20	10	5 & 10	10	10	10	10	10	30	20	10	10	10	

* This include machinery costing Rs. 25 million purchased from Reliance Cotton Spinning Mills Limited (a related party) and land costing Rs.450 million purchased from Amer Cotton Mills (Private) Limited.

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

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

		2024 Rupees	2023 Rupees
4.2	**Depreciation charge has been allocated as follows:**		
	Cost of goods manufactured	1,013,885,864	967,174,741
	Administrative expenses	45,702,197	31,476,137
		1,059,588,061	998,650,878
4.3	**Capital work–in–progress**		
	Buildings	574,701,399	767,616,165
	Furniture and fixtures	3,255,475	3,255,475
	Plant and machinery including in transit aggregating Rs. 147.854 million (2023: Nil)	933,724,499	554,428,850
	Advance payments against:		
	– freehold land	22,502,400	–
	– factory / office building	6,668,800	6,668,800
	– electric installation	384,746,541	278,811,721
	– vehicles	14,651,095	11,077,100
	– computers	1,388,400	2,044,500
		429,957,236	298,602,121
		1,941,638,609	1,623,902,611

4.3.1 The Company, during the year, has capitalised borrowing cost of Rs. 32.948 million (2023: 10.605 million) charged at the rate ranging from 15.81% to 23.28% (2023: 2.85% to 22.98%) per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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4.4 Movement in the capital work-in-progress

Particulars	July 1, 2023	Additions during the year	Transferred to operating fixed assets	June 30, 2024
	Rupees			
Buildings	767,616,164	228,007,587	(420,922,352)	574,701,399
Furniture and Fixtures	3,255,475	5,651,980	(5,651,980)	3,255,475
Plant and machinery	554,428,850	1,035,134,020	(655,838,371)	933,724,499
Mill equipment	–	2,673,650	(2,673,650)	–
Fire fighting Equipment	–	11,750,985	(11,750,985)	–
	1,325,300,489	1,283,218,222	(1,096,837,338)	1,511,681,373
Advance payments against:				
– freehold land	–	472,502,400	(450,000,000)	22,502,400
– factory / office building	6,668,800	–	–	6,668,800
– electric installation	278,811,721	143,659,878	(37,725,058)	384,746,541
– vehicles	11,077,101	42,014,094	(38,440,100)	14,651,095
– computers	2,044,500	26,946,701	(27,602,801)	1,388,400
	298,602,122	685,123,073	(553,767,959)	429,957,236
Grand Total	1,623,902,611	1,968,341,295	(1,650,605,297)	1,941,638,609

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Sold to:
			Rupees				
Assets having net book value exceeding Rs. 500,000 each							
Plant and machinery							
Murata TFO	2,500,000	417,500	2,082,500	2,400,000	317,500	Negotiation	M/s. HBR Textiles
Ring Spinning Frames	18,928,083	16,994,585	1,933,498	3,779,324	1,845,826	- - - do - - -	M/s. MKM Textile International
Ring Spinning Frames	18,928,083	16,994,585	1,933,498	3,779,324	1,845,826	- - - do - - -	M/s. MKM Textile International
	40,356,166	34,406,670	5,949,496	9,958,648	4,009,152		
Vehicles							
Honda Civic	2,577,500	1,946,866	630,634	1,732,000	1,101,366	Negotiation	Mr. Zeeshan Mansha
Toyota Corolla	1,987,000	1,421,448	565,552	3,200,000	2,634,448	Company policy	Mr. Muhammad Amjad Hussain
Suzuki Cultus	1,410,000	888,934	521,066	1,950,000	1,428,934	Company policy	Mr. Tariq Nawaz
	5,974,500	4,257,248	1,717,252	6,882,000	5,164,748		
Various assets having net book value upto Rs. 500,000 each	17,887,259	13,844,820	4,042,439	11,602,914	7,560,475	Negotiation	Various parties
June 30, 2024	64,217,925	52,508,738	11,709,187	28,443,562	16,734,375		
June 30, 2023	69,279,345	54,249,485	15,029,860	31,867,707	16,837,847		

5. INVESTMENT PROPERTY

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

5.2 Fair value of the investment property, based on the management estimation, as at June 30, 2024 was Rs. 286 million (June 30, 2023: Rs. 286 million).

		Note	2024 Rupees	2023 Rupees
6.	**INTANGIBLE ASSETS**			
	These represent computer software licenses.			
	Net carrying value as at July 1,			
	Opening net book value		4,804,321	1,379,110
	Addition during the year		–	4,555,428
	Amortization for the year		(2,146,988)	(1,130,217)
	Net book value as at,		2,657,333	4,804,321
	Gross carrying value as at,			
	Cost		34,445,599	34,445,599
	Accumulated amortization		31,788,266	29,641,278
	Net book value		2,657,333	4,804,321
	Amortization rate (% per annum)		20&33	20&33
7.	**LONG TERM INVESTMENTS**			
	Subsidiary Companies – at cost	7.1	3,675,058,316	3,675,058,316
	Associated Companies – at cost	7.2	758,276,769	758,276,769
	Others – equity instruments	7.3	5,175,435,801	2,615,856,905
	– debt instruments	7.4	45,500,000	46,250,000
	Share deposit money	15.2	488,077,160	–
			10,142,348,046	7,095,441,990

		Note	2024 Rupees	2023 Rupees
7.1	**Subsidiary Company – unquoted**			
	Sapphire Electric Company Limited (SECL)			
	288,782,600 ordinary shares of Rs.10 each	7.1.1	3,039,008,316	3,039,008,316
	Equity held: 68.11%			
	Premier Cement Limited (PCL)			
	46,860,000 ordinary shares of Rs.10 each	7.1.2	468,600,000	468,600,000
	Equity held: 100%			
	Sapphire Cement Company Limited (SCCL)			
	75,000 ordinary shares of Rs.10 each	7.1.3	750,000	750,000
	Equity held: 100%			
	Sapphire Energy (Pvt.) Limited (SEPL)			
	6,620,000 ordinary shares of Rs.10 each	7.1.4	66,200,000	66,200,000
	Equity held: 100%			
	Sapphire Properties (Pvt.) Limited (SPPL)			
	9,950,000 ordinary shares of Rs. 10 each	7.1.5	100,000,000	100,000,000
	Equity held: 100%			
	Sapphire Power Limited (SPL)			
	50,000 ordinary shares of Rs.10 each	7.1.6	500,000	500,000
	Equity held: 100%			
			3,675,058,316	3,675,058,316

7.1.1 SECL was incorporated in January 18, 2005 as a public limited company. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District 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 SPPL is wholly owned subsidiary company incorporated during the current year as private limited company. The subsidiary company intends to invest, manage, construct, develop, hold acquired, sell, purchase all type of real estate projects.

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

		2024 Rupees	2023 Rupees
7.2	**Associated Companies – Quoted**		
	Reliance Cotton Spinning Mills Limited		
	138,900 ordinary shares of Rs. 10 each	1,306,269	1,306,269
	Equity held: 1.35%		
	Fair value: Rs. 62.720 million (2023: Rs. 71.025 million)		
	Associated Companies – unquoted		
	SFL Limited		
	10,199 ordinary shares of Rs. 10 each	100,000	100,000
	Equity held: 0.051%		
	Break–up value per share on the basis of un–audited		
	financial statement Rs. 61.76 (2023: Rs. 47.38)		
	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. 109.25 (2023: Rs. 111.19)		
	Sapphire Dairies (Private) Limited		
	10,000,000 ordinary shares of Rs.10 each	100,000,000	100,000,000
	Equity held: 5.50%		
	Break–up value per share on the basis of un–audited		
	financial statement Rs. 21.11 (2023: Rs. 20.66)		
	Tricon Boston Consulting		
	Corporation (Private) Limited (TBCCL) – note 7.2.1		
	59,251,500 ordinary shares of Rs.10 each	592,515,000	592,515,000
	Equity held: 7.13%		
	Break–up value per share on the basis of un–audited		
	financial statement Rs. 41.84 (2023: Rs. 34.08)		
		758,276,769	758,276,769

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

7.2.2 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.

7.2.3 The existence of significant influence by the Company is evidenced by the representation on the board of directors of above mentioned Associated Companies.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024 Rupees	2023 Rupees
7.3	**Equity Instruments – at FVTOCI**			
	Quoted			
	MCB Bank Limited			
	18,837,275 (2023: 18,213,195) ordinary shares of			
	Rs.10 each – cost		984,949,221	896,451,123
	Adjustment arising from re–measurement to fair value		3,291,488,950	1,188,413,309
			4,276,438,171	2,084,864,432
	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		(318,575,979)	(686,581,136)
			898,497,630	530,492,473
	Unquoted			
	TCC Management Services (Private) Limited			
	50,000 ordinary shares of Rs.10 each		500,000	500,000
			5,175,435,801	2,615,856,905
7.4	**Debt Instruments – at FVTOCI**			
	Habib Bank Limited – term finance certificates (TFCs)			
	500 (2023: 500) Term finance certificates of			
	Rs.100,000 each – cost	7.4.1	50,000,000	50,000,000
	Adjustment arising from re–measurement to fair value		(4,500,000)	(3,750,000)
			45,500,000	46,250,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 22.97% to 24.20% (2023: 16.48% to 22.79%) per annum.

		Note	2024 Rupees	2023 Rupees
8.	**LONG TERM LOANS – Secured**			
	Loans due from employees	8.1	2,985,570	3,533,769
	Less: recoverable within one year and grouped			
	under current assets		2,620,000	2,023,769
			365,570	1,510,000

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.

		Note	2024 Rupees	2023 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		847,328,890	556,993,030
	Spare parts		269,328,551	236,216,466
	Loose tools		663,642	174,931
	Items in transit		175,906,396	182,133,233
			1,293,227,479	975,517,660
	Less: provision for slow moving items	9.1	11,240,988	11,812,620
			1,281,986,491	963,705,040
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		11,812,620	11,526,482
	Add: Provision made during the year		–	286,138
	Less: Provision reversed during the year		(571,632)	–
	Balance at end of the year		11,240,988	11,812,620
10.	**STOCK–IN–TRADE**			
	Raw materials:			
	– at mills		7,330,253,980	7,168,395,961
	– in transit		2,149,859,920	2,610,547,798
	– at third party premises		37,610,184	–
			9,517,724,084	9,778,943,759
	Work–in–process		1,396,530,229	1,264,365,323
	Finished goods – at mills		3,976,618,720	3,459,768,225
			14,890,873,033	14,503,077,307

10.1 As at June 30,2024 raw material costing Rs. 1,341.150 million (2023: Rs. 4752.641 million) have been written down to Rs. 1,134.284 million (2023: Rs. 3,815.619 million) to arrive at the net realizable value. The amount charged to cost of sale in respect of stocks written to their realizable value is Rs. 206.867 million (2023: Rs. 937.022 million).

10.2 As at June 30,2024, finished goods at mills costing Rs. 1,547.558 million (2023: Rs. 1,657.339 million) have been written down to Rs. 1,253.313 million (2023: 1,336.104 million) to arrive at the net realizable value is Rs. 294.245 million (2023: Rs. 291.235 million).

		Note	2024 Rupees	2023 Rupees
11.	**TRADE DEBTS**			
	Considered good			
	Unsecured – local	11.1	3,259,591,839	2,354,289,075
	Secured – foreign debts		2,464,175,283	5,196,836,888
	Considered doubtful			
	Unsecured – foreign debts	11.4	18,909,550	75,410,417
			5,742,676,672	7,626,536,380
	Less: provision for expected credit loss	11.5	146,494,679	179,912,457
			5,596,181,993	7,446,623,923

		2024 Rupees	2023 Rupees
11.1	**These include the following amounts due from related parties:**		
	Diamond Fabrics Ltd.	68,639,278	10,763,282
	Reliance Cotton Spinning Mills Ltd.	48,568,620	20,730,477
	Amer Cotton Mills (Pvt.) Ltd.	129,807	29,423,759
	Sapphire Textile Mills Ltd.	50,025,529	21,765,611
	Sapphire Power Generation Ltd.	533,747	6,400
	Sapphire Finishing Mills Ltd.	16,445,494	3,566,063
		184,342,475	86,255,592

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

	Related parties		Others	
	2024	2023	2024	2023
	Rupees			
Not past due	36,226,290	3,638,474	2,337,412,700	4,499,427,638
Past due 1–30 days	100,250,860	73,789,593	1,427,423,279	1,684,772,906
Past due 31–60 days	35,878,487	633,079	743,958,100	433,202,392
Past due 61–90 days	10,478,832	681,096	214,040,189	147,134,614
Past due 91–365 days	1,413,591	7,075,103	357,775,464	229,576,602
Past due one year	94,415	538,247	477,724,465	546,166,636
	184,342,475	86,355,592	5,558,334,197	7,540,280,788

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 333.159 million (2023: Rs. 179.310 million).

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

		Note	2024 Rupees	2023 Rupees
11.5	**Provision for expected credit loss**			
	Balance at the beginning of the year		179,912,457	83,959,116
	(Reversal) / charged for the year		(33,417,778)	95,953,341
	Balance at the end of the year		146,494,679	179,912,457
12.	**LOANS AND ADVANCES**			
	– Considered good			
	Current portion of long term loans to employees	8	2,620,000	2,023,769
	Advances to:			
	– suppliers and contractors	12.1	439,977,788	276,396,344
	– employees		6,179,209	3,024,474
			446,156,997	279,420,818
			448,776,997	281,444,587

12.1 These include receivable amounting Rs. 42.113 million from Amer Cotton Mills (Pvt.) Limited (a related party).

	Note	2024 Rupees	2023 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		1,040,108	1,071,608
Margin against letter of credit		1,235,568	37,905,119
Prepayments		7,782,952	14,611,243
		10,058,628	53,587,970
14. SHORT TERM INVESTMENTS			
Equity instruments	14.1	2,954,959,698	1,609,381,756

14.1 Equity Instruments - at FVTOCI

(Investment in quoted securities)

No. of Shares / Certificates		Name of the investee company	Market value		Cost	
2024	2023		2024	2023	2024	2023
			Rupees			
68,400	68,400	Attock Petroleum Ltd.	26,418,816	20,537,100	12,153,848	12,153,848
9,628,500	9,538,500	Bank Al-Habib Ltd.	1,080,125,130	412,253,970	428,622,094	419,888,054
393,973	393,973	Charat Packaging Ltd.	46,504,573	38,369,030	35,824,418	35,824,418
7,200	-	Colgate Palmolive (Pakistan) Ltd.	8,783,424	-	9,375,865	-
453,000	-	Dolmen City REIT	7,451,850	-	7,433,477	-
761,797	732,297	Engro Corporation Ltd.	253,457,480	190,316,667	174,478,387	163,675,739
55,000	-	Engro Fertilizers Ltd.	9,142,100	-	8,568,442	-
140,625	140,625	Fauji Cement Company Ltd.	3,221,719	1,653,750	3,683,337	3,683,337
77,040	-	Fauji Fertilizer Company Ltd.	12,586,795	-	11,207,326	-
120,000	-	Frieslandcampina Engro Pakistan Ltd.	8,402,400	-	9,067,923	-
5,532,704	7,766,704	Habib Bank Ltd.	686,221,277	568,755,734	1,141,962,552	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
8,500	-	Highnoon Laboratories Ltd.	6,065,430	-	4,853,211	-
12,878,000	12,878,000	K-Electric Ltd.	59,625,140	22,150,160	120,385,975	120,385,975
497,926	475,926	Lucky Cement Ltd.	451,484,442	248,476,205	214,887,096	196,167,399
13,500	-	Lucky Core Industries Ltd.	12,548,115	-	11,352,678	-
3,527	-	Mari Petroleum Company Ltd.	9,566,423	-	9,703,211	-
73,000	-	MCB Bank Ltd.	16,572,460	-	14,846,185	-
52,000	-	Meezan Bank Ltd.	12,448,280	-	11,198,950	-
1,250	-	Nestle Pakistan Ltd.	8,942,713	-	9,515,902	-
60,000	-	Oil & Gas Development Company Ltd.	8,122,200	-	8,233,384	-
13,000	-	Pakistan Oilfields Ltd.	6,369,220	-	5,841,770	-
448,934	448,934	Pakistan State Oil Company Ltd.	74,617,320	49,836,163	63,918,848	63,918,848
29,000	-	System Ltd.	12,130,700	-	11,096,125	-
87,000	-	The Hub Power Company Ltd.	14,187,960	-	11,812,069	-
165,396	165,396	The Searle Company Ltd.	9,447,420	6,337,975	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	110,516,311	50,695,002	80,749,609	80,749,609
			2,954,959,698	1,609,381,756	2,425,460,698	2,704,195,395
Add: Adjustment arising from re-measurement to fair value					529,498,999	(1,094,813,639)
Market value					2,954,959,698	1,609,381,756

		Note	2024 Rupees	2023 Rupees
15.	**OTHER RECEIVABLES**			
	Advance income tax		429,371,016	263,620,918
	Export rebate & duty drawbacks		13,183,279	13,188,215
	Accrued mark–up on term finance certificates		390,118	215,593
	Loans to Subsidiary Companies			
	(including mark–up thereon)			
	– Premier Cement Ltd.	15.1	483,532,538	352,828,555
	– Sapphire Energy (Pvt.) Ltd.	15.2	–	418,738,678
	– Sapphire Properties (Pvt.) Ltd.	15.3	287,002,678	239,314,416
	Due from the related parties	15.4		
	– Sapphire Cement Company Ltd.		500,000	–
	– Sapphire Energy (Pvt.) Ltd.		501,298	–
	– Reliance Cotton Spinning Mills Ltd.		559,395	285,104
	– Sapphire Textile Mills Ltd.		96,901	–
	– Sapphire Electric Company Ltd.		99,120	61,095
	– Amer Cotton Mills (Pvt.) Ltd.		630,192	–
	– Sapphire Farm Service (Pvt.) Ltd		96,720	29,793
	Prepaid final tax levy		451,778,609	383,052,676
	Others		3,993,527	6,994,346
			1,671,735,391	1,678,329,389

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 21.97% to 22.58% (2023: 13.37% to 20.14%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 483.532 million (2023: Rs. 352.828 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. 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, was 22.08% to 22.58% (2023: 13.35% to 20.14%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 488.077 million (2023: Rs. 418.739 million).

During the year the Board of Directors of the Company passed a resolution to convert the outstanding receivable loan (including mark–up) amounting Rs. 488.077 million in to the Ordinary Shares of Sapphire Energy (Pvt.) Ltd. The issuance of shares was in process as at reporting date.

15.3 The Company has entered into a loan agreement with Sapphire Properties (Pvt.) Limited (the subsidiary Company) to provide an unsecured loan upto an amount Rs. 300 million for working capital requirements. This loan carries mark–up at the rate of average borrowing cost of the Company and is repayable at the discretion of the Subsidiary Company. Effective mark–up rate charged by the company, during the year, ranged from 21.97% to 22.58% (2023: 15.40% to 20.14%) per annum. The maximum aggregate amount outstanding against this loan at the end of every month during the year was Rs. 287.003 million (2023: Rs. 239.314 million).

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

15.5 The aggregate maximum outstanding balance due from the related parties (associated companies) at the end of any month during the year was Rs. 333.159 million (2023: Rs. 169.052 million).

		Note	2024 Rupees	2023 Rupees
16.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		2,281,976,630	1,891,238,291
	Income tax		125,080,999	268,906,203
	Excise duty		40,971,576	32,091,359
	Less: provision for doubtful tax refunds	16.1	311,179,360	275,031,578
			2,136,849,845	1,917,204,275
16.1	**Provision for doubtful tax refunds**			
	Balance at beginning of the year		275,031,578	367,965,177
	Add: Provision for the year		36,147,782	70,868,857
	Less: Reversal of provision		–	(163,802,456)
	Balance at end of the year		311,179,360	275,031,578
17.	**CASH AND BANK BALANCES**			
	Cash–in–hand	17.1	6,635,783	6,362,972
	Balances with banks on:			
	– current accounts	17.2	641,593,723	340,449,279
	– term deposit account (TDA)	17.3	6,040,000	6,040,000
	– dividend account		7,953,286	7,139,142
			655,587,009	353,628,421
			662,222,792	359,991,393

17.1 Cash–in–hand includes Rs. 1.858 million (2023: Rs. 2.029 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.$ 2.230 million (2023: US.$ 1.116 million).

17.3 Effective rates of profit on TDA, during the period, ranged at 15.50% to 20.50% (2023: 9.00% to 13.86%) 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

2024 Numbers	2023 Numbers		2024 Rupees	2023 Rupees
12,759,375	12,759,375	Ordinary shares of Rs.10 each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	79,125,000	79,125,000
20,671,875	20,671,875		206,718,750	206,718,750

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

18.2 11,120,154 (2023: 11,120,154) ordinary shares of Rs. 10 each are held by the related parties as at year–end.

		Note	2024 Rupees	2023 Rupees
19.	**RESERVES**			
	Share premium – capital reserve	19.1	391,833,750	391,833,750
	General reserve – revenue reserve	19.2	1,183,845,000	1,183,845,000
	Unrealized gain / (loss) on financial assets at fair value through other comprehensive income	19.3	3,368,514,320	(602,963,037)
			4,944,193,070	972,715,713

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

19.2 This represents reserves funds set aside from unappropriated profit.

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

		Note	2024 Rupees	2023 Rupees
20.	**LONG TERM LIABILITIES – Secured**			
	Long term finances	20.1	4,879,134,573	5,732,823,306
	Provision for Gas infrastructure Development Cess	20.2	325,733,156	321,405,620
			5,204,867,729	6,054,228,926
	Less: current portion grouped under current liabilities		(1,291,068,388)	(1,172,524,522)
			3,913,799,341	4,881,704,404
20.1	**Long term finances**			
	(from banking companies)			
	– MCB Bank Limited			
	– Long term finance facility – I	20.1.1	25,793,500	34,876,500
	– Long term finance facility – II	20.1.2	769,140,500	951,521,250
	– Long term finance facility – III	20.1.3	133,215,000	133,215,000
			928,149,000	1,119,612,750
	– Habib Bank Limited			
	– Long term finance facility	20.1.4	324,128,652	364,397,009
	– Allied Bank Limited	20.1.5	325,277,150	445,310,950
	– United Bank Limited	20.1.6	789,051,928	1,017,149,087
	– Faysal Bank Limited	20.1.7	1,067,839,766	1,237,923,620
	– Bank Alfalah Limited	20.1.8	983,474,890	1,056,541,890
	– Habib Metropolitan Limited			
	– Long term finance facility – I	20.1.9	179,246,000	206,264,000
	– Long term finance facility – II	20.1.10	93,760,000	93,760,000
	– Meezan Bank Limited	20.1.11	116,557,187	120,214,000
	– Askari Bank Limited	20.1.12	71,650,000	71,650,000
			4,879,134,573	5,732,823,306

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% (2023: 3.00% to 4.00%) per annum and are secured against joint pari passu charge of Rs. 200 million over the machinery financed by the bank.

20.1.2 The Company has arranged long term finance facilities amounting Rs. 1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs. 1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rate of 2.50% (2023: 2.50%) per annum and are secured against first charge of Rs. 2,000 million over the specific plant and machinery of the Company.

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

20.1.4 The Company has arranged long term finance facilities amounting Rs. 500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 404.372 million in eighteen tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commenced from different months of financial year 2022. These finances, during the year, carry mark–up at the rate of 2.85% (2023: 2.85%) per annum and are secured against first charge of Rs. 667 million with 25% margin over the specific plant and machinery of the Company.

20.1.5 The Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 960.357 million in seventeen 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% (2023: 2.50%) per annum and are secured against first pari passu charge of Rs. 1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Company.

20.1.6 The Company has arranged long term finance facilities amounting Rs. 1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranged from 2.50% to 3.50% (2023: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs. 2,000 million with 25% margin over the specific plant and machinery of the Company.

20.1.7 The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranged from 3.00% to 4.00% (2023: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs. 900 million with 25% margin over the specific plant and machinery of the Company.

20.1.8 The Company has arranged long term finance facility amounting Rs. 1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark–up at the rates ranged from 2.00% to 3.00% (2023: 2.00% to 3.00%) per annum and are secured against first joint pari passu charge of Rs. 1,333.340 million with 25% margin over the specific plant and machinery of the Company.

20.1.9 The Company has arranged a long term finance facility amounting Rs. 270 million from Habib Metropolitan Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly instalments commencing from different months of financial year 2023. These finances carry mark–up at the rate of 3.50% (2023: 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.

20.1.10 The company has arranged long term finance facility Rs. 250 million from Habib Metropolitan Bank Limited to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 93.760 million in single tranche and is repayable in 32 equal quarterly instalments commencing from February, 2025. This finance carry markup at the rate 3.50% (2023: 2.5%) per annum and are secured against Joint pari passu charge of Rs. 334 million over plant and machinery of the Company.

20.1.11 The Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranging from 3.50% to 5.50% (2023: 3.50% to 5.50%) per annum and are secured against first pari passu charge over all present and future plant and machinery of the Company with 25% margin.

20.1.12 The Company has arranged a long term finance facility amounting Rs. 500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 71.65 million in a two tranches during the preceding years. The loan is repayable in 32 equal quarterly instalments 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.

		Note	2024 Rupees	2023 Rupees
20.2	**Movement in Gas Infrastructure Development Cess payable**			
	Balance of provision for GIDC	20.2.1	321,405,620	311,317,527
	Unwinding of interest		4,327,536	10,088,093
			325,733,156	321,405,620

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. STAFF RETIREMENT BENEFIT – Gratuity

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

	2024 Rupees	2023 Rupees
21.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	513,768,596	399,538,518
Charge to statement of profit or loss	210,768,934	165,980,320
Remeasurement recognized in statement of other comprehensive income	127,291,009	31,169,960
Payments made during the year	(135,023,726)	(82,920,202)
Net liability at the end of the year	716,804,813	513,768,596
21.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	513,768,596	399,538,518
Current service cost	138,252,215	118,534,930
Interest cost	72,516,719	47,445,390
Benefits paid	(135,023,726)	(82,920,202)
Remeasurements on obligation	127,291,009	31,169,960
Balance at end of the year	716,804,813	513,768,596
21.3 Expense recognized in statement of profit or loss		
Current service cost	138,252,215	118,534,930
Interest cost	72,516,719	47,445,390
	210,768,934	165,980,320
21.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	81,448,776	26,184,957
Actuarial loss	45,842,233	4,985,003
	127,291,009	31,169,960
21.5 Actuarial assumptions used		
Discount rate used for year-end obligation	14.75%	16.25%
Expected rate of increase in future salaries	14.75%	15.25%
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

21.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(669,903,114)	770,607,739
Increase in future salaries	1.00%	771,989,988	(667,774,665)

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

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

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs. 280.79 million.

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

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	Rupees				
As at June 30, 2024	121,093,078	276,344,833	425,099,584	20,769,459,792	21,591,997,287

21.10 Historical information:

	2024	2023	2022	2021	2020
	Rupees				
Present value of defined benefit obligation	716,804,813	513,768,596	399,538,518	341,556,615	310,591,147
Experience adjustment on obligation / actuarial loss	127,291,009	31,169,960	(1,673,946)	(10,707,520)	15,768,827

	2024 Rupees	2023 Rupees
22. DEFERRED TAXATION – Net		
The balance of deferred tax is in respect of following major temporary differences		
Taxable temporary differences arising in respect of:		
– accelerated tax depreciation allowance	–	169,493,254
– unrealised fair value gain on investments	124,950,159	1,784,078
	124,950,159	171,277,332
Deductible temporary differences arising in respect of:		
– staff retirement benefit – gratuity	279,553,876	22,602,222
– provision for slow moving inventory	4,383,985	519,673
– provision for doubtful tax refunds	57,132,925	12,099,464
– provision for impairment in trade debts	121,359,950	7,914,889
	462,430,736	43,136,248
Deferred tax (asset) / liability	(337,480,577)	128,141,084

22.1 The Company's income for the current and preceding tax year falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. In light of recent changes in the tax laws, made via Finance Act, 2024, the Company's income for tax year 2025 and onwards will now fall under normal tax regime. The Company has calculated its temporary differences in view of opinion sought from its legal counsel on changes in tax regime.

		Note	2024 Rupees	2023 Rupees
23.	**TRADE AND OTHER PAYABLES**			
	Trade creditors	23.1	1,881,322,034	1,722,753,092
	Accrued expenses		1,264,430,445	1,442,961,298
	Bills payable	23.2	810,894,810	1,589,958,553
	Sindh government infrastructure fee	23.3	754,585,642	594,540,546
	Workers' profit participation fund	23.4	14,682,955	197,175,906
	Workers' welfare fund	23.5	–	269,150,976
	Others		16,151,083	3,126,447
			4,742,066,969	5,819,666,818
23.1	**These balances include the following amounts due to related parties:**			
	Reliance Cotton Spinning Mills Ltd.		43,904,583	535,370,738
	Amer Cotton Mills Ltd.		108,729,232	208,654,750
	Sapphire Textile Mills Ltd.		40,178,384	–
	Diamond Fabrics Ltd.		47,861	–
	Sapphire Finishing Mills Ltd.		5,293,460	69,393
			198,153,520	744,094,881

23.2 These are secured against import documents.

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

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

As at June 30, 2024, the Company has provided bank guarantees aggregating Rs. 716.950 million (2023: Rs. 596.950 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.

		2024 Rupees	2023 Rupees
23.4	**Workers' profit participation fund**		
	Balance at beginning of the year	197,175,906	268,466,172
	Add: interest on funds utilized by the Company	2,084,332	4,213,951
		199,260,238	272,680,123
	Less: payments made during the year	199,260,238	272,680,123
		–	–
	Add: allocation for the year	14,682,955	197,175,906
	Balance at end of the year	14,682,955	197,175,906

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

		Note	2024 Rupees	2023 Rupees
24.	**ACCRUED MARK–UP / INTEREST**			
	Mark–up / interest accrued on:			
	– long term finances		44,574,877	54,317,612
	– short term borrowings		160,969,001	306,306,601
			205,543,878	360,624,213
25.	**SHORT TERM BORROWINGS**			
	Running / cash finances – secured	25.1	7,655,369,676	7,594,853,715
	Running Musharaka finance	25.1	458,909,062	1,276,862,206
	Temporary bank overdraft – unsecured	25.2	3,075,587	–
			8,117,354,325	8,871,715,921

25.1 Short term finance facilities available from various commercial / Islamic banks under mark–up arrangements aggregate to Rs. 26,900 million (2023: Rs. 27,300 million). These finance facilities, during the year, carried mark–up at the rates ranged from 16.25% to 23.99% (2023: 2.25% to 22.94%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs. 49,593 million (2023: Rs. 71,697 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. 20,930 million (2023: Rs. 19,030 million) out of which the amount remained unutilized at the year–end was Rs. 12,926.131 million (2023: Rs. 6,345.704 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 September 30, 2025.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024 Rupees	2023 Rupees
26.	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Current portion of long term finances	20	965,335,232	860,247,818
	Current portion of Gas Infrastructure			
	Development Cess payable	20	325,733,156	312,276,704
			1,291,068,388	1,172,524,522

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Outstanding bank guarantees

Guarantees aggregating Rs. 1,213.131 million (2023: Rs. 1,075.018 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

		2024 Rupees	2023 Rupees
27.2	**Commitments**		
	Commitments in respect of :		
	– letters of credit for capital expenditure	944,042,713	1,235,628,309
	– letters of credit for purchase of raw materials		
	and stores, spare parts & chemicals	1,534,011,443	2,677,418,828
	– capital expenditure other than letters of credit	147,714,378	216,929,844
	– foreign & local bills discounted	3,501,789,032	1,357,638,826

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, 2024

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

For the year ended June 30, 2023

	Spinning	Knits	Denim	Total
	Rupees			
Types of goods and services				
Local sales				
– Yarn	5,322,492,736	25,887,755	–	5,348,380,491
– Fabric	–	330,652,052	3,284,684,021	3,615,336,073
– Garments	–	103,019,883	–	103,019,883
– Waste	282,373,318	89,538,412	118,518,053	490,429,783
– Raw materials	156,281,068	–	–	156,281,068
– Local steam income	12,893,101	–	–	12,893,101
– Processing income	7,019,182	343,453,156	4,662,221	355,134,559
	5,781,059,405	892,551,258	3,407,864,295	10,081,474,958
Export Sales				
– Yarn	18,439,024,997	198,770,584	–	18,637,795,581
– Fabric	–	1,579,952,200	8,694,731,073	10,274,683,273
– Garments	–	9,244,996,516	–	9,244,996,516
– Waste	705,139,631	–	–	705,139,631
	19,144,164,628	11,023,719,300	8,694,731,073	38,862,615,001
Export rebate				
– Yarn	1,367,605	–	–	1,367,605
– Fabric	–	5,699,384	11,376,855	17,076,239
– Garments	–	77,628,851	–	77,628,851
	1,367,605	83,328,235	11,376,855	96,072,695
Less: sales tax	1,311,282,302	174,646,140	1,107,243,664	2,593,172,106
	23,615,309,336	11,824,952,653	11,006,728,559	46,446,990,548
Timing of revenue recognition				
Goods transferred at a point in time	23,608,290,154	11,481,499,497	11,002,066,338	46,091,855,989
Services rendered at a point in time	7,019,182	343,453,156	4,662,221	355,134,559
	23,615,309,336	11,824,952,653	11,006,728,559	46,446,990,548

28.1 This includes indirect export of Rs. 11,591.80 million (2023: Rs. 8,219.70 million).

28.2 Waste sales include sale of comber noil.

28.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 296.70 million (2023: Rs. 964.099 million) has been included in export sales.

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

	2024 Rupees	2023 Rupees
Africa	2,254,048,373	2,118,944,256
Asia	27,393,925,700	24,451,584,555
Australia/Oceania	76,219,528	1,225,725,483
Europe	8,189,082,472	13,151,927,959
North America	9,290,768,749	5,387,936,904
South America	216,166,454	110,871,391
	47,420,211,276	46,476,990,548

28.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. Out of total contract liabilities outstanding at June 30, 2023 amounting to Rs. 727.672 million, an amount of Rs. 373.168 million has been recognized as revenue during the year.

		Note	2024 Rupees	2023 Rupees
29.	**COST OF SALES**			
	Finished goods at beginning of the year		3,459,768,225	3,153,668,218
	Cost of goods manufactured	29.1	41,772,208,646	37,777,362,915
	Cost of raw materials sold		500,105,973	58,827,159
			42,272,314,619	37,836,190,074
			45,732,082,844	40,989,858,292
	Finished goods at end of the year		(3,976,618,720)	(3,459,768,225)
			41,755,464,124	37,530,090,067
29.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		1,264,365,323	1,296,808,329
	Raw materials consumed	29.2	30,146,218,909	27,149,015,671
	Salaries, wages and benefits	29.3	3,332,177,394	2,730,053,659
	Packing stores consumed		538,008,915	432,926,575
	General stores consumed		833,243,880	637,635,253
	Processing charges		1,238,540,264	2,284,419,161
	Depreciation	4.2	1,013,885,864	967,174,741
	Fuel and power		4,325,580,456	3,220,833,912
	Repair and maintenance		128,780,194	49,163,471
	Insurance		91,993,808	88,129,519
	Vehicles' running		83,828,574	68,553,215
	Travelling and conveyance		101,786,895	56,462,041
	Printing and stationery		646,459	132,739
	Legal and professional charges		12,668,391	13,441,878
	Fee and subscription		20,660,377	11,239,578
	Entertainment		23,439,642	21,829,219
	Telephone		4,687,617	3,418,764
	Postage		1,162,521	1,767,924
	Rent, rates and taxes		7,063,392	8,722,589
			43,168,738,875	39,041,728,238
	Work-in-process at end of the year		(1,396,530,229)	(1,264,365,323)
			41,772,208,646	37,777,362,915

		2024 Rupees	2023 Rupees
29.2	**Raw materials consumed**		
	Stocks at beginning of the year	7,168,395,961	8,765,301,137
	Purchases	30,345,687,112	25,552,110,495
		37,514,083,073	34,317,411,632
	Stocks at end of the year	(7,367,864,164)	(7,168,395,961)
		30,146,218,909	27,149,015,671

29.3 Salaries, wages and benefits include Rs. 210.769 million (2023: Rs. 165.980 million) in respect of staff retirement benefit – gratuity and Rs. 28.295 million (2023: Rs. 23.715 million) contribution in respect of staff provident fund.

		Note	2024 Rupees	2023 Rupees
30.	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	127,924,003	108,220,087
	Travelling, conveyance and entertainment		65,296,579	47,682,465
	Vehicles' running		5,139,178	5,254,817
	Telephone		756,753	711,463
	Postage		48,512,062	35,126,207
	Printing and stationery		8,726	3,186
	Sample expenses		360,660	91,608
	Commission:			
	– local		30,038,548	29,941,361
	– export		354,624,104	484,849,926
			384,662,652	514,791,287
	Freight and forwarding:			
	– local		21,204,834	14,100,156
	– export		753,078,436	749,982,065
			774,283,270	764,082,221
	Export development surcharge		71,472,178	68,326,133
	Other export expenses		48,761,158	58,676,161
	Sales promotion		237,614,942	252,186,216
	Provision for expected credit loss in trade debts		–	95,953,341
			1,764,792,161	1,951,105,192

30.1 Salaries and other benefits include Rs. 4.75 million (2023: Rs. 3.80 million) in respect of contribution to staff provident fund.

	Note	2024 Rupees	2023 Rupees
31. ADMINISTRATIVE EXPENSES			
Directors' remuneration		36,000,000	36,000,000
Director's meeting fee		1,410,000	1,100,000
Salaries and other benefits	31.1	362,315,742	304,629,639
Telephone		12,252,405	6,856,751
Postage		461,975	530,914
Fee and subscription		10,613,045	8,916,318
Legal and professional charges		22,625,743	18,692,538
Entertainment		16,074,186	4,489,128
Travelling and conveyance		10,933,599	13,291,692
Printing and stationery		8,777,072	6,278,091
Rent, rates and taxes		10,115,688	10,873,855
Advertisement		297,580	1,046,840
Electricity, gas and water		11,679,893	7,947,592
Repair and maintenance		22,876,112	26,363,406
Vehicles' running		38,351,358	27,851,809
Charity and donations	31.2	36,000	18,473,750
Insurance		624,340	383,455
Depreciation	4.2	45,702,197	31,476,137
Amortization of intangible assets	6	2,146,989	1,130,217
		613,293,924	526,332,132

31.1 Salaries and other benefits include Rs. 13.158 million (2023: Rs. 10.159 million) in respect of contribution to staff provident fund.

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

Preceding year include donations amounted Rs. 14.143 million were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

		Note	2024 Rupees	2023 Rupees
32.	**OTHER INCOME**			
	Income from financial assets			
	Dividend income from:			
	– related parties		1,733,310,071	867,500,310
	– others		1,370,483,005	712,319,968
			3,103,793,076	1,579,820,278
	Interest income on bank deposits		2,871,868	789,434
	Mark–up earned on loan to a related parties		183,651,612	123,370,840
	Mark–up earned on term finance certificates		11,819,767	9,453,589
	Amortisation of deferred income – government grant		–	1,178,823
			3,302,136,323	1,714,612,964
	Income from assets other than financial assets			
	Gain on disposal of operating fixed assets	4.5	16,734,375	16,837,847
	Gain on sale of store and spares		907,714	4,976,057
	Scrap sales [Net of sales tax aggregating Rs.13.496 million (2023: Rs.14.241 million)]		69,824,209	77,646,851
	Exchange gain		75,266,672	57,599,225
	Reversal of provision for doubtful tax refunds		–	92,933,599
	Reversal of provision for ECL in trade debts	11.5	33,417,778	–
	Reversal of Workers' welfare fund	23.5	266,505,513	
			462,656,261	249,993,579
			3,764,792,584	1,964,606,543
33.	**OTHER EXPENSES**			
	Workers' profit participation fund	23.4	14,682,955	197,175,906
	Workers' welfare fund		–	124,385,274
	Auditors' remuneration		3,151,241	3,607,450
	Provision for doubtful tax refunds	16.1	36,147,782	–
			53,981,978	325,168,630
33.1	**Auditors' remuneration**			
	– statutory audit		2,475,000	2,152,150
	– half yearly review		307,100	267,000
	– review of code of corporate governance review		90,900	79,000
	– audit of retirement funds and workers' profit participation fund		405,890	259,900
	– (Over) / under provision		(277,649)	699,400
	– out–of–pocket expenses		150,000	150,000
			3,151,241	3,607,450

		Note	2024 Rupees	2023 Rupees
34.	**FINANCE COST**			
	Mark–up / interest on long term finances		164,055,712	192,894,711
	Mark–up / interest on short term borrowings		2,431,128,725	1,604,542,742
	Interest on workers' profit participation fund	23.4	2,084,332	4,213,951
	Unwinding effect of long term liabilities	20.2	4,327,536	10,088,093
	Bank and other financial charges		182,188,799	172,283,129
			2,783,785,104	1,984,022,626
35.	**LEVIES AND INCOME TAXATION**			
35.1	**Final tax levy**			
	Levy:			
	– for the year	35.2	1,193,918,268	877,523,037
	– for prior year		27,608,109	(478,946)
			1,221,526,377	877,044,091

35.2 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. As explained in note 2.5 the liability shall be the final tax fall under levy within the scope of IFRIC 21 / IAS 37.

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

		2024 Rupees	2023 Rupees
35.4	**Income tax**		
	Current tax for the year	141,780,551	86,417,209
	Deferred tax	(522,652,099)	10,630,364
		(380,871,548)	97,047,573

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

	2024 Rupees	2023 Rupees
Current tax liability for the year as per applicable tax laws	1,335,698,819	963,940,246
Portion of current tax liability as per tax laws, representing income tax under IAS 12	141,780,551	86,417,209
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,193,918,268	877,523,037
Difference	–	–

		2024 Rupees	2023 Rupees
36.	**EARNINGS PER SHARE**		
36.1	**Basic earnings per share**		
	Net profit for the year	3,373,031,740	5,120,786,780
		Number of shares	
	Weighted average ordinary shares in issues	20,671,875	20,671,875
		Rupees	
	Earnings per share	163.17	247.72

36.2 Diluted earnings per share

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

		Note	2024 Rupees	2023 Rupees
37.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		4,213,686,569	6,094,878,444
	Adjustments for non–cash charges and other items			
	Depreciation		1,059,588,061	998,650,878
	Amortization		2,146,988	1,130,217
	Amortization of deferred income – Government grant		–	(1,178,823)
	Staff retirement benefit – gratuity		210,768,934	165,980,320
	(Reversal) / provision for slow moving items		(571,632)	286,138
	Dividend and interest income		(3,118,484,711)	(1,590,063,301)
	Gain on sale of stores and spares		(907,714)	(4,976,057)
	Gain on disposal of operating fixed assets		(16,734,375)	(16,837,847)
	Provision for workers' profit participation fund		14,682,955	197,175,906
	(Reversal) / provision for workers' welfare fund		(266,505,513)	124,385,274
	(Reversal) / provision for impairment of trade debts – net		(33,417,778)	95,953,341
	Provision for / (reversal) of doubtful tax refunds		36,147,782	(92,933,599)
	Finance cost		2,783,785,104	1,984,022,626
	Working capital changes	37.1	523,467,481	(2,295,154,702)
			5,407,652,151	5,661,318,815

		2024 Rupees	2023 Rupees
37.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(318,340,304)	(209,041,384)
	Stock-in-trade	(387,795,726)	(158,801,048)
	Trade debts	1,883,859,708	(2,465,299,631)
	Loans and advances	(167,332,410)	211,042,998
	Long term deposits	(1,521,800)	–
	Deposits, other receivables and sale tax	(183,570,593)	58,353,305
		825,298,875	(2,563,745,760)
	Increase in trade and other payables	(301,831,394)	268,591,058
		523,467,481	(2,295,154,702)

38. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2024	2023	2024	2023
	Rupees			
Managerial remuneration	24,001,200	24,001,200	333,742,080	232,112,446
Contribution to provident fund trust	–	–	27,241,633	18,886,904
House rent and utilities	11,998,800	11,998,800	158,009,373	108,936,805
Medical	–	–	6,623,313	4,539,730
Leave encashment / bonus	–	–	62,271,616	48,640,574
Other benefits	–	–	32,878,122	24,076,293
	36,000,000	36,000,000	620,766,137	437,192,752
Number of persons	1	1	113	79

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs. 1,410 thousand (2023: Rs. 1,100 thousand) was paid to two non-executive director.

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

39. 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%
Sapphire Properties Limited (SPL)	Subsidiary Company	100%
Sapphire Cement Company Limited	Subsidiary Company	100%
Reliance Cotton Spinning Mills Ltd.	Common directorship	1.35%
SFL Ltd.	Common directorship	0.051%
Sapphire Power Generation Ltd.	Common directorship	17.63%
Sapphire Finishing Mills Ltd.	Common directorship	–
Neelam Textile Mills Ltd.	Common directorship	–
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.		
SANIFA Agri Services Ltd.		

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.

	2024 Rupees	2023 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Dividend received	1,732,695,599	866,347,800
Loan provided	64,577,541	279,483,031
Mark–up charged	183,651,612	123,370,839
Expenses charges to	764,735	283,955
ii) Associated Companies		
Sales of:		
– raw material / yarn / fabric / stores	937,391,991	299,807,371
Purchases:		
– raw material / yarn / fabric / stores	3,750,394,371	3,303,070,730
– assets	475,000,000	7,000,000
Services:		
– rendered	69,987,570	5,555,639
– obtained	10,929,430	81,151
Expenses charged by	100,139,278	51,092,118
Expenses charged to	94,804,682	102,936,191
Dividend:		
– received	356,864,472	66,921,675
– paid	111,201,540	107,150,550
iii) Key management personnel		
Salary and other employment benefits	148,335,486	130,505,156
iv) Retirement Fund		
Contribution towards provident fund	48,651,589	40,173,889

40. FINANCIAL RISK MANAGEMENT

40.1 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.40.4, the financial assets exposed to credit risk aggregated to Rs. 15,418.841 million as at June 30, 2024 (2023: Rs. 13,373.128 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 94% (2023: 92%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2024 Rupees	2023 Rupees
Long term investments	5,220,935,801	2,662,106,905
Long term loans	365,570	1,510,000
Long term deposits	62,018,345	60,496,545
Trade debts	5,742,676,672	7,626,536,380
Loans and advances	2,620,000	2,023,769
Trade deposits	2,275,676	38,976,727
Short term investments	2,954,959,698	1,609,381,756
Other receivables	777,402,487	1,018,467,580
Bank balances	655,587,009	353,628,421
	15,418,841,258	13,373,128,083

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

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

	2024 Rupees	2023 Rupees
Domestic	3,259,591,839	2,354,289,075
Export	2,483,084,833	5,272,247,305
	5,742,676,672	7,626,536,380

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:

	2024 Rupees	2023 Rupees
Yarn	2,910,454,162	4,380,311,794
Fabric	1,976,249,814	2,059,852,009
Garments	725,796,610	901,534,642
Waste	130,176,086	284,837,935
	5,742,676,672	7,626,536,380

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	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A–1+	AA+	PACRA
Bank Al–Habib Limited	A–1+	AAA	PACRA
Soneri Bank Limited	A–1+	AA–	PACRA
Dubai Islamic Bank	A–1+	AA	JCR–VIS
Allied Bank Limited	A–1+	AAA	PACRA
Askari Bank Limited	A–1+	AA+	PACRA
Bank Alfalah Limited	A–1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A–1+	AAA	PACRA

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

(b) Liquidity risk

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

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2023					
Long term finances	5,732,823,306	6,392,247,532	1,050,158,808	3,887,804,633	1,454,284,091
Trade and other payables	4,758,799,390	4,758,799,390	4,758,799,390	–	–
Accrued mark-up / interest	360,624,213	360,624,213	360,624,213	–	–
Short term borrowings	8,871,715,921	9,729,035,339	9,729,035,339	–	–
Unclaimed dividend	7,213,927	7,213,927	7,213,927	–	–
	19,731,176,757	21,247,920,401	15,905,831,677	3,887,804,633	1,454,284,091

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), Chinese Yuan (CNY) and Dirham (AED) is as follows:

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

	Rupees	U.S. $	Euro	CNY	CHF
For the year ended June 30, 2023					
Bills payables	1,589,958,553	5,027,515	466,347	–	–
Advance payments	609,183,430	2,210,388	–	–	–
	2,199,141,983	7,237,903	466,347	–	–
Trade debts	(5,272,247,305)	(18,660,691)	–	–	–
Bank balances	(319,724,351)	(1,115,577)	–	–	–
Net balance sheet exposure	(3,392,829,673)	(12,538,365)	466,347	–	–
Outstanding letters of credit	3,913,047,137	11,540,329	1,554,567	493,200	285,282
	520,217,464	(998,036)	2,020,914	493,200	285,282

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
	Rupees			
U.S. Dollar to Rupee	285.99	251.74	278.80 / 278.30	287.10 / 286.60
Euro to Rupee	312.52	247.02	298.41 / 297.88	314.27 / 313.72
Swiss Frank to Rupee	330.97	250.88	309.71 / 309.16	320.90 / 320.34
CNY to Rupee	39.58	40.23	38.53 / 38.47	39.98 / 39.91
Japanese Yen to Rupee	2.06	1.5945	1.7305 / 1.7274	2.0013 / 1.9978
AED ro Rupee	76.19	–	76.37 / 76.23	–

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

	2024 Rupees	2023 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(125,870,275)	(359,349,541)
Euro to Rupee	(20,149,586)	14,630,238
CNY to Rupee	796,296	–
JPY to Rupee	109,437	–
	(145,223,566)	(344,719,303)

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:

	2024	2023	2024	2023
	Effective rate		Carrying amount	
	%	%	Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	15.50 to 20.50	9.00 to 13.86	6,040,000	6,040,000
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 9.50	4,674,269,573	5,527,958,306
Variable rate instruments				
Financial liabilities				
Long term finances	4.00 to 23.91	15.81 to 22.98	204,865,000	204,865,000
Short term borrowings	16.25 & 23.99	2.25 & 22.94	8,114,278,738	8,871,715,921

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, 2024, if the interest rate on the Company's variable rate borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs. 83.191 million (2023: Rs. 90.766 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. 8,176.702 million (2023: Rs. 4,272.295 million) are exposed to price risk due to changes in market price.

At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the period / year would have higher / (lower) by Rs. 817.670 million (2023: Rs. 427.229 million).

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

40.2 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. 8,176.702 million (2023: Rs. 4,272.295 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.

40.3 Capital risk management

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

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

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

	2024 Rupees	2023 Rupees
Total borrowings	13,319,146,467	14,925,944,847
Less: cash and bank balances	662,222,792	359,991,393
Net debt	12,656,923,675	14,565,953,454
Total equity	34,560,083,705	27,708,665,870
Total capital	47,217,007,380	42,274,619,324
Gearing ratio	27%	34%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

40.4 Financial instruments by category

	As at June 30, 2024			As at June 30, 2023		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
Financial assets as per statement of financial position						
Long term investments	–	5,220,935,801	5,220,935,801	–	2,662,106,905	2,662,106,905
Long term loans	365,570	–	365,570	1,510,000	–	1,510,000
Long term deposits	62,018,345	–	62,018,345	60,496,545	–	60,496,545
Trade debts	5,742,676,672	–	5,742,676,672	7,626,536,380	–	7,626,536,380
Loans and advances	2,620,000	–	2,620,000	2,023,769	–	2,023,769
Trade deposits	2,275,676	–	2,275,676	38,976,727	–	38,976,727
Short term investments	–	2,954,959,698	2,954,959,698	–	1,609,381,756	1,609,381,756
Other receivables	1,229,181,096	–	1,229,181,096	1,401,520,256	–	1,401,520,256
Cash and bank balances	662,222,792	–	662,222,792	359,991,393	–	359,991,393
	7,701,360,151	8,175,895,499	15,877,255,650	9,491,055,070	4,271,488,661	13,762,543,731

	Financial liabilities measured at amortised cost	
	2024 Rupees	2023 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	5,249,442,606	6,108,546,538
Trade and other payables	3,972,798,372	4,758,799,390
Unclaimed dividend	8,072,375	7,213,927
Short term borrowings and accrued mark-up	8,278,323,326	9,178,022,522
	17,508,636,679	20,052,582,377

41. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
	Rupees		
Balance as at July 01, 2023	5,732,823,306	8,871,715,921	7,213,927
Changes from financing activities			
Finances obtained	–	–	–
Finances repaid	(853,688,733)	(754,361,596)	–
Dividends paid	–	–	(205,860,302)
Dividend declared	–	–	206,718,750
Total changes from financing cash flows	4,879,134,573	8,117,354,325	8,072,375
Other changes / adjustments	–	–	–
Balance as at June 30, 2024	4,879,134,573	8,117,354,325	8,072,375

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
		Rupees	
Balance as at July 01, 2022	6,405,605,255	10,968,082,484	6,670,826
Changes from financing activities			
Finances obtained	152,410,000	(2,096,366,563)	–
Finances repaid	(825,191,949)	–	–
Dividends paid	–	–	(206,175,649)
Dividend declared	–	–	206,718,750
Total changes from financing cash flows	5,732,823,306	8,871,715,921	7,213,927
Other changes / adjustments	–	–	–
Balance as at June 30, 2023	5,732,823,306	8,871,715,921	7,213,927

42. CAPACITY AND PRODUCTION

			2024	2023
42.1	**Spinning units**			
	Number of spindles installed		102,480	104,496
	Number of spindles worked		95,670	83,304
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	61,670,800	60,589,409
	Actual production after conversion into 20's count	Lbs.	50,167,530	45,597,270

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

			2024	2023
42.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		340	342
	Installed capacity	Lbs.	16,402,373	16,402,373
	Actual production	Lbs.	9,162,816	11,154,381
42.3	**Knitting unit**			
	Total number of days worked		327	340
	Installed capacity	Lbs.	13,812,440	14,612,963
	Actual production	Lbs.	4,638,483	5,262,136
42.3.1	Low production is due to low demand.			
42.4	**Stitching unit**			
	Installed capacity	Pcs.	9,600,000	9,600,000

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

			2024	2023
42.5	**Denim unit**			
	Total number of days worked		331	319
	Installed capacity	Mtrs.	20,400,000	20,400,000
	Actual production	Mtrs.	14,420,270	13,053,520
43.	**NUMBER OF EMPLOYEES**			
	Number of employees as at,		4,662	4,525
	Average number of employees as at,		4,591	4,607

44. PROVIDENT FUND RELATED DISCLOSURE

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

45. CORRESPONDING FIGURES

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

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date

46.1.1 The Board of Directors of the Parent Company, in their meeting held on September 27, 2024, 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, 2024, for approval of the members at the Annual General Meeting to be held on October 28, 2024. The Board of Directors also decided to reclassify a sum of Rs. 27.50 Billion from revenue reserves to separate capital reserves.

46.1.2 The Comapny has entered into an agreement with UPLHC I Limited and UPLHC II Limited; both companies incorporated in United Arab Emirates, to acquire 50% Shares of UCH Power (Private) Limited which is fully owned by UPLHC I Limited and UPLHC II Limited.

46.1.3 The Comapny has entered into an agreement with International Power UCH Holdings B.V, acompany incorporated in the Netherlands, to acquire 50% shares of UCH–II Power (Private) Limited which is fully owned by International Power UCH Holdings B.V.

46.2 Date of authorisation for issue

These financial statements were authorized for issue on September 27, 2024 by the Board of Directors of the Company.

Chief Executive Officer | **Director** | **Chief Financial Officer**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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 (Private) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited, Sapphire Power Limited and Sapphire Properties (Private) Limited for the year ended June 30, 2024. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Sapphire Electric Company Limited (SECL)

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

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

Premier Cement Limited (PCL)

Premier Cement Limited was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance, 1984. SFL holds 100% shares of PCL as on 30th June, 2024.

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

Sapphire Cement Company Limited (SCCL)

Sapphire Cement Company Limited was incorporated in Pakistan as an unlisted public company limited by shares under Companies Ordinance 1984 during the period. SFL holds 100% shares of SCCL as on 30th June, 2024.

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

Sapphire Hydro Limited (SHL)

Sapphire Hydro Limited 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, Khyber Pakhtunkhwa.

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 (SEPL)

Sapphire Energy (Private) Limited 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 30th June, 2024.

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

Ignite Power (Private) Limited (IPPL)

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

Sapphire Mining Exploration (Private) Limited (SMEL)

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

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

Sapphire Properties (Private) Limited (SPPL)

Sapphire Properties (Private) Limited was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on August 5, 2022. The purpose of Company is to invest in real estate projects. SPPL is a wholly owned subsidiary of Sapphire Fibres Limited.

For and on behalf of the Board of Directors

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Lahore:
Dated: September 27, 2024

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL)

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) پیرنٹ کمپنی سفائر فائبرز لمیٹڈ کی ذیلی کمپنی سفائر انرجی پرائیویٹ لمیٹڈ کی ٪99.93 ملکیتی ذیلی کمپنی ہے۔ اگنائٹ پاور (پرائیویٹ) لمیٹڈ (آئی پی پی ایل) 03 جولائی 2019ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سولر انرجی سسٹم کے استعمال اور توانائی کی تمام دیگر شکلوں اور مصنوعات یا اس سے متعلقہ خدمات سمیت پاور پروجیکٹس حاصل کرنے اور ترقی دینے کا ارادہ رکھتی ہے۔

سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (SMEL)

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

ایس ایم ای ایل سفائر فائبرز لمیٹڈ کی ذیلی کمپنی پریمئر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر بلڈنگ میٹریلز لمیٹڈ (SBML)

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

ایس بی ایم ایل سفائر فائبرز لمیٹڈ کی ذیلی کمپنی پریمئر سیمنٹ لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔

سفائر پاور لمیٹڈ (SPL)

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

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (SPPL)

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (ایس پی پی ایل) 5 اگست 2022ء کو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ کمپنی کا مقصد رئیل اسٹیٹ کے منصوبوں میں سرمایہ کاری کرنا ہے۔

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ، سفائر فائبرز لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے۔

منجانب بورڈ آف ڈائریکٹرز

(شاہد عبداللہ)
چیف ایگزیکٹو

(شایان عبداللہ)
ڈائریکٹر

لاہور
27 ستمبر 2024

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30جون 2024ء کو ختم ہونے والے سال کے لئے سفائر فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفائر الیکٹرک کمپنی لمیٹڈ، پریمیئر سیمنٹ لمیٹڈ، سفائر سیمنٹ کمپنی لمیٹڈ، سفائر ہائیڈرو لمیٹڈ، سفائر انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفائر بلڈنگ میٹریلز لمیٹڈ، سفائر پاور لمیٹڈاور سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار -27 (اشتمال شدہ اور الگ مالی گوشوارے)کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفائر الیکٹرک کمپنی لمیٹڈ (SECL)

سفائر الیکٹرک کمپنی لمیٹڈ(ایس ای سی ایل) 18 جنوری 2005ء کو کمپنیز آرڈیننس، 1984ء کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11٪ (2023 : 68.11٪)حصص کیپٹل کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے حامل کمبائنڈ سائیکل پاور سٹیشن کی ملکیت کوچلانا اور برقرار رکھناہے۔

پریمیئر سیمنٹ لمیٹڈ(PCL)

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30جون 2024ء کے مطابق پی سی ایل کے 100٪ حصص کی مالک ہے۔

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

سفائرسیمنٹ کمپنی لمیٹڈ (SCCL)

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ءکو کمپنیز آرڈیننس 1984ء کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30جون 2024ء کے مطابق ایس سی سی ایل کے 100٪ حصص کی مالک ہے۔

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

سفائر ہائیڈرولمیٹڈ(SHL)

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

سفائر ہائیڈرو لمیٹڈ (ایس ایچ ایل) پیرنٹ کمپنی سفائر فائبرز لمیٹڈ کی ذیلی کمپنی سفائر الیکٹرک کمپنی لمیٹڈکی ایک مکمل ملکیتی ذیلی کمپنی ہے ۔

سفائرانرجی (پرائیویٹ)لمیٹڈ (SEPL)

سفائرانرجی (پرائیویٹ)لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ءکو کمپنیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل30جون 2024ء کے مطابق ایس ای پی ایل کے 100٪ حصص کی مالک ہے۔

ایس ای پی ایل بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائعات، کیمیکل اور پٹرولیم مصنوعات کی ہینڈلنگ، ری گیسی فیکیشن، اسٹوریج، ٹریٹمنٹ اور پروسیسنگ کے لئے ایک ٹرمینل چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAPPHIRE FIBRES LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit 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, 2024. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy. Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved. For these reasons we considered it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. - Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. - Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. - Visited the mills where significant capital projects are ongoing to understand the nature of the projects. - Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. - Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. - The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of the Companies Act, 2017.

S. No.	Description	How the matter was addressed in our audit
2	**Valuation of stock-in-trade** The total value of stock in trade as at the reporting date amounted to Rs.15.192 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the consolidated financial statements. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks. We identified this matter as key in our audit due to the judgement and assumption applied by the Group in determining the cost and NRV of stock in trade at the year-end.	We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps: - Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. - Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. - Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. - Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. - Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. - Tested the cost of inventories for finished goods and performed NRV test to 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.

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Shinewing Hameed Chaudhri & co.

Lahore: October 01, 2024
UDIN: AR202410104IJeP4bxUY

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	26,263,263,686	25,941,999,805
Investment property	5	31,750,000	31,750,000
Intangible assets	6	8,270,237	10,417,225
Long term investments	7	8,753,485,328	5,649,807,415
Long term loans	8	5,365,570	4,400,000
Deferred taxation	22	307,761,674	-
Long term deposits		63,948,145	62,426,345
		35,433,844,640	31,700,800,790
Current assets			
Stores, spare parts and loose tools	9	1,300,088,673	973,556,680
Stock-in-trade	10	15,192,244,890	14,806,602,454
Trade debts	11	17,715,725,180	19,608,973,872
Loans and advances	12	777,414,249	592,488,078
Trade deposits and short term prepayments	13	82,868,660	121,116,289
Short term investments	14	4,064,853,287	3,243,639,904
Other receivables	15	2,024,988,152	1,748,760,568
Tax refunds due from Government	16	3,076,135,765	2,567,218,953
Cash and bank balances	17	1,832,065,719	1,399,220,229
		46,066,384,575	45,061,577,027
Total assets		81,500,229,215	76,762,377,817
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	5,033,306,365	1,531,851,130
Unappropriated profit		43,160,723,124	39,301,687,521
Equity attributable to shareholders of the Parent Company		48,400,748,239	41,040,257,401
Non-controlling interest		7,031,568,261	6,955,409,522
Total equity		55,432,316,500	47,995,666,923
Non current liabilities			
Long term liabilities	20	3,913,799,341	4,881,704,404
Staff retirement benefit - gratuity	21	716,804,813	513,768,596
Deferred taxation	22	-	140,579,850
		4,630,604,154	5,536,052,850
Current liabilities			
Trade and other payables	23	7,935,741,567	8,750,053,148
Contract liabilities		1,051,457,307	727,672,349
Accrued mark-up / interest	24	213,277,317	469,764,094
Short term borrowings	25	9,149,051,771	10,901,144,743
Current portion of long term liabilities	20	1,291,068,388	1,172,524,522
Unclaimed dividend	26	125,374,785	241,818,718
Provision for taxation		1,671,337,426	967,680,470
		21,437,308,561	23,230,658,044
Total liabilities		26,067,912,715	28,766,710,894
Contingencies and commitments	27		
Total equity and liabilities		81,500,229,215	76,762,377,817

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	(Restated) 2023 Rupees
Sales	28	67,545,307,699	65,461,810,451
Cost of sales	29	(58,880,099,450)	(52,977,346,444)
Gross profit		8,665,208,249	12,484,464,007
Distribution cost	30	(1,764,792,161)	(1,951,105,192)
Administrative expenses	31	(799,850,933)	(713,120,404)
Other income	32	1,661,729,579	1,130,995,368
Other expenses	33	(70,681,812)	(357,180,997)
Profit from operations		7,691,612,922	10,594,052,782
Finance cost	34	(2,950,786,923)	(2,336,452,461)
		4,740,825,999	8,257,600,321
Share of profit from Associated Companies		883,116,420	527,780,697
Profit before revenue tax and income tax		5,623,942,419	8,785,381,018
Final taxes - levy	35.1	(1,233,356,305)	(877,044,091)
Profit before income tax		4,390,586,114	7,908,336,927
Income tax	35.2	360,402,745	(100,189,424)
Profit after taxation		4,750,988,859	7,808,147,503
Attributable to:			
- Shareholders of the Parent Company		3,863,507,674	6,785,885,192
- Non-controlling interest		887,481,185	1,022,262,311
		4,750,988,859	7,808,147,503
Earnings per share - attributable to the shareholders of Parent Company	36	186.90	328.27

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

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Profit after taxation	4,750,988,859	7,908,336,927
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised gain / (loss) on remeasurement of investment at fair value through other comprehensive income		
- long term	2,470,330,798	(286,436,679)
- short term	1,624,312,640	(360,914,703)
Impact of deferred tax	(123,166,081)	(1,784,078)
Realised (loss) / gain on sale of investment at fair value through other comprehensive income	(225,217,146)	103,841,047
Share of fair value gain / (loss) on remeasurement of investment at fair value through other comprehensive income by Associates	27,661,334	(5,273,523)
	3,773,921,545	(550,567,936)
Loss on remeasurement of staff retirement benefit obligation	(127,291,009)	(31,169,960)
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(1,239,258)	(467,724)
Impact of deferred tax	66,135,643	2,096,891
	(62,394,624)	(29,540,793)
	3,711,526,921	(580,108,729)
Items that will be reclassified to statement of profit or loss subsequently		
Forward foreign exchange contracts		
Share of unrealised gain on remeasurement of hedging instrument of Associates	137,617	701,360
Other comprehensive income / (loss) for the year	3,711,664,538	(579,407,369)
Total comprehensive income for the year	8,462,653,397	7,328,929,558
Attributable to:		
- Shareholders of the Parent Company	7,575,172,212	6,306,667,247
- Non-controlling interest	887,481,185	1,022,262,311
	8,462,653,397	7,328,929,558

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

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

		Reserves					Other components of equity				
		Capital	Revenue				Unrealised gain/(loss)				
	Issued, subscribed and paid-up capital	Share premium	Maintenance reserve	General	Unappropriated profit	Sub-Total	on financial assets at fair value through other comprehensive income	On hedging instruments	Sub-total	Total	Non-controlling interest
	Rupees										
Balance as at July 1, 2022	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,156,697	35,009,364,439	24,717,363	252,160	24,969,523	35,034,333,962	6,338,808,434
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	-	(405,661,223)
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	-	-	237,100,238	-	(237,100,238)	-	-	-	-	-	
Effect of items directly credited in equity by											
the Associated companies	-	-	-	-	6,164,366	6,164,366	-	-	-	6,164,366	-
Total comprehensive income for the											
year ended June 30, 2023	-	-									
Profit for the year	-	-	-	-	6,785,885,192	6,785,885,192	-	-	-	6,785,885,192	1,022,262,311
Other comprehensive income / (loss)	-	-	-	-	(29,540,793)	(29,540,793)	(550,567,936)	701,360	(549,866,576)	(579,407,369)	-
	-	-	-	-	6,756,344,399	6,756,344,399	(550,567,936)	701,360	(549,866,576)	6,206,477,823	1,022,262,311
Reclassification adjustment of realised											
gain on sale of investment at fair value											
through other comprehensive income	-	-	-	-	103,841,047	103,841,047	(103,841,047)	-	(103,841,047)	-	
Balance as at June 30, 2023	206,718,750	391,833,750	584,910,480	1,183,845,000	39,301,687,521	41,668,995,501	(629,691,620)	953,520	(628,738,100)	41,040,257,401	6,955,409,522
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	-	(811,322,446)
Final dividend related to the year ended											
June 30, 2023 at the rate of Rs.10 per share	-	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)	-
Transfer from unappropriated profit	-	-	(497,821,073)	-	497,821,073	-	-	-	-	-	-
Effect of items directly credited in equity by											
the Associated companies	-	-	-	-	(7,962,624)	(7,962,624)	-	-	-	(7,962,624)	-
Total comprehensive income for the											
year ended June 30, 2024											
Profit for the year	-	-	-	-	3,863,507,674	3,863,507,674	-	-	-	3,863,507,674	887,481,185
Other comprehensive income / (loss)	-	-	-	-	(62,394,624)	(62,394,624)	3,773,921,545	137,617	3,774,059,162	3,711,664,538	-
	-	-	-	-	3,801,113,050	3,801,113,050	3,773,921,545	137,617	3,774,059,162	7,575,172,212	887,481,185
Reclassification adjustment of realised											
gain on sale of investment at fair value											
through other comprehensive income	-	-	-	-	(225,217,146)	(225,217,146)	225,217,146	-	225,217,146	-	-
Balance as at June 30, 2024	206,718,750	391,833,750	87,089,407	1,183,845,000	43,160,723,124	45,030,210,031	3,369,447,071	1,091,137	3,370,538,208	48,400,748,239	7,031,568,261

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

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	9,019,452,504	5,447,503,883
Staff retirement benefit paid		(135,023,726)	(82,920,202)
Finance cost paid		(3,207,273,700)	(2,208,969,504)
Taxes paid		(706,439,698)	(635,838,629)
Workers' profit participation fund paid		21,651,495	(108,086,299)
Long term loans – net		965,570	53,750
Long term deposits		(1,521,800)	–
Net cash generated from operating activities		4,991,810,645	2,411,742,999
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,989,987,751)	(1,574,453,222)
Proceeds from disposal of operating fixed assets		28,505,123	39,166,004
Long and short term investments – net		(407,580,048)	(78,389,861)
Proceeds from sale of stores and spares		1,538,199	9,071,400
Proceeds from disposal of investments		235,841,266	4,146,007,424
Profit on bank deposits received		81,798,010	1,800,080
Dividend and interest income received		1,243,017,583	738,751,462
Net cash (used in) / generated from investing activities		(806,867,618)	3,281,953,287
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances – obtained		–	152,410,000
– repaid		(853,688,733)	(825,191,949)
Dividend paid		(1,134,485,129)	(170,513,331)
Short term borrowings – net		(1,763,923,675)	(4,122,762,483)
Net cash used in financing activities		(3,752,097,537)	(4,966,057,763)
Net increase in cash and cash equivalents		432,845,490	727,638,523
Cash and cash equivalents – at beginning of the year		1,399,220,229	671,581,706
Cash and cash equivalents – at end of the year		1,832,065,719	1,399,220,229

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

Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 – SEPL
– Sapphire Hydro Limited – SHL
– Ignite Power (Private) Limited – IPPL
– Sapphire Power Limited – SPL
– Sapphire Building Materials Limited – SBML
– Sapphire Mining Exploration Private Limited – SMEL
– Sapphire Properties (Private) Limited – SPPL

- **Sapphire Fibres Limited**

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- **Sapphire Electric Company Limited – SECL**

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

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

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

- **Premier Cement Limited – PCL**

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

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

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

- **Sapphire Cement Company Limited – SCCL**

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

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

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

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

Sapphire Energy (Pvt.) Limited – SEPL 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, Khyber Pakhtunkhwa. The subsidiary company is in setup phase and has not yet commenced commercial operations.

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

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

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

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

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

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

- **Sapphire Power Limited – SPL**

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

- **Sapphire Properties (Private) Limited – SPPL**

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

Lahore	Purpose
First Floor, Tricon Corporate Centre, 73–E Main Jail Road, Gulberg II.	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 fulfilment of certain terms and conditions mentioned in the Agreements:

– Mechanism of settlement of outstanding acknowledged overdue receivables aggregating Rs. 9,041.418 million as on November 30, 2020, in two installments which have been received in 2022.

– 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 prior 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, 2024, in the SECL is 68.11% (2023: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEPL 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 SEPL. The other companies PCL, SCCL ,SPL, SBML, SMEL and SPPL are wholly owned Subsidiary Companies of the Parent Company.

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

– it has power to direct the relevant activities of the subsidiary;

– is exposed to variable returns from the subsidiary; and

– decision making power allows the Group to affects its variable returns from the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

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

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

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

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

– Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

– Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

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

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

The amendments have no impact on the Group financial statements.

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

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

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

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

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

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

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

b) IFRS 16 Leases — Effective: January 01, 2024

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

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

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

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

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

2.5.3 Exemption from applicability of certain standards

(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 these consolidated financial statements.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The Group's power plant's control due to purchase of total output by 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:

	2024 Rupees	2023 Rupees
De–recognition of property, plant and equipment	(9,532,774,037)	(10,115,219,290)
De–recognition of trade debts	(2,170,520,449)	(1,482,966,706)
Recognition of lease debtor	7,233,984,658	6,736,226,736
Decrease in un–appropriated profit at the beginning of the year	(4,861,959,260)	(5,396,258,462)
Increase in profit for the year	392,649,432	534,299,202
Decrease in un–appropriated profit at the end of the year	(4,469,309,828)	(4,861,959,260)

(b) In respect of companies holding financial assets due from the Government of Pakistan ('GoP') in respect of circular debt, SECP through SRO 67(I)/2023 dated January 20, 2023 partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable for financial year ending on or before December 31, 2024 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 subsidiary company – SECL 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–G.

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

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

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

	As at June 30, 2024			As at June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy
	Rupees					
Effect on profit or loss and other comprehensive income						
Final taxes – levy	–	(1,233,356,305)	(1,233,356,305)	–	(877,044,091)	(877,044,091)
Profit before income tax	5,623,942,419	(1,233,356,305)	4,390,586,114	8,785,381,018	(877,044,091)	7,908,336,927
Income tax expense	(872,953,560)	(1,233,356,305)	360,402,745	(977,233,515)	(877,044,091)	(100,189,424)

2.7 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 21.

(e) Income taxes

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

Subsequent costs are included in the assets' 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 date the assets are available for use while no depreciation is charged in the date in which asset is disposed–off.

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

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

Disposal

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

Impairment

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

Un–allocated capital expenditure

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

3.2 Investment property

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

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

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

3.3 Intangible assets

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

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

Subsequent expenditure

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

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, 2024 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.

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3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Financial liabilities

Classification & subsequent measurement

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

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

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 consolidated statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

3.14 Cash and cash equivalents

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

3.15 Borrowings

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

3.16 Employees' retirement benefits

(a) Defined contribution plan

The Parent Company

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

The Subsidiary Company – SECL

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

(b) Defined benefit plan

The Parent Company

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

Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2024 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

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

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

Current

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

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 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 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 consolidated statement of profit or loss. Short–term leases are leases with a lease term of 12 months or less.

3.19 Trade and other payables

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

3.20 Provisions

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

3.21 Foreign currency translation

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

3.22 Revenue recognition

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

Sale of goods

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

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

Provision of Services

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

Others

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

	Note	2024 Rupees	2023 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	23,887,532,449	23,893,565,448
Capital work-in-progress	4.3	2,375,731,237	2,048,434,357
		26,263,263,686	25,941,999,805

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4.1 Operating fixed assets

	Freehold land	Leasehold land	Residential buildings and others on freehold land	Leased office improve-ments	Factory buildings on freehold land	Plant and machinery	Electric installations	Equipment				Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
								Fire fighting	Office	Mills	Electric /gas						
	Rupees																
At July 1, 2022																	
Cost	1,435,002,714	313,872,650	987,751,203	28,636,645	5,017,416,493	29,892,066,960	451,470,489	21,111,998	52,398,506	46,147,018	20,672,670	52,371,210	370,028,598	81,736,806	149,886	248,579	38,771,082,425
Accumulated depreciation	-	25,356	594,163,124	26,143,976	2,071,766,834	11,693,678,570	223,680,749	8,172,605	23,830,883	30,110,463	14,070,162	31,140,388	170,914,839	47,770,003	138,666	226,772	14,935,833,390
Net b\ook 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
Year ended June 30, 2023																	
Opening 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
Additions	15,751,760	24,218,750	150,281,345	-	345,006,800	769,045,594	105,150,501	1,586,000	3,056,107	38,819,709	-	15,934,955	145,222,296	59,880,300	-	-	1,673,954,117
Disposals:																	
- cost	-	-	-	-	-	28,394,544	-	-	-	-	-	173,000	47,955,677	-	-	-	76,523,221
- accumulated depreciation	-	-	-	-	-	(25,450,726)	-	-	-	-	-	(139,931)	(32,173,123)	-	-	-	(57,763,780)
	-	-	-	-	-	2,943,818	-	-	-	-	-	33,069	15,782,554	-	-	-	18,759,441
Depreciation charge	-	6,339	36,795,629	498,533	234,639,558	1,229,996,318	25,960,887	1,439,322	3,225,832	2,658,501	660,251	7,906,039	46,582,340	6,505,411	1,122	2,181	1,596,878,263
Closing net book value	1,450,754,474	338,059,705	507,073,795	1,994,136	3,056,016,901	17,734,493,848	306,979,354	13,086,071	28,397,898	52,197,763	5,942,257	29,226,669	281,971,161	87,341,692	10,098	19,626	23,893,565,448
At June 30, 2023																	
Cost	1,450,754,474	338,091,400	1,138,032,548	28,636,645	5,362,423,293	30,632,718,010	556,620,990	22,697,998	55,454,613	84,966,727	20,672,670	68,133,165	467,295,217	141,617,106	149,886	248,579	40,368,513,321
Accumulated depreciation	-	31,695	630,958,753	26,642,509	2,306,406,392	12,898,224,162	249,641,636	9,611,927	27,056,715	32,768,964	14,730,413	38,906,496	185,324,056	54,275,414	139,788	228,953	16,474,947,873
Net book value	1,450,754,474	338,059,705	507,073,795	1,994,136	3,056,016,901	17,734,493,848	306,979,354	13,086,071	28,397,898	52,197,763	5,942,257	29,226,669	281,971,161	87,341,692	10,098	19,626	23,893,565,448
Year ended June 30, 2024																	
Opening net book value	1,450,754,474	338,059,705	507,073,795	1,994,136	3,056,016,901	17,734,493,848	306,979,354	13,086,071	28,397,898	52,197,763	5,942,257	29,226,669	281,971,161	87,341,692	10,098	19,626	23,893,565,448
Additions	450,000,000	-	9,852,468	-	411,069,884	655,838,370	37,725,058	11,750,985	-	2,673,650	-	28,782,951	49,345,525	5,651,980	-	-	1,662,690,871
Disposals:		-															
- cost	-	-	-	-	-	41,289,925	-	-	-	-	-	953,500	22,305,000	-	-	-	64,548,425
- accumulated depreciation	-	-	-	-	-	(35,222,671)	-	-	-	-	-	(848,797)	(16,767,771)	-	-	-	(52,839,239)
	-	-	-	-	-	6,067,254	-	-	-	-	-	104,703	5,537,229	-	-	-	11,709,186
Depreciation charge	-	6,339	38,220,727	398,827	256,388,298	1,235,187,611	32,877,895	1,850,020	490,586	5,697,441	3,243,500	12,256,280	60,978,912	9,415,275	1,010	1,963	1,657,014,684
Closing net book value	1,900,754,474	338,053,366	478,705,536	1,595,309	3,210,698,487	17,149,077,353	311,826,517	22,987,036	27,907,312	49,173,972	2,698,757	45,648,637	264,800,545	83,578,397	9,088	17,663	23,887,532,449
At June 30, 2024																	
Cost	1,900,754,474	338,091,400	1,147,885,016	28,636,645	5,773,493,177	31,247,266,455	594,346,048	34,448,983	55,454,613	87,640,377	20,672,670	95,962,616	494,335,742	147,269,086	149,886	248,579	41,966,655,767
Accumulated depreciation	-	38,034	669,179,480	27,041,336	2,562,794,690	14,098,189,102	282,519,531	11,461,947	27,547,301	38,466,405	17,973,913	50,313,979	229,535,197	63,690,689	140,798	230,916	18,079,123,318
Net book value	1,900,754,474	338,053,366	478,705,536	1,595,309	3,210,698,487	17,149,077,353	311,826,517	22,987,036	27,907,312	49,173,972	2,698,757	45,648,637	264,800,545	83,578,397	9,088	17,663	23,887,532,449
Depreciation rate (% - per annum)			5	20	3.33 & 10	3.33, 5 & 10	10	10	10	10	10	30 & 33	20	10	10	10	

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

Location	Usage of immovable property	Total area in square yards
Freehold Land		
– Kharianwala, District Sheikhupura.	Production plant	174,815
– Ferozewattoan, District Sheikhupura.	Production plant	585,808
– Riawind, District Lahore.	Production plant	925,169
– Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
– Mauza Rosa, District Kasur	Proposed Mill / Factory	83,823
– Muridke, District Sheikhupura.	Production plant	261,548
– Billot Shareef, District Dera Ismail Khan	Proposed production plant	2,906,581
Leasehold Land		
– Nooriabad, Karachi.	Proposed Mill / Factory	143,990
– Port Qasim Authority, Karachi.	Proposed warehouse	14,520
– Defence Housing Authority, Karachi.	Proposed office	666
– Billot Pakka, District Dera Ismail Khan	Proposed production plant	31,469

	Note	2024 Rupees	2023 Rupees
4.2 Depreciation charge has been allocated as follows:			
Cost of goods manufactured		1,600,338,470	1,552,393,973
Administrative expenses		56,676,214	44,484,290
		1,657,014,684	1,596,878,263
4.3 Capital work–in–progress			
Buildings		574,701,399	767,616,165
Furniture and fixtures		3,255,475	3,255,475
Plant and machinery {including in transit aggregating Rs. 147.854 million (June 30, 2023: Nil)}		933,724,499	554,428,850
Un–allocated capital expenditure	4.3.1	434,092,628	422,831,746
Advance payments against:			
– land – freehold		22,502,400	–
– factory / office building		6,668,800	6,668,800
– electric installation		384,746,541	278,811,721
– vehicles		14,651,095	12,777,100
– computer software		1,388,400	2,044,500
		429,957,236	300,302,121
		2,375,731,237	2,048,434,357

4.3.1 These include Rs. 255.260 million (2023: Rs. 251.202 million) incurred by Subsidiary Company – PCL for its proposed cement project and Rs. 178.832 million (2023: Rs. 171.630 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 was granted to the Group by NEPRA on August 25, 2021. Moreover, the management is confident that the tariff petition for constructing the hydro power project would be approved in due course. Therefore, these costs have been recognised as an asset under International Accounting Standard 16 'Property, Plant and Equipment' since management believes that it is highly probable that the power project will be constructed and future economic benefits associated with these costs will flow to the Group.

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Sold to:
	Rupees						
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Murata TFO	2,500,000	417,500	2,082,500	2,400,000	317,500	Negotiation	M/s. HBR Textiles
Ring Spinning Frames	18,928,083	16,994,585	1,933,498	3,779,324	1,845,826	- - - do - - -	M/s. MKM Textile International
Ring Spinning Frames	18,928,083	16,994,585	1,933,498	3,779,324	1,845,826	- - - do - - -	M/s. MKM Textile International
	40,356,166	34,406,670	5,949,496	9,958,648	4,009,152		
Vehicles							
Honda Civic	2,577,500	1,946,866	630,634	1,732,000	1,101,366	Negotiation	Mr. Zeeshan Mansha
Toyota Corolla	1,987,000	1,421,448	565,552	3,200,000	2,634,448	Company policy	Mr. Muhammad Amjad Hussain
Suzuki Cultus	1,410,000	888,934	521,066	1,950,000	1,428,934	Company policy	Mr. Tariq Nawaz
	5,974,500	4,257,248	1,717,252	6,882,000	5,164,748		
Various assets having net book value upto Rs.500,000 each	18,217,759	14,175,321	4,042,438	11,664,475	7,622,037	Negotiation	Various parties
June 30, 2024	64,548,425	52,839,239	11,709,186	28,505,123	16,795,937		
June 30, 2023	76,523,221	57,763,780	18,759,441	39,166,004	20,406,563		

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, 2024 was Rs. 286 million (2023: Rs. 286 million).

6. INTANGIBLE ASSETS

	Computer Softwares	Goodwill	Total
		Rupees	
At July 1, 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
Year ended June 30, 2023			
Addition during the year	4,555,428	–	4,555,428
Amortization charge	1,130,217	–	1,130,217
Net book value as at June 30, 2023	4,804,321	5,612,904	10,417,225
Year ended June 30, 2024			
Addition during the year	–	–	–
Amortization charge	(2,146,988)	–	(2,146,988)
Net book value as at June 30, 2024	2,657,333	5,612,904	8,270,237
At June 30, 2023			
Cost	34,445,599	5,612,904	40,058,503
Accumulated amortization	27,494,290	–	27,494,290
Net book value	6,951,309	5,612,904	12,564,213
At June 30, 2024			
Cost	34,445,599	5,612,904	40,058,503
Accumulated amortization	29,641,278	–	29,641,278
Net book value	4,804,321	5,612,904	10,417,225
Amortisation rate (% per annum)	20 & 33		

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

		Note	2024 Rupees	2023 Rupees
7.	**LONG TERM INVESTMENTS**			
	Associates – equity accounted investments	7.1	3,532,549,527	2,987,700,510
	Others – equity instruments	7.3	5,175,435,801	2,615,856,905
	– debt instruments	7.4	45,500,000	46,250,000
			8,753,485,328	5,649,807,415

		Note	2024 Rupees	2023 Rupees
7.1	**Associated Companies Quoted**			
	Reliance Cotton Spinning Mills Limited – RCSM	7.1.1	138,425,780	118,043,827
	Unquoted			
	SFL Limited – SFLL	7.1.2	5,353,466	5,235,247
	Sapphire Power Generation Limited – SPGL	7.1.3	371,470,981	314,069,934
	Sapphire Dairies (Private) Limited – SDL	7.1.4	211,117,539	206,595,712
	Tricon Boston Consulting Corporation (Private) Limited – TBCCL	7.1.5	2,479,303,499	2,019,315,486
	Creek Properties (Private) Limited – CPPL	7.1.6	326,878,262	324,440,304
	Energas Terminal (Private) Limited – ETL	7.1.7	–	–
	Energas Marketing (Private) Limited (EML)	7.1.8	–	–
			3,532,549,527	2,987,700,510

7.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs. 10 each representing 1.35% (2023: 1.35%) of RCSM's issued, subscribed and paid–up capital as at June 30, 2024. 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, 2024 was Rs. 62.720 million (2023: Rs. 71.025 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 1.090% (2023: 0.051%) of SFLL's issued, subscribed and paid–up capital as at June 30, 2024. SFLL was incorporated on April 26, 2010 as a public limited company. The main business of SFLL is to investment in the shares of Related Parties. SFLL is an associate of the Group due to common directorship.

7.1.3 Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs. 10 each representing 17.63% (2023: 17.63%) of SPGL's issued, subscribed and paid–up capital as at June 30, 2024. 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% (2023: 5.50%) of SDL's issued, subscribed and paid–up capital as at June 30, 2024. 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% (2023: 7.13%) of TBCCL's issued, subscribed and paid–up capital as at June 30, 2024. 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 Investment in CPPL represents 5,047,489 (2023:5,047,489) fully paid ordinary shares having face value of PKR 10/– each representing 17.50% of CPPL 's issued, subscribed and paid–up capital as at June 30, 2024. CPPL was incorporated as a private limited company and is principally engaged in marketing and development of real estate projects. CPPL is an associate of the Group due to common directorship.

7.1.7 The Group has made investment in ETL's 2,500 fully paid ordinary shares (2023: 2500) of Rs. 10 each representing 25% (2023: 25%) of ETL's issued, subscribed and paid–up capital as at June 30, 2024. 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. 23.675 million (2023: Rs. 21.640 million) and has accumulated losses aggregated Rs. 139.574 million (2023: Rs. 115.898 million). Subsidiary Company's – SEL share of loss has been recognised upto the extant of cost of investment.

7.1.8 The Subsidiary Company – SEPL has made investment in EML's 2,500 fully paid ordinary shares (2023: 2500) of Rs. 10 each representing 25% (2023: 25%) of EML's issued, subscribed and paid–up capital as at June 30, 2024. 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. 243 thousand (2023: 236 thousand) and it has accumulated losses aggregated Rs. 1,142 thousand (2023: Rs. 899 thousand). Subsidiary Company – SEPL's 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, 2024. Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	RCSM		SFLL		SPGL		SDL		TBCCL		EML		ETL		CPPL	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rupees															
Summarised Statement of																
Financial Position																
Non current assets	7,001,207,228	6,046,985,575	533,437,791	10,484,205,138	2,304,128,947	1,902,119,456	5,243,944,948	5,101,731,290	46,500,910,315	50,559,377,929	490,000	560,000	1,084,474,935	920,807,417	1,628,588,897	1,649,909,099
Current assets	8,476,164,017	9,268,167,752	8,721,420	56,199,848	130,652,126	136,829,212	1,620,288,806	1,375,109,451	25,158,628,501	21,837,181,170	34,168	28,188	133,388,787	133,876,370	244,861,490	196,479,456
	15,477,371,245	15,315,153,327	542,159,211	10,540,404,986	2,434,781,073	2,038,948,668	6,864,233,754	6,476,840,741	71,659,538,816	72,396,559,099	524,168	588,188	1,217,863,722	1,054,683,787	1,873,450,387	1,846,388,555
Non current liabilities	1,764,124,427	2,001,143,230	50,038,223	225,669,738	301,268,853	239,383,944	1,379,825,453	1,256,923,937	26,997,295,919	34,839,899,744	-	-	-	-	-	-
Current liabilities	3,456,384,818	4,567,378,957	-	1,595,489	26,045,488	17,751,420	1,652,097,183	1,469,688,146	9,865,000,806	9,215,389,376	1,566,235	1,387,135	1,357,337,373	1,170,482,068	5,574,604	4,360,871
	5,220,509,245	6,568,522,187	50,038,223	227,265,227	327,314,341	257,135,364	3,031,922,636	2,726,612,083	36,862,296,725	44,055,289,120	1,566,235	1,387,135	1,357,337,373	1,170,482,068	5,574,604	4,360,871
Net assets	10,256,862,000	8,746,631,140	492,120,988	10,313,139,759	2,107,466,732	1,781,813,304	3,832,311,118	3,750,228,658	34,797,242,091	28,341,269,979	(1,042,067)	(798,947)	(139,473,651)	(115,798,281)	1,867,875,783	1,842,027,684
Reconciliation to carrying amount																
Opening net assets	8,746,631,140	7,378,338,046	10,313,139,759	6,681,148,040	1,781,813,304	1,599,451,079	3,750,228,658	3,456,852,126	28,341,269,979	22,820,319,541	(798,947)	(562,962)	(115,798,281)	(94,157,926)	1,842,027,684	149,674,065
Profit / (loss) for the year	1,495,266,880	1,196,950,454	267,074,999	2,157,146,133	206,336,877	199,513,745	90,495,721	294,573,338	11,455,972,112	6,444,026,438	(243,121)	(235,985)	(23,675,370)	(21,640,355)	25,848,099	82,444,439
Other comprehensive income / (loss)	176,089,621	(46,048,065)	17,905,071	(82,934,924)	138,722,989	(24,454,167)	(8,413,261)	(1,196,806)	-	-	-	-	-	-	-	-
Other adjustments	(118,192,866)	294,580,705	(10,105,998,841)	1,557,780,510	(19,406,438)	7,302,647	-	-	-	-	-	-	-	-	-	-
Issuance of shares	(1,764,775)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,609,909,180
Dividend paid during the year	(41,168,000)	(77,190,000)	-	-	-	-	-	-	(5,000,000,000)	(923,076,000)	-	-	-	-	-	-
Closing net assets	10,256,862,000	8,746,631,140	492,120,988	10,313,139,759	2,107,466,732	1,781,813,304	3,832,311,118	3,750,228,658	34,797,242,091	28,341,269,979	(1,042,068)	(798,947)	(139,473,651)	(115,798,281)	1,867,875,783	1,842,027,684
Group's share (percentage)	1.35%	1.35%	1.090%	0.051%	17.63%	17.63%	5.51%	5.50%	7.13%	7.13%	25.00%	25.00%	25.00%	25.00%	17.50%	17.50%
Carrying amount of																
investment (Rupees)	138,425,780	99,577,454	5,353,466	3,391,544	371,470,981	281,925,998	211,117,539	190,433,942	2,479,303,499	1,625,947,767	-	-	-	-	326,878,262	322,354,845
Summarised Statement of																
profit or loss																
Revenue	14,645,976,383	11,048,839,608	35,553,492	6,715,338	-	-	4,490,987,554	3,400,928,456	20,936,160,649	14,510,992,988	-	-	25,016,169	21,358,511	-	-
Profit / (loss) before tax	1,451,674,097	1,440,852,812	64,368,846	2,330,986,765	266,029,005	236,972,977	214,617,729	297,188,899	11,771,025,852	6,531,575,552	(243,121)	(208,592)	(23,675,370)	(21,640,355)	36,290,145	116,118,928
Profit / (loss) after tax	1,495,266,880	1,196,950,454	274,901,372	2,157,146,133	206,336,877	199,513,745	90,495,721	294,573,338	11,455,972,112	6,444,026,438	(243,121)	(235,985)	(23,675,370)	(21,640,355)	25,848,099	82,444,439
Other comprehensive (loss) / income	176,089,621	(46,048,065)	17,905,071	(82,934,924)	138,722,989	(24,454,167)	(8,413,261)	(1,196,806)	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	1,671,356,501	1,150,902,389	292,806,443	2,074,211,209	345,059,866	175,059,578	82,082,460	293,376,532	11,455,972,112	6,444,026,438	(243,121)	(235,985)	(23,675,370)	(21,640,355)	25,848,099	82,444,439

		2024 Rupees	2023 Rupees
7.3	**Equity Instruments – at FVTOCI**		
	Quoted		
	MCB Bank Limited		
	18,837,275 (2023: 18,213,195) ordinary shares of Rs. 10 each – cost	984,949,221	896,451,123
	Adjustment arising from re-measurement to fair value	3,291,488,950	1,188,413,309
		4,276,438,171	2,084,864,432
	Habib Bank Limited		
	7,244,196 (2023: 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	(318,575,979)	(686,581,136)
		898,497,630	530,492,473
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs. 10 each	500,000	500,000
		5,175,435,801	2,615,856,905
7.4	**Debt Instruments – at FVTOCI**		
	Habib Bank Limited – term finance certificates (TFCs)		
	500 (2023: 500) Term finance certificates of Rs. 100,000 each – cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(4,500,000)	(3,750,000)
		45,500,000	46,250,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 22.97% to 24.20% (2023: 16.48% to 22.79%) per annum.

		Note	2024 Rupees	2023 Rupees
8.	**LONG TERM LOANS – Secured**			
	Loans due from employees	8.1	7,985,570	8,955,769
	Less: recoverable within one year and			
	grouped under current assets		2,620,000	4,555,769
			5,365,570	4,400,000

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

8.2 PCL during the year provided a loan to its Chief Executive amounted Rs. 1.266 million (2023: Rs. 2.321 million).

		Note	2024 Rupees	2023 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		865,431,072	566,844,670
	Spare parts		269,328,551	236,216,466
	Loose tools		663,642	174,931
	Items in transit		175,906,396	182,133,233
			1,311,329,661	985,369,300
	Less: provision for slow moving items	9.1	11,240,988	11,812,620
			1,300,088,673	973,556,680
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		11,812,620	11,526,482
	Less: provision (reversed) / made during the year		(571,632)	286,138
	Balance at end of the year		11,240,988	11,812,620
10.	**STOCK–IN–TRADE**			
	Raw materials:			
	– at mills		7,631,625,837	7,471,921,108
	– in transit		2,149,859,920	2,610,547,798
	– at third party		37,610,184	–
			9,819,095,941	10,082,468,906
	Work–in–process		1,396,530,229	1,264,365,323
	Finished goods – at mills		3,976,618,720	3,459,768,225
			15,192,244,890	14,806,602,454

10.1 As at June 30, 2024, raw material costing Rs. 1,341.150 million (2023: Rs. 4,752.641 million) have been written down to Rs. 1,134.284 million (2023:Rs. 3,815.619 million) to arrive at the net realisable value. The amount charged to cost of sales in respect of stocks written down to their realizable value is Rs. 206.867 million (2023: Rs. 937.022 million).

10.2 As at June 30, 2024, finished goods at mills costing Rs. 1,547.558 million (2023: Rs. 1,657.339 million) have been written down to Rs. 1,253.313 million (2023: Rs. 1,366.104 million) to arrive at the net realisable value. The amount charged to cost of sales in respect of stocks written down to their realizable value is Rs. 294.245 million (2023: Rs. 291.235 million).

		Note	2024 Rupees	2023 Rupees
11.	**TRADE DEBTS**			
	Consider good			
	Unsecured			
	– local	11.1	3,269,979,240	2,355,224,676
	Secured			
	– foreign debts		2,464,175,283	5,196,836,888
	– local	11.5	12,109,155,786	12,161,414,348
			14,573,331,069	17,358,251,236
	Considered doubtful			
	Unsecured – foreign debts	11.4	18,909,550	75,410,417
			17,862,219,859	19,788,886,329
	Less: provision for impairment	11.6	146,494,679	179,912,457
			17,715,725,180	19,608,973,872

		2024 Rupees	2023 Rupees
11.1	**These include the following amounts due from Related Parties:**		
	Diamond Fabrics Limited	68,639,278	10,763,282
	Reliance Cotton Spinning Mills Limited	48,568,620	20,730,477
	Amer Cotton Mills (Pvt.) Limited	129,807	29,423,759
	Sapphire Textile Mills Limited	50,025,529	21,765,611
	Sapphire Power Generation Limited	6,746,447	6,400
	Sapphire Diaries (Pvt.) Ltd	935,601	935,601
	Sapphire Finishing Mills Ltd	16,445,494	3,566,063
		191,490,776	87,191,193

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

	Related parties		Others	
	2024	2023	2024	2023
	Rupees			
Not past due	36,226,290	4,574,075	9,592,653,953	8,163,431,960
Past due 1-30 days	106,463,560	73,789,593	6,285,512,513	8,052,976,568
Past due 31-60 days	35,878,487	533,079	743,958,100	433,202,392
Past due 61-90 days	10,478,832	681,096	214,040,189	2,161,834,046
Past due 91-365 days	1,413,591	7,075,103	357,775,464	229,576,602
Past due one year	1,030,016	538,247	476,788,864	660,673,568
	191,490,776	87,191,193	17,670,729,083	19,701,695,136

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs. 333.159 million (2023: Rs. 179.310 million).

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

11.5 These represent trade receivables from CPPA 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 is charged in case the amounts are not paid within the due dates. The delayed payment markup at the rate of three months KIBOR plus 2% is charged on the amounts not paid within a period of the sixty days from the due date and at the rate of three months KIBOR plus 4.5% after the first sixty days, 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 amount 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 22.80% to 28.49% (2023: 16.06% to 26.58%) per annum. These include unbilled receivables aggregating to Rs. 11,044.377 million (2023: Rs. 1,679.204 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 the 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 resolved through the dispute resolution mechanism under the PPA. Accordingly, as per the terms of the MoU, the Group applied for withdrawal of the aforesaid petition in 2013, and on January 25, 2018, the Supreme Court disposed of the petitions filed before it.

During the financial year 2014, the Group, in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. In August 2015, the Expert gave his determination whereby the 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, which works out to Rs. 138.304 million as of June 30, 2024, and has been recognized as a receivable (out of which Rs. 3.459 million is the markup on arbitration cost of Rs. 6.933 million which is classified in other receivables – note 15). Consequently, under the relevant provisions of the Arbitration Act, 1940, the Group filed an application before the court of Senior Civil Judge to pass appropriate directions for the implementation/ enforcement of the Arbitration Award.

The Civil Judge, through an order dated October 16, 2023, confirmed the arbitration award in favor of the Group (the "Domestic Award"), stipulating that interest at 6% per annum on the principal amount would only accrue from the date of this order. Consequently, a Decree Sheet (the "Domestic Award Decree") was issued based on this decision. The Group appealed this order in the Lahore High Court (LHC) for seeking relief to accrue 6% interest per annum from the date of award as per the true sense of the LCIA Award, however, the LHC upheld the decision of the Senior Civil Judge on April 22, 2024. Currently, the Group has filed a Civil Petition for Leave to Appeal (CPLA) with the Supreme Court of Pakistan against the Lahore High Court's order. The Group believes there are substantial grounds for a favourable outcome in the case.

Based on the advice of the Group's legal counsel and the Arbitration Award in the Group's favor, 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.

		2024 Rupees	2023 Rupees
11.6	**Provision for expected credit loss**		
	Balance at the beginning of the year	179,912,457	83,959,116
	Charged during the year	(33,417,778)	95,953,341
	Closing at the end of the year	146,494,679	179,912,457

		Note	2024 Rupees	2023 Rupees
12.	**LOANS AND ADVANCES**			
	– Considered good			
	Current portion of long term loans to employees	8	2,620,000	4,555,769
	Due from related party	12.1	279,382,000	279,382,000
	Advances to:			
	– suppliers and contractors	12.2	487,766,097	305,525,835
	– employees		7,646,152	3,024,474
			495,412,249	308,550,309
			777,414,249	592,488,078

12.1 The Subsidiary Company – SEL has entered into a loan agreement with ETL (an Associated Company) to provide an unsecured loan upto US$ 18.750 million (equivalent to Rs. 1.986 billion with US$ to Rupee conversion fix at Rs. 106) for a period of one year. This loan carries mark–up at the rate of 6 month KIBOR (applicable on the first working day of each month) + 0.25% and is repayable on date of maturity of the loan. Effective mark–up rate charged by the subsidiary Company, during the year, ranged from 21.16% to 23.68% per annum (2023: 15.73% to 22.44%) per annum. As the tenure of the loan agreement is of one year this loan has been classified as short term. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs. 322.41 million (2023: Rs. 279 million).

12.2. The Parent Company includes receivable amounting Rs. 42.113 million from Amer Cotton Mills (Pvt.) Limited (a related party).

		Note	2024 Rupees	2023 Rupees
13.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits – unsecured and considered good		1,040,108	1,071,608
	Margin against letter of credit		1,235,568	37,905,119
	Prepayments		80,592,984	82,139,562
			82,868,660	121,116,289
14.	**SHORT TERM INVESTMENTS**			
	Equity instruments – FVTOCI	14.1	2,954,959,698	1,609,381,756
	Held at amortised cost:			
	Term Deposit Receipts (TDRs)	14.2	1,095,000,000	1,609,958,407
	Investment in Treasury Bills		–	24,299,741
	Held at FVTPL			
	MCB Mutual Fund	14.3	14,893,589	–
			4,064,853,287	3,243,639,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

14.1 Equity Instruments – at FVTOCI

(Investment in quoted securities)

No. of shares/certificates		Name of the investee company	Market value		Cost	
2024	2023		2024	2023	2024	2023
			Rupees			
68,400	68,400	Attock Petroleum Ltd.	26,418,816	20,537,100	12,153,848	12,153,848
9,628,500	9,538,500	Bank Al-Habib Ltd.	1,080,125,130	412,253,970	428,622,094	419,888,054
393,973	393,973	Charat Packaging Ltd.	46,504,573	38,369,030	35,824,418	35,824,418
7,200	-	Colgate Palmolive (Pakistan) Ltd.	8,783,424	-	9,375,865	-
453,000	-	Dolmen City REIT	7,451,850	-	7,433,477	-
761,797	732,297	Engro Corporation Ltd.	253,457,480	190,316,667	174,478,387	163,675,739
55,000	-	Engro Fertilizers Limited	9,142,100	-	8,568,442	-
140,625	140,625	Fauji Cement Company Ltd.	3,221,719	1,653,750	3,683,337	3,683,337
77,040	-	Fauji Fertilizer Company Limited	12,586,795	-	11,207,326	-
120,000	-	Frieslandcampina Engro Pakistan	8,402,400	-	9,067,923	-
5,532,704	7,766,704	Habib Bank Ltd.	686,221,277	568,755,734	1,141,962,552	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
8,500	-	Highnoon Laboratories Limited	6,065,430	-	4,853,211	-
12,878,000	12,878,000	K-Electric Ltd.	59,625,140	22,150,160	120,385,975	120,385,975
497,926	475,926	Lucky Cement Ltd.	451,484,442	248,476,205	214,887,096	196,167,399
13,500	-	Lucky Core Industries Limited	12,548,115	-	11,352,678	-
3,527	-	Mari Petroleum Company Limited	9,566,423	-	9,703,211	-
73,000	-	MCB Bank	16,572,460	-	14,846,185	-
52,000	-	Meezan Bank Ltd.	12,448,280	-	11,198,950	-
1,250	-	Nestle Pakistan Ltd.	8,942,713	-	9,515,902	-
60,000	-	Oil & Gas Dev. Co.	8,122,200	-	8,233,384	-
13,000	-	Pakistan Oilfields Ltd.	6,369,220	-	5,841,770	-
448,934	448,934	Pakistan State Oil Company Ltd.	74,617,320	49,836,163	63,918,848	63,918,848
29,000	-	System Limited	12,130,700	-	11,096,125	-
87,000	-	The Hub Power Company Limited	14,187,960	-	11,812,069	-
165,396	165,396	The Searle Company Ltd.	9,447,420	6,337,975	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	110,516,311	50,695,002	80,749,609	80,749,609
			2,954,959,698	1,609,381,756	2,425,460,698	2,704,195,395
Add: Adjustment arising from re-measurement to fair value					529,499,000	(1,094,813,639)
Market value					2,954,959,698	1,609,381,756

14.2 Term Deposits Receipts have been purchased from a banking company and carry markup at the rate of 10.00% to 18.90% per annum (2023: 20.50% per annum).

14.3 This represents investment in MCB Mutual Fund (Pakistan Cash Management Fund). Closing balance represents principal amount investment and dividend income earned on the amount.

		Note	2024 Rupees	2023 Rupees
15.	**OTHER RECEIVABLES**			
	Advance income tax		429,371,016	263,897,655
	Export rebate and duty drawbacks		13,183,279	13,188,215
	Claim recoverable from NTDCL for pass through item		25,093,201	-
	- Workers' Profit Participation Fund	15.1	869,639,212	730,380,013
	- Punjab Workers' Welfare Fund		55,703,680	228,506,185
	Accrued mark-up on term finance certificates		174,242,003	111,792,021
	Prepaid final tax levy		451,778,609	383,052,676
	Others		5,977,152	17,943,803
			2,024,988,152	1,748,760,568

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

		Note	2024 Rupees	2023 Rupees
16.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		3,109,263,454	2,439,239,997
	Income tax		237,080,095	370,919,175
	Excise duty		40,971,576	32,091,359
	Less: provision for doubtful tax refunds	16.1	311,179,360	275,031,578
			3,076,135,765	2,567,218,953
16.1	**Provision for doubtful tax refunds**			
	Balance at beginning of the year		275,031,578	367,965,177
	Add: provision for the year		36,147,782	70,868,857
	Less: provision reversed during the year		-	(163,802,456)
	Balance at end of the year		311,179,360	275,031,578
17.	**CASH AND BANK BALANCES**			
	Cash-in-hand	17.1	6,741,562	6,478,746
	Balances with banks on:			
	- off shore current account	17.2	701,494,131	722,424,581
	- on shore:			
	current accounts	17.3	1,093,560,936	642,419,825
	term deposit account (TDA)	17.4	9,415,804	7,857,935
	term deposit receipt (TDR)	17.5	12,900,000	12,900,000
	dividend account		7,953,286	7,139,142
			1,825,324,157	1,392,741,483
			1,832,065,719	1,399,220,229

17.1 Cash-in-hand includes Rs. 1.858 million (2023: Rs. 2.0295 million) advanced to employees for various expenses.

17.2 The balances in deposit accounts carry markup ranging from 10% to 20.50% (2023: 6.50% to 19.50%) per annum.

17.3 These include foreign currency deposits amounting to US.$ 2.230 million (2023: US.$ 1.116 million).

17.4 Effective rates of profit on TDA, during the year, ranged at 15.50% to 20.50% (2023: 9.00% to 13.86%) 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 Group.

17.5 These TDRs are under lien against performance guarantee issued by the bank. During the year, these carried mark–up at the rates ranging from 15.50% to 20.00% (2023: 9.75% to 15.50%) per annum and are having a maturity period of one year.

18. ISSUED, SUBSCRIBED AND PAID–UP CAPITAL

2024	2023		2024	2023
Number			Rupees	
12,759,375	12,759,375	Ordinary shares of Rs.10 each fully paid in cash	127,593,750	127,593,750
7,912,500	7,912,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	79,125,000	79,125,000
20,671,875	20,671,875		206,718,750	206,718,750

18.1 11,120,154 (2023: 11,120,154) ordinary shares of Rs. 10 each are held by Related Parties as at year–end.

18.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

	Note	2024 Rupees	2023 Rupees
19. RESERVES			
Capital reserve			
– share premium	19.1	391,833,750	391,833,750
– maintenance reserve	19.2	87,089,407	584,910,480
General reserve – revenue reserve	19.3	1,183,845,000	1,183,845,000
Unrealized gain / (loss) on financial assets at fair value through other comprehensive income	19.4	3,369,447,071	(629,691,620)
Unrealised gain on remeasurement of hedging instruments		1,091,137	953,520
		5,033,306,365	1,531,851,130

19.1 This represents excess of consideration received, by the Parent Company, on issue of ordinary shares over the face value of ordinary shares.

19.2 Under the terms of the project agreements, the Subsidiary Company – SECL is required to maintain a Reserve Fund on the basis of operational hours depending upon the type of fuel. The reserve fund can only be utilized to pay expenses on major maintenance for proper operation of the power station.

19.3 This represents reserves funds set aside from unappropriated profit.

19.4 These represent unrealized gain on re–measurement of investments at fair value through OCI and are not available for distribution.

		Note	2024 Rupees	2023 Rupees
20.	**LONG TERM LIABILITIES – Secured**			
	Long term finances	20.1	4,879,134,573	5,732,823,306
	Provision for Gas infrastructure Development Cess	20.2	325,733,156	321,405,620
			5,204,867,729	6,054,228,926
	Less: current portion grouped under current liabilities		(1,291,068,388)	(1,172,524,522)
			3,913,799,341	4,881,704,404
20.1	**Long Term Finance**			
	Sapphire Fibres Limited			
	From banking companies:			
	– MCB Bank Limited			
	– Long term finance facility – I	20.1.1	25,793,500	34,876,500
	– Long term finance facility – II	20.1.2	769,140,500	952,245,000
	– Long term finance facility – III	20.1.3	133,215,000	132,491,250
			928,149,000	1,119,612,750
	– Habib Bank Limited	20.1.4	324,128,652	364,397,009
	– Allied Bank Limited	20.1.5	325,277,150	445,310,950
	– United Bank Limited	20.1.6	789,051,928	1,017,149,087
	– Faysal Bank Limited	20.1.7	1,067,839,766	1,237,923,620
	– Bank Alfalah Limited	20.1.8	983,474,890	1,056,541,890
	– Habib Metropolitan Limited			
	– Long term finance facility – I	20.1.9	179,246,000	206,264,000
	– Long term finance facility – II	20.1.10	93,760,000	93,760,000
	– Meezan Bank Limited	20.1.11	116,557,187	120,214,000
	– Askari Bank Limited	20.1.12	71,650,000	71,650,000
			4,879,134,573	5,732,823,306

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% (2023: 3.00% to 4.00%) per annum and are secured against joint pari passu charge of Rs. 200 million over the machinery financed by the bank.

20.1.2 The Parent Company has arranged long term finance facilities amounting Rs. 1,500 million from MCB Bank Limited to retire import documents of plant and machinery. The bank against the said facility disbursed Rs. 1,457.978 million in thirty eight tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rate of 2.50% (2023: 2.50%) per annum and are secured against first charge of Rs. 2,000 million over the specific plant and machinery of the Parent Company.

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

20.1.4 The Parent Company has arranged long term finance facilities amounting Rs. 500 million from Habib Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 404.372 million in eighteen tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances, during the year, carry mark–up at the rate of 2.85% (2023: 2.85%) per annum and are secured against first charge of Rs. 667 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.5 The Parent Company has arranged long term finance facilities amounting Rs. 1,000 million from Allied Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 960.357 million in seventeen 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% (2023: 2.50%) per annum and are secured against first pari passu charge of Rs. 1,333 million with 25% margin over the fixed and movable assets including plant and machinery of the Parent Company.

20.1.6 The Parent Company has arranged long term finance facilities amounting Rs. 1,900 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,821.794 million in forty five tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranged from 2.50% to 3.50% (2023: 2.50% to 3.50%) per annum and are secured against joint pari passu charge of Rs. 2,000 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.7 The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,450 million from Faysal Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,386.624 million in forty two tranches of different amounts. Each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranged from 3.00% to 4.00% (2023: 3.00% to 4.00%) per annum and are secured against first pari passu charge of Rs. 900 million with 25% margin over the specific plant and machinery of the Parent Company.

20.1.8 The Parent Company has arranged long term finance facility amounting Rs. 1,200 million from Bank Alfalah Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 1,061.178 million in twenty five tranches of different amounts. Each tranche is repayable in 32 equal quarterly installments commencing from different months of financial year 2022. These finances carry mark–up at the rates ranged from 2.00% to 3.00% (2023: 2.00% to 3.00%) per annum and are secured against first joint pari passu charge of Rs. 1,333.340 million with 25% margin over the specific plant and machinery of the Parent Company.

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

20.1.10 The Parent Company has arranged long term finance facility Rs. 250 million from Habib Metropolitan to retire import documents under SBP Scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 93.760 million in single tranche and is repayable in 32 equal quarterly installments commencing from February, 2025. This finance carry markup at the rate 3.50% (2023:2.50%) per annum and are secured against Joint pari passu charge of Rs. 334 million over plant and machinery of the Parent Company.

20.1.11 The Parent Company has arranged a long term Islamic finance facility (Diminishing Musharakah Facility) amounting Rs. 1,500 million from Meezan Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 120.214 million in nine tranches of different amounts, each tranche under this finance facility has different repayment terms. These finances carry mark–up at the rates ranging from 3.50% to 5.50% (2023:3.50% to 5.50%) per annum and are secured against first pari passu charge over all present and future plant and machinery of the Parent Company with 25% margin.

20.1.12 The Parent Company has arranged a long term finance facility amounting Rs. 500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs. 71.65 million in two tranche during the preceding year. 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.

		Note	2024 Rupees	2023 Rupees
20.2	**Movement in Gas Infrastructure Development Cess payable**			
	Balance of provision for GIDC	20.2.1	321,405,620	311,317,527
	Unwinding of interest		4,327,536	10,088,093
			325,733,156	321,405,620

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.

21. STAFF RETIREMENT BENEFIT – Gratuity

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

		2024 Rupees	2023 Rupees
21.1	**Amount recognised in the consolidated statement of financial position**		
	Net liability at the beginning of the year	513,768,596	399,538,518
	Charge to statement of profit or loss	210,768,934	165,980,320
	Remeasurement recognised in consolidated statement of other comprehensive income	127,291,009	31,169,960
	Payments made during the year	(135,023,726)	(82,920,202)
	Net liability at the end of the year	716,804,813	513,768,596
21.2	**Movement in the present value of defined benefit obligation**		
	Balance at beginning of the year	513,768,596	399,538,518
	Current service cost	138,252,215	118,534,930
	Interest cost	72,516,719	47,445,390
	Benefits paid	(135,023,726)	(82,920,202)
	Remeasurements on obligation	127,291,009	31,169,960
	Balance at end of the year	716,804,813	513,768,596
21.3	**Expense recognised in consolidated statement of profit or loss**		
	Current service cost	138,252,215	118,534,930
	Interest cost	72,516,719	47,445,390
		210,768,934	165,980,320
21.4	**Remeasurements recognised in consolidated statement of other comprehensive income**		
	Experience adjustment	81,448,776	26,184,957
	Actuarial loss	45,842,233	4,985,003
		127,291,009	31,169,960
21.5	**Actuarial assumptions used**		
	Discount rate	14.75%	16.25%
	Expected rate of increase in future salaries	14.75%	15.25%
	Mortality rates (for death in service)	SLIC (2001–05)	SLIC (2001–05)

21.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1.00%	(669,903,114)	770,607,739
Increase in future salaries	1.00%	771,989,988	(667,774,665)

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

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

21.7 Based on actuary's advice, the expected charge for the year ending June 30, 2025 amounts to Rs. 280.79 million.

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

21.9 Expected maturity analysis of undiscounted retirement benefit plan:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
			Rupees		
As at June 30, 2024	121,093,078	276,344,833	425,099,584	20,769,459,792	21,591,997,287

21.10 Historical information:

	2024	2023	2022	2021	2020
			Rupees		
Present value of defined benefit obligation	716,804,813	513,768,596	399,538,518	341,556,615	310,591,147
Experience adjustment on obligation / actuarial gain/(loss)	127,291,009	31,169,960	(1,673,946)	(10,707,520)	15,768,827

		2024 Rupees	2023 Rupees
22.	**DEFERRED TAXATION – Net**		
	The balance of deferred tax is in respect of following major temporary differences:		
	Taxable temporary differences arising in respect of:		
	– accelerated tax depreciation allowance / investment in associates	17,280,137	183,716,098
	– unrealised fair value gain on investments	137,388,925	–
		154,669,062	183,716,098
	Deductible temporary differences arising in respect of:		
	– staff retirement benefit – gratuity	279,553,876	22,602,222
	– provision for slow moving items	4,383,985	519,673
	– provision for doubtful tax refunds	57,132,925	12,099,464
	– provision for impairment in trade debts	121,359,950	7,914,889
		462,430,736	43,136,248
	Deferred tax (asset) / liability	(307,761,674)	140,579,850

22.1 The Parent Company's income for the current and preceding tax year falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. In light of recent changes in the tax laws, made via Finance Act, 2024, the Parent Company's income for tax year 2025 and onwards will now fall under normal tax regime. The Parent Company has calculated its temporary differences in view of opinion sought from its legal counsel on changes in tax regime.

22.2 No deferred tax liability / (asset) has arisen on temporary differences with respect to the Subsidiary Companies; SECL, PCL, SCCL, SEL, SHL, IPPL, SPL, SBML and SMEL.

		Note	2024 Rupees	2023 Rupees
23.	**TRADE AND OTHER PAYABLES**			
	Trade creditors	23.1	4,041,150,145	3,674,560,919
	Accrued expenses		1,293,049,840	1,462,495,327
	Bills payable	23.2	810,894,810	1,589,958,553
	Sindh government infrastructure fee	23.3	754,585,642	594,540,546
	Workers' profit participation fund	23.4	963,890,369	927,555,919
	Workers' welfare fund – federal		55,703,680	497,657,161
	Others		16,467,081	3,284,723
			7,935,741,567	8,750,053,148
23.1	**These balances include the following amounts due to related parties:**			
	Reliance Cotton Spinning Mills Limited		43,904,583	535,370,738
	Amer Cotton Mills Limited		108,729,232	208,654,750
	Sapphire Textile Mills Limited		40,178,384	–
	Diamond Fabrics Ltd.		47,861	–
	Sapphire Finishing Mills Ltd.		5,293,460	69,393
			198,153,520	744,094,881

23.1.1 Includes Rs. 1,686.352 million (2023: Rs. 1,240.771 million) due to Sui Northern Gas Pipelines Limited (SNGPL). Out of this, Rs. 257.374 million represents the aggregate amount (Rs. 227.610 million plus certain arbitration costs and interest) awarded to the Group by the Arbitrator through his order dated March 9, 2016.

The Group set off this amount from SNGPL's bill for April 2016. However, an adjustment to set off the payable with the related receivable from CPPA to the extent of Rs. 227.610 million will be made in these consolidated financial statements when the award is implemented. SNGPL filed a suit for recovery before the District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 1, 2019, against this adjustment and 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 6, 2020, SNGPL claimed an adjustment amount of Rs. 257.374 million and markup thereon from the date of such adjustment. During 2022, the LCIA decided this matter in SNGPL's favor through a Final Arbitration Award dated April 22, 2022, wherein the Group's adjustment of the above amount against SNGPL's invoice was declared unlawful. SNGPL was 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. Furthermore, LCIA also accorded to reimburse the cost of litigation and interest at 6% per annum from the date of the award to the date of actual payment. SNGPL has filed for a decree and the implementation of such arbitration award with the Lahore High Court ('LHC'), and the matter is currently pending with the LHC.

The gross interest on the above amounts to Rs. 136.564 million as of June 30, 2024, and has been recognized as a liability. However, SNGPL has claimed markup to the tune of Rs. 402.890 million, calculated based on the interest rate stipulated in the Gas Supply Agreement (GSA) which is contrary to the decision of the LCIA. Hence, the differential has not been recorded in these financial statements.

23.2 These are secured against import documents.

23.3 This provision has been recognized against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Group has contested this issue in the Sindh High Court (the High Court). The Group 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, 2024, the Group has provided bank guarantees aggregating Rs. 716.950 million (2023: Rs. 596.950 million) in favor of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Parent Company's favor.

		Note	2024 Rupees	2023 Rupees
23.4	**Workers' profit participation fund**			
	Balance at beginning of the year		927,555,919	838,466,312
	Add: interest on funds utilised by the Group companies		81,652,535	4,213,951
			1,009,208,454	842,680,263
	Less: payments made during the year		199,260,238	272,680,123
			809,948,216	570,000,140
	Add: allocation for the year		153,942,153	357,555,779
	Balance at end of the year		963,890,369	927,555,919
24.	**ACCRUED MARK–UP / INTEREST**			
	Mark–up / interest accrued on:			
	– long term finances		44,574,877	54,317,612
	– short term borrowings		168,702,440	415,446,482
			213,277,317	469,764,094
25.	**SHORT TERM BORROWINGS**			
	Running / cash finances – secured	25.1	8,082,042,566	9,624,282,537
	Running Musharakah and Murabaha finances – secured	25.2	1,063,933,619	1,276,862,206
	Temporary bank overdraft – unsecured		3,075,586	–
			9,149,051,771	10,901,144,743

25.1 Short term finance facilities available from various commercial banks under mark–up arrangements aggregate to Rs. 37,394 million (2023: Rs. 37,646 million). These finance facilities, during the year, carried mark–up at the rates ranged from 16.25% to 24.91% (2023: 2.25% to 24.08%) per annum. The aggregate short term finance facilities are secured against hypothecation / ranking pari passu charge on all present and future current assets of the Group, first ranking assignment of the energy payment price receivables, exclusive hypothecation charge on the fuel stock / inventory lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs. 23,080 million (2023: Rs. 21,509 million) out of which the amount remained unutilised at the year–end was Rs. 14,968 million (2023: Rs. 8,389 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 September 30, 2025.

25.2 Murabaha and musharakah finance facilities available from various commercial banks amount to Rs. 2,200 million (2023: Rs. 1,200 million) to finance the procurement of multiple oils from fuel suppliers. Markup on murabaha is payable at maturity of the respective murabaha transaction, while the markup on musharaka is payable monthly on the balance outstanding. The markup rate charged during the year on the outstanding balance ranged from 21.71% to 23.16% (2023: 14.60% to 22.42%) per annum. The aggregate running finances are secured against joint pari passu hypothecation charge over all present and future fuel stock and energy payment receivables with 20% margin.

26. UNCLAIMED DIVIDEND

This include dividend payable to Xenel International Limited (Investor) by SECL. It has subsequently been paid to the investor on August 12, 2024. SECL had not paid the dividend amount within 15 days of declaration of dividend as per requirements of the Act due to the fact that there was restriction on repatriation of United States Dollars (USD) by the state Bank of Pakistan. Since the non– payments of dividend was due to legal impediment, therefore this does not constitute a non–compliance on the SECL part.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Guarantees aggregating Rs. 3,254.876 million (2023: Rs. 3,120.505 million) have been issued by banks of the Group to various Government institutions and SNGPL.

27.1.2 A cheque of Rs. 15 million (2023: Rs. 15 million) has been issued to the National Electric Power Regulatory Authority (NEPRA) relating to an order issued by the NEPRA Appellate Tribunal (the Tribunal) dated March 27, 2023. During the last year, NEPRA imposed a fine of the aforesaid amount on the Group vide an order dated February 13, 2023, regarding a power system breakdown that occurred on January 9, 2021. NEPRA alleged that the Group failed to comply with the instructions from the National Power Control Centre (NPCC) and provisions of the Grid code during the aforesaid power system break down. The Group failed an appeal with the Tribunal against the order which provided relief to the Group and ordered to deposit a cheque of the specified amount with the Registrar of NEPRA as a security. The encashment of the cheque is subject to the final adjudication of the matter.

The Group maintain the belief that it did not violate the provisions of the Power Purchase Agreement (PPA) and has meritorious ground to believe that the impugned order issued by the NEPRA will be overturned in the Appellant Tribunal or a higher court. Consequently no provision has been made in these consolidated financial statements relating this matter.

27.1.3 SNGPL has claimed late payment surcharge amounting to Rs. 390.194 million (2023: Rs. 349.435 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 CPPA, 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.

27.1.4 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, the Group 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, on March 5, 2021, the DCIR issued a show cause notice whereby intentions were shown to raise a sales tax demand for the period from December 2019 to January 2021 on similar grounds. On July 30, 2021, a demand of Rs. 119.999 million was raised. The Group preferred an appeal against the same before CIR(A) which was rejected. Being aggrieved, the Group filed an appeal before ATIR on August 27, 2021 and the same has been decided in favor of the Group on May 9, 2022. Being aggrieved, the tax department has filed an appeal before the Lahore High Court (LHC) against the aforementioned ATIR's order. Consequently LHC vide its order dated October 02, 2023 has decided the case in the Group's favor and upheld the CIR(A) order to the extent of Rs. 5.999 million while Rs. 113.999 million referred back to CIA(A) for fresh decision.

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.

27.1.5 In March 2020, the Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by the Ministry of Energy, Government of Pakistan (GoP), alleged that savings were made by the Independent Power Producers ('IPPs'), including the Group, in the tariff components. On February 11, 2021, the Group and CPPA–G signed the Agreements referred to in note 1.1 and agreed to resolve the abovementioned dispute through arbitration under the Arbitration Submission Agreement ('ASA') between the Group and GoP. Furthermore, it was acknowledged that the Group has incurred losses in the tariff components. Management believes that there are strong grounds that the matter will ultimately be decided in the Group's favour. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these consolidated financial statements.

27.1.6 A sales tax demand of Rs. 49.987 million (along with default surcharge and penalty to be calculated at the time of deposit) for the tax period from 2018 to 2020 was raised against the SECL through a notice dated March 15, 2021 by the Additional Collector (Withholding), Khyber Pakhtunkhwa Revenue Authority on account of non–deposit of withholding taxes as required under Khyber Pakhtunkhwa Finance Act, 2013 read with the Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015. Against the aforesaid order, the Group submitted its reply on April 4, 2021, whereby the Group is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre–commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

Based on the advice of the Group's legal counsel, the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the Group's favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

27.1.7 A letter of guarantee of Rs. 500,000 has been issued by the Habib bank limited on behalf of the Group to Alternate Energy Development Board (AEDB).

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 SECL is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 1.5% or USCPI which ever is higher.

27.2.2 A commercial bank, on behalf of the Group, has issued a performance guarantee amounted Rs. 2.000 million (2023: Rs. 2.000 million) in favour of Directorate General Mines and Minerals, Khyber Pakhtunkhwa.

	2024 Rupees	2023 Rupees
27.2.3 Commitments in respect of :		
– letters of credit for capital expenditure	944,042,713	1,235,628,309
– letters of credit for purchase of raw materials and stores, spare parts & chemicals	1,534,011,443	2,677,418,828
– capital expenditure other than letters of credit	147,714,378	216,929,844
– foreign bills discounted	3,501,789,032	1,357,638,826

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, 2024

	Spinning	Knits	Denim	Power	Total
			Rupees		
Types of goods and services					
Local sales					
– Yarn	6,110,680,158	18,187,827	7,775,505	–	6,136,643,490
– Fabric	–	336,487,262	1,931,089,210	–	2,267,576,472
– Garments	–	188,163,970	–	–	188,163,970
– Waste	532,429,909	60,721,574	163,593,359	–	756,744,842
– Energy revenue	–	–	–	16,904,625,843	16,904,625,843
– Capacity revenue	–	–	–	3,670,400,098	3,670,400,098
– Delayed payment mark-up	–	–	–	2,120,610,268	2,120,610,268
– Raw materials	576,214,035	–	–	–	576,214,035
– Local steam income	26,392,470	–	–	–	26,392,470
– Processing income	18,584,338	928,207,958	83,052,418	–	1,029,844,714
	7,264,300,910	1,531,768,591	2,185,510,492	22,695,636,209	33,677,216,202
Export Sales					
– Yarn	22,542,993,149	205,490,273	–	–	22,748,483,422
– Fabric	–	976,073,371	10,578,870,592	–	11,554,943,963
– Garments	–	3,904,986,646	–	–	3,904,986,646
– Waste	370,150,146	–	–	–	370,150,146
	22,913,143,295	5,086,550,290	10,578,870,592	–	38,578,564,177
Export rebate					
– Yarn	790,332	7,519	–	–	797,851
– Fabric	–	1,841,029	17,295,541	–	19,136,570
– Garments	–	39,423,065	–	–	39,423,065
	790,332	41,271,613	17,295,541	–	59,357,486
Less: sales tax	1,550,529,838	244,237,066	404,523,476	2,570,539,786	4,769,830,166
	28,627,704,699	6,415,353,428	12,377,153,149	20,125,096,423	67,545,307,699
Timing of revenue recognition					
Goods transferred at a point in time	28,609,120,361	5,487,145,470	12,294,100,731	20,125,096,423	46,390,366,562
Services rendered at a point in time	18,584,338	928,207,958	83,052,418	–	1,029,844,714
	28,627,704,699	6,415,353,428	12,377,153,149	20,125,096,423	67,545,307,699

For the year ended June 30, 2023

	Spinning	Knits	Denim	Power	Total
			Rupees		
Types of goods and services					
Local sales					
– Yarn	5,322,492,736	25,887,755	–	–	5,348,380,491
– Fabric	–	330,652,052	3,284,684,021	–	3,615,336,073
– Garments	–	103,019,883	–	–	103,019,883
– Waste	282,373,318	89,538,412	118,518,053	–	490,429,783
– Energy revenue	–	–	–	15,971,376,755	15,971,376,755
– Capacity revenue	–	–	–	3,687,700,965	3,687,700,965
– Delayed payment mark-up	–	–	–	1,724,787,696	1,724,787,696
– Raw materials	156,281,068	–	–	–	156,281,068
– Local steam income	12,893,101	–	–	–	12,893,101
– Processing income	7,019,182	343,453,156	4,662,221	–	355,134,559
	5,781,059,405	892,551,258	3,407,864,295	21,383,865,416	31,465,340,374
Export Sales					
– Yarn	18,439,024,997	198,770,584	–	–	18,637,795,581
– Fabric	–	1,579,952,200	8,694,731,073	–	10,274,683,273
– Garments	–	9,244,996,516	–	–	9,244,996,516
– Waste	705,139,631	–	–	–	705,139,631
	19,144,164,628	11,023,719,300	8,694,731,073	–	38,862,615,001
Export rebate					
– Yarn	1,367,605	–	–	–	1,367,605
– Fabric	–	5,699,384	11,376,855	–	17,076,239
– Garments	–	77,628,851	–	–	77,628,851
	1,367,605	83,328,235	11,376,855	–	96,072,695
Less: sales tax	1,311,282,302	174,646,140	1,107,243,664	2,369,045,513	4,962,217,619
	23,615,309,336	11,824,952,653	11,006,728,559	19,014,819,903	65,461,810,451
Timing of revenue recognition					
Goods transferred at a point in time	23,608,290,154	11,481,499,497	11,002,066,338	19,014,819,903	65,106,675,892
Services rendered at a point in time	7,019,182	343,453,156	4,662,221	–	355,134,559
	23,615,309,336	11,824,952,653	11,006,728,559	19,014,819,903	65,461,810,451

28.1 This includes indirect export of Rs. 11,591.80 million (2023: Rs. 8,219.70 million).

28.2 Waste sales include sale of comber noil.

28.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 296.70 million (2023: Rs. 964.099 million) has been included / net-off in export sales.

		Note	2024 Rupees	2023 Rupees
29.	**COST OF SALES**			
	Finished goods at beginning of the year		3,459,768,225	3,153,668,218
	Cost of goods manufactured	29.1	58,896,843,972	53,224,619,292
	Cost of raw materials sold		500,105,973	58,827,159
			59,396,949,945	53,283,446,451
			62,856,718,170	56,437,114,669
	Finished goods at end of the year		(3,976,618,720)	(3,459,768,225)
			58,880,099,450	52,977,346,444
29.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		1,264,365,323	1,296,808,329
	Raw materials consumed	29.2	43,838,493,445	40,323,789,898
	Salaries, wages and benefits	29.3	3,479,309,841	2,842,084,653
	Operations and maintenance		2,271,781,356	1,189,447,367
	Packing stores consumed		538,008,915	432,926,575
	General stores consumed		833,243,880	637,635,253
	Processing charges		1,238,540,264	2,284,419,161
	Depreciation	4.2	1,600,338,470	1,552,393,973
	Fuel and power		4,449,325,553	3,322,853,480
	Repair and maintenance		128,780,194	49,163,471
	Insurance		360,991,108	325,577,526
	Vehicles' running		91,097,897	75,026,110
	Travelling and conveyance		102,076,749	56,775,462
	Printing and stationery		1,186,945	1,253,301
	Legal and professional charges		12,668,391	13,441,878
	Fee and subscription		28,587,940	18,288,247
	Entertainment		27,453,973	26,124,000
	Telephone		4,687,617	3,418,764
	Postage		2,198,899	2,762,490
	Rent, rates and taxes		7,063,392	8,722,589
	Miscellaneous		13,174,049	26,072,088
			60,293,374,201	54,488,984,615
	Work-in-process at end of the year		(1,396,530,229)	(1,264,365,323)
			58,896,843,972	53,224,619,292
29.2	**Raw materials consumed**			
	Stocks at beginning of the year		7,471,921,108	9,075,672,131
	Purchases		30,345,687,112	38,720,038,875
			37,817,608,220	47,795,711,006
	Stocks at end of the year		(7,669,236,021)	(7,471,921,108)
			30,148,372,199	40,323,789,898

29.3 Salaries, wages and benefits include Rs. 210.769 million (2023: Rs. 169.381 million) in respect of staff retirement benefit – gratuity and Rs. 32.930 million (2023: Rs. 23.715 million) contribution in respect of to staff provident fund.

		Note	2024 Rupees	2023 Rupees
30.	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	127,924,003	108,220,087
	Travelling, conveyance and entertainment		65,296,579	47,682,465
	Vehicles' running		5,139,178	5,254,817
	Telephone		756,753	711,463
	Postage		48,512,062	35,126,207
	Printing and stationery		8,726	3,186
	Sample expenses		360,660	91,608
	Commission:			
	– local		30,038,548	29,941,361
	– export		354,624,104	484,849,926
			384,662,652	514,791,287
	Freight and forwarding:			
	– local		21,204,834	14,100,156
	– export		753,078,436	749,982,065
			774,283,270	764,082,221
	Export development surcharge		71,472,178	68,326,133
	Other export expenses		48,761,158	58,676,161
	Sales promotion		237,614,942	252,186,216
	Provision for impairment of trade debts		–	95,953,341
			1,764,792,161	1,951,105,192

30.1 Salaries and other benefits include Rs. 4.75 million (2023: Rs. 3.80 million) in respect of contribution to staff provident fund.

		Note	2024 Rupees	2023 Rupees
31.	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	31.1	499,011,307	437,182,714
	Telephone		12,252,405	7,326,292
	Postage		5,362,819	530,914
	Fee and subscription		17,627,598	27,688,770
	Legal and professional charges		54,907,774	49,527,758
	Entertainment		17,465,088	5,798,948
	Travelling and conveyance		17,792,308	20,004,518
	Printing and stationery		9,882,393	7,120,934
	Rent, rates and taxes	31.2	10,115,688	11,113,855
	Advertisement		297,580	1,346,840
	Electricity, gas and water		12,012,730	9,655,285
	Repair and maintenance		23,115,411	26,513,682
	Vehicles' running		51,911,346	39,271,781
	Charity and donations	31.3	36,000	19,439,144
	Insurance		1,795,838	1,481,160
	Depreciation	4.2	56,676,214	44,484,290
	Amortisation	6	2,146,989	1,130,217
	Others		7,441,445	3,503,302
			799,850,933	713,120,404

31.1 Salaries and other benefits include Rs. 15.582 million (2023: Rs. 12.322 million) in respect of contribution to staff provident fund.

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

Preceding year include donations amounted Rs. 14.143 million were made to Abdullah Foundation, 212 – Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousaf Abdullah and Mr.Shayan Abdullah have common directorship in both Companies.

		Note	2024 Rupees	2023 Rupees
32.	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		1,011,685,008	646,550,803
	Interest income		153,560,841	57,469,243
	Mark-up earned on term finance certificates		15,321,752	11,289,711
	Amortisation of deferred income - government grant		–	1,178,823
	Share of profit from Associated Co.		–	11,195,233
			1,180,567,601	727,683,813
	Income from assets other than financial assets			
	Gain on disposal of operating fixed assets		16,795,936	20,406,561
	Gain on sale of store and spares		907,714	4,976,057
	Exchange gain		87,097,375	204,366,199
	Scrap sales [Net of sales tax aggregating Rs. 13.496 million (2023: Rs. 14.241 million)]		72,951,662	80,629,139
	Reversal of provision for doubtful tax refunds - net		–	92,933,599
	Reversal of provision for ECL in trade debts		33,417,778	–
	Reversal of Workers' welfare fund		266,505,513	–
	Miscellaneous		3,486,000	–
			481,161,978	403,311,555
			1,661,729,579	1,130,995,368
33.	**OTHER EXPENSES**			
	Workers' profit participation fund	23.4	14,682,955	197,175,906
	Workers' welfare fund		132,980	124,385,274
	Auditors' remuneration	33.1	9,166,349	7,337,731
	Loss on sale of investment		–	28,282,086
	Miscellaneous expense		10,551,746	–
	Provision for doubtful tax refunds		36,147,782	–
			70,681,812	357,180,997

	Note	2024 Rupees	2023 Rupees
33.1 Auditors' remuneration			
ShineWing Hameed Chaudhri & Co.			
– annual audit		3,172,560	2,152,150
– half yearly review		307,100	267,000
– review of Code of Corporate Governance		90,900	79,000
– audit of retirement funds and workers' profit participation fund		405,890	259,900
– (over) / under provision		(235,587)	699,400
– out-of-pocket expenses		150,000	150,000
		3,890,863	3,607,450
A.F. Ferguson & Co.			
– audit fee		2,841,250	2,186,000
– group reporting		215,000	300,000
– tax services		1,426,000	364,700
– Certification required under various regulations and agreements		565,000	753,500
– reimbursement of expenses		228,236	126,081
		5,275,486	3,730,281
		9,166,349	7,337,731
34. FINANCE COST			
Mark-up / interest on long term finances		164,055,712	192,894,711
Mark-up / interest on short term borrowings		2,507,773,516	1,946,694,035
Interest on workers' profit participation fund accrued	23.4	81,652,535	4,213,951
Unwinding effect of long term liabilities		4,327,536	10,088,093
Interest on payable to SNGPL		1,890,716	1,885,551
Bank and other financial charges		191,086,908	180,676,120
		2,950,786,923	2,336,452,461
35. LEVIES AND INCOME TAXATION			
35.1 Final tax levy			
Levy:			
– for the year		1,205,748,196	877,523,037
– for prior year		27,608,109	(478,946)
		1,233,356,305	877,044,091
35.2 Income tax			
Current tax			
– current year		144,969,217	90,679,456
– prior year		–	455,630
Deferred taxation		(505,371,962)	9,054,338
Net (income) / expense		(360,402,745)	100,189,424

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

	2024 Rupees	2023 Rupees
Current tax liability for the year as per applicable tax laws	1,350,717,413	968,202,493
Portion of current tax liability as per tax laws, representing income tax under IAS 12	144,969,217	90,679,456
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,205,748,196	877,523,037
Difference	–	–

35.4 The income of the Parent Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly.

35.5 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, SEPL, 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

	2024 Rupees	2023 Rupees
36.1 Basic earnings per share		
Net profit for the year	3,863,507,674	6,785,885,192
	Number of shares	
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupees	
Earnings per share	186.90	328.27

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, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2024 Rupees	2023 Rupees
37.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		4,740,825,999	8,257,600,321
	Adjustments for non-cash charges and other items:			
	Depreciation		1,657,014,684	1,596,878,263
	Amortisation		2,146,988	1,130,217
	Staff retirement benefit - gratuity		210,768,934	165,980,320
	Dividend and interest income		(1,180,567,601)	(715,309,757)
	Amortization on government grant		-	(1,178,823)
	Gain on sale of stores and spares		(907,714)	(4,976,057)
	Gain on disposal of operating fixed assets		(16,795,937)	(20,406,563)
	Exchange gain		11,830,703	146,766,974
	Provision for workers' profit participation fund		14,682,955	197,175,906
	Provision for workers' welfare fund		(266,505,513)	124,385,274
	Provision for slow moving items		(571,632)	-
	Provision for doubtful tax refunds		36,147,782	(92,933,599)
	Finance cost		2,950,786,923	2,336,452,461
	Provision for impairment of trade debts		-	95,953,341
	Working capital changes	37.1	860,595,933	(6,640,014,395)
			9,019,452,504	5,447,503,883
37.1	**Working capital changes**			
	Decrease / (increase) in current assets:			
	Stores, spare parts and loose tools		(326,531,993)	(205,451,198)
	Stock-in-trade		(385,642,436)	(151,955,201)
	Trade debts		1,893,248,692	(5,748,172,228)
	Loans and advances		(184,926,171)	226,527,554
	Deposits, other receivables and sales tax		503,373,701	(461,592,163)
			1,499,521,793	(6,340,643,236)
	Decrease in trade and other payables		(638,925,860)	(299,371,159)
			860,595,933	(6,640,014,395)

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2024	2023	2024	2023
Particulars	Rupees			
Managerial remuneration	66,025,254	63,905,707	404,538,206	295,740,073
Contribution to provident fund trust	-	-	27,241,633	23,519,945
House rent and utilities	32,697,215	31,653,259	181,208,078	140,275,786
Medical	1,121,375	1,044,848	8,039,235	5,812,283
Leave encashment / bonus	675,454	675,455	76,691,062	60,669,237
Other benefits	-	-	44,817,147	24,344,289
	100,519,298	97,279,269	742,535,361	550,361,613
Number of persons	3	3	126	93

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs. 1,410 thousand (2023: Rs. 1,100 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 Name of the related party	Basis of Basis of relationship	Percentage of Percentage of shareholding
Reliance Cotton Spinning Mills Limited	Common directorship	1.35%
SFL Limited	Common directorship	1.090%
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	25.00%
Neelam Textile Mills Limited	Common directorship	–
Amer Cotton Mills Limited	Common directorship	–
Sapphire Textile Mills Limited	Common directorship	–
Diamond Fabrics Limited	Common directorship	–
Salman Ismail (SMC–Pvt.) Limited	Common directorship	–
Sapphire Agencies (Pvt.) Limited	Common directorship	–
Crystal Enterprises Limited	Common directorship	–
Sapphire Holding Limited	Common directorship	–
Four Strength (Pvt.) Limited	Common directorship	–
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.

	2024 Rupees	2023 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales of:		
– raw material / yarn / fabric / stores	937,391,991	299,807,371
Purchases:		
– raw material / yarn / fabric / stores	3,750,394,371	3,323,091,230
– assets	475,000,000	7,000,000
Services:		
– rendered	69,987,570	5,555,639
– obtained	10,929,430	81,151
Expenses charged by	100,139,278	51,092,118
Expenses charged to	94,804,682	102,936,191
Dividend:		
– received	356,864,472	66,921,675
– paid	147,951,540	125,525,550
Loan given	–	–
Interest charged	62,348,155	–
ii) Director and their related parties		
Dividend paid	16,714,680	7,562,340
iii) Key management personnel		
Salary and other employment benefits	240,426,481	209,844,833
iv) Retirement Fund		
Contribution towards provident fund	48,651,589	40,173,889

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. 29,532 million (2023: Rs. 27,566 million) as at June 30, 2024. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 98.09% (2023: 98.24%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2024 Rupees	2023 Rupees
Long term investments	5,220,935,801	2,662,106,905
Long term deposits	63,948,145	62,426,345
Trade debts	17,862,219,859	19,788,886,329
Loans and advances	289,648,152	286,962,243
Short term investments	4,064,853,287	3,243,639,904
Other receivables	205,312,356	129,735,824
Bank balances	1,825,324,157	1,392,741,483
	29,532,241,757	27,566,499,033

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:

	2024 Rupees	2023 Rupees
Domestic	15,379,135,026	14,516,639,024
Export	2,483,084,833	5,272,247,305
	17,862,219,859	19,788,886,329

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:

	2024 Rupees	2023 Rupees
Yarn	2,910,454,162	4,380,311,794
Fabric	1,976,249,814	2,059,852,009
Garments	725,796,610	901,534,642
Power	12,119,543,187	12,162,349,949
Waste	130,176,086	284,837,935
	17,862,219,859	19,788,886,329

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	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Samba Bank Limited	A-1	AA	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank	A-1+	AA	JCR-VIS
Allied Bank Limited	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2024					
Long term finances	5,204,867,729	5,372,929,011	1,143,657,988	3,373,001,901	856,269,122
Trade and other payables	6,161,561,876	6,161,561,876	6,161,561,876	–	–
Accrued mark-up / interest	213,277,317	213,277,317	213,277,317	–	–
Short term borrowings	9,149,051,771	9,157,641,323	9,157,641,323	–	–
Unclaimed dividend	125,374,785	125,374,785	125,374,785	–	–
	20,854,133,478	21,030,784,312	16,801,513,289	3,373,001,901	856,269,122

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2023					
Long term finances	6,054,228,926	6,392,247,532	1,050,158,808	3,887,804,633	1,454,284,091
Trade and other payables	6,730,299,522	8,750,053,148	8,750,053,148	–	–
Accrued mark-up / interest	469,764,094	469,764,094	469,764,094	–	–
Short term borrowings	10,901,144,743	11,773,464,161	11,773,464,161	–	–
Unclaimed dividend	241,818,718	241,818,718	241,818,718	–	–
	24,397,256,003	27,627,347,653	22,285,258,929	3,887,804,633	1,454,284,091

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), Chinese Yuan (CNY), Dirham (AED) and Swiss Frank (CHF) is as follows:

	Rupees	U.S. $	Euro	CNY	AED	JPY
June 30, 2024						
Bills payables	810,894,810	2,876,025	–	206,669	–	632,400
Advance payments	1,171,493,438	4,201,931	–	–	–	–
	1,982,388,248	7,077,956	–	206,669	–	632,400
Trade debts	(2,483,084,833)	(8,320,453)	(676,433)	–	–	–
Bank balances	(1,375,634,282)	(4,942,992)	–	–	–	–
Net reporting date exposure	(1,876,330,867)	(6,185,489)	(676,433)	206,669	–	632,400
Outstanding letters of credit	2,478,054,156	6,638,847	1,697,082	620,006	1,097,494	7,519,746
	601,723,289	453,358	1,020,649	826,675	1,097,494	8,152,146

	Rupees	U.S. $	Euro	JPY	CHF
June 30, 2023					
Bills payables	1,589,958,553	5,027,515	466,347	–	–
Advance payments	1,138,409,789	4,053,740	–	–	–
	2,728,368,342	9,081,255	466,347	–	
Trade debts	(5,272,247,305)	(18,660,691)	–	–	–
Bank balances	(1,098,619,186)	(3,828,551)	–	–	–
Net reporting date exposure	(3,642,498,149)	(13,407,987)	466,347	–	
Outstanding letters of credit	3,913,047,137	11,540,329	1,554,567	493,200	285,282
	270,548,988	(1,867,658)	2,020,914	493,200	285,282

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
U.S. Dollar to Rupee	285.99	251.74	278.80 / 278.30	287.10 / 286.60
Euro to Rupee	312.52	247.02	298.41 / 297.88	314.27 / 313.72
Swiss Frank to Rupee	330.97	250.8800	309.71 / 309.16	320.90 / 320.34
CNY to Rupee	39.58	40.23	38.53 / 38.47	39.98 / 39.91
Japanese Yen to Rupee	2.06	1.59	1.7305 / 1.7274	2.0013 / 1.9978
AED to Rupee	76.19	–	76.37 / 76.23	–

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

	2024 Rupees	2023 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(172,142,159)	(384,272,907)
Euro to Rupee	(20,149,586)	14,655,887
CNY to Rupee	796,296	–
JPY to Rupee	109,437	–
	(191,386,013)	(369,617,020)

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

Interest rate risk

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

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

	Effective rate		Carrying amount	
	2024	2023	2024	2023
	%	%	Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	15.50 to 20.50	9.00 to 13.86	9,415,804	7,857,935
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 9.50	4,674,269,573	5,527,958,306
Variable rate instruments				
Financial assets				
Trade debts	22.80 to 28.49	16.06 to 26.58	12,109,155,786	12,161,414,348
Financial liabilities				
Long term finances	4.00 to 23.91	15.81 to 22.98	204,865,000	204,865,000
Short term borrowings	16.25 & 24.91	2.25 & 24.08	9,149,051,771	10,901,144,743

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, 2024, 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. 93.539 million (2023: Rs. 109.011 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. 8,175.395 million (2023: Rs. 4,270.989 million) are exposed to price risk due to changes in market price.

At June 30, 2024, if market value had been 10% higher / lower with all other variables held constant other comprehensive income for the year would have higher / (lower) by Rs. 817.540 million (2023: Rs. 427.098 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. 8,175.395 million (2023: Rs. 4,270.989 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.

	2024 Rupees	2023 Rupees
Total borrowings	14,353,919,500	16,955,373,669
Less: cash and bank balances	1,832,065,719	1,399,220,229
Net debt	12,521,853,781	15,556,153,440
Total equity	48,400,748,239	41,040,257,401
Total capital	60,922,602,020	56,596,410,841
Gearing ratio	21%	27%

40.4 Financial instrument by category

	As at June 30, 2024				As at June 30, 2023		
	Amortised cost	At fair value through FVTPL	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
				Rupees			
Financial assets as per statement of financial position							
Long term investments	-	-	5,220,935,801	5,220,935,801	-	2,662,106,905	2,662,106,905
Long term loans	5,365,570	-	-	5,365,570	4,400,000	-	4,400,000
Long term deposits	63,948,145	-	-	63,948,145	62,426,345	-	62,426,345
Trade debts	17,862,219,859	-	-	17,862,219,859	19,788,886,329	-	19,788,886,329
Loans and advances	289,648,152	-	-	289,648,152	286,962,243	-	286,962,243
Trade deposits	2,275,676	-	-	2,275,676	38,976,727	-	38,976,727
Short term investments	1,095,000,000	14,893,589	2,954,959,698	4,064,853,287	1,634,258,148	1,609,381,756	3,243,639,904
Other receivables	205,312,356	-	-	205,312,356	129,735,824	-	129,735,824
Cash and bank balances	1,832,065,719	-	-	1,832,065,719	1,399,220,229	-	1,399,220,229
	21,355,835,477	14,893,589	8,175,895,499	29,546,624,565	23,344,865,845	4,271,488,661	27,616,354,506

	Financial liabilities measured at amortised cost	
	2024 Rupees	2023 Rupees
Financial liabilities as per statement of financial position		
Long term finances and accrued mark-up	5,249,442,606	6,108,546,538
Trade and other payables	6,161,561,876	6,730,299,522
Unclaimed dividend	125,374,785	241,818,718
Short term borrowings and accrued mark-up	9,317,754,211	11,316,591,225
	20,854,133,478	24,397,256,003

41. CAPACITY AND PRODUCTION

			2024	2023
41.1	**Spinning units**			
	Number of spindles installed		102,480	104,496
	Number of spindles worked		95,670	83,304
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	61,670,800	60,589,409
	Actual production after conversion into 20's count	Lbs.	50,167,530	45,597,270

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

			2024	2023
41.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		340	342
	Installed capacity	Lbs.	16,402,373	16,402,373
	Actual production	Lbs.	9,162,816	11,154,381
41.3	**Knitting unit**			
	Total number of days worked	327	340	
	Installed capacity	Lbs.	13,812,440	14,612,963
	Actual production	Lbs.	4,638,483	5,262,136
41.3.1	**Low production is due to low demand.**			
41.4	**Stitching unit**			
	Installed capacity	Pcs.	9,600,000	9,600,000

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

			2024	2023
41.5	**Denim unit**			
	Total number of days worked		331	319
	Installed capacity	Mtrs.	20,400,000	20,400,000
	Actual production	Mtrs.	14,420,270	13,053,520
41.6	**Power**			
	De-rated capacity [based on			
	8,760 hours (2023: 8,760 hours)	MWH	1,810,615	1,798,759
	Actual energy delivered	MWH	479,363	452,528

41.6.1 Output produced by the plant is dependent on the load demanded by NTDCL and plant availability.

41.7 The Subsidiary Companies; SEPL, 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 cost	Elimination of segment transactions	Total
	Rupees					
For the year ended June 30, 2024						
Sales	33,024,456,924	6,415,353,428	12,377,153,149	20,125,096,423	(4,396,752,225)	67,545,307,699
Cost of sales	(28,947,885,066)	(6,049,016,561)	(11,155,314,720)	(17,124,635,328)	4,396,752,225	(58,880,099,450)
Gross profit	4,076,571,858	366,336,867	1,221,838,429	3,000,461,095	–	8,665,208,249
Selling and distribution expenses	(954,967,058)	(211,897,113)	(597,927,990)	–	–	(1,764,792,161)
Profit before taxation and unallocated income and expenses	3,121,604,800	154,439,754	623,910,439	3,000,461,095	–	6,900,416,088
Unallocatable income and expenses						
Other income						1,661,729,579
Other expenses						(70,681,812)
Administrative expenses						(799,850,933)
Finance cost						(2,950,786,923)
Share of profit of Associates						883,116,420
Final taxes and income tax						(872,953,560)
Profit after taxation						4,750,988,859

	Spinning	Knitting, processing and garments	Denim	Power cost	Elimination of segment transactions	Total
	Rupees					
For the year ended June 30, 2023						
Sales	27,301,644,308	11,824,952,648	11,006,728,558	19,014,819,903	(3,686,334,966)	65,461,810,451
Cost of sales	(22,692,840,151)	(9,578,391,575)	(8,945,193,320)	(15,447,256,364)	3,686,334,966	(52,977,346,444)
Gross profit	4,608,804,157	2,246,561,073	2,061,535,238	3,567,563,539	-	12,484,464,007
Selling and distribution expenses	(1,042,795,865)	(373,036,697)	(535,272,630)	-	-	(1,951,105,192)
Profit before taxation and unallocated income and expenses	3,566,008,292	1,873,524,376	1,526,262,608	3,567,563,539	-	10,533,358,815
Unallocatable income and expenses						
Other income						1,130,995,368
Other expenses						(357,180,997)
Administrative expenses						(713,120,404)
Finance cost						(2,336,452,461)
Share of profit of Associates						527,780,697
Final taxes and income tax						(977,233,515)
Profit after taxation						7,808,147,503

42.2 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Denim	Power	Total
	Rupees				
As at June 30, 2024					
Segment assets	20,097,975,804	7,058,891,591	9,785,662,292	26,067,164,258	63,009,693,945
Unallocatable assets					18,490,535,270
Total assets as per statement of financial position					81,500,229,215
Segment liabilities	3,115,750,541	4,279,477,482	14,090,347,714	3,424,769,288	24,910,345,025
Unallocatable liabilities					1,157,567,690
Total liabilities as per statement of financial position					26,067,912,715

	Spinning	Knitting, processing and garments	Denim	Power	Total
			Rupees		
As at June 30, 2023					
Segment assets	16,371,057,874	6,478,223,456	10,320,312,281	26,506,042,769	59,675,636,380
Unallocatable assets					17,086,741,437
Total assets as per statement of financial position					76,762,377,817
Segment liabilities	4,516,855,511	6,824,138,457	8,230,014,841	6,574,758,363	26,145,767,172
Unallocatable liabilities					2,620,943,722
Total liabilities as per statement of financial position					28,766,710,894

42.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 53.39% (2023: 55.26%) and to customers outside Pakistan (including indirect export) are 46.61% (2023: 44.74%) of the total sales during the year.

42.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2023: One) of the Group's customers contributed towards 31.41% (2023: 30.41%) of the local sales during the year aggregating Rs. 22,695.636 million (2023: Rs. 21,383.865 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

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.

	2024	2023
44. NUMBER OF EMPLOYEES		
Average number of employees during the year	4,751	4,645
Number of employees at the June 30, 2024	4,657	4,563

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date

46.1.1 The Board of Directors of the Parent Company, in their meeting held on September 27, 2024, 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, 2024, for approval of the members at the Annual General Meeting to be held on October 28, 2024. The Board of Directors also decided to reclassify a sum of Rs. 27.50 Billion from revenue reserves to separate capital reserves.

These consolidated financial statements do not include the effect of above dividends.

46.1.2 The Parent Company has entered into an agreement with UPLHC I Limited and UPLHC II Limited; both companies incorporated in United Arab Emirates, to acquire 50% Shares of UCH Power (Private) Limited which is fully owned by UPLHC I Limited and UPLHC II Limited.

46.1.3 The Parent Company has entered into an agreement with International Power UCH Holdings B.V, a company incorporated in the Netherlands, to acquire 50% shares of UCH–II Power (Private) Limited which is fully owned by International Power UCH Holdings B.V.

46.2 Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 27, 2024 by the Board of Directors of the Parent Company.

Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT 30 JUNE, 2024

Number of Shareholders	Shareholding From	To	Total Shares Held
265	1	100	4,287
135	101	500	32,059
92	501	1000	58,512
66	1001	5000	114,973
12	5001	10000	84,210
4	10001	15000	48,980
2	15001	20000	35,372
1	20001	25000	22,147
3	25001	30000	83,005
3	30001	35000	90,246
1	40001	45000	40,506
1	50001	55000	54,184
2	95001	100000	195,646
2	100001	105000	200,124
1	115001	120000	118,125
1	160001	165000	163,518
1	180001	185000	182,436
1	210001	215000	210,240
1	220001	225000	225,000
1	225001	230000	226,485
1	240001	245000	240,700
2	250001	255000	502,271
1	285001	290000	287,906
1	320001	325000	323,014
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
2	520001	525000	1,049,477
2	525001	530000	1,052,827
1	555001	560000	555,082
5	565001	570000	2,845,205
2	570001	575000	1,145,483
1	615001	620000	616,671
4	1025001	1030000	4,113,142
1	3085001	3090000	3,089,355
625			20,671,875

CATEGORY OF SHAREHOLDERS
AS AT 30 JUNE, 2024

		Shares Held	Percentage
1	Directors, CEO, spouses minor, Children	2,965,439	14.35
2	Associated Companies, undertaking, related parties	11,120,154	53.79
3	NIT & ICP	628,171	3.04
4	Banks, DFI & NBFI	1,381	0.01
5	Insurance Companies	250,128	1.21
6	Modaraba & Mutual Fund	161	0.00
7	General Public (Local)	5,158,773	24.96
8	General Public (Foreign)	65,244	0.32
9	Others	482,424	2.33
		20,671,875	100.00

PATTERN OF SHAREHOLDING
AS AT 30 JUNE, 2024

A	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	SHARES
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah	260,957
	Mr. Amer Abdullah	182,436
	Mr. Yousuf Abdullah	587,263
	Mrs. Usma Yousuf	9,962
	Mrs. Noshaba Nadeem	280,669
	Mrs. Ambareen Amer	344,333
	Mr. Shayan Abdullah	555,082
	Mr. Muhammad Naeem Khan	500
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	525
	Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah	426,544
	Mrs. Shireen Shahid	316,143

B	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
	Sapphire Textile Mills Limited	145
	Crystal Enterprises (Private) Limited	5,837
	Sapphire Power Generation Limited	473,209
	Salman Ismail (Pvt) Limited	23,302
	Reliance Cotton Spinning Mills Limited	798,796
	Sapphire Holding Limited	3,089,355
	Synergy Holdings (Private) Limited	1,525,272
	Resource Corporation (Private) Limited	1,525,274
	ATMZ Company (Private) Limited	1,525,274
	Channel Holdings (Private) Limited	1,525,274
	SFL Corporation (Private) Limited	365,975
	STM Corporation (Private) Limited	262,441

C	NIT & ICP	
	CDC Trustee NIT-Equity Market Opportunity Fund	11,500
	CDC Trustee National Investment (UNIT) Trust	616,671

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

	BANKS, DFI & NBFI	
	National Bank of Pakistan	1,300
	National Bank of Pakistan	81

E	**INSURANCE COMPANIES**	
	State Life Insurance Corporation of Pakistan	250,128
F	**MODARABAS & MUTUAL FUNDS**	
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	CDC TrusteeGolden Arrow Selected Stock Funds	49
G	**GENERAL PUBLIC (LOCAL)**	5,158,773
H	**GENERAL PUBLIC (FOREIGN)**	65,244
I	**OTHERS**	482,424
	TOTAL	**20,671,875**

SHAREHOLDERS HOLDING 10% OR MORE	
Sapphire Holding Limited	3,089,355

TRADING IN THE SHARES OF COMPANY DURING THE YEAR

BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.

Mr. Nadeem Abdullah received Gift from mother	60,164
Mr. Amer Abdullah received Gift from mother	60,164
Mr. Shayan Abdullah received Gift from grandmother	30,082


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SECP
*Mobile apps are also available for download for android and ios devices

FORM OF PROXY
SAPPHIRE FIBRES LIMITED

I/ We ________________________________ of ________________________________ a member(s) of Sapphire Fibres Limited and a holder of ______________ ordinary shares, do hereby appoint ________________________________ of ____________________ or failing him/ her __________________________________ of __________________________________ __ who is also a member of Sapphire Fibres Limited, vide Registered Folio No. ________________ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi on Monday the 28th October, 2024 at 11:00 am and / or any adjournment thereof.
Signed this ________ day of ______ 2024.

Signature of shareholder;____
CNIC No: ____
Folio No/ CDC and/or Sub Account No: __________________________________
Email: ____

Signature of proxy: ____
CNIC No: ____
Folio No/ CDC and/or Sub Account No: __________________________________
Email: ____
(Signature should agree with the specimen signature registered with the Company)

Notice:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its company seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:

   i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   ii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   iii. The proxy shall produce his original CNIC or original passport at the time of meeting.
   iv. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness:

Name	Name
Address	Address
NIC No.	NIC No.

فارم برائے قائم مقام / متبادل

سفائر فائبرز لمیٹڈ

میں / ہم ________________ جس کا تعلق ________________ سے ہے

سفائر فائبر لمیٹڈ کے ممبر کی حیثیت سے ________________ شیئرز کی تحویل رکھتا / رکھتی ہوں۔ میں / ہم ________________ کو یا ان کی عدم حاضری کی صورت میں ________________ کو جس / جن کا تعلق ________________ سے ہے، کو 28 اکتوبر 2024ء صبح 11:00 بجے، ٹریڈنگ ہال، کاٹن ایکسچینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی میں منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی / ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لئے اپنا / ہمارا پراکسی مقرر کرتا / کرتے / کرتی ہوں۔

اس دستاویز پر مورخہ ________________ 2024ء کو دستخط ہوئے۔

ریوینیو ٹکٹ پانچ روپے

شیئر ہولڈر کے دستخط ________________

شیئر ہولڈر کا فولیو نمبر ________________

اور / یا CDC ________________

شریک ہونے والے کا CNIC نمبر ________________

اور سب اکاؤنٹ نمبر ________________

پراکسی کے دستخط ________________

شیئر ہولڈر کا فولیو نمبر ________________

اور / یا ________________

شریک ہونے والے کا CNIC نمبر ________________

اور سب اکاؤنٹ نمبر ________________

نوٹس

1 کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا محصول ٹکٹ نہ لگایا جائے۔

2 بینک یا کمپنی کی صورت میں پراکسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشترکہ مہر لازم ہوگی۔

3 پاور آف اٹرنی یا دیگر authority کی صورت میں پراکسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔

4 دستخط شدہ پراکسی فارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

5 سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں:

(i) پراکسی فارم پر دو افراد تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر فارم پر موجود ہونا چاہیے۔

(ii) Beneficial owners کے CNIC یا پاسپورٹ کی اسکین شدہ کاپی پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

(iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔

(iv) کارپوریٹ اینٹیٹی کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution/Power of Attorny بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے فراہم نہیں کیا گیا ہو)۔

گواہان

(1) دستخط ________________

نام ________________

پتہ ________________

CNIC یا پاسپورٹ نمبر ________________

(2) دستخط ________________

نام ________________

پتہ ________________

CNIC یا پاسپورٹ نمبر ________________

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