

ANNUAL REPORT 2023



Sapphire
Sapphire Textile Mills Limited



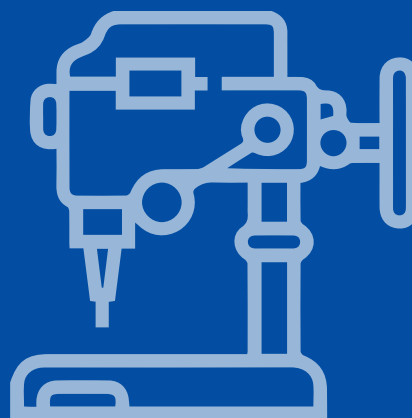
Weaving Sustainability into Fashion

At Sapphire Textiles Mills Limited, we're more than just a textile manufacturing group; we're the vibrant thread that connects color, fashion, and sustainability. As one of Pakistan's largest vertically integrated textile manufacturers, we take pride in our journey. Just as different colors blend to create a beautiful canvas, we weave together our experiences and expertise to provide a wide range of innovative options for our customers. We believe color has the power to transform not only how people feel about themselves but also how they connect with the world around them. At Sapphire, we're not just in the business of textiles; we're in the business of enriching lives and preserving our planet. Join us on this colorful journey as we continue to invest in the well-being of our people and the health of our planet. Together, we're creating a world where sustainability, style, and vibrant colors coexist harmoniously. Welcome to the world of Sapphire Textiles Mills Limited.

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Sapphire
Sapphire Textile Mills Limited



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mohammad Abdullah..... Chairman
Mr. Nadeem AbdullahChief Executive
Mr. Shahid Abdullah
Mr. Amer Abdullah
Mr. Yousuf Abdullah
Mr. Nabeel Abdullah
Mr. Umer Abdullah
Mr. Mirza Saleem Baig
Mr. Shahid Shafiq
Ms. Mashmooma Zehra Majeed

AUDIT COMMITTEE

Mr. Shahid Shafiq Chairman
Mr. Amer Abdullah Member
Mr. Yousuf Abdullah Member
Mr. Mirza Saleem Baig Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Mashmooma Zehra MajeedChairperson
Mr. Nadeem Abdullah Member
Mr. Nabeel Abdullah Member
Mr. Umer Abdullah Member
Mr. Shahid Shafiq Member

SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.

CHIEF FINANCIAL OFFICER

Mr. Abdul Sattar

COMPANY SECRETARY

Mr. Zeeshan

TAX CONSULTANTS

Yousuf Adil
Chartered Accountants

AUDITORS

ShineWing Hameed Chaudhri & Company
Chartered Accountants

LEGAL ADVISOR

A. K. Brohi & Company

BANKERS

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited



MILLS

Spinning Units

A-17, SITE, Kotri.

A-84, SITE Area, Nooriabad.

63/64-KM, Multan Road, Jumber Khurd, Chunion,
District Kasur.

1.5-KM, Warburton Road, Feroze Wattoan,
Sheikhupura.

Weaving Unit, Yarn Dyeing Unit, Printing & Processing Unit and Home Textile Unit

2-KM, Warburton Road, Feroze Wattoan,
Sheikhupura.

Stitching Unit

1.5-KM, Off. Defence Road, Bhubtian Chowk,
Raiwind Road, Lahore.

REGISTERED OFFICE

212, Cotton Exchange Building

I. I. Chundrigar Road, Karachi.

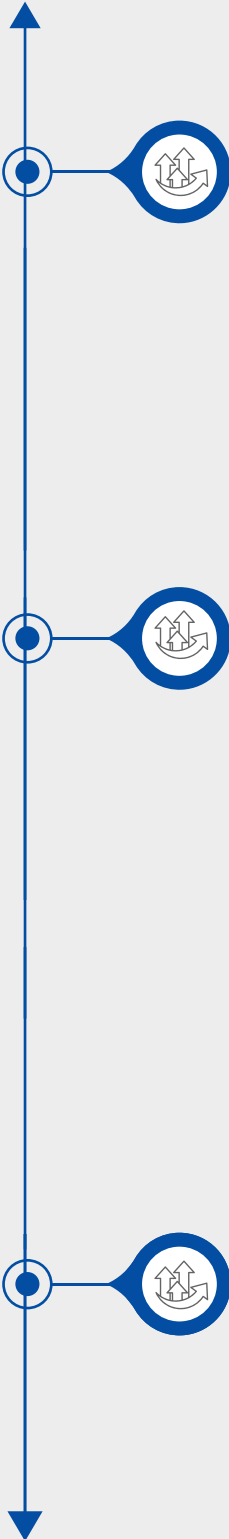
Tel: +92 21 111 000 100

www.sapphire.com.pk/stml





DIRECTORS' PROFILE



MIAN MOHAMMAD ABDULLAH
(CHAIRMAN)

Mian Mohammad Abdullah, a leading and experienced industrialist of Pakistan is the chairman and founder of Sapphire Group of Companies. He has significant experience of working in different business environments and possesses wide experience of business establishment. At present group has stakes in Textile, Power, Dairy and Retail and is a prominent private sector employer.

Mian Abdullah is an active philanthropist and has served on Board of various philanthropic organizations. He has twice been bestowed with Pakistan's top civilian award, Sitara-e-Imtiaz in recognition of his contribution towards business.

MR. NADEEM ABDULLAH
(CHIEF EXECUTIVE OFFICER)

Mr. Nadeem Abdullah has been the Chief Executive Officer of Sapphire Textile Mills Limited for the last 19 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.

As Chief Executive Officer of the company, 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.

MR. SHAHID ABDULLAH

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.

DIRECTORS' PROFILE



MR. AMER ABDULLAH

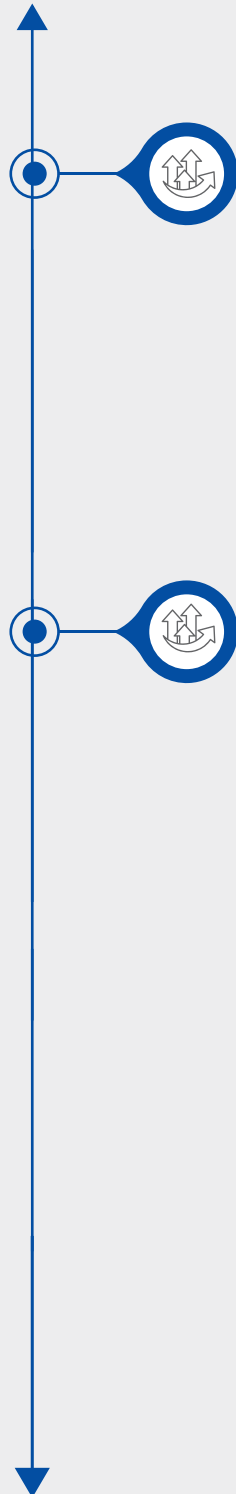
Mr. Amer Abdullah has a Master in Business Administration degree from the U.S. He joined the group at a young age and was appointed as director in 1990 in various group companies. He has undertaken various textile expansion projects and has diversified the dairy business. He is experienced in business 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.

MR. YOUSUF ABDULLAH

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.

MR. NABEEL ABDULLAH

Mr. Nabeel Abdullah has done his Bachelor of Science in Economics from the London School of Economics. He has also undertaken numerous professional courses from the Lahore University of Management Sciences. Before joining the Sapphire Group, he also interned at Citi, in their Commercial Bank, in London for 3 months. He with experience of textile manufacturer diversify business in to retailing which has paid off for the group and is enjoying impressive growth. Mr. Nabeel is the Chief Executive Officer of Sapphire Retail Limited and is currently overseeing raw material procurement, sales, production, accounts and finance of Sapphire Textile Mills Limited.



MR. UMER ABDULLAH

Mr. Umer Abdullah has done his Bachelor of Science in Economics from the University of Toronto. Before joining Sapphire Group, he interned at RBC capital markets, UHN and Akhuwat Foundation. He joined Sapphire in January 2018 and after rotating in various functions of the businesses he is now looking after the Home Textiles business and has ambitious plans to grow it.

MR. MIRZA SALEEM BAIG

Mr. Mirza Saleem Baig is a seasoned banker and prominent financial professional. His professional experience in banking spans over three decades, including senior management positions in local and international banks. He has in-depth knowledge and expertise in Islamic, commercial, retail, consumer, and SME banking.

Mr. Mirza's key experiences included as head of Islamic and commercial banking at Habib Bank Limited, country manager at Mashreq Bank, head of personal banking & country risk manager at Standard Chartered Bank, Vice President at Banker's Equity Limited & Deputy manager at Real Estate Management Corporation.

He had done his MBA from the Institute of Business Administration, Karachi, an MS from the University of Nebraska-Lincoln, USA, and a BE from NED University of Engineering & Technology, Karachi. He is also serving on the board of Boost (Private) Limited, a fintech start-up company.

Outside his career, his engagements were:

Co-Chairman, of Pakistan Banks Association's subcommittee on SMEs, Member of a Technical Committee on Credit Guarantee, State Bank of Pakistan, Member of a Subcommittee of the Government of Pakistan's Task Force on SMEs, and Member of a Board of Governors, Pakistan Society for Training & Development. He was also a member of visiting faculty of IBA and NED Universities and was responsible for the course titled project management systems.

DIRECTORS' PROFILE



MR. SHAHID SHAFIQ

Mr. Shahid Shafiq has an MBA from the Institute of Business Administration (IBA), Karachi with a major in Accounting & Finance. He was awarded 2 Gold Medals at the IBA.

He was the Chief Executive Officer of a textile mill, and has served as the Vice Chairman of APTMA (Sind Zone) and a Member of its Central Managing Committee for a number of terms; and as the Vice Chairman of the Karachi Cotton Association (KCA) and as a Member of the KCA Board for multiple terms. He has served as a Member of the Board of the Privatisation Commission of Pakistan.

Owing to his abiding interest in the field of education, he is a Member of the Board of Governors of the IBA, the Chairman of its Audit & Finance Committee, and a Member of its Selection Board. He is a Member of the Board of Governors of the Textile University of Pakistan (TIP). Earlier, he was appointed by the President of Pakistan as a Member of the Syndicate of the Quaid-i-Azam University, Islamabad, and as the Chairman of a Search Committee to appoint a Vice-Chancellor of a Federal University.

He also volunteers on the Boards of a welfare Hospital and a School in Karachi.



MS. MASHMOOMA ZEHRA MAJEED

Ms. Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of over 22 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 20 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd., as Management & Financial Consultant.

Currently, Ms. Majeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012.

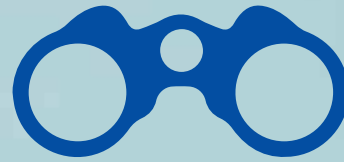
She is on the Board of Atlas Honda Limited from March 13, 2020. She has previously served on the Board of Honda Atlas Cars (Pakistan) Limited from July 1, 2017 to March 13, 2020.



VISION & MISSION STATEMENTS



OUR VISION



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

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

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

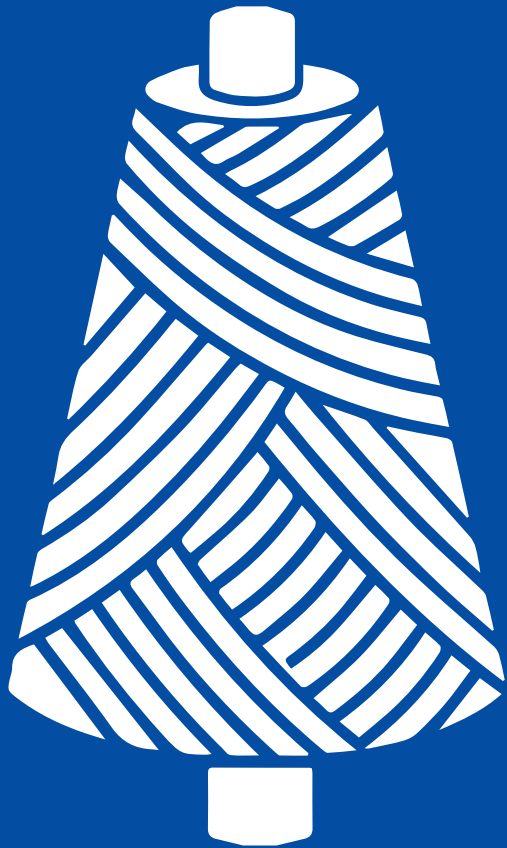
OUR MISSION



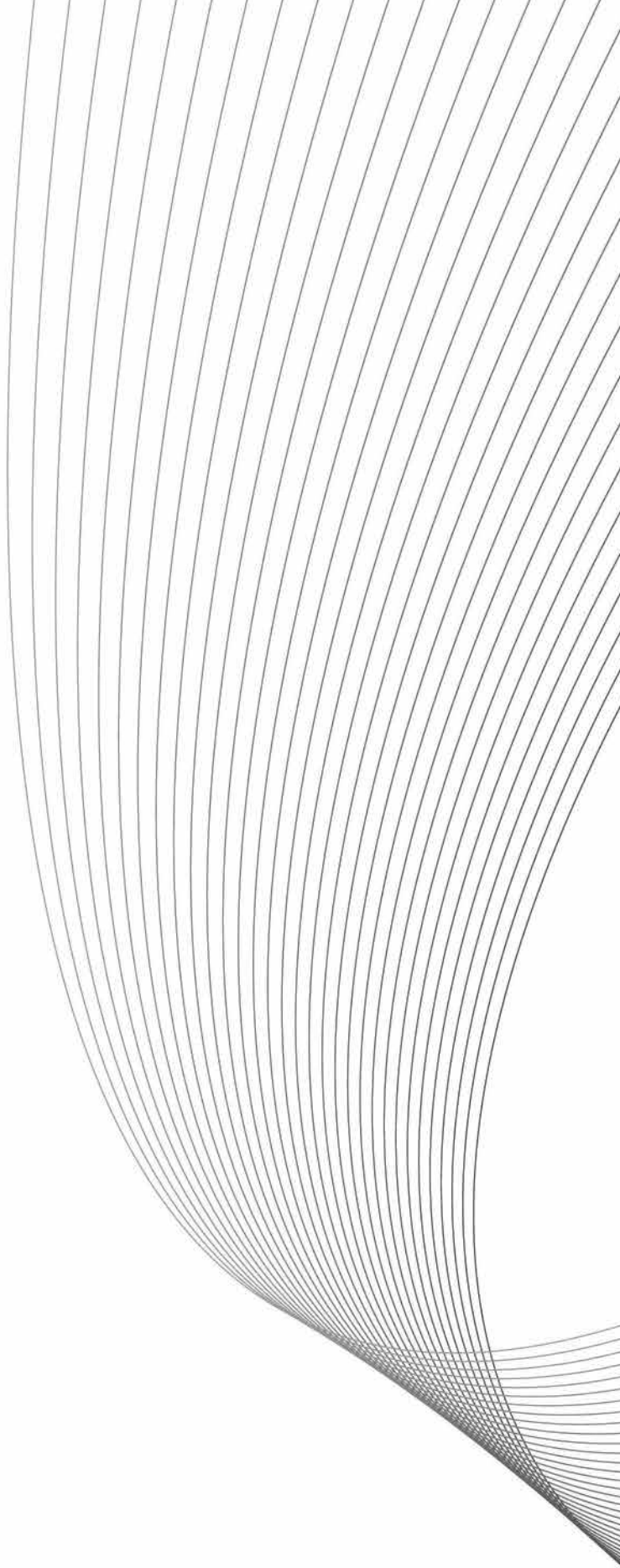
Our mission is to be recognized as premier supplier to the markets we serve by providing quality yarns, fabric and other textile products to satisfy the needs of our customer.

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.



REVIEW REPORT
BY THE CHAIRMAN





The Board of Directors is performing its duties in accordance with law and in the best interest of the Company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **Sapphire Textile Mills Limited** is 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. That 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; monitoring 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 acknowledgment and gratefulness to the Board for its positive contribution and continuous commitment.

Sapphire Textile Mills Limited complies with all the requirements set out in the law(s) 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 regulations and the non-executive and independent Directors are equally involved in important decisions of the Board.



Mohammad Abdullah
Chairman

Lahore
26th September 2023

DIRECTORS' REPORT TO THE SHAREHOLDERS



The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2023.

Financial Review

The Summary of key financial numbers are presented below:

	2023	2022
	---- Rs. In 000' ----	
Net turnover	72,837,269	61,373,384
Gross Profit	10,369,684	11,859,068
Profit from Operations	9,384,894	11,116,712
Other Income	2,453,961	3,007,581
Finance cost	(4,683,561)	(2,659,056)
Profit before taxation	4,701,333	8,457,656
Profit after taxation	3,291,173	7,015,552

The company's net turnover increased from Rs.61.373 billion to Rs.72.837 billion as compared to the previous year. Turnover increased mainly due to increase in selling prices on account of devaluation of Pak Rupee and volumetric growth.

During the current year margins on textile products remain under pressure due to slow down in global demand, high cost of imported cotton and increase in power tariff. The reduction in raw material prices at year end result in adjustment on account of price rationalization of inventory held by company affected the gross profitability. The Gross profit as a percentage

of sales decreased to 14.24% from 19.32% during the corresponding year.

Other income which mainly comes from dividends from investments in subsidiary companies and listed companies was Rs.2.453 billion in comparison with Rs.3.008 billion in preceding year. The finance cost during the year increased to Rs. 4.684 billion from Rs. 2.659 billion in the corresponding year. The Company's finance cost increased significantly due to increase in policy rate by State Bank of Pakistan (SBP), higher mark-up rate for export related financing schemes and non-availability of SBP Long Term Finance Facility (LTFF) for earlier planned CAPEX.

Appropriation of Profit

	Rs. In 000'
Profit Before Taxation	4,701,333
Less: Taxation	(1,410,160)
Profit after taxation	3,291,173
Actuarial loss on remeasurement of staff retirement benefits	(40,259)
Gain on sales of equity instrument at fair value	40,895
Add: Unappropriated profit brought forward	26,337,253
	26,929,062
Appropriations	
Final dividend for the year ended June 30, 2022 (100% i.e. Rs.10 per share)	(216,898)
Unappropriated Profit carried forward	29,412,164
Subsequent effects	
Final dividend for the year ended June 30, 2023 (100% i.e. Rs.10 per share)	(216,898)
Unappropriated Profit Carried Forward	29,195,266

Earnings per Share

The earnings per share for the year ended June 30, 2023 is Rs.151.74 as compared to Rs.323.45 for last year ended June 30, 2022.

Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 100% i.e. Rs. 10 per share for the year ended June 30, 2023.(June 30, 2022: 100%).

Future Prospects

Textile industry is under pressure due to global recession and high inflation. Domestic environment in the form of political uncertainty as well as high cost of doing business including high financial cost and increased energy prices is creating tremendous pressure.

Management will keep striving to overcome ongoing challenges and is optimistic to achieve reasonable profitability.

Subsidiaries of Sapphire Textile Mills Limited

The Company owns nine subsidiaries out of which six are 100% owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Wind Power Company Limited

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

2. Sapphire Retail Limited

Sapphire Retail Limited (SRL) is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of SRL is to operate “Sapphire” brand retail outlets for the sale of textile and other products. SRL is principally engaged in carrying out a business of trading of textile products and to buy, sell, import, export and processing through outside manufacturing facilities of textile goods and other allied products. SRL operates through retail outlets in Pakistan and e-stores. SRL operates 45 retail outlets throughout the country.

3. Triconboston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is 57.125% owned by Sapphire Textile Mills Limited. The company was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhampir. All the three projects have successfully commenced commercial operation in September, 2018.

4. Sapphire International ApS

Sapphire International APS is wholly owned subsidiary of Sapphire Textile Mills Limited and a limited liability Company incorporated in Denmark formed to strengthen exports.

5. Designtex (SMC-Private) Limited

Designtex SMC-Private Limited (the company) was incorporated as SMC Private Company limited by shares under Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is manufacturing of textile and ancillary products.

6. Sapphire Real Estate (Private) Limited

Sapphire Real Estate (Private) Limited is a wholly owned subsidiary and formed for the purpose of investment in real estate projects.

7. Sapphire Chemicals (Private) Limited

Sapphire Chemicals (Private) Limited is a wholly owned subsidiary and formed for the purpose of manufacture and sale of chemical products.

8. Sapphire Green Energy (Private) Limited

Sapphire Green Energy (Private) Limited a wholly owned subsidiary has been incorporated during the current year with the purpose to make investment in Renewable Energy Projects.

9. Creek Properties (Private) Limited

Creek Properties (Private) Limited (the company) was incorporated in April 2022 as a private Company limited under Companies Act, 2017.



During the current year, Sapphire Real Estate (Private) Limited has made further investment in the company and currently holds 65% shareholding of the company. Sapphire Real Estate (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

Board of Directors

The Board comprises of three (3) executive directors, four (4) non-executive directors and three (3) independent directors.

During the year six (6) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	Category	No of Meetings
Mr. Nadeem Abdullah	Executive Director	6
Mr. Nabeel Abdullah	Executive Director	6
Mr. Umer Abdullah	Executive Director	6
Mr. Mohammad Abdullah	Non- Executive Director	6
Mr. Shahid Abdullah	Non- Executive Director	5
Mr. Amer Abdullah	Non- Executive Director	6
Mr. Yousuf Abdullah	Non- Executive Director	5
Mr. Nadeem Karamat	Independent Director	4
Mr. Shahid Shafiq	Independent Director	6
Ms. Mashmooma Zehra Majeed	Independent Director	6
Mr. Mirza Saleem Baig (*)	Independent Director	1

(*) New Independent Director elected in election of directors held on 15.06.2023

Audit Committee

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

Name	No of Meetings
Mr. Nadeem Karamat	4
Mr. Amer Abdullah	3
Mr. Yousuf Abdullah	3
Mr. Shahid Shafiq	4

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee held one (1) meeting during the year. Attendance by each member were as follows:

Name	No of Meetings
Mr. Nadeem Karamat	1
Mr. Nadeem Abdullah	1
Mr. Umer Abdullah	1
Ms. Mashmooma Zehra Majeed	1
Mr. Shahid Shafiq	1

Directors Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his or her own remuneration. The company does not pay remuneration to non- executive directors and independent directors are paid a fee to attend meetings. Remuneration package of Chief Executive and other executive directors is disclosed in Note No.42 to the financial statements.

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 maintaining a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.
- f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g) There are no doubts about the company's ability to continue as a going concern.
- h) There has been no material departure from the best practice of Corporate Governance.
- i) A summary of key operating and financial data of the Company are annexed.
- j) The Company is operating Employees' Provident Fund for its eligible employees. The value of investment of the fund as on June 30, 2023 is Rs.577 million.
- k) 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.

Code of Conduct

The Code of Conduct has been communicated and acknowledged by each director and employee of the company.

Related Party Transactions

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

During the year, the company carried out transactions with its related parties. Details of these transactions are disclosed in note 43 to unconsolidated financial statements attached therein.

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

Corporate Social Responsibility

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.

The company is an active participant of United Nations Global Compact Program. We are working in line with 2030 vision of United Nations by following global Sustainable Development Goals (SDGs). We are committed to forging partnerships that align with the principles of the United Nations Global Compact (UNGC). This commitment extends to our dedication to achieving Net Zero emissions, in harmony with our responsibility to contribute to the United Nations Sustainable Development Goals (SDGs). Through these partnerships, we aim to combine our strengths and resources with like-minded organizations to collectively address the challenges of climate change and sustainable development, making a positive impact on both our company and the global community.

During the year, company made generous donations for health, education and social welfare projects as reported in Note no.36 to the financial statements.

Auditors

The present Auditors, M/s. Shinewing Hameed Chaudhri & Company Chartered Accountants will retire in Annual General Meeting and being eligible, have offered themselves for reappointment. The Board of Directors on recommendation of Audit Committee, proposes the appointment of M/s. Shinewing Hameed Chaudhri & Company Chartered Accountants, as external auditor of the Company for the year ending June 30, 2024.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2023 is annexed. This statement is prepared in accordance with section 227 (2) (f) of the Companies Act, 2017.

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.

Acknowledgment

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

On behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE

Lahore
September 26, 2023



NABEEL ABDULLAH
DIRECTOR



FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2023

Particulars	UOM	2023	2022	2021	2020	2019	2018
Profit & Loss							
Sales	Rs. Million	72,837	61,373	38,471	34,030	34,253	28,896
Gross profit	Rs. Million	10,370	11,859	6,350	4,835	5,406	3,536
Operating profit / EBIT	Rs. Million	9,385	11,117	5,342	3,866	5,031	3,340
Profit before taxation	Rs. Million	4,701	8,458	3,759	1,309	2,946	1,949
Profit after taxation	Rs. Million	3,291	7,016	3,263	1,179	2,559	1,595
Cash dividend	Rs. Million	217	217	325	-	522	321
Balance Sheet							
Property, plant and equipment	Rs. Million	23,645	19,921	14,714	13,119	12,595	11,415
Investment & Other assets	Rs. Million	14,801	13,918	14,493	13,844	14,513	15,568
Net current assets	Rs. Million	7,840	8,133	6,470	4,548	2,041	2,376
Total assets employed	Rs. Million	46,286	41,972	35,677	31,511	29,149	29,359
Represented By:							
Share capital	Rs. Million	217	217	217	217	201	201
Reserves	Rs. Million	28,022	25,893	20,802	16,260	16,181	15,821
Shareholders' equity	Rs. Million	28,239	26,110	21,019	16,477	16,382	16,022
Long term loans and other payables	Rs. Million	17,233	15,061	14,321	14,737	12,257	12,858
Lease Liabilities	Rs. Million	42	57	-	-	-	-
Deferred liabilities	Rs. Million	772	744	338	298	510	478
	Rs. Million	46,286	41,972	35,677	31,511	29,149	29,358
Cash Flow Statement							
Operating activities	Rs. Million	2,764	(5,826)	20	19	1,791	1,186
Investing activities	Rs. Million	(3,826)	(4,219)	(1,814)	(701)	(2,185)	(1,155)
Financing activities	Rs. Million	1,364	10,061	1,835	610	436	(47)
Cash and cash equivalents at the end of the year	Rs. Million	413	99	75	34	97	55

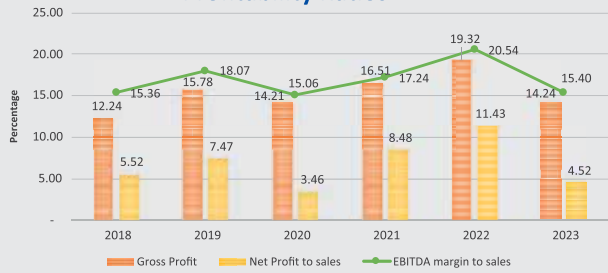
FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30, 2023

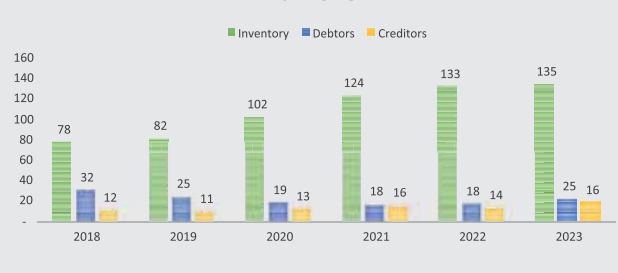
Particulars	UOM	2023	2022	2021	2020	2019	2018
RATIOS:							
Profitability Ratios:							
Gross Profit to sales	Percentage	14.24	19.32	16.51	14.21	15.78	12.24
EBITDA to sales	Percentage	15.40	20.54	17.24	15.06	18.07	15.36
Net Profit to sales	Percentage	4.52	11.43	8.48	3.46	7.47	5.52
Return on equity	Percentage	11.65	26.87	15.52	7.16	15.62	9.96
Return on capital employed	Percentage	7.11	16.71	9.15	3.74	8.78	5.43
Liquidity Ratios:							
Current ratio	Times	1.27	1.28	1.40	1.35	1.14	1.18
Quick / acid test ratio	Times	0.48	0.48	0.60	0.66	0.62	0.76
Capital Structure ratios:							
Financial leverage ratio	Times	1.30	1.35	1.20	1.43	1.35	1.33
Weighted average cost of debt	Percentage	12.71	7.55	6.26	9.34	8.56	5.84
Debt to equity ratio	Times	0.70	0.66	0.79	0.88	0.87	0.87
Interest cover ratio	Times	2.00	4.18	3.37	1.51	2.41	2.40
Turnover ratios:							
Inventory turn over	Days	134.91	132.80	123.84	102.47	81.95	78.41
Inventory turn over ratio	Times	2.64	2.68	2.83	3.38	4.20	4.37
Debtor turnover	Days	24.92	18.49	17.75	19.42	24.87	31.90
Debtors turn over ratio	Times	14.65	19.73	20.57	18.79	14.68	11.44
Creditors turnover	Days	16.39	14.12	16.22	13.35	10.93	12.07
Creditors turnover ratio	Times	22.27	25.85	22.50	27.35	33.38	30.24
Fixed assets turn over ratio	Times	3.34	3.54	2.76	2.65	2.85	2.63
Total assets turn over ratio	Times	0.96	1.00	0.80	0.77	0.80	0.68
Operating cycle	Days	143.44	135.68	125.37	108.55	95.89	98.24
Investment / Market ratios:							
Earning per share	Rs. Per share	151.74	323.45	150.44	55.03	121.31	75.60
Price earning ratio	Times	7.68	3.41	5.80	14.83	11.62	15.13
Price to book ratio	Times	0.90	0.92	0.90	1.07	1.82	1.51
Dividend yield	Percentage	0.8579	0.9070	1.72	-	1.84	1.40
Cash dividend per share	Rs. Per share	10.00	10.00	15.00	-	26.00	16.00
Dividend payout ratio	Percentage	6.5902	3.0917	9.97	-	21.43	21.16
Dividend cover ratio	Times	15.174	32.345	10.03	-	4.67	4.73
Breakup value per share	Rs. Per share	1,301.32	1,203.23	969.05	759.64	776.49	759.44
Market value per share at							
the end of the year	Rs. Per share	1165.64	1102.5	872.50	816.18	1,409.95	1,143.80
Share Price - High during the year	Rs. Per share	1337.83	1300.75	1,144.32	1,440.00	1,410.98	2,144.80
Share Price - Low during the year	Rs. Per share	876.00	786.00	730.00	612.00	932.31	1,035.94
EBITDA	Rs. In Million	11,216	12,609	6,631	5,125	6,191	4,439

GRAPHICAL PRESENTATION

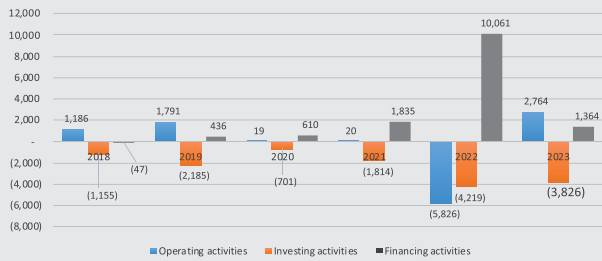
Profitability Ratios



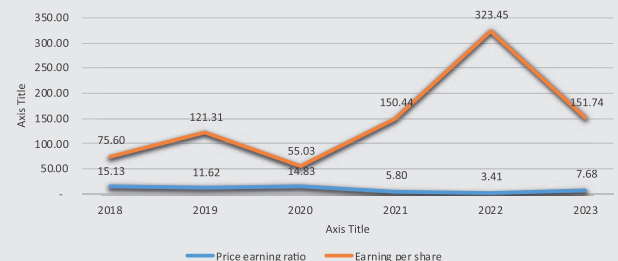
Turnover



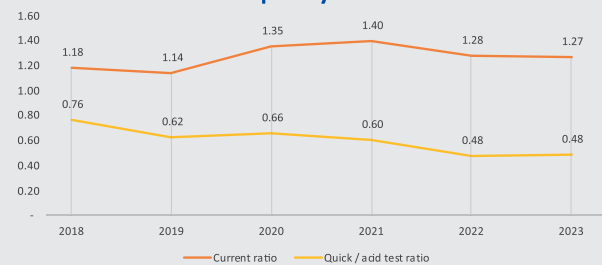
Cash Flow



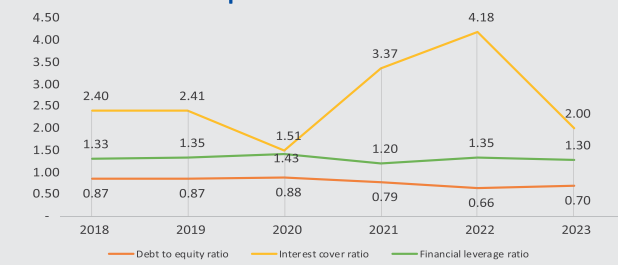
Investor Ratios



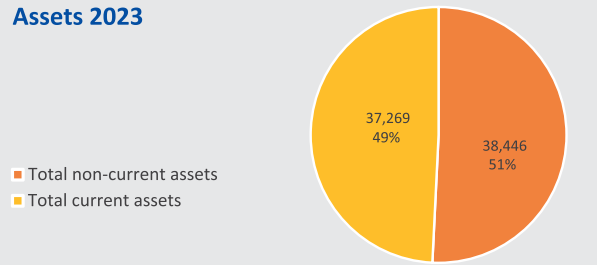
Liquidity Ratio



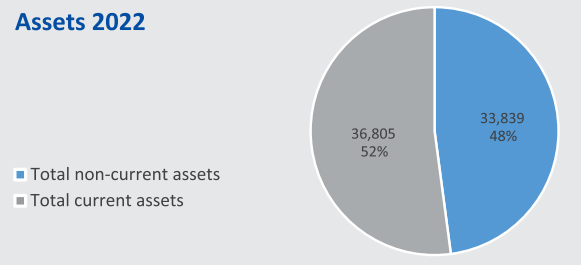
Capital Structure Ratio



Assets 2023

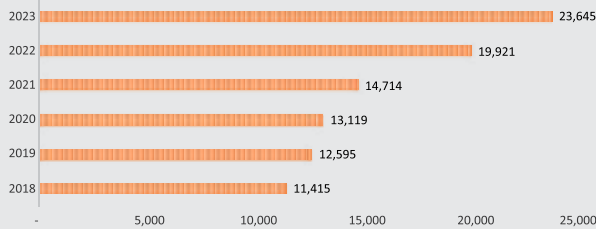


Assets 2022

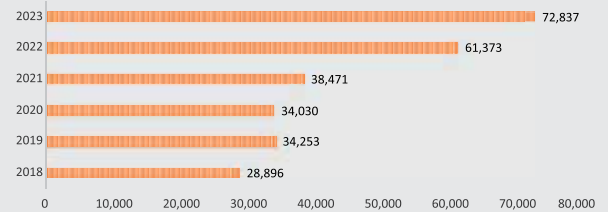


GRAPHICAL PRESENTATION

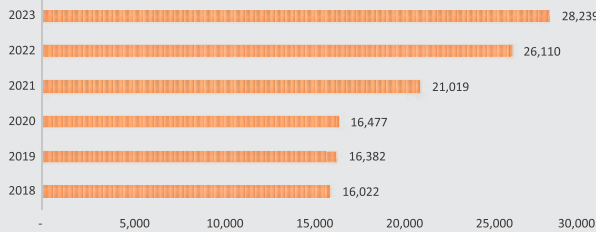
Fixed Assets Growth



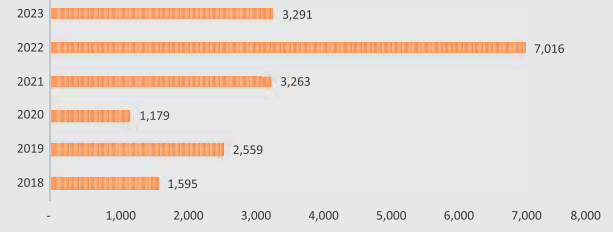
Sales Growth



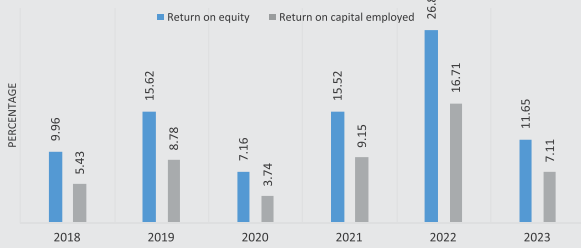
Equity



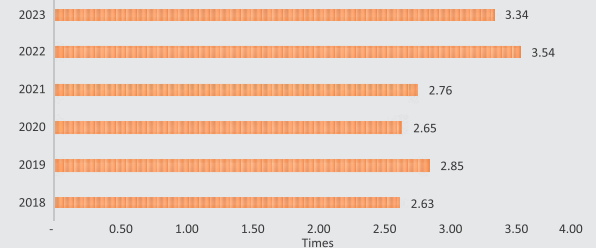
Profit After Tax



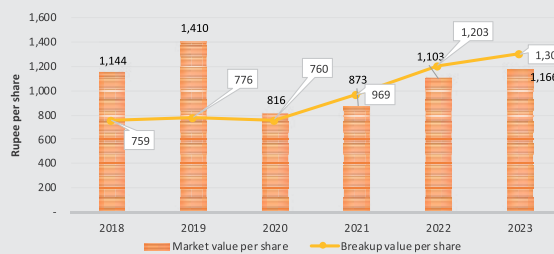
ROE and ROCE



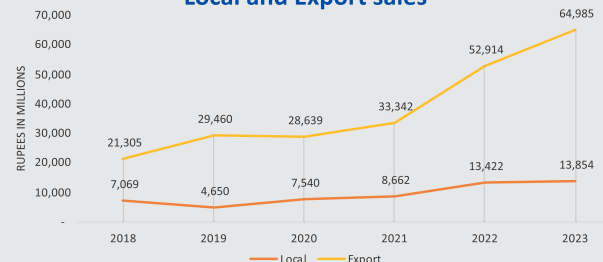
Total Assets Turnover Ratio



Market & Breakup Value Per Share



Local and Export sales

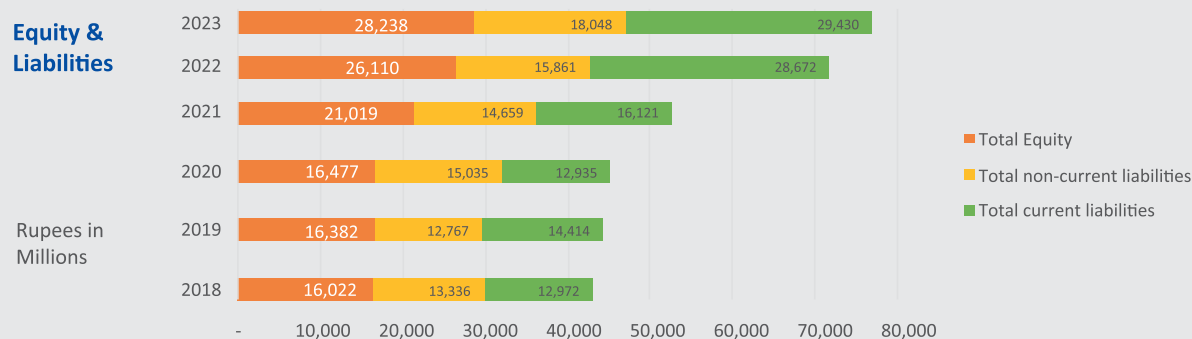


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

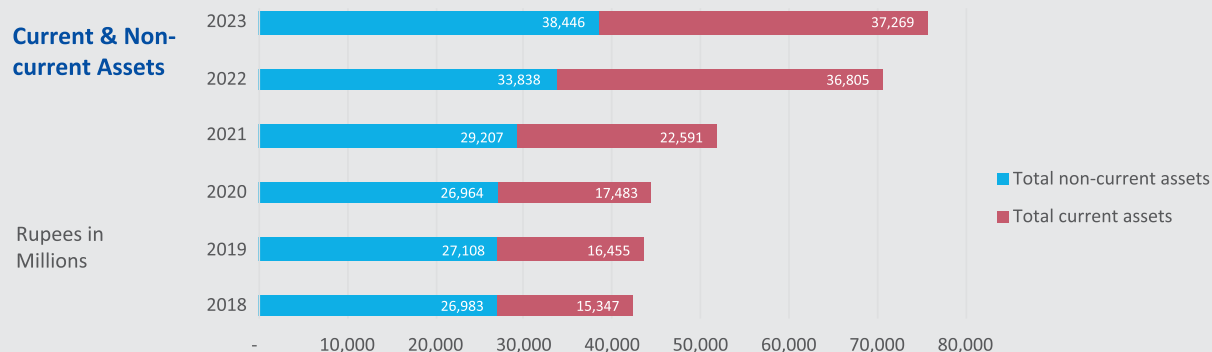
AS AT JUNE 30, 2023

Statement of Financial Position	2023	2022	2021	2020	2019	2018
-----Rupees in '000-----						
Total Equity	28,238,454	26,109,673	21,018,586	16,476,548	16,382,080	16,022,255
Total non-current liabilities	18,047,533	15,861,348	14,658,569	15,034,790	12,766,693	13,336,334
Total current liabilities	29,429,625	28,671,603	16,121,258	12,934,942	14,414,170	12,971,562
Total equity and liabilities	75,715,612	70,642,625	51,798,413	44,446,280	43,562,943	42,330,151
-----Variance in %-----						
Total Equity	8.15	24.22	27.57	0.58	2.25	(5.72)
Total non-current liabilities	13.78	8.21	(2.50)	17.77	(4.27)	(2.87)
Total current liabilities	2.64	77.85	24.63	(10.26)	11.12	10.96
Total equity and liabilities	7.18	36.38	16.54	2.03	2.91	(0.20)
Total non-current assets	13.62	15.85	8.32	(0.53)	0.46	(5.33)
Total current assets	1.26	62.92	29.22	6.24	7.22	10.30
Total assets	7.18	36.38	16.54	2.03	2.91	(0.20)

Equity & Liabilities



Current & Non-current Assets

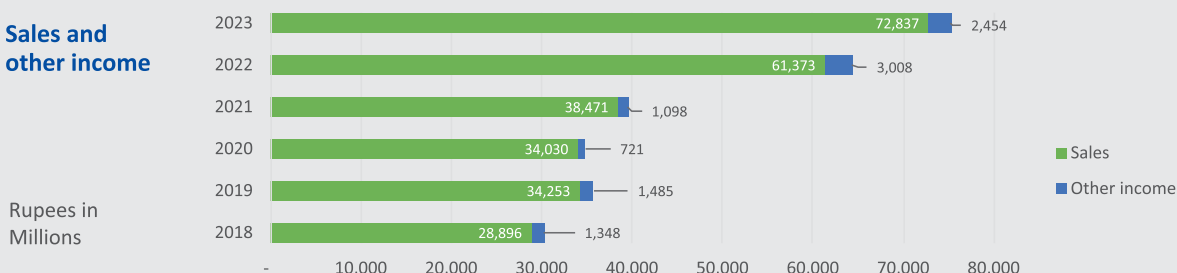


HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

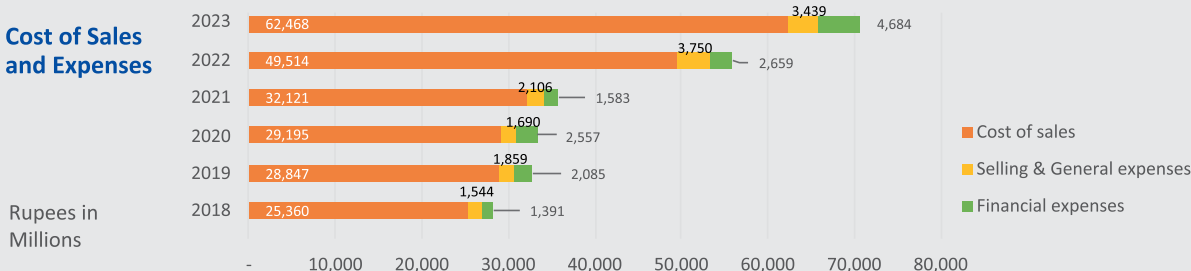
AS AT JUNE 30, 2023

Statement of Profit or Loss	2023	2022	2021	2020	2019	2018
	-----Rupees in '000-----					
Net Sales	72,837,269	61,373,384	38,470,987	34,030,186	34,252,752	28,896,327
Cost of sales	62,467,586	49,514,316	32,120,873	29,195,495	28,847,019	25,360,087
Gross profit	10,369,684	11,859,068	6,350,113	4,834,691	5,405,733	3,536,240
Distribution cost	2,383,299	2,371,130	1,232,187	1,049,687	1,084,078	1,011,944
Administrative expenses	755,307	695,101	472,454	447,255	428,052	413,538
Other operating expenses	300,144	683,706	401,133	192,873	347,189	118,970
Other operating income	2,453,961	3,007,581	1,097,563	721,187	1,485,021	1,348,444
Profit from operations	9,384,894	11,116,712	5,341,902	3,866,062	5,031,435	3,340,232
Finance cost	4,683,561	2,659,056	1,582,533	2,556,977	2,085,427	1,391,491
Profit before taxation	4,701,333	8,457,656	3,759,369	1,309,085	2,946,008	1,948,741
Provision for taxation	1,410,160	1,442,104	496,434	129,996	386,568	353,682
Profit after taxation	3,291,173	7,015,552	3,262,935	1,179,089	2,559,440	1,595,059
	-----Variance in %-----					
Net Sales	18.68	59.53	13.05	(0.65)	18.54	12.95
Cost of sales	26.16	54.15	10.02	1.21	13.75	10.71
Gross profit	(12.56)	86.75	31.34	(10.56)	52.87	32.06
Distribution cost	0.51	92.43	17.39	(3.17)	7.13	9.31
Administrative expenses	8.66	47.13	5.63	4.49	3.51	14.78
Other operating expenses	(56.10)	70.44	107.98	(44.45)	191.83	(67.38)
Other operating income	(18.41)	174.02	52.19	(51.44)	10.13	(53.78)
Profit from operations	(15.58)	108.10	38.17	(23.16)	50.63	(15.32)
Finance cost	76.14	68.03	(38.11)	22.61	49.87	43.61
Profit before taxation	(44.41)	124.98	187.18	(55.56)	51.17	(34.50)
Provision for taxation	(2.22)	190.49	281.88	(66.37)	9.30	39.46
Profit after taxation	(53.09)	115.01	176.73	(53.93)	60.46	(41.40)

Sales and other income



Cost of Sales and Expenses



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

AS AT JUNE 30, 2023

	2023		2022		2021		2020		2019		2018	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Balance Sheet												
Total Equity	28,238,454	37.30	26,109,673	36.96	21,018,586	40.58	16,476,548	37.07	16,382,080	37.61	16,022,255	37.85
Total non-current liabilities	18,047,533	23.84	15,861,348	22.45	14,658,569	28.30	15,034,790	33.83	12,766,693	29.31	13,336,334	31.51
Total current liabilities	29,429,625	38.87	28,671,603	40.59	16,121,258	31.12	12,934,942	29.10	14,414,170	33.09	12,971,562	30.64
Total equity and liabilities	75,715,612	100.00	70,642,625	100.00	51,798,413	100.00	44,446,280	100.00	43,562,943	100.00	42,330,151	100.00
Assets												
Total non-current assets	38,446,344	50.78	33,837,979	47.90	29,207,483	56.39	26,963,596	60.67	27,107,861	62.23	26,982,905	63.74
Total current assets	37,269,268	49.22	36,804,645	52.10	22,590,929	43.61	17,482,684	39.33	16,455,082	37.77	15,347,246	36.26
Total assets	75,715,612	100.00	70,642,625	100.00	51,798,412	100.00	44,446,280	100.00	43,562,943	100.00	42,330,151	100.00
Profit and Loss Account												
Net Sales	72,837,269	100.00	61,373,384	100.00	38,470,987	100.00	34,030,186	100.00	34,252,752	100.00	28,896,327	100.00
Cost of sales	62,467,586	85.76	49,514,316	80.68	32,120,873	83.49	29,195,495	85.79	28,847,019	84.22	25,360,087	87.76
Gross profit	10,369,684	14.24	11,859,068	19.32	6,350,113	16.51	4,834,691	14.21	5,405,733	15.78	3,536,240	12.24
Distribution cost	2,383,299	3.27	2,371,130	3.86	1,232,187	3.20	1,049,687	3.08	1,084,078	3.16	1,011,944	3.50
Administrative expenses	755,307	1.04	695,101	1.13	472,454	1.23	447,255	1.31	428,052	1.25	413,538	1.43
Other operating expenses	300,144	0.41	683,706	1.11	401,133	1.04	192,873	0.57	347,189	1.01	118,970	0.41
Other operating income	2,453,961	3.37	3,007,581	4.90	1,097,563	2.85	721,187	2.12	1,485,021	4.34	1,348,444	4.67
Profit from operations	9,384,894	12.88	11,116,712	18.11	5,341,902	13.89	3,866,062	11.36	5,031,435	14.69	3,340,232	11.56
Finance cost	4,683,561	6.43	2,659,056	4.33	1,582,533	4.11	2,556,977	7.51	2,085,427	6.09	1,391,491	4.82
Profit before taxation	4,701,333	6.45	8,457,656	13.78	3,759,369	9.77	1,309,085	3.85	2,946,008	8.60	1,948,741	6.74
Provision for taxation	1,410,160	1.94	1,442,104	2.35	496,434	1.29	129,996	0.38	386,568	1.13	353,682	1.22
Profit after taxation	3,291,173	4.52	7,015,552	11.43	3,262,935	8.48	1,179,089	3.46	2,559,440	7.47	1,595,059	5.52

COMMENTS ON FINANCIAL STATEMENTS

Statement of Financial Position

Non-current assets

Non-current assets of the Company mainly constitute property, plant and equipment and long term investments in subsidiary companies and investment in blue chip shares. Value of property, plant and equipment increased as company has undertaken capacity enhancement / balancing, modernization and replacement.

Over six years, property, plant and equipment of Sapphire Textile Mills Limited have increased to Rs.23,645 million which is 107% higher than property, plant and equipment held in year 2018. The Company has made emphasis on vertical integration and established finishing, printing and dyeing facilities

in these years for growth in value added products.

Current assets

Current assets of the Company mainly constitute stock in trade, trade debts and short term investments in blue chip shares.

Equity

The Company has sound equity aggregating Rs.28,239 million as on 30 June 2023.

Long term financing

Long term financing of the Company has increased in comparison with last year. During the year the company obtained long term loans of Rs.4,723

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

AS AT JUNE 30, 2023

million for investment in plant and machinery. During the year, the company has also repaid long term loans aggregating Rs.2,170 million.

Short term borrowings

Short term loans of the company as on June 30, 2023 were Rs. 15,990 million in comparison with Rs. 16,943 million in corresponding period.

Statement of Profit or Loss

Sales of the company has grown up by 152.06% over the last six years . However, during the current year sales have increased by 18.68% in comparison with last year. Gross profit as a percentage of sales has increased from 12.23% to 14.24% over the period of six years. Gross profit has improved due to more emphasis on value added products and efficient cost levels.

Other income of the company mainly constitute dividend received from subsidiary companies, associated companies and blue chip companies.

Finance cost has increased significantly in comparison with last year due to increase in policy rate by State Bank of Pakistan, higher markup rate for export related schemes and non-availability of SBP Long term Finance Facility (LTFF) for earlier planned CAPEX.

DUEPONT ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023



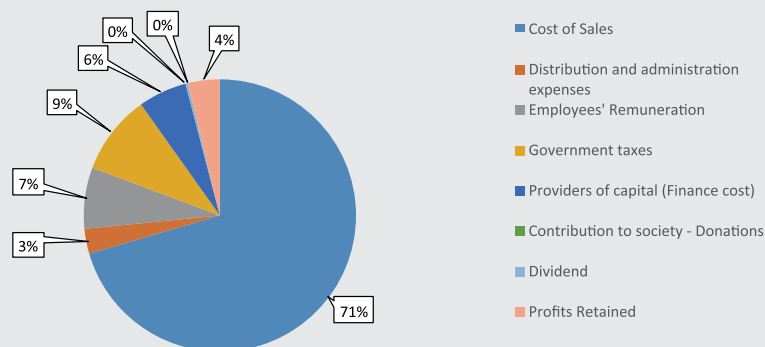
		2023	2022
Tax Burden	Percentage	29.99	17.05
Interest Burden	Percentage	49.91	23.92
EBIT to sales	Percentage	12.88	18.11
Return on Equity	Percentage	11.65	26.87
Total Assets Turnover	Times	1.00	1.00
Debt to equity ratio	Times	0.70	0.66

OUR VALUE ADITION AND ITS DISTRIBUTION

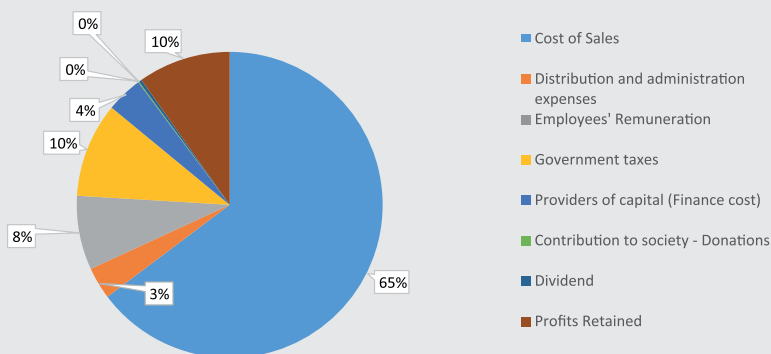
FOR THE YEAR ENDED JUNE 30, 2023

Statement of Financial Position	2023		2022	
	Rs. in '000	% age	Rs. in '000	% age
Wealth Generated				
Net Sales including sales tax	78,936,906	96.98%	66,438,127	95.67%
Other operating income	2,453,961	3.02%	3,007,581	4.33%
	81,390,867	100.00%	69,445,708	100.00%
Value distribution				
Cost of Sales (excluding employees' remuneration, duties and taxes)	57,354,857	70.47%	44,958,532	64.74%
Distribution, administration (Excluding employees' remuneration and taxes)	2,407,984	2.96%	2,351,885	3.39%
Employees Remuneration	5,922,321	7.28%	5,434,659	7.83%
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, sales tax etc)	7,705,691	9.47%	6,953,483	10.01%
Providers of capital (Finance cost)	4,683,561	5.75%	2,659,056	3.83%
Dividend	216,898	0.27%	216,898	0.31%
Contribution to society - Donations	25,280	0.03%	72,543	0.10%
Profit retained	3,074,275	3.78%	6,798,653	9.79%
	81,390,867	100.00%	69,445,708	100.00%

2023



2022



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	FY 23	FY 22	Change	FY 23	FY 22	Change	FY 23	FY 22	Change	FY 23	FY 22	Change	FY 23	FY 22	Change
Rupees in millions															
Particulars															
Sales	18,296	12,955	41%	16,365	14,776	11%	18,218	15,389	18%	19,958	18,253	9%	72,837	61,373	19%
GP	2,680	2,721	-2%	2,023	3,279	-38%	2,964	3,295	-10%	2,703	2,564	5%	10,370	11,859	-13%
EBITDA	1,552	2,425	-36%	2,613	3,459	-24%	3,274	3,630	-10%	3,776	3,095	22%	11,216	12,609	-11%
PAT	834	1,528	-45%	937	2,006	-53%	1,292	1,621	-20%	229	1,861	-88%	3,291	7,016	-53%
	Rupee per share			Rupee per share			Rupee per share			Rupee per share			Rupee per share		
EPS	38.44	70.45	-45%	43.18	92.48	-53%	59.56	74.72	-20%	10.56	85.80	-88%	151.74	323.45	-53%

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SAPPHIRE TEXTILE MILLS 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 TEXTILE MILLS 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.

LAHORE: 03 October 2023
UDIN: CR202310104OZehQbGSU

Shinewing Hameed Chaudhri & co
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

STATEMENT OF COMPLIANCE

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

Name of Company : Sapphire Textile Mills Limited
(the Company)

Year ended : June 30, 2023

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the CCG Regulations”) in the following manner:

1. The total number of directors are Ten (10) as per the following:
 - a. Male : Nine (9)
 - b. Female : One (1)
2. The composition of the Board is as follows:

Category	Names
Independent Directors(*)	Mr. Mirza Saleem Baig Mr. Shahid Shafiq
Independent Director / Female	Ms. Mashmoona Zehra Majeed
Non-Executive Directors	Mr. Mohammad Abdullah Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah
Executive Directors	Mr. Nadeem Abdullah Mr. Nabeel Abdullah Mr. Umer Abdullah

(*)The independent director meets the criteria of independence under the Companies Act, 2017 (“the Act”).

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 the dates of approval or amendments has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the total Ten (10) directors of the company, Eight (8) Directors meet the requirements, Four (4) Directors have already attained certification under directors training program and four (4) directors meet the requirements of the exemption under regulation.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
12. The Board has formed committees comprising of members given below:

Committee

a) Audit Committee

- Mr. Shahid Shafiq (Chairman)
- Mr. Mirza Saleem Baig (Member)
- Mr. Yousuf Abdullah (Member)
- Mr. Amer Abdullah (Member)

b) **HR and Remuneration Committee**

- Ms. Mashmooma Zehra Majeed (Chairperson)
- Mr. Nadeem Abdullah (Member)
- Mr. Umer Abdullah (Member)
- Mr. Shahid Shafiq (Member)
- Mr. Nabeel Abdullah (Member)

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

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

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The Board has set up an effective Internal Audit Function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan 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, parents, dependents and non-dependents children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors 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 other requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

Regulation 6 (1) the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires that “each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors”. At time of election of Directors, the Company assessed its compliance with this Regulation. One third of the Company’s total number of Directors results in a fractional number (3.33). The fraction has not been rounded up to one and therefore, the Board of Directors currently has 3 independent Directors. The Company considers that the existing composition of the Board of Directors brings in the relevant experience and valuable contributions to the Board.

For and on behalf of the Board


NADEEM ABDULLAH
CHIEF EXECUTIVE


NABEEL ABDULLAH
DIRECTOR

Lahore:

26th September, 2023

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 55th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Thursday, 26th October, 2023 at 2.30 p.m. at Trading Hall, situated at Cotton Exchange Building, I. I Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the last General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with the Chairman's, Directors', and Auditors' Reports for the year ended 30th June, 2023.

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

<http://www.sapphire.com.pk/stml/annualreports.htm>



3. To approve the final Dividend for the year ended 30th June, 2023 as recommended by the Board of Directors.
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 resolutions 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 Parties transactions conducted during the year as disclosed in note 43 of the unconsolidated financial statements for the year ended 30th June, 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 a case-to-case basis during the financial year ending 30th June, 2024.

FURTHER RESOLVED those 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 approve, with or without modification, by way of Special Resolution the following resolutions, to amend the Article 100 of the Company's Articles of Association.

RESOLVED as and by the special resolution that the Articles of Association of the company be and are hereby amended by substituting with the existing article 100, the following amended article:

Capitalization of Reserve:

Article 100:

“Board of Directors may resolve that moneys, investments or other asset 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 the issuance of fully paid bonus shares to its shareholders.”

FURTHER RESOLVED The Chief Executive Officer and Company Secretary be and are hereby authorized singly to do all acts, deeds

and things, take any or all necessary actions to complete all legal formalities and to file the requisite documents with the Securities and Exchange Commission of Pakistan to effectuate and implement the aforesaid resolutions.

Any other Business:

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

Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017 and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed.

By Order of the Board



Karachi
26th September, 2023

Zeeshan
Company Secretary

Note:

- 1) The Share Transfer Books of the Company 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. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 19th October, 2023, will be considered in time to entitle the transferees for payment of dividend, vote and to attend the meeting.
- 2) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote on his / her behalf. 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/stml

3) CDC shareholders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January, 2000 issued by 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 (unless it has been provided earlier) 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 above Regulations, shall submit the proxy form as per the above requirement.

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

4) Any change of address of members should immediately be notified to the Company's Share Registrars, M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, 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 STML AGM" at the earliest but not later than 48 hours before AGM on E-mail: contact@saphiretextiles.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), if not provided earlier and immediately notify changes if any to the registrar of the company M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

7) Pursuant to Companies (Postal Ballot) Regulations 2018 read with Sections 143 to 145 of the Companies Act, 2017, members can exercise their right to vote through e-voting or postal ballot. The schedule and procedure of postal ballot / E-voting will be placed on the company's website i.e., www.sapphire.com.pk/stml before seven (7) days of the meeting.

8) Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every 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/stml. 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. Hameed Majeed 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 Hameed Majeed 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 / CDC (IAS/ SUB) Account #	Total Shares	Principal Share Holder		Joint Shareholder(s)	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(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 Hameed Majeed Associates (Private) Limited at phone: (021) 32424826 / (021) 32469573 & email address: khi@hmaconsultants.com
- (vi) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. 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 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 share registrar. The Financial Statements of the company for the year ended 30th June, 2023 along with reports have been placed on the company's website www.sapphire.com.pk/stml.

- 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 (7) days before holding of the General Meeting:

"I/We, _____ of _____ being a member of Sapphire Textile Mills Limited Ltd, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26 th Oct, 2015	Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit (SBLC) in PKR equivalent up to approximately USD 10 Million in order to secure certain obligations of SWPCL.	Nil	This amount was amended in AGM held on 26 th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty-Four Million);	Nil	This amount was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and	Nil	This amount was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Project, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee.	Nil	This amount of loan was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required

Material Changes in Financial Statements of Associated Company

1. SAPPHERE WIND POWER COMPANY LIMITED

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

Financial Results	Financial Year Ended June 30, 2023 Rupees	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	4,136,782,386	3,799,025,266	1,584,896,926
Gross Profit	2,442,628,660	2,468,368,601	1,020,332,620
Profit Before Tax	1,662,396,844	2,041,321,505	678,614,077
Profit After Tax	1,653,669,861	2,038,017,669	678,235,929

2. TRICONBOSTON CONSULTING CORPORATION (PRIVATE) LIMITED

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

Financial Results	Financial Year Ended June 30, 2023 Rupees	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2017 Rupees
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. Item relating to 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 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 43 to the unconsolidated financial statements for the year ended 30th June, 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 the note 43 to the unconsolidated financial statements for the year ended 30th June, 2023.

2. Item relating to Number 5 (ii) of the notice. Authorization for the Board of Directors to approve the related party transactions during the year ending 30th June, 2024.

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

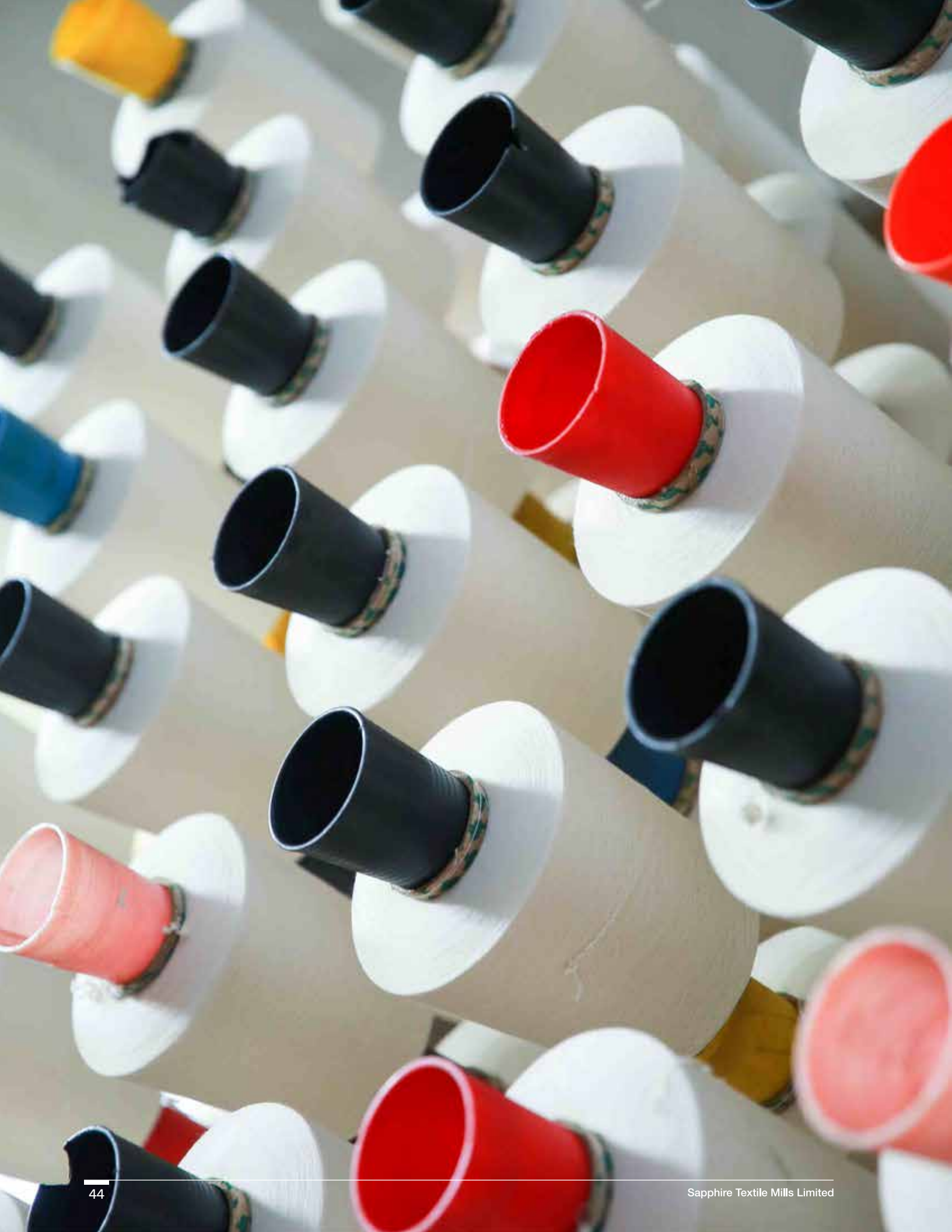
3. Item relating to Number 6 of the notice.

The Board of Directors has proposed that Article “100” of the Company’s Articles of Association be amended to bring it in line with the issuance of the companies (Further Issuance of Shares) Regulation 2020.

A comparison of existing and proposed alterations in the capital clauses of the Articles of Association is provided below:

Articles of Association	
Existing article No 100	Proposed article No 100
Any General Meeting 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 and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as Capital and that all or any part of such capitalized funds be applied on behalf of such shareholder in paying up in full any unissued shares of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.	Board of Directors may resolve that moneys, investments or other asset 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 the 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.



SAPPHIRE TEXTILE MILLS LIMITED

For the year ended 30 June 2023

PROXY FORM

I/ We _____ of _____ Folio No / CDC and or Sub Account No _____ being a member(s) of Sapphire Textile Mills Limited, and a holder of _____ Ordinary Shares, do hereby appoint _____ of _____ or failing him/ her _____ of _____ who is also a member of Sapphire Textile Mills Limited, vide registered Folio No / CDC and or Sub Account No _____ to act as Proxy on my/ our behalf at 55th Annual General Meeting of the Company to be held on Thursday, 26th October, 2023 at 2.30 p.m, at Trading Hall, Cotton Exchange Building, I.I Chundrigar Road, Karachi as well as through Video Conferencing (VC) and / or any adjournment thereof.

Signed on this _____ day of _____ 2023

Signature of shareholder: _____

CNIC No: _____

Folio No / CDC and or Sub Account No: _____

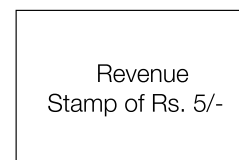
Email address: _____

Signature of proxy participant _____

CNIC No: _____

Folio No / CDC and or Sub Account No: _____

Email address: _____



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

Notes:

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-.
2. In the case of Bank or Company, the proxy form must be executed under its company stamp and signed by authorized person.
3. Power of Attorney or other authority (if any) under which this proxy form is signed, a certified copy of that Power of Attorney must be deposited along with this form.
4. This proxy form 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 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 the meeting.
 - iv) In case of a 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 the proxy form to the Company.

1. Witness:

Signature : _____

Name : _____

CNIC : _____

Address : _____

2. Witness:

Signature : _____

Name : _____

CNIC : _____

Address : _____

AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

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

پراکسی فارم سفائر ٹیکسٹائل ملز لمیٹڈ

برائے سال 30 جون، 2023

میں اہم _____ جس کا تعلق _____ سے ہے، فوئیو نمبر / CDC یا ذیلی اکاؤنٹ نمبر _____ سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہیں، اور _____ عمومی حصص رکھتے ہیں، بذریعہ (ممبر کا نام) _____ جو کہ (شہر کا نام) _____ سے متعلق ہے، اور ان کا فوئیو نمبر / CDC اکاؤنٹ نمبر _____ ہے، یا ان کے ناکام رہنے کی صورت میں (ممبر کا نام) _____ جو کہ (شہر کا نام) _____ متعلق ہے، اور ان کا فوئیو نمبر / CDC اکاؤنٹ نمبر _____ ہے جو سفائر ٹیکسٹائل ملز لمیٹڈ کے رکن / اراکین ہے۔
ہے اہم کو بروز جمعرات 26 اکتوبر، 2023 کو دوپہر 2:30 بجے ٹریڈنگ ہال، کاٹن ایکس چینج بلڈنگ، آئی آئی چندریگر روڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے 55 ویں سالانہ اجلاس عام اور کسی زیر التوا اجلاس میں شرکت کیلئے اپنا ہمارا پراکسی مقرر کرتا / کرتی ہوں

پانچ روپے کا
ریونیو اسٹیپ

اس دستاویز پر مورخہ _____ 2023 کو دستخط ہوئے

پراکسی کے دستخط _____
شناختی کارڈ نمبر: _____
فوئیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____
ای میل ایڈریس: _____

حصص یافتہ کے دستخط _____
شناختی کارڈ نمبر: _____
فوئیو نمبر / سی ڈی سی اور یا ذیلی اکاؤنٹ نمبر _____
ای میل ایڈریس: _____

(دستخط کمپنی کے ساتھ رجسٹرڈ نمونے کے دستخط کے مطابق ہونے چاہیں)

نوٹس:

- 1- کوئی بھی پراکسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (5) روپے کا محصول ٹکٹ نہ لگا یا جائے۔
- 2- بینک یا کمپنی ہونے کی صورت میں پراکسی فارم پر مجاز شخص کے دستخط کے ساتھ کمپنی کی مہر لازم ہے۔
- 3- مختار نامہ یا دیگر کوئی اتھارٹی (اگر کوئی ہے) جس کے پراکسی فارم پر دستخط ثبت ہوں، کی مصدقہ نقل اس فارم کے ساتھ جمع کرایا جانا چاہیے۔
- 4- پراکسی فارم اجلاس سے 48 گھنٹے قبل تک کمپنی کے شیئرز رجسٹر آف فیس میں مکمل طور پر براورڈ دستخط کے ساتھ موصول ہو جانا چاہیے۔
- 5- سی ڈی سی اکاؤنٹ ہولڈر ہونے کی صورت میں
 - (i) پراکسی فارم پر دو افراد جن کے نام اور شناختی کارڈ نمبر جمع پتہ کے موجود ہوں، بطور گواہ ضروری ہیں۔
 - (ii) بنی فیشل اونرز اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل فارم کے ساتھ منسلک ہوں۔
 - (iii) پراکسی اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
 - (iv) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع پراکسی کے نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ہمراہ کمپنی کے پاس جمع کرایا جانا چاہئے

گواہ نمبر 2

گواہ نمبر 1

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

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

BALLOT PAPER FOR VOTING THROUGH POST

Annual General Meeting to be held on Thursday, October 26, 2023 at 2:30 pm
at Trading Hall, Cotton Exchange Building, I. I Chundrigar Road, Karachi
Phone: +92 21 111 000 100 Website: www.sapphire.com.pk/stml

Designated email address of the Chairman at which the duly filled-in ballot paper may be sent: contact@sapphiretextiles.com.pk

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the below resolution(s) through postal ballot by conveying my/our assent or dissent the following resolution by placing tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
01	<p>Agenda No:05</p> <p>To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.</p> <p>(i) RESOLVED THAT the related Parties transactions conducted during the year as disclosed in note 43 of the unconsolidated financial statements for the year ended 30th June, 2023, be and are hereby ratified, approved, and confirmed.</p> <p>(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 a case-to-case basis during the financial year ending 30th June, 2024.</p> <p>FURTHER RESOLVED those 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.”</p>			

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
02	<p>Agenda No:06 To consider and approve, with or without modification, by way of Special Resolution the following resolutions, to amend the Article 100 of the Company's Articles of Association.</p> <p>RESOLVED as and by the special resolution that the Articles of Association of the company be and are hereby amended by substituting with the existing article 100, the following amended article:</p> <p>Capitalization of Reserve: Article 100:</p> <p>"Board of Directors may resolve that moneys, investments or other asset 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 the issuance of fully paid bonus shares to its shareholders."</p> <p>FURTHER RESOLVED The Chief Executive Officer and Company Secretary be and are hereby authorized singly to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and to file the requisite documents with the Securities and Exchange Commission of Pakistan to effectuate and implement the aforesaid resolutions.</p>			

Signature of shareholder

Place: _____ Date: _____

NOTES/ PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Dully filled & signed original postal ballot should be sent to chairman Mr. Mohammad Abdullah, STML 212- Cotton Exchange Building, I. I Chundrigar Road, Karachi, or a scanned copy of the original postal ballot to be emailed at contact@sapphire-textiles.com.pk.
2. Copy of CNIC/ Passport (in case of a foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach the chairman of the meeting on or before October 25, 2023, during working hours. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC/ Passport (In case of a foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot paper will be rejected.
6. In case of representative of body corporate and corporation, postal ballot insist he accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.sapphire.com.pk/stml. Members may download the ballot paper from the website or use an original/photocopy published in newspapers.



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UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed financial statements of **Sapphire Textile Mills 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 income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following are the key audit matters:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Capital expenditures</p> <p>Refer note 5 to the financial statements.</p> <p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2023. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Company's accounting policy.</p> <p>Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved.</p> <p>For these reasons we considered it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. • Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. • Visited the mills where significant capital projects are ongoing to understand the nature of the projects. • Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. • Reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. • The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

Sr. No.	Key audit matter	How the matter was addressed in our audit
2	<p>Valuation of stock-in-trade</p> <p>Rafer note 12 of the financial statements.</p> <p>The total value of stock in trade as at the reporting date amounted to Rs.23.033 billion, representing 62% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods.</p> <p>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.</p> <p>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.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> • Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. • Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. • Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. • Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. • Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. • Tested the cost of inventories for finished goods and performed NRV test to asses whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p>

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

The financial statements for the Company for the year ended June 30, 2022 were audited by another firm of chartered accountants who expressed unmodified opinion on those financial statements on October 03, 2022.

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: 03 October 2023
UDIN: AR2023101041kCuem3dQ

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
Assets			
Non current assets			
Property, plant and equipment	5	23,645,498,180	19,921,336,858
Investment property	6	31,750,000	31,750,000
Intangible assets	7	-	8,333
Long-term investments	8	14,430,299,029	13,504,254,466
Long-term loans and advances	9	247,836,567	292,698,547
Long-term deposits	10	90,960,692	87,931,092
		38,446,344,468	33,837,979,296
Current assets			
Stores, spares and loose tools	11	606,426,292	507,491,851
Stock in trade	12	23,033,836,137	23,145,128,677
Trade debts	13	6,613,608,124	5,656,162,973
Loans and advances	14	138,757,698	135,320,162
Trade deposits and short term prepayments	15	18,014,999	36,878,751
Other receivables	16	1,210,135,511	1,106,540,602
Short-term investments	17	1,364,735,401	2,988,280,554
Tax refunds due from Government	18	3,870,665,885	3,130,211,673
Cash and bank balances	19	413,088,085	98,630,045
		37,269,268,132	36,804,645,288
Total assets		75,715,612,600	70,642,624,584
Equity and Liabilities			
Share capital and reserves			
Authorised share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	20	216,897,910	216,897,910
Reserves	21	28,021,556,474	25,892,774,923
Total equity		28,238,454,384	26,109,672,833
Non current liabilities			
Long-term loans and other payables	22	17,232,965,804	15,060,906,546
Lease liabilities	23	42,078,523	56,576,868
Deferred income - Government grant	24	301,695,117	376,597,594
Staff retirement benefit - gratuity	25	470,793,864	367,267,451
		18,047,533,308	15,861,348,459
Current liabilities			
Trade and other payables	26	6,894,050,098	6,283,127,734
Contract liabilities	27	1,724,443,253	1,563,208,589
Accrued mark-up	28	1,201,060,662	657,223,949
Short-term borrowings	29	15,989,756,607	16,943,231,195
Current portion of long-term liabilities	30	3,618,531,938	3,222,581,273
Unclaimed dividend		1,782,350	2,230,552
		29,429,624,908	28,671,603,292
Total liabilities		47,477,158,216	44,532,951,751
Contingencies and commitments	31		
Total equity and liabilities		75,715,612,600	70,642,624,584

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


Chief Executive Officer


Director

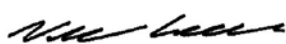

Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
Net turnover	32	72,837,269,483	61,373,383,778
Cost of sales	33	(62,467,585,565)	(49,514,315,665)
Gross profit		10,369,683,918	11,859,068,113
Distribution cost	34	(2,383,299,141)	(2,371,129,929)
Administrative expenses	35	(755,307,456)	(695,100,951)
Other operating expenses	36	(300,144,054)	(683,706,174)
Other income	37	2,453,960,838	3,007,581,172
Profit from operations		9,384,894,105	11,116,712,231
Finance cost	38	(4,683,561,253)	(2,659,056,442)
Profit before taxation		4,701,332,852	8,457,655,789
Taxation	39	(1,410,160,179)	(1,442,103,829)
Profit after taxation		3,291,172,673	7,015,551,960
Earnings per share - basic and diluted	40	151.74	323.45

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



Chief Executive Officer



Director



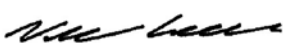
Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME


FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
Profit after taxation	3,291,172,673	7,015,551,960
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
Net - gain / (loss) on remeasurement of forward foreign currency contracts	66,407,961	(47,889,319)
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on equity instruments at fair value through other comprehensive income		
- long term	(654,795,600)	(1,068,902,649)
- short term	(316,846,986)	(499,118,968)
	(971,642,586)	(1,568,021,617)
Realised gain on sale of investment at fair value through other comprehensive income	40,895,292	-
Actuarial (loss) / gain on re-measurement of staff retirement benefit obligation	(40,258,587)	16,792,885
	(971,005,881)	(1,551,228,732)
Total comprehensive income for the year	2,386,574,753	5,416,433,909

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


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Issued, subscribed and paid-up capital	Reserves						Total	
	Capital			Revenue				
	Share premium	Fixed Assets Replacement	Fair value reserve of financial asset at fair value through OCI	Cash flow hedge reserve	General	Unappropriated profit		
Rupees								
216,897,910	782,796,090	65,000,000	(987,844,224)	(18,518,642)	1,330,000,000	19,630,254,655	20,801,687,879	21,018,585,789
	-	-	-	-	-	(325,346,865)	(325,346,865)	(325,346,865)
	-	-	(1,588,021,617)	(47,889,319)	-	7,015,551,960	7,015,551,960	7,015,551,960
	-	-	(1,588,021,617)	(47,889,319)	-	16,792,885	(1,599,118,051)	(1,599,118,051)
	-	-	-	(47,889,319)	-	7,032,344,845	5,416,433,909	5,416,433,909
216,897,910	782,796,090	65,000,000	(2,555,865,841)	(66,407,961)	1,330,000,000	26,337,252,635	25,892,774,923	26,109,672,833
	-	-	-	-	-	(216,897,910)	(216,897,910)	(216,897,910)
	-	-	(971,642,586)	66,407,961	-	3,291,172,673	3,291,172,673	3,291,172,673
	-	-	(971,642,586)	66,407,961	-	(40,258,587)	(945,493,212)	(945,493,212)
	-	-	-	66,407,961	-	3,250,914,086	2,345,679,461	2,345,679,461
	-	-	(40,895,292)	-	-	40,895,292	-	-
216,897,910	782,796,090	65,000,000	(3,568,403,719)	-	1,330,000,000	29,412,164,103	28,021,556,474	28,238,454,384

Balance as at July 01, 2021

Transaction with owners of the Company

Final dividend related to the year ended June 30, 2021 at the rate of Rs. 15 per share

Total comprehensive income for the year ended June 30, 2022

Profit for the year

Other comprehensive income / (loss)

Balance as at June 30, 2022

Transaction with owners of the Company

Final dividend related to the year ended June 30, 2022 at the rate of Rs. 10 per share

Total comprehensive income for the year ended June 30, 2023

Profit for the year

Other comprehensive (loss) / income

Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income

Balance as at June 30, 2023

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


Chief Executive Officer


Director

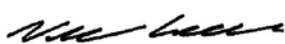

Chief Financial Officer

STATEMENT OF CASH FLOWS

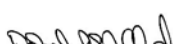
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	41	9,241,656,185	(431,403,191)
Change in long term loans, advances and deposits		41,832,380	(192,326,566)
Finance cost paid		(4,167,071,451)	(2,318,555,668)
Taxes paid		(2,219,266,389)	(2,789,162,587)
Staff retirement benefit paid		(133,240,108)	(94,286,727)
Net cash generated from / (used in) operating activities		2,763,910,617	(5,825,734,739)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,625,569,716)	(6,706,403,643)
Proceeds from disposal of operating fixed assets		106,242,835	103,239,523
Investment in Subsidiary Companies		(1,655,000,000)	(150,000,000)
Purchase of equity instruments		(71,993,316)	(150,000,000)
Proceeds from sale of equity instrument		1,452,851,320	-
Rental income received		80,116,356	68,926,020
Dividend income received		1,884,533,359	2,612,136,899
Interest income received		2,523,094	2,956,481
Net cash used in investing activities		(3,826,296,068)	(4,219,144,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		4,722,506,582	3,856,917,082
- repaid		(2,169,951,718)	(2,721,896,730)
Dividend paid		(217,346,112)	(324,746,068)
Short term borrowings - net		(953,474,588)	9,264,232,659
Repayment of lease liabilities		(18,136,020)	(13,602,014)
Net cash generated from financing activities		1,363,598,144	10,060,904,929
Net increase in cash and cash equivalents		301,212,693	16,025,470
Net foreign exchange difference		13,245,347	7,212,025
Cash and cash equivalents - at beginning of the year		98,630,045	75,392,550
Cash and cash equivalents - at end of the year		413,088,085	98,630,045

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. LEGAL STATUS AND OPERATIONS

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

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

Business unit	Location
Registered Office	
Karachi	212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi
Lahore office	4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore.
Production Plants	
Spinning	A-17, Site, Kotri
Spinning	A-84, Site Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur.
Spinning	1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Weaving, Yarn Dyeing, Printing, Processing and Home Textile	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Stitching	1.5-KM, Off Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.

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);
- 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 currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Company:

(a) IAS 1 Presentation of Financial Statements Effective: 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: 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: 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 above 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.

3. 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 25.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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 5.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

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

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

Disposal

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

Impairment

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

Un-allocated capital expenditure

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

4.1.1 Capital work-in-progress

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

4.1.2 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.

Depreciation of right of use asset

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.

4.2 Investment property

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

4.3 Intangible assets

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

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

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

Subsequent expenditure

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

Amortization

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

4.4 Financial assets

Initial measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

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

Based on business model, the Company elected to classify its equity investments except for the investment in subsidiaries and associates as Investment at FVTOCI.

- Debt Instruments at FVTOCI

The Company measures financial assets at fair value through OCI if both of the following conditions are met and is not designated as at FVTPL:

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. However, the Company has no such instrument at the statement of financial position date.

- Debt Instruments at FVTPL

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

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

This category includes derivative instruments and listed equity investments for which the Company has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the

definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

- **Financial Assets measured at amortised cost**

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

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortized cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables.

Derecognition

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

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

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

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

Investments in Subsidiary and Associated Companies

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

4.5 Stores, spare and loose tools

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4.6 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Stock-in-trade is valued on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads.

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

4.7 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.

4.8 Cash and cash equivalents

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

4.9 Impairment

(a) Financial assets

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

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

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

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

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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.

4.10 Off-setting of financial assets and liabilities

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

4.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at amortized cost or fair value through profit or loss.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

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

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

- Financial liabilities at amortized cost

After initial recognition, trade and other payables, unclaimed dividend, bank overdrafts and interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

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

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

4.12 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4.13 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.

4.14 Employees' retirement benefits

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

The Company faces the following risks on account of calculation of provision for employees benefits:

- Salary increase / inflation risk:

The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

- Discount rate risk:

The risk of changes in discount rate may have an impact on the plan's liability.

- c) Mortality risk:

Actual mortality experience may be different than that assumed in the calculation.

- d) Withdrawal risk:

Actual withdrawals experience may be different from that assumed in the calculation.

4.15 Taxation

Current

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

Deferred

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

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The Company assesses at each reporting date whether its income is subject to tax under the Final Tax Regime or normal provision of the Income Tax Ordinance, 2001. It considers turnover trend of last three years as well as expected pattern of taxation of future years in order to recognize deferred tax. Deferred tax is not recognized by the Company as it is under the Final Tax Regime.

No deferred tax has been recognized in these financial statements as the income of the company is subject to Final Tax Regime (FTR).

4.16 Lease liability

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, dismantling cost, initial direct costs incurred, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated on lease term or useful life of the right of use asset whichever is shorter. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses implicit rates available in the lease agreements, however, in case the interest rate implicit in the lease is not readily determinable, the Company uses incremental borrowing rate at the lease commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. During the year, the Company has recognized an amount of rent expense, in the statement of profit or loss, representing charge for short-term leases.

4.17 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of consideration to be paid in the future for goods and services, whether or not billed to the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are adjusted to the carrying amount of the respective liabilities.

4.18 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.

4.19 Foreign currency transactions and 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.

4.20 Impairment of non financial assets

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

4.21 Derivative financial instruments

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

a) Cash flow hedges

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

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of capital reserve.

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

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

b) Fair value hedges

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

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

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

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

4.22 Revenue recognition

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

Sale of goods

- Local Sales

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

- Export Sales

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

Rendering of services

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

Revenue from services is recognized at the point in time, generally on dispatch of the stitched / processed fabric / dyed yarn from the factory. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

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Other sources of revenue

- Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.
- Revenue against scrap sales is recognized when control is transferred to customer. Consideration is always received at the time of delivery.
- All other income items are recognized on accrual basis.

4.23 Borrowing costs

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

4.24 Dividend and appropriation to reserves

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

4.25 Earnings per share - basic and diluted

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

4.26 Related party transactions

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

	Note	2023 Rupees	2022 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	20,469,781,334	16,354,989,270
Right-of-use asset	5.2	49,594,095	66,125,459
Capital work-in-progress	5.3	3,126,122,751	3,500,222,129
		23,645,498,180	19,921,336,858

5.1 Operating fixed assets

	Land		Buildings on free - hold land		Buildings on lease - hold land		R u p e e s							Total				
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Factory building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer equipment	Office equipment		Mills equipment	Furniture and fixtures	Vehicles	
At July 1, 2021																		
Cost	631,913,479	137,013,177	329,444,916	607,541,686	420,773,248	331,628,906	97,496,346	50,064,636	17,317,492,465	580,597,050	29,909,840	158,681,179	89,636,765	38,918,608	120,992,504	114,902,587	226,382,796	24,283,390,188
Accumulated depreciation	-	-	1,555,381,568	208,902,054	108,200,615	237,386,248	38,666,974	46,424,833	7,969,170,054	310,683,169	11,094,754	57,198,806	58,053,577	29,071,126	60,405,381	36,762,461	123,578,610	10,850,982,230
Net book value	631,913,479	137,013,177	1,774,063,348	398,639,632	312,572,633	94,242,658	58,827,372	3,639,803	9,348,322,411	269,913,881	18,815,086	101,482,373	31,583,188	9,847,482	60,587,123	78,140,126	102,804,186	13,432,407,958
Year ended June 30, 2022																		
Opening net book value	631,913,479	137,013,177	1,774,063,348	398,639,632	312,572,633	94,242,658	58,827,372	3,639,803	9,348,322,411	269,913,881	18,815,086	101,482,373	31,583,188	9,847,482	60,587,123	78,140,126	102,804,186	13,432,407,958
Additions	-	-	246,263,812	133,741,937	-	8,950,000	-	-	3,451,252,054	78,621,256	-	5,928,333	29,761,853	11,601,652	29,716,368	11,464,739	176,272,232	4,487,938,340
Disposals:																		
- cost	-	-	-	-	-	-	-	-	336,759,726	575,000	12,157,131	3,545,537	75,000	-	-	-	13,969,500	367,081,894
- accumulated depreciation	-	-	-	-	-	-	-	-	(254,536,843)	(326,870)	(8,730,890)	(2,584,105)	(35,732)	-	-	-	(10,682,547)	(276,896,987)
Depreciation charge	-	-	-	-	-	-	-	-	82,223,883	248,130	3,426,241	961,432	39,268	-	-	-	3,286,953	90,185,907
	-	-	185,377,970	22,967,737	15,628,632	10,319,266	2,941,369	727,961	1,125,977,186	30,444,475	1,881,508	10,029,508	14,089,238	1,473,209	7,321,868	8,568,646	37,422,548	1,475,171,121
Closing net book value	936,277,583	137,013,177	1,834,949,190	509,413,832	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,396	317,842,532	16,933,578	93,954,957	46,294,371	19,936,657	82,981,623	81,036,219	238,366,917	16,354,989,270
At June 30, 2022																		
Cost	936,277,583	137,013,177	575,708,728	741,283,623	420,773,248	340,578,906	97,496,346	50,064,636	20,431,984,793	668,643,306	29,909,840	152,452,381	115,853,081	50,445,260	150,708,872	126,367,326	388,685,528	28,404,246,634
Accumulated depreciation	-	-	1,740,759,538	231,869,791	123,829,247	247,705,514	41,610,343	47,152,794	8,840,611,397	340,800,774	12,976,282	58,497,424	69,558,710	30,806,603	67,727,249	45,331,107	150,316,611	12,049,257,364
Net book value	936,277,583	137,013,177	1,834,949,190	509,413,832	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,396	317,842,532	16,933,578	93,954,957	46,294,371	19,936,657	82,981,623	81,036,219	238,366,917	16,354,989,270
Year ended June 30, 2023																		
Opening net book value	936,277,583	137,013,177	1,834,949,190	509,413,832	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,396	317,842,532	16,933,578	93,954,957	46,294,371	19,936,657	82,981,623	81,036,219	238,366,917	16,354,989,270
Additions	108,181,602	-	484,792,544	201,235,722	-	26,855,991	39,367,285	-	4,996,283,513	32,775,976	836,100	8,849,570	23,153,133	-	25,066,713	14,288,657	37,982,288	5,999,669,094
Disposals:																		
- cost	-	-	-	-	-	-	-	-	415,253,427	-	264,260	3,820,907	179,000	354,783	-	-	27,231,584	447,103,961
- accumulated depreciation	-	-	-	-	-	-	-	-	(356,137,825)	-	(146,186)	(2,833,948)	(148,286)	(319,473)	-	-	(17,168,823)	(376,754,541)
Depreciation charge	-	-	-	-	-	-	-	-	59,115,602	-	118,074	986,959	30,714	35,310	-	-	10,062,761	70,349,420
	-	-	201,092,589	34,573,627	14,847,200	9,970,423	4,434,604	582,368	1,417,963,028	33,542,813	1,735,162	9,957,946	16,789,418	1,984,117	9,865,327	8,782,133	49,186,855	1,814,827,610
Closing net book value	1,044,459,185	137,013,177	2,118,649,145	676,075,927	282,096,801	109,758,960	90,816,684	2,329,474	15,111,176,279	317,075,695	16,034,516	92,728,507	51,671,127	17,921,826	98,327,699	86,542,743	217,099,589	20,469,781,334
At June 30, 2023																		
Cost	1,044,459,185	137,013,177	4,060,501,272	942,519,345	420,773,248	367,434,897	136,863,631	50,064,636	25,013,014,879	691,419,282	30,745,940	161,037,691	135,185,307	50,266,260	175,420,802	140,855,983	399,436,232	33,956,811,767
Accumulated depreciation	-	-	1,941,852,127	266,443,418	138,676,447	257,675,937	46,044,947	47,735,162	9,901,836,600	374,343,587	14,711,424	68,309,184	83,514,180	32,344,434	77,093,103	54,113,240	182,336,643	13,487,030,433
Net book value	1,044,459,185	137,013,177	2,118,649,145	676,075,927	282,096,801	109,758,960	90,816,684	2,329,474	15,111,176,279	317,075,695	16,034,516	92,728,507	51,671,127	17,921,826	98,327,699	86,542,743	217,099,589	20,469,781,334
Depreciation rate (% - per annum)	10	5	5	5	5	10	5	20	10	10	10	10	30	10	10	10	10	20

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5.1.2 Freehold lands of the Company are located at Sheikhpura, Kasur and Lahore with an area of 1,433,189 (2022: 1,367,637) square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2022: 440,804) square yards.

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

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
----- Rupees -----							
Assets having net book value exceeding Rs.500,000 each							
Plant and machinery							
Air Jet Shuttleless Looms	182,356,178	155,285,823	27,070,355	41,400,000	14,329,645	Negotiation	Al-Karam Processing Mills (Pvt.) Ltd.
Air Compressors	51,388,132	44,372,440	7,015,692	7,500,000	484,308	--- do ---	Yousaf Weaving Mills Limited
Air Humidification Ac Carel system	21,854,426	15,012,304	6,842,122	7,000,000	157,878	--- do ---	Ideal Trading Corporation
Blowing & Dust Removal System	32,958,677	28,235,535	4,723,142	3,600,000	(1,123,142)	--- do ---	Al Mushtaq Corporation
Waste Collection / Removal System	14,678,604	11,961,962	2,716,642	1,400,000	(1,316,642)	--- do ---	Al Mushtaq Corporation
Blow Room Parts	10,916,147	8,597,093	2,319,054	1,794,872	(524,182)	--- do ---	Buy Sell Company
Ring Frames	35,703,799	33,928,880	1,774,919	8,960,000	7,185,081	--- do ---	Three Stars Hosiery Mills (Pvt) Ltd.
Electric Panels & Electric Items	5,566,000	4,757,454	808,546	315,701	(492,845)	--- do ---	Al Mushtaq Corporation
Draw Frame	4,962,200	4,161,272	800,928	834,299	33,371	--- do ---	Al Mushtaq Corporation
Complete Drawing Sb-2 Rieter	3,916,537	3,274,210	642,327	650,000	7,673	--- do ---	Ideal Trading Corporation
Drawing Finisher	4,737,745	4,204,946	532,799	2,051,282	1,518,483	--- do ---	KM Textile Industries
Ring Frame	3,282,534	2,771,330	511,204	550,000	38,796	--- do ---	Al Mushtaq Corporation
	372,320,979	316,563,249	55,757,730	76,056,154	20,298,424		
Vehicles							
Toyota Land Cruiser	7,570,681	4,721,682	2,848,999	9,000,000	6,151,001	--- do ---	Mr. Awais Kamal
Honda Civic	2,353,000	1,710,474	642,526	853,086	210,560	--- do ---	Mr. Khursheed Ahmad
Toyota Yaris	2,958,000	291,692	2,666,308	2,666,308	-	Company policy	Abdul Sattar Butt
Toyota Corolla	2,787,000	1,621,662	1,165,338	1,165,338	-	--- do ---	Mr. Saqib Fazal
Suzuki Cultus	1,975,000	970,120	1,004,880	1,023,840	18,960	--- do ---	Muhammad Shoaib
Honda Civic	3,144,504	2,279,834	864,670	864,670	-	--- do ---	Mr. Talal Ahmad
	20,788,185	11,595,464	9,192,721	15,573,242	6,380,521		
Various assets having Net book value upto Rs.500,000 each	53,994,797	48,595,828	5,398,969	14,613,439	9,214,470	Negotiation	Various parties
June 30, 2023	447,103,961	376,754,541	70,349,420	106,242,835	35,893,415		
June 30, 2022	367,081,894	276,895,987	90,185,907	101,536,468	11,350,561		

	Note	2023 Rupees	2022 Rupees
5.2 Right-of-use assets			
Balance at beginning of the year		66,125,459	-
Additions during the year		-	82,656,824
Depreciation charged during the year	5.2.1	(16,531,364)	(16,531,365)
Balance at end of the year		49,594,095	66,125,459

5.2.1 This relates to offices obtained on rent in Tricon Corporate Centre situated at 73-E Main Jail Road, Gulberg-II, Lahore. Lease term is for 5 years. Depreciation expense amounting to Rs.16.531 million (2022: Rs.16.531 million) has been charged to administrative expenses.

	Note	2023 Rupees	2022 Rupees
5.3 Capital work-in-progress			
Civil works and buildings		1,117,697,511	1,126,629,471
Plant and machinery including in transit amounting Rs. 31.990 million	5.3.1	1,861,270,707	2,326,866,270
Electric installation		86,196,249	21,376,195
Mills equipment		54,000,153	25,350,193
Furniture and fixture		6,958,131	-
		3,126,122,751	3,500,222,129

5.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.115.099 million (2022: Rs.16.389 million) at the borrowing rate of 2.85% to 23.08% (2022:1.75% to 10.88%) per annum.

5.3.2 Movement in the capital work-in-progress

Capital work-in-progress	July 1, 2022	Additions during the year	Transferred to operating fixed assets	June 30, 2023
Particulars	----- Rupees -----			
Civil works and buildings	1,126,629,471	722,287,395	(731,219,355)	1,117,697,511
Plant and machinery	2,326,866,270	4,472,044,299	(4,937,639,862)	1,861,270,707
Electric installation	21,376,195	64,820,054	-	86,196,249
Mills equipment	25,350,193	32,090,144	(3,440,184)	54,000,153
Furniture and fixture	-	7,683,431	(725,300)	6,958,131
	3,500,222,129	5,298,925,323	(5,673,024,701)	3,126,122,751
	July 1, 2021	Additions during the year	Transferred to operating fixed assets	June 30, 2022
	----- Rupees -----			
Civil works and buildings	296,416,131	1,219,164,630	(388,951,290)	1,126,629,471
Plant and machinery	978,153,620	4,726,794,995	(3,378,082,345)	2,326,866,270
Electric installation	3,032,075	53,431,079	(35,086,959)	21,376,195
Mills equipment	4,155,000	46,623,003	(25,427,810)	25,350,193
	1,281,756,826	6,046,013,707	(3,827,548,404)	3,500,222,129

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
5.4 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	1,760,706,832	1,425,300,135
Distribution cost	983,737	400,939
Administrative expenses	52,837,041	49,470,047
	1,814,527,610	1,475,171,121

6. INVESTMENT PROPERTY

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

6.1.1 Fair value of the investment property was carried out on June 30, 2023. As per the valuation report the fair value of the investment property as at June 30, 2023 was Rs.286 million (2022: Rs.75 million).

6.1.2 There is no rental income derived from investment property as at June 30, 2023 and June 30, 2022

	2023 Rupees	2022 Rupees
7. INTANGIBLE ASSETS		
These represent computer software.		
Net carrying value as at July 1,		
Opening net book value	8,333	108,333
Amortization for the year	(8,333)	(100,000)
Net book value as at,	-	8,333
Gross carrying value as at,		
Cost	24,992,360	24,992,360
Accumulated amortization	(24,992,360)	(24,984,027)
Net book value	-	8,333
Amortization rate (% per annum)	20	20

7.1 This represents fully amortised computer software that is still in use of the Company at the reporting date.

7.2 Amortisation expense on computer software for the year has been charged to other operating expenses.

	Note	2023 Rupees	2022 Rupees
8. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	8.1	11,327,423,070	9,672,423,070
Associated Companies - at cost	8.2	475,976,276	475,976,276
Others - equity instruments	8.3	2,626,899,683	3,355,855,120
		14,430,299,029	13,504,254,466

	Note	2023 Rupees	2022 Rupees
8.1	Subsidiary Company - unquoted		
Sapphire Wind Power Company Limited (SWPCL) 228,228,737 ordinary shares of Rs.10 each Equity held : 70%	8.1.1	2,282,287,370	2,282,287,370
Sapphire Retail Limited 200,000,000 ordinary shares of Rs.10 each Equity held : 100%		2,000,000,000	2,000,000,000
Tricon Boston Consulting Corporation (Pvt.) Limited (TBCL) 475,051,500 ordinary shares of Rs.10 each Equity held : 57.125%	8.1.1	5,224,375,700	5,224,375,700
Sapphire International ApS 673,780 ordinary shares of DKK 1 each Equity held : 100%	8.1.2	15,760,000	15,760,000
Sapphire Real Estate (Private) Limited 117,500,000 (2022:15,000,000) ordinary shares of Rs.10 each Equity held : 100%		1,175,000,000	150,000,000
Sapphire Chemicals (Private) Limited 60,000,000 ordinary shares of Rs.10 each Equity held : 100%		600,000,000	-
Sapphire Green Energy (Private) Limited 3,000,000 ordinary shares of Rs.10 each Equity held : 100%		30,000,000	-
		11,327,423,070	9,672,423,070

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

8.1.2 Sapphire International ApS is a wholly owned Subsidiary Company incorporated as a limited liability company in Denmark and is formed to strengthen exports of the Holding Company and is engaged in selling textile products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
8.2 Associated Companies - Quoted			
Reliance Cotton Spinning Mills Limited			
313,295 ordinary shares of Rs.10 each			
Equity held: 3.04%		8,461,851	8,461,851
Associated Companies - unquoted			
Sapphire Power Generation Limited			
4,234,500 ordinary shares of Rs.10 each			
Equity held: 26.43%		113,705,500	113,705,500
Sapphire Electric Company Limited			
6,000,000 ordinary shares of Rs.10 each			
Equity held: 1.42%		60,000,000	60,000,000
Sapphire Holding Limited			
10,000 ordinary shares of Rs.10 each			
Equity held: 0.05%		100,000	100,000
Sapphire Dairies (Private) Limited			
23,500,000 ordinary shares of Rs.10 each			
Equity held: 12.95%		235,000,000	235,000,000
Foreign Company - Creadore A/S Denmark			
3,675 ordinary shares of DKK 1,000			
Equity held: 49.00%		58,708,925	58,708,925
		475,976,276	475,976,276
8.3 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
4,120,740 (2022: 4,061,840) ordinary shares of Rs.10 each - cost		224,625,605	217,880,150
Adjustment arising from re-measurement to fair value		247,075,502	281,644,933
		471,701,107	499,525,083
Habib Bank Limited			
29,423,714 (2022: 29,623,714) ordinary shares of Rs.10 each - cost		5,886,143,798	5,926,153,798
Adjustment arising from re-measurement to fair value		(3,731,445,222)	(3,220,323,761)
		2,154,698,576	2,705,830,037
Unquoted			
Jomo Technologies (Private) Limited			
25,000,000 (2022: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	8.3.1	(150,000,000)	-
		-	150,000,000
TCC Management Services (Private) Limited			
50,000 (2022: 50,000) ordinary shares of Rs.10 each		500,000	500,000
	8.3.2 & 8.3.3	2,626,899,683	3,355,855,120

- 8.3.1** The management of the Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.
- 8.3.2** The Company has pledged 3.951 million (2022: 3.332 million) shares of MCB Bank Limited, 23.979 million (2022: 27.177 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.
- 8.3.3** The Company has pledged 0.111 million (2022: 0.111 million) shares of MCB Bank Limited and 0.645 million (2022: 0.645 million) shares of Habib Bank Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to Nil in favour of a financial institution for Debt Service Reserve support for Tricon Boston Consulting Corporation (Private) Limited (2022: US \$ 0.291 million). These pledged shares released subsequent to the year-end

	Note	2023 Rupees	2022 Rupees
9. LONG TERM LOANS AND ADVANCES			
Loan to employees	9.1	43,292,703	60,750,119
Advance for purchase of land	9.2	204,543,864	225,499,428
Advance for vehicles		-	6,449,000
		247,836,567	292,698,547
9.1 Loan to employees - unsecured (considered good)			
Loans to employees	9.1.1	88,549,021	84,224,012
Less: recoverable within one year and grouped under current assets		45,256,318	23,473,893
		43,292,703	60,750,119

9.1.1 These represent interest free loans provided to executives and permanent employees for various purposes in accordance with the terms of employment. These include loans which are secured against retirement benefits payable to the executives / employees on resignation / retirement. These are recoverable in equal monthly instalments. The present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is not considered material and hence not recognized.

9.2 This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhupura.

	Note	2023 Rupees	2022 Rupees
10. LONG TERM DEPOSITS			
Security deposits held with:			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		1,373,600	1,344,000
Others	10.1	3,756,504	756,504
		90,960,692	87,931,092

10.1 It includes an amount of Rs.36,000 (2022: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
11. STORES, SPARES AND LOOSE TOOLS			
Stores		297,025,929	296,242,458
Spare parts		252,732,437	191,064,666
Loose tools		606,773	195,585
Items in transit		100,663,152	59,272,295
		651,028,291	546,775,004
Less: Provision for slow moving items	11.1	44,601,999	39,283,153
		606,426,292	507,491,851
11.1 Provision for slow moving items			
Balance at beginning of the year		39,283,153	68,286,041
Provision made during the year		5,318,846	-
Less: provision reversed during the year		-	29,002,888
Balance at end of the year		44,601,999	39,283,153
12. STOCK IN TRADE			
Raw materials:			
- at mills		14,689,903,498	15,944,366,166
- in transit		1,674,171,675	1,193,299,304
		16,364,075,173	17,137,665,470
Work-in-process		1,332,041,251	1,253,998,582
Finished goods - at mills		5,250,072,568	4,700,837,444
Waste		87,647,145	52,627,181
		23,033,836,137	23,145,128,677

12.1 Stock in trade include items costing Rs.10,747.314 million (2022: Rs.6,477.690 million) stated at their net realizable value aggregated Rs.9,369.665 million (2022: Rs.6,028.706 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.1,377.649 million (2022: Rs.448.984 million).

	Note	2023 Rupees	2022 Rupees
13. TRADE DEBTS			
Considered good			
Local debts	13.1 & 13.2	5,512,304,414	4,864,250,391
Waste		46,145,020	39,963,209
Others		15,764,378	18,802,234
		5,574,213,812	4,923,015,834
Considered good - secured			
Foreign debts	13.5	1,083,724,158	775,496,299
		6,657,937,970	5,698,512,133
Less: provision for expected credit loss	13.6	44,329,846	42,349,160
		6,613,608,124	5,656,162,973

13.1 Local debts includes an amount of Rs.1,954.671 million (2022: Rs.1,371.646 million) receivable against indirect export sales.

	2023 Rupees	2022 Rupees
13.2 These include the following amounts due from related parties:		
Diamond Fabrics Limited	55,006,728	204,655,350
Sapphire Fibres Limited	-	182,754
Reliance Cotton Spinning Mills Limited	-	349,030
Sapphire Finishing Mills Limited	289,937,182	648,462,014
Sapphire Retail Limited	45,737,369	73,237,518
DesignTex (SMC) Private Limited	1,390,325,441	958,485,879
	1,781,006,720	1,885,372,545

13.3 The aging of trade debts receivable from related parties as at reporting date is as follows:

	Total amount receivable	Neither past due nor impaired	Past due but not impaired			
			0-30 days	31-60 days	61-90 days	91-180 days
			----- Rupees -----			
2023	1,781,006,720	1,781,006,720	-	-	-	-
2022	1,885,372,545	1,421,687,374	251,815,867	10,822,650	8,839,200	192,207,454

13.4 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.2,928.754 million (2022: Rs.1,885.373 million).

13.5 Foreign debts includes an amount of Rs.121.093 million (2022: Rs.36.118 million) from Sapphire International Aps, (a related party), against export sales.

	Note	2023 Rupees	2022 Rupees
13.6 Provision for expected credit loss			
Balance at the beginning of the year		42,349,160	37,098,930
Charged during the year		1,980,686	5,250,230
Balance at the end of the year		44,329,846	42,349,160
14. LOANS AND ADVANCES			
Unsecured - Considered good			
Current portion of long term loans to employees	9.1	45,256,318	23,473,893
Advances to suppliers		85,086,661	105,054,045
Short term loans to employees		8,414,719	6,792,224
		138,757,698	135,320,162
15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		18,014,999	31,325,000
Prepayments		-	5,553,751
		18,014,999	36,878,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
16. OTHER RECEIVABLES			
Claims receivable		-	3,775,750
Margin deposits		7,168,259	7,168,259
Deposits with High Court		19,430,291	19,430,291
Export rebate receivable		66,487,737	38,157,830
Receivable against sale of fixed assets		-	246,170
Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary)	16.1	1,116,420,000	1,008,500,000
Receivable against shared expenses		-	28,746,662
Rent receivable		629,224	515,640
		1,210,135,511	1,106,540,602

16.1 It includes an amount of Rs.1,086.420 million (2022: Rs.978.500 million) receivable against technical services and Rs.30 million (2022: Rs.30 million) representing receivable balance transferred to the Company from the subsidiary's previous sponsor at the time of its acquisition. The maximum aggregate amount during the year was Rs.1,116.420 million (2022: Rs.1,008.500 million). The amount is expected to be received during the year June 30, 2024, therefore the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not considered material and hence not recognized.

	Note	2023 Rupees	2022 Rupees
17. SHORT TERM INVESTMENTS			
Equity instruments	17.1	1,364,735,401	2,988,280,554

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

2023 No. of shares / certificates	2022	Name of the investee company	Market value 2023	2022	Cost 2023	2022
----- Rupees -----						
26,985,346	26,985,346	Bank AL-Habib Limited	1,166,306,654	1,566,769,189	1,105,332,382	1,105,332,382
65,321	4,574,007	Engro Corporation (Pakistan) Limited	16,976,275	1,175,931,460	18,468,972	1,293,345,025
-	597,500	Engro Fertilizer Limited	-	52,962,400	-	38,557,257
197,000	197,000	Oil and Gas Development Company Limited	15,366,000	15,497,990	20,490,173	20,490,173
288,000	288,000	Fauji Fertilizer Company Limited	28,350,720	31,743,360	31,509,886	31,509,886
1,124,332	1,022,120	Meezan Bank Limited	97,108,555	115,479,118	70,864,861	70,864,861
58,500	58,500	Lucky Cement Limited	30,542,265	26,853,840	41,274,019	41,274,019
85,800	26,900	United Bank Limited	10,084,932	3,043,197	10,829,113	4,093,970
					1,298,769,406	2,605,467,573
972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
			1,364,735,401	2,988,280,554	1,316,210,776	2,622,908,943
		Add: Adjustment arising from re-measurement to fair value			48,524,625	365,371,611
		Market value			1,364,735,401	2,988,280,554

17.1.1 The Company has pledged Nil (2022: 0.837 million) shares of Engro Corporation (Pakistan) Limited, 15.880 million (2022: 6.880 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

17.1.2 The Company has pledged 0.065 million (2022: 0.065 million) shares of Engro Corporation Limited and 0.253 million (2022: 0.253 million) shares of Bank AL-Habib Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to Nil in favour of a financial institution for Debt Service Reserve support for Tricon Boston Consulting Corporation (Private) Limited (2022: US \$ 0.291 million). These pledged shares released subsequent to the year-end

	Note	2023 Rupees	2022 Rupees
18. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax - net	18.1	379,850,364	551,861,507
Sales tax receivable		4,068,043,564	3,086,926,211
Less: provision against doubtful sales tax refunds	18.2	577,228,043	508,576,045
		3,490,815,521	2,578,350,166
		3,870,665,885	3,130,211,673
18.1 Income tax - net			
Advance income tax / refundable		1,788,767,223	2,002,294,003
Provision for taxation	18.1.1	(1,408,916,859)	(1,450,432,496)
		379,850,364	551,861,507
18.1.1 Provision for taxation			
Balance at the beginning of the year		1,450,432,496	496,841,931
Provision for the year		1,410,160,179	1,442,103,829
		2,860,592,675	1,938,945,760
Less: Advance tax adjusted during the year against completed assessments		(1,451,675,816)	(488,513,264)
		1,408,916,859	1,450,432,496
18.2 Provision against doubtful sales tax refunds			
Balance at beginning of the year		508,576,045	372,570,600
Add: provision for the year		68,651,998	136,005,445
Balance at end of the year		577,228,043	508,576,045
19. CASH AND BANK BALANCES			
Cash-in-hand		702,580	1,835,402
Balances with banks on:			
current accounts			
- local currency		35,578,234	37,104,873
- foreign currency	19.1	374,402,561	57,850,390
		409,980,795	94,955,263
saving accounts	19.2	2,404,710	1,839,380
		413,088,085	98,630,045

19.1 These include foreign currency accounts amounting to US.\$ 1,292,060 (2022: US.\$ 269,886) and EURO 16,017 (2022: EURO 11,098).

19.2 Effective rates of profit on saving account, during the year, ranged at 12.74% to 20.16% (2022: 5.50% to 12.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023		2022				2023		2022	
----- Numbers -----						-----Rupees-----			
7,813,391	7,813,391	Ordinary shares of Rs.10 each fully paid in cash		78,133,910	78,133,910				
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as fully paid bonus shares		138,764,000	138,764,000				
21,689,791	21,689,791			216,897,910	216,897,910				

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

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

20.3 As at the reporting date 6,722,155 (2022: 6,722,155) shares of the Company are held by associated companies.

	Note	2023 Rupees	2022 Rupees
21. RESERVES			
Capital reserves	21.1	(2,720,607,629)	(1,708,069,751)
Revenue reserves	21.2	30,742,164,103	27,600,844,674
		28,021,556,474	25,892,774,923
21.1 Composition of capital reserves is as follows:			
Share Premium	21.1.1	782,796,090	782,796,090
Fixed Assets Replacement Reserve	21.1.2	65,000,000	65,000,000
Fair value reserve of financial asset at fair value through OCI	21.1.3	(3,568,403,719)	(2,555,865,841)
		(2,720,607,629)	(1,708,069,751)

21.1.1 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.

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

21.1.3 This represents unrealized loss on re-measurement of investments at fair value through OCI.

	Note	2023 Rupees	2022 Rupees
21.2 Composition of revenue reserves is as follows:			
General reserves	21.2.1	1,330,000,000	1,330,000,000
Unappropriated profits	21.2.2	29,412,164,103	26,337,252,635
Cash flow hedge reserve	21.2.3	-	(66,407,961)
		30,742,164,103	27,600,844,674

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

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

	Note	2023 Rupees	2022 Rupees
21.2.3 Losses on cash flow hedge:			
Loss arising during the year		-	(66,407,961)
Less: reclassification for losses included in profit or loss		66,407,961	18,518,642
		66,407,961	(47,889,319)
22. LONG-TERM LOANS AND OTHER PAYABLES			
Long term loans	22.1	19,760,581,758	17,208,026,894
Gas infrastructure development cess payable	22.2	981,695,536	950,772,005
		20,742,277,294	18,158,798,899
Less: current portion grouped under current liabilities			
- long term loans		(2,555,806,343)	(2,392,971,153)
- gas infrastructure development cess payable		(953,505,147)	(704,921,200)
		17,232,965,804	15,060,906,546
22.1 Long term loans - secured			
Loans from banking companies			
- Allied Bank Limited	22.1.1	4,563,200,451	3,927,425,975
- Bank Alfalah Limited (a related party)	22.1.2	876,712,229	998,931,832
- Bank AL - Habib Limited	22.1.3	2,376,630,566	2,023,738,339
- The Bank of Punjab	22.1.4	1,058,434,940	367,448,833
- Faysal Bank Limited	22.1.5	9,672,000	31,250,000
- Habib Bank Limited	22.1.6	5,686,665,520	6,491,977,992
- MCB Bank Limited	22.1.7	831,626,032	797,109,901
- Meezan Bank Limited	22.1.8	1,898,141,813	1,056,258,813
- United Bank Limited	22.1.9	823,425,807	984,473,059
		18,124,509,358	16,678,614,744
Loans from other institutions			
Pakistan Kuwait Investment Company (Private) Limited	22.1.10	1,473,402,400	366,742,150
Pakistan China Investment Company (Private) Limited	22.1.11	162,670,000	162,670,000
		1,636,072,400	529,412,150
		19,760,581,758	17,208,026,894

22.1.1 These loans carry mark-up ranging from 1.00% to 22.20% (2022: 1.00% to 11.57%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.5,435 million (2022: Rs.5,185 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.627 million (2022: Rs.783 million) as on reporting date.

22.1.2 These loans carry mark-up of 1.75% to 2.75% (2022: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2022: Rs.1,353 million) over specific plant & machinery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

- 22.1.3** These loans carry mark-up ranging from 2.50% to 22.58% (2022: 2.50% to 15.02%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2022: Rs.2,347 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,356 million (2022: Rs.1,829 million) as on reporting date.
- 22.1.4** These loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 16.54 % to 23.08% (2022: Nil) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans secured against exclusive mortgagee charge of amounting to Rs.521 million (2022: Rs 521 million) over lands and charge of Rs.1,855 million (2022: Rs 1,855 million) over plant and machinery owned by the Company.
- 22.1.5** These loans carry mark-up ranging from 2.50% to 6.50% (2022: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2022: Rs.228 million) over specific plant & machinery.
- 22.1.6** These loans carry mark-up ranging from 0.60% to 23.03% (2022: 0.60% to 15.28%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.11,550 million (2022: Rs.10,650 million) over specific plant & machinery.
- 22.1.7** These loans carry mark-up ranging from 1.50% to 2.50% (2022: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2022: Rs.2,582 million) over specific plant & machinery.
- 22.1.8** These loans carry mark-up ranging from 3.00% to 22.20% (2022: 3.00% to 3.50%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,248 million (2022: Rs.1,734 million) over specific plant & machinery.
- 22.1.9** These loans carry mark-up at the rate of 2.50% (2022: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,463 million (2022: Rs.1,463 million) over specific plant & machinery.
- 22.1.10** These loans carry mark-up ranging from 5.00% to 23.09% (2022: 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2022: Rs.1,176 million) over specific plant and machinery.
- 22.1.11** These loans carry mark-up at rate of 5.00% (2022: at the rate of 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2022: Rs.191 million) over specific plant and machinery.

	Note	2023 Rupees	2022 Rupees	
22.2	Movement in Gas Infrastructure Development Cess payable			
	Balance of provision for GIDC	22.2.1	950,772,005	902,772,683
	Unwinding of interest		30,923,531	47,999,322
			981,695,536	950,772,005

- 22.2.1** 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 judgement 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 Company has not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL & SSGCL 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.

	2023 Rupees	2022 Rupees
23. LEASE LIABILITIES		
Lease liabilities	56,576,868	70,061,192
Less: current portion grouped under current liabilities	14,498,345	13,484,324
	42,078,523	56,576,868
23.1 Movement of lease liabilities		
Opening balance as at July 01,	70,061,192	-
Addition during the year	-	78,122,818
Interest charge for the year	4,651,696	5,540,389
Payment made during the year	(18,136,020)	(13,602,015)
Closing balance as at June 30,	56,576,868	70,061,192

23.2 The lease commenced on July 15, 2021, the effective interest rate used as the discount factor (i.e. incremental borrowing rate) of 3 month KIBOR + 0.12% per annum at the time of inception of lease agreement. Lease payments and their present values are as follows:

Particulars	2023			2022		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees -----					
Minimum lease payments	18,136,020	45,340,050	63,476,070	18,136,020	63,476,070	81,612,090
Less: finance cost allocated to future periods	3,637,675	3,261,527	6,899,202	4,651,696	6,899,202	11,550,898
Present value of minimum lease payments	14,498,345	42,078,523	56,576,868	13,484,324	56,576,868	70,061,192

	Note	2023 Rupees	2022 Rupees
24. DEFERRED INCOME - GOVERNMENT GRANT			
Government grant SBP TERF scheme	24.1	396,417,220	487,802,190
Less: current portion grouped under current liabilities		94,722,103	111,204,596
		301,695,117	376,597,594
24.1 Movement in account of Deferred Income - Government Grant			
Opening balance		487,802,190	-
Amount recognized as grant during the year		-	629,406,057
Amortisation of grant		(91,384,970)	(141,603,867)
Closing balance		396,417,220	487,802,190

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24.1.1 As disclosed in Note 22 of the financial statements, the Company has obtained loan from various banks during the preceding year under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75%(SBP rate+bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

25. 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
25.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	367,267,451	332,958,530
Charge to statement of profit or loss	196,507,934	145,388,533
Remeasurement recognized in statement of other comprehensive income	40,258,587	(16,792,885)
Payments made during the year	(133,240,108)	(94,286,727)
Net liability at the end of the year	470,793,864	367,267,451
25.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	367,267,451	332,958,530
Current service cost	156,672,154	116,807,016
Interest cost	39,835,780	28,581,517
Benefits paid	(133,240,108)	(94,286,727)
Remeasurements on obligation	40,258,587	(16,792,885)
Balance at end of the year	470,793,864	367,267,451
25.3 Expense recognized in statement of profit or loss		
Current service cost	156,672,154	116,807,016
Interest cost	39,835,780	28,581,517
	196,507,934	145,388,533
25.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	38,876,436	(14,773,338)
Actuarial loss / (gain)	1,382,151	(2,019,547)
	40,258,587	(16,792,885)
25.5 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)

25.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption ----- Rupees -----	Decrease in assumption
Discount rate	1.00%	(430,470,865)	514,905,374
Increase in future salaries	1.00%	514,893,988	(430,465,577)

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.

25.7 Based on actuary's advice, the expected charge for the year ending June 30, 2024 amounts to Rs.258.635 million.

25.8 The weighted average duration of defined benefit obligation is 9 years.

25.9 Historical information:

	2023	2022	2021	2020	2019
	----- Rupees -----				
Present value of defined benefit obligation	470,793,864	367,267,451	332,958,530	297,609,788	272,908,701
Experience adjustment on obligation/actuarial loss	(40,258,587)	16,792,885	(26,354,752)	5,412,524	(8,535,640)

	Note	2023 Rupees	2022 Rupees
26. TRADE AND OTHER PAYABLES			
Creditors	26.1	2,059,090,344	2,283,663,102
Accrued liabilities		2,329,773,010	2,462,806,460
Foreign bills payable against import		778,631,431	-
Workers' profit participation fund	26.2	99,949,036	274,030,249
Workers' welfare fund		705,887,455	609,941,887
Infrastructure Development Cess		919,385,644	581,641,429
Current portion of government grant		-	4,532,617
Payable to provident fund		-	3,505,586
Tax deducted at source		33,178	127,585
Foreign exchange forward contracts - designated as hedging instruments	26.3	-	62,632,054
Others		1,300,000	246,765
		6,894,050,098	6,283,127,734

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		2023 Rupees	2022 Rupees
26.1	These balances include the following amounts due to related parties:		
	Reliance Cotton Spinning Mills Ltd.	476,130	7,233,905
	Sapphire Fibres Limited	21,760,274	17,752,696
	Sapphire Finishing Mills Limited	3,206,777	-
		25,443,181	24,986,601
26.2	Workers' profit participation fund		
	Balance at beginning of the year	274,030,249	171,733,423
	Add: interest on funds utilized by the Company	4,984,316	1,142,499
		279,014,565	172,875,922
	Less: payments made during the year	279,014,565	172,875,922
		-	-
	Add: allocation for the year	99,949,036	274,030,249
	Balance at end of the year	99,949,036	274,030,249

26.3 Preceding year figure represent negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge foreign currency trade debts and highly probable forecast sales in US dollars and euros.

27. CONTRACT LIABILITIES

27.1 It includes advances received from Creadore A/S Denmark-related party amounting Rs.92.605 million (2022: Rs.64.444 million).

27.2 The balance of contract liability as at June 30, 2023, is expected to be recognized as revenue within one year.

	Note	2023 Rupees	2022 Rupees
28.	ACCRUED MARK-UP		
	Accrued mark-up on secured:		
	- long term loans	432,609,913	325,738,640
	- short term borrowings	768,450,749	331,485,309
		1,201,060,662	657,223,949
29.	SHORT TERM BORROWINGS		
	Running finance under mark-up arrangements	29.1 6,845,409,407	7,745,949,555
	Short term loans	29.1 9,144,347,200	9,197,281,640
		15,989,756,607	16,943,231,195

29.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.30,740 million (2022: Rs.26,185 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.75% to 22.59% (2022: 2.25% to 15.31%) on both local and foreign currency loans per annum payable monthly / quarterly. The aggregate short term finance facilities are secured against hypothecation charge of Rs.48,855 million (2022: Rs.41,428 million) on stock in trade, book debts, export bills under collection and pledge of shares. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,052 million (2022: Rs.1,695 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.31,649 million (2022: Rs.25,705 million) out of which the amount remained unutilized at the year-end was Rs.19,404 million (2022: Rs.12,097 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares.

Abovementioned facilities are expiring on various dates upto June 30, 2024.

	2023 Rupees	2022 Rupees
30. CURRENT PORTION OF LONG-TERM LIABILITIES		
Current portion of:		
- long-term loans	2,555,806,343	2,392,971,153
- Gas infrastructure development cess	953,505,147	704,921,200
- lease liabilities	14,498,345	13,484,324
- deferred grant SBP TERF scheme	94,722,103	111,204,596
	3,618,531,938	3,222,581,273

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 There are no contingencies to be reported as at year ended June 30, 2023 and June 30, 2022.

31.2 Commitments

31.2.1 Guarantees aggregating Rs.1,833.682 million (2022: Rs.1,283.100 million) have been issued by banks of the Company.

31.2.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2023 the value of these cheques amounted to Rs.7,252.893 million (2022: Rs.5,643.272 million).

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

31.2.4 A commercial bank has issued a guarantee amounting USD125,000 in favour of Directorate of Alternative Energy, Energy department Government of Sindh on behalf of Sapphire Green Energy (Pvt.) Limited (subsidiary company).

31.2.5 Refer to content of note 8.3.2, 8.3.3, 17.1.1 and 17.1.2 in relation to shares held as pledge / collateral.

	2023 Rupees	2022 Rupees
31.2.6 Commitments in respect of:		
- letters of credit for capital expenditure	354,047,451	2,478,648,338
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	3,316,729,423	662,738,192
- capital expenditure other than letters of credit	240,074,687	274,821,374
- forward foreign currency contracts	-	674,285,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

32. NET TURNOVER

Revenue from contracts with respect to type of goods and services and geographical market is presented below:

	Note	Export Sales		Local Sales		Total	
		2023	2022	2023	2022	2023	2022
----- Rupees -----							
Yarn	32.2	27,132,889,833	22,084,883,842	7,243,274,712	9,355,647,145	34,376,164,545	31,440,530,987
Fabric	32.3	25,941,394,876	20,169,324,632	2,197,562,351	1,728,262,233	28,138,957,227	21,897,586,865
Home textile products		11,472,566,321	10,411,303,371	294,733,014	281,259,358	11,767,299,335	10,692,562,729
Raw materials		-	-	382,822,955	223,053,192	382,822,955	223,053,192
Waste		438,360,140	248,471,309	903,906,115	707,506,410	1,342,266,255	955,977,719
Processing income		-	-	2,831,500,643	1,126,592,045	2,831,500,643	1,126,592,045
		64,985,211,170	52,913,983,154	13,853,799,790	13,422,320,383	78,839,010,960	66,336,303,537
Export rebate and duty drawback						97,895,233	101,823,707
Less: sales tax						6,099,636,710	5,064,743,466
						72,837,269,483	61,373,383,778

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

	2023 Rupees	2022 Rupees
32.2 Export sales - Yarn		
Direct export	6,374,426,623	6,394,771,882
In-direct export	20,758,463,210	15,690,111,960
	27,132,889,833	22,084,883,842
32.3 Export sales - Fabric		
Direct export	18,589,629,566	14,423,930,712
In-direct export	7,351,765,310	5,745,393,920
	25,941,394,876	20,169,324,632

32.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.83.908 million (2022: Exchange loss of Rs.282.896 million) has been net-off in export sales.

32.5 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2022 amounting to Rs. 1,563.209 million have been recognized as revenue during the year (2022: Rs. 1,012.000 million).

	Note	2023 Rupees	2022 Rupees
33. COST OF SALES			
Finished goods at beginning of the year		4,753,464,625	2,224,766,537
Cost of goods manufactured	33.1	62,733,253,910	51,883,711,470
Cost of raw materials sold	33.5	318,586,743	159,302,283
		63,051,840,653	52,043,013,753
		67,805,305,278	54,267,780,290
Finished goods at end of the year		(5,337,719,713)	(4,753,464,625)
		62,467,585,565	49,514,315,665

	Note	2023 Rupees	2022 Rupees
33.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,253,998,582	872,742,200
Raw materials consumed	33.2	46,766,951,698	38,425,056,600
Salaries, wages and benefits	33.3	5,112,728,880	4,555,783,333
Packing material consumed		813,257,347	806,656,177
Stores and spares consumed		1,583,397,038	1,777,003,277
Depreciation	5.4	1,760,706,832	1,425,300,135
Fuel, power and water		5,849,709,263	3,877,511,719
Repair and maintenance		228,498,639	141,118,040
Insurance expenses		112,016,533	83,924,737
Vehicle running expenses		100,916,256	66,060,131
Travelling and conveyance		59,466,541	37,217,664
Printing and stationery		2,791,582	3,641,876
Legal and professional charges		7,320,007	5,122,007
Fees and subscription		45,271,923	53,386,496
Communication expenses		14,757,657	11,140,378
Other manufacturing expenses	33.4	339,125,506	971,610,331
Rent, rates and taxes		10,693,434	20,936,695
Miscellaneous expenses		3,687,443	3,498,256
		64,065,295,161	53,137,710,052
Work-in-process at end of the year		(1,332,041,251)	(1,253,998,582)
		62,733,253,910	51,883,711,470
33.2 Raw materials consumed			
Stocks at beginning of the year		15,944,366,166	9,247,728,191
Purchases		45,512,489,030	45,121,694,575
		61,456,855,196	54,369,422,766
Stocks at end of the year		(14,689,903,498)	(15,944,366,166)
		46,766,951,698	38,425,056,600

33.3 Salaries, wages and benefits include Rs.196.508 million (2022: Rs.145.389 million) in respect of staff retirement benefit - gratuity and Rs.46.261 million (2022: Rs.38.040 million) contribution in respect of staff provident fund.

	2023 Rupees	2022 Rupees
33.4 Other manufacturing expenses		
Cotton dyeing, bleaching and bale pressing charges	117,219,476	79,302,042
Yarn dyeing and bleaching charges	10,186,761	14,938,212
Fabric dyeing, bleaching, knitting and processing charges	140,375,739	466,982,491
Weaving and yarn doubling charges	44,777,376	342,051,855
Stitching, spinning, embroidery and other charges	26,566,154	68,335,731
	339,125,506	971,610,331

33.5 It includes salaries, wages and benefits amounting to Rs. 1.178 million (2022: Rs.1.362 million), insurance amounting to Rs.2.356 million (2022: Rs.2.723 million) and finance cost amounting to Rs.17.498 million (2022: Rs.19.062 million).

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	Note	2023 Rupees	2022 Rupees
34. DISTRIBUTION COST			
Export development surcharge		91,219,166	76,440,810
Insurance		8,474,058	6,545,610
Commission		571,151,933	565,371,729
Freight and forwarding		1,052,675,899	1,238,862,874
Salaries and benefits	34.1	352,846,166	309,120,561
Rent and utilities		16,701,600	10,127,179
Communication		31,124,061	22,426,862
Travelling, conveyance and entertainment		188,071,089	93,888,386
Repair and maintenance		20,924,811	11,468,349
Fees and subscription		22,884,783	22,915,452
Samples and advertising		1,191,779	7,133,889
Exhibition expenses		24,106,640	5,010,507
Printing and stationery		943,419	1,416,782
Depreciation	5.4	983,737	400,939
		2,383,299,141	2,371,129,929

34.1 Salaries and benefits include Rs.13.235 million (2022: Rs.11.644 million) in respect of contribution to staff provident fund.

	Note	2023 Rupees	2022 Rupees
35. ADMINISTRATIVE EXPENSES			
Directors' remuneration		74,400,000	70,200,000
Directors' meeting fee		1,600,000	1,000,000
Salaries and benefits	35.1	380,745,600	334,025,025
Rent, rates and utilities		29,732,111	20,665,646
Communication		9,027,515	8,096,053
Printing and stationery		7,065,144	5,696,014
Travelling, conveyance and entertainment		47,711,601	33,286,260
Motor vehicle expenses		49,770,754	29,043,673
Repair and maintenance		33,191,518	63,363,164
Insurance expense		1,487,734	1,372,590
Legal and professional charges		26,623,991	36,908,659
Fees and subscription		14,331,541	13,022,448
Computer expenses		9,259,032	11,978,577
Advertisement		899,210	158,930
Depreciation on right of use asset	5.2	16,531,364	16,531,365
Depreciation-owned assets	5.4	52,837,041	49,470,047
Others		93,300	282,500
		755,307,456	695,100,951

35.1 Salaries and other benefits include Rs.13.162 million (2022: Rs.11.198 million) in respect of contribution to staff provident fund.

	Note	2023 Rupees	2022 Rupees
36. OTHER OPERATING EXPENSES			
Workers' profit participation fund	26.2	99,949,036	274,030,249
Workers' welfare fund		95,945,568	172,605,220
Auditors' remuneration	36.1	3,009,900	4,403,900
Donations		25,279,687	72,542,770
Amortization of intangible assets	7.2	8,333	100,000
Provision for stores, spares and loose tools	11.1	5,318,846	-
Provision for doubtful sales tax refunds		68,651,998	136,005,445
Loss on settlement of forward currency contracts - designated as FV hedge		-	18,768,360
Allowance for expected credit loss		1,980,686	5,250,230
		300,144,054	683,706,174
36.1 Auditors' remuneration			
- Annual Audit fee		1,698,900	1,698,900
- Half yearly review fee		444,150	444,150
- Special audit fee		406,000	1,800,000
- Code of corporate governance review fee		85,850	85,850
- Other certification / services		375,000	375,000
		3,009,900	4,403,900

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

Donations to following organisation are greater than 10% of total donations i.e. Rs.2,527,969 (2022: Rs.7,254,277) of the Company.

	Note	2023 Rupees	2022 Rupees
Abdullah Foundation	36.2.1	5,000,000	65,000,000
Sina Health Education & Welfare Trust		3,327,000	-
		8,327,000	65,000,000

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

<u>Name of Director</u>	<u>Interest in donee</u>	<u>Name and address of donee</u>
Mr. Mohammad Abdullah	Director	Abdullah Foundation, 312, Cotton Exchange Building, I.I. Chandrigar Road, Karachi.
Mr. Shahid Abdullah	Director	
Mr. Nadeem Abdullah	Director	
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
37. OTHER INCOME			
Income from financial assets			
Dividend income:			
- from subsidiary and associated companies		1,286,495,393	1,914,886,406
- from other companies		598,037,966	642,362,409
		1,884,533,359	2,557,248,815
Interest income on saving accounts		2,523,094	2,956,481
		1,887,056,453	2,560,205,296
Income from assets other than financial assets			
Gain on disposal of operating fixed assets	5.1.3	35,893,415	11,350,561
Exchange gain on translation of receivable		319,675,000	226,575,000
Reversal of provision for stores, spares and loose tools	11.1	-	29,002,888
Rental income		80,229,940	69,441,660
Exchange gain on translation of foreign currency accounts		13,245,347	7,382,283
Scrap sales [Net of sales tax aggregating Rs.23.450 million (2022: Rs.20.358 million)]		117,860,683	103,623,484
		566,904,385	447,375,876
		2,453,960,838	3,007,581,172
38. FINANCE COST			
Interest / mark-up on :			
- short term finances		2,872,200,769	1,496,170,481
- long term loans		1,680,065,443	991,023,743
- lease liabilities		4,651,696	5,540,389
- Workers' Profit Participation Fund	26.2	4,984,316	1,142,499
Exchange loss on foreign currency loans		32,995,449	50,468,779
Bank charges, commission and others charges		88,663,580	114,710,551
		4,683,561,253	2,659,056,442
39. TAXATION			
Current			
Current tax on profit for the year	39.1	1,408,916,859	1,450,432,496
Adjustments in respect of prior years		1,243,320	(8,328,667)
		1,410,160,179	1,442,103,829

39.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. Further current year's provision includes super tax and tax against income from other sources under the relevant provisions of the Income Tax Ordinance, 2001.

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

	2023 Rupees	2022 Rupees
40. EARNINGS PER SHARE		
40.1 Basic earnings per share		
Net profit for the year	3,291,172,673	7,015,551,960
	----- Number of shares -----	
Weighted average ordinary shares in issue	21,689,791	21,689,791
	----- Rupees -----	
Earnings per share	151.74	323.45

40.2 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
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,701,332,852	8,457,655,789
Adjustments for non-cash charges and other items:			
Depreciation on right-of-use asset	5.2	16,531,364	16,531,365
Depreciation on operating fixed assets	5.4	1,814,527,610	1,475,171,121
Amortization	7	8,333	100,000
Interest income	37	(2,523,094)	(2,956,481)
Gain on disposal of operating fixed assets	37	(35,893,415)	(11,350,561)
Dividend income			
- subsidiaries and associates	37	(1,286,495,393)	(1,914,886,406)
- others companies	37	(598,037,966)	(642,362,409)
Staff retirement benefit - gratuity	25.3	196,507,934	145,388,533
Provision for expected credit loss	13.6	1,980,686	5,250,230
Net foreign exchange difference	37	(332,920,347)	(233,787,025)
Provision / (reversal of provision) for stores, spares and loose tools	11.1	5,318,846	(29,002,888)
Provision against doubtful sales tax refundable	18.2	68,651,998	136,005,445
Unwinding of liability related to GIDC	22.2	30,923,531	47,999,322
Unwinding of Government grant		(95,917,587)	(180,865,338)
Unwinding of lease liability		4,651,696	5,540,389
Finance cost		4,710,908,164	2,735,913,290
Rental income	37	(80,229,940)	(69,441,660)
Working capital changes	41.1	122,330,913	(10,372,305,907)
		9,241,656,185	(431,403,191)

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	2023 Rupees	2022 Rupees
41.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare and loose tools	(104,253,287)	(40,300,285)
Stock-in-trade	111,292,540	(10,260,017,114)
Trade debts	(955,649,930)	(3,032,620,032)
Loans and advances	(3,437,536)	(76,525,341)
Trade deposits and short term prepayments	18,863,752	70,846,280
Other receivables	216,193,675	50,149,227
	(716,990,786)	(13,288,467,265)
Increase in current liabilities:		
Trade and other payables	678,087,035	2,364,952,816
Contract liabilities	161,234,664	551,208,542
	839,321,699	2,916,161,358
	122,330,913	(10,372,305,907)

42. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

Particulars	Chief Executive		Executives		Directors	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Remuneration	36,000,000	36,000,000	583,068,009	466,018,865	38,400,000	34,200,000
Bonus	-	-	83,686,292	52,568,822	-	-
Medical	-	-	7,813,108	2,700,546	-	-
Contribution to provident fund	-	-	30,546,126	22,695,422	-	-
Other benefits	-	-	27,579,208	20,536,520	-	-
	36,000,000	36,000,000	732,692,744	564,520,175	38,400,000	34,200,000
Number of persons	1	1	154	124	2	2

42.1 Certain executives are provided with Company maintained vehicles.

42.2 Meeting fee of Rs. 1.600 million (2022: Rs. 1.000 million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Company.

42.3 The Chief Executive and Executive Directors were also provided with the telephones at residence.

43. 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 Wind Power Co. Ltd.	Subsidiary Company	70.00%
Tricon Boston Consulting Corporation (Pvt.) Ltd.	Subsidiary Company	57.125%
Sapphire Retail Ltd.	Subsidiary Company	100.00%
Sapphire International ApS	Subsidiary Company	100.00%
Sapphire Real Estate (Pvt.) Ltd.	Subsidiary Company	100.00%
Sapphire Chemicals (Pvt.) Ltd.	Subsidiary Company	100.00%
Sapphire Green Energy (Pvt.) Ltd.	Subsidiary Company	100.00%
Designtex (SMC-Private) Ltd.	Subsidiary of a subsidiary Company	100.00%
Creadore A/S	Associated Company	49.00%
Sapphire Power Generation Ltd.	Associated Company	26.43%
Sapphire Dairies (Private) Ltd.	Common directorship	12.95%
Reliance Cotton Spinning Mills Ltd.	Common directorship	3.04%
Sapphire Electric Company Ltd.	Common directorship	1.42%
Sapphire Holding Ltd.	Common directorship	0.05%
Jomo Technologies (Private) Ltd.	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	-
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-
Sapphire Finishing Mills Ltd.	Common directorship	-
Amer Cotton Mills (Pvt.) Ltd.	Common directorship	-
Diamond Fabrics Limited	Common directorship	-
Bank Alfalah Limited	Investor in a subsidiary of the Company	-
Abdullah Foundation	Common directorship	-

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	2023 Rupees	2022 Rupees
Significant transactions with the related parties		
i) Subsidiary Companies		
Sales / processing	7,532,202,077	4,774,898,869
Purchases	957,254	4,860,006
Investment made	1,655,000,000	150,000,000
Expenses charged to	24,345,002	525,261
Rental income	68,873,500	63,400,000
Dividend received	975,307,163	1,904,305,034
ii) Associated Companies		
Sales / processing	5,590,521,715	4,878,767,154
Purchases	277,515,428	367,659,688
Expenses charged to	80,981,450	51,530,765
Expenses charged by	6,685,917	-
Mark-up charged by	141,528,807	86,833,191
Dividend received	311,188,231	10,581,373
Dividend paid	67,221,550	100,785,765
Loans (repaid) / obtained - net	(776,499,270)	678,971,740
iii) Key management personnel		
Salary and other employment benefits	102,732,717	92,615,015
iv) Retirement Fund		
Contribution towards provident fund	72,659,052	60,882,274
iv) Others		
Donation	5,000,000	65,000,000
Dividend paid	71,659,040	131,281,215

44. FINANCIAL RISK MANAGEMENT

44.1 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 minimize 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.44.4, the financial assets exposed to credit risk aggregated to Rs.12,659.382 million as at June 30, 2023 (2022: Rs.13,710.796 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 84% (2022: 88%) 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	2,626,899,683	3,355,855,120
Long-term loans and advances	247,836,567	292,698,547
Long term deposits	90,960,692	87,931,092
Trade debts	6,657,937,970	5,698,512,133
Loans and advances	96,963,740	91,016,236
Trade deposits	18,014,999	31,325,000
Short term investments	1,364,735,401	2,988,280,554
Other receivables	1,143,647,774	1,068,382,772
Bank balances	412,385,505	96,794,643
	12,659,382,331	13,710,796,097

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	5,574,213,812	4,923,015,834
Export	1,083,724,158	775,496,299
	6,657,937,970	5,698,512,133

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

Aging analysis of trade debtors is as follows:

	2023 Rupees	2022 Rupees
Not due	5,476,561,239	4,131,697,541
1 - 30 days	976,299,359	984,323,182
31 - 60 days	124,190,438	180,838,059
61 - 90 days	35,104,170	149,886,440
91 - 180 days	27,272,945	234,185,205
181 - 360 days	18,509,819	17,581,706
	6,657,937,970	5,698,512,133

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
----- Rupees -----							
As at 30 June 2023							
Estimated total gross carrying amount at default	4,392,837,109	976,299,359	124,190,438	35,104,170	27,272,945	1,507,120	17,002,671
Expected credit loss	14,255,472	1,170,369	953,020	1,198,808	8,314,823	1,434,683	17,002,671
Expected credit loss rate	0.32%	0.12%	0.77%	3.42%	30%	95%	100%
As at 30 June 2022							
Estimated total gross carrying amount at default	3,356,201,242	984,323,182	180,838,059	149,886,440	234,185,205	8,238,410	9,343,296
Expected credit loss	11,086,224	1,728,026	123,979	75,398	11,807,581	8,184,656	9,343,296
Expected credit loss rate	0.33%	0.18%	0.07%	0.05%	5%	99%	100%

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

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
The Bank of Punjab	A1+	AA+	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank Al-Habib Limited	A1+	AAA	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS
Allied Bank Limited	A1+	AAA	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Industrial and Commercial Bank of China	P-1	A1	Moody's
Soneri Bank Limited	A1+	AA-	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
Askari Bank Limited	A1+	AA+	PACRA
Pak Kuwait Investment Company Private Limited	A1+	AAA	PACRA
Pak China Investment Company Private Limited	A1+	AAA	JCR-VIS

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 loans	19,760,581,758	30,587,920,382	4,990,743,721	19,798,693,404	5,798,483,257
Trade and other payables	5,168,827,963	5,168,827,963	5,168,827,963	-	-
Accrued mark-up / interest	1,201,060,662	1,201,060,662	1,201,060,662	-	-
Short term borrowings	15,989,756,607	17,874,049,134	17,874,049,134	-	-
Unclaimed dividend	1,782,350	1,782,350	1,782,350	-	-
GIDC payable	981,695,536	995,182,870	995,182,870	-	-
	43,103,704,876	55,828,823,361	30,231,646,700	19,798,693,404	5,798,483,257
----- Rupees -----					
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
June 30, 2022					
Long term loans	17,208,026,894	21,620,866,530	3,531,529,229	14,518,294,621	3,571,042,680
Trade and other payables	4,817,514,169	4,817,514,169	4,817,514,169	-	-
Accrued mark-up / interest	657,223,949	657,223,949	657,223,949	-	-
Short term borrowings	16,943,231,195	16,943,231,195	16,943,231,195	-	-
Unclaimed dividend	2,230,552	2,230,552	2,230,552	-	-
GIDC payable	950,772,005	995,182,870	725,654,176	269,528,694	-
	40,578,998,764	45,036,249,265	26,677,383,270	14,787,823,315	3,571,042,680

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.

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

For the year ended June 30, 2023	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,083,724,158)	(3,095,776)	(443,644)	-	-
Bank balances	(374,402,561)	(1,292,060)	(16,017)	-	-
Foreign bills payable against import	778,631,431	2,536,677	166,604		
Net balance sheet exposure	(679,495,288)	(1,851,159)	(293,057)	-	-
Outstanding letters of credit	3,670,776,873	11,977,671	675,189	924,200	85,498
	2,991,281,585	10,126,512	382,132	924,200	85,498

For the year ended June 30, 2022	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(775,496,299)	(3,572,975)	(167,180)	-	-
Bank balances	(57,850,390)	(269,886)	(11,098)	-	-
Net balance sheet exposure	(833,346,689)	(3,842,861)	(178,278)	-	-
Outstanding letters of credit	3,141,386,530	5,300,931	5,159,924	395,000,000	1,578,640
Foreign currency forward contracts	674,285,322	15,904,296	787,000	-	-
	2,982,325,163	17,362,366	5,768,646	395,000,000	1,578,640

The following significant exchange rates have been applied:

	Average rate at reporting date		Reporting date rate	
	2023	2022	2023	2022
U.S. Dollar to Rupee	286.15	205.75	286.40 / 285.90	206.00 / 205.50
Euro to Rupee	312.61	215.49	312.88 / 312.33	215.75 / 215.23
Japanese Yen to Rupee	1.9785	1.5065	1.9802 / 1.9767	1.5083 / 1.5047
Swiss Frank to Rupee	319.19	215.70	319.47 / 318.91	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	(52,924,636)	(78,970,794)
Euro to Rupee	(9,153,049)	(3,837,077)
	(62,077,685)	(82,807,871)

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				
Saving accounts	12.74% to 20.16%	5.50% to 12.25%	2,404,710	1,839,380
Financial liabilities				
Long term finances	1.50% to 6.00%	0.6% to 6.5%	10,173,241,202	11,233,084,252
Short term borrowings	2.75% to 18.00%	2.25% to 7.50%	3,047,970,662	5,240,617,814
Variable rate instruments				
Financial liabilities				
Long term finances	15.03% to 23.09%	7.50% to 15.28%	9,587,340,556	5,974,942,642
Short term borrowings	14.31% to 22.59%	12.14% to 15.31%	12,941,785,945	11,702,613,381

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.225.291 million (2022: Rs.176.776 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 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.3,982.156 million (2022: Rs.6,184.656 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.398.216 million (2022: Rs.618.466 million).

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

44.2 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].

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- 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.3,982.156 million (2022: Rs.6,184.656 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.

44.3 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	37,142,949,466	35,603,316,608
Less: cash and bank balances	413,088,085	98,630,045
Net debt	36,729,861,381	35,504,686,563
Total equity	28,238,454,384	26,109,672,833
Total capital including net debt	64,968,315,765	61,614,359,396
Gearing ratio	57%	58%

44.4 Financial instruments by category

	As at June 30, 2023		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term investments	-	2,626,899,683	2,626,899,683
Long-term loans and advances	247,836,567	-	247,836,567
Long-term deposits	90,960,692	-	90,960,692
Trade debts	6,657,937,970	-	6,657,937,970
Loans to employees	96,963,740	-	96,963,740
Trade deposits	18,014,999	-	18,014,999
Other receivables	1,210,135,511	-	1,210,135,511
Short-term investments	-	1,364,735,401	1,364,735,401
Cash and bank balances	413,088,085	-	413,088,085
	8,734,937,564	3,991,635,084	12,726,572,648

	As at June 30, 2022		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term investments	-	3,355,855,120	3,355,855,120
Long-term loans and advances	292,698,547	-	292,698,547
Long-term deposits	87,931,092	-	87,931,092
Trade debts	5,698,512,133	-	5,698,512,133
Loans to employees	91,016,236	-	91,016,236
Trade deposits	31,325,000	-	31,325,000
Other receivables	1,106,540,602	-	1,106,540,602
Short-term investments	-	2,988,280,554	2,988,280,554
Cash and bank balances	98,630,045	-	98,630,045
	7,406,653,655	6,344,135,674	13,750,789,329

	Financial liabilities measured at amortised cost	
	2023	2022
	----- Rupees -----	
Financial liabilities as per statement of financial position		
Long-term loans and other payables	17,232,965,804	15,060,906,546
Deferred income - Government grant	301,695,117	376,597,594
Trade and other payables	5,168,827,963	4,817,514,173
Current portion of long-term liabilities	3,618,531,938	3,222,581,273
Unclaimed dividend	1,782,350	2,230,552
Short term borrowings	15,989,756,607	16,943,231,195
Accrued mark-up	1,201,060,662	657,223,949
	43,514,620,441	41,080,285,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

45. RECOILATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	----- R u p e e s -----			
Balance as at July 01, 2022	70,061,192	17,208,026,894	16,943,231,195	2,230,552
Changes from financing activities				
Finances obtained	-	4,722,506,582	-	-
Finances repaid	-	(2,169,951,718)	(953,474,588)	-
Repayment of lease liabilities	(18,136,020)	-	-	-
Dividends paid	-	-	-	(217,346,112)
Dividend declared	-	-	-	216,897,910
Total changes from financing cash flows	51,925,172	19,760,581,758	15,989,756,607	1,782,350
Finance cost	4,651,696	-	-	-
Balance as at June 30, 2023	56,576,868	19,760,581,758	15,989,756,607	1,782,350

	Liabilities			
	Lease liabilities	Long term loans	Short term borrowings	Dividend
	----- R u p e e s -----			
Balance as at July 01, 2021	-	16,702,412,599	7,678,998,536	1,629,755
Changes from financing activities				
Finances obtained	-	3,856,917,082	9,264,232,659	-
Finances repaid	-	(2,721,896,730)	-	-
Additions to lease liabilities during the year	78,122,818	-	-	-
Repayment of lease liabilities	(13,602,015)	-	-	-
Dividends paid	-	-	-	(324,746,068)
Dividend declared	-	-	-	325,346,865
Total changes from financing cash flows	64,520,803	17,837,432,951	16,943,231,195	2,230,552
Other changes / adjustments				
Deferred grant	-	(629,406,057)	-	-
Finance cost	5,540,389	-	-	-
Balance as at June 30, 2022	70,061,192	17,208,026,894	16,943,231,195	2,230,552

46. CAPACITY AND PRODUCTION

UOM

2023

2022

46.1 Spinning

Number of spindles installed		164,072	157,464
Number of spindles worked		161,600	147,310
Total number of rotors installed		440	-
Average number of rotors worked		418	-
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	128,675,806	115,438,750
Actual production after conversion into 20's count	Lbs.	118,897,563	103,694,834

46.2 Weaving	UOM	2023	2022
Total number of looms installed		435	430
Average number of looms worked		435	430
Number of shifts worked per day		3	3
Total days worked		365	365
Installed capacity at 50 picks/inch of fabric	Square mtrs.	216,792,631	205,968,640
Actual production at 50 picks/inch of fabric	Square mtrs.	169,115,859	171,587,125
46.3 Finishing and Printing			
Production capacity - average during the year	Mtrs.	54,200,000	45,600,000
Actual production	Mtrs.	48,098,788	36,742,272
46.4 Yarn dyeing			
Production capacity	KGs	2,880,000	2,880,000
Actual production	KGs	2,176,527	2,311,545

46.5 Home Textile Product

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

46.6 Reason for low production

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

47. NUMBER OF EMPLOYEES

	2023	2022
Number of employees as at June 30,	9,094	9,059
Average number of employees as at June 30,	8,936	8,648

48. PROVIDENT FUND RELATED DISCLOSURE

Sapphire Textile Mills Limited Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

49. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

50. GENERAL

50.1 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.216.898 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.

50.2 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

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Directors' Report to the Shareholders

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Consolidated Financial Statements

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Triconboston Consulting Corporation (Private) Limited, Sapphire International APS, Designtex (SMC-Private) Limited, Sapphire Real Estate (Private) Limited, Sapphire Chemicals (Private) Limited, Sapphire Green Energy (Private) Limited and Creek Properties (Private) Limited, it is our pleasure to present Directors' Report with Audited Consolidated Financial Statements for the year ended June 30, 2023.

Sapphire Wind Power Company Limited

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

Sapphire Retail Limited

Sapphire Retail Limited (SRL) is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of SRL is to operate "Sapphire" brand retail outlets for the sale of textile and other products. SRL is principally engaged in carrying out a business of trading of textile products and to buy, sell, import, export and processing through outside manufacturing facilities of textile goods and other allied products. SRL operates through retail outlets in Pakistan and e-stores. SRL operates 45 retail outlets throughout the country.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Private) Limited is 57.125% owned by Sapphire Textile Mills Limited. The company was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir. All the three projects have successfully commenced commercial operation in September, 2018.

Sapphire International APS

Sapphire International APS is wholly owned subsidiary of Sapphire Textile Mills Limited and a limited liability Company incorporated in Denmark formed to strengthen exports.

Designtex SMC-Private Limited

Designtex SMC-Private Limited (the company) was incorporated as SMC Private Company limited by shares under Companies Act, 2017. It is wholly owned subsidiary of Sapphire Retail Limited which is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is manufacturing of textile and ancillary products.

Sapphire Real Estate (Private) Limited

Sapphire Real Estate (Private) Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited and formed for the purpose of investment in real estate projects.

Sapphire Chemicals (Private) Limited

Sapphire Chemicals (Private) Limited is a wholly owned subsidiary and formed for the purpose of manufacture and sale of chemical products.

Sapphire Green Energy (Private) Limited

Sapphire Green Energy (Private) Limited a wholly owned subsidiary has been incorporated during the current year with the purpose to make investment in Renewable Energy Projects.

Directors' Report to the Shareholders


To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Consolidated Financial Statements

Creek Properties (Private) Limited

Creek Properties (Private) Limited (the company) was incorporated in April 2022 as a private Company limited under Companies Act, 2017. During the current year, Sapphire Real Estate (Private) Limited has made further investment in the company and currently holds 65% shareholding of the company. Sapphire Real Estate (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the company is marketing and development of real estate projects.

On behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE

Lahore
Dated: September 26, 2023



NABEEL ABDULLAH
DIRECTOR

INDEPENDENT AUDITOR'S REPORT

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 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 Matter

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.	Key audit matter	How the matter was addressed in our audit
1	<p>Capital expenditures</p> <p>Refer note 6 to the financial statements.</p> <p>The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2023. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria as per the Group's accounting policy.</p> <p>Further, determining which costs meet the criteria for capitalisation, capitalisation of borrowing costs and related expenses and the estimation of economic useful lives and residual values assigned to property, plant and equipment are the areas where management judgement is involved.</p> <p>For these reasons we considered it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the design and implementation of management controls over capitalisation and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system. • Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices. • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework. • Visited the mills where significant capital projects are ongoing to understand the nature of the projects. • Checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis. • Reviewed the minutes of the meetings of the Board of Directors and Audit Committees to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. • The adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.

Sr. No.	Description	How the matter was addressed in our audit
2	<p>Valuation of stock-in-trade</p> <p>The total value of stock in trade as at the reporting date amounted to Rs.30.544 billion. Stock in trade as at reporting date included raw material and finished goods. Refer note 15 to the consolidated financial statements.</p> <p>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.</p> <p>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.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> • Assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards. • Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. • Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. • Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. • Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. • Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. <p>We reviewed the Group's disclosure in the consolidated financial statement in respect of stock in trade.</p>
3	<p>Revenue recognition</p> <p>The principal activity of the Group is to manufacture and sale of yarn, fabrics, clothing, home textile products 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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. • Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. • Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. • Performed audit procedures to analyse variation in the price and quantity sold during the year. • Performed recalculations of discounts as per the Group's policy on test basis. • Performed recalculations of discounts as per the Group's policy on test basis. • Understood and evaluated the accounting policy with respect to revenue recognition.

Information Other than the Financial Statements and Auditors' Report thereon

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

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

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

Responsibilities of Management and Board of Directors for the 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 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.

Other Matter

The consolidated financial statements for the Group for the year ended June 30, 2022 were audited by another firm of chartered accountants who expressed unmodified opinion on those financial statements on October 03, 2022.

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

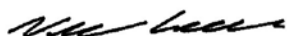
Lahore: 03 October 2023
UDIN: AR2023101042PJ16u0pk

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 30 JUNE 2023

	Note	2023 Rupees	(Restated) 2022 Rupees
Assets			
Non current assets			
Property, plant and equipment	6	90,519,780,639	77,166,190,090
Investment property	7	1,653,687,487	31,750,000
Intangible assets	8	490,399,716	469,998,745
Exploration and evaluation assets	9	112,928,274	-
Long-term investments	10	4,592,122,800	5,258,293,418
Long-term loans and advances	11	247,836,567	292,698,547
Long-term deposits	12	150,223,917	114,109,512
Deferred tax asset	13	102,668,565	92,821,774
		97,869,647,965	83,425,862,086
Current assets			
Stores, spares and loose tools	14	902,029,694	804,637,645
Stock in trade	15	30,544,789,090	29,176,060,624
Trade debts	16	18,871,242,909	19,669,449,405
Loans and advances	17	387,542,942	200,574,305
Trade deposits and short term prepayments	18	166,555,404	143,866,467
Other receivables	19	1,592,848,230	1,298,723,203
Short-term investments	20	1,555,735,401	2,988,280,554
Tax refunds due from Government	21	5,076,764,070	4,022,097,531
Cash and bank balances	22	14,542,732,395	7,896,636,821
		73,640,240,135	66,200,326,555
Total assets		171,509,888,100	149,626,188,641
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital	23	216,897,910	216,897,910
Reserves	24	46,501,399,410	40,006,510,729
Equity attributable to equity holders of the parent		46,718,297,320	40,223,408,639
Non-controlling interests		16,209,725,347	12,893,807,201
Total equity		62,928,022,667	53,117,215,840
Non current liabilities			
Long-term loans and other payables	25	57,392,418,645	50,713,253,403
Lease liabilities	26	2,434,828,151	2,762,262,751
Deferred income - Government grant	27	301,695,117	376,597,594
Staff retirement benefit - gratuity	28	499,560,048	383,178,025
		60,628,501,961	54,235,291,773
Current liabilities			
Trade and other payables	29	13,520,682,821	11,378,271,923
Contract liabilities	30	1,728,781,102	1,563,552,959
Accrued mark-up	31	1,541,612,059	808,727,767
Short-term borrowings	32	17,363,805,610	18,212,581,522
Current portion of long-term liabilities	33	13,796,699,529	10,308,316,306
Unclaimed dividend		1,782,351	2,230,551
		47,953,363,472	42,273,681,028
Total liabilities		108,581,865,433	96,508,972,801
Contingencies and commitments	34		
Total equity and liabilities		171,509,888,100	149,626,188,641

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



Chief Executive Officer



Director



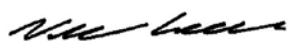
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	(Restated) 2022 Rupees
Net turnover	35	109,496,981,039	90,646,435,432
Cost of sales	36	(80,143,163,963)	(63,081,135,141)
Gross profit		29,353,817,076	27,565,300,291
Distribution cost	37	(5,762,271,006)	(5,003,021,452)
Administrative expenses	38	(1,569,098,345)	(1,308,751,217)
Other operating expenses	39	(934,514,088)	(753,632,945)
Other income	40	1,300,305,858	1,090,364,022
Profit from operations		22,388,239,495	21,590,258,699
Finance cost	41	(9,889,372,076)	(5,256,565,939)
Share of profit of associated companies		326,936,588	419,882,348
Profit before taxation		12,825,804,007	16,753,575,108
Taxation	42	(2,102,646,545)	(1,760,421,500)
Profit after taxation		10,723,157,462	14,993,153,608
Attributable to:			
Equity holders of the parent		7,450,195,757	11,561,996,054
Non-controlling interests		3,272,961,705	3,431,157,554
		10,723,157,462	14,993,153,608
Earnings per share - basic and diluted	43	343.49	533.06

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 30 JUNE 2023

	2023 Rupees	(Restated) 2022 Rupees
Profit after taxation	10,723,157,462	14,993,153,608
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
Net - gain / (loss) on remeasurement of forward foreign currency contracts	66,407,961	(47,889,319)
Net - gain on remeasurement of forward foreign currency contracts - associates	1,067,571	13,089
	67,475,532	(47,876,230)
Exchange difference on translation of - foreign operations	203,964,831	51,213,354
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on equity instruments at fair value through other comprehensive income		
- long term	(654,795,600)	(1,068,902,649)
- short term	(316,846,986)	(499,118,969)
	(971,642,586)	(1,568,021,618)
Unrealised loss on equity instruments at fair value through other comprehensive income - associates	(8,326,013)	(17,192,914)
Realised gain on sale of investment at fair value through other comprehensive income	40,895,292	-
Actuarial (loss) / gain on re-measurement of staff retirement benefit obligation - net of tax	(40,642,376)	17,037,942
Actuarial loss on re-measurement of staff retirement benefit obligation - associates	(856,158)	(519,586)
	(41,498,534)	16,518,356
	(979,715,683)	(1,568,176,590)
Total comprehensive income for the year	9,809,849,740	13,377,087,699
Attributable to:		
Equity holders of the parent	6,536,888,035	9,945,930,145
Non-controlling interests	3,272,961,705	3,431,157,554
	9,809,849,740	13,377,087,699

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 30 JUNE 2023

	Reserves										Total
	Issued, subscribed and paid-up capital	Capital			Revenue				Sub-total	Non-Controlling Interests	
		Share premium	Fixed Assets Replacement	Fair value reserve of financial asset at fair value through OCI	Unrealized gain/(loss) on translation of foreign operation	Cash flow hedge reserve	General	Unappropriated profit			
Balance as at July 01, 2021	216,897,910	782,796,090	65,000,000	(1,002,685,997)	88,330,770	(18,250,046)	1,330,000,000	29,090,007,957	30,335,198,774	10,811,024,647	41,363,121,331
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
Final dividend related to the year ended June 30, 2021 at the rate of Rs. 15 per share	-	-	-	-	-	-	-	(325,346,860)	(325,346,860)	-	(325,346,860)
First Interim dividend for the year ended - June 30, 2022 @ Rs.0.61 per share-SWPCL	-	-	-	-	-	-	-	-	-	(60,000,000)	(60,000,000)
First Interim dividend for the year ended - June 30, 2022 @ Rs.3.49 per share-TBCL	-	-	-	-	-	-	-	-	-	(1,243,375,000)	(1,243,375,000)
Second Interim dividend for the year ended June 30, 2022 @ Rs.0.46 per share-SWPCL	-	-	-	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Total comprehensive income for the year ended June 30, 2022	-	-	-	-	-	-	-	21,813	21,813	-	21,813
Profit for the year	-	-	-	-	51,213,354	(47,876,230)	-	11,561,996,054	11,561,996,054	3,431,157,554	14,993,153,608
Other comprehensive (loss) / income	-	-	-	(1,585,214,532)	51,213,354	(47,876,230)	-	16,518,356	(1,565,359,052)	-	(1,565,359,052)
Share of increase in reserves of associated companies under equity method	-	-	-	(1,585,214,532)	51,213,354	(47,876,230)	-	11,578,514,410	9,996,637,002	3,431,157,554	13,427,794,566
Balance as at June 30, 2022 - restated	216,897,910	782,796,090	65,000,000	(2,587,900,529)	139,544,124	(66,126,276)	1,330,000,000	40,343,197,320	40,006,510,729	12,893,807,201	53,117,215,840
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
Final dividend related to the year ended June 30, 2022 at the rate of Rs. 10 per share	-	-	-	-	-	-	-	(216,897,910)	(216,897,910)	-	(216,897,910)
First & Second Interim dividend June 30, 2023 @ Rs.0.67476 per share-SWPCL	-	-	-	-	-	-	-	-	-	(132,000,000)	(132,000,000)
Third Interim dividend June 30, 2023 @ Rs.0.6134 per share-SWPCL	-	-	-	-	-	-	-	-	-	(60,000,000)	(60,000,000)
First Interim dividend June 30, 2023 @ Rs.1.11 per share-TBCL	-	-	-	-	-	-	-	-	-	(395,768,836)	(395,768,836)
Right shares issued by SRESL to NCI	-	-	-	-	-	-	-	-	-	87,500,000	87,500,000
Share of NCI arise at acquisition	-	-	-	-	-	-	-	-	-	543,225,277	543,225,277
Total comprehensive income for the year ended June 30, 2023	-	-	-	-	-	-	-	7,450,195,757	7,450,195,757	3,272,961,705	10,723,157,462
Profit for the year	-	-	-	(979,968,599)	203,964,831	67,475,532	-	(41,498,534)	(750,026,770)	-	(750,026,770)
Other comprehensive (loss) / income	-	-	-	(979,968,599)	203,964,831	67,475,532	-	7,408,697,223	6,700,168,987	3,272,961,705	9,973,130,692
Reclassification adjustment of realised gain on sale of equity instrument at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Share of increase in reserves of associated companies under equity method	-	-	-	(40,895,292)	-	-	-	40,895,292	-	-	-
Balance as at June 30, 2023	216,897,910	782,796,090	65,000,000	(3,608,764,420)	343,508,955	1,349,256	1,330,000,000	47,587,509,529	46,501,399,410	16,209,725,347	62,928,022,667

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



Chief Executive Officer



Director



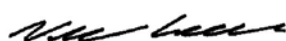
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	(Restated) 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	29,098,531,940	8,217,136,272
Change in long term loans, advances and deposits		8,747,575	(215,798,299)
Finance cost paid		(8,834,607,400)	(4,388,112,363)
Taxes paid		(3,388,363,461)	(3,754,737,228)
Staff retirement benefit paid		(140,896,404)	(94,850,843)
Net cash generated from / (used in) operating activities		16,743,412,250	(236,362,461)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,630,163,387)	(7,152,728,639)
Purchase of intangibles		(35,122,794)	(17,213,981)
Purchase of investment property		(1,621,937,487)	-
Exploration and evaluation expenditure		(112,928,274)	-
Proceeds from disposal of operating fixed assets		113,390,761	164,789,203
Proceeds from disposal of capital work in process		-	500,000,000
Proceeds from disposal of right-of-use assets		-	329,979,484
Acquisition of subsidiary		(846,044,544)	-
Investments in shares and certificates		1,237,006,684	(290,091,075)
Proceeds from sale of equity instrument		1,452,851,320	-
Rental income received		11,721,643	5,526,020
Dividend income received - others		598,039,413	697,251,942
Dividend income received - associates		311,186,781	10,579,924
Interest income received		495,773,486	167,399,835
Net cash used in investing activities		(5,026,226,398)	(5,584,507,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - obtained		5,034,219,107	4,576,917,082
- repaid		(10,581,927,931)	(8,731,186,921)
Exchange gain on translation of foreign subsidiary		20,341,748	7,100,744
Dividend paid		(805,114,946)	(1,673,121,063)
Short term borrowings - net		(848,775,912)	10,304,817,289
Lease liabilities		(732,007,678)	(650,200,076)
Right shares issued by SRESL (Subsidiary Company) to NCI		87,500,000	-
Net cash (used in) / generated from financing activities		(7,825,765,612)	3,834,327,055
Net increase / (decrease) in cash and cash equivalents		3,891,420,240	(1,986,542,693)
Net foreign exchange difference		2,754,675,334	1,113,647,057
Cash and cash equivalents - at beginning of the year		7,896,636,821	8,769,532,457
Cash and cash equivalents - at end of the year		14,542,732,395	7,896,636,821

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. LEGAL STATUS AND OPERATIONS

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

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

Business unit	Location
Registered Office	
Karachi	212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi
Lahore office	4th Floor Tricon Corporate Center, 73-E Main Jail Road, Gulberg II, Lahore.
Production Plants	
Spinning	A-17, Site, Kotri
Spinning	A-84, Site Area, Nooriabad
Spinning	63/64-KM, Multan Road, Jumber Khurd, Chunian, District Kasur.
Spinning	1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Weaving, Yarn Dyeing, Printing, Processing and Home Textile	2-KM, Warburton Road, Feroze Wattoan, Sheikhpura
Stitching	1.5-KM, Off Defence Road, Bhubtian Chowk, Raiwind Road, Lahore.

1.1 The Group consists of:

- Sapphire Textile Mills Limited (the Holding Company)

Subsidiary Companies	2023	2022
	- - - - % of shareholding - - - -	
(i) Sapphire Retail Limited - (SRL)	100%	100%
(ii) Sapphire Wind Power Company Limited - (SWPCL)	70%	70%
(iii) Tricon Boston Consulting Corporation - (Private) Limited (TBCL)	57.125%	57.125%
(iv) Sapphire International ApS	100%	100%
(v) Sapphire Real Estate (Private) Limited - (SRESL)	100%	100%
(vi) Sapphire Chemicals (Private) Limited - (SCPL)	100%	100%
(vii) Sapphire Green Energy (Private) Limited - (SGEL)	100%	100%
(viii) Creek Properties (Private) Limited - (Subsidiary of SRESL) CRPL	65%	-
(ix) DesignTex (SMC-Pvt.) Limited - (Subsidiary of SRL) DTL	100%	100%

- (i) Sapphire Retail Limited (SRL) was incorporated in Pakistan as an unlisted public Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 11 June 2014. Its registered office is situated at 7 A/K Main Boulevard, Gulberg-II, Lahore. The principal business of SRL is to operate "Sapphire" brand retail outlets for the sale of textile and other products. SRL is principally engaged in carrying out a business of trading of textile products and to buy, sell, import, export and processing through outside manufacturing facilities of textile goods and other allied products. SRL operates through retail outlets in Pakistan and e-stores. SRL operates 45 retail outlets throughout the country.
- (ii) Sapphire Wind Power Company Limited (SWPCL) was incorporated in Pakistan as a public Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 27 December 2006. Its registered office is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the its wind power plant has been set up at Jhimpir, District Thatta, Sindh on land that is leased to the Company by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

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

During the year on September 26, 2022 a fire incident has occurred on one of the wind turbine generator (WTG-04) which has reduced the gross capacity to 51.20 MW from 52.80 MW. The Company has achieved Commercial Operations Date ('COD') on November 22, 2015. It has an Energy Purchase Agreement ('EPA') with its sole customer, Central Power Purchasing Agency Guarantee Limited ('CPPAGL') for twenty years which commenced from the COD.

- (iii) Triconboston Consulting Corporation (Private) Limited (TBCL) was incorporated in Pakistan as a private Company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on 13 August 2012. Its principle objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity. Its registered office is located at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.

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

- (iv) Sapphire International APS a limited liability Company incorporated in Denmark is formed to strengthen exports of the Holding Company and is engaged in selling textiles. The Company was incorporated on 27 August 2019.
- (v) Sapphire Real Estate (Private) Limited is 100% owned subsidiary incorporated under the Companies Act, 2017 on October 12, 2021 with the purpose of investment in real estate projects. The registered office of the Company is situated at 7-A/K, Main Boulevard, Gulberg II, Lahore.
- (vi) Sapphire Chemicals (Private) Limited is a wholly owned subsidiary incorporated on 04 June, 2022 under the Companies Act, 2017. The principal line of business of the Company is to manufacture and sale of chemical products.
- (vii) Sapphire Green Energy (Private) Limited a wholly owned subsidiary has been incorporated during the current year with the purpose to make investment in Renewable Energy Projects.
- (viii) Creek Properties (Private) Limited (the Company) was incorporated in April 2022 as a private Company limited under Companies Act, 2017. During the current year, Sapphire Real Estate (Private) Limited has made further investment in the Company and currently holds 65% shareholding of the Company. Sapphire Real Estate (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of the Company is marketing and development of real estate projects.
- (ix) Designtex (SMC-Private) Limited was incorporated in Pakistan on 6 February 2020 as a single member Private Company and is wholly owned subsidiary of Sapphire Retail Limited. The Company is principally engaged in manufacturing of textile and ancillary products. The head office of the Company is located at 1.5KM, Defence Road, Bhohtian Chowk, Off Raiwind Road, Lahore.

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);
- 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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. All financial information presented in Pakistani 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 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 16 Property, Plant and Equipment

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 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 financial statements of the Group.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Group:

(a) IAS 1 Presentation of Financial Statements

Effective: 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 year;
- 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: January 01, 2023

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement

uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Group develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Group applies the amendments.

(c) IAS 1 Presentation of Financial Statements

Effective: January 01, 2023

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

The Group has assessed that the impact of above 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 Group and therefore, have not been presented here.

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

- (a) SECP through SRO 986(I)/2019 dated 02 December 2019 has granted exemption from the requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before 01 January, 2019. 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 lease under IFRS 16, 'Leases'. Consequently, TBCL and SWPL (Subsidiary Companies) wind power plants' control due to purchase of total output by CPPA-G appears to fall under the scope of IFRS 16. Consequently, if the Group were to follow IFRS 16, the effect on the financial statements would be as follows:

	2023 Rupees	2022 Rupees
De-recognition of property, plant and equipment	(38,215,668,661)	(39,185,861,303)
De-recognition of trade debts	(2,158,804,075)	(2,716,570,929)
Recognition of lease debtor	40,214,648,739	42,695,751,310
	(159,823,997)	793,319,078
Decrease in un-appropriated profit at the - beginning of the year	793,319,078	659,348,460
(Increase) / decrease in profit for the year	(953,143,075)	133,970,618
(Increase) / decrease in un-appropriated - profit at the end of the year	(159,823,997)	793,319,078

- (b) In respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated 02 December 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2023 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the TBCL and SWPCL (Subsidiaries companies) have 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.

3. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

(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 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 28.

(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's view 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.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line

with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the December 31, aration of embedded derivatives in host contracts by the acquiree.

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

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

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

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

5.2 Property, plant and equipment

5.2.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 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 except to the effect that straight line method is used for assets of SWPCL and TBCL at rates stated in note 6.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

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

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

Disposal

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

Impairment

The 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 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.

5.2.2 Capital work-in-progress

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

5.2.3 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.

Depreciation of right-of-use asset

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.

5.2.4 Major spare parts and stand-by equipment

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

5.3 Investment property

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

5.4 Intangible assets

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

Subsequent expenditure

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

Amortization

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

5.5 Financial assets

Initial measurement

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

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

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

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

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

Subsequent Measurement

- Equity Instruments at FVTOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

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

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Based on business model, the Group elected to classify its equity investments except for the investment in subsidiaries and associates as Investment at FVTOCI.

- Debt Instruments at FVTOCI

The Group measures financial assets at fair value through OCI if both of the following conditions are met and is not designated as at FVTPL:

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. However, the Group has no such instrument at the statement of financial position date.

- Debt Instruments at FVTPL

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

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

This category includes derivative instruments and listed equity investments for which the Group has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

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

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

- Financial Assets measured at amortised cost

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

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes long term deposits, trade debts, loan to employees, trade deposits and other receivables.

Derecognition

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

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

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

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

5.6 Investment in associates

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

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

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

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

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

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

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and then recognizes the loss within 'Share of profit of an associate' in the statement of profit or loss.

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

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

5.7 Stores, spare and loose tools

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

5.8 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Stock-in-trade is valued on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads.

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

5.9 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.

5.10 Cash and cash equivalents

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

5.11 Impairment

(a) Financial assets

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at

each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

(b) Non-financial assets

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

5.12 Off-setting of financial assets and liabilities

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

5.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at amortized cost or fair value through profit or loss.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

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

Gains or losses during the year are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

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- Financial liabilities at amortized cost

After initial recognition, trade and other payables, unclaimed dividend, bank overdrafts and interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

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

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

5.14 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

5.15 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.

5.16 Employees' benefits

(a) Compensated absences

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

(b) Defined contribution plan

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

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

(c) Defined benefit plan

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

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

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

The Group faces the following risks on account of calculation of provision for employees benefits:

a) Salary increase / inflation risk:

The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

- **b) Discount rate risk:**
The risk of changes in discount rate may have an impact on the plan's liability.
- **c) Mortality risk:**
Actual mortality experience maybe different than that assumed in the calculation.
- **d) Withdrawal risk:**
Actual withdrawals experience may different from that assumed in the calculation.

5.17 Taxation

Current

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

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

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

Deferred

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

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The Holding Company assesses at each reporting date whether its income is subject to tax under the Final Tax Regime or normal provision of the Income Tax Ordinance, 2001.

5.18 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Group as lessee

Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, dismantling cost, initial direct costs incurred, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated on lease term or useful life of the right of use asset whichever is shorter. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses implicit rates available in the lease agreements, however, in case the interest rate implicit in the lease is not readily determinable, the Group uses incremental borrowing rate at the lease commencement date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. During the year, the Group has recognized an amount of rent expense, in the statement of profit or loss, representing charge for short-term leases.

5.19 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of consideration to be paid in the future for goods and services, whether or not billed to the Group. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are adjusted to the carrying amount of the respective liabilities.

5.20 Provisions

Provisions are recognized 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.

5.21 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani 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.

For the Group's companies in power sector, foreign exchange gains and losses resulting from the settlement and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized in property, plant and equipment in accordance with SRO 986(I)/2019 dated 02 December 2019 (previously SRO 24(I)/2012) of the SECP. Accordingly, the exchange differences of the Group's Power Sector subsidiaries have been capitalized.

5.22 Impairment of non financial assets

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

5.23 Derivative financial instruments

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

a) Cash flow hedges

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

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of capital reserve.

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

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

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b) Fair value hedges

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

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

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

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

5.24 Revenue recognition

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

Sale of goods

- Local Sales

The revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the mill.

- Export Sales

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

- Sale of electricity

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

Rendering of services

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

Revenue from services is recognized at the point in time, generally on dispatch of the stitched/processed fabric / dyed yarn from the factory. There are no terms giving rise to variable consideration under the Group's contracts with its customers.

Other sources of revenue

- Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.
- Revenue against scrap sales is recognized when control is transferred to customer. Consideration is always received at the time of delivery.
- All other income items are recognized on accrual basis.

5.25 Borrowing costs

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

5.26 Dividend and appropriation to reserves

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

5.27 Earnings per share - basic and diluted

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

5.28 Segment reporting

Segment reporting is based on the operating business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of property, plant and equipment, inventories, trade debts, loans and advances and cash and bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate payables.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products, Textile retail and Power generation which also reflects the management structure of Group.

5.29 Related party transactions

All transactions with related parties are carried out by the Group on agreed terms. Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

	Note	2023 Rupees	(Restated) 2022 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	84,780,345,305	70,591,084,199
Right-of-use asset	6.2	2,533,107,980	2,833,092,663
Capital work-in-progress	6.3	3,137,111,098	3,672,796,973
Major spare parts and stand-by equipment	6.4	69,216,255	69,216,255
		90,519,780,639	77,166,190,090

6.1 Operating fixed assets

	JUNE 30, 2023														Total			
	Land	On free - hold		On lease - hold		Plant and machinery		Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures		Vehicles	Rupees	
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Leased building and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total			
Balance as at July 01, 2022	1,557,065,775	137,013,177	3,789,189,682	730,887,502	420,773,248	2,134,648,319	107,892,467	713,105,962	89,291,171,637	766,753,505	29,909,840	563,074,142	359,915,885	65,174,850	150,708,872	608,480,226	545,184,258	95,970,949,347
Cost	-	-	(1,763,745,049)	(227,994,594)	(123,829,247)	(591,139,980)	(45,465,550)	(398,460,799)	(20,947,209,347)	(344,019,179)	(12,603,689)	(216,517,532)	(207,720,856)	(42,774,295)	(69,099,501)	(188,360,200)	(211,905,340)	(25,379,865,148)
Accumulated depreciation	-	-	2,025,444,633	502,892,918	296,944,001	1,553,508,339	62,406,917	314,645,163	62,343,962,290	422,734,326	17,306,141	346,556,610	152,195,029	22,400,565	82,609,371	420,120,026	333,278,918	70,591,084,199
Net book value	1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,553,508,339	62,406,917	314,645,163	62,343,962,290	422,734,326	17,306,141	346,556,610	152,195,029	22,400,565	82,609,371	420,120,026	333,278,918	70,591,084,199

	JUNE 30, 2022														Total			
	Land	On free - hold		On lease - hold		Plant and machinery		Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures		Vehicles	Rupees	
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Leased building and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total			
Balance as at July 01, 2021	2,416,504,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,037	75,004,025,191	427,637,640	16,407,079	388,077,318	192,099,723	19,061,092	97,955,447	340,617,367	339,895,084	84,780,345,305
Cost	-	-	456,144,820	133,741,937	-	8,950,000	-	96,399,324	3,233,707,428	84,491,247	-	76,688,714	97,706,798	13,417,692	28,716,368	101,687,971	261,568,544	5,519,373,139
Accumulated depreciation	-	-	(1,763,745,049)	(227,994,594)	(123,829,247)	(591,139,980)	(45,465,550)	(398,460,799)	(20,947,209,347)	(344,019,179)	(12,603,689)	(216,517,532)	(207,720,856)	(42,774,295)	(69,099,501)	(188,360,200)	(211,905,340)	(25,379,865,148)
Net book value - June 30, 2022	2,416,504,458	137,013,177	2,289,205,892	669,555,013	282,096,801	1,845,151,378	97,339,598	217,703,037	75,004,025,191	427,637,640	16,407,079	388,077,318	192,099,723	19,061,092	97,955,447	340,617,367	339,895,084	84,780,345,305

	JUNE 30, 2022														Total			
	Land	On free - hold		On lease - hold		Plant and machinery		Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures		Vehicles	Rupees	
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Leased building and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total			
Balance as at July 01, 2021	631,913,479	137,013,177	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,186	54,199,512,273	369,633,356	19,197,649	319,494,076	105,199,306	11,820,047	60,214,871	385,035,864	134,970,662	60,563,772,273
Cost	-	-	456,144,820	133,741,937	-	8,950,000	-	96,399,324	3,233,707,428	84,491,247	-	76,688,714	97,706,798	13,417,692	28,716,368	101,687,971	261,568,544	5,519,373,139
Accumulated depreciation	-	-	(1,763,745,049)	(227,994,594)	(123,829,247)	(591,139,980)	(45,465,550)	(398,460,799)	(20,947,209,347)	(344,019,179)	(12,603,689)	(216,517,532)	(207,720,856)	(42,774,295)	(69,099,501)	(188,360,200)	(211,905,340)	(25,379,865,148)
Net book value	631,913,479	137,013,177	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,186	54,199,512,273	369,633,356	19,197,649	319,494,076	105,199,306	11,820,047	60,214,871	385,035,864	134,970,662	60,563,772,273

	JUNE 30, 2022														Total			
	Land	On free - hold		On lease - hold		Plant and machinery		Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures		Vehicles	Rupees	
	Free - hold	Lease - hold	Factory building	Labour, staff colony and others	Leased building and improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total			
Balance as at July 01, 2022	1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,553,508,339	62,406,917	314,645,163	62,343,962,290	422,734,326	17,306,141	346,556,610	152,195,029	22,400,565	82,609,371	420,120,026	333,278,918	70,591,084,199
Cost	-	-	456,144,820	133,741,937	-	8,950,000	-	96,399,324	3,233,707,428	84,491,247	-	76,688,714	97,706,798	13,417,692	28,716,368	101,687,971	261,568,544	5,519,373,139
Accumulated depreciation	-	-	(1,763,745,049)	(227,994,594)	(123,829,247)	(591,139,980)	(45,465,550)	(398,460,799)	(20,947,209,347)	(344,019,179)	(12,603,689)	(216,517,532)	(207,720,856)	(42,774,295)	(69,099,501)	(188,360,200)	(211,905,340)	(25,379,865,148)
Net book value - June 30, 2022	1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,553,508,339	62,406,917	314,645,163	62,343,962,290	422,734,326	17,306,141	346,556,610	152,195,029	22,400,565	82,609,371	420,120,026	333,278,918	70,591,084,199

For the year ended June 30, 2022
 Additions during the year
 - Direct Additions
 - Net exchange gain capitalised
 - Adjustments
 Disposals:
 - Cost
 - Depreciation

For the year ended June 30, 2021
 Additions during the year
 - Direct Additions
 - Net exchange gain capitalised
 - Adjustments
 Disposals:
 - Cost
 - Depreciation

For the year ended June 30, 2021
 Additions during the year
 - Direct Additions
 - Net exchange gain capitalised
 - Adjustments
 Disposals:
 - Cost
 - Depreciation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6.1.1 Freehold lands of the Holding Company are located at Sheikhpura, Kasur and Lahore with an area of 1,433,189 (2022: 1,367,637) square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2022: 440,804) square yards.

6.1.2 This represents exchange difference capitalised in accordance with SRO 24(l)/2012 dated January 16, 2012 of the SECP (as fully explained in note 5.21 to these financial statements). Had the subsidiary companies followed IAS 21 "The Effects of Changes in Foreign Exchange Rates", the effect on the consolidated financial statements would have been as follows:

	2023 Rupees	2022 Rupees
Statement of Financial Position		
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at June 30.	(31,534,940,419)	(19,496,090,262)
Statement of profit or loss		
Increase / (decrease) in cost of sales	1,003,343,882	659,164,946
Increase in other income	-	-
Increase in other expenses	(13,042,194,039)	(9,240,307,534)
Decrease in profit for the year	(12,038,850,157)	(8,581,142,588)
6.1.3 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	5,246,194,317	4,344,421,645
Distribution cost	148,544,034	147,539,325
Administrative expenses	115,120,673	89,052,653
	5,509,859,024	4,581,013,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6.1.4 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							
Assets abandoned on vacating retail outlets							
	388,927,334	198,137,396	190,789,938	-	(190,789,938)	Written off during the year	
Plant and machinery							
Air Jet Shuttleless Looms	182,356,178	155,285,823	27,070,355	41,400,000	14,329,645	Negotiation	Al-Karam Processing Mills (Pvt.) Ltd.
Air Compressors	51,388,132	44,372,440	7,015,692	7,500,000	484,308	--- do ---	Yousaf Weaving Mills Limited
Air Humidification Ac Carel System	21,854,426	15,012,304	6,842,122	7,000,000	157,878	--- do ---	Ideal Trading Corporation
Blowing & Dust Removal System	32,958,677	28,235,535	4,723,142	3,600,000	(1,123,142)	--- do ---	Al Mushtaq Corporation
Waste Collection / Removal System	14,678,604	11,961,962	2,716,642	1,400,000	(1,316,642)	--- do ---	Al Mushtaq Corporation
Blow Room Parts	10,916,147	8,597,093	2,319,054	1,794,872	(524,182)	--- do ---	Buy Sell Company
Ring Frames	35,703,799	33,928,880	1,774,919	8,960,000	7,185,081	--- do ---	Three Stars Hosiery Mills (Pvt) Ltd.
Electric Panels & Electric Items	5,566,000	4,757,454	808,546	315,701	(492,845)	--- do ---	Al Mushtaq Corporation
Draw Frame	4,962,200	4,161,272	800,928	834,299	33,371	--- do ---	Al Mushtaq Corporation
Complete Drawing Sb-2 Pieter	3,916,537	3,274,210	642,327	650,000	7,673	--- do ---	Ideal Trading Corporation
Drawing Finisher	4,737,745	4,204,946	532,799	2,051,282	1,518,483	--- do ---	KM Textile Industries
Ring Frame	3,282,534	2,771,330	511,204	550,000	38,796	--- do ---	Al Mushtaq Corporation
	372,320,979	316,563,249	55,757,730	76,056,154	20,298,424		
Vehicles							
Toyota Land Cruiser	7,570,681	4,721,682	2,848,999	9,000,000	6,151,001	--- do ---	Mr. Awais Kamal
Honda Civic	2,353,000	1,710,474	642,526	853,086	210,560	--- do ---	Mr. Khurshheed Ahmad
Toyota Yaris	2,958,000	291,692	2,666,308	2,666,308	-	Company policy	Abdul Sattar Butt
Toyota Corolla	2,787,000	1,621,662	1,165,338	1,165,338	-	--- do ---	Mr. Saqib Fazal
Suzuki Cultus	1,975,000	970,120	1,004,880	1,023,840	18,960	--- do ---	Muhammad Shoaib
Honda Civic	3,144,504	2,279,834	864,670	864,670	-	--- do ---	Mr. Talal Ahmad
Honda Civic	3,088,540	2,264,929	823,611	823,611	-	--- do ---	Mr. M. Umer Farooq
	23,876,725	13,860,393	10,016,332	16,396,853	6,380,521		
Various assets having net book value upto Rs.500,000 each							
	322,080,211	143,198,724	178,881,487	20,937,754	(157,943,733)	Negotiation	Various parties
June 30, 2023	1,107,205,249	671,759,762	435,445,487	113,390,761	(322,054,726)		
June 30, 2022	419,722,062	307,135,084	112,586,978	106,300,695	(6,286,283)		

	Note	2023 Rupees	(Restated) 2022 Rupees
6.2 Right-of-use assets			
Balance at beginning of the year		2,833,092,663	2,525,760,356
Additions		455,382,858	1,145,811,646
Modifications		-	2,845,102
Depreciation on lease terminated		-	2,415,975
Disposals		(157,060,397)	(340,817,700)
Transfers made		-	(1,297,000)
Depreciation charged	6.2.3	(598,307,144)	(501,625,716)
Balance at end of the year		2,533,107,980	2,833,092,663

6.2.1 Movement in the Right-of-use assets:

	Land Rupees	Rented premises Rupees	Vehicles Rupees	Total Rupees
As at July 01, 2022	78,901,653	2,728,471,648	25,719,362	2,833,092,663
Additions during the year	-	276,881,574	178,501,284	455,382,858
Depreciation expense	(5,116,347)	(569,148,170)	(24,042,627)	(598,307,144)
Disposals / Terminations	-	(145,553,598)	(11,506,799)	(157,060,397)
As at June 30, 2023	73,785,306	2,290,651,454	168,671,220	2,533,107,980
		(Restated)		
As at July 01, 2021	84,061,908	2,435,799,768	5,898,680	2,525,760,356
Additions during the year	-	1,119,160,846	26,650,800	1,145,811,646
Modifications during the year	-	2,845,102	-	2,845,102
Depreciation on lease terminated	-	2,415,975	-	2,415,975
Depreciation expense	(5,160,255)	(491,434,944)	(5,030,517)	(501,625,716)
Disposals	-	(340,315,099)	(502,601)	(340,817,700)
Transfers during the year	-	-	(1,297,000)	(1,297,000)
As at June 30, 2022	78,901,653	2,728,471,648	25,719,362	2,833,092,663

6.2.2 This represents right of use asset relating to land obtained from Government of Sindh, Land Utilization Department, through Deputy Commissioner Thatta for a lease of 1,284 acres for each of the three projects of TBCL (subsidiary) and land acquired from AEDB, situated in Jhimpir, District Thatta for a lease of 1,372 acres on which the wind power plant of SWPCL (subsidiary) is installed for a period of thirty years .

SRL (subsidiary) has lease contracts for rented premises (retail outlets). Leases of rented premises generally have lease terms between 2 and 12 years.

This includes lease relates to offices obtained on rent in Tricon Corporate Centre situated at 73-E Main Jail Road, Gulberg II, Lahore by the Holding Company. Lease term is for 5 years. Depreciation expense amounting to Rs.16.531 million (2022: Rs.16.531 million) has been charged to administrative expenses.

SRL (subsidiary) has lease contracts for vehicles. Leases of vehicles have lease terms between 4 and 5 years.

	2023 Rupees	2022 Rupees
6.2.3 Depreciation charge has been allocated as follows:		
Cost of goods manufactured	89,253,866	6,222,822
Distribution cost	478,359,157	476,692,562
Administrative expenses	30,694,107	18,710,332
	598,307,144	501,625,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6.2.4 Prior year error

On July 1, 2021, Sapphire Retail Limited - SRL (Subsidiary Company) entered into a new lease agreement with its existing lessor, simultaneously terminating the previous contract. However, unintentionally, the entity failed to terminate the old lease liability and right-of-use asset and did not record the lease in accordance with the terms of the new agreement. It came to the attention of the SRL's management during the current year that these omissions had occurred. Consequently, the SRL's management made the decision to rectify this by restating the relevant figures and making adjustments in the prior year financial statements. As a result, in the current year, adjustments were made to restate the old lease liability and right-of-use asset and properly record the new lease according to the revised agreement as per the requirements of IFRS 16.

The effects of restatement are as follows:

	June 30, 2022	Increase/ (decrease) due to restatement	June 30, 2022 (Restated)
----- Rupees -----			
Consolidated Statement Of Financial Position - Extract			
Reserves	40,021,037,566	14,526,838)	40,006,510,729
Right of use asset	2,745,690,434	87,402,230	2,833,092,663
Lease liabilities	2,660,333,684	101,929,068	2,762,262,751
Consolidated Statement Of Profit and Loss - Extract			
Distribution cost	5,005,437,427	(2,415,975)	5,003,021,452
Other Income	1,090,407,658	(43,636)	1,090,634,022
Finance Cost	5,239,666,762	16,899,177	5,256,565,939
Profit after taxation	15,007,680,445	(14,526,838)	14,993,153,608

The aforementioned restatement has no significant impact on taxation, as the lease payments are in accordance with the provisions of the Income Tax Ordinance 2001.

	Note	2023 Rupees	2022 Rupees
6.3 Capital work-in-progress			
Civil works and buildings		1,117,697,511	1,299,204,315
Plant and machinery including in transit amounting Rs. 31.990 million	6.3.1	1,872,259,053	2,326,866,270
Electric installation		86,196,250	21,376,195
Mills equipment		54,000,153	25,350,193
Furniture and fixture		6,958,131	-
		3,137,111,098	3,672,796,973

6.3.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.115.099 million (2022: Rs.16.389 million) at the borrowing rate of 2.85% to 23.08% (2022:1.75% to 10.88%) per annum pertaining to the Holding Company.

6.3.2 Movement in the capital work-in-progress

	July 1, 2022	Additions during the year	Transferred to operating fixed assets	June 30, 2023
----- Rupees -----				
Particulars				
Civil works and buildings	1,299,204,315	722,287,395	(903,794,199)	1,117,697,511
Plant and machinery	2,326,866,270	4,494,020,993	(4,948,628,210)	1,872,259,053
Electric installation	21,376,195	64,820,055	-	86,196,250
Mills equipment	25,350,193	32,090,144	(3,440,184)	54,000,153
Furniture and fixture	-	7,683,431	(725,300)	6,958,131
	3,672,796,973	5,320,902,018	(5,856,587,893)	3,137,111,098
<hr/>				
	July 1, 2021	Additions during the year	Transferred to operating fixed assets	June 30, 2022
----- Rupees -----				
Particulars				
Freehold land & building	443,373,511	-	(443,373,511)	-
Civil works and buildings	296,416,131	1,402,399,474	(399,611,290)	1,299,204,315
Plant and machinery	978,153,620	4,726,794,995	(3,378,082,345)	2,326,866,270
Electric installation	3,032,075	53,431,079	(35,086,959)	21,376,195
Mills equipment	4,155,000	46,623,003	(25,427,810)	25,350,193
	1,725,130,337	6,229,248,551	(4,281,581,915)	3,672,796,973

6.4 These spare parts and stand-by equipment are in the possession and control of SWPCL's (subsidiary Company) O&M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the O&M Agreement dated October 31, 2011 and as amended by Novation Agreement dated June 29, 2018. As per the terms of the above mentioned O & M Agreement, O & M contractor will replenish and hand over these items to the Subsidiary Company on the expiry of the O&M Agreement.

7. INVESTMENT PROPERTY

7.1 For the Holding Company this includes free-hold land situated at Raiwind Road, Lahore having an area of 5,000 square yards. Fair value of the investment property was carried out on June 30, 2023. As per the valuation report the fair value of the investment property as at June 30, 2023 was Rs.286 million (2022: Rs.75 million).

7.1.1 This also includes lease-hold land situated at Korangi, Karachi for the Creek Properties (Private) Limited - (Subsidiary of Subsidiary Company - SRESL) having area of 24,926 square yards. As at June 30, 2023 fair value of the investment property was equals to its cost.

7.1.2 There is no rental income derived from investment property as at June 30, 2023 and June 30, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
8. INTANGIBLE ASSETS			
Computer software	8.1	34,859,406	14,458,435
Goodwill	8.3	455,540,310	455,540,310
		490,399,716	469,998,745
8.1 Computer software			
Net carrying value as at July 1,			
Opening net book value		14,458,435	2,850,809
Addition during the period / year		35,122,794	17,213,981
Write-off		-	(938,644)
Amortization for the year		(14,721,823)	(4,667,711)
Net book value as at,		34,859,406	14,458,435
Gross carrying value as at,			
Cost		91,840,064	56,717,270
Accumulated amortization		(56,980,658)	(42,258,835)
Net book value		34,859,406	14,458,435
Amortization rate (% per annum)		20 & 33.33	20 & 33.33
8.1.1	This represents inventory, point of sale (POS) software and Econnect license which are being amortized over 3 years on straight line basis of SRL (Subsidiary Company).		
8.2	Amortisation expense on computer software for the year has been charged to other operating expenses.		
8.3	Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary Company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.		
		2023 Rupees	2022 Rupees
9. EXPLORATION AND EVALUATION ASSET			
Rock salt exploration expenditures		112,928,274	-
9.1	This represents the exploration and evaluation cost incurred by the Sapphire Chemical (Private) Limited - (Subsidiary Company) on obtaining the exploration licenses and exploration of mines.		
		2023 Rupees	2022 Rupees
10. LONG TERM INVESTMENTS			
Associated Companies - at equity method	10.1	1,965,223,117	1,902,438,298
Others - Fair value through other comprehensive income	10.2	2,626,899,683	3,355,855,120
		4,592,122,800	5,258,293,418

	2023 Rupees	2022 Rupees
10.1 Associated Companies - Quoted		
Reliance Cotton Spinning Mills Limited 313,295 ordinary shares of Rs.10 each Equity held: 3.04%	266,252,993	224,601,284
The breakup of equity investment is as follows:		
Cost	8,461,851	8,461,851
Dividend received	(2,369,723)	(1,579,924)
Accumulated profit	260,160,865	217,719,357
	266,252,993	224,601,284

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs. 10 each representing 3.04% (2022: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 June 2023. RCSM was incorporated on 13 June 1990 as a public limited Company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship.

	2023 Rupees	2022 Rupees
Associated Companies - unquoted		
Sapphire Power Generation Limited (SPGL) 4,234,500 ordinary shares of Rs.10 each Equity held: 26.43%	470,854,712	422,664,414
Sapphire Electric Company Limited (SECL) 6,000,000 ordinary shares of Rs.10 each Equity held: 1.42%	308,626,671	281,266,848
Sapphire Holding Limited (SHL) 10,000 ordinary shares of Rs.10 each Equity held: 0.05%	9,156,538	6,574,812
Sapphire Dairies (Private) Limited (SDL) 23,500,000 ordinary shares of Rs.10 each Equity held: 12.95%	485,499,923	447,519,763
Foreign Company - Creadore A/S Denmark 3,675 ordinary shares of DKK 1,000 Equity held: 49.00%	424,832,280	379,807,590
Creek Properties (Private) Limited (CRPL)	-	140,003,587
	1,698,970,124	1,677,837,014

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10.1.1 The movement in the value of equity investments is as follows:

	SPGL	SECL	SHL	SDL	CRPL	Creadore A/S
June 30, 2023	----- (Rupees) -----					
Cost	113,705,500	60,000,000	100,000	235,000,000	-	58,708,925
Dividend received	-	(18,000,000)	-	-	-	(290,817,058)
Accumulated profit	357,149,212	266,626,671	9,056,538	250,499,923	-	656,940,413
	470,854,712	308,626,671	9,156,538	485,499,923	-	424,832,280
Note Ref	10.1.2	10.1.3	10.1.4	10.1.5	10.1.6	10.1.7
June 30, 2022						
Cost	113,705,500	60,000,000	100,000	235,000,000	140,091,075	58,708,925
Dividend received	-	(9,000,000)	-	-	-	-
Accumulated profit	308,958,914	230,266,848	6,474,812	212,519,763	(87,488)	321,098,665
	422,664,414	281,266,848	6,574,812	447,519,763	140,003,587	379,807,590

10.1.2 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2022: 26.43%) of SPGL's issued, subscribed and paid-up capital as at 30 June 2023. SPGL was incorporated in Pakistan as a public limited Company and is principally engaged in the business of electric power generation and distribution.

10.1.3 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2022: 1.42%) of SECL's issued, subscribed and paid-up capital as at 30 June 2023. SECL was incorporated in Pakistan as a public limited Company and the principal activity of the Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhpura. SECL is an associate of the Group due to common directorship.

10.1.4 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2022: 0.05%) of SHL's issued, subscribed and paid-up capital as at 30 June 2023. SHL was incorporated in Pakistan as a public limited Company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.1.5 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 12.95% (2022: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2023. SDL was incorporated as a private limited Company and is principally engaged in production of milk and milk products. During the previous year, SDL has issued right shares. However, Holding Company has not subscribed its portion.

10.1.6 Creek Properties (Private) Limited (the Company) was incorporated in April 2022 as a private company limited under Companies Act, 2017. During the current year, Sapphire Real Estate (Private) Limited (Subsidiary of STML) has made further investment in the company and currently holds 65% shareholding of the company (20.98% share holding as at June 30, 2022). The principal business of the Company is marketing and development of real estate projects.

10.1.7 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2022: 49%) of Creadore's share capital as at 30 June 2023. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

The summary of financial statements / reconciliation of the associates is as follows:

	----- June 30, 2023 -----						
	RCSML	SPGL	SECL	SHL	SDL	CRPL	Creadore A/S
	----- Rupees -----						
Summarized Statement of Financial Position							
Non-current assets	6,046,985,575	1,902,119,456	10,327,005,585	19,405,608,180	5,101,731,290	-	-
Current assets	9,268,167,752	136,829,212	16,780,036,083	186,285,374	1,375,109,451	-	1,392,967,880
	15,315,153,327	2,038,948,668	27,107,041,668	19,591,893,554	6,476,840,741	-	1,392,967,880
Non-current and current liabilities	6,568,522,187	257,135,364	5,296,325,047	1,193,533,800	2,726,612,083	-	525,963,227
Net assets	8,746,631,140	1,781,813,304	21,810,716,621	18,398,359,754	3,750,228,658	-	867,004,653
Reconciliation to carrying amount							
Opening net assets	7,378,338,046	1,599,451,079	19,877,191,730	13,210,860,935	3,456,852,126	-	775,117,529
Right shares issued	-	-	-	-	-	-	-
Profit for the year	1,196,950,454	199,513,745	3,205,588,932	3,972,206,787	294,573,338	-	310,650,336
Other comprehensive loss	(46,048,065)	(24,454,167)	-	(192,438,634)	(1,196,806)	-	-
Other adjustments	294,580,705	7,302,647	-	1,407,730,666	-	-	374,740,988
Dividend paid during the year	(77,190,000)	-	(1,272,064,041)	-	-	-	(593,504,200)
Closing net assets	8,746,631,140	1,781,813,304	21,810,716,621	18,398,359,754	3,750,228,658	-	867,004,653
Group's share (%)	3.04%	26.43%	1.42%	0.05%	12.95%	-	49.00%
Group's share	266,252,993	470,854,712	308,626,671	9,156,538	485,499,923	-	424,832,280
Carrying amount of investment	266,252,993	470,854,712	308,626,671	9,156,538	485,499,923	-	424,832,280
Summarized Statement of Profit or Loss							
Revenue	11,048,839,608	-	18,968,182,302	19,166,116	3,400,928,456	-	2,873,152,555
Profit before tax	1,275,251,834	231,347,096	3,206,566,586	4,097,703,348	297,188,899	-	471,529,943
Profit after tax	1,196,950,454	199,513,745	3,205,588,932	3,972,206,787	294,573,338	-	367,774,468
----- June 30, 2022 -----							
	RCSML	SPGL	SECL	SHL	SDL	CRPL	Creadore A/S
	----- Rupees -----						
Summarized Statement of Financial Position							
Non current assets	4,570,088,296	1,682,947,163	10,893,209,354	14,139,118,496	4,912,617,846	30,812,500	-
Current assets	7,607,409,593	138,095,131	15,716,622,028	148,970,497	927,704,293	119,029,040	990,823,020
	12,177,497,889	1,821,042,294	26,609,831,382	14,288,088,993	5,840,322,139	149,841,540	990,823,020
Non-current and current liabilities	4,799,159,843	221,591,215	6,732,639,652	1,077,228,058	2,383,470,013	167,475	215,705,491
Net assets	7,378,338,046	1,599,451,079	19,877,191,730	13,210,860,935	3,456,852,126	149,674,065	775,117,529
Reconciliation to carrying amount							
Opening net assets	4,435,010,786	1,388,626,486	18,418,969,129	10,229,964,000	2,140,182,912	-	575,230,995
Right shares issued	-	-	-	-	-	150,091,075	-
Profit / (loss) for the year	3,046,062,035	269,422,331	2,094,254,622	3,374,375,792	1,320,142,390	(417,010)	109,860,800
Other comprehensive loss	(51,342,891)	(58,625,889)	-	(393,671,291)	(3,473,176)	-	-
Other adjustments	25,582	28,153	-	192,434	-	-	90,025,734
Dividend paid during the year	-	-	(636,032,021)	-	-	-	-
Closing net assets	7,429,755,512	1,599,451,081	19,877,191,730	13,210,860,935	3,456,852,126	149,674,065	775,117,529
Group's share - %	3.04%	26.43%	1.42%	0.05%	12.95%	20.98%	49.00%
Group's Share	224,601,284	422,664,414	281,266,848	6,574,812	447,519,763	31,401,394	379,807,590
Good will	-	-	-	-	-	108,602,193	-
	224,601,284	422,664,414	281,266,848	6,574,812	447,519,763	140,003,587	379,807,590
Summarized Statement of Profit or Loss							
Revenue	11,386,469,405	-	22,091,905,049	10,951,811	2,573,211,204	-	913,462,110
Profit / (loss) before tax	3,245,585,806	310,336,238	2,094,339,674	3,596,985,514	1,403,890,005	(417,010)	150,196,530
Profit / (loss) after tax	3,046,062,035	269,422,331	2,094,254,622	3,374,375,792	1,320,142,390	(417,010)	117,226,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2023 Rupees	2022 Rupees
10.2 Equity Instruments - at FVTOCI			
Quoted			
MCB Bank Limited			
4,120,740 (2022: 4,061,840) ordinary shares of Rs.10 each - cost		224,625,605	217,880,150
Adjustment arising from re-measurement to fair value		247,075,502	281,644,933
		471,701,107	499,525,083
Habib Bank Limited			
29,423,714 (2022: 29,623,714) ordinary shares of Rs.10 each - cost		5,886,143,798	5,926,153,798
Adjustment arising from re-measurement to fair value		(3,731,445,222)	(3,220,323,761)
		2,154,698,576	2,705,830,037
Unquoted			
Jomo Technologies (Private) Limited			
25,000,000 (2022: 25,000,000) ordinary shares of Rs.10 each		150,000,000	150,000,000
Less: provision for impairment	10.2.1	(150,000,000)	-
		-	150,000,000
TCC Management Services (Private) Limited			
50,000 (2022: 50,000) ordinary shares of Rs.10 each		500,000	500,000
		2,626,899,683	3,355,855,120

10.2.1 The management of the Holding Company carried out a thorough review of financial statements and concluded that value of investment is no more recoverable. Based on its evaluation, decided to charge impairment against its investment.

10.2.2 The Holding Company has pledged 3.951 million (2022: 3.332 million) shares of MCB Bank Limited, 23.979 million (2022: 27.177 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

10.2.3 The Holding Company has pledged 0.111 million (2022: 0.111 million) shares of MCB Bank Limited and 0.645 million (2022: 0.645 million) shares of Habib Bank Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to Nil in favour of a financial institution for Debt Service Reserve support for Tricon Boston Consulting Corporation (Private) Limited (2022: US \$ 0.291 million). These pledged shares released subsequent to the year-end.

	Note	2023 Rupees	2022 Rupees
11. LONG TERM LOANS AND ADVANCES			
Loan to employees	11.1	43,292,703	60,750,119
Advance for purchase of land	11.2	204,543,864	225,499,428
Advance for vehicles		-	6,449,000
		247,836,567	292,698,547
11.1 Loan to employees - unsecured (considered good)			
Loans to employees	11.1.1	88,549,021	84,224,012
Less: recoverable within one year and grouped under current assets		(45,256,318)	(23,473,893)
		43,292,703	60,750,119

11.1.1 These represent interest free loans provided to executives and permanent employees for various purposes in accordance with the terms of employment. These include loans which are secured against retirement benefits payable to the executives / employees on resignation / retirement. These are recoverable in equal monthly instalments. The present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is not considered material and hence not recognized.

11.2 This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhpura.

	Note	2023 Rupees	2022 Rupees
12. LONG TERM DEPOSITS			
Security deposits held with:			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		1,373,600	1,344,000
Others	12.1	63,019,729	26,934,924
		150,223,917	114,109,512

12.1 It includes an amount of Rs.36,000 (2022: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party.

13. DEFERRED TAX ASSET

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

	Note	2023 Rupees	2022 Rupees
Accelerated tax depreciation - property and equipment		(21,461,951)	(51,065,902)
Investment in associates	13.1	(38,668,671)	(32,420,915)
Leases - net		175,560,659	91,979,848
Provision for net realizable value		-	27,455,980
Staff retirements benefits - gratuity		-	5,150,395
Provision for leave encashment		13,651,984	8,783,235
Alternative corporate tax		-	23,481,649
Unrealized (gain) / loss on inventory		(26,413,456)	19,457,484
		102,668,565	92,821,774

13.1 The temporary differences associated with investments in the Group's associates, for which a deferred tax liability has not been recognised in the periods presented, aggregate to Rs.289.217 million (2022: Rs.143.940 million). The Group has determined that the undistributed profits of its associates will not be distributed in the foreseeable future. Furthermore, the Group has also no intention to sell the investments in its associate in the foreseeable future. Hence, there are no income tax consequences attached to the payment of dividends in either 2023 or 2022 by the Group to its shareholders.

13.2 In view of applicability of presumptive tax regime on taxable income for the current and previous tax year and expected pattern of chargeability of Holding Company's income to tax in the same manner, no deferred tax liability has been recognised in the financial statements.

13.3 The income of power generation companies of the Group is exempt from taxation. Therefore, there is no deferred tax liability in respect of these companies.

13.4 There are no taxable or deductible temporary differences in case of Sapphire International APS assets or liabilities.

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	Note	2023 Rupees	2022 Rupees
14. STORES, SPARES AND LOOSE TOOLS			
Stores	14.2 & 14.3	592,629,333	593,383,336
Spare parts		252,732,437	191,069,582
Loose tools		606,773	195,585
Items in transit		100,663,152	59,272,295
		946,631,695	843,920,798
Less: provision for slow moving items	14.1	(44,602,001)	(39,283,153)
		902,029,694	804,637,645
14.1 Provision for slow moving items			
Balance at beginning of the year		39,283,153	68,286,040
Provision made during the year		5,318,848	-
Less: provision reversed during the year		-	(29,002,887)
Balance at end of the year		44,602,001	39,283,153

14.2 This includes stores and spares amounting to Rs.111.051 million (2022: Rs.111.051 million) of SWPCL (Subsidiary Company) which are in the possession and control of the SWPCL, O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary Company's plant as per the terms of the O & M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. As per the terms of the above mentioned O & M Agreement, General Electric will replenish and hand over these items to the subsidiary Group on the expiry of the O & M Agreement i.e eight years from the Taking-Over Date.

14.3 This also includes spare parts and stand-by equipment of Rs.122.975 million (2022: 122.975 million) of TBCL (Subsidiary Company) which are in the possession and control of TBCL's (subsidiary Company) O & M contractor, Hydro China, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the O & M Agreement dated 26 December 2016 amended through supplement Agreement dated 06 May 2017 for a period of two years from the taking over date. Furthermore, TBCL has also signed LTOMA dated 26 December 2016 as amended through supplemental agreements dated 19 April 2017 for a term of eight years starting from the end of the above mentioned Hydro China's WP O&M Agreement, and these items will be handed over to the GE on expiry of Hydro China's WP O&M Agreements. As per the terms of the WP O&M Agreements, Hydro China and subsequently GE will replenish and hand over these items to the subsidiary Company on the expiry of their respective Agreement i.e eight years from the commencement date i.e December 24,2020.

	2023 Rupees	2022 Rupees
15. STOCK IN TRADE		
Raw materials:		
- at mills	15,296,894,971	16,533,577,569
- in transit	1,674,171,675	1,193,299,304
	16,971,066,646	17,726,876,873
Work-in-process	3,584,457,740	3,328,083,871
Finished goods - manufactured - at mills	5,205,776,958	4,837,104,448
Finished goods - purchased - at mills	4,695,840,601	3,231,368,252
Waste	87,647,145	52,627,180
	30,544,789,090	29,176,060,624

15.1 Stock in trade include items costing Rs.15,812.164 million (2022: Rs.6,477.690 million) stated at their net realizable value aggregated Rs.14,057.678 million (2022: Rs.6,028.706 million). The amount charged to cost of sales in respect of stocks written down to their net realizable value was Rs.1,754.486 million (2022: Rs.536.563 million).

	Note	2023 Rupees	2022 Rupees
16. TRADE DEBTS			
Considered good			
Other domestic debts	16.1 & 16.2	4,173,823,641	3,956,258,481
CPPA-G	16.3	13,279,384,813	14,573,157,218
Waste		46,145,020	39,963,209
Others		15,764,378	25,440,799
		17,515,117,852	18,594,819,707
Considered good - secured Foreign debts		1,400,454,903	1,116,978,858
		18,915,572,755	19,711,798,565
Less: provision for expected credit loss	16.6	44,329,846	42,349,160
		18,871,242,909	19,669,449,405

16.1 Local debts includes an amount of Rs.1,954.671 million (2022: Rs.1,371.646 million) receivable against indirect export sales.

	2023 Rupees	2022 Rupees
16.2 These include the following amounts due from related parties:		
Diamond Fabrics Limited	55,006,728	204,655,350
Sapphire Fibres Limited	-	182,754
Reliance Cotton Spinning Mills Limited	-	349,030
Sapphire Finishing Mills Limited	289,937,182	648,462,014
	344,943,910	853,649,148

16.3 These include amount of Rs.2,586.292 million (2022: Rs.3,484.069 million) receivable from CPPA-G by SWPCL (Subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 14.90% to 26.58% (2022: 11.89% to 19.52%) per annum. These include unbilled receivables aggregating to Rs.830.860 million (2022: Rs.759.106 million).

These also include amount of Rs 10,693.092 million (2022: 11,089.088 million) receivable from CPPA-G by TBCL (Subsidiary Company) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment markup at the rate of three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 2% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the year on outstanding amounts ranges from 9.79% to 24.05% (2022: 9.39% to 12.75%) per annum. These include unbilled receivables aggregating to Rs.223.94 million (2022: Rs.306.17 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16.4 The aging of trade debts receivable from related parties as at reporting date is as follows:

	Total amount receivable	Neither past due nor impaired	Past due but not impaired			
			0-30 days	31-60 days	61-90 days	91-180 days
			----- Rupees -----			
2023	344,943,910	344,943,910	-	-	-	-
2022	853,649,148	598,153,131	252,870,342	1,797,377	781,988	46,310

16.5 The aggregate maximum outstanding balance due from the related parties at the end of any month during the year was Rs.1,085.187 million (2022: Rs.1,008.483 million).

	Note	2023 Rupees	2022 Rupees
16.6 Provision for expected credit loss			
Balance at the beginning of the year		42,349,160	37,098,930
Charged during the year		1,980,686	5,250,230
Balance at the end of the year		44,329,846	42,349,160
17. LOANS AND ADVANCES			
Unsecured - Considered good			
Current portion of long term loans to employees	11.1	45,256,318	23,473,893
Advances to suppliers		289,607,735	148,628,288
Short term loans to employees		52,678,889	28,472,124
		387,542,942	200,574,305
18. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		63,217,948	90,509,502
Prepayments		103,337,456	53,356,965
		166,555,404	143,866,467
19. OTHER RECEIVABLES			
Claims receivable		-	3,775,750
Margin deposits		7,168,259	7,168,259
Deposits with High Court		19,430,291	19,430,291
Export rebate receivable		66,487,737	38,157,830
Receivable against sale of fixed assets		-	246,170
Claims recoverable from NTDC against WPPF for pass-through items	19.1	985,492,272	931,630,497
Receivables from CPPA-G by TBCL	19.2	441,856,380	296,351,598
Rent receivable		-	515,640
Other receivables - considered good		72,413,291	1,447,168
		1,592,848,230	1,298,723,203

19.1 Under section 9.2(a) of the EPA, payments to Workers' Profit Participation Fund (WPPF) by SWPCL and TBCL (Subsidiary Companies) are recoverable from CPPA-G as a pass-through item amounting to Rs.178.897 million (2022: Rs.163.027 million) and Rs.806.895 million (2022: Rs.768.603 million). Movement of WPPF is as follows:

	Note	2023 Rupees	2022 Rupees
Opening balance		931,630,497	758,210,305
Accrued for the year	29.2	390,597,272	323,318,542
Received during the year		(336,735,497)	(149,898,350)
Closing balance		985,492,272	931,630,497

19.2 Under section 9.2(a) of the EPA with CPPA-G, Insurance payments are recoverable from CPPA-G as a pass-through item.

	Note	2023 Rupees	2022 Rupees
20. SHORT TERM INVESTMENTS			
Equity instruments	20.1	1,364,735,401	2,988,280,554
Others	20.2	191,000,000	-
		1,555,735,401	2,988,280,554

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

2023 No. of shares / certificates	2022	Name of the investee company	Market value		Cost	
			2023	2022	2023	2022
----- Rupees -----						
26,985,346	26,985,346	Bank AL-Habib Limited	1,166,306,654	1,566,769,189	1,105,332,382	1,105,332,382
65,321	4,574,007	Engro Corporation (Pakistan) Limited	16,976,275	1,175,931,460	18,468,972	1,293,345,025
-	597,500	Engro Fertilizer Limited	-	52,962,400	-	38,557,257
197,000	197,000	Oil and Gas Development Company Limited	15,366,000	15,497,990	20,490,173	20,490,173
288,000	288,000	Fauji Fertilizer Company Limited	28,350,720	31,743,360	31,509,886	31,509,886
1,124,332	1,022,120	Meezan Bank Limited	97,108,555	115,479,118	70,864,855	70,864,855
58,500	58,500	Lucky Cement Limited	30,542,265	26,853,840	41,274,019	41,274,019
85,800	26,900	United Bank Limited	10,084,932	3,043,197	10,829,113	4,093,970
					1,298,769,400	2,605,467,567
972,295	972,295	Gulshan Spinning Mills Limited	-	-	17,441,370	17,441,370
			1,364,735,401	2,988,280,554	1,316,210,770	2,622,908,937
Add: Adjustment arising from re-measurement to fair value					48,524,631	365,371,617
Market value					1,364,735,401	2,988,280,554

20.1.1 The Holding Company has pledged Nil (2022: 0.837 million) shares of Engro Corporation (Pakistan) Limited, 15.880 million (2022: 6.880 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

20.1.2 The Holding Company has pledged 0.065 million (2022: 0.065 million) shares of Engro Corporation Limited and 0.253 million (2022: 0.253 million) shares of Bank AL-Habib Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to Nil in favour of a financial institution for Debt Service Reserve support for Tricon Boston Consulting Corporation (Private) Limited (Subsidiary Company) (2022: US \$ 0.291 million). These pledged shares released subsequent to the year-end.

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20.2 This represent investment made by Creek Properties (Private) Limited - (Subsidiary of Subsidiary Company) in Special Sharika Certificate of Islamic Investment issued by Meezan Bank Limited.

	Note	2023 Rupees	2022 Rupees
21. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax - net	21.1	136,923,823	484,503,481
Sales tax receivable		5,526,175,420	4,046,170,095
Less: provision against doubtful sales tax refunds	21.2	586,335,173	508,576,045
		4,939,840,247	3,537,594,050
		5,076,764,070	4,022,097,531
21.1 Income tax - net			
Advance income tax / refundable		1,826,470,712	2,025,143,075
Provision for taxation	21.1.1	(1,689,546,889)	(1,540,639,594)
		136,923,823	484,503,481
21.1.1 Provision for taxation			
Balance at the beginning of the year		1,540,639,594	575,345,639
Provision for the year		2,112,493,342	1,752,046,198
		3,653,132,936	2,327,391,837
Less: Advance tax adjusted during the year against completed assessments		(1,963,586,047)	(786,752,243)
		1,689,546,889	1,540,639,594
21.2 Provision against doubtful sales tax refunds			
Balance at beginning of the year		508,576,045	372,570,600
Add: provision for the year		77,759,128	136,005,445
Balance at end of the year		586,335,173	508,576,045
22. CASH AND BANK BALANCES			
Cash-in-hand		86,221,965	101,526,152
Balances with banks on:			
current accounts			
- local currency		623,122,084	748,297,977
- foreign currency	22.1	564,848,169	102,365,340
		1,187,970,253	850,663,317
saving accounts			
- local currency	22.2	315,980,281	6,310,499
- foreign currency	22.3 & 22.4	11,138,559,896	6,938,136,853
		11,454,540,177	6,944,447,352
Term deposit receipts	22.5	1,814,000,000	-
		14,542,732,395	7,896,636,821

22.1 These include foreign currency accounts amounting to US.\$ 1,292,060 (2022: US.\$ 269,886) and EURO 16,017 (2022: EURO 11,098) relating to the Holding Company and amount of US.\$ 609,645 (2022: US.\$216,354) pertaining to the Sapphire International Aps (Subsidiary Company).

- 22.2** Effective rates of profit on saving account, during the year, ranged at 12.74% to 20.16% (2022: 5.50% to 12.25%) per annum.
- 22.3** This includes balances as at June 30, 2023 held in various accounts, established and maintained by the Triconboston Consulting Corporation (Private) Limited (Subsidiary Company) pursuant to the Common Terms Agreement dated April 21, 2017 entered into by the Company with Citibank, N.A. An amount of USD 28.42 million equivalent to Rs. 8,146.54 million (2022: USD 23.63 million equivalent to Rs. 4,855.63 million) is maintained in Debt Service Reserve Account for repayment of long term finance and payment of interest accrued and other related costs thereon to lenders. These deposits in savings accounts carry profits at the rates ranges from LIBID 0.81% to 4.29% (2022 : 0.04% to 0.35%) per annum.
- 22.4** This includes the balances as at 30 June 2023 held in various accounts established and maintained by the Sapphire Wind Power Company (Private) Limited (Subsidiary Company) in pursuance to the Finance Agreement dated 31 March 2014 entered into by the Company with OPIC and the Accounts Agreement dated 07 May 2014 entered into by the Subsidiary Company with OPIC and various branches of CitiBank, N.A. An amount of USD \$ 9.751 million equivalent to Rs.2,794.568 million (2022: USD \$ 9.465 million equivalent to Rs 1,945.083 million) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to IDFC and USD \$ 0.660 million equivalent to Rs.189.014 million (2022: USD \$ 0.640 million equivalent to Rs 131.558 million) in Dollar Maintenance Reserve account for payments against O & M Agreements. These deposits saving accounts carry profits ranging from 0.81% to 4.36% (2022: 0.35%) per annum.
- 22.5** Effective rates of profit on term deposit receipts, during the year, ranged at 4.00% to 14.20% (2022: Nil) per annum.

23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023		2022	
----- Numbers -----		-----Rupees-----	
7,813,391	7,813,391	78,133,910	78,133,910
13,876,400	13,876,400	138,764,000	138,764,000
21,689,791	21,689,791	216,897,910	216,897,910

- 23.1** The Holding Company has only one class of shares which carry no right to fixed income.
- 23.2** Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.
- 23.3** As at the reporting date 6,722,155 (2022: 6,722,155) shares of the Holding Company are held by associated companies.

	Note	2023 Rupees	2022 Rupees
24. RESERVES			
Capital reserves	24.1	(2,760,968,330)	(1,740,104,439)
Revenue reserves	24.2	49,262,367,740	41,746,615,168
		46,501,399,410	40,006,510,729
24.1 Composition of capital reserves is as follows:			
Share premium	24.1.1	782,796,090	782,796,090
Fixed assets replacement reserve	24.1.2	65,000,000	65,000,000
Fair value reserve of financial asset at fair value through OCI	24.1.3	(3,608,764,420)	(2,587,900,529)
		(2,760,968,330)	(1,740,104,439)

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24.1.1 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.

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

24.1.3 This represents unrealized loss on re-measurement of investments at fair value through OCI.

	Note	2023 Rupees	2022 Rupees
24.2	Composition of revenue reserves is as follows:		
General reserves	24.2.1	1,330,000,000	1,330,000,000
Unappropriated profits	24.2.2	47,587,509,529	40,343,197,320
Unrealized gain on translation of - foreign operation		343,508,955	139,544,124
Cash flow hedge reserve	24.2.3	1,349,256	(66,126,276)
		49,262,367,740	41,746,615,168

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

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

	Note	2023 Rupees	2022 Rupees
24.2.3	Losses on cash flow hedge:		
Gain / (loss) arising during the year		1,349,256	(66,126,276)
Less: reclassification for losses included in profit or loss		66,126,276	18,250,046
		67,475,532	(47,876,230)
25.	LONG-TERM LOANS AND OTHER PAYABLES		
Long term loans	25.1	57,364,228,256	50,467,402,598
Gas infrastructure development cess payable	25.2	28,190,389	245,850,805
		57,392,418,645	50,713,253,403

25.1 Long-term loans

Loans from banking companies - secured	25.1.1	20,814,865,800	18,069,599,855
Loans from International Development Finance Corporation	25.1.2	7,286,804,292	7,245,061,342
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	25.1.3	41,520,329,551	34,293,306,665
		69,621,999,643	59,607,967,862
Less: current portion grouped under current liabilities			
Loans from banking companies - secured		(2,699,234,738)	(2,542,077,264)
Loans from International Development Finance Corporation		(2,839,817,091)	(2,031,229,816)
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG		(6,718,719,558)	(4,567,258,184)
		(12,257,771,387)	(9,140,565,264)
		57,364,228,256	50,467,402,598

	Note	2023 Rupees	2022 Rupees
25.1.1 Long term loans - secured			
Loans from banking companies			
- Allied Bank Limited	25.1.1.1	4,563,200,451	3,927,425,975
- Bank Alfalah Limited (a related party)	25.1.1.2	876,712,229	998,931,832
- Bank AL-Habib Limited	25.1.1.3	2,376,630,566	2,023,738,339
- The Bank of Punjab	25.1.1.4	1,412,718,982	367,448,833
- Faysal Bank Limited	25.1.1.5	9,672,000	31,250,000
- Habib Bank Limited	25.1.1.6	5,686,665,520	6,491,977,992
- MCB Bank Limited	25.1.1.7	831,626,032	797,109,901
- Meezan Bank Limited	25.1.1.8	1,898,141,813	1,056,258,813
- United Bank Limited	25.1.1.9	1,523,425,807	984,473,059
		19,178,793,400	16,678,614,744
Loans from other institutions			
Pakistan Kuwait Investment Group (Private) Limited	25.1.1.10	1,473,402,400	366,742,150
Pakistan China Investment Group (Private) Limited	25.1.1.11	162,670,000	162,670,000
		1,636,072,400	529,412,150
		20,814,865,800	17,208,026,894

25.1.1.1 These loans carry mark-up ranging from 1.00% to 22.20% (2022: 1.00% to 11.57%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.5,435 million (2022: Rs.5,185 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.627 million (2022: Rs.783 million) as on reporting date.

25.1.1.2 These loans carry mark-up of 1.75% to 2.75% (2022: 1.75% to 2.75%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,353 million (2022: Rs.1,353 million) over specific plant & machinery.

25.1.1.3 These loans carry mark-up ranging from 2.50% to 22.58% (2022: 2.50% to 15.02%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2022: Rs.2,347 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Group having market value Rs.1,356 million (2022: Rs.1,829 million) as on reporting date.

25.1.1.4 For the Holding Company, these loans includes an interest free loan amounting to Rs.1,020 million measured at the present value of all future cash payments discounted using the prevailing market rate of interest. It is repayable in quarterly instalments over a period of 12 years including a 2 years grace period. These include another loan of Rs.653.129 million that carry mark-up of 16.54 % to 23.08% (2022: Nil) obtained in different tranches and are repayable in 10 years with a grace period of 2 years. These loans secured against exclusive mortgagee charge of amounting to Rs.521 million (2022: Rs 521 million) over lands and charge of Rs.1,855 million (2022: Rs 1,855 million) over plant and machinery owned by the Company.

It includes Rs.42.857 million (2022: Rs.85.714 million) obtained by Sapphire Retail Limited - SRL (Subsidiary Company). SRL obtained long term loan in June 2020 to meet its long term capital requirements. The term of the loan was 4 years including 6 month grace period and the principal is repayable in equal quarterly installments. The mark-up is payable quarterly at a rate of 3 month KIBOR + 1.25% per annum. The facility was secured against first pari passu charge of Rs. 130 million inclusive of 25% margin over present and future movable fixed assets of the customer duly registered with SECP. The mark up rate charged during the period on the outstanding balance ranged from 16.13% to 23.34% per annum.

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It also includes Rs.306.00 million (2022: Rs.Nil) obtained by Sapphire Retail Limited - SRL (Subsidiary Company). SRL obtained term finance facility-2 amounting to Rs 606 million made available to the company in order to finance the acquisition of Property for construction of Corporate office located at 36 - 37N Industrial Area, Gulberg II, Lahore out of which only Rs 306 million was availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 0.65% per annum. The term of the loan is 10 years including 2 years grace period and the principal is repayable in equal quarterly installments. The 1st Tranche of Rs. 306 million was secured against Ranking Charge over present and future fixed assets amounting PKR 408 million of the customer registered with 25% margin which will be upgraded to JPP charge within 180 days from the date of 1st drawdown dated 29 July 2022, EM and exclusive charge of PKR 306 million with 15% margin over property 36-37N Industrial Area, Gulberg II, Lahore. The security will be perfected within 180 days from the date of 1st drawdown i.e 29 July 2022. Mortgage formalities and upgradation of security charge through obtaining NOC from existing lenders holding charge over fixed assets of the company. For 2nd Tranche of PKR 300 million, PP Charge over fixed assets of the company with 25% margin. The mark up rate charged during the period on the outstanding balance ranged from 16.34% to 22.70% per annum.

It also includes Rs.5.427 million (2022: Rs.Nil) obtained by Sapphire Retail Limited - SRL (Subsidiary Company). SRL obtained term finance facility-3 amounting to Rs. 100 million to finance installation of Solar Power Equipment at 20 Retail Chain Stores of company out of which Rs. 5,712,521 is availed. The mark-up is payable quarterly at a rate of 3 month KIBOR + 1%. The facility was secured against Specific charge over solar machinery/equipment financed from BOP amounting Rs. 100 million with nil margin. Initially ranking charge will be registered on specific equipment/machinery and same will be converted to specific charge within 180 days from the date of 1st drawdown. Total tenure is 10 years with nil grace period. The mark up rate charged during the period on the outstanding balance ranged from 16.76% to 23.05% per annum.

25.1.1.5 These loans carry mark-up ranging from 2.50% to 6.50% (2022: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228 million (2022: Rs.228 million) over specific plant & machinery.

25.1.1.6 These loans carry mark-up ranging from 0.60% to 23.03% (2022: 0.60% to 15.28%) obtained in different tranches and are repayable in quarterly instalments ranging from 26 to 32. These loans are secured against exclusive hypothecation charge of Rs.11,550 million (2022: Rs.10,650 million) over specific plant & machinery.

25.1.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2022: 1.50% to 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,291 million (2022: Rs.2,582 million) over specific plant & machinery.

25.1.1.8 These loans carry mark-up ranging from 3.00% to 22.20% (2022: 3.00% to 3.50%) obtained in different tranches and are repayable in 32 to 40 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,248 million (2022: Rs.1,734 million) over specific plant & machinery.

25.1.1.9 For the Holding Company these loans carry mark-up at the rate of 2.50% (2022: 2.50%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,463 million (2022: Rs.1,463 million) over specific plant & machinery.

It includes Rs.700.00 million (2022: Rs.720.00 million) obtained by Sapphire Retail Limited - SRL (Subsidiary Company). SRL has obtained the long term loan from United Bank Limited the last year for the purchase of company's flagship store measuring 27,600 Square feet, located at 9-C Block K College Road Gulberg II, Lahore. The facility is for 10 years tenure including 1 year grace period after which principal is repayable in quarterly instalments. The markup rate is 3 month KIBOR + 0.75% per annum. The loan is secured against exclusive equitable mortgage over specific land and building of Gulberg store of Rs.960,000,000. The mark up rate charged during the period on the outstanding balance ranged from 15.91% to 22.73% per annum.

25.1.1.10 These loans carry mark-up ranging from 5.00% to 23.09% (2022: 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,356 million (2022: Rs.1,176 million) over specific plant and machinery.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2022: at the rate of 5.00%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.191 million (2022: Rs.191 million) over specific plant and machinery.

	2023 Rupees	2022 Rupees
25.1.2 Loans from International Development Finance Corporation (IDFC)		
Opening balance	7,245,061,342	7,105,883,919
Exchange loss	2,519,596,175	1,880,402,687
Amortization of transaction cost	22,641,684	22,641,684
	9,787,299,201	9,008,928,290
Repaid during the year	(2,500,494,909)	(1,763,866,948)
	7,286,804,292	7,245,061,342
Less: Current portion shown under current liabilities	(2,839,817,091)	(2,031,229,816)
	4,446,987,201	5,213,831,526

25.1.2.1 This represents long term finance facility of USD 95 million obtained from IDFC for the construction of the wind power project at Jhimpir in accordance with the Finance Agreement dated 31 March 2014. The security for the loan includes all the current and future assets of the SWPCL (Subsidiary Company). It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 3.7% guarantee fee per annum. The mark up rate charged during the year on the outstanding balance ranged from 4.48% to 8.90% (2022: 3.90% to 4.84%). As of 30 June 2022, the principal amount of USD 25.560 million is repayable in five unequal semi annual instalments ending on 10 October 2025 in accordance with the amortization schedule provided by IDFC.

	2023 Rupees	2022 Rupees
25.1.3 Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG		
Opening balance	34,293,306,665	29,617,713,365
Receipt during the year	-	-
Amortization of transaction cost	38,914,836	38,914,836
Exchange loss	12,980,587,910	8,439,559,128
	47,312,809,411	38,096,187,329
Repaid during the year	(5,792,479,860)	(3,802,880,664)
	41,520,329,551	34,293,306,665
Less: Current portion shown under current liabilities	(6,718,719,558)	(4,567,258,184)
	34,801,609,993	29,726,048,481

25.1.3.1 This represents long term finance facility of USD 237.60 million obtained from International Finance Corporation (IFC), Asian Development Bank (ADB), Islamic Development Bank (IsDB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG) for the construction of the projects at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of the Company. Security package also includes assignment of project agreements, pledge on all shares, assignment on insurance, and direct agreements with counterparties. It carries markup payable quarterly, at the rate of 3 months London Inter-Bank Offered Rate (LIBOR) plus 4.5% per annum. The principal amount is repayable in 11 unequal semi annual installments ending on September 2028.

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	Note	2023 Rupees	2022 Rupees
25.2 Movement in Gas Infrastructure Development Cess payable			
Balance of provision for GIDC	25.2.1	950,772,005	902,772,683
Unwinding of interest		30,923,531	47,999,322
		981,695,536	950,772,005
Less: Current portion shown under current liabilities		(953,505,147)	(704,921,200)
		28,190,389	245,850,805

25.2.1 The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Holding 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 judgement 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 Holding Company has filed a civil suit before the Honorable Sindh High Court (SHC) on the grounds that Holding Company has not passed on the impact of GIDC to end customers. SHC has granted stay order in the said suit and has restrained SNGPL & SSGCL from taking any coercive action against the Group.

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

	Note	2023 Rupees	(Restated) 2022 Rupees
26. LEASE LIABILITIES			
Lease liabilities in respect of:			
Land	26.1	50,342,127	47,837,772
Rented premises	26.2	2,740,951,228	3,049,067,751
Vehicles	26.2	134,235,688	16,982,473
		2,925,529,043	3,113,887,996
Less: Current portion shown under current liabilities			
Land		(2,744,000)	(2,744,000)
Rented premises		(454,842,157)	(342,126,299)
Vehicles		(33,114,735)	(6,754,946)
		(490,700,892)	(351,625,245)
		2,434,828,151	2,762,262,751

26.1 Movement of the lease liabilities recognized in respect of land during the year:

	2023			2022		
	SWPCL	TBCL	Total	SWPCL	TBCL	Total
	----- Rupees -----					
Balance as on July 01,	25,470,744	22,367,028	47,837,772	24,632,627	57,570,072	82,202,699
Additions during the year	-	-	-	-	-	-
Payments made during the year	(2,744,000)	-	(2,744,000)	(2,744,000)	(38,520,000)	(41,264,000)
Unwinding of lease liability	3,709,932	1,538,423	5,248,355	3,582,117	3,316,956	6,899,073
	26,436,676	23,905,451	50,342,127	25,470,744	22,367,028	47,837,772
Less: Current portion shown under current liabilities	(2,744,000)	-	(2,744,000)	(2,744,000)	-	(2,744,000)
Balance as at June 30,	23,692,676	23,905,451	47,598,127	22,726,744	22,367,028	45,093,772
Note reference	26.1.1	26.1.2				

26.1.1 This represents liability in respect of a 20 years lease of 1,372 acres of land, acquired from AEDB, situated in Jhimpir, District Thatta, Sindh on which the wind power plant of SWPL (subsidiary Company) is installed. The aforementioned land has been allocated to the subsidiary Company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated 13 February 2008. The subsidiary Company, in order to gain access to the land for conducting feasibility/other associated studies, had signed an Agreement to Lease with AEDB dated 21 December 2008. However, the formal site sub-lease agreement was signed on 11 March 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

26.1.2 This represents liability in respect of 1,284 acres of land each for Project A, Project B and Project C, acquired from Government of Sindh, Land Utilization department, through Deputy Commissioner Thatta, on which the wind power plants of TBCL are installed. The aforementioned land has been allocated to the subsidiary Company by Government of Sindh for a period of thirty years for Wind Power Generation Projects under the land lease agreement. The term of land lease agreement has commenced from November 2011 and will end with the term of the EPA.

	2023 Rupees	2022 Rupees
Maturity analysis is as follows:		
Not latter than 1 year	2,744,000	2,744,000
Later than 1 year but not later than 5 years	15,092,000	10,976,000
Later than 5 years	98,980,814	75,912,617
	116,816,814	89,632,617
Future finance charge	(66,474,687)	(41,794,845)
	50,342,127	47,837,772
Present value of finance lease liabilities	(2,744,000)	(2,744,000)
	47,598,127	45,093,772

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26.2 Movement of the lease liabilities recognized in respect of rented premises and vehicles during the year:

	2023			2022		
	Rented premises	Vehicles	Total	Rented premises	Vehicles	Total
	----- Rupees -----					
	(Restated)					
Balance as on July 01,	3,049,067,751	16,982,473	3,066,050,224	2,597,387,259	4,001,293	2,601,388,552
Additions during the year	264,190,272	142,797,299	406,987,571	1,055,589,241	22,653,180	1,078,242,421
Modification	-	-	-	6,444,386	-	6,444,386
Accretion of interest	311,582,010	9,566,747	321,148,757	298,393,418	2,038,753	300,432,171
Disposals / terminations	(179,108,890)	(10,627,068)	(189,735,958)	(368,719,689)	(1,151,067)	(369,870,756)
Rental waivers	-	-	-	(9,219,699)	-	(9,219,699)
Payments made during the year	(704,779,915)	(24,483,763)	(729,263,678)	(530,807,165)	(10,559,686)	(541,366,851)
As at June 30,	2,740,951,228	134,235,688	2,875,186,916	3,049,067,751	16,982,473	3,066,050,224
Less: Current portion shown under current liabilities	(454,842,157)	(33,114,735)	(487,956,892)	(342,126,299)	(6,754,946)	(348,881,245)
Balance as at June 30,	2,286,109,071	101,120,953	2,387,230,024	2,706,941,452	10,227,527	2,717,168,979

	Note	2023 Rupees	2022 Rupees
Maturity analysis is as follows:			
Not latter than 1 year		757,048,889	353,532,941
Later than 1 year but not later than 5 years		2,206,306,094	1,490,200,564
Later than 5 years		885,643,008	1,233,867,616
		3,848,997,991	3,077,601,121
Future finance charge		(973,811,075)	(11,550,897)
		2,875,186,916	3,066,050,224
Present value of finance lease liabilities		(487,956,892)	(348,881,245)
		2,387,230,024	2,717,168,979
27. DEFERRED INCOME - GOVERNMENT GRANT			
Government grant SBP TERF scheme	27.1	396,417,220	487,802,190
Less: current portion grouped under current liabilities		(94,722,103)	(111,204,596)
		301,695,117	376,597,594

	2023 Rupees	2022 Rupees
27.1 Movement in account of Deferred Income - Government Grant		
Opening balance	487,802,190	-
Amount recognized as grant during the year	-	629,406,057
Amortisation of grant	(91,384,970)	(141,603,867)
Closing balance	396,417,220	487,802,190

27.1.1 As disclosed in Note 25 of the financial statements, the Holding Company has obtained loan from various banks during the preceding year under Temporary Economic Refinance Facility (TERF) Scheme for retirement of import documents of plant and machinery under LC facility. These carry mark-up at the rates ranges from 1.5% to 1.75%(SBP rate+bank spread) per annum and repayable in 32 equal quarterly instalments with a grace period of 24 months. These loans are carried at amortized cost with effective rate of 3 months KIBOR plus spread at the time of initial recognition of grant. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant in accordance with IAS 20 and is being amortised over the term of the loan.

28. STAFF RETIREMENT BENEFIT - Gratuity

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

	2023 Rupees	2022 Rupees
28.1 Amount recognized in the statement of financial position		
Net liability at the beginning of the year	383,178,025	337,535,758
Charge to statement of profit or loss	216,636,051	156,940,840
Remeasurement recognized in statement of other comprehensive income	40,642,376	(16,447,730)
Payments made during the year	(140,896,404)	(94,850,843)
Net liability at the end of the year	499,560,048	383,178,025
28.2 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	383,178,025	337,535,758
Current service cost	175,199,350	127,929,806
Interest cost	41,436,701	29,011,034
Benefits paid	(140,896,404)	(94,850,843)
Remeasurements on obligation	40,642,376	(16,447,730)
Balance at end of the year	499,560,048	383,178,025
28.3 Expense recognized in statement of profit or loss		
Current service cost	175,199,350	127,929,806
Interest cost	41,436,701	29,011,034
	216,636,051	156,940,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2023 Rupees	2022 Rupees
28.4 Remeasurements recognized in statement of other comprehensive income		
Experience adjustment	38,876,436	(14,773,338)
Actuarial loss / (gain)	1,765,940	(1,674,392)
	40,642,376	(16,447,730)

28.5 Actuarial assumptions used

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)

28.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1.00%	(430,470,865)	514,905,374
Increase in future salaries	1.00%	514,893,988	(430,465,577)

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.

28.7 Based on actuary's advice, the expected charge for the year ending June 30, 2024 amounts to Rs.258.635 million.

28.8 The weighted average duration of defined benefit obligation is 9 years.

28.9 Historical information:

	2023	2022	2021	2020	2019
	----- Rupees -----				
Present value of defined benefit obligation	499,560,048	383,766,355	337,535,758	297,609,788	272,908,701
Experience adjustment on obligation / actuarial loss	(40,642,376)	17,138,040	(26,354,732)	51,412,524	(8,535,640)

	Note	2023 Rupees	2022 Rupees
29. TRADE AND OTHER PAYABLES			
Creditors	29.1	8,001,338,479	5,998,214,145
Accrued liabilities		1,814,962,267	2,934,979,296
Foreign bills payable against import		778,631,431	-
Workers' profit participation fund	29.2	544,865,497	707,560,884
Workers' welfare fund		720,478,046	609,941,887
Infrastructure Development Cess		966,043,287	628,299,072
Current portion of government grant		-	5,611,812
Lender fees and charges payable		12,307,703	10,234,636
Provision against accumulating - compensated absences		36,267,184	28,016,697
Payable to provident fund		46,697,161	20,068,939
Tax deducted at source		529,766,386	368,759,376
Foreign exchange forward contracts - designated as hedging instruments	29.3	-	62,632,054
Others		69,325,380	3,953,125
		13,520,682,821	11,378,271,923
29.1 These balances include the following amounts due to related parties:			
Reliance Cotton Spinning Mills Ltd.		476,130	7,233,905
Sapphire Fibres Limited		21,760,274	17,752,696
Sapphire Finishing Mills Limited		3,206,777	-
		25,443,181	24,986,601
29.2 Workers' profit participation fund			
Balance at beginning of the year		707,560,884	440,911,244
Add: interest on funds utilized by the Group Companies		7,532,010	1,949,318
Add: receivable from CPPA-G		390,597,272	424,410,181
		1,105,690,166	867,270,743
Less: payments made during the year		(712,545,204)	(442,053,743)
		393,144,962	425,217,000
Add: allocation for the year		151,720,535	282,343,884
Balance at end of the year		544,865,497	707,560,884

29.3 Preceding year figure represent negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge foreign currency trade debts and highly probable forecast sales in US dollars and euros.

30. CONTRACT LIABILITIES

30.1 It includes advances received from Creadore A/S Denmark-related party amounting Rs.92.605 million (2022: Rs.64.444 million).

30.2 The balance of contract liability as at June 30, 2023, is expected to be recognized as revenue within one year.

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	Note	2023 Rupees	2022 Rupees
31. ACCRUED MARK-UP			
Accrued mark-up on secured:			
- long term loans		690,068,302	438,915,656
- short term borrowings		851,543,757	369,812,111
		1,541,612,059	808,727,767
32. SHORT TERM BORROWINGS			
Running finance under mark-up arrangements	32.1	7,695,940,501	8,724,383,959
Short term loans	32.1	9,144,347,200	9,197,281,640
Running Musharakah facility	32.2	523,517,909	290,915,923
		17,363,805,610	18,212,581,522

32.1 Short term finance facilities available from various commercial / Islamic banks under mark-up arrangements aggregate to Rs.33,390 million (2022: Rs.28,335 million). These finance facilities, during the year, carried mark-up at the rates ranged from 2.75% to 22.59% (2022: 2.25% to 15.31%) on both local and foreign currency loans per annum payable monthly / quarterly. The aggregate short term finance facilities are secured against hypothecation charge of Rs.48,855 million (2022: Rs.41,428 million) on stock in trade, book debts, export bills under collection and pledge of shares. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,052 million (2022: Rs.1,695 million) due to Bank Alfalah Limited (a related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.32,299 million (2022: Rs.26,155 million) out of which the amount remained unutilized at the year-end was Rs.20,026 million (2022: Rs.12,493 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

32.2 Running Musharakah facility available from Meezan Bank Limited and Dubai Islamic Bank aggregates to Rs. 1,300,000,000 (2022: Rs. 300,000,000) at profit rate of 1 month KIBOR plus 0.20% to 0.5% (2022: 1 month KIBOR plus 0.30%) per annum. The amount utilized as at 30 June 2023, for Musharakah was Rs. 619,446,514 (2022: Rs. 290,915,923). The facilities are secured against First Joint Pari Passu Charge on the current assets of the Company with 10% risk margin. The mark-up rate charged during the year on the outstanding balance ranges from 14.30% to 21.70% (2022: 7.81% to 14.61%) per annum.

Abovementioned facilities are expiring on various dates upto June 30, 2024.

		2023 Rupees	2022 Rupees
33. CURRENT PORTION OF LONG-TERM LIABILITIES			
Current portion of:			
- long-term loans		12,257,771,387	9,140,565,264
- Gas infrastructure development cess		953,505,147	704,921,200
- lease liabilities		490,700,892	351,625,246
- deferred grant SBP TERF scheme		94,722,103	111,204,596
		13,796,699,529	10,308,316,306

34. CONTINGENCIES AND COMMITMENTS

34.1 Contingencies

34.1.1 There are no contingencies to be reported as at year ended June 30, 2023 and June 30, 2022.

34.2 Commitments

34.2.1 Guarantees aggregating Rs.1,833.682 million (2022: Rs.1,283.100 million) have been issued by banks of the Group.

34.2.2 Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2023 the value of these cheques amounted to Rs.7,252.893 million (2022: Rs.5,643.272 million).

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

34.2.4 A commercial bank has issued a guarantee amounting USD125,000 in favour of Directorate of Alternative Energy, Energy department Government of Sindh on behalf of Sapphire Green Energy (Pvt.) Limited (subsidiary company).

34.2.5 Refer to content of note 10.2.2, 10.2.3, 20.1.1 and 20.1.2 in relation to shares held as pledge / collateral.

	2023 Rupees	2022 Rupees
34.2.6 Commitments in respect of:		
- letters of credit for capital expenditure	354,047,451	2,478,648,338
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	5,746,967,423	717,148,579
- capital expenditure other than letters of credit	240,074,687	274,821,374
- forward foreign currency contracts	-	674,285,322
- Commitments in respect of short term lease	63,540,906	76,557,714

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35. NET TURNOVER

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

	Note	Export Sales		Local Sales		Total	
		2023	2022	2023	2022	2023	2022
----- Rupees -----							
Yarn	35.2	27,132,889,833	22,084,879,989	7,243,274,712	9,355,647,145	34,376,164,545	31,440,527,134
Fabric	35.3	26,191,890,525	20,265,150,227	919,407,375	1,317,261,661	27,111,297,900	21,582,411,888
Clothing items		1,088,755,714	901,992,613	29,848,132,003	20,248,491,826	30,936,887,717	21,150,484,439
Home textile products		11,472,566,321	10,411,303,371	766,777,409	741,404,551	12,239,343,730	11,152,707,922
Raw materials		-	-	382,822,955	223,053,192	382,822,955	223,053,192
Accessories		-	-	1,109,750,284	729,393,920	1,109,750,284	729,393,920
Waste		438,360,140	248,471,309	903,858,434	707,506,410	1,342,218,574	955,977,719
Processing income		-	-	542,080,508	365,893,229	542,080,508	365,893,229
Power Generation		-	-	18,647,775,374	18,075,631,936	18,647,775,374	18,075,631,936
		66,324,462,533	53,911,797,509	60,363,879,054	51,764,283,870	126,688,341,587	105,676,081,379
Add: Export rebate						97,895,233	101,823,707
Less: sales tax						(11,250,560,141)	(10,769,675,302)
Less: Discounts to customers						(6,038,695,640)	(4,361,794,352)
						109,496,981,039	90,646,435,432

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

	2023	2022
--- Rupees ---		
35.2 Export sales - Yarn		
Direct export	6,374,426,623	6,394,768,029
In-direct export	20,758,463,210	15,690,111,960
	27,132,889,833	22,084,879,989
35.3 Export sales - Fabric		
Direct export	18,840,125,215	14,519,756,307
In-direct export	7,351,765,310	5,745,393,920
	26,191,890,525	20,265,150,227

- 35.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.83.908 million (2022: Exchange loss of Rs.282.896 million) has been net-off in export sales.
- 35.5 Contract liabilities represents advances received from customers against delivery of goods in future. The contract liabilities outstanding at June 30, 2022 amounting to Rs. 1,563.553 million have been recognized as revenue during the year.

	Note	2023 Rupees	2022 Rupees
36. COST OF SALES			
Finished goods at beginning of the year		4,889,731,628	3,245,851,202
Cost of goods manufactured	36.1	65,748,950,262	52,861,554,714
Cost of raw materials sold	36.5	318,586,743	159,302,283
Cost of sales - purchased for resale		14,479,319,433	11,704,158,570
		80,546,856,438	64,725,015,567
		85,436,588,066	67,970,866,769
Finished goods at end of the year		(5,293,424,103)	(4,889,731,628)
		80,143,163,963	63,081,135,141
36.1 Cost of goods manufactured			
Work-in-process at beginning of the year		3,328,083,871	2,198,860,677
Raw materials consumed	36.2	35,952,542,239	30,058,589,108
Salaries, wages and benefits	36.3	7,340,559,155	6,306,769,764
Packing material consumed		964,772,883	931,606,377
Stores and spares consumed		2,109,392,390	2,135,044,132
Depreciation-right-of-use asset	6.2.3	89,253,866	6,222,822
Depreciation-owned assets	6.1.3	5,246,194,317	4,344,421,645
Fuel, power and water		6,022,267,647	3,989,882,120
Repair and maintenance		2,384,528,375	1,608,323,195
Insurance expenses		231,049,524	149,197,905
Vehicle running expenses		134,308,328	85,921,937
Site management expenses		127,067,407	93,352,994
Travelling and conveyance		267,332,198	178,595,028
Printing and stationery		9,435,296	1,165,487,248
Legal and professional charges		67,546,543	7,924,573
Fees and subscription		51,337,882	60,296,670
Communication expenses		30,813,174	21,948,658
Other manufacturing expenses	36.4	4,837,646,476	2,703,694,953
Rent, rates and taxes		33,781,876	65,552,225
Security		52,488,026	45,797,895
Miscellaneous expenses		53,006,529	32,148,659
		69,333,408,002	56,189,638,585
Work-in-process at end of the year		(3,584,457,740)	(3,328,083,871)
		65,748,950,262	52,861,554,714

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	2023 Rupees	2022 Rupees
36.2 Raw materials consumed		
Stocks at beginning of the year	16,533,577,569	9,657,609,904
Purchases	34,715,859,641	36,934,556,773
	51,249,437,210	46,592,166,677
Stocks at end of the year	(15,296,894,971)	(16,533,577,569)
	35,952,542,239	30,058,589,108

36.3 Salaries, wages and benefits include Rs.216.636 million (2022: Rs.156.941 million) in respect of staff retirement benefit - gratuity and Rs.96.348 million (2022: Rs.59.528 million) contribution in respect of staff provident fund.

	2023 Rupees	2022 Rupees
36.4 Other manufacturing expenses		
Cotton dyeing, bleaching and bale pressing charges	117,219,476	79,302,042
Yarn dyeing and bleaching charges	10,186,761	14,938,212
Fabric dyeing, bleaching, knitting and processing charges	3,157,189,737	1,102,696,961
Weaving and yarn doubling charges	44,777,376	342,051,855
Stitching, spinning, embroidery and other charges	38,230,181	90,127,300
Embroidery charges	1,470,042,945	1,074,578,583
	4,837,646,476	2,703,694,953

36.5 It includes salaries, wages and benefits amounting to Rs.1.178 million (2022: Rs.1.362 million), insurance amounting to Rs.2.356 million (2022: Rs.2.723 million) and finance cost amounting to Rs.17.498 million (2022: Rs.19.017million).

	Note	2023 Rupees	2022 Rupees
37. DISTRIBUTION COST			
Export development surcharge		91,219,166	76,440,810
Insurance		26,073,207	12,177,467
Commission		571,151,933	565,371,729
Freight and forwarding		1,305,988,592	1,527,988,743
Salaries and benefits	37.1	1,115,853,423	790,916,678
Rent and utilities		178,245,125	93,963,021
Communication		43,635,586	33,985,555
Travelling, conveyance and entertainment		213,823,075	127,560,970
Fuel, power and water		276,986,742	163,349,902
Repair and maintenance		93,607,147	265,583,649
Fees and subscription		22,884,783	16,513,017
Legal and professional charges		21,910,493	-
Samples and advertising		702,697,864	518,093,455
Packing material		87,636,475	74,590,755
Exhibition expenses		24,106,640	11,412,942
Retail outlet expenses		275,966,425	70,618,568
Printing and stationery		83,581,139	31,000,813
Depreciation-right-of-use asset	6.2.3	478,359,157	145,123,350
Depreciation-owned assets	6.1.3	148,544,034	476,692,562
Others		-	1,637,466
		5,762,271,006	5,003,021,452

37.1 Salaries and benefits include Rs.33.537 million (2022: Rs.26.675 million) in respect of contribution to staff provident fund.

	Note	2023 Rupees	2022 Rupees
38. ADMINISTRATIVE EXPENSES			
Directors' remuneration		98,400,000	94,200,000
Directors' meeting fee		3,400,000	2,650,000
Salaries and benefits	38.1	688,908,754	556,867,824
Rent, rates and utilities		68,623,063	57,040,360
Communication		15,828,223	17,653,292
Printing and stationery		8,984,903	10,239,759
Travelling, conveyance and entertainment		98,979,148	77,059,782
Motor vehicle expenses		63,657,109	39,358,120
Repair and maintenance		75,244,547	81,387,321
Insurance expense		15,072,497	5,413,876
Legal and professional charges		145,166,322	157,418,378
Fees and subscription		49,025,560	40,006,909
Computer expenses		60,594,787	32,637,688
Advertisement		899,210	158,930
Depreciation-right-of-use asset	6.2.3	30,694,108	18,710,332
Depreciation-owned assets	6.1.3	115,120,674	89,052,653
Monitoring charges		4,618,576	2,402,762
Others		25,880,864	26,493,231
		1,569,098,345	1,308,751,217

38.1 Salaries and other benefits include Rs.21.760 million (2022: Rs.18.273 million) in respect of contribution to staff provident fund.

	Note	2023 Rupees	2022 Rupees
39. OTHER OPERATING EXPENSES			
Workers' profit participation fund	29.2	151,720,535	282,343,884
Workers' welfare fund		110,536,160	172,605,220
Auditors' remuneration	39.1	19,974,793	12,704,363
Donations		45,646,512	91,092,774
Amortization of intangible assets	8.2	14,721,823	4,667,711
Provision for stores, spares and loose tools	14.1	5,318,848	-
Provision for doubtful sales tax refunds	21.2	77,759,128	136,005,445
Balance written off during the year		107,654,879	12,813,107
Loss on sale of fixed assets		322,054,726	6,286,283
Loss on written off of intangible assets		-	938,644
Loss on settlement of forward currency contracts - designated as FV hedge		-	18,768,360
Allowance for expected credit loss		1,980,686	5,250,230
Impairment of fixed assets		77,145,998	-
Others		-	10,156,924
		934,514,088	753,632,945

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	2023 Rupees	2022 Rupees
39.1 Auditors' remuneration		
- Annual Audit fee	8,398,400	8,269,363
- Half yearly review fee	444,150	444,150
- Special audit fee	406,000	1,800,000
- Code of corporate governance review fee	85,850	85,850
- Group reporting	181,500	-
- Other certification / services	1,048,300	1,792,500
- Taxation services	8,801,050	-
- Out of pocket expenses	609,543	312,500
	19,974,793	12,704,363
Shinewing Hameed Chaudhri & Co. - Chartered Accountants		
- Annual Audit fee	2,088,900	50,000
- Half yearly review fee	444,150	-
- Code of corporate governance review fee	85,850	-
- Other certification / services	568,300	-
	3,187,200	50,000
A.F Ferguson & Company		
- Audit fee	4,349,300	2,386,963
- Group reporting	181,500	-
- Other assurance services	480,000	-
- Taxation services	8,801,050	-
- Out of pocket expenses	413,523	-
	14,225,373	2,386,963
EY Ford Rhodes		
- Audit fee	-	4,198,900
- Half yearly review fee	-	444,150
- Special Audit fee	406,000	1,800,000
- Code of corporate governance review	-	85,850
- Other certification	-	375,000
- Out of pocket expenses	-	145,000
	406,000	7,048,900
Yousuf Adil - Chartered Accountants		
- Annual Audit fee	1,960,200	1,633,500
- Other certification / services	-	1,417,500
- Out of pocket expenses	196,020	167,500
	2,156,220	3,218,500

39.2 Donations exceeding 10% of the total donations of the Group

Donations to following organisation are greater than 10% of total donations i.e. Rs.4,564,651 (2022: Rs.9,109,277) of the Group.

	Note	2023 Rupees	2022 Rupees
Abdullah Foundation	39.2.1	5,000,000	65,000,000

39.2.1 The Directors of the Group who have interest in Abdullah Foundation (donee) are following:

<u>Name of director</u>	<u>Interest in donee</u>	<u>Name and address of donee</u>
Mr. Mohammad Abdullah	Director	Abdullah Foundation, 312, Cotton Exchange Building, I.I. Chandrigar Road, Karachi.
Mr. Shahid Abdullah	Director	
Mr. Nadeem Abdullah	Director	
Mr. Amer Abdullah	Director	
Mr. Yousuf Abdullah	Director	

	<u>Note</u>	<u>2023 Rupees</u>	<u>2022 Rupees</u>
40. OTHER INCOME			
Income from financial assets			
Dividend income		598,039,413	642,363,858
Interest income on saving accounts and term deposit certificates		495,773,486	167,399,835
		1,093,812,899	809,763,693
Income from assets other than financial assets			
Gain on disposal of capital work - in process		-	56,785,453
Reversal of provision for stores, spares and loose tools	14.1	-	29,002,888
Rental income		11,206,003	6,041,660
Exchange gain on translation of foreign currency accounts		16,513,069	17,635,061
Gain on termination of lease liabilities		32,675,562	42,113,614
Gain on modification of lease liabilities		-	3,200,714
Credit balance written back		92,014	1,916,948
Net gain on disposal of associate		7,846,832	-
Scrap sales		138,159,479	114,684,293
Waiver on lease payments		-	9,219,698
		206,492,959	280,600,329
		1,300,305,858	1,090,364,022
41. FINANCE COST			
Interest / mark-up on:			
- short term finances		3,226,376,169	1,596,652,748
- long term loans		5,888,685,698	2,946,136,944
- lease liabilities		326,397,115	307,331,244
- Workers' Profit Participation Fund	29.2	7,532,010	1,949,318
Exchange loss on foreign currency loans		32,995,449	50,468,779
Amortization of loan transaction cost		61,556,520	61,556,520
Lender's fees and charges		42,269,021	48,877,015
Bank charges, commission and others charges		303,560,094	243,593,371
		9,889,372,076	5,256,565,939

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	Note	2023 Rupees	2022 Rupees
42. TAXATION			
Current			
- for the year	42.1	2,184,215,566	1,776,628,612
- Adjustments in respect of prior years		(71,722,228)	(24,582,414)
Deffered tax		(9,846,793)	8,375,302
		2,102,646,545	1,760,421,500

42.1 The Holding Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance) and current year's provision is made accordingly. Further current year's provision includes super tax and tax against income from other sources under the relevant provisions of the Income Tax Ordinance, 2001.

DTL's and SRL's (subsidiary Companies) represents provision for taxation under the relevant provisions of the Income Tax Ordinance, 2001 and for the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 5.17.

42.2 Numeric tax rate reconciliation is not presented as the Group's major income is chargeable to tax under presumptive tax regime.

	2023 Rupees	2022 Rupees
43. EARNINGS PER SHARE		
43.1 Basic earnings per share		
Net profit for the year	7,450,195,757	11,561,996,054
	----- Number of shares -----	
Weighted average ordinary shares in issue	21,689,791	21,689,791
	----- Rupees -----	
Earnings per share	343.49	533.06

43.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Holding 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
44. CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit - of associated companies		12,498,867,419	16,333,692,760
Adjustments for non-cash charges and other items:			
Depreciation on right-of-use asset	6.2	598,307,144	499,209,741
Depreciation on operating fixed assets	6.4	5,509,859,024	4,581,013,623
Amortization	8	14,721,823	4,667,711
Interest income	40	(495,773,486)	(167,399,835)
Loss / (gain) on disposal of operating fixed assets	40	322,054,726	(50,499,170)
Loss on written off of intangible assets	39	-	938,644
Gain on termination of right of use asset	40	(32,675,562)	(42,113,614)
Dividend income	40	(598,039,413)	(642,363,858)
Staff retirement benefit - gratuity	28.3	216,636,051	158,219,480
Balance written off during the year	39	107,654,879	12,813,107
Provision for expected credit loss	16.6	1,980,686	5,250,230
Amortization of transaction cost	25.1.2 & 25.1.3	61,556,520	61,556,520
Net gain on disposal of associate	40	-	-
Impairment of fixed assets	39	77,145,998	-
Net foreign exchange difference	40	(16,513,069)	(1,096,011,996)
Provision / (reversal of provision) for stores, spares and loose tools	14.1	5,318,848	(29,002,887)
Provision against doubtful sales tax refundable	21.2	77,759,128	136,005,445
Unwinding of liability related to GIDC	25.2	30,923,531	47,999,322
Unwinding of Government grant		(96,996,782)	(184,414,615)
Credit balance written-back		(92,014)	(1,916,948)
Waiver on lease payments		-	(9,219,698)
Unwinding of lease liability		326,397,115	324,230,420
Finance cost		9,567,491,692	4,821,901,981
Rental income	40	(11,206,003)	(6,041,660)
Working capital changes	44.1	933,153,685	(16,541,378,431)
		29,098,531,940	8,217,136,272
44.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare and loose tools		(102,710,897)	(27,358,705)
Stock-in-trade		(1,368,728,466)	(13,018,182,486)
Trade debts		688,570,931	(7,697,439,416)
Loans and advances		(186,968,637)	(100,707,361)
Trade deposits and short term prepayments		(22,688,937)	41,308,025
Other receivables		(294,640,667)	(131,597,801)
		(1,287,166,673)	(20,933,977,744)
Increase in current liabilities:			
Trade and other payables		2,055,092,215	3,843,473,417
Contract liabilities		165,228,143	549,125,896
		2,220,320,358	4,392,599,313
		933,153,685	(16,541,378,431)

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45. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

	Chief Executive		Executives		Directors	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Remuneration	36,000,000	36,000,000	1,195,503,841	834,594,469	38,400,000	34,200,000
Bonus	-	-	218,214,185	102,270,104	-	-
Medical	-	-	15,325,217	7,893,211	-	-
Contribution to provident fund	-	-	60,459,863	41,225,403	-	-
Leave encashment and other benefits	-	-	60,563,686	44,419,091	-	-
	36,000,000	36,000,000	1,550,066,792	1,030,402,278	38,400,000	34,200,000
Number of persons	1	1	352	219	2	2

45.1 Certain executives are provided with Group maintained vehicles.

45.2 Meeting fee of Rs.3.400 million (2022: Rs.2.650million) has been paid to the independent non-executive directors. No other remuneration has been paid to the non-executive directors of the Group.

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

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the 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 Group 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
Creadore A/S	Associated Group	49.00%
Sapphire Power Generation Ltd.	Associated Group	26.43%
Sapphire Dairies (Private) Ltd.	Common directorship	12.95%
Reliance Cotton Spinning Mills Ltd.	Common directorship	3.04%
Sapphire Electric Group Ltd.	Common directorship	1.42%
Sapphire Holding Ltd.	Common directorship	0.05%
Jomo Technologies (Private) Ltd.	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	-
Yousuf Agencies (Pvt.) Ltd.	Common directorship	-
Sapphire Finishing Mills Ltd.	Common directorship	-
Amer Cotton Mills (Pvt.) Ltd.	Common directorship	-
Diamond Fabrics Limited	Common directorship	-
Bank Alfalah Limited	Investor in a subsidiary of the Group	-
Abdullah Foundation	Common directorship	-

	2023 Rupees	2022 Rupees
Significant transactions with the related parties are following:		
i) Associated Companies		
Sales / processing	5,590,521,715	4,878,767,154
Purchases	277,515,428	367,659,688
Expenses charged to	80,981,450	51,530,765
Expenses charged by	6,685,917	-
Mark-up charged by	141,528,807	86,833,191
Dividend received	311,188,231	10,581,373
Dividend paid	541,913,575	1,449,160,765
Loans (repaid) / obtained - net	(776,499,270)	678,971,740
ii) Key management personnel		
Salary and other employment benefits	102,732,717	92,615,015
iii) Retirement Fund		
Contribution to provident fund	151,646,036	104,475,570
iv) Others		
Donation	5,000,000	65,000,000
Dividend paid	263,659,040	131,281,215

47. FINANCIAL RISK MANAGEMENT

47.1 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).

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

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 minimize 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.47.4, the financial assets exposed to credit risk aggregated to Rs.41,457.808 million as at June 30, 2023 (2022: Rs.37.624.062 million). Out of the total financial assets credit risk is concentrated mainly in investments in securities, trade debts and deposits with banks as they constitute 60% (2022: 74%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

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	2023 Rupees	2022 Rupees
Long term investments	4,592,122,800	5,258,293,418
Long-term loans and advances	247,836,567	292,698,547
Long term deposits	150,223,917	114,109,512
Trade debts	18,915,572,755	19,711,798,565
Loans and advances	141,227,910	112,696,136
Trade deposits	63,217,948	90,509,502
Short term investments	1,364,735,401	2,988,280,554
Other receivables	1,526,360,493	1,260,565,373
Bank balances	14,456,510,430	7,795,110,669
	41,457,808,221	37,624,062,276

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 Group 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	17,515,117,852	18,594,819,707
Export	1,400,454,903	1,116,978,858
	18,915,572,755	19,711,798,565

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

Aging analysis of trade debtors is as follows:

	2023 Rupees	2022 Rupees
Not due	14,643,558,608	9,303,940,702
1 - 30 days	3,410,404,518	2,699,282,726
31 - 60 days	32,592,664	180,838,059
61 - 90 days	117,675,214	1,997,047,429
91 - 180 days	152,287,689	2,668,773,203
181 - 360 days	456,015,581	1,515,319,230
361 days or more	103,038,481	1,346,597,216
	18,915,572,755	19,711,798,565

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
----- Rupees -----							
As at June 30, 2023							
Estimated total gross carrying amount at default	13,243,103,705	3,410,404,518	32,592,664	117,675,214	152,287,689	456,015,581	103,038,481
Expected credit loss	14,255,472	1,170,369	953,020	1,198,808	8,314,823	1,434,683	17,002,671
Expected credit loss rate	0.11%	0.03%	2.92%	1.02%	5%	0.51%	17%
As at June 30, 2022							
Estimated total gross carrying amount at default	8,186,961,844	2,699,282,726	180,838,059	1,997,047,429	2,668,773,203	1,515,319,230	1,346,597,216
Expected credit loss	11,086,224	1,728,026	123,979	75,398	11,807,581	8,184,656	9,343,296
Expected credit loss rate	0.14%	0.06%	0.07%	0.00%	0.44%	0.54%	0.69%

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

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

Name of Bank	Rating		
	short term	long term	agency
MCB Bank Limited	A1+	AAA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
The Bank of Punjab	A1+	AA+	PACRA
Faysal Bank Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Bank Al-Habib Limited	A1+	AAA	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS
Allied Bank Limited	A1+	AAA	PACRA
Citibank N.A. Pakistan	P-1	A1	Moody's
Citibank N.A. London	P-1	Aa3	Moody's
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Industrial and Commercial Bank of China	P-1	A1	Moody's
Soneri Bank Limited	A1+	AA-	PACRA
Meezan Bank Limited	A-1+	AAA	JCR-VIS
Askari Bank Limited	A1+	AA+	PACRA
Pak Kuwait Investment Group Private Limited	A1+	AAA	PACRA
Pak China Investment Group Private Limited	A1+	AAA	JCR-VIS

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

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(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 loans	69,621,999,643	84,759,673,819	17,973,989,207	57,831,630,718	8,954,053,894
Lease liabilities	2,925,529,043	-	-	-	-
Trade and other payables	11,289,295,991	11,289,295,991	11,289,295,991	-	-
Accrued mark-up / interest	1,541,612,059	1,541,612,059	1,541,612,059	-	-
Short term borrowings	17,363,805,610	19,248,098,137	19,248,098,137	-	-
Unclaimed dividend	1,782,351	1,782,351	1,782,351	-	-
GlDC payable	981,695,536	995,182,870	995,182,870	-	-
	103,725,720,233	117,835,645,227	51,049,960,615	57,831,630,718	8,954,053,894
----- Rupees -----					
June 30, 2022					
Long term loans	59,607,967,862	72,409,480,514	12,493,967,170	53,212,681,841	6,702,831,503
Lease liabilities	3,113,887,996	4,167,283,609	519,255,959	2,231,571,369	1,416,456,281
Trade and other payables	9,058,098,892	9,058,098,892	9,058,098,892	-	-
Accrued mark-up / interest	808,727,767	808,727,767	808,727,767	-	-
Short term borrowings	18,212,581,522	18,212,581,522	18,212,581,522	-	-
Unclaimed dividend	2,230,551	2,230,551	2,230,551	-	-
GlDC payable	902,772,683	995,182,870	725,654,176	269,528,694	-
	91,706,267,273	105,653,585,725	41,820,516,037	55,713,781,904	8,119,287,784

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

For the year ended June 30, 2023	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,400,454,903)	(4,203,614)	(443,644)	-	-
Bank balances	(11,703,408,065)	(39,463,060)	(16,017)	-	-
Foreign bills payable against import	778,631,431	2,536,677	166,604	-	-
Long term loans - secured	48,807,133,843	170,714,004	-	-	-
Net balance sheet exposure	36,481,902,306	129,584,008	(293,057)	-	-
Outstanding letters of credit	3,670,776,874	11,977,671	675,189	924,200	85,498
	40,152,679,180	141,561,679	382,132	924,200	85,498
For the year ended June 30, 2022	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,116,978,858)	(5,232,672)	(167,180)	-	-
Bank balances	(7,040,502,193)	(34,242,113)	(12,535)	-	-
Long term loans - secured	41,538,368,007	201,642,563	-	-	-
Net balance sheet exposure	33,380,886,956	162,167,778	(179,715)	-	-
Outstanding letters of credit	3,195,796,917	5,300,931	5,159,924	395,000,000	1,578,640
Foreign currency forward contracts	674,285,322	15,904,296	787,000	-	-
	37,250,969,195	183,373,005	5,767,209	395,000,000	1,578,640

The following significant exchange rates have been applied:

	Average rate at reporting date		Reporting date rate	
	2023	2022	2023	2022
U.S. Dollar to Rupee	286.15	205.75	286.40 / 285.90	206.00 / 205.50
Euro to Rupee	312.61	215.49	312.88 / 312.33	215.75 / 215.23
Japanese Yen to Rupee	1.9785	1.5065	1.9802 / 1.9767	1.5083 / 1.5047
Swiss Frank to Rupee	319.19	215.70	319.47 / 318.91	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	3,704,806,774	3,332,547,838
Euro to Rupee	(9,153,049)	(3,868,006)
	3,695,653,725	3,328,679,832

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

(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.

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Majority of the interest rate risk of the Group arises from long & short 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:

	2023	2022	2023	2022
	--- Effective rate ---		--- Carrying amount ---	
	%		--- Rupees ---	
Fixed rate instruments				
Financial assets				
Saving accounts	12.74% to 20.16%	5.50% to 12.25%	11,454,540,177	6,944,447,352
Financial liabilities				
Long term finances	1.50% to 6.00%	0.60% to 6.50%	10,173,241,202	11,233,084,252
Short term borrowings	2.50% to 18.00%	2.25% to 7.50%	3,047,970,662	5,240,617,814
Variable rate instruments				
Financial liabilities				
Long term finances				
- foreign currency loan	4.48% to 8.90%	3.90% to 4.84%	48,807,133,843	41,538,368,007
- local currency loan	15.03% to 23.09%	7.50% to 15.28%	10,641,624,598	6,836,515,603
Short term borrowings				
- local currency loan	14.31% to 22.59%	12.14% to 15.31%	14,315,834,948	12,971,963,708

At June 30, 2023, if the interest rate on the Group'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.631.230 million (2022: Rs.613.468 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.

(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 Group's investments in ordinary shares and certificates of listed companies aggregating to Rs.4,386.925 million (2022: Rs.6,400.796 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.438.693 million (2022: Rs.640.080 million).

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

47.2 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 Group 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 Group's financial assets measured at fair value consists of level 1 financial assets amounting to Rs.3,982.156 million (2022: Rs.6,184.656 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.

47.3 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, 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 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 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	86,985,805,253	77,820,549,384
Less: cash and bank balances	14,542,732,395	7,896,636,821
Net debt	72,443,072,858	69,923,912,563
Total equity	46,718,297,320	40,223,408,639
Total capital including net debt	119,161,370,178	110,147,321,202
Gearing ratio	60.79%	63.48%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

47.4 Financial instruments by category

	As at June 30, 2023		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term loans and advances	247,836,567	-	247,836,567
Long-term deposits	150,223,917	-	150,223,917
Trade debts	18,915,572,755	-	18,915,572,755
Loans to employees	141,227,910	-	141,227,910
Trade deposits	63,217,948	-	63,217,948
Other receivables	1,592,848,230	-	1,592,848,230
Short-term investments	-	1,555,735,401	1,555,735,401
Cash and bank balances	14,542,732,395	-	14,542,732,395
	35,653,659,722	1,555,735,401	37,209,395,123

	As at June 30, 2022		
	Amortised cost	At fair value through OCI	Total
	----- Rupees -----		
Financial assets as per statement of financial position			
Long-term loans and advances	292,698,547	-	292,698,547
Long-term deposits	114,109,512	-	114,109,512
Trade debts	19,711,798,565	-	19,711,798,565
Loans to employees	112,696,136	-	112,696,136
Trade deposits	90,509,502	-	90,509,502
Other receivables	1,298,723,203	-	1,298,723,203
Short-term investments	-	2,988,280,554	2,988,280,554
Cash and bank balances	7,896,636,821	-	7,896,636,821
	29,517,172,286	2,988,280,554	32,505,452,840

	Financial liabilities measured at amortised cost	
	2023	2022
	----- Rupees -----	
Financial liabilities as per statement of financial position		
Long-term loans and other payables	57,392,418,645	50,713,253,403
Deferred income - Government grant	301,695,117	376,597,594
Trade and other payables	11,289,295,991	9,432,470,084
Current portion of long-term liabilities	13,796,699,529	10,308,316,306
Unclaimed dividend	1,782,351	2,230,551
Short term borrowings	17,363,805,610	18,212,581,522
Accrued mark-up	1,541,612,059	808,727,767
	101,687,309,302	89,854,177,227

48. RECOILATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS
ARISING FROM FINANCIAL ACTIVITIES

	Liabilities			
	Lease liabilities	Long term liabilities	Short term borrowings	Dividend
	----- Rupees -----			
Balance as at July 01, 2022	3,113,887,996	59,607,967,862	18,212,581,522	2,230,551
Changes from financing activities				
Finances obtained	-	5,034,219,107	-	-
Finances repaid	-	(10,581,927,931)	(848,775,912)	-
Repayment of lease liabilities	(732,007,678)	-	-	-
Dividends paid	-	-	-	(805,114,946)
Dividend declared	-	-	-	804,666,746
Total changes from financing cash flows	2,381,880,318	54,060,259,038	17,363,805,610	1,782,351
Other changes / adjustments				
Amortization of transaction cost	-	61,556,520	-	-
Exchange Gain / Loss	-	15,500,184,085	-	-
Additions / Disposals during the year - Net	217,251,613	-	-	-
Finance cost	326,397,112	-	-	-
Balance as at June 30, 2023	2,925,529,043	69,621,999,643	17,363,805,610	1,782,351

	Liabilities			
	Lease liabilities	Long term liabilities	Short term borrowings	Dividend
	----- Rupees -----			
Balance as at July 01, 2021	2,683,591,250	54,010,125,423	7,907,954,986	1,629,755
Changes from financing activities				
Finances obtained	-	4,576,917,082	10,304,817,290	-
Finances repaid	-	(8,731,186,921)	-	-
Repayment of lease liabilities	(650,200,076)	-	-	-
Dividends paid	-	-	-	(1,673,121,064)
Dividend declared	-	-	-	1,673,721,860
Total changes from financing cash flows	2,033,391,174	49,855,855,584	18,212,772,276	2,230,551
Other changes / adjustments				
Amortization of transaction cost	-	61,556,520	-	-
Exchange Gain / Loss	-	10,319,961,815	-	-
Additions to lease liabilities during the year	688,135,687	-	-	-
Changing in running finance	-	-	(190,754)	-
Deferred grant	-	(629,406,057)	-	-
Finance cost	392,361,135	-	-	-
Balance as at June 30, 2022	3,113,887,996	59,607,967,862	18,212,581,522	2,230,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

49. CAPACITY AND PRODUCTION	UOM	2023	2022
49.1 Spinning			
Number of spindles installed		164,072	157,464
Number of spindles worked		161,600	147,310
Number of rotors installed		440	-
Average number of rotors worked		418	-
Number of shifts worked per day		3	3
Total number of days worked		365	365
Installed capacity after conversion into 20's count	Lbs.	128,675,806	115,438,750
Actual production after conversion into 20's count	Lbs.	118,897,563	103,694,834
49.2 Weaving			
Total number of looms installed		435	430
Average number of looms worked		435	430
Number of shifts worked per day		3	3
Total days worked		365	365
Installed capacity at 50 picks/inch of fabric	Square mtrs.	216,792,631	205,968,640
Actual production at 50 picks/inch of fabric	Square mtrs.	169,115,859	171,587,125
49.3 Finishing and Printing			
Production capacity - average during the year	Mtrs.	54,200,000	45,600,000
Actual production	Mtrs.	48,098,788	36,742,272
49.4 Yarn dyeing			
Production capacity	KGs	2,880,000	2,880,000
Actual production	KGs	2,176,527	2,311,545
49.5 Home Textile Product			
The capacity of this unit is undeterminable due to multi products, involving varying processes of manufacturing and run length of order lots.			
49.6 Power Generation			
Installed capacity	MWh	597,537	600,847
Actual energy delivered	MWh	449,312	667,792
49.7 Reason for low production			
Under utilization of available capacity is mainly due to normal maintenance / temporarily shut down and changes in production pattern.			
Output produced by the plants of TBCL (power sector subsidiary companies) is dependent on the load demanded by CCPA-G and plant availability. Due to low wind speed during the year, Plants produced less energy than benchmark of 35% capacity factor of TBCL.			
During the year on September 26, 2022 a fire incident has occurred on one of the wind turbine generator of SWPCL (WTG-04) which has reduced the gross capacity of plant (See note 1.1.(ii)).			

50. SEGMENT ANALYSIS

50.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Power Generation	Elimination of inter segment transactions	Total
----- Rupees -----						
For the year ended June 30, 2023						
Net turnover	42,413,434,196	24,314,195,610	48,908,819,901	18,647,775,374	(24,787,244,043)	109,496,981,039
Cost of sales	(40,664,236,422)	(20,052,293,704)	(37,988,366,868)	(6,225,511,011)	24,787,244,043	(80,143,163,963)
Gross Profit	1,749,197,775	4,261,901,906	10,920,453,033	12,422,264,363	-	29,353,817,076
Distribution cost	(649,429,714)	(789,571,994)	(4,323,269,298)	-	-	(5,762,271,006)
Administrative expenses	(528,814,864)	(123,265,047)	(644,464,214)	(272,554,220)	-	(1,569,098,345)
	(1,178,244,578)	(912,837,041)	(4,967,733,512)	(272,554,220)	-	(7,331,369,351)
Profit before taxation and unallocated income and expenses	570,953,197	3,349,064,865	5,952,719,521	12,149,710,143	-	22,022,447,725
Depreciation on operating fixed assets	743,747,013	398,832,301	877,647,561	3,489,632,149	-	5,509,859,024
Depreciation on right-to-use assets	-	-	593,190,797	5,116,347	-	598,307,144
For the year ended June 30, 2022						
Net turnover	36,533,607,624	24,192,144,817	35,433,359,191	15,613,595,639	(21,126,271,839)	90,646,435,432
Cost of sales	(28,667,328,453)	(21,008,953,298)	(29,747,087,749)	(4,784,037,480)	21,126,271,839	(63,081,135,141)
Gross Profit	7,866,279,171	3,183,191,519	5,686,271,442	10,829,558,159	-	27,565,300,291
Distribution cost	(702,906,570)	(826,764,433)	(3,473,350,449)	-	-	(5,003,021,452)
Administrative expenses	(436,723,888)	(154,007,655)	(454,050,632)	(263,969,042)	-	(1,308,751,217)
	(1,139,630,458)	(980,772,088)	(3,927,401,081)	(263,969,042)	-	(6,311,772,669)
Profit before taxation and unallocated income and expenses	6,726,648,713	2,202,419,431	1,758,870,361	10,565,589,117	-	21,253,527,622
Depreciation on operating fixed assets	638,693,922	329,066,544	685,506,362	2,927,746,795	-	4,581,013,623
Depreciation on right-to-use assets	-	-	496,465,461	5,160,255	-	501,625,716

Reconciliation of operating results with - profit after tax is as follows:

	2023 Rupees	2022 Rupees
Total results for reportable segments	22,022,447,725	21,253,527,622
Other operating expenses	(934,514,088)	(753,632,945)
Other income	1,300,305,858	1,090,364,022
Finance cost	(9,889,372,076)	(5,256,565,939)
Share of profit of associated companies	326,936,588	419,882,348
Profit before taxation	12,825,804,007	16,768,101,945
Taxation	(2,102,646,545)	(1,760,421,500)
Profit for the year	10,723,157,462	14,993,153,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

50.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile, Textile Retail and Others	Power Generation	Total
For the year ended June 30, 2023					
As at June 30, 2023					
Segment assets	26,822,361,516	9,606,922,400	31,057,690,982	88,958,686,932	156,445,661,830
Segment Liabilities	15,013,384,070	8,275,820,659	25,484,008,117	51,594,030,113	100,367,242,960
As at June 30, 2022					
Segment assets	24,238,523,512	9,236,006,267	27,027,946,329	74,874,345,081	135,376,821,189
Segment Liabilities	16,942,629,921	6,843,364,624	20,453,804,894	43,618,782,749	87,858,582,188

Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:

	2023 Rupees	2022 Rupees
Total for reportable segments assets	156,445,661,830	135,376,821,189
Unallocated assets	15,064,226,270	14,249,367,452
Total assets as per statement of financial position	171,509,888,100	149,626,188,641
Total for reportable segments liabilities	100,367,242,960	87,858,582,188
Unallocated liabilities	8,214,622,473	8,650,390,613
Total liabilities as per statement of financial position	108,581,865,433	96,508,972,801

	2023	2022
50. NUMBER OF EMPLOYEES		
Number of employees as at June 30,	15,183	14,545
Average number of employees as at June 30,	14,956	13,966

51. PROVIDENT FUND RELATED DISCLOSURE

The Group Employees' Provident Fund Trust holds the investments which are in accordance with the provisions of section 218 of the Companies Act 2017 and the Rules formulated for this purpose.

52. 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.

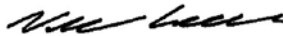
53. GENERAL

53.1 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.216.898 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.

53.2 Date of authorisation for issue

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



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
OF SAPPHIRE TEXTILE MILLS LIMITED AS AT JUNE 30, 2023

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
264	1	100	5,021
46	101	500	11,271
22	501	1,000	15,548
21	1,001	5,000	42,912
7	5,001	10,000	53,177
2	10,001	15,000	28,573
2	15,001	20,000	37,119
2	20,001	25,000	42,750
2	30,001	35,000	61,405
4	35,001	40,000	148,383
2	45,001	50,000	95,777
1	60,001	65,000	62,167
1	75,001	80,000	78,345
1	80,001	85,000	81,432
1	95,001	100,000	100,000
1	125,001	130,000	127,355
2	140,001	145,000	282,853
1	175,001	180,000	177,596
2	185,001	190,000	378,540
2	215,001	220,000	434,516
1	225,001	230,000	227,988
4	235,001	240,000	952,154
1	275,001	280,000	277,128
1	285,001	290,000	285,809
1	295,001	300,000	300,000
1	405,001	410,000	408,301
1	495,001	500,000	498,454
1	565,001	570,000	567,114
1	570,001	575,000	573,152
1	605,001	610,000	609,683
1	655,001	660,000	657,788
3	780,001	785,000	2,352,516
1	790,001	795,000	791,291
2	795,001	800,000	1,600,000
1	995,001	1,000,000	998,015
2	1,025,001	1,030,000	2,052,000
4	1,030,001	1,035,000	4,129,658
2	1,070,001	1,075,000	2,144,000
415			21,689,791

* Note: The slabs representing nil holding have been omitted.

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2023

Sr. #	Particulars	No. of Shares Held	Percentage %
1	Director's, CEO, Their Spouse and Minor Children	7,165,896	33.04
2	Associated Companies, Undertakings and Related Parties	6,722,155	30.99
3	NIT & ICP	1,002,515	4.62
4	Banks, Development Finance Institutions, Non-Banking Financial Institutions	129	0.00
5	Other Companies	346,271	1.60
6	General Public (Local)	6,452,825	29.75
		21,689,791	100.00

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

A. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	No of Shares Held
ATMZ Company (Private) Limited	1,270,455
Channel Holdings (Private) Limited	1,270,455
Crystal Enterprises (Pvt) Limited	3,104
Reliance Cotton Spinning Mills Limited	100,223
Resource Corporation (Pvt) Limited	1,270,455
Salman Ismail (SMC-Private) Limited	639,923
Sapphire Holding Limited	285,809
Sapphire Power Generation Limited	306,333
SFL Corporation (Pvt) Limited	177,596
STM Corporation (Pvt) Limited	127,355
Synergy Holdings (Pvt) Limited	1,270,447
B. NIT & ICP	
CDC - Trustee National Investement (Unit) Trust	998,015
National Investment Trust Limited	4,500
C. DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	
DIRECTORS & THEIR SPOUSES	
Mr. Mohammad Abdullah	498,454
Mr. Yousuf Abdullah	805,744
Mr. Amer Abdullah	312,228
Mr. Shahid Abdullah	427,741
Mr. Nabeel Abdullah	1,072,000
Mr. Umer Abdullah	1,072,000
Mr. Mirza Saleem Baig	532
Mr. Shahid Shafiq	510
Mrs. Shamshad Begum	688,953
Mrs. Ambareen Amer	489,540
Mrs. Shireen Shahid	708,594
Ms. Mashmooma Zehra Majeed	500
CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
Mr. Nadeem Abdullah	654,584
Mrs. Noshaba Nadeem	434,516
D. BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS	
National Bank of Pakistan	129
E. SHAREHOLDERS HOLDING 05% OR MORE	
ATMZ Company (Private) Limited	1,270,455
Channel Holdings (Private) Limited	1,270,455
Resource Corporation (Pvt) Limited	1,270,455
Synergy Holdings (Pvt) Limited	1,270,447
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	Nil

ڈیزائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ کو کمپنی ایکٹ 2017 کے تحت ایس ایم سی پرائیویٹ لمیٹڈ کے طور پر قائم ہوئی۔ یہ کمپنی سیفائر ٹریڈ لمیٹڈ کی ملکیت کی مکمل سبڈیری ہے اور سیفائر ٹریڈ لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل سبڈیری ہے۔ اس کمپنی کا بنیادی مقصد ٹیکسٹائل اور ذیلی مصنوعات کی تیاری ہے۔

سیفائر ٹریڈ اسٹیٹ (پرائیویٹ) لمیٹڈ

سیفائر ٹریڈ اسٹیٹ (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبڈیری ہے جو رینیل اسٹیٹ کے منصوبہ میں سرمایہ کاری کے مقصد کے لئے اس سال قائم کی گئی ہے۔

سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ

سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبڈیری ہے جو کہ موجودہ سال کی مالی مصنوعات کی تیاری اور فروخت کے مقصد کے لئے قائم کی گئی ہے۔

سیفائر گرین انرجی (پرائیویٹ) لمیٹڈ

سیفائر گرین انرجی (پرائیویٹ) لمیٹڈ کو رواں سال کے دوران قابل تجدید توانائی کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کے لئے ملکیتی ذیلی کے طور پر قائم کیا گیا ہے۔

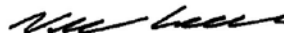
کریک پراپرٹیز (پرائیویٹ) لمیٹڈ

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) کو اپریل 2022 میں کمپنیز ایکٹ، 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر بنائی گئی تھی۔ موجودہ سال کے دوران، سیفائر رینیل اسٹیٹ (پرائیویٹ) لمیٹڈ نے کمپنی میں مزید سرمایہ کاری کی ہے اور اس وقت اس کا 65% حصہ ہے۔ رینیل اسٹیٹ (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبڈیری ہے۔ کمپنی کا بنیادی کاروبار رینیل اسٹیٹ منصوبوں کی مارکیٹنگ اور ترقی ہے۔

بورڈ کی جانب سے



نیل عبداللہ
ڈائریکٹر



مدیم عبداللہ
چیف ایگزیکٹو

لاہور۔

مورخہ 26 ستمبر 2023ء

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سیفائر ونڈ پاور کمپنی لمیٹڈ، سیفائر ریٹیل لمیٹڈ، ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفائر انٹرنیشنل اے پی ایس، ڈیڈائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ، سیفائر ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ، سیفائر کمیلز (پرائیویٹ) لمیٹڈ، سیفائر گرین انرجی (پرائیویٹ) لمیٹڈ اور کریک پراپرٹیز (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2023ء کو مکمل ہونے والے سال کے لیے ڈائریکٹرز رپورٹ معہ گروپ کے آڈٹ شدہ کنسالیڈیٹڈ اسٹیٹمنٹس اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

سیفائر ونڈ پاور کمپنی لمیٹڈ

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

سیفائر ریٹیل لمیٹڈ (اس آرائل)

سیفائر ریٹیل لمیٹڈ، سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈییری ہے۔ اس سبسیڈییری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے ”سیفائر برانڈ“ ریٹیل آؤٹ لیٹس چلانا ہے۔ ایس آرائل بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت اور ٹیکسٹائل سامان اور دیگر متعلقہ مصنوعات کے ذریعے خرید، فروخت، درآمد، برآمد اور پروسیسنگ کے کاروبار میں مصروف ہے۔ ایس آرائل پاکستان میں ریٹیل آؤٹ لیٹس اور ای اسٹورز کے ذریعے کام کرتا ہے۔ ایس آرائل پورے ملک میں (45) ریٹیل اسٹورز چلا رہا ہے۔

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی 57.125% ملکیت کی سبسیڈییری ہے۔ یہ کمپنی جنھمپیر سندھ میں پاکستانی قوانین کے تحت تشکیل پائی ہے اور 3X50 میگا واٹ ونڈ انرجی کے (3) پروجیکٹس چلا رہی ہے۔ تینوں پروجیکٹس کی تجارتی سرگرمیاں ستمبر 2018ء سے کامیابی کے ساتھ شروع ہو گئی ہیں۔

سیفائر انٹرنیشنل اے پی ایس

سیفائر انٹرنیشنل اے پی ایس سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈییری ہے اور یہ لمیٹڈ لائسنسڈ کمپنی ڈنمارک میں وجود میں آئی، جس کا مقصد کمپنی کی برآمد کو استحکام دینا ہے۔

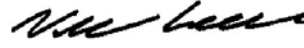
بورڈ کی تشخص

بورڈ آف ڈائریکٹرز کے پاس اپنی کارکردگی کا از خود تشخصی بنیاد پر ایک موثر نظام موجود ہے۔ بورڈ باضابطہ طور پر قابل قدر رہنمائی فراہم کرتا ہے اور موثر ادارتی نظم و ضبط کو یقینی بناتا ہے۔

اعتراف

انتظامیہ بورڈ آف ڈائریکٹرز، مگر اس اداروں، حصص یافتگان، گاہکوں، مالیاتی اداروں، سپلائرز اور عملہ و ملازمین کی انتھک محنت اور خلوص ستائش ریکارڈ پر لانا چاہتی ہے۔

منجانب بورڈ



ندیم عبد اللہ
چیف ایگزیکٹو



نبیل عبد اللہ
ڈائریکٹر

لاہور

مورخہ 26 ستمبر 2023ء

- (g) کمپنی کی بڑھتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- (h) ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بڑا انحراف نہیں ہوا۔
- (i) اہم کاروباری اور مالیاتی اعداد و شمار کا اختصار یہ منسلک ہے۔
- (j) کمپنی اپنے اہل ملازمین کے لئے ایمپلائز پروویڈنٹ فنڈ چلاتی ہے۔ 30 جون 2023 کو فنڈ سے کی گئی سرمایہ کاری 577 ملین روپے ہے۔
- (k) ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی:

ضابطہ اخلاق

ضابطہ اخلاق کمپنی کے ہر ڈائریکٹر اور ملازم کو بھیج دیا گیا ہے اور انہوں نے وصول کر لیا ہے۔

متعلقہ پارٹیوں کے سودے

کمپنی اسٹاک ایکسچینج آف پاکستان کے لسٹنگ ریگولیشن کے ٹرانسفر پرائسنگ کے بہترین طور طریقوں پر مکمل طور پر عمل پیرا ہے۔ متعلقہ پارٹیوں کے ساتھ سودے عمومی طریقہ کار یعنی آرم لینڈ پر انسرز کے تحت انجام پائے۔

سال کے دوران کمپنی نے متعلقہ پارٹیوں کے ساتھ سودے کئے۔ ان سودوں کی تفصیلات غیر مجموعی مالیاتی گوشواروں کے نوٹ 43 میں منکشف کی گئی ہے۔

متعلقہ پارٹیوں کے قابل ذکر سودوں کی تفصیلات آڈٹ کمیٹی کے روبرو پیش کی گئی اور ضابطوں کے تقاضوں کے تحت بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز کے جائزے اور منظوری کے لئے پیش کی گئی۔

ادارتی سماجی ذمہ داری

کمپنی وسیع معنوں میں معاشرے سے متعلق اپنی ذمہ داریوں پر مضبوطی سے یقین رکھتی ہے اور تعلیم، صحت اور قدرتی ماحول کے شعبے میں کئی اقدامات کئے ہیں۔

کمپنی یو نائیٹڈ نیشنز گلوبل کمپیکٹ پروگرام میں متحرک طور پر شرکت کرتی ہے۔ ہم اقوام متحدہ کے نصب العین 2030 پر کام کرتے ہوئے پائیدار عالمی ترقیاتی اہداف (SDGs) پر عمل کر رہے ہیں۔ اقوام متحدہ کے پائیدار ترقی کے اہداف (UNSDGs) میں حصہ ڈالنے کی ہماری ذمہ داری کے مطابق، یہ عزم نیٹ زیر و اخراج کے حصول کے لئے ہماری لگن تک پھیلا ہوا ہے۔ ان شرائط داریوں کے ذریعے، ہم اپنی طاقتوں اور وسائل کو، ہم خیال تنظیموں کے ساتھ یکجا کرنا چاہتے ہیں تاکہ ماحولیاتی تبدیلی اور پائیدار ترقی کے چیلنجوں سے اجتماعی طور پر نمٹا جاسکے، جس سے ہماری کمپنی اور عالمی برادری دونوں پر مثبت اثر پڑے۔

سال کے دوران کمپنی نے صحت، تعلیم اور سماجی بہبود کے پروجیکٹس میں عطیات دیئے ہیں جنہیں مالیاتی گوشواروں کے نوٹ نمبر 36 میں رپورٹ کیا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز سائونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آنے والے اجلاس عام میں ریٹائر ہو جائیں گے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز سائونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی کے بیرونی آڈیٹرز کے لئے تقرر کی تجویز دی ہے۔

حصص داری کی ساخت

30 جون 2023 کو کمپنی کی حصص داری کی ساخت منسلک ہے۔ یہ گوشوارہ کمپنیز ایکٹ 2017 کی دفعہ (f) 227(2) کے مطابق تیار کیا گیا ہے۔

انسانی وسائل و معاوضہ کمیٹی

سال کے دوران انسانی وسائل و معاوضہ کمیٹی کے ایک (1) اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

نام	حاضر اجلاسوں کی تعداد
جناب ندیم کرامت	1
جناب ندیم عبداللہ	1
جناب عمر عبداللہ	1
مس ماشومہ زہرہ مجید	1
جناب شاہد شفیق	1

ڈائریکٹران کا معاوضہ

بورڈ کے ممبران کا معاوضہ بورڈ خود طے کرتا ہے۔ تاہم ادارتی نظم و ضبط کے ضابطے کے تحت اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے فیصلے میں شریک نہ ہو۔ کمپنی ٹران ایگزیکٹو ڈائریکٹران کو کوئی معاوضہ ادا نہیں کرتی اور آزاد ڈائریکٹران کو اجلاس میں حاضر ہونے کی فیس ادا کی جاتی ہے۔ چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹران کے معاوضے کا پیکج مالیاتی گوشواروں کے نوٹ نمبر 42 میں منکشف کیا گیا ہے۔

ادارتی اور مالیاتی رپورٹنگ فریم ورک پر بیان

بورڈ آف ڈائریکٹرز وقفے وقفے سے کمپنی کی کلیدی سمت کا جائزہ لیتا ہے۔ کاروباری منصوبوں اور ہدف کا تعین چیف ایگزیکٹو کرتا ہے اور بورڈ ان کا جائزہ لیتا ہے۔ بورڈ ادارتی نظم و ضبط کے اعلیٰ معیار کو برقرار رکھنے کے لئے کوشاں ہے۔ بورڈ نے ادارتی نظم و ضبط کے ضابطے کا جائزہ لیا اور تصدیق کرتا ہے کہ:

- مالیاتی گوشواروں کے ساتھ دیئے گئے نوٹس کو کمپنیز ایکٹ 2017 کے ضابطوں کے مطابق تیار کیا گیا ہے۔ یہ کمپنی کے معاملات، اس کے کاروباری نتائج، اس کے نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔ اور ان سے کسی قسم کی پہلو تہی کا مناسب انکشاف اور تشریح کی گئی ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی گرفت کی نگرانی کا یہ عمل اس مقصد سے ساتھ جاری رکھا جاتا ہے کہ گرفت کو مزید مستحکم اور نظام کو بہتر بنایا جاسکے۔
- ٹیکسوں، ڈیویڈنڈ اور چارجز کی مد میں تمام واجبات کے لئے اختصاص رکھا گیا ہے اور درست طریقے سے ادا کئے جائیں گے یا جہاں دعویٰ کو بطور قرضہ تسلیم نہیں کیا گیا، انہیں اتفاقی واجبات کے طور پر مالیاتی گوشواروں کے نوٹس میں منکشف کیا گیا ہے۔

9- کریک پراپرٹیز (پرائیویٹ) لمیٹڈ

کریک پراپرٹیز (پرائیویٹ) لمیٹڈ (کمپنی) کو اپریل 2022 میں کمپنیز ایکٹ، 2017 کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر بنائی گئی تھی۔ موجودہ سال کے دوران، سیفائز ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ نے کمپنی میں مزید سرمایہ کاری کی ہے اور اس وقت اس کا 65% حصہ ہے۔ ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ سیفائز ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیئر ہے۔ کمپنی کا بنیادی کاروبار ریٹیل اسٹیٹ منصوبوں کی مارکیٹنگ اور ترقی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز تین (3) ایگزیکٹو ڈائریکٹران، چار (4) نان ایگزیکٹو ڈائریکٹران اور تین (3) آزاد ڈائریکٹران پر مشتمل ہے۔ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کے حاضر اجلاسوں کی تعداد درج ذیل ہے:

نام	قسم	حاضر اجلاسوں کی تعداد
جناب ندیم عبداللہ	ایگزیکٹو ڈائریکٹر	6
جناب نبیل عبداللہ	ایگزیکٹو ڈائریکٹر	6
جناب عمر عبداللہ	ایگزیکٹو ڈائریکٹر	6
جناب محمد عبداللہ	نان ایگزیکٹو ڈائریکٹر	6
جناب شاہد عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	6
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	5
جناب ندیم کرامت	آزاد ڈائریکٹر	4
جناب شاہد شفیق	آزاد ڈائریکٹر	6
مس ماشومہ زہرہ مجید	آزاد ڈائریکٹر	6
جناب مرزا سلیم بیگ (*)	آزاد ڈائریکٹر	1

15 June 2023 (*) کو نئے آزاد ڈائریکٹر منتخب ہوئے۔

آڈٹ کمیٹی

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

نام	حاضر اجلاسوں کی تعداد
جناب ندیم کرامت	4
جناب عامر عبداللہ	3
جناب یوسف عبداللہ	3
جناب شاہد شفیق	4

1- سیفائر وٹھ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سیفائر ٹیکسٹائل ملز کے پاس ہے اور 30 فیصد ملکیت بینک الفلاح لمیٹڈ کے پاس ہے۔ کمپنی نے ایک وٹھ فارم جھمپیر سندھ میں قائم کیا ہے جس کی گنجائش 52.8 میگا واٹ ہے جس نے تجارتی آپریشنز کا آغاز نومبر 2015 سے کیا۔ پروجیکٹ بہترین صنعتی طور طریقوں پر عمل کر رہا ہے اور تسلی بخش نتائج فراہم کر رہا ہے۔

2- سیفائر ٹیکسٹائل لمیٹڈ (اس آرائل)

سیفائر ٹیکسٹائل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے۔ اس سبسیڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے ”سیفائر برانڈ“ ریٹیل آؤٹ لیٹس چلانا ہے۔ ایس آرائل بنیادی طور پر ٹیکسٹائل مصنوعات کی تجارت اور ٹیکسٹائل سامان اور دیگر متعلقہ مصنوعات کے ذریعے خرید، فروخت، درآمد، برآمد اور پروسیسنگ کے کاروبار میں مصروف ہے۔ ایس آرائل پاکستان میں ریٹیل آؤٹ لیٹس اور ایسٹورز کے ذریعے کام کرتا ہے۔ ایس آرائل پورے ملک میں (45) ریٹیل اسٹورز چلا رہا ہے۔

3- ٹرائگون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرائگون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی 57.125% ملکیت کی سبسیڈیری ہے۔ کمپنی کی تشکیل پاکستانی قوانین کے تحت ہوئی ہے اور اس وقت 50 میگا واٹ کے تین پروجیکٹس جھمپیر سندھ میں چلا رہی ہے۔ ان تمام پروجیکٹس نے ستمبر 2018 میں اپنی تجارتی آپریشنز کا آغاز کر دیا تھا۔

4- سیفائر انٹرنیشنل اے پی ایس

سیفائر انٹرنیشنل اے پی ایس سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے اور یہ لمیٹڈ لائیوٹی کمپنی ڈیمارک میں وجود میں آئی، جس کا مقصد کمپنی کی برآمد کو استحکام دینا ہے۔

5- ڈیزائن ٹیکسٹائل ایس ایم سی پرائیویٹ لمیٹڈ

ڈیزائن ٹیکسٹائل ایس ایم سی پرائیویٹ لمیٹڈ کو کمپنی ایکٹ 2017 کے تحت ایس ایم سی پرائیویٹ لمیٹڈ کے طور پر قائم کیا گیا۔ یہ کمپنی سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت سبسیڈیری ہے اور سیفائر ٹیکسٹائل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل سبسیڈیری ہے۔ اس کمپنی کا بنیادی مقصد ٹیکسٹائل اور ذیلی مصنوعات کی تیاری ہے۔

6- سیفائر ٹیکسٹائل اسٹیٹ (پرائیویٹ) لمیٹڈ

سیفائر ٹیکسٹائل اسٹیٹ (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو ریٹیل اسٹیٹ کے منصوبہ میں سرمایہ کاری کے مقصد کے لئے اس سال قائم کی گئی ہے۔

7- سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ

سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو کہ کیمیائی مصنوعات کی تیاری اور فروخت کے مقصد کے لئے قائم کی گئی ہے۔

8- سیفائر گرین انرجی (پرائیویٹ) لمیٹڈ

سیفائر گرین انرجی (پرائیویٹ) لمیٹڈ کو رواں سال کے دوران قابل تجدید توانائی کے منصوبوں میں سرمایہ کاری کرنے کے مقصد کے لئے ملکیتی ذیلی کے طور پر قائم کیا گیا ہے۔

مصارف منافع

روپے ہزاروں میں

4,701,333

(1,410,160)

3,291,173

(40,259)

40,895

26,337,253

29,629,062

(216,898)

29,412,164

منافع قبل از ٹیکس

منہا: ٹیکس

منافع بعد از ٹیکس

ملازمین کے ریٹائرمنٹ کے فوائد پر نقصان کی از سر نو پیمائش

ایکویٹی انویسٹمنٹ کی منصفانہ قیمت پر فروخت پر منافع

جمع: غیر مصرف شدہ منافع پیچھے سے لایا گیا

حتمی منافع منقسمہ برائے سال ختمہ 30 جون 2022 (100 فیصد یعنی 10 روپے فی حصص)

غیر مصرف شدہ منافع آگے لے جایا گیا

بعد از اثرات

حتمی منافع منقسمہ برائے سال ختمہ 30 جون 2023 (100 فیصد یعنی 10 روپے فی حصص)

غیر مصرف شدہ منافع آگے لے جایا گیا

(216,898)

29,195,266

فی حصص آمدن

سال ختمہ 30 جون 2023 میں فی حصص آمدن روپے 151.74 روپے رہی جبکہ گزشتہ سال ختمہ 30 جون 2022 کو 323.45 روپے تھی۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے سال ختمہ 30 جون 2023 (30 جون 2022 میں: 100 فیصد) کے لئے نقد منافع منقسمہ 100 فیصد یعنی 10 روپے فی حصص کے حساب سے سفارش کرتے ہوئے اظہار مسرت کیا ہے۔

مستقبل کے امکانات

عالمی کساد بازاری اور بلند افراط زر کی وجہ سے ٹیکسٹائل انڈسٹری دباؤ کا شکار ہے۔ گھریلو ماحول سیاسی غیر یقینی صورتحال کے ساتھ کرو بار کرنے کی زیادہ لاگت بشمول زیادہ مالیاتی لاگت اور توانائی کی بڑھتی ہوئی قیمتوں سے زبردست دباؤ پیدا ہو رہا ہے۔
انتظامیہ جاری چیلنجوں پر قابو پانے کے لئے کوشاں رہے گی اور معقول منافع کے حصول کے لئے پرامید ہے۔

سیفائر ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں نو ذیلی کمپنیاں ہیں جن میں سے چھ کی 100 فیصد ملکیت سیفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ ہر ذیلی کمپنی کا اختصار یہ درج ذیل ہے:

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2023 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی جائزہ

درج ذیل میں اہم مالیاتی اعداد و شمار پیش کئے گئے ہیں:

2022	2023	
		روپے ہزاروں میں
61,373,384	72,837,269	خالص فروخت
11,859,068	10,369,684	خام منافع
11,116,712	9,384,894	کاروباری منافع
3,007,581	2,453,961	دیگر آمدن
(2,659,056)	(4,683,561)	مالیاتی لاگت
8,457,656	4,701,333	منافع قبل از ٹیکس
7,015,552	3,291,173	منافع بعد از ٹیکس

کمپنی کی خالص فروخت اضافے کے ساتھ 72.837 بلین روپے رہیں جو کہ گزشتہ سال 61.373 بلین روپے تھیں۔ خالص فروخت میں اضافہ کی وجہ پاکستانی روپے کی قدر میں کمی اور جی نمو کی وجہ سے فروخت کی قیمتوں میں اضافے کی وجہ سے ہوا۔

سال کے دوران عالمی طلب میں کمی، درآمدی روٹی کی بلند قیمت اور بجلی کے نرخوں میں اضافے کی وجہ سے ٹیکسٹائل مصنوعات کے مارجن دباؤ میں ہے۔ سال کے آخر میں خام مال کی قیمتوں میں کمی کے نتیجے میں کمپنی کے پاس رکھی گئی انویٹری کی قیمت کو معقول بنانے کی وجہ سے ایڈجسٹمنٹ کا مجموعی منافع متاثر ہوا۔ فروخت کے لحاظ سے خام منافع کی شرح 19.32 فیصد سے کم ہو کر 14.24 فیصد ہو گئی۔

دیگر آمدنی جو بنیادی طور پر ذیلی کمپنیوں اور فہرست میں شامل کمپنیوں میں سرمایہ کاری سے حاصل ہونے والے منافع سے حاصل ہوتی ہے، پچھلے سال کے 3.008 بلین روپے کے مقابلے میں 2.453 بلین روپے تھی۔ سال کے دوران مالیاتی لاگت بڑھ کر 4.684 بلین روپے ہو گئی جو کہ پچھلے سال 2.659 بلین روپے تھی۔ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے پالیسی ریٹ میں اضافے، برآمدات سے متعلق فنانشنگ اسکیموں کے لئے زیادہ مارک اپ کی شرح اور طویل مدتی اسٹیٹ بینک کی عدم دستیابی کی وجہ سے کمپنی کی مالیاتی لاگت میں نمایاں اضافہ ہوا۔

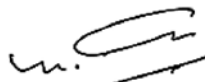
چیرمین کی جائزہ رپورٹ

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

مالی سال برائے ۳۰ جون ۲۰۲۳ء کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ مجموعی جائزے کا اطمینان بخش ہونا ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہدیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی سرگرمیوں کو انداز سے پورا کرنا شامل ہیں۔ میں بورڈ کی جانب سے ان کی مثبت شرکت اور مسلسل وابستگی کے لئے اپنے اعتراف اور شکرگزاری کو بھی بڑھانا چاہتا ہوں۔

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

بورڈ کی جانب سے



محمد عبداللہ

چیرمین

لاہور۔

26 ستمبر 2023ء

The logo for Sapphire Textile Mills Limited features the word "Sapphire" in a white, serif font. A stylized, multi-colored line graphic, consisting of several overlapping lines in shades of cyan, orange, green, and red, curves around the text from the bottom left to the top right, resembling a wave or a textile strand.

Sapphire

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