





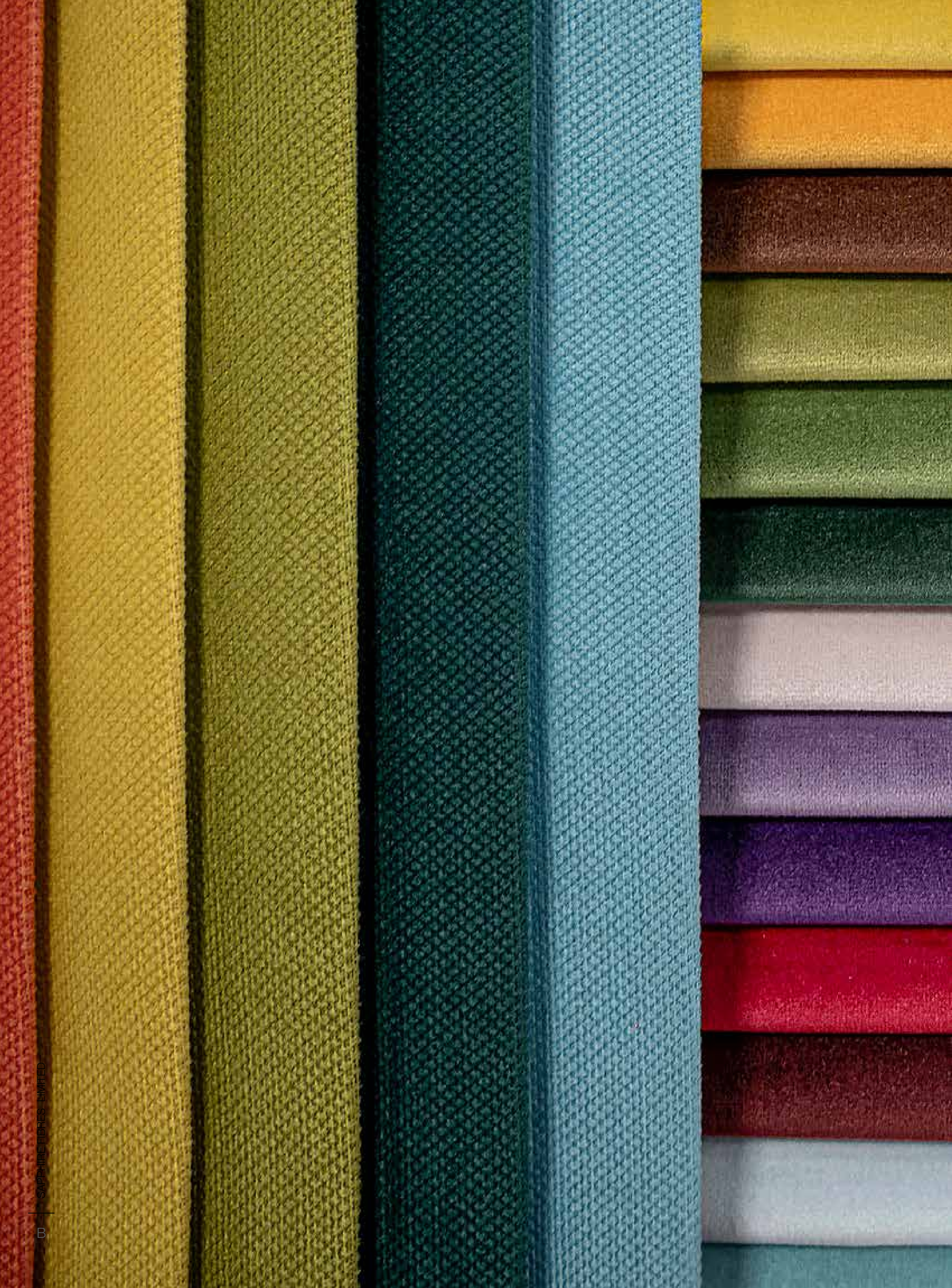



Sapphire

2023

ANNUAL REPORT

SAPPHIRE FIBRES LIMITED



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman
Mr. Yousuf Abdullah

Chief Executive
Mr. Shahid Abdullah

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

Independent Director
Mr. 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 short-term positions. He introduced new lines in the textile business like knitting, cone dyeing, fabric dyeing and finishing. He has achieved considerable experience of spinning, weaving, knitting, dyeing, finishing and power generation. He has experience and is competent in business dealings, especially for procurement of plant and machinery, raw material and other assets. He is well-versed in sales promotion and has successfully created goodwill for Sapphire products in local as well as in export markets. He holds a bachelor's degree in commerce from University of Karachi. He is serving as Chief Executive Officer of Sapphire Fibres Limited and Sapphire Electric Company Limited.

NADEEM ABDULLAH
Director

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 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.

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

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

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

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

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

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

NOTICE OF THE **ANNUAL GENERAL MEETING**

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of the shareholders of Sapphire Fibres Limited (The "Company") will be held on Thursday, October 26, 2023 at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 11:00 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting held on July 20, 2023.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2023 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:

3. To approve final dividend for the year ended June 30, 2023.

4. To appoint auditors for the year ending 30th June 2024 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, 2023 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, 2024.

"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."

6. To consider and, if thought fit, pass, with or without modification, the following special resolutions, to amend the articles of association of the company:

(i) **"RESOLVED THAT** that the Articles of Association of the company be and are hereby amended by substituting for the existing article 111, the following amended article:

Capitalization of Reserve:
Article 111:

"Directors may resolve that moneys, investments or other assets forming part of the Company standing to the credit of the Reserve Fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the shares premium accounts be capitalized by issuance of fully paid bonus shares to its shareholders."

(ii) **FURTHER RESOLVED THAT** the Chief Financial Officer and/ or Company Secretary be and are hereby authorized to take any and all actions necessary to give effect to the above resolution and/or to complete any or all necessary corporate and legal formalities.

Any other Business

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

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

By Order of the Board

Rameez Ghausi
Company Secretary

Karachi
26 September 2023

NOTE

1) Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 20th October 2023 to 26th October 2023 (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 19th October 2023, 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] shall be placed on the company's website seven (7) days before the meeting.

8) Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of 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 Share Holder		Joint Holder(s)	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

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

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

(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, 2023 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

NOTICE OF THE **ANNUAL GENERAL MEETING**

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

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

Material Changes in Financial Statements of Associated Company

Triconboston Consulting Corporation (Private) Limited

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

	Financial Year Ended June 30, 2023	Financial Year Ended June 30, 2022	Financial Year Ended June 30, 2017
Net Sales	14,510,992,988	11,814,570,375	-
Gross Profit /(Loss)	9,979,635,637	8,361,189,562	(93,798,217)
Profit / (Loss) Before Tax	6,531,575,552	6,608,971,350	(94,039,713)
Profit /(Loss) After Tax	6,444,026,438	6,576,681,639	(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, 2023.

   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, 2023.

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, 2024.**

   The Company shall be conducting transactions with its related parties during the year ending June 30, 2024 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, 2024 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.

3. **Agenda no. 6 of the notice**

   The Board of Directors has proposed that Article 111 of the Company's Articles of Association be altered to bring it in line with the issuance of the Companies (Further Issuance of Shares) Regulation 2020.

Articles of Association	
Existing article 111	**Proposed / New article 111**
A General Meeting by Extraordinary Resolution may resolve that any moneys, investment, or other assets forming part of undivided profits (including profits or surplus moneys arising from realization of any capital assets of the Company) standing to the credit of the Reserve Fund or any other fund or in the hands of the Company and available for dividend or representing premium received on issue of shares and standing to the credit of Shares premium Account be capitalized: (a) by distributing among holders of shares of the Company or any of them on the footing that they become entitled thereto as Capital in accordance with their respective rights and interests and in proportion to amounts paid or credited as paid thereon, paid up Shares, Debentures or Debenture-Stock, Bonds or other obligations of the Company; or (b) by crediting Shares of the Company which may have been issued and are not paid up, in proportion to amounts paid or credited as paid thereon respectively with the whole or any part of the sums remaining unpaid thereon. (c) The Directors shall give effect to any such resolution and apply to the portion of profits or Reserve Fund or of any other Funds as may be required for the purpose of making payment in full or part for the Shares, Debentures or Debenture-Stock, Bonds or other obligations of the Company so distributed or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on Shares which may have been issued and are not fully paid-up, provided that no such distribution or payment shall be made unless recommended by the Directors, and if so recommended such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as they think expedient, and in particular they may issue Fractional Certificates and generally may make such arrangement for acceptance, allotment and sale of such Shares, Debentures, Debenture-Stock, Bonds or other obligations and Fractional Certificates or otherwise as they may think fit and may make such payment to any holders of Shares on the footing of value so fixed in order to adjust rights and may vest any Shares, Debentures, Debenture-Stock, Bonds or other obligation in trustees upon such trusts for adjusting such rights as may seem expedient to Directors When deemed requisite a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of holders of the Shares of the Company which shall have been issued prior to such capitalization and such appointment shall be effective.	Directors may resolve that moneys, investments or other assets forming part of the Company standing to the credit of the Reserve Fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the shares premium accounts be capitalized by issuance of fully paid bonus shares to its shareholders.

None of the directors are in any way interested or concerned in the resolution except to the extent of their shareholding in the Company. The said alteration will not affect anyone's interest unfavorably in the company.

REVIEW REPORT BY THE CHAIRMAN

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

For the financial year ended June 30, 2023, the Board's overall performance and effectiveness have been assessed as satisfactory. The performance is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. I would also like to extend my acknowledgement and gratefulness towards the board for their positive contribution and continuous commitment.

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

Yousuf Abdullah
Chairman

Lahore
September 26, 2023

Sapphire

چیئرمین کی جائزہ رپورٹ

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

30 جون 2023 کو ختم ہونے والے مالی سال کے لئے، بورڈ کی مجموعی کارکردگی اور نتائج کو اطمینان بخش قرار دیا گیا ہے۔ یہ نقطہ نظر، مشن اور اقدار، اسٹریٹجک پلاننگ میں مصروفیت؛ پالیسیوں کی تشکیل؛ تنظیم کی کاروباری سرگرمیوں کی نگرانی؛ مالی وسائل مینجمنٹ کی نگرانی؛ مؤثر مالی نگرانی؛ بورڈ کے کاروبار کی انجام دہی میں تمام ملازمین اور کارکردگی کے منصفانہ ٹریٹمنٹ سمیت لازمی اجزاء کی تشخیص پر مبنی ہے۔میں بورڈ کی جانب سے ان کی مثبت شراکت اور مسلسل وابستگی کا اعتراف اور شکرگزار ہوں۔

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

لاہور

مورخہ: 26 ستمبر 2023ء

یوسف عبداللہ

چیئرمین

Directors’ Report To The Sharehorlders

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report of your Company together with the audited financial statements for the year ended 30 June 2023.

Financial Highlights

	2023	2022
	Rupees in '000	
Sales	46,446,991	43,637,517
Profit from operations	8,078,901	8,726,028
Finance Cost	(1,984,023)	(1,672,477)
Taxation	(974,091)	(838,099)
Profit after taxation	5,120,787	6,215,452

FINANCIAL PERFORMANCE

Net Sales at Rs. 46.45 billion for the year under review are 6.4% higher compared to last year despite the fact that global demand slowdown along with policy tightening and import controls at home resulted in Pakistan's textile exports dropping by 14.6% in FY 2022-23 compared to last year. High business growth of Knitting, Processing and Garments division of the Company, which posted 52.9% increase in sales compared to the corresponding year, compensated for sales drop of 2.1% and 6.5% in Spinning and Denim divisions respectively.

Operating margins of the Company declined slightly compared to last year, primarily due to weak demand and unprecedented inflationary pressures. Gross profit as a percentage of sales reduced from last year's 23.6% to 19.2% during the period under review.

Despite the continuous surge in operational costs, management's focus on financial discipline enabled the company to absorb significantly higher cost of borrowing that increased by an average 500 basis points YoY. The Company received dividend income of Rs. 1.58 billion against last year's Rs. 1.27 billion from investments in subsidiaries and share portfolio of blue-chip companies.

During the year under review, your Company earned profit after tax of Rs. 5.12 billion compared to Rs. 6.22 billion posted in the corresponding year.

Earnings per Share:

The earnings per share (EPS) of current year is Rs. 247.72 as compared to Rs. 300.67 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, 2023 (2022: 100%).

Future Outlook:

Global growth is projected to remain weak by historical standards, falling from 3.5% in 2022 to 3.0% in both 2023 and 2024, while risks to the outlook are skewed more to the downside. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is easing in most countries but remains high; set to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, whereas underlying inflation is projected to decline more slowly.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Pakistan faces tough economic challenges ahead to maintain progress towards macroeconomic stability. As a result of policy tightening and very high inflation, economic activity is expected to remain slow in coming year as well with real GDP growth projected at just around 0.5%.

Despite all challenges, your Company has maintained an impressive cumulative annual growth rate of 21% in last five years with improved shareholder returns. With the same resolve, the management remains committed to protect and improve competitive advantage of Company's diversified products and services to deliver sustainable results.

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% (2022: 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 2023.

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 2023.

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

Sapphire Hydro Limited

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

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

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 June 2023.

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 transactions with related parties were carried out on arm's length basis which were in line with transfer pricing methods and the policy for related parties approved by the Board. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The internal audit function ensures that all related party transactions are carried out at arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval. During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 39 to unconsolidated financial statements.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Corporate Environment, Health and Social Responsibility:

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

The company strongly believes in its responsibility towards community at large and has taken various steps in the area of education, health and the natural environment. Company made generous donations for health, education and social welfare projects as reported in note no. 31 to the financial statement.

Composition of the Board and their Meetings:

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

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

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

Name	Category	No of Meetings
Mr. Shahid Abdullah	Executive Director	5
Mr. Nadeem Abdullah	Non- Executive Director	5
Mr. Amer Abdullah	Non- Executive Director	4
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. Tajammal Husain Bokharee	Independent Director	5
Ms. Mariam Chughtai	Independent Director	3

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

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

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

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

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

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

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

Remuneration of Directors:

The remuneration of Directors is determined by the Company in the Board of Directors' Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non- executive directors and independent directors; however, they are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No. 38 to the financial statements.

Principal Risks & Uncertainty:

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company, through Risk Management Committee (RMC), has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Increased competition at global as well as regional levels to be cost effective.
- Currency volatility, abrupt Rupee devaluation, resulting in an increased cost of imported raw material.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton / Man-made fibers making raw material more costly.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts.
- Increasing policy rates i.e., KIBOR resulting in increased financing costs.
- Uncertain taxation measures including the imposition of super tax.

- Soaring inflation impacting the purchasing power of common man thereby reducing the demand for the Company's product.

Risk Management:

Effective risk management is pivotal to sustainable business growth. At SFL, the Risk Management Committee (RMC) oversee the processes, which include risk management and internal control procedures. These processes, which are documented and regularly reviewed, are designed to safeguard assets and address possible risks to the Company, including the possible impact on business continuity. Any identified risk that could potentially affect the achievement of strategic, operational, financial and/ or compliance objectives are promptly reported to the Board for timely action to ensure uninterrupted operations.

Board Evaluation:

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

Statement on Corporate and Financial Reporting Frame Work:

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The company has maintained proper books of accounts.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same is disclosed as contingent liabilities in the notes to the accounts.
7. There is no doubt about the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of Corporate Governance.
9. The Company has established Management Staff Gratuity Fund for its head office employees which will gradually be applicable at mills also. The company has also introduced Employees Provident Fund for staff, the members of Provident Fund are not eligible for gratuity fund. The value of investment of Gratuity and Provident Fund as on June 30, 2023 are Rs. 11 million and Rs. 194 million respectively.
10. A key summary of key operating and financial data of the Company are annexed.
11. Code of conduct has been communicated and acknowledged by each Director and employee of the Company.
12. No trade in the shares of the company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

Pattern of Shareholding:

The pattern of shareholding of the Company as at 30 June 2023 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 2024.

Acknowledgements:

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

FOR AND ON BEHALF OF THE BOARD

	Shayan Abdullah	**Shahid Abdullah**
Lahore	Director	Chief Executive Officer
Dated: September 26, 2023		

مستقبل کا نقطہ نظر:

تاریخی معیارات کے مطابق عالمی نمو 2022 کی 3.5 فیصد سے کم ہو کر دونوں 2023 اور 2024 میں 3.0 فیصد تک کم رہنے کا امکان ہے، جبکہ نقطہ نظر کے خطرات کا رجحان منفی پہلو کی طرف زیادہ ہے۔ افراطِ زر پر قابو پانے کے لئے مرکزی بینک پالیسی میں اضافہ اقتصادی سرگرمی پر اثر انداز ہو رہا ہے۔ عالمی ہیڈ لائن افراط زر 2022 کی 8.7 فیصد سے کم ہو کر 2023 میں 6.8 فیصد اور 2024 میں 5.2 فیصد ہونے کی توقع ہے، جبکہ بنیادی افراط زر سست روی سے بتدریج مزید کم ہونے کا امکان ہے۔

پاکستان کو میکرو اکنامک استحکام کی طرف پیش رفت کو برقرار رکھنے کے لئے سخت اقتصادی مشکلات سامنا ہے۔ پالیسی کی سختی اور بہت زیادہ افراطِ زر کے نتیجے، آئندہ سال میں بھی اقتصادی سرگرمی حقیقی جی ڈی پی نمو صرف تقریباً 0.5 فیصد کے باعث سست رہنے کی توقع ہے۔

تمام مشکلات کے باوجود، آپ کی کمپنی نے شیئر ہولڈر کے بہتر منافع کے ساتھ پچھلے پانچ سالوں میں متاثر کن 21% مجموعی سالانہ نمو کی شرح کو برقرار رکھا ہے۔ اسی عزم کے ساتھ، انتظامیہ مستحکم نتائج کی فراہمی کے لیے کمپنی کی متنوع مصنوعات اور خدمات کے مسابقتی فائدہ کے تحفظ اور بہتر بنانے کے لیے پُرعزم ہے۔

ذیلی کمپنیاں:

سفائر الیکٹرک کمپنی لمیٹڈ:

سفائر الیکٹرک کمپنی لمیٹڈ 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت پاکستان میں ایک پبلک غیر مندرج کمپنی کی حیثیت سے قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11 فیصد (2022:68.11 فیصد) حصص کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے کمبائنڈ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

پریمیئر سیمنٹ لمیٹڈ:

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) کمپنیز آرڈیننس 1984 کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2023 کے مطابق پی سی ایل کے 100 فیصد حصص کی مالک ہے۔

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

سفائر سیمنٹ کمپنی لمیٹڈ:

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی 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 2023 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:

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۔

ڈائریکٹرز کی حصص داران کو رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی گوشواروں پر اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں:

روپے ہزاروں میں

	2023روپے	2022روپے
فروخت	**46,446,991**	43,637,517
آپریشنز سے منافع	**8,078,901**	8,726,028
مالی لاگت	**(1,982,023)**	(1,672,477)
ٹیکسیشن	**(974,091)**	(838,099)
ٹیکس کے بعد منافع	**5,120,787**	6,215,452

مالی کارکردگی:

زیر جائزہ سال کے لیے خالص فروخت 46.45 بلین روپے جو گزشتہ سال کے مقابلے میں 6.4% زیادہ ہیں باوجود اس حقیقت کے کہ ملکی سطح پر پالیسی کی سختی اور برآمدی کنٹرول کے ساتھ ساتھ عالمی طلب میں کمی ہوئی جس کے نتیجے پاکستان کی ٹیکسٹائل برآمدات مالی سال 23-2022 میں 14.6% تک گر گئیں۔ کمپنی کے نٹنگ، پراسیسنگ اور گارمنٹس ڈویژن کی اعلیٰ کاروباری نمو گزشتہ سال کے مقابلے فروخت کی 52.9% زیادہ ہوئی، جس نے سپننگ اور ڈینم ڈویژن میں بالترتیب 2.1% اور 6.5% کی فروخت کی کمی کو پورا کر دیا۔

کمپنی کے آپریٹنگ مارجن میں بھی گزشتہ سال کے مقابلے میں کمی واقع ہوئی، جس کی بنیادی وجہ کم طلب اور افراط زر کا غیر معمولی دباؤ ہے۔ فروخت فیصد کے لحاظ سے مجموعی منافع گزشتہ سال کے 23.6 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران 19.2 فیصد ہو گیا۔

آپریشنل اخراجات میں مسلسل اضافے کے باوجود، مالیاتی نظم وضبط پر انتظامیہ کی توجہ نے کمپنی کو قرض لینے کی زیادہ لاگت کو برداشت کرنے کے قابل بنایا جس میں سالانہ اوسطاً 500 بیس پوائنٹس کا اضافہ ہوا۔ کمپنی کو ذیلی اداروں اور بلیو چپ کمپنیوں کی شیئر پورٹ فولیو میں سرمایہ کاری سے گزشتہ سال کے 1.27 بلین روپے کے مقابلے 1.58 بلین روپے کی ڈیویڈینڈ آمدنی وصول ہوئی۔

زیرِ جائزہ سال کے دوران، کمپنی نے بعد از ٹیکس منافع گزشتہ سال میں **6.22** بلین روپے کے مقابلے **5.12** بلین روپے کمایا ہے۔

فی حصص آمدنی:

موجودہ سال کی فی شیئر آمدنی (EPS)247.72 روپے ہے جو کہ پچھلے سال 300.67 روپے تھی۔

منافع منقسمہ:

کمپنی کی مجلس نظماء 30 جون 2023 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 100% (2022: 100%) سفارش کرتے ہوئے خوشی محسوس کرتی ہے۔

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 مجمد 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۔

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	4
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شایان عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عبدالستار	نان ایگزیکٹو ڈائریکٹر	5
جناب ندیم ارشاد الٰہی	آزاد ڈائریکٹر	5
جناب تجمل حسین بخاری	آزاد ڈائریکٹر	5
محترمہ مریم چغتائی	آزاد ڈائریکٹر	3

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

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۔

سفائر انرجی (پرائیویٹ) لمیٹڈ:

سفائر انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو کمپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2023 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:

اگنائٹ پاور (پرائیویٹ) لمیٹڈ سیفائر انرجی (پرائیویٹ) لمیٹڈ- ایس ای پی ایل کا 99.93 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 (SMEL):

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 SMEL گلگت میں ہر قسم کے سیمنٹ اور اس سے متعلقہ مصنوعات کی تیاری کے لیے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔ SMEL 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 سیفائر 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- (SPPL):

سفائر پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) ایک پرائیویٹ کمپنی لمیٹڈ 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

• غیر یقینی ٹیکس کے اقدامات بشمول سپر ٹیکس کا نفاذ۔
• بڑھتی ہوئی افراط زر عام آدمی کی قوت خرید کو متاثر کرتی ہے جس سے کمپنی کی مصنوعات کی طلب میں کمی واقع ہوتی ہے۔

رسک مینجمنٹ:

مؤثر رسک مینجمنٹ کاروبار کی پائیدار نمو کے لیے اہم ہے۔ SFL میں، رسک مینجمنٹ کمیٹی (RMC) پراسیس کی نگرانی کرتی ہے، جس میں رسک مینجمنٹ اور اندرونی کنٹرول کے طریقہ کار شامل ہیں۔ یہ پراسیس، جن کا دستاویزی اور باقاعدگی سے جائزہ لیا جاتا ہے، اثاثوں کی حفاظت اور کمپنی کو ممکنہ خطرات، بشمول کاروبار کے تسلسل پر ممکنہ اثرات سے نمٹنے کے لیے ڈیزائن کئے گئے ہیں۔ کوئی بھی نمایاں خطرہ جو ممکنہ طور پر اسٹریٹجک، آپریشنل، مالیاتی اور/ یا تعمیلی مقاصد کے حصول کو ممکنہ طور پر متاثر کرسکتا ہے، اس کی فوری طور پر بورڈ کو اطلاع دی جاتی ہے تاکہ بلاتعطل کارروائیوں کو یقینی بنایا جاسکے۔

بورڈ کی تشخیص:

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

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

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
2۔ کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔
3۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
4۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے،
5۔ داخلی کنٹرول کا اندرونی آڈٹ اور اس طرح کے دیگر طریقہ کار کے ذریعے مسلسل جائزہ لیا جارہا ہے۔ جائزہ اور نگرانی کا عمل اس کو مزید بہتر بنانا جاری رکھے گا۔
6۔ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام ادائیگیاں مکمل طور پر فراہم کی گئی ہیں اور مقررہ وقت میں ادا کردی جائیں گی یا جہاں قرض کے دعویٰ کا اعتراف نہیں کیا ان کا مالی حسابات میں انکشاف کیا گیا ہے؛
7۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
8۔ کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
9۔ کمپنی نے اپنے صدر دفتر کے ملازمین کے لئے مینجمنٹ سٹاف گریجوئٹی فنڈ قائم کیا ہے جو بتدریج ملز میں بھی لاگو ہوگا۔ کمپنی نے عملہ کے لئے ایمپلائز پراویڈنٹ فنڈ بھی متعارف کرایا ہے، پراویڈنٹ فنڈ کے ممبران گریجوئٹی فنڈ کے اہل نہیں ہیں۔ 30 جون 2023 کو گریجوئٹی اور پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر بالترتیب 10 ملین روپے اور 162 ملین روپے ہے۔
10۔ کمپنی کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
11۔ کوڈ آف کنڈکٹ کو بہتر بنایا اور کمپنی کے ہر ڈائریکٹر اور ملازمین کی طرف سے تسلیم اور مطلع کیا گیا ہے۔
12۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔

نمونہء حصص داری

30 جون 2023 کے مطابق کمپنی کا نمونہء حصص داری منسلک ہے۔ یہ سٹیٹمنٹ کمپنیز ایکٹ 2017 کے سیکشن (f)(2)227 کے مطابق تیار کی گئی ہے۔

آڈٹ کمیٹی:

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

نام	اجلاسوں کی تعداد
جناب ندیم ارشاد الٰہی	4
جناب شایان عبداللہ	4
جناب یوسف عبداللہ	3
جناب تجمل حسین بخاری	4

ہیومن ریسورس اینڈ ریمنریشن کمیٹی:

سال کے دوران ہیومن ریسورس اینڈ ریمنریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

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

رسک مینجمنٹ کمیٹی:

مالی سال کے دوران، دو اجلاس منعقد ہوئے اور تمام ممبران شامل ہوئے:

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 بے شمار خطرات اور غیر یقینی صورتحال کا سامنا ہے، جن کا اگر مناسب طریقے سے سدِ باب نہ کیا گیا تو کمپنی کو شدید نقصان پہنچ سکتا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے، رسک مینجمنٹ کمیٹی (RMC) کے ذریعے، کمپنی کو درپیش دونوں اندرونی اور بیرونی خطرات کا محتاط اور مکمل جائزہ لیا ہے۔ کمپنی کو جن خطرات کا سامنا ہے ان میں سے کچھ درج ذیل ہیں:

- عالمی اور علاقائی سطحوں پر مسابقت میں اضافہ جس سے لاگت متاثر ہوتی ہے۔
- کرنسی میں اتار چڑھاؤ، روپے کی قدر میں اچانک کمی، جس کے نتیجے میں درآمد شدہ خام مال کی قیمت میں اضافہ ہوتا ہے۔
- کاٹن/مصنوعی ریشوں کی درآمد پر کسٹم ڈیوٹی/ریگولیٹری ڈیوٹیز کا نفاذ جس سے خام مال زیادہ مہنگا ہوتا ہے۔
- تبادلوں، ایندھن/گیس کی بڑھتی ہوئی قیمتوں، قدرتی گیس میں کمی اور دیگر افراطِ زر کے اثرات کی وجہ سے بجلی کی قیمت کا بڑھتا ہوا رجحان۔
- پالیسی کی شرحوں میں اضافہ یعنی KIBOR جس کے نتیجے میں مالیاتی اخراجات میں اضافہ ہوتا ہے۔

محاسب کا تقرر

موجودہ محاسب شینو نگ 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 2024 کو ختم ہونے والے سال کے لئے بطور محاسب ان کی تقرری کی پیشکش بھی دے دی ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ
چیف ایگزیکٹو

شایان عبداللہ
ڈائریکٹر

لاہور
تاریخ: 26 ستمبر 2023

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, 2023 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, 2023.

ShineWing Hameed Chaudhri & Co.

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

Lahore
03 October 2023
UDIN: CR202310104aFyJztXwh

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

Name of Company SAPPHIRE FIBRES LIMITED year ended June 30, 2023.

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

(*) Subsequent to the year end, elections were held dated July 20, 2023 in which Mr. Muhammad Naeem Khan has been elected in place of Mr. Tajammal Husain Bokharee (retired). Except that, all board members are same and duly elected.

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.

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. Muhammad Naeem Khan (Member)

*Subsequent to the year end, Mr. Amer Abdullah has been appointed as member in place of Mr. Tajammal Husain Bokharee.

b) HR and Remuneration Committee

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

*Subsequent to the year end, Mr. Muhammad Naeem Khan has been appointed as member in place of Mr. Tajammal Husain Bokharee

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

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.

For and on behalf of the Board

Yousuf Abdullah	**Shahid Abdullah**
Chairman	Chief Executive

Lahore
Dated: September 26, 2023

SIX YEARS AT A **GLANCE**

Particulars	UOM	2023	2022	2021	2020	2019	2018
Sales	Rs. (000)	46,446,991	43,637,517	27,531,203	22,491,619	21,750,250	17,828,047
Gross profit	Rs. (000)	8,916,900	10,287,823	3,940,602	2,824,049	2,864,697	1,825,406
Net profit before taxation	Rs. (000)	6,094,878	7,053,552	2,673,795	1,511,069	1,015,855	1,448,615
Net profit after taxation	Rs. (000)	5,120,787	6,215,452	2,273,565	1,125,323	759,197	1,145,072
Share capital	Rs. (000)	206,719	206,719	206,719	206,719	196,875	196,875
Shareholders' equity	Rs. (000)	27,708,666	23,368,965	18,915,479	15,888,230	15,287,207	16,283,524
Fixed assets - net	Rs. (000)	15,184,844	14,664,795	12,897,773	11,903,976	10,595,081	10,340,483
Total assets	Rs. (000)	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142
Cash dividend	%	100.00	100.00	100.00	-	80.00	120.00
RATIOS:							
Profitability Ratios							
Gross profit	%	19.20	23.58	14.31	12.56	13.17	10.24
Profit before tax	%	13.12	16.16	9.71	6.72	4.67	8.13
Profit after tax	%	11.03	14.24	8.26	5.00	3.49	6.42
Return to Shareholders							
Return on equity before tax	%	22.00	30.18	14.14	9.51	6.65	8.90
Return on equity after tax	%	18.48	26.60	12.02	7.08	4.97	7.03
Basic earning per share after tax	Rs.	247.72	300.67	109.98	55.61	36.72	58.16
Activity							
Sale to fixed assets	Times	3.06	2.98	2.13	1.89	2.05	1.72
Sale to total assets	Times	0.91	0.89	0.67	0.66	0.62	0.55
Liquidity Ratios							
Current ratio		1.61 : 1	1.39 : 1	1.21 : 1	1.06 : 1	1.01 : 1	1.12 : 1
Debt to equity ratio	Times	0.218	0.287	0.328	0.308	0.291	0.288
Total liability to equity ratio	Times	0.85	1.09	1.16	1.16	1.28	1.01
Breakup value per share	Rs. Per share	1,340.40	1,130.46	915.03	768.59	776.49	827.10

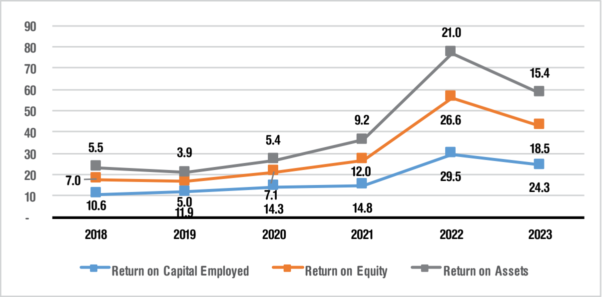
FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

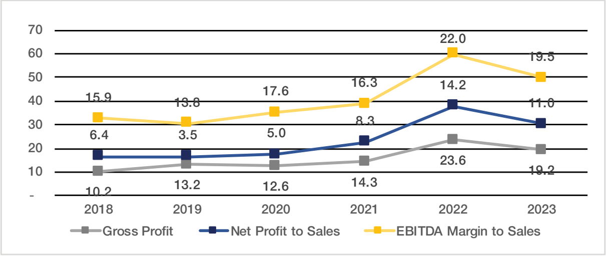
Profitability Ratios

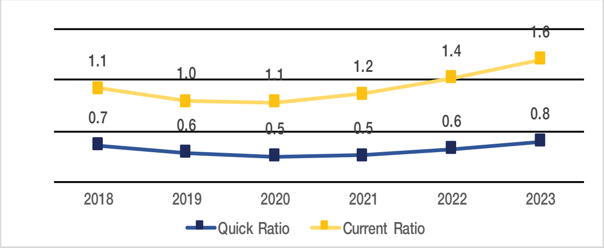
Profitability ratios are financial metrics which help to assess the Company's ability in terms of its earnings. This includes Gross Profit Ratio, Net Profit to Sales Ratio, EBITDA Margin to Sales, Return on Assets, Return on Equity and Return on Capital Employed.

Liquidity Ratios

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





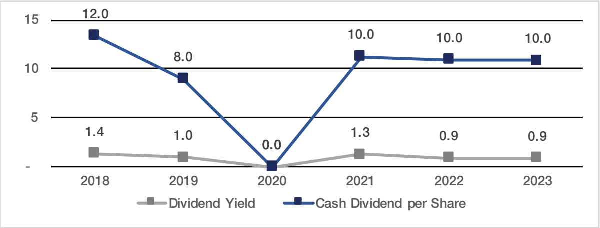


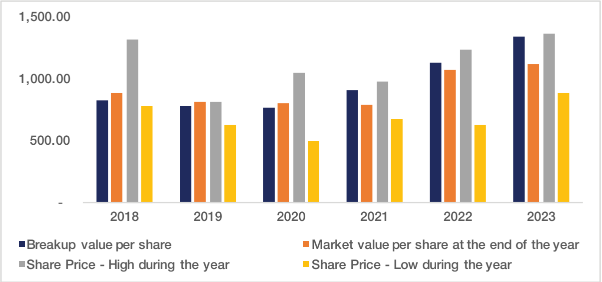
	UOM	2018	2019	2020	2021	2022	2023
Profitability Ratios							
Gross Profit	Percentage	10.2	13.2	12.6	14.3	23.6	19.2
Net Profit to Sales	Percentage	6.4	3.5	5.0	8.3	14.2	11.0
EBITDA Margin to Sales	Percentage	15.9	13.8	17.6	16.3	22.0	19.5
Return on Capital Employed	Percentage	10.6	11.9	14.3	14.8	29.5	24.3
Return on Equity	Percentage	7.0	5.0	7.1	12.0	26.6	18.5
Return on Assets	Percentage	5.5	3.9	5.4	9.2	21.0	15.4
Liquidity Ratios							
Current Ratio	Times	1.1	1.0	1.1	1.2	1.4	1.6
Quick Ratio	Times	0.7	0.6	0.5	0.5	0.6	0.8

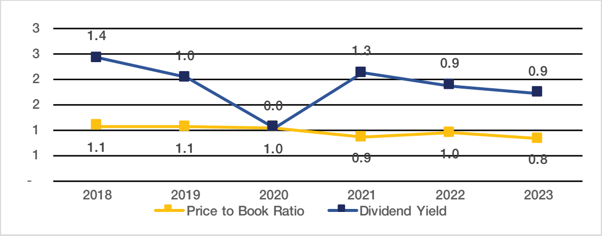
FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

Share Price Sensitivity Analysis

Share price in the stock market moves due to various factors such as company performance, general market sentiment, economic events and interest rates, etc. Being a responsible and law-compliant Company, SFL circulates price sensitive information to stock exchanges in accordance with the requirements of listing regulations in a timely manner. During the year 2023, SFL's share price touched the peak of Rupees 1,365 while the lowest recorded price as Rupees 888 with a closing price of Rupees 1,118 at the end of the year.





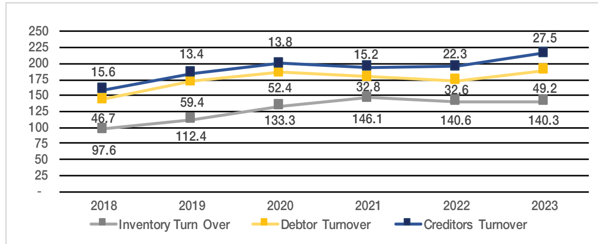


Investor Ratios	UOM	2018	2019	2020	2021	2022	2023
Earning per Share	Rs. Per share	58.2	38.6	54.4	110.0	300.7	247.7
Price Earning Ratio	Times	15.3	21.3	14.7	7.2	3.6	4.5
Price to Book Ratio	Times	1.1	1.1	1.0	0.9	1.0	0.8
Dividend Yield	Percentage	1.4	1.0	0.0	1.3	0.9	0.9
Cash Dividend per Share	Rs. Per share	12.0	8.0	0.0	10.0	10.0	10.0
Dividend Payout Ratio	Percentage	20.6	20.7	0.0	9.1	3.3	4.0
Dividend Cover Ratio	Times	4.8	4.8	0.0	11.0	30.1	24.8
Breakup Value per Share	Rs. Per share	827.1	776.5	768.6	915.1	1130.5	1340.5
Market Value per Share at the End of the Year	Rs. Per share	887.4	821.1	801.0	790.0	1075.0	1118.4
Share Price - High During the Year	Rs. Per share	1314.8	821.1	1045.0	975.0	1234.0	1365.2
Share Price - Low During the Year	Rs. Per share	778.8	628.3	502.0	682.0	634.0	888.2

FINANCIAL RATIOS WITH **GRAPHICAL PRESENTATION**

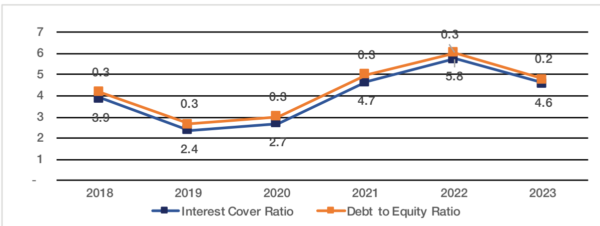
Capital Structure

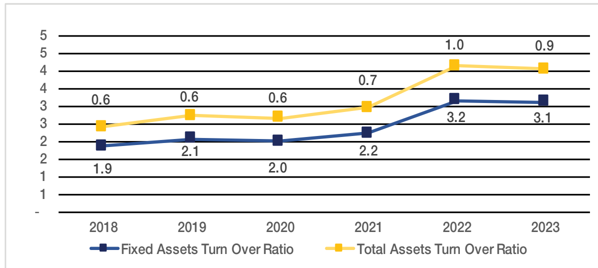
Capital structure describes the mix of a Company's long-term capital, which consists of a combination of debt and equity. Capital structure is a permanent type of funding that supports a company's growth and related assets. Capital structure includes Financial Leverage ratios, Interest Cover ratio and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



Cash Operating Cycle / Activity

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

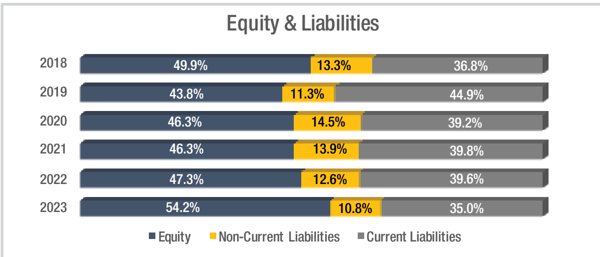


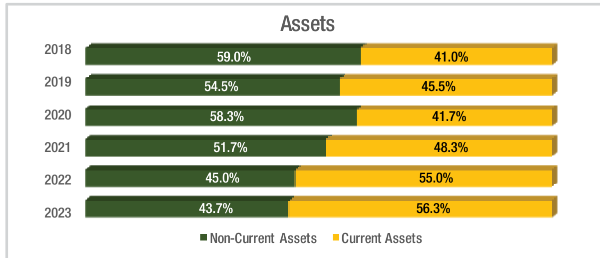


	UOM	2018	2019	2020	2021	2022	2023
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.8	1.1	0.9	0.9	0.8	0.5
Weighted Average Cost of debts	Percentage	5.6	8.8	9.6	5.6	9.5	13.3
Debt to Equity Ratio	Times	0.3	0.3	0.3	0.3	0.3	0.2
Interest Cover Ratio	Times	3.9	2.4	2.7	4.7	5.8	4.6
Activity / Turnover Ratio							
Inventory Turn Over	Days	97.6	112.4	133.3	146.1	140.6	140.3
Inventory Turn Over Ratio	Times	3.7	3.2	2.7	2.5	2.6	2.6
Debtor Turnover	Days	46.7	59.4	52.4	32.8	32.6	49.2
Debtors Turn Over Ratio	Times	7.8	6.1	7.0	11.1	11.2	7.4
Creditors Turnover	Days	15.6	13.4	13.8	15.2	22.3	27.5
Creditors Turnover Ratio	Times	23.4	27.2	26.4	24.1	16.4	13.3
Fixed Assets Turn Over Ratio	Times	1.9	2.1	2.0	2.2	3.2	3.1
Total Assets Turn Over Ratio	Times	0.6	0.6	0.6	0.7	1.0	0.9
Operating Cycle	Days	128.8	158.4	171.9	163.8	151.0	162.0

SIX YEARS HORIZONTAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Financial Position

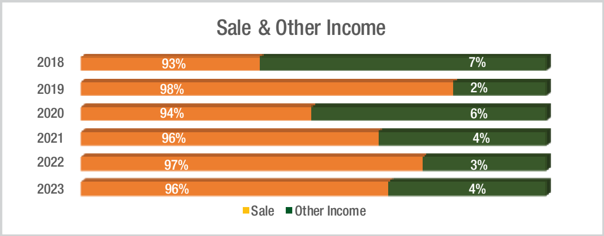


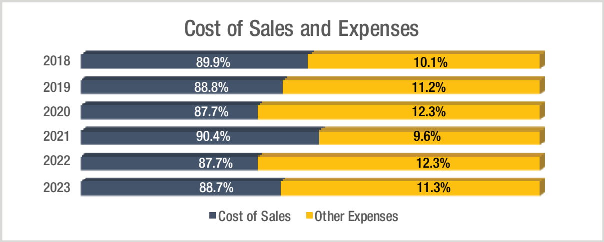


	2023	2022	2021	2020	2019	2018
	Rupees in thousands					
Total Equity	27,708,666	23,368,965	18,915,479	15,888,230	15,287,207	16,283,524
Total non-current liabilities	5,523,614	6,162,284	5,673,501	4,964,497	3,928,640	4,354,411
Total current liabilities	17,923,358	19,369,187	16,270,740	13,464,036	15,686,972	12,018,208
	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142
Total non-current assets	22,342,292	22,008,192	21,105,382	20,011,880	19,031,808	19,254,437
Total current assets	28,813,346	26,892,244	19,754,338	14,304,882	15,871,011	13,401,705
Total assets	51,155,638	48,900,436	40,859,720	34,316,762	34,902,819	32,656,142
	Variance in %					
Total Equity	18.57	23.54	19.05	3.93	(6.12)	(4.52)
Total non-current liabilities	(10.36)	8.62	14.28	26.37	(9.78)	3.07
Total current liabilities	(7.46)	19.04	20.85	(14.17)	30.53	25.71
	4.61	19.68	19.07	(1.68)	6.88	5.89
Total non-current assets	1.52	4.28	5.46	5.15	(1.16)	3.82
Total current assets	7.14	36.13	38.10	(9.87)	18.43	9.01
Total assets	4.61	19.68	19.07	(1.68)	6.88	5.89

SIX YEARS HORIZONTAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Statement of Profit or Loss



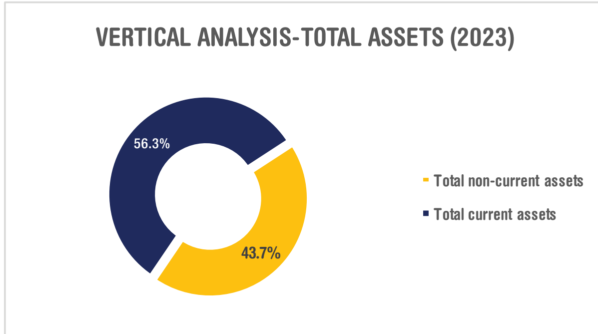


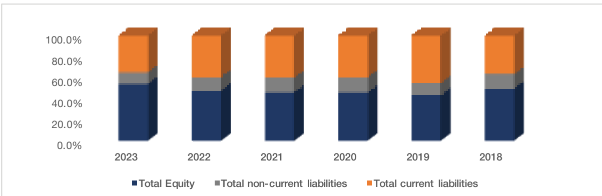
	2023	2022	2021	2020	2019	2018
			Rupees in ‘000			
Statement of Profit or Loss						
Net Sales	46,446,991	43,637,517	27,531,203	22,491,619	21,750,250	17,828,047
Cost of Sales	37,530,090	33,349,694	23,590,601	19,667,570	18,885,554	16,002,642
Gross Profit	8,916,900	10,287,823	3,940,602	2,824,049	2,864,697	1,825,406
Distribution cost	1,951,105	2,025,961	1,056,595	846,382	721,021	590,408
Administrative Expenses	526,332	467,737	372,229	332,331	313,198	303,556
Other operating Income	325,169	502,486	122,028	116,204	82,518	169,871
Other operating Expenses	1,964,607	1,434,390	1,246,894	1,445,360	530,368	1,419,921
Profit From Operations	8,078,901	8,726,029	3,636,644	2,974,492	2,278,327	2,181,492
Finance Cost	1,984,023	1,672,477	962,850	1,463,422	1,262,473	732,877
Profit Before Taxation	6,094,878	7,053,552	2,673,795	1,511,069	1,015,855	1,448,615
Provision for taxation	974,092	838,099	400,230	385,746	256,657	303,543
Profit After Taxation	5,120,787	6,215,452	2,273,565	1,125,323	759,197	1,145,072
Profit and Loss Account			Variance in %			
Net Sales	6.44	58.50	22.41	3.41	22.00	23.24
Cost of Sales	12.54	41.37	19.95	4.14	18.02	18.61
Gross Profit	(13.33)	161.07	39.54	(1.42)	56.93	87.41
Selling and Distribution cost	(3.69)	91.74	24.84	17.39	22.12	27.44
Admin Expenses	12.53	25.66	12.01	6.11	3.18	0.18
Other operating Income	(35.29)	311.78	5.01	40.82	(51.42)	33.21
Other operating Expenses	36.96	15.04	(13.73)	172.52	(62.65)	(23.48)
Profit From Operations	(7.42)	139.95	22.26	30.56	4.44	12.68
Finance Cost	18.63	73.70	(34.21)	15.92	72.26	36.54
Profit Before Taxation	(13.59)	163.80	76.95	48.75	(29.87)	3.53
Provision for taxation	16.23	109.40	3.75	50.30	(15.45)	16.69
Profit After Taxation	(17.61)	173.38	102.04	48.23	(33.70)	0.53

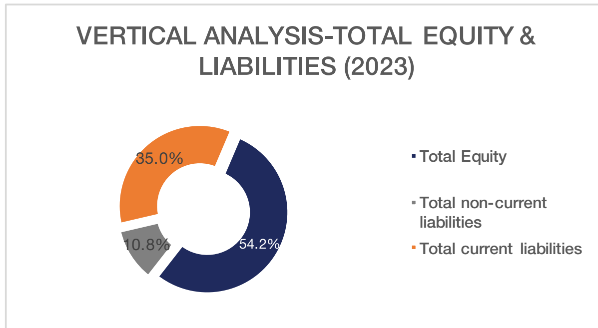
SIX YEARS VERTICAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

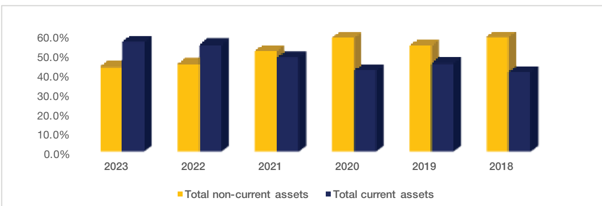
Financial Position

Total assets comprise of current and non-current assets. At 30 June 2023, non-current assets are 43.7% of total assets while current assets are 56.3%. On the other side, share capital and reserves are 54.2% of the total equity and liabilities while non-current liabilities and current liabilities are 10.8% and 35% 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.







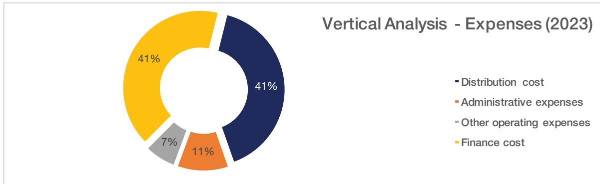


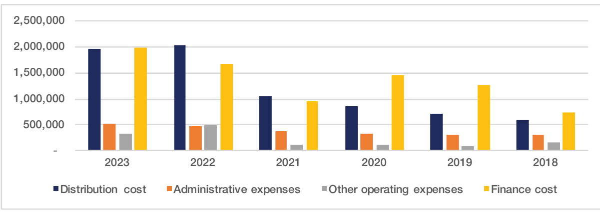
	2023		2022		2021		2020		2019		2018	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of financial position												
As at 30 June 2023												
Total Equity	27,708,666	54.17	23,368,965	47.79	18,915,479	46.29	15,888,230	46.30	15,287,207	43.80	16,283,524	49.86
Total Non-Current Liabilities	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	4,354,411	13.33
Total Current Liabilities	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	12,018,208	36.80
Total equity and liabilities	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	32,656,142	100.00
Total Non-Current Assets	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	19,254,437	58.96
Total Current Assets	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	13,401,705	41.04
Total assets	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	32,656,142	100.00

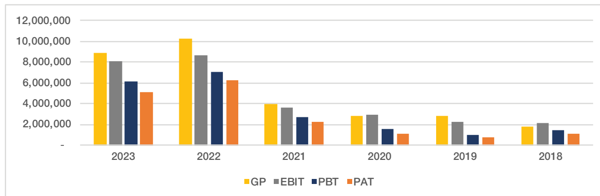
SIX YEARS VERTICAL ANALYSIS WITH **GRAPHICAL PRESENTATION**

Statement of Profit or Loss

During the year, Company has recorded sales amounting to Rs. 46.4 billion as compared to Rs. 43.6 from last year showing an escalation of 6.4%. Gross profit has remained 19.2% as compared to 23.6% of last year whereas, profit after tax decreased to 11% from 14.2%. This decrease in profit is mainly due to increase in finance cost.



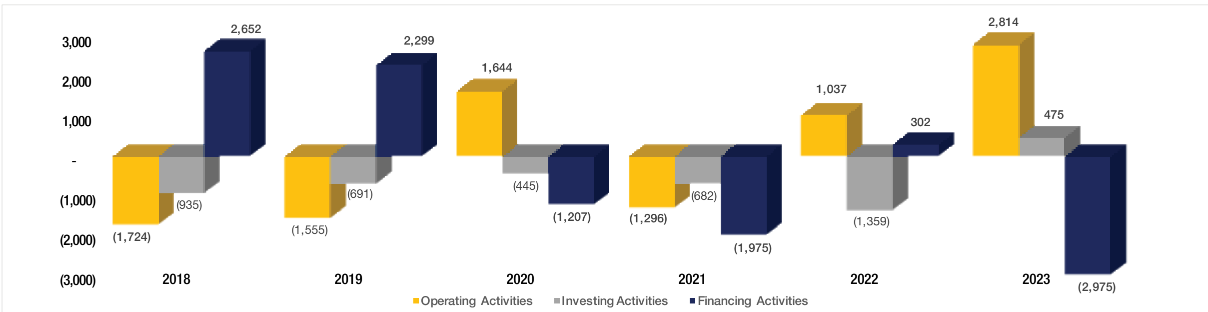




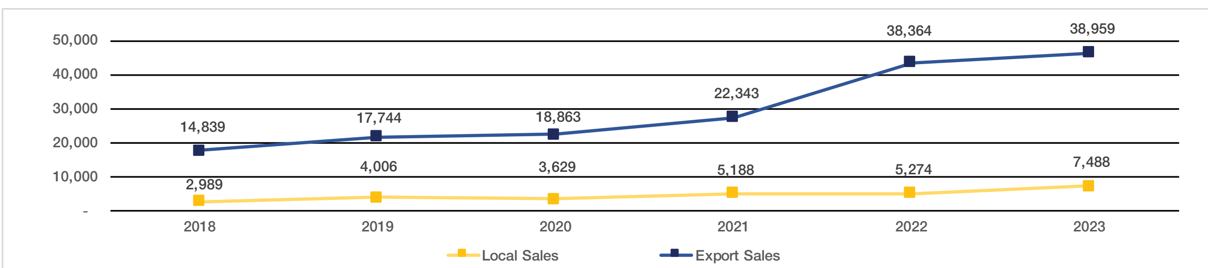
	2023		2022		2021		2020		2019		2018	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Statement of Profit or loss												
Net Turnover	46,446,991	100.00	43,637,517	100.00	27,531,203	100.00	22,491,619	100.00	21,750,250	100.00	17,828,047	100.00
Cost of sales	37,530,090	80.80	33,349,694	76.42	23,590,601	85.69	19,667,570	87.44	18,885,554	86.83	16,002,642	89.76
Gross profit	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	1,825,406	10.24
Distribution cost	1,951,105	4.20	2,025,961	4.64	1,056,595	3.84	846,382	3.76	721,021	3.32	590,408	3.31
Administrative expenses	526,332	1.13	467,737	1.07	372,229	1.35	332,331	1.48	313,198	1.44	303,556	1.70
Other operating expenses	325,169	0.70	502,486	1.15	122,028	0.44	116,204	0.52	82,518	0.38	169,871	0.95
Other income	1,964,607	4.23	1,434,390	3.29	1,246,894	4.53	1,445,360	6.43	530,368	2.44	1,419,921	7.96
Earnings before interest & tax	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	2,181,492	12.24
Finance cost	1,984,023	4.27	1,672,477	3.83	962,850	3.50	1,463,422	6.51	1,262,473	5.80	732,877	4.11
Profit before taxation	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	1,448,615	8.13
Provision for taxation	974,092	2.10	838,099	1.92	400,230	1.45	385,746	1.72	256,657	1.18	303,543	1.70
Profit after taxation	5,120,787	11.03	6,215,452	14.24	2,273,565	8.26	1,125,323	5.00	759,197	3.49	1,145,072	6.42

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

Cash Flow Analysis



Cash Flows	UOM	2018	2019	2020	2021	2022	2023
Operating Activities	Rs. In Million	(1,724)	(1,555)	1,644	(1,296)	1,037	2,814
Investing Activities	Rs. In Million	(935)	(691)	(445)	(682)	(1,359)	475
Financing Activities	Rs. In Million	2,652	2,299	(1,207)	(1,975)	302	(2,975)



Local and export sales	UOM	2018	2019	2020	2021	2022	2023
Local Sales	Rs. In Million	2,989	4,006	3,629	5,188	5,274	7,488
Export Sales	Rs. In Million	14,839	17,744	18,863	22,343	38,364	38,959
Total Sales	Rs. In Million	17,828	21,750	22,492	27,531	43,638	46,447

UNCONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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, 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Descriptioin	How the matter was addressed in our audit
1.	**Valuation of stock-in-trade** The total value of stock in trade as at the reporting date amounted to Rs.14.503 billion, representing 51% 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.

Sr. No.	Descriptioin	How the matter was addressed in our audit
		• 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.
2.	**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 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 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.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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);

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

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

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

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

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

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants

Lahore: October 03, 2023
UDIN: AR202310104DCRX5woH9

Unconsolidated Statement of Financial Position
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	15,148,289,454	14,631,666,353
Investment property	5	31,750,000	31,750,000
Intangible assets	6	4,804,321	1,379,110
Long term investments	7	7,095,441,990	7,281,628,669
Long term loans	8	1,510,000	1,271,250
Long term deposits		60,496,545	60,496,545
		22,342,292,310	22,008,191,927
Current assets			
Stores, spare parts and loose tools	9	963,705,040	759,045,137
Stock-in-trade	10	14,503,077,307	14,344,276,259
Trade debts	11	7,446,623,923	5,077,277,633
Loans and advances	12	281,444,587	492,487,585
Trade deposits and short term prepayments	13	53,587,970	39,688,825
Short term investments	14	1,609,381,756	2,317,444,048
Other receivables	15	1,678,329,389	1,355,114,102
Tax refunds due from Government	16	1,917,204,275	2,461,078,774
Cash and bank balances	17	359,991,393	45,831,510
		28,813,345,640	26,892,243,873
Total assets		51,155,637,950	48,900,435,800
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	972,715,713	1,621,851,173
Unappropriated profit		26,529,231,407	21,540,395,399
Total equity		27,708,665,870	23,368,965,322
Non current liabilities			
Long term liabilities	20	4,881,704,404	5,644,921,664
Staff retirement benefit - gratuity	21	513,768,596	399,538,518
Deferred taxation	22	128,141,084	117,823,533
		5,523,614,084	6,162,283,715
Current liabilities			
Trade and other payables	23	5,819,666,818	5,175,516,843
Contract liabilities		727,672,349	1,051,628,011
Accrued mark-up / interest	24	360,624,213	252,363,913
Short term borrowings	25	8,871,715,921	10,968,082,484
Current portion of long term liabilities	26	1,172,524,522	1,072,001,118
Unclaimed dividend		7,213,927	6,670,826
Provision for taxation		963,940,246	842,923,568
		17,923,357,996	19,369,186,763
Total liabilities		23,446,972,080	25,531,470,478
Contingencies and commitments	27		
Total equity and liabilities		51,155,637,950	48,900,435,800

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, 2023

	Note	2023 Rupees	2022 Rupees
Sales	28	46,446,990,548	43,637,516,571
Cost of sales	29	(37,530,090,067)	(33,349,694,010)
Gross profit		8,916,900,481	10,287,822,561
Distribution cost	30	(1,951,105,192)	(2,025,961,348)
Administrative expenses	31	(526,332,132)	(467,736,622)
Other income	32	1,964,606,543	1,434,390,088
Other expenses	33	(325,168,630)	(502,485,915)
Profit from operations		8,078,901,070	8,726,028,764
Finance cost	34	(1,984,022,626)	(1,672,477,228)
Profit before taxation		6,094,878,444	7,053,551,536
Taxation	35	(974,091,664)	(838,099,324)
Profit after taxation		5,120,786,780	6,215,452,212
Earnings per share - basic and diluted	36	247.72	300.67

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, 2023

	2023 Rupees	2022 Rupees
Profit after taxation	5,120,786,780	6,215,452,212
Other comprehensive loss		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income		
- long term	(286,436,679)	(896,443,638)
- short term	(360,914,703)	(660,291,520)
Impact of deferred tax	(1,784,078)	-
Realised loss on sale of investment at fair value through other comprehensive income	103,841,047	-
	(545,294,413)	(1,556,735,158)
(Loss) / gain on re-measurement of staff retirement benefit obligation	(31,169,960)	1,673,946
Impact of deferred tax	2,096,891	(185,717)
	(29,073,069)	1,488,229
	(574,367,482)	(1,555,246,929)
Total comprehensive income for the year	4,546,419,298	4,660,205,283

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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	5,661,318,815	3,483,396,683
Staff retirement benefit paid		(82,920,202)	(71,952,616)
Finance cost paid		(1,861,460,282)	(1,600,805,840)
Taxes paid		(629,991,774)	(652,495,776)
Workers' profit participation fund paid		(272,680,123)	(120,565,997)
Long term loans - net		(238,750)	(341,250)
Net cash generated from operating activities		2,814,027,684	1,037,235,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,534,859,267)	(2,676,409,931)
Proceeds from disposal of operating fixed assets		31,867,707	48,521,187
Long and short term investments - net		(178,639,861)	-
Proceeds from sale of short term investment		529,378,497	-
Proceeds from sale of stores and spares		9,071,400	61,519
Dividend and interest income received		1,618,637,884	1,269,265,409
Net cash generated from / (used in) investing activities		475,456,360	(1,358,561,816)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		152,410,000	1,323,473,590
- repaid		(825,191,949)	(843,564,962)
Dividend paid		(206,175,649)	(206,242,875)
Short term borrowings - net		(2,096,366,563)	28,499,322
Net cash (used in) / generated from financing activities		(2,975,324,161)	302,165,075
Net increase in cash and cash equivalents		314,159,883	(19,161,537)
Cash and cash equivalents - at beginning of the year		45,831,510	64,993,047
Cash and cash equivalents - at end of the year		359,991,393	45,831,510

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, 2023

	Issued, subscribed and paid-up capital	Reserves: Capital: Share premium	Reserves: Revenue: General	Reserves: Revenue: Unappropriated profit	Reserves: Sub- total	Reserves: Unrealised gain / (loss) on financial assets at fair value through other comprehensive income	Total
				Rupees			
Balance as at July 01, 2021	206,718,750	391,833,750	1,183,845,000	15,530,173,708	17,105,852,458	1,602,907,581	18,915,478,789
Transaction with owners of the Company							
Final dividend related to the year ended							
June 30, 2021 at the rate of Rs.10 per share	-	-	-	(206,718,750)	(206,718,750)	-	(206,718,750)
Total comprehensive income for the							
year ended June 30, 2022							
Profit for the year	-	-	-	6,215,452,212	6,215,452,212	-	6,215,452,212
Other comprehensive income / (loss)	-	-	-	1,488,229	1,488,229	(1,556,735,158)	(1,555,246,929)
	-	-	-	6,216,940,441	6,216,940,441	(1,556,735,158)	4,660,205,283
Balance as at June 30, 2022	206,718,750	391,833,750	1,183,845,000	21,540,395,399	23,116,074,149	46,172,423	23,368,965,322
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

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

Chief Executive Officer

Director

Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for change resulted due to adoption of amendments to accounting standards. The below mentioned amendments to approved accounting standards are effective for the financial year beginning on July 01, 2022 and have been adopted by the Company:

(a) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

(b) IAS 16 Property, Plant and Equipment

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

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

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

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

The amendments clarify how to classify a debt and other liabilities as current or non-current. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- 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; 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.

(b) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors **Effective date: 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.

(c) IAS 1 Presentation of Financial Statements **Effective date: January 01, 2023**

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

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

2.5 Critical accounting estimates and judgements

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

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

(a) Property, plant and equipment

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

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

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

(c) Provision for impairment of trade debts

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

(d) Staff retirement benefits - gratuity

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

(e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the date 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, 2023 on the basis of projected unit credit method by an Independent Actuary. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

3.15 Taxation

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

Current

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

Deferred

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

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

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

3.16 Lease liability

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

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

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

3.17 Trade and other payables

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

3.18 Provisions

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

3.19 Foreign currency translation

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

3.20 Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

Other sources of revenue

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

3.21 Borrowing costs

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

3.22 Dividend and appropriation to reserves

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

3.23 Earnings per share

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

	Note	2023 Rupees	2022 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	13,524,386,843	12,885,466,235
Capital work-in-progress	4.3	1,623,902,611	1,746,200,118
		15,148,289,454	14,631,666,353

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, 2021																	
Cost	1,216,696,790	313,245,050	983,927,476	28,636,645	3,125,455,029	12,754,785,108	420,915,324	21,111,998	19,746,970	41,960,709	20,672,670	29,773,980	235,528,875	52,761,491	149,886	248,579	19,265,616,580
Accumulated depreciation	-	-	316,421,151	25,520,809	1,413,475,903	5,095,834,051	197,644,821	6,734,895	16,909,754	28,496,438	13,336,550	22,365,103	124,787,625	33,308,029	137,419	224,349	7,295,196,897
Net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
Year ended June 30, 2022																	
Opening net book value	1,216,696,790	313,245,050	667,506,325	3,115,836	1,711,979,126	7,658,951,057	223,270,503	14,377,103	2,837,216	13,464,271	7,336,120	7,408,877	110,741,250	19,453,462	12,467	24,230	11,970,419,683
Additions	-	-	3,823,726	-	23,496,438	1,653,206,673	27,376,410	-	25,758,534	4,186,309	-	16,843,386	52,041,895	16,236,079	-	-	1,822,969,450
Disposals:																	
- cost	-	-	-	-	-	115,375,574	-	-	-	-	-	837,250	14,526,500	-	-	-	130,739,324
- accumulated depreciation	-	-	-	-	-	(101,082,430)	-	-	-	-	-	(659,605)	(10,107,576)	-	-	-	(111,849,611)
	-	-	-	-	-	14,293,144	-	-	-	-	-	177,645	4,418,924	-	-	-	18,889,713
Depreciation charge	-	-	33,423,113	623,167	172,182,346	622,402,925	24,380,281	1,437,710	1,104,841	1,614,025	733,612	3,515,660	24,797,941	2,813,894	1,247	2,423	889,033,185
Closing net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
At June 30, 2022																	
Cost	1,216,696,790	313,245,050	987,751,202	28,636,645	3,148,951,467	14,292,616,207	448,291,734	21,111,998	45,505,504	46,147,018	20,672,670	45,780,116	273,044,270	68,997,570	149,886	248,579	20,957,846,706
Accumulated depreciation	-	-	349,844,264	26,143,976	1,585,658,249	5,617,154,546	222,025,102	8,172,605	18,014,595	30,110,463	14,070,162	25,221,158	139,477,990	36,121,923	138,666	226,772	8,072,380,471
Net book value	1,216,696,790	313,245,050	637,906,938	2,492,669	1,563,293,218	8,675,461,661	226,266,632	12,939,393	27,490,909	16,036,555	6,602,508	20,558,958	133,566,280	32,875,647	11,220	21,807	12,885,466,235
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
Depreciation rate (% - per annum)			5	20	10	5 & 10	10	10	10	10	10	30	20	10	10	10	

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

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

	2023 Rupees	2022 Rupees
4.2 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	967,174,741	868,833,943
Administrative expenses	31,476,137	20,199,242
	998,650,878	889,033,185

	2023 Rupees	2022 Rupees
4.3 Capital work-in-progress		
Buildings	767,616,165	645,081,936
Furniture and fixtures	3,255,475	19,680,831
Plant and machinery {including in transit aggregating Nill (June 30, 2022: Rs.240.002 million)}	554,428,850	521,326,846
Advance payments against:		
- land - freehold	-	36,680,950
- factory / office building	6,668,800	78,192,418
- plant and machinery	-	207,634,403
- electric installation	278,811,721	206,328,734
- vehicles	11,077,100	31,274,000
- computers	2,044,500	-
	298,602,121	560,110,505
	1,623,902,611	1,746,200,118

4.3.1 The company during the year has capitalised borrowing cost of Rs. 10.605 million charged at the rate ranging from 2.85% to 22.98% per annum.

4.4 Movement in the capital work-in-progress

Capital work-in-progress	July 1, 2022	Additions during the year	Adjustments during the year	Transferred to operating fixed assets	June 30, 2023
	Rupees				
Particulars					
Buildings	645,081,936	526,712,479	97,868,544	(502,046,795)	767,616,164
Furniture and Fixtures	19,680,831	43,454,944	-	(59,880,300)	3,255,475
Plant and machinery	521,326,846	468,034,930	-	(434,932,926)	554,428,850
Mill equipment	-	38,819,709	-	(38,819,709)	-
Fire Fighting Equipment	-	1,586,000	-	(1,586,000)	-
	1,186,089,613	1,078,608,062	97,868,544	(1,037,265,730)	1,325,300,489
Advance payments against:					
- land - freehold	36,680,950	(117,200)	(12,345,000)	(24,218,750)	-
- plant and machinery	207,634,403	136,833,861	-	(344,468,264)	-
- factory / office building	78,192,418	14,783,286	(85,523,544)	(783,360)	6,668,800
- electric installation	206,328,734	159,352,769	-	(86,869,782)	278,811,721
- office equipments	-	3,056,107	-	(3,056,107)	-
- vehicles	31,274,000	120,419,895	-	(140,616,794)	11,077,101
- computers	-	17,367,055	-	(15,322,555)	2,044,500
	560,110,505	451,695,773	(97,868,544)	(615,335,612)	298,602,122
Grand Total	1,746,200,118	1,530,303,835	-	(1,652,601,342)	1,623,902,611

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	Mode of disposal	Sold to:
	Rupees						
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
1 Set C-51 Cards	6,384,481	5,432,120	952,361	1,498,730	546,369	Negotiation	M/s.Hanif'S Trading Company
1 Set C-51 Card	6,384,481	5,432,120	952,361	1,498,730	546,369	Negotiation	M/s.Hanif'S Trading Company
PVC Cables, Frequency Convertors & Compressor Pannels	7,332,772	6,658,634	674,138	749,365	75,227	Negotiation	M/s.Hanif'S Trading Company
	20,101,734	17,522,874	2,578,860	3,746,825	1,167,965		
Vehicles							
Honda Civic	2,637,000	1,801,470	835,530	835,530	-	Negotiation	Mr. Saqib Shahzad
Honda Civic	2,644,000	1,958,111	685,889	2,000,000	1,314,111	Negotiation	Mr. Waqar Ahmad Khan
Honda Civic	2,577,500	1,802,349	775,151	1,785,000	1,009,849	Negotiation	Mr Yasir
Suzuki Cultus	1,410,000	747,438	662,562	999,000	336,438	Negotiation	Mr. Mazhar Ahmad
Suzuki Swift	1,585,000	908,733	676,267	1,950,000	1,273,733	Negotiation	Mr. Muhammad Mubasher Sarwar
Proton Saga	2,437,500	-	2,437,500	2,437,500	-	Negotiation	Ms. Suman
Honda City	1,799,800	1,171,543	628,257	1,600,374	972,117	Company policy	Mr. Syed Asad Abbas
	15,090,800	8,389,644	6,701,156	11,607,404	4,906,248		
Various assets having net book value upto Rs.500,000 each	34,086,811	28,336,967	5,749,844	16,513,478	10,763,634	Negotiation	Various parties
June 30, 2023	69,279,345	54,249,485	15,029,860	31,867,707	16,837,847		
June 30, 2022	130,739,324	111,849,611	18,889,713	48,521,187	29,631,474		

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, 2023 was Rs.286 million (June 30, 2022: Rs.75 million).

	2023 Rupees	2022 Rupees
6. INTANGIBLE ASSETS		
These represent computer software licenses.		
Net carrying value as at July 1,		
Opening net book value	1,379,110	2,844,140
Addition during the year	4,555,428	-
Amortization for the year	(1,130,217)	(1,465,030)
Net book value as at,	4,804,321	1,379,110
Gross carrying value as at,		
Cost	34,445,599	29,890,171
Accumulated amortization	29,641,278	28,511,061
Net book value	4,804,321	1,379,110
Amortization rate (% per annum)	20 & 33	20

	Note	2023 Rupees	2022 Rupees
7. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	7.1	3,675,058,316	3,574,808,316
Associated Companies - at cost	7.2	758,276,769	758,276,769
Others - equity instruments	7.3	2,615,856,905	2,902,043,584
- debt instruments	7.4	46,250,000	46,500,000
		7,095,441,990	7,281,628,669

		Note	2023 Rupees	2022 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	500,000
	Equity held: 100%			
	Sapphire Energy (Pvt.) Limited (SEPL)			
	6,620,000 ordinary shares of Rs.10 each	7.1.4	66,200,000	66,200,000
	Equity held: 100%			
	Sapphire properties (Pvt.) Limited (SPPL)			
	9,950,000 ordinary shares of Rs.10 each	7.1.5	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	3,574,808,316

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

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

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

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

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

7.1.5 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, acquire, sell, purchase all types of real estate projects.

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

		Note	2023 Rupees	2022 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.71.025 million (2022: Rs.53.556 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.22.75 (2022: Rs. 22.71)			
	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. 97.34 (2022: Rs. 99.81)			
	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. 20.66 (2022: Rs. 19.04)			
	Tricon Boston Consulting			
	Corporation (Private) Limited (TBCCL)			
	59,251,500 ordinary shares of Rs.10 each	7.2.1	592,515,000	592,515,000
	Equity held: 7.13%			
	Break-up value per share on the basis of un-audited			
	financial statement Rs. 34.08 (2022: Rs. 27.44)			
			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 abovementioned Associated Companies.

		Note	2023 Rupees	2022 Rupees
7.3	**Equity Instruments - at FVTOCI**			
	Quoted			
	MCB Bank Limited			
	18,213,195 ordinary shares of Rs.10 each - cost		896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value		1,188,413,309	1,343,407,598
			2,084,864,432	2,239,858,721
	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		(686,581,136)	(555,388,746)
			530,492,473	661,684,863
	Unquoted			
	TCC Management Services (Private) Limited			
	50,000 ordinary shares of Rs.10 each		500,000	500,000
			2,615,856,905	2,902,043,584
7.4	**Debt Instruments - at FVTOCI**			
	Habib Bank Limited - term finance certificates (TFCs)	7.4.1		
	500 (2022: 500) Term finance certificates of Rs.100,000 each - cost		50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value		(3,750,000)	(3,500,000)
			46,250,000	46,500,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 16.48% to 22.79% (2022: 9.06% to 13.56%) per annum.

		Note	2023 Rupees	2022 Rupees
8	**LONG TERM LOANS - Secured**			
	Loans due from employees	8.1	3,533,769	2,714,250
	Less: recoverable within one year and grouped under current assets		2,023,769	1,443,000
			1,510,000	1,271,250

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	2023 Rupees	2022 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		556,993,030	579,671,360
	Spare parts		236,216,466	160,769,664
	Loose tools		174,931	121,727
	Items in transit		182,133,233	30,008,868
			975,517,660	770,571,619
	Less: provision for slow moving items	9.1	11,812,620	11,526,482
			963,705,040	759,045,137
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		11,526,482	12,020,122
	Add : Provision made during the year		286,138	-
	Less: provision reversed during the year		-	(493,640)
	Balance at end of the year		11,812,620	11,526,482
10.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills		7,168,395,961	8,765,301,137
	- in transit		2,610,547,798	1,128,498,575
			9,778,943,759	9,893,799,712
	Work-in-process		1,264,365,323	1,296,808,329
	Finished goods - at mills		3,459,768,225	3,153,668,218
			14,503,077,307	14,344,276,259

10.1 As at June 30, 2023, raw material costing Rs.4,752.641 million have been written down to 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.937.022 million.

10.2 As at June 30, 2023, finished goods at mills costing Rs.1,657.339 million (2022: Rs.593.722 million) have been written down to Rs.1,366.104 million (2022: Rs.435.307 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.291.235 million (2022: Rs.158.415 million).

	Note	2023 Rupees	2022 Rupees
11. TRADE DEBTS			
Considered good			
Unsecured - local	11.1	2,354,289,075	1,823,066,801
Secured - foreign debts		5,196,836,888	3,262,759,531
Considered doubtful			
Unsecured - foreign debts	11.4	75,410,417	75,410,417
		7,626,536,380	5,161,236,749
Less: provision for expected credit loss	11.5	179,912,457	83,959,116
		7,446,623,923	5,077,277,633

11.1 These include the following amounts due from related parties:

	2023 Rupees	2022 Rupees
Diamond Fabrics Ltd.	10,763,282	1,804,326
Reliance Cotton Spinning Mills Ltd.	20,730,477	3,065,588
Amer Cotton Mills (Pvt.) Ltd.	29,423,759	7,732,838
Sapphire Textile Mills Ltd.	21,765,611	17,752,027
Sapphire Power Generation Ltd.	6,400	6,400
Sapphire Finishing Mills Limited	3,566,063	-
	86,255,592	30,361,179

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

	Related parties		Others	
	2023	2022	2023	2022
	Rupees			
Not past due	3,638,474	713,598	4,499,427,638	2,000,003,954
Past due 1-30 days	73,789,593	22,562,533	1,684,772,906	1,537,545,039
Past due 31-60 days	533,079	1,291,960	433,202,392	804,836,891
Past due 61-90 days	681,096	1,153,415	147,134,614	209,243,268
Past due 91-365 days	7,075,103	1,071,641	229,576,602	395,534,679
Past due one year	538,247	3,568,032	546,166,636	183,711,739
	86,255,592	30,361,179	7,540,280,788	5,130,875,570

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.179.310 million (2022: Rs.222.927 million).

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

	Note	2023 Rupees	2022 Rupees
11.5 Provision for expected credit loss			
Balance at the beginning of the year		83,959,116	78,939,116
Charged during the year		95,953,341	5,020,000
Balance at the end of the year		179,912,457	83,959,116
12. LOANS AND ADVANCES			
- Considered good			
Current portion of long term loans to employees	8	2,023,769	1,443,000
Advances to:			
- suppliers and contractors		276,396,344	488,896,997
- employees		3,024,474	2,147,588
		279,420,818	491,044,585
		281,444,587	492,487,585

	Note	2023 Rupees	2022 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		1,071,608	1,101,608
Margin against letter of credit		37,905,119	23,726,752
Prepayments		14,611,243	14,860,465
		53,587,970	39,688,825
14. SHORT TERM INVESTMENTS			
Equity instruments	14.1	1,609,381,756	2,317,444,048

14.1 Equity Instruments - at FVTOCI

(Investment in quoted securities)

2023	2022		Market value		Cost	
No. of shares / certificates		Name of the investee company	2023	2022	2023	2022
			Rupees			
68,400	54,720	Attock Petroleum Ltd.	20,537,100	17,582,083	12,153,848	12,153,848
9,538,500	9,538,500	Bank Al-Habib Ltd.	412,253,970	553,805,310	419,888,054	419,888,054
393,973	341,103	Charat Packaging Ltd.	38,369,030	38,517,351	35,824,418	35,824,418
732,297	2,636,260	Engro Corporation Ltd.	190,316,667	677,756,083	163,675,739	589,213,189
140,625	125,000	Fauji Cement Company Ltd.	1,653,750	1,771,250	3,683,337	3,683,337
7,766,704	7,766,704	Habib Bank Ltd.	568,755,734	709,410,744	1,603,060,152	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
12,878,000	12,878,000	K-Electric Ltd.	22,150,160	39,149,120	120,385,975	120,385,975
475,926	303,000	Lucky Cement Ltd.	248,476,205	139,089,120	196,167,399	117,777,538
448,934	448,934	Pakistan State Oil Company Ltd.	49,836,163	77,144,819	63,918,848	63,918,848
165,396	132,317	The Searle Company Ltd.	6,337,975	14,425,199	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	50,695,002	48,792,969	80,749,609	80,749,609
			1,609,381,756	2,317,444,048	2,704,195,395	3,051,342,984

	2023	2022
Add: Adjustment arising from re-measurement to fair value	(1,094,813,639)	(733,898,936)
Market value	1,609,381,756	2,317,444,048

	Note	2023 Rupees	2022 Rupees
15. OTHER RECEIVABLES			
Advance income tax		646,673,594	672,417,807
Export rebate & duty drawbacks		13,188,215	12,806,153
Dividend receivable		-	28,708,346
Accrued mark-up on term finance certificates		215,593	81,830
Loans to Subsidiary Companies			
(including mark-up thereon)			
- Premier Cement Ltd.	15.1	352,828,555	250,729,410
- Sapphire Energy (Pvt.) Ltd.	15.2	418,738,678	357,279,283
- Sapphire Properties (Pvt.) Ltd.	15.3	239,314,416	-
Due from the related parties			
- Sapphire Power Ltd.	15.4	-	131,035
- Sapphire Cement Company Ltd.	15.4	-	168,600
- Reliance Cotton Spinning Mills Ltd.	15.4	285,104	22,908,565
- Sapphire Mining Exploration (Pvt.) Ltd.	15.4	-	857,030
- Sapphire Electric Company Ltd.	15.4	61,095	435,219
- Amer Cotton Mills (Pvt.) Ltd.	15.4	-	80,794
- Sapphire Farm Services (Pvt.) Ltd		29,793	-
Others		6,994,346	8,510,030
		1,678,329,389	1,355,114,102

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 13.37% to 20.14% (2022: 7.54% to 13.57%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.352.828 million (2022: Rs.250.760 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 13.35% to 20.14% (2022: 7.54% to 13.57%) per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was Rs.418.739 million (2022: Rs.357.280 million).

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, was 15.40% to 20.14% per annum. The maximum aggregate amount outstanding against this loan at the end of any month during the year was 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.169.052 million (2022: Rs.24.581 million).

		Note	2023 Rupees	2022 Rupees
16	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax		1,891,238,291	2,346,304,269
	Income tax		268,906,203	455,927,768
	Excise duty		32,091,359	26,811,914
	Less: provision for doubtful tax refunds	16.1	275,031,578	367,965,177
			1,917,204,275	2,461,078,774
16.1	**Provision for doubtful tax refunds**			
	Balance at beginning of the year		367,965,177	282,074,014
	Add: provision for the year		70,868,857	85,891,163
	Less : Reversal of provision during the year		(163,802,456)	-
	Balance at end of the year		275,031,578	367,965,177
17.	**CASH AND BANK BALANCES**			
	Cash-in-hand	17.1	6,362,972	5,929,217
	Balances with banks on:			
	- current accounts	17.2	340,449,279	27,222,413
	- term deposit account (TDA)	17.3	6,040,000	6,040,000
	- dividend account		7,139,142	6,639,880
			353,628,421	39,902,293
			359,991,393	45,831,510

17.1 Cash-in-hand includes Rs.2.0295 million (2022: Rs.5.374 million) advanced to employees for various expenses.

17.2 These include foreign currency deposits amounting to US.$ 1.116 million (2022: US.$ 78,865).

17.3 Effective rates of profit on TDA, during the year, ranged at 9.00% to 13.86% (2022: 5.75% to 6.00%) 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

2023 Number	2022 Number		2023 Rupees	2022 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 (2022: 10,714,798) ordinary shares of Rs.10 each are held by the related parties as at year-end.

	Note	2023 Rupees	2022 Rupees
19. RESERVES			
Share premium - capital reserve	19.1	391,833,750	391,833,750
General reserve - revenue reserve	19.2	1,183,845,000	1,183,845,000
Unrealized gain on financial assets at fair value through other			
comprehensive income	19.3	(602,963,037)	46,172,423
		972,715,713	1,621,851,173

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 loss on re-measurement of investments at fair value through OCI and is not available for distribution.

	Note	2023 Rupees	2022 Rupees
20. LONG TERM LIABILITIES - Secured			
Long term finances	20.1	5,732,823,306	6,405,605,255
Provision for Gas infrastructure Development Cess	20.2	321,405,620	311,317,527
		6,054,228,926	6,716,922,782
Less: current portion grouped under current liabilities		(1,172,524,522)	(1,072,001,118)
		4,881,704,404	5,644,921,664

	Note	2023 Rupees	2022 Rupees
20.1 Long term finances			
(from banking companies)			
- MCB Bank Limited			
- Long term finance facility - I	20.1.1	34,876,500	42,898,000
- Long term finance facility - II	20.1.2	952,245,000	1,133,902,000
- Long term finance facility - III	20.1.3	132,491,250	133,215,000
		1,119,612,750	1,310,015,000
- Habib Bank Limited			
- Long term finance facility	20.1.4	364,397,009	396,585,000
- Long term finance facility (under refinance scheme for payment of wages and salaries)	20.1.5	-	117,690,418
		364,397,009	514,275,418
- Allied Bank Limited	20.1.6	445,310,950	565,344,750
- United Bank Limited	20.1.7	1,017,149,087	1,245,246,247
- Faysal Bank Limited	20.1.8	1,237,923,620	1,361,941,950
- Bank Alfalah Limited	20.1.9	1,056,541,890	1,059,677,890
- Habib Metropolitan Limited			
- Long term finance facility - I	20.1.10	206,264,000	215,890,000
- Long term finance facility - II	20.1.11	93,760,000	-
- Meezan Bank Limited	20.1.12	120,214,000	120,214,000
- Askari Bank Limited	20.1.13	71,650,000	13,000,000
		5,732,823,306	6,405,605,255

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% (2022: 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% (2022: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Company.

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

20.1.4 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 commencing from different months of financial year 2022. These finances, during the year, carry mark-up at the rate of 2.85% (2022: 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 a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Company for Rs.583.333 million.

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

20.1.6 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% (2022: 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.

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

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

20.1.8 The Company has arranged 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% (2022: 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.

20.1.9 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% (2022: 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.

20.1.10 The Company has arranged a long term finance facility amounting Rs.270 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.215.890 million in twenty four tranches of different amounts and each tranche is repayable in 40 equal quarterly installments commencing from different months of financial year 2023. These finances carry mark-up at the rate of 3.50% per annum and are secured against joint pari pasu charge of Rs.361 million over the specific plant and machinery of the Company..

20.1.11 The company has arranged long term finance facility Rs.250 million from Habib Metropolitian 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 installments commencing from February, 2025. This finance carry markup at the rate 3.50% per annum and are secured against Joint pari passu charge of Rs.334 million over plant and machinery of the Company.

20.1.12 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% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Company with 25% margin.

20.1.13 The Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranche during the preceding year and Rs.58.650 million in single tranche during the current 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 assets of the Company.

	Note	2023 Rupees	2022 Rupees
20.2 Movement in Gas Infrastructure Development Cess payable			
Balance of provision for GIDC	20.2.1	311,317,527	297,105,989
Unwinding of interest		10,088,093	14,211,538
		321,405,620	311,317,527

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:

	2023 Rupees	2022 Rupees
21.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	399,538,518	341,556,615
Charge to statement of profit or loss	165,980,320	131,608,465
Remeasurement recognized in statement of other comprehensive income	31,169,960	(1,673,946)
Payments made during the year	(82,920,202)	(71,952,616)
Net liability at the end of the year	513,768,596	399,538,518
21.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	399,538,518	341,556,615
Current service cost	118,534,930	101,050,434
Interest cost	47,445,390	30,558,031
Benefits paid	(82,920,202)	(71,952,616)
Remeasurements on obligation	31,169,960	(1,673,946)
Balance at end of the year	513,768,596	399,538,518
21.3 Expense recognized in statement of profit or loss		
Current service cost	118,534,930	101,050,434
Interest cost	47,445,390	30,558,031
	165,980,320	131,608,465

	2023 Rupees	2022 Rupees
21.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	26,184,957	(6,027,506)
Actuarial loss	4,985,003	4,353,560
	31,169,960	(1,673,946)

21.5 Actuarial assumptions used	**2023**	**2022**
Discount rate used for year-end obligation	16.25%	13.25%
Expected rate of increase in future salaries	15.25%	12.25%
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%	(482,549,125)	549,380,421
Increase in future salaries	1.00%	550,788,503	(480,725,848)

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, 2024 amounts to Rs.213.84 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	Rupees	Rupees	Rupees	Rupees
As at June 30, 2023	97,161,436	216,212,545	335,280,222	17,913,327,646	18,561,981,849

	2023 Rupees	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees
21.10 Historical information:					
Present value of defined benefit obligation	513,768,596	399,538,518	341,556,615	310,591,147	242,930,143
Experience adjustment on obligation / actuarial loss	31,169,960	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)

	2023 Rupees	2022 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	155,027,980
- on short term investment	1,784,078	-
	171,277,332	155,027,980
Deductible temporary differences arising in respect of:		
- staff retirement benefit - gratuity	22,602,222	17,449,445
- provision for slow moving inventory	519,673	503,408
- provision for doubtful tax refunds	12,099,464	15,584,764
- provision for impairment in trade debts	7,914,889	3,666,830
	43,136,248	37,204,447
	128,141,084	117,823,533

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

	Note	2023 Rupees	2022 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	1,722,753,092	2,320,295,466
Accrued expenses		1,442,961,298	1,427,473,586
Bills payable	23.2	1,589,958,553	565,680,154
Sindh government infrastructure fee	23.3	594,540,546	447,143,385
Workers' profit participation fund	23.4	197,175,906	268,466,172
Workers' welfare fund	23.5	269,150,976	144,765,702
Current portion of Government grant		-	1,178,823
Others		3,126,447	513,555
		5,819,666,818	5,175,516,843

	2023 Rupees	2022 Rupees
23.1 These balances include the following amounts due to related parties:		
Reliance Cotton Spinning Mills Ltd.	535,370,738	155,952,832
Amer Cotton Mills (Pvt.) Ltd.	208,654,750	572,759,110
Sapphire Textile Mills Ltd.	-	182,754
Diamond Fabrics Ltd.	-	101,395
Sapphire Finishing Mills Ltd.	69,393	-
	744,094,881	728,996,091

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, 2023, the Company has provided bank guarantees aggregating Rs.596.950 million (2022: Rs.496.950 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.

	2023 Rupees	2022 Rupees
23.4 Workers' profit participation fund		
Balance at beginning of the year	268,466,172	119,661,295
Add: interest on funds utilised by the company	4,213,951	904,702
	272,680,123	120,565,997
Less: payments made during the year	272,680,123	120,565,997
	-	-
Add: allocation for the year	197,175,906	268,466,172
Balance at end of the year	197,175,906	268,466,172

	2023 Rupees	2022 Rupees
23.5 Workers' welfare fund		
Balance at beginning of the year	144,765,702	815,671
Add: allocation for the year	124,385,274	143,950,031
Balance at end of the year	269,150,976	144,765,702

	Note	2023 Rupees	2022 Rupees
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		54,317,612	59,826,713
- short term borrowings		306,306,601	192,537,200
		360,624,213	252,363,913
25. SHORT TERM BORROWINGS			
Running / cash finances - secured	25.1	7,594,853,715	8,518,082,484
Running Musharaka finance	25.1	1,276,862,206	2,450,000,000
		8,871,715,921	10,968,082,484

25.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.27,300 million (2022: Rs.21,600 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.25% to 22.94% (2022: 2.25% to 16.55%) per annum. The aggregate short term finance facilities are secured against hypothecation charge of Rs.71,697 million (2022: Rs.57,986 million) over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors.

Facilities available for opening letters of credit and guarantees aggregate to Rs.19,030 million (2022: Rs.19,780 million) out of which the amount remained unutilized at the year-end was Rs.6,345.704 million (2022: Rs.11,722.944 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.

	Note	2023 Rupees	2022 Rupees
26 CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term finances	20	860,247,818	841,187,902
Current portion of Gas Infrastructure Development Cess payable	20	312,276,704	230,813,216
		1,172,524,522	1,072,001,118

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.1,075.018 million (2022: Rs.981.468 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

27.2 Commitments

	2023 Rupees	2022 Rupees
Commitments in respect of :		
- letters of credit for capital expenditure	1,235,628,309	1,393,549,471
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	2,677,418,828	1,245,777,622
- capital expenditure other than letters of credit	216,929,844	685,315,214
- foreign & local bills discounted	1,357,638,826	3,870,571,986

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, 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

For the year ended June 30, 2022

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

	Spinning	Knits	Denim	Total
Timing of revenue recognition				
Goods transferred at a point in time	24,125,633,604	7,680,450,505	11,774,371,642	43,580,455,751
Services rendered at a point in time	2,672,048	54,081,120	307,652	57,060,820
	24,128,305,652	7,734,531,625	11,774,679,294	43,637,516,571

28.1 This includes indirect export of Rs.8,359.051 million (2022: Rs.5,797.515 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.964.099 million (2022: exchange gain Rs.686.253 million) has been included / net-off in export sales.

		Note	2023 Rupees	2022 Rupees
29.	**COST OF SALES**			
	Finished goods at beginning of the year		3,153,668,218	1,655,968,789
	Cost of goods manufactured	29.1	37,777,362,915	34,739,943,611
	Cost of raw materials sold		58,827,159	107,449,828
			37,836,190,074	34,847,393,439
			40,989,858,292	36,503,362,228
	Finished goods at end of the year		(3,459,768,225)	(3,153,668,218)
			37,530,090,067	33,349,694,010
29.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		1,296,808,329	1,072,589,736
	Raw materials consumed	29.2	27,149,015,671	26,183,015,200
	Salaries, wages and benefits	29.3	2,730,053,659	2,677,475,044
	Packing stores consumed		432,926,575	404,000,166
	General stores consumed		637,635,253	584,932,648
	Processing charges		2,284,419,161	1,388,487,591
	Depreciation	4.2	967,174,741	868,833,943
	Fuel and power		3,220,833,912	2,426,856,267
	Repair and maintenance		49,163,471	206,408,565
	Insurance		88,129,519	77,165,648
	Vehicles' running		68,553,215	46,214,615
	Travelling and conveyance		56,462,041	47,475,151
	Printing and stationery		132,739	223,686
	Legal and professional charges		13,441,878	12,026,181
	Fee and subscription		11,239,578	4,390,109
	Entertainment		21,829,219	17,168,726
	Telephone		3,418,764	2,755,446
	Postage		1,767,924	10,814,052
	Rent, rates and taxes		8,722,589	5,919,166
			39,041,728,238	36,036,751,940
	Work-in-process at end of the year		(1,264,365,323)	(1,296,808,329)
			37,777,362,915	34,739,943,611

		2023 Rupees	2022 Rupees
29.2	**Raw materials consumed**		
	Stocks at beginning of the year	8,765,301,137	7,128,035,967
	Purchases	25,552,110,495	27,820,280,370
		34,317,411,632	34,948,316,337
	Stocks at end of the year	(7,168,395,961)	(8,765,301,137)
		27,149,015,671	26,183,015,200

29.3 Salaries, wages and benefits include Rs.165.980 million (2022: Rs.126.491 million) in respect of staff retirement benefit - gratuity and Rs.23.715 million (2022: Rs.20.782 million) contribution in respect of staff provident fund.

		Note	2023 Rupees	2022 Rupees
30.	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	108,220,087	93,433,808
	Travelling, conveyance and entertainment		47,682,465	10,313,720
	Vehicles' running		5,254,817	2,301,540
	Telephone		711,463	555,860
	Postage		35,126,207	15,100,530
	Printing and stationery		3,186	4,158
	Sample expenses		91,608	679,123
	Commission:			
	- local		29,941,361	12,205,112
	- export		484,849,926	515,775,734
			514,791,287	527,980,846
	Freight and forwarding:			
	- local		14,100,156	12,908,556
	- export		749,982,065	1,118,463,534
			764,082,221	1,131,372,090
	Export development surcharge		68,326,133	68,790,242
	Other export expenses		58,676,161	34,922,813
	Sales promotion		252,186,216	135,486,618
	Provision for expected credit loss in trade debts		95,953,341	5,020,000
			1,951,105,192	2,025,961,348

30.1 Salaries and other benefits include Rs.3.80 million (2022: Rs.3.019 million) in respect of contribution to staff provident fund.

		Note	2023 Rupees	2022 Rupees
31	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		36,000,000	36,000,000
	Director's meeting fee		1,100,000	1,230,000
	Salaries and other benefits	31.1	304,629,639	276,819,444
	Telephone		6,856,751	9,131,803
	Postage		530,914	770,796
	Fee and subscription		8,916,318	9,746,115
	Legal and professional charges		18,692,538	10,566,976
	Entertainment		4,489,128	7,221,120
	Travelling and conveyance		13,291,692	6,127,699
	Printing and stationery		6,278,091	7,255,053
	Rent, rates and taxes		10,873,855	7,621,822
	Advertisement		1,046,840	583,880
	Electricity, gas and water		7,947,592	11,347,048
	Repair and maintenance		26,363,406	21,301,150
	Vehicles' running		27,851,809	20,130,490
	Charity and donations	31.2	18,473,750	19,180,831
	Insurance		383,455	1,038,123
	Depreciation	4.2	31,476,137	20,199,242
	Amortization of intangible assets	6	1,130,217	1,465,030
			526,332,132	467,736,622

31.1 Salaries and other benefits include Rs.10.159 million (2022: Rs.9.872 million) in respect of contribution to staff provident fund.

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

These include donations amounted Rs.14.143 million (2022: Rs.17.040 million) made to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousuf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

	Note	2023 Rupees	2022 Rupees
32. OTHER INCOME			
Income from financial assets			
Dividend income from:			
- related parties		867,500,310	433,942,930
- others		712,319,968	831,299,889
		1,579,820,278	1,265,242,819
Interest income on bank deposits		789,434	357,563
Mark-up earned on loan to a related parties		123,370,840	43,511,980
Mark-up earned on term finance certificates		9,453,589	5,493,288
Amortisation of deferred income - government grant		1,178,823	15,157,766
		1,714,612,964	1,329,763,416
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	4.5	16,837,847	29,631,474
Gain on sale of store and spares		4,976,057	-
Scrap sales [Net of sales tax aggregating Rs.14.241 million (2022: Rs.13.088 million)]		77,646,851	74,995,198
Exchange gain		57,599,225	-
Reversal of provision for doubtful tax refunds - net		92,933,599	-
		249,993,579	104,626,672
		1,964,606,543	1,434,390,088
33. OTHER EXPENSES			
Workers' profit participation fund	23.4	197,175,906	268,466,172
Workers' welfare fund		124,385,274	143,950,031
Auditors' remuneration		3,607,450	4,160,250
Loss on sale of store and spares		-	18,299
Provision for doubtful tax refunds		-	85,891,163
		325,168,630	502,485,915
33.1 Auditors' remuneration			
- statutory audit		2,152,150	1,778,700
- half yearly review		267,000	242,550
- review of code of corporate governance		79,000	71,610
- special audit		-	1,500,000
- audit of retirement funds and workers' profit participation fund		259,900	313,750
- under provision		699,400	-
- out-of-pocket expenses		150,000	253,640
		3,607,450	4,160,250
34. FINANCE COST			
Mark-up / interest on long term finances		192,894,711	186,374,592
Mark-up / interest on short term borrowings		1,604,542,742	1,258,606,108
Exchange loss / (gains) on foreign currency loans		-	55,022,181
		1,604,542,742	1,313,628,289
Interest on workers' profit participation fund	23.4	4,213,951	904,702
Unwinding effect of long term liabilities	20.2	10,088,093	14,211,538
Bank and other financial charges		172,283,129	157,358,107
		1,984,022,626	1,672,477,228

	Note	2023 Rupees	2022 Rupees
35. TAXATION			
Current			
Current tax on profit for the year	35.1	963,940,246	842,923,568
Adjustments in respect of prior years		(478,946)	592,148
		963,461,300	843,515,716
Deferred			
Origination and reversal of temporary differences		10,630,364	(5,416,392)
		974,091,664	838,099,324

35.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly.

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

	2023 Rupees	2022 Rupees
36. EARNINGS PER SHARE		
36.1 Basic earnings per share		
Net profit for the period / year	5,120,786,780	6,215,452,212
	Number of Shares	
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupees	
Earnings per share	247.72	300.67

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, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2023 Rupees	2022 Rupees
37.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		6,094,878,444	7,053,551,536
	Adjustments for non-cash charges and other items:			
	Depreciation		998,650,878	889,033,185
	Amortization		1,130,217	1,465,030
	Amortization of deferred income - Government grant		(1,178,823)	(15,157,766)
	Staff retirement benefit - gratuity		165,980,320	131,608,465
	Provision for slow moving items		286,138	(493,640)
	Dividend and interest income		(1,590,063,301)	(1,271,093,670)
	(Gain) / loss on sale of stores and spares		(4,976,057)	18,299
	Gain on disposal of operating fixed assets		(16,837,847)	(29,631,474)
	Provision for workers' profit participation fund		197,175,906	268,466,172
	Provision for workers' welfare fund		124,385,274	143,950,031
	Provision for impairment of trade debts - net		95,953,341	5,020,000
	Provision for doubtful tax refunds		(92,933,599)	85,891,163
	Finance cost		1,984,022,626	1,672,477,228
	Working capital changes	37.1	(2,295,154,702)	(5,451,707,876)
			5,661,318,815	3,483,396,683

			2023 Rupees	2022 Rupees
37.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores, spare parts and loose tools		(209,041,384)	(291,880,344)
	Stock-in-trade		(158,801,048)	(2,991,896,472)
	Trade debts		(2,465,299,631)	(2,354,639,062)
	Loans and advances		211,042,998	(347,945,117)
	Long term deposits		-	(31,889,900)
	Deposits, other receivables and sale tax		58,353,305	(1,666,269,567)
			(2,563,745,760)	(7,684,520,462)
	Increase in trade and other payables		268,591,058	2,232,812,586
			(2,295,154,702)	(5,451,707,876)

38. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial remuneration	24,001,200	24,001,200	232,112,446	206,362,376
Contribution to provident fund trust	-	-	18,886,904	17,890,024
House rent and utilities	11,998,800	11,998,800	108,936,805	97,290,841
Medical	-	-	4,539,730	4,033,111
Leave encashment / bonus	-	-	48,640,574	48,761,953
Other benefits	-	-	24,076,293	10,892,143
	36,000,000	36,000,000	437,192,752	385,230,448
Number of persons	1	1	79	59

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs.1,100 thousand (2022: Rs.1,230 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 (Pvt.) Ltd.	Common directorship	-
Amer Cotton Mills Ltd.	Common directorship	-
Sapphire Textile Mills (Pvt.) Ltd.	Common directorship	-
Diamond Fabrics Ltd.	Common directorship	-
Salman Ismail (SMC-Pvt.) Ltd.	Common directorship	-
Sapphire Agencies (Pvt.) Ltd.	Common directorship	-
Crystal Enterprises Ltd.	Common directorship	-
Sapphire Holding Ltd.	Common directorship	-
Four Strength (Pvt.) Ltd.	Common directorship	-
SANIFA Agri Services Ltd.	Common directorship	-

Key management personnel

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

	2023 Rupees	2022 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Dividend received	866,347,800	433,173,900
Loan provided	279,483,031	215,833,555
Mark-up charged	123,370,839	43,511,980
Expenses charges to	283,955	435,219
ii) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	299,807,371	346,745,540
- assets	-	28,100,000
Purchases:		
- raw material / yarn / fabric / stores	3,303,070,730	3,323,091,230
- assets	7,000,000	-
Services:		
- rendered	5,555,639	1,002,902
- obtained	81,151	595,912
Expenses charged by	51,092,118	44,998,576
Expenses charged to	102,936,191	14,873,277
Dividend:		
- received	66,921,675	207,394,030
- paid	107,150,550	48,550,990
iii) Key management personnel		
Salary and other employment benefits	130,505,156	111,549,402
iv) Retirement Fund		
Contribution towards provident fund	40,173,889	34,280,674

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.13,373.128 million as at June 30, 2023 (2022: Rs.11,225.056 million). Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 92% (2022: 93%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2023 Rupees	2022 Rupees
Long term investments	2,662,106,905	2,948,543,584
Long term loans	1,510,000	1,271,250
Long term deposits	60,496,545	60,496,545
Trade debts	7,626,536,380	5,161,236,749
Loans and advances	2,023,769	1,443,000
Trade deposits	38,976,727	24,828,360
Short term investments	1,609,381,756	2,317,444,048
Other receivables	1,018,467,580	669,890,142
Bank balances	353,628,421	39,902,293
	13,373,128,083	11,225,055,971

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:

	2023 Rupees	2022 Rupees
Domestic	2,354,289,075	1,823,066,801
Export	5,272,247,305	3,338,169,948
	7,626,536,380	5,161,236,749

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:

	2023 Rupees	2022 Rupees
Yarn	4,380,311,794	2,346,663,753
Fabric	2,059,852,009	1,829,417,525
Garments	901,534,642	886,277,466
Waste	284,837,935	98,878,005
	7,626,536,380	5,161,236,749

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

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2023					
Long term liabilities	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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
			Rupees		
June 30, 2022					
Long term finances	6,405,605,255	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables	4,315,141,584	4,315,141,584	4,315,141,584	-	-
Accrued mark-up / interest	252,363,913	252,363,913	252,363,913	-	-
Short term borrowings	10,968,082,484	11,691,827,735	11,691,827,735	-	-
Unclaimed dividend	6,670,826	6,670,826	6,670,826	-	-
	21,947,864,062	23,391,494,711	17,268,753,395	4,081,818,339	2,040,922,977

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, Chinese Yuan and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Euro, Japanese Yen (JPY), Chinese Yuan (CNY) and Swiss Frank (CHF) is as follows:

	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

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

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2023	**2022**	**2023**	**2022**
U.S. Dollar to Rupee	251.74	185.07	287.10 / 286.60	206 / 205.50
Euro to Rupee	247.02	203.00	314.27 / 313.72	215.75 / 215.23
Swiss Frank to Rupee	250.88	186.15	320.90 / 320.34	215.96 / 215.43
CYN to Rupee	40.23	-	39.98 / 39.91	30.93 / 30.85
Japanese Yen to Rupee	1.5945	1.6300	2.0013 / 1.9978	1.5047 / 1.5083

At June 30, 2023, if Rupee had strengthened by 10% against US Dollar, Euro and JPY 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.

	2023 Rupees	2022 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(359,349,541)	(195,573,179)
Euro to Rupee	14,630,238	2,491,223
JPY to Rupee	-	2,714,940
	(344,719,303)	(190,367,016)

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:

	2023	2022	2023	2022
	Effective rate		Carrying amount	
	%		Rupees	
Fixed rate instruments				
Financial assets				
Term deposit account	9.00 to 13.86	5.75 to 6.00	6,040,000	6,040,000
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 4.00	5,732,823,306	6,287,914,837
Variable rate instruments				
Financial liabilities				
Long term finances	-	0.6 to 7.31	-	117,690,418
Short term borrowings	2.25 to 22.94	2.25 & 16.55	8,871,715,921	10,968,082,484

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, 2023, 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.88.717 million (2022: Rs.110.857 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.4,272.395 million (2022: Rs.5,266.894 million) are exposed to price risk due to changes in market price.

At June 30, 2023, 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.427.239 million (2022: Rs.526.689 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.4,272.395 million (2022: Rs.5,266.894 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.

	2023 Rupees	2022 Rupees
Total borrowings	14,925,944,847	17,685,005,266
Less: cash and bank balances	359,991,393	45,831,510
Net debt	14,565,953,454	17,639,173,756
Total equity	27,708,665,870	23,368,965,322
Total capital	42,274,619,324	41,008,139,078
Gearing ratio	34%	43%

40.4 Financial instruments by category

	As at June 30, 2023			As at June 30, 2022		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees			Rupees		
Financial assets as per statement of financial position						
Long term investments	-	2,662,106,905	2,662,106,905	-	2,948,543,584	2,948,543,584
Long term loans	1,510,000	-	1,510,000	1,271,250	-	1,271,250
Long term deposits	60,496,545	-	60,496,545	60,496,545	-	60,496,545
Trade debts	7,626,536,380	-	7,626,536,380	5,161,236,749	-	5,161,236,749
Loans and advances	2,023,769	-	2,023,769	1,443,000	-	1,443,000
Trade deposits	38,976,727	-	38,976,727	24,828,360	-	24,828,360
Short term investments	-	1,609,381,756	1,609,381,756	-	2,317,444,048	2,317,444,048
Other receivables	1,018,467,580	-	1,018,467,580	669,890,142	-	669,890,142
Cash and bank balances	359,991,393	-	359,991,393	45,831,510	-	45,831,510
	9,108,002,394	4,271,488,661	13,379,491,055	5,964,997,556	5,265,987,632	11,230,985,188

	Financial liabilities measured at amortised cost	
	2023 Rupees	2022 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	6,108,546,538	6,776,749,495
Trade and other payables	4,758,799,390	4,315,141,584
Unclaimed dividend	7,213,927	6,670,826
Short term borrowings and accrued mark-up	9,178,022,522	11,160,619,684
	20,052,582,377	22,259,181,589

41 RECONCILIATION OF MOVEMENT OF LIABILITES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities		
	Long term liabilities	Short term borrowings	Dividend
	Rupees		
Balance as at July 01, 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

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

42. CAPACITY AND PRODUCTION

			2023	2022
42.1	**Spinning units**			
	Number of spindles installed		104,496	102,096
	Number of spindles worked		83,304	100,666
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	60,589,409	64,951,846
	Actual production after conversion into 20's count	Lbs.	45,597,270	66,872,608

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

			2023	2022
42.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		342	364
	Installed capacity	Lbs.	16,402,373	16,402,373
	Actual production	Lbs.	11,154,381	12,615,887
42.3	**Knitting unit**			
	Total number of days worked		340	364
	Installed capacity	Lbs.	14,612,963	15,196,858
	Actual production	Lbs.	5,262,136	6,918,552
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.

			2023	2022
42.5	**Denim unit**			
	Total number of days worked		319	364
	Installed capacity	Mtrs.	20,400,000	20,400,000
	Actual production	Mtrs.	13,053,520	20,970,742
43	**NUMBER OF EMPLOYEES**			
	Number of employees as at,		4,525	4,844
	Average number of employees as at,		4,607	4,662

44 PROVIDENT FUND RELATED DISCLOSURE

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

	2023 Rupees	2022 Rupees
Size of the Fund - Total Assets	198,309,370	166,191,952
Cost of investments made	190,587,593	156,539,862
Percentage of investments made	96.11%	94.19%
Fair value of investments made	194,456,652	161,641,830

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

	2023	2022	2023	2022
	Percentage		Rupees	
Special account in a scheduled bank	0.92	5.30	1,792,152	8,561,531
Government securities & accrued mark-up	97.83	93.16	190,244,699	150,579,099
Listed securities	1.24	1.55	2,419,801	2,501,200
	100.00	100.00	194,456,652	161,641,830

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

The Board of Directors, in their meeting held on September 26, 2023, 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, 2023, for approval of the members at the Annual General Meeting to be held on October 26, 2023.

46.2 Date of authorisation for issue

These financial statements were authorized for issue on September 26, 2023 by the Board of Directors of the Company.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTOR'S REPORT

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

Sapphire Electric Company Limited, Premier Cement Limited, Sapphire Cement Company Limited, Sapphire Hydro Limited, Sapphire Energy (Pvt.) Limited, Ignite Power (Private) Limited, Sapphire Mining Exploration (Private) Limited, Sapphire Building Materials Limited, Sapphire Power Limited and Sapphire Properties (Private) Limited for the period ended 30 June, 2023. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Sapphire Electric Company Limited:

Sapphire Electric Company Limited was incorporated in Pakistan as a public unlisted company under Companies Ordinance, 1984 on 18 January, 2005. Sapphire Fibres Limited has holding of 68.11% (2022: 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, 2023.

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, 2023.

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

Sapphire Hydro Limited

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

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

Sapphire Energy (Private) Limited

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 30 June, 2023.

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 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 (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 (SPPL) is 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 investment 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 Officer

Shayan Abdullah
Director

Lahore:
Dated: September 26, 2023

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

سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (SMEL):

سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ (ایس ایم ای ایل) 25 اگست 2020 کو کمپنیز ایکٹ 2017 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 2021 کو کمپنیز ایکٹ 2017 کے تحت ایک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس بی ایم ایل تعمیراتی صنعت میں استعمال ہونے والی متعلقہ مصنوعات میں ڈیل کرنے کا ارادہ رکھتی ہے۔

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

سفائر پاور لمیٹڈ (SPL):

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

منجانب بورڈ آف ڈائریکٹرز

شاہد عبداللہ
چیف ایگزیکٹو

شایان عبداللہ
ڈائریکٹر

لاہور
تاریخ: 26 ستمبر 2023ء

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2023 کوختم ہونے والی مدت کے لئے سفائر فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفائر الیکٹرک کمپنی لمیٹڈ، پریمیئر سیمنٹ لمیٹڈ، سفائر سیمنٹ کمپنی لمیٹڈ، سفائر ہائیڈرو لمیٹڈ، سفائر انرجی (پرائیویٹ) لمیٹڈ، اگنائٹ پاور (پرائیویٹ) لمیٹڈ، سفائر مائننگ ایکسپلوریشن (پرائیویٹ) لمیٹڈ، سفائر بلڈنگ میٹریلز لمیٹڈ اور سفائر پاور لمیٹڈ کے اشتمال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتمال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کیئے ہیں۔

سفائر الیکٹرک کمپنی لمیٹڈ (SECL):

سفائر الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005 کو کمپنیز آرڈیننس، 1984 کے تحت غیر مندرج پبلک کمپنی کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ سفائر فائبرز لمیٹڈ ذیلی کمپنی کے 68.11% (68.11%:2022) حصص کیپٹل کی مالک ہے۔

ذیلی کمپنی کی اصل سرگرمی 212 میگاواٹ کی خالص صلاحیت کے حامل کمبائنڈ سائیکل پاور سٹیشن کی ملکیت، کو چلانا اور برقرار رکھنا ہے۔

پریمیئر سیمنٹ لمیٹڈ (PCL):

پریمیئر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016 کو کمپنیز آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2023ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔

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

سفائر سیمنٹ کمپنی لمیٹڈ (SCCL):

سفائر سیمنٹ کمپنی لمیٹڈ (ایس سی سی ایل) 28 اکتوبر 2016ء کو کمپنیز آرڈیننس 1984 کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2023ء کے مطابق ایس سی سی ایل کے 100% حصص کی مالک ہے۔

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

سفائر ہائیڈرو لمیٹڈ (SHL):

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

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

سفائر انرجی (پرائیویٹ) لمیٹڈ (SEPL):

سفائر انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 جون 2023ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

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

اگنائٹ پاور (پرائیویٹ) لمیٹڈ (IPPL):

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

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

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Sapphire Fibres Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Descriptioin	How the matter was addressed in our audit
1.	**Valuation of stock-in-trade** The total value of stock in trade as at the reporting date amounted to Rs.14.807 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 10 to the consoildated 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.

Sr. No.	Descriptioin	How the matter was addressed in our audit
		• 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.
2.	**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. • Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. • 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.

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
Chartered Accountants

Lahore: October 03, 2023
UDIN: AR202310104sG10a8mwH

Consolidated Statement of Financial Position
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	25,941,999,805	25,987,739,715
Investment property	5	31,750,000	31,750,000
Intangible assets	6	10,417,225	6,992,014
Long term investments	7	5,649,807,415	5,149,820,289
Long term loans	8	4,400,000	4,346,250
Long term deposits		62,426,345	62,426,345
		31,700,800,790	31,243,074,613
Current assets			
Stores, spare parts and loose tools	9	973,556,680	768,105,482
Stock-in-trade	10	14,806,602,454	14,654,647,253
Trade debts	11	19,608,973,872	13,956,754,985
Loans and advances	12	592,488,078	819,015,632
Trade deposits and short term prepayments	13	121,116,289	104,341,667
Short term investments	14	3,243,639,904	7,093,387,345
Other receivables	15	1,748,760,568	1,549,390,347
Tax refunds due from Government	16	2,567,218,953	2,936,119,117
Cash and bank balances	17	1,399,220,229	671,581,706
		45,061,577,027	42,553,343,534
Total assets		76,762,377,817	73,796,418,147
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES			
Authorised capital 35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	18	206,718,750	206,718,750
Reserves	19	1,531,851,130	1,948,458,515
Unappropriated profit		39,301,687,521	32,879,156,697
Equity attributable to shareholders of the Parent Company		41,040,257,401	35,034,333,962
Non-controlling interest		6,955,409,522	6,338,808,434
Total equity		47,995,666,923	41,373,142,396
Non current liabilities			
Long term liabilities	20	4,881,704,404	5,644,921,664
Staff retirement benefit - gratuity	21	513,768,596	399,538,518
Deferred taxation	22	140,579,850	131,893,344
		5,536,052,850	6,176,353,526
Current liabilities			
Trade and other payables	23	8,750,053,148	8,053,654,426
Contract liabilities		727,672,349	1,051,628,011
Accrued mark-up / interest	24	469,764,094	342,281,137
Short term borrowings	25	10,901,144,743	14,877,140,252
Current portion of long term liabilities	20	1,172,524,522	1,072,001,118
Unclaimed dividend	26	241,818,718	6,670,826
Provision for taxation		967,680,470	843,546,455
		23,230,658,044	26,246,922,225
Total liabilities		28,766,710,894	32,423,275,751
Contingencies and commitments	27		
Total equity and liabilities		76,762,377,817	73,796,418,147

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, 2023

	Note	2023 Rupees	2022 Rupees
Sales	28	65,461,810,451	65,729,421,620
Cost of sales	29	(52,977,346,444)	(52,827,189,426)
Gross profit		12,484,464,007	12,902,232,194
Distribution cost	30	(1,951,105,192)	(2,025,961,348)
Administrative expenses	31	(713,120,404)	(636,023,142)
Other income	32	1,130,995,368	849,318,212
Other expenses	33	(357,180,997)	(570,445,705)
Profit from operations		10,594,052,782	10,519,120,211
Finance cost	34	(2,336,452,461)	(2,111,702,490)
		8,257,600,321	8,407,417,721
Share of profit from Associated Companies		527,780,697	630,869,751
Profit before taxation		8,785,381,018	9,038,287,472
Taxation	35	(977,233,515)	(844,901,068)
Profit after taxation		7,808,147,503	8,193,386,404
Attributable to:			
- Shareholders of the Parent Company		6,785,885,192	7,525,528,605
- Non-controlling interest		1,022,262,311	667,857,799
		7,808,147,503	8,193,386,404
Earnings per share - attributable to the shareholders of Parent Company	36	328.27	364.05

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, 2023

	2023 Rupees	2022 Rupees
Profit after taxation	7,808,147,503	8,193,386,404
Other comprehensive loss		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised (loss) / gain on remeasurement of investment at fair value through other comprehensive income		
- long term	(286,436,679)	(896,443,638)
- short term	(360,914,703)	(660,291,520)
Impact of deferred tax	(1,784,078)	-
Realised gain on sale of investment at fair value through other comprehensive income	103,841,047	-
Share of fair value loss on remeasurement of investment at fair value through other comprehensive income by Associates	(5,273,523)	(11,058,748)
	(550,567,936)	(1,567,793,906)
(Loss) / gain on remeasurement of staff retirement benefit obligation	(31,169,960)	1,673,946
Share of loss on remeasurement of staff retirement benefit obligation of Associates	(467,724)	(221,744)
Impact of deferred tax	2,096,891	(185,717)
	(29,540,793)	1,266,485
	(580,108,729)	(1,566,527,421)
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	701,360	8,427
Other comprehensive (loss) for the year	(579,407,369)	(1,566,518,994)
Total comprehensive income for the year	7,228,740,134	6,626,867,410
Attributable to:		
- Shareholders of the Parent Company	6,206,477,823	5,959,009,611
- Non-controlling interest	1,022,262,311	667,857,799
	7,228,740,134	6,626,867,410

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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	5,447,503,883	10,460,728,058
Staff retirement benefit paid		(82,920,202)	(71,952,616)
Finance cost paid		(2,208,969,504)	(1,990,162,007)
Taxes paid		(635,838,629)	(662,900,533)
Workers' profit participation fund paid		(108,086,299)	(120,565,997)
Long term loans - net		53,750	(341,250)
Net cash generated from operating activities		2,411,742,999	7,614,805,655
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,574,453,222)	(2,731,218,858)
Proceeds from disposal of operating fixed assets		39,166,004	94,084,187
Long and short term investments - net		(78,389,861)	(6,024,977,860)
Proceeds from sale of stores and spares		9,071,400	61,519
Proceeds from disposal of investments		4,146,007,424	2,395,958,047
Profit on bank deposits received		1,800,080	293,284
Dividend and interest income received		738,751,462	1,270,219,287
Net cash generated from / (used in) investing activities		3,281,953,287	(4,995,580,394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		152,410,000	1,427,035,307
- repaid		(825,191,949)	(843,564,962)
Dividend paid		(170,513,331)	(842,274,896)
Short term borrowings - net		(4,122,762,483)	(2,207,818,421)
Net cash (used) in financing activities		(4,966,057,763)	(2,466,622,972)
Net increase in cash and cash equivalents		727,638,523	152,602,289
Cash and cash equivalents - at beginning of the year		671,581,706	518,979,417
Cash and cash equivalents - at end of the year		1,399,220,229	671,581,706

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

Chief Executive Officer

Director

Chief Financial Officer

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED JUNE 30, 2023

		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, 2021	206,718,750	391,833,750	190,833,377	1,183,845,000	25,714,887,539	27,481,399,666	1,592,511,269	243,733	1,592,755,002	29,280,873,418	5,877,689,063
Distribution to owners											
Dividend paid by Subsidiary Company - SECL	-	-	-	-	-	-	-	-	-	-	(202,858,620)
Final dividend related to the year ended June 30, 2021 at the rate of Rs.10 per share	-	-	-	-	(206,718,750)	(206,718,750)	-	-	-	(206,718,750)	-
Transfer from unappropriated profit	-	-	156,976,865	-	(156,976,865)	-	-	-	-	-	-
Effect of items directly credited in equity by the Associated companies	-	-	-	-	79,875	79,875	-	-	-	79,875	-
Total comprehensive income for the year ended June 30, 2022											
Profit for the year	-	-	-	-	7,525,528,605	7,525,528,605	-	-	-	7,525,528,605	667,857,799
Other comprehensive income / (loss)	-	-	-	-	1,266,485	1,266,485	(1,567,793,906)	8,427	(1,567,785,479)	(1,566,518,994)	-
	-	-	-	-	7,526,795,090	7,526,795,090	(1,567,793,906)	8,427	(1,567,785,479)	5,959,009,611	667,857,799
Adjustment in NCI due to further acquisition of shares by a subsidiary Company - SEL	-	-	-	-	1,089,808	1,089,808	-	-	-	1,089,808	(3,879,808)
Balance as at June 30, 2022	206,718,750	391,833,750	347,810,242	1,183,845,000	32,879,156,697	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

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

Chief Executive Officer

Director

Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

Sapphire Fibres Limited

Subsidiary Companies

Sapphire Electric Company Limited - SECL
Premier Cement Limited - PCL
Sapphire Cement Company Limited - SCCL
Sapphire Energy (Private) Limited - SEL
Sapphire Hydro Limited - SHL
Ignite Power (Private) Limited - IPPL
Sapphire Power Limited - SPL
Sapphire Building Materials Limited - SBML
Sapphire Mining Exploration Private Limited - SMEL
Sapphire 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,	Head office
73-E Main Jail Road, Gulberg II.	
	Production plant
Shiekhpura	
10 km, Sheikhupura / Faisalabad Road, Kharianwala	Production plant
26 km, Sheikhupura / Faisalabad Road, Feroze wattoan	Production plant

Sapphire Electric Company Limited - SECL

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

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

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

Premier Cement Limited - PCL

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

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

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

Sapphire Cement Company Limited - SCCL

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

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

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

Sapphire Energy (Pvt.) Limited - SEL

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

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

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

Sapphire Hydro Limited - SHL

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

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

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

Ignite Power (Private) Limited - IPPL

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

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

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

Sapphire Power Limited - SPL

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

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

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

Sapphire Building Materials Limited - SBML

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

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

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

Sapphire Mining Exploration Private Limited - SMEL

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

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

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

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, 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 fulfillment of certain terms and conditions mentioned in the Agreements:

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

- Discounts in tariff components i.e. Return on Equity (ROE) including Return on Equity During Construction (RoEDC) shall be changed to 12% per annum for foreign equity investment registered with the State Bank of Pakistan, while United States Dollar (USD) indexation will be retained for local investor, the rate will be changed to 17% per annum in Pak Rupee (PKR) calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. However, the existing ROE and RoEDC, together with applicable indexation, shall continue to be applied until the date when the applicable exchange rate under the present tariff reaches PKR 168/USD, whereupon the revised RoE and RoEDC shall become applicable for reminder of the term of the PPA. During the 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 th

- 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, 2023, in the SECL is 68.11% (2022: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. SEL is a wholly owned subsidiary company and effective holding of the Parent Company in IPPL is also 100% as it is wholly owned Subsidiary of SEL. The other companies PCL, SCCL ,SPL, SBML, 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 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

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

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for change resulted due to adoption of amendments to accounting standards. The below mentioned amendments to approved accounting standards are effective for the financial year beginning on July 01, 2022 and have been adopted by the Group:

(a) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

(b) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

(a) IAS 37 Onerous contracts **Effective date: January 01, 2024**

- 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; 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 the consolidated financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

(b) IAS 16 Proceeds before an asset's intended use **Effective date: January 01, 2023**

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

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

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

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

2.5.3 Exemption from applicability of certain standards

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

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

	2023 Rupees	2022 Rupees
De-recognition of property, plant and equipment	(10,115,219,290)	(10,697,664,564)
De-recognition of trade debts	(1,482,966,706)	(1,077,370,525)
Recognition of lease debtor	6,736,226,736	6,378,776,627
Decrease in un-appropriated profit at the beginning of the year	(5,396,258,462)	(6,060,288,480)
Increase / (decrease) in profit for the year	(5,396,258,462)	(6,060,288,480)
Decrease in un-appropriated profit at the end of the year	(4,861,959,260)	(5,396,258,462)

(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 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. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned assets

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

Subsequent costs

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

Depreciation

Depreciation is charged to income on the reducing balance method at rates stated in note 4.1. Depreciation on additions is charged from the 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.

Amortization

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

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

- Debt Instruments at FVTOCI

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

- Debt Instruments at FVTPL

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

- Financial Assets measured at amortised cost

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

Derecognition

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

Investments in Associated Companies

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

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

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

Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan in respect of circular debt include trade debts, contract assets and other receivables due from CPPA under the PPA that also includes accrued amounts. The Group follows relevant requirements of IAS 39 in respect of impairment of these financial assets due to the exemption available in respect of IFRS 9 till June 30, 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 realizable value
Waste	- net realizable value

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

3.8 Trade debts and other receivables and related impairment

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

3.9 Government grants

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

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

3.10 Financial liabilities

Classification & subsequent measurement

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the 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, 2023 on the basis of projected unit credit method by an Independent Actuary. The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

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

The Subsidiary Company - SECL

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

3.17 Taxation

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

Current

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

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

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

Deferred

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

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

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

3.18 Lease liability

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the 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	2023 Rupees	2022 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	23,893,565,448	23,835,249,035
Capital work-in-progress	4.3	2,048,434,357	2,152,490,680
		25,941,999,805	25,987,739,715

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED JUNE 30, 2023

4.1 Operating fixed assets

								Equipment									
	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	Fire fighting	Office	Mills	Electric / gas	Computer hardware	Vehicles	Furniture and fixtures	Arms and ammuni-tion	Tools	Total
	Rupees																
At July 1, 2021																	
Cost	1,435,002,714	313,872,650	983,927,477	28,636,645	4,977,997,474	28,542,452,707	422,432,519	21,111,998	26,355,356	41,960,709	20,672,670	36,225,074	323,835,776	65,500,727	149,886	248,579	37,240,382,961
Accumulated depreciation	-	19,017	499,713,398	25,520,809	1,899,451,800	10,716,814,236	199,162,017	6,734,895	22,303,437	28,496,438	13,336,550	28,327,061	144,645,047	44,178,157	137,419	224,349	13,629,064,630
Net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
Year ended June 30, 2022																	
Opening net book value	1,435,002,714	313,853,633	484,214,079	3,115,836	3,078,545,674	17,825,638,471	223,270,502	14,377,103	4,051,919	13,464,271	7,336,120	7,898,013	179,190,729	21,322,570	12,467	24,230	23,611,318,331
Additions	-	-	3,823,726	-	39,419,019	1,653,206,673	29,037,970	-	26,043,150	4,186,309	-	17,281,886	60,719,322	16,236,079	-	-	1,849,954,134
Disposals:																	
- cost	-	-	-	-	-	303,592,420	-	-	-	-	-	1,135,750	14,526,500	-	-	-	319,254,670
- accumulated depreciation	-	-	-	-	-	(169,565,600)	-	-	-	-	-	(958,105)	(10,107,576)	-	-	-	(180,631,281)
	-	-	-	-	-	134,026,820	-	-	-	-	-	177,645	4,418,924	-	-	-	138,623,389
Depreciation charge	-	6,339	94,449,726	623,167	172,315,034	1,146,429,934	24,518,732	1,437,710	1,527,446	1,614,025	733,612	3,771,432	36,377,368	3,591,846	1,247	2,423	1,487,400,041
Closing net book value	1,435,002,714	313,847,294	393,588,079	2,492,669	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
At June 30, 2022																	
Cost	1,435,002,714	313,872,650	987,751,203	28,636,645	5,017,416,493	29,892,066,960	451,470,489	21,111,998	52,398,506	46,147,018	20,672,670	52,371,210	370,028,598	81,736,806	149,886	248,579	38,771,082,425
Accumulated depreciation	-	25,356	594,163,124	26,143,976	2,071,766,834	11,693,678,570	223,680,749	8,172,605	23,830,883	30,110,463	14,070,162	31,140,388	170,914,839	47,770,003	138,666	226,772	14,935,833,390
Net book value	1,435,002,714	313,847,294	393,588,079	2,492,669	2,945,649,659	18,198,388,390	227,789,740	12,939,393	28,567,623	16,036,555	6,602,508	21,230,822	199,113,759	33,966,803	11,220	21,807	23,835,249,035
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
Depreciation rate (% - per annum)			5	20	3.33 & 10	3.33, 5 & 10	10	10	10	10	10	30 & 33	20	10	10	10	

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

Location	Usage of immovable property	Total area in square yards
Freehold Land		
- Kharianwala, District Shiekhupura.	Production plant	174,815
- Ferozewattoan, District Shiekhupura.	Production plant	585,808
- Riawind, District Lahore.	Production plant	925,169
- Mauza Paaji, Riawind, District Lahore.	Proposed Mill / Factory	113,075
- 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 Shareef, District Dera Ismail Khan	Proposed production plant	31,469

	2023 Rupees	2022 Rupees
4.2 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	1,552,393,973	1,455,397,607
Administrative expenses	44,484,290	32,002,434
	1,596,878,263	1,487,400,041

	Note	2023 Rupees	2022 Rupees
4.3 Capital work-in-progress			
Buildings		767,616,165	645,081,936
Furniture and fixtures		3,255,475	19,680,831
Plant and machinery {including in transit aggregating Nil (June 30, 2022: Rs. 240.002 million)}		554,428,850	728,961,249
Un-allocated capital expenditure	4.3.1	422,831,746	406,290,562
Advance payments against:			
- land - freehold		-	36,680,950
- factory / office building		6,668,800	78,192,418
- electric installation		278,811,721	206,328,734
- vehicles		12,777,100	31,274,000
- computer software		2,044,500	-
		300,302,121	352,476,102
		2,048,434,357	2,152,490,680

4.3.1 These include RS.251.202 million incurred by Subsidiary Company - PCL for its proposed cement project and 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 / (loss)	Mode of disposal	Sold to:
	Rupees						
Assets having net book value exceeding Rs.500,000 each							
Parent Company							
Plant and machinery							
1 Set C-51 Cards	6,384,481	5,432,120	952,361	1,498,730	546,369	Negotiation	M/s.Hanif'S Trading Company
1 Set C-51 Card	6,384,481	5,432,120	952,361	1,498,730	546,369	Negotiation	M/s.Hanif'S Trading Company
PVC Cables, Frequency Convertors & Compressor Pannels	7,332,772	6,658,634	674,138	749,365	75,227	Negotiation	M/s.Hanif'S Trading Company
	20,101,734	**17,522,874**	**2,578,860**	**3,746,825**	**1,167,965**		
Parent Company							
Vehicles							
Honda Civic	2,637,000	1,801,470	835,530	835,530	-	Negotiation	Mr. Saqib Shahzad
Honda Civic	2,644,000	1,958,111	685,889	2,000,000	1,314,111	Negotiation	Mr. Waqar Ahmad Khan
Honda Civic	2,577,500	1,802,349	775,151	1,785,000	1,009,849	Negotiation	Mr Yasir
Suzuki Cultus	1,410,000	747,438	662,562	999,000	336,438	Negotiation	Mr. Mazhar Ahmad
Suzuki Swift	1,585,000	908,733	676,267	1,950,000	1,273,733	Negotiation	Mr. Muhammad Mubasher Sarwar
Proton Saga	2,437,500	-	2,437,500	2,437,500	-	Negotiation	Ms. Suman
Honda City	1,799,800	1,171,543	628,257	1,600,374	972,117	Company policy	Mr. Syed Asad Abbas
Subsidiary Company							
Vehicle	1,918,660	1,247,129	671,531	1,030,000	358,469	Negotiation	Mr. Muhammad Ashraf Chaud-hary
	17,009,460	**9,636,773**	**7,372,687**	**12,637,404**	**5,264,717**		
Various assets having							
net book value upto							
Rs.500,000 each	39,412,027	30,604,133	8,807,894	22,781,775	13,973,881	Negotiation	Various parties
June 30, 2023	**76,523,221**	**57,763,780**	**18,759,441**	**39,166,004**	**20,406,563**		
June 30, 2022	319,254,670	180,631,281	138,623,389	94,160,256	(44,463,133)		

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, 2023 was Rs.286 million (2022: Rs.75 million).

	Computer Softwares	Goodwill	Total
		Rupees	
6. INTANGIBLE ASSETS			
At July 1, 2021			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	27,046,031	-	27,046,031
Net book value	2,844,140	5,612,904	8,457,044
Year ended June 30, 2022			
Amortization charge	1,465,030	-	1,465,030
Net book value as at June 30, 2022	1,379,110	5,612,904	6,992,014
Year ended June 30, 2022			
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	5,861,797
At June 30, 2022			
Cost	29,890,171	5,612,904	35,503,075
Accumulated amortization	28,511,061	-	28,511,061
Net book value	1,379,110	5,612,904	6,992,014
At June 30, 2023			
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
Amortization 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	2023 Rupees	2022 Rupees
7. LONG TERM INVESTMENTS			
Associates - equity accounted investments	7.1	2,987,700,510	2,201,276,705
Others - equity instruments	7.3	2,615,856,905	2,902,043,584
- debt instruments	7.4	46,250,000	46,500,000
		5,649,807,415	5,149,820,289

		Note	2023 Rupees	2022 Rupees
7.1	**Associated Companies - Quoted**			
	Reliance Cotton Spinning Mills Limited - RCSM			
	SFL Limited - SFLL	7.1.1	118,043,827	99,577,454
	Unquoted			
	SFL Limited - SFLL	7.1.2	5,235,247	3,391,544
	Sapphire Power Generation Limited - SPGL	7.1.3	314,069,934	281,925,998
	Sapphire Dairies (Private) Limited - SDL	7.1.4	206,595,712	190,433,942
	Tricon Boston Consulting Corporation (Private) Limited - TBCCL	7.1.5	2,019,315,486	1,625,947,767
	Creek Properties (Private) Limited - CPPL	7.1.6	324,440,304	-
	Energas Terminal (Private) Limited - ETL	7.1.7	-	-
	Energas Marketing (Private) Limited (EML)	7.1.8	-	-
			2,987,700,510	2,201,276,705

7.1.1 Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% (2022: 1.35%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2023. 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, 2023 was Rs.71.025 million (2022: Rs.53.556 million). RCSM is an associate of the Group due to common directorship.

7.1.2 Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (2022: 0.051%) of SFLL's issued, subscribed and paid-up capital as at June 30, 2023. 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% (2022: 17.63%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2023. 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% (2022: 5.50%) of SDL's issued, subscribed and paid-up capital as at June 30, 2023. 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% (2022: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at June 30, 2023. 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 (2022: Nil) 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, 2023. 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 2500 fully paid ordinary shares (2022: 2500) of Rs.10 each representing 25% (2022: 25%) of ETL's issued, subscribed and paid-up capital as at June 30, 2023. 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.21.640 million (2022: Rs.13.674 million) and has accumulated losses aggregated Rs. 115.898 million (2022: Rs.94.257 million). Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment.

7.1.8 The Subsidiary Company - SEL has made investment in EML's 2,500 fully paid ordinary shares (2022: 3000)of Rs.10 each representing 25% (2022: 30%) of EML's issued, subscribed and paid-up capital as at June 30, 2023. 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.236 thousand (2022: 208 thousand) and it has accumulated losses aggregated Rs.899 thousand (2022: Rs. 662 thousand). Subsidiary Company's - SEL share of loss has been recognised upto the extant of cost of investment

7.2 Summarised financial information of associates

The table below summarise the financial information / reconciliation of based on un-audited financial statements of Associates as at June 30, 2023. Financial statements have been amended to reflect adjustments made by the entity using the equity method.

	RCSM		SFLL		SPGL		SDL		TBCCL		EML		ETL		CPPL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees															
Summarised Statement of Financial Position																
Non current assets	6,046,985,575	4,570,088,296	10,484,205,138	6,683,115,826	1,902,119,456	1,682,947,163	5,101,731,290	4,912,617,846	50,559,377,929	41,595,667,989	560,000	521,638	920,807,417	768,047,194	1,649,909,099	30,812,500
Current assets	9,268,167,752	7,607,409,593	56,199,848	54,109,038	136,829,212	138,095,131	1,375,109,451	927,704,293	21,837,181,170	17,540,806,860	28,188	25,902	133,876,370	154,923,921	196,479,456	119,029,040
	15,315,153,327	12,177,497,889	10,540,404,986	6,737,224,864	2,038,948,668	1,821,042,294	6,476,840,741	5,840,322,139	72,396,559,099	59,136,474,849	588,188	547,540	1,054,683,787	922,971,115	1,846,388,555	149,841,540
Non current liabilities	2,001,143,230	1,886,472,675	225,669,738	54,329,598	239,383,944	206,478,498	1,256,923,937	1,382,095,019	34,839,899,744	29,748,415,509	-	-	-	-	-	-
Current liabilities	4,567,378,957	2,912,687,168	1,595,489	1,747,226	17,751,420	15,112,717	1,469,688,146	1,001,374,994	9,215,389,376	6,567,739,799	1,387,135	1,110,502	1,170,482,068	1,017,129,041	4,360,871	167,475
	6,568,522,187	4,799,159,843	227,265,227	56,076,824	257,135,364	221,591,215	2,726,612,083	2,383,470,013	44,055,289,120	36,316,155,308	1,387,135	1,110,502	1,170,482,068	1,017,129,041	4,360,871	167,475
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
Reconciliation to carrying amount																
Opening net assets	7,378,338,046	4,435,010,786	6,681,148,040	4,903,405,818	1,599,451,079	1,388,626,484	3,456,852,126	2,140,182,912	22,820,319,541	19,143,637,902	(562,962)	(354,369)	(94,157,926)	(80,483,611)	149,674,065	-
Profit / (loss) for the year	1,196,950,454	3,046,062,035	2,157,146,133	1,885,548,174	199,513,745	269,422,331	294,573,338	1,320,142,390	6,444,026,438	6,576,681,639	(235,985)	(208,593)	(21,640,355)	(13,674,315)	82,444,439	(417,010)
Other comprehensive (loss) / income	(46,048,065)	(51,300,357)	(82,934,924)	(107,831,274)	(24,454,167)	(58,625,889)	(1,196,806)	(3,473,176)	-	-	-	-	-	-	-	-
Other adjustments	294,580,705	25,582	1,557,780,510	25,322	7,302,647	28,153	-	-	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,609,909,180	150,091,075
Dividend paid during the year	(77,190,000)	(51,460,000)	-	-	-	-	-	-	(923,076,000)	(2,900,000,000)	-	-	-	-	-	-
Closing 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
Group's share (percentage)	1.35%	1.35%	0.051%	0.051%	17.63%	17.63%	5.50%	5.50%	7.13%	7.13%	25.00%	25.00%	25.00%	30.00%	17.50%	0.00%
Carrying amount of investment (Rupees)	118,043,827	99,577,454	5,235,247	3,391,544	314,069,934	281,925,998	206,595,712	190,433,942	2,019,315,486	1,625,947,767	-	-	-	-	324,440,304	-
Summarised Statement of profit or loss																
Revenue	11,048,839,608	11,386,469,405	6,715,338	6,257,155	-	-	3,400,928,456	2,573,211,204	14,510,992,988	11,814,570,375	-	-	21,358,511	13,751,481	-	-
Profit / (loss) before tax	1,440,852,812	3,245,585,806	2,330,986,765	1,910,846,511	236,972,977	310,336,238	297,188,899	1,403,890,005	6,531,575,552	6,608,971,350	(208,592)	(208,592)	(21,640,355)	(13,674,315)	116,118,928	(417,010)
Profit / (loss) after tax	1,196,950,454	3,046,062,035	2,157,146,133	1,885,548,174	199,513,745	269,422,331	294,573,338	1,320,142,390	6,444,026,438	6,576,681,639	(235,985)	(208,593)	(21,640,355)	(13,674,315)	82,444,439	(13,674,315)
Other comprehensive (loss) / income	(46,048,065)	(51,300,357)	(82,934,924)	(107,831,274)	(24,454,167)	(58,625,889)	(1,196,806)	(3,473,176)	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	1,150,902,389	2,994,761,678	2,074,211,209	1,777,716,900	175,059,578	210,796,442	293,376,532	1,316,669,214	6,444,026,438	6,576,681,639	(235,985)	(208,593)	(21,640,355)	(13,674,315)	82,444,439	(13,674,315)

		2023 Rupees	2022 Rupees
7.3	**Equity Instruments - at FVTOCI**		
	Quoted		
	MCB Bank Limited		
	18,213,195 (2022: 18,213,195) ordinary shares of Rs.10 each - cost	896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value	1,188,413,309	1,343,407,598
		2,084,864,432	2,239,858,721
	Habib Bank Limited		
	7,244,196 (2022: 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	(686,581,136)	(555,388,746)
		530,492,473	661,684,863
	Unquoted		
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs.10 each	500,000	500,000
		2,615,856,905	2,902,043,584
7.4	**Debt Instruments - at FVTOCI**		
	Habib Bank Limited - term finance certificates (TFCs)		
	500 (2022: 500)Term finance certificates of Rs.100,000 each - cost	50,000,000	50,000,000
	Adjustment arising from re-measurement to fair value	(3,750,000)	(3,500,000)
		46,250,000	46,500,000

7.4.1 These carry profit at the rate of 3 months KIBOR + 1.60%. Effective profit rates charged, during the year, ranged from 16.48% to 22.79% (2022: 9.06% to 13.56%) per annum.

		Note	2023 Rupees	2022 Rupees
8	**LONG TERM LOANS - Secured**			
	Loans due from employees	8.1	8,955,769	8,099,250
	Less: recoverable within one year and grouped under current assets		4,555,769	3,753,000
			4,400,000	4,346,250

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.2.321 million (2022: 2.117). The loan is recoverable in equal monthly installments of Rs.211.000 thousand each.

		Note	2023 Rupees	2022 Rupees
9.	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		566,844,670	588,731,705
	Spare parts		236,216,466	160,769,664
	Loose tools		174,931	121,727
	Items in transit		182,133,233	30,008,868
			985,369,300	779,631,964
	Less: provision for slow moving items	9.1	11,812,620	11,526,482
			973,556,680	768,105,482
9.1	**Provision for slow moving items**			
	Balance at beginning of the year		11,526,482	12,020,122
	Less: provision made / (reversed) during the year		286,138	(493,640)
	Balance at end of the year		11,812,620	11,526,482
10.	**STOCK-IN-TRADE**			
	Raw materials:			
	- at mills		7,471,921,108	9,075,672,131
	- in transit		2,610,547,798	1,128,498,575
			10,082,468,906	10,204,170,706
	Work-in-process		1,264,365,323	1,296,808,329
	Finished goods - at mills		3,459,768,225	3,153,668,218
			14,806,602,454	14,654,647,253

10.1 As at June 30, 2023, raw material costing Rs.4,752.641 million have been written down to 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.937.022 million.

10.1 As at June 30, 2023, finished goods at mills costing Rs.1,657.339 million (2022: Rs.593.722 million) have been written down to Rs.1,366.104 million (2022: Rs.435.307 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.291.235 million (2022: Rs.158.415 million).

		Note	2023 Rupees	2022 Rupees
11.	**TRADE DEBTS**			
	Considered good			
	Unsecured			
	- local	11.1	2,355,224,676	1,824,296,802
	Secured			
	- foreign debts		5,196,836,888	3,262,759,531
	- local	11.5	12,161,414,348	8,878,247,351
			17,358,251,236	12,141,006,882
	Considered doubtful			
	Unsecured - foreign debts	11.4	75,410,417	75,410,417
			19,788,886,329	14,040,714,101
	Less: provision for impairment	11.6	179,912,457	83,959,116
			19,608,973,872	13,956,754,985

	2023 Rupees	2022 Rupees
11.1 These include the following amounts due from related parties:		
Diamond Fabrics Limited	10,763,282	1,804,326
Reliance Cotton Spinning Mills Limited	20,730,477	3,065,588
Amer Cotton Mills (Pvt.) Limited	29,423,759	7,732,838
Sapphire Textile Mills Limited	21,765,611	17,752,027
Sapphire Power Generation Limited	6,400	6,400
Sapphire Diaries (Pvt.) Ltd	935,601	1,230,001
Sapphire Finishing Mills Ltd	3,566,063	-
	87,191,193	31,591,180

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

	Related Parties		Others	
	2023	2022	2023	2022
	Rupees			
Not past due	4,574,075	1,943,599	8,163,431,960	7,314,876,424
Past due 1-30 days	73,789,593	22,562,533	8,052,976,568	5,100,919,920
Past due 31-60 days	533,079	1,291,960	433,202,392	804,836,891
Past due 61-90 days	681,096	1,153,415	2,161,834,046	209,243,268
Past due 91-365 days	7,075,103	1,071,641	229,576,602	395,534,679
Past due one year	538,247	3,568,032	660,673,568	183,711,739
	87,191,193	31,591,180	19,701,695,136	14,009,122,921

11.3 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.179.310 million (2022: Rs.222.927 million).

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

11.5 These represent trade receivables from CPPA and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup 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 16.06% to 26.58% (2022: 9.38% to 19.53%) per annum. These include unbilled receivables aggregating to Rs 1,679.204 million (2022: Rs 3,914.912 million).

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

On June 28, 2013, the Group entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the Group before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Group applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the Group in consultation with NTDC, appointed an Expert for dispute resolution under PPA. In August 2015, the Expert gave his determination whereby the Group's claim regarding the above-mentioned amount of Rs 227.610 million was not accepted. In addition to the Expert Determination process mentioned above, the Group had also filed a request for arbitration in the London Court of International Arbitration ('LCIA') in accordance with the terms of the GSA against SNGPL whereby an Arbitrator was appointed. The Arbitrator through his order dated March 9, 2016, decided the matter in the Group's favor whereby the aforesaid amount of Rs 227.610 million was determined to be payable to the Group by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the Group along with interest at the rate of 6% per annum from the date of award till the date of actual payment, that works out to Rs 131.125 million as of June 30, 2023 and has been recognised as a receivable (out of which Rs 6.801 million is classified in other receivables). Consequently, under the relevant provisions of the Arbitration Act, 1940, the Group filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation/enforcement of the Arbitration Award, which is pending adjudication.

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

Also included in trade debts are amounts aggregating Rs 325.863 million (2022: 282.963 million) relating to energy revenue not acknowledged by CPPA for the period from January 2020 to August 2022 on account of differences in the heat rate correction ('KH') factor. The Part Load Correction Curve ('PLAC') used in the computation of KH factor by the company was based upon the tested capacity as per the terms of the PPA, however, CPPA based it on the total available capacity. SECL has invoiced the energy price based on the available capacity as per the terms of the PPA from the COD that have been acknowledged by CPPA till December 2019. During the year, SECL filed an application for interim relief in the civil court of Islamabad. The civil court issued an order dated October 12, 2022, that temporarily prevents CPPA from making any deduction from the invoices related to the KH factor differences until further notice. Accordingly, no deduction have been made by CPPA from the energy invoices for the months of September 2022 and onwards. SECL has also filed a request for arbitration before the LCIA regarding the KH factor dispute which is pending arbitration.

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

	Note	2023 Rupees	2022 Rupees
11.6 Provision for expected credit loss			
Balance at the beginning of the year		83,959,116	78,939,116
Charged during the year		95,953,341	5,020,000
Closing at the end of the year		179,912,457	83,959,116
12. LOANS AND ADVANCES			
- Considered good			
Current portion of long term loans to employees	8	4,555,769	3,753,000
Due from related party	12.1	279,382,000	279,382,000
Advances to:			
- suppliers and contractors		305,525,835	532,033,044
- employees		3,024,474	2,147,588
- others		-	1,700,000
		308,550,309	535,880,632
		592,488,078	819,015,632

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 15.73% to 22.44% per annum (2022: 7.79% to 15.12%) 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.279 million (2022: Rs.279 million).

	Note	2023 Rupees	2022 Rupees
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - unsecured and considered good		1,071,608	1,101,608
Margin against letter of credit		37,905,119	23,726,752
Prepayments		82,139,562	79,513,307
		121,116,289	104,341,667
14. SHORT TERM INVESTMENTS			
Equity instruments - FVTOCI	14.1	1,609,381,756	2,317,444,048
Held at amortised cost:			
Term Deposit Receipts (TDRs)	14.2	1,609,958,407	1,159,314,370
Investment in Treasury Bills	14.3	24,299,741	-
Held at FVTPL			
Pakistan Investment Bonds	14.4	-	1,808,432,020
Government Ijara Sukuk	14.5	-	1,808,196,907
		-	3,616,628,927
		3,243,639,904	7,093,387,345

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

2023	2022		Market value		Cost	
No. of shares / certificates		Name of the investee company	2023	2022	2023	2022
			Rupees			
68,400	54,720	Attock Petroleum Ltd.	20,537,100	17,582,083	12,153,848	12,153,848
9,538,500	9,538,500	Bank Al-Habib Ltd.	412,253,970	553,805,310	419,888,054	419,888,054
393,973	341,103	Charat Packaging Ltd.	38,369,030	38,517,351	35,824,418	35,824,418
732,297	2,636,260	Engro Corporation Ltd.	190,316,667	677,756,083	163,675,739	589,213,189
140,625	125,000	Fauji Cement Company Ltd.	1,653,750	1,771,250	3,683,337	3,683,337
7,766,704	7,766,704	Habib Bank Ltd.	568,755,734	709,410,744	1,603,060,152	1,603,060,152
10,500	10,500	Haji Muhammad Ismail Mills Ltd.	-	-	126,000	126,000
12,878,000	12,878,000	K-Electric Ltd.	22,150,160	39,149,120	120,385,975	120,385,975
475,926	303,000	Lucky Cement Ltd.	248,476,205	139,089,120	196,167,399	117,777,538
448,934	448,934	Pakistan State Oil Company Ltd.	49,836,163	77,144,819	63,918,848	63,918,848
165,396	132,317	The Searle Company Ltd.	6,337,975	14,425,199	4,562,016	4,562,016
431,300	431,300	United Bank Ltd.	50,695,002	48,792,969	80,749,609	80,749,609
			1,609,381,756	2,317,444,048	2,704,195,395	3,051,342,984
		Add: Adjustment arising from re-measurement to fair value			(1,094,813,639)	(733,898,936)
		Market value			1,609,381,756	2,317,444,048

14.2 Term Deposits Receipts have been purchased from a banking company and carry markup at the rate of 20.50% per annum (2022: 13.50% per annum).

14.3 This represents investment in Treasury bills (T-bills), issued by Habib Bank Limited costing Rs.24.299 million. These T-bills carry mark-up at the rates ranged from 17.94% to 21.99% per annum and are maturing on July, 2023.

14.4 Pakistan Investment Bonds have a face value of Nil (2022: Rs 1,799.200 million) and carry a coupon rate of Nil (2022: 15.65%) per annum and effective rate of 15.93% (2022: 15.93%) per annum.

14.4 Government Ijara Sukuk have a face value of Nil (2022: Rs 1,766.300 million) and carry a coupon rate of Nil (2022: 13.53%) per annum and effective rate of 13.70% (2022: 13.70%) per annum.

	Note	2023 Rupees	2022 Rupees
15. OTHER RECEIVABLES			
Advance income tax		646,950,331	672,417,807
Export rebate and duty drawbacks		13,188,215	12,806,153
Dividend receivable		-	28,708,346
Claim recoverable from NTDCL			
for pass through item			
- Workers' Profit Participation Fund	15.1	730,380,013	570,000,140
- Punjab Workers' Welfare Fund		228,506,185	164,354,236
Accrued mark-up on term finance certificates		111,792,021	59,641,970
Others		17,943,803	41,461,695
		1,748,760,568	1,549,390,347

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

	Note	2022 Rupees	2021 Rupees
16 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		2,439,239,997	2,713,408,467
Income tax		370,919,175	563,863,913
Excise duty		32,091,359	26,811,914
Less: provision for doubtful tax refunds	16.1	275,031,578	367,965,177
		2,567,218,953	2,936,119,117
16.1 Provision for doubtful tax refunds			
Balance at beginning of the year		367,965,177	282,074,014
Add: provision for the year		70,868,857	85,891,163
Less: provision reversed during the year		(163,802,456)	-
Balance at end of the year		275,031,578	367,965,177
17. CASH AND BANK BALANCES			
Cash-in-hand	17.1	6,478,746	6,094,212
Balances with banks on:			
- off shore current account	17.2	722,424,581	518,544,683
- on shore:			
current accounts	17.3	642,419,825	75,020,517
term deposit account (TDA)	17.4	7,857,935	65,282,414
term deposit receipt (TDR)	17.5	12,900,000	-
dividend account		7,139,142	6,639,880
		1,392,741,483	665,487,494
		1,399,220,229	671,581,706

17.1 Cash-in-hand includes Rs.2.0295 million (2022: Rs.5.374 million) advanced to employees for various expenses.

17.2 The balances in deposit accounts bear markup ranging from 6.50% to 19.50% (2022: 5.50% to 12.25%) per annum.

17.3 These include foreign currency deposits amounting to US.$ 1.116 million (2022: US.$ 78,865).

17.4 Effective rates of profit on TDA, during the year, ranged at 9.00% to 13.86% (2022: 5.75% to 6.00%) 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 9.75% to 15.50% (2022: ranged from 5.87%) per annum and are having a maturity period of one year.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023 Number	2022 Number		2023 Rupees	2022 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 (2022: 10,714,798) ordinary shares of Rs.10 each are held by Related Parties as at year-end.

18.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholdings of shareholders.

	Note	2023 Rupees	2022 Rupees
19. RESERVES			
Capital reserve			
- share premium	19.1	391,833,750	391,833,750
- maintenance reserve	19.2	584,910,480	347,810,242
General reserve - revenue reserve	19.3	1,183,845,000	1,183,845,000
Unrealized gain on financial assets at fair value through			
other comprehensive income	19.4	(629,691,620)	24,717,363
Unrealised gain on remeasurement of hedging instruments		953,520	252,160
		1,531,851,130	1,948,458,515

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	2023 Rupees	2022 Rupees
20. LONG TERM LIABILITIES - Secured			
Long term finances	20.1	5,732,823,306	6,405,605,255
Provision for Gas infrastructure Development Cess	20.2	321,405,620	311,317,527
		6,054,228,926	6,716,922,782
Less: current portion grouped under current liabilities		(1,172,524,522)	(1,072,001,118)
		4,881,704,404	5,644,921,664

	Note	2023 Rupees	2022 Rupees
20.1 Long term finances			
Sapphire Fibres Limited			
(from banking companies)			
- MCB Bank Limited			
- Long term finance facility - I	20.1.1	34,876,500	42,898,000
- Long term finance facility - II	20.1.2	952,245,000	1,133,902,000
- Long term finance facility - III	20.1.3	132,491,250	133,215,000
		1,119,612,750	1,310,015,000
- Habib Bank Limited			
- Long term finance facility	20.1.4	364,397,009	396,585,000
- Long term finance facility (under refinance scheme for payment of wages and salaries)	20.1.5	-	117,690,418
		364,397,009	514,275,418
- Allied Bank Limited	20.1.6	445,310,950	565,344,750
- United Bank Limited	20.1.7	1,017,149,087	1,245,246,247
- Faysal Bank Limited	20.1.8	1,237,923,620	1,361,941,950
- Bank Alfalah Limited	20.1.9	1,056,541,890	1,059,677,890
- Habib Metropolitan Limited			
- Long term finance facility - I	20.1.10	206,264,000	215,890,000
- Long term finance facility - II	20.1.12	93,760,000	-
- Meezan Bank Limited	20.1.12	120,214,000	120,214,000
- Askari Bank Limited	20.1.13	71,650,000	13,000,000
		5,732,823,306	6,405,605,255

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% (2022: 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% (2022: 2.50%) per annum and are secured against first charge of Rs.2,000 million over the specific plant and machinery of the Parent Company.

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

20.1.4 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% (2022: 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 a long term finance facility amounting Rs.525 million from Habib Bank Limited under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. According to conditions of the scheme, the Company after availing this loan will not to lay off its workers / employees at least during three months from date of first disbursement. The bank, against the said facility, disbursed Rs.522.089 million. This finance facility is repayable in 8 equal quarterly installments commenced from January, 2021. This finance facility carries mark-up at reduced rate of Rs.0.6% per anum, payable on quarterly basis. This facility is secured against pari passu charge over present and future plant and machinery of the Parent Company for Rs.583.333 million.

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

20.1.6 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% (2022: 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.

20.1.7 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% (2022: 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.

20.1.8 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% (2022: 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.

20.1.9 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% (2022: 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.

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

20.1.11 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% per annum and are secured against Joint pari passu charge of Rs.334 million over plant and machinery of the Parent Company.

20.1.12 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% per annum and are secured against first pari passu charge over all present and future plant and machinery of the Parent Company with 25% margin.

20.1.13 The Parent Company has arranged a long term finance facility amounting Rs.500 million from Askari Bank Limited to retire import documents under SBP scheme for imported plant and machinery. The bank against the said facility disbursed Rs.13 million in a single tranche during the preceding year and Rs.58.650 million in single tranche during the current 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	2023 Rupees	2022 Rupees
20.2 Movement in Gas Infrastructure Development Cess payable			
Balance of provision for GIDC	20.2.1	311,317,527	297,105,989
Unwinding of interest		10,088,093	14,211,538
		321,405,620	311,317,527

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

	2023 Rupees	2022 Rupees
21.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	399,538,518	341,556,615
Charge to statement of profit or loss	165,980,320	131,608,465
Remeasurement recognized in statement of other comprehensive income	31,169,960	(1,673,946)
Payments made during the year	(82,920,202)	(71,952,616)
Net liability at the end of the year	513,768,596	399,538,518
21.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	399,538,518	341,556,615
Current service cost	118,534,930	101,050,434
Interest cost	47,445,390	30,558,031
Benefits paid	(82,920,202)	(71,952,616)
Remeasurements on obligation	31,169,960	(1,673,946)
Balance at end of the year	513,768,596	399,538,518
21.3 Expense recognized in statement of profit or loss		
Current service cost	118,534,930	101,050,434
Interest cost	47,445,390	30,558,031
	165,980,320	131,608,465
21.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	26,184,957	(6,027,506)
Actuarial loss	4,985,003	4,353,560
	31,169,960	(1,673,946)

21.5 Actuarial assumptions used	**2023**	**2022**
Discount rate	16.25%	13.25%
Expected rate of increase in future salaries	15.25%	12.25%
Mortality rates (for death in service)	SLIC	SLIC
	(2001-05)	(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%	(482,549,125)	549,380,421
Increase in future salaries	1.00%	550,788,503	(480,725,848)

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, 2024 amounts to Rs.213.84 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	Rupees	Rupees	Rupees	Rupees
As at June 30, 2023	97,161,436	216,212,545	335,280,222	17,913,327,646	18,561,981,849

21.10 Historical information:

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	513,768,596	399,538,518	341,556,615	310,591,147	242,930,143
Experience adjustment on obligation / actuarial loss	31,169,960	(1,673,946)	(10,707,520)	15,768,827	(29,644,795)

	2023 Rupees	2022 Rupees
22. DEFERRED TAXATION - Net		
Credit balances arising in respect of:		
- accelerated tax depreciation allowance / investment in associates	183,716,098	169,097,791
Debit balances arising in respect of:		
- staff retirement benefit - gratuity	22,602,222	17,449,445
- provision for slow moving items	519,673	503,408
- provision for doubtful tax refunds	12,099,464	15,584,764
- provision for impairment in trade debts	7,914,889	3,666,830
	43,136,248	37,204,447
	140,579,850	131,893,344

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

22.2 No deferred tax liability / (asset) has arisen on temporary differences with respect to the Subsidiary Companies; PCL, SCCL, SEL , SHL, IPPL, SPL, SBML and SMEL.

	Note	2023 Rupees	2022 Rupees
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1	3,674,560,919	4,403,962,271
Accrued expenses		1,462,495,327	1,438,027,579
Bills payable	23.2	1,589,958,553	565,680,154
Sindh government infrastructure fee	23.3	594,540,546	447,143,385
Workers' profit participation fund	23.4	927,555,919	838,466,312
Workers' welfare fund - federal		497,657,161	309,119,938
Current portion of Government grant		-	1,178,823
Others		3,284,723	50,075,964
		8,750,053,148	8,053,654,426

	2023 Rupees	2022 Rupees
23.1 These balances include the following amounts due to related parties:		
Reliance Cotton Spinning Mills Limited	535,370,738	155,952,832
Amer Cotton Mills Limited	208,654,750	572,759,110
Sapphire Textile Mills Limited	-	182,754
Diamond Fabrics Ltd.	-	101,395
Sapphire Finishing Mills Ltd.	69,393	-
	744,094,881	728,996,091

23.1.1 This includes Rs 1,240.771 million (2022: Rs 1,695.278 million) due to Sui Northern Gas Pipelines Limited ('SNGPL'), out of which Rs 257.374 million represents the aggregate amount (Rs 227.610 million and certain arbitration costs plus interest thereon) awarded to the Group by the Arbitrator through his order dated March 9, 2016 as referred to in note 14.2. Under the relevant provisions of the Arbitration Act, 1940, the Group has filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award which is pending adjudication. The Group has set off this amount from SNGPL's bill for the month of April 2016, however, an adjustment to setoff the payable with the related receivable from CPPA to the extent of Rs 227.610 million would be made in these consolidated financial statements when the award is implemented. SNGPL has filed a suit for recovery before the District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment and had also filed a request for arbitration before the London Court of International Arbitration ('LCIA') on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL had claimed adjustment amount of Rs 257.374 million and markup thereon from the date of such adjustment. During the prior year, the LCIA decided this matter in SNGPL's favour through Final Arbitration Award dated April 22, 2022 wherein the Group's adjustment of the above amount against SNGPL's invoice was declared unlawful and 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. Further, LCIA also accorded to reimburse the cost of litigation and interest at 6% per annum from the date of award to the date of actual payment that works out to Rs 120.562 million as at June 30, 2023 and has been recognised as a liability.

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, 2023, the Group has provided bank guarantees aggregating Rs.596.950 million (2022: Rs.496.950 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.

	2023 Rupees	2022 Rupees
23.4 Workers' profit participation fund		
Balance at beginning of the year	838,466,312	584,923,993
Add: interest on funds utilised by the Group companies	4,213,951	904,702
	842,680,263	585,828,695
Less: payments made during the year	272,680,123	120,565,997
	570,000,140	465,262,698
Add: allocation for the year	357,555,779	373,203,614
Balance at end of the year	927,555,919	838,466,312

	Note	2023 Rupees	2022 Rupees
24. ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long term finances		54,317,612	59,826,713
- short term borrowings		415,446,482	282,454,424
		469,764,094	342,281,137
25. SHORT TERM BORROWINGS			
Running / cash finances - secured	25.1	9,624,282,537	11,427,140,251
Running Musharaka and Murahabha finances - secured	25.2	1,276,862,206	3,450,000,001
		10,901,144,743	14,877,140,252

25.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.37,646 million (2022: Rs.35,455 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.25% to 24.08% (2022: 2.25% to 14.61%) 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.21,509 million (2022: Rs.22,159 million) out of which the amount remained unutilised at the year-end was Rs.8,389 million (2022: Rs.13,750 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and counter guarantee.

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

25.2 Murabaha and musharaka finance facilities available from various commercial banks amount to Rs 1,200 million (2022: Rs 1,700 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 14.60% to 22.42% (2022: 7.81% to 14.61%) 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). It has subsequently been paid to the investor on September 15, 2023. 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.3,120.505 million (2022: Rs.3,007.860 million) have been issued by banks of the Group to various Government institutions and SNGPL.

27.1.2 A cheque of Rs. 15 million (2022: Nil) 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 349.435 million (2022: Rs 316.343 million) on account of partial payments made by the Group against the RLNG consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management is of the view that, as per the terms of the Gas Supply Agreement ('GSA') and the Operating Procedure signed by the Group, Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and 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 against the aforementioned ATIR's order which is pending adjudication.

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 SECL submitted its reply on April 4, 2021, whereby the SECL is of the view that (i) it is not a resident person under Khyber Pakhtunkhwa Finance Act, 2013; (ii) Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015 stands repealed; and (iii) the assessing officer has wrongly taken the closing accumulated balance of pre-commencement expenditure rather than expense for the relevant period while calculating the withholding taxes payable. There have been no further proceedings on this case till date.

Based on the advice of the Group's legal counsel , the management believes that there are meritorious grounds to defend the Group's stance and the matter would be decided in the Group's favour. Consequently, no provision has been made in these consolidated financial statements in this respect.

27.2 Commitments

27.2.1 The Subsidiary Company - SECL has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the O&M of the power station that started from the Commercial Operations Date up to the earlier of the time when the power station has run 144,000 Fired Hours and October 4, 2040. Under the terms of the O&M agreement, the Group is required to pay a monthly fixed O&M fee and a variable O&M fee depending on operation of the plant on gas or diesel, both of which shall be subject to a minimum annual increase of 3%.

27.2.2 Commitments in respect of :

	2023 Rupees	2022 Rupees
- letters of credit for capital expenditure	1,235,628,309	1,393,549,471
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	2,677,418,828	1,245,777,622
- capital expenditure other than letters of credit	216,929,844	685,315,214
- foreign bills discounted	1,357,638,826	3,870,571,986

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, 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	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	19,014,819,903	65,461,810,451

For the year ended June 30, 2022

	Spinning	Knits	Denim	Power	Total
	Rupees				
Types of goods and services					
Local sales					
- Yarn	3,700,010,385	18,204,572	17,704,378	-	3,735,919,335
- Fabric	-	1,065,011,760	1,868,818,460	-	2,933,830,220
- Garments	-	46,087,456	456,246	-	46,543,702
- Waste	364,518,730	69,286,327	123,358,572	-	557,163,629
- Energy revenue	-	-	-	21,424,912,180	21,424,912,180
- Capacity revenue	-	-	-	2,552,024,647	2,552,024,647
- Delayed payment mark-up	-	-	-	1,105,291,312	1,105,291,312
- Raw materials	168,568,428	-	-	-	168,568,428
- Local steam income	17,734,950	-	-	-	17,734,950
- Processing income	2,672,048	54,081,120	307,652	-	57,060,820
	4,253,504,541	1,252,671,235	2,010,645,308	25,082,228,139	32,599,049,223
Export Sales					
- Yarn	20,328,816,368	215,866,614	-	-	20,544,682,982
- Fabric	-	1,684,324,683	10,775,580,497	-	12,459,905,180
- Garments	-	4,701,139,190	-	-	4,701,139,190
- Waste	513,281,777	-	-	-	513,281,777
	20,842,098,145	6,601,330,487	10,775,580,497	-	38,219,009,129
Export rebate					
- Yarn	-	685,166	-	-	685,166
- Fabric	-	21,464,841	76,466,850	-	97,931,691
- Garments	-	46,247,624	-	-	46,247,624
	-	68,397,631	76,466,850	-	144,864,481
Less: sales tax	967,297,034	187,867,728	1,088,013,361	2,990,323,090	5,233,501,213
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620
Timing of revenue recognition					
Goods transferred at a point in time	24,125,633,604	7,680,450,505	11,774,371,642	22,091,905,049	65,672,360,800
Services rendered at a point in time	2,672,048	54,081,120	307,652	-	57,060,820
	24,128,305,652	7,734,531,625	11,774,679,294	22,091,905,049	65,729,421,620

28.1 This includes indirect export of Rs.8,219.70 million (2022: Rs.8,359.051 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.964.099 million (2022: Rs.686.253 million) has been included / net-off in export sales.

	Note	2023 Rupees	2022 Rupees
29. COST OF SALES			
Finished goods at beginning of the year		3,153,668,218	1,655,968,789
Cost of goods manufactured	29.1	53,224,619,292	54,217,439,027
Cost of raw materials sold		58,827,159	107,449,828
		53,283,446,451	54,324,888,855
		56,437,114,669	55,980,857,644
Finished goods at end of the year		(3,459,768,225)	(3,153,668,218)
		52,977,346,444	52,827,189,426

29.1 Cost of goods manufactured

	Note	2023 Rupees	2022 Rupees
Work-in-process at beginning of the year		1,296,808,329	1,072,589,736
Raw materials consumed	29.2	40,323,789,898	43,793,885,376
Salaries, wages and benefits	29.3	2,842,084,653	2,771,531,718
Operations and maintenance		1,189,447,367	901,716,397
Packing stores consumed		432,926,575	404,000,166
General stores consumed		637,635,253	584,932,648
Processing charges		2,284,419,161	1,388,487,591
Depreciation	4.2	1,552,393,973	1,455,397,607
Fuel and power		3,322,853,480	2,503,247,597
Repair and maintenance		49,163,471	206,408,565
Insurance		325,577,526	245,218,780
Vehicles' running		75,026,110	50,128,396
Travelling and conveyance		56,775,462	47,768,961
Printing and stationery		1,253,301	564,062
Legal and professional charges		13,441,878	12,026,181
Fee and subscription		18,288,247	9,913,176
Entertainment		26,124,000	20,538,477
Telephone		3,418,764	3,537,326
Postage		2,762,490	10,814,052
Rent, rates and taxes		8,722,589	5,919,166
Miscellaneous		26,072,088	25,621,378
		54,488,984,615	55,514,247,356
Work-in-process at end of the year		(1,264,365,323)	(1,296,808,329)
		53,224,619,292	54,217,439,027

	2023 Rupees	2022 Rupees
29.2 Raw materials consumed		
Stocks at beginning of the year	9,075,672,131	7,404,490,919
Purchases	38,720,038,875	45,465,066,588
	47,795,711,006	52,869,557,507
Stocks at end of the year	(7,471,921,108)	(9,075,672,131)
	40,323,789,898	43,793,885,376

29.3 Salaries, wages and benefits include Rs. 169.381 million (2022: Rs.129.513 million) in respect of staff retirement benefit - gratuity and Rs. 23.715 million (2022: Rs.20.782 million) contribution in respect of to staff provident fund.

	Note	2023 Rupees	2022 Rupees
30. DISTRIBUTION COST			
Salaries and other benefits	30.1	108,220,087	93,433,808
Travelling, conveyance and entertainment		47,682,465	10,313,720
Vehicles' running		5,254,817	2,301,540
Telephone		711,463	555,860
Postage		35,126,207	15,100,530
Printing and stationery		3,186	4,158
Sample expenses		91,608	679,123
Commission:			
- local		29,941,361	12,205,112
- export		484,849,926	515,775,734
		514,791,287	527,980,846
Freight and forwarding:			
- local		14,100,156	12,908,556
- export		749,982,065	1,118,463,534
		764,082,221	1,131,372,090
Export development surcharge		68,326,133	68,790,242
Other export expenses		58,676,161	34,922,813
Sales promotion		252,186,216	135,486,618
Provision for impairment of trade debts		95,953,341	5,020,000
		1,951,105,192	2,025,961,348

30.1 Salaries and other benefits include Rs.3.80 million (2022: Rs.3.019 million) in respect of contribution to staff provident fund.

		Note	2023 Rupees	2022 Rupees
31	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	31.1	437,182,714	399,563,207
	Telephone		7,326,292	9,825,054
	Postage		530,914	770,796
	Fee and subscription		27,688,770	31,150,108
	Legal and professional charges		49,527,758	34,538,539
	Entertainment		5,798,948	9,759,673
	Travelling and conveyance		20,004,518	10,373,508
	Printing and stationery		7,120,934	8,364,371
	Rent, rates and taxes		11,113,855	11,306,611
	Advertisement		1,346,840	3,087,080
	Electricity, gas and water		9,655,285	12,240,593
	Repair and maintenance		26,513,682	22,275,169
	Vehicles' running		39,271,781	25,740,988
	Charity and donations	31.2	19,439,144	19,180,831
	Insurance		1,481,160	2,358,220
	Depreciation	4.2	44,484,290	32,002,434
	Amortisation	6	1,130,217	1,465,030
	Others		3,503,302	2,020,930
			713,120,404	636,023,142

31.1 Salaries and other benefits include Rs.12.322 million (2022: Rs.11.748 million) in respect of contribution to staff provident fund.

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

These include donations amounted Rs.14.143 million (2022: Rs.17.040 million) made to Abdullah Foundation, 212 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Yousuf Abdullah and Mr. Shayan Abdullah have common directorship in both Companies.

		2023 Rupees	2022 Rupees
32 .	**OTHER INCOME**		
	Income from financial assets		
	Dividend income	646,550,803	624,674,889
	Interest income	57,469,243	32,462,156
	Mark-up earned on term finance certificates	11,289,711	5,934,678
	Amortisation of deferred income - government grant	1,178,823	15,157,766
	Share of profit from Associated Co.	11,195,233	-
		727,683,813	678,229,489
	Income from assets other than financial assets		
	Gain on disposal of operating fixed assets	20,406,561	-
	Gain on sale of store and spares	4,976,057	-
	Exchange gain	204,366,199	91,853,615
	Scrap sales [Net of sales tax aggregating Rs.14.241 million (2022: Rs.13.088 million)]	80,629,139	79,235,108
	Reversal of provision for doubtful tax refunds - net	92,933,599	-
		403,311,555	171,088,723
		1,130,995,368	849,318,212

	Note	2023 Rupees	2022 Rupees
33. OTHER EXPENSES			
Workers' profit participation fund	23.4	197,175,906	268,466,172
Workers' welfare fund		124,385,274	143,950,031
Auditors' remuneration	33.1	7,337,731	10,197,451
Loss on sale of investment		28,282,086	15,100,886
Loss on sale of fixed assets		-	44,463,133
Loss on sale of store and spares		-	18,299
Provision for doubtful tax refunds		-	85,891,163
Sales tax written off		-	2,343,570
Donation		-	15,000
Miscellaneous expense		-	-
		357,180,997	570,445,705

	Note	2023 Rupees	2022 Rupees
33.1 Auditors' remuneration			
ShineWing Hameed Chaudhri & Co.			
- annual audit		2,152,150	1,778,700
- half yearly review		267,000	242,550
- special audit		-	1,500,000
- review of Code of Corporate Governance		79,000	71,610
- audit of retirement funds and workers' profit participation fund		259,900	313,750
- under provision		699,400	-
- out-of-pocket expenses		150,000	253,640
		3,607,450	4,160,250
A.F. Ferguson & Co.			
- audit fee		2,186,000	1,900,800
- group reporting		300,000	300,000
- tax services		364,700	3,587,000
- Certification required under various regulations and agreements		753,500	60,000
- reimbursement of expenses		126,081	90,763
		3,730,281	5,938,563
		7,337,731	10,098,813

	Note	2023 Rupees	2022 Rupees
34. FINANCE COST			
Mark-up / interest on long term finances		192,894,711	186,374,592
Mark-up / interest on short term borrowings		1,946,694,035	1,671,921,417
Exchange loss / (gain) on foreign currency loans		-	55,022,181
		1,946,694,035	1,726,943,598
Interest on workers' profit participation fund accrued	23.4	4,213,951	904,702
Unwinding effect of long term liabilities		10,088,093	14,211,538
Interest on payable to SNGPL		1,885,551	17,315,796
Bank and other financial charges		180,676,120	165,952,264
		2,336,452,461	2,111,702,490

	Note	2023 Rupees	2022 Rupees
35 TAXATION			
Current			
Current tax on profit for the year	35.1	968,658,123	843,631,507
Adjustments in respect of prior years		(478,946)	592,148
		968,179,177	844,223,655
Deferred			
Origination and reversal of temporary differences		9,054,338	677,413
		977,233,515	844,901,068

35.1 The income of the Parent Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly.

35.2 Numeric tax rate reconciliation is not presented as the Parent Company's income is chargeable to tax under presumptive tax regime and income of Subsidiary Company - SECL is mainly exempt from tax in terms of clause 132 of part I of Second Schedule to the Ordinance. Income of Subsidiary Companies; PCL, SCCL, SEL , SHL, IPPL, SPL, SBML and SMEL is not taxable due to losses; however, provision against any other sources of income has been provided for in these consolidated financial statements.

	2023 Rupees	2022 Rupees
36. EARNINGS PER SHARE		
36.1 Basic earnings per share		
Net profit for the year	6,785,885,192	7,525,528,605
	Number of Shares	
Weighted average ordinary shares in issues	20,671,875	20,671,875
	Rupees	
Earnings per share	328.27	364.05

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, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2023 Rupees	2022 Rupees
37. CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,257,600,321	8,407,417,721
Adjustments for non-cash charges and other items:			
Depreciation		1,596,878,263	1,487,400,041
Amortisation		1,130,217	1,465,030
Staff retirement benefit - gratuity		165,980,320	131,608,465
Dividend and interest income		(715,309,757)	(1,272,253,877)
Amortization on government grant		(1,178,823)	(15,157,766)
(Gain) / loss on sale of stores and spares		(4,976,057)	18,299
(Gain) / loss on disposal of operating fixed assets		(20,406,563)	44,463,133
Exchange gain		146,766,974	(91,853,615)
Provision for workers' profit participation fund		197,175,906	268,466,172
Provision for workers' welfare fund		124,385,274	143,950,031
Rent payable settled against security deposit		-	870,000
Provision for slow moving items		-	493,640
Provision for doubtful tax refunds		(92,933,599)	85,891,163
Mark-up on loan to an Associated Company		-	(28,553,642)
Finance cost		2,336,452,461	2,155,214,470
Loss on disposal of investments		-	15,100,886
Provision for impairment of trade debts		95,953,341	5,020,000
Working capital changes	37.1	(6,640,014,395)	(878,832,093)
		5,447,503,883	10,460,728,058

37.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(205,451,198)	(300,940,689)
Stock-in-trade	(151,955,201)	(3,025,812,514)
Trade debts	(5,748,172,228)	1,501,489,244
Loans and advances	226,527,554	(325,499,369)
Deposits, other receivables and sales tax	(461,592,163)	(1,835,919,186)
	(6,340,643,236)	(3,986,682,514)
Increase in trade and other payables	(299,371,159)	3,107,850,421
	(6,640,014,395)	(878,832,093)

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Executives	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial remuneration	63,905,707	55,990,129	295,740,073	262,649,324
Contribution to provident fund trust	-	-	23,519,945	21,965,410
House rent and utilities	31,653,259	23,803,260	140,275,786	123,470,971
Medical	1,044,848	755,932	5,812,283	5,096,603
Leave encashment / bonus	675,455	-	60,669,237	58,766,596
Other benefits	-	-	24,344,289	13,799,139
	97,279,269	80,549,321	550,361,613	485,748,043
Number of persons	3	3	93	72

38.1 Certain executives are provided with Company maintained vehicles.

38.2 During the year, meeting fees of Rs.1,100 thousand (2022: Rs.1,230 thousand) was paid to two non-executive director.

39. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Percentage of shareholding
Reliance Cotton Spinning Mills Limited	Common directorship	1.35%
SFL Limited	Common directorship	0.051%
Sapphire Power Generation Limited	Common directorship	17.63%
Sapphire Dairies (Pvt.) Limited	Common directorship	9.09%
Tricon Boston Consulting Corporation (Pvt.) Limited (TBCCL)	Common directorship	7.13%
Energas Terminal (Pvt) Limited	Common directorship	25.00%
Energas Marketing (Pvt) Limited	Common directorship	25.00%
Neelam Textile Mills (Pvt.) Limited	Common directorship	-
Amer Cotton Mills (Pvt.) 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	-
Sanifa Agri Farms Services Limited	Common directorship	-

Key management personnel

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

	2023 Rupees	2022 Rupees
Significant transactions with the related parties		
i) Associated Companies		
Sales of:		
- raw material / yarn / fabric / stores	299,807,371	346,745,540
- assets	-	28,100,000
Purchases:		
- raw material / yarn / fabric / stores	3,323,091,230	3,323,091,230
- assets	7,000,000	-
Services:		
- rendered	5,555,639	1,002,902
- obtained	81,151	595,912
Expenses charged by	51,092,118	45,096,024
Expenses charged to	102,936,191	14,873,277
Dividend:		
- received	66,921,675	207,394,030
- paid	125,525,550	184,551,906
Loan given	-	75,417,000
Interest charged	-	28,553,642
ii) Director and their related parties		
Dividend paid	7,562,340	3,781,170
iii) Key management personnel		
Salary and other employment benefits	209,844,833	178,792,535
iv) Retirement Fund		
Contribution towards provident fund	40,173,889	34,280,674

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.27,288.817 million (2022: Rs.24,947.971 million) as at June 30, 2023. Out of the total financial assets credit risk is concentrated in investments in securities, trade debts and deposits with banks as they constitute 99.24% (2022: 99.17%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2023 Rupees	2022 Rupees
Long term investments	2,662,106,905	2,948,543,584
Long term deposits	62,426,345	62,426,345
Trade debts	19,788,886,329	14,040,714,101
Loans and advances	7,580,243	7,600,588
Short term investments	3,243,639,904	7,093,387,345
Other receivables	129,735,824	129,812,011
Bank balances	1,392,741,483	665,487,494
	27,287,117,033	24,947,971,468

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:

	2023 Rupees	2022 Rupees
Domestic	14,516,639,024	10,702,544,153
Export	5,272,247,305	3,338,169,948
	19,788,886,329	14,040,714,101

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:

	2023 Rupees	2022 Rupees
Yarn	4,380,311,794	2,346,663,753
Fabric	2,059,852,009	1,829,417,525
Garments	901,534,642	886,277,466
Power	12,162,349,949	8,879,477,352
Waste	284,837,935	98,878,005
	19,788,886,329	14,040,714,101

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

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

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

(b) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 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	8,750,053,148	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	-	-
	26,417,009,629	27,627,347,653	22,285,258,929	3,887,804,633	1,454,284,091

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	Rupees				
June 30, 2022					
Long term finances	6,716,922,782	7,125,490,653	1,002,749,337	4,081,818,339	2,040,922,977
Trade and other payables	8,053,654,426	8,053,654,426	8,053,654,426	-	-
Accrued mark-up / interest	342,281,137	342,281,137	342,281,137	-	-
Short term borrowings	14,877,140,252	15,600,885,503	15,600,885,503	-	-
Unclaimed dividend	6,670,826	6,670,826	6,670,826	-	-
	29,996,669,423	31,128,982,545	25,006,241,229	4,081,818,339	2,040,922,977

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

(c) Market risk

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

Currency risk

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

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

	Rupees	U.S.$	Euro	CNY	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

	Rupees	U.S.$	Euro	JPY	CHF
June 30, 2022					
Bills payables	565,680,154	2,493,047	115,747	18,000,000	-
Advance payments	880,409,400	4,273,583	-	-	-
	1,446,089,554	6,766,630	115,747	18,000,000	-
Trade debts	(3,338,169,948)	(16,204,708)	-	-	-
Bank balances	(534,751,461)	(2,596,072)	-	-	-
Net reporting date exposure	(2,426,831,855)	(12,034,150)	115,747	18,000,000	-
Outstanding letters of credit	2,639,327,093	8,110,372	3,698,439	4,809,156	756,616
	212,495,238	(3,923,778)	3,814,186	22,809,156	756,616

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
U.S. Dollar to Rupee	251.74	185.07	287.10 / 286.60	206 / 205.50
Euro to Rupee	247.02	203.00	314.27 / 313.72	215.75 / 215.23
Japanese Yen to Rupee	1.5945	1.6300	2.0013 / 1.9978	1.5047 / 1.5083
CNY to Rupee	40.23	-	39.98 / 39.91	30.93 / 30.85
Swiss Frank to Rupee	250.88	186.15	320.90 / 320.34	215.96 / 215.43

At June 30, 2023, 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.

	2023 Rupees	2022 Rupees
Effect on profit for the year:		
U.S. Dollar to Rupee	(384,272,907)	(247,903,490)
Euro to Rupee	14,655,887	2,488,561
JPY to Rupee	-	2,708,460
CHF to Rupee	-	-
	(369,617,020)	(242,706,470)

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	
	2023 %	2022 %	2023 Rupees	2022 Rupees
Fixed rate instruments				
Financial assets				
Term deposit account	9.00 to 13.86	5.75 to 6.00	7,857,935	65,282,414
Financial liabilities				
Long term finances	2.00 to 9.50	2.00 to 4.00	5,732,823,306	5,043,663,305
Variable rate instruments				
Financial assets				
Trade debts	16.06 to 26.58	9.38 to 19.53	12,161,414,348	8,878,247,351
Financial liabilities				
Long term finances	-	0.6 to 7.31	-	117,690,418
Short term borrowings	2.25 & 24.08	2.25 & 16.55	10,901,144,743	14,877,140,252

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, 2023, 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.109.161 million (2022: Rs.149.948 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.4,270.989 million (2022: Rs.8,882.116 million) are exposed to price risk due to changes in market price.

At June 30, 2023, 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.427.098 million (2022: Rs.526.548 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.4,270.989 million (2022: Rs.8,882.116 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.

	2023 Rupees	2022 Rupees
Total borrowings	16,955,373,669	21,594,063,034
Less: cash and bank balances	1,399,220,229	671,581,706
Net debt	15,556,153,440	20,922,481,328
Total equity	41,040,257,401	35,034,333,962
Total capital	56,596,410,841	55,956,815,290
Gearing ratio	27%	37%

40.4 Financial instruments by category

	As at June 30, 2023			As at June 30, 2022		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
	Rupees					
Financial assets as per						
statement of financial position						
Long term investments	-	2,662,106,905	2,662,106,905	-	2,948,543,584	2,948,543,584
Long term loans	4,400,000	-	4,400,000	4,346,250	-	4,346,250
Long term deposits	62,426,345	-	62,426,345	62,426,345	-	62,426,345
Trade debts	19,788,886,329	-	19,788,886,329	14,040,714,101	-	14,040,714,101
Loans and advances	286,962,243	-	286,962,243	286,982,588	-	286,982,588
Trade deposits	38,976,727	-	38,976,727	24,828,360	-	24,828,360
Short term investments	-	1,609,381,756	1,609,381,756	-	5,934,072,975	5,934,072,975
Other receivables	129,735,824	-	129,735,824	129,812,011	-	129,812,011
Cash and bank balances	1,399,220,229	-	1,399,220,229	671,581,706	-	671,581,706
	21,710,607,697	4,271,488,661	25,982,096,358	15,220,691,361	8,882,616,559	24,103,307,920

	Financial liabilities measured at amortised cost	
	2023 Rupees	2022 Rupees
Financial liabilities as per statement of financial position		
Long term liabilities and accrued mark-up	6,108,546,538	6,776,749,495
Trade and other payables	5,819,666,818	5,175,516,843
Unclaimed dividend	241,818,718	6,670,826
Short term borrowings and accrued mark-up	11,316,591,225	15,159,594,676
	23,486,623,299	27,118,531,840

			2023	2022
41.	**CAPACITY AND PRODUCTION**			
41.1	**Spinning units**			
	Number of spindles installed		104,496	102,096
	Number of spindles worked		83,304	100,666
	Number of shifts worked per day		3	3
	Total number of days worked		365	365
	Installed capacity after conversion into 20's count	Lbs.	60,589,409	64,951,846
	Actual production after conversion into 20's count	Lbs.	45,597,270	66,872,608

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

41.2	**Dyeing**			
	Fabric Dyeing Unit			
	Total number of days worked		342	364
	Installed capacity	Lbs.	16,402,373	16,402,373
	Actual production	Lbs.	11,154,381	12,615,887
41.3	**Knitting unit**			
	Total number of days worked		340	364
	Installed capacity	Lbs.	14,612,963	15,196,858
	Actual production	Lbs.	5,262,136	6,918,552
41.3.1	Low production is due to low demand.			
41.4	**Stitching unit**			
	Installed capacity	Pcs.	9,600,000	1,967,000

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

			2023	2022
41.5	**Denim unit**			
	Total number of days worked		319	364
	Installed capacity	Mtrs.	20,400,000	20,400,000
	Actual production	Mtrs.	13,053,520	20,970,742
41.6	**Power**			
	De-rated capacity [based on 8,760 hours (2022: 8,760 hours)	MWH	1,798,759	1,764,536
	Actual energy delivered	MWH	452,528	780,500

41.6.1 Output produced by the plant is dependent on the load demanded by NTDCL and plant availability.

41.7 The Subsidiary Companies; SEL, SCCL, PCL, SHL, SPL, SBML and SMEL are in setup phase and their plants are yet to be constructed.

42. SEGMENT INFORMATION

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

42.1 Segment revenues and results

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Rupees					
For the year ended June 30, 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
Taxation						(977,233,515)
Profit after taxation						7,808,147,503

	Spinning	Knitting, processing and garments	Denim	Power	Elimination of inter segment transactions	Total
	Rupees					
For the year ended June 30, 2022						
Sales	27,078,590,262	7,734,433,188	11,774,873,573	22,091,905,049	(2,950,380,452)	65,729,421,620
Cost of sales	(18,681,294,043)	(7,160,011,893)	(10,458,768,526)	(19,477,495,416)	2,950,380,452	(52,827,189,426)
Gross profit	8,397,296,219	574,421,295	1,316,105,047	2,614,409,633	-	12,902,232,194
Selling and distribution expenses	(1,343,790,763)	(270,281,202)	(411,889,383)	-	-	(2,025,961,348)
Profit before taxation and unallocated income and expenses	7,053,505,456	304,140,093	904,215,664	2,614,409,633	-	10,876,270,846
Unallocatable income and expenses						
Other income						849,318,212
Other expenses						(570,445,705)
Administrative expenses						(636,023,142)
Finance cost						(2,111,702,490)
Share of profit of Associates						630,869,751
Taxation						(844,901,068)
Profit after taxation						8,193,386,404

42.2 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Denim	Power	Total
	Rupees				
As at 30 June 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	13,471,902,285	6,574,758,363	31,387,654,616
Unallocatable liabilities					(2,620,943,722)
Total liabilities as per statement of financial position					28,766,710,894
As at June 30, 2022					
Segment assets	11,803,439,035	4,288,192,255	8,994,829,623	25,689,712,536	50,776,173,449
Unallocatable assets					23,020,244,698
Total assets as per statement of financial position					73,796,418,147
Segment liabilities	5,916,169,837	3,510,510,292	12,047,169,880	7,270,743,407	28,744,593,416
Unallocatable liabilities					947,232,939
Total liabilities as per statement of financial position					32,423,275,751

42.3 Sales to domestic customers (excluding Indirect export) in Pakistan are 55.26% (2022: 53.97%) and to customers outside Pakistan (including indirect export) are 44.74% (2022: 46.03%) of the total sales during the year.

42.4 The Group sells its manufactured products to local and foreign companies / organisations / institutions. One (2022: One) of the Group's customers contributed towards 30.41% (2022: 35.42%) of the local sales during the year aggregating Rs.21,383.865 million (2022: Rs.25,082.228 million) which exceeds 10% of the local sales of the Group.

42.5 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

43. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Fibres Limited

43.1 The Parent Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended

	2023 Rupees	2022 Rupees
Size of the Fund - Total Assets	198,309,370	166,191,952
Cost of investments made	190,587,593	156,539,862
Percentage of investments made	96.11%	94.19%
Fair value of investments made	194,456,652	161,641,830

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

	2023 %	2022 %	2023 Rupees	2022 Rupees
Special account in a scheduled bank	0.92	5.30	1,792,152	8,561,531
Government securities	97.83	93.16	190,244,699	150,579,099
Listed securities	1.24	1.55	2,419,801	2,501,200
	100.00	100.00	194,456,652	161,641,830

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

Sapphire Electric Company Limited

43.2 The Subsidiary Company - SECL Company operates a recognised Provident Fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended.

	2023 Rupees	2022 Rupees
Size of the Fund - Total Assets	50,388,590	47,341,289
Cost of investments made	49,025,365	43,505,157
Percentage of investments made	97.29%	91.90%
Fair value of investments made	49,300,137	44,659,776

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

	2023 %	2022 %	2023 Rupees	2022 Rupees
Special account in a scheduled bank	2.16	5.66	1,088,453	2,681,513
Government securities	97.84	70.69	49,300,137	33,463,459
Mutual funds	0.00	23.65	-	11,196,317
Loan to members	0.00	0.00	-	-
	100.00	100.00	50,388,590	47,341,289

43.2.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2023	2022
44. NUMBER OF EMPLOYEES		
Average number of employees during the year	4,645	4,700
Number of employees at the June 30,	4,563	4,881

45. CORRESPONDING FIGURES

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

46. GENERAL

46.1 Non adjusting events subsequent to the reporting date

The Board of Directors of the Parent Company, in their meeting held on September 26, 2023, 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, 2023, for approval of the members at the Annual General Meeting to be held on October 26, 2023.

These consolidated financial statements do not include the effect of above dividends.

46.2 Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 26, 2023 by the Board of Directors of the Parent Company.

Chief Executive Officer | Director | Chief Financial Officer

PATTERN OF SHAREHOLDING
As at 30 June 2023

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
256	1	100	4,420
140	101	500	33,082
95	501	1000	61,196
69	1001	5000	125,214
9	5001	10000	63,647
3	10001	15000	37,480
1	15001	20000	18,910
1	20001	25000	22,147
1	25001	30000	28,237
2	30001	35000	63,268
1	35001	40000	37,275
1	40001	45000	40,506
1	50001	55000	54,184
1	95001	100000	98,207
2	100001	105000	200,124
1	115001	120000	118,125
1	120001	125000	122,272
1	160001	165000	163,518
1	165001	170000	168,697
1	210001	215000	210,240
1	220001	225000	225,000
1	225001	230000	226,485
1	240001	245000	240,658
3	250001	255000	752,451
1	260001	265000	262,441
1	285001	290000	287,906
1	335001	340000	335,120
1	340001	345000	344,333
1	355001	360000	355,084
1	365001	370000	365,975
1	385001	390000	386,038
1	395001	400000	400,000
1	405001	410000	405,099
1	415001	420000	419,745
1	420001	425000	420,367
3	520001	525000	1,574,477
2	525001	530000	1,052,827
5	565001	570000	2,845,205
1	570001	575000	571,687
1	615001	620000	616,671
1	950001	955000	953,587
3	955001	960000	2,870,615
1	3085001	3090000	3,089,355
622			20,671,875

CATEGORIES OF SHAREHOLDERS
As at 30 June 2023

PARTICULARS	NO. OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
Directors, CEO, spouses minor.Children	2,815,054	13.6178
Associated Companies, undertaking, related parties	11,120,154	53.7936
NIT & ICP	616,671	2.9831
Banks, DFI & NBFI	1,718	0.0083
Insurance Companies	250,128	1.2100
Modaraba & Mutual Fund	161	0.0008
General Public (Local)	5,381,550	26.0332
General Public (Foreign)	4,680	0.0226
Others Companies	481,759	2.3305
	20,671,875	100.0000

PATTERN OF SHAREHOLDING

As at 30 June 2023

A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NO OF SHARES
	Sapphire Textile Mills Limited.	145
	Crystal Enterprises (Private) Limited	5,837
	Sapphire Power Generation Limited	473,209
	Salman Ismail (Pvt) Limited	23,302
	Reliance Cotton Spinning Mills Limited	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
B)	NIT & ICP	
	CDC Trustee National Investment (UNIT) Trust	616,671
C)	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE	
	AND MINOR CHILDREN	
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah.	200,793
	Mr. Amer Abdullah.	122,272
	Mr. Yousuf Abdullah.	587,263
	Mrs. Usma Yousuf	9,962
	Mrs. Noshaba Nadeem.	280,669
	Mrs. Ambareen Amer	344,333
	Mr. Shayan Abdullah	525,000
	Mr. Tajammal Hussain Bokharee	525
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	525
	Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah.	426,544
	Mrs. Shireen Shahid.	316,143

PATTERN OF SHAREHOLDING
As at 30 June 2023

D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	NO OF SHARES
	BANKS, DFI & NBFI	
	National Bank of Paksitan	1,300
	National Bank of Paksitan	81
	Prudential Discount & Guarantee House Ltd.	337
	INSURANCE COMPANIES	
	State Life Insurance Corporation of Pakistan	250,128
	MODARABAS & MUTUAL FUNDS	
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	CDC Trustee Golden Arrow Selected Stock Funds	49
E)	**SHAREHOLDERS HOLDING 5% OR MORE**	
	Sapphire Holding Limited	3,089,355
	Synergy Holdings (Pvt) Limtied	1,525,272
	Resource Corporation (Pvt) Limited	1,525,274
	ATMZ Company (Pvt) Limited	1,525,274
	Channel Holdings (Pvt) Limited	1,525,274
F)	**TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS CHIEF EXCEUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDERN**	NILL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*Mobile apps are also available for download for android and ios devices

FORM OF PROXY SAPPHIRE FIBRES LIMITED

For the year ended 30 June 2023

I/ We ______________________________ of ______________________________ a member(s) of **Sapphire Fibres Limited** and a holder of ______________ ordinary shares, do hereby appoint ______________________________ of ____________________ or failing him/ her ______________________________ of ______________________________ who is also a member of Sapphire Fibres Limited, vide Registered Folio No. ________________ as my/ our Proxy to act on my/ our behalf at Annual General Meeting of the Company to be held at Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi on Wednesday the 26th October, 2023 at 11:00 am and / or any adjournment thereof.

Signed this__________day of__________2023.

Signature of proxy: ______________________

CNIC No: ______________________

Folio No/ CDC and/or Sub Account No: ______________________

Email: ______________________

Signature of proxy: ______________________

CNIC No: ______________________

Folio No/ CDC and/or Sub Account No: ______________________

Email: ______________________

(Signature should agree with the specimen signature registered with the Company)

REVENUE STAMP PF RS.5/-

Notice:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
5. In case of CDC account holder:
   - i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   - ii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - iii. The proxy shall produce his original CNIC or original passport at the time of meeting.
   - iv. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness:

Name ______________	Name ______________
Address ______________	Address ______________
CNIC No. ______________	CNIC No. ______________

فارم برائے قائم مقام/متبادل

سفائر فائبرز لمیٹڈ

میں/ہم ____________________ جس کا تعلق ____ سے ہے:

سفائر فائبرز لمیٹڈ کے ممبر کی حیثیت سے ________________ شیئرز کی تحویل رکھتا/رکھتی ہوں۔ میں/ہم ____________________ کو یا ان کی عدم حاضری

کی صورت میں ______________________________ کو جس/جن کا تعلق ____________________ سے ہے، کو 26 اکتوبر 2023 دن 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۔

ریوینیو ٹکٹ
پانچ روپے

اس دستاویز پر مورخہ ____________________ 2023 کو دستخط ہوئے۔

شیئر ہولڈر کے دستخط ____________________

شیئر ہولڈر کا فولیو نمبر ____________________ شریک ہونے والے کا CNIC نمبر ____________________

اور/یا CDC ____________________ اور سب اکاؤنٹ نمبر ____________________

پراکسی کے دستخط ____________________

شیئر ہولڈر کا فولیو نمبر ____________________ شریک ہونے والے کا CNIC نمبر ____________________

اور/یا CDC ____________________ اور سب اکاؤنٹ نمبر ____________________

نوٹس

۱۔ کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا محصول ٹکٹ نہ لگایا جائے۔

۲۔ بینک یا کمپنی کی صورت میں پراکسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مشترکہ مہر لازم ہوگی۔

۳۔ پاور آف اٹارنی یا دیگر authority کی صورت میں پراکسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔

۴۔ دستخط شدہ پراکسی فارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں

(i) پراکسی فارم پر دو افراد تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر فارم پر موجود ہونا چاہئے۔

(ii) Beneficial owners کے CNIC یا پاسپورٹ کی اسکین شدہ کاپی پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

(iii) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔

(iv) کارپوریٹ اینٹیٹی کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز Resolution/power of attoreny بمعہ پراکسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے فراہم نہیں کیا گیا ہو)۔

گواہان:

(1) دستخط: ____________________ (2) دستخط: ____________________

نام: ____________________ نام: ____________________

پتہ: ____________________ پتہ: ____________________

CNIC یا پاسپورٹ نمبر: ____________________ CNIC یا پاسپورٹ نمبر: ____________________

Notes

Notes

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