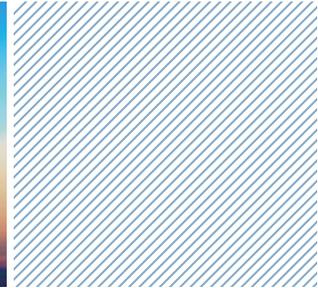
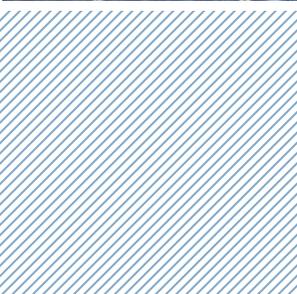


Sapphire



Annual Report 2022



Sapphire Textile Mills Limited



CORPORATE

Company Information	3
Directors' Profile	5
Vision and Mission	9
Chairman's Review Report	11
Directors' Report	13
Financial Highlights	20
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	34
Independent Auditors' Review Report to the Members on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	36
Notice of Annual General Meeting	38
Jama Punji Ad	45

FINANCIAL STATEMENTS OF SAPPHIRE TEXTILE MILLS LIMITED

Independent Auditors' Report to the Members	48
Statement of Financial Position	52
Statement of Profit or Loss	53
Statement of Comprehensive Income	54
Statement of Changes in Equity	55
Statement of Cash Flows	56
Notes to the Financial Statements	57

CONSOLIDATED FINANCIAL STATEMENTS OF SAPPHIRE TEXTILE MILLS LIMITED AND ITS SUBSIDIARIES

Directors' Report	120
Independent Auditors' Report to the Members	121
Consolidated Statement of Financial Position	125
Consolidated Statement of Profit or Loss	126
Consolidated Statement of Comprehensive Income	127
Consolidated Statement of Changes in Equity	128
Consolidated Statement of Cash Flows	129
Notes to the Consolidated Financial Statements	130
Pattern of Shareholding	211
Directors' Report Consolidated in Urdu	215
Directors' Report in Urdu	221
Chairman's Review Report in Urdu	222
Forms of Proxy in Urdu & English	223



BOARD OF DIRECTORS

Mr. Mohammad Abdullah - Chairman
Mr. Nadeem Abdullah - Chief Executive
Mr. Shahid Abdullah
Mr. Amer Abdullah
Mr. Yousuf Abdullah
Mr. Nabeel Abdullah
Mr. Umer Abdullah
Mr. Nadeem Karamat
Mr. Shahid Shafiq
Ms. Mashmooma Zehra Majeed

AUDIT COMMITTEE

Mr. Nadeem Karamat - Chairman
Mr. Amer Abdullah - Member
Mr. Yousuf Abdullah - Member
Mr. Shahid Shafiq - Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Nadeem Karamat - Chairman
Mr. Nadeem Abdullah - Member
Mr. Umer Abdullah - Member
Ms. Mashmooma Zehra Majeed - 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

E. Y. Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

A. K. Brohi & Company

BANKERS

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami 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) Ltd.
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, Chunian, District Kasur.
1.5-KM, Warburton Road, Feroze Wattoan, Sheikhpura.

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

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

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

The image shows two spools of blue thread on a sewing machine. The spool in the foreground is in sharp focus, showing the texture of the thread and the metal bobbin. The spool in the background is blurred. A white rectangular box is overlaid on the image, containing the text "Directors' Profile".

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 18 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.

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. NADEEM KARAMAT

Mr. Nadeem Karamat Corporate and Financial Services experience spreads over 36 years across three continents. A specialist in Strategy, Corporate/Business Leadership, and Board Governance, his professional experience includes managing and leading Financial Institutions in Commercial and wholesale banking, Multilateral Development banks, Capital Markets/Advisory and Development Financial Institution.

His career spanned over 23 years with Fortune 500 companies. He started with Bank of America in Pakistan in corporate banking, and then moved to American Express Bank Ltd, where he served for over 20 years. At American Express Bank he leveraged the opportunity to work in the U.S., Middle East and Singapore. With American Express Bank, he held the position as Country Head for the Levant region [Lebanon and Jordan], Corporate Finance Head for Pakistan, Bangladesh and Srilanka, and lastly Country Head for Pakistan for 6 years. After American Express Bank's divestment in Pakistan in December 2006, he successfully sold the bank to a local group under Central Bank's scheme of amalgamation. He then worked for five years in Istanbul, Turkey and successfully established the 25th Multilateral Development Bank in the world, [ECO Trade & Development Bank] as Founding Vice President, covering 10 countries and represented Pakistan for its shareholding.

Upon his return to Pakistan, he joined BMA Capital Management, a large corporate advisory and brokerage house as MD in 2012. In 2014 he joined PAK Iran Investment Company [Pair Investment Company] as CEO. He has vast experience in managing functional teams, policy formulation as well as leading large and complex financial structures and M&A activities.

Outside his career, his engagements were:

Member of the Board of Directors for First Inter-investment Bank [now IGI Investment Bank], board member of Soneri Bank, Faysal Asset Management company, NICL, Sapphire Textile Mills Limited and Director Intellectual Property Rights of Pakistan.

He remained President of American Business Council of Pakistan, Executive Committee member for Overseas Investors Chamber of Commerce and Industry, Executive Committee member for Pakistan Banking Association, Member Board of Governors for Lahore University and Management Sciences [LUMS] Member Board of Trustees for MALC, Member Board of Trustees National University of Science and Technology [NUST]. He has been awarded the quality award for leadership and performance by Chairman American Express Company.

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.

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.



A blurred background image of a textile mill, showing rows of metal bobbins on a machine. A vertical light fixture with blue, orange, and green lights is visible in the center background.

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, 2022, the Board's overall performance and effectiveness has 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; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. I would also like to extend my acknowledgement and gratefulness towards the Board for 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 regulation and the non-executive and independent Directors are equally involved in important decisions of the board.



Mohammad Abdullah
Chairman

Karachi
26th September 2022



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, 2022.

FINANCIAL REVIEW

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

	2022	2021
	Rupees in '000	
Net turnover	61,373,384	38,470,987
Gross Profit	11,859,068	6,350,113
Profit from Operations	11,116,712	5,341,902
Other Income	3,007,581	1,097,563
Finance cost	(2,659,056)	(1,582,533)
Profit before taxation	8,457,656	3,759,369
Taxation	(1,442,104)	(496,434)
Profit after taxation	7,015,552	3,262,935

The Company's net turnover increased from Rs.38.471 billion to Rs.61.373 billion as compared to the previous year. The Company's net turnover increased by 60% mainly due to increase in selling prices. Selling prices increased due to increase in raw material prices and devaluation of Pak Rupee.

The gross profit as a percentage of sales increased to 19.32% during the current financial year from 16.51% in the corresponding year. The Company achieved gross profit of Rs. 11.859 billion during the year; an impressive increase of 87% from Rs.6.350 billion reported last year. The increased profitability of the company can be attributed to robust demand of products, procurement of raw material in a timely way, economies of scale, cost efficiencies and diversified customer portfolio.

During the year Company received healthy dividends from its renewable energy business which resulted

in significant other income of Rs. 3.008 billion in comparison to Rs.1.098 billion in corresponding year. The finance cost during the year increased significantly to Rs.2.659 billion (2021:Rs.1.583 billion) representing 4.33% (2021: 4.11%) of sales due to increase in interest rates on borrowings and increase in working capital requirements. However State Bank Schemes in the form of Temporary Economic Refinance Facility (TERF) and Long Term Finance Facility (LTFF) helped the Company to arrange financing at attractive mark-up rates to modernize and expand its facilities. The Company achieved profit before tax of Rs. 8.458 billion against profit before tax of Rs.3.759 billion in corresponding year. Tax amounted to Rs.1,442 million for the current year as compared to Rs.496 million in corresponding year. Taxation increased due to increase in profit before tax and imposition of super tax @ 10% by the Federal Government through Finance Act, 2022.

APPROPRIATION OF PROFIT

Rupees in '000

Profit Before Taxation	8,457,656
Less: Taxation	(1,442,104)
Profit after taxation	7,015,552
Gain on remeasurement of staff retirement benefits	16,793
Add: Unappropriated profit brought forward	19,630,255
	26,662,600

Appropriations

Final dividend for the year ended June 30, 2021 (150% i.e. Rs.15 per share)	(325,347)
Unappropriated available for distribution	26,337,253

Subsequent effects

Final dividend for the year ended June 30, 2022 (100% i.e. Rs.10 per share)	(216,898)
Unappropriated Profit Carried Forward	26,120,355

Earnings per Share

The earnings per share for the year ended June 30, 2022 is Rs.323.45 as compared to Rs.150.44 for last year ended June 30, 2021.

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, 2022.(June 30, 2021: 150%).

Future Prospects

The Global economic scenario has changed completely. The Russian invasion of Ukraine and the consequent increase in global energy prices have thrown the world into recession. The higher energy prices leaves less disposable income in the hands of the consumer which has resulted in reduced demand for non essential products, including textiles. Coupled with this reduced demand, raw cotton is in short supply globally and therefore the prices of raw material are high. Pakistan has been exceptionally hurt due to excessive flooding which has resulted in not only loss of lives, damage of infrastructure, spread of disease, but also substantial damage of agriculture crops including cotton. This coupled with higher costs of energy, raw materials, interest rates and other inputs is very

damaging for the industry. Due to this deteriorating situation and the need for substantial imported inputs, there is extreme pressure on the Pak rupee and it is loosing value in the international market. In addition, due to shortage of foreign exchange, the banks are restricting imports. These challenges need to be overcome. The management is making its best effort to overcome these challenges.

SUBSIDIARIES OF SAPPHIRE TEXTILE MILLS LIMITED

The Company owns seven subsidiaries out of which five 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 Jhimpir 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

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 manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through online stores. SRL operates 43 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 Jhimpir. 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. Sapphire Real Estate (Private) Limited

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

6. Sapphire Chemicals (Private) Limited

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

7. 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.



BOARD OF DIRECTORS

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

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

Name	Category	No of Meetings
Mr. Nadeem Abdullah	Executive Director	4
Mr. Nabeel Abdullah	Executive Director	4
Mr. Umer Abdullah	Executive Director	4
Mr. Mohammad Abdullah	Non- Executive Director	4
Mr. Shahid Abdullah	Non- Executive Director	4
Mr. Amer Abdullah	Non- Executive Director	3
Mr. Yousuf Abdullah	Non- Executive Director	3
Mr. Nadeem Karamat	Independent Director	4
Mr. Shahid Shafiq	Independent Director	4
Ms. Mashmooma Zehra Majeed	Independent Director	4

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' REPORT TO THE SHAREHOLDERS

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.46 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, 2022 is Rs.465.271 million.
- k) Following trade in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

Nature of transactions	No of Shares
Shares purchased by Mrs. Shamshad Begum	169
Shares gifted by Mr. Amer Abdullah to his Son Mr. Mustafa Abdullah	400,000
Shares gifted by Mr. Yousuf Abdullah to his Son Mr. Ismael Abdullah	800,000
Shares gifted by Mrs. Ambareen Amer to her Son Mr. Mustafa Abdullah	384,172
Shares gifted by Mrs. Ambareen Amer to her Son Mr. Ali Abdullah	2,174

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 has secured 2nd place in United Nations Global Compact Sustainability Summit & Awards 2021 conducted during the year as the 'Large National Enterprise' category in achieving UN Sustainable Development Goals and marked a formal acknowledgement of the practical steps taken to establish itself as a sustainable entity in Pakistan. 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).

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

Auditors

The present Auditors, M/s. EY Ford Rhodes, Chartered Accountants will retire in Annual General Meeting. The Board of Directors on recommendation of Audit Committee, proposes the

appointment of M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, as external auditor of the Company for the year ending June 30, 2023.

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2022 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.

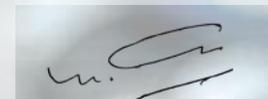
Acknowledgement

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



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Karachi
26 September 2022



Financial Highlights

Financial Highlights

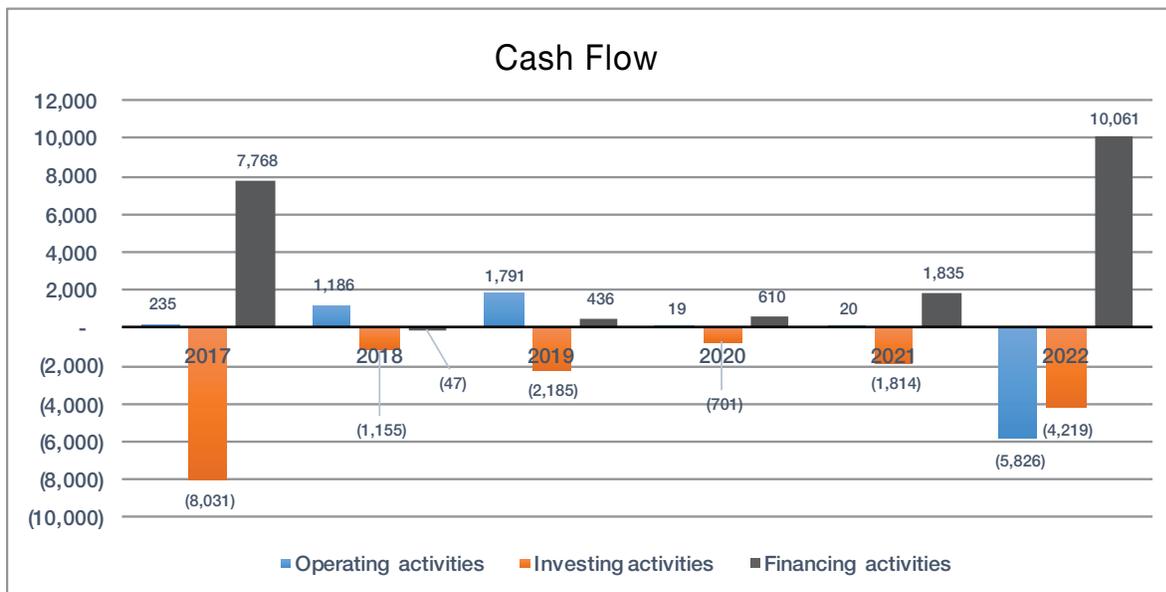
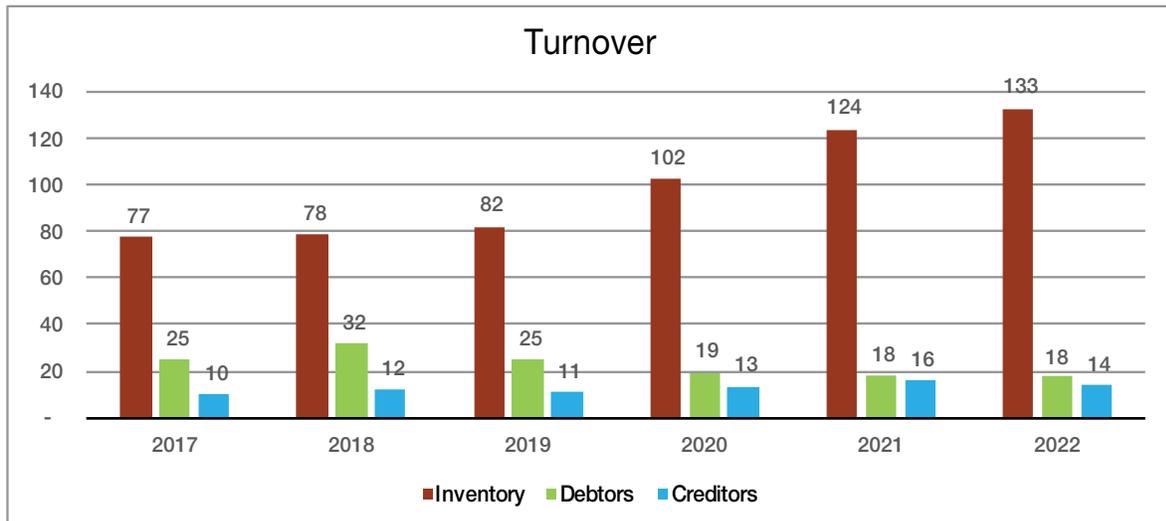
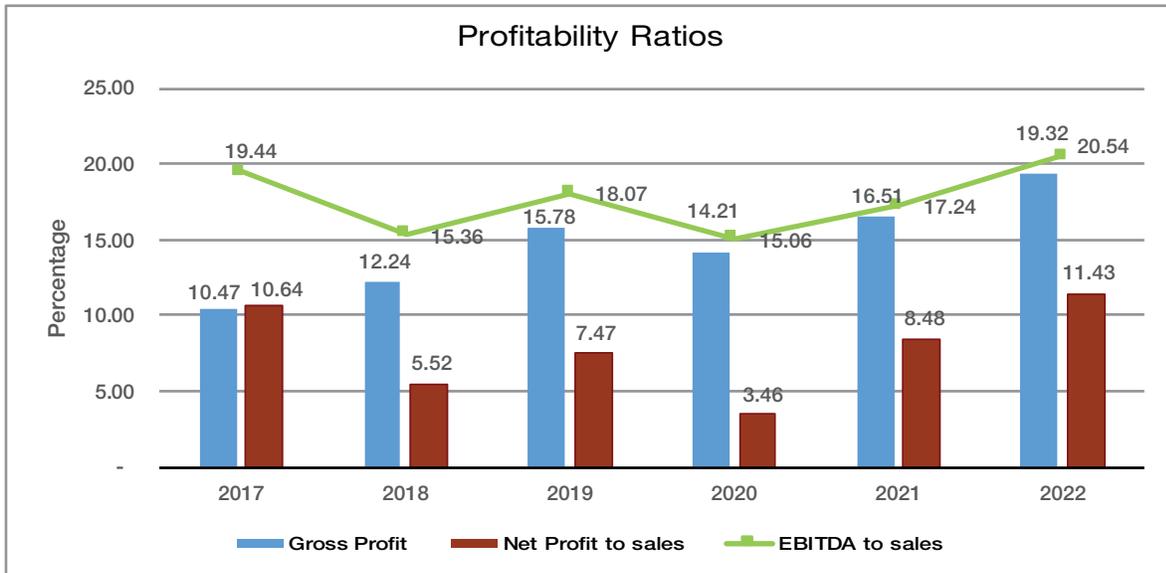
For the year ended June 30, 2022

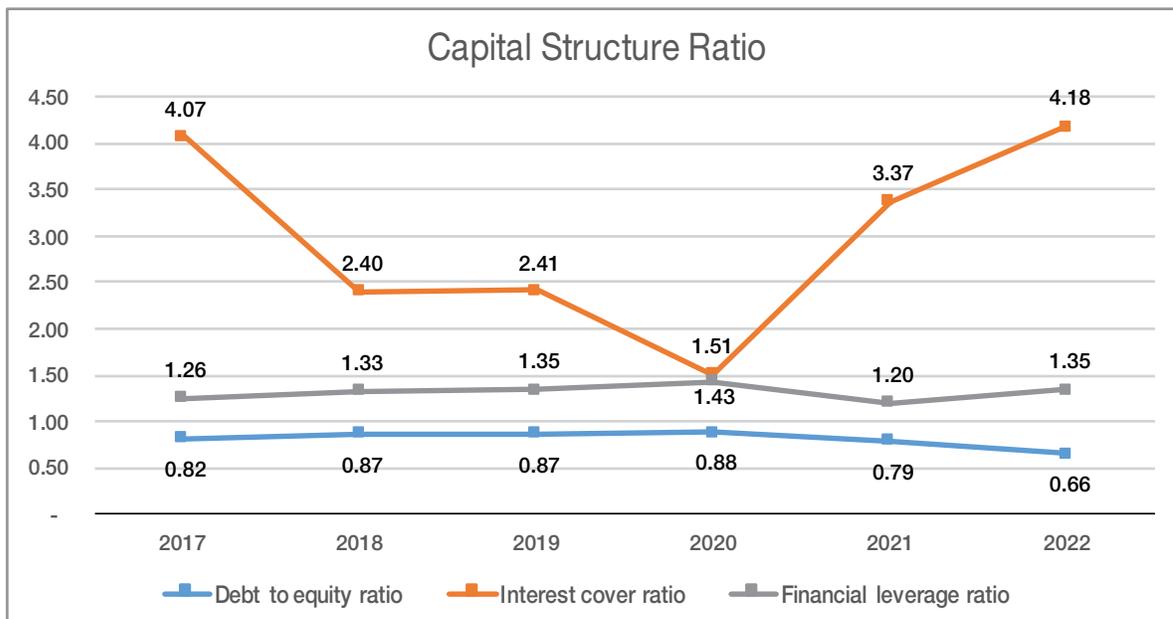
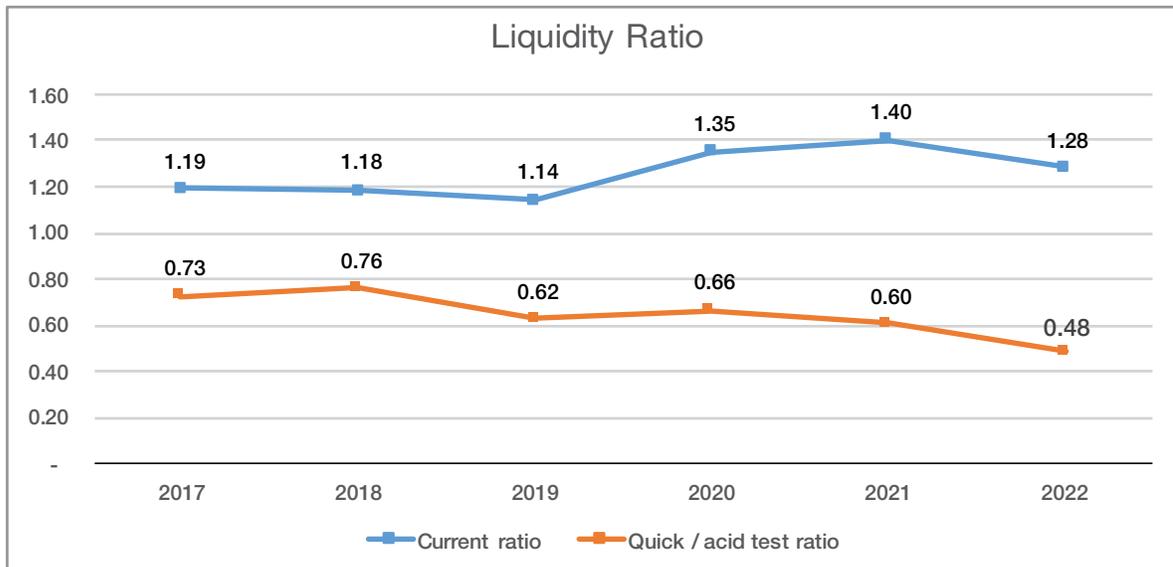
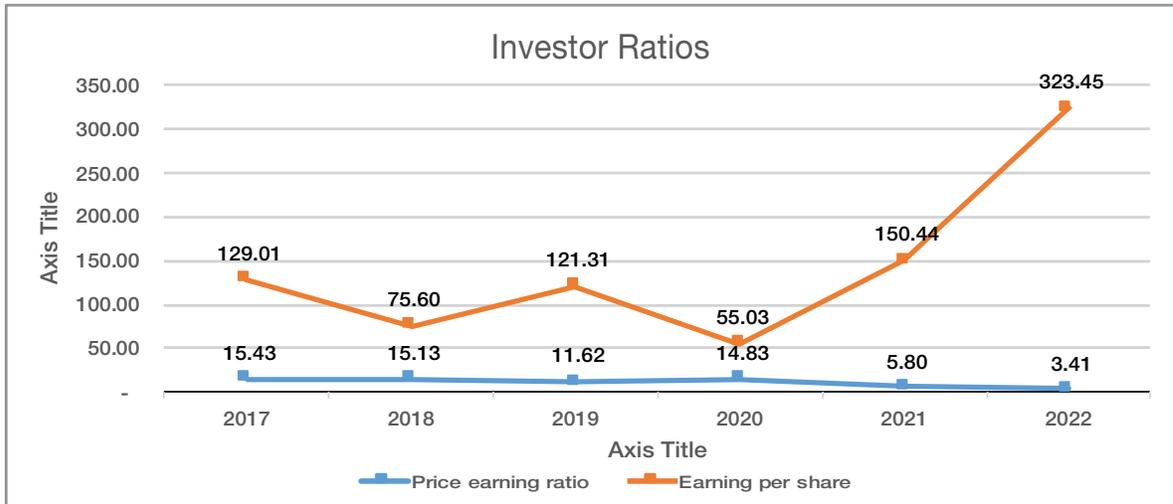
Particulars	UOM	2022	2021	2020	2019	2018	2017
Profit & Loss							
Sales	Rs. in Million	61,373	38,471	34,030	34,253	28,896	25,584
Gross profit	Rs. in Million	11,859	6,350	4,835	5,406	3,536	2,678
Operating profit / EBIT	Rs. in Million	11,117	5,342	3,866	5,031	3,340	3,944
Profit before taxation	Rs. in Million	8,458	3,759	1,309	2,946	1,949	2,975
Profit after taxation	Rs. in Million	7,016	3,263	1,179	2,559	1,595	2,722
Cash dividend	Rs. in Million	217	325	-	522	321	281
Balance Sheet							
Property, plant and equipment	Rs. in Million	19,921	14,714	13,119	12,595	11,415	10,575
Investment & Other assets	Rs. in Million	13,917	14,493	13,844	14,513	15,568	17,926
Net current assets	Rs. in Million	8,133	6,470	4,548	2,041	2,376	2,224
Total assets employed	Rs. in Million	41,971	35,677	31,511	29,149	29,359	30,726
Represented By:							
Share capital	Rs. in Million	217	217	217	201	201	201
Reserves	Rs. in Million	25,893	20,802	16,260	16,181	15,821	16,794
Shareholders' equity	Rs. in Million	26,110	21,019	16,477	16,382	16,022	16,995
Long term loans	Rs. in Million	15,061	14,321	14,737	12,257	12,858	13,326
Lease Liabilities	Rs. in Million	57	-	-	-	-	-
Deferred liabilities	Rs. in Million	744	338	298	510	478	405
Total	Rs. in Million	41,971	35,677	31,511	29,149	29,358	30,726
Cash Flow Statement							
Operating activities	Rs. in Million	(5,826)	20	19	1,791	1,186	235
Investing activities	Rs. in Million	(4,219)	(1,814)	(701)	(2,185)	(1,155)	(8,031)
Financing activities	Rs. in Million	10,061	1,835	610	436	(47)	7,768
Cash and cash equivalents at the end of the year	Rs. in Million	99	75	34	97	55	71

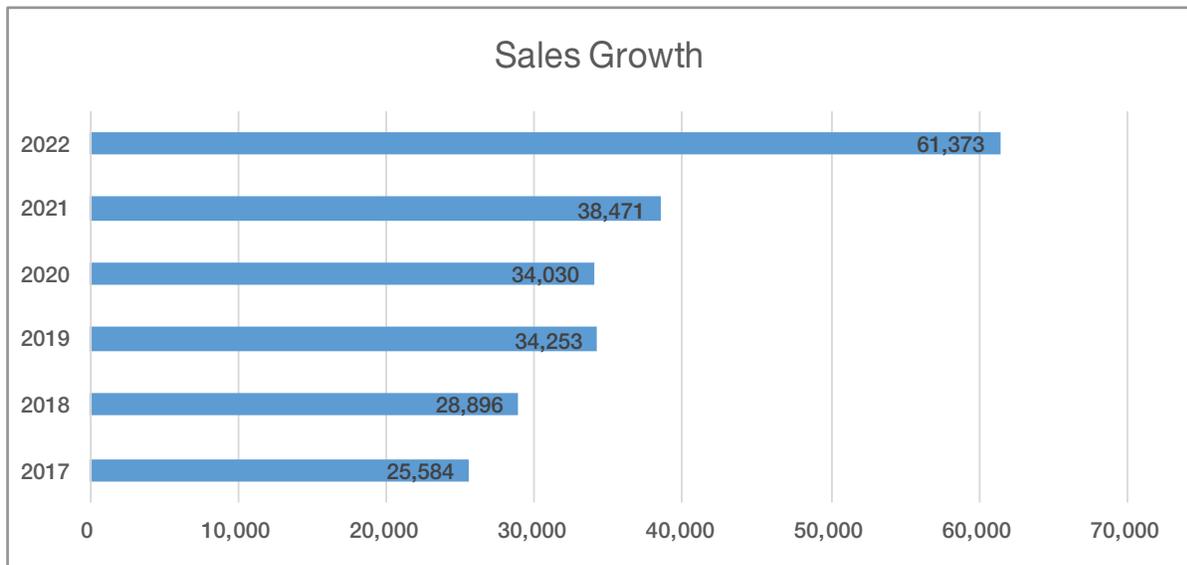
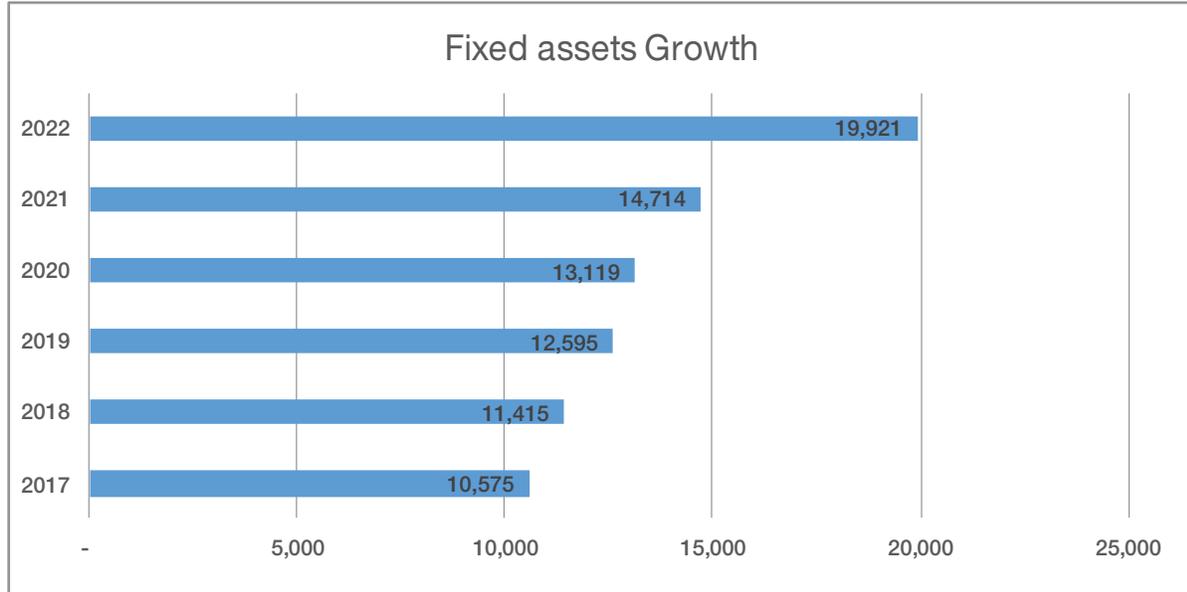
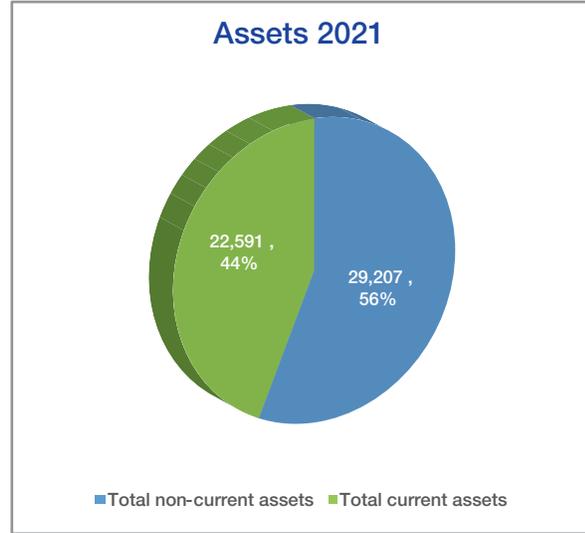
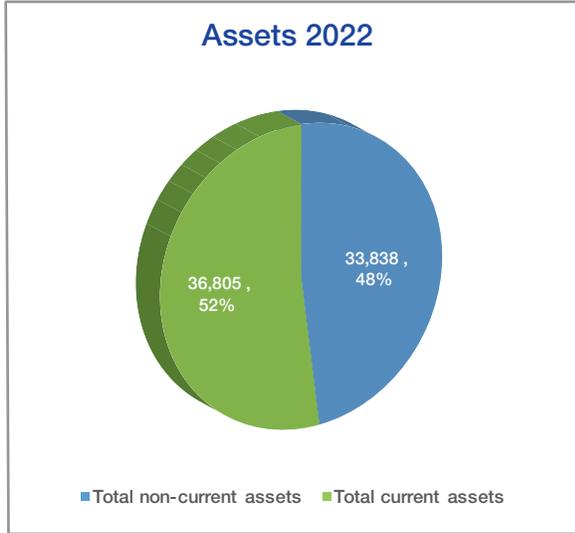
Financial Highlights

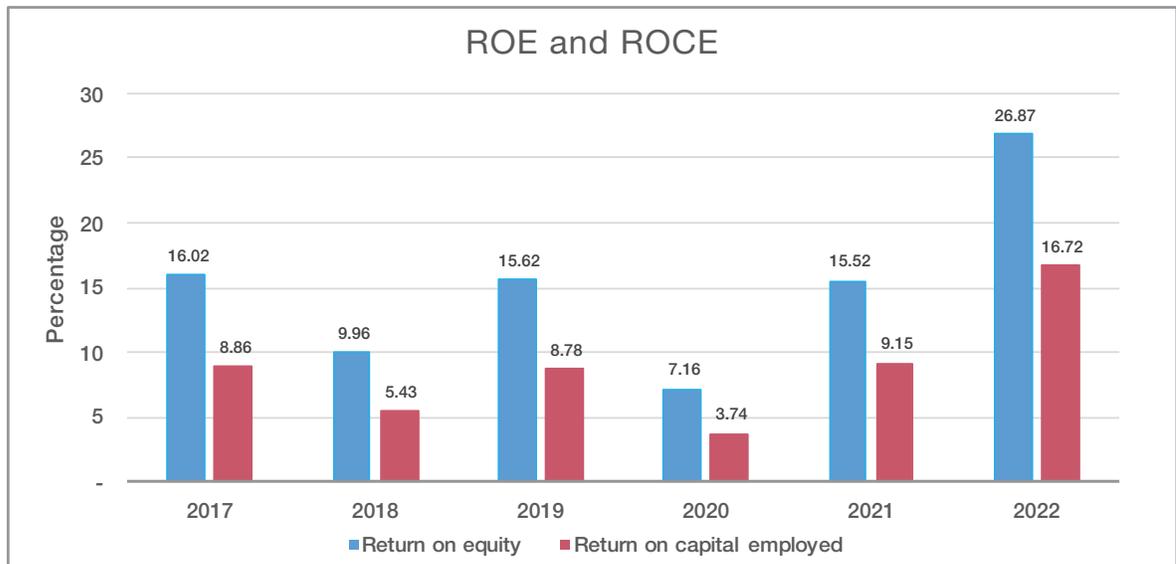
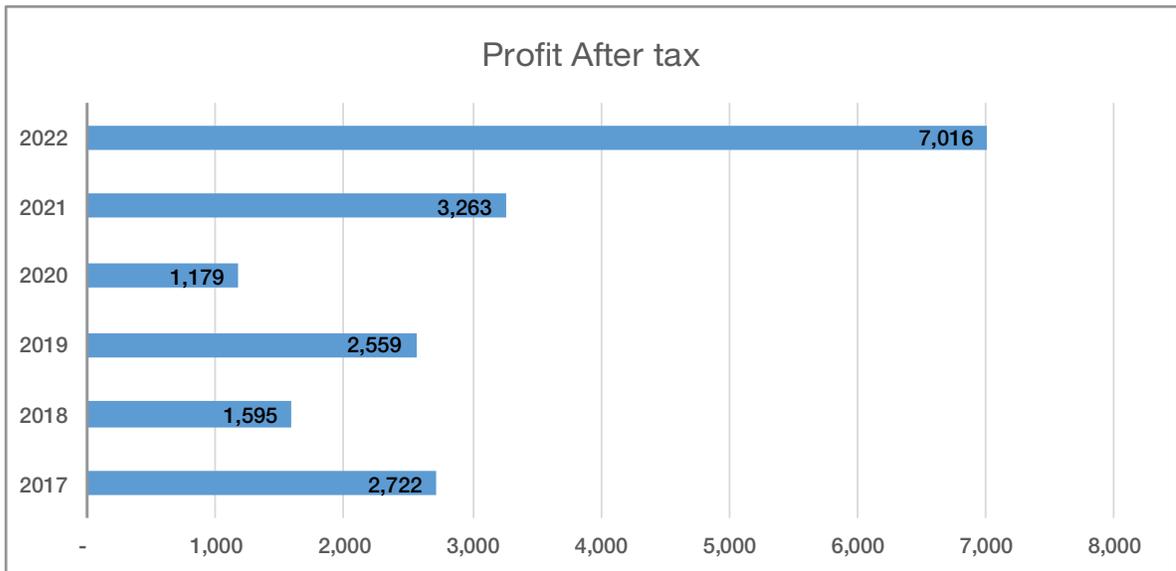
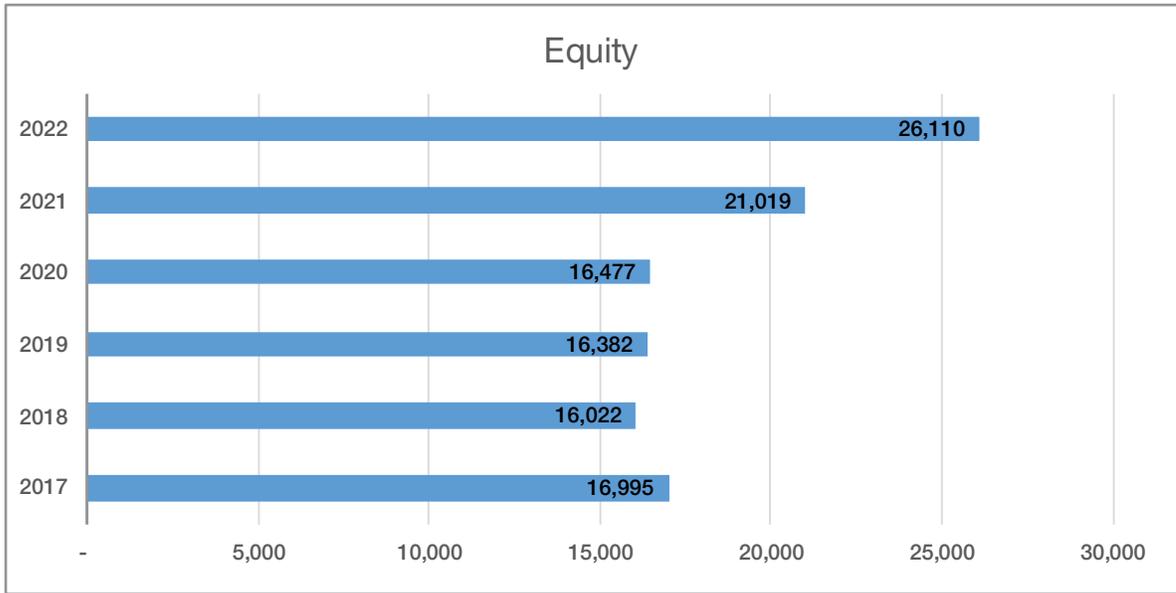
For the year ended June 30, 2022

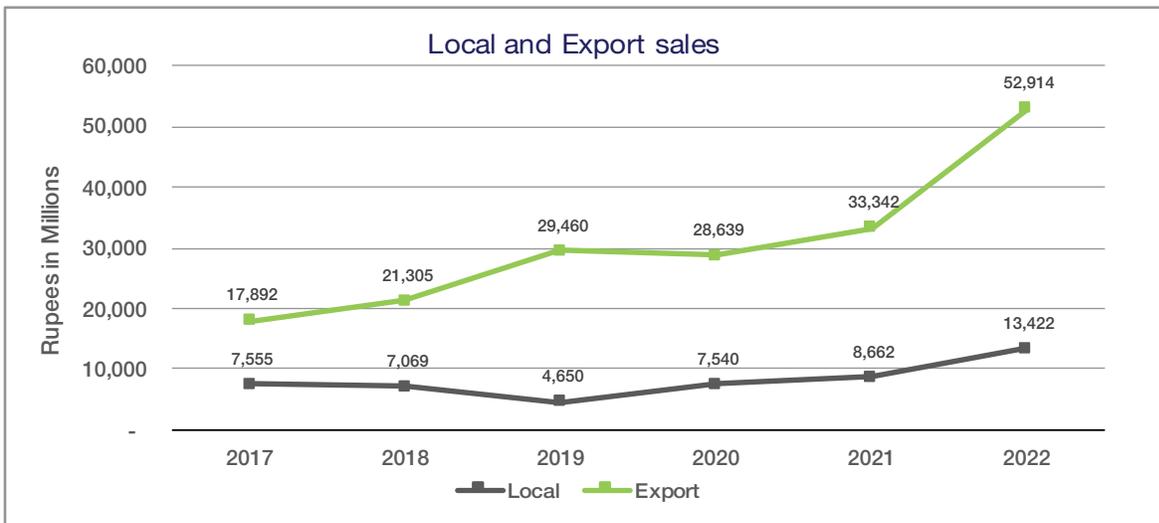
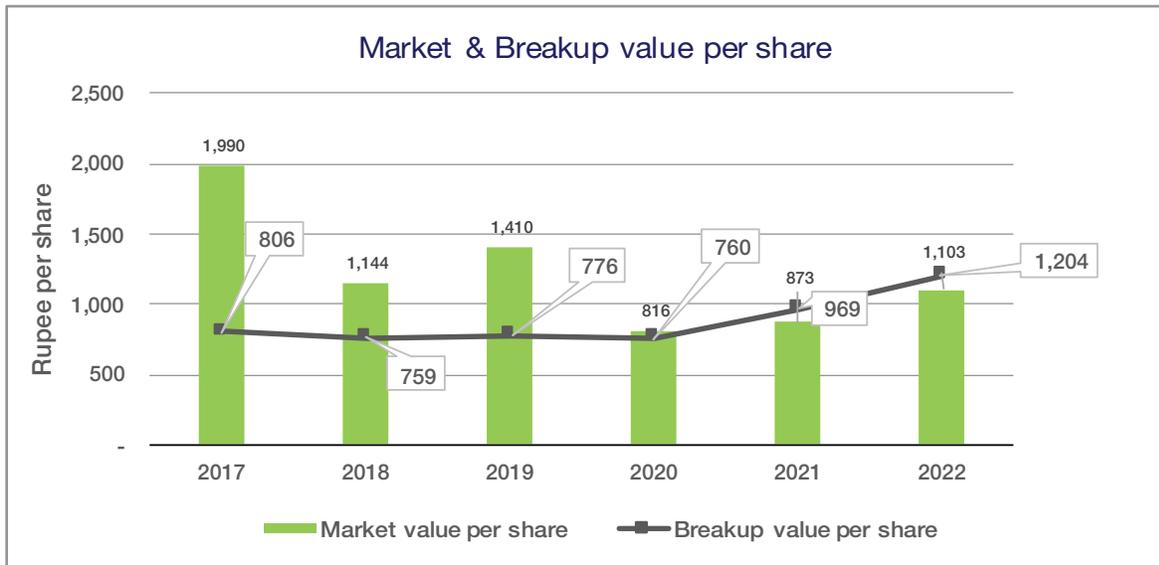
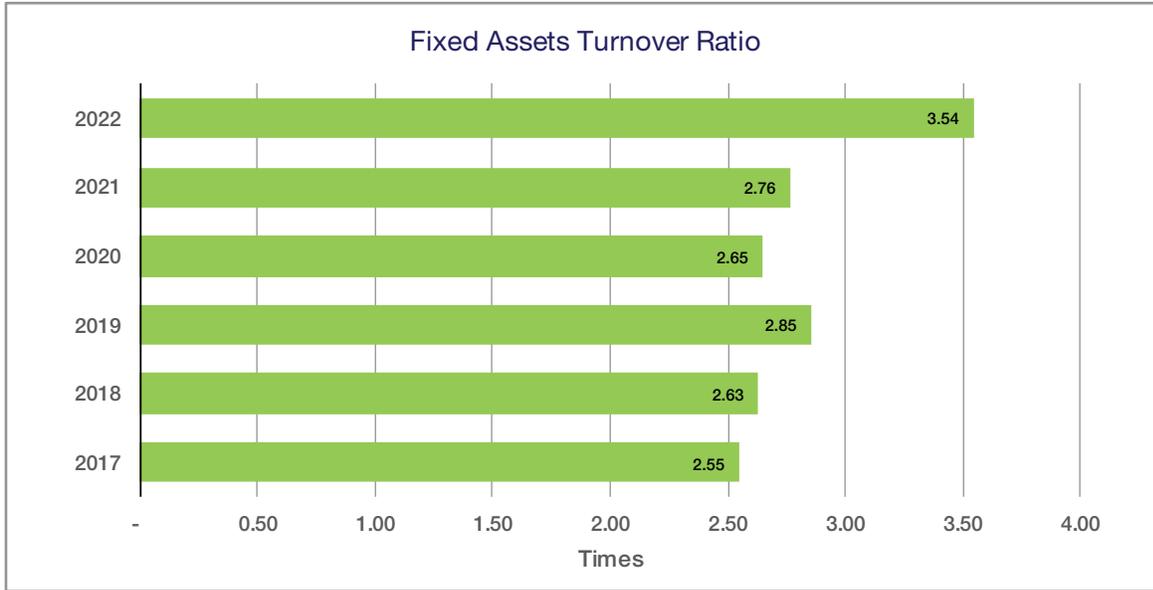
Particulars	UOM	2022	2021	2020	2019	2018	2017
RATIOS:							
Profitability Ratios:							
Gross Profit to sales	Percentage	19.32	16.51	14.21	15.78	12.24	10.47
EBITDA to sales	Percentage	20.54	17.24	15.06	18.07	15.36	19.44
Net Profit to sales	Percentage	11.43	8.48	3.46	7.47	5.52	10.64
Return on equity	Percentage	26.87	15.52	7.16	15.62	9.96	16.02
Return on capital employed	Percentage	16.72	9.15	3.74	8.78	5.43	8.86
Liquidity Ratios:							
Current ratio	Times	1.28	1.40	1.35	1.14	1.18	1.19
Quick / acid test ratio	Times	0.48	0.60	0.66	0.62	0.76	0.73
Capital Structure ratios							
Financial leverage ratio	Times	1.35	1.20	1.43	1.35	1.33	1.26
Weighted average cost of debt	Percentage	7.55	6.26	9.34	8.56	5.84	4.11
Debt to equity ratio	Times	0.66	0.79	0.88	0.87	0.87	0.82
Interest cover ratio	Times	4.18	3.37	1.51	2.41	2.40	4.07
Turnover Ratios:							
Inventory turnover	Days	132.80	123.84	102.47	81.95	78.41	77.33
Inventory turnover ratio	Times	2.68	2.83	3.38	4.20	4.37	4.42
Debtor turnover	Days	18.49	17.75	19.42	24.87	31.90	24.84
Debtors turnover ratio	Times	19.73	20.57	18.79	14.68	11.44	14.70
Creditors turnover	Days	14.12	16.22	13.35	10.93	12.07	9.97
Creditors turnover ratio	Times	25.85	22.50	27.35	33.38	30.24	36.59
Fixed assets turnover ratio	Times	3.54	2.76	2.65	2.85	2.63	2.55
Total assets turnover ratio	Times	1.00	0.80	0.77	0.80	0.68	0.69
Operating cycle	Days	135.68	125.37	108.55	95.89	98.24	92.19
Investment / Market Ratios:							
Earning per share	Rs. Per share	323.45	150.44	55.03	121.31	75.60	129.01
Price earning ratio	Times	3.41	5.80	14.83	11.62	15.13	15.43
Price to book ratio	Times	0.92	0.90	1.07	1.82	1.51	2.47
Dividend yield	Percentage	0.91	1.72	-	1.84	1.40	0.70
Cash dividend per share	Rs. Per share	10.00	15.00	-	26.00	16.00	14.00
Dividend payout ratio	Percentage	3.09	9.97	-	21.43	21.16	10.85
Dividend cover ratio	Times	32.35	10.03	-	4.67	4.73	9.21
Breakup value per share	Rs. Per share	1,203.78	969.05	759.64	776.49	759.44	805.53
Market value per share at the end of the year	Rs. Per share	1,102.5	872.50	816.18	1,409.95	1,143.80	1,990.45
Share Price - High during the year	Rs. Per share	1,300.75	1,144.32	1,440.00	1,410.98	2,144.80	2,273.95
Share Price - Low during the year	Rs. Per share	786.00	730.00	612.00	932.31	1,035.94	600.00
EBITDA	Rs. In Million	12,609	6,631	5,125	6,191	4,439	4,974







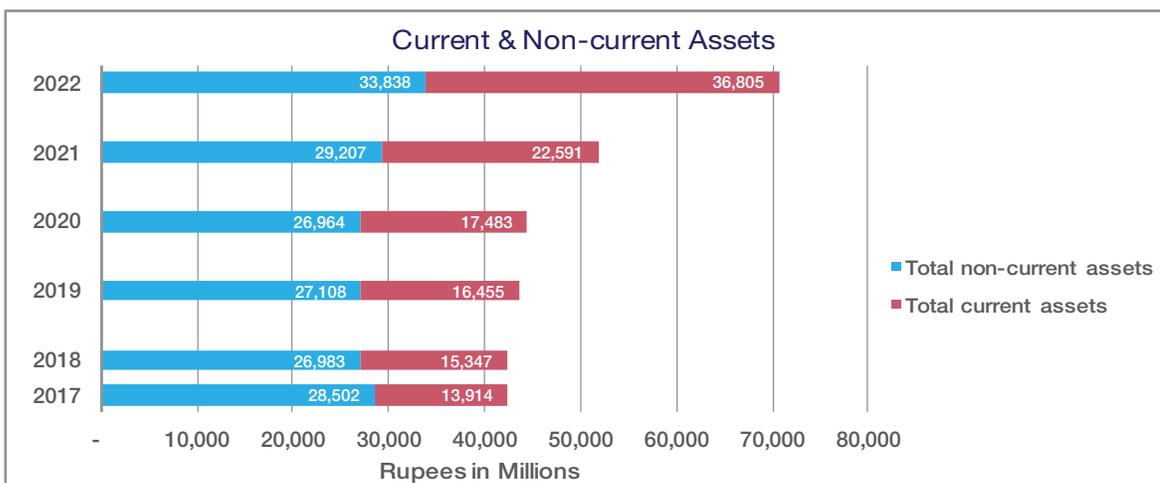
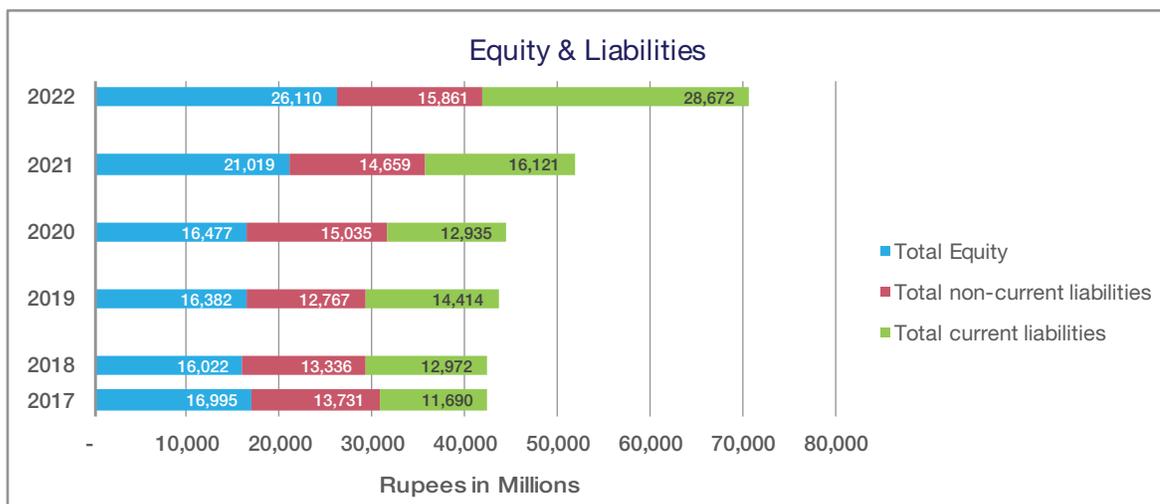




Horizontal Analysis of Statement of Financial Position

As at 30 June 2022

	2022	2021	2020	2019	2018	2017
Statement of Financial Position						
Rupees in '000						
Total Equity	26,109,673	21,018,586	16,476,548	16,382,080	16,022,255	16,994,755
Total non-current liabilities	15,861,348	14,658,569	15,034,790	12,766,693	13,336,334	13,730,948
Total current liabilities	28,671,603	16,121,258	12,934,942	14,414,170	12,971,562	11,689,840
Total equity and liabilities	70,642,625	51,798,413	44,446,280	43,562,943	42,330,151	42,415,543
Total non-current assets	33,837,979	29,207,483	26,963,596	27,107,861	26,982,905	28,501,663
Total current assets	36,804,645	22,590,929	17,482,684	16,455,082	15,347,246	13,913,880
Total assets	70,642,625	51,798,412	44,446,280	43,562,943	42,330,151	42,415,543
Variance in %						
Total Equity	24.22	27.57	0.58	2.25	(5.72)	14.03
Total non-current liabilities	8.21	(2.50)	17.77	(4.27)	(2.87)	90.17
Total current liabilities	77.85	24.63	(10.26)	11.12	10.96	20.81
Total equity and liabilities	36.38	16.54	2.03	2.91	(0.20)	33.38
Total non-current assets	15.85	8.32	(0.53)	0.46	(5.33)	40.98
Total current assets	62.92	29.22	6.24	7.22	10.30	20.12
Total assets	36.38	16.54	2.03	2.91	(0.20)	33.38

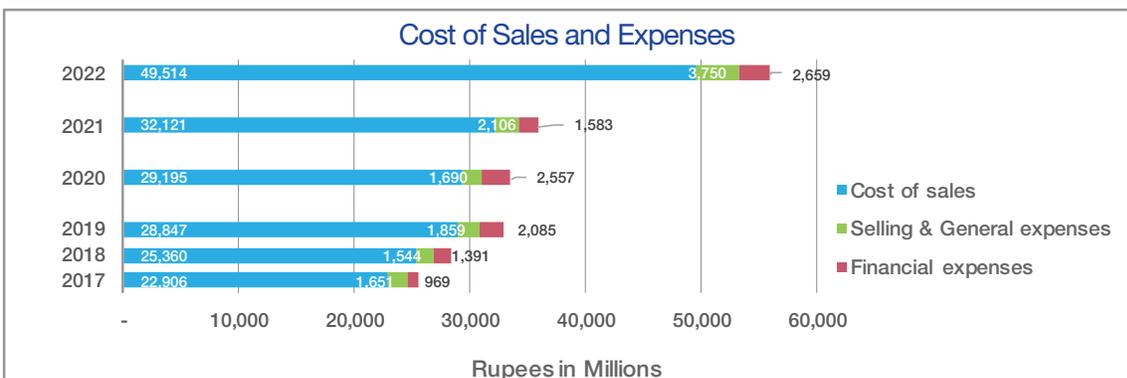
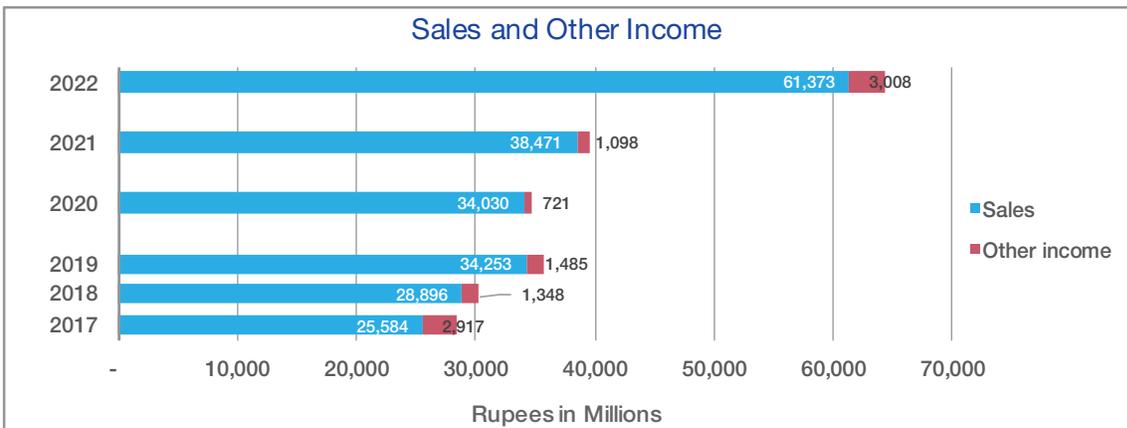


Horizontal Analysis of Statement of Profit or Loss

For the year ended 30 June 2022

	2022	2021	2020	2019	2018	2017
Rupees in '000						
Profit and Loss Account						
Net Turnover	61,373,384	38,470,987	34,030,186	34,252,752	28,896,327	25,583,975
Cost of sales	49,514,316	32,120,873	29,195,495	28,847,019	25,360,087	22,906,157
Gross profit	11,859,068	6,350,113	4,834,691	5,405,733	3,536,240	2,677,818
Distribution cost	2,371,130	1,232,187	1,049,687	1,084,078	1,011,944	925,753
Administrative expenses	695,101	472,454	447,255	428,052	413,538	360,275
Other operating expenses	683,706	401,133	192,873	347,189	118,970	364,712
Other income	3,007,581	1,097,563	721,187	1,485,021	1,348,444	2,917,232
Profit from operations	11,116,712	5,341,902	3,866,062	5,031,435	3,340,232	3,944,310
Finance cost	2,659,056	1,582,533	2,556,977	2,085,427	1,391,491	968,946
Profit before taxation	8,457,656	3,759,369	1,309,085	2,946,008	1,948,741	2,975,364
Taxation	1,442,104	496,434	129,996	386,568	353,682	253,617
Profit after taxation	7,015,552	3,262,935	1,179,089	2,559,440	1,595,059	2,721,747

	Variance in %					
Profit and Loss Account						
Net Turnover	59.53	13.05	(0.65)	18.54	12.95	10.70
Cost of sales	54.15	10.02	1.21	13.75	10.71	11.48
Gross profit	86.75	31.34	(10.56)	52.87	32.06	4.50
Distribution cost	92.43	17.39	(3.17)	7.13	9.31	7.61
Administrative expenses	47.13	5.63	4.49	3.51	14.78	15.54
Other operating expenses	70.44	107.98	(44.45)	191.83	(67.38)	129.21
Other income	174.02	52.19	(51.44)	10.13	(53.78)	111.63
Profit from operations	108.10	38.17	(23.16)	50.63	(15.32)	51.14
Finance cost	68.03	(38.11)	22.61	49.87	43.61	10.98
Profit before taxation	124.98	187.18	(55.56)	51.17	(34.50)	71.32
Taxation	190.49	281.88	(66.37)	9.30	39.46	(12.09)
Profit after taxation	115.01	176.73	(53.93)	60.46	(41.40)	87.94



Vertical Analysis of Financial Statements

	2022		2021		2020		2019		2018		2017	
	Rs. '000	%										
Balance Sheet												
Total Equity	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	16,994,755	40.07
Total non-current liabilities	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	13,730,948	32.37
Total current liabilities	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	11,689,840	27.56
Total equity and liabilities	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	42,415,543	100.00
Total non-current assets	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	28,501,663	67.20
Total current assets	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	13,913,880	32.80
Total assets	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	42,415,543	100.00
Profit and Loss Account												
Net Turnover	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	25,583,975	100.00
Cost of sales	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	22,906,157	89.53
Gross profit	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	2,677,818	10.47
Distribution cost	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	925,753	3.62
Administrative expenses	695,101	1.13	472,454	1.23	447,255	1.31	428,052	1.25	413,538	1.43	360,275	1.41
Other operating expenses	683,706	1.11	401,133	1.04	192,873	0.57	347,189	1.01	118,970	0.41	364,712	1.43
Other income	3,007,581	4.90	1,097,563	2.85	721,187	2.12	1,485,021	4.34	1,348,444	4.67	2,917,232	11.40
Profit from operations	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	3,944,310	15.42
Finance cost	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	968,946	3.79
Profit before taxation	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	2,975,364	11.63
Taxation	1,442,104	2.35	496,434	1.29	129,996	0.38	386,568	1.13	353,682	1.22	253,617	0.99
Profit after taxation	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	2,721,747	10.64

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 long term investments in blue chip share has undermine due to decrease in share prices whereas value of property, plant and equipment increased as company has undertaken capacity enhancement / balancing modernization and replacement in all of its segments. Over six years, property, plant and equipment of Sapphire Textile Mills Limited have increased to Rs.19,921 million which is 88% higher than property, plant and equipment held in year 2017.

Current Assets

Current assets of the Company mainly constitute stock in trade, trade debts and short term investments in blue chip shares. Current assets of the company are in line with existing business activities. Stock in trade are increased mainly due to increase in prices of raw material. Value of short term investments in blue chip shares has decreased due to decrease in stock market rates.

Vertical Analysis of Financial Statements

For the year ended June 30, 2022

Equity

The Company has sound equity aggregating Rs.26,110 million as on 30 June 2022.

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.3,857 million as per the State Bank of Pakistan LTFF and TERF schemes for investment in plant and machinery. During the year, the company has also repaid long term loans aggregating Rs.2,722 million.

Short Term Borrowings

Short term loans of the company has been increased in comparison with last year due to increase in working capital requirement.

Statement of Profit or Loss

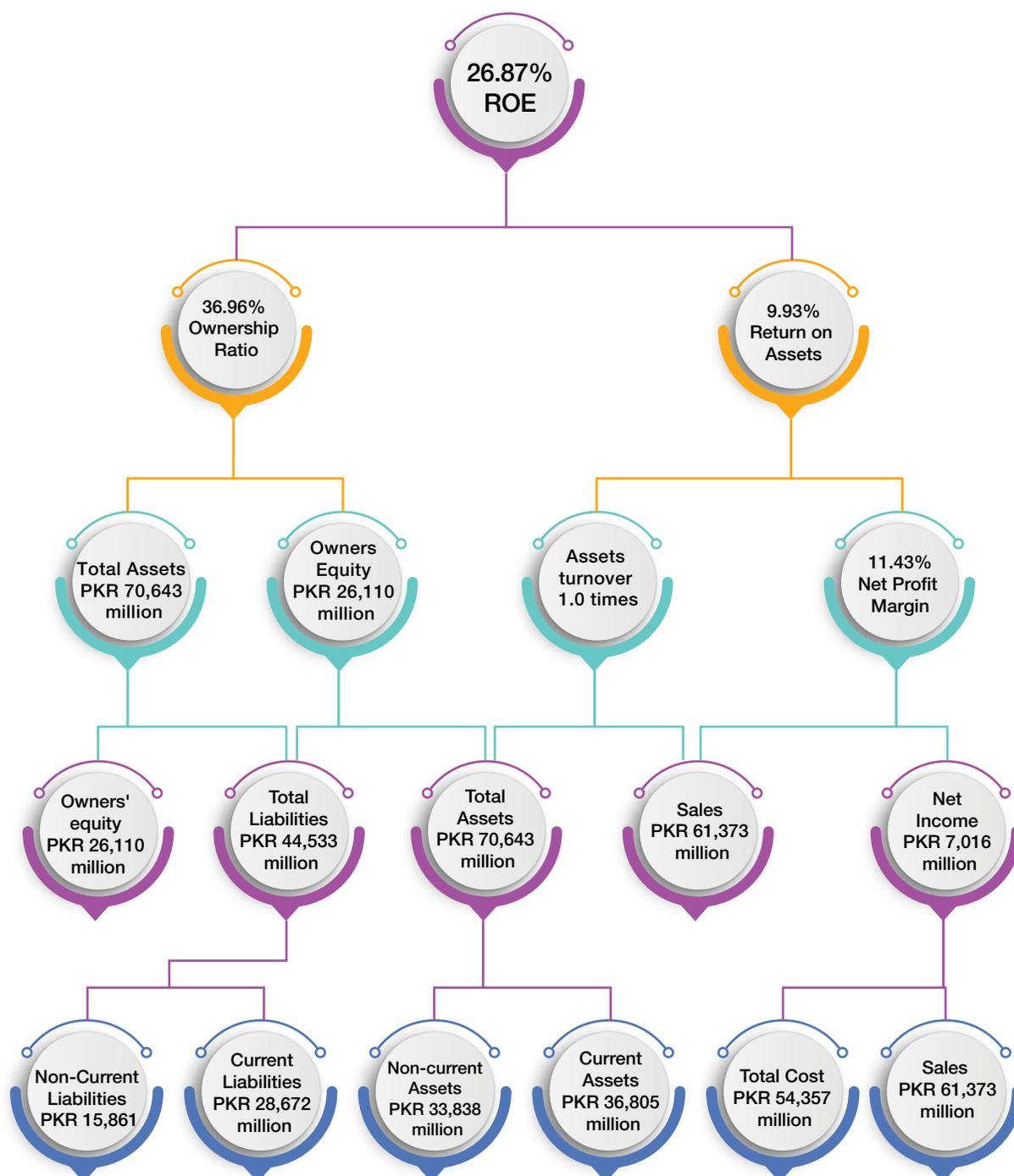
Sales of the company has grown up by 139.89% over the last six years . However, during the current year sales have increased by 59.53% in comparison with last year. Gross profit as a percentage of sales has increased from 10.47% to 19.32% over the period of six years. Gross profit has improved due to 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 interest rates on borrowings and increase in working capital requirement.

DuPont Analysis

For the year ended June 30, 2022

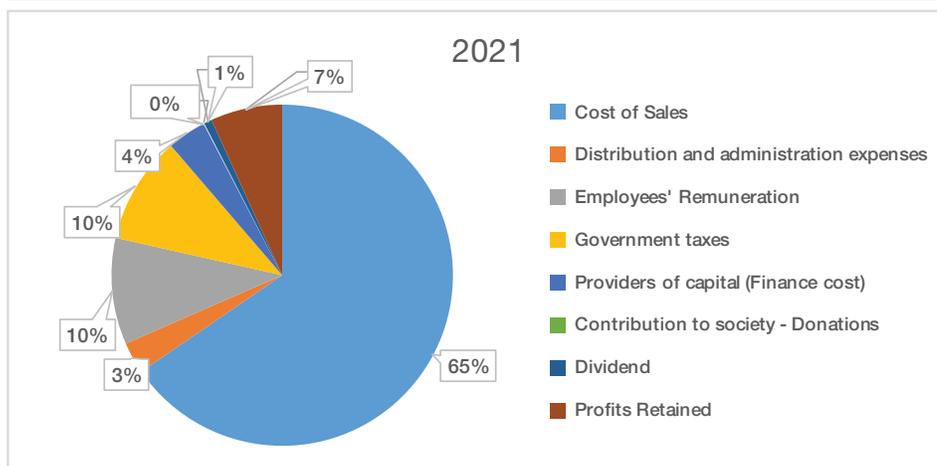
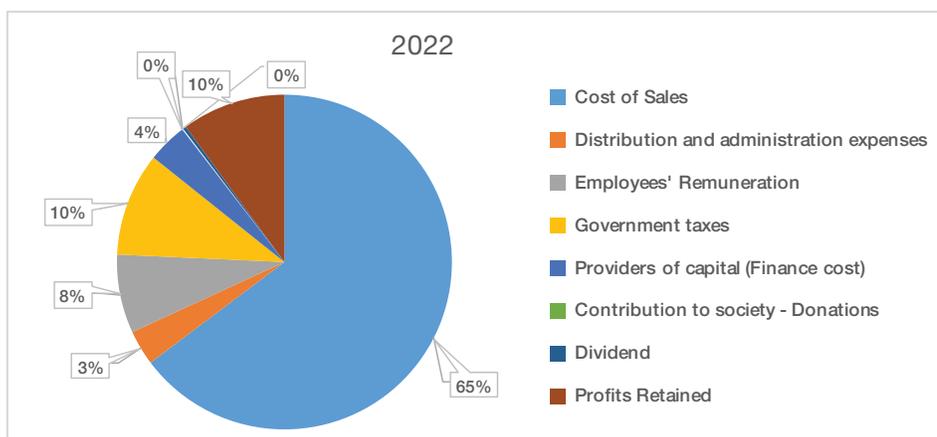


		2022	2021
Tax Burden	Percentage	17.05	13.19
Interest Burden	Percentage	23.92	29.63
EBIT to Sales	Percentage	18.11	13.89
Return on Equity	Percentage	26.87	15.52
Total Assets Turnover	Times	1.00	0.80
Debt to Equity Ratio	Times	0.66	0.79

Our Value Addition and Its Distribution

For the year ended 30 June 2022

	2022		2021	
	Rs. in '000	% age	Rs. in '000	% age
Value Addition				
Net Turnover including sales tax	66,438,127	95.67%	42,133,817	97.46%
Other income	3,007,581	4.33%	1,097,563	2.54%
	69,445,708	100.00%	43,231,380	100.00%
Value Distribution				
Cost of Sales (excluding employees' remuneration, duties and taxes)	44,958,532	64.74%	28,292,381	65.44%
Distribution, administration (Excluding employees' remuneration and taxes)	2,351,885	3.39%	1,293,270	2.99%
Employees Remuneration	5,270,129	7.59%	4,358,810	10.08%
Government taxes (includes income tax, WPPF, WWF, duties, federal & provincial taxes, sales tax etc)	6,953,483	10.01%	4,407,719	10.20%
Providers of capital (Finance cost)	2,659,056	3.83%	1,582,533	3.66%
Dividend	216,898	0.31%	325,347	0.75%
Contribution to society - Donations	72,543	0.10%	33,732	0.08%
Profit retained	6,963,182	10.03%	2,937,588	6.80%
	69,445,708	100.00%	43,231,380	100.00%



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS

For the year ended 30 June 2022

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Total		
	2021	2020	Change	2021	2020	Change	2022	2021	Change	2022	2021	Change	2021-2022	2020-2021	Change
	Rupees in Millions		in %	Rupees in Millions		in %	Rupees in Millions		in %	Rupees in Millions		in %	Rupees in Millions		in %
Particulars															
Sales	12,955	8,695	49%	14,776	9,453	56%	15,389	9,734	58%	18,253	10,589	72%	61,373	38,471	60%
GP	2,721	1,028	165%	3,279	1,573	108%	3,295	1,686	95%	2,564	2,063	24%	11,859	6,350	87%
EBITDA	2,425	981	147%	3,459	1,751	98%	3,630	1,760	106%	3,095	2,139	45%	12,609	6,631	90%
PAT	1,528	206	641%	2,006	915	119%	1,621	910	78%	1,861	1,232	51%	7,016	3,262	115%
	Rupee per share			Rupee per share			Rupee per share			Rupee per share					
EPS	70.45	9.51	641%	92.48	42.16	119%	74.72	41.95	78%	85.80	56.79	51%	323.45	150.44	115%

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

Name of Company: SAPHIRE TEXTILE MILLS LIMITED
Year ended: June 30, 2022.

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	(9) Nine
b.	Female	(1) One

2. The composition of the Board is as follows:

Category	Names
Independent Directors(*)	Mr. Nadeem Karamat
	Mr. Shahid Shafiq
Independent Director / Female Non-Executive Directors	Ms. Mashmooma Zehra Majeed
	Mr. Mohammad Abdullah
	Mr. Shahid Abdullah
Executive Directors	Mr. Amer Abdullah
	Mr. Yousuf Abdullah
	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, Nine (9) Directors meet the requirements, Five (5) 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:

a) **Audit Committee**

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

b) **HR and Remuneration Committee**

- Mr. Nadeem Karamat (Chairman)
- Mr. Nadeem Abdullah (Member)
- Mr. Umer Abdullah (Member)
- Mr. Shahid Shafiq (Member)
- Ms. Mashmooma Zehra Majeed (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:

- 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 the last 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



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR



NADEEM ABDULLAH
CHIEF EXECUTIVE

Karachi
26th September 2022

TO THE MEMBERS OF SAPPHIRE TEXTILE MILLS LIMITED**Review Report on the Statement of Compliance contained in 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 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit

approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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



EY Ford Rhodes
Chartered Accountants
Lahore
3rd October, 2022

UDIN: CR202210177o2TF7bJlr



Notice of the Annual General Meeting

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 54th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Wednesday, 26th October, 2022 at 11.30 a.m. at Trading Hall, situated at Cotton Exchange Building, I. I Chundrigar Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with Chairman's, Directors' and Auditors' Reports for the year ended 30th June, 2022.
3. To approve final Dividend for the year ended 30th June, 2022.
4. To appoint auditors and fix their remuneration for the year ending 30th June 2023. The board has recommended the name of M/s. Shine Wing Hameed Chaudhri & Co, Chartered Accountants as statutory auditors of the company in place of retiring Auditors M/s. EY Ford Rhodes, Chartered Accountants.

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 the note 43 of the unconsolidated financial statements for the year ended 30th June, 2022, be and are hereby ratified, approved and confirmed."
 - (ii) **"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis during the financial year ending 30th June, 2023."

"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."

Any other Business

6. 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



Zeeshan
Company Secretary

Karachi
26th September 2022

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, 2022 to 26th October, 2022 (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, 2022, will be considered in time to entitle the transferees for payment of dividend and to attend the AGM.
- 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. An instrument of proxy applicable for the Meeting

NOTICE OF THE ANNUAL GENERAL 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) Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.
 - 4) Any change of address of members should 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 compliance with regulatory directives issued from time to time, members who have not yet submitted copy of their valid CNIC/NTN are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.
 - 6) Members can exercise their right to demand a poll subject to meeting requirements of section 143-145 of the companies Act 2017 and applicable clause of the Companies (Post Ballot) Regulations, 2018.
 - 7) **Online payment of Dividend through Electronic fund transfer (EFT) - (Mandatory Requirement)**
In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Sapphire Textile Mills Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders.

Participation in AGM through Video Link

Shareholders who wish to participate virtually in the AGM are requested to share below information at contact@sapphiretextiles.com.pk at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio Number	Cell Number.	Email Address

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered e-mail address within specified time. Furthermore, the said facility shall be login from the registered email address only.

- On the day of AGM, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.

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

1. Shareholders' Detail	
Name	
Folio# / CDC(IAS / SUB)	
CNIC No. (Copy attached)	
Mobile/ Landline No.	

2. Shareholders' Bank Detail	
Title of Bank Account	
International Bank Account No. (IBAN)	
Bank's Name	
Branch Name and Address	

In case of IBAN not provided, the Company will have to withhold the cash dividend according to SECP directives.

i) Pursuant to the provisions of Section 150 of the Income Tax Ordinance, 2001 the rates of deduction of Income tax from dividend payments will be as follows:

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

All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on Federal Board of Revenue (FBR) website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

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.

ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder(s)	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

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

- iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or 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.
- 8) As per section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act i.e., May 30, 2017. The Shareholders having physical shareholding may open CDC Sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form.
- 9) In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I) / 2014 dated September 8, 2014, members who wish to receive the Company's Annual Report and Notices by email are requested to provide their consent via e-mail at contact@sapphiretextiles.com.pk
- 10) The Financial Statements of the company for the year ended 30th June, 2022 along with reports have been placed on the company's website www.sapphire.com.pk/stml. However, if a shareholder, requests for hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request.
- 11) An updated list for 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 a period of three years from the date these have become due and payable.
- 12) Pursuant to Section 134(1)(b) of the Act, shareholders residing in a city holding aggregate 10% or more shareholding may demand to participate in the meeting through video conference. The request for video-link facility shall be received by the Share Registrar at their address at least seven days prior to the date of the meeting on the Standard Form available on the website of the Company

NOTICE OF THE ANNUAL GENERAL MEETING

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

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26th Oct, 2015	Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit (SBLC) in PKR equivalent up to approximately USD 10 Million in order to secure certain obligations of SWPCL	Nil	This amount was amended in AGM held on 26th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty-Four Million);	SBLC = USD 291,147	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and	Nil	This amount was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Pproject, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee	Nil	This amount of loan was approved in the EOGM Dated 27th March, 2017 and is in the process of implementation as and when required

Material Changes in Financial Statements of Associated Company
Sapphire Wind Power Company Limited

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

	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2021 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	3,799,025,266	3,012,817,111	1,584,896,926
Gross Profit	2,468,368,601	1,715,180,871	1,020,332,620
Profit Before Tax	2,041,321,505	1,236,705,165	678,614,077
Profit After Tax	2,038,017,669	1,236,705,165	678,235,929

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 Jhimpir Sindh. The Company has achieved Commercial Operations Date ('COD') on August 16, 2018, September 14, 2018 and September 11, 2018 by Project A, Project B and Project C respectively. The projects are operating following best industry practice and is yielding satisfactory results.

	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2021 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	11,814,570,375	9,203,400,224	-
Gross Profit /(Loss)	8,361,189,562	5,844,000,975	(93,798,217)
Profit / (Loss) Before Tax	6,608,971,350	4,146,851,260	(94,039,713)
Profit /(Loss) After Tax	6,576,681,639	4,120,734,125	(95,055,582)

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017
1. Item 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 majority of the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to absent of requisite quorum for approval in Board of Directors meeting, these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 43 to the unconsolidated financial statements for the year ended 30th June, 2022.

The company carries out transactions with its related parties on an arm's length basis as per the approved

NOTICE OF THE ANNUAL GENERAL MEETING

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, 2022.

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, 2023.

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



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- 📄 Licensed Entities Verification
- 📊 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 🔍 Company Verification
- 📄 Insurance & Investment Checklist
- ?? FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📄 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices



UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022



Independent Auditors' Report

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Sapphire Textile Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2022, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as

at 30 June 2022 and of the profit and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Stock in trade	
<p>The Company has a composite textile set-up comprising spinning, weaving, processing and home textile units. Therefore, its stock in trade includes various inventory items including cotton, yarn and fabric categorized into raw materials, work in process and finished goods based on the processes of respective units where these are being utilized / produced. These are stored at various geographically dispersed locations.</p> <p>As disclosed in note 13 of the financial statements, stock in trade balance as of 30 June 2022 amounted to Rs. 23,146 million comprising a significant percentage (33%) of the Company's total assets.</p> <p>Due to the above factors, significant auditor attention is required in auditing of inventory balances and transactions during the year and hence considered a Key Audit Matter.</p>	<p>We performed following key audit procedures, among other procedures, in respect of stock in trade:</p> <ul style="list-style-type: none"> - We gained an understanding of the management's process of recording and valuing inventories. - We tested controls over the Company's processes of inventory purchases and issuance. - We attended physical inventory counts and reconciled the count results to inventory listings at the year end. - We performed substantive procedures over purchases recorded during the year. - We tested the valuation of inventory items in accordance with Company's policy and international accounting standards (IAS 2 – Inventories). - We performed trend analysis and correlation between stock in trade and cost of sales, and assessed the reasonableness in the context of economic and internal factors along with relating the same to movement in trade payables.

Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> - We evaluated appropriateness of the measurement basis for net realizable value for finished goods and raw material. - We assessed the adequacy of disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.
2. Capital Expenditure	
<p>As disclosed in note 6 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the Company has obtained various modes of financing.</p> <p>Capital expenditure incurred during the year represents a significant transaction and involves judgments in respect of capitalization of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards and accounting policies as disclosed in the financial statements to determining, when the assets are available for use.</p> <p>Accordingly, we have identified capital expenditure as a key audit matter.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> - We obtained an understanding of the Company's processes and related internal controls on capitalization of expenditure and on a sample basis, tested the effectiveness of those controls in this area relevant to our audit. - We considered whether the items of cost capitalized, including borrowing cost meet the recognition criteria of an asset in accordance with the applicable financial reporting standards as applicable in Pakistan and as per the accounting policies of the Company as disclosed in the financial statements. - We reviewed on-sample basis relevant contracts and documents including but not limited to suppliers' Invoices, delivery notes, International LC and shipping documentation supporting various components of the capitalized cost. - We reviewed the supporting documents for the date of capitalization when asset was ready for its intended use (e.g. completion certificate from the technical department) to assess depreciation commencement. - We physically verified the newly acquired fixed assets and matched the same with the listing provided by the management. - We reviewed and assessed the adequacy of disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

Independent Auditors' Report

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Separate Financial Statements

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore
3rd October, 2022

UDIN: AR202210177oLK3J6qHi

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	19,921,336,858	14,714,164,784
Investment property	7	31,750,000	31,750,000
Intangible assets	8	8,333	108,333
Long term investments	9	13,504,254,466	14,273,157,115
Long term loans and advances	10	292,698,547	100,618,981
Long term deposits	11	87,931,092	87,684,092
		33,837,979,296	29,207,483,305
CURRENT ASSETS			
Stores, spares and loose tools	12	507,491,851	438,188,678
Stock in trade	13	23,145,128,677	12,885,111,563
Trade debts	14	5,656,162,973	2,633,783,566
Loans and advances	15	135,320,162	58,794,821
Trade deposits and short term prepayments	16	36,878,751	107,725,031
Other receivables	17	1,106,540,602	985,183,946
Short term investments	18	2,988,280,554	3,487,399,522
Tax refunds due from Government	19	3,130,211,673	1,919,158,360
Cash and bank balances	20	98,630,045	75,583,304
		36,804,645,288	22,590,928,791
TOTAL ASSETS		70,642,624,584	51,798,412,096
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 35,000,000 ordinary shares of Rs.10 each (2021: 35,000,000)		350,000,000	350,000,000
Issued, subscribed and paid-up capital	21	216,897,910	216,897,910
Reserves	22	25,892,774,923	20,801,687,879
		26,109,672,833	21,018,585,789
NON-CURRENT LIABILITIES			
Long-term loans and other payables	23	15,060,906,546	14,320,927,549
Lease liabilities	24	56,576,868	-
Deferred liabilities	25	743,865,045	337,641,141
		15,861,348,459	14,658,568,690
CURRENT LIABILITIES			
Current portion of long-term liabilities	26	3,209,096,949	3,284,257,733
Accrued mark-up	27	657,223,949	234,325,938
Contract liabilities	28	1,563,208,589	1,012,000,047
Current portion of lease liabilities	24	13,484,324	-
Short-term borrowings	29	16,943,231,195	7,679,189,290
Unclaimed dividend		2,230,552	1,629,755
Trade and other payables	30	6,283,127,734	3,909,854,854
		28,671,603,292	16,121,257,617
TOTAL EQUITY AND LIABILITIES		70,642,624,584	51,798,412,096
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Net turnover	32	61,373,383,778	38,470,986,948
Cost of sales	33	(49,514,315,665)	(32,120,873,453)
Gross profit		11,859,068,113	6,350,113,495
Distribution cost	34	(2,371,129,929)	(1,232,187,456)
Administrative expenses	35	(695,100,951)	(472,454,443)
Other operating expenses	36	(683,706,174)	(401,132,811)
Other income	37	3,007,581,172	1,097,562,755
		(742,355,882)	(1,008,211,955)
Profit from operations		11,116,712,231	5,341,901,540
Finance cost	38	(2,659,056,442)	(1,582,532,679)
Profit before taxation		8,457,655,789	3,759,368,861
Taxation	39	(1,442,103,829)	(496,433,821)
Profit after taxation for the year		7,015,551,960	3,262,935,040
Earnings per share - basic and diluted	40	323.45	150.44

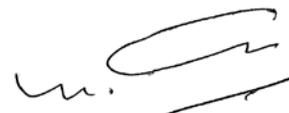
The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

		2022 Rupees	2021 Rupees
Profit after taxation for the year		7,015,551,960	3,262,935,040
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent period (net of tax):			
Forward foreign currency contracts			
Net - loss on remeasurement of forward foreign currency contracts	22.1.4	(47,889,319)	(5,576,935)
Items that will not be reclassified to profit or loss in subsequent period (net of tax):			
(Loss) / gain on equity instruments at fair value through other comprehensive income	9.4.1 & 18.2	(1,568,021,617)	1,311,034,469
Actuarial gain / (loss) on remeasurement of staff retirement benefits	25.2	16,792,885	(26,354,732)
Other comprehensive (loss) / income for the year		(1,599,118,051)	1,279,102,802
Total comprehensive income for the year		5,416,433,909	4,542,037,842

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Capital Reserves				Revenue Reserves			Total Equity
	Share Capital	Share Premium	Fixed Assets Replacement	Fair value reserve of financial asset at fair value through OCI	Cash flow hedge reserve	General reserves	Unappropriated profit	
	Rupees							
Balance as at July 01, 2020	216,897,910	782,796,090	65,000,000	(2,451,280,135)	(12,941,707)	1,330,000,000	16,546,075,789	16,476,547,947
Total comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	3,262,935,040	3,262,935,040
Profit after taxation for the year	-	-	-	1,311,034,469	(5,576,935)	-	(26,354,732)	1,279,102,802
Other comprehensive income for the year	-	-	-	1,311,034,469	(5,576,935)	-	3,236,580,308	4,542,037,842
Transfer of loss on sales of investment at Fair value through OCI to un-appropriated profit	-	-	-	152,401,442	-	-	(152,401,442)	-
Balance as at June 30, 2021	216,897,910	782,796,090	65,000,000	(987,844,224)	(18,518,642)	1,330,000,000	19,630,254,655	21,018,585,789
Transaction with owners	-	-	-	-	-	-	(325,346,865)	(325,346,865)
Final dividend for the year ended 30 June 2021 @ Rs.15 per share	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended 30 June 2022	-	-	-	-	-	-	7,015,551,960	7,015,551,960
Profit after taxation for the year	-	-	-	(1,568,021,617)	(47,889,319)	-	16,792,885	(1,599,118,051)
Other comprehensive loss for the year	-	-	-	(1,568,021,617)	(47,889,319)	-	7,032,344,845	5,416,433,909
Balance as at 30 June 2022	216,897,910	782,796,090	65,000,000	(2,555,865,841)	(66,407,961)	1,330,000,000	26,337,252,635	26,109,672,833

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	41	(431,403,191)	2,942,522,619
(Increase) / decrease in long term loans, advances and deposits		(192,326,566)	11,044,194
Finance cost paid		(2,318,555,668)	(1,712,752,049)
Staff retirement benefits - gratuity paid	25.1	(94,286,727)	(122,755,461)
Income tax paid		(2,789,162,587)	(1,096,808,815)
		(5,394,331,548)	(2,921,272,131)
Net cash (used in) / generated from operating activities (A)		(5,825,734,739)	21,250,488
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,706,403,643)	(3,103,057,830)
Investment in subsidiary	9.1	(150,000,000)	-
Purchase of equity instruments	9.4	(150,000,000)	(124,849,802)
Proceeds from disposal of property, plant and equipment		103,239,523	310,986,975
Proceeds from sale of investments		-	244,552,083
Dividend received		2,612,136,899	825,988,686
Interest received	37	2,956,481	2,078,737
Rental income received		68,926,020	30,690,000
Net cash used in investing activities (B)		(4,219,144,720)	(1,813,611,151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		9,264,232,659	(357,635,962)
Proceeds from long term loans		3,856,917,082	3,180,296,399
Repayment of long term loans		(2,721,896,730)	(987,182,508)
Repayment of lease liabilities	24	(13,602,014)	-
Dividend paid		(324,746,068)	(66,363)
Net cash generated from financing activities (C)		10,060,904,929	1,835,411,566
Net increase in cash and cash equivalents (A+B+C)		16,025,470	43,050,903
Net foreign exchange difference		7,212,025	(1,260,631)
Cash and cash equivalents at the beginning of the year		75,392,550	33,602,278
Cash and cash equivalents at the end of the year	42	98,630,045	75,392,550

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 and 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

The 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”) issued by the International Accounting Standards Board (“IASB”) as notified under the Companies Act 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These are separate financial statements where investment in subsidiaries and associates is presented at cost less impairment (if any); consolidated financial statements are presented separately.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention except for recognition of certain employee benefits on the basis mentioned in note 5.11 and cash flow hedges that have been measured at fair value.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.5 As per the requirement of Para 4 of the IFRS 8 'Operating Segment' , if financial report contains both the consolidated financial statements of a parent that is within the scope of this IFRS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, Disclosure of accounting segments has been made in consolidated financial statements of the Company.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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 reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates that have a significant risk and result in material adjustments to the Company's financial statements or where judgments, that had the significant effect on the amounts that have been recognized in the period, were exercised in application of accounting policies are as follows:

3.1 Judgments

There is no significant judgement involves in preparation of these financial statements.

3.2 Significant estimates and assumptions

- a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 6.1, 6.2, 6.3, 7 and 8]
- b) Net realizable values of stock-in-trade [note 5.6 and 13]
- c) Provision for expected credit loss [note 5.7 and 14]
- d) Provision for employees' retirement benefit [note 5.11 and 25.2]

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

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

The following amendments to the approved accounting and reporting standards, applicable in Pakistan, would be effective from the dates mentioned below against the respective standards and interpretation have not been adopted early by the Company:

Standard or Interpretation		IASB Effective date (annual periods beginning on or after)
IAS 1	Classification of liabilities are current or non-current --- (Amendments)	01 January 2023
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	01 January 2023

IAS 8	Definition of Accounting estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
IFRS 3	Reference to the conceptual framework	01 January 2022
IAS 16	Property, Plant & Equipment: Proceeds before Intended Use - Amendments to IAS 16	01 January 2022
IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 - May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

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

In addition to the above new standards and amendments to standards and interpretations, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2023.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	- First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	- Insurance Contracts	01 January 2023

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Owned assets

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

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

Capital work-in-progress

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

5.2 Investment property

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

5.3 Intangible assets

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

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

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

5.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

5.4.1 Investment in subsidiary and associated companies

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

5.5 Stores, spares and loose tools

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

5.6 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. 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 is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in note 5.20.1(d)

5.8 Cash and cash equivalents

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

5.9 Borrowings

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

5.10 Government grant

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.

5.11 Employee benefits

5.11.1 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:

- 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 differ from that assumed in the calculation.

5.11.2 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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

salary. The assets of the fund are held separately under the control of trustees.

5.12 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.

5.13 Taxation

Current year

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

Deferred tax

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

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).

5.14 Dividend and appropriation to reserves

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

5.15 Provisions

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

5.16 Revenue recognition

Sale of goods

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

(a) 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.

(b) 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 and fabric processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

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

Other income

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

5.17 Borrowing cost

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

5.18 Foreign currency transactions and translation

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

5.19 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.

5.20 Financial instruments

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5.20.1 Financial assets

a) Initial recognition and measurement

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

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.

b) Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at 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.

Financial assets at fair value through OCI (debt instruments)

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

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. 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.

Financial assets at fair value through profit or loss

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

c) Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to 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.

d) Impairment of 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.

5.20.2 Off-setting of financial assets and liabilities

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

5.20.3 Derivative financial instruments

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

a) Cash flow Hedges

The effective portion of the gain or loss on the hedging instrument is 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

5.20.4 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:

a) Financial liabilities at fair value through profit or loss

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

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

Gains or losses 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.

b) 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.

5.21 Leases

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.

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.

5.21.1 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.

5.22 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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 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	2022 Rupees	2021 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	16,354,989,270	13,432,407,958
Capital work-in-progress	6.6	3,500,222,129	1,281,756,826
Right-of-use asset	6.3	66,125,459	-
		<u>19,921,336,858</u>	<u>14,714,164,784</u>

6.1 Operating fixed assets

	30 June 2022																	
	Land				Buildings on free - hold land				Buildings on lease - hold land				Rupiah					
	Free - hold	Lease - hold	Labour, staff colony and others	Office building	Factory building	Labour, staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total	
Balance as at 1 July 2021																		
Cost	631,913,479	137,013,177	3,329,444,916	607,541,686	420,773,248	331,628,906	97,486,346	50,064,636	17,317,492,465	580,597,050	29,909,840	159,681,179	89,636,765	38,918,608	120,992,504	114,902,587	226,382,796	24,283,930,188
Accumulated depreciation	-	-	(1,555,381,568)	(208,902,054)	(108,200,615)	(237,386,248)	(38,668,974)	(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)	(56,762,461)	(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	13,432,947,958
For the year ended 30 June 2022																		
Additions	304,364,104	-	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	-	-	13,989,500	367,081,894
- Depreciation	-	-	-	-	-	-	-	(254,535,843)	(326,870)	(8,730,890)	-	(8,730,890)	(2,594,105)	(65,732)	-	-	(10,682,547)	(276,895,987)
Depreciation for the year	-	-	(165,377,970)	(22,867,757)	(15,628,632)	(10,319,266)	(2,941,369)	(727,961)	(1,125,977,166)	(30,444,475)	(1,981,508)	(10,029,508)	(14,089,238)	(1,473,209)	(7,321,868)	(8,568,646)	(37,422,548)	(1,475,171,121)
Balance as at 30 June 2022	936,277,583	137,013,177	1,834,949,190	509,413,632	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,996	317,842,532	16,833,578	93,954,957	46,294,371	19,836,657	82,981,623	81,036,219	238,866,917	16,354,996,270
Cost	936,277,583	137,013,177	3,575,708,728	741,283,623	420,773,248	340,578,906	97,486,346	50,064,636	20,431,994,793	658,643,306	29,909,840	152,452,381	115,853,081	50,445,260	150,708,872	126,367,326	388,865,528	28,404,246,634
Accumulated depreciation	-	-	(1,740,759,538)	(231,869,791)	(123,829,247)	(247,705,514)	(41,610,343)	(47,162,794)	(8,640,611,397)	(340,800,774)	(12,976,262)	(58,497,424)	(89,556,710)	(30,508,603)	(67,727,249)	(45,331,107)	(150,318,611)	(12,049,257,364)
Net book value 2022	936,277,583	137,013,177	1,834,949,190	509,413,632	296,944,001	92,873,392	55,886,003	2,911,842	11,591,373,996	317,842,532	16,833,578	93,954,957	46,294,371	19,836,657	82,981,623	81,036,219	238,866,917	16,354,996,270
Depreciation rate % per annum	-	-	10	5	5	10	5	20	10	10	10	10	30	10	10	10	10	20

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	30 June 2021																						
	Land		Buildings on free - hold land				Buildings on lease - hold land				Rupes												
	Free - hold	Lease - hold	Factory building	Office building	Factory building	Leased building improvements	Labour, staff colony and others	Factory building	Office building	Factory building	Leased building improvements	Labour, staff colony and others	Electric installation	Fire fighting equipment	Electric equipment	Computer	Office equipment	Mills equipment	Furniture and fixtures	Vehicles	Total		
Balance as at 1 July 2020																							
Cost	355,295,557	115,038,377	3,156,625,175	595,291,615	420,773,248	323,628,906	97,496,346	89,436,813	15,775,150,989	577,832,832	29,100,420	161,723,377	99,857,123	42,183,079	116,018,158	118,799,987	222,003,085	22,296,555,087					
Accumulated depreciation	-	(1,366,731,515)	(188,394,350)	(188,394,350)	(91,749,424)	(227,137,064)	(35,572,796)	(69,893,590)	(7,379,855,945)	(284,214,661)	(9,196,737)	(48,646,566)	(71,033,627)	(32,411,765)	(66,125,190)	(37,742,799)	(111,205,913)	(10,009,913,959)					
Net book value	355,295,557	115,038,377	1,769,893,660	406,897,265	329,023,824	96,491,842	61,923,550	19,543,223	8,395,295,044	293,718,171	19,903,683	113,074,791	28,823,496	9,771,314	59,892,968	81,057,191	110,797,172	12,286,441,128					
For the year ended 30 June 2021																							
Disposals:																							
- Cost	80,392,936	-	-	-	-	-	-	-	39,372,177	474,839,173	1,037,671	200,200	26,164,449	6,038,415	2,740,077	14,724,216	16,823,739	667,116,137					
- Depreciation	-	-	-	-	-	-	-	(26,491,250)	(389,005,302)	(626,494)	(135,653)	(2,619,764)	(23,109,693)	(4,224,970)	(2,120,550)	(9,221,733)	(10,301,313)	(447,856,722)					
	80,392,936	-	-	-	-	-	-	12,880,927	105,833,871	411,177	64,547	2,183,320	3,054,756	1,813,445	619,527	5,502,483	6,522,426	219,259,415					
Depreciation for the year	-	-	(188,650,053)	(20,507,704)	(16,451,119)	(10,249,184)	(3,096,178)	(3,022,493)	(959,319,411)	(27,095,002)	(2,033,670)	(11,169,984)	(10,129,643)	(884,331)	(6,400,741)	(8,241,399)	(22,674,010)	(1,288,924,993)					
Balance as at 30 June 2021	631,913,479	137,013,177	1,774,063,348	396,639,632	312,572,633	94,242,658	56,827,372	3,639,803	9,346,322,411	269,913,881	18,815,086	101,482,373	31,563,188	9,847,482	60,587,123	78,140,126	102,804,186	13,432,407,958					
Cost	631,913,479	137,013,177	3,329,444,916	607,541,686	420,773,248	331,628,906	97,496,346	50,064,636	17,317,492,465	580,597,050	29,809,840	159,681,179	89,636,765	38,918,608	120,992,504	114,902,587	226,982,796	24,283,390,188					
Accumulated depreciation	-	(1,555,361,568)	(208,902,054)	(208,902,054)	(108,200,615)	(237,366,248)	(38,668,974)	(46,424,833)	(7,969,170,054)	(310,883,169)	(11,084,754)	(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 2021	631,913,479	137,013,177	1,774,063,348	396,639,632	312,572,633	94,242,658	56,827,372	3,639,803	9,346,322,411	269,913,881	18,815,086	101,482,373	31,563,188	9,847,482	60,587,123	78,140,126	102,804,186	13,432,407,958					
Depreciation rate % per annum	-	-	-	10	5	5	10	5	20	10	10	10	30	10	10	10	20						

6.2 Freehold lands of the Company are located at Sheikhpura, Kasur and Lahore with an area of 1,367,637 (2021: 1,228,215) square yards and leasehold lands of the Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2021: 440,804) square yards.

6.3 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 16,531,365 (2021: Nil) has been charged to administrative expenses.

	Note	2022 Rupees	2021 Rupees
6.3.1 Right-of-use asset			
Opening balance		-	-
Additions during the year		82,656,824	-
Depreciation charged during the year	35	16,531,365	-
Closing balance		66,125,459	-

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

Cost of sales	33	1,425,300,135	1,248,653,817
Distribution cost	34	400,939	927,523
Administrative expenses	35	49,470,047	39,343,653
		1,475,171,121	1,288,924,993

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

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
	Rupees						
Plant and Machinery							
Auto cone murata mach coner	22,091,832	19,374,895	2,716,937	2,850,000	133,063	Negotiation	Beacon Impex (Private) Ltd
Blow room machinery	8,197,087	5,662,863	2,534,224	4,072,530	1,538,306	--- do ---	Fatima Traders
Draw Frames B-II	26,028,470	24,097,861	1,930,609	1,700,000	(230,609)	--- do ---	Ideal Trading Co
Blow room CVT-1 6 chamber	8,234,238	5,036,249	3,197,989	4,000,000	802,011	--- do ---	Hanif Trading Corporation
Toyota compact devices	24,168,766	19,316,344	4,852,422	1,333,331	(3,519,091)	--- do ---	Ibrahim Traders
Air compressor with air dryer	2,190,319	1,684,218	506,101	333,334	(172,767)	--- do ---	Ibrahim Traders
Vision shield machine	7,138,305	6,276,079	862,226	903,732	41,506	--- do ---	Abbas Corporation
Synchronizing system	6,000,000	3,565,708	2,434,292	2,551,474	117,182	--- do ---	Abbas Corporation
Ring frame parts	10,245,662	8,176,424	2,069,238	2,083,000	13,762	--- do ---	Nazir Ahmad
Boiler - DDFC	5,412,500	4,325,819	1,086,681	1,282,051	195,370	--- do ---	Boiler Specialist
Air jet looms	22,892,320	19,099,271	3,793,049	6,000,000	2,206,951	--- do ---	Bismillah Industries
Warping complete benninger	13,468,585	11,460,125	2,008,460	4,000,000	1,991,540	--- do ---	AL-Rehman Textiles
Sizing machine	26,485,758	23,678,892	2,806,866	6,000,000	3,193,134	--- do ---	AL-Rehman Textiles
Gas engine generator	4,700,000	2,505,082	2,194,918	2,299,145	104,227	--- do ---	HF Traders
Boiler	2,962,963	1,115,083	1,847,880	1,900,000	52,120	--- do ---	Combustion Solutions
Sampling machine	2,235,721	55,583	2,180,138	854,701	(1,325,437)	--- do ---	Waqas Enterprises
Coal operated thermal oil heater	41,961,526	19,007,590	22,953,936	20,500,000	(2,453,936)	--- do ---	Great Yumei Textile
Digital printing machine	42,606,869	25,918,611	16,688,258	17,284,474	596,216	--- do ---	Office Automation Group
	277,020,921	200,356,697	76,664,224	79,947,772	3,283,548		
Vehicles							
Suzuki Cultus	1,250,000	722,000	528,000	528,000	-	As per Company Policy	Mr. Asad Abbas (Employee)
Hilux	1,960,000	1,439,776	520,224	1,155,000	634,776	Negotiation	Mr. Shahid Nazir
	3,210,000	2,161,776	1,048,224	1,683,000	634,776		
Other assets having book value less than Rs.500,000							
30 June 2022	86,850,973	74,377,514	12,473,459	19,905,696	7,432,237		
30 June 2021	367,081,894	276,895,987	90,185,907	101,536,468	11,350,561		
	667,116,137	447,856,722	219,259,415	302,138,928	82,879,513		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
6.6 Capital work-in-progress			
Civil works and buildings		1,126,629,471	296,416,131
Plant and machinery	6.6.1	2,326,866,270	978,153,620
Electric installation		21,376,195	3,032,075
Mills equipment		25,350,193	4,155,000
		3,500,222,129	1,281,756,826

6.6.1 Additions to capital work-in-progress include borrowing cost capitalized aggregating Rs.16,388,833 (2021: Rs.7,369,884) at the borrowing rate of 1.75% to 10.88% (2021:1.75% to 8.49%) per annum.

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

	01 July 2021	Additions during the year	Transferred to operating fixed assets	30 June 2022
	Rupees			
Particulars				
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	6,056,673,707	(3,838,208,404)	3,500,222,129

	01 July 2020	Additions during the year	Transferred to operating fixed assets	30 June 2021
	Rupees			
Particulars				
Civil works and buildings	167,976,421	321,509,526	(193,069,816)	296,416,131
Plant and machinery	660,175,499	2,314,180,817	(1,996,202,696)	978,153,620
Electric installation	543,314	4,472,554	(1,983,793)	3,032,075
Mills equipment	4,155,000	368,000	(368,000)	4,155,000
	832,850,234	2,640,530,897	(2,191,624,305)	1,281,756,826

	Note	2022 Rupees	2021 Rupees
7 INVESTMENT PROPERTY			
Freehold land	7.1	31,750,000	31,750,000

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

7.2 Fair value of the investment property was carried out on 30 June 2022. As per the valuation report the fair value of the investment property as at 30 June 2022 was Rs.75 million (2021: Rs.75 million).

7.3 There is no rental income derived from investment property as at 30 June 2022 (30 June 2021: Nil).

	Note	2022 Rupees	2021 Rupees
8 INTANGIBLE ASSETS (Computer software)			
Opening balance		108,333	208,333
Amortization for the year	8.1	(100,000)	(100,000)
Closing balance		8,333	108,333
Gross carrying value			
Cost		24,992,360	24,992,360
Accumulated amortization		(24,984,027)	(24,884,027)
Net book value		8,333	108,333
Amortization rate % per annum		20	20

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

9 LONG TERM INVESTMENTS			
Related parties - at cost:			
Subsidiaries - unlisted	9.1	9,672,423,070	9,522,423,070
Associates - listed	9.2	8,461,851	8,461,851
Associates - unlisted	9.3	467,514,425	467,514,425
		475,976,276	475,976,276
Other companies - Fair value through other comprehensive income	9.4	3,355,855,120	4,274,757,769
		13,504,254,466	14,273,157,115

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

9.1 Investments in subsidiary companies - unlisted

2022	2021		Note	2022	2021
No. of Shares		Name of Company		Rupees	Rupees
228,228,737	228,228,737	Sapphire Wind Power Company Limited (SWPCL) Equity Interest Held 70% (2021: 70%)	9.1.1	2,282,287,370	2,282,287,370
200,000,000	200,000,000	Sapphire Retail Limited Equity Interest Held 100% (2021: 100%)		2,000,000,000	2,000,000,000
475,051,500	475,051,500	Triconboston Consulting Corporation (Private) Limited (TBCL) Equity Interest Held 57.125% (2021: 57.125%)	9.1.1	5,224,375,700	5,224,375,700
673,780	673,780	Sapphire International ApS Equity Interest Held 100% (2021: 100%)		15,760,000	15,760,000
15,000,000	-	Sapphire Real Estate (Private) Limited Equity Interest Held 100% (2021: Nil)		150,000,000	-
				9,672,423,070	9,522,423,070

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

9.2 Investments in associates - listed

2022	2021		2022	2021
No. of Shares		Name of Company	Rupees	Rupees
313,295	313,295	Reliance Cotton Spinning Mills Limited Equity Interest Held 3.04% (2021: 3.04%)	8,461,851	8,461,851

9.3 Investments in associates - unlisted

2022		2021		2022	2021
No. of Shares		Name of Company		Rupees	Rupees
4,234,500	4,234,500	Sapphire Power Generation Limited Equity Interest Held 26.43% (2021: 26.43%)		113,705,500	113,705,500
6,000,000	6,000,000	Sapphire Electric Company Limited Equity Interest Held 1.42% (2021: 1.42%)		60,000,000	60,000,000
10,000	10,000	Sapphire Holding Limited Equity Interest Held 0.05% (2021: 0.05%)		100,000	100,000
23,500,000	23,500,000	Sapphire Dairies (Private) Limited Equity Interest Held 12.95% (2021: 12.95%)		235,000,000	235,000,000
3,675	3,675	Foreign Company - Creadore A/S Denmark Beneficial ownership: Sapphire Textile Mills Limited - 49% (2021: 49%) and Beirholm holding A/S Nordager 20, 6000 Kolding, Denmark - 51% (2021: 51%)		58,708,925	58,708,925
				467,514,425	467,514,425

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

9.4 Other companies - Fair value through other comprehensive income

2022	2021		2022	2021
No. of Shares		Name of Company	Rupees	Rupees
		Quoted - conventional		
4,061,840	4,061,840	MCB Bank Limited - cost	217,880,150	217,880,150
		Fair value adjustment	281,644,933	431,323,737
			499,525,083	649,203,887
29,623,714	29,623,714	Habib Bank Limited - cost	5,926,153,798	5,926,153,798
		Fair value adjustment	(3,220,323,761)	(2,301,099,916)
			2,705,830,037	3,625,053,882
		Unquoted		
25,000,000	-	Jomo Technologies (Private) Limited 9.4.2	150,000,000	-
50,000	50,000	TCC Management Services (Private) Limited 9.4.3 & 9.4.4	500,000	500,000
			3,355,855,120	4,274,757,769

9.4.1 The movement of fair value (loss) / gain on quoted equity investment during the year is as follows:

	2022	2021
	Rupees	Rupees
Opening balance	4,274,757,769	3,614,599,820
Fair value (loss) / gain on remeasurement of investment through OCI	(1,068,902,649)	730,698,412
Addition / (disposed off) during the year	150,000,000	(70,540,463)
Closing balance	3,355,855,120	4,274,757,769

9.4.2 As at 30 June 2022, the fair value of unquoted equity investment is equals to its cost, hence no gain / loss recognized in the financial statements.

9.4.3 The Company has pledged 3.332 million (2021: 3.332 million) shares of MCB Bank Limited, 27.177 million (2021: 24.177 million) shares of Habib Bank Limited with various financial institutions for arrangement of finance facilities.

9.4.4 The Company has pledged 0.111 million (2021: 0.730 million) shares of MCB Bank Limited and 0.645 million (2021: 2.447 million) shares of Habib Bank Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to US \$ 0.291 million in favour of a financial institution for Debt Service Reserve support for Triconboston Consulting Corporation (Private) Limited (2021: US \$ 8.791 million).

	Note	2022 Rupees	2021 Rupees
10 LONG TERM LOANS AND ADVANCES			
Loan to employees - unsecured (considered good)	10.1	60,750,119	27,846,483
Advance for purchase of land	10.2	225,499,428	66,072,498
Advance for vehicles		6,449,000	6,700,000
		292,698,547	100,618,981
10.1 Loan to employees - unsecured (considered good)			
Loans to employees	10.1.1	84,224,012	47,723,771
Current portion of loans shown under current assets	15	(23,473,893)	(19,877,288)
		60,750,119	27,846,483

10.1.1 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.

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

11 LONG TERM DEPOSITS

Security deposits

Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		1,344,000	1,097,000
Others	11.1	756,504	756,504
		87,931,092	87,684,092

11.1 It includes an amount of Rs.36,000 (2021: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - a related party.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
12 STORES, SPARES AND LOOSE TOOLS			
Stores - in hand		296,242,458	203,775,319
Spares - in hand		191,064,666	230,909,041
Stores and spares - in transit		59,272,295	71,235,873
Loose tools		195,585	554,486
		546,775,004	506,474,719
Less: Provision for slow moving stores, spares and loose tools	12.1	(39,283,153)	(68,286,041)
		507,491,851	438,188,678
12.1 Provision for slow moving stores, spares and loose tools			
Balance at the beginning of the year		68,286,041	54,628,399
Provision made during the year	37	-	13,657,642
Reversal made during the year		(29,002,888)	-
Balance at the end of the year		39,283,153	68,286,041
13 STOCK IN TRADE			
Raw material - in hand	33.1	15,944,366,166	9,247,728,191
Raw material - in transit		1,193,299,304	539,874,635
		17,137,665,470	9,787,602,826
Work in process	33	1,253,998,582	872,742,200
Finished goods		4,700,837,444	2,140,922,705
Waste		52,627,181	83,843,832
	33	4,753,464,625	2,224,766,537
		23,145,128,677	12,885,111,563

13.1 Stock in trade include items valued at Net Realizable Value (NRV). The write down to NRV amounting Rs.448.984 million (2021: Rs. Nil) has been recognized in cost of goods sold. Detail of provision against NRV is as follows:

	Note	2022 Rupees	2021 Rupees
Raw material			
Opening		-	-
Provision made during the year		428,584,228	-
Closing		428,584,228	-
Finished goods			
Opening		-	-
Provision made during the year		20,399,399	-
Closing		20,399,399	-
14 TRADE DEBTS			
Considered good - secured			
Foreign debts	14.1	775,496,299	241,272,133
Considered good			
Domestic debts	14.2 and 14.3	4,864,250,391	2,397,234,176
Waste		39,963,209	22,475,466
Others		18,802,234	9,900,721
Less: Provision for expected credit losses	14.4	(42,349,160)	(37,098,930)
		4,880,666,674	2,392,511,433
		5,656,162,973	2,633,783,566

14.1 Foreign debts includes an amount of Rs.36,118,062 (2021: Rs.304,381) from Sapphire International Aps, (a related party), against export sales.

14.2 Domestic debts includes an amount of Rs.1,371,646,032 (2021: Rs.930,365,653) receivable against indirect export sales.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
14.3 Due from related parties- Domestic debts			
Diamond Fabrics Limited		204,655,350	12,483,026
Sapphire Fibres Limited		182,754	30,326
Reliance Cotton Spinning Mills Limited		349,030	45,630
Sapphire Finishing Mills Limited		648,462,014	231,815,855
Sapphire Retail Limited		73,237,518	230,276,888
Designtex (SMC) Private Limited		958,485,879	161,515,455
		1,885,372,545	636,167,180

14.3.1 The aging of trade debts receivable from related parties as of 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			
2022	1,885,372,545	1,421,687,374	251,815,867	10,822,650	8,839,200	192,207,454
2021	636,167,180	382,138,031	91,984,326	81,240,343	78,009,483	2,794,997

14.3.2 Maximum amount due from related parties during the year, calculated by reference to month-end balances was Rs, 1,885,372,545 (2021: Rs 1,782,296,128).

	Note	2022 Rupees	2021 Rupees
14.4 Provision for expected credit loss			
Balance at the beginning of the year		37,098,930	36,773,217
Charged during the year	36	5,250,230	325,713
Balance at the end of the year		42,349,160	37,098,930
15 LOANS AND ADVANCES			
Advances to suppliers - unsecured		105,054,045	32,056,725
Current portion of long term loans to employees	10.1	23,473,893	19,877,288
Short term loans to employees - unsecured		6,792,224	6,860,808
		135,320,162	58,794,821
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		31,325,000	102,789,000
Prepayments		5,553,751	4,936,031
		36,878,751	107,725,031

	Note	2022 Rupees	2021 Rupees
17 OTHER RECEIVABLES			
Claims receivable		3,775,750	2,378,234
Dividend receivable		-	54,888,084
Margin deposits		7,168,259	-
Deposits with High Court		19,430,291	19,430,291
Export rebate receivable		38,157,830	124,613,112
Receivable against sale of fixed assets		246,170	1,949,225
Receivable from Triconboston Consulting Corporation (Private) Limited (subsidiary)	17.1	1,008,500,000	781,925,000
Receivable against shared expenses		28,746,662	-
Rent receivable		515,640	-
		<u>1,106,540,602</u>	<u>985,183,946</u>

17.1 It includes an amount of Rs.978.500 million (2021: Rs. 751.925 million) receivable against technical services and Rs. 30 million (2021: Rs. 30 million) representing receivable balance transferred to the Company from the subsidiary's previous sponsor at the time of its acquisition. This is interest free and un-secured. The maximum aggregate amount during the year was Rs. 1,008.500 million (2021: 829.240 million).The amount is expected to be received before 31 December 2022, therefore the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not considered material and hence not recognized.

18 SHORT TERM INVESTMENTS

Equity instruments at fair value through other comprehensive income (FVOCI)	18.1	<u>2,988,280,554</u>	<u>3,487,399,522</u>
-----------------------------------------------------------------------------	------	----------------------	----------------------

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

18.1 Equity instruments at fair value through other comprehensive income (FVOCI) - Quoted

2022	2021		2022	2022	2021
No. of Shares		Name of Company	Cost	Fair value	
				Rupees	
26,985,346	26,985,346	Bank AL-Habib Limited	1,105,332,382	1,566,769,189	1,892,212,462
4,574,007	4,574,007	Engro Corporation (Pakistan) Limited	1,293,345,025	1,175,931,460	1,347,548,202
597,500	597,500	Engro Fertilizer Limited	38,557,257	52,962,400	41,986,324
197,000	197,000	Oil and Gas Development Company Limited	20,490,173	15,497,990	18,720,910
288,000	288,000	Fauji Fertilizer Company Limited	31,509,886	31,743,360	30,556,797
1,022,120	888,800	Meezan Bank Limited	70,864,861	115,479,118	102,576,407
58,500	58,500	Lucky Cement Limited	41,274,019	26,853,840	50,511,240
26,900	26,900	United Bank Limited	4,093,970	3,043,197	3,287,180
			2,605,467,573	2,988,280,554	3,487,399,522
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	-	-
		18.3 & 18.4	2,622,908,943	2,988,280,554	3,487,399,522

	2022	2021
	Rupees	Rupees
18.2 The movement during the year is as follows:		
Opening balance	3,487,399,522	2,907,225,380
Fair value (loss) / gain on remeasurement of investment through OCI	(499,118,968)	580,336,057
Addition during the year	-	124,849,802
Disposal during the year	-	(125,011,717)
Closing balance	2,988,280,554	3,487,399,522

18.3 The Company has pledged 0.837 million (2021: Nil) shares of Engro Corporation (Pakistan) Limited, 6.880 million (2021: 12.906 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

18.4 The Company has pledged 0.065 million (2021: 3.736 million) shares of Engro Corporation Limited and 0.253 million (2021: 7.200 million) shares of Bank AL-Habib Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to US \$ 0.291 million in favour of a financial institution for Debt Service Reserve support for Triconboston Consulting Corporation (Private) Limited (2021: US \$ 8.791 million).

	Note	2022 Rupees	2021 Rupees
19 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax - net	19.1	551,861,507	952,918,674
Sales tax receivable		3,086,926,211	1,338,810,286
Less: Provision against doubtful sales tax refunds	19.2	(508,576,045)	(372,570,600)
		2,578,350,166	966,239,686
		3,130,211,673	1,919,158,360
19.1 Income tax - net			
Advance income tax / refundable		2,002,294,003	1,449,760,605
Provision for taxation	19.1.1	(1,450,432,496)	(496,841,931)
		551,861,507	952,918,674
19.1.1 Provision for taxation			
Balance at the beginning of the year		496,841,931	422,508,317
Provision for the year	39	1,442,103,829	496,433,821
		1,938,945,760	918,942,138
Less: Advance tax adjusted during the year against completed assessments		(488,513,264)	(422,100,207)
		1,450,432,496	496,841,931
19.2 Provision against doubtful sales tax refunds			
Balance at the beginning of the year		372,570,600	324,969,127
Provision made during the year		136,005,445	47,601,473
Balance at the end of the year		508,576,045	372,570,600
20 CASH AND BANK BALANCES			
Cash in hand		1,835,402	2,073,106
Bank balances			
Local currency			
Current		37,104,873	10,324,874
Saving	20.1	1,839,380	39,326,371
		38,944,253	49,651,245
Foreign currency-current accounts			
USD	20.2	55,461,563	23,858,953
EURO	20.3	2,388,827	-
		57,850,390	23,858,953
		98,630,045	75,583,304

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20.1 Balances with banks carry profit at the rate ranging from 5.50% to 12.25% (2021: 6.25% to 6.50%) per annum.

20.2 Cash at bank on USD account was US\$ 269,886 (2021: US \$ 151,197).

20.3 Cash at bank on EURO account was 11,098 (2021: Nil).

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021	Note	2022	2021
No. of Shares			Rupees	Rupees
7,813,391	7,813,391	Ordinary shares of Rs.10 each allotted for consideration paid in cash	78,133,910	78,133,910
13,876,400	13,876,400	Ordinary shares of Rs.10 each issued as bonus shares	138,764,000	138,764,000
<u>21,689,791</u>	<u>21,689,791</u>	21.1 & 21.2	<u>216,897,910</u>	<u>216,897,910</u>

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

21.2 As at the reporting date 6,722,155 (2021: 6,716,694) shares of the Company are held by associated companies.

22 RESERVES

Capital reserves	22.1	(1,708,069,751)	(140,048,134)
Revenue reserves	22.2	27,600,844,674	20,941,736,013
		<u>25,892,774,923</u>	<u>20,801,687,879</u>

22.1 Composition of capital reserves is as follows:

Share Premium	22.1.1	782,796,090	782,796,090
Fixed Assets Replacement Reserve	22.1.2	65,000,000	65,000,000
Fair value reserve of financial asset at fair value through OCI	22.1.3	(2,555,865,841)	(987,844,224)
		<u>(1,708,069,751)</u>	<u>(140,048,134)</u>

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

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

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

22.2 Composition of revenue reserves is as follows:

General reserves	22.2.1	1,330,000,000	1,330,000,000
Unappropriated profits	22.2.2	26,337,252,635	19,630,254,655
Cash flow hedge reserve	22.2.3	(66,407,961)	(18,518,642)
		<u>27,600,844,674</u>	<u>20,941,736,013</u>

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

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

	Note	2022 Rupees	2021 Rupees
22.2.3 Losses on cash flow hedge:			
Loss arising during the year		(66,407,961)	(18,518,642)
Less: Reclassification for losses included in profit or loss		18,518,642	12,941,707
		(47,889,319)	(5,576,935)
23 LONG-TERM LOANS AND OTHER PAYABLES			
Long term loans	23.1	14,815,055,741	13,874,280,348
Gas Infrastructure Development Cess Payable	23.2	245,850,805	446,647,201
		15,060,906,546	14,320,927,549
23.1 Long term loans			
Loans from banking companies - secured			
Allied Bank Limited	23.1.1	3,927,425,975	4,102,595,017
Bank Alfalah Limited - a related party	23.1.2	998,931,832	1,109,534,310
Bank AL - Habib Limited	23.1.3	2,023,738,339	1,552,860,238
The Bank of Punjab	23.1.4	367,448,833	333,127,995
Faysal Bank Limited	23.1.5	31,250,000	65,378,000
Habib Bank Limited	23.1.6	6,491,977,992	7,381,105,049
MCB Bank Limited	23.1.7	797,109,901	1,023,847,054
Meezan Bank Limited	23.1.8	1,056,258,813	-
United Bank Limited	23.1.9	984,473,059	1,133,964,936
		16,678,614,744	16,702,412,599
Loans from other institutions - secured			
Pakistan Kuwait Investment Company (Private) Limited	23.1.10	366,742,150	-
Pakistan China Investment Company (Private) Limited	23.1.11	162,670,000	-
		529,412,150	-
		17,208,026,894	16,702,412,599
Add: Accrued mark-up		325,738,640	123,939,165
		17,533,765,534	16,826,351,764
Less: Current portion of loans shown under current liabilities		(2,392,971,153)	(2,828,132,251)
Less: Accrued mark-up shown under current liabilities		(325,738,640)	(123,939,165)
		14,815,055,741	13,874,280,348

23.1.1 These loans carry mark-up ranging from 1.00% to 11.57% (2021: 1.00% to 8.49%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.5,185 million (2021: Rs.5,027 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.783.047 million (2021: Rs.1,057.375 million) as on reporting date.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

- 23.1.2** These loans carry mark-up of 1.75% to 2.75% (2021: 1.75% to 2.75%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.1,352.95 (2021: Rs.1,352.95 million) over specific plant & machinery.
- 23.1.3** These loans carry mark-up ranging from 2.50% to 15.02% (2021: 2.50% to 11.19%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2021: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,828.786 million (2021: Rs.2,433.638 million) as on reporting date.
- 23.1.4** These loans includes 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 loans are secured against exclusive mortgagee charge amounting to Rs.521 million (2021: Rs 521 million) over lands and charge of Rs.1,855 million (2021: Rs 679 million) over plant and machinery owned by the Company.
- 23.1.5** These loans carry mark-up ranging from 2.50% to 6.50% (2021: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228.033 million (2021: Rs.228.033 million) over specific plant & machinery.
- 23.1.6** These loans carry mark-up ranging from 0.60% to 15.28% (2021: 0.60% to 11.51%) obtained in different tranches and are repayable in quarterly instalments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.10,649.730 million (2021: Rs.9,211.730 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs. Nil (2021: Rs.904.957million) as on reporting date.
- 23.1.7** These loans carry mark-up ranging from 1.50% to 2.50% (2021: 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.2,582 million (2021: Rs.1,318.9 million) over specific plant & machinery.
- 23.1.8** These loans carry mark-up at the rate of 3.00% to 3.50% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,734 million (2021: Nil) over specific plant & machinery.
- 23.1.9** These loans carry mark-up at the rate of 2.50% (2021: 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 (2021: 1,463 million) over specific plant & machinery.
- 23.1.10** These loans carry mark-up at rate of 5.00% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,176.471 million (2021: Nil) over specific plant and machinery.
- 23.1.11** These loans carry mark-up at rate of 5.00% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs. 191.376 million (2021: Nil) over specific plant and machinery.

	Note	2022	2021
		Rupees	Rupees
23.2 Gas Infrastructure Development Cess payable			
Gas Infrastructure Development Cess payable	23.2.1	950,772,005	902,772,683
Less: current portion shown under current liabilities		(704,921,200)	(456,125,482)
		<u>245,850,805</u>	<u>446,647,201</u>
23.2.1 Movement in Gas Infrastructure Development Cess payable			
Balance at the beginning of the year		902,772,683	964,871,613
Provision during the year		-	30,311,257
Effect of discounting		-	(147,193,002)
Unwinding of interest		47,999,322	54,782,815
		<u>950,772,005</u>	<u>902,772,683</u>

23.2.2 The Honourable Supreme Court of Pakistan (SCP) vide its judgement dated 13 August 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 Honourable 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.

	2022	2021
	Rupees	Rupees
24 LEASE LIABILITIES		
Present value of lease payments	70,061,192	-
Less: current maturity	(13,484,324)	-
	56,576,868	-

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

	2022		
	LP	Future Finance Charges	PV of LP
	Rupees		
Due not later than 1 year	18,136,020	4,651,696	13,484,324
Due later than 1 year but not later than 5 years	63,476,070	6,899,202	56,576,868
	81,612,090	11,550,898	70,061,192
	2021		
	LP	Future Finance Charges	PV of LP
	Rupees		
Due not later than 1 year	-	-	-
Due later than 1 year but not later than 5 years	-	-	-
	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Opening balance		-	-
Lease liabilities acquired during the year		78,122,818	-
Markup on lease liabilities		5,540,389	-
		83,663,207	-
Less: Lease rentals paid during the year		(13,602,014)	-
Closing balance		70,061,193	-
25 DEFERRED LIABILITIES			
Deferred Government grant salary loan		-	4,682,611
Deferred Government grant SBP TERF scheme	25.1	376,597,594	-
Staff retirement benefits - gratuity	25.2	367,267,451	332,958,530
		743,865,045	337,641,141

25.1 As disclosed in Note 23 of the financial statements, the company has obtained loan from various banks during the 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. 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.

Movement during the year is as follows:

Opening balance		-	-
Amount recognized as deferred grant during the year		629,406,057	-
Amount recognized as income during the year		(141,603,867)	-
Closing balance		487,802,190	-
Less: Current portion	26	111,204,596	-
Closing balance		376,597,594	-

25.2 General description

The scheme provides for retirement benefits for all of its workers who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method. Latest actuarial valuation was carried out on 2022.

	Note	2022 Rupees	2021 Rupees
25.2.1 Staff retirement benefits			
Movement in the net liability recognized in the statement of financial position			
Opening net liability		332,958,530	297,609,788
Expense for the year recognized in profit or loss	25.2.2	145,388,533	131,749,471
Remeasurement recognized in other comprehensive income		(16,792,885)	26,354,732
		461,554,178	455,713,991
Benefits paid during the year		(94,286,727)	(122,755,461)
Closing net liability		367,267,451	332,958,530
25.2.2 Expense recognized in the statement of profit or loss			
Current service cost		116,807,016	111,669,746
Interest cost		28,581,517	20,079,725
	25.2.2.1	145,388,533	131,749,471
25.2.2.1 Expense for the year has been charged to cost of sales.			
25.2.3 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		332,958,530	297,609,788
Current service cost		116,807,016	111,669,746
Interest cost		28,581,517	20,079,725
Actuarial (gain) / loss		(16,792,885)	26,354,732
Benefits paid		(94,286,727)	(122,755,461)
		367,267,451	332,958,530

	2022	2021	2020	2019	2018
	Rupees				
25.2.4 Historical information					
Present value of defined benefit obligation	367,267,451	332,958,530	297,609,788	272,908,701	225,857,306
Experience adjustments on plan liabilities	16,792,885	(26,354,732)	51,412,524	(8,535,640)	(13,604,382)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

- Expected gratuity expenses charged to profit and loss for the year ending 30 June 2023 works out to Rs.193,562,904.
- The weighted average duration of defined benefit obligation is 7 years.

	2022 %	2021 %
25.2.5 Principal actuarial assumptions		
Following are a few important actuarial assumption used in the valuation:		
Discount rate	13.25	10.00
Expected rate of increase in salary	12.25	9.00
Average age of employees	32.9 years	32.6 years
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

25.2.6 Actuarial assumptions sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions given above. The risk to which scheme is exposed include salary, demographic and discount risks. If the significant actuarial assumptions (relating to major risks) used to estimate the defined benefit obligation at the reporting date had been fluctuated as mentioned below with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

	Change	Increase in assumptions	Decrease in assumptions
Rupees in '000			
Discount rate	100 bps	342,561	393,764
Increase in future salaries	100 bps	393,756	342,557
Expected mortality rates	1 year	(38,588)	33,571

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

	Note	2022 Rupees	2021 Rupees	
26	CURRENT PORTION OF LONG-TERM LIABILITIES			
	Current portion of long term loans	23.1	2,392,971,153	2,828,132,251
	Current portion of Gas Infrastructure Development Cess payable	23.2	704,921,200	456,125,482
	Current portion of deferred grant SBP TERF scheme		111,204,596	-
			3,209,096,949	3,284,257,733
27	ACCRUED MARK-UP			
	Accrued mark-up on secured:			
	- long term loans		325,738,640	123,939,165
	- short term borrowings		331,485,309	110,386,773
			657,223,949	234,325,938
28	CONTRACT LIABILITIES			
28.1	It includes advances received from Creadore A/S Denmark-related party amounting Rs.64,443,610 (2021: Rs. 51,709,003).			
28.2	The balance of contract liability as at 30 June 2022, is expected to be recognized as revenue within one year.			
29	SHORT TERM BORROWINGS			
	Short term loans		9,197,281,640	4,445,000,000
	Running finance under mark-up arrangements		7,745,949,555	3,233,998,536
		29.1	16,943,231,195	7,678,998,536
	Book overdrafts		-	190,754
			16,943,231,195	7,679,189,290

29.1 Aggregate facilities amounting to Rs.26,185 million (2021: Rs.19,095 million) were available to the Company from different banks. These are secured against hypothecation charge amounting to Rs. 41,427.56 million (2021: Rs. 27,513.32 million) on stock in trade, book debts, export bills under collection and pledge of shares. These carry mark up ranging 2.25% to 15.31% (2021: 2.25% to 8.53%) on both local and foreign currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,695 million (2021: Rs.843 million) due to Bank Alfalah Limited (a related party).

Total unfunded facilities available to the Company aggregate to Rs.25,705 million (2021: Rs.19,553 million) out of which the amount remained unutilised at the year-end was Rs.12,097 million (2021: Rs.9,390 million). These facilities are secured against shipping documents, hypothecation charge on current assets of the Company, cash margins and pledge of shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
30	TRADE AND OTHER PAYABLES		
Creditors	30.1	2,283,663,102	1,487,587,330
Accrued liabilities		2,462,806,460	1,398,995,609
Workers' profit participation fund	30.3	274,030,249	171,733,423
Workers' welfare fund		609,941,887	437,336,667
Infrastructure Development Cess		581,641,429	350,021,254
Current portion of government grant		4,532,617	39,111,477
Payable to provident fund		3,505,586	3,335,964
Tax deducted at source		127,585	-
Foreign exchange forward contracts - designated as hedging instruments	30.2	62,632,054	19,733,130
Others		246,765	2,000,000
		6,283,127,734	3,909,854,854
30.1	These balances include the following amounts due to related parties:		
Reliance Cotton Spinning Mills Limited		7,233,905	-
Sapphire Fibres Limited		17,752,696	23,783,652
Sapphire Finishing Mills Limited		-	218,697
		24,986,601	24,002,349

30.2 This reflect the 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. Following are the foreign exchange forward contracts held by the Company along with their respective maturities:

	Less than 1 month	Less than 3 months
Foreign exchange forward contracts		
USD Notional amount (in PKR)	565,299,282	-
Average forward rate (PKR/USD)	186.44	-
EUR Notional amount (in PKR)	108,986,040	87,366,600
Average forward rate (PKR/USD)	201.83	202.24

	Note	2022 Rupees	2021 Rupees
30.3 Workers' profit participation fund			
Balance at the beginning of the year		171,733,423	62,057,316
Allocation for the year	36	274,030,249	171,733,423
Interest on funds utilized in the Company's business	38	1,142,499	2,083,596
		275,172,748	173,817,019
		446,906,171	235,874,335
Less: payments during the year		(172,875,922)	(64,140,912)
Balance at the end the year		274,030,249	171,733,423

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

There are no contingencies to be reported as at year ended 30 June 2022 (2021: Nil).

31.2 Commitments

31.2.1 Guarantees issued by banks on behalf of the Company

1,283,100,379

772,400,369

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 30 June 2022 the value of these cheques amounted to Rs.5,643.272 million (2021: Rs.1,962.781 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 Refer to content of note 9.4.2, 9.4.3, 18.3 and 18.4. in relation to shares held as pledge / collateral.

31.2.5

Commitments in respect of letter of credit **31.2.5.1** 3,141,386,530 4,525,108,280

Commitments in respect of capital expenditure **31.2.5.2** 274,821,374 483,121,608

Commitments in respect of forward foreign currency contracts 674,285,322 3,473,424,296

4,090,493,226

8,481,654,184

31.2.5.1 Confirmed letter of credit in respect of:

- plant and machinery 2,478,648,338 2,259,031,028

- raw material 614,957,664 2,228,287,845

- stores and spares 47,780,528 37,789,407

3,141,386,530

4,525,108,280

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

32 NET TURNOVER

	Note	Export Sales		Local Sales		Total	
		2022	2021	2022	2021	2022	2021
Rupees							
Yarn	32.2	22,084,883,842	16,361,888,378	9,355,647,145	4,932,918,330	31,440,530,987	21,294,806,708
Fabric	32.3	20,169,324,632	11,393,367,762	1,728,262,233	1,001,272,790	21,897,586,865	12,394,640,552
Home textile products		10,411,303,371	5,355,918,034	281,259,358	208,657,014	10,692,562,729	5,564,575,048
Raw material		-	3,182,738	223,053,192	152,586,732	223,053,192	155,769,470
Waste	32.4	248,471,309	227,685,146	707,506,410	347,196,903	955,977,719	574,882,049
Processing income		-	-	1,126,592,045	2,018,939,151	1,126,592,045	2,018,939,151
		52,913,983,154	33,342,042,058	13,422,320,383	8,661,570,920	66,336,303,537	42,003,612,978
Export rebate and duty drawback						101,823,707	130,204,253
Less: sales tax						(5,064,743,466)	(3,662,830,283)
						61,373,383,778	38,470,986,948

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

	Note	2022 Rupees	2021 Rupees
32.2 Export sales - Yarn			
Direct export		6,394,771,882	4,393,673,063
In-direct export		15,690,111,960	11,968,215,315
		22,084,883,842	16,361,888,378
32.3 Export sales - Fabric			
Direct export		14,423,930,712	6,765,312,187
In-direct export		5,745,393,920	4,628,055,575
		20,169,324,632	11,393,367,762
32.4			
Export waste sales represent comber noil sales.			
32.5 Contract Balances			
Trade receivables	32.5.1	5,656,162,973	2,633,783,566
Contract liabilities	32.5.2	(1,563,208,589)	(1,012,000,047)
		4,092,954,384	1,621,783,519

32.5.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 365 days. The increase in trade receivables pertains to increase in overall revenue from customers during the year.

32.5.2 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at 30 June 2021 amounting to Rs. 1,012,000,047 have been recognized as revenue during the year.

	Note	2022 Rupees	2021 Rupees
33 COST OF SALES			
Raw material consumed	33.1	38,425,056,600	22,882,757,665
Packing material consumed		806,656,177	596,144,096
Stores and spares consumed		1,777,003,277	1,107,147,041
Salaries, wages and benefits	33.2	4,555,783,333	3,828,491,937
Fuel, power and water		3,877,511,719	2,057,344,594
Other manufacturing expenses	33.3	971,610,331	460,609,882
Repair and maintenance		141,118,040	115,042,670
Vehicle running expenses		66,060,131	36,463,413
Travelling and conveyance		37,217,664	22,200,364
Insurance expenses		83,924,737	37,369,458
Rent, rates and taxes		20,936,695	2,172,378
Fees and subscription		53,386,496	27,609,423
Communication expenses		11,140,378	21,998,714
Printing and stationery		3,641,876	5,879,702
Legal and professional charges		5,122,007	4,321,049
Depreciation	6.4	1,425,300,135	1,248,653,817
Miscellaneous expenses		3,498,256	3,801,183
		52,264,967,852	32,458,007,386
Work in process			
Opening stock		872,742,200	638,708,853
Closing stock	13	(1,253,998,582)	(872,742,200)
		(381,256,382)	(234,033,347)
Cost of goods manufactured		51,883,711,470	32,223,974,039
Finished goods			
Opening stock		2,224,766,537	1,968,661,976
Closing stock	13	(4,753,464,625)	(2,224,766,537)
		(2,528,698,088)	(256,104,561)
Cost of goods sold - manufactured		49,355,013,382	31,967,869,478
Cost of raw material sold	33.4	159,302,283	153,003,975
		49,514,315,665	32,120,873,453
33.1 Raw material consumed			
Opening balance		9,247,728,191	6,208,117,180
Purchases		45,121,694,575	25,922,368,676
		54,369,422,766	32,130,485,856
Closing stock	13	(15,944,366,166)	(9,247,728,191)
		38,425,056,600	22,882,757,665

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

33.2 Salaries, wages and benefits include Rs.145,388,533 (2021: Rs.131,749,471) in respect of post employment benefits - gratuity and Rs.38,040,126 (2021: Rs.31,907,992) in respect of provident fund contribution.

	Note	2022 Rupees	2021 Rupees
33.3 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		79,302,042	158,431,504
Yarn dyeing and bleaching charges		14,938,212	3,250,490
Fabric dyeing, bleaching, knitting and processing charges		466,982,491	77,683,512
Weaving and yarn doubling charges		342,051,855	203,601,153
Stitching, spinning, embroidery and other charges		68,335,731	17,643,223
		971,610,331	460,609,882

33.4 It includes salaries, wages and benefits, insurance and finance cost amounting Rs.1,361,558 (2021: Rs.1,384,651), Rs.2,723,116 (2021: Rs.2,769,303) and Rs.19,061,812 (2021: Rs.10,384,885) respectively.

34 DISTRIBUTION COST

Export development surcharge		76,440,810	42,482,390
Insurance		6,545,610	2,246,784
Commission		565,371,729	304,866,472
Freight and forwarding		1,238,862,874	549,697,579
Salaries and benefits	34.1	309,120,561	213,254,710
Rent and utilities		10,127,179	7,269,317
Communication		22,426,862	18,959,212
Travelling, conveyance and entertainment		93,888,386	34,938,882
Repair and maintenance		11,468,349	37,591,659
Fees and subscription		22,915,452	7,503,572
Samples and advertising		7,133,889	4,000,740
Exhibition expenses		5,010,507	7,928,458
Printing and stationery		1,416,782	520,158
Depreciation	6.4	400,939	927,523
		2,371,129,929	1,232,187,456

34.1 Salaries and benefits include Rs.11,644,050 (2021: Rs.9,488,760) in respect of provident fund contribution.

	Note	2022 Rupees	2021 Rupees
35 ADMINISTRATIVE EXPENSES			
Directors' remuneration		70,200,000	57,600,000
Directors' meeting fee		1,000,000	1,300,000
Salaries and benefits	35.1	334,025,025	258,163,566
Rent, rates and utilities		20,665,646	15,728,102
Communication		8,096,053	7,349,366
Printing and stationery		5,696,014	4,773,551
Travelling, conveyance and entertainment		33,286,260	16,800,970
Motor vehicle expenses		29,043,673	19,080,368
Repair and maintenance		63,363,164	16,013,764
Insurance expense		1,372,590	1,044,750
Legal and professional charges		36,908,659	15,558,239
Fees and subscription		13,022,448	8,951,531
Computer expenses		11,978,577	9,910,823
Advertisement		158,930	575,760
Depreciation-owned assets	6.4	49,470,047	39,343,653
Depreciation-right-of-use asset		16,531,365	-
Others		282,500	260,000
		695,100,951	472,454,443

35.1 Salaries and benefits include Rs.11,198,103 (2021: Rs.8,189,791) in respect of provident fund contribution.

36 OTHER OPERATING EXPENSES			
Workers' profit participation fund	30.3	274,030,249	171,733,423
Workers' welfare fund		172,605,220	76,721,813
Auditors' remuneration	36.1	4,403,900	3,148,350
Donations	36.2	72,542,770	33,731,800
Amortization of intangible assets	8.1	100,000	100,000
Provision for stores, spares and loose tools	12.1	-	13,657,642
Loss on sale of debt instruments - TFCs		-	4,868,766
Provision against doubtful sales tax refundable	19.2	136,005,445	47,601,473
Loss on settlement of forward currency contracts			
- designated as FV hedge		18,768,360	1,348,344
Allowance for expected credit loss		5,250,230	325,713
Exchange loss on translation of receivable		-	47,315,044
Exchange loss on foreign currency accounts		-	580,443
		683,706,174	401,132,811

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
36.1 Auditors' remuneration			
Annual Audit fee		1,698,900	1,698,900
Half yearly review fee		444,150	444,150
Special audit fee		1,800,000	849,450
Code of corporate governance review fee		85,850	85,850
Other certification / services		375,000	70,000
		4,403,900	3,148,350
36.2 Donations to following organisation are greater than 10% of total donations i.e. Rs.7,254,277 (2021: Rs.3,373,180) of the Company.			
Abdullah Foundation	36.2.1	65,000,000	27,700,000

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

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

	Note	2022 Rupees	2021 Rupees
37 OTHER INCOME			
Income from financial assets			
Dividend income			
- from other companies		642,362,409	602,532,388
- from subsidiary and associated companies		1,914,886,406	278,344,382
		2,557,248,815	880,876,770
Interest income on saving account		2,956,481	2,078,737
		2,560,205,296	882,955,507
Income from non-financial assets			
Gain on sale of property, plant and equipment - net		11,350,561	82,879,513
Exchange gain on translation of receivable		226,575,000	-
Reversal of provision for stores, spares and loose tools	12.1	29,002,888	-
Rental income		69,441,660	30,600,000
Exchange gain on translation of foreign currency accounts		7,382,283	-
Scrap sales [Net of sales tax aggregating to Rs: 20.358 million (2021: Rs. 29.162 million)]		103,623,484	101,127,735
		447,375,876	214,607,248
		3,007,581,172	1,097,562,755
38 FINANCE COST			
Interest / mark-up on :			
- short term finances		1,312,638,362	566,871,761
- long term loans		991,023,743	796,542,738
- lease liabilities		5,540,389	-
- Workers' Profit Participation Fund	30.3	1,142,499	2,083,596
		2,310,344,993	1,365,498,095
Bank charges, commission and others charges		298,242,670	220,357,604
Exchange loss / (gain) on foreign currency loans		50,468,779	(3,323,020)
		2,659,056,442	1,582,532,679

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

		2022 Rupees	2021 Rupees
39	TAXATION		
	Current tax		
	- for the year	1,450,432,496	496,841,931
	- prior years	(8,328,667)	(408,110)
		<u>1,442,103,829</u>	<u>496,433,821</u>

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

		2022	2021
40	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation for the year	Rupees 7,015,551,960	<u>3,262,935,040</u>
	Weighted average number of ordinary shares	Number 21,689,791	<u>21,689,791</u>
	Earnings per share - basic and diluted	Rupees 323.45	<u>150.44</u>

	Note	2022 Rupees	2021 Rupees
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,457,655,789	3,759,368,861
Adjustments for non-cash items:			
Depreciation on operating fixed assets	6.4	1,475,171,121	1,288,924,993
Depreciation on right-of-use asset		16,531,365	-
Amortization of intangible assets	8.1	100,000	100,000
Interest income	37	(2,956,481)	(2,078,737)
Gain on sale of property, plant and equipment	37	(11,350,561)	(82,879,513)
Dividend income - others	37	(642,362,409)	(602,532,388)
Dividend income - subsidiary and associate	37	(1,914,886,406)	(278,344,382)
Loss on sale of debt instruments - TFCs		-	4,868,766
Provision for staff retirement benefit- Gratuity	25.2.2	145,388,533	131,749,471
Provision for expected credit loss		5,250,230	325,713
Net foreign exchange difference	37	(233,787,025)	1,260,631
(Reversal of) / provision for stores, spares and loose tools	12.1	(29,002,888)	13,657,642
Provision against doubtful sales tax refundable	36	136,005,445	47,601,473
Unwinding of liability related to GIDC	23	47,999,322	(62,098,930)
Unwinding of Government grant		(180,865,338)	-
Finance cost	38	2,741,453,679	1,585,855,699
Rental income	37	(69,441,660)	(30,600,000)
		1,483,246,927	2,015,810,438
Operating cash flow before changes in working capital		9,940,902,716	5,775,179,299
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare and loose tools		(40,300,285)	19,527,755
Stock-in-trade		(10,260,017,114)	(3,974,199,402)
Trade debts		(3,032,620,032)	148,662,215
Loans and advances		(76,525,341)	(1,912,492)
Trade deposits and short term prepayments		70,846,280	(82,799,657)
Other receivables		50,149,227	(93,566,292)
		(13,288,467,265)	(3,984,287,873)
Increase in current liabilities			
Trade and other payables		2,364,952,816	970,027,033
Contract liabilities		551,208,542	181,604,160
		(431,403,191)	2,942,522,619
42 CASH AND CASH EQUIVALENTS			
Book overdrafts		-	(190,754)
Cash and bank balances	20	98,630,045	75,583,304
		98,630,045	75,392,550

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

43 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), subsidiaries, directors and key management personnel. The remuneration of key management personnel is disclosed in note 46. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2022	2021
		Rupees	Rupees
(i) Subsidiaries	Sales / processing	4,774,898,869	3,719,386,302
	Purchases	4,860,006	1,162,126
	Investment made	150,000,000	-
	Expenses charged to	525,261	401,874
	Rental income	63,400,000	30,600,000
	Dividend received	1,904,305,034	226,899,382
	(ii) Associates	Sales / processing	4,878,767,154
Purchases		367,659,688	134,573,241
Expenses charged to		51,530,765	48,990,362
Expenses charged by		-	8,191,076
Mark-up charged by		86,833,191	62,821,593
Dividend received		10,581,373	-
Dividend paid		100,785,765	51,445,000
Loans Obtained / (paid) - net		678,971,740	(92,492,566)
(iii) Others	Contribution to provident fund	60,882,279	49,586,543
	Donation	65,000,000	27,700,000
	Dividend paid	131,281,215	-

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

Company Name	Basis of relationship	Aggregate % of shareholding
Sapphire Wind Power Company Limited	Subsidiary	70%
Tricon Boston Consulting Corporation (Private) Limited	Subsidiary	57.125%
Sapphire Retail Limited	Subsidiary	100%
Sapphire International ApS	Subsidiary	100%
Sapphire Real Estate (Private) Limited	Subsidiary	100%
Sapphire Chemicals (Private) Limited	Subsidiary	100%
Designtex (SMC-Private) Limited	Subsidiary of a subsidiary Company	100%
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Private) Limited	Associated Company	12.95%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Jomo Technologies (Private) Limited	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Private) Limited	Common directorship	N/A
Sapphire Finishing Mills Limited	Common directorship	N/A
Amer Cotton Mills (Private) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Bank Alfalah Limited	Investor in a subsidiary of the Company	N/A
Amer Tex (Private) Limited	Common directorship	N/A
Galaxy Agencies (Private) Limited	Common directorship	N/A
Nadeem Enterprises (Private) Limited	Common directorship	N/A
Neelum Textile Mills (Private) Limited	Common directorship	N/A
Sapphire Agencies (Private) Limited	Common directorship	N/A
Four Strength (Private) Limited	Common directorship	N/A
Abdullah Foundation	Common directorship	N/A

	2022	2021
44 NUMBER OF EMPLOYEES		
Number of employees at year end	9,059	8,003
Average number of employees	8,648	8,696

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022	2021
45 PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Total number of spindles installed	157,464	142,105
Average number of spindles worked	147,310	141,692
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity after conversion into 20/s lbs.	115,438,750	110,773,925
Actual production after conversion into 20/s lbs	103,694,834	99,979,218
Weaving		
Total number of looms installed	430	357
Average number of looms worked	430	357
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity(at 50 picks/inch of fabric square meters)	205,968,640	155,833,860
Actual production(at 50 picks/inch of fabric square meters)	171,587,125	136,246,122
Finishing and Printing		
Production capacity meters	45,600,000	43,200,000
Actual production meters	36,742,272	35,219,502
Yarn dyeing		
Production capacity (KGs)	2,880,000	1,080,000
Actual production (KGs)	2,311,545	893,636

Home Textile Product

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

Reason for low production

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

46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Executives		Directors		Chief Executive	
	2022	2021	2022	2021	2022	2021
	Rupees					
Remuneration	466,018,865	401,840,353	34,200,000	21,600,000	36,000,000	36,000,000
Bonus	52,568,822	29,740,579	-	-	-	-
Medical	2,700,546	4,094,937	-	-	-	-
Contribution to provident fund	22,695,422	14,748,753	-	-	-	-
Other benefits	20,536,520	14,283,785	-	-	-	-
	564,520,175	464,708,407	34,200,000	21,600,000	36,000,000	36,000,000
Number of persons	124	87	2	2	1	1

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

46.2 Meeting fee of Rs.1.000 million (2021: Rs.1.300 million) has been paid to independent non-executive directors. No other remuneration has been paid to non-executive directors of the Company.

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

47 PROVIDENT FUND

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.

48 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

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

48.1 Credit risk

48.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, trade deposits, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.13,356 million (2021: Rs.11,556 million), financial assets which are subject to credit risk aggregate to Rs.7,012 million (2021: Rs.3,793 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022	2021
	Rupees	Rupees
Long term deposits	87,931,092	87,684,092
Trade debts	5,656,162,973	2,633,783,566
Loan to employees	91,016,236	54,584,579
Trade deposits	31,325,000	102,789,000
Other receivables	1,048,952,481	841,140,543
Bank balances	96,794,643	73,510,199
	7,012,182,425	3,793,491,979

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

Domestic	4,880,666,674	2,392,511,433
Export	775,496,299	241,272,133
	5,656,162,973	2,633,783,566

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

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security. The letters of credit for export sales are considered integral part of export trade receivables and there is no past history of default in case of export debtors, so the expected credit loss rate for the export trade receivables is insignificant, hence gross amount equals to net carrying amount. However, for local trade receivables the Company evaluates the concentration of risk with respect to them as low, as its customers mostly deal in advances and their demand is order based.

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

	Not due	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days or more
Rupees							
<u>As at 30 June 2022</u>							
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%
<u>As at 30 June 2021</u>							
Estimated total gross carrying amount at default	1,747,481,074	443,522,910	123,359,276	100,174,794	4,445,183	1,283,830	9,343,296
Expected credit loss	9,485,612	13,845,274	1,452,876	1,250,659	816,614	904,598	9,343,296
Expected credit loss rate	1%	3%	1%	1%	18%	70%	100%

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

48.2 Liquidity risk

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

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

	2022				
	Carrying amount	Contractual cashflow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
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	4,817,514,173	4,817,514,173	4,817,514,173	-	-
Accrued interest / mark-up	657,223,949	657,223,949	657,223,949	-	-
Unclaimed dividend	2,230,552	2,230,552	2,230,552	-	-
Short term borrowings	16,943,231,195	18,043,764,209	18,043,764,209	-	-
GIDC payable	950,772,005	995,182,870	725,654,176	269,528,694	-
	<u>40,578,998,768</u>	<u>46,136,782,279</u>	<u>27,777,916,284</u>	<u>14,787,823,315</u>	<u>3,571,042,680</u>

	2021				
	Carrying amount	Contractual cashflow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term loans	16,702,412,599	21,803,752,655	3,559,176,760	12,793,555,950	5,451,019,945
Trade and other payables	2,911,652,033	2,911,652,033	2,911,652,033	-	-
Accrued interest / mark-up	234,325,938	234,325,938	234,325,938	-	-
Unclaimed dividend	1,629,755	1,629,755	1,629,755	-	-
Short term borrowings	7,679,189,290	7,926,663,700	7,926,663,700	-	-
GIDC payable	902,772,683	995,182,870	476,858,459	518,324,411	-
	<u>28,431,982,298</u>	<u>33,873,206,951</u>	<u>15,110,306,645</u>	<u>13,311,880,361</u>	<u>5,451,019,945</u>

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

48.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

48.3.1 Currency risk

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

	2022						
	Rupees	US \$	EURO	JPY	CHF	AED	GBP
Trade debts	(775,496,299)	(3,572,975)	(167,180)	-	-	-	-
Bank balances	(57,850,390)	(269,886)	(11,098)	-	-	-	-
	(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	-	-	-	-
Net Exposures	2,982,325,163	17,362,366	5,768,646	395,000,000	1,578,640	-	-

	2021						
	Rupees	US \$	EURO	JPY	CHF	AED	GBP
Trade debts	(241,272,133)	(1,407,513)	(101,069)	-	-	-	-
Bank balances	(23,858,953)	(151,197)	-	-	-	-	-
	(265,131,086)	(1,558,710)	(101,069)	-	-	-	-
Outstanding letters of credit	4,525,108,280	14,847,479	7,927,800	126,050,960	1,351,891	5,849,686	50,000
Foreign currency forward contracts	3,473,424,296	20,313,013	1,431,754	-	-	-	-
Net Exposures	7,733,401,490	33,601,782	9,258,485	126,050,960	1,351,891	5,849,686	50,000

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

	2022 Rupees	2021 Rupees
US \$ to Rupees (Buying/Selling)	206.00 / 205.50	157.80 / 158.30
Euro to Rupees (Buying/Selling)	215.75 / 215.23	188.12 / 188.71

Sensitivity analysis

A 20 percent (2021: 20 percent) strengthening of the Rupees against US Dollar and Euro at 30 June would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity Rupees	Profit or loss Rupees
As at 30 June 2022		
Effect in US Dollar	(157,941,587)	(157,941,587)
Effect in Euro	(7,674,155)	(7,674,155)
As at 30 June 2021		
Effect in US Dollar	(49,192,888)	(49,192,888)
Effect in Euro	(3,802,620)	(3,802,620)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 percent (2021: 20 percent) weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

48.3.2 Interest rate risk

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

	Effective rate		Carrying Amount	
	2022	2021	2022	2021
	%	%	Rupees	Rupees
Fixed rate instruments				
Financial liabilities				
Long term financing	0.60% to 6.50%	0.60% to 6.50%	11,233,084,252	8,568,464,768
Short term borrowings	2.25% to 7.50%	2.25% to 3.00%	5,240,617,814	3,245,000,000
Variable rate instruments				
Financial liabilities				
Long term financing	7.50% to 15.28%	7.08% - 7.79%	5,974,942,642	8,133,947,830
Short term borrowings - local currency	12.14% to 15.31%	7.25% to 8.53%	11,702,613,381	4,434,189,289

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss 100 bps	
	Increase Rupees	(Decrease) Rupees
As at 30 June 2022		
Cash flow sensitivity - variable rate instruments	176,775,560	(176,775,560)
As at 30 June 2021		
Cash flow sensitivity - variable rate instruments	125,681,371	(125,681,371)

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

48.3.3 Other price risk

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

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

	2022 Rupees	2021 Rupees
Effect on equity	619,363,567	776,165,729
Effect on investments	619,363,567	776,165,729

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

48.4 Fair value of financial instruments

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

48.5 Financial instruments by Category

FINANCIAL ASSETS

Debt instruments at amortised cost

Long term deposits	87,931,092	87,684,092
Trade debts	5,656,162,973	2,633,783,566
Loan to employees	91,016,236	54,584,579
Trade deposits	31,325,000	102,789,000
Other receivables	1,048,952,481	841,140,543
Bank balances	96,794,643	73,510,199
	7,012,182,425	3,793,491,979

Equity instruments at fair value through OCI

Quoted equity shares	6,193,635,674	7,761,657,291
Unquoted equity shares	150,500,000	500,000
	6,344,135,674	7,762,157,291
Total current	9,851,781,768	7,165,360,926
Total non current	3,504,536,331	4,390,288,344

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
FINANCIAL LIABILITIES		
At amortized cost		
Trade and other payables	4,817,514,173	2,911,652,033
Accrued interest / mark-up	657,223,949	234,325,938
Unclaimed dividend	2,230,552	1,629,755
Secured bank loan	18,270,003,495	16,702,412,599
Short term finances from banks	16,943,231,195	7,679,189,290
	<u>40,690,203,364</u>	<u>27,529,209,615</u>
Total current	25,629,296,818	13,654,929,267
Total non current	15,060,906,546	13,874,280,348

48.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

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

- Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3
	Rupees		
As at 30 June 2022			
Assets carried at fair value			
Equity instruments at fair value through OCI	6,193,635,674	-	150,500,000
As at 30 June 2021			
Assets carried at fair value			
Debt instruments at fair value through OCI	7,761,657,291	-	500,000

48.7 Capital risk management

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

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

	2022 Rupees	2021 Rupees
Total borrowings	34,151,258,089	24,381,601,889
Less: Cash and bank balances	98,630,045	75,583,304
Net debt	34,052,628,044	24,306,018,585
Total equity	26,109,672,833	21,018,585,789
Total capital	60,162,300,877	45,324,604,374

	2022 Percentage	2021 Percentage
Gearing ratio	56.60	53.63

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

49 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2022						
	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Rupees						
Balance as at 01 July 2021	-	16,702,412,599	7,678,998,536	234,325,938	1,629,755	24,617,366,828
<i>Cash flows</i>						
Repayment of loans	-	(2,721,896,730)	-	-	-	(2,721,896,730)
Proceeds from loans	-	3,856,917,082	9,264,232,659	-	-	13,121,149,741
Repayment of lease liabilities	(13,602,014)	-	-	-	-	(13,602,014)
Finance cost paid	-	-	-	(2,318,555,668)	-	(2,318,555,668)
Dividends paid	-	-	-	-	(324,746,068)	(324,746,068)
Total changes from financing cash flows	(13,602,014)	1,135,020,352	9,264,232,659	(2,318,555,668)	(324,746,068)	7,742,349,261
<i>Other changes including non-cash</i>						
Dividend declared	-	-	-	-	325,346,865	325,346,865
Deferred grant	-	(629,406,057)	-	141,603,867	-	(487,802,190)
Additions to lease liabilities during the year	78,122,818	-	-	-	-	78,122,818
Finance cost	5,540,389	-	-	2,599,849,812	-	2,605,390,201
Total liability related other changes	83,663,207	(629,406,057)	-	2,741,453,679	325,346,865	2,521,057,694
Closing as at 30 June 2022	70,061,193	17,208,026,894	16,943,231,195	657,223,949	2,230,552	34,880,773,783
2021						
	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Rupees						
Balance as at 01 July 2020	-	14,509,298,708	8,036,634,498	361,222,288	1,696,118	22,908,851,612
<i>Cash flows</i>						
Repayment of loans	-	(987,182,508)	-	-	-	(987,182,508)
Proceeds from loans	-	3,180,296,399	(357,635,962)	-	-	2,822,660,437
Finance cost paid	-	-	-	(1,712,752,049)	-	(1,712,752,049)
Dividends paid	-	-	-	-	(66,363)	(66,363)
Total changes from financing cash flows	-	2,193,113,891	(357,635,962)	(1,712,752,049)	(66,363)	122,659,517
<i>Other changes including non-cash</i>						
Finance cost	-	-	-	1,585,855,699	-	1,585,855,699
Total liability related other changes	-	-	-	1,585,855,699	-	1,585,855,699
Closing as at 30 June 2021	-	16,702,412,599	7,678,998,536	234,325,938	1,629,755	24,617,366,828

50 **EVENTS AFTER REPORTING DATE**

The board of directors of the Company in its meeting held on 26 September 2022 proposed cash dividend of Rs.10 (2021: Rs.15) per ordinary share of Rs. 10 each which is subject to approval by shareholders at the forthcoming Annual General Meeting and has not recognised in these financial statements.

51 **DATE OF AUTHRAIZATION FOR ISSUE**

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



Chief Executive



Chief Financial Officer



Chairman / Director



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022



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, Sapphire Real Estate (Private) Limited, Sapphire Chemicals (Private) Limited and Designtex SMC-Private Limited, it is our pleasure to present Directors' Report with Audited Consolidated Financial Statements for the year ended June 30, 2022.

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 manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through online stores. SRL operates 43 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.

Sapphire Real Estate (Private) Limited

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

Sapphire Chemicals (Private) Limited

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

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.

On behalf of the Board



NADEEM ABDULLAH
CHIEF EXECUTIVE



MOHAMMAD ABDULLAH
CHAIRMAN / DIRECTOR

Karachi
September 26, 2022

Independent Auditors' Report

To the Members of Sapphire Textile Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sapphire Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, the consolidated statement of 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 and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1.Preparation of consolidated financial statements	
<p>The Group's consolidated financial statements comprise of transactions and balances of the Holding Company, its subsidiaries and associates.</p> <p>Consolidating these financial statements involves elimination of intercompany transactions and balances and consolidation of the amounts and disclosures of each entity's financial statements.</p> <p>Significant auditor attention is required in review of the consolidation schedules as the Group comprises of a number of subsidiaries as associates and intercompany transactions are material to the consolidated financial statements as a whole, hence these are considered a Key Audit Matter.</p>	<p>We reviewed the consolidation schedules in relation to transactions and balances of the subsidiaries.</p> <ul style="list-style-type: none"> - We reviewed the computation of share of profit of associates. - We cross-matched the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same. - We reviewed the work performed by component auditors including reviewing reporting deliverables from the component audit teams. - We reviewed the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.

2. Stock in trade	How our audit addressed the key audit matter
<p>The Holding Company has a composite textile set-up comprising spinning, weaving, processing and home textile units. Therefore, its stock in trade includes various inventory items including cotton, yarn and fabric categorized into raw materials, work in process and finished goods based on the processes of respective units where these are being utilized / produced. These are stored at various geographically dispersed locations.</p> <p>As disclosed in note 15 of the consolidated financial statements, stock in trade balance as of 30 June 2022 amounted to Rs. 29,176 million comprising a significant percentage (19.5%) of the Group's total assets.</p> <p>Due to the above factors, significant auditor attention is required in auditing of inventory balances and transactions during the year and hence considered a Key Audit Matter.</p>	<p>We performed following key audit procedures, among other procedures, in respect of stock in trade:</p> <ul style="list-style-type: none"> - We gained an understanding of the management's process of recording and valuing inventories. - We tested controls over the Group's processes of inventory purchases and issuance. - We attended physical inventory counts and reconciled the count results to inventory listings at the year end. - We performed substantive procedures over purchases recorded during the year. - We tested the valuation of inventory items in accordance with Group's policy and international accounting standards (IAS 2 – Inventories). - We performed trend analysis and correlation between stock in trade and cost of sales, and assessed the reasonableness in the context of economic and internal factors along with relating the same to movement in trade payables. - We evaluated appropriateness of the measurement basis for net realizable value for finished goods and raw material. - We assessed the adequacy of disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.
3. Capital Expenditure	
<p>As disclosed in note 7 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the Group has obtained various modes of financing.</p> <p>Capital expenditure incurred during the year represents a significant transaction and involves judgments in respect of capitalization of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards and accounting policies as disclosed in the consolidated financial statements to determining, when the assets are available for use.</p> <p>Accordingly, we have identified capital expenditure as a key audit matter.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> - We obtained an understanding of the Group's processes and related internal controls on capitalization of expenditure and on a sample basis, tested the effectiveness of those controls in this area relevant to our audit. - We considered whether the items of cost capitalized, including borrowing cost meet the recognition criteria of an asset in accordance with the applicable financial reporting standards as applicable in Pakistan and as per the accounting policies of the Group as disclosed in the consolidated financial statements. - We reviewed on-sample basis relevant contracts and documents including but not limited to suppliers' Invoices, delivery notes, International LC and shipping documentation supporting various components of the capitalized cost. - We reviewed the supporting documents for the date of capitalization when asset was ready for its intended use (e.g., completion certificate from the technical department) to assess depreciation commencement.

	<ul style="list-style-type: none"> - We physically verified the newly acquired fixed assets and matched the same with the listing provided by the management. - We reviewed and assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore
3rd October, 2022

UDIN: AR202210177UJH2olrev

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	77,078,787,861	64,883,879,222
Investment property	8	31,750,000	31,750,000
Intangible assets	9	469,998,745	458,391,119
Long-term investments	10	5,258,293,418	5,601,367,556
Long-term loans and advances	11	292,698,547	100,618,981
Long-term deposits	12	114,109,512	90,390,779
Deferred tax asset	13	125,242,689	120,178,471
		83,370,880,772	71,286,576,128
CURRENT ASSETS			
Stores, spares and loose tools	14	804,637,645	719,273,164
Stock in trade	15	29,176,060,624	16,157,878,138
Trade debts	16	19,669,449,405	11,976,987,295
Loans and advances	17	200,574,305	99,866,944
Trade deposits and short term prepayments	18	143,866,467	185,174,492
Other receivables	19	1,298,723,203	1,223,200,901
Short-term investments	20	2,988,280,554	3,487,399,522
Tax refunds due from Government	21	4,022,097,531	2,155,411,946
Cash and bank balances	22	7,896,636,821	8,769,723,211
		66,200,326,555	44,774,915,613
TOTAL ASSETS		149,571,207,327	116,061,491,741
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 35,000,000 (2021: 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	40,021,037,566	30,335,198,774
Equity attributable to equity holders of the parent		40,237,935,476	30,552,096,684
Non-controlling interests		12,893,807,201	10,811,024,647
		53,131,742,677	41,363,121,331
NON-CURRENT LIABILITIES			
Long-term loans and other payables	25	50,713,253,403	46,525,128,386
Lease liabilities	26	2,660,333,684	2,369,612,563
Deferred liabilities	27	792,196,534	362,278,959
		54,165,783,621	49,257,019,908
CURRENT LIABILITIES			
Current portion of long-term liabilities	28	9,956,691,061	8,387,769,719
Accrued mark-up	29	808,727,767	309,161,955
Contract liabilities	30	1,563,552,959	1,014,427,063
Current portion of lease liabilities	26	351,625,245	313,978,687
Short-term borrowings	31	18,212,581,522	7,907,954,986
Unclaimed dividend		2,230,552	1,629,755
Trade and other payables	32	11,378,271,923	7,506,428,337
		42,273,681,029	25,441,350,502
TOTAL EQUITY AND LIABILITIES		149,571,207,327	116,061,491,741
CONTINGENCIES AND COMMITMENTS	33		

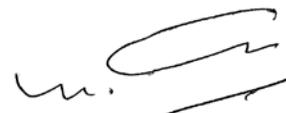
The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
Net turnover	34	90,646,435,432	58,162,790,748
Cost of sales	35	(63,081,135,141)	(41,373,517,524)
Gross profit		27,565,300,291	16,789,273,224
Distribution cost	36	(5,005,437,428)	(3,013,600,007)
Administrative expenses	37	(1,308,751,217)	(909,887,111)
Other operating expenses	38	(753,632,945)	(385,853,496)
Other income	39	1,090,407,658	1,056,452,108
		(5,977,413,932)	(3,252,888,506)
Profit from operations		21,587,886,359	13,536,384,718
Finance cost	40	(5,239,666,762)	(3,973,105,366)
Share of profit of associated companies		419,882,348	74,222,272
Profit before taxation		16,768,101,945	9,637,501,624
Taxation	41	(1,760,421,500)	(648,778,810)
Profit after taxation for the year		15,007,680,445	8,988,722,814
Attributable to:			
Equity holders of the parent		11,576,522,891	6,850,946,508
Non-controlling interest		3,431,157,554	2,137,776,306
		15,007,680,445	8,988,722,814
Earnings per share - basic and diluted	42	533.73	315.86

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

		2022 Rupees	2021 Rupees
Profit after taxation for the year		15,007,680,445	8,988,722,814
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent years:			
Forward foreign currency contracts			
Unrealized loss on remeasurement of forward foreign currency contracts	24.1.4	(47,889,319)	(5,576,935)
Unrealised gain / (loss) on remeasurement of forward foreign currency contracts contracts of associates		13,089	(20,641)
		(47,876,230)	(5,597,576)
Exchange difference on translation of foreign operations		51,213,354	(2,844,812)
Items not to be reclassified to profit or loss in subsequent years:			
(Loss) / gain on equity instruments at fair value through other comprehensive income	10.3.1 & 20.2	(1,568,021,618)	1,311,034,469
(Loss) / gain on equity instruments at fair value through other comprehensive income - associates		(17,192,914)	10,926,264
Actuarial gain / (loss) on remeasurement of staff retirement benefits	27.3	17,138,040	(26,354,732)
Actuarial loss on remeasurement of staff retirement benefits - associates		(519,586)	(210,946)
Impact of deferred tax		(100,098)	-
		16,518,356	(26,565,678)
Other comprehensive (loss) / income for the year		(1,565,359,052)	1,286,952,667
Total comprehensive income for the year		13,442,321,393	10,275,675,481
Attributable to:			
Equityholders of the parent		10,011,163,839	8,137,899,175
Non- controlling interest		3,431,157,554	2,137,776,306
		13,442,321,393	10,275,675,481

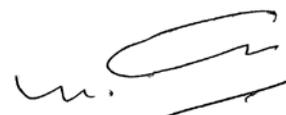
The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Capital Reserves				Revenue Reserves				Total	Non-Controlling Interest	Total Equity
	Share Capital	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 reserves	Unappropriated profit			
Balance as at 01 July 2020	216,897,910	782,796,090	65,000,000	(2,477,048,172)	91,175,582	(12,652,470)	1,330,000,000	22,418,961,912	22,415,130,852	8,769,248,341	31,184,379,183
Total comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-	-	6,850,946,508	6,850,946,508	2,137,776,306	8,988,722,814
Profit after taxation for the year	-	-	-	-	-	-	-	(26,565,678)	1,286,952,667	-	1,260,386,989
Other comprehensive (loss) / income for the year	-	-	-	1,321,960,733	(2,844,812)	(6,597,576)	-	6,824,380,850	8,137,889,175	2,137,776,306	10,275,675,481
Transfer of loss on sale of investment at fair value through OCI to un-appropriated profit	-	-	-	152,401,442	-	-	-	(152,401,442)	-	-	-
Share of decrease in reserves of associated companies under equity method	-	-	-	-	-	-	-	(933,343)	(933,343)	-	(933,343)
Transaction with owners	-	-	-	-	-	-	-	-	-	(86,000,000)	(86,000,000)
Interim dividend for the year ended 30 June 2021 @ Rs.0.98 per share-SWPCL	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 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	30,552,096,884	10,811,024,647	41,363,121,331
Total comprehensive income for the year ended 30 June 2022	-	-	-	-	-	-	-	11,576,522,891	11,576,522,891	3,431,157,554	15,007,680,445
Profit after taxation for the year	-	-	-	-	-	-	-	16,518,356	(1,585,359,052)	-	(1,568,840,696)
Other comprehensive income / (loss) for the year	-	-	-	(1,585,214,532)	51,213,354	(47,876,230)	-	11,593,041,247	10,011,163,839	3,431,157,554	13,442,321,393
Share of increase in reserves of associated companies under equity method	-	-	-	(1,585,214,532)	51,213,354	(47,876,230)	-	21,813	21,813	-	21,813
Transaction with owners	-	-	-	-	-	-	-	(925,346,860)	(925,346,860)	-	(925,346,860)
Final dividend for the year ended 30 June 2021 @ Rs.15 per share	-	-	-	-	-	-	-	-	-	(60,000,000)	(60,000,000)
First Interim dividend for the period ended 30 June 2022 @ Rs.0.61 per share-SWPCL	-	-	-	-	-	-	-	-	-	(1,243,375,000)	(1,243,375,000)
First Interim dividend for the period ended 30 June 2022 @ Rs.3.49 per share-TBCL	-	-	-	-	-	-	-	-	-	-	-
Second Interim dividend for the period ended 30 June 2022 @ Rs.0.46 per share-SWPCL	-	-	-	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Balance as at 30 June 2022	216,897,910	782,796,090	65,000,000	(2,587,900,529)	139,544,124	(66,128,276)	1,330,000,000	40,357,724,157	40,237,895,476	12,893,807,201	53,131,742,677

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chairman / Director



Chief Financial Officer



Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	8,217,136,272	14,379,752,316
Long term loans, advances and deposits		(215,798,299)	11,088,194
Finance cost paid		(4,388,112,363)	(3,812,879,699)
Staff retirement benefits - gratuity paid		(94,850,843)	(122,755,461)
Taxes paid		(3,754,737,228)	(1,382,759,560)
		(8,453,498,733)	(5,307,306,526)
Net cash (used in) / generated from operating activities (A)		(236,362,461)	9,072,445,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,152,728,639)	(3,304,636,027)
Purchase of intangibles		(17,213,981)	(1,781,200)
Investments in equity instruments		(290,091,075)	(124,849,802)
Dividend received from associates		10,579,924	51,445,000
Proceeds from disposal of property, plant and equipment		164,789,203	304,971,809
Proceeds from disposal of capital work in process		500,000,000	-
Proceeds from disposal of right-of-use of assets		329,979,484	2,879,067
Proceeds from sale of investments		-	244,552,083
Dividend received		697,251,942	602,532,388
Rent received		5,526,020	-
Interest received		167,399,835	82,581,034
Net cash used in investing activities (B)		(5,584,507,287)	(2,142,305,648)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		10,304,817,290	(568,882,020)
Proceeds from long term financing		4,576,917,082	3,180,296,339
Exchange gain / (loss) on translation of foreign subsidiary		7,100,744	(1,144,321)
Repayment of long term financing		(8,731,186,921)	(5,943,138,916)
Lease obligation		(650,200,076)	(655,264,108)
Dividend paid		(1,673,121,063)	(96,066,363)
Net cash generated from / (used in) financing activities (C)		3,834,327,056	(4,084,199,389)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(1,986,542,693)	2,845,940,753
Net foreign exchange difference		1,113,647,057	(307,015,074)
Cash and cash equivalents at the beginning of the year		8,769,532,457	6,230,606,778
Cash and cash equivalent at the end of the year	44	7,896,636,821	8,769,532,457

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Chairman / Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 and Yarn Dyeing Printing Processing and Home Textile	2-KM, Warburtan 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		2022	2021
		% of shareholding	% 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 (Pvt.) Limited	100%	-
(vi)	Sapphire Chemicals (Pvt.) Limited	100%	-
(vii)	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. SRL is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad through E-store.

ii) Sapphire 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.

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

- 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. Its registered office is located at c/o Petersen Søgade 15, 1. th. 6000 Kolding, Denmark.
- v) Sapphire Real Estate (Private) Limited is a wholly owned subsidiary formed during the current year for the purpose of investment in real estate projects.
- vi) Sapphire Chemicals (Private) Limited is a wholly owned subsidiary formed during the current year for the purpose of manufacture and sale of chemical products.
- vii) 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, Bhotian 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
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for recognition of certain employee benefits on the basis mentioned in note 6.13 and cash flow hedges that have been measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2022. 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.

4. SIGNIFICANT 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 reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates that have a significant risk and result in material adjustments to the

Company's financial statements or where judgments, that had the significant effect on the amounts that have been recognized in the period, were exercised in application of accounting policies are as follows:

4.1 Judgments

There is no significant judgement involves in preparation of these financial statements.

4.2 Significant estimates and assumptions

- a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 6.3, 6.4, 6.5, 7.1, 8 and 9]
- b) Provision for obsolete and slow moving stores, spares and loose tools [note 6.7 and 14]
- c) Net realizable values of stock-in-trade [note 6.8 and 15]
- d) Provision for expected credit loss [note 6.9 and 16]
- e) Provision for employees' retirement benefits [note 6.13 and 27.3]
- f) Provision for taxation [note 6.15 and 41]

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

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

The following amendments to the approved accounting and reporting standards, applicable in Pakistan, would be effective from the dates mentioned below against the respective standards and interpretation have not been adopted early by the Group:

Standard or Interpretation		IASB Effective date (annual periods beginning on or after)
IAS 1	Classification of liabilities are current or non-current --- (Amendments)	01 January 2023
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	01 January 2023
IAS 8	Definition of Accounting estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
IFRS 3	Reference to the conceptual framework	01 January 2022
IAS 16	Property, Plant & Equipment: Proceeds before Intended Use - Amendments to IAS 16	01 January 2022
IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 - May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
------------------	-----------------------------------------------------------------------------------------------------	-------------------

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

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2023.

The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

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

Standard	Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 - Insurance Contracts	01 January 2023

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

5.2 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:

	2022 Rupees	2021 Rupees
De-recognition of property, plant and equipment	(39,185,861,303)	(40,237,426,784)
De-recognition of trade debts	(2,716,570,929)	(2,029,176,658)
Recognition of lease debtor	42,695,751,310	42,925,951,902
	793,319,078	659,348,460
Decrease in un-appropriated profit at the beginning of the year	659,348,460	(330,026,513)
Decrease in profit for the year	133,970,618	989,374,974
Increase / (decrease) in un-appropriated profit at the end of the year	793,319,078	659,348,460

- 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 2022 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.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer is 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.

6.2 Investment in associates

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

The 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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, 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.

6.3 Property, plant and equipment

Owned assets

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

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

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

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

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

Capital work-in-progress

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

Major spare parts and stand-by equipment

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

6.4 Investment property

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

6.5 Intangible assets

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

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

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

6.6 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

6.7 Stores, spares and loose tools

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

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

6.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in note 6.23.1 (d)

6.10 Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

6.11 Borrowings

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

6.12 Government grant

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.

6.13 Employee benefits

6.13.1 Compensated absences

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

6.13.2 Defined benefit plan

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

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. The amounts 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:

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.

6.13.3 Defined Contribution Plan

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

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

6.14 Trade and other payables

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

6.15 Taxation

Current year

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

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

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

Deferred tax

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

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. It considers turnover trend of last three years as well as expected pattern of taxation of future years in order to recognize deferred tax.

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

6.16 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 using the estimated useful life of the asset. 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 other income in the statement of profit or loss 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.

6.16.1 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.

6.17 Dividend and appropriation to reserves

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

6.18 Provisions

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

6.19 Revenue recognition

Sale of goods

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.

(i) 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.

(ii) 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 in co-terms generally on date of bill of lading or delivery of the product to the port of destination. Therefore, export sales are recognized upon clearance of shipment at port of discharge.

(iii) 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 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 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 incomes are recognized on accrual basis.

6.20 Borrowing cost

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

6.21 Foreign currency transactions and translation

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

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.

6.22 Impairment of non financial assets

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

6.23 Financial instruments

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

6.23.1 Financial assets

(a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as explained in Note 6.19 Revenue recognition.

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.

b) Subsequent measurement

- For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)

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

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at 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.

Financial assets at fair value through OCI (debt instruments)

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are 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.

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are 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.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

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.

c) Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to 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.

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

6.23.2 Off-setting of financial assets and liabilities

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

6.23.3 Derivative financial instruments

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

a) Cash flow Hedges

The effective portion of the gain or loss on the hedging instrument is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

6.23.4 Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, unclaimed dividend, accrued interest, loans and borrowings including bank overdrafts and lease liabilities.

Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

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

b) Financial liabilities at amortized cost

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

Gains and losses are recognized in statement of profit or 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 comprehensive income.

This category generally applies to the liabilities as disclosed in Note 51.5.

6.24 Earnings per share - basic and diluted

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

6.25 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.

6.26 Related party transactions

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

	Note	2022 Rupees	2021 Rupees
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	70,591,084,199	60,563,772,273
Capital work-in-progress	7.6	3,672,796,973	1,725,130,337
Major spare parts and stand-by equipment	7.7	69,216,255	69,216,256
Right-of-use asset	7.8	2,745,690,434	2,525,760,356
		77,078,787,861	64,883,879,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

7.1 Operating fixed assets

	2022																		
	Land		Buildings on free - hold land				Buildings on lease - hold land				Plant and machinery				Total				
	Free - hold	Lease - hold	Factory building	Office building	Labour staff colony and others	Leased building improvements	Factory building	Labour staff colony and others	Leased building improvements	Plant and machinery	Electric installation	Fire fighting equipment	Electric equipment	Computer		Office equipment	Mills equipment	Furniture and fixtures	Vehicles
Balance as at 1 July 2021	631,913,479	137,013,177	3,333,044,862	597,145,565	420,773,248	1,871,391,296	107,892,467	640,634,849	71,446,991,571	683,122,374	29,909,840	500,160,229	275,219,790	52,182,158	120,992,504	514,176,770	307,194,704	81,669,758,883	
Cost	-	-	(1,567,873,029)	(205,026,847)	(106,200,615)	(491,664,839)	(42,544,181)	(345,795,083)	(17,247,479,299)	(813,489,018)	(10,722,191)	(190,666,153)	(170,020,494)	(40,362,111)	(60,777,639)	(149,141,106)	(172,224,042)	(21,105,996,610)	
Accumulated depreciation	631,913,479	137,013,177	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,766	54,199,512,273	369,633,356	19,187,649	319,494,076	105,199,306	11,820,047	60,214,871	365,035,664	134,970,682	60,569,772,273	
Net book value	-	-	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,766	54,199,512,273	369,633,356	19,187,649	319,494,076	105,199,306	11,820,047	60,214,871	365,035,664	134,970,682	60,569,772,273	
For the year ended 30 June 2022																			
Additions during the year																			
-Direct Additions	925,152,296	-	456,144,820	133,741,837	-	8,950,000	-	96,399,324	3,233,707,428	84,481,247	-	76,688,714	97,706,798	13,417,692	29,716,368	101,687,971	281,566,544	5,519,373,139	
-Net exchange gain capitalised (Note 7.3)	-	-	-	-	-	255,439,618	-	8,994,867,915	-	-	-	-	-	-	-	-	-	9,240,307,554	
-Adjustments	-	-	-	-	-	(1,132,595)	-	-	(37,636,551)	-	-	-	-	-	-	-	-	(38,788,146)	
Disposals:																			
- Cost	-	-	-	-	-	-	-	23,928,211	336,759,726	860,116	13,774,801	13,010,703	425,000	-	7,384,515	23,578,990	-	419,722,062	
- Depreciation	-	-	-	-	-	-	(12,587,865)	(254,535,843)	(344,970)	(9,408,625)	(10,736,099)	(365,698)	(2,704,109)	(16,431,879)	-	-	-	(307,135,084)	
Depreciation for the year	1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,554,640,934	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	333,276,918	70,591,084,199	
Balance as at 30 June 2022	1,557,065,775	137,013,177	3,789,189,882	730,887,502	420,773,248	2,134,646,319	107,892,467	713,105,962	83,291,171,637	766,753,505	29,909,840	563,074,142	359,915,885	65,174,650	150,708,872	608,480,226	545,184,268	95,970,949,347	
Cost	-	-	(1,763,745,049)	(227,994,584)	(123,829,247)	(591,139,980)	(45,485,550)	(398,460,799)	(20,847,209,347)	(344,019,179)	(12,603,699)	(216,517,532)	(207,720,866)	(42,774,285)	(66,099,501)	(186,380,200)	(211,505,340)	(25,375,865,148)	
Accumulated depreciation	1,557,065,775	137,013,177	2,025,444,633	502,892,918	296,944,001	1,553,506,339	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	333,276,918	70,591,084,199	
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	5 & 10	10	10	10 & 33.33	30	10 & 33.33	10	10 & 15	20		

2021

	Buildings on free - hold land		Buildings on lease - hold land					Total											
	Free - hold	Lease - hold	Factory building	Office building	Labour, staff canteen 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			
	355,295,557	115,088,377	3,160,225,121	584,895,494	420,773,248	1,935,285,782	107,892,467	682,975,329	72,398,219,611	680,458,156	29,100,420	458,232,140	248,271,358	54,338,311	116,018,158	464,070,744	292,924,712	82,084,015,965	
Cost	-	-	(1,379,222,976)	(184,519,143)	(91,749,424)	(401,061,238)	(99,448,003)	(328,471,126)	(13,808,432,273)	(287,020,510)	(8,824,174)	(1,42,936,424)	(158,373,307)	(42,286,290)	(56,497,442)	(119,826,298)	(151,395,194)	(17,200,063,822)	
Accumulated depreciation	355,295,557	115,088,377	1,781,002,145	400,376,351	329,023,824	1,534,225,524	66,444,464	334,504,203	58,589,787,338	393,437,646	20,276,246	315,295,716	89,898,051	12,052,021	59,520,716	344,244,446	141,529,518	64,889,952,143	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
For the year ended 30 June 2021																			
Additions																			
Additions during the year																			
-Direct Additions	357,010,858	21,974,800	172,819,741	12,250,071	-	8,000,000	-	61,040,068	2,069,141,790	3,701,889	1,009,620	57,655,930	53,794,781	4,061,262	7,714,423	67,884,549	34,107,200	2,391,166,982	
-Net exchange loss capitalised	-	-	-	-	(69,344,934)	-	-	(2,457,188,490)	-	-	-	-	-	-	-	-	-	-	(2,526,533,424)
-Adjustments	-	-	-	-	(2,550,532)	-	-	(87,342,167)	-	-	-	-	-	-	-	-	-	-	(89,892,699)
Disposals:																			
Exchange loss adjustment	80,392,936	-	-	-	-	-	-	83,380,548	474,839,173	1,037,671	200,200	15,727,841	26,846,349	6,217,415	2,740,077	17,778,523	19,837,208	728,997,941	
- Cost	-	-	-	-	-	-	(61,409,889)	-	(369,005,302)	(626,494)	(135,653)	(6,211,120)	(23,601,686)	(4,403,970)	(2,120,550)	(10,196,969)	(11,844,671)	(479,556,309)	
- Depreciation	80,392,936	-	-	-	-	-	-	31,970,659	105,833,871	411,177	64,547	9,516,721	3,244,663	1,813,445	619,527	7,581,555	7,992,537	249,441,638	
Depreciation for the year	-	-	(188,650,053)	(20,507,704)	(16,451,191)	(80,603,601)	(3,096,178)	(68,733,826)	(3,808,052,327)	(27,095,002)	(2,033,670)	(43,340,849)	(35,248,863)	(2,479,791)	(6,400,741)	(39,511,776)	(32,673,519)	(4,385,479,091)	
Balance as at 30 June 2021	631,913,479	137,013,177	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,786	54,199,512,273	369,633,356	19,187,649	319,494,076	105,199,306	11,820,047	60,214,871	365,035,664	134,970,662	60,563,772,273	
Cost	631,913,479	137,013,177	3,333,044,862	597,145,565	420,773,248	1,871,391,286	107,892,467	640,634,849	71,446,991,571	683,122,374	29,009,840	500,160,229	275,219,790	52,182,158	120,992,504	514,176,770	307,194,704	81,669,759,883	
Accumulated depreciation	-	-	(1,567,873,029)	(205,026,847)	(108,200,619)	(491,664,839)	(42,544,181)	(345,795,063)	(17,247,479,298)	(313,488,018)	(10,722,191)	(180,666,153)	(170,020,484)	(40,362,111)	(60,777,633)	(149,141,106)	(172,224,042)	(21,105,986,610)	
Net book value - 30 June 2021	631,913,479	137,013,177	1,765,171,833	392,118,718	312,572,633	1,379,726,457	65,346,286	294,839,786	54,199,512,273	369,633,356	19,187,649	319,494,076	105,199,306	11,820,047	60,214,871	365,035,664	134,970,662	60,563,772,273	
Depreciation rate % per annum	-	-	10	5	5	5 & 10	5	20	5 & 10	10	10	10 & 33.33	30	10 & 33.33	10	10 & 15	20		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

7.2 Freehold lands of the Holding Company are located at Sheikhpura, Kasur and Lahore with an area of 1,367,637 (2021: 1,228,215) square yards and leasehold lands of the Holding Company are located at Kotri, Nooriabad and Karachi with an area of 440,804 (2021: 440,804) square yards.

7.3 This represents exchange difference capitalised in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP (as fully explained in note 6.19 to these financial statements). Had the subsidiary companies followed IAS 21 "The Effects of Changes in Foreign Exchange Rates", the effect on the consolidated financial statements would have been as follows:

	Note	2022 Rupees	2021 Rupees
Statement of financial position:			
Decrease in the carrying amount of property, plant and equipment and un-appropriated profit as at 30 June		(19,496,090,262)	(10,914,947,674)
Statement of profit or loss:			
Increase / (decrease) in cost of sales		659,164,946	(260,273,192)
(Decrease) / Increase in other income		-	2,526,533,424
Increase in other expenses		(9,240,307,534)	-
(Decrease) / increase in profit for the year		(8,581,142,588)	2,266,260,232

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

Cost of sales	35	4,344,421,645	4,185,720,333
Distribution cost	36	147,539,325	134,321,511
Administrative expenses	37	89,052,653	65,437,247
		4,581,013,623	4,385,479,091

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

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyers / Relationship (if any)
Rupees							
Leased Building Improvement	23,928,211	12,587,865	11,340,346	-	(11,340,346)	Written off	Written off during the year
Plant and Machinery							
Auto cone murata mach coner	22,091,832	19,374,895	2,716,937	2,850,000	133,063	Negotiation	Beacon Impex (Pvt) Ltd
Blow room machinery	8,197,087	5,662,863	2,534,224	4,072,530	1,538,306	--- - do ---	Fatima Traders
Draw Frames B-II	26,028,470	24,097,861	1,930,609	1,700,000	(230,609)	--- - do ---	Ideal Trading Co
Blow room CVT-1 6 chamber	8,234,238	5,036,249	3,197,989	4,000,000	802,011	--- - do ---	Hanif Trading Corporation
Toyota compact devices	24,168,766	19,316,344	4,852,422	1,333,331	(3,519,091)	--- - do ---	Ibrahim Traders
Air compressor with air dryer	2,190,319	1,684,218	506,101	333,334	(172,767)	--- - do ---	Ibrahim Traders
Vision shield machine	7,138,305	6,276,079	862,226	903,732	41,506	--- - do ---	Abbas Corporation
Synchronizing system	6,000,000	3,565,708	2,434,292	2,551,474	117,182	--- - do ---	Abbas Corporation
Ring frame parts	10,245,662	8,176,424	2,069,238	2,083,000	13,762	--- - do ---	Nazir Ahmad
Boiler - DDFC	5,412,500	4,325,819	1,086,681	1,282,051	195,370	--- - do ---	Boiler Specialist
Air jet looms	22,892,320	19,099,271	3,793,049	6,000,000	2,206,951	--- - do ---	Bismillah Industries
Warping complete benninger	13,468,585	11,460,125	2,008,460	4,000,000	1,991,540	--- - do ---	AL-Rehman Textiles
Sizing machine	26,485,758	23,678,892	2,806,866	6,000,000	3,193,134	--- - do ---	AL-Rehman Textiles
Gas engine generator	4,700,000	2,505,082	2,194,918	2,299,145	104,227	--- - do ---	HF Traders
Boiler	2,962,963	1,115,083	1,847,880	1,900,000	52,120	--- - do ---	Combustion Solutions
Sampling machine	2,235,721	55,583	2,180,138	854,701	(1,325,437)	--- - do ---	Waqas Enterprises
Coal operated thermal oil heater	41,961,526	19,007,590	22,953,936	20,500,000	(2,453,936)	--- - do ---	Great Yumei Textile
Digital printing machine	42,606,869	25,918,610	16,688,259	17,284,474	596,215	--- - do ---	Office Automation Group
	277,020,921	200,356,696	76,664,225	79,947,772	3,283,547		
Vehicles							
Suzuki Cultus	1,250,000	722,000	528,000	528,000	-	As per Company Policy	Mr. Asad Abbas (Employee)
Hilux	1,960,000	1,439,775	520,225	1,155,000	634,775	Negotiation	Mr. Shahid Nazir
	3,210,000	2,161,775	1,048,225	1,683,000	634,775		
Other assets having book value less than Rs.500,000							
	115,562,930	92,028,748	23,534,182	24,669,923	1,135,741		
30 June 2022	419,722,062	307,135,084	112,586,978	106,300,695	(6,286,283)		
30 June 2021	728,997,941	479,556,303	249,441,638	304,971,809	55,530,171		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
7.6 Capital work-in-progress			
Freehold land and building		-	443,373,511
Civil works and buildings		1,299,204,315	296,416,131
Plant and machinery	7.6.1	2,326,866,270	978,153,620
Electric installations		21,376,195	3,032,075
Mills equipment		25,350,193	4,155,000
	7.6.2	3,672,796,973	1,725,130,337

7.6.1 Additions to capital work in progress include borrowing cost amounting to Rs.16,388,833 (2021: Rs.7,369,884) at the borrowing rate of 1.75% to 10.88% (2021: 1.75% to 8.49%) pe annum pertaining to the Holding Company.

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

	01 July 2021	Additions during the year	Transferred to operating fixed assets	30 June 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 installations	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

7.7 These spare parts and stand-by equipment are in the possession and control of SWPCL's (subsidiary company) O&M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the Company's plant as per the terms of the O&M Agreement dated 13 October 2011 and as amended by Novation Agreement dated 29 June 2018. 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.

7.8 Right-of-use asset

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year.

	Note	Land	Rented premises	Vehicles	Total
Rupees					
As at 01 July 2021		84,061,908	2,435,799,768	5,898,680	2,525,760,356
Additions during the year		-	977,978,412	26,650,800	1,004,629,212
Modifications during the year		-	2,845,102	-	2,845,102
Depreciation expense	7.8.4	(5,160,255)	(491,434,944)	(5,030,517)	(501,625,716)
Disposals / Terminations		-	(284,118,919)	(502,601)	(284,621,520)
Transfers during the year		-	-	(1,297,000)	(1,297,000)
As at 30 June 2022		78,901,653	2,641,069,419	25,719,362	2,745,690,434
As at 01 July 2020		62,302,227	2,030,074,549	9,397,474	2,101,774,250
Additions during the year		-	607,836,224	2,030,000	609,866,224
Modifications during the year		26,919,937	267,037,578	-	293,957,515
Depreciation expense	7.8.4	(5,160,256)	(396,141,129)	(1,345,625)	(402,647,010)
Disposals		-	(73,007,454)	(2,583,419)	(75,590,873)
Transfers during the year		-	-	(1,599,750)	(1,599,750)
As at 30 June 2021		84,061,908	2,435,799,768	5,898,680	2,525,760,356
		7.8.1	7.8.2	7.8.3	

7.8.1 This represents right of use assets 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 twenty years.

7.8.2 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. Lease term is for 5 years. Depreciation expense amounting to Rs 16,531,365 (2021:Nil) has been charged to administrative expenses.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

	Note	2022 Rupees	2021 Rupees
Cost of sales	35	6,222,822	5,709,333
Selling and distribution expenses	36	476,692,562	396,708,212
Administrative expenses	37	18,710,332	229,465
		501,625,716	402,647,010

8 INVESTMENT PROPERTY

Freehold land		31,750,000	31,750,000
---------------	--	-------------------	-------------------

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

8.2 Fair value of the investment property was carried out on 30 June 2022. As per the valuation report the fair value of the investment property as at 30 June 2022 was Rs.75 million (2021: Rs.75 million).

8.3 There is no rental income derived from investment property as at 30 June 2022 (2021: Nil).

9 INTANGIBLE ASSETS

Computer software	9.1	14,458,435	2,850,809
Goodwill	9.2	455,540,310	455,540,310
		469,998,745	458,391,119

9.1 Computer software

Net carrying value as at 01 July 2021

Net book value as at July 01		2,850,809	3,320,175
Addition during the year		17,213,981	1,781,200
Write-off		(938,644)	-
Amortization during the year	9.1.2	(4,667,711)	(2,250,566)

Net book value as at 30 June 2022		14,458,435	2,850,809
------------------------------------------	--	-------------------	------------------

Gross carrying value as at 30 June 2022

Cost		56,717,270	40,441,933
Accumulated amortization		(42,258,835)	(37,591,124)
Net book value as at 30 June 2022		14,458,435	2,850,809

Amortization rate % per annum		20 & 33.33	20 & 33.33
-------------------------------	--	-----------------------	-----------------------

9.1.1 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).

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

9.2 Goodwill represents excess of the amount paid by the Holding Company over fair value of net assets of TBCL (Subsidiary company) for the purchase of the Subsidiary Company in 2014. TBCL is considered a separate cash generating unit of the Group and there is no indicator of its impairment.

	Note	2022 Rupees	2021 Rupees
10 LONG TERM INVESTMENTS			
Related parties - under equity method			
Associates - listed	10.1	224,601,284	135,004,487
Associates - unlisted	10.2	1,677,837,014	1,191,605,300
		1,902,438,298	1,326,609,787
Other companies - Fair value through other comprehensive income	10.3	3,355,855,120	4,274,757,769
		5,258,293,418	5,601,367,556

10.1 Investments in associates - listed

2022	2021		2022	2021
No. of Shares		Name of Company	Rupees	Rupees
313,295	313,295	Reliance Cotton Spinning Mills Limited (RCSM) Equity Interest Held 3.04% (2021: 3.04%)	224,601,284	135,004,487

10.1.1 The breakup of equity investment is as follows:

Cost	8,461,851	8,461,851
Dividend received	(1,579,924)	-
Accumulated profit	217,719,357	126,542,636
	224,601,284	135,004,487

Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2021: 3.04%) of RCSM's issued, subscribed and paid-up capital as at 30 June 2022. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

10.2 Investments in associates - unlisted

2022	2021		Note	2022	2021
No. of Shares		Name of Company		Rupees	Rupees
4,234,500	4,234,500	Sapphire Power Generation Limited (SPGL) Equity Interest Held 26.43% (2021: 26.43%)	10.2.1	422,664,414	366,952,768
6,000,000	6,000,000	Sapphire Electric Company Limited (SECL) Equity Interest Held 1.42% (2021: 1.42%)	10.2.2	281,266,848	260,632,661
10,000	10,000	Sapphire Holding Limited (SHL) Equity Interest Held 0.05% (2021: 0.05%)	10.2.3	6,574,812	5,091,274
23,500,000	23,500,000	Sapphire Dairies (Private) Limited (SDL) Equity Interest Held 12.95% (2021: 12.95%)	10.2.4	447,519,763	277,065,409
3,675	3,675	Foreign Company - Creadore A/S Denmark (Creadore A/S) Beneficial ownership: Sapphire Textile Mills Limited - 49% (2021: 49%) and Beirholm Holding A/S, Denmark - 51% (2021:51%)	10.2.5	379,807,590	281,863,188
265,500	-	Creek Properties Private Limited (CRPL) Equity Interest Held 20.98% (2021: Nil)	10.2.6	140,003,587	-
			10.2.7	1,677,837,014	1,191,605,300

10.2.1 Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2021: 26.43%) of SPGL's issued, subscribed and paid-up capital as at 30 June 2022. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution.

10.2.2 Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2021: 1.42%) of SECL's issued, subscribed and paid-up capital as at 30 June 2022. 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.

10.2.3 Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2021: 0.05%) of SHL's issued, subscribed and paid-up capital as at 30 June 2022. SHL was incorporated in Pakistan as a public limited company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.

10.2.4 Investment in SDL represents 23,500,000 fully paid ordinary shares of Rs.10 each representing 12.95% (2021: 12.95%) of SDL's issued, subscribed and paid-up capital as at 30 June 2022. 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.

10.2.5 Investment in Creadore represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2021: 49%) of Creadore's share capital as at 30 June 2022. Creadore is principally engaged in product development and marketing of textiles for the global hotel industry.

10.2.6 Investment in Creek Properties Pvt Limited represents 265,500 fully paid ordinary shares of Rs. 10 each representing 20.98% (2021: Nil) of Creek Properties Pvt Limited as at 30 June 2022. Creek Properties is principally engaged in investments in real estate segments.

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

	30 June 2022					30 April 2022
	SPGL	SECL	SHL	SDL	CRPL	Creadore A/S
Rupees						
30 June 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
	<u>422,664,414</u>	<u>281,266,848</u>	<u>6,574,812</u>	<u>447,519,763</u>	<u>140,003,587</u>	<u>379,807,590</u>
30 June 2021						
Cost	113,705,500	60,000,000	100,000	235,000,000	-	58,708,925
Dividend received	(42,345,000)	(9,000,000)	(100,000)	-	-	-
Accumulated profit	295,592,268	209,632,661	5,091,274	42,065,409	-	223,154,263
	<u>366,952,768</u>	<u>260,632,661</u>	<u>5,091,274</u>	<u>277,065,409</u>	<u>-</u>	<u>281,863,188</u>

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

	30 June 2022						30 April 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
	<u>12,177,497,889</u>	<u>1,821,042,294</u>	<u>26,609,831,382</u>	<u>14,288,088,993</u>	<u>5,840,322,139</u>	<u>149,841,540</u>	<u>990,823,020</u>
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	<u>7,378,338,046</u>	<u>1,599,451,079</u>	<u>19,877,191,730</u>	<u>13,210,860,935</u>	<u>3,456,852,126</u>	<u>149,674,065</u>	<u>775,117,529</u>
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) / income	(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	<u>7,429,755,512</u>	<u>1,599,451,081</u>	<u>19,877,191,730</u>	<u>13,210,860,935</u>	<u>3,456,852,126</u>	<u>149,674,065</u>	<u>775,117,529</u>
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	-
Carrying amount of investment	<u>224,601,284</u>	<u>422,664,414</u>	<u>281,266,848</u>	<u>6,574,812</u>	<u>447,519,763</u>	<u>140,003,587</u>	<u>379,807,589</u>
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	<u>3,245,585,806</u>	<u>310,336,238</u>	<u>2,094,339,674</u>	<u>3,596,985,514</u>	<u>1,403,890,005</u>	<u>(417,010)</u>	<u>150,196,530</u>
Profit / (loss) after tax	<u>3,046,062,035</u>	<u>269,422,331</u>	<u>2,094,254,622</u>	<u>3,374,375,792</u>	<u>1,320,142,390</u>	<u>(417,010)</u>	<u>117,226,560</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

	30 June 2021					30 April 2021	
	RCSML	SPGL	SECL	SHL	SDL	CRPL	Creadore A/S
Rupees							
Summarized Statement of Financial Position							
Non-current assets	3,237,606,119	1,432,456,174	11,594,528,223	10,964,014,602	4,003,096,319	-	-
Current assets	4,457,376,641	134,830,966	14,560,447,011	127,996,875	601,346,368	-	770,428,935
	<u>7,694,982,760</u>	<u>1,567,287,140</u>	<u>26,154,975,234</u>	<u>11,092,011,477</u>	<u>4,604,442,687</u>	-	<u>770,428,935</u>
Non-current and current liabilities	3,259,973,649	178,660,654	7,736,006,105	862,047,477	2,464,259,775	-	195,197,940
Net assets	<u>4,435,009,111</u>	<u>1,388,626,486</u>	<u>18,418,969,129</u>	<u>10,229,964,000</u>	<u>2,140,182,912</u>	-	<u>575,230,995</u>
Reconciliation to carrying amount							
Opening net assets	3,066,468,311	1,396,784,637	16,528,221,113	8,684,510,412	1,452,856,368	-	657,103,186
Right shares issued	-	-	-	-	650,037,500	-	-
Profit / (loss) for the year	1,330,697,754	116,088,778	2,526,780,052	1,496,229,282	38,279,017	-	(78,401,800)
Other comprehensive income / (loss)	38,893,615	36,004,412	-	250,184,598	(989,973)	-	-
Other adjustments	(1,050,569)	(8,951)	-	(28,892)	-	-	(3,470,391)
Dividend paid during the year	-	(160,242,390)	(636,032,036)	(200,931,400)	-	-	-
Closing net assets	<u>4,435,009,111</u>	<u>1,388,626,486</u>	<u>18,418,969,129</u>	<u>10,229,964,000</u>	<u>2,140,182,912</u>	-	<u>575,230,995</u>
Group's share (percentage)	3.04%	26.43%	1.42%	0.05%	12.95%	-	49.00%
Carrying amount of investment	<u>135,004,487</u>	<u>366,952,768</u>	<u>260,632,661</u>	<u>5,091,274</u>	<u>277,065,409</u>	-	<u>281,863,188</u>
Summarized Statement of Profit or Loss							
Revenue	7,681,902,021	-	12,183,853,121	6,601,994	1,875,536,135	-	308,313,360
Profit / (loss) before tax	<u>1,432,453,958</u>	<u>148,611,704</u>	<u>2,526,861,242</u>	<u>1,646,102,515</u>	<u>68,324,591</u>	-	<u>(101,072,200)</u>
Profit / (loss) after tax	<u>1,330,697,754</u>	<u>116,088,778</u>	<u>2,526,780,052</u>	<u>1,496,229,282</u>	<u>38,279,017</u>	-	<u>(78,401,800)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
11 LONG TERM LOANS AND ADVANCES			
Loan to employees	11.1	60,750,119	27,846,483
Advances for land	11.1.2	225,499,428	66,072,498
Advances for vehicles		6,449,000	6,700,000
		292,698,547	100,618,981
11.1 Loan to employees - unsecured (considered good)			
Loans to employees	11.1.1	84,224,012	47,723,771
Current portion of loans shown under current assets	17	(23,473,893)	(19,877,288)
		60,750,119	27,846,483
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.			
11.1.2 This represents the advance paid for purchase of land for construction and expansion of existing factory at Sheikhpura.			
12 LONG TERM DEPOSITS			
Security deposits			
Water and Power Development Authority		85,830,588	85,830,588
Sui Northern Gas Pipelines Limited		1,344,000	1,097,000
Others	12.1	26,934,924	3,463,191
		114,109,512	90,390,779
12.1 It includes an amount of Rs.36,000 (2021: Rs.36,000) deposited with Yousuf Agencies (Private) Limited - related party by the Holding Company.			
13 DEFERRED TAX ASSET			
Deferred tax (liability) / asset as at year end comprises of temporary differences relating to:			
Accelerated tax depreciation - property and equipment		(51,065,902)	(51,724,735)
Leases - net		91,979,848	43,994,624
Provision for net realizable value		27,455,980	8,598,821
Provision for staff retirements benefits - gratuity		5,150,395	1,698,202
Provision for leave encashment		8,783,235	4,451,389
Minimum tax available for carry forward		-	69,350,256
Alternative corporate tax		23,481,649	-
Business loss carry forward		-	43,809,914
Unrealized gain on inventory		19,457,484	-
		125,242,689	120,178,471

Expiry of tax losses (excluding depreciation) and minimum tax credits for which no deferred tax asset has been recognized is as follows:

Tax Year	Nature	2022 Rupees	2021 Rupees
2024	Minimum tax credit	-	17,102,465
2025	Minimum tax credit	-	33,169,305
2026	Minimum tax credit	-	45,132,718
		-	95,404,488
2032	Alternate corporate tax	-	64,177,450
		-	159,581,938

	Note	2022 Rupees	2021 Rupees
14 STORES, SPARES AND LOOSE TOOLS			
Stores	14.1	593,383,336	484,859,804
Spares - in hand		191,069,582	230,909,041
Stores and spares - in transit		59,272,295	71,235,873
Loose tools		195,584	554,486
		843,920,797	787,559,204
Less: Provision for slow moving stores, spares and loose tools	14.2	(39,283,152)	(68,286,040)
		804,637,645	719,273,164

- 14.1** This includes stores and spares amounting to Rs.111.051 million (2021: Rs.111.051 million) of SWPCL (Subsidiary Company) which are in the possession and control of the subsidiary companies' O & M contractor, General Electric, for smooth and uninterrupted operation and maintenance of the subsidiary 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 company on the expiry of the O & M Agreement i.e eight years from the Taking-Over Date.

This also includes spare parts and stand-by equipment of Rs.122.975 million (2021: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
14.2 Provision for slow moving stores, spares and loose tools			
Balance at the beginning of the year		68,286,040	54,628,399
(Reversal of) / provision made during the year - net	39 / 38	(29,002,888)	13,657,641
Balance at the end of the year		39,283,152	68,286,040
15 STOCK IN TRADE			
Raw material - in hand	35.1	16,533,577,569	9,657,609,903
Raw material - in transit		1,193,299,304	539,874,635
		17,726,876,873	10,197,484,538
Work in process	35	3,328,083,871	2,198,860,677
Finished goods - manufactured		4,837,104,448	3,193,219,061
Provision for obsolete stock		-	(31,211,692)
		4,837,104,448	3,162,007,369
Finished goods - purchased for resale		3,318,947,134	515,681,721
Provision for obsolete stock		(87,578,882)	-
		3,231,368,252	515,681,721
Waste	35	52,627,180	83,843,833
		29,176,060,624	16,157,878,138

15.1 Stock in trade include items valued at Net Realizable value (NRV). The write down to NRV amounting Rs.536.563 million (2021: Rs.31.211 million) has been recognized in cost of goods sold. Detail of provision against NRV is as follows:

	Note	2022 Rupees	2021 Rupees
Raw material			
Opening		-	-
Less: Reversal made during the year		428,584,228	-
Closing		428,584,228	-
Finished goods - manufactured			
Opening		31,211,692	-
Provision made during the year		20,399,399	31,211,692
Reversal made during the year		(31,211,692)	-
Closing		20,399,399	31,211,692
Finished goods - purchased for resale			
Opening balance		-	-
Add: Provision for the year		87,578,882	-
Closing balance		87,578,882	-
16 TRADE DEBTS			
Considered good			
Foreign debts		1,116,978,858	579,205,816
CPPA-G	16.1	14,573,157,218	9,397,061,951
Other domestic debts	16.2 & 16.3	3,956,258,481	2,005,442,270
Waste		39,963,209	22,475,466
Others		25,440,799	9,900,722
		19,711,798,565	12,014,086,225
Less: Provision for expected credit loss	16.6	(42,349,160)	(37,098,930)
		19,669,449,405	11,976,987,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

16.1 These include amount of Rs.3,484.069 million (2021: Rs.2,660.754 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 11.89% to 19.52% (2021: 11.43% to 18.08%) per annum. These include unbilled receivables aggregating to Rs.759.106 million (2021: Rs.623.88 million).

These also include amount of Rs 11,089.088 million (2021: Rs. 6,736.308 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 9.39% to 12.75% (2021: 9.03% to 15.85%) per annum. These include unbilled receivables aggregating to Rs.306.17 million (2021: Rs.72.770 million).

16.2 Domestic debts include amount of Rs.1,371,646,032 (2021: Rs.930,365,653) receivable against indirect export sales.

	2022 Rupees	2021 Rupees
16.3 Due from related parties- Domestic debts		
Diamond Fabrics Limited	204,655,350	12,483,026
Sapphire Fibres Limited	182,754	30,326
Reliance Cotton Mills Limited	349,030	45,630
Sapphire Finishing Mills Limited	648,462,014	231,815,855
	853,649,148	244,374,837

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					
30 June 2022	853,649,148	598,153,131	252,870,342	1,797,377	781,988	46,310
30 June 2021	244,374,837	231,897,771	12,241,820	70,335	57,994	106,917

16.5 Maximum amount due from related parties during the year, calculated by reference to month-end balances, was Rs.1,008,482,756 (2021: Rs.579,498,801).

	Note	2022 Rupees	2021 Rupees
16.6 Provision for expected credit loss			
Balance at the beginning of the year		37,098,930	36,773,217
Charge during the year	38	5,250,230	325,713
Balance at the end of the year		42,349,160	37,098,930
17 LOANS AND ADVANCES			
Advances to suppliers - unsecured		148,628,288	68,529,666
Current portion of long term loans to employees	11.1	23,473,893	19,877,288
Short term loans to employees - unsecured		28,472,124	11,459,990
		200,574,305	99,866,944
18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		90,509,502	137,946,295
Prepayments		53,356,965	47,228,197
		143,866,467	185,174,492
19 OTHER RECEIVABLES			
Claims receivable		3,775,750	2,378,235
Deposits with High Court		19,430,291	19,430,291
Margin deposit		7,168,259	-
Export rebate receivable		38,157,830	124,613,112
Dividend receivable		-	54,888,084
Receivable against sale of fixed assets		246,170	1,949,225
Claims recoverable from NTDC against WPPF for pass through items	19.1	931,630,497	758,210,305
Receivables from CPPA-G by TBCL (Subsidiary Company)	19.2	296,351,598	261,628,569
Rent receivable		515,640	-
Other receivables - considered good		1,447,168	103,080
		1,298,723,203	1,223,200,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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. 163.027 million (2021: Rs.211.667 million) and Rs.768.603 million (2021: Rs.339.200 million). Movement of WPPF is as follows:

	Note	2022 Rupees	2021 Rupees
Opening balance		758,210,305	498,906,164
Accrued for the year	32.3	323,318,542	269,111,186
Received during the year		(149,898,350)	(8,351,751)
Written off during the year		-	(1,455,294)
Closing balance		931,630,497	758,210,305

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.

20 SHORT TERM INVESTMENTS

Investments at fair value through other comprehensive income (FVOCI)	20.1	2,988,280,554	3,487,399,522
----------------------------------------------------------------------	------	---------------	---------------

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

2022	2021		2022	2022	2021
No. of Shares		Name of Company	Cost	Fair value Rupees	
26,985,346	26,985,346	Bank Al-Habib Limited	1,105,332,382	1,566,769,189	1,892,212,462
4,574,007	4,574,007	Engro Corporation (Pakistan) Limited	1,293,345,025	1,175,931,460	1,347,548,202
597,500	597,500	Engro Fertilizer Limited	38,557,257	52,962,400	41,986,324
197,000	197,000	Oil and Gas Development Company Limited	20,490,173	15,497,990	18,720,910
288,000	288,000	Fauji Fertilizer Company Limited	31,509,886	31,743,360	30,556,797
1,022,120	888,800	Meezan Bank Limited	70,864,861	115,479,118	102,576,407
58,500	58,500	Lucky Cement Limited	41,274,019	26,853,840	50,511,240
26,900	26,900	United Bank Limited	4,093,970	3,043,197	3,287,180
			2,605,467,573	2,988,280,554	3,487,399,522
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	-	-
			2,622,908,943	2,988,280,554	3,487,399,522

20.2 The movement during the year is as follows:

	Note	2022 Rupees	2021 Rupees
Opening balance		3,487,399,522	2,907,225,380
Fair value (loss) / gain on remeasurement of investment through OCI		(499,118,968)	580,336,057
Addition during the year		-	124,849,802
Disposal during the year		-	(125,011,717)
Closing balance		2,988,280,554	3,487,399,522

20.3 The Company has pledged 0.837 million (2021: Nil) shares of Engro Corporation (Pakistan) Limited, 6.880 million (2021: 12.906 million) shares of Bank AL-Habib Limited with various financial institutions for arrangement of finance facilities.

20.4 The Company has pledged 0.065 million (2021: 3.736 million) shares of Engro Corporation Limited and 0.253 million (2021: 7.200 million) shares of Bank AL-Habib Limited with Standard Chartered Bank as security for issuance of standby letter of credit amounting to US \$ 0.291 million in favour of a financial institution for Debt Service Reserve support for Triconboston Consulting Corporation (Private) Limited (2021: US \$ 8.791 million).

21 TAX REFUNDS DUE FROM GOVERNMENT

Income tax	21.1	484,503,481	900,324,572
Sales tax receivable		4,046,170,095	1,627,657,974
Less: provision against doubtful sales tax refunds	21.2	(508,576,045)	(372,570,600)
		3,537,594,050	1,255,087,374
		4,022,097,531	2,155,411,946
21.1 Income tax - net			
Advance income tax / refundable		2,025,143,075	1,475,670,211
Provision for taxation	21.1.1	(1,540,639,594)	(575,345,639)
		484,503,481	900,324,572
21.1.1 Provision for taxation			
Balance at the beginning of the year		575,345,639	431,744,094
Provision for the year	41	1,752,046,198	647,657,372
		2,327,391,837	1,079,401,466
Less: Advance tax adjusted during the year against completed assessments		(786,752,243)	(504,055,827)
		1,540,639,594	575,345,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
21.2 Provision against doubtful sales tax refunds			
Balance at the beginning of the year		372,570,600	324,969,127
Provision made during the year	38	136,005,445	47,601,473
Balance at the end of the year		508,576,045	372,570,600
22 CASH AND BANK BALANCES			
Cash in hand		101,526,152	46,579,764
Bank balances			
Local Currency			
Current accounts		748,297,977	4,733,040,718
Saving account	22.1	6,310,499	39,326,371
		754,608,476	4,772,367,089
Foreign currency-current accounts			
Sapphire Textile Mills Limited (USD)	22.2	99,976,513	41,777,872
Sapphire Textile Mills Limited (EUR)	22.3	2,388,827	-
Foreign currency-saving accounts (USD)			
Sapphire Wind Power Company Limited (SWPCL)	22.4	2,076,641,171	1,594,155,306
Tricon Boston Consulting Corporation (Private) Limited (TBCL)	22.5	4,861,495,682	2,314,843,180
		6,938,136,853	3,908,998,486
		7,896,636,821	8,769,723,211

22.1 Balances with banks carry profit at the rate ranging from 5.50% to 12.25% (2021: 5.50% to 6.50%) per annum.

22.2 Cash at bank in USD account includes USD \$ 269,886 (2021: USD \$ 151,197) related to Holding Company and amount of USD \$ 216,354 (2021: USD \$ 113,375) pertaining to Sapphire International Aps (Subsidiary Company).

22.3 Cash at bank on EURO account was EURO 11,098 (2021: EURO Nil).

22.4 This includes the following balances as at 30 June 2022 held in various accounts, mentioned below, established and maintained by the subsidiary company in pursuance to the Finance Agreement dated 31 March 2014 entered into by the Company with OPIC and the Accounts Agreement dated 07 May 2014 entered into by the subsidiary company with OPIC and various branches of CitiBank, N.A.:

USD \$ 9.465 million equivalent to Rs 1,945.083 million (2021: USD 9.462 million equivalent to Rs 1,493.045 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 \$ 0.640 million equivalent to Rs 131.558 million (2021: USD 0.640 million equivalent to Rs 100.992 million) in Dollar Maintenance Reserve account for payments against O & M Agreements.

Profit on balances on these accounts was in ranging from 8.25% to 12.25% (2021: Nil) per annum.

- 22.5** This represents balances as at June 30, 2022 held in various accounts, established and maintained by the Subsidiary Company pursuant to the Common Terms Agreement dated April 21, 2017 entered into by the Company with various branches of Citibank, N.A. An amount of USD 23.63 million equivalent to Rs. 4,855.63 million (2021: USD 14.39 million equivalent to Rs 2,270.89 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.

23 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022		2021	
No. of Shares		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** 6,722,155 (2021: 6,716,694) shares of the Holding Company are held by associated companies as at the reporting date.

		Note	2022	2021
			Rupees	Rupees
24	RESERVES			
	Capital reserves	24.1	(1,740,104,439)	(154,889,907)
	Revenue reserves	24.2	41,761,142,005	30,490,088,681
			40,021,037,566	30,335,198,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
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	(2,587,900,529)	(1,002,685,997)
		<u>(1,740,104,439)</u>	<u>(154,889,907)</u>

24.1.1 This reserve can be utilized by the Holding Company only for the 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 the unrealized loss on re-measurement of investments at fair value through OCI.

24.2	Composition of revenue reserves is as follows:		
General reserves	24.2.1	1,330,000,000	1,330,000,000
Unappropriated profit	24.2.2	40,357,724,157	29,090,007,957
Unrealized gain on translation of foreign operation		139,544,124	88,330,770
Cash flow hedge reserve	24.2.3	(66,126,276)	(18,250,046)
		<u>41,761,142,005</u>	<u>30,490,088,681</u>

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.

24.2.3	Losses on cash flow hedge:		
Loss arising during the year			
Less: Reclassification for losses included in profit or loss		(66,407,961)	(18,518,642)
		<u>18,518,642</u>	<u>12,941,707</u>
		<u>(47,889,319)</u>	<u>(5,576,935)</u>

25	LONG TERM LOANS AND OTHER PAYABLES		
Long term loans	25.1	50,467,402,598	46,078,481,186
Gas Infrastructure Development Cess Payable	25.2	245,850,805	446,647,200
		<u>50,713,253,403</u>	<u>46,525,128,386</u>

	Note	2022 Rupees	2021 Rupees
25.1 Long term loans			
Loans from banking companies - secured	25.1.1	18,069,599,855	17,286,528,139
Loans from International Development Finance Corporation	25.1.2	7,245,061,342	7,105,883,919
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	25.1.3	34,293,306,665	29,617,713,365
		59,607,967,862	54,010,125,423
Less: Current portion of long term loans			
Loans from banking companies - secured	25.1.1	2,542,077,264	3,046,237,331
Loans from International Development Finance Corporation	25.1.2	2,031,229,816	1,555,648,891
Loans from International Finance Corporation, Asian Development Bank, Islamic Development Bank and DEG	25.1.3	4,567,258,184	3,329,758,015
	28	9,140,565,264	7,931,644,237
		50,467,402,598	46,078,481,186
25.1.1 Loans from banking companies - secured			
Allied Bank Limited	25.1.1.1	3,983,284,650	4,290,951,628
Bank Alfalah Limited - Related Party	25.1.1.2	998,931,832	1,109,534,310
Bank Al-Habib Limited	25.1.1.3	2,023,738,339	1,552,860,238
Faysal Bank Limited	25.1.1.4	31,250,000	65,378,000
Habib Bank Limited	25.1.1.5	6,491,977,992	7,381,105,049
Meezan Bank Limited	25.1.1.6	1,056,258,813	267,187,500
MCB Bank Limited	25.1.1.7	797,109,901	1,133,964,936
United Bank Limited	25.1.1.8	1,704,473,059	1,023,847,054
The Bank of Punjab	25.1.1.9	453,163,119	461,699,424
		17,540,187,705	17,286,528,139
Loans from other institutions - secured			
Pakistan Kuwait Investment Company (Private) Limited	25.1.1.10	366,742,150	-
Pakistan China Investment Company (Private) Limited	25.1.1.11	162,670,000	-
		529,412,150	-
		18,069,599,855	17,286,528,139
Add: Accrued mark-up	29	351,700,233	198,775,182
		18,421,300,088	17,485,303,321
Less: Current portion shown under current liabilities		(2,542,077,264)	(3,046,237,331)
Less: Accrued mark-up		(351,700,233)	(198,775,182)
		15,527,522,591	14,240,290,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25.1.1.1 For the Holding Company, these loans carry mark-up ranging from 1.00% to 11.57% (2021: 1.00% to 8.49%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.5,185 million (2021: Rs.5,027 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.783.047 million (2021: Rs.1,057.375 million) as on reporting date.

SRL (Subsidiary Company) obtained the long term loan from Allied Bank to pay salaries and wages of employees for months affected by COVID-19. The facility is for 2.5 years tenure and principal will be repaid in 8 equal quarterly instalments after 31 January 2021. The markup rate is ranging from 0.60% to 1.00% (2021: 0.60% to 1.00%) per annum. The loan is secured against the current assets of the Company.

25.1.1.2 These loans carry mark-up of 1.75% to 2.75% (2021: 1.75% to 2.75%) obtained in different tranches and are repayable in quarterly instalments ranging from 16 to 32. These loans are secured against exclusive hypothecation charge of Rs.1,352.95 (2021: Rs.1,352.95 million) over specific plant & machinery.

25.1.1.3 For the Holding Company, these loans carry mark-up ranging from 2.50% to 15.02% (2021: 2.50% to 11.19%) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.2,347 million (2021: Rs.328 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs.1,828.786 million (2021: Rs.2,433.638 million) as on reporting date.

25.1.1.4 These loans carry mark-up ranging from 2.50% to 6.50% (2021: 2.50% to 6.50%) obtained in different tranches and are repayable in 24 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.228.033 million (2021: Rs.228.033 million) over specific plant & machinery.

25.1.1.5 These loans carry mark-up ranging from 0.60% to 15.28% (2021: 0.60% to 11.51%) obtained in different tranches and are repayable in quarterly instalments ranging from 4 to 32. These loans are secured against exclusive hypothecation charge of Rs.10,649.730 million (2021: Rs.9,211.730 million) over specific plant & machinery and pledge of shares of blue chip companies held by the Company having market value Rs. Nil (2021: Rs.904.957million) as on reporting date.

25.1.1.6 For the Holding Company, these loans carry mark-up at the rate of 3.00% to 3.50% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,734 million (2021: Nil) over specific plant & machinery.

SRL (Subsidiary Company) has obtained loan for 10 years including 2 years grace period and the principal has been repaid during the year in a single lump sum instalment. Mark-up was payable quarterly at a rate of KIBOR + 0.45% per annum. The Company obtained long term facility from Meezan Bank Limited in July 2016 for the purchase of land, building and its commercialization fee. The facility was secured against first charge over the purchased land and building of the Company.

25.1.1.7 These loans carry mark-up ranging from 1.50% to 2.50% (2021: 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.2,582 million (2021: Rs.1,318.9 million) over specific plant & machinery.

25.1.1.8 For the Holding Company, these loans carry mark-up at the rate of 2.50% (2021: 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 (2021: 1,463 million) over specific plant & machinery.

SRL (Subsidiary Company) has obtained the long term loan from United Bank Limited during the 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 months 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.

25.1.1.9 These loans includes 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 loans are secured against exclusive mortgagee charge amounting to Rs.521 million (2021: Rs 521 million) over lands and charge of Rs.1,855 million (2021: Rs 679 million) over plant and machinery owned by the Company.

It includes long term loan from The Bank of Punjab by SRL (Subsidiary Company) outstanding amounting Rs.85.714 million (2021:Rs.128.57 million) to meet its long term capital requirements. The facility is for 4 years tenure including 6 months grace period after which principal is repayable in equal quarterly instalments. The markup rate is 3 months KIBOR + 1.25% per annum. The loan is secured against the first charge of Rs. 172,000,000 (2021:Rs. 400 million) over present and future moveable fixed assets of the subsidiary Company.

25.1.1.10 These loans carry mark-up at rate of 5.00% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs.1,176.471 million (2021: Nil) over specific plant and machinery.

25.1.1.11 These loans carry mark-up at rate of 5.00% (2021: Nil) obtained in different tranches and are repayable in 32 quarterly instalments. These loans are secured against exclusive hypothecation charge of Rs. 191.376 million (2021: Nil) over specific plant and machinery.

	2022 Rupees	2021 Rupees
25.1.2 Loans from International Development Finance Corporation (IDFC)		
Opening balance	7,105,883,919	9,241,209,462
Exchange loss / (gain)	1,880,402,687	(568,297,619)
Amortization of transaction cost	22,641,684	22,641,684
	9,008,928,290	8,695,553,527
Repaid during the year	(1,763,866,948)	(1,589,669,608)
	7,245,061,342	7,105,883,919
Less: Current portion shown under current liabilities	(2,031,229,816)	(1,555,648,891)
	5,213,831,526	5,550,235,028

This represents long term finance facility of USD 95 million obtained from IDFC for the construction of the wind power project at Jhampir 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 3.90% to 4.84% (2021: 3.90% to 5.02%). As of 30 June 2022, the principal amount of USD 35.531 million is repayable in nine unequal semi annual instalments ending on 10 October 2025 in accordance with the amortization schedule provided by IDFC.

**25.1.3 Loans from International Finance Corporation,
Asian Development Bank, Islamic Development Bank
and DEG**

Opening balance	29,617,713,365	34,961,291,514
Amortization of transaction cost	38,914,836	38,914,836
Exchange loss / (gain)	8,439,559,128	(2,142,860,632)
	38,096,187,329	32,857,345,718
Repaid during the period	(3,802,880,664)	(3,239,632,353)
	34,293,306,665	29,617,713,365
Less: Current portion shown under current liabilities	(4,567,258,184)	(3,329,758,015)
	29,726,048,481	26,287,955,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

This represents long term finance facility of USD 237.60 million obtained from IFC, ADB, ISDB and DEG for the construction of the projects at Jhimpir in accordance with the Facility Agreements. The security for the loan includes all the current and future assets of TBCL (Subsidiary Company). It carries markup, payable quarterly, at the rate of 3 months London Inter-Bank Offered Rate ('LIBOR') plus 4.5% fee per annum. The principal amount is repayable in 13 unequal semi annual instalments ending on September 2028.

	Note	2022 Rupees	2021 Rupees
25.2 GAS INFRASTRUCTURE DEVELOPMENT CESS PAYABLE			
Gas Infrastructure Development Cess payable		950,772,005	902,772,683
Less: current portion shown under current liabilities	28	(704,921,200)	(456,125,483)
		245,850,805	446,647,200
25.2.1 Movement in Gas Infrastructure Development Cess payable			
Balance at the beginning of the year		902,772,683	964,871,613
Provision during the year		-	30,311,257
Effect of discounting		-	(147,193,002)
Unwinding of interest		47,999,322	54,782,815
		950,772,005	902,772,683

The Honourable Supreme Court of Pakistan (SCP) vide its judgement dated 13 August 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 Honourable 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 Company.

26 LEASE LIABILITIES			
Land	26.1	47,837,772	82,202,699
Rented premises	26.2	2,947,138,684	2,597,387,259
Vehicles	26.2	16,982,473	4,001,293
		3,011,958,929	2,683,591,251
Current portion shown under current liabilities			
Land		(2,744,000)	(41,264,000)
Rented premises		(342,126,299)	(271,228,164)
Vehicles		(6,754,946)	(1,486,524)
		(351,625,245)	(313,978,688)
		2,660,333,684	2,369,612,563

- 26.1 Set out below are the carrying amounts of lease liabilities recognized in respect of land and the movements during the year:

	2022		
	SWPCL	TBCL	Total
	Rupees		
Balance as on 01 July 2021	24,632,627	57,570,072	82,202,699
Recognised during the year			
Payments made during the year	(2,744,000)	(38,520,000)	(41,264,000)
Lease modification	-	-	-
Unwinding of lease liability	3,582,117	3,316,956	6,899,073
	25,470,744	22,367,028	47,837,772
Current portion shown under current liabilities	(2,744,000)	-	(2,744,000)
Balance as at 30 June 2022	22,726,744	22,367,028	45,093,772
Note reference	26.1.1	26.1.2	
	2021		
Balance as on 01 July 2020	23,905,409	25,679,488	49,584,897
Payments made during the year	(2,744,000)	-	(2,744,000)
Lease modification	-	26,919,937	26,919,937
Unwinding of lease liability	3,471,218	4,970,647	8,441,865
	24,632,627	57,570,072	82,202,699
Current portion shown under current liabilities	(2,744,000)	(38,520,000.00)	(41,264,000)
Balance as at 30 June 2021	21,888,627	19,050,072	40,938,699
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022 Rupees	2021 Rupees
26.1.3 Maturity analysis as at 30 June 2022		
Not later than 1 year	2,744,000	41,264,000
Later than 1 year but not later than 5 years	10,976,000	10,976,000
Later than 5 years	75,912,617	108,584,814
	89,632,617	160,824,814
Future finance charge	(41,794,845)	(78,622,115)
	47,837,772	82,202,699
Present value of finance lease liabilities	(2,744,000)	(41,264,000)
	45,093,772	40,938,699

26.2 Set out below are the carrying amounts of lease liabilities recognized and the movements during the year.

	2022		
	Rented premises	Vehicles	Total
	Rupees	Rupees	Rupees
As at 01 July 2021	2,597,387,259	4,001,293	2,601,388,552
Additions during the year	914,406,807	22,653,180	937,059,987
Modification	6,444,386	-	6,444,386
Accretion of interest	281,494,241	2,038,753	283,532,994
Disposals	(312,567,145)	(1,151,067)	(313,718,212)
Rental waivers	(9,219,699)	-	(9,219,699)
Rental payments	(530,807,165)	(10,559,686)	(541,366,851)
As at 30 June 2022	2,947,138,684	16,982,473	2,964,121,157
Current portion shown under current liabilities	(342,126,299)	(6,754,946)	(348,881,245)
Balance as at 30 June 2022	2,605,012,385	10,227,527	2,615,239,912

	2021		
	Rented premises	Vehicles	Total
	Rupees	Rupees	Rupees
As at 01 July 2020	2,120,540,012	7,635,092	2,128,175,104
Additions during the year	591,981,225	2,030,000	594,011,225
Modification	150,695,989	-	150,695,989
Accretion of interest	282,947,892	493,315	283,441,207
Disposals	(83,509,176)	(3,530,516)	(87,039,692)
Rental payments	(465,268,683)	(2,626,598)	(467,895,281)
As at 30 June 2021	2,597,387,259	4,001,293	2,601,388,552
Current portion shown under current liabilities	(271,228,164)	(1,486,523)	(272,714,687)
Balance as at 30 June 2021	2,326,159,095	2,514,770	2,328,673,865

26.2.1 The maturity analysis of lease liabilities is as follows:

	Note	2022	2021
		Rupees	Rupees
Not later than 1 year		353,532,941	518,347,948
Later than 1 year but not later than 5 years		1,388,271,497	2,070,053,244
Later than 5 years		1,233,867,616	1,084,708,071
		2,975,672,054	3,673,109,263
Future finance charge		(11,550,897)	(1,071,720,711)
		2,964,121,157	2,601,388,552
Present value of finance lease liabilities		(348,881,245)	(272,714,688)
		2,615,239,912	2,328,673,864
27 DEFERRED LIABILITIES			
Deferred taxation	27.1	32,420,915	18,981,395
Deferred Government grant under SBP TERF scheme	27.2	376,597,594	-
Deferred Government grant salary loan		-	5,761,806
Staff retirement benefits - gratuity	27.3	383,178,025	337,535,758
		792,196,534	362,278,959
27.1 Deferred taxation			
Deferred tax liability as at year end comprises of temporary differences relating to:			
Investment in associates		32,420,915	18,981,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

27.1.1 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. 143.940 million (2021: Rs. 93.566 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 2022 or 2021 by the Group to its shareholders.

27.1.2 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, deferred tax liability has been reversed in the financial statements.

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.

In respect of deferred taxation of the Group's tax retail company, refer to note 13.

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

27.2 As disclosed in Note 25 of the financial statements, the Holding Company has obtained loan from various banks during the 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. 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.

	Note	2022 Rupees	2021 Rupees
Movement during the year is as follows:			
Opening balance		-	-
Amount recognized as deferred grant during the year		629,406,057	-
Amount recognized as income during the year		(141,603,867)	-
Closing balance		487,802,190	-
Less: Current portion	26	(111,204,596)	-
Closing balance		376,597,594	-

27.3 Staff retirement benefits

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

	Note	2022 Rupees	2021 Rupees
Opening net liability		337,535,758	297,609,788
Expense for the year in profit or loss	27.3.1	158,219,480	136,326,699
Remeasurement recognized in other other comprehensive income		(17,138,040)	26,354,732
		478,617,198	460,291,219
Benefits paid during the year		(94,850,843)	(122,755,461)
Closing net liability		383,766,355	337,535,758

27.3.1 Expense recognized in the statement of profit or loss

Current service cost	127,929,806	117,525,614
Interest cost	30,289,674	18,801,085
	158,219,480	136,326,699

Movement in the present value of defined benefit obligation

Opening balance	337,535,758	297,609,788
Current service cost	127,929,806	117,525,614
Interest cost	30,289,674	18,801,085
Actuarial loss	(17,138,040)	26,354,732
Benefits paid	(94,850,843)	(122,755,461)
	383,766,355	337,535,758

	2022	2021	2020	2019	2018
	Rupees				
Historical information					
Present value of defined benefit obligation	383,766,355	337,535,758	297,609,788	272,908,701	225,857,306
Experience adjustments on plan liabilities	17,138,040	(26,354,732)	51,412,524	(8,535,640)	(13,604,382)

- Expected gratuity expenses for the Holding Company charged to profit and loss for the year ending 30 June 2023 works out to Rs.193,562,904.
- The weighted average duration of defined benefit obligation is 7-8 years .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Principal actuarial assumptions

Following are a few important actuarial assumption used in the valuation:

	2022	2021
	%	%
Discount rate	13.25	10.00
Expected rate of increase in salary	12.25	9.00
Average age of employees	32.9 years	32.6 years
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

Actuarial assumptions sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions given above. The risk to which scheme is exposed include salary, demographic and discount risks. If the significant actuarial assumptions (relating to major risks) used to estimate the defined benefit obligation at the reporting date had been fluctuated as mentioned below with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

	Change	Increase in assumptions	Decrease in assumptions
Rupees in '000			
Discount rate	100 bps	342,561	393,764
Increase in future salaries	100 bps	393,756	342,557
Expected mortality rates	1 year	(38,588)	33,571

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

	Note	2022 Rupees	2021 Rupees
28	CURRENT PORTION OF LONG TERM LIABILITIES		
Current portion of long term loans	25.1	9,140,565,264	7,931,644,237
Current portion of deferred grant SBP TERF scheme		111,204,596	-
Current portion of Gas Infrastructure Development Cess Payable	25.2	704,921,201	456,125,482
		9,956,691,061	8,387,769,719
29	ACCRUED MARK-UP		
Accrued mark-up on secured:			
- long term loans		438,915,656	198,775,182
- short term borrowings		369,812,111	110,386,773
		808,727,767	309,161,955

30 CONTRACT LIABILITIES

30.1 It includes advances received from Creadore A/S Denmark, a related party amounting Rs. 64,443,610 (2021: Rs. 51,709,003).

30.2 The balance of contract liability as at 30 June 2022, is expected to be recognized as revenue within one year.

	Note	2022 Rupees	2021 Rupees
31 SHORT TERM BORROWINGS			
Short term loans	31.1	9,197,281,640	4,445,000,000
Running finance under mark-up arrangements	31.1	8,724,383,959	3,302,838,847
Running Musharakah facility	31.2	290,915,923	159,925,385
		18,212,581,522	7,907,764,232
Book overdrafts		-	190,754
		18,212,581,522	7,907,954,986

31.1 Aggregate facilities amounting to Rs.28,335 million (2021: Rs.20,395 million) were available to the Group from banking companies. These are secured against hypothecation charge of amounting to Rs. 41,427.56 million (2021:Rs. 27,513.32) on stock in trade for the Holding Company, book debts and export bills under collection. These carry mark up ranging 2.25% to 15.31% (2021: 2.25% to 9.25%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.1,695 million (2021: Rs.843 million) due to Bank Alfalah Limited (related party).

Facilities available for opening letters of credit and guarantees aggregate to Rs.26,155 million (2021: Rs.20,533 million) out of which the amount remaining unutilised at the year-end was Rs.12,493 million (2021: Rs.10,321 million). These facilities are secured against lien on shipping documents, hypothecation charge on current assets of the Group, cash margins and pledge of shares.

31.2 Running Musharakah facility available from commercial bank aggregates to Rs 300 million (2021: Rs 300 million) at profit rate of 1 month KIBOR plus 0.30% (2021: 1 month KIBOR plus 0.30% and 0.35%) per annum. The amount utilized as at 30 June 2022, for Musharakah was Rs. 290.916 million (2021: Rs. 159.9 million). The facilities are secured against pari passu charge on the current assets of the Company with 10% risk margin, and lien on import documents. The mark-up rate charged during the year on the outstanding balance ranges from 7.81% to 14.61% (2021: 8.22% to 9.25%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
32 TRADE AND OTHER PAYABLES			
Creditors	32.1	5,998,214,145	4,061,734,457
Accrued liabilities		2,934,979,296	1,738,470,982
Workers' Profit Participation Fund	32.3	707,560,884	440,911,243
Workers' Welfare Fund		609,941,887	437,336,667
Infrastructure fee		628,299,072	396,678,897
Current portion of Government grant	27.2	5,611,812	48,422,560
Lender fees and charges payable		10,234,636	47,711,380
Tax deducted at source		368,759,376	280,361,729
Unrealized loss on measurement of forward foreign currency contracts	32.2	62,632,054	19,733,130
Provision against accumulating compensated absences		28,016,697	16,157,493
Payable to provident fund		20,068,939	10,190,175
Others		3,953,125	8,719,624
		11,378,271,923	7,506,428,337

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

Reliance Cotton Spinning Mills Limited	7,233,905	-
Sapphire Fibres Limited	17,752,696	23,783,652
Sapphire Finishing Mills Limited	-	218,697
	24,986,601	24,002,349

32.2 This reflects the 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. Following are the foreign exchange forward contracts held by the Company along with their respective maturities:

		Less than 1 month	Less than 3 month
Foreign exchange forward contracts			
USD	Notional amount (in PKR)	565,299,282	-
	Average forward rate (PKR/USD)	186.44	-
EUR	Notional amount (in PKR)	108,986,040	87,366,600
	Average forward rate (PKR/USD)	201.83	202.24

	Note	2022 Rupees	2021 Rupees
32.3 Workers' profit participation fund			
Balance at the beginning of the year		440,911,244	391,952,394
Allocation for the year	38	282,343,884	171,800,058
Receivable from CPPA-G	19.1	424,410,181	269,111,186
Interest on funds utilized in the Group's business		1,949,318	2,083,596
		708,703,383	442,994,840
		1,149,614,627	834,947,234
Less: Payments during the year		(442,053,743)	(394,035,991)
Balance at the end the year		707,560,884	440,911,243

33 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies to be reported as at year ended 30 June 2022 (2021: Nil).

Commitments

- | | | | |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
| 33.1 | Guarantees issued by banks on behalf of the Group | 1,283,100,379 | 772,400,369 |
| 33.2 | Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at 30 June 2022 the value of these cheques amounted to Rs.5,643.272 million (2021: Rs.1,962.781 million) | | |
| 33.3 | 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. | | |
| 33.4 | Also refer to content of note 10.3.3, 10.3.4, 20.3 & 20.4. | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
33.6 Commitments - continued			
Commitments in respect of confirmed letter of credit	33.6.1	3,195,796,917	4,594,137,753
Commitments in respect of capital expenditure	33.6.2	274,821,374	483,181,608
Commitments in respect of forward foreign currency contracts		674,285,322	3,473,424,296
Commitments in respect of short term lease		76,557,714	4,857,540
		4,221,461,327	8,555,601,197
33.6.1 Confirmed letter of credit in respect of:			
- plant and machinery		2,478,648,338	2,259,031,028
- raw material		669,368,051	2,297,317,318
- stores and spares		47,780,528	37,789,407
		3,195,796,917	4,594,137,753

33.6.2 This includes commitments for payments to be made to various construction companies for the construction and extension on existing building at multiple plants of the Holding Company.

34 NET TURNOVER

	Note	Export Sales		Local Sales		Total	
		2022	2021	2022	2021	2022	2021
Rupees							
Yarn	34.2	22,084,879,989	16,322,812,315	9,355,647,145	4,929,711,916	31,440,527,134	21,252,524,231
Fabric	34.3	20,265,150,227	11,602,088,103	11,324,315,674	658,039,686	31,589,465,901	12,260,127,789
Clothing items		901,992,613	502,944,634	9,341,205,924	11,296,265,315	10,243,198,537	11,799,209,949
Home textile products		10,411,303,371	5,023,444,173	741,404,551	309,786,612	11,152,707,922	5,333,230,785
Raw material		-	3,182,738	223,053,192	152,586,732	223,053,192	155,769,470
Accessories		-	-	729,393,920	353,183,437	729,393,920	353,183,437
Waste	34.4	248,471,309	227,685,146	707,506,410	347,196,903	955,977,719	574,882,049
Processing income		-	-	1,266,125,118	905,610,887	1,266,125,118	905,610,887
Power Generation		-	-	18,075,631,936	14,105,331,159	18,075,631,936	14,105,331,159
		53,911,797,509	33,682,157,109	51,764,283,870	33,057,712,647	105,676,081,379	66,739,869,756
Export rebate and duty drawback						101,823,707	130,204,253
Less: sales tax						(10,769,675,302)	(6,773,618,160)
Less: Discounts to customers						(4,361,794,352)	(1,933,665,101)
						90,646,435,432	58,162,790,748

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

	Note	2022 Rupees	2021 Rupees
34.2 Export sales - Yarn			
Direct export		6,394,768,029	4,354,597,000
In-direct export		15,690,111,960	11,968,215,315
		22,084,879,989	16,322,812,315
34.3 Export sales - Fabric			
Direct export		14,519,756,307	6,974,032,528
In-direct export		5,745,393,920	4,628,055,575
		20,265,150,227	11,602,088,103
34.4 Export waste sales represent comber noil sales.			
34.5 Contract Balances			
Trade receivables	34.5.1	19,669,449,405	11,976,987,295
Contract liabilities	34.5.2	1,563,552,959	1,014,427,063
		21,233,002,364	12,991,414,358

34.5.1 Trade receivables for the Holding Company are non-interest bearing and are generally on terms of 30 to 365 days. The increase in trade receivables pertains to increase in overall revenue from customers during the year.

34.5.2 Contract liabilities represents short term advances received from customers against delivery of goods in future. The contract liabilities outstanding at 30 June 2021 amounting to Rs. 1,014,427,063 have been recognized as revenue during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
35 COST OF SALES			
Raw material consumed	35.1	30,058,589,108	21,827,294,482
Packing material consumed		931,606,377	679,373,856
Stores and spares consumed		2,135,044,132	1,221,741,891
Salaries, wages and benefits	35.2	6,306,769,764	4,698,215,022
Fuel, power and water		3,989,882,120	2,140,520,942
Other manufacturing expenses	35.3	1,629,116,370	2,759,589,528
Repair and maintenance		1,608,323,195	1,428,620,526
Vehicle running expenses		85,921,937	48,328,788
Travelling and conveyance		178,595,028	60,851,894
Site management expenses		93,352,994	59,314,589
Insurance expenses		149,197,905	82,498,562
Rent, rates and taxes		65,552,225	28,319,417
Fees and subscription		60,296,670	32,231,192
Communication expenses		21,948,658	39,884,822
Printing and stationery		1,165,487,248	6,630,940
Legal and professional charges		7,924,573	10,344,059
Security		45,797,895	24,871,406
Depreciation on right of use asset	7.8.4	6,222,822	5,709,333
Depreciation on operating fixed asset	7.4	4,344,421,645	4,185,720,333
Miscellaneous expenses		1,106,727,242	7,053,804
		53,990,777,908	39,347,115,386
Work in process			
Opening stock		2,198,860,677	1,893,115,328
Closing stock	15	(3,328,083,871)	(2,198,860,677)
		(1,129,223,194)	(305,745,349)
Cost of goods manufactured		52,861,554,714	39,041,370,037
Finished goods			
Opening stock		3,245,851,202	2,902,241,799
Closing stock	15	(4,889,731,628)	(3,245,851,202)
		(1,643,880,426)	(343,609,403)
Cost of goods sold - manufactured		51,217,674,288	38,697,760,634
Cost of raw material sold		159,302,283	153,003,976
Cost of sales - purchased for resale	35.4	11,704,158,570	2,522,752,914
		63,081,135,141	41,373,517,524

	Note	2022 Rupees	2021 Rupees
35.1 Raw material consumed			
Opening balance		9,657,609,904	6,477,674,302
Purchases		36,934,556,773	25,007,230,083
		46,592,166,677	31,484,904,385
Closing stock	15	(16,533,577,569)	(9,657,609,903)
		30,058,589,108	21,827,294,482
35.2	Salaries, wages and benefits include Rs.158,219,480 (2021: Rs.136,326,699) in respect of post employment benefits - gratuity and Rs.59,527,660 (2021: Rs.49,364,082) in respect of provident fund contribution.		
35.3 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		79,302,042	158,431,504
Yarn dyeing and bleaching charges		14,938,212	3,250,490
Fabric dyeing, bleaching, knitting and processing charges		1,102,696,961	2,314,217,771
Weaving and yarn doubling charges		342,051,855	203,601,153
Stitching, spinning and other charges		90,127,300	65,039,907
Embroidery charges		-	15,048,703
		1,629,116,370	2,759,589,528
35.4	It includes salaries, wages and benefits, insurance and finance cost amounting Rs.1,361,558 (2021: Rs.1,384,658), Rs.2,723,116 (2021: Rs.2,769,303) and Rs.19,016,812 (2021: Rs.10,384,885) respectively.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
36 DISTRIBUTION COST			
Export development surcharge		76,440,810	42,482,390
Commission		565,371,729	304,866,472
Freight and forwarding		1,527,988,743	715,923,907
Salaries and benefits	36.1	790,916,678	524,326,294
Rent and utilities		93,963,021	52,188,136
Communication		33,985,555	27,799,342
Travelling, conveyance and entertainment		127,560,970	47,495,066
Fuel, power and water		163,349,902	84,401,662
Repair and maintenance		265,583,649	245,351,402
Fees and subscription		16,513,017	7,503,572
Samples and advertising		518,093,455	291,175,398
Packing material		74,590,755	74,353,359
Exhibition expenses		11,412,942	7,928,458
Retail outlet expenses		70,618,568	36,069,694
Depreciation on operating fixed asset	7.4	147,539,325	134,321,511
Depreciation on right of use asset	7.8.4	476,692,562	396,708,212
Computer, printing and stationery		31,000,813	10,189,027
Insurance		12,177,467	6,268,789
Others		1,637,467	4,247,316
		5,005,437,428	3,013,600,007

36.1 Salaries and benefits include Rs. 26,674,512 (2021: Rs.19,240,013) in respect of provident fund contribution.

	Note	2022 Rupees	2021 Rupees
37 ADMINISTRATIVE EXPENSES			
Directors' remuneration		94,200,000	57,600,000
Directors' meeting fee		2,650,000	2,650,000
Salaries and benefits	37.1	556,867,824	417,303,150
Rent, rates and utilities		57,040,360	53,983,545
Communication		17,653,292	15,786,560
Printing and stationery		10,239,759	12,756,781
Travelling, conveyance and entertainment		77,059,782	47,019,884
Motor vehicle expenses		39,358,120	22,110,370
Repair and maintenance		81,387,321	43,299,995
Insurance expense		5,413,876	3,628,248
Legal and professional charges		157,418,378	74,800,806
Fees and subscription		40,006,909	41,162,785
Computer expenses		32,637,688	15,515,903
Advertisement		158,930	575,760
Depreciation on right of use assets	7.8.4	18,710,332	229,466
Depreciation on operating fixed assets	7.4	89,052,653	65,437,247
Monitoring charges		2,402,762	19,225,245
Others		26,493,231	16,801,366
		1,308,751,217	909,887,111

37.1 Salaries and benefits include Rs.18,273,398 (2021: Rs.13,942,124) in respect of provident fund contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
38 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	32.3	282,343,884	171,800,058
Workers' Welfare Fund		172,605,220	76,721,813
Auditors' remuneration	38.1	12,704,363	9,166,625
Donations	38.2	91,092,774	48,365,741
Amortization of intangible assets	9.1	4,667,711	2,250,566
Provision for stores, spares and loose tools	14.2	-	13,657,642
Balance written off during the year		12,813,107	9,166,313
Provision against doubtful sales tax refundable	21.2	136,005,445	47,601,473
Loss on sale of fixed assets		6,286,283	-
Loss on written off of intangible assets		938,644	-
Loss on sale of TFCs		-	4,868,766
Provision for expected credit loss	16.6	5,250,230	325,712
Exchange loss on foreign currency accounts		-	580,443
Realized loss on forward currency contracts		18,768,360	1,348,344
Others		10,156,924	-
		753,632,945	385,853,496
38.1 Auditors' remuneration			
Audit fee		8,269,363	5,547,100
Half yearly review fee		444,150	444,150
Special audit fee		1,800,000	849,450
Code of corporate governance review fee		85,850	85,850
Group reporting		-	165,000
Other certification / services		1,792,500	1,293,426
Taxation services		-	300,000
Out of pocket expenses		312,500	481,649
		12,704,363	9,166,625
A.F Ferguson & Company			
Audit fee		2,386,963	1,113,200
Group reporting		-	165,000
Other assurance services		-	480,000
Taxation services		-	300,000
Out of pocket expenses		-	219,149
		2,386,963	2,277,349

	Note	2022 Rupees	2021 Rupees
EY Ford Rhodes			
Audit fee		4,198,900	2,948,900
Half yearly review fee		444,150	444,150
Special Audit fee		1,800,000	849,450
Code of corporate governance review		85,850	85,850
Other certification		375,000	70,000
Out of pocket expenses		145,000	95,000
		7,048,900	4,493,350
Yousuf Adil Chartered Accountants			
Audit fee		1,633,500	1,485,000
Other assurance services		1,417,500	743,426
Out of pocket		167,500	167,500
		3,218,500	2,395,926
Shinewing Hameed Chaudhri & Co.,			
Audit fee		50,000	-

38.2 Donation to following organizations are greater than 10% of total donation Rs.9,109,277 (2021: Rs.4,836,574) of the Group.

Women Empowerment Group		-	6,500,000
Abdullah Foundation	38.2.1	65,000,000	27,700,000
		65,000,000	34,200,000

38.2.1 Following Directors of the Company have interest in Abdullah Foundation (donee) .

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
39 OTHER INCOME			
Income from financial assets			
Dividend income		642,363,858	602,532,388
Interest income on saving accounts, TFCs and term deposit certificates		167,399,835	82,581,034
		809,763,693	685,113,422
Income from non-financial assets			
Gain on sale of capital work in process		56,785,453	55,530,171
Reversal of provision for stores, spares and loose tools	14.2	29,002,888	-
Exchange gain on translation of foreign currency accounts		17,635,061	-
Gain on termination of lease liabilities		42,157,250	10,797,369
Credit balance written-back		1,916,948	-
Rental Income		6,041,660	-
Scrap sales		114,684,293	132,246,417
Gain on modification of lease		3,200,714	-
Waiver on lease payments	39.1	9,219,698	172,764,729
		280,643,965	371,338,686
		1,090,407,658	1,056,452,108
39.1	This represents concessions provided (rentals not charged) by landlords Rs.9,219,698 (2021: Rs.63,273,881) and increments waived by landlords Rs. Nil (2021: Rs.109,490,848) against rented premises due to COVID-19 pandemic. This represents a non-cash adjustments and is credited to profit or loss as per requirement of IFRS-16 Leases.		
40 FINANCE COST			
Interest / mark-up on :			
- short term finances		1,413,927,448	574,537,131
- long term loans		2,946,136,944	1,177,446,049
- Workers' Profit Participation Fund	32.3	1,142,499	2,083,596
- finance lease		290,432,067	291,883,072
		4,651,638,958	2,045,949,848
Bank charges, commission and others charges		427,125,490	301,287,430
Amortization of loan transaction cost		61,556,520	61,556,520
Lender's fees and charges		48,877,015	1,567,634,587
Exchange loss / (gain) on foreign currency loans		50,468,779	(3,323,019)
		5,239,666,762	3,973,105,366

	Note	2022 Rupees	2021 Rupees
41 TAXATION			
Current tax			
- for the year		1,776,628,612	648,065,482
- prior years		(24,582,414)	(408,110)
	21.1.1	1,752,046,198	647,657,372
Deferred tax		8,375,302	1,121,438
		1,760,421,500	648,778,810

- 41.1** There is no relationship between tax expense and accounting profit, since the Holding Company's profits are subject to tax under the Final Tax Regime for the current year, DTL's (subsidiary company) represents minimum tax under Income Tax Ordinance, 2001 and for the subsidiary companies (TBCL and SWPCL), income taxes are exempt as explained in Note 6.13. Accordingly, no numerical reconciliation has been presented.

		2022	2021
42 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year attributable to equity holders of the parent	Rupees	11,576,522,891	6,850,946,508
Weighted average number of ordinary shares	Number	21,689,791	21,689,791
Earnings per share - basic and diluted	Rupees	533.73	315.86

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	2022 Rupees	2021 Rupees
43 CASH GENERATED FROM OPERATIONS			
Profit before taxation and share of profit of associates		16,348,219,597	9,563,279,352
Adjustments for non-cash items:			
Depreciation on operating fixed assets	7.1	4,581,013,623	4,385,479,091
Depreciation on right of use fixed assets	7.8	501,625,716	402,647,010
Amortization of intangible assets	9.1	4,667,711	2,250,566
Interest income	39	(167,399,835)	(82,581,034)
Gain on sale of property, plant and equipment	39	(50,499,170)	(55,530,171)
Loss on written off of intangible assets	38	938,644	-
Gain on sale of right of use asset	39	(42,157,250)	(10,797,369)
Dividend income	39	(642,363,858)	(602,532,388)
Provision for gratuity	27.3	158,219,480	137,605,339
Debit balances written off	38	12,813,107	9,166,313
Provision for expected credit loss		5,250,230	325,712
Amortization of transaction cost	25.1.2 & 25.1.3	61,556,520	61,556,520
Net foreign exchange difference		(1,096,011,996)	307,015,074
(Reversal of provision for) / Provision for stores, spares and loose tools	39	(29,002,888)	13,657,642
Provision against doubtful sales tax refundable	38	136,005,445	47,601,473
Unwinding of liability related to GIDC		47,999,322	(62,098,931)
Unwinding of Government grant		(184,414,615)	-
Credit balance written-back	39	(1,916,948)	-
Waiver on lease payments	39	(9,219,698)	(172,764,729)
Rental Income	39	(6,041,660)	-
Finance cost	40	5,129,233,227	3,914,871,865
		8,410,295,107	8,295,871,983
Operating cash flow before changes in working capital	[A]	24,758,514,704	17,859,151,335
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		(27,358,705)	(7,740,798)
Stock-in-trade		(13,018,182,486)	(4,666,098,378)
Trade debts		(7,697,439,416)	(349,688,440)
Loans and advances		(100,707,361)	32,307,113
Trade deposits and short term prepayments		41,308,025	(98,202,387)
Other receivables		(131,597,801)	(246,551,304)
	[B]	(20,933,977,744)	(5,335,974,194)

	Note	2022 Rupees	2021 Rupees
(Decrease) / Increase in current liabilities			
Trade and other payables	[C]	3,843,473,417	1,711,894,812
Contract liabilities	[D]	549,125,896	144,680,363
	[A+B+C+D]	8,217,136,272	14,379,752,316
44 CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	7,896,636,821	8,769,723,211
Book overdrafts		-	(190,754)
		7,896,636,821	8,769,532,457

45 RELATED PARTY DISCLOSURES

The related parties comprise of associated companies (due to common directorship), directors and key management personnel. The remuneration of key management personnel is disclosed in note 49. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

	Relationship with the Group	Nature of transactions	2022 Rupees	2021 Rupees
(i)	Associates	Sales / processing	4,878,767,154	2,424,243,916
		Purchases	367,659,688	135,735,367
		Expenses charged to	51,530,765	48,990,362
		Expenses charged by	-	8,191,076
		Markup charged by	86,833,191	62,821,593
		Dividend paid	1,449,160,765	96,000,000
		Dividend received	10,581,373	51,445,000
		Loans obtained- net	678,971,740	(92,492,566)
(ii)	Others	Contribution to provident fund	104,475,570	80,243,548
		Dividend paid	131,281,215	-
		Donation	65,000,000	27,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

45.1 The related parties with whom the Group had entered into transactions or have arrangement / agreement in place are following:

Company Name	Basis of relationship	Aggregate % of shareholding
Creadore A/S	Associated Company	49%
Sapphire Power Generation Limited	Associated Company	26.43%
Sapphire Dairies (Private) Limited	Associated Company	12.95%
Reliance Cotton Spinning Mills Limited	Common directorship	3.04%
Sapphire Electric Company Limited	Common directorship	1.42%
Sapphire Holding Limited	Common directorship	0.05%
Jomo Technologies (Private) Limited	Common directorship	8.83%
Sapphire Fibres Limited	Common directorship	N/A
Yousuf Agencies (Private) Limited	Common directorship	N/A
Sapphire Finishing Mills Limited	Common directorship	N/A
Amer Cotton Mills (Private) Limited	Common directorship	N/A
Diamond Fabrics Limited	Common directorship	N/A
Bank Alfalah Limited	Investor in a subsidiary of the Company	N/A
Amer Tex (Private) Limited	Common directorship	N/A
Galaxy Agencies (Private) Limited	Common directorship	N/A
Nadeem Enterprises (Private) Limited	Common directorship	N/A
Neelum Textile Mills (Private) Limited	Common directorship	N/A
Sapphire Agencies (Private) Limited	Common directorship	N/A
Four Strength (Private) Limited	Common directorship	N/A
Abdullah Foundation	Common directorship	N/A

46 SEGMENT ANALYSIS

46.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Elimination of inter segment transaction	Total
Rupees						
For the year ended 30 June 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)	(3,475,766,425)	-	-	(5,005,437,428)
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)	(3,929,817,057)	(263,969,042)	-	(6,314,188,645)
Profit before taxation and unallocated income and expenses	6,726,648,713	2,202,419,431	1,756,454,385	10,565,589,117	-	21,251,111,646
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-of-use assets	-	-	496,465,461	5,160,255	-	501,625,716
For the year ended 30 June 2021						
Net turnover	23,581,273,903	14,256,445,062	16,532,892,744	12,216,217,335	(8,424,038,295)	58,162,790,749
Cost of sales	(19,545,583,832)	(12,626,301,083)	(12,969,235,415)	(4,656,435,489)	8,424,038,295	(41,373,517,524)
Gross Profit	4,035,690,071	1,630,143,979	3,563,657,329	7,559,781,846	-	16,789,273,225
Distribution cost	(435,769,909)	(419,945,876)	(2,157,884,222)	-	-	(3,013,600,007)
Administrative expenses	(216,710,523)	(139,467,986)	(321,676,791)	(232,031,811)	-	(909,887,111)
	(652,480,432)	(559,413,862)	(2,479,561,013)	(232,031,811)	-	(3,923,487,118)
Profit before taxation and unallocated income and expenses	3,383,209,639	1,070,730,117	1,084,096,316	7,327,750,035	-	12,865,786,107
Depreciation on operating fixed assets	570,418,365	242,095,088	571,972,915	3,000,992,723	-	4,385,479,091
Depreciation on right-of-use assets	-	-	397,486,754	5,160,256	-	402,647,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Reconciliation of operating results with profit after tax is as follows:

	2022 Rupees	2021 Rupees
Total results for reportable segments	21,251,111,646	12,865,786,107
Other operating expenses	(753,632,945)	(385,853,496)
Other income	1,090,407,658	1,056,452,108
Finance cost	(5,239,666,762)	(3,973,105,366)
Share of profit of associated companies	419,882,348	74,222,272
Profit before taxation	16,768,101,945	9,637,501,625
Taxation	(1,760,421,500)	(648,778,810)
Profit for the year	15,007,680,445	8,988,722,815

46.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, printing, Home Textile and Textile Retail	Power Generation	Total
	Rupees				
As at 30 June 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
As at 30 June 2021					
Segment assets	15,071,810,688	5,603,964,840	17,758,457,416	64,549,559,281	102,983,792,225
Segment Liabilities	21,503,655,491	3,810,791,783	11,282,854,948	37,221,190,524	73,818,492,746

Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:

	2022 Rupees	2021 Rupees
Total for reportable segments assets	135,376,821,189	102,983,792,225
Unallocated assets	14,194,386,138	13,077,699,516
Total assets as per statement of financial position	149,571,207,327	116,061,491,741
Total for reportable segments liabilities	87,858,582,188	73,818,492,746
Unallocated liabilities	8,580,882,462	879,877,664
Total liabilities as per statement of financial position	96,439,464,650	74,698,370,410

	2022	2021
47 NUMBER OF EMPLOYEES		
Number of employees at year end	14,545	11,555
Average number of employees	13,966	11,387
48 PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Total number of spindles installed	157,464	142,105
Average number of spindles worked	147,310	141,692
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity after conversion into 20/s lbs.	115,438,750	110,773,925
Actual production after conversion into 20/s lbs	103,694,834	99,979,218
Weaving		
Total number of looms installed	430	357
Average number of looms worked	430	357
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity (at 50 picks/inch of fabric square meters)	205,968,640	155,833,860
Actual production (at 50 picks/inch of fabric square meters)	171,587,125	136,246,122
Finishing and Printing		
Production capacity meters	45,600,000	43,200,000
Actual production meters	36,742,272	38,124,226
Yarn dyeing		
Production capacity KGs	2,880,000	1,080,000
Actual production KGs	2,311,545	893,636
Home Textile Product		
The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.		
Power Generation		
Installed capacity (MWh)	600,847	600,847
Actual energy delivered (MWh)	667,792	541,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

Output produced by the plants of SWPCL and TBCL (power sector subsidiary companies) is dependent on the load demanded by CCPA-G and plant availability. Due to high wind speed during the year, Plants produce generation in excess of benchmark energy of 35% Capacity Factor of TBCL.

49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Executives		Director		Chief Executive	
	2022	2021	2022	2021	2022	2021
	Rupees					
Remuneration	834,594,469	683,217,796	34,200,000	21,600,000	36,000,000	36,000,000
Bonus	102,270,104	55,319,847	-	-	-	-
Medical	7,893,211	9,720,323	-	-	-	-
Contribution to provident fund	41,225,403	22,773,531	-	-	-	-
Leave encashment and other benefits	44,419,091	17,585,590	-	-	-	-
	1,030,402,278	788,617,087	34,200,000	21,600,000	36,000,000	36,000,000
Number of persons	219	145	2	2	1	1

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

- 49.2 Meeting fee of Rs.2.650 million (2021: Rs.2.650 million) has been paid to independent non-executive directors. No other remuneration has been paid to non-executive directors of the Group.

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

50 PROVIDENT FUND

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.

51 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

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

51.1 Credit risk

51.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans, trade deposits, other receivables and bank balances. Out of total financial assets of Rs. 35,497 million (2021: Rs.29,876 million), financial assets which are subject to credit risk aggregate to Rs.29.023 million (2021: Rs.22,066 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Long term deposits	114,109,512	90,390,779
Trade debts	19,669,449,405	11,976,987,295
Loan to employees	112,696,136	59,183,761
Trade deposits	90,509,502	137,946,295
Other receivables	1,241,135,082	1,079,157,498
Bank balances	7,795,110,669	8,723,143,447
	29,023,010,306	22,066,809,075

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

Domestic	18,552,470,547	11,397,781,479
Export	1,116,978,858	579,205,816
	19,669,449,405	11,976,987,295

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

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 and contract assets are regularly monitored and all exports are covered by letters of credit or other forms of credit insurance obtained from reputable banks.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Group does not hold collateral as security. The letters of credit for export sales are considered integral part of export trade receivables and there is no past history of default in case of export debtors, so the expected credit loss rate for the export trade receivables is insignificant, hence gross amount equals to net carrying amount. However, for local trade receivables the Group evaluates the concentration of risk with respect to them as low, as its customers mostly deal in advances and their demand is order based.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 2022							
Estimated total gross carrying amount at default	7,751,543,785	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%
As at 30 June 2021							
Estimated total gross carrying amount at default	5,483,812,090	1,521,234,205	1,505,042,080	100,174,794	1,456,701,274	850,888,504	447,343,733
Expected credit loss	9,485,612	13,845,274	1,452,876	1,250,659	816,614	94,598	9,343,296
Expected credit loss rate	0.17%	0.91%	0.10%	1.25%	0.06%	0.01%	2.09%

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

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

51.2 Liquidity risk

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

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

	2022				
	Carrying amount	Contractual cashflow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	59,607,967,862	72,409,480,514	12,493,967,170	53,212,681,841	6,702,831,503
Lease liabilities	3,011,958,929	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 interest / mark-up	808,727,767	808,727,767	808,727,767	-	-
Unclaimed dividend	2,230,552	2,230,552	2,230,552	-	-
Short term borrowings	18,212,581,522	19,123,322,492	19,123,322,492	-	-
GIDC payable	950,772,005	995,182,870	725,654,176	269,528,694	-
	<u>88,992,003,845</u>	<u>106,564,326,696</u>	<u>42,731,257,008</u>	<u>55,713,781,904</u>	<u>8,119,287,784</u>

	2021				
	Carrying amount	Contractual cashflow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	54,010,125,423	58,601,672,054	7,762,649,227	35,240,378,353	15,598,644,474
Lease liabilities	2,683,591,250	3,743,118,852	521,091,948	2,081,029,244	1,140,997,660
Trade and other payables	5,901,438,601	5,901,438,601	5,901,438,601	-	-
Accrued interest / mark-up	309,161,955	309,161,955	309,161,955	-	-
Unclaimed dividend	1,629,755	1,629,755	1,629,755	-	-
Short term borrowings	7,907,954,986	8,155,429,396	8,155,429,396	-	-
GIDC payable	902,772,683	995,182,870	476,858,459	518,324,411	-
	<u>71,716,674,653</u>	<u>77,707,633,483</u>	<u>23,128,259,341</u>	<u>37,839,732,008</u>	<u>16,739,642,134</u>

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

51.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments.

51.3.1 Currency risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

	2022						
	Rupees	US \$	EURO	JPY	CHF	AED	GBP
Trade debts	(1,116,978,858)	(5,232,672)	(167,180)	-	-	-	-
Bank balances	(7,040,502,193)	(34,242,113)	(12,535)	-	-	-	-
Long term finance - secured	41,538,368,007	201,642,563	-	-	-	-	-
	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	-	-	-	-
Net Exposures	37,250,969,195	183,373,005	5,767,209	395,000,000	1,578,640	-	-

	2021						
	Rupees	US \$	EURO	JPY	CHF	AED	GBP
Trade debts	(579,205,816)	(3,547,581)	(101,069)	-	-	-	-
Bank balances	(3,950,776,358)	(24,756,872)	-	-	-	-	-
Long term finance - secured	36,723,597,284	231,987,349	-	-	-	-	-
	32,193,615,110	203,682,896	(101,069)	-	-	-	-
Outstanding letters of credit	4,594,137,753	15,283,546	7,927,800	126,050,960	1,351,891	5,849,686	50,000
Forward exchange contracts	3,473,424,296	20,313,013	1,431,754	-	-	-	-
Net Exposures	40,261,177,159	239,279,454	9,258,485	126,050,960	1,351,891	5,849,686	50,000

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

	2022	2021
	Rupees	Rupees
US \$ to Rupees (Buying/Selling)	205.50 / 206.00	157.80 / 158.30
Euro to Rupees (Buying/Selling)	215.23 / 215.75	188.12 / 188.71

Sensitivity analysis

A 20 percent (2021: 20 percent) strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

	Equity	Profit or loss
	Rupees	Rupees
As at 30 June 2022		
Effect in US Dollar	7,536,630,511	7,536,630,511
Effect in Euro	248,255,279	248,255,279
As at 30 June 2021		
Effect in US Dollar	7,575,587,524	7,575,587,524
Effect in Euro	349,433,741	349,433,741

20 percent (2021: 20 percent) weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

51.3.2 Interest rate risk

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

	Effective rate		Carrying Amount	
	2022	2021	2022	2021
	Percentage per annum		Rupees	
Fixed rate instruments				
Financial liabilities				
Long term financing	0.60% to 6.50%	0.60% to 6.50%	11,233,084,252	8,568,464,768
Short term borrowings	2.25% to 7.50%	2.25% to 3.00%	5,240,617,814	3,245,000,000
Variable rate instruments				
Financial liabilities				
Long term financing				
- foreign currency loan	3.90% to 4.84%	3.90% to 5.02%	41,538,368,007	36,723,597,284
- local currency loan	7.50% to 15.28%	7.08% to 7.79%	6,836,515,603	8,718,063,371
Short term borrowings - local currency loan	12.14% to 15.31%	7.25% to 8.53%	12,971,963,708	4,662,954,986

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss 100 bps	
	Increase Rupees	(Decrease) Rupees
As at 30 June 2022		
Cash flow sensitivity - variable rate instruments	613,468,473	(613,468,473)
As at 30 June 2021		
Cash flow sensitivity - variable rate instruments	501,046,156	(501,046,156)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

51.3.3 Other price risk

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

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

	2022 Rupees	2021 Rupees
Effect on equity	619,363,567	776,165,729
Effect on investments	619,363,567	776,165,729

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

51.4 Fair value of financial instruments

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

51.5 Financial instruments by Category

FINANCIAL ASSETS

At amortized cost

Long term deposits	114,109,512	90,390,779
Trade debts	19,669,449,405	11,976,987,295
Loan to employees	112,696,136	59,183,761
Trade deposits	90,509,502	137,946,295
Other receivables	1,241,135,082	1,079,157,498
Bank balances	7,896,636,821	8,769,723,211
	29,124,536,458	22,113,388,839

Equity instruments at fair value through OCI

Quoted equity shares	6,193,635,674	7,761,657,291
Unquoted equity shares	150,500,000	500,000
	6,344,135,674	7,762,157,291
Total current	31,937,957,381	25,510,397,582
Total non current	3,530,714,751	4,392,995,031

	2022 Rupees	2021 Rupees
FINANCIAL LIABILITIES		
At amortized cost		
Trade and other payables	9,058,098,892	5,901,438,601
Accrued Interest / mark-up	808,727,767	309,161,955
Unclaimed dividend	2,230,552	1,629,755
Secured bank loan	59,607,967,862	54,010,125,423
Lease liabilities	351,625,245	313,978,687
Short term borrowings	18,212,581,522	7,907,954,986
	<u>88,041,231,840</u>	<u>68,444,289,407</u>
Total current	37,327,978,437	21,919,161,021
Total non current	50,713,253,403	46,525,128,386

51.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

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

- Level 1. Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3
	Rupees		
As at 30 June 2022			
Assets carried at fair value			
Equity instruments at fair value through OCI	6,193,635,674	-	150,500,000
As at 30 June 2021			
Assets carried at fair value			
Equity instruments at fair value through OCI	7,761,657,291	-	500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

51.7 Capital risk management

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

Consistent with others in the industry, the Group manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'Liabilities against assets subject to finance lease' as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2022 Rupees	2021 Rupees
Total borrowings	77,820,549,384	61,918,080,409
Less: Cash and bank balances	7,896,636,821	8,769,723,211
Net debt	69,923,912,563	53,148,357,198
Total equity	40,237,935,476	30,552,096,684
Total capital	110,161,848,039	83,700,453,882

	2022 Percentage	2021 Percentage
Gearing ratio	63.47	63.50

52 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2022					
	Lease liabilities	Long term loans	Short term borrowings	Accrued mark-up	Unclaimed dividend	Total
	Rupees					
Balance as at 01 July 2021	2,683,591,250	54,010,125,423	7,907,954,986	309,161,955	1,629,755	64,912,463,369
<i>Cash flows</i>						
Repayment of loans	-	4,576,917,082	10,304,817,290	-	-	14,881,734,372
Proceeds from loans	-	(8,731,186,921)	-	-	-	(8,731,186,921)
Repayment of lease liabilities	(650,200,076)	-	-	-	-	(650,200,076)
Finance cost paid	-	-	-	(4,581,668,093)	-	(4,581,668,093)
Dividends paid	-	-	-	-	(1,673,121,063)	(1,673,121,063)
Total changes from financing cash flows	(650,200,076)	(4,154,269,839)	10,304,817,290	(4,581,668,093)	(1,673,121,063)	(754,441,781)
<i>Other changes including non-cash</i>						
Dividend declared	-	-	-	-	1,673,721,860	1,673,721,860
Amortization of transaction cost	-	61,556,520	-	-	-	61,556,520
Deferred grant	-	(629,406,057)	-	141,603,867	-	(487,802,190)
Exchange gain	-	10,319,961,815	-	-	-	10,319,961,815
Additions to lease liabilities during the year - Net	688,135,687	-	-	-	-	688,135,687
Changing in running finance	-	-	(190,754)	-	-	(190,754)
Finance cost	290,432,067	-	-	4,939,630,038	-	5,230,062,105
Total liability related other changes	978,567,754	9,752,112,278	(190,754)	5,081,233,905	1,673,721,860	17,485,445,043
Closing as at 30 June 2022	3,011,958,928	59,607,967,862	18,212,581,522	808,727,767	2,230,552	81,643,466,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

2021

Lease liabilities	Long term loans	Short term borrowings	Accrued mark-up	Unclaimed dividend	Total
-------------------	-----------------	-----------------------	-----------------	--------------------	-------

Rupees

Balance as at 01 July 2020	2,177,760,001	59,476,754,097	8,510,584,713	499,052,861	1,696,118	70,665,847,790
----------------------------	---------------	----------------	---------------	-------------	-----------	----------------

Cash flows

Repayment of loans	-	3,180,296,339	(568,882,020)	-	-	2,611,414,319
Proceeds from loans	-	(5,943,138,916)	-	-	-	(5,943,138,916)
Finance cost paid	-	-	-	(3,812,879,699)	-	(3,812,879,699)
Repayment of lease liabilities	(470,639,281)	-	-	-	-	(470,639,281)
Dividends paid	-	-	-	-	(96,066,363)	(96,066,363)
Total changes from financing cash flows	(470,639,281)	(2,762,842,577)	(568,882,020)	(3,812,879,699)	(96,066,363)	(7,711,309,940)

Other changes including non-cash

Dividend declared	-	-	-	-	96,000,000	96,000,000
Amortization of transaction cost	-	61,556,520	-	-	-	61,556,520
Additions to lease liabilities during the year - Net	684,587,459	-	-	-	-	684,587,459
Deferred grant	-	(54,184,366)	-	-	-	(54,184,366)
Exchange gain	-	(2,711,158,251)	-	-	-	(2,711,158,251)
Changing in running finance	-	-	(33,747,707)	-	-	(33,747,707)
Finance cost	291,883,072	-	-	3,622,988,793	-	3,914,871,865
Total liability related other changes	976,470,531	(2,703,786,097)	(33,747,707)	3,622,988,793	96,000,000	1,957,925,520

Closing as at 30 June 2021	2,683,591,251	54,010,125,423	7,907,954,986	309,161,955	1,629,755	64,912,463,370
-----------------------------------	----------------------	-----------------------	----------------------	--------------------	------------------	-----------------------

53 EVENTS AFTER REPORTING DATE

The board of directors of the Holding Company in its meeting held on 26 September 2022 proposed cash dividend of Rs.10 (2021: 15) per ordinary share of Rs. 10 each which is subject to approval by shareholders at the forthcoming Annual General Meeting and has not recognised in these financial statements.

54 DATE OF AUTHORIZATION FOR ISSUE

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



Chief Executive



Chief Financial Officer



Chairman / Director

PATTERN OF SHAREHOLDING

As at 30 June 2022

NUMBER OF SHAREHOLDERS	FROM	TO	TOTAL SHARES HELD
265	1	100	4,967
51	101	500	12,184
22	501	1,000	16,046
25	1,001	5,000	51,835
6	5,001	10,000	47,889
1	10,001	15,000	14,453
2	15,001	20,000	37,119
2	20,001	25,000	43,282
2	30,001	35,000	61,405
3	35,001	40,000	108,383
2	40,001	45,000	87,417
1	55,001	60,000	59,450
1	60,001	65,000	62,167
2	75,001	80,000	157,463
1	80,001	85,000	81,432
2	140,001	145,000	282,853
1	185,001	190,000	189,540
1	205,001	210,000	210,000
2	215,001	220,000	434,516
1	225,001	230,000	227,988
4	235,001	240,000	949,542
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	415,001	420,000	419,434
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
4	1,000,001	1,005,000	4,015,175
2	1,025,001	1,030,000	2,052,000
2	1,070,001	1,075,000	2,144,000
<u>422</u>			<u>21,689,791</u>

* Note: The slabs representing nil holding have been omitted.

CATEGORIES OF SHAREHOLDERS

As at 30 June 2022

Particulars	No. of Shares Held	Percentage %
Director's, CEO, Their Spouse and Minor Children	7,165,904	33.04
Associated Companies, Undertakings and Related Parties	6,722,155	30.99
NIT & ICP	1,002,955	4.62
Banks, Development Finance Institutions, Non-Banking Financial Institutions	129	0.00
Insurance Company	7,850	0.04
Other Companies	321,451	1.48
General Public (Local)	6,469,347	29.83
	21,689,791	100.00

PATTERN OF SHAREHOLDING

As at 30 June 2022

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	NO OF SHARES
Amer Tex (Pvt.) Limited	422,046
ATMZ Company (Private) Limited	1,241,181
Channel Holdings (Private) Limited	1,241,181
Crystal Enterprises (Pvt) Limited	3,104
Reliance Cotton Spinning Mills Limited	100,223
Resource Corporation (Pvt) Limited	1,241,181
Salman Ismail (SMC-Private) Limited	639,923
Synergy Holdings (Pvt) Limited	1,241,174
Sapphire Holding Limited	285,809
Sapphire Power Generation Limited	306,333
B) NIT & ICP	
CDC - Trustee National Investment (Unit) Trust	998,015
National Investment Trust Limited	4,940
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. Nadeem Karamat	540
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 AND INSURANCE COMPANIES	
BANKS	
National Bank of Pakistan	129

PATTERN OF SHAREHOLDING

As at 30 June 2022

INSURANCE COMPANY	NO OF SHARES
EFU Life Assurance Limited	7,850
E) SHAREHOLDERS HOLDING 05% OR MORE	
ATMZ Company (Private) Limited	1,241,181
Channel Holdings (Private) Limited	1,241,181
Resource Corporation (Pvt) Limited	1,241,181
Synergy Holdings (Pvt) Limited	1,241,174
F) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	
	NIL
Shares Purchased by Mrs. Shamshad Begum	169
Mr. Amer Abdullah Gifted shares to his Son Mr. Mustafa Abdullah	400,000
Mr. Yousuf Abdullah Gifted shares to his Son Mr. Ismael Abdullah	800,000
Mrs. Ambareen Amer Gifted shares to her Son Mr. Mustafa Abdullah	384,172
Mrs. Ambareen Amer Gifted shares to her Son Mr. Ali Abdullah	2,174

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سیفٹرو ونڈ پاور کمپنی لمیٹڈ، سیفٹرو ریٹیل لمیٹڈ، ٹرانسکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ، سیفٹرانٹرنیشنل اے پی ایس، سیفٹرو ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ، سیفٹرو کیمیکلز (پرائیویٹ) لمیٹڈ اور ڈیزائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2022ء کو مکمل ہونے والے سال کے لیے ڈائریکٹرز رپورٹ معہ گروپ کے آڈٹ شدہ کنسالیدیشنڈ اسٹیٹمنٹس اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

سیفٹرو ونڈ پاور کمپنی لمیٹڈ

کمپنی 70 فیصد سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی ملکیت اور 30 فیصد بینک الفلاح لمیٹڈ کی ملکیت ہے۔ کمپنی نے چھ ماہ 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۔

سیفٹرو ریٹیل لمیٹڈ

سیفٹرو ریٹیل لمیٹڈ، سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے۔ اس سبسیڈیری کا اہم کاروبار ٹیکسٹائل اور دیگر مصنوعات کی فروخت کیلئے ”سیفٹرو برانڈ“ ریٹیل آؤٹ لیس چلانا ہے۔ ایس آر ایل بنیادی طور پر بیرون ذرائع سے ٹیکسٹائل کی پروسینگ کروا کے ٹیکسٹائل کی مصنوعات کی تیاری میں مصروف ہے۔ اور اسی طرح پاکستان میں ریٹیل اسٹورز اور بیرون ملک آن لائن اسٹورز کے ذریعے ٹیکسٹائل کی مصنوعات کی فروخت میں مصروف ہے۔ ایس آر ایل پورے ملک میں (43) ریٹیل اسٹورز چلا رہا ہے۔

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانکون بوسٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی 57.125% ملکیت کی سبسیڈیری ہے۔ یہ کمپنی چھ ماہ 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۔

سیفٹرانٹرنیشنل اے پی ایس

سیفٹرانٹرنیشنل اے پی ایس سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے اور یہ لمیٹڈ لائسنسڈ کمپنی ڈنمارک میں وجود میں آئی، جس کا مقصد کمپنی کی برآمد کو استحکام دینا ہے۔

سیفٹرو ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سیفٹرو ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو کہ موجودہ سال جائیداد کے منصوبہ میں سرمایہ کاری کے مقصد کے لئے قائم کی گئی ہے۔

سیفٹرو کیمیکلز (پرائیویٹ) لمیٹڈ

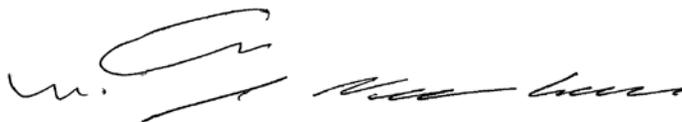
سیفٹرو کیمیکلز (پرائیویٹ) لمیٹڈ سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو کہ موجودہ سال کیمیائی مصنوعات کی تیاری اور فروخت کے مقصد کے لئے قائم کی گئی ہے۔

ڈیزائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ

ڈیزائن ٹیکس ایس ایم سی پرائیویٹ لمیٹڈ کو کمپنی ایکٹ 2017ء کے تحت ایس ایم سی پرائیویٹ لمیٹڈ کے طور پر قائم ہوئی۔ یہ کمپنی سیفٹرو ریٹیل لمیٹڈ کی ملکیت کی مکمل سبسیڈیری ہے اور سیفٹرو ریٹیل لمیٹڈ سیفٹرو ٹیکسٹائل ملز لمیٹڈ کی مکمل سبسیڈیری ہے۔ اس کمپنی کا بنیادی مقصد ٹیکسٹائل اور ذیلی مصنوعات کی تیاری ہے۔

کراچی

مورخہ 26 ستمبر 2022ء



محمد عبداللہ

ندیم عبداللہ

چیئر مین / ڈائریکٹر

چیف ایگزیکٹو

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 لینتھ پرائسز 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 4.3 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۔ سال کے دوران کمپنی کو یونائیٹڈ نیشنز گلوبل کمپیکٹ پروگرام کی سسٹین ایبلٹی سمٹ اینڈ ایوارڈز میں UN سسٹین ایبل ڈولپمنٹ گولز کے حصول میں بحیثیت ایک ”بڑا قومی ادارہ“ میں دوسری پوزیشن حاصل کی ہے اور اپنے آپ کو پائیدار ادارے کے طور پر قائم کرنے کے عملی اقدامات کو باضابطہ تسلیم کیا گیا ہے۔ کمپنی یونائیٹڈ نیشنز گلوبل کمپیکٹ پروگرام میں متحرک طور پر شرکت کرتی ہے۔ ہم تو اوم متحدہ کے نصب العین 2030 پر کام کرتے ہوئے پائیدار عالمی ترقیاتی اہداف (SDGs) پر عمل کر رہے ہیں۔

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 میسر EY فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس آنے والے اجلاس عام میں ریٹائر ہو جائیں گے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز شائونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی کے بیرونی آڈیٹرز برائے سال 30 جون 2023 کے لئے تقرری کی تجویز دی ہے۔

حصص داری کی ساخت

30 جون 2022 کو کمپنی کی حصص داری کی ساخت منسلک ہے۔ یہ گوشوار کمپنیز ایکٹ 2017 کی دفعہ (f)(2) 227 کے مطابق تیار کیا گیا ہے۔

بورڈ کی تشکیص

بورڈ آف ڈائریکٹرز کے پاس اپنی کارکردگی کا از خود تشکیصی 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، مگراں اداروں، حصص یافتگان، گاہکوں، مالیاتی اداروں، سپلائرز اور عملہ و ملازمین کی انتھک محنت اور خلوص ستائش ریکارڈ پر لانا چاہتی ہے۔

مخانب بورڈ

کراچی

مورخہ 26 ستمبر 2022ء

ندیم عبداللہ
چیف ایگزیکٹو

محمد عبداللہ
چیرمین / ڈائریکٹر

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 نان 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 46 میں منکشف کیا گیا ہے۔

ادارتی اور مالیاتی رپورٹنگ فریم ورک پر بیان

بورڈ آف ڈائریکٹرز وقتے وقتے 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، ڈیوٹیوں 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۔
- کمپنی کی بڑھتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بڑا انحراف نہیں ہوا۔
- اہم کاروباری اور مالیاتی اعداد و شمار کا اختصار یہ منسلک ہے۔
- کمپنی اپنے اہل ملازمین کے لئے ایمپلائز پروویڈنٹ فنڈ چلاتی ہے۔ 30 جون 2022 کو فنڈ سے کی گئی سرمایہ کاری 465.27 ملین روپے ہے۔
- ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانسئل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں درج ذیل خرید و فروخت کی:

حصص کی تعداد

169

400,000

800,000

384,172

2,174

خرید و فروخت کی نوعیت

مسٹر شمشاد بیگم نے حصص خریدی

مسٹر عامر عبداللہ نے اپنے بیٹے مسٹر مصطفیٰ عبداللہ کو حصص گفٹ کئے

مسٹر یوسف عبداللہ نے اپنے بیٹے مسٹر اسماعیل عبداللہ کو حصص گفٹ کئے

مسٹر عزیز بن عامر نے اپنے بیٹے مسٹر مصطفیٰ عبداللہ کو حصص گفٹ کئے

مسٹر عزیز بن عامر نے اپنے بیٹے مسٹر علی عبداللہ کو حصص گفٹ کئے

ضابطہ اخلاق

ضابطہ اخلاق کمپنی کے ہر ڈائریکٹر اور ملازم کو بھیج دیا گیا ہے اور انہوں نے وصول کر لیا 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 چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کے حاضر اجلاسوں کی تعداد درج ذیل ہے:

نام	قسم	حاضر اجلاسوں کی تعداد
جناب ندیم عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب نبیل عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب عمر عبداللہ	ایگزیکٹو ڈائریکٹر	4
جناب محمد عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب شاہد عبداللہ	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر عبداللہ	نان ایگزیکٹو ڈائریکٹر	3
جناب یوسف عبداللہ	نان ایگزیکٹو ڈائریکٹر	3
جناب ندیم کرامت	آزاد ڈائریکٹر	4
جناب شاہد شفیق	آزاد ڈائریکٹر	4
مس ماشومہ زہرہ مجید	آزاد ڈائریکٹر	4

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

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

سیفائر ٹیکسٹائل ملز لمیٹڈ کی ذیلی کمپنیاں

کمپنی کی ملکیت میں سات ذیلی کمپنیاں ہیں جن میں سے پانچ کی 100 فیصد ملکیت سیفائر ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ ہر ذیلی کمپنی کا اختصار یہ درج ذیل ہے:

1- سیفائر ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سیفائر ٹیکسٹائل ملز کے پاس ہے اور 30 فیصد ملکیت بینک الفلاح لمیٹڈ کے پاس۔ کمپنی نے ایک ونڈ فارم جھمپہر 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 ریٹیل لمیٹڈ

سیفائر ریٹیل 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 لیس چلانا ہے۔ ایس آر ایل بنیادی طور پر بیرون زراچ سے ٹیکسٹائل کی پروسیسنگ کروا کے ٹیکسٹائل کی مصنوعات کی تیاری میں مصروف ہے۔ اور اسی طرح پاکستان میں ریٹیل اسٹورز اور بیرون ملک آن لائن اسٹورز کے ذریعے ٹیکسٹائل کی مصنوعات کی فروخت میں مصروف ہے۔ ایس آر ایل پورے ملک میں (43) ریٹیل اسٹورز چلا رہا ہے۔

3- ٹرانکون بوٹن کنسلٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانکون بوٹن 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 جھمپہر 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 لائسنسڈ کمپنی ڈنمارک میں وجود میں آئی، جس کا مقصد کمپنی کی درآمد کو استحکام دینا ہے۔

5- سیفائر ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ

سیفائر ریٹیل اسٹیٹ (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو کہ موجودہ سال جائیداد کے منصوبہ میں سرمایہ کاری کے مقصد کے لئے قائم کی گئی ہے۔

6- سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ

سیفائر کیمیکلز (پرائیویٹ) لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل ملکیت کی سبسیڈیری ہے جو کہ موجودہ سال کیمیائی مصنوعات کی تیاری اور فروخت کے مقصد کے لئے قائم کی گئی ہے۔

7- 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 کیا گیا۔ یہ کمپنی سیفائر ریٹیل لمیٹڈ کی مکمل ملکیت سبسیڈیری ہے اور سیفائر ریٹیل لمیٹڈ سیفائر ٹیکسٹائل ملز لمیٹڈ کی مکمل سبسیڈیری ہے۔ اس کمپنی کا بنیادی مقصد ٹیکسٹائل اور ذیلی مصنوعات کی تیاری ہے۔

مصارف منافع

روپے ہزاروں میں	
8,457,656	منافع قبل از ٹیکس
(1,442,104)	منہا: ٹیکس
7,015,552	منافع بعد از ٹیکس
16,793	ملازمین کے ریٹائرمنٹ کے فوائد پر نقصان کی از سر نو پیمائش
19,630,255	جمع: غیر مصرف شدہ منافع پیچھے سے لایا گیا
26,662,600	
(325,347)	حتمی منافع منقسمی برائے سال مختتمہ 30 جون 2021 (150 فیصد یعنی 15 روپے فی حصص)
26,337,253	غیر مصرف شدہ منافع تقسیم کے لئے دستیاب

بعد ازاں اثرات

(216,898)	حتمی منافع منقسمہ برائے سال مختتمہ 30 جون 2022 (100 فیصد یعنی 10 روپے فی حصص)
26,120,355	غیر مصرف شدہ منافع آگے لے جایا گیا

فی حصص آمدن

سال مختتمہ 30 جون 2022 میں فی حصص آمدن روپے 323.45 روپے رہی جبکہ گزشتہ سال مختتمہ 30 جون 2021 کو 150.44 روپے تھی۔

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے سال مختتمہ 30 جون 2022 (30 جون 2021 میں: 150 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 معاشی منظر نامہ مکمل طور پر تبدیل ہو چکا ہے۔ یوکرین پر روس کے حملے اور اس کے نتیجے میں عالمی توانائی کی قیمتوں میں اضافہ سے دنیا سست روی کا شکار ہوئی۔ توانائی کی بلند قیمتوں کی وجہ سے صارفین کی قوت خرید میں کمی ہوئی جس کے نتیجے میں غیر ضروری اشیاء بشمول ٹیکسٹائل کی طلب میں کمی ہوئی۔ کم طلب کے ساتھ ساتھ عالمی سطح پر خام کپاس کی رسد میں کمی ہوئی اور لہذا خام مال کی قیمتیں بلند ہو گئیں۔ پاکستان کو حد سے زیادہ سیلاب سے غیر معمولی نقصان پہنچا جس کے نتیجے میں نہ صرف زندگی، بنیادی ڈھانچہ کو نقصان، بیماریوں کا پھیلاؤ ہوا بلکہ زرعی فصلوں بشمول کپاس کو بھی قابل ذکر نقصان پہنچا۔ جس کے نتیجے میں توانائی، خام مال، شرح سود اور دیگر خام لاگتوں میں اضافہ صنعت کے لئے تباہ کن رہا۔ بگڑتی ہوئی صورتحال اور قابل ذکر درآمدی سامان کی ضرورت کی وجہ سے پاکستانی روپے پر شدید دباؤ ہے اور بین الاقوامی منڈی میں اس کی قدر کم ہو رہی ہے۔ اس کے علاوہ زرمبادلہ کے ذخائر میں کمی کی وجہ سے بینکوں نے درآمدات محدود کر دیں۔ ان دشواریوں پر قابو پانے کی ضرورت ہے۔ انتظامیہ ان دشواریوں پر قابو پانے کے لئے اپنی بہترین کوششیں کر رہی ہیں۔

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے نختہ سال 30 جون 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی جائزہ

آپ کی کمپنی کے مالیاتی نتائج حوصلہ افزا رہے۔ درج ذیل میں اہم مالیاتی اعداد و شمار پیش کئے گئے ہیں:

2021	2022	
		روپے ہزاروں میں
38,470,987	61,373,384	خالص فروخت
6,350,113	11,859,068	خام منافع
5,341,902	11,116,712	کاروباری منافع
1,097,563	3,007,581	دیگر آمدن
(1,582,533)	(2,659,056)	مالیاتی لاگت
3,759,369	8,457,656	منافع قبل از ٹیکس
(496,434)	(1,442,104)	ٹیکس
3,262,935	7,015,552	منافع بعد از ٹیکس

کمپنی کی خالص فروخت اضافے کے ساتھ 61.373 بلین روپے رہیں جو کہ گزشتہ سال 38.471 بلین روپے تھیں۔ کمپنی کی خالص فروخت میں 60 فیصد اضافہ ہوا جس کی وجہ قیمت فروخت میں اضافہ تھا۔ قیمت فروخت میں اضافہ کی وجہ خام مال کی قیمتوں میں اضافہ اور پاکستان روپے کی قدر میں کمی تھی۔

سال کے دوران فروخت کے لحاظ سے خام منافع کی شرح میں 19.32 فیصد اضافہ ہوا جو کہ گزشتہ سال 16.51 فیصد تھا۔ سال کے دوران کمپنی کا خام منافع 11.859 بلین روپے رہا۔ جس میں 87 فیصد کا قابل ذکر اضافہ ہوا جو کہ گزشتہ سال سے 6.350 بلین روپے تھا۔ کمپنی کے منافع میں اضافہ کو مصنوعات کی بہتر طلب، خام مال کی بروقت خریداری، وسیع پیداواری شرح، لاگتوں میں کمی اور کسٹمر کے متنوع پورٹ فولیو سے منسوب کیا جاسکتا ہے۔

سال کے دوران کمپنی کو بہتر منافع منقسمہ قابل تجدید توانائی کے کاروبار سے حاصل ہوا جس کے نتیجے میں دیگر آمدن قابل ذکر اضافے سے 3.008 بلین رہیں جبکہ گزشتہ سال 1.098 بلین روپے تھیں۔ سال کے دوران مالیاتی لاگت میں قابل ذکر اضافہ ہوا جو کہ 2.659 بلین روپے (2021: میں 1,583 بلین روپے) رہی جس سے بلحاظ فروخت 4.33 فیصد اضافہ (2021 میں 4.11 فیصد) کی عکاسی کرتی ہے جس کی وجہ قرضوں پر شرح سود میں اضافہ اور رواں کھاتے کی ضروریات ہیں۔ تاہم اسٹیٹ بینک اسکیموں عارضی اکنامک ریفرنس فیسلٹی (TERF) اور طویل مدتی ٹرم فنانس فیسلٹی (LTFF) سے کمپنی کو پرکشش مارک اپ پر فنانس فیسلٹی حاصل ہوئی جس سے کمپنی سہولیات کو جدید بنانے اور توسیع کرنے میں کامیابی ملی۔ کمپنی کو قبل از ٹیکس 8.458 بلین روپے رہا جبکہ گزشتہ سال 3.759 بلین روپے تھا۔ موجودہ سال کا ٹیکس 1,442 بلین روپے رہا جبکہ گزشتہ سال 496 بلین روپے تھا۔ ٹیکس میں اضافہ کی وجہ قبل از ٹیکس منافع میں اضافہ اور وفاقی حکومت کی جانب سے فنانس ایکٹ 2022 کے تحت 10 فیصد کے حساب سے عائد کردہ سپر ٹیکس تھا۔

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 ۲۰۲۲ء 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 دورانہ پیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسی 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 آڈٹ ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔



محمد عبداللہ
چیرمین

کراچی۔

26 ستمبر 2022ء

فارم برائے قائم مقام / متبادل سفارت ٹیکسٹائل ملز لمیٹڈ

میں / ہم _____ جس کا تعلق _____ سے ہے:

سفارت ٹیکسٹائل ملز لمیٹڈ کے ممبر کی حیثیت سے _____ شیئرز کی تحویل رکھتا / رکھتی ہوں۔ میں / ہم _____ کو یا
ان کی عدم حاضری کی صورت میں _____ کو جس / جن کا تعلق _____ سے ہے، کو
26 اکتوبر 2022 صبح 11:30 بجے بڑی ٹنگ ہال، کاٹن اسپیننگ بلڈنگ، آئی آئی چندر گروڈ، کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں
دیگر تاریخ پر اپنی / ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لئے اپنا / ہمارا پراسی مقرر کرتا / کرتے / کرتی ہوں۔

رپوبلیکنک
پانچ روپے

اس دستاویز پر مورخہ _____ 2022 کو دستخط ہوئے۔

شیئرز ہولڈر کے دستخط _____
شیئرز ہولڈر کا فوٹیو نمبر: _____
اور / یا _____ CDC
شریک ہونے والے کا CNIC نمبر _____
اور سب اکاؤنٹ نمبر _____

پراسی کے دستخط _____
شیئرز ہولڈر کا فوٹیو نمبر: _____
اور / یا _____ CDC
شریک ہونے والے کا CNIC نمبر _____
اور سب اکاؤنٹ نمبر _____

نوٹس

- 1۔ کوئی بھی پراسی اس وقت تک درست نہیں سمجھی جائے گی جب تک اس پر پانچ (05) روپے کا محصول ٹکٹ ناکا یا جائے۔
- 2۔ بینک یا کمپنی کی صورت میں پراسی فارم پر authorized person کے دستخط کے ساتھ کمپنی کی مہر لازم ہوگی۔
- 3۔ پاور آف اٹارنی یا دیگر authority کی صورت میں پراسی فارم کے ساتھ اس کی تصدیق شدہ کاپی جمع کرنی ہوگی۔
- 4۔ دستخط شدہ پراسی فارم کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈر کی صورت میں

- (i) پراسی فارم پر دو افراد تصدیق کریں گے اور ان کے نام، پتے اور CNIC نمبر فارم پر موجود ہونا چاہئے۔
- (ii) Beneficial owners کے CNIC یا پاسپورٹ کی اسکین شدہ کاپی پراسی فارم کے ساتھ جمع کرانے ہوں گے۔
- (iii) پراسی میننگ کے وقت اپنا اصل CNIC یا پاسپورٹ پیش کرے۔
- (iv) کارپوریٹ اثباتی کی صورت میں، پراسی فارم کے ساتھ بورڈ آف ڈائریکٹرز / Resolution / power of attorney بمعہ پراسی ہولڈر کے دستخط بھی جمع کروائے جائیں گے (اگر یہ پہلے فراہم نہیں کیا گیا ہو)۔

گواہان:

(1) دستخط: _____ (2) دستخط: _____

نام: _____ نام: _____

پتہ: _____ پتہ: _____

CNIC یا پاسپورٹ نمبر _____ CNIC یا پاسپورٹ نمبر _____



AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

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

FORM OF PROXY SAPPHIRE TEXTILE MILLS LIMITED

For the year ended 30 June 2022

I/we _____ of _____
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 54th Annual
General Meeting of the Company to be held on Wednesday, 26th October, 2022 at 11:30 a.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 this _____ day of _____ 2022

Signature of shareholder _____

CNIC No: _____

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

Email: _____

Signature of proxy: _____

CNIC No: _____

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

Email: _____

REVENUE
STAMP
RS.5/-

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

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Company seal and signed by its authorized person.
3. Power of Attorney or other authority (if any) under which this proxy form is signed, 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 meeting.
 - iv) In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Witness:

Name _____

Address _____

CNIC No. _____

Name _____

Address _____

CNIC No. _____



AFFIX
CORRECT
POSTAGE

The Company Secretary

SAPPHIRE TEXTILE MILLS LIMITED

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



Sapphire Textile Mills Limited

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

Phone: +92 21 111 000 100,
+92 21 3241 0930

E-Mail: contact@saphiretextiles.com.pk

4th floor Tricon Corporate Center 73-E Jail Road,
Gulberg II, Lahore Pakistan.

Phone: +92 42 111 000 100,
+92 42 35750410,

E-Mail: contact@saphiretextiles.com.pk