



CONDENSED INTERIM FINANCIAL
ACCOUNTS
(UN-AUDITED)

For the Period Ended
December 31, 2020

SANA Industries Limited

33-D-2, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400

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C O N T E N T S

Company Information	2
Directors' Report along with annexures	3
Auditors' Report on review of Unconsolidated Interim Financial information	10
Condensed Interim Unconsolidated Balance Sheet	11
Condensed Interim Unconsolidated Profit and Loss account	12
Condensed Interim Unconsolidated Statement of Comprehensive Income	13
Condensed Interim Unconsolidated Cash Flow Statement	14
Condensed Interim Unconsolidated Changes in Equity	15
Notes to the Condensed Interim Unconsolidated Financial Information	16
Condensed Interim Consolidated Balance Sheet	27
Condensed Interim Consolidated Profit and Loss account	28
Condensed Interim Consolidated Statement of Comprehensive Income	29
Condensed Interim Consolidated Cash Flow Statement	30
Condensed Interim Consolidated Changes in Equity	31
Notes to the Condensed Interim Consolidated Financial Information	32

COMPANY INFORMATION

Board of Directors

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

H.R. & Remuneration Committee

Ms.Areej Rafique	- Chairman
Mr.Syed Amjad Ahmad	- Member
Mr.Muhammad Faizanullah	- Member
Mr.Ismail Younus	- Member

Audit Committee

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

C.F.O./Company Secretary

Mr.Saad Bin Hilal	-Chief Financial Officer
Mr.Abdul Hussain Antaria	-Company Secretary

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

CDC Share Registrar Service Limited
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/>

DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the operational and financial results of the company reviewed by the statutory auditors, for the 2nd quarter/ half year ended December 31, 2020.

During the period under review, Pakistan's textile industry showed revival after subsiding the negative impact of Covid19 related lockdowns. The Government's policy for maintaining low policy rate and incentives for trade and industry is helping the businesses to perform well.

The consolidated results of the first half have shown improvement as compared to the corresponding period of last year due to increase in sales of textile division along with notable decrease in finance costs.

During the period under review:-

- The consolidated profit after tax during the period under review clocked at Rs. 35.64 million as compared to Rs. 28.58 million during the corresponding period of last year, showing a lift of 25%.
- The unconsolidated profit after tax during the period under review clocked at Rs. 42.78 million as compared to Rs. 12.86 million during the corresponding period last year, showing a lift of 233%.

In order to facilitate our Shareholders, following comparisons of operating and financial data have been annexed with this report:

- | | |
|--|---------|
| • Comparison with previous quarter | Annex-A |
| • Comparison with corresponding quarter of last year | Annex-B |
| • Comparison with corresponding six months period | Annex-C |
| • Comparison of Balance Sheet of last two quarters | Annex-D |
| • Comparison of P&L Account of the last two quarters | Annex-E |

Complying with the requirement of SECP, unconsolidated as well as consolidated financial statement for the period are also attached.

Dividend/ Bonus Issue/ Right Issue

The directors have decided to skip payment of any interim dividend for consolidation with the final dividend.

No bonus issue has been announced during the period.

The directors have announced right issue at the rate of 28% at a premium of Rs. 40/- to the par value of Rs. 10/- (i.e. 28 shares for every 100 shares held at Rs. 50/- per share) for the half year ended December 31, 2020.

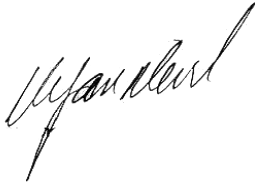
Future Prospects

The future outlook looks stable and local demand is expected to remain strong. The management is taking measures to achieve technological upgradation thereby increasing production capacity and sales. Moreover, investment in subsidiary would give an exemplary lift to our top line and consolidated profits.

Acknowledgment

We would like to place on record our deepest gratitude to all stakeholders (internal/ external), Banks, financial institutions, relevant ministries and regulators for their continuous support towards the growth of the company. We acknowledge the hard work, devotion and loyalty of the staff and workers without whom continued success could not have been achieved. We look forward to the same devotion and cooperation in the years to come.

On behalf of the Board



(Mohammed Irfan Nawab)
Chief Executive



(Muhammad Faizanullah)
Director

Karachi: 23rd Feb, 2021

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی دوسری سرمایہ اشتہائی کے قانونی آڈیٹرز کی جانب سے نظر ثانی شدہ کمپنی کے آپریشنل اور مالیاتی نتائج کے ہمراہ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

زیر جائزہ مدت کے دوران، پاکستان کی ٹیکسٹائل انڈسٹری نے Covid-19 سے متعلق لاک ڈاؤن کے منفی اثرات کو ختم کرنے کے بعد حیات نو کا مظاہرہ کیا۔ پست شرح پالیسی اور تجارت و صنعت کے لئے مراعات کو برقرار رکھنے کے لئے حکومت کی حکمت عملی کا روبا رو کو بہتر کارکردگی کا مظاہرہ کرنے میں معاون ہے۔ ٹیکسٹائل ڈویژن کی فروخت میں اضافے کے ساتھ ساتھ مالیاتی لاگت میں نمایاں کمی کے سبب پہلی ششماہی کے مستحکم نتائج میں پچھلے سال کے اسی عرصے کے مقابلہ میں بہتری آئی ہے۔

زیر جائزہ مدت کے دوران:

نظر ثانی کے دوران بعد از ٹیکس مستحکم منافع 35.64 ملین روپے کے مقابلے میں گزشتہ سال کے اسی عرصے کے دوران 28.58 ملین روپے، 25 فیصد کی بلندی ظاہر کر رہے ہیں۔

زیر جائزہ مدت کے دوران بعد از ٹیکس غیر منقولہ منافع 42.78 ملین روپے کے مقابلے میں گزشتہ سال کے اسی عرصے کے دوران 12.86 ملین روپے، جس میں 233 فیصد کی رفعت ظاہر ہوئی ہے۔

ہمارے حصص یافتگان کی سہولت کے لئے آپریٹنگ اور مالی اعداد و شمار کا موازنہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

Annex-A	گزشتہ سرمایہ کے ساتھ موازنہ
Annex-B	گزشتہ سال کی اسی سرمایہ کے ساتھ موازنہ
Annex-C	گزشتہ سال کی اسی ششماہی کے ساتھ موازنہ
Annex-D	گزشتہ دو سرمایوں کی بیلنس شیٹ کا موازنہ
Annex-E	گزشتہ دو سرمایوں کے پرافٹ اینڈ لاس اکاؤنٹ کا موازنہ

ایس ای سی پی کے تقاضے کو پورا کرتے ہوئے، اس مدت کے لئے غیر مدغم شدہ کے ساتھ ساتھ مدغم شدہ مالیاتی بیان بھی منسلک ہے۔

ڈیویڈنڈ لائسنس کا 2021ء رائٹ اراٹ

ڈائریکٹرز نے حتمی ڈیویڈنڈ کے استحکام کے لیے کسی بھی عبوری ڈیویڈنڈ کی ادائیگی چھوڑنے کا فیصلہ کیا ہے۔ اس مدت کے دوران کسی بونس کے اجماع کا اعلان نہیں کیا گیا۔

ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کے لئے 28 فیصد کی شرح سے 40 روپے کے پربیم پر 10 روپے کی مساوی قیمت پر (یعنی 50 روپے فی شیئر قیمت کے فی 100 شیئرز کے لیے 28 شیئرز) رائٹ اراٹ اجماع کا اعلان کیا ہے۔

مستقبل کے امکانات

مستقبل کا نظریہ مستحکم نظر آتا ہے اور توقع ہے کہ مقامی طلب مستحکم رہے گی۔ انتظامیہ تکنیکی جدت کو حاصل کرنے کے لئے اقدامات کر رہی ہے جس سے پیداواری صلاحیت اور فروخت میں اضافہ ہوگا۔ مزید یہ کہ ذیلی ادارہ میں سرمایہ کاری ہماری اولین سطح اور مستحکم منافع کو ایک مثالی رفعت دے گی۔

اعتراف

ہم تمام اسٹیک ہولڈرز (داخلی / خارجی) بینکوں، مالیاتی اداروں، متعلقہ وزارتوں اور تنظیم کاروں کے ساتھ کمپنی کی ترقی کے سلسلے میں ان کی مسلسل حمایت پر بھرپور اظہار تشکر کرنا چاہتے ہیں۔

ہم عملے اور کارکنوں کی محنت، خلوص اور وفاداری کو تسلیم کرتے ہیں جس کے بغیر مسلسل کامیابی کا حصول ممکن نہیں تھا۔ ہم آئندہ سالوں میں بھی اسی خلوص اور تعاون کی توقع کرتے ہیں۔

حساب حکم پورڈ

محمد فیضان اللہ
ڈائریکٹر

محمد عرفان نواب
چیف ایگزیکٹو

کراچی: 23 فروری، 2021

Consolidated comparison with previous quarter
Annexure A

Covering period FROM TO	01-Oct-2020 31-Dec-2020	01-July-2020 30-Sep-2020	VARIATION	
			Amount	Percentage
Turnover - net	529.00	555.30	(26.30)	-4.74%
Cost of Sales	459.34	483.54	(24.20)	-5.01%
Gross Profit	69.66	71.76	(2.10)	-2.92%
G.P.Rate to Sales	13.17%	12.92%		0.25%
Administrative, Selling, Financial & Other expenses	50.56	42.57	7.99	18.77%
Other income	5.29	2.22	3.07	138.36%
Net Profit before taxation	24.40	31.41	(7.02)	-22.34%
Net Profit Rate to Sales	4.61%	5.66%		
Provision for Taxation	16.77	3.40	13.36	392.46%
Profit after Taxation	7.63	28.01	(20.38)	-72.76%
Earning per share (before tax)	2.84	3.66	(0.82)	-22.40%
Earning per share (after tax)	0.89	3.34	(2.45)	-73.35%

Consolidated comparison with corresponding quarter of last year
Annexure B

Covering period FROM TO	01-Oct-2020 31-Dec-2020	01-Oct-2019 31-Dec-2019	VARIATION	
			Amount	Percentage
Turnover - net	529.00	557.55	(28.54)	-5.12%
Cost of Sales	459.34	471.83	(12.49)	-2.65%
Gross Profit	69.66	85.71	(16.05)	-18.72%
G.P.Rate to Sales	13.17%	15.37%		
Administrative, Selling, Financial & Other expenses	50.56	59.45	(8.90)	-14.96%
Other income	5.29	2.62	2.67	101.93%
Net Profit before taxation	24.40	28.88	(4.48)	-15.53%
Net Profit Rate to Sales	4.61%	5.18%		
Provision for Taxation	16.77	9.12	7.65	83.91%
Profit after Taxation	7.63	19.76	(12.13)	-61.39%
Earning per share (before tax)	2.84	3.36	(0.52)	-15.48%
Earning per share (after tax)	0.89	2.30	(1.41)	-61.30%

Consolidated comparison with corresponding period of last year
Annexure C

Covering period FROM TO	01-July-2020 31-Dec-2020	01-July-2019 31-Dec-2019	VARIATION	
			Amount	Percentage
Turnover - net	1,084.31	1,080.72	3.59	0.33%
Cost of Sales	942.88	928.64	14.24	1.53%
Gross Profit	141.43	152.08	(10.65)	-7.00%
G.P.Rate to Sales	13.04%	14.07%		
Administrative, Selling, Financial & Other expenses	93.12	102.95	(9.83)	-9.55%
Other income	7.51	3.63	3.88	-106.77%
Net Profit before taxation	55.81	52.76	3.05	-5.79%
Net Profit Rate to Sales	5.15%	4.88%		
Provision for Taxation	20.17	24.17	(4.00)	-16.56%
Profit after Taxation	35.64	28.58	7.06	24.69%
Earning per share (before tax)	6.49	6.14	0.35	5.70%
Earning per share (after tax)	4.15	3.33	0.82	24.62%

COMPARISON OF BALANCE SHEET OF TWO QUARTERS

	1ST QUARTER 30-Sep-2020 Rupees	2ND QUARTER 31-Dec-2020 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, Plant and equipments	557,871,305	539,039,756
Right to use assers	74,950,436	70,303,686
Long-term deposits	2,756,051	2,756,051
Deferred tax asset - net	5,443,869	-
	-----	-----
	641,021,661	612,099,493
CURRENT ASSETS		
Stock-in-trade / Stores and spares	199,273,513	187,460,199
Short term investment	1,705,555	1,705,555
Trade debts- unsecured, considered good	439,650,357	407,089,027
Advances	35,941,374	81,527,259
Deposits and pre-payments	6,919,470	5,840,560
Other receivables	4,916,331	3,135,053
Taxation - net	160,773,174	139,866,549
Cash and bank balances	52,032,198	67,836,527
	901,211,972	894,460,729
	-----	-----
TOTAL ASSETS	1,542,233,633	1,506,560,222
	=====	=====
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	85,937,500	85,937,500
Reserves	324,765,099	323,139,950
	-----	-----
Attributable to equity holders of the parent	410,702,599	409,077,450
Non-controlling interest	38,699,833	38,043,707
	-----	-----
	449,402,431	447,121,158
	=====	=====
NON CURRENT LIABILITIES		
Long term financing	120,222,317	111,996,712
Lease Liability	74,922,467	70,021,778
Deffered Liabilities	38,809,914	54,141,244
	233,954,697	236,159,734
CURRENT LIABILITIES		
Trade and other payables	206,393,505	160,819,532
Advances from Customers	78,298,317	75,581,883
Accrued profit on Murabaha/Mushareka arrangements	4,937,867	7,268,614
Loans from directors and associates	45,845,000	38,945,000
Current portion of long term financing	85,801,411	112,403,793
Current maturity of lease liability	13,318,771	14,439,641
Current maturity of deferred government grant	3,146,267	5,410,888
Unclaimed dividend	1,866,118	1,903,687
Short term arrangements	419,269,249	406,506,294
Taxation - net	-	-
	858,876,504	823,279,331
CONTINGENCIES AND COMMITMENTS		
	-	-
	-----	-----
TOTAL EQUITY AND LIABILITIES	1,542,233,633	1,506,560,222
	=====	=====
Debt Equity Ratio	34.24%	34.56%
Current Ratio	1.05	1.09

COMPARISON OF PROFIT & LOSS ACCOUNT OF TWO QUARTERS.

	1ST QUARTER 30-Sep-2020 Rupees	2ND QUARTER 31-Dec-2020 Rupees	Y.T.D. 31-Dec-2020 Rupees
Gross turnover	555,303,787	529,003,330	1,084,307,117
Cost of sales	(483,541,627)	(459,338,730)	(942,880,356)
Gross profit	71,762,160	69,664,600	141,426,760
G.P.Rate	12.92%	13.17%	13.04%
General and administration expenses	(23,060,176)	(22,591,123)	(45,651,299)
Selling and distribution expenses	(5,055,353)	(6,165,566)	(11,220,919)
Other operating expenses	(2,280,822)	(2,465,711)	(4,746,533)
Operating profit	41,365,809	38,442,200	79,808,009
Finance cost	(12,171,664)	(19,334,528)	(31,506,192)
Other income	2,218,716	5,288,602	7,507,318
Profit for the period before taxation	31,412,861	24,396,274	55,809,135
Provision for taxation - current	(10,871,062)	6,582,990	(4,288,072)
- prior year	-	(5,045,974)	(5,045,974)
- deferred (current)	7,466,624	(18,302,435)	(10,835,811)
	(3,404,438)	(16,765,419)	(20,169,857)
Profit / Loss after taxation	28,008,423	7,630,855	35,639,278
Earning per share before taxation	3.66	2.84	6.49
Earning per share after taxation	3.26	0.89	4.15

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF M/S. SANA INDUSTRIES LIMITED**

Report on Review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of M/s. Sana Industries Limited ("the Company") as at **December 31, 2020** and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes thereto for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim unconsolidated statement of profit or loss and the condensed interim unconsolidated statement of comprehensive income for the three-month period ended December 31, 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: **23 FEB 2021**

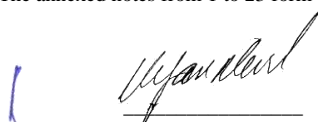
Sana Industries Limited

Condensed Interim Unconsolidated Statement of Financial Position

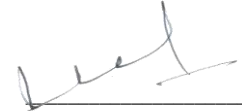
As at December 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	337,208,696	355,849,999
Right of-use-asset	4	25,968,475	27,966,050
Investment property	5	57,465,862	62,691,909
Investment in subsidiary		35,000,000	35,000,000
Long term deposits and prepayments		2,756,051	2,756,051
Deferred tax assets		-	5,572,305
		458,399,084	489,836,314
Current assets			
Stock-in-trade	6	180,418,340	201,493,653
Stores and spares		7,041,859	6,828,622
Trade debts		328,812,049	247,906,234
Loans and advances	7	81,527,259	41,585,391
Trade deposits and short term prepayments		4,117,975	1,715,715
Short term investments		1,705,555	1,705,555
Other receivables		22,439,523	17,796,559
Tax refunds due from government		95,888,456	98,454,393
Cash and bank balances	8	56,811,944	53,312,333
		778,762,960	670,798,455
Total assets		1,237,162,044	1,160,634,769
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	9	100,000,000	100,000,000
Issued, subscribed and paid-up capital	9	85,937,500	85,937,500
Revenue reserve			
General reserves		132,500,000	132,500,000
Unappropriated profit		161,248,470	127,064,475
		293,748,470	259,564,475
		379,685,970	345,501,975
Non-current liabilities			
Lease liability	10	29,592,644	30,830,611
Long term loans from a banking company	11	71,224,115	72,380,513
Deferred liabilities	12	51,935,139	36,914,143
		152,751,898	140,125,267
Current liabilities			
Short term Islamic financing	13	406,506,294	412,210,590
Trade and other payables		221,260,970	199,718,479
Loan from directors and sponsors		10,760,000	15,910,000
Accrued markup		7,176,045	24,812,736
Current portion of lease liability		1,502,770	1,130,437
Current portion of long term loans from a banking company		52,747,718	16,731,287
Current portion of deferred government grant		2,866,693	2,603,988
Unclaimed dividend		1,903,687	1,890,010
		704,724,176	675,007,527
Contingencies and commitments	14		
Total equity and liabilities		1,237,162,044	1,160,634,769

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Sana Industries Limited

Condensed Interim Unconsolidated Statement of Profit or Loss

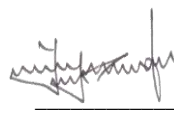
For the six months and quarter ended December 31, 2020 (unaudited)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees -----					
Turnover - net	15	941,371,397	880,007,985	457,458,741	460,152,463
Cost of sales		(830,543,714)	(789,042,992)	(399,428,111)	(407,548,963)
Gross profit		110,827,683	90,964,993	58,030,630	52,603,500
Administrative expenses		(30,214,858)	(29,615,539)	(17,157,511)	(17,253,397)
Distribution expenses		(10,270,721)	(10,523,182)	(5,693,338)	(5,656,782)
Other Operating expense		(4,746,533)	(1,891,175)	(2,465,711)	(1,194,732)
		(45,232,112)	(42,029,896)	(25,316,560)	(24,104,911)
Operating profit		65,595,571	48,935,097	32,714,070	28,498,589
Finance costs	16	(22,511,540)	(40,779,445)	(14,708,922)	(24,524,460)
Other income	17	16,519,064	12,052,947	9,530,614	7,359,403
		(5,992,476)	(28,726,498)	(5,178,308)	(17,165,057)
Profit before taxation		59,603,095	20,208,599	27,535,762	11,333,532
Taxation	18	(16,825,350)	(7,346,714)	(14,941,961)	844,700
Profit after taxation		42,777,745	12,861,885	12,593,801	12,178,232
Earning per share - basic and diluted	19	4.98	1.50	1.47	1.42

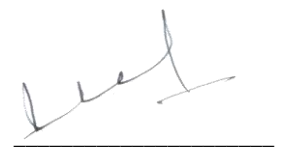
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Chief Executive



Director



Chief Financial Officer



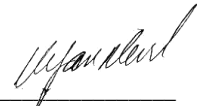
Sana Industries Limited

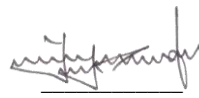
Condensed Interim Unconsolidated Statement of Comprehensive Income

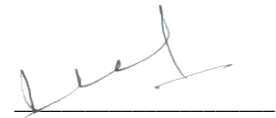
For the six months and quarter ended December 31, 2020 (unaudited)

	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit after taxation	42,777,745	12,861,885	12,593,801	12,178,232
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>42,777,745</u>	<u>12,861,885</u>	<u>12,593,801</u>	<u>12,178,232</u>

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive

Director

Chief Financial Officer

Sana Industries Limited

Condensed Interim Unconsolidated Cash Flow Statement

For the six months ended December 31, 2020 (unaudited)

	Half Year Ended	
	December 31, 2020	December 31, 2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,603,095	20,208,599
Adjustments for non-cash items:		
- Depreciation on Property, plant and equipment	33,075,599	39,600,114
- Depreciation on right-of-use asset	1,997,575	-
- Depreciation on investment property	5,226,047	-
- Gain on sale of fixed assets	(3,699,997)	(2,275,963)
- Amortization of government grant	(2,004,559)	-
- Provision for gratuity	4,669,115	4,699,687
- Provision for Workers' Profit Participation Fund	3,217,481	1,104,989
- Provision for Workers' Welfare Fund	1,224,052	786,186
- Profit on bank accounts	(532,479)	(284,741)
- Provision for doubtful receivables	305,000	(500,000)
- Finance cost	22,511,540	40,779,445
	<u>65,989,375</u>	<u>83,909,717</u>
Operating profit before working capital changes	125,592,470	104,118,316
<i>Decrease / (increase) in current assets</i>		
- Stock-in-trade	21,075,313	(9,481,743)
- Stores and spares	(213,237)	-
- Trade debts - net	(81,210,815)	(14,337,256)
- Loans and advances	(39,941,868)	(8,336,838)
- Trade deposits and short term prepayments	(2,402,260)	(2,629,625)
- Sales tax refundable	(2,325,420)	(5,683,357)
- Other receivables	(4,642,964)	197,528
	<u>(109,661,251)</u>	<u>(40,271,291)</u>
<i>Increase in current liabilities</i>		
- Trade and other payables	17,100,958	50,312,229
Cash generated from operations	33,032,177	114,159,254
Taxes paid during the period	(12,365,721)	(10,802,261)
Income tax refunds received during the period	17,281,453	-
Payments against compensated absences	(355,689)	(1,898,578)
Payments of Worker's profit participation fund	-	(4,339,483)
Finance cost paid	(37,213,107)	(36,134,752)
	<u>(32,653,064)</u>	<u>(53,175,074)</u>
Net cash generated from operating activities	379,113	60,984,180
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(14,434,297)	(13,308,434)
Proceeds from sale of operating fixed assets	3,699,997	2,280,000
Profit received from bank accounts	532,479	197,030
Net cash used in investing activities	(10,201,821)	(10,831,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from long term musharaka	14,179,200	-
- Repayment under long term musharaka	(403,266)	(13,533,255)
- Proceeds against SBP Refinancing facility for payment of salaries and wages	20,280,180	-
- Markup paid against SBP Refinancing facility for payment of salaries and wages	(433,791)	-
- Repayment of lease liability	(865,634)	(2,454,000)
- Repayment under short term Islamic financing facilities - net	(5,704,297)	(26,607,492)
- Loan received from directors' and sponsors	3,250,000	20,461,883
- Loan repaid to directors' and sponsors	(8,400,000)	(21,461,883)
- Dividend paid during the period	(8,580,074)	(21,512,124)
Net cash generated / (used) in financing activities	13,322,319	(65,106,871)
Net increase / (decrease) in cash and cash equivalents	3,499,611	(14,954,095)
Cash and cash equivalents at the beginning of the period	53,312,333	29,971,577
Cash and cash equivalents at the end of the period	56,811,944	15,017,482

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

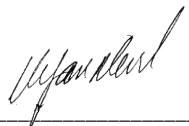
Sana Industries Limited

Condensed Interim Unconsolidated Statement of Changes in Equity

For the six months December 31, 2020 (unaudited)

	Issued, subscribed and paid up capital	Revenue Reserves		Total
		General reserves	Unappropriated profit	
Rupees				
Balance as at July 01, 2019 (as restated)	85,937,500	132,500,000	182,640,908	401,078,408
Final dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	(21,484,375)	(21,484,375)
<i>Total comprehensive income for the half year ended December 31, 2019</i>	-	-	12,861,885	12,861,885
Balance as at December 31, 2019	85,937,500	132,500,000	174,018,418	392,455,918
Balance as at July 01, 2020	85,937,500	132,500,000	127,064,475	345,501,975
Interim dividend for the period ended September 30, 2020 @ Rs. 1/- per share	-	-	(8,593,750)	(8,593,750)
<i>Total comprehensive income for the half year ended December 31, 2020</i>	-	-	42,777,745	42,777,745
Balance as at December 31, 2020	85,937,500	132,500,000	161,248,470	379,685,970

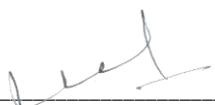
The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer



Sana Industries Limited

Notes to the Condensed Interim Unconsolidated Financial Statements

For the six months ended December 31, 2020 (unaudited)

1 THE COMPANY AND ITS OPERATIONS

1.1 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 sales 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim unconsolidated financial statements (here-in-after referred to as the 'interim financial statements') have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

2.2 Basis of measurement

All the items in these interim financial statements have been measured at their historical cost except for Lease liability which is measured at the present value of the lease payments that are not paid at the reporting date.

2.3 Functional and presentation currency

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

2.4 Judgements and sources of estimation uncertainty

In preparing these interim unconsolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

2.5. Significant accounting policies

The significant accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
3	PROPERTY, PLANT AND EQUIPMENT	----- Rupees -----	
	Operating fixed assets	3.1 <u><u>337,208,696</u></u>	<u><u>355,849,999</u></u>
3.1	Net book value (NBV) at the beginning of the period	355,849,999	390,637,695
	Add: Additions to tangible fixed assets	3.2 14,434,296	29,406,083
	Less: Disposals during the period (NBV)	-	(4,037)
	Depreciation charged during the period	(33,075,599)	(64,189,742)
		<u><u>(33,075,599)</u></u>	<u><u>(64,193,779)</u></u>
	Net book value (NBV) at the closing of the period	<u><u>337,208,696</u></u>	<u><u>355,849,999</u></u>

3.2 Major additions and disposals are as follows:

	Half year ended December 31, 2020		Year ended June 30, 2020	
	Additions	Disposals (At Cost)	Additions	Disposals (At Cost)
Building on leasehold land	-	-	1,090,667	-
Electrification- Factory Building	-	-	550,000	-
Office premises - SF/96	-	-	-	-
Plant and machinery	2,116,990	-	27,059,769	-
Handling equipment	-	-	211,000	-
Furniture, fixtures and office equipment	279,013	-	-	-
Lab Equipments	-	-	-	-
Vehicles	11,973,293	(4,188,250)	170,000	(3,796,332)
Computers & software	65,000	-	324,647	-
	<u><u>14,434,296</u></u>	<u><u>(4,188,250)</u></u>	<u><u>29,406,083</u></u>	<u><u>(3,796,332)</u></u>

4 RIGHTS-OF-USE ASSET

	Rented property in Karachi (Note 4.1)	Total
	----- Rupees -----	
As at June 30, 2020		
Cost	31,961,200	31,961,200
Accumulated depreciation	(3,995,150)	(3,995,150)
	<u><u>27,966,050</u></u>	<u><u>27,966,050</u></u>
<i>During the period ended December 31, 2020</i>		
Opening net book value	27,966,050	27,966,050
Depreciation for the year	(1,997,575)	(1,997,575)
Closing net book value	<u><u>25,968,475</u></u>	<u><u>25,968,475</u></u>
Depreciation rate (per annum)	<u><u>12.50%</u></u>	

- 4.1 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, 2020) used for the purpose of measuring the right-of-use asset and the corresponding lease liability - Refer note 4.1.1	7 years

- 4.1.1 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 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.

5 INVESTMENT PROPERTY

	Leasehold Land	Building on leasehold land	Total
	Rupees		
As at June 30, 2019			
Cost	6,812,875	138,657,806	145,470,681
Accumulated depreciation	-	(72,019,147)	(72,019,147)
	<u>6,812,875</u>	<u>66,638,659</u>	<u>73,451,534</u>
<i>Movement during the year ended June 30, 2020</i>			
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	<u>6,812,875</u>	<u>55,879,034</u>	<u>62,691,909</u>
As at June 30, 2020			
Cost	6,812,875	138,657,806	145,470,681
Accumulated depreciation	-	(82,778,772)	(82,778,772)
	<u>6,812,875</u>	<u>55,879,034</u>	<u>62,691,909</u>
<i>Movement during the period ended December 31, 2020</i>			
Opening net book value	6,812,875	55,879,034	62,691,909
Additions	-	-	-
Depreciation for the year	-	(5,226,047)	(5,226,047)
	<u>6,812,875</u>	<u>50,652,987</u>	<u>57,465,862</u>
As at December 31, 2020			
Cost	6,812,875	138,657,806	145,470,681
Accumulated depreciation	-	(88,004,819)	(88,004,819)
	<u>6,812,875</u>	<u>50,652,987</u>	<u>57,465,862</u>
Depreciation rate (per annum)	<u>-</u>	<u>10%</u>	

- 5.1 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).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
6	STOCK IN TRADE	----- Rupees -----	
	Raw material		
	- In hand	61,470,406	68,567,457
	- In transit	-	-
		61,470,406	68,567,457
	Packing materials	6,103,848	4,294,995
	Work in process	28,849,682	34,610,933
	Finished goods	81,182,029	91,199,918
	Waste material	2,812,375	2,820,350
		180,418,340	201,493,653

7 LOANS AND ADVANCES

	Loans to employees	4,562,998	3,899,398
	Advances:		
	- to contractors	14,333,923	32,384,754
	- to suppliers	10,595,437	3,677,996
	- to employees	-	1,458,000
	- against letter of credit	52,034,901	164,445
		76,964,261	37,685,194
		81,527,259	41,584,592

7.1 These includes advances paid to 'Toyota Indus Motors' amounting to Rs. 6,170,000/- against purchase of two vehicles which are expected to be delivered within the next 2 to 3 months. These vehicles are to be acquired against Diminishing Musharika facilitated by "M/s. Habib Metropolitan Bank Limited".

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
8	CASH AND BANK BALANCES		
	Cash in hand	926,929	496,833
	Cash at bank:		
	- Current account	9,132,302	6,370,076
	- Savings account	46,752,714	46,445,424
		56,811,944	53,312,333

9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Unaudited) December 31, 2020	(Audited) June 30, 2020		(Unaudited) December 31, 2020	(Audited) June 30, 2020
----- Number of shares -----			----- Rupees -----	
		Issued, Subscribed and Paid up Capital		
		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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
10	LEASE LIABILITY	----- Rupees -----	
	Opening balance	31,961,048	-
	Effect of initial application of IFRS	-	31,961,200
	Payments made during the year	(3,128,050)	(4,596,500)
	Finance charges	2,262,416	4,596,348
		31,095,414	31,961,048
	Less: Current maturity shown under current liabilities	(1,502,770)	(1,130,437)
		29,592,644	30,830,611
11	LONG TERM LOANS FROM A BANKING COMPANY		
	Diminishing Musharaka	40,820,388	48,078,815
	Financing under SBP Refinance	30,403,727	24,301,698
		71,224,115	72,380,513
11.1.	Diminishing Musharaka		
	Balance at the beginning of the period / year	52,064,108	70,139,098
	Add: Loan obtained during the period / year	14,179,200	-
	Less: Repayments made during the period / year	(403,266)	(18,074,990)
	Balance at the end of the period / year	65,840,042	52,064,108
	As at the end of the period / year:		
	- Current maturity	25,019,654	3,985,293
	- Non-current maturity	40,820,388	48,078,815
		65,840,042	52,064,108

11.1.1

Date of Disbursement	Nature of loan	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at December 31, 2020	Principal Outstanding as at June 30, 2020	Ending Date	Security
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HABIB METROPOLITAN BANK:

28-Oct-16	Generator Waukesha Model VHP 5904 LTD (DM-373)	30,716,842	52,252 million	6M KIBOR + 2%	7.5%	19%	11,774,791	11,774,791	02-Feb-23	1st Charge registered over specific machinery value Rs. 38.396 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-373.	
16-Feb-17	4 Sets Drawframes Rieter (DM-410)	26,073,600		6M KIBOR + 2%	7.5%	19%	11,298,560	11,298,560	26-Apr-23	1st Charge registered over specific machinery value Rs. 32.592 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-410	
02-Mar-17	14 Sets Complete Ring Spinning Frames. (DM-411)	55,442,587		6M KIBOR + 2%	7.5%	19%	24,949,168	24,949,168	22-May-23	1st Charge registered over specific machinery value Rs. 69.303 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-411.	
07-Apr-17	4 Sets Twister Machine China. (DM-420)	8,660,544		6M KIBOR + 2%	7.5%	19%	4,041,589	4,041,589	06-Jun-23	1st Charge registered over specific machinery value Rs. 10.826 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-420	
16-Jul-20	Toyota Corolla Altis DM 814	3,184,000	15 Million	6M KIBOR + 2%	7.5%	14%	2,918,668	-	16-Jul-23	Fresh DM Assets for vehicle to be registered in the name of HMB favor Duly insured through takaful company along with contribution receipt and covering all risk and clauses.	
21-Aug-20	KIA Sportage DM 820	4,404,000		6M KIBOR + 2%	7.5%	14%	4,404,000	-	21-Aug-23		
04-Sep-20	KIA Picanto DM 824	1,655,200		6M KIBOR + 2%	7.5%	14%	1,517,266	-	04-Sep-23		
01-Dec-20	Toyota Corolla Yaris DM 848	2,196,000		6M KIBOR + 2%	7.5%	14%	2,196,000	-	01-Dec-23		
28-Dec-20	Toyota Corolla Altis DM 856	2,740,000		6M KIBOR + 2%	7.5%	14%	2,740,000	-	01-Jan-24		
Total							65,840,042	52,064,108			

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
11.2. Financing under SBP Refinance	<i>Note</i>	----- Rupees -----	
Balance at the beginning of the period / year		37,047,692	-
Add: Loan obtained during the period / year	11.2.1	20,280,180	41,027,805
Less: Element of government grant recognized as deferred income		(1,697,414)	(3,980,113)
		18,582,766	37,047,692
Less: Markup paid during the period		(433,791)	-
Add: Interest accrued during the period		2,935,124	-
		58,131,791	37,047,692
Less: Current portion shown under current liabilities		(27,728,064)	(12,745,994)
Balance at the end of the period / year		30,403,727	24,301,698

11.2.1 In addition to the loans obtained during the year ended June 30, 2020, in July 2020 the Company obtained third trench of long term finance amounting to Rs. 20.280 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 5-months grace period ended December 31, 2020); and
- (c) The loan is to be repaid in 8 equal quarterly installments commencing from January 2021.

Since the facility carries an interest rate of 3% per annum, which is well below the market interest rate of 10.03% (determined as 6-months KIBOR as at July 29, 2020 plus 3%). Hence, as per IAS 20 "Accounting for Government Grant and Disclosure of Government Assistance" the facility contained an element of government grant. Accordingly, the Company measured the loan liability at its fair value amounting to Rs. 18.582 million (June 30, 2020: Rs. 37.047 million) (determined on a present value basis) and recognized the difference between disbursement proceeds from bank and the said fair value, amounting to Rs. 1.697 million (June 30, 2020 Rs. 3.980 million) as deferred government grant in the

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
12 DEFERRED LIABILITIES	<i>Note</i>	----- Rupees -----	
Deferred government grant	12.1	806,275	1,376,125
Provision for compensated absences		475,626	831,315
Staff retirement benefits		39,375,818	34,706,703
Deferred taxation		11,277,420	-
		51,935,139	36,914,143
12.1. Deferred government grant			
Opening balance		3,980,113	-
Add: Element of government grant recorded during the period / year		1,697,414	3,980,113
Less: Amortization of government grant during the period		(2,004,559)	-
		3,672,968	3,980,113
Less: Current portion shown under current liabilities		(2,866,693)	(2,603,988)
Closing balance		806,275	1,376,125
13 SHORT TERM FINANCING			
<i>Istisna Financing:</i>			
Habib Metropolitan Bank	13.1.	283,354,271	-
<i>Murabaha Financing:</i>			
Habib Metropolitan Bank		-	279,289,265
Standard Chartered Bank	13.2.	123,152,023	132,921,325
		406,506,294	412,210,590

- 13.1.** Short-term Istisna Financing has been obtained, under shariah arrangement to finance the manufacturing of goods. The bank has approved a facility of Rs. 300 million (June 30, 2020: Nil). The effective rate of profit on Istisna financing facility ranges between 10.03% to 10.35% (June 30, 2020: Nil) based on 6 Month KIBOR + 3% (June 30, 2020: Nil). The maximum tenor of the istisna financing is 180 days.

The arrangement is secured against the following:

- 1st charge registered over Land and Building of Rs. 340 million and 1st charge over Plant and Machinery of Rs. 210 million making total of Rs. 550 million registered with the SECP duly insured in bank's favour covering all risk with premium payment receipt.
- 1st charge registered over Stocks / Receivables amounting to Rs. 400 million duly insured in Bank's favour covering all risk with premium payment receipt.
- Personal guarantee of Directors', Mr. Muhammad Yonus Nawab, Mr. Muhammad Irfan Nawab, Mr. Muhammad Ibrahim Younus and Mr. Faizanullah.

- 13.2.** 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 (June 30, 2020: Rs.134 million). The effective rate of profit on murabaha facility ranges between 8.52% to 15.01% (June 30, 2020: 10.04% to 15.58%) 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.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

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.

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(subject to certain conditions). 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 is of the view that the Honorable Supreme Court of Pakistan will have to clarify or direct the government to audit, vet, scrutinize and there after implement only if the company and respective consumer qualify or fall in the ambit of the applicability of the GIDC (In lines with the directions of the Honorable Supreme Court) including the amount to be recovered, also the method to be recovered.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 127.94 million (June 2020: 126.25 million) as a contingent liability.

Furthermore, the liability claimed by SSGC exceeds the contingent liability as disclosed by the company by Rs. 13.695 million which is a disputed amount.

Except for the above, there has been no change in the status of contingencies as disclosed in annual audited financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- Rupees -----	
14.2 Commitments			
- Irrevocable letter of credit issued for purchase of raw material.		<u>133,334,530</u>	<u>77,243,846</u>
- Custom duties, sales tax and income taxes on stock in transit.		<u>6,119,578</u>	<u>-</u>
- Resolving letter of guarantee issued by Habib Metropolitan Bank Limited in favour of SSGC Limited against Gas Bills.		<u>29,376,705</u>	<u>29,376,705</u>
15 TURNOVER - NET			
	Half year ended	Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020
			December 31, 2019
	-----Rupees -----		
Yarn Sales - local	1,088,744,293	1,007,353,498	536,384,393
Raw material and wastage sales	24,202,572	21,083,750	5,269,989
	<u>1,112,946,865</u>	<u>1,028,437,248</u>	<u>541,654,382</u>
Less: Sales tax	(169,569,928)	(147,849,172)	(82,231,394)
Less: Commission and discount	(2,005,540)	(580,091)	(1,964,247)
	<u>941,371,397</u>	<u>880,007,985</u>	<u>457,458,741</u>
			460,152,463
16 FINANCE COST		(Un-audited) December 31, 2020	(Audited) December 31, 2019
Markup and interest charges on:			
- Long term finances		3,625,199	4,480,153
- Short term Islamic financing		12,861,081	33,378,031
- Markup on lease liability		2,262,416	2,307,367
- SBP Re-financing facilities for payment of salaries and wages		2,935,124	-
		<u>21,683,820</u>	<u>40,165,551</u>
Bank Charges		232,348	171,784
Finance charges on WPPF		-	-
Charity on morabaha financing			286,824
Murabaha Documentation Charges		186,565	64,680
Guarantee Commission		315,028	90,606
Local letter of credit charges		93,780	-
		<u>22,511,540</u>	<u>40,779,445</u>

	(Un-audited) December 31, 2020	(Audited) December 31, 2019
17 OTHER INCOME		
<i>Rental Income- net</i>		
Rental Income	18,000,000	18,000,000
Operations and maintenance charges	2,265,188	1,604,291
	20,265,188	19,604,291
<i>Less: Related expense</i>		
Depreciation	(9,521,787)	(9,767,223)
Insurance and property taxes	(656,413)	(409,830)
Finance cost	-	(15,189)
	(10,178,200)	(10,192,242)
	10,086,988	9,412,049
>Returns on deposits - Islamic bank	494,557	284,741
Profit on Habib Islamic Investment Certificate	37,922	80,195
Reversal of commission expense	-	-
Gain on disposal of fixed assets	3,699,997	2,275,963
Other	195,041	-
Amortization of government grant	2,004,559	-
	16,519,064	12,052,947
18 TAXATION		
Current	-	11,171,708
Prior year charge	(24,375)	1,795,763
	(24,375)	12,967,471
Deferred tax expense / (income)	16,849,725	(5,620,757)
	16,825,350	7,346,714
19 EARNINGS PER SHARE - BASIC AND DILUTED		
19.1 Basic earnings per share		
Profit after taxation	42,777,745	12,861,885
Weighted average number of ordinary shares	8,593,750	8,593,750
Earnings per share - basic and diluted	4.98	1.50
19.2 Diluted earnings per share		

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at December 31, 2020 and June 30, 2020.

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related party comprise of associated companies, staff benefit funds, directors and key management personnel. The transactions with the related parties during the period are as follows:

December 31,
2020 June 30, 2020
————— Rupees —————

SUBSIDIARY- Sana Logistics (Private) Limited
Sana Logistics (Private) Limited

Rent Received from Sana Logistics (Private) Limited	14,896,962	52,725,529
Reimbursement of operation and maintenance expenses to Sana Logistics (Private) Limited	1,944,579	119,966
Rent receivable from Sana Logistics (Private) Limited	18,000,000	14,863,167
Receivable from Sana Logistics (Private) Limited in respect of operation and maintenance expenses.	1,733,138	870,519

KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS

Mohammad Younus Nawab (Chairman)

Loan obtained during the year	-	7,000,000
Loan repaid during the year	-	5,600,000
Loan payable as of the reporting date	2,000,000	2,000,000

Mohammad Irfan Nawab (CEO)

Loan obtained during the year	-	5,825,946
Loan repaid during the year	200,000	5,325,946
Loan payable as of the reporting date	4,660,000	4,860,000

Ibrahim Younus (Director)

Loan obtained during the year	3,250,000	1,007,813
Loan repaid during the year	2,200,000	507,813
Loan payable as of the reporting date	2,100,000	1,050,000

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
Loan repaid during the year	500,000	2,107,813
Loan payable as of the reporting date	-	500,000

Sabiha Younus (Spouse of Chairman / Sponsor)

Loan obtained during the year	-	12,312,500
Loan repaid during the year	3,250,000	20,812,500
Rent paid during the year	1,564,025	2,298,250
Rent payable as of the reporting date	-	214,250
Loan payable as of the reporting date	-	3,250,000

Afshan Irfan (Spouse of CEO / Sponsor)

Loan obtained during the year	-	5,150,000
Loan repaid during the year	2,250,000	1,750,000
Rent paid during the year	1,564,025	2,298,250
Rent payable as of the reporting date	-	214,250
Loan payable as of the reporting date	2,000,000	4,250,000

(Handwritten mark)

21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the Company for the year ended June 30, 2020.

22. OPERATING SEGMENT

These interim 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 and integrated business strategy.

All non current assets of the Company as at December 31, 2020 were located in Pakistan.

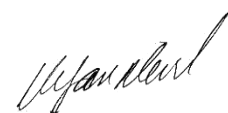
23. GENERAL


23.1. Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 23 FEB 2021

23.2. Level of rounding

Unless otherwise indicated, all figures in these interim financial statements have been rounded off to the nearest rupee.



Chief Executive

Director

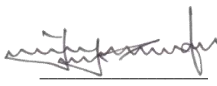
Chief Financial Officer

SANA INDUSTRIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020.

	NOTE	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	539,039,756	565,900,908
Right-of-use assets		70,303,686	79,597,185
Long term deposits and prepayments		2,756,051	2,756,051
Deferred tax asset - net		-	4,228,063
		612,099,493	652,482,207
CURRENT ASSETS			
Stock-in-trade	7	180,418,340	201,493,653
Stores and spares		7,041,859	6,828,622
Short term investments		1,705,555	1,705,555
Trade debts		407,089,027	339,567,837
Loans and advances		81,527,259	41,820,762
Trade deposits and short term prepayments		5,840,560	2,159,357
Other receivables		3,135,053	2,112,791
Tax refunds due from government	8	139,866,549	146,398,709
Cash and bank balances		67,836,527	61,711,634
		894,460,729	803,798,920
TOTAL ASSETS		1,506,560,222	1,456,281,127
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
8,593,750 (30-6-2020: 8,593,750) Ordinary shares of Rs. 10/- each		85,937,500	85,937,500
Reserves		323,139,950	296,094,422
Equity attributable to the shareholders of holding Company		409,077,450	382,031,922
Non controlling interest	6	38,043,707	39,362,086
		447,121,158	421,394,008
NON CURRENT LIABILITIES			
Long term financing	9	111,996,712	120,640,429
Lease liability		70,021,778	77,870,831
Deferred liabilities	10	54,141,244	37,412,009
		236,159,734	235,923,269
CURRENT LIABILITIES			
Trade and other payables		160,819,532	156,225,052
Advances from Customers		75,581,883	66,516,216
Accrued profit on Murabaha/Mushareka arrangements		7,268,614	24,970,742
Loans from directors and associates		38,945,000	63,345,000
Current portion of long term financing	9	112,403,793	57,947,118
Current maturity of lease liability		14,439,641	12,268,197
Current maturity of deferred government grant		5,410,888	3,590,925
Unclaimed dividend	6	1,903,687	1,890,010
Short term arrangements	11	406,506,294	412,210,590
Taxation - net	8	-	-
		823,279,331	798,963,850
CONTINGENCIES AND COMMITMENTS		12	-
TOTAL EQUITY AND LIABILITIES		1,506,560,222	1,456,281,127

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive

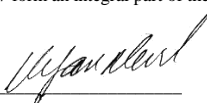

Director


Chief Financial Officer

SANA INDUSTRIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (Un-audited)

		Half Year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----- Rupees -----		----- Rupees -----	
Turnover - net		1,084,307,117	1,080,720,908	529,003,330	557,546,443
Cost of sales	13	(942,880,356)	(928,644,196)	(459,338,730)	(471,832,931)
Gross profit		141,426,760	152,076,712	69,664,600	85,713,512
Administrative expenses		(45,651,299)	(41,070,501)	(22,591,123)	(22,770,999)
Distribution expenses		(11,220,919)	(12,032,064)	(6,165,566)	(6,271,089)
Other operating expenses		(4,746,533)	(1,891,175)	(2,465,711)	(1,163,482)
		(61,618,751)	(54,993,740)	(31,222,400)	(30,205,570)
Operating profit		79,808,009	97,082,972	38,442,200	55,507,942
Finance costs		(31,506,192)	(47,958,270)	(19,334,528)	(29,247,085)
Other income		7,507,318	3,630,833	5,288,602	2,619,055
		(23,998,874)	(44,327,437)	(14,045,926)	(26,628,030)
Profit before taxation		55,809,135	52,755,535	24,396,274	28,879,912
Taxation		(20,169,857)	(24,173,608)	(16,765,419)	(9,116,019)
Profit after taxation		35,639,278	28,581,927	7,630,855	19,763,893
Earning per share - Basic and Diluted	14	4.15	3.33	0.89	2.30

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director

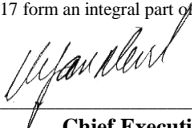


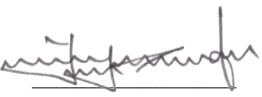
Chief Financial Officer

SANA INDUSTRIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (Un-audited)

	Half Year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----		----- Rupees -----	
Profit for the period	35,639,278	28,581,927	7,630,855	19,763,893
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	35,639,278	28,581,927	7,630,855	19,763,893
Attributable to				
Owners Equity	36,957,657	17,984,627	8,286,981	(3,861,155)
Non-controlling interest	(1,318,379)	10,597,300	(656,126)	8,076,765
	35,639,278	28,581,927	7,630,855	4,215,610

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive

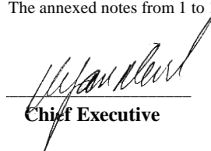

Director

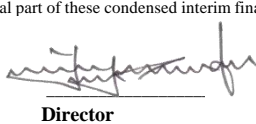

Chief Financial Officer

SANA INDUSTRIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (Un-audited)

	Note	December 31, 2020	December 31, 2019
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		55,809,135	52,755,535
Adjustments for:			
- Depreciation		57,890,801	51,911,281
- Gain on sale of fixed assets		(3,699,997)	(3,150,963)
- Provision for gratuity		4,669,115	4,699,687
- Provision for Workers' Profit Participation Fund		3,217,481	1,104,989
- Provision for Workers' Welfare Fund		1,224,052	786,186
- Profit on bank accounts		(567,907)	(399,675)
- Provision for doubtful receivables		305,000	(500,000)
- Amortization of government grant		(2,004,559)	-
- Finance cost		31,506,192	47,958,270
Cash generated by operating activities before working capital changes		148,349,314	155,165,310
<i>Decrease / (increase) in current assets</i>			
- Stock-in-trade		21,075,313	(9,481,743)
- Stores and spares		(213,237)	-
- Trade debts		(67,216,190)	(12,170,725)
- Loans and advances		(39,706,497)	(10,634,025)
- Trade deposits and short term prepayments		(3,681,203)	(3,407,826)
- Sales tax refundable		(2,325,420)	-
- Other receivables		(1,022,262)	5,172,728
		(93,089,496)	(30,521,591)
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		13,660,147	51,686,325
Cash generated from operations		68,919,965	176,330,044
Taxes paid during the period		(476,466)	(26,069,570)
Income tax refunds received during the period		17,281,453	-
Staff Compensation benefit paid		(355,689)	(1,898,578)
Payment of Workers' profit participation fund		-	(4,339,483)
Finance cost paid		(50,313,436)	(40,873,124)
Net cash inflow from operating activities		35,055,826	103,149,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(16,339,343)	(17,605,534)
Proceeds from sale of operating fixed assets		3,700,000	4,005,000
Profit received from bank accounts		580,534	311,967
Long term deposits		-	130,000
Net cash used in investing activities		(12,058,809)	(13,158,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(8,580,074)	(21,512,124)
(Repayment) / borrowing under short term morabaha		(5,704,297)	(26,607,492)
(Repayment) of lease liability		(23,073,518)	(4,908,000)
(Repayment) of long term liability		(7,838,178)	(10,231,846)
Receipts/ (Repayments) under long term musharika		988,414	(21,364,452)
Borrowings / (Repayment) from related party		(24,400,000)	(18,750,000)
Proceeds against SBP Refinancing facility		51,735,528	-
Net cash inflow from/(used in) financing activities		(16,872,125)	(103,373,914)
Net (decrease) / increase in cash and cash equivalents		6,124,893	(13,383,192)
Cash and cash equivalents at beginning of the period		61,711,634	30,661,897
Cash and cash equivalents at the end of the period		67,836,527	17,278,705

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive

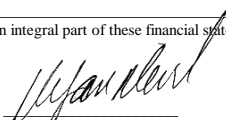

Director

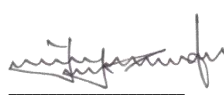

Chief Financial Officer

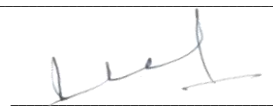
SANA INDUSTRIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2020

	REVENUE RESERVES				Total equity attributable to the shareholders of Holding Company	Non-controlling interest
	Issued, subscribed and paid-up capital	General reserve	Un-appropriated profit	Sub Total		
Balance as at July 01, 2018	85,937,500	132,500,000	158,438,846	290,938,846	376,876,346	29,921,385
Profit after taxation for the Half yearly ended December 31, 2019	-	-	17,984,627	17,984,627	17,984,627	-
Final dividend for the year 30 June, 2019	-	-	(21,484,375)	(21,484,375)	(21,484,375)	-
Non-controlling interest arising on a business combination	-	-	-	-	-	10,597,300
Balance as at December 31, 2019	85,937,500	132,500,000	154,939,098	287,439,098	373,376,598	40,518,685
Balance as at July 01, 2020	85,937,500	132,500,000	163,594,422	296,094,422	382,031,922	39,362,086
Profit after taxation for the Half yearly ended December 31, 2020	-	-	35,639,278	35,639,278	35,639,278	-
Interim dividend for the period ended June 2021	-	-	(8,593,750)	(8,593,750)	(8,593,750)	-
Non-controlling interest arising on a business combination	-	-	-	-	-	(1,318,379)
Balance as at December 31, 2020	85,937,500	132,500,000	190,639,950	323,139,950	409,077,450	38,043,707

The annexed notes from 1 to 17 form an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

SANA INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (Un-audited)

1. THE GROUP AND ITS OPERATIONS

The group consist of Sana Industries Ltd. ("The Holding Company") and its subsidiary company Sana Logistics Pvt Ltd. Brief profile of Holding company and Subsidiary Company are as follows;

1.1 Sana Industries Limited (The Holding Company)

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

1.2 The geographical location and address of company's business units, including plant are as under:

- The registered office of the Parent Company is situated at 33-D-2, Block 6, P.E.C.H.S., Karachi, Pakistan.
- The Parent Company's manufacturing plant / mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.

1.3 These condensed interim consolidated financial statements comprise of the Parent Company and its subsidiary company

<i>Name of subsidiary company</i>	<i>Effective % shareholding</i>
- Sana Logistics (Private) Limited	70.00%

1.4 Sana Logistics Private Limited (The Subsidiary Company)

Sana Logistics Private Limited (the subsidiary Company) was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984. The principle activity of the subsidiary company is to provide services in respect of Dry Storage through "compartmentalized store project.

2. STATEMENT OF COMPLIANCE

This Condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) as notified under the Companies Act, 2017; and has been reviewed by the external auditors as required by the Code of Corporate Governance.

This condensed interim consolidated financial information does not include all the information required for preparation of full financial information and should be read in conjunction with the preceding published annual financial statements for the year ended June 30, 2020.

The comparative balance sheet presented in this condensed interim consolidated financial information as at December 31, 2020 has been extracted from audited financial statements of the company holding company for the year ended June 30, 2020, whereas the comparative profit and loss account, statements of changes in equity and cash flow statements for the half year ended December 31, 2020 have been subjected to review but not audit.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended June 30, 2020.

4. ESTIMATES AND JUDGMENTS

The significant judgment, estimates and assumptions used by the management in preparation of this condensed interim consolidated financial information are the same as those applied to the preceding published annual financial statements of the company for the year ended June 30, 2020.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	----- (Rupees) -----	
5. TANGIBLE FIXED ASSETS		
Net book value (NBV) at the beginning of the period	563,346,992	619,194,412
Add: Additions to tangible fixed assets	4.1 16,339,342	41,652,380
Less: Disposals during the period (NBV)	(3)	2,320,995
Depreciation charged during the period	43,371,255	95,178,805
	43,371,252	97,499,800
Net book value (NBV) at the closing of the period	536,315,082	563,346,992
Capital work-in-progress	2,724,674	2,553,916
	539,039,756	565,900,908
5.1 ADDITIONS		
Land and Building on leasehold land	-	1,090,667
Plant and machinery	2,116,990	32,678,267
Electrification - Factory building	1,488,905	550,000
Handling equipments	30,158	1,601,599
Furniture, fixtures and office equipments	580,196	416,200
Vehicles	11,973,293	4,907,000
Computers	149,800	408,647
	16,339,342	41,652,380
6. INVESTMENTS		
Non-Controlling Interest		
Share of NCI (opening)	39,362,086	29,921,385
Share in Profit / (Loss)	(1,318,379)	9,440,701
	38,043,707	39,362,086
7. STOCK-IN-TRADE		
Raw and packing material		
- in hand	67,574,254	72,862,452
- in transit	-	-
	67,574,254	72,862,452
Work-in-process	28,849,682	34,610,933
Finished goods	81,182,029	91,199,918
Waste stock	2,812,375	2,820,350
	180,418,340	201,493,653
8. TAXATION - NET		
Advance income tax	18,666,099	46,099,808
Provision for Taxation	(4,288,072)	(35,334,841)
Tax refunds due from government	125,488,522	135,633,742
	139,866,549	146,398,709
9. LONG TERM FINANCING		
Long term liability-Secured and considered good	18,404,555	26,553,247
Diminishing musharaka	84,759,243	96,367,700
Islamic Auto Finance	17,128,120	3,129,773
Financing under SBP Refinance Scheme for Payment of Salaries and Wages	104,108,588	52,536,827
	224,400,506	178,587,547
Less: Current portion	(112,403,793)	(57,947,118)
	111,996,712	120,640,429
10. DEFERRED LIABILITIES		
Deferred government grant	1,431,234	1,873,991
Provision for compensated absences	475,626	831,315
Deferred taxation	12,858,566	-
Staff retirement benefits	39,375,818	34,706,703
	54,141,244	37,412,009
11. SHORT-TERM ARRANGEMENT - secured		
From commercial banks	406,506,294	412,210,590
	406,506,294	412,210,590

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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 Honourable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional.

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 (subject to certain conditions). Moreover, in para 37 of the above judgement, the Honourable 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 Honourable 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 Honourable High Court has granted stay to the Company and other petitioners for payment of GIDC. Moreover, the Company along with several other petitioners also is of the view that the Honourable Supreme Court of Pakistan will have to clarify or direct the government to audit, vet, scrutinize and there after implement only if the company and respective consumer qualify or fall in the ambit of the applicability of the GIDC (In lines with the directions of the Honourable Supreme Court) including the amount to be recovered, also the method to be recovered.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 127.94 million (June 2020: 126.25 million) as a contingent liability.

Furthermore, the liability claimed by SSGC exceeds the contingent liability as disclosed by the company by Rs. 13.695 million which is a disputed amount.

Except for the above, there has been no change in the status of contingencies as disclosed in annual audited financial statements of the Company for the year ended June 30, 2020.

12.2 Commitments

Custom duty and income tax on stock in transit	6,119,578	-
Letter of gurantee issued by a commercial bank	29,376,705	32,088,460
Irrevocable letter of credits	133,334,530	77,243,846

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----		----- Rupees -----	
13. COST OF SALES				
Opening stock finished goods and waste	94,020,268	23,320,832	59,402,576	85,086,986
Cost of goods manufactured	932,854,492	1,017,943,503	483,930,558	499,366,084
Closing stock finished goods and waste	(83,994,404)	(112,620,139)	(83,994,404)	(112,620,139)
	942,880,356	928,644,196	459,338,730	471,832,931
14. EARNING PER SHARE - BASIC AND DILUTED				
Profit after taxation	Rupees 35,639,278	28,581,927	7,630,855	19,763,893
Issued ordinary shares	8,593,750	8,593,750	8,593,750	8,593,750
Basic and diluted earnings per share	Rupees 4.15	3.33	0.89	2.30

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff benefit funds, directors and key management personnel. The transactions with related parties during the period are as follows:

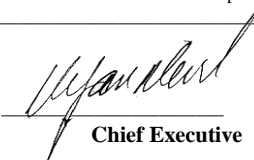
Relationship	Nature of transaction	Half year ended	
		December 31, 2020	December 31, 2019
		----- Rupees -----	
Staff retirement benefit plans	Contribution to gratuity fund	4,669,116	4,699,687
Borrowings from Directors' family member		19,200,000	5,860,000
Repayment of borrowings from Directors' family member		38,100,000	77,350,000
Rent paid to directors' family members		5,500,000	4,908,000
		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	
Outstanding balances as of period end / year end :			
Borrowings from Directors' family member		<u>38,945,000</u>	<u>63,345,000</u>

16. DATE OF AUTHORIZATION FOR ISSUE

16.1 These financial statements were authorized for issue on 23th February 2021 by the Board of Directors of the Company.

17. GENERAL

17.1 Amounts have been rounded off to the nearest Rupee.



Chief Executive



Director



Chief Financial Officer