35th Annual Report 2019-2020

Year ended 30th June 2020

Sana Industries Limited

33-D-2, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
Phone: 021-34322556-9 Email: info@sana-industries.com

C O N T E N T S

Sana Industries Limited

COMPANY INFORMATION

Board of Directors

Mr.Ibrahim Younus	- Chairman
Mr.Mohammed Younus Nawab	- Director
Mr.Ismail Younus	- Director
Mr.Mohammed Faizanullah	- Director
Mr.Muhammad Ashfaq	- Director
Ms.Areej Rafiq	- Director
Hafiz Mohammed Irfan Nawab	- Chief Executive

H.R. & Remuneration Committee

Ms.Areej Rafiq	- Chairman
Mr.Syed Amjad Ahmad	- Member
Mr.Mohammed Faizanullah	- Member
Mr.Ismail Younus	- Member

Audit Committee

Mr.Muhammad Ashfaq	- Chairman
Mr.Syed Amjad Ahmad	- Secretary
Mr.Ismail Younus	- Member
Mr.Mohammed Faizanullah	- Member

C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

Registered Office

33-D-2, Block 6, P.E.C.H.S
P.O.Box No.10651,
Karachi - 75700
Phone : 32561728 - 29
Fax : 32570833
E-mail : info@sanaindustries.com

Mills

B-186, Hub Industrial Trading Estate,
Hub Chowki, District Lasbela,
Balochistan.
Phone : 0853-363443 - 44
Fax : 0853-363422

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180,
Block-A S.M.C.H.S.
Karachi.
Phone : 34549345-9
Fax : 34548210

Legal Advisors

Zaki & Co.,
Advocates
21-A, Wahab Arcade,
M.A.Jinnah Road,
Karachi.
Phone : 32628998 / 32628999

Bankers

Habib Metropolitan Bank Limited
Islamic Banking Branch,
Jodia Bazar,
Karachi.
Phone : 32432528 - 30
Fax : 32432527

Share Registrars

Central Depository Co. of Pakistan Ltd.
Share Registrar Department
CDC House, 99-B, Block B, S.M.C.H.S.,
Karachi.
Phone : 111-111-500
Fax : 34326027

Website for financial data - http://www.sana-industries.com/

SANA INDUSTRIES LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the shareholders of the Sana Industries Limited will be held on Monday, the 26th of October, 2020 at 5.00 P.M at the Company's Office, situated at 33-D-2, Block 6, P.E.C.H.S., Karachi to transact the following business:-

ORDINARY BUSINESS:

(1) To read and confirm the minutes of 34th Annual General Meeting held on 25th October, 2019.

(2) To receive and adopt the audited financial statements of the Company for the year ended 30th June, 2020, together with the Auditors' Report and Directors' Report thereon.

(3) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2021. The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

Ordinary Resolution

(4) To Ratify and approve transactions conducted with Related Party for the year ended June 30, 2020 by passing the following ordinary resolution with or without modification:

“RESOLVED that the transactions conducted with Related Party as disclosed in Note 38 of the unconsolidated financial statements for the year ended June 30, 2020 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed.”

(5) To authorize the Chief Executive Officer of the Company to approve transactions with Related Party for the financial year ending June 30, 2021 by passing the following ordinary resolution with or without modification:

“RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve the transactions to be conducted with Related Party on case to case basis for the financial year ending June 30, 2021.”

“FURTHER RESOLVED that these transactions 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.

By Order of the Board

(Abdul Hussain Antaria)
CFO & Company Secretary

Karachi: 1st October, 2020

NOTES:

1. **Closure of Share Transfer Books**
The share transfer books of the Company shall remain closed from 19-Oct-2020 to 26-Oct-2020 (both days inclusive). Transfers received in order at the office of Share Registrar CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, SMCHS, Karachi-74400 by the close of business on 16-Oct-2020 will be considered in time to attend and vote at the meeting.

2. **Participation in General Meeting**
An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee, CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated 28th January, 2000, issued by the Securities and Exchange Commission of Pakistan.

   A member entitled to attend and vote at the meeting may appoint another member as his/her proxy in writing to attend the meeting and vote on the member's behalf. Proxies in order to be effective must be received at the Company's Registered Office, 33-D-2, Block-6, P.E.C.H.S., Karachi (Phone No.34322556-59) not later than 48 hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

   Members are requested to notify their change of address, Zakat declaration (CZ-50) and tax exemption certificate (if any) immediately to Company's Share Registrar CDC Share Registrar Services Limited.

3. **Submission of the CNIC/NTN details (Mandatory)**
In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated 18 August 2011 and SRO 83(1)/2012 dated 5 July 2012, dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted photocopy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Companies' Share Registrar in case of non-compliance, the Company shall withhold credit of dividend as per law.

4. **Payment of Cash Dividend Electronically (Mandatory Requirement)**
In accordance with the provision of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard have already been published earlier in newspapers as per Regulations. 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 Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, SMCHS, Karachi-74400 (in case of shareholding in Physical Form).

1.	**Shareholder's details**	
	Name of the Shareholder(s)	
	Folio No./CDS Account No(s)	
	CNIC No (copy attached)	
	Mobile / Landline No	
2.	**Shareholders' Bank details**	
	Title of Bank Account	
	International Bank Account Number (IBAN)	
	Bank's Name	
	Branch's Name and Address	

5. Withholding Tax on Dividend:

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and currently, the deduction of withholding tax on the amount of dividend paid by the companies based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (http://www.fbr.gov.pk/) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

In case of joint account, each holder is to be treated individually as either 'Active' or 'Non-Active' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

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

The required information must reach the Share Registrar of the Company before the close of the business on October 16, 2020 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to the Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRSL), before book closure otherwise tax will be deducted on dividend as per applicable rates.

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

6. **Electronic Transmission of Audited Financial Statements & Notices**
The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

7. **Video Conference Facility**
Members can avail video conference facility, in this regard, please fill the following and submit to head office of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____________ of ___________, being a member of Sana Industries Limited, holder of __________ ordinary shares(s) as per Registered Folio/CDC Account No.________ hereby opt for video conference facility at _____________".

8. **Deposit of Physical Shares in CDC Accounts:**
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 form the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shareholding may please open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

For any query/information, the investors may contact the Company’s Share Registrar.

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

A Statement under Section 134(3) of the Companies Act, 2017 pertaining to the Resolution is appended below:

Ordinary resolution

AGENDA NO.4 – TRANSACTIONS WITH SUBSIDIARY COMPANY.

The Company in the normal course of business carries out transactions with its subsidiary Company Sana Logistics (Private) Limited for re-imbursement of Rent, Electricity, Maintenance, Health Insurance and Contractor payments etc. amounting Rs.68.58 million.

Majority of the directors were interested in these transactions due to common directorship in associated Company, which have to be approved by the shareholders in the General Meeting. Therefore, the transactions carried out during the financial year ended June 30, 2020 are being placed before the shareholders for their consideration and approval / ratification.

All related party transactions, during the year 2020, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related party were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

AGENDA NO.5.

To authorize the Chief Executive Officer of the Company to approve transactions with Related Party for the financial year ending June 30, 2021 which shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ ثناء انڈسٹریز لمیٹڈ کا 35 واں سالانہ اجلاسِ عام 26 اکتوبر 2020ء (پیر) بوقت شام 5:00 بجے کمپنی کے دفتر بواقع 2-D-33، بلاک 6، P.E.C.H.S.، کراچی میں درج امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1۔ 25 اکتوبر 2019 کو منعقدہ کمپنی کے سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔

2۔ 30 جون 2020ء کو ختتمہ سال کیلئے کمپنی کی سنقیح شدہ مالی سٹیٹمنٹس معہ ڈائریکٹران اور آڈیٹران کی رپورٹس کی وصولی غور وخوض اور ان کی قبولیت۔

3۔ 30 جون 2021 ختتمہ سال کے لئے آڈیٹران کا تقرر اور ان کے مشاہرے کا تعین۔ موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے اور اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

خصوصی امور:

عام قرارداد

4-30 جون 2020 ختتمہ سال کیلئے متعلقہ پارٹیوں کے ساتھ کی گئی ٹرانزیکشنز کی درج ذیل عمومی قرارداد کو معہ یا بلا ترمیم پاس کر کے توثیق اور منظوری دینا۔

''قرار پایا کہ 30 جون 2020 ختتمہ سال کیلئے کمپنی کے غیر سنقیح شدہ مالی گوشواروں کے نوٹ نمبر 38 میں منکشف اور سیکشن (3)134 کے تحت مادی معلومات کے بیان میں مروجہ تمام متعلقہ پارٹیز ٹرانزیکشنز کمپنی کی طرف سے کی گئی ہیں اور بذریعہ ہذا ریٹیفائیڈ، توثیق اور منظوری دی جاتی ہے۔

5- مندرجہ ذیل عام قرارداد کو معہ یا بغیر ترمیم کے منظور کر کے کمپنی کے چیف ایگزیکٹو آفیسر کو 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے متعلقہ پارٹی کے ساتھ لین دین کی منظوری دینے کا اختیار دینا۔

" قرار پایا کہ کمپنی کا جو چیف ایگزیکٹو آفیسر ہے اور بذریعہ ہذا 30 جون 2021 کو ختم ہونے والے مالی سال کے معاملے کی بنیاد پر متعلقہ پارٹی کے ساتھ ہونے والے لین دین کو منظور کرنے کا اختیار رکھتا ہے۔"

"مزید قرار پایا کہ کہ یہ لین دین حصص یافتگان کے ذریعہ منظور شدہ سمجھا جائے گا اور ان کے باضابطہ توثیق/منظوری کے لئے اگلے سالانہ جنرل اجلاس میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔"

کوئی دیگر امور

6۔ صدر نشین کی اجازت سے کوئی اور امور نمٹانا۔

حسب الحکم بورڈ

(عبدالحسین انتاریہ)

سی ایف او اینڈ کمپنی سیکرٹری

کراچی

01 اکتوبر 2020ء

نوٹ:

1۔ اطلاع کتابوں کی بندش

کمپنی کی منتقلی حصص کی کتابیں، 19 اکتوبر 2020 تا 26 اکتوبر 2020 (بشمول ہر دو ایام) بند رہیں گی۔ منتقلیاں کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤس، B-99، بلاک B، SMCHS، کراچی 74400 میں 16 اکتوبر 2020ء کو کاروبار کے اختتام تک وصول ہونیوالی اجلاس میں شرکت کیلئے بروقت تصور ہوگی۔

2۔ سالانہ اجلاس عام میں شرکت

شیئرز کا کوئی انفرادی بینیفشل اونر اپنی شناخت ثابت کرنے کے لئے اپنا اصل CNIC یا پاسپورٹ، اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبرز لازماً ہمراہ لائے۔ کارپوریٹ ارکان کے نمائندگان بورڈ کی قرارداد/ مختار نامہ اور نامزدہ کے نمونہ دستخط لازماً ہمراہ لائیں۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی طرف سے جاری شدہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسیاں تا آنکہ مؤثر ہوسکیں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر، 2-D-33، بلاک 6، .P.E.C.H.S، کراچی (فون نمبر: 59-34322556) میں لازماً پہنچ جانی چاہئیں اور وہ دن شمار نہیں کیا جائے گا جس دن کا کوئی حصہ یوم کار نہ ہوا۔ ایک رکن ایک سے زیادہ پراکسی مقرر کرنے کا اہل نہیں ہوگا۔

ارکان سے التماس ہے کہ اپنے پتوں میں کوئی تبدیلی، زکوٰۃ ڈیکلیریشن (CZ-50) اور ٹیکس ایگزیمپشن سرٹیفکیٹ (اگر کوئی ہو) فی الفور کمپنی کے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار۔

NTN/CNIC نمبر جمع کرانا (لازمی)

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نوٹیفکیشن SRO 779(I) مورخہ 18 اگست 2011 اور SRO 831 (I) مورخہ 05 جولائی 2012 کے مطابق، جس میں لازمی قرار دیا گیا ہے کہ ڈیویڈینڈز پر رجسٹرڈ رکن یا مجاز فرد، سوائے نابالغ اور افراد کے CNIC نمبر لازماً تحریر ہونے چاہئیں اور کارپوریٹ اینٹیٹیز سے التماس ہے کہ وہ کمپنی کے شیئر رجسٹرار کو جمع کرائیں۔ عدم تعمیل کی صورت میں، کمپنی قانون کے مطابق ڈیویڈینڈ کا کریڈٹ روک لے گی۔

4۔ نقد منافع منقسمہ کی الیکٹرونیکلی ادائیگی (مینڈیٹری ریکوائرمنٹ)

کمپنیز ایکٹ 2017ء کے سیکشن 242 پروویژنز اور کمپنیز (ڈسٹری بیوشن آف ڈیویڈینڈز) ریگولیشنز 2017 کے مطابق، فہرستی کمپنیوں کے لئے ضروری ہے کہ نقد منافع منقسمہ کا لین دین فقط الیکٹرانک موڈ کے ذریعہ براہ راست حقدار حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائے گا۔ اس ضمن میں قواعد کے مطابق نوٹس پہلے ہی اخبارات میں شائع ہوچکے ہیں۔ وہ حصص یافتگان جنہوں نے ابھی تک اپنا IBAN فراہم نہیں کیا ہے ان سے ایک بار پھر درخواست کی گئی ہے کہ وہ نیچے دیئے گئے "الیکٹرانک کریڈٹ مینڈیٹ فارم" کو پُر اور دستخط شدہ معہ کارآمد CNIC کی کاپی اپنے متعلقہ سی ڈی سی شریک/ سی ڈی سی انویسٹر اکاؤنٹ سروسز کو (بک انٹری فارم میں شیئر ہولڈنگ کی صورت میں) یا کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر ایس ایل)، سی ڈی سی ہاؤس، 99-بی، بلاک بی، ایس ایم سی ایچ ایس، کراچی-74400 کو (مادی شکل میں شیئر ہولڈرز کی صورت میں) ارسال کریں۔

i سیئر ہولڈرز کی تفصیلات	
نام سیئر ہولڈر	
فولیو نمبر /سی ڈی ایس اکاؤنٹ نمبر	
CNIC نمبر کاپی منسلک ہو	
موبائل/ لینڈ لائن نمبر	
ii- سیئر ہولڈر کے بینک کی تفصیلات	
عنوان بینک اکاؤنٹ	
انٹرنیشنل بینک اکاؤنٹ نمبر IBAN	
بینک کا نام	
براچ کا نام اور پتہ	

5-ڈیویڈینڈ پر ودہولڈنگ ٹیکس

i-حکومت پاکستان نے فنانس ایکٹ 2014 کے ذریعے انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 میں چند اصطلاحات کی گئی ہیں جہاں کمپنیوں کی طرف سے ادا کردہ ڈیویڈینڈ رقم پر ودہولڈنگ ٹیکس کی ڈیڈکشن کیلئے مجوزہ شرحیں مختلف ہیں۔فنانس ایکٹ 2019ء کے مطابق اب یہ شرحیں مندرجہ ذیل ہیں۔

a-انکم ٹیکس ریٹرن کے فائلرز کے لئے 15% b-انکم ٹیکس ریٹرن کے نان فائلرز کے لئے 30%

کمپنی کو نقد ڈیویڈینڈ کی رقم پر ٹیکس ڈیڈکشن 30% کی بجائے 15% شرح پر کرنے کے قابل بنانے کیلئے تمام حصص داران جن کے نام فیڈرل بورڈ آف ریونیو (ایف بی آر) پر مہیا شدہ ایکٹو ٹیکس پیئر فہرست (ATL) میں درج نہیں ہیں باوجود یکہ وہ فائلر ہیں کو ہدایت ہے کہ نقد ڈیویڈینڈ کے استحقاق کی تاریخ یعنی 12 اکتوبر 2019 سے قبل ATL میں اپنے ناموں کا اندراج یقینی بنائیں، بصورت دیگر ان کے نقد ڈیویڈینڈ پر ٹیکس 15% کی بجائے 30% کی شرح پر منہا کیا جائے گا۔

<u>ڈیویڈینڈ پر ودہولڈنگ ٹیکس کی ڈیڈکشن:</u>

انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت حصص کی ڈیویڈینڈ آمدنی پر ودہولڈنگ ٹیکس کی کٹوتی لازمی ہے اور فی الحال کمپنیوں کے ذریعہ ادا کردہ منافع کی رقم پر ودہولڈنگ ٹیکس میں کٹوتی حصص یافتگان کی ،'ایکٹو' اور 'نان ایکٹو' حیثیت پر مبنی بالترتیب 15 فیصد اور 30 فیصد ہوگی جہاں 'ایکٹو' کا مطلب ہے وہ حص جس کا نام ایف بی آر کے ای پورٹل (http://ww.fbr.gov.pk/) پر دستیاب ایکٹو ٹیکس دہندگان کی فہرست پر ظاہر ہوتا ہے۔'نان ایکٹو' سے مراد وہ شخص جس کا نام ایکٹو ٹیکس دہندگان کی فہرست میں شامل نہیں ہے۔

مشترکہ کھاتہ کی صورت میں، ہر ہولڈر کو انفرادی طور پر 'ایکٹو' یا 'نان ایکٹو' سمجھا جائے گا اور ہر مشترکہ ہولڈر کی شیئر ہولڈنگ کی بنیاد پر ٹیکس میں کٹوتی کی جائے گی، جیسا کہ ،ہمارے شیئر رجسٹرار کو شیئر ہولڈر کے ذریعہ مطلع کیا جائے گا۔ یا اگر مطلع نہیں کیا گیا تو، ہر مشترکہ ہولڈر کو مساوی حصص کی حیثیت سے سمجھا جائے گا۔

کمپنی کا نام	فولیو/ سی ڈی ایس اکاؤنٹ نمبر	کل حصص	نام اور CNIC نمبر	شیئر ہولڈنگ تناسب (حصص کی تعداد)	نام اور CNIC نمبر	شیئر ہولڈنگ تناسب (حصص کی تعداد)

مطلوبہ معلومات کمپنی کے شیئر رجسٹرار کے ہاں 16 اکتوبر 2020 کو کاروبار کے اختتام سے قبل لازماً پہنچ جانی چاہیئں بصورت دیگر یہ فرض کر لیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز کے ملکیتی حصص مساوی ہیں۔

ایف بی آر سرکلرز C.No.1(29)TWH/2006 مورخہ 30 جون 2010 اور C.No.1(43)DG(WHT)/2008-Vol.II-66417-R مورخہ 12 مئی 2015 کے مطابق انکم ٹیکس آرڈیننس 2001 (ٹیکس آن ڈیویڈینڈ رقم) کی دفعہ 150 کے تحت ودہولڈنگ ٹیکس کی ایگزیمپشن کلیم کرنے کیلئے کارآمد ایگزیمپشن سرٹیفکیٹ ضرور ہے جہاں سیکنڈ شیڈول کے پارٹ IV کی کلاز 47B کے تحت Statutory ایگزیمپشن دستیاب ہے۔ حصص داران جو مذکورہ بالا کلاز میں مذکور کیٹگری میں آتے ہیں اور آرڈیننس کی دفعہ 150 کے تحت ایگزیمپشن سے مستفید ہونا چاہتے ہیں، کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL) کو کتابوں کی بندش سے قبل کارآمد ٹیکس ایگزیمپشن سرٹیفکیٹ لازماً مہیا کریں بصورت دیگر قابل اطلاق شرحوں کے مطابق ٹیکس منہا کیا جائے گا۔

IBAN کی عدم فراہمی کی صورت میں، کمپنی SECP کی ہدایات کے مطابق نقد منافع منقسمہ کو روک لینے پر مجبور ہوگی۔

6-نظر ثانی شدہ مالی حسابات اور نوٹسز کی الیکٹرانک ترسیل

سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) نے اپنے نوٹیفکیشن SRO(I)/2014 مورخہ 8 ستمبر 2014 کے ذریعے کمپنیوں کو نظر ثانی شدہ مالی حسابات معہ سالانہ اجلاس عام کے نوٹسز اپنے ارکان کو بذریعہ ای میل ترسیل کرنے کی اجازت دی ہے۔اس کے مطابق، ارکان سے درخواست ہے کہ نظر ثانی شدہ مالی حسابات اور نوٹس بذریعہ ای میل وصولی کے لیے اپنی رضامندی اور ای میل ایڈریس فراہم کریں۔

براہِ مہربانی ذہن نشین کریں کہ بذریعہ ڈاک وصولی کی بجائے سالانہ مالی حسابات کی وصولی کے لیے ای میل ایڈریس دینا آپشنل ہے۔بصورت آپ اس سہولت سے مستفید نہیں ہونا چاہتے اس نوٹس کو نظر انداز کر دیں۔سالانہ مالی حسابات معمول کے مطابق آپ کے رجسٹرڈ پتہ پر ارسال کر دیئے جائیں گے۔

7-وڈیو کانفرنس سہولت

اراکان وڈیو کانفرس سہولت سے مستفید ہوسکتے ہیں۔۔اس سلسلہ میں درج ذیل فارم کو پُر کر کے کمپنی کے ہیڈ آفس میں سالانہ اجلاس عام کے انعقاد سے 10 یوم قبل جمع کرا ئیں۔اگر کمپنی مجموعی دس فیصد 10% یا زیادہ شیئر ہولڈنگ کے مالک جغرافیائی حل وقوع میں سکونتی حصص داران سے اجلاس میں وڈیو کانفرس کے ذریعے شرکت کے لئے رضامندی اجلاس کی تاریخ سے کم از کم 10 یوم قبل وصول کرلی ہے،تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالہ سے شہر میں ویڈیو کانفرس سہولت کا انتظام کرے گی۔

''میں رہم ....سکنہ..بحثیت ثناء انڈسٹریز لمیٹڈ، مالک........................ عام حصص بمطابق رجسٹرڈ فولیونمبر/ سی ڈی سی اکاؤنٹ نمبر........................بذریعہ ہذا..میں وڈیو کانفرس سہولت اختیار کرنا چاہتے ہیں۔

دستخط حصص دار......................

8۔سی ڈی سی اکاؤنٹس میں مادی حصص کا جمع کرانا:

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق، ہر موجودہ کمپنی کو کمپنیز ایکٹ 2017 کے آغاز سے چار سالوں سے زیادہ نہیں مدت کے اندر SECP کی طرف سے جاری کردہ مقررہ اور شکل کے انداز میں اپنے مادی حصص کو بک انٹری فارم میں تبدیل کرنا ضروری ہوگا۔

مادی شیئر ہولڈنگ والے حصص یافتگان براہ کرم اپنے مادی حصص کو اسکرپ لیس شکل میں رکھنے کے لئے کسی بھی بروکر کے ہاں سی ڈی سی سب اکاؤنٹ یا براہِ راست سی ڈی سی کے ہاں انویسٹرز اکاؤنٹ کھولیں۔

کسی بھی استفسار/معلومات کے لئے، سرمایہ کار کمپنی کے شیئر رجسٹرار سے رابطہ کرسکتے ہیں۔

اسٹیٹمنٹ زیر دفعہ (3)134 بابت کمپنیز ایکٹ 2017

قرارداد سے متعلقہ کمپنیز ایکٹ 2017 کی دفعہ (3)134 کے تحت بیان حسبِ ذیل ہے:

عام قرارداد

ایجنڈا آئٹم نمبر 4-ذیلی کمپنی کے ساتھ ٹرانزیکشن

معمول کے کاروبار کے دوران کمپنی اپنی ذیلی کمپنی، ثنا لاجسٹک (پرائیویٹ) لمیٹڈ کے ساتھ کرایہ، بجلی، بحالی، ہیلتھ انشورنس اور ٹھیکیدار کی ادائیگیوں وغیرہ کی ادائیگی کی مد میں 67.58 ملین روپے کا لین دین کیا ہے۔

اکثر ڈائریکٹرز ان کمپنیوں میں مشترکہ ڈائریکٹرشپ کی وجہ سے ان لین دین میں دلچسپی رکھتے تھے، اجلاس عام میں حصص یافتگان نے اس کی منظوری دینی ہوتی ہے۔لہذا، 30 جون، 2020 کو ختم ہونے والے مالی سال کے دوران کئے گئے لین دین کو شیئر ہولڈرز کے سامنے ان کی غور وخوض اور منظوری/توثیق کے لئے رکھا جارہا ہے۔

سال 2020 کے دوران پارٹی سے متعلقہ تمام لین دین کا جائزہ لیا گیا اور آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں اس کی منظوری دی۔متعلقہ فریق کے ساتھ لین دین قابل رسائی قیمتوں کے موازنہ کے طریقہ کار کے مطابق طے شدہ قیمتوں پر کیا گیا تھا۔

ایجنڈا نمبر 5

کمپنی کے چیف ایگزیکٹو آفیسر کو 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے متعلقہ پارٹی کے ساتھ لین دین کی منظوری کا اختیار دینا، جو حصص یافتگان کے سامنے ان کی باضابطہ توثیق/منظوری کے لئے اگلے سالانہ اجلاس عام میں رکھے جائیں گے۔

REVIEW REPORT BY THE CHAIRMAN

The Company complies with all material requirements set out in Companies Act, 2017 with respect to the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the “Board”) of Sana Industries Limited has been carried out. 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 30 June 2020, the Board’s overall performance and effectiveness has been assessed as satisfactory, which is based on an evaluation of integral components including vision, mission and values.

The Board has a clear understanding of the stakeholders whom the Company serves, engagement in strategic planning, formulation of policies, monitoring the organization’s business activities and financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board’s business. Further, the Board sets annual goals and targets for the management in all major performance areas.

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Corporate Objectives, Plans, Business Strategies, budgets, financial statements and other reports. It received agendas and written material in sufficient time prior to board and committee meetings. The Board meets frequently enough to adequately discharge its responsibilities.

The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors, who were equally involved in important decisions.

(Ibrahim Younus)
Chairman.

Karachi: 1st October, 2020.

DIRECTORS' REPORT

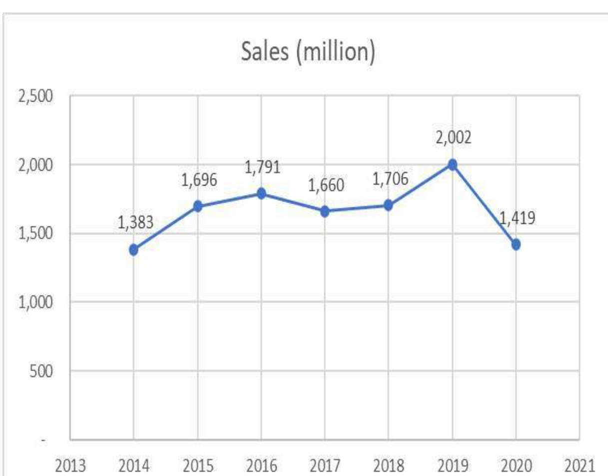
The Directors take pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 30th June 2020. The year has been an outlier with circumstances none had witnessed before; a Pandemic for which not only it is difficult to be prepared but the world's managers had no experience of handling such a situation.

COVID-19 has been relatively kind to Pakistan when compared to other regional countries, but the SOPs advised for the operations of manufacturing businesses like ours, took time in adapting and the company faced a total shutdown of its manufacturing operation between 23rd March 2020 and 15th May 2020. The resumption of operations planned out in phases though was beneficial for the company to minimize risks of the disease along with curbing the risk of fluctuation commodities and Raw Material Prices. With the Grace of ALLAH, the manufacturing operations and Sales are back to 100% now. Lets all hope to avoid a second waive and continue with normal operations.

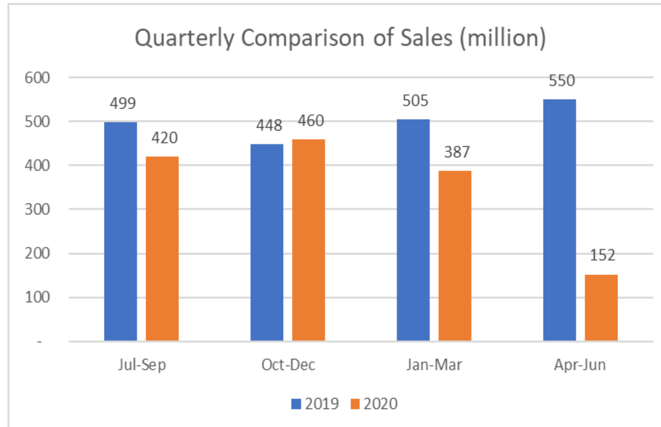
Financial Results

The Consolidated Financial Results of the Company for the year ended 30th June, 2020 are summarized below:-

Profit/(Loss) for the year before taxation	(6,094,123)
Less: Provision for taxation	9,059,636
Profit/(Loss) after taxation	2,965,513



The Sales of the company have dropped from the previous trend, the significant drop in the 4th quarter sales illustrates that COVID-19 had a major impact during the year.



The financial impact has been much reduced by schemes introduced by the State Bank of Pakistan, not only for Wages and Salaries Payment but also deferrals of the Principal Repayments of our long term liabilities.

In order to facilitate our Shareholders following comparisons of operating and financial data are annexed.

(a) Comparison with last year Annex-A
(b) Comparison with previous quarter Annex-B
(c) Quarter-wise comparative Balance Sheets Annex-C
(d) Quarter-wise comparative Profit & Loss accounts Annex-D
(e) Statistical summary of key operating and financial data of last 6 years Annex-E

Future Prospects

The management is positive about the prospects of the company. Energy is a major challenge; Gas pressures are unstable and are hurting the production processes. The industry is urging the government to make energy continuously available at regionally competitive prices. If this one issue is managed, then there are many areas where the company is exploring to grow its businesses.

Auditors

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ended June 30, 2021.

Pattern of Holding of Shares

The Pattern of Holding of Shares as prescribed by the SECP Circular dated 28/3/2002 to the Stock Exchange has been included in the Annual Report.

Dividend and Notice of Book Closure

Your Directors have decided to skip the payment of Final Dividend due to loss which occurred due to Covid-19.

Directors' Statement

(1) The financial statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(2) The Company has maintained proper books of account.

(3) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

(4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom, if any, has been adequately disclosed and explained.

(5) The system of internal control is of sound design and has been effectively implemented and monitored.

(6) There are no significant doubts upon the Company's ability to continue as a going concern.

(7) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange's Listing Regulations.

(8) The Company operates an approved gratuity fund, being administered by a gratuity fund trust, covering all its employees who have completed their qualifying period. The Project Unit Credit Actuarial Cost Method (PUC) was used for calculating the accounting entries, which method is mandated under the latest version of IAS-19. The most recent actuarial valuation of the scheme was carried out at 30th June, 2020. Total of assets / investments as on 30/6/2020 were Rs.56,301,972/=

Board of Directors

Elections of Directors was held in the Extra-ordinary General Meeting held on 3/12/2020, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years, commencing from 3/12/2020. A total of 5 Meetings of the Board of Directors were held during the financial year ended 30th June 2020. Number of Meetings attended by each Directors are stated their against:

Name of Directors	Number of meeting attended
1. Mr.Mohammed Yoounus Nawab	4
2. Mr.Mohammed Irfan Nawab	5
3. Mr.Ibrahim Younus	5
4. Mr.Ismail Younus	5
5. Mr.Muhammad Faizaullah	5
6. Mr.Mohammed Ashfaq	5
7. Mr.Mohammed Khalid Yousuf (Retired on 3-12-2019)	2
8. Ms.Areej Rafique (Elected on 3-12-2019)	3

Following trades in the shares of the Company were carried out by its Directors, CEO, Company's Secretary and their spouses and minor children during the current financial year:

Date of Transaction	Purchaser	No.of shares	Rate/ Share
PURCHASES:			
13/09/2019	Mr.Muhammad Faizanullah	500	38.00
16/09/2019	Mr.Muhammad Faizanullah	500	38.00
07/10/2019	Mr. Ismail Younus	1,000	50.89
07/10/2019	Mr.Muhammad Faizanullah	5,000	50.89
07/10/2019	Mr. Ismail Younus	1,000	50.89
14/11/2019	Mr.Muhammad Faizanullah	2,000	48.00
15/11/2019	Mr.Muhammad Faizanullah	2,000	48.00
15/11/2019	Mr. Ismail Younus	2,000	48.00
SALES:			
10/10/2019	Mr.Mohammed Khalid Yousuf	3,500	51.50
10/10/2019	Mr.Mohammed Khalid Yousuf	500	52.00

Personnel

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

On behalf of the Board

(Mohammed Irfan Nawab)
Executive

(Younus Nawab)
Director

Karachi: 1st October, 2020

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2020 کوختم ہوئے سال کے لئے کمپنی کے آڈٹ اکاؤنٹس کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔ اس سال جس طرح کی صورتحال کا سامنا رہا ان حالات کی پہلے کبھی نظیر نہیں تھی۔ ایک وبائی مرض جس کے لئے نہ صرف پہلے سے تیار ہونا مشکل ہے بلکہ دنیا کے منتظمین کو ایسی صورتحال سے نمٹنے کا کوئی تجربہ نہیں تھا۔

دوسرے علاقائی ممالک کے مقابلے میں پاکستان میں COVID-19 نسبتاً مہربان رہا ہے، لیکن SOPs نے ہمارے جیسے مینوفیکچرنگ بزنس کو چلانے کے لئے مشورے دیئے، ان کو اپنانے میں وقت لگا اور کمپنی کو 23 مارچ 2020 سے 15 مئی 2020 کے دوران اپنے مینوفیکچرنگ آپریشن کو مکمل طور پر بند کرنا پڑا۔ اگرچہ اتار چڑھاؤ والی اشیا اور خام مال کی قیمتوں کے خطرے کو روکنے کے ساتھ ساتھ اس بیماری کے خطرات کو کم کرنے کے لئے کمپنی کے لئے مرحلہ وار منصوبہ بندی پر عمل درامد کا آغاز کیا گیا۔ اللہ کے فضل کے ساتھ، مینوفیکچرنگ آپریشنز اور فروخت اب 100 فیصد پر واپس آ چکی ہیں۔ یہ ہم سب کو دوسری لہر سے بچنے اور معمول کی کاروائیوں کو جاری رکھنے کی امید دیتا ہے۔

مالیاتی نتائج

30 جون 2020ء کوختم ہونے والے سال کے کمپنی کے متفقہ مالی نتائج ذیل میں پیش کیے گئے ہیں:

قبل از ٹیکس سالانہ منافع / (خسارہ)	(6,094,123)
منفی: ٹیکس کے لیے مختص	9,059,636
بعد از ٹیکس سالانہ منافع / (خسارہ)	2,965,513

کمپنی کی فروخت پچھلے رجحان سے کم ہوگئی، چوتھی سہ ماہی کی فروخت میں نمایاں کمی یہ واضح کرتی ہے کہ سال کے دوران COVID-19 کا بڑا اثر پڑا۔

مالیاتی اثرات کو کم کرنے، نہ صرف اجرتوں اور تنخواہوں کی ادائیگی بلکہ ہماری طویل مدتی واجبات کی پرنسپل ادائیگیوں کو بھی موخر کرنے کے لیے اسٹیٹ بینک آف پاکستان کی طرف سے منصوبہ جات متعارف کرائے گئے۔

ہمارے حصص یافتگان کو سہولت فراہم کرنے کے لئے درج ذیل آپریٹنگ اور مالیاتی اعداد و شمار کے موازنے منسلک کیے گئے ہیں۔

(a)	گزشتہ سال سے موازنہ	Annex-A
(b)	گزشتہ سہ ماہی سے موازنہ	Annex-B
(c)	سہ ماہی وار تقابلی بیلنس شیٹ	Annex-C
(d)	سہ ماہی وار تقابلی نفع و نقصان حسابات	Annex-D
(e)	گزشتہ 6 سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار کا شماریاتی خلاصہ	Annex-E

مستقبل کے امکانات

انتظامیہ کمپنی کے امکانات کے بارے میں مثبت ہے۔ توانائی ایک بڑا چیلنج ہے۔ گیس پریشرز غیر مستحکم ہیں اور پیداواری عمل کو نقصان پہنچا رہے ہیں۔ یہ صنعت حکومت سے اصرار کر رہی ہے کہ وہ علاقائی طور پر مسابقتی قیمتوں پر مستقل توانائی مہیا کرے۔ اگر یہ معاملہ سنبھالا جاتا ہے تو بہت سے ایسے شعبے ہیں جہاں کمپنی اپنے کاروبار کو بڑھانے کے لئے کوشاں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکائنٹنٹس بعداز ریٹائرڈ اور اہل ہونے پر 30 جون 2021ء کوختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خودکوپیش کرتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

اسٹاک ایکسچینج کوایس ای سی پی سرکلر مورخہ 28 مارچ، 2002ء کے مطابق طےشدہ حصص کے ہولڈنگ آف پیٹرن کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

ڈیویڈنڈ اور بک کی بندش کا نوٹس

آپ کے ڈائریکٹرز نے COVID-19 کے باعث ہونے والے نقصان کی وجہ سے ڈیویڈنڈ کی ادائیگی چھوڑنے کا فیصلہ کیا ہے۔

ڈائریکٹرز کا اسٹیٹمنٹ

(1) مالیاتی اسٹیٹمنٹس، اس کی کارروائیوں کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلی، کمپنی کے امور کی منصفانہ حیثیت پیش کرتے ہیں۔

(2) کمپنی نے اکاؤنٹس کی موزوں کتابیں تیار کی ہیں۔

(3) مالیاتی اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پرمبنی ہیں۔

(4) مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں پیروی کی گئی ہے اور اس کے بعد کسی بھی طرح کا انحراف، اگر کوئی ہے تو، اس کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

(5) انٹرنل کنٹرول سسٹم موزوں ڈیزائن پرمبنی ہے اور موثر انداز میں نافذ اور زیرنگرانی ہے۔

(6) کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک وشبہ کی گنجائش نہیں ہے

(7) اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں تفصیلی طور پر دیئے گئے کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

(8) کمپنی ایک گریچویٹی فنڈ ٹرسٹ کے زیرانتظام ایک منظور شدہ گریچویٹی فنڈ چلاتی ہے، جس میں ان تمام ملازمین کا احاطہ کیا جاتا ہے جنہوں نے اپنی اہلیت کی مدت پوری کی ہے۔ پروجیکٹ یونٹ کریڈٹ ایکوریئل لاگت کا طریقہ کار (PUC) اکاؤنٹنگ اندراجات شمار کرنے کے لئے استعمال کیا گیا تھا، جسے IAS-19 کے تازہ ترین ورژن کے تحت لازمی قرار دیا گیا ہے۔ اس اسکیم کی حالیہ قیمت کا تعین 30 جون 2020 کو کیا گیا۔ کل اثاثے/ سرمایہ کاری 30 جون 2020 کے مطابق -/56,301,972 روپے تھی۔

بورڈ آف ڈائریکٹرز

ڈائریکٹرز کا انتخاب 03 دسمبر 2020ء کو غیرمعمولی جنرل اجلاس میں کمپنیز آرڈیننس، 1984 کے سیکشن 178 کی دفعات کے مطابق 03 دسمبر 2020ء سے تین سال تک کے لیے کیا گیا۔ بورڈ آف ڈائریکٹرز کی کل 5 میٹنگیں 30 جون 2020 کوختم ہونے والے مالی سال کے دوران منعقد ہوئی تھیں۔

شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
1	جناب محمد یونس نواب	4
2	جناب محمد عرفان نواب	5
3	جناب ابراھیم یونس	5
4	جناب اسماعیل یونس	5
5	جناب محمد فیضان اللہ	5

6	جناب محمد اشفاق	5
7	جناب محمد خالد یوسف (3 دسمبر 2019 کو ریٹائر ہو گئے)	2
8	مس عریج رفیق (3 دسمبر 2019 کو منتخب ہوئیں)	3

رواں مالی سال کے دوران کمپنی کے حصص میں مندرجہ ذیل لین دین اس کے ڈائریکٹرز، CEO، کمپنی کے سکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے کی۔

لین دین کی تاریخ	خریدار	شیئرز کی تعداد	شیئر کی شرح
خریداریاں			
13-09-2019	جناب محمد فیضان اللہ	500	38.00
16-09-2019	جناب محمد فیضان اللہ	500	38.00
07-10-2019	جناب اسماعیل یونس	1,000	50.89
07-10-2019	جناب محمد فیضان اللہ	5,000	50.89
07-10-2019	جناب اسماعیل یونس	1,000	50.89
14-11-2019	جناب محمد فیضان اللہ	2,000	48.00
15-11-2019	جناب محمد فیضان اللہ	2,000	48.00
15-11-2019	جناب اسماعیل یونس	2,000	48.00
فروخت			
10-10-2019	جناب محمد خالد یوسف	3,500	51.50
10-10-2019	جناب محمد خالد یوسف	500	52.00

اِفرادکار

میں عملے اور کارکنوں کے خلوص اور وفاداری کے لئے اپنی مخلصانہ تعریف پیش کرنا چاہتا ہوں جن کی کوششوں کے بغیر اس کامیابی کا حصول ممکن نہیں تھا۔ میں آنے والے سالوں میں بھی اسی خلوص اور تعاون کی توقع کرتا ہوں۔

منجانب بورڈ

(محمد عرفان نواب)
چیف ایگزیکٹو

کراچی: 01 اکتوبر 2020ء

Sana Industries Limited

Annexure to Directors' Report
(Rupees in millions)

Comparison with last year **Annexure A**

Covering period FROM / TO	01-Jul-2019 / 30-Jun-2020	01-Jul-2018 / 30-Jun-2019	VARIATION Amount	VARIATION Percentage
Turnover - net	1,775.17	2,402.54	(627.37)	-26.11%
Cost of Sales	1,598.84	2,092.85	(494.01)	-23.60%
Gross Profit	176.33	309.69	(133.36)	-43.06%
G.P.Rate to Sales	9.93%	12.89%		-2.96%
Administrative, Selling, Financial & Other expenses	187.13	175.64	11.49	6.54%
Other income	4.70	5.07	(0.37)	-7.32%
Net (loss) / Profit before taxation	(6.09)	139.12	(145.21)	-104.38%
Net (loss) / profit Rate to Sales	-0.34%	5.79%		
Provision for Taxation	(9.06)	31.10	(40.16)	-129.13%
(Loss) / Profit after Taxation	2.96	108.02	(105.06)	-97.26%
Earning per share (before tax)	(0.71)	16.19	(16.90)	-104.39%
Earning per share (after tax)	(0.75)	11.17	(11.92)	-106.71%

Comparison with previous quarter **Annexure B**

Covering period FROM / TO	01-Apr-2020 / 30-Jun-2020	01-Jan-2020 / 31-Mar-2020	VARIATION Amount	VARIATION Percentage
Turnover - net	232.09	462.36	(230.27)	-49.80%
Cost of Sales	266.80	403.39	(136.59)	-33.86%
Gross Profit	(34.71)	58.97	(93.68)	-158.86%
G.P.Rate to Sales	-14.96%	12.75%		
Administrative, Selling, Financial & Other expenses	37.88	46.29	(8.42)	-18.18%
Other income	0.45	0.61	(0.16)	-25.88%
Net (loss) / Profit before taxation	(72.14)	13.29	(85.42)	-642.96%
Net (loss) / profit Rate to Sales	-31.08%	2.87%		
Provision for Taxation	(31.74)	1.49	(33.23)	-2231.50%
(Loss) / Profit after Taxation	(40.39)	14.77	(55.17)	-373.38%
Earning per share (before tax)	(8.39)	1.55	(9.94)	-641.29%
Earning / (Loss) per share (after tax)	(4.98)	2.13	(7.11)	-333.80%

Sana Industries Limited

Annexure "C"

COMPARISON OF BALANCE SHEET OF FOUR QUARTERS

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	30-Sep-2019	31-Dec-2019	31-Mar-2020	30-Jun-2020
	Rupees	Rupees	Rupees	Rupees
ASSETS				
NON CURRENT ASSETS				
Property, Plant and equipments	597,527,125	588,614,082	581,820,296	565,900,908
Right to use asssers	-	59,842,246	57,802,170	79,597,185
Long-term deposits	4,571,051	4,571,051	2,756,051	2,756,051
Deferred tax asset - net	-	-	-	4,228,063
	602,098,176	653,027,379	642,378,517	652,482,207
CURRENT ASSETS				
Stock-in-trade / Stores and spares	216,711,796	223,624,268	222,680,679	208,322,275
Short term investment	1,705,555	1,705,555	1,705,555	1,705,555
Trade debts- unsecured, considered good	481,002,907	428,202,030	447,849,218	339,567,837
Advances	23,418,539	34,923,151	24,399,492	41,820,762
Deposits and pre-payments	6,299,414	4,898,406	3,014,382	2,159,357
Other receivables	29,256,670	28,708,186	77,240,033	2,112,791
Taxation - net	84,544,095	73,482,709	82,239,233	146,398,709
Cash and bank balances	12,653,141	17,278,705	12,902,852	61,711,634
	855,592,116	812,823,010	872,031,444	803,798,920
TOTAL ASSETS	1,457,690,292	1,465,850,389	1,514,409,960	1,456,281,127
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital	85,937,500	85,937,500	85,937,500	85,937,500
Reserves	297,548,006	287,439,098	305,775,869	296,094,422
Attributiable to equity holders of the parent	383,485,506	373,376,598	391,713,369	382,031,922
Non-controlling interest	32,130,258	40,518,685	36,956,824	39,362,086
	415,615,765	413,895,283	428,670,193	421,394,008
NON CURRENT LIABILITIES				
Diminishing Mushareqa	77,172,814	68,401,318	58,634,191	106,988,298
Lease Liability	24,982,203	62,019,728	62,708,464	77,870,831
Long term Liabilities	-	18,567,635	14,304,876	13,652,131
Deffered Liabilities	68,462,554	62,339,508	63,134,896	37,412,009
	170,617,571	211,328,189	198,782,427	235,923,269
CURRENT LIABILITIES				
Trade and other payables	309,699,238	287,260,339	357,462,708	222,741,268
Accrued profit	12,760,056	14,305,080	16,876,260	24,970,742
Borrowings from Directors and related parties	76,135,000	60,435,000	42,645,000	63,345,000
Current portion of long term liabilites and arrangements	60,601,911	62,871,851	62,069,571	73,806,240
Unclaimed dividend	1,772,314	1,771,130	1,879,875	1,890,010
Morabaha Arrangements	410,488,437	413,983,517	406,023,927	412,210,590
886957341	871,456,956	840,626,917	886,957,341	798,963,850
CONTINGENCIES AND COMMITMENTS	-	-	-	-
TOTAL EQUITY AND LIABILITIES	1,457,690,292	1,465,850,389	1,514,409,961	1,456,281,127
Debt Equity Ratio	29.10%	33.80%	31.68%	35.89%
Current Ratio	0.98	0.97	0.98	1.01

Sara Industries Limited "Annexure D"

COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS.

	1ST QUARTER 30-Sep-2019 Rupees	2ND QUARTER 31-Dec-2019 Rupees	3RD QUARTER 31-Mar-2020 Rupees	4TH QUARTER 30-Jun-2020 Rupees	Y.T.D. 30-Jun-2020 Rupees
Gross turnover	523,174,465	557,546,442	462,361,281	232,092,080	1,775,174,268
Cost of sales	(456,811,265)	(471,832,931)	(403,394,213)	(266,802,269)	(1,598,840,678)
Gross profit	66,363,200	85,713,511	58,967,068	(34,710,189)	176,333,590
G.P.Rate	11.03%	13.09%	11.86%	-14.96%	9.93%
General and administration expenses	(5,760,975)	(6,271,089)	(5,118,696)	(51,736,052)	(68,886,812)
Selling and distribution expenses	(18,299,502)	(22,770,999)	(18,073,412)	37,456,521	(21,687,392)
Other operating expenses	(727,693)	(1,163,482)	(1,659,306)	3,300,481	(250,000)
Operating profit	41,575,030	55,507,941	34,115,654	(45,689,239)	85,509,386
Finance cost	(18,711,185)	(29,247,085)	(21,443,280)	(26,900,610)	(96,302,160)
Other income	1,011,778	2,619,055	613,259	454,559	4,698,651
Profit for the period before taxation	23,875,623	28,879,911	13,285,633	(72,135,290)	(6,094,123)
Provision for taxation - current	(10,092,771)	(18,228,505)	(49,773)	(5,110,029)	(33,481,078)
- prior year	-	(2,068,307)	-	(186,131)	(2,254,438)
- deferred (current)	(4,964,818)	11,180,793	1,539,051	37,040,126	44,795,152
	(15,057,589)	(9,116,019)	1,489,278	31,743,966	9,059,636
Profit / Loss after taxation	8,818,034	19,763,892	14,774,911	(40,391,324)	2,965,513
Earning per share before taxation	2.78	3.36	1.55	(8.39)	(0.71)
Earning per share after taxation	0.77	1.32	2.13	(4.98)	(0.75)

SANA INDUSTRIES LIMITED

Statistical summary of key operating & financial data for last six years **Annexure E**

Based on Unconsolidated Financial Statements for the year ended / as at June,30

(Rupees in Millions)

YEAR END	Jun-2020	Jun-2019 Restated	Jun-2018 Restated	Jun-2017	Jun-2016	Jun-2015
OPERATING RESULTS						
Turnover	**1,419.00**	2,002.24	1,705.99	1,660.32	1,791.12	1,695.87
Gross profit	**87.83**	198.31	115.67	39.99	177.37	226.74
Operating expenses	**79.20**	76.30	58.85	41.21	53.47	35.79
Operating Profit / (Loss)	**8.64**	126.85	102.10	(1.22)	123.89	190.95
Financial charges	**74.80**	63.32	46.10	43.79	40.34	50.23
(Loss) / Profit before tax	**(43.30)**	79.74	60.76	(45.01)	83.55	135.87
Taxation	**11.84**	14.51	42.09	17.42	18.82	46.31
(Loss) / Profit after tax	**(31.46)**	65.22	18.67	(27.58)	64.73	89.56
FINANCIAL POSITION						
Paid-up Capital	**85.94**	85.94	85.94	85.94	85.94	85.94
Retained earnings	**263.73**	316.67	268.63	237.71	290.81	306.43
Total equity	**345.50**	401.08	366.32	323.65	376.74	392.37
Long term loans	**72.38**	44.52	70.98	136.90	68.24	48.17
Deferred Liabilites	**67.74**	53.78	10.02	13.48	55.25	48.49
Current liabilities	**675.01**	720.99	623.70	683.49	610.27	496.56
Total assets	**1,160.63**	1,184.61	1,069.35	1,153.44	1,087.97	985.59
Fixed assets (Gross)	**1,184.21**	1,126.64	1,082.18	1,135.25	1,045.98	874.84
Accumulated depreciation	**737.70**	662.55	589.54	539.13	550.79	491.48
Fixed assets (Net)	**446.51**	464.09	492.64	596.12	495.18	383.36
Long term investment	**35.00**	35.00	35.00	4.90	0.00	0.00
Long term deposits	**2.76**	2.76	2.84	1.37	1.21	1.17
Deferred tax assets	**5.57**	0.00	0.00	0.00	0.00	0.00
Current assets	**670.80**	682.76	535.84	550.71	591.58	595.61
RATIOS						
Fixed Assets Turnover	**3.18**	4.31	3.46	2.79	3.62	4.42
Trade Debts (days)	**44**	31	43	26	43	38
Inventory turnover (times)	**6.41**	9.24	7.76	7.02	6.67	5.59
Inventory turnover (days)	**57**	40	47	52	55	65
Sales growth %	**-29.13%**	17.37%	2.75%	-7.30%	5.62%	22.63%
Gross profit margin %	**6.19%**	9.90%	6.78%	2.41%	9.90%	13.37%
Total charges as % to sales	**10.85%**	6.97%	6.15%	5.12%	5.24%	5.69%
Net profit before tax % to sales	**-3.05%**	3.98%	3.56%	-2.71%	4.66%	8.01%
Tax rate (Effective) %	**29.00%**	29.00%	30.00%	31.00%	32.00%	33.00%
Net profit after tax (% to sales)	**-2.22%**	3.26%	1.09%	-1.66%	3.61%	5.28%
Return on Capital % (after tax)	**-36.60%**	75.89%	21.72%	-32.10%	75.32%	104.21%
Return on Equity % (after tax)	**-9.10%**	16.26%	5.10%	-8.52%	17.18%	22.83%
Earning per share pre-tax	**(5.04)**	9.28	7.07	(5.24)	9.72	15.81
Earning per share after tax	**(3.66)**	7.59	2.17	(3.21)	7.53	10.42
Break-up value per share	**40.20**	46.67	42.63	34.04	43.84	45.66
Debt Equity Ratio	**29:71**	20:80	18:82	37:63	24:76	20 : 80
Current Ratio	**0.99**	0.95	0.86	0.81	0.90	1.20
Quick Ratio	**0.70**	0.65	0.58	0.46	0.59	0.68
DISTRIBUTION						
Dividend per share Rs.	**Nil**	2.50	2.00	Nil	3.50	8.00
Stock Dividend	**Nil**	Nil	Nil	Nil	Nil	Nil
Dividend payout	**0%**	33%	92%	0%	46%	77%

SANA INDUSTRIES LIMITED
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED JUNE 30, 2020

M/s. Sana Industries Limited (‘the Company’) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, (‘the Regulations’) in the following manner:

1. The total number of directors of the Company are 7 as follows:

Male:	06
Female:	01

2. The composition of the Board of Directors (‘the Board’) is as follows:

I) Non-Executive Directors	
a. Independent Directors	Mr. Muhammad Ashfaq; and Ms. Areej Rafique
b. Other Non-Executive Directors	Mr. Ibrahim Younus; Mr. Ismail Younus; and Mr. Muhammad Faizanullah
II) Executive Directors	Mr. Mohammed Younus Nawab; and Mr. Mohammed Irfan Nawab

3. The directors have confirmed that none of them is serving as a director on more than seven (7) 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 a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the 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 the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;

9. Up to the end of the reporting period (i.e. June 30, 2020), the Board has arranged Directors’ Training Program for Ms. Areej Rafique, who attended the first session and the second session was interrupted due to the Pandemic situation.

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10. The Board has approved the appointment of the Chief Financial Officer, 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 Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

Audit Committee	
Mr. Muhammad Ashfaq	Chairman
Mr. Muhammad Faizanullah	Member
Mr. Ismail Younus	Member
Syed Amjad Ahmed	Secretary
HR & Remuneration Committee	
Ms. Areej Rafique	Chairman
Mr. Muhammad Faizanullah	Member
Mr. Ismail Younus	Member
Syed Amjad Ahmed	Secretary

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

14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR & Remuneration Committee	Annually

*[**Note:** Due to lockdown situation in the country as a result of the outbreak of COVID-19 pandemic, in the last quarter of the financial year ended June 30, 2020, the meetings of the Audit Committee and HR & Remuneration Committee were held remotely and the resolutions on the necessary matters were passed by circulation.]*

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) 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 ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulation no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; Explanation as required under the regulations is mentioned below;

19. Company, currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director.

20. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief Financial officer and Company Secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that the current CFO and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost effective measure that is in the better interest of the shareholders of the Company, therefore hiring a separate person for both position is not feasible.

On behalf of the Board of Directors

(Chairman)

Dated: 1st October 2020

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sana Industries 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 **Sana Industries Limited** (the Company) for the year ended **June 30, 2020** 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2020.**

Rahman Sarfaraz Rahim Iqbal Rafiq

Karachi.
Date: 01 OCT 2020

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sana Industries Limited

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of **Sana Industries Limited** ('the Company'), which comprise the unconsolidated statement of financial position as at **June 30, 2020**, 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

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Russell Bedford
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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Information Other than the Unconsolidated Financial Statements and Auditor's 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 and consolidated financial statements and our audit reports 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.

Responsibilities of Management and Board of Directors for the Unconsolidated 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 unconsolidated 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.

Auditor's Responsibilities for the Audit of the Unconsolidated 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 auditor's 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 the unconsolidated financial statements.

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Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements (continued)

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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 audit 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.

Cont'd... P/4

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem.**

Rehman

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: 01 OCT 2020

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	(Restated) 2019	(Restated) 2018
		Rupees		
ASSETS				
Non- current assets				
Property, plant and equipment	6	**355,849,999**	390,637,695	414,126,767
Right-of-use asset	7	**27,966,050**	-	
Investment property	8	**62,691,909**	73,451,534	83,217,171
Investment in subsidiary	9	**35,000,000**	35,000,000	35,000,000
Long term deposits and prepayments	10	**2,756,051**	2,756,051	2,836,051
Deferred tax assets	11	**5,572,305**	-	-
		489,836,314	501,845,280	535,179,989
Current assets				
Stock-in-trade	12	**201,493,653**	214,142,525	176,173,176
Stores and spares		**6,828,622**	-	-
Trade debts	13	**247,906,234**	313,588,277	202,774,091
Loans and advances	14	**41,585,391**	23,023,526	26,506,976
Trade deposits and short term prepayments	15	**1,715,715**	1,354,543	1,565,908
Short term investments	16	**1,705,555**	1,705,555	-
Other receivables	17	**17,796,559**	30,003,757	14,680,502
Tax refunds due from government		**98,454,393**	104,726,139	71,875,271
Cash and bank balances	18	**53,312,333**	29,971,577	42,264,953
		670,798,455	718,515,899	535,840,877
Total assets		**1,160,634,769**	1,220,361,179	1,071,020,866
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital				
10,000,000 (2019: 10,000,000) ordinary shares of Rs 10/- each		**100,000,000**	100,000,000	100,000,000
Issued, subscribed and paid up capital	19	**85,937,500**	85,937,500	85,937,500
Revenue reserves				
General reserves		**132,500,000**	132,500,000	132,500,000
Unappropriated profit		**127,064,475**	182,640,908	147,883,188
		259,564,475	315,140,908	280,383,188
		345,501,975	401,078,408	366,320,688
Non-current liabilities				
Lease liability	20	**30,830,611**	-	-
Long term loans from a banking company	21	**72,380,513**	44,516,505	70,975,725
Deferred liabilities	22	**36,914,143**	53,779,541	10,024,789
		140,125,267	98,296,046	81,000,514
Current liabilities				
Short term murabaha	23	**412,210,590**	440,591,009	431,468,730
Trade and other payables	24	**199,718,479**	222,593,442	122,646,557
Loan from directors and sponsors	25	**15,910,000**	18,610,000	3,760,000
Accrued markup	26	**24,812,736**	11,770,802	8,720,734
Current maturity of lease liability	20	**1,130,437**	-	-
Current portion of long term loans from a banking company	27	**16,731,287**	25,622,593	55,453,527
Current maturity of deferred government grant	22	**2,603,988**	-	-
Unclaimed dividend		**1,890,010**	1,798,879	1,650,116
		675,007,527	720,986,725	623,699,664
Contingencies and commitments	28			
Total equity and liabilities		**1,160,634,769**	1,220,361,179	1,071,020,866

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	**2020**	2019
		Rupees	
Revenue - net	*29*	**1,418,996,590**	2,002,240,706
Cost of sales	*30*	**(1,331,161,962)**	(1,803,933,532)
Gross profit		**87,834,628**	198,307,174
Operating expenses			
Administrative expenses	*31*	**(59,443,205)**	(51,467,084)
Distribution expenses	*32*	**(19,506,160)**	(18,283,735)
Other operating expenses	*33*	**(250,000)**	(6,551,030)
		(79,199,365)	(76,301,849)
Operating profit		**8,635,263**	122,005,325
Other income	*34*	**22,865,181**	21,049,874
Finance costs	*35*	**(74,798,084)**	(63,316,579)
		(51,932,903)	(42,266,705)
(Loss) / profit before taxation		**(43,297,640)**	79,738,620
Taxation	*36*	**11,841,786**	(14,514,583)
(Loss) / profit after taxation		**(31,455,854)**	65,224,037
(Loss) / earnings per share - basic and diluted	*37*	**(3.66)**	7.59

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
(Loss) / profit after taxation	**(31,455,854)**	65,224,037
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Actuarial loss on remeasurement of defined benefit obligation	**(3,712,963)**	(18,491,066)
Deferred tax on above	**1,076,759**	5,212,249
	(2,636,204)	(13,278,817)
Total comprehensive (loss) / income for the year	**(34,092,058)**	51,945,220

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital	Revenue Reserves		Total
		General reserves	**Unappropriated profit**	
	Rupees			
Balance as at June 30, 2018 (as previously reported)	85,937,500	132,500,000	112,131,845	330,569,345
Effect of correction of prior period error (refer note 45)	-	-	35,751,343	35,751,343
Balance as at June 30, 2018 (as restated)	85,937,500	132,500,000	147,883,188	366,320,688
Total comprehensive income for the year ended June 30, 2019				
Profit after taxation	-	-	65,224,037	65,224,037
Other comprehensive loss	-	-	(13,278,817)	(13,278,817)
	-	-	51,945,220	51,945,220
Transaction with owners				
Cash dividend @ Rs.2/- per ordinary share for the year ended June 30, 2018	-	-	(17,187,500)	(17,187,500)
Balance as at June 30, 2019 (as restated)	85,937,500	132,500,000	182,640,908	401,078,408
Total comprehensive income for the year ended June 30, 2020				
Loss after taxation	-	-	**(31,455,854)**	**(31,455,854)**
Other comprehensive loss	-	-	**(2,636,204)**	**(2,636,204)**
	-	-	**(34,092,058)**	**(34,092,058)**
Transaction with owners				
Cash dividend @ Rs.2.5/- per ordinary share for the year ended June 30, 2019	-	-	**(21,484,375)**	**(21,484,375)**
Balance as at June 30, 2020	**85,937,500**	**132,500,000**	**127,064,475**	**345,501,975**

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		Rupees	
(Loss) / profit before taxation		**(43,297,640)**	79,738,620
Adjustments for:			
- Depreciation on Property, plant and equipment		**64,189,742**	62,917,689
- Depreciation on right-of-use asset		**3,995,150**	-
- Depreciation on investment property		**10,759,625**	10,929,658
- Gain on sale of operating fixed assets		**(2,275,963)**	(417,149)
- Provision for Workers' Profit Participation Fund		**-**	4,339,483
- Provision for Workers' Welfare Fund		**-**	1,711,547
- Provision for compensated absences		**-**	1,319,215
- Provision for staff retirement benefits		**9,688,602**	5,135,245
- Provision for doubtful receivables		**750,000**	500,000
- Reversal of provision for doubtful debts		**(500,000)**	-
- Finance costs		**74,798,084**	63,316,579
		161,405,240	149,752,267
Cash generated from operating activities before working capital changes		**118,107,600**	229,490,887
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
- Stock-in-trade		**12,648,872**	(37,969,349)
- Stores and spares		**(6,828,622)**	-
- Trade debts		**65,432,043**	(111,314,186)
- Loan and advances		**(18,561,865)**	3,483,450
- Trade deposits and short term prepayments		**(361,172)**	211,365
- Other receivables		**12,207,198**	(15,323,255)
- Sales tax refundable		**7,772,344**	(1,938,786)
Increase/(decrease) in current liabilities			
- Trade and other payables		**(11,511,888)**	98,399,332
		60,796,910	(64,451,429)
Cash generated from operations		**178,904,510**	165,039,458
- Taxes paid		**(24,683,565)**	(18,724,181)
- Gratuity paid		**-**	(1,396,059)
- Compensated absences paid		**(1,113,881)**	(1,284,951)
- Payment of Workers' Welfare Fund		**(1,711,547)**	(1,240,088)
- Payment of Workers' Profit Participation Fund		**(6,018,741)**	(3,263,389)
- Finance cost paid		**(61,553,445)**	(60,266,511)
- Long term deposits and prepayments-net		**-**	80,000
Net cash generated from operating activities		**83,823,331**	78,944,279
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment		**(29,406,083)**	(39,521,467)
- Acquisition of investment property		**-**	(1,164,021)
- Short term investment		**-**	(1,705,555)
- Proceeds from disposal of operating fixed assets		**2,280,000**	510,000
Net cash used in investing activities		**(27,126,083)**	(41,881,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Repayment of long term musharaka		**(18,074,990)**	(56,290,154)
- Loan received against SBP Refinance facility for payment of wages and salaries		**41,027,805**	-
- Repayment of lease liability (principal repayment)		**(3,835,643)**	-
- Short term Murabaha- net		**(28,380,420)**	9,122,279
- Loan received from directors and sponsors		**38,261,883**	45,450,000
- Loan (repaid to) and received from directors and sponsors		**(40,961,883)**	(30,600,000)
- Dividend paid		**(21,393,244)**	(17,038,737)
Net cash used in financing activities		**(33,356,492)**	(49,356,612)
Net increase / (decrease) in cash and cash equivalents		**23,340,756**	(12,293,376)
Cash and cash equivalents at the beginning of the year		**29,971,577**	42,264,953
Cash and cash equivalents at the end of the year	*18*	**53,312,333**	29,971,577

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

Sana Industries Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 on June 05, 1985 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017) . The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

The geographical location of the Company's business units, including plant, are as under:

Head office: The registered office of the Company is situated at 33-D-2, Block 6, P.E.C.H.S, Karachi, measuring 500 square yards.

Mill: The mill is located at Hub Industrial Trading Estate, situated at Tehsil Hub, District Lasbela, Balochistan, measuring 85,703 square meters.

Warehouse: The Company's warehouse is located at SF-96, S.I.T.E, Karachi, measuring 11,250 square feets.

2 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

The COVID-19 pandemic put pressure on the sales volume and bottom line of the company. It has also caused extra ordinary and unprecedented curtailment in economic and social activities since its spread in Pakistan from March 2020. This pandemic posed a big threat to business and financial challenges across various sectors of the economy in Pakistan. The Company complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns.

In connection with the accounting and reporting obligations as required in circular 26 of 2020 issued by SECP, the management of the company assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. This included assessment of both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations. In addition to this, the assumptions used and estimates associated with measurement of various assets and liabilities were also assessed. COVID-19 pandemic was a significant event during the year. However, total manufacturing activities of Company were closed from 23rd March 2020 and after about 53 days, the manufacturing process was started at 30% of the total capacity on 15-May-2020, and from 01-Jun-2020 it was enhanced to 60%, and from 01-Aug-2020 the factory has resumed at its 100% capacity accordingly the revenues of the company were decreased by approximately 17% along with corresponding variable cost variable overheads. The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid.

The Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statement are separate financial statements of the Company and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and

- 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.

3.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except for:

- The Company's retirement benefits liability under the defined benefit plan which is carried at the present value of the defined benefit obligation less the fair value of the plan assets: and

- Lease liability and the related right-of-use asset which are initially measured at the present value of the lease payments that are not paid at the commencement date.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees which is the Company’s functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 the revision and future periods if the revision affects both the current and future periods. Areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Useful lives, residual values and depreciation method of property, plant and equipment	5.1 & 6
- Useful lives, residual values and depreciation method of investment property measured at cost	5.3 & 8 & 34
- Provision for impairment of inventories	5.6 & 12
- Provision for expected credit losses	5.9.3 & 13
- Obligation of defined benefit obligation	5.11 & 22.3
- Current income tax expense, provision for prior year tax and recognition of deferred tax ass	5.12 & 36
- Estimation of provisions	5.14
- Revenue from contracts with customers	5.17 &29
- Impairment loss of non-financial assets other than inventories	5.19

4 NEW ACCOUNTING PRONOUNCEMENTS

Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except as disclosed in note 4.1 below) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

4.1 Initial application of IFRS 16 'Leases'

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 *Leases* which replaced the previous lease accounting requirements contained in IAS 17 *Leases*, IFRIC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC Interpretation 15 *Operating Leases—Incentives* and SIC Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

Method of transition to the new lease accounting model

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

The Company has applied IFRS 16 to a lease arrangement in which it is a lessee (which was previously classified as an operating lease under IAS 17) by following the cumulative catch-up transition method and using the following practical expedients as permitted under paragraph C10 of IFRS 16:

(a) The Company has relied on its assessment of whether the aforesaid lease arrangement was onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as on June 30, 2019 as an alternative to perform an impairment review of right-of-use asset. The said assessment performed by the Company as on June 30, 2019 had not identified the lease arrangement as arrears; and

(b) The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Because, in its financial statements for the year ended June 30, 2019, the Company was not required to disclose operating lease commitments under IAS 17, no such explanation as is required under paragraph C12(b) of IFRS 16 has been disclosed in these unconsolidated financial statements.

Initial measurement of the right-of-use asset and the corresponding lease liability

As of the date of initial application (i.e. of July 01, 2019), the Company measured the right-of use asset and the related lease liability (arising from its rights under lease arrangements existing as of that date) as follows:

(a) As permitted under paragraph C8(b) of IFRS 16, the Company measured the right-of-use asset at an amount equal to the lease liability.

(b) The Company measured the lease liability at the present value of the remaining lease payments, discounted using its aforementioned incremental borrowing rate of 15.65% per annum as of July 01, 2019.

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for those disclosed in note 4 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

4.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date specified below;

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  c. there is no substantive change to the other terms and conditions of the lease.

  The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

4.3 *Annual Improvements to IFRS standards 2018-2020:*

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as described in note 4.1 to these financial statements:

5.1 Property, plant and equipment

Operating assets- owned

Items of property, plant and equipment are stated at cost amount less accumulated depreciation and impairment losses except for leasehold land, SF/96 premises which are stated at cost. Cost include expenditures that are directly attributable to the acquisition of an asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the statement of profit or loss applying the straight line method at the rates specified in note 6.1. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when the assets are available for use.

5.2 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.

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

A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

The Company recognises 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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 using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises 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 recognised 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 its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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.

B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically not of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5.3 Investment Property

Investment properties comprise of leasehold land and buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, except for leasehold land which is stated at cost. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

5.4 Investments in subsidiary

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

5.5 Stores and spares

Stores and spares excluding items in transit are valued at the lower of average cost and net realizable value. Provisions is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated upto the reporting date.

5.6 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. The cost formulas used for different classes of stock-in-trade are as follows:

-	Raw materials	at weighted average basis.
-	Packing materials	On FIFO basis
-	Stock-in-transit	at invoice price plus other charges paid thereon.
-	Work-in-process and finished goods	at weighted average cost comprising direct cost of raw material, labour and other manufacturing overheads.
-	Waste materials	at net realizable value

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Net realizable value signifies the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.7 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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 comprise of cash in hand and balances held with banks.

5.9 Financial assets

5.9.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized costs:
(b) fair value through other comprehensive income (FVOCI);and
(c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

5.9.2 ***Subsequent measurement***

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

5.9.3 ***Impairment***

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

5.9.4 ***De-recognition***

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

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

5.10 Government grants

Government grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5.11 Staff retirement benefits

a) *Compensated absences*

The Company has the policy of annual casual and sick leaves to its employees which are not carried forward to the next year. Non-accumulating compensated absences are recognized as expense in the period in which they occur.

b) *Defined benefit plan*

The Company operates funded gratuity scheme covering all permanent employees.

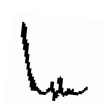
Defined benefit plans provide an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuary using the objected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans.

Remeasurement gains / losses are recognized in other comprehensive income.

5.12 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

5.13 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost.

5.14 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.15 Financial liabilities

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

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

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

5.16 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.17 Revenue

Revenue from sales of yarn, raw material and scrap sales is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Company.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

5.18 Other income

Interest income

- Returns on saving accounts and investments at amortised cost are recognised using effective interest rate method.

Rental income

- Rental income from investment property is recognized as other income on a straight line basis over the term of the lease.

5.19 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

5.20 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

5.21 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

6 PROPERTY, PLANT AND EQUIPMENT	*Note*	**2020**	2019
		Rupees	
Operating fixed assets	*6.1*	**355,849,999**	390,637,695
Capital work in progress	*6.2*	**-**	-
		355,849,999	390,637,695

6.1 Operating fixed assets

	Leasehold land	SF/96 Premises	Building on leasehold land	Electrification - Factory Building	Office Premises SF/96	Plant and machinery	Handling equipments	Furniture, fixtures and office equipments	Lab Equipments	Vehicles	Computers & software	Total
As at June 30, 2018												
Cost	5,282,619	5,000,000	76,278,457	20,438,654	12,711,363	770,566,689	10,227,561	10,208,234	311,295	25,361,554	1,487,584	937,874,010
Accumulated depreciation	-	-	(50,838,785)	(12,870,034)	(9,133,932)	(428,202,029)	(2,271,906)	(4,854,936)	(280,166)	(18,918,472)	(1,075,957)	(528,446,217)
Net book value	5,282,619	5,000,000	25,439,672	7,568,620	3,577,431	342,364,660	7,955,655	5,353,298	31,129	6,443,082	411,627	409,427,793
Movement during the year ended June 30, 2019												
Opening net book value	5,282,619	5,000,000	25,439,672	7,568,620	3,577,431	342,364,660	7,955,655	5,353,298	31,129	6,443,082	411,627	409,427,793
Additions	-	-	1,529,700	2,272,460	108,274	28,473,445	-	213,960	-	1,897,990	22,000	34,517,829
Transfer from CWIP	-	-	-	9,364,358	-	338,254	-	-	-	-	-	9,702,612
Disposals:												
Cost	-	-	-	-	-	(206,333)	-	-	-	(722,227)	-	(928,560)
Accumulated depreciation	-	-	-	-	-	113,483	-	-	-	722,227	-	835,710
	-	-	-	-	-	(92,850)	-	-	-	-	-	(92,850)
Depreciation for the year	-	-	(4,647,800)	(1,650,571)	(1,009,328)	(49,641,078)	(1,022,753)	(795,967)	(31,119)	(3,891,078)	(227,995)	(62,917,689)
Closing net book value	5,282,619	5,000,000	22,321,572	17,554,867	2,676,377	321,442,431	6,932,902	4,771,291	10	4,449,994	205,632	390,637,695
As at June 30, 2019												
Cost	5,282,619	5,000,000	77,808,157	32,075,472	12,819,637	799,172,055	10,227,561	10,422,194	311,295	26,537,317	1,509,584	981,165,891
Accumulated depreciation	-	-	(55,486,585)	(14,520,605)	(10,143,260)	(477,729,624)	(3,294,659)	(5,650,903)	(311,285)	(22,087,323)	(1,303,952)	(590,528,196)
Net book value	**5,282,619**	**5,000,000**	**22,321,572**	**17,554,867**	**2,676,377**	**321,442,431**	**6,932,902**	**4,771,291**	**10**	**4,449,994**	**205,632**	**390,637,695**
Movement during the year ended June 30, 2020												
Opening net book value	**5,282,619**	**5,000,000**	**22,321,572**	**17,554,867**	**2,676,377**	**321,442,431**	**6,932,902**	**4,771,291**	**10**	**4,449,994**	**205,632**	**390,637,695**
Additions	-	-	**1,090,667**	**550,000**	-	**27,059,769**	**211,000**	-	-	**170,000**	**324,647**	**29,406,083**
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	**(3,796,332)**	-	**(3,796,332)**
Accumulated depreciation	-	-	-	-	-	-	-	-	-	**3,792,295**	-	**3,792,295**
	-	-	-	-	-	-	-	-	-	**(4,037)**	-	**(4,037)**
Depreciation for the year	-	-	**(4,760,882)**	**(2,102,793)**	**(997,604)**	**(51,833,066)**	**(978,762)**	**(805,925)**	-	**(2,572,543)**	**(138,167)**	**(64,189,742)**
Closing net book value	**5,282,619**	**5,000,000**	**18,651,357**	**16,002,074**	**1,678,773**	**296,669,134**	**6,165,140**	**3,965,366**	**10**	**2,043,414**	**392,112**	**355,849,999**
As at June 30, 2020												
Cost	**5,282,619**	**5,000,000**	**78,898,824**	**32,625,472**	**12,819,637**	**826,231,824**	**10,438,561**	**10,422,194**	**311,295**	**22,910,985**	**1,834,231**	**1,006,775,642**
Accumulated depreciation	-	-	**(60,247,467)**	**(16,623,398)**	**(11,140,864)**	**(529,562,690)**	**(4,273,421)**	**(6,456,828)**	**(311,285)**	**(20,867,571)**	**(1,442,119)**	**(650,925,643)**
Net book value	**5,282,619**	**5,000,000**	**18,651,357**	**16,002,074**	**1,678,773**	**296,669,134**	**6,165,140**	**3,965,366**	**10**	**2,043,414**	**392,112**	**355,849,999**
Annual rate of depreciation			**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	**20%**	

	Note	2020	2019
		Rupees	

6.1.2 *Depreciation for the year has been allocated as under :*

	Note	2020	2019
Manufacturing expense	*30*	**36,585,973**	34,105,085
Fuel and power	*30.4*	**15,692,517**	15,551,783
Administration expenses	*31*	**3,668,979**	4,499,098
Other income	*34*	**8,242,273**	8,761,723
		64,189,742	62,917,689

6.2 Capital work in progress

	2020	2019
Opening balance	-	4,698,974
Additions		
- Machinery	-	-
- Civil works	-	5,003,638
	-	9,702,612
Transferred to operating fixed assets	-	(9,702,612)
Closing balance	-	-

7 RIGHT-OF-USE ASSET

	Rented property in Karachi (Note 7.1)	Total
	Rupees	
Opening net book value	-	-
Effect of initial application of IFRS 16	**31,961,200**	**31,961,200**
Depreciation for the year	**(3,995,150)**	**(3,995,150)**
Closing net book value	**27,966,050**	**27,966,050**
As at June 30, 2020		
Cost	**31,961,200**	**31,961,200**
Accumulated depreciation	**(3,995,150)**	**(3,995,150)**
	27,966,050	**27,966,050**
Depreciation rate (per annum)	**12.50%**	

7.1 The terms and conditions of the lease contracts entered into for the aforementioned premise is as follows:

Particulars	**Rented property in Karachi**
Lessor name	Mrs. Sabiha Younus and Mrs. Afshan Irfan
Lease agreement date	01-Jul-19
Lease commencement date	01-Jul-19
Initial contracted term of the lease	11 Months
Availability of extension option	Yes
No. of years for which the lease extension option is available	Indefinite
Estimated remaining lease term (as on July 01, 2019) used for the purpose of measuring the right-of-use asset and the corresponding lease liability - Refer note 7.1.1	8 years

7.1.1 The remaining lease term (as on July 01, 2019) used in the measurment of the right-of-use asset and the related lease liability has been estimated as noted above since the Company, after giving due consideration to the factors that might create an economic incentive for the Company to extend the leases, has concluded that, as of the date of initial application of IFRS 16, it was not reasonably certain to exercise the said extension options for periods beyond June 2027.

8 INVESTMENT PROPERTY

	Leasehold Land	**Building on leasehold land**	**Total**
		Rupees	
As at June 30, 2018			
Cost	6,812,875	137,493,785	144,306,660
Accumulated depreciation	-	(61,089,489)	(61,089,489)
	6,812,875	76,404,296	83,217,171
Movement during the year ended June 30, 2019			
Opening net book value	6,812,875	76,404,296	83,217,171
Additions	-	1,164,021	1,164,021
Depreciation for the year	-	(10,929,658)	(10,929,658)
Closing net book value	6,812,875	66,638,659	73,451,534
As at June 30, 2019			
Cost	6,812,875	138,657,806	145,470,681
Accumulated depreciation	-	(72,019,147)	(72,019,147)
	6,812,875	66,638,659	73,451,534
Movement during the year ended June 30, 2020			
Opening net book value	**6,812,875**	**66,638,659**	**73,451,534**
Additions	-	-	-
Depreciation for the year	-	**(10,759,625)**	**(10,759,625)**
Closing net book value	**6,812,875**	**55,879,034**	**62,691,909**
As at June 30, 2020			
Cost	**6,812,875**	**138,657,806**	**145,470,681**
Accumulated depreciation	-	**(82,778,772)**	**(82,778,772)**
	6,812,875	**55,879,034**	**62,691,909**
Depreciation rate (per annum)	-	**10%**	

8.1 Investment property includes leasehold land and buildings thereon, spread over an area of 4.28 acres. It is situated at Survey No. 54 Deh. Gondpass, Tapo Gabapat, Kemari Town, Karachi. Investment property has been leased out (under an operating lease) to M/s. Sana Logistics (Private) Limited (subsidiary).

8.2 Latest valuation of investment property was carried out by M/s. MYK Associates (Private) Limited. As per valuation report, as on reporting date, the fair market value of investment property is amounting to Rs. 317,409,000.

9 INVESTMENT IN SUBSIDIARY- AT COST

			2020	2019
			Rupees	
3,500,000	3,500,000	Sana Logistics (Private) Limited	**35,000,000**	35,000,000

9.1 Summarized financial information:

	2020	2019
Percentage of equity held	**70%**	70%
Current assets	**148,734,151**	143,746,589
Non-current assets	**293,677,015**	182,166,663
Current liabilities	**162,063,797**	141,925,915
Non-current liabilities	**158,260,496**	82,507,343
Revenue-net	**356,177,678**	400,294,215
Profit after tax for the year	**20,606,879**	40,099,734
Total comprehensive income for the year	**20,606,879**	40,099,734

10 LONG TERM DEPOSITS AND PREPAYMENTS

	2020	2019
	Rupees	
Long term security deposits with:		
- Utility companies	**2,603,551**	2,603,551
- Central Depository Company (CDC)	**12,500**	12,500
- Other	**100,000**	100,000
	2,716,051	2,716,051
Long term prepayments	**40,000**	40,000
	2,756,051	2,756,051

11 DEFERRED TAX (ASSET) / LIABILITY-net

	Balance at beginning of the year	Recognized in statement of profit or loss	Recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability arising from:				
- Accelerated depreciation allowance	**36,707,697**	**(6,341,403)**	**-**	**30,366,294**
Deferred tax assets arising from:				
- Unused tax losses	**-**	**(3,168,402)**	**-**	**(3,168,402)**
- Minimum tax		**(21,329,204)**	**-**	**(21,329,204)**
- Provision for staff retirement benefits	**(6,178,490)**	**(2,809,695)**	**(1,076,759)**	**(10,064,944)**
- Allowance for expected credit losses	**-**	**(217,500)**	**-**	**(217,500)**
- Lease liability - net	**-**	**(1,158,549)**	**-**	**(1,158,549)**
	30,529,207	**(35,024,753)**	**(1,076,759)**	**(5,572,305)**

For the year ended June 30,2019

	Balance at beginning of the year (restated)	Recognized in statement of profit or loss (restated)	Recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability arising from:				
- Accelerated depreciation allowance	41,491,508	(4,783,811)	-	36,707,697
Deferred tax assets arising from:				
- Unused tax losses	(1,205,984)	1,205,984	-	-
- Minimum tax	(35,751,343)	35,751,343	-	-
- Provision for staff retirement benefits	4,504,791	(5,471,032)	(5,212,249)	(6,178,490)
	9,038,972	26,702,484	(5,212,249)	30,529,207

		Note	**2020**	2019
			Rupees	
12	**STOCK IN TRADE**			
	Raw material			
	- In hand		**68,567,457**	126,990,428
	- In transit		**-**	17,049,282
			68,567,457	144,039,710
	Packing materials		**4,294,995**	4,561,128
			72,862,452	148,600,838
	Work in process		**34,610,933**	42,220,855
	Finished goods		**91,199,918**	21,400,557
	Waste material		**2,820,350**	1,920,275
			201,493,653	214,142,525
13	**TRADE DEBTS- UNSECURED**			
	Considered good		**247,906,234**	313,588,277
	Considered doubtful		**750,000**	500,000
			248,656,234	314,088,277
	Less: provision for expected credit losses	*13.1*	**(750,000)**	(500,000)
			247,906,234	313,588,277
13.1	**Movement in provision for doubtful debts**			
	Balance at the beginning of the year		**500,000**	-
	Reversal of provision		**(500,000)**	-
	Further charge recognized during the year		**750,000**	500,000
	Reversed during the year		**-**	-
	Balance at the end of the year		**750,000**	500,000

		Note	2020	2019
			Rupees	
14	**LOANS AND ADVANCES**			
	Loans to employees	*14.1*	**3,899,398**	3,448,033
	Advances:			
	- to contractors	*14.2*	**32,384,754**	215,000
	- to suppliers	*14.3*	**3,677,995**	6,973,837
	- to employees		**1,458,800**	-
	- against Letter of credit		**164,444**	12,386,656
			37,685,993	19,575,493
			41,585,391	23,023,526

14.1 This represents interest-free loans provided to employees in accordance with the Company's policy. These loan are repayable within one year and are recovered through deduction from salaries. These loans are secured against staff gratuity balances.

14.2 This includes an advance provided to labour contractor, M/s. Al-Hafi & Co (Private) Limited, amounting to Rs. 31.374 million (2019: nil). The advance is expected to be adjusted within 12 months from the reporting date against subsequent receipt of services. This advance was provided to mitigate COVID-19 impact on production

14.3 This includes an advance provided to M/s. ICI Pakistan Limited amounting to Rs. 2.062 million (2019: Rs. 5.258 million). The advance is expected to be adjusted within 12 months from the reporting date against subsequent purchase of polyester fibre.

		Note	2020	2019
15	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		Rupees	
	Deposits		**828,035**	760,088
	Prepayments		**887,680**	594,455
			1,715,715	1,354,543
16	**SHORT TERM INVESTMENT- At amortised cost**			
	Habib Islamic Investment Certificate	*16.1*	**1,705,555**	1,705,555

16.1 This represents an investment made by the Company in Habib Metro Islamic Investment Certificate which carries profit ranging from 4.40% to 8.25% p.a (2019: 3.50%-6.50%% p.a).

		Note	2020	2019
17	**OTHER RECEIVABLES**		Rupees	
	Receivable from Sana Logistics (Private) Limited	*17.1*	**15,733,686**	27,954,421
	Others		**2,062,873**	2,049,336
			17,796,559	30,003,757
17.1	**Receivable from Sana Logistics (Private) Limited**			
	Rent receivable		**14,863,167**	24,218,812
	Receivable in respect of expenses		**870,519**	3,735,609
			15,733,686	27,954,421

17.2 The maximum amount due from M/s. Sana Logistics (Private) Limited, with reference to month end balance, during the year was Rs. 44.60 million. (2019: Rs. 35.68 million)

	2020		2019	
	Gross	**Impairment**	Gross	Impairment
Not past due	**-**	**-**	3,752,702	-
Past due 1 day - 30 days	**3,854,846**	**-**	16,010,409	-
Past due 31 days - 180 days	**11,878,840**	**-**	-	-
Past due 181 days - 1 year	**-**	**-**	8,191,310	-
	15,733,686	**-**	27,954,421	-

18 CASH AND BANK BALANCES

	Note	**2020**	2019
		Rupees	
Cash in hand		**496,833**	206,991
Cash at bank:			
- Current accounts		**6,370,076**	19,035,577
- Saving accounts	*18.1*	**46,445,424**	10,729,009
		52,815,500	29,764,586
		53,312,333	29,971,577

18.1 These carry profit at the rates ranging between 4.5% to 6.3% (2019: 2.70% to 7.0%) per annum.

19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
------- No. of Shares ----------		Ordinary shares of Rs. 10/- each issued:	------- Rupees ----------	
4,000,000	4,000,000	- for cash	**40,000,000**	40,000,000
4,593,750	4,593,750	- as bonus shares	**45,937,500**	45,937,500
8,593,750	8,593,750		**85,937,500**	85,937,500

19.1 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

20 LEASE LIABILITY

	Note	**2020**	2019
		Rupees	
Opening balance		-	-
Effect of initial aplication of IFRS		**31,961,200**	-
Payments made during the year		**(4,596,500)**	-
Finance charges		**4,596,348**	-
		31,961,048	-
Less: Current maturity shown under current liabilities		**(1,130,437)**	-
Closing balance		**30,830,611**	-

21 LONG TERM LOANS FROM A BANKING COMPANY

Diminishing musharaka	*21.1*	**48,078,815**	44,516,505
Financing under SBP Refinance Scheme for Payment of Salaries and Wages	*21.3*	**24,301,698**	-
		72,380,513	44,516,505

		Note	2020	2019
			Rupees	
21.1	*Long term Musharaka under shariah arrangement*			
	- Habib Metropolitan Bank Limited	*21.1.1*	**52,064,108**	68,695,202
	- Standard Chartered Bank	*21.1.2*	**-**	1,443,896
			52,064,108	70,139,098
	Less: Current maturity shown under current liabilities	*21.1.3*	**(3,985,293)**	(25,622,593)
			48,078,815	44,516,505

21.1.1

Date of Disbursement	**Nature of loan**	**Amount Disbursed**	**Limit (June 30,2020)**	Limit (June 30,2019)	**Profit Rate (June 30,2020)**	Profit Rate (June 30,2019)	**Floor (June 30,2020**	Floor (June 30,2019	**Ceiling (June 30,2020)**	Ceiling (June 30,2019)	**Principal Outstanding as at June 30, 2020**	Principal Outstanding as at June 30, 2019	**Ending Date**	**Security**
HABIB METROPOLITAN BANK:														
28-Oct-16	Generator Waukesha Model VHP 5904 LTD (DM-373)	30,716,842	**52.252 million**	119.794 million	**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**11,774,791**	16,382,320	02-Feb-23	1st Charge registered over specific machinery value Rs. 38.396 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
16-Feb-17	4 Sets Drawframes Rieter (DM-410)	26,073,600			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**11,298,560**	14,775,040	26-Apr-23	1st Charge registered over specific machinery value Rs. 32.592 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
02-May-17	14 Sets Complete Ring Spinning Frames. (DM-411)	55,442,587			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**24,949,168**	32,341,512	22-May-23	1st Charge registered over specific machinery value Rs. 69.303 with 40% margin million duly insured in Bank's favor covering all risk with premium payment receipt.
07-Apr-17	4 Sets Twister Machine China. (DM-420)	8,660,544			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**4,041,589**	5,196,330	06-Jun-23	1st Charge registered over specific machinery value Rs. 10.826 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
											52,064,108	68,695,202		

21.1.2 **STANDARD CHARTERED BANK:**

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit (June 30,2020)	Limit (June 30,2019)	Profit Rate (June 30,2020)	Profit Rate (June 30,2019)	Principal Outstanding as at June 30, 2020	Principal Outstanding as at June 30, 2019	Ending Date	Security
23-Aug-16	Reach Truck R20S	8,740,000	21 million	21 million	1M KIBOR + 1.75%	1M KIBOR + 1.75%	-	485,548	23-Aug-19	- First Hypothecation Charge on all company's present and future plant and machinery , equipments , spares , tools , installed or to be installed on all piece of land bearing Survey No. 54 , admeasuring 4 Acres and 11 Ghuntas or thereabout on the back of Survey Nos. 56 & 57 fallings on right land side of Main RCD Highway while coming from Karachi towards Hub Chowki , situated in Deh Gondpas , Tapo Gabopat , Keamari , Town , Tehsil & District Karachi. Amount of registered charge is PKR 66 million. Remaining charge of PKR 60 million is an exclusive charge over plant and machinery. - Personal Guarantees of Irfan Nawab, Ibrahim Younus and Younus Nawab for Rs. 281 million.
08-Sep-16	Racking	11,500,000			1M KIBOR + 1.75%	1M KIBOR + 1.75%	-	958,348	08-Sep-19	
							-	1,443,896		

21.2 During the year, the Habib Metropolitan Bank Limited granted deferment of payment of principal amount for one year.

21.3	Note	2020	2019
Financing under SBP Refinance Scheme for Payment of Salaries and Wages		Rupees	
Total amount borrowed	*21.3.1*	**41,027,805**	-
Less: element of government grant recognized as deferred income		**(3,980,113)**	-
		37,047,692	-
Less: Current portion shown under current liabilities		**(12,745,994)**	-
		24,301,698	-

21.3.1 In June 2020, the Company obtained a long term financing facility amounting to Rs. 41.03 million from M/s. Habib Metropolitan Bank under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH&SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 3% per annum;
(b) The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and
(c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% per annum, which is well below the market interest rate of 10.70% (determined as 6-months KIBOR as at June 24, 2020 plus 3%) and 10.69% (determined as 6-months KIBOR as at June 25, 2020 plus 3%)in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per IAS 20 *" Accounting for Government Grants and Disclosure of Government Assistance"* . Accordingly, the Company measured the loan liability at its fair value of Rs. 37.048 million (determined on a present value basis) and recognised the difference between disbursement proceeds from the bank and the said fair value, amounting to Rs.3.980 million as deferred grant in the statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

22 DEFERRED LIABILITIES

	Note	2020	2019
		Rupees	
Deferred government grant	*22.1*	**1,376,125**	-
Provision for compensated absences	*22.2*	**831,315**	1,945,196
Staff retirement benefits	*22.3*	**34,706,703**	21,305,138
Deferred taxation	*11*	**-**	30,529,207
		36,914,143	53,779,541

22.1 Deferred government grant

	2020	2019
Total	**3,980,113**	-
Less: Current portion shown under current liabilities	**(2,603,988)**	-
	1,376,125	-

22.2 Provision for compensated absences

	2020	2019
Balance at beginning of the year	**1,945,196**	1,910,932
Charge for the year	**-**	1,319,215
Benefits paid during the year	**(1,113,881)**	(1,284,951)
Balance at end of the year	**831,315**	1,945,196

22.2.1 With effect from July 01, 2019, the Company changed its policy with respect to employees' leave entitlement and encashment whereby casual and sick leaves allowed to employees shall no longer be carried forward and shall be treated as lapsed if not availed during the year.

22.3 Staff retirement benefits

The Company operates an approved funded gratuity plan for its permanent employees ('the plan'). Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as of June 30, 2020.Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882, the Companies Act, 2017, Income Tax Rules, 2002, and the Trust Deed. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the plan.

The latest actuarial valuation of the plan as at June 30, 2020 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	Note	2020	2019
		Rupees	
Present value of defined benefit obligation	*22.3.1*	**(91,008,675)**	(78,909,493)
Fair value of plan assets	*22.3.2*	**56,301,972**	57,604,355
		(34,706,703)	(21,305,138)

22.3.1 Movement in defined benefit obligation

	2020	2019
Opening defined benefit obligation	**78,909,493**	59,800,160
Current service cost	**6,641,050**	5,203,285
Interest Cost	**11,123,969**	5,278,283
Past service cost	**-**	66,757
Benefits paid by the fund	**(1,693,108)**	(909,083)
Benefits paid by the Company on behalf of the fund	**-**	(1,396,059)
Remeasurement (gain)/ loss on obligation	**(3,972,729)**	10,866,150
Closing defined benefit obligation	**91,008,675**	78,909,493

		2020	2019
22.3.2	**Movement in the fair value of plan assets**	Rupees	
	Balance at beginning of the year	**57,604,355**	60,725,274
	Expected return on plan assets	**8,087,217**	5,423,880
	Contribution	**-**	-
	Audit fee	**(10,800)**	(10,800)
	Benefits paid by the fund	**(1,693,108)**	(909,083)
	Remeasurement loss on plan assets	**(7,685,692)**	(7,624,916)
	Balance at end of the year	**56,301,972**	57,604,355

22.3.3	**Expense recognized in the statement of profit or loss**		
	Current service cost	**6,641,050**	5,203,285
	Past service cost	**-**	66,757
	Net interest expense/ (income)	**3,036,752**	(145,597)
	Audit fee	**10,800**	10,800
		9,688,602	5,135,245
	Allocation of the expense		
	- Cost of sales	**3,933,648**	2,264,018
	- Administrative expenses	**5,043,537**	2,497,143
	- Distribution cost	**711,417**	374,084
		9,688,602	5,135,245

22.3.4	**Remeasurements recognised in other comprehensive income**		
	Remeasurement of the present value of defined benefit obligation		
	- Financial assumptions	**(2,380,390)**	1,834,340
	- Experience adjustments	**(1,592,339)**	9,031,810
		(3,972,729)	10,866,150
	Remeasurement of the fair value of plan assets		
	- Financial assumptions	**7,685,692**	7,624,916
		3,712,963	18,491,066

22.3.5 Sensitivity analysis

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

	Impact on defined benefit obligation		
June 30, 2020	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	**1%**	**86,446,826**	**96,278,436**
Expected rate of salary increase	**1%**	**96,669,075**	**86,008,177**
Mortality age	**1 year**	**91,008,675**	**91,008,675**
Withdrawal rates	**10%**	**91,008,675**	**91,008,675**
June 30, 2019			
Discount rate	1%	74,852,577	83,517,719
Expected rate of salary increase	1%	83,839,582	74,490,771
Mortality age	1 year	78,909,493	78,909,493
Withdrawal rates	10%	78,909,493	78,909,493

22.3.6	**Principal assumptions used**	**2020**	2019
	Withdrawal Rates	**Low**	Low
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Expected rate of increase in future salary (per annum)	**8.50%**	14.25%
	Discount rate - per annum	**8.50%**	14.25%
	Expected rate of return on plan assets	**8.50%**	14.25%
	Normal retirement age	**60 years**	60 years

			2020	2019
22.3.7	**Major categories / composition of plan assets**	*Note*	Rupees	
	Equity securities and units of mutual funds		**16,486,468**	41,140,380
	Bank balances		**38,241,593**	14,470,424
	Investment Certificate		**1,195,380**	1,195,380
	Profits on advance to members		**370,000**	774,064
	Profits on PLS accounts		**8,531**	24,107
			56,301,972	57,604,355
23	**SHORT TERM MURABAHA**			
	Habib Metropolitan Bank	*23.1*	**279,289,265**	308,565,339
	Standard Chartered Bank	*23.2*	**132,921,325**	132,025,670
			412,210,590	440,591,009

23.1 Short-term murabaha has been obtained, under shariah arrangement, for purchases of raw material. The bank has approved a facility of Rs. 300 million (2019: Rs.330 million). The effective rate of profit on murabaha facility ranges between 12.75% to 17.60% (2019: 12% to 14%), based on 6 month KIBOR plus 2% per annum (2019: 6 months KIBOR plus 2% to 4% per annum).

The arrangement is secured against the following:

- 1st charge registered over moveables/receivables/ 1st charge over plant and machinery/ 1st equitable mortgage over fixed assets duly insured in bank's favour covering all risks with premium payment receipt. The charge with the SECP against this loan amounts to Rs. 472 million with a margin of 40%;

- 1st charge registered over stocks/ receivables duly insured in bank's favour covering all risks with premium payment receipts. The charge with the SECP against this loan amounts to Rs. 400 million with a margin of 25%;

- Token registered mortgage of Rs. 0.5 million and rest as equitable mortgage on property B#183, 184, 185, 186, 187, 188 & B-197, 198, 199 situated at Hub Industrial Trading Estate situated at Tehsil Hub, District Lasbella, Baluchistan, in the name of the Company;

- Token registered mortgage of Rs. 0.5 million and rest as equitable mortgage on property khasara #760, 761, 767 & 770 situated at Hub Industrial Trading Estate situated at Tehsil Hub, District Lasbella, Baluchistan, in the name of the Company; and

- Personal guarantee of directors of the Company.

23.2 Short-term murabaha has been obtained, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million (2019: Rs.134 million). The effective rate of profit on murabaha facility ranges between 10.04% to15.58% (2019: 8.46% to 14.43%) based on matching KIBOR + 1.5% (2019: 3-month KIBOR + 1.75% per annum). The maximum tenor of the murabaha is 150 days.

The arrangement is secured against the following:

- First pari-passu charge over fixed assets (land and building) on plot No. B-183 to B-188, B-197 to B-199, 760, 761, 767, 770, HITE, Hub, Balochistan;

- Pari-Passu charge over stocks and receivables of the Company amounting to Rs. 200 million; and

- Personal guarantee of directors, Mr. Irfan Nawab, Mr. Ibrahim Younus and Mr. Younus Nawab amounting to Rs. 174 million.

23.3 As at June 30, 2020, the Company had unavailed financing facilities of Rs. 21.789 million (2019: Rs. 33.409 million).

24 TRADE AND OTHER PAYABLES	*Note*	**2020**	2019
		Rupees	
Creditors		**32,766,143**	19,699,780
Advance from Customers		**66,516,216**	104,774,611
Accrued expenses		**19,541,398**	19,694,219
Gas rate difference	*24.1*	**51,505,587**	51,505,587
Workers' Profits Participation Fund payable	24.2	**13,031,537**	18,847,422
Workers' Welfare Fund payable		**-**	1,711,547
Sales tax payable		**7,273,270**	130,615
Income tax payable		**457,476**	-
Others		**8,626,852**	6,229,661
		199,718,479	222,593,442

24.1 In August 2015, the Oil and Gas Regulatory Authority (OGRA) issued a notification whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previous applicable rate of Rs. 488.23 per MMBTU). The said notification was widely challenged by companies operating in the textile industry before the Honourable High Court of Sindh ('the Court'). Since the matter is currently pending for adjudication, the payment of incremental sales price, amounting to Rs. 51.506 million (2019: Rs. 51.506 million) has been deferred. This outstanding balance will be settled once the final verdict is announced by the Court.

24.2 Workers' Profit Participation Fund payable	**2020**	2019
	Rupees	
Opening balance	**18,847,422**	17,647,945
Add:		
- Contribution for the year	**-**	4,339,483
- Interest accrued	**202,856**	123,383
	202,856	4,462,866
Less: Payment during the year	**(6,018,741)**	(3,263,389)
	13,031,537	18,847,422

25 LOANS FROM DIRECTORS AND SPONSORS- unsecured

Loan from directors	**8,410,000**	6,010,000
Loan from sponsors	**7,500,000**	12,600,000
	15,910,000	18,610,000

25.1 These represent short-term interest-free borrowings from directors and sponsors to meet working capital requirements of the Company. The loans are repayable on demand.

		2020	2019
		Rupees	
26	**ACCRUED MARKUP**		
	Markup accrued on:		
	-Short term murabaha	**23,206,177**	11,414,080
	-Long term musharaka	**1,606,559**	356,722
		24,812,736	11,770,802

27	**CURRENT PORTION OF LONG-TERM LIABILITIES**		
	Current maturity of long term musharaka	**3,985,293**	25,622,593
	Current maturity of financing under SBP Refinance Scheme for Payment of Salaries and Wages	**12,745,994**	-
		16,731,287	25,622,593

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Further tax applied on Company's yarn sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Company's legal counsel is of the opinion that the matter shall be decided in the Company's favour, previously and during this year the Company has collected and paid whatever further tax was due according to the statutory requirements.

28.1.2 In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, has also been challenged on legal and other grounds. In October 2016, the Honorable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional. Subsequent to this decision, the Federation of Pakistan filed an appeal in the Honorable Supreme Court of Pakistan against the aforesaid judgment of the Honorable High Court of Sindh which is currently pending for adjudication. During this period, the Honorable Sindh High Court suspended its judgment passed in October 2016.

Subsequent to the year end (i.e. on August 13, 2020), the Supreme Court of Pakistan ('the Apex Court') announced its judgment with respect to the constitutionality of the Gas Infrastructure Development Cess Act, 2015 ('the Act') whereby it has upheld the Act including its retrospective application from the year 2011. Moreover, in para 37 of the above judgement, the Honorable Supreme Court has held that the Cess under GIDC Act, 2015 is leviable to those customers of natural gas who on account of their industrial or commercial dealings pass on its burden to their customer and the Apex Court has restrained the Federal Government from charging further Cess from the date of the judgement.

The Company recently filed Suit 1343 /2020 in the Honorable High Court of Sindh along with several other petitioners on the ground that the Company falls within the category of gas consumers, who have neither collected GIDC from their clients / customers and even not passed on to the customers through addition in the cost of goods and accordingly, the Company is not liable to pay any amounts pursuant to the above judgement of the Supreme Court. The Honorable High Court has granted stay to the Company and other petitioners for payment of GIDC. Moreover, the Company along with several other petitioners also intend to file review petition before the Honorable Supreme Court of Pakistan seeking a setting aside of the judgement of the Supreme Court and also challenging the applicability of the GIDC on the Company including the amount to be recovered.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 126.25 million (2019: 112.19 million) as a contingent liability.

28.1.3 The Federal Board of Revenue (FBR) vide SRO 491(i)/2016 dated June 30, 2016 made certain amendments in SRO 1125(i)/2011 dated December 31, 2011 including disallowance of input tax adjustment amounting to Rs. 2.70 million on packing material of textile products. Consequently, input tax adjustment on packing material of textile product is not being allowed for adjustment with effect from July 01, 2016. The company has challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company.

28.1.4 The Company on the demand notice of Rs. 365,568 along with several other Companies has filed a Constitutional Petition on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Sindh High Court against a notice issued by the EOBI from taking any coercive action against the Company.

28.1.5 The Company approached the Lasbella Industrial Estates Development Authority (LIEDA) to charge concessional rate on electricity distributed to the Company as the Company falls under the Zero rated sector. The LIEDA rejected the Company's application claiming that LIEDA is not a distributor Company. The LIEDA itself purchases electricity from K-electric and sell it to the Companies located within the jurisdiction of LIEDA.

The Company filed a Constitutional petition vide C.P no- D-558 of 2020 in the High Court of Sind for relief.

The Court orders interim relief in favour of the Company and directed the LIEDA to issue bills by excluding the quarterly tariff adjustment and other disputed charges till final decision. Accordingly, on the advice of its legal counsel, the Company had not recognize expense against such overbillings amounting to Rs. 4.33 million.

	2020	2019
	Rupees	
28.2 Commitments		
In respect of:		
- Irrevocable letter of credit issued for purchase of raw material	**77,243,846**	64,065,814
- Revolving letter of guarantee issued by a Habib Metropolitan Bank Limited in favour of SSGC Limited against Gas Bills	**32,088,460**	24,056,478

29	REVENUE - net	Note	2020	2019
			Rupees	
	Yarn sales		**1,634,518,857**	1,993,215,756
	Raw material sales		**26,719,094**	6,194,914
	Wastage sales		**6,226,439**	7,656,724
			1,667,464,390	2,007,067,394
	Less: Sales tax	*29.1*	**(245,517,453)**	-
	Less: Commission and discounts		**(2,950,347)**	(4,826,688)
			1,418,996,590	2,002,240,706

29.1 In accordance with the SRO 1125/2011 issued by the Federal Board of Revenue, the Company's taxable supplies were chargeable to tax at zero percent upto June 30, 2019. Pursuant to the promulgation of Finance Act 2019, the said SRO had been repealed and therefore the taxable supplies are chargeable to tax at the rate of 17% effective from July 01, 2019.

30	COST OF SALES	Note	2020	2019
			Rupees	
	Raw and packing materials consumed	*30.1*	**908,311,730**	1,242,099,592
	Stores and spares consumed	*30.2*	**35,717,369**	41,129,591
	Manufacturing expenses			
	Salaries, wages and benefits	*30.3*	**219,777,659**	246,909,865
	Fuel and power	*30.4*	**167,464,728**	168,799,860
	Services procured		**329,380**	3,162,468
	Repairs and maintenance		**2,725,972**	3,783,700
	Insurance		**2,403,452**	2,965,786
	Rent, rates and taxes		**465,460**	465,460
	Depreciation on operating fixed assets	*6.1.2*	**36,585,973**	34,105,085
	Security		**3,047,437**	2,653,809
	Other manufacturing overheads		**14,662,316**	19,271,005
			447,462,377	482,117,038
	Work-in-process - opening stock		**42,220,855**	28,598,494
	Work-in-process - closing stock		**(34,610,933)**	(42,220,855)
			7,609,922	(13,622,361)
	Cost of goods manufactured		**1,399,101,398**	1,751,723,860
	Finished goods - opening stock		**21,400,557**	74,876,334
	Waste material- opening stock		**1,920,275**	654,170
	Purchases		**2,760,000**	-
	Finished goods - closing stock		**(91,199,918)**	(21,400,557)
	Waste material- closing stock		**(2,820,350)**	(1,920,275)
			(67,939,436)	52,209,672
			1,331,161,962	1,803,933,532

30.1	Raw and packing materials consumed	2020	2019
	Opening stock	**148,600,838**	72,044,178
	Add: Purchases during the period	**832,573,344**	1,318,656,252
		981,174,182	1,390,700,430
	Less : Closing stock	**(72,862,452)**	(148,600,838)
		908,311,730	1,242,099,592

			2020	2019
			Rupees	
30.2	**Stores and spares consumed**			
	Opening stock		-	-
	Add: Purchases during the period		**42,545,991**	41,129,591
			42,545,991	41,129,591
	Less : Closing stock		**(6,828,622)**	-
			35,717,369	41,129,591

30.3 This includes an amount of Rs. 3.93 million (2019: Rs. 2.264 million) in respect of staff retirement benefits.

		Note	2020	2019
			Rupees	
30.4	**Fuel and power- generation costs**			
	Gas expenses		**119,335,483**	125,348,786
	Electricity		**18,931,522**	11,619,199
	Oil and lubricants		**3,575,626**	4,811,065
	Generator operation and maintenance		**6,463,194**	6,520,976
	Repairs and maintenance		**2,722,757**	3,290,092
	Depreciation on operating fixed assets	*6.1.2*	**15,692,517**	15,551,783
	Insurance		**503,659**	543,966
	Electricity duty		**229,970**	298,293
	Others		**10,000**	815,700
			167,464,728	168,799,860
31	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	*31.1*	**12,549,597**	11,972,234
	Directors' remuneration	*31.2*	**26,808,679**	20,919,032
	Meeting fee		**105,500**	15,000
	Printing and stationery		**338,592**	286,623
	Legal and professional charges		**2,509,243**	1,045,514
	Fees and subscription		**1,455,718**	1,124,268
	Travelling and conveyance		**1,147,391**	1,228,441
	Repairs and maintenance		**2,331,176**	1,902,725
	Rent, rates and taxes		**205,000**	4,772,500
	Depreciation on operating fixed assets	*6.1.2*	**3,668,979**	4,499,098
	Depreciation on right-of-use assets	*8*	**3,995,150**	-
	Security expenses		**333,702**	453,942
	Electricity and gas		**1,156,773**	1,208,239
	Insurance		**408,126**	503,380
	Auditors' remuneration	*31.3*	**870,000**	575,000
	Miscellaneous		**1,559,579**	961,088
			59,443,205	51,467,084

31.1 This includes an amount of Rs. 0.914 million (2019: Rs. 0.478 million) in respect of staff retirement benefits.

31.2 This includes an amount of Rs. 4.129 million (2019: Rs. 2.019 million) in respect of staff retirement benefits.

		Note	2020	2019
			Rupees	
31.3	**Auditors' remuneration**			
	Audit fee (including audit of consolidated financial statements)		**600,000**	475,000
	Half yearly review fee		**200,000**	100,000
	Statutory certifications		**50,000**	-
	Out-of-pocket expenses		**20,000**	-
			870,000	575,000

		Note	2020	2019
32	**DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits	*32.1*	**11,645,792**	11,161,172
	Packing and forwarding expenses		**7,281,712**	6,719,831
	Communication		**208,962**	361,839
	Sales promotion expenses		**133,119**	40,893
	Miscellaneous expense		**236,575**	-
			19,506,160	18,283,735

32.1 This includes an amount of Rs. 0.711 million (2019: Rs. 0.374 million) in respect of staff retirement benefits.

		Note	2020	2019
			Rupees	
33	**OTHER OPERATING EXPENSES**			
	Reversal of provision for doubtful receivables		**(500,000)**	-
	Provision for doubtful receivables recognized during the year		**750,000**	500,000
	Workers' welfare fund		-	1,711,547
	Workers' profit participation fund		-	4,339,483
			250,000	6,551,030

		Note	2020	2019
34	**OTHER INCOME**			
	Rental income-net			
	Rental income		**36,000,000**	36,000,000
	Operation and maintenance charges		**3,754,241**	2,882,616
			39,754,241	38,882,616
	Less: Related expenses			
	Depreciation	*6.1.2 & 8*	**(19,001,898)**	(19,691,381)
	Insurance		**(783,655)**	(1,375,521)
	Finance cost		**(15,189)**	(1,610,914)
			(19,800,742)	(22,677,816)
			19,953,499	16,204,800
	Return on deposits - Islamic bank		**502,044**	252,805
	Profit on Habib Islamic Investment Certificate		**133,675**	46,989
	Reversal of commission expense		-	4,093,186
	Gain on disposal of fixed assets		**2,275,963**	417,149
	Others		-	34,945
			22,865,181	21,049,874

35	FINANCE COSTS	2020	2019
		Rupees	
	Markup and interest charges on:		
	- Long term finances	**7,438,590**	8,854,360
	- Short term borrowings	**61,312,546**	50,154,428
	- Markup on lease liability	**4,596,348**	-
		73,347,484	59,008,788
	Bank charges	**923,329**	1,183,460
	Finance charges on Workers' Profit Participation Fund	**202,856**	123,383
	Murabaha documentation charges	**121,330**	139,395
	Guarantee commission	**169,255**	235,179
	Local letter of credit charges	**33,830**	-
	Others	-	2,626,374
		74,798,084	63,316,579

36	TAXATION	2020	(Restated) 2019
		Rupees	
	Current		
	- for the year	**21,329,204**	(13,604,504)
	- for prior year	**1,853,763**	1,416,603
		23,182,967	(12,187,901)
	Deferred	**(35,024,753)**	26,702,484
		(11,841,786)	14,514,583

36.1 The income tax assessments of the Company have been finalised up to and including the tax year 2019. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for the purpose of issuing an amended assessment order.

36.2 The numerical reconciliation between tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current and previous year attracted the provisions of minimum tax under section 113 of the Income Tax Ordinance, 2001.

37	(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	2020	2019
		Rupees	
37.1	**Basic earnings per share**		
	(Loss) / profit after taxation	**(31,455,854)**	65,224,037
		Number	
	Weighted average number of ordinary shares	**8,593,750**	8,593,750
	(Loss) / earnings per share - basic and diluted	**(3.66)**	7.59

37.2 **Diluted earnings per share**

There is no dilutive effect on the basic (loss) / earnings per share of the Company, since there were no potential shares in issue as at June 30, 2019 and June 30, 2020.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVE

	Chief Executive		Directors		Executives		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	Rupees							
Basic Salary	**8,779,680**	7,316,400	**6,415,920**	5,352,600	**3,593,880**	6,965,265	**18,789,480**	19,634,265
House rent	**3,407,040**	2,839,200	**2,489,760**	2,074,800	**1,394,640**	1,882,296	**7,291,440**	6,796,296
Retirement benefits	**2,385,459**	1,166,597	**1,743,220**	852,435	**615,637**	506,772	**4,744,316**	2,525,804
Utilities	**917,280**	758,400	**670,320**	558,600	**375,480**	871,919	**1,963,080**	2,188,919
	15,489,459	12,080,597	**11,319,220**	8,838,435	**5,979,637**	10,226,252	**32,788,316**	31,145,284
Number of persons	**1**	1	**1**	1	**1**	3		

38.1 The Chief Executive and director have also been provided with free use of the Company maintained cars and residential telephones.

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
	Number	
Number of spindles installed	**32,052**	32,052
Number of spindles operated	**31,488**	32,052
Installed capacity in kgs. after conversion into 30 single count	**7,028,121**	7,154,006
Actual production of yarn in kgs. after conversion into 30 single count	**5,211,969**	6,671,706
Number of shifts worked per day	**3**	3

39.1 Actual production is less than the installed capacity due to gap between market demand and supply and shut down due to COVID-19.

40 FINANCIAL INSTRUMENTS

40.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and also obtains advance payments against local sales. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company’s internal credit management purposes, a financial asset is considered as defaulted when it is past due for **90 days** or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The maximum exposure to credit risk at the reporting date was as follows :

	2020	2019
	Rupees	
Long-term deposits	**2,716,051**	2,716,051
Trade debts- Local	**247,906,234**	313,588,277
Short term loan to employees	**3,899,398**	3,448,033
Short term trade deposits	**828,035**	760,088
Short term investment	**1,705,555**	1,705,555
Other receivables	**17,796,559**	30,003,757
Bank balances	**52,815,500**	29,764,586
	327,667,332	381,986,347

40.1.1 Loan to executive and employees are secured against gratuity fund balance of these executives and employees.

40.1.2 As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2020		2019	
	Gross	**Life time expected credit losses**	Gross	Life time expected credit losses
Not past due	**99,693,158**	**-**	294,246,408	-
Past due 1 day - 30 days	**24,678,907**	**-**	10,210,392	-
Past due 31 days - 60 days	**26,668,597**	**-**	3,630,322	-
Past due 61 days - 90 days	**23,256,351**	**-**	4,124,517	
Past due 91 days - 120 days	**25,853,805**	**250,000**	1,876,638	500,000
Above 120 days	**48,505,416**	**500,000**	-	-
	248,656,234	**750,000**	314,088,277	500,000

40.1.3 The bank balances along with credit ratings are tabulated below:

Bank	**Rating agency**	**Short- term Rating**	**2020**	2019
			(Rupees)	
Habib Metropolitan Bank	PACRA	A-1+	33,314,549	9,535,070
Meezan Bank Limited	PACRA	A-1+	6,295,172	12,942,964
Bank Al-Habib Limited	PACRA	A-1+	5,199,416	146,666
Bank Alfalah	PACRA	A-1+	2,261,400	4,161,671
United Bank Limited	JCR-VIS	A-1+	150,498	959,057
National Bank of Pakistan	PACRA	A-1+	872,637	108,497
Habib Bank Limited	JCR-VIS	A-1+	2,009,587	1,052,500
Standard Chartered Bank	PACRA	A-1+	1,898,956	670,572
Faisal Bank Limited	PACRA	A-1+	385,435	187,589
JS Bank Limited	PACRA	A-1+	427,850	-
			52,815,500	29,764,586

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	2020					
	Carrying amount	Contractual Cash flows	Less than six months	Six to tweleve months	One to Five years	More than Five years
	---------------------------------- (Rupees) -------------------------------------					
Lease liability	31,961,048	(52,417,888)	(2,785,200)	(2,827,935)	(28,655,642)	(18,149,111)
Long term loans from a banking company	89,111,800	(102,785,281)	(338,432)	(15,878,873)	(86,567,976)	-
Short term murabaha	412,210,590	(440,567,677)	(440,567,677)	-	-	-
Trade and other payables	112,439,980	(112,439,980)	(112,439,980)	-	-	-
Loan from directors and sponsors	15,910,000	(15,910,000)	(15,910,000)	-	-	-
Accrued markup	24,812,736	(24,812,736)	(24,812,736)	-	-	-
	686,446,154	(748,933,562)	(596,854,025)	(18,706,808)	(115,223,618)	(18,149,111)

	2019					
	Carrying amount	Contractual Cash flows	Less than six months	Six to tweleve months	One to Five years	More than Five years
	---------------------------------- (Rupees) -------------------------------------					
Long term loans from a banking company	70,139,098	(83,814,767)	(17,871,530)	(15,589,073)	(50,354,164)	-
Short term murabaha	440,591,009	(467,353,052)	(467,353,052)	-	-	-
Trade and other payables	97,129,247	(97,129,247)	(97,129,247)	-	-	-
Loan from directors and sponsors	18,610,000	(18,610,000)	(18,610,000)	-	-	-
Accrued markup	11,770,802	(11,770,802)	(11,770,802)	-	-	-
	638,240,156	(678,677,868)	(612,734,631)	(15,589,073)	(50,354,164)	-

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

a) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As of the reporting date, the Company was not exposed to currency risk.

b) *Interest rate risk*

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments (variable rate instruments) was as follows:

	2020	2019	**2020**	2019
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - Saving *account*	**4.5% to 6.3%**	2.7% to 7.0%	**46,445,424**	10,729,009
Short term investment	**4.40%-8.25%**	3.50%-6.50%	**1,705,555**	1,705,555
Financial liabilities				
Long term loans from a banking company	**9.67% to 16.03%**	8.4% to 14.8%	**89,111,800**	70,139,098
Short term murabaha	**10.04%-17.60**	8.46 % to 14.43%	**412,210,590**	440,591,009

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Statement of profit or loss 100 bp	
	increase	**(decrease)**
As at June 30, 2020		
Cash flow sensitivity-Variable rate financial instrument	**4,531,714**	**(4,531,714)**
As at June 30, 2019		
Cash flow sensitivity-Variable rate financial liabilities	4,982,955	(4,982,955)

iii) *Other price risk*

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as security prices. As of the reporting date, the Company was not exposed to other price risk.

40.2 Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

40.3 Financial instruments by categories	2020	2019
	Rupees	
Financial assets		
At amortized cost		
Long-term deposits	**2,716,051**	2,716,051
Trade debts	**247,906,234**	313,588,277
Short term loan to employees	**3,899,398**	3,448,033
Short term trade deposits	**828,035**	760,088
Short term investment	**1,705,555**	1,705,555
Other receivables	**17,796,559**	30,003,757
Cash and bank balances	**53,312,333**	29,971,577
	328,164,165	382,193,338
Financial liabilities		
At amortized cost		
Long term loans from a banking company	**89,111,800**	70,139,098
Short term murabaha	**412,210,590**	440,591,009
Trade and other payables	**112,439,980**	97,129,247
Loan from directors and sponsors	**15,910,000**	18,610,000
Accrued markup	**24,812,736**	11,770,802
	654,485,106	638,240,156

41 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Following is the quantitative analysis of what the Company manages as capital:

	2020	2019
Borrowings:	Rupees	
Long term loans from a banking company	**89,111,800**	70,139,098
Short term murabaha	**412,210,590**	440,591,009
Loan from directors and sponsors	**15,910,000**	18,610,000
	517,232,390	529,340,107
Shareholders' equity:		
- Issued, subscribed and paid up capital	**85,937,500**	85,937,500
- General reserves	**132,500,000**	132,500,000
- Unappropriated profit	**127,064,475**	182,640,908
	345,501,975	401,078,408
Total capital managed by the Company	**862,734,365**	930,418,515

The Company is not subject to any externally imposed capital requirements.

42 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2020	2019
	Number	
Total number of employees as at June 30	**129**	217
Average number of employees during the year	**171**	197

43 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the subsidiary Company, key management personnel and directors of the Company as well as their close family members and employees' gratuity fund .Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive, Directors and executives is disclosed in note 38 to the unconsolidated financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2020	2019
	Rupees	
SUBSIDIARY- Sana Logistics (Private) Limited		
Sana Logistics (Private) Limited		
Rent Received from Sana Logistics (Private) Limited	**52,725,529**	20,781,188
Reimbursement of operation and maintenance expenses to Sana Logistics (Private) Limited	**119,966**	1,755,508
Rent receiveble from Sana Logistics (Private) Limited	**14,863,167**	24,218,812
Receiveble from Sana Logistics (Private) Limited in respect of operation and maintenance expenses.	**870,519**	3,735,609
KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS		
Mohammad Younus Nawab (Chairman)		
Loan obtained during the year	**7,000,000**	10,900,000
Loan repaid during the year	**5,600,000**	10,300,000
Loan payable as of the reporting date	**2,000,000**	600,000
Mohammad Irfan Nawab (CEO)		
Loan obtained during the year	**5,825,946**	6,800,000
Loan repaid during the year	**5,325,946**	6,200,000
Loan payable as of the reporting date	**4,860,000**	4,360,000
Ibrahim Younus (Director)		
Loan obtained during the year	**1,007,813**	1,200,000
Loan repaid during the year	**507,813**	650,000
Loan payable as of the reporting date	**1,050,000**	550,000
Ismail Younus (Director)		
Loan obtained during the year	**4,857,813**	
Loan repaid during the year	**4,857,813**	
Loan payable as of the reporting date	**-**	-
Muhammad Faizanullah (Director)		
Loan obtained during the year	**2,107,813**	1,000,000
Loan repaid during the year	**2,107,813**	500,000
Loan payable as of the reporting date	**500,000**	500,000
Sabiha Younus (Spouse of Chairman / Sponsor)		
Loan obtained during the year	**12,312,500**	23,150,000
Loan repaid during the year	**20,812,500**	11,400,000
Rent paid during the year	**2,298,250**	2,814,750
Rent payable as of the reporting date	**214,250**	-
Loan payable as of the reporting date	**3,250,000**	11,750,000
Afshan Irfan (Spouse of CEO / Sponsor)		
Loan obtained during the year	**5,150,000**	1,700,000
Loan repaid during the year	**1,750,000**	850,000
Rent paid during the year	**2,298,250**	2,814,750
Rent payable as of the reporting date	**214,250**	-
Loan payable as of the reporting date	**4,250,000**	850,000

44 OPERATING SEGMENT

44.1 These unconsolidated financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

44.2 Revenue from sale of yarn represents 98% (2019: 99%) of the total revenue of the Company.

44.3 All non-current assets of the Company at June 30, 2020 were located in Pakistan.

44.4 The amount of revenue from major customers to whom sales have been more than 10% of the Company's total sales for the year amounted to Rs. 305.57 million. (2019: Rs.531.41 million).

45 CORRECTION OF PRIOR PERIOD ERRORS

In the financial years ended June 30, 2017 and June 30, 2018, the Company had incurred taxable loss and, accordingly, had paid minimum tax under section 113 of the Income Tax Ordinance, 2001 ('the Ordinance') amounting to Rs. 15.271 million and Rs. 20.480 million, respectively. Since, under section 113(3)(c) of the Ordinance, the said tax payments could be carried forward for adjustment against the tax liability of the five subsequent tax years and also because, as of June 30, 2017 and June 30, 2018, it was probable that future taxable profit would be available against which the said unused tax credits (i.e. minimum tax) could be utilized, in accordance with the International Accounting Standard (IAS) 12 *Income Taxes*, a related deferred tax asset, amounting to Rs. 15.271 million and Rs. 35.751 million, should have been recognized as of June 30, 2017 and June 30, 2018, respectively. However, to the contrary, no such deferred tax asset had been recognized by the Company in its financial statements for the years then ended.

In addition, in its income tax return for the year ended June 30, 2019, the Company had claimed the benefit of the aforementioned minimum tax payments. Accordingly, in its statement of profit or loss for the year ended June 30, 2019, the Company should have recognized the following:

(a) a current tax income of Rs. 13.604 million (after considering the effect of the benefit of minimum tax claimed in the tax year 2019) instead of the current tax charge of Rs. 22.147 million actually recognized.

(b) a deferred tax charge of Rs. 26.702 million (after considering the effect of the reversal of the aforesaid deferred tax asset of Rs. 35.751 million not previously recognized as of June 30, 2018) instead of the deferred tax income of Rs. 9.048 million actually recognized; and

Accordingly, in these financial statements, the above errors have been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and the corresponding figures affected by the errors have been restated. Since these restatements have a material effect on the statement of financial position as at the beginning of the earliest period presented (i.e. June 30, 2018), the same has been also been presented in these financial statements.

The retrospective correction of the above errors has the following effects on the corresponding figures presented in these financial statements:

Effects on the statement of financial position

	Unappropriated Profit	Deferred liabilities	Tax refunds due from government - Income tax refundable	
	——— Rupees ———			
Balance as at June 30, 2018 (as previously reported)	112,131,845	45,776,132	71,875,271	*
Deferred tax asset on unused tax credit (i.e. minimum tax) recognized as of June 30, 2018				
Decrease in deferred tax liability recognized as of June 30, 2018	35,751,343	(35,751,343)	-	
Balance as at June 30, 2018 (as restated)	**147,883,188**	**10,024,789**	**71,875,271**	
Balance as at June 30, 2019 (as previously reported)	146,889,565	53,779,451	68,974,796	*
Increase in income tax refundable arising from the benefit of minimum tax claimed by the Company in its tax return for the tax year 2019	35,751,343	-	35,751,343	
Balance as at June 30, 2019 (as restated)	**182,640,908**	**53,779,451**	**104,726,139**	

** The previously reported figures of tax refunds due from government as at June 30, 2018 and June 30, 2019, as shown above, have been adjusted for the effect of sales tax refundable that has been reclassified from the head 'Other receivables' to the head 'Tax refunds due from government' in these financial statements.*

Effects on the statement of comprehensive income for the year ended June 30, 2019

	Rupees
Effects on profit or loss	
Effect on profit before taxation	-
Decrease in current tax charge	(35,751,343)
Increase in deferred tax charge	35,751,343
Effect on profit after taxation	-
Effect on earnings per share - basic and diluted	-
Effects on other comprehensive income	-
Effect on total comprehensive income	-

46 GENERAL

46.1 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on ___01 OCT 2020_.

46.2 **Corresponding figures**

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Major reclassifications of corresponding figures made in these unconsolidated financial statements are as follows:

Reclassified from component	Reclassified to component	— Rupees — 2019	2018
Other receivables	*Tax refunds due from government*		
Sales tax refundables	(Shown on face of Statement of Financial Position)	**29,102,194**	27,163,408
Cost of sales			
Repair and maintenance	Stores and spares consumed	**41,129,591**	-
Administravtive expenses	*Administravtive expenses*		
Miscellaneous expense	Meeting fee	**15,000**	-

46.3 Figures in these unconsolidated financial statements have been rounded off to the nearest rupee.

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

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sana Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of **Sana Industries Limited and its Subsidiary** ('the Group'), which comprise the consolidated statement of financial position as at **June 30, 2020**, 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, 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, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **June 30, 2020** and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor's 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 and unconsolidated financial statements and our audit reports 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.

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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 accounting and reporting standards as applicable in Pakistan and 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.

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

Auditor's 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 auditor's 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 the consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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 auditor's 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

Cont'd... P/3

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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; and

- 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 audit 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 auditor's report is **Mr. Muhammad Waseem.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: 01 OCT 2020

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	**2020**	*(Restated)* 2019	*(Restated)* 2018
		Rupees		
ASSETS				
NON- CURRENT ASSETS				
Property, plant and equipment	6	**565,900,908**	619,693,712	660,795,813
Right-of-use assets	7	**79,597,185**	-	-
Long term deposits and prepayments	8	**2,756,051**	4,701,051	6,443,551
Deferred tax asset - net	9	**4,228,063**		
		652,482,207	624,394,763	667,239,364
CURRENT ASSETS				
Stock-in-trade	10	**201,493,653**	214,142,525	176,173,176
Stores and spares		**6,828,622**	-	-
Short term investments	11	**1,705,555**	1,705,555	-
Trade debts	12	**339,567,837**	415,531,305	291,384,865
Loans and advances	13	**41,820,762**	24,289,126	30,888,956
Trade deposits and short term prepayments	14	**2,159,357**	1,490,580	2,092,998
Other receivables	15	**2,112,791**	2,053,260	3,924,994
Tax refunds due from government		**146,398,709**	144,433,817	90,978,064
Cash and bank balances	16	**61,711,634**	30,661,897	43,690,361
		803,798,920	834,308,065	639,133,414
TOTAL ASSETS		**1,456,281,127**	1,458,702,828	1,306,372,778
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital	17	**100,000,000**	100,000,000	100,000,000
Issued, subscribed and paid-up capital	17	**85,937,500**	85,937,500	85,937,500
REVENUE RESERVE				
General reserves		**132,500,000**	132,500,000	132,500,000
Unappropriated profit		**163,594,422**	194,190,189	128,668,923
		296,094,422	326,690,189	261,168,923
Equity attributable to the shareholders of Holding Company		**382,031,922**	412,627,689	347,106,423
Non controlling interest		**39,362,086**	29,921,385	17,891,465
Total equity		**421,394,008**	442,549,074	364,997,888
LIABILITIES				
NON - CURRENT LIABILITIES				
Lease liability	18	**77,870,831**	-	-
Long term financing	19	**120,640,429**	116,301,352	174,620,504
Deferred liabilities	20	**37,412,009**	64,894,182	16,971,062
		235,923,269	181,195,534	191,591,566
CURRENT LIABILITIES				
Short term murabaha	21	**412,210,590**	440,591,009	431,468,730
Trade and other payables	22	**222,741,268**	238,022,320	159,243,453
Accrued markup	23	**24,970,742**	11,834,668	8,774,079
Loans from directors and associates	24	**63,345,000**	79,185,000	64,960,000
Unclaimed dividend		**1,890,010**	1,798,879	1,650,116
Current maturity of lease liability	18	**12,268,197**	-	-
Current maturity of deferred government grant	20	**3,590,925**	-	-
Current maturity of long term financing	25	**57,947,118**	63,526,344	83,686,946
		798,963,850	834,958,220	749,783,324
CONTINGENCIES AND COMMITMENTS	26			
TOTAL EQUITY AND LIABILITIES		**1,456,281,127**	1,458,702,828	1,306,372,778

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	**2020**	2019
		Rupees	
Turnover - net	27	**1,775,174,268**	2,402,534,921
Cost of sales & services	28	**(1,598,840,678)**	(2,092,849,321)
Gross profit		**176,333,590**	309,685,600
Administrative expenses	29	**(68,886,812)**	(69,031,120)
Distribution expenses	30	**(21,687,392)**	(22,720,745)
Other operating expense	31	**(250,000)**	(6,551,030)
Other income	32	**4,698,651**	5,071,539
		(86,125,553)	(93,231,356)
Operating profit		**90,208,037**	216,454,244
Finance costs	33	**(96,302,160)**	(77,338,266)
(Loss) / Profit before taxation		**(6,094,123)**	139,115,978
Taxation	34	**9,059,636**	(31,098,475)
Profit after taxation		**2,965,513**	108,017,503
Attributable to:			
- Shareholders of the Holding Company		**(6,475,188)**	95,987,583
- Non - controlling interest		**9,440,701**	12,029,920
		2,965,513	108,017,503
(Loss) / earnings per share - basic and diluted	35	**(0.75)**	11.17

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	
Profit after taxation	**2,965,513**	108,017,503
Other Coprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss on remeasurement of defined benefit obligation	**(3,712,963)**	(18,491,066)
Deferred tax on above	**1,076,759**	5,212,249
	(2,636,204)	(13,278,817)
Total comprehensive income for the year	**329,309**	94,738,686
Attributable to:		
- Shareholders of the Holding Company	**(9,111,492)**	82,708,766
- Non - controlling interest	**9,440,701**	12,029,920
	329,209	94,738,686

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves			Total equity attributable to the shareholders of Holding Company	Non - controlling interest
		General reserves	Un-appropriated profit	Total reserves		
	Rupees					
Balance as at 30 June, 2018 (as previously reported)	85,937,500	132,500,000	92,917,580	225,417,580	311,355,080	17,891,465
Effect of correction of prior period error (refer note 44)	-	-	35,751,343	35,751,343	35,751,343	-
Balance as at June 30, 2018 (as restated)	85,937,500	132,500,000	128,668,923	261,168,923	347,106,423	17,891,465
Transactions with owners						
Cash dividend @ Rs. 2/- per ordinary share for the year ended June 30, 2018	-	-	(17,187,500)	(17,187,500)	(17,187,500)	-
Total comprehensive income for the year ended June 30, 2019						
- Profit after tax	-	-	95,987,583	95,987,583	95,987,583	12,029,920
- Other comprehensive income	-	-	(13,278,817)	(13,278,817)	(13,278,817)	-
	-	-	82,708,766	82,708,766	82,708,766	12,029,920
Balance as at June 30, 2019 (as restated)	85,937,500	132,500,000	194,190,189	326,690,189	412,627,689	29,921,385
Transaction with owners						
Cash dividend @ Rs. 2.5/- per ordinary share for the year ended June 30, 2018	**-**	**-**	**(21,484,375)**	**(21,484,375)**	**(21,484,375)**	**-**
Total comprehensive income for the year ended year ended June 30, 2020						
Profit after tax			**(6,475,188)**	**(6,475,188)**	**(6,475,188)**	**9,440,701**
Other comprehensive income			**(2,636,204)**	**(2,636,204)**	**(2,636,204)**	
	-	**-**	**(9,111,392)**	**(9,111,392)**	**(9,111,392)**	**9,440,701**
Balance as at 30 June, 2020	**85,937,500**	**132,500,000**	**163,594,422**	**296,094,422**	**382,031,922**	**39,362,086**

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		Rupees	
(Loss) / profit before taxation		**(6,094,123)**	139,115,978
Adjustments for:			
- Depreciation on operating fixed assets		**95,178,805**	92,232,096
- Depreciation on right-of-use assets		**18,508,115**	
- Gain on sale of fixed assets		**(3,844,005)**	(566,639)
- Capital work-in-progress written off		**499,300**	-
- Provision for Workers' Profit Participation Fund		**-**	4,339,483
- Provision for Workers' Welfare Fund		**-**	1,711,547
- Provision for doubtful receivables-net of receivables		**250,000**	500,000
- Provision for Staff Compensation benefit		**-**	1,319,215
- Provision for Staff retirement benefits		**9,688,602**	5,135,245
- Interest income		**(854,646)**	(376,769)
- Finance costs		**96,302,160**	77,338,266
		215,728,331	181,632,444
Cash generated from operating activities before working capital changes		**209,634,208**	320,748,422
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
- Stock in trade		**12,648,872**	(37,969,349)
- Stores and spares		**(6,828,622)**	-
- Trade debts		**75,713,468**	(124,146,440)
- Loan and advances		**(17,531,636)**	6,599,830
- Trade deposits and short term prepayments		**(668,777)**	602,418
- Other receivables		**(46,903)**	1,871,734
Sales tax refundable		**9,549,902**	(1,762,501)
Increase in current liabilities			
- Trade and other payables		**(7,753,620)**	77,107,931
		65,082,684	(77,696,377)
Cash generated from operations		**274,716,892**	243,052,045
- Taxes paid		**(47,250,310)**	(51,920,874)
- Gratuity paid		**-**	(1,396,059)
- Staff Compensation benefit paid		**(1,113,881)**	(1,284,951)
- Payment of Workers' welfare fund		**(1,711,547)**	(1,240,088)
- Payment of Workers' profit participation fund		**(6,018,741)**	(3,263,389)
- Finance cost paid		**(79,569,134)**	(69,782,622)
- Long term deposits refunded		**1,945,000**	1,662,500
Net cash generated from operating activities		**140,998,279**	115,826,562
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment - net		**(44,206,296)**	(51,327,656)
- Short term investment		**-**	(1,705,555)
- Interest received		**842,018**	376,769
- Proceeds from disposal of property, plant and equipment		**6,165,000**	1,263,600
Net cash used in investing activities		**(37,199,278)**	(51,392,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Receipts under short-term murabaha		**(28,380,419)**	9,122,279
- Repayment under long term musharika - net		**(40,485,373)**	(54,480,052)
- Loan (repaid)/ borrowed directors and associates		**(15,840,000)**	14,225,000
- Proceeds from Islamic auto finance		**3,129,773**	-
- Proceeds from Islamic re-financing facilities		**58,001,743**	-
- Repayment of lease liability (principal portion)		**(7,966,272)**	-
- Payment of long term liability		**(19,815,472)**	(29,290,674)
- Dividend paid		**(21,393,244)**	(17,038,737)
Net cash used in financing activities		**(72,749,264)**	(77,462,184)
Net increase / (decrease) in cash and cash equivalents		**31,049,737**	(13,028,464)
Cash and cash equivalents at the beginning of the year		**30,661,897**	43,690,361
Cash and cash equivalents at the end of the year	*16*	**61,711,634**	30,661,897

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 These financial statements represent the consolidated financial statements of the Group which comprise of M/s. Sana Industries Limited ('the Holding Company') and M/s. Sana Logistics (Private) Limited ('the Subsidiary Company'). As of June 30, 2020, the Holding Company held 70% (2019: 70%) ordinary shares of the Subsidiary Company.

1.2 The Holding Company is a public listed company incorporated in Pakistan on June 05, 1985 under the Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The ordinary shares of the Holding Company are listed on Pakistan Stock Exchange Limited (PSX). The Holding Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

The address of Holding Company's business units, including plant, are as under:

Head office: The registered office is situated at 33-D-2, Block 6, P.E.C.H.S., Karachi, measuring 500 square yard.

Mill: The mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan, , measuring 85,703 square meters.

Warehouse: The Company's warehouse is located at SF-96, S.I.T.E, Karachi, measuring 11,250 square feet.

1.3 The Subsidiary Company is a private limited company incorporated in Pakistan on August 18, 2015 under the repealed Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The principal activity of the Subsidiary Company is to provide warehousing services to its customers, who may have specialised requirements with respect to storage temperatures (Cold and Ambient / Dry), environment, handling of goods while adhering to all the best practices and complying to modern day warehousing management techniques.

The address of the Subsidiary Company's business units, including plant, are as under:

Registered office: The registered office situated at 33-D-2, Block 6, P.E.C.H.S., Shahra-e- Faisal, Karachi, measuring 500 square yard.

Storage Unit: The Subsidiary Company has three storage facilities situated as under:

- Survey no. 54 Deh Gondpass, Tapo Gabapat, Kemari Town, Karachi, measuring 4.28 acres.
- Land bearing No. B-186, located at H.I.T.E, situated at Tehsil Hub, District Lasbela, Balochistan, measuring 12,500 square feet.
- Survey no. 53 and 55 Deh Gondpass, Tapo Gabapat, Kemari Town, Karachi, measuring 57,200 square feet.

2 IMPACT OF COVID - 19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

The COVID-19 pandemic put pressure on the sales volume and bottom line of the companies. It has also caused extra ordinary and unprecedented curtailment in economic and social activities since its spread in Pakistan from March 2020. This pandemic posed a big threat to business and financial challenges across various sectors of the economy in Pakistan. The Group complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns.

In connection with the accounting and reporting obligations as required in circular 26 of 2020 issued by SECP, the management of the group assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. This included assessment of both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations. In addition to this, the assumptions used and estimates associated with measurement of various assets and liabilities were also assessed. COVID-19 pandemic was a significant event during the year. However, total manufacturing activities of Holding Company were closed from 23rd March 2020 and after about 53 days, the manufacturing process was started at 30% of the total capacity on 15-May-2020, and from 01-Jun-2020 it was enhanced to 60%, and from 01-Aug-2020 the factory has resumed at its 100% capacity accordingly the revenues of the holding company were decreased by approximately 17% along with corresponding variable cost variable overheads. While operations of subsidiary company were not affected due to COVID-19 .The group remained up to date in all its financial commitments. The Management believes that the going concern assumption of the group remains valid.

The Group availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance department (IH&SMEFD) Circular No. 6 of 2020 dated April 10, 2020.

3 BASIS OF PREPARATION

3.1 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- 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.

3.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except:

- Employee retirement benefits which is measured at the fair value of the defined benefit obligation, and

- Lease liability and the related right-of-use asset which are initially measured at the present value of the lease payments that are not paid at the commencement date.

3.3 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of consolidated financial statements are in conformity with accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policy are as follows:

	Note
- Useful lives, residual values and depreciation method of property, plant and equipment	**5.1**
- Provision for impairment of inventories	**5.4**
- Provision for expected credit losses	**5.7.3**
- Measurement of defined benefit obligation	**5.9**
- Current income tax expense, provision for prior year tax and recognition of deferred tax asset	**5.1**
- Estimation of provisions	**5.12**
- Revenue from contracts with customers	**5.15**
- Impairment loss of non-financial assets other than inventories	**5.17**

4 NEW ACCOUNTING PRONOUNCEMENTS

Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Group. However, since such updates (except for that disclosed in note 4.1 to these consolidated financial statements) were not considered to be relevant to the Group's financial reporting, the same have not been disclosed here.

4.1 Initial application of IFRS 16 'Leases'

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Group has adopted the International Financial Reporting Standard (IFRS) 16 *Leases* which replaced the previous lease accounting requirements contained in IAS 17 *Leases*, IFRIC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC Interpretation 15 *Operating Leases—Incentives* and SIC Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

Method of transition to the new lease accounting model

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

The Group has applied IFRS 16 to the lease arrangements in which it is a lessee and which previously were classified as operating leases under IAS 17 by following the cumulative catch-up transition method and using the following practical expedients as permitted under paragraph C10 of IFRS 16:

(a) The Group has relied on its assessment of whether the aforesaid lease arrangements are onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as on June 30, 2019 as an alternative to perform an impairment review of right-of-use assets. The said assessment performed by the Group as on June 30, 2019 had not identified any onerous lease arrangements; and

(b) The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Because, in its consolidated financial statements for the year ended June 30, 2019, the Group was not required to disclose operating lease commitments under IAS 17, no such explanation as is required under paragraph C12(b) of IFRS 16 has been disclosed in these consolidated financial statements.

Initial measurement of the right-of-use asset and the corresponding lease liability

As of the date of initial application (i.e. of July 01, 2019), the Group measured the right-of use asset and the related lease liability (arising from its rights under lease arrangements existing as of that date) as follows:

(a) As permitted under paragraph C8(b) of IFRS 16, the Group measured the right-of-use asset at an amount equal to the lease liability.

(b) The Group measured the lease liability at the present value of the remaining lease payments, discounted using an incremental borrowing rate of 15.65% per annum as of July 01, 2019.

Accounting policies with respect to measurement of the right-of-use asset and the corresponding lease liability

Upon adoption of IFRS 16, the Group has changed its accounting policies with respect to initial and subsequent measurement of the right-of-use asset and the lease liability. The revised accounting policies are stated in note 5.2 to these consolidated financial statements.

4.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Group's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Group.

Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A group shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Group.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Group.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. A group is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The group measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. A group shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The group shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Group.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the group or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the group.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as described in note 4.1 to these consolidated financial statements:

5.1 Property, plant and equipment

Operating assets- owned

Items of property, plant and equipment are stated at cost amount less accumulated depreciation and impairment losses except for leasehold land, SF/96 premises which are stated at cost. Cost include expenditures that are directly attributable to the acquisition of an asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the statement of profit or loss applying the straight line method at the rates specified in note 6.1. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specified assets as and when assets are available for use.

5.2 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.

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

A - Leases other than short-term leases and leases of low-value assets

(a) *Right-of-use assets*

The Group recognises 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises 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 recognised 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 an incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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.

B - Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically not of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5.3 Stores and spares

Stores and spares excluding items in transit are valued at the lower of average cost and net realizable value. Provisions is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated upto the reporting date.

5.4 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. The cost formulas used for different classes of stock-in-trade are as follows:

-	Raw materials	at weighted average basis.
-	Packing materials	On FIFO basis
	Stock-in-transit	at invoice price plus other charges paid thereon.
	Work-in-process and finished goods	at weighted average cost
	Waste materials	at net realizable value

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Net realizable value signifies the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.5 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5.6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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 comprise of cash in hand and balances held with banks.

5.7 Financial assets

5.7.1 Initial recognition, classification and measurement

The Group recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Group classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized costs:
(b) fair value through other comprehensive income (FVOCI);and
(c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(ii) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Group to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

5.7.2 ***Subsequent measurement***

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

5.7.3 ***Impairment***

The Group recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts, the Group applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Group applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Group recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

5.7.4 ***De-recognition***

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

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

5.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5.9 Staff retirement benefits

Compensated absences

The Group has the policy of annual casual and sick leaves to its employees which are not carried forward to the next year. Non-accumulating compensated absences are recognized as expense in the period in which they occur.

Defined benefit plan

The Holding Company operates a funded gratuity scheme covering all permanent employees.

Defined benefit plans provide an amount of benefits that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans.

Remeasurement gains / losses are recognized in other comprehensive income.

5.10 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost.

5.12 Provisions and contingent liabilities

Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.13 Financial liabilities

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

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

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

5.14 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of consolidated financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.15 Revenue

Revenue from sale of goods

Revenue from sales of yarn, raw material and scrap sales is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Group.

Delivery occurs when the goods have been dispatched and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from services

Revenue from services is recognized when services are rendered to the customer and there remains no other unfulfilled obligation to be satisfied by the Group.

5.16 Other income

Interest income

- Returns on saving accounts and investments at amortised cost are recognised using effective interest rate method.

5.17 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss.

5.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

5.19 Dividends

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the shareholders.

			2020	2019
6	**PROPERTY, PLANT AND EQUIPMENT**	*Note*	Rupees	
	Operating fixed assets	*6.1*	**563,346,992**	619,194,412
	Capital work in progress	*6.2*	**2,553,916**	499,300
			565,900,908	619,693,712

6.1 Operating fixed assets

	Leasehold land	SF/96 Premises (Tenancy Rights)	Building on leasehold land	Electrification - Factory Building	Office Premises SF/96	Plant and machinery	Handling equipments	Furniture, fixtures and office equipments	Lab Equipments	Vehicles	Computers & software	Plastic Crates	Total
As at July 01, 2018													
Cost	12,095,494	5,000,000	213,772,242	20,438,654	12,711,363	842,055,955	114,239,604	13,306,282	311,295	36,067,064	2,846,898	193,425	1,273,038,276
Accumulated depreciation	-	-	(111,818,312)	(12,870,034)	(9,133,932)	(433,259,447)	(17,010,316)	(6,387,141)	(280,166)	(24,754,744)	(1,732,921)	(193,424)	(617,440,437)
Net book value	12,095,494	5,000,000	101,953,930	7,568,620	3,577,431	408,796,508	97,229,288	6,919,141	31,129	11,312,320	1,113,977	1	655,597,839
Year ended June 30, 2019													
Opening net book value	12,095,494	5,000,000	101,953,930	7,568,620	3,577,431	408,796,508	97,229,288	6,919,141	31,129	11,312,320	1,113,977	1	655,597,839
Additions / transfers during the year	-	-	2,693,721	12,989,043	108,274	31,942,164	6,063,468	357,960	-	1,897,990	473,010	-	56,525,630
Disposals													
Cost	-	-	-	-	-	(206,333)	(658,818)	-	-	(722,227)	-	-	(1,587,378)
Accumulated depreciation	-	-	-	-	-	113,483	54,707	-	-	722,227	-	-	890,417
Net book value	-	-	-	-	-	(92,850)	(604,111)	-	-	-	-	-	(696,961)
Depreciation for the year	-	-	(15,577,458)	(1,740,719)	(1,009,328)	(54,365,177)	(13,013,030)	(972,155)	(31,119)	(5,106,116)	(416,994)	-	(92,232,096)
Closing net book value	12,095,494	5,000,000	89,070,193	18,816,944	2,676,377	386,280,645	89,675,615	6,304,946	10	8,104,194	1,169,993	1	619,194,412
As at June 30, 2019													
Cost	12,095,494	5,000,000	216,465,963	33,427,697	12,819,637	873,791,786	119,644,254	13,664,242	311,295	37,242,827	3,319,908	193,425	1,327,976,528
Accumulated depreciation	-	-	(127,395,770)	(14,610,753)	(10,143,260)	(487,511,141)	(29,968,639)	(7,359,296)	(311,285)	(29,138,633)	(2,149,915)	(193,424)	(708,782,116)
Net book value	12,095,494	5,000,000	89,070,193	18,816,944	2,676,377	386,280,645	89,675,615	6,304,946	10	8,104,194	1,169,993	1	619,194,412
Year ended June 30, 2020													
Opening net book value	**12,095,494**	**5,000,000**	**89,070,193**	**18,816,944**	**2,676,377**	**386,280,645**	**89,675,615**	**6,304,946**	**10**	**8,104,194**	**1,169,993**	**1**	**619,194,412**
Additions / transfers during the year	**-**	**-**	**1,090,667**	**550,000**	**-**	**32,678,267**	**1,601,599**	**416,200**	**-**	**4,907,000**	**408,647**	**-**	**41,652,380**
Disposals / transfers													
Cost	**-**	**-**	**-**	**-**	**-**	**-**	**(1,853,000)**	**-**	**-**	**(5,296,332)**	**-**	**-**	**(7,149,332)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**386,042**	**-**	**-**	**4,442,295**	**-**	**-**	**4,828,337**
Net book value	**-**	**-**	**-**	**-**	**-**	**-**	**(1,466,958)**	**-**	**-**	**(854,037)**	**-**	**-**	**(2,320,995)**
Depreciation for the year	**-**		**(15,520,507)**	**(2,238,016)**	**(997,604)**	**(56,759,622)**	**(14,002,197)**	**(1,008,545)**		**(4,248,131)**	**(404,183)**		**(95,178,805)**
Closing net book value	**12,095,494**	**5,000,000**	**74,640,353**	**17,128,928**	**1,678,773**	**362,199,290**	**75,808,059**	**5,712,601**	**10**	**7,909,026**	**1,174,457**	**1**	**563,346,992**
As at June 30, 2020													
Cost	**12,095,494**	**5,000,000**	**217,556,630**	**33,977,697**	**12,819,637**	**906,470,053**	**119,392,853**	**14,080,442**	**311,295**	**36,853,495**	**3,728,555**	**193,425**	**1,362,479,576**
Accumulated depreciation	**-**	**-**	**(142,916,277)**	**(16,848,769)**	**(11,140,864)**	**(544,270,763)**	**(43,584,794)**	**(8,367,841)**	**(311,285)**	**(28,944,469)**	**(2,554,098)**	**(193,424)**	**(799,132,584)**
Net book value	**12,095,494**	**5,000,000**	**74,640,353**	**17,128,928**	**1,678,773**	**362,199,290**	**75,808,059**	**5,712,601**	**10**	**7,909,026**	**1,174,457**	**1**	**563,346,992**

		Note	2020	2019
			Rupees	
6.1.1	Depreciation for the year has been allocated as under :			
	- Manufacturing and service expense	*28*	**74,383,432**	60,278,234
	- Fuel and power	*28.3*	**15,692,518**	15,551,783
	- Administration expenses	*29*	**5,102,855**	16,402,079
			95,178,805	92,232,096

6.2 Capital work in progress

	2020	2019
Opening balance	**499,300**	5,198,274
Additions during the year	**2,553,916**	5,003,638
	3,053,216	10,201,912
Less: Transferred to operating fixed assets	-	(9,702,612)
Less: written off	**(499,300)**	-
	2,553,916	499,300

7 RIGHT - OF - USE ASSETS

	Survey No.53 and 55, Kemari Town, Karachi	33-D-2, Block-6, Shahra-e-Faisal, Karachi	Total
		Rupees	
Opening net book value	-	-	-
Effect of initial application of IFRS 16	**34,182,900**	**63,922,400**	**98,105,300**
Depreciation for the year	**(10,517,815)**	**(7,990,300)**	**(18,508,115)**
Closing net book value	**23,665,085**	**55,932,100**	**79,597,185**
As at June 30, 2020			
Cost	**34,182,900**	**63,922,400**	**98,105,300**
Accumulated depreciation	**(10,517,815)**	**(7,990,300)**	**(18,508,115)**
	23,665,085	**55,932,100**	**79,597,185**
Depreciation rate (per annum)	**30.77%**	**12.50%**	

7.1 The terms and conditions of the lease contracts entered into for the aforementioned premises are as follows:

Particulars	**Survey No.53 and 55, Kemari Town, Karachi**	**33-D-2, Block-6, Shahra-e-Faisal, Karachi**
Lessor name	Directors and joint owners	Mrs. Sabiha Younus and Mrs. Afshan Irfan
Lease agreement date	25-Sep-17	01-Jul-19
Lease commencement date	01-Oct-17	01-Jul-19
Initial contracted term of the lease	5 years	11 months
Availability of extension option	Yes	Yes
No. of years for which the lease exten	Indefinite	Indefinite
on July 01, 2019) used for the purpose of measuring the right-of-use asset and the corresponding lease liability - Refer note 7.1.1	39 months	8 years

7.1.1 The remaining lease term (as on July 01, 2019) used in the measurement of the right-of-use asset and the related lease liability has been estimated as noted above since the Group, after giving due consideration to the factors that might create an economic incentive for the Group to extend the leases, has concluded that, as of the date of initial application of IFRS 16, it was not reasonably certain to exercise the said extension options for periods beyond the above mentioned periods.

		Note	2020	2019
			Rupees	
7.2	Depreciation for the year has been allocated as under :			
	- Manufacturing and service expense	28	**10,517,815**	-
	- Administration expenses	29	**7,990,300**	-
			18,508,115	-

8 LONG TERM DEPOSITS AND PREPAYMENTS

	2020	2019
Long term security deposits with:		
- Utility companies	**2,603,551**	2,603,551
- Central Depository Company (CDC)	**12,500**	12,500
- Other	**100,000**	2,045,000
	2,716,051	4,661,051
Long term prepayments	**40,000**	40,000
	2,756,051	4,701,051

9 DEFERRED TAXATION

Reconciliation for the year ended June 30,2020

	Balance at beginning of the year	ncome recognized i profit or loss	ncome recognized i other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability arising from:				
- Accelerated depreciation allowance	**47,822,338**	**(13,025,480)**	**-**	**34,796,858**
Deferred tax assets arising from:				
- Unused tax losses	**-**	**(3,168,403)**	**-**	**(3,168,403)**
- Minimum tax	**-**	**(21,329,204)**	**-**	**(21,329,204)**
- Provision for staff retirement benefits	**(6,178,490)**	**(2,809,695)**	**(1,076,759)**	**(10,064,944)**
- Allowance for expected credit losses	**-**	**(217,500)**	**-**	**(217,500)**
- Lease liability - net	**-**	**(4,244,870)**	**-**	**(4,244,870)**
	(6,178,490)	**(31,769,672)**	**(1,076,759)**	**(39,024,921)**
	41,643,848	**(44,795,152)**	**(1,076,759)**	**(4,228,063)**

Reconciliation for the year ended June 30,2019

	Balance at beginning of the year (restated)	hange recognized i profit or loss (restated)	ncome recognized i other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability arising from:				
- Accelerated depreciation allowance	50,795,970	(2,973,632)	-	47,822,338
Deferred tax assets arising from:				
- Unused tax losses	(3,564,174)	3,564,174	-	-
- Minimum tax	(35,751,343)	35,751,343	-	-
- Provision for staff retirement benefits	4,504,791	(5,471,032)	(5,212,249)	(6,178,490)
	(34,810,726)	33,844,485	(5,212,249)	(6,178,490)
	15,985,244	30,870,853	(5,212,249)	41,643,848

				2020	2019
10	**STOCK-IN-TRADE**	*Note*		Rupees	
	Raw material				
	- In hand			**68,567,457**	126,990,428
	- In transit			**-**	17,049,282
				68,567,457	144,039,710
	Work in process			**34,610,933**	42,220,855
	Finished goods			**91,199,918**	21,400,557
	Waste materials			**2,820,350**	1,920,275
	Packing materials			**4,294,995**	4,561,128
				201,493,653	214,142,525
11	**SHORT TERM INVESTMENT- at amor**				
	Habib Islamic Investment Certificate	*11.1*		**1,705,555**	1,705,555

11.1 This represents the investment made by the Group in Habib Metro Islamic Investment Certificate which carries profit ranging from of 4.40% to 8.25% per annum (2019: 3.50%- 6.50% per annum).

			2020	2019
12	**TRADE DEBTS**	*Note*	Rupees	
	Receivables against sale of goods- Local			
	- Considered good		**247,906,234**	313,588,277
	- Considered doubtful		**750,000**	500,000
			248,656,234	314,088,277
	Receivables against rendering of cold storage services		**91,661,603**	101,943,028
			340,317,837	416,031,305
	Less: provision for doubtful debts	*12.1*	**(750,000)**	(500,000)
			339,567,837	415,531,305
12.1	**Movement in provision for doubtful debts**			
	Balance at the beginning of the year		**500,000**	-
	Reversal of provision on account of recoveries made		**(500,000)**	500,000
	Further charge recognized during the year		**750,000**	-
	Balance at the end of the year		**750,000**	500,000
13	**LOANS AND ADVANCES**			
	Loans to employees	*13.1*	**3,899,398**	3,448,033
	Advances			
	- to contractors	*13.2*	**32,384,754**	215,000
	- to staff		**1,548,721**	140,543
	- to suppliers	*13.3*	**3,823,445**	8,098,894
	- against letter of credit		**164,444**	12,386,656
			37,921,364	20,841,093
			41,820,762	24,289,126

13.1 These represent interest-free loans provided to employees in accordance with the Group's policy. The loans are repayable within one year and are recovered through deduction from salaries. These loans are secured against staff gratuity balances.

13.2 This includes an advance provided to labour contractor, M/s. Al-Hafi & Co (Private) Limited, amounting to Rs. 31.374 million (2019: Nil). The advance is expected to be adjusted within 12 months from the reporting date against subsequent receipt of services. This advance was provided to mitigate COVID-19 impact on production labour.

13.3 This includes an advance provided to M/s. ICI Pakistan Limited amounting to Rs. 2.062 million (2019: Rs. 5.258 million). The advance is expected to be adjusted within 12 months from the reporting date against subsequent purchase of polyester fibre.

		Note	2020	2019
14	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		Rupees	
	Deposits		**828,035**	760,088
	Prepayments		**1,331,322**	730,492
			2,159,357	1,490,580
15	**OTHER RECEIVABLES**			
	Accrued interest on PLS		**12,628**	-
	Others		**2,100,163**	2,053,260
			2,112,791	2,053,260
16	**CASH AND BANK BALANCES**			
	Cash in hand		**1,662,939**	558,293
	Cash at bank - Islamic bank			
	- current accounts		**13,359,704**	19,322,225
	- PLS accounts	*16.1*	**46,688,991**	10,781,379
			60,048,695	30,103,604
			61,711,634	30,661,897

16.1 These carry profit at the average rate ranging between 4.50% to 6.30% (2019: 2.70% to 7.00%) per annum.

17 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
------ **Number of shares** ------			------------- **Rupees** -------------	
		Ordinary shares of Rs. 10/- each		
4,000,000	4,000,000	For Cash	**40,000,000**	40,000,000
4,593,750	4,593,750	As bonus shares	**45,937,500**	45,937,500
8,593,750	8,593,750		**85,937,500**	85,937,500

17.1 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

		Note	2020	2019
18	**LEASE LIABILITY**		Rupees	
	Opening balance		**-**	-
	Effect of initial application of IFRS		**98,105,300**	-
	Payments made during the year		**(21,686,352)**	-
	Finance charges		**13,720,080**	-
			90,139,028	-
	Less: Current portion shown under current liabilities		**(12,268,197)**	-
	Closing balance		**77,870,831**	-
19	**LONG TERM FINANCING**			
	Long term liability	*19.1*	**13,652,131**	27,481,254
	Diminishing musharaka	*19.2*	**69,972,035**	88,820,098
	Islamic Auto Finance	*19.3*	**2,589,227**	-
	Financing under SBP Refinance Scheme for Payment of Salaries and Wages	*19.4*	**34,427,036**	-
			120,640,429	116,301,352

			2020	2019
19.1	*Long term liability-Secured and considered good*	*Note*	——— Rupees ———	
	Opening balance		**42,974,623**	66,974,325
	Add: unwinding of interest		**3,394,096**	5,290,972
	Less: repayments made during the year		**(19,815,472)**	(29,290,674)
	Less: Remeasurement of liability to fair value			
			26,553,247	42,974,623
	Current maturity shown under current liabilities		**(12,901,116)**	(15,493,369)
			13,652,131	27,481,254

19.1.1 In the financial year 2017-18, the Subsidiary Company had purchased certain assets on deferred settlement basis. The Subsidiary Company had recorded those assets at a value equivalent to their cash purchase price in accordance with the requirements of IAS 16 *"Property, Plant and Equipments"* .

			2020	2019
19.2	*Long term Musharaka under shariah arrangement*	*Note*	——— Rupees ———	
	- Habib Metropolitan Bank Limited	*19.2.1*	**52,064,108**	68,695,202
	- Standard Chartered Bank Limited	*19.2.2*	**-**	1,443,896
	- Bank Al-Habib Limited	*19.2.3*	**44,303,592**	66,713,975
			96,367,700	136,853,073
	Less: Current maturity shown under current liabilities		**(26,395,665)**	(48,032,975)
			69,972,035	88,820,098

19.2.1

Date of Disbursement	**Nature of loan**	**Amount Disbursed**	**Limit (June 30,2020)**	Limit (June 30,2019)	**Profit Rate (June 30,2020)**	Profit Rate (June 30,2019)	**Floor (June 30,2020**	Floor (June 30,2019	**Ceiling (June 30,2020)**	Ceiling (June 30,2019)	**Principal Outstanding as at June 30, 2020**	Principal Outstanding as at June 30, 2019	**Ending Date**	**Security**
HABIB METROPOLITAN BANK:														
28-Oct-16	Generator Waukesha Model VHP 5904 LTD (DM-373)	30,716,842	**52.252 million**	119.794 million	**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**11,774,791**	16,382,320	02-Feb-23	1st Charge registered over specific machinery value Rs. 38.396 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
16-Feb-17	4 Sets Drawframes Rieter (DM-410)	26,073,600			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**11,298,560**	14,775,040	26-Apr-23	1st Charge registered over specific machinery value Rs. 32.592 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
02-May-17	14 Sets Complete Ring Spinning Frames. (DM-411)	55,442,587			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**24,949,168**	32,341,512	22-May-23	1st Charge registered over specific machinery value Rs. 69.303 with 40% margin million duly insured in Bank's favor covering all risk with premium payment receipt.
07-Apr-17	4 Sets Twister Machine China. (DM-420)	8,660,544			**6M KIBOR + 2%**	6M KIBOR + 2%	**7.5%**	7.5%	**19%**	14%	**4,041,589**	5,196,330	06-Jun-23	1st Charge registered over specific machinery value Rs. 10.826 million with 40% margin duly insured in Bank's favor covering all risk with premium payment receipt.
											52,064,108	68,695,202		

19.2.2 **STANDARD CHARTERED BANK:**

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit (June 30,2020)	Limit (June 30,2019)	Profit Rate (June 30,2020)	Profit Rate (June 30,2019)	Principal Outstanding as at June 30, 2020	Principal Outstanding as at June 30, 2019	Ending Date	Security
23-Aug-16	Reach Truck R20S	8,740,000	**21 million**	21 million	**1M KIBOR + 1.75%**	1M KIBOR + 1.75%	-	485,548	23-Aug-19	- First Hypothecation Charge on all company's present and future plant and machinery , equipments , spares , tools , installed or to be installed on all piece of land bearing Survey No. 54 , admeasuring 4 Acres and 11 Ghuntas or thereabout on the back of Survey Nos. 56 & 57 fallings on right land side of Main RCD Highway while coming from Karachi towards Hub Chowki , situated in Deh Gondpas , Tapo Gabopat , Keamari , Town , Tehsil & District Karachi. Amount of registered charge is PKR 66 million. Remaining charge of PKR 60 million is an exclusive charge over plant and machinery. - Personal Guarantees of Irfan Nawab,
08-Sep-16	Racking	11,500,000			**1M KIBOR + 1.75%**	1M KIBOR + 1.75%	-	958,348	08-Sep-19	
							-	1,443,896		

19.2.2.1 During the year, the Habib Metropolitan Bank Limited granted deferment of payment of principal amount for one year.

19.2.3

Date of Disbursement	Nature of loan	Amount Disbursed	Limit (June 30,2020)	Limit (June 30,2019)	Profit Rate (June 30,2020)	Profit Rate (June 30,2019)	Floor (June 30,2020)	Floor (June 30,2019)	Ceiling (June 30,2020)	Ceiling (June 30,2019)	Principal Outstanding as at June 30, 2020	Principal Outstanding as at June 30, 2019	Ending Date	Security
Bank Al Habib														
28-Jun-18	For the purchase of equipment from Sana Industries Limited	Rs. 64.903 million	**Rs. 70 million**	Rs. 70 million	**1.75% + 6 Months KIBOR**	1.75% + 6 Months KIBOR	**5.0%**	5.0%	**15%**	15%	**43,269,249**	64,903,873	28-Jun-22	- Exclusive charge over DM assets financed by the bank with 20% margin. - Title and ownership of the assets in the joint name of the bank and the customer in proportionate to their customers ratio. - Constructive equitable mortagage charge over Land, Building, Plant and Machinery of Rs. 100 million located at Deh Gondpass, situated at Tapo Gabopat, Kemari Town, Karachi.. - Cross corporate guarantee of Sana Industries Limited covering aggregate exposure. - Personal guarantee of all directors covering aggregate exposure.
18-Oct-18	For local procurement of machineries.	Rs. 2.1 million	**Rs. 4 million**	Rs. 4 million	**1.75% + 6 Months KIBOR**	1.75% + 6 Months KIBOR	**5.0%**	5.0%	**15%**	15%	**1,034,343**	1,810,101	18-Oct-21	- Exclusive charge over DM-II assets financed by the bank with the 20% margin. - Title and ownership of the assets in the joint name of the bank and the customer in proportionate to their investment ratio. - Personal guarantee of all directors covering aggregate exposure.
											44,303,592	66,713,974		

19.3 *Islamic Auto Finance*	**2020**	2019
	Rupees	
Total loan outstanding	**3,129,773**	-
Current maturity shown under current liabilities	**(540,546)**	-
	2,589,227	-

		2020	2019
		Rupees	
19.3.1	Opening balance		
	Add: Loans obtained during the year	**4,637,178**	-
	Less: Repayments made during the year	**(1,507,405)**	-
	Closing balance	**3,129,773**	-

Date of Disbursement	**Nature of loan**	**Amount Disbursed**	**Profit Rate**	**Principal Outstanding as at June 30, 2020**	Principal Outstanding as at June 30, 2019	**Ending Date**
Dubai Islamic Bank Limited						
Nov, 2019	Auto Financing	Rs. 3.449 million	16.42%	**3,129,773**	Nil	Sep, 2024

		Note	2020	2019
			Rupees	
19.4	***Financing under SBP Refinance Scheme for Payment of Salaries and Wages***			
	Total amount borrowed	*19.4.1*	**58,001,743**	-
	Less: element of government grant recognized as deferred income		**(5,464,916)**	-
			52,536,827	-
	Less: Current portion shown under current liabilities		**(18,109,791)**	-
			34,427,036	-
19.4.1	Amount borrowed from Habib Metropolitan Bank Limited	*19.4.1.1*	**41,027,805**	-
	Amount borrowed from Bank AL- Habib Limited	*19.4.1.2*	**16,973,938**	-
			58,001,743	-
	Less: element of government grant recognized as deferred income		**(5,464,916)**	-
			52,536,827	-

19.4.1.1 In June 2020, the Group obtained a long term financing facility amounting to Rs. 41.03 million from M/s. Habib Metropolitan Bank under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH&SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 3% per annum;

(b) The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and

(c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% per annum, which is well below the market interest rate of 10.70% (determined as 6-months KIBOR as at June 24, 2020 plus 3%) and 10.69% (determined as 6-months KIBOR as at June 25, 2020 plus 3%)in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per IAS 20 *" Accounting for Government Grants and Disclosure of Government Assistance"*. Accordingly, the Group measured the loan liability at its fair value of Rs. 37.048 million (determined on a present value basis) and recognised the difference between disbursement proceeds from the bank and the said fair value, amounting to Rs.3.980 million as deferred grant in the consolidated statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

19.4.1.2 In June 2020, the Group obtained a long term financing facility amounting to Rs. 16.97 million from M/s. Bank Al-Habib limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH&SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 3% per annum;

(b) The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and

(c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facility carries an interest rate of 3% per annum, which is well below the market interest rate of 9.70% (determined as 6-months KIBOR as at June 08, 2020 plus 1.75%) and 9.72% (determined as 6-months KIBOR as at June 11, 2020 plus 1.75%)in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per IAS 20. Accordingly, the Group measured the loan liability at its fair value of Rs. 15.489 million (determined on a present value basis) and recognised the difference between disbursement proceeds from the bank and the said fair value, amounting to Rs.1.484 million as deferred grant in the consolidated statement of financial position. Subsequently, this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

			2020	2019
20	**DEFERRED LIABILITIES**	*Note*	Rupees	
	Deferred government grant	*20.1*	**1,873,991**	-
	Provision for compensated absences	*20.2*	**831,315**	1,945,196
	Deferred taxation	*9*	**-**	41,643,848
	Staff retirement benefits	*20.3*	**34,706,703**	21,305,138
			37,412,009	64,894,182
20.1	**Deferred government grant**			
	Total		**5,464,916**	-
	Less: Current portion shown under current liabilities		**(3,590,925)**	-
			1,873,991	-
20.2	**Provision for compensated absences**			
	Balance at beginning of the year		**1,945,196**	1,910,932
	Charge for the year		**-**	1,319,215
	Benefits paid during the year		**(1,113,881)**	(1,284,951)
	Balance at end of the year		**831,315**	1,945,196

20.1.1 With effect from July 01, 2019, the Group changed its policy with respect to employees' leave entitlement and encashment whereby casual and sick leaves allowed to employees shall no longer be carried forward and shall be treated as lapsed if not availed during the year.

20.3 Staff retirement benefits

The Holding Company operates an approved funded gratuity schemes for its permanent employees (the Plan). Actuarial valuation of this Plan is carried out every year and the latest actuarial valuation was carried out as of June 30, 2020 .Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017, Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Plan.

The latest actuarial valuation of the Plan as at June 30, 2020 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

	Note	**2020**	2019
		Rupees	
Present value of defined benefit obligation	*20.3.1*	**(91,008,675)**	(78,909,493)
Fair value of plan assets	*20.3.2*	**56,301,972**	57,604,355
		(34,706,703)	(21,305,138)

20.3.1 Movement in defined benefit obligation

Opening defined benefit obligation	**78,909,493**	59,800,160
Current service cost	**6,641,050**	5,203,285
Interest Cost	**11,123,969**	5,278,283
Past service cost	**-**	66,757
Benefits paid by the fund	**(1,693,108)**	(909,083)
Benefits paid by the Company on behalf of the fund	**-**	(1,396,059)
Remeasurement loss on obligation	**(3,972,729)**	10,866,150
Closing defined benefit obligation	**91,008,675**	78,909,493

20.3.2 Movement in the fair value of plan assets

Balance at beginning of the year	**57,604,355**	60,725,274
Expected return on plan assets	**8,087,217**	5,423,880
Contribution	**-**	-
Audit fee	**(10,800)**	(10,800)
Benefits paid by the fund	**(1,693,108)**	(909,083)
Remeasurement loss on plan assets	**(7,685,692)**	(7,624,916)
Balance at end of the year	**56,301,972**	57,604,355

20.3.3 Expense recognized in the statement of profit or loss account

Current service cost	**6,641,050**	5,203,285
Past service cost	**-**	66,757
Net interest income	**3,036,752**	(145,597)
Audit fee	**10,800**	10,800
	9,688,602	5,135,245
Allocation of expense		
- Cost of sales	**3,933,648**	2,264,018
- Administrative expenses	**5,043,537**	2,497,143
- Distribution cost	**711,417**	374,084
	9,688,602	5,135,245

20.3.4 Remeasurement recognised in other comprehensive income

Remeasurement of the present value of defined benefit obligation		
- Financial assumptions	**(2,380,390)**	1,834,340
- Experience adjustments	**(1,592,339)**	9,031,810
	(3,972,729)	10,866,150
Remeasurement of the fair value of plan assets		
- Financial assumptions	**7,685,692**	7,624,916
	3,712,963	18,491,066

20.3.5 Sensitivity analysis

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

	Impact on defined benefit obligation		
2020	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	**1%**	**86,446,826**	**96,278,436**
Expected rate of salary increase	**1%**	**96,669,075**	**86,008,177**
Mortality age	**1 year**	**91,008,675**	**91,008,675**
Withdrawal rates	**10%**	**91,008,675**	**91,008,675**
2019			
Discount rate	1%	74,852,577	83,517,719
Expected rate of salary increase	1%	83,839,582	74,490,771
Mortality age	1 year	78,909,493	78,909,493
Withdrawal rates	10%	78,909,493	78,909,493

20.3.6 Principal assumptions used in valuation of gratuity

	2020	2019
Withdrawal Rates	**Low**	Low
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
Expected rate of increase in future salary (per annum)	**8.50%**	14.25%
Discount rate - per annum	**8.50%**	14.25%
Expected rate of return on plan assets	**8.50%**	14.25%
Normal retirement age	**60 years**	60 years

20.3.7 Major categories / composition of plan assets

	Note	**2020**	2019
		Rupees	
Equity securities and units of mutual funds		**16,486,468**	41,140,380
Bank balances		**38,241,593**	14,470,424
Investment Certificate		**1,195,380**	1,195,380
Profits on advance to members		**370,000**	774,064
Profits on PLS accounts		**8,531**	24,107
		56,301,972	57,604,355

21 SHORT TERM MURABAHA

Under Shariah arrangement			
- Habib Metropolitan Bank Morabaha	*21.1*	**279,289,265**	308,565,339
- Standard Chartered Bank Morabaha	*21.2*	**132,921,325**	132,025,670
		412,210,590	440,591,009

21.1 Short-term murabaha has been obtained, under shariah arrangement, for purchases of raw material. The bank has approved a facility of Rs. 300 million (2019: Rs.330 million). The effective rate of profit on murabaha facility ranges between 12.75% to 17.60% (2019: 12% to 14%), based on 6 month KIBOR plus 2% per annum (2019: 6 months KIBOR plus 2% to 4% per annum).

The arrangement is secured against the following:

- 1st charge registered over moveables/receivables/ 1st charge over plant and machinery/ 1st equitable mortgage over fixed assets duly insured in bank's favour covering all risks with premium payment receipt. The charge with the SECP against this loan amounts to Rs. 472 million with a margin of 40%;

- 1st charge registered over stocks/ receivables duly insured in bank's favour covering all risks with premium payment receipts. The charge with the SECP against this loan amounts to Rs. 400 million with a margin of 25%;

- Token registered mortgage of Rs. 0.5 million and rest as equitable mortgage on property B#183, 184, 185, 186, 187, 188 & B-197, 198, 199 situated at Hub Industrial Trading Estate situated at Tehsil Hub, District Lasbella, Baluchistan, in the name of M/s. Sana Industries Limited

- Token registered mortgage of Rs. 0.5 million and rest as equitable mortgage on property khasara #760, 761, 767 & 770 situated at Hub Industrial Trading Estate situated at Tehsil Hub, District Lasbella, Baluchistan, in the name of the Holding Company; and

- Personal Guarantee of directors of the holding company.

21.2 Short-term murabaha has been obtained, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million (2019: Rs.134 million). The effective rate of profit on murabaha facility ranges between 10.04% to15.58% (2019: 8.46% to 14.43%) based on matching KIBOR + 1.5% (2019: 3-month KIBOR + 1.75% per annum). The maximum tenor of the murabaha is 150 days.

The arrangement is secured against the following:

- First pari-passu charge over fixed assets (land and building) on plot No. B-183 to B-188, B-197 to B-199, 760, 761, 767, 770, HITE, Hub, Balochistan;

- Pari-Passu charge over stocks and receivables of the Holding Company amounting to Rs. 200 million; and

- Personal guarantee of directors, Mr. Irfan Nawab, Mr. Ibrahim Younus and Mr. Younus Nawab amounting to Rs. 174 million.

21.3 As at 30 June 2020, the Holding Company has unavailed financing facilities of Rs. 21.789 million (2019: Rs. 33.409 million).

22 TRADE AND OTHER PAYABLES

	Note	**2020**	2019
		Rupees	
Creditors		**40,445,813**	24,414,702
Advance from customer		**66,516,216**	104,774,611
Accrued expenses		**24,384,794**	23,463,915
Gas rate difference	*22.1*	**51,505,587**	51,505,587
Workers' Profits Participation Fund	*22.2*	**13,031,537**	18,847,422
Workers' Welfare Fund		**-**	1,711,547
Sales tax payable		**7,273,270**	130,615
Income tax payable		**457,476**	-
Others		**19,126,575**	13,173,921
		222,741,268	238,022,320

22.1 In August 2015, the Oil and Gas Regulatory Authority (OGRA) issued a notification whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previous applicable rate of Rs. 488.23 per MMBTU). The said notification was widely challenged by companies operating in the textile industry before the Honourable High Court of Sindh ('the Court'). Since the matter is currently pending for adjudication, the payment of incremental sales price, amounting to Rs. 51.506 million (2019: Rs. 51.506 million) has been deferred. This outstanding balance will be settled once the final verdict is announced by the Court.

22.2 Workers' profit participation fund

	2020	2019
	Rupees	
Opening balance	**18,847,422**	17,647,945
Add:		
- Contribution for the year	**-**	4,339,483
- Interest accrued	**202,856**	123,383
	202,856	4,462,866
Less: Payment during the year	**(6,018,741)**	(3,263,389)
	13,031,537	18,847,422

23 ACCRUED MARKUP

	2020	2019
Accrued morabaha profit	**23,206,177**	11,414,080
Accrued diminishing musharaka profit	**1,764,565**	420,588
	24,970,742	11,834,668

24 LOANS FROM DIRECTORS AND ASSOCIATES

	2020	2019
From directors of holding company and sponsors :		
Unsecured		
Loan from directors'	**8,410,000**	6,010,000
Loan from sponsors'	**7,500,000**	12,600,000
	15,910,000	18,610,000
From directors od subsidiary and their spouses :		
Unsecured		
Loan from directors'	**34,435,000**	24,095,000
Loan from spouses of directors	**13,000,000**	36,480,000
	47,435,000	60,575,000
	63,345,000	79,185,000

24.1 This represents short-term interest free borrowings from directors and their spouses and sponsors to meet working capital requirements. The loans are repayable on demand.

25 CURRENT PORTION OF LONG TERM FINANCING

	2020	2019
	Rupees	
Long term liability	**12,901,116**	15,493,369
Diminishing musharaka	**26,395,665**	48,032,975
Islamic Auto Finance	**540,546**	-
Financing under SBP Refinance Scheme for Payment of Salaries and Wages	**18,109,791**	-
	57,947,118	63,526,344

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Further tax applied on Group's yarn sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Group's legal counsel is of the opinion that the matter shall be decided in the Group's favour, previously and during this year the Group has collected and paid whatever further tax was due according to the statutory requirements.

26.1.2 In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, has also been challenged on legal and other grounds. In October 2016, the Honorable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional. Subsequent to this decision, the Federation of Pakistan filed an appeal in the Honorable Supreme Court of Pakistan against the aforesaid judgment of the Honorable High Court of Sindh which is currently pending for adjudication. During this period, the Honorable Sindh High Court suspended its judgment passed in October 2016.

Subsequent to the year end (i.e. on August 13, 2020), the Supreme Court of Pakistan ('the Apex Court') announced its judgment with respect to the constitutionality of the Gas Infrastructure Development Cess Act, 2015 ('the Act') whereby it has upheld the Act including its retrospective application from the year 2011. Moreover, in para 37 of the above judgement, the Honorable Supreme Court has held that the Cess under GIDC Act, 2015 is leviable to those customers of natural gas who on account of their industrial or commercial dealings pass on its burden to their customer and the Apex Court has restrained the Federal Government from charging further Cess from the date of the judgement.

The Holding Company recently filed Suit 1343 /2020 in the Honorable High Court of Sindh along with several other petitioners on the ground that the Company falls within the category of gas consumers, who have neither collected GIDC from their clients / customers and even not passed on to the customers through addition in the cost of goods and accordingly, the Holding Company is not liable to pay any amounts pursuant to the above judgement of the Supreme Court. The Honorable High Court has granted stay to the Holding Company and other petitioners for payment of GIDC. Moreover, the Holding Company along with several other petitioners also intend to file review petition before the Honorable Supreme Court of Pakistan seeking a setting aside of the judgement of the Supreme Court and also challenging the applicability of the GIDC on the Holding Company including the amount

In view of the above, the Group continues to disclose the GIDC amounting to Rs. 126.25 million (2019: 112.19 million) as a contingent liability.

26.1.3 The Federal Board of Revenue (FBR) vide SRO 491(i)/2016 dated June 30, 2016 made certain amendments in SRO 1125(i)/2011 dated December 31, 2011 including disallowance of input tax adjustment amounting to Rs. 2.70 million on packing material of textile products. Consequently, input tax adjustment on packing material of textile product is not being allowed for adjustment with effect from July 01, 2016. The Holding Company has challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Holding Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Holding Company.

26.1.4 The Holding Company on the demand notice of Rs. 365,568 along with several other Companies has filed a Constitutional Petition on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Sindh High Court against a notice issued by the EOBI from taking any coercive action against the Holding Company.

26.1.5 The Holding Company approached the Lasbella Industrial Estates Development Authority (LIEDA) to charge concessional rate on electricity distributed to the Company as the Company falls under the Zero rated sector. The LIEDA rejected the Holding Company's application claiming that LIEDA is not a distributor Company. The

The Holding Company filed a Constitutional petition vide C.P no- D-558 of 2020 in the High Court of Sindh for relief.

The Court orders interim relief in favour of the Company and directed the LIEDA to issue bills by excluding the quarterly tariff adjustment and other disputed charges till final decision. Accordingly, on the advice of its legal counsel, the Holding Company had not recognize expense against such overbillings amounting to Rs. 4.33 million.

	Note	**2020**	2019
26.2 Commitments		Rupees	
In respect of:			
- Irrevocable letter of credit		**77,243,846**	64,965,814
- Letter of guarantee issued by commercial bank		**32,088,460**	24,056,478

27 TURNOVER - NET

	Note	**2020**	2019
Textile			
Local sales		**1,634,518,857**	1,993,215,756
Raw material sales		**26,719,094**	6,194,914
Wastage sales		**6,226,439**	7,656,724
		1,667,464,390	2,007,067,394
Less: Related sales tax	*27.1*	**(245,517,453)**	-
Less: Commission and discounts		**(2,950,347)**	(4,826,688)
		1,418,996,590	2,002,240,706
Cold storage and related services			
Service rendered income		**405,062,474**	423,946,021
Less: Related sales tax		**(48,884,796)**	(23,651,806)
		356,177,678	400,294,215
		1,775,174,268	2,402,534,921

27.1 In accordance with the SRO 1125/2011 issued by the Federal Board of Revenue, the Holding Company's taxable supplies were chargeable to tax at zero percent upto June 30, 2019. Pursuant to the promulgation of Finance Act 2019, the said SRO had been repealed and therefore the taxable supplies are chargeable to tax at the rate of 17% effective from July 01, 2019.

			2020	2019
28	**COST OF SALES AND SERVICES**	*Note*	Rupees	
	Raw and packing materials consumed	*28.1*	**908,311,730**	1,242,099,592
	Stores and spares consumed	*28.2*	**35,717,369**	41,129,591
	Manufacturing and services expenses			
	Fuel and power	*28.3*	**226,856,653**	227,767,577
	Salaries, wages and benefits	*28.4*	**333,594,134**	364,867,154
	Services procured		**329,380**	3,162,468
	Repairs and maintenance		**18,536,283**	30,927,642
	Insurance		**3,187,107**	4,341,307
	Rent, rates and taxes		**11,972,012**	34,067,302
	Depreciation on operating fixed assets	*6.1.1*	**74,383,432**	60,278,234
	Depreciation on right-of-use assets	*7.2*	**10,517,815**	-
	Security		**7,708,621**	9,811,739
	Printing and stationery expense		**316,212**	718,439
	Impairment of long term deposit		-	507,825
	Transportation and conveyance expense		**1,232,513**	4,669,384
	Communication expense		**703,807**	1,607,982
	Miscellaneous expenses		**11,140,808**	-
	Other manufacturing overheads		**14,662,316**	28,305,774
			715,141,093	771,032,827
	Work-in-process - opening stock		**42,220,855**	28,598,494
	Work-in-process - closing stock		**(34,610,933)**	(42,220,855)
			7,609,922	(13,622,361)
	Cost of goods manufactured		**1,666,780,114**	2,040,639,649
	Finished goods - opening stock		**21,400,557**	74,876,334
	Waste material- opening stock		**1,920,275**	654,170
	Add: Purchases		**2,760,000**	-
	Finished goods - closing stock		**(91,199,918)**	(21,400,557)
	Waste material- closing stock		**(2,820,350)**	(1,920,275)
			(67,939,436)	52,209,672
			1,598,840,678	2,092,849,321

28.1 Raw and packing materials consumed

	2020	2019
Opening stock	**148,600,838**	72,044,178
Add: Purchases during the period	**832,573,344**	1,318,656,252
	981,174,182	1,390,700,430
Less : Closing stock	**(72,862,452)**	(148,600,838)
	908,311,730	1,242,099,592

28.2 Stores and spares consumed

	2020	2019
Opening stock	-	-
Add: Purchases during the period	**42,545,991**	41,129,591
	42,545,991	41,129,591
Less : Closing stock	**(6,828,622)**	-
	35,717,369	41,129,591

	Note	2020	2019
		Rupees	
28.3 Fuel and power			
Generation cost			
Gas expenses		**119,335,483**	125,348,786
Electricity		**59,835,254**	44,060,146
Oil and lubricants		**21,011,257**	5,347,565
Generator operation and maintenance		**7,512,755**	30,263,349
Repairs and maintenance		**2,722,757**	5,534,029
Depreciation	*6.1.1*	**15,692,518**	15,551,783
Insurance		**503,659**	543,966
Electricity duty		**232,970**	302,253
Others		**10,000**	815,700
		226,856,653	227,767,577

28.4 This includes amount of Rs. 3.93 million (2019: Rs. 2.264 million) in respect of staff retirement benefits.

29 ADMINISTRATIVE EXPENSES	Note	2020	2019
		Rupees	
Salaries, wages and other benefits	*29.1*	**12,549,597**	11,972,234
Directors' remuneration	*29.2*	**26,808,679**	20,919,032
Meeting fees		**105,500**	15,000
Printing and stationery		**442,375**	348,904
Legal and professional charges		**3,863,943**	1,203,854
Fees and subscription		**2,066,714**	1,202,058
Travelling and conveyance		**1,147,391**	1,228,441
Repairs and maintenance		**2,627,039**	2,074,442
Rent rates and taxes		**205,000**	9,340,000
Depreciation on operating fixed assets	*6.1.1*	**5,102,855**	16,402,079
Depreciation on right-of-use assets	*7.2*	**7,990,300**	-
Security expenses		**333,702**	453,942
Electricity and gas		**1,156,773**	1,235,944
Insurance		**408,126**	503,380
Auditors' remuneration	*29.3*	**1,130,000**	700,000
Miscellaneous		**2,948,818**	1,431,810
		68,886,812	69,031,120

29.1 This includes amount of Rs. 0.914 million (2019: Rs. 0.478 million) in respect of staff retirement benefits.

29.2 This includes amount of Rs. 4.129 million (2019: Rs. 2.019 million) in respect of staff retirement benefits.

29.3 Auditors' remuneration	2020	2019
	Rupees	
Audit fee (Including consolidation)	**850,000**	600,000
Half yearly review fee	**200,000**	100,000
Statutory certifications	**50,000**	-
Out of Pocket Expenses	**30,000**	-
	1,130,000	700,000

		2020	2019
		Rupees	

30 DISTRIBUTION EXPENSES

	2020	2019
Salaries, wages and benefits	**11,645,792**	11,161,172
Packing and forwarding expenses	**9,462,944**	6,719,831
Communication	**208,962**	361,839
Sales promotion expenses	**133,119**	4,477,903
Miscellaneous expense	**236,575**	
	21,687,392	22,720,745

30.1 This includes an amount of Rs. 0.711 million (2019: Rs. 0.374 million) in respect of staff retirement benefits.

31 OTHER OPERATING EXPENSES

	Note	2020	2019
		Rupees	
Reversal of provision for doubtful receivables		**(500,000)**	-
Provision for doubtful receivables		**750,000**	500,000
Workers' welfare fund		**-**	1,711,547
Workers' profit participation fund		**-**	4,339,483
		250,000	6,551,030

32 OTHER INCOME

	2020	2019
Return on deposits - Islamic bank	**502,044**	329,780
Profit on Habib Islamic Investment Certificate	**133,675**	46,989
Profit on PLS account	**218,927**	-
	854,646	376,769
Reversal of commission expense	**-**	4,093,186
Gain on disposal of fixed assets	**3,844,005**	566,639
Others	**-**	34,945
	3,844,005	4,694,770
	4,698,651	5,071,539

33 FINANCE COSTS

	2020	2019
Markup and interest charges on:		
- Long term finances	**16,281,181**	17,557,472
- Short term borrowings	**61,327,735**	50,154,428
- Markup on lease liability	**13,720,080**	
Unwinding of interest on long term liability	**3,394,096**	5,290,972
Bank charges	**959,670**	1,211,063
Profit on SBP loan	**92,127**	
Finance charges on WPPF	**202,856**	123,383
Murabaha documentation charges	**121,330**	139,395
Guarantee commission	**169,255**	235,179
Local letter of credit charges	**33,830**	-
Exchange rate fluctuations	**-**	2,626,374
	96,302,160	77,338,266

		2020	(Restated) 2019
34	**TAXATION**	Rupees	
34.1	**Current**		
	- for the year	**33,481,078**	(1,287,741)
	- for prior year	**2,254,438**	1,515,363
		35,735,516	227,622
	Deferred	**(44,795,152)**	30,870,853
		(9,059,636)	31,098,475

34.1.1 The income tax assessments of the Group have been finalised up to and including the tax year 2019. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

34.1.2 The numerical reconciliation between tax expense and accounting profit has not been presented for the current year and comparative year in these consolidated financial statements as the total income of the Holding Company for the current and previous year attracted the provisions of minimum tax under section 113 of the Income Tax Ordinance, 2001 and total income of the Subsidiary Company for the current and previous year attracted the provisions of minimum tax under section 153 (1) (b) of the Income Tax Ordinance, 2001.

		2020	2019
35	**EARNINGS PER SHARE - BASIC AND DILUTED**	Rupees	
35.1	**Basic earnings per share**		
	Profit attributed to shareholders of the Holding Company	**(6,475,188)**	95,987,583
		Number	
	Weighted average number of ordinary shares	**8,593,750**	8,593,750
	(Loss) / earnings per share - basic and diluted	**(0.75)**	11.17

35.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Group, since there are no convertible instruments in issue as at June 30, 2019 and June 30, 2020 which would have any effect on the earnings per share.

36 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executives		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	Rupees							
Basic Salary	**8,779,680**	7,316,400	**6,415,920**	5,352,600	**3,593,880**	6,965,265	**18,789,480**	19,634,265
House rent	**3,407,040**	2,839,200	**2,489,760**	2,074,800	**1,394,640**	1,882,296	**7,291,440**	6,796,296
Retirement benefits	**2,385,459**	1,166,597	**1,743,220**	852,435	**615,637**	506,772	**4,744,316**	2,525,804
Utilities	**917,280**	758,400	**670,320**	558,600	**375,480**	871,919	**1,963,080**	2,188,919
	15,489,459	12,080,597	**11,319,220**	8,838,435	**5,979,637**	10,226,252	**32,788,316**	31,145,284
Number of persons	**1**	1	**1**	1	**1**	3		

36.1 In addition to the above, the chief executive and executive director are also provided with free use of Group maintained cars and residential telephones.

36.2 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

37 CAPACITY AND PRODUCTION

	2020	2019
	Number	
Textile Segment		
Number of spindles installed	**32,052**	32,052
Number of spindles operated	**31,488**	32,052
Installed capacity in Kgs. after conversion into 30 single count	**6,169,129**	7,154,006
Actual production of yarn in Kgs. after conversion into 30 single count	**5,211,969**	6,671,706
Number of shifts worked per day	**3**	3

37.1 Actual production is less than the installed capacity due to gap between market demand and supply and shut down due to COVID-19.

	2020	2019
Cold Storage Segment		
Installed Capacity- Pallets	**22,000**	30,500
Capacity Utilized- Pallets	**12,763**	21,000

37.2 Actual utilization is less than the installed capacity due to permanent shut down of facility and decline in customer demand.

38 FINANCIAL INSTRUMENTS

38.1 Financial risk management

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and also obtains advance payments against local sales. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Group's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Group’s internal credit management purposes, a financial asset is considered as defaulted when it is past due for **90 days** or more.

The Group's writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The maximum exposure to credit risk at the reporting date is as follows :

	2020	2019
	Rupees	
Long-term deposits	**2,716,051**	4,661,051
Trade debts	**339,567,837**	415,531,305
Short term trade deposits	**828,035**	760,088
Loans to employees	**3,899,398**	3,448,033
Short term investment	**1,705,555**	1,705,555
Other receivables	**2,112,791**	2,053,260
Bank balances	**60,048,695**	30,103,604
	410,878,362	458,262,896

38.1.1 The maximum exposure to credit risk for trade debts is due from local clients.

38.1.2 Loan to executive and employees are secured against gratuity fund balance of these executives and employees.

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2020		2019	
	Gross	**Life time expected credit losses**	Gross	Life time expected credit losses
Not past due	**185,537,277**	**-**	378,703,645	-
Past due 1 day - 30 days	**30,137,245**	**-**	14,804,839	-
Past due 31 days - 60 days	**27,027,743**	**-**	16,521,466	-
Past due 61 days - 90 days	**23,256,351**	**-**	4,124,517	-
Past due 91 days - 120 days	**25,853,805**	**250,000**	1,876,638	500,000
Above 120 days	**48,505,416**	**500,000**	-	-
	340,317,837	**750,000**	416,031,105	500,000

The bank balances along with credit ratings are tabulated below:

Bank	Rating agency	Short- term Rating	2020	2019
			----------(Rupees)----------	
Habib Metropolitan Bank	PACRA	A-1+	**33,571,907**	9,617,668
Meezan Bank Limited	PACRA	A-1+	**6,295,172**	12,942,964
Bank Al-Habib Limited	PACRA	A-1+	**12,086,914**	241,642
Bank Alfalah	PACRA	A-1+	**2,261,400**	4,161,671
United Bank Limited	JCR-VIS	A-1+	**150,498**	959,057
National Bank of Pakistan	PACRA	A-1+	**945,736**	209,497
Habib Bank Limited	JCR-VIS	A-1+	**2,009,587**	1,052,500
Standard Chartered Bank	PACRA	A-1+	**1,914,200**	731,016
Faisal Bank Limited	PACRA	A-1+	**385,435**	187,589
JS Bank Limited	PACRA	A-1+	**427,846**	-
			60,048,695	30,103,604

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the contractual maturities of financial liabilities:

	2020					
	Carrying amount	**Contractual cashflows**	**Less than six months**	**Six to tweleve months**	**One to Five years**	**More than Five years**
Lease liability	**90,139,028**	**(148,505,108)**	**(12,051,777)**	**(12,445,884)**	**(87,709,225)**	**(36,298,222)**
Long term financing	**178,587,547**	**(205,339,492)**	**(25,425,781)**	**(44,152,818)**	**(135,760,893)**	**-**
Short term murabaha	**412,210,590**	**(440,567,677)**	**(440,567,677)**	**-**	**-**	**-**
Trade and other payables	**135,462,769**	**(135,462,769)**	**(135,462,769)**	**-**	**-**	**-**
Loans from directors and associates	**63,345,000**	**(63,345,000)**	**(63,345,000)**	**-**	**-**	**-**
Accrued markup	**24,970,742**	**(24,970,742)**	**(24,970,742)**	**-**	**-**	**-**
	904,715,676	**(1,018,190,788)**	**(701,823,746)**	**(56,598,702)**	**(223,470,118)**	**(36,298,222)**

	2019					
	Carrying amount	Contractual cashflows	Less than six months	Six to tweleve months	One to Five years	More than Five years
Long term financing	179,827,696	(218,387,120)	(31,291,165)	(29,727,064)	(157,368,891)	-
Short term murabaha	440,591,009	(467,353,052)	(467,353,052)	-	-	-
Trade and other payables	112,558,125	(112,558,125)	(112,558,125)	-	-	-
Loans from directors and associates	79,185,000	(79,185,000)	(79,185,000)	-	-	-
Accrued markup	11,834,668	(11,834,668)	(11,834,668)	-	-	-
	823,996,498	(889,317,965)	(702,222,010)	(29,727,064)	(157,368,891)	-

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

a) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Group is not exposed to currency risk.

b) *Interest rate risk*

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

At the reporting date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2020	2019	**2020**	2019
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - pls account	**4.50% - 6.30%**	2.0%-7.0%	**46,688,991**	10,781,379
Short term investment	**4.40% - 8.25%**	3.50%-6.50%	**1,705,555**	1,705,555
Financial liabilities				
Long term financing	**9.67% - 16.03%**	8.4% to 14.8%	**178,587,547**	179,827,696
Short term morabaha	**10.04% - 17.60%**	8.46 % to 14.43%	**412,210,590**	440,591,009

Fair value sensitivity analysis for fixed rate instruments

As at reporting date, the Group did not hold any fixed-rate interest bearing financial assets or financial liabilities which are carried at fair value.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the reporting date would have affected profit before tax for the year by Rs. 5.42 million (2019: Rs. 6.079 million). This analysis assumes that all other variables remain constant. The analysis is prepared on the same basis as for the last year.

iii) *Other price risk*

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as security prices. As of the reporting date, the Group was not exposed to other price risk.

38.2 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

38.3 Financial instruments by categories

	2020	2019
	Rupees	
Financial assets		
At amortized cost		
Long-term deposits	**2,716,051**	4,661,051
Trade debts	**339,567,837**	415,531,305
Loans and advances	**3,899,398**	3,448,033
Short term trade deposits	**828,035**	760,088
Short term investment	**1,705,555**	1,705,555
Other receivables	**2,112,791**	2,053,260
Cash and bank balances	**61,711,634**	30,661,897
	412,541,301	458,821,189
Financial liabilities		
At amortized cost		
Lease liability	**90,139,028**	-
Long term financing	**178,587,547**	179,827,696
Short term murabaha	**412,210,590**	440,591,009
Trade and other payables	**135,462,769**	112,558,125
Loans from directors and associates	**63,345,000**	79,185,000
Accrued markup	**24,970,742**	11,834,668
	904,715,676	823,996,498

39 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Following is the quantitative analysis of what the Group manages as capital:

	2020	2019
	Rupees	
Borrowings:		
Long term financing	**178,587,547**	179,827,696
Short term murabaha	**412,210,590**	440,591,009
Loans from directors and associates	**63,345,000**	79,185,000
	654,143,137	699,603,705
Shareholders' equity:		
- Issued, subscribed and paid up capital	**85,937,500**	85,937,500
- Unappropriated profit	**296,094,422**	326,690,189
	382,031,922	412,627,689
Total capital managed by the Group	**1,036,175,059**	1,112,231,394

The Group is not subject to any externally imposed capital requirements.

40 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2020	2019
	Rupees	
Number of employees as at June 30	**219**	308
Average number of employees during the year	**263**	299

41 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associate, key management personnel of the Group and directors and their close family members and major shareholders of the Group. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 36 to the consolidated financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name of related party, relationship with the related party	2020	2019
	Rupees	
KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS		
Mohammad Younus Nawab (Chairman)		
Loan obtained during the year	**20,300,000**	21,993,514
Loan repaid during the year	**15,135,000**	21,143,514
Loan payable as of the reporting date	**11,400,000**	6,235,000
Mohammad Irfan Nawab (CEO)		
Loan obtained during the year	**7,425,946**	13,600,000
Loan repaid during the year	**7,725,946**	7,900,000
Loan payable as of the reporting date	**9,825,000**	10,125,000
Ibrahim Younus (Director)		
Loan obtained during the year	**11,007,813**	6,250,000
Loan repaid during the year	**6,907,813**	4,500,000
Loan payable as of the reporting date	**11,920,000**	7,820,000
Ismail Younus (Director)		
Loan obtained during the year	**29,557,813**	7,475,000
Loan repaid during the year	**26,457,813**	5,900,000
Loan payable as of the reporting date	**7,900,000**	4,800,000
Muhammad Faizanullah (Director)		
Loan obtained during the year	**4,907,813**	4,700,000
Loan repaid during the year	**4,232,813**	5,250,000
Loan payable as of the reporting date	**1,800,000**	1,125,000
Sabiha Younus (Spouse of Chairman / Sponsor)		
Loan obtained during the year	**46,062,500**	103,700,000
Loan repaid during the year	**79,692,500**	98,400,000
Rent paid during the year	**4,810,750**	5,985,996
Rent payable as at reporting date	**214,250**	-
Loan payable as of the reporting date	**14,600,000**	48,230,000
Afshan Irfan (Spouse of CEO / Sponsor)		
Loan obtained during the year	**7,300,000**	2,900,000
Loan repaid during the year	**2,250,000**	3,300,000
Rent paid during the year	**4,810,750**	5,985,996
Rent payable as at reporting date	**214,250**	-
Loan payable as of the reporting date	**5,900,000**	850,000

42 OPERATING SEGMENT

Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure, the Group is organised into the following two operating segments:

- Textile - manufacturing and sale of man-made blended yearn
- Cold storage - providing services in respect of cold storage through "compartmentalized cold store project.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Description	**June 30, 2020**		
	Textile	**Cold Storage**	**Total**
	---(Rupees)-------------------------------------		
Turnover	1,418,996,590	356,177,678	1,775,174,268
Cost of sales and services	(1,347,871,634)	(250,969,044)	(1,598,840,678)
Gross profit	**71,124,956**	**105,208,634**	**176,333,590**
Administrative expenses	(59,443,202)	(9,443,510)	(68,886,712)
Selling and distribution costs	(19,506,160)	(2,181,232)	(21,687,392)
Other operating expenses	(250,000)	-	(250,000)
Operating profit	**(8,074,406)**	**93,583,892**	**85,509,486**
Other income	2,911,682	1,786,969	4,698,651
Finance costs	(74,798,084)	(21,504,176)	(96,302,260)
	(71,886,402)	**(19,717,207)**	**(91,603,609)**
Profit / (loss) before taxation	**(79,960,808)**	**73,866,685**	**(6,094,123)**
Taxation	12,236,905	(3,177,269)	9,059,636
Profit / (loss) after taxation	**(67,723,903)**	**70,689,416**	**2,965,513**
OTHER INFORMATION			
Segment assets	**1,108,792,312**	**347,488,815**	**1,456,281,127**
Unallocated assets	-	-	-
Total assets			**1,456,281,127**
Segment liabilities	**815,132,794**	**219,754,325**	**1,034,887,119**
Unallocated liabilities	-	-	-
Total liabilities			**1,034,887,119**
Capital expenditure	**29,406,083**	**14,800,213**	**44,206,296**
Unallocated capital expenditure			-
Total capital expenditure			**44,206,296**
Depreciation			**113,686,920**

Description	June 30, 2019			
	Textile	Cold Storage	Food Stuff	Total
	---(Rupees)-------------------------------------			
Turnover	2,002,240,706	400,294,215		2,402,534,921
Cost of sales and services	(1,805,309,053)	(287,540,268)		(2,092,849,321)
Gross profit	196,931,653	112,753,947		309,685,600
Administrative expenses	(51,467,084)	(17,564,036)	-	(69,031,120)
Selling and distribution costs	(18,283,735)	(4,437,010)	-	(22,720,745)
Other operating expense	(6,551,030)	-	-	(6,551,030)
	(76,301,849)	(22,001,046)	-	(98,302,895)
Operating profit / (loss)	120,629,804	90,752,901	-	211,382,705
Other income	4,845,074	226,465		5,071,539
Finance costs	(63,316,579)	(14,021,687)		(77,338,266)
	(58,471,505)	(13,795,222)	-	(72,266,727)
Profit / (loss) before taxation	62,158,299	76,957,679	-	139,115,978
Taxation	(14,514,583)	(16,583,892)	-	(31,098,475)
Profit / (loss) after taxation	47,643,716	60,373,787	-	108,017,503
OTHER INFORMATION				
Segment assets	1,045,904,541	302,762,853		1,348,667,394
Unallocated assets				74,284,091
Total assets				1,422,951,485
Segment liabilities	819,282,771	196,870,983		1,016,153,754
Unallocated liabilities				-
Total liabilities				1,016,153,754
Capital expenditure	44,220,441	12,305,189		56,525,630
Unallocated capital expenditure				-
Total capital expenditure				56,525,630
Depreciation	62,917,689	29,314,407		92,232,096

43 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Major reclassifications of corresponding figures made in these consolidated financial statements are as follows:

		Rupees	
Reclassified from component	**Reclassified to component**	**2019**	2018
Other receivables	*Tax refunds due from government*		
Sales tax refundables	(Shown on face of Statement of Financial Position)	**30,879,752**	29,117,251
Long term musharaka	*Long term financing*		
(Shown on face of Statement of Financial Position)	(Shown on face of Statement of Financial Position)	**136,853,073**	191,333,125
Long term liability	*Long term liability*		
(Shown on face of Statement of Financial Position)	(Shown on face of Statement of Financial Position)	**42,974,623**	66,974,325
Cost of sales			
Repair and maintenance	Stores and spares consumed	**41,129,591**	-
Administravtive expenses	*Administravtive expenses*		
Miscellaneous expense	Meeting fee	**15,000**	-
Cost of services	*Administrative expenses*		
Impairment loss on long term deposit	Miscellaneous	**507,825**	

44 CORRECTION OF PRIOR PERIOD ERRORS

In the financial years ended June 30, 2017 and June 30, 2018, the Holding Company had incurred taxable loss and, accordingly, had paid minimum tax under section 113 of the Income Tax Ordinance, 2001 ('the Ordinance') amounting to Rs. 15.271 million and Rs. 20.480 million, respectively. Since, under section 113(3)(c) of the Ordinance, the said tax payments could be carried forward for adjustment against the tax liability of the five subsequent tax years and also because, as of June 30, 2017 and June 30, 2018, it was probable that future taxable profit would be available against which the said unused tax credits (i.e. minimum tax) could be utilized, in accordance with the International Accounting Standard (IAS) 12 *Income Taxes,* a related deferred tax asset, amounting to Rs. 15.271 million and Rs. 35.751 million, should have been recognized as of June 30, 2017 and June 30, 2018, respectively. However, to the contrary, no such deferred tax asset had been recognized by the Group in its consolidated financial statements for the years then ended.

In addition, in its income tax return for the year ended June 30, 2019, the Holding Company had claimed the benefit of the aforementioned minimum tax payments. Accordingly, in its consolidated statement of profit or loss for the year ended June 30, 2019, the Group should have recognized the following:

(a) a current tax income of Rs. 1.288 million (after considering the effect of the benefit of minimum tax claimed in the tax year 2019) instead of the current tax charge of Rs. 34.463 million actually recognized.

(b) a deferred tax charge of Rs. 30.871 million (after considering the effect of the reversal of the aforesaid deferred tax asset of Rs. 35.751 million not previously recognized as of June 30, 2018) instead of the deferred tax income of Rs. 4.880 million actually recognized; and

Accordingly, in these consolidated financial statements, the above errors have been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and the corresponding figures affected by the errors have been restated. Since these restatements have a material effect on the consolidated statement of financial position as at the beginning of the earliest period presented (i.e. June 30, 2018), the same has been also been presented in these consolidated

The retrospective correction of the above errors has the following effects on the corresponding figures presented in these consolidated financial statements:

Effects on the consolidated statement of financial position

	Unappropriated profits	Deferred liabilities	Tax refunds due from government	
		Rupees		
Balance as at June 30, 2018 (as previously reported)	92,917,580	52,722,405	90,978,064	*
Deferred tax asset on unused tax credit (i.e. minimum tax) recognized as of June 30, 2018	35,751,343	(35,751,343)	-	
Balance as at June 30, 2018 (as restated)	**128,668,923**	**16,971,062**	**90,978,064**	
Balance as at June 30, 2019 (as previously reported)	158,438,846	64,894,182	108,682,474	*
Increase in income tax refundable arising from the benefit of minimum tax claimed by the Holding Company in its tax return for the tax year 2019	35,751,343	-	35,751,343	
Balance as at June 30, 2019 (as restated)	**194,190,189**	**64,894,182**	**144,433,817**	

** The previously reported figures of tax refunds due from government as at June 30, 2018 and June 30, 2019, as shown above, have been adjusted for the effect of sales tax refundable that has been reclassified from the head 'Other receivables' to the head 'Tax refunds due from government' in these consolidated financial statements.*

Effects on the consolidated statement of comprehensive income for the year ended June 30, 2019

	Rupees
Effects on profit or loss	
Effect on profit before taxation	-
Decrease in current tax charge	(35,751,343)
Increase in deferred tax charge	35,751,343
Effect on profit after taxation	-
Effect on earnings per share - basic and diluted	-
Effects on other comprehensive income	-
Effect on total comprehensive income	-

45 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were approved by the Board of Directors of the Holding Company and authorised for issue on 01 OCT 2020.

46 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF HOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS
as at 30 June 2019

No. of Shareholders	Shareholdings FROM		TO	Total Shares Held
119	1	to	100	2510
145	101	to	500	39880
48	501	to	1000	42029
108	1001	to	5000	276771
35	5001	to	10000	272652
9	10001	to	15000	104374
13	15001	to	20000	228120
1	20001	to	25000	22000
3	25001	to	30000	78774
3	30001	to	35000	94092
4	35001	to	40000	148190
1	40001	to	45000	41500
2	45001	to	50000	92600
1	50001	to	55000	54160
1	55001	to	60000	56140
3	60001	to	65000	185550
1	65001	to	70000	67500
1	95001	to	100000	100000
1	120001	to	125000	123562
1	150001	to	155000	153000
2	215001	to	220000	433966
1	295001	to	300000	297441
1	300001	to	305000	304940
1	380001	to	385000	384001
1	395001	to	400000	396570
1	2270001	to	2275000	2272372
1	2320001	to	2325000	2321056
508				8,593,750

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
Financial Institutions	2	38,843	0.45%
Individuals	497	8,098,266	94.23%
General Public Foreign	1	213	0.00%
Public Sector Cos/Corp	2	35,254	0.41%
Mutual Funds	1	384,001	4.47%
Others	5	37,173	0.43%
TOTALS	508	8,593,750	100.00%

The above two statements include 508 Shareholders, holding 8,593,750 shares through the Central Depository Company of Pakistan Limited (CDC).

			Number	Total shares	%age
Directors,CEO and their Spouse and Minor Children (Name-wise).					
(1)	Mr.Mohammed Younus Nawab	Director	1	2,321,056	27.01%
(2)	Mr.Mohammed Irfan Nawab	Chief Executive	1	2,272,372	26.44%
(3)	Mr.Ibrahim Younus	Chairman / Director	1	26,327	0.31%
(4)	Mr.Mohammed Faizanullah	Director	1	63,112	0.73%
(5)	Mr.Ismail Younus	Director	2	20,716	0.24%
(6)	Mrs.Sabiha Younus	Spouse	1	396,570	4.61%
(7)	Mrs.Afshan Irfan	Spouse	1	123,562	1.44%
Associated Companies, Undertakings and related parties (Name-wise).			None	None	None
Executives			None	None	None
Public Sector Companies and Corporations			2	35,254	0.41%
Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas & Pension Funds			2	38,843	0.45%
Mutual Funds			1	384,001	4.47%
General Public (Local)			489	2,874,551	33.45%
General Public (Foreign)			1	213	0.00%
Others			5	37,173	0.43%
			0	8,593,750	100.00%
Shareholders holding 5% or more					
(1)	Mr.Mohammed Younus Nawab		1	2,321,056	27.01%
(2)	Mr.Mohammed Irfan Nawab		1	2,272,372	26.44%

FORM OF PROXY

M/s.Sana Industries Limited,
33-D-2, Block-6,
P.E.C.H.S,
Karachi.

I/We____

of______________________________ holding CNIC No. _____________________________________being a member of

SANA INDUSTRIES LIMITED, and holder of _________ Ordinary Shares as per the Share Register Folio No.__________

and/or CDC Participant I.D.No.____________________________ and Account / Sub Account No.____________________

hereby appoint____ of ________________________

or failing him/her____ of________________________

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 35th Annual General Meeting scheduled to be held on 26th October, 2020 or at any adjournment thereof.

Signed this____ day of ___________________________2020.

Signature of Proxy ____

Signature on Rs.5/- Revenue Stamp

Folio No. of Shareholder____________

No.of Shares held__________________

Signature of Shareholder

WITNESSES

(1) Signature ______________________

Name________________________

CNIC No._____________________

Address_____________________

____

____

(2) Signature _________________________

Name________________________

CNIC No._____________________

Address__________________________

____

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NOTES:

* A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
* If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Sana Industries Limited, 33-D-2, Block-6, P.E.C.H.S., Karachi, so as to reach not less than 48 hours before the time appointed for holding the meeting.
* The Proxy form shall be witnessed by two persons whose names, addresses and NIC / Passport numbers shall be stated on the form.
* Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
* The proxy shall produce his original NIC or original passport at the time of the meeting.
* In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.