# COMPANY INFORMATION

#### **Board of Directors**

Mr.Mohammed Younus Nawab
Mr.Ibrahim Younus
Mr.Ismail Younus
Mr.Mohammed Faizanullah
Mr.Ilyas Abdul Sattar
Mr,Mohammed Khalid Yousuf
Hafiz Mohammed Irfan Nawab
- Chairman
- Director
- Director
- Director
- Director

#### **Audit Committee**

Mr.Mohammed Khalid Yousuf - Chairman - Member - Member - Member and Secretary

#### Registered Office

SF Unit No.96, S.I.T.E., P.O.Box No.10651, Karachi - 75700

Phone : 32561728 - 29 Fax : 32570833

E-mail: info@sanaindustries.com

#### Auditors

Muniff Ziauddin & Co.
Chartered Accountants
F/17/3, Business Executive Centre
Block 8, Clifton,
Karachi.

Phone: 35375127 - 28 Fax: 35820325

#### Bankers

Habib Metropolitan Bank Limited Islamic Banking Branch, Jodia Bazar,

Karachi.

Phone: 32432528 - 30 Fax: 32432527

#### H.R. & Remuneration Committee

Mr.Mohammed Khalid Yousuf - Chairman Mr.Ilyas Abdul Sattar - Member Mr.Ibrahim Younus - Member

#### C.F.O./Company Secretary

Mr. Abdul Hussain Antaria

#### Mills

B-186, Hub Industrial Trading Estate, Hub Chowki, District Lasbela,

Balochistan.

Phone: 0853-363443 - 44 Fax: 0853-363422

#### Legal Advisors

Zaki & Co., Advocates 21-A, Wahab Arcade, M.A.Jinnah Road,

Phone: 32628998 / 32628999

# **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/

#### **DIRECTORS' REPORT**

The Directors take pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 30th June, 2015.

# FINANCIAL RESULTS

The Financial Results of the Company for the year ended 30th June, 2015 are summarized below:-

		Rupees
Profit for the period before taxation Less: Provision for taxation- current - prior years - deferred (current)	32,606,065 10,783,301 2,921,261	135,865,627 46,310,627
Profit after taxation		89,555,000
Earning per Share before tax	<u>15.8</u>	1
Earning per share (basic and diluted) after taxation	10.4	2
OTHER COMPREHENSIVE INCOME		
Net Profit for the year Re-measurements of staff employment benefit Related deferred tax	9,653,647 (3,185,704)	89,555,000
Notated deterred tax		6,467,943
Total comprehensive income for the year		96,022,943 ======

Alhamd-o-Lillah, the Al-mighty has been very kind in constantly showering HIS unlimited bounties on your Company for which we do not have appropriate words to thank HIM, may Allah continue to cherish HIS blessings on your Company, Ameen.

The consolidated profit before taxation for the current year has registered increase from Rs.106.62 million to Rs.135.87 million an increase of Rs.29.25 million (27.43%), the profit after taxation has also enhanced from Rs.79.78 million to Rs. 89.55 million, an increase of Rs.9.77 million (12.25%). Provision of current year's deferred taxation amounting to Rs.2.92 million has been provided. The earnings per Share has enhanced from Rs.9.28 to Rs.10.42, an increase of Rs.1.14 (12.29%). In order to facilitate our Shareholders following comparisons of operating and financial data are annexed.

Comparison with last year	Annex-A
Comparison with previous quarter	Annex-B
Quarter-wise comparison of Balance Sheets	Annex-C
Quarter-wise comparison of Profit & Loss accounts	Annex-D
Statistical summary of key operating and financial data of last 6 years	Annex-E
	Comparison with last year Comparison with previous quarter Quarter-wise comparison of Balance Sheets Quarter-wise comparison of Profit & Loss accounts Statistical summary of key operating and financial data of last 6 years

The salient features for the year under review, of 'Textile Segment', are as under:

- (1) Sales of Yarn, in Rupee terms, has registered an increase of Rs.318.24 million (25.85%), due to increase in quantity sold, in quantitative terms it has increased by 1,226,736 Kilos (37.64%). The Gross Profit amount has also increased by Rs.60.39 million (46.13%), GP Rate has increased by 1:73% due to decrease in per Kilo cost of goods sold. The net profit, before taxation, of Rs.67.10 million has also increased to Rs.106.86 million, an increase of Rs.39.76 million (59.25%).
- (2) The production of Yarn, in quantitative terms has increased from 3,372,356 Kilos to 4,322,648 Kilos i.e., by 950,291 Kilos (28.18%), due to increase in production capacity and modernization of Plant.
- (3) The average cost of raw-materials consumed has decreased by Rs.21.40 Per Kilo (9.36%) due to international decrease in prices of raw-materials.
- (4) The cost of manufacturing over heads has decreased from Rs.102.46 per Kilo to Rs.98.90 per Kilo (3.47%), significant increase / decreases on this account are attributed to the following heads:
  - (a) Salaries and wages increased by Rs.47.27 million or Rs.2.16 per Kilo (5.41%) due to mandatory increase in salary rates of the workers.
  - (b) Fuel and Power increased by Rs.11.11 million, but decreased by Rs.6.06 Per Kilo (15.44%) due to increase in production.
  - (c) Repair and maintenance (including stores and spares) increased by Rs.14.38 million or Rs.0.57 per Kilo (34.00%), due to modernization of Plant.
- (5) The Selling and Distribution expenses have increased by Rs.1.35 million due to increase in quantity sold.
- (6) The General and Administration expenses have increased by Rs.3.43 million (16.58%) but has decreased on per kilo basis by Rs.0.56 per kilo due to increase in production.
- (7) The expansion in textile and cold store segments have increased the financial charges by Rs.14.59 million due to (a) enhancement in working capital requirements and (b) fresh Diminishing Musharakas obtained for the financing of capital machinery.
- (8) The Workers' Profit Participation Fund and Workers' Welfare Fund have increased by Rs.1.57 million and Rs.0.59 million respectively, due to increase in net profit.
- (9) The net profit of last year, before tax (Textile Segment), of Rs.67.10 million has enhanced to Rs.106.86 million (59.25%).
- (10) The net profit of last year, before tax (Cold Storage segment), of Rs.45.88 million has however decreased to Rs.33.85 million (26.22%) due to increase in storage and other expenses.
- (11) The 'Consolidated amount of net profit' of last year, before tax of Rs.106.62 million has increased to Rs.135.87 million (27.43%).
- (12) The 'Consolidated amount of net profit' of last year, after tax of Rs.79.78 million has increased to Rs.89.55 million (12.25%).
- (13) The period of trade debts (receivable) has decreased from 51 days to 38 days.
- (14) The inventory of raw-materials has increased from 55 days to 60 days.
- (15) The inventory of finished goods has decreased from 61 days to 34 days.

## **Future Prospects**

The Management is optimistic about the future profitability of the Company since during the current year it has further invested an amount of Rs.96 million in capital machinery and building of textile and cold store segments for balancing, modernization and expansion. This factor alone will Insha Allah, further increase the profitability of the Company in future years.

The Company has also incorporated a subsidiary company under the name of 'Sana Greens (Pvt) Ltd' for expanding the business of Cold Chain in Lahore for which Land has already been acquired.

#### **Board of Directors**

The present Board of Directors who were elected on 3rd December, 2013, will continue to hold the office up to 3rd December, 2016.

#### **Auditors**

The present Auditors M/s. Muniff Ziauddin & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

# 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 recommend payment of a Final Cash Dividend @ Rs.8.00 per Share (80%). The distribution this year comes to 76.78% of the current year's after tax earnings.

The Final Dividend will be paid to the shareholders, whose name appears in the Register of Members on 21/10/2015. The share transfer book of the Company will remain closed from 22/10/2015 to 30/10/2014 (both days inclusive). Transfers received in order at the office of the Registrar, Central Depository Company of Pakistan Limited at the close of business on 21/10/2015 will be treated in time for the purpose of payment of Dividend to the Transferees.

# Corporate and Financial Reporting Framework

As required vide Circular No.2(10)SE/SMD/202 dated 28th March, 2002, issued to all Stock Exchanges of Pakistan and listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges, the Board of Directors of Sana Industries Limited confirm that the Company applies the principles contained in the Code in the following manner.

- (1) The financial statement 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.

- (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 as at 30th June, 2015. Following are the significant assumption used for the valuation of scheme:

	30-Jun-2015	30-Jun-2014
Valuation discount rate	9.75% p.a	13.50% p.a
Salary increase	8.25% p.a	12.00% p.a
Expected rate of return on Plan Assets	9.75% p.a	13.50% p.a

A statement as to the value of assets / investments of gratuity fund, based on its audited accounts is as under:-

A statement as to the value of assets / investments of gratuity fund, based on its audited accounts is as under:-

(a) Investment in Shares of listed companies	Rs.66,359,026/=
(b) Investment in Mutual Funds	Rs. 9,199,740/=
(c) Bank balances	Rs. 1,340,749/=
Total of assets / investments as on 30/6/2015	Rs.76,899,515/=
	==========

(9) Elections of Directors was held in the Extra-ordinary General Meeting held on 3/12/2013, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years, commencing from 3/12/2013. A total of 11 Meetings of the Board of Directors were held during the financial year ended 30th June, 2015. Number of Meeting attended by each Director are stated their against:

Name of Directors		Number of Meeting Attended		
(1)	Mr. Mohammed Younus Nawab	11 out of 11 meetings		
(2)	Mr. Mohammed Irfan Nawab	10 out of 11 meetings		
(3)	Mr. Ibrahim Younus	11 out of 11 meetings		
(4)	Mr. Ismail Younus	11 out of 11 meetings		
(5)	Mr. Mohammed Faizanullah	11 out of 11 meetings		
(6)	Mr. Ilyas Abdul Sattar	11 out of 11 meetings		
(7)	Mr. Aziz Ul Haq	9 out of 10 meetings		
(8)	Mr. Mohammed Khalid Yousuf	1 out of 1 meeting		

(9) 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	PURCHASER		NO.OF SHARES	RATE
TRANSACTI	ION		TRANSACTED	/SHARE
PURCHASE	S:			•
13-04-2015	Mr.Mohammed Younus Nawab	P*	109,548	Rs.71.26
13-04-2015	Mr.Mohammed Irfan Nawab		109,548	Rs.71.26
25-05-2015	Mst.Sabiha Younus		16,000	Rs.74.01

(10) No 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:

#### 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

Karachi: 29<sup>th</sup> September, 2015.

Chief Executive

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of the Company will, Insha-Allah be held on Friday, the 30th of October, 2015 at 06.30 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 29th Annual General Meeting held on 25th October, 2014.
- (2) To receive and adopt the Audited accounts of the Company for the year ended 30th June, 2015, together with the Auditors' Report and Directors' Report thereon.
- (3) To consider and approve Cash dividend of 80% for the year ended 30th June, 2015 as recommended by the Directors.
- (4) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2016. The present Auditors M/s. Muniff Ziauddin & Co., Chartered Accounts retire and being eligible, offer themselves for re-appointment.

#### SPECIAL BUSINESS

(5) To consider and approve Investment of upto Rs.9.80 million in Associated Company namely Sana Greens (Pvt) Ltd in compliance with the provision of Section 208 of the Companies Ordinance, 1984. It is, therefore, proposed that the following Resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to Section 208 of the Companies Ordinance, 1984, the Board of Directors of the Company be and is hereby authorized to make an investment of upto Rs.9.80 million in the equity of Sana Greens (Pvt.) Ltd. by way of subscription of right shares; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this Resolution".

(6) To transact any other business with the permission of the Chair.

A statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 relating to the special businesses to be transacted is sent to all the Shareholders with the Notice of this AGM.

By Order of the Board

Abdul Hussain Antaria) CFO & Company

Karachi: 29th September, 2015 Secretary

#### **NOTES**

1. The share transfer books of the Company shall remain closed from 22-Oct-2015 to 30-Oct-2015 (both days inclusive), and the final dividend will be paid to the Shareholders whose names will appear in the Register of Members on 21-Oct-2015.

- 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.
- Duly completed Forms of Proxy must be deposited with the Company Secretary at the office of the Company situated at 33-D-2, Block-6, P.E.C.H.S., Karachi (Phone No.32561728) not later than 48 hours before the time of meeting.
- Shareholders (Non CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, SMCHS, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in prompt receipt of Dividend.
- Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same at the earliest.
- 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.

#### STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

A Statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Resolution is appended below:

#### DISCLOSURE FORM

#### IN TERMS OF SECTION 15D OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Name of the Company

: Sana Industries Limited

Date of Report (Date of earliest: Not Applicable

event reported if applicable)

Address of Registered Office : SF-96, S.I.T.E., Karachi

Contact information

: Company Secretary

33-D-2, Block-6, P.E.C.H.S., Karachi

#### DISCLOSURE OF INSIDE INFORMATION BY LISTED COMPANY IN TERMS OF SECTION 15D(1)

That the Board of Directors of Sana Industries Limited (The Company) in their meeting held on 29th September, 2015 has approved the following, and the Shareholders approval is sought for:

(1) To invest an amount not exceeding Rs.9,800,000/= by way of an equity investment as and when required, in accordance with the provision of the Companies Ordinance, 1984, and subject to the compliance with all statutory and legal requirements, in the newly established Private Limited Company, namely 'Sana Greens (Pvt) Limited' (SGPL)

# Muniff Ziauddin & Co.

Chartered Accountants

An independent member firm of BKR International



#### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Sana Industries Limited ("the Company")** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion 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.

KARACHI: 2 9 SEP 2015

MUNIFF ZIAUDDIN & CO CHARTERED ACCOUNTANTS (Muhammad Moin Khan)

Business Executive Centre, F/17/3, Block 8, Clifton, Karachi-75600 (Pakistan)
Tel: 92-21-35375127-8 35872283,Fax: 92-21-35820325,E-mail: info@mzco.com.pk URL: www.mzco.com.pk
Other Offices: Lahore & Islamabad

# Muniff Ziauddin & Co.

Chartered Accountants

An independent member firm of BKR International



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Sana Industries Limited (the Company)** for the year ended June 30, 2015, to comply the with Listing Regulation No. 35 of Karachi, Islamabad and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Director's 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

# Note reference Description

The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institute specified by the SECP.

KARACHI: September 29, 2015

MUNIFF ZIAUDDIN & CO CHARTERED ACCOUNTANTS (Muhammad Moin Khan)

# Annexure to Directors' Report (Rupees in millions)

# Comparison with last year

Annexure A

Covering period FROM	01-Jul-2014	01-Jul-2013	VARIA	TION
то	30-Jun-2015	30-Jun-2014	Amount	Percentage
Sales - net	1,695.87	1,382.87	313.00	22.63%
Cost of Sales	1,469.13	1,206.65	262.48	21.75%
Gross Profit	226.74	176.22	50.52	28.67%
G.P.Rate to Sales	13.37%	12.74%		0.63%
Administrative, Selling, Financial & Other expenses	96.43	76.62	19.81	25.85%
Other income	5.56	7.02	(1.46)	-20.85%
Net profit before taxation	135.87	106.62	29.25	27.43%
N.P.Rate to Sales	8.01%	7.71%		
Provision for Taxation	46.31	26.83	19.48	72.61%
Profit after Taxation	89.56	79.79	9.77	12.24%
Earning per share (before tax)	15.81	12.41	3.40	
Earning per share (after tax)	10.42	9.28	1.14	
Statement of Comprehensive income				
Profit after tax	89.56	79.79	9.77	12.24%
Remeasurement of defined benefit liability	9.65	15.15	(5.50)	-36.30%
Related Deferred Tax	(3.19)	(5.15)	1.96	
Total comprehensive income	96.02	89.79	6.23	6.93%

# Comparison with previous quarter

Annexure B

Covering period FROM	01-Apr-2015	01-Jan-2015	VARIA	TION
то	30-Jun-2015	31-Mar-2015	Amount	Percentage
Turnover - net	450.60	413.95	36.65	8.85%
Cost of Sales	389.10	351.12	37.98	10.82%
Gross Profit	61.49	62.83	(1.34)	-2.13%
G.P.Rate to Sales	13.65%	15.18%		-1.53%
Administrative, Selling, Financial & Other expenses	19.22	25.99	(6.77)	-26.05%
Other income	1.89	2.77	(0.88)	-31.88%
Net profit before taxation	44.16	39.61	4.55	11.49%
N.P.Rate to Sales	9.80%	9.57%		
Provision for Taxation	16.86	16.66	0.20	1.22%
Profit after Taxation	27.30	22.95	4.35	18.94%
Earning per share (before tax)	5.14	4.61	0.53	
Earning per share (after tax)	3.18	2.67	0.51	

# COMPARISON OF BALANCE SHEET OF FOUR QUARTERS

	1ST QUARTER 30-Sep-2014 Rupees	2ND QUARTER 31-Dec-2014 Rupees	3RD QUARTER 31-Mar-2015 Rupees	4TH QUARTER 30-Jun-2015 Rupees
ASSETS	Nupces	rapodo	- Kapood	Tapasa
NON CURRENT ASSETS				
Property, Plant and equipments	351,897,057	345,055,033	344,726,026	388,820,427
Long-term deposits	1,085,450	1,113,016	1,126,786	1,168,120
	352,982,507	346,168,049	345,852,812	389,988,547
CURRENT ASSETS				
Stock-in-trade	231,287,415	285,610,394	253,176,597	255,810,566
Trade debts- unsecured, considered good	340,222,507	289,200,482	270,308,738	214,011,518
Advances	4,702,600	4,943,076	4,968,864	13,478,472
Deposits and pre-payments	5.307.182	3,198,326	2,531,248	1,527,998
Other receivables	35,162,799	32,185,626	28,666,834	49,219,153
Cash and bank balances	19,844,593	34,917,099	32,779,012	60,936,663
	636,527,096	650,055,003	592,431,293	594,984,370
TOTAL ASSETS	989,509,603 =======	996,223,052	938,284,105	984,972,917
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES	85,937,500	85.937.500	85,937,500	85,937,500
Share Capital			272.663.910	306,428,221
Reserves	305,450,901	249,716,326	272,003,910	
Shareholder's equity	391,388,401	335,653,826	358,601,410	392,365,721
NON CURRENT LIABILITIES				
Diminishing Mushareqa	53,819,463	44,573,461	35,451,261	48,169,066
Staff benefits	498,814	483,614	483,614	1,243,538
Deferred taxation	39,073,924	38,493,298	40,984,465	47,251,162
	93,392,201	83,550,373	76,919,340	96,663,766
CURRENT LIABILITIES				
Trade and other payables	72,207,057	108,303,024	78,808,323	86,877,055
Finance Cost Payable	10,650,859	11,164,719	9,802,070	7,424,022
Borrowings from Directors and related parties	18,200,000	36,575,000	55,675,000	5,000,000
Current portion of diminishing mushreqa arrangements	36,411,458	36,991,817	36,891,215	45,246,288
Morabaha Arrangements	365,399,900	383,050,983	316,834,623	352,016,815
Taxation - net	1,859,727	933,310 577,018,853	4,752,124 502,763,355	(620,751) 495,943,429
	504,729,001	577,016,653	502,763,355	495,945,429
CONTINGENCIES AND COMMITMENTS	•	•		- 1
TOTAL EQUITY AND LIABILITIES	989,509,603	996,223,052	938,284,105	984,972,916
Debt Equity Ratio	19.26	19.93	17.66	19.86
Current Ratio	1.26	1.13	1.18	1.2

#### SARA Industries Limited

# COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS.

	1ST QUARTER 30-Sep-2014 Rupees	2ND QUARTER 31-Dec-2014 Rupees	3RD QUARTER 31-Mar-2015 Rupees	4TH QUARTER 30-Jun-2015 Rupees	Y.T.D. 30-Jun-2015 Rupees
Net turnover Cost of sales	466,235,748 (399,240,380)	365,083,965 (329,665,857)	413,953,402 (351,122,549)	450,595,057 (389,101,656)	1,695,868,172 (1,469,130,442)
Gross profit	66.995.368	35,418,108	62,830,853	61,493,401	226,737,730
		2 10			
G.P.Rate	14.37%	9.70%	15.18%	13.65%	13.37%
Selling and distribution expenses	(2,533,903)	(1,952,859)	(3,075,078)	(1,396,710)	(8,958,550)
General and administration expenses	(6,909,202)	(7,536,533)	(7,403,713)	(4,974,408)	(26,823,856)
Other operating expenses	(3,233,715)	(919,221)	(3,053,658)	(3,205,174)	(10,411,768)
Other operating income / (loss)	575,621	321,144	2,772,874	1,886,999	5,556,638
Operating profit	54,894,169	25,330,639	52,071,278	53,804,109	186,100,194
Finance cost	(13,623,318)	(14,507,190)	(12,459,937)	(9,644,120)	(50,234,565)
Profit for the period before taxation	41,270,851	10,823,449	39,611,341	44,159,989	135,865,629
Provision for taxation - current	(12,748,622)	(2,685,528)	(12,990,867)	(4,181,048)	(32,606,065)
- prior year			(1,181,720)	(9,601,581)	(10,783,301)
- deferred (current)	2,070,274	580,626	(2,491,167)	(3,080,994)	(2,921,261)
	(10,678,348)	(2,104,902)	(16,663,754)	(16,863,623)	(46,310,627)
Profit after taxation	30,592,503	8,718,547	22,947,587	27,296,365	89,555,002
Earning per share before taxation - restated	4.80	1.26	4.61	5,14	15.81
Earning per share after taxation - restated	3.56	1.01	2.67	3.18	10.42

(Rupees in Millions) YEAR END Jun-2012 Jun-2010 Jun-2015 Jun-2014 Jun-2013 Jun-2011 OPERATING RESULTS 1,195.06 1,012.72 965.67 713.12 1,695.87 1,382.87 Turnover 176.22 148.49 133.14 145.79 99.18 226.74 Gross profit 26.95 Operating expenses 35.79 32.76 21.45 21.11 17.27 Operating profit 190.95 143.46 121.54 111.69 124.68 81.91 Financial charges 50.23 35.64 29.06 26.98 21.84 18.02 8.23 6.81 10.10 7.88 5.40 Other expenses - net 10.41 Profit before tax 135.87 106.61 87.07 76.28 105.64 58.49 Taxation 46.31 26.84 24.65 20.49 36.79 21.62 36.87 Profit after tax 89.56 79.77 62.42 55.79 68.85 FINANCIAL POSITION Paid-up Capital 85.94 85.94 68.75 68.75 55.00 55.00 Retained earnings 306.43 274.86 236.64 211.82 209.11 173.25 392.37 305.39 280.57 264.11 228.25 Total equity 360.80 Long term loans 48.17 54.16 12.25 4.23 10.58 Deferred taxation & staff benefits 48.49 42.10 30.43 19.39 18.49 16.55 442.30 319.91 273.70 222.48 158.21 Current liabilities 496.56 985.59 899.36 668.00 577.82 515.66 403.01 Total assets 585.16 551.31 Fixed assets (Gross) 874.84 771.85 708.28 632.85 Accumulated depreciation 491.48 444.29 469.54 436.94 407.49 386.20 Fixed assets (Net) 383.36 327.56 238.74 195.91 177.67 165.11 1.09 0.85 0.70 1.10 Long term deposits 1.17 1.09 Current assets 595.61 558.80 423.61 380.60 336.13 236.61 **RATIOS** Fixed Assets Turnover 5.01 5.44 4.42 4.22 5.17 4.32 Trade Debts (days) 51 42 51 50 38 38 Inventory turnover (times) 5.06 5.59 4.93 5.08 2.79 4.12 Inventory turnover (days) 65 74 72 72 131 89 4.87% 15.72% 18.00% 35.41% 40.89% Sales growth % 22.63% 12.74% 12.43% 13.15% 15.10% 13.91% Gross profit margin % 13.37% 5.26% 5.78% 5.26% 5.71% Total charges as % to sales 5.69% 5.54% Net profit before tax % to sales 8.01% 7.73% 7.29% 7.53% 10.94% 8.20% Tax rate (Effective) % 33.00% 34 00% 35.00% 35.00% 35.00% 35.00% Net profit after tax (% to sales) 5.28% 5.77% 5.22% 5.51% 7.13% 5.17% 92.82% 90.79% 81.15% 125.18% 67.04% Return on Capital % (after tax) 104.21% Return on Equity % (after tax) 22.83% 22.11% 20.44% 19.88% 26.07% 16.15% 15.81 12.41 12.66 11.10 19.21 10.63 Earning per share pre-tax 10.42 9.28 7.27 8.12 12.52 6.70 Earning per share after tax 40.81 48.02 Break-up value per share 45.66 41.98 44.42 41.50 **Debt Equity Ratio** 20:80 20:80 9:91 7:93 10:90 7:93 1.26 1.32 1.51 **Current Ratio** 1.20 1.39 1.50 Quick Ratio 0.68 0.65 0.64 0.69 0.81 0.68 DISTRIBUTION 7.50 6.00 Dividend per share Rs. 7.50 5.00 6.50 8.00 Stock Dividend Nil Nil 25% Nil 25% . Nil 90% Dividend payout 77% 81% 103% 80% 80%

# SANA INDUSTRIES LIMITED **BALANCE SHEET** AS AT JUNE 30, 2015

	Neste	2015	2014
ASSETS	Note	Rupees	Rupees
NON CURRENT ASSETS			
Property, plant and equipment	7	388,820,426	339,481,035
Long-term deposits		1,168,120	1,085,450
2011g tollin deposits		389,988,546	340,566,485
CURRENT ASSETS	92		
Stock-in-trade	8	255,810,567	269,765,775
Trade debts - unsecured	9	214,011,518	236,647,337
Loans and advances	10	13,478,472	3,456,486
Trade deposits and short-term prepayments	11	1,527,998	1,308,298
Other receivables	12	49,219,151	36,776,313
Taxation - net		620,751	3,132,237
Cash and bank balances	13	60,936,663	7,711,763
		595,605,120	558,798,209
		985,593,666	899,364,694
TOTAL ASSETS	_	905,593,000	099,304,094
10,000,000 Ordinary shares of Rs. 10/- each Issued, subscribed and paid-up capital 8,593,750 (June 30, 2014: 8,593,750)	<u>-</u>	100,000,000	100,000,000
Ordinary shares of Rs. 10/- each	14	85,937,500	85,937,500
General reserves		132,500,000	132,500,000
Unappropriated profit		173,928,220	142,358,401
Shareholders' equity		392,365,720	360,795,901
NON CURRENT LIABILITIES	15	48,169,065	54,164,373
Long-term musharaka	16	1,243,538	964,586
Staff benefits	17	47,251,163	41,144,198
Deferred taxation	" _	96,663,766	96,273,157
CURRENT LIABILITIES		30,003,700	30,270,107
Trade and other payables	18	86,877,055	57,786,369
Finance cost payable	19	7,424,022	8,582,592
Loans from directors	20	5,000,000	24,200,000
Current portion of long-term musharaka	15	45,246,288	28,850,843
Short term morabaha	21	352,016,815	322,875,832
Taxation - net	7	-	
Taxation not	_	496,564,180	442,295,636
CONTINGENCIES AND COMMITMENTS	22	-	-
TOTAL EQUITY AND LIABILITIES		985,593,666	899,364,694
The annexed notes from/1 to 43 form an integral part		2	333,334,334

The annexed notes from 1 to 43 form an integral part of these financial statements.

(Mohammed Irfan Nawab) Chief Executive

(Mohammed Younus Nawab)

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(Abdul Hussain Antaria) Chief Financial Officer

# SANA INDUSTRIES LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation	(94)	135,865,628	106,617,432
Adjustments for:	*	F2 C04 C24	40 540 444
Depreciation  Gain on sale of fixed assets		53,684,631	43,518,411
Profit on bank accounts		(4,251,018) (1,305,620)	(6,190,511) (826,139)
Provision for staff benefits		751,069	955,880
Finance costs		50,234,566	35,042,630
Operating profit before working capital changes		234,979,256	179,117,703
Increase in current assets	32.1	23,718,015	(127,486,453)
Increase in current liabilities	32.2	28,615,310	13,816,537
Cash generated from operations		287,312,580	65,447,786
Finance costs paid		(51,393,136)	(33,201,876)
Income taxes paid		(40,877,880)	(21,830,039)
Staff benefits paid		(472,117)	(824,290)
Long-term deposit		(82,670)	-
Net cash inflow from operating activities		194,486,777	9,591,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(105,869,716)	(139,805,623)
Profit received on bank accounts		1,147,756	798,178
Proceeds from sale of property, plant and equipment		7,096,712	6,235,000
Net cash used in investing activities		(97,625,248)	(132,772,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts under short-term morabaha		29,140,983	99,886,226
Receipts under long-term musharaka		10,400,137	61,670,264
(Repayment) / borrowings from directors		(19,200,000)	(13,700,000)
Dividend paid		(63,977,749)	(34,118,603)
Net cash inflow from financing activities		(43,636,628)	113,737,886
Net (decrease) / increase in cash and cash equivalents	<u>-</u>	53,224,900	(9,442,978)
Cash and cash equivalents at begining of the year		7,711,763	17,154,741
Cash and cash equivalents at the end of the year	13	60,936,663	7,711,763
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The annexed notes from 1 to 43 form an integral part of these financial statements.

(Mohammed Irfan Nawab)

Chief Executive

(Mohammed Younus Nawab)

Chairman

(Abdul Hussain Antaria)

Chief Financial Officer

# SANA INDUSTRIES LIMITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Turnover	23	1,695,868,172	1,382,870,345
Cost of sales and services	24	(1,469,130,442)	(1,206,647,056)
Gross profit		226,737,730	176,223,290
Distribution expenses	25	(8,958,550)	(8,393,740)
Administrative expenses	26	(26,823,857)	(24,356,237)
		(35,782,407)	(32,749,977)
Other income	27	5,556,638	7,016,650
Other operating expense	28	(10,411,768)	(8,229,429)
		(4,855,129)	(1,212,779)
Operating profit		186,100,193	142,260,534
Finance costs	29	(50,234,566)	(35,643,102)
Profit before taxation		135,865,628	106,617,432
Taxation	30	(46,310,627)	(26,834,949)
Profit after taxation		89,555,000	79,782,483
Earning per share - Basic and diluted	31 =	10.42	9.28

The annexed notes from 1 to 43 form an integral part of these financial statements.

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(Morammed Irfan Nawab)
Ohief Executive

(Mohammed Younus Nawab)
Chairman

(Abdul Hussain Ántaria) Chief Financial Officer

SANA INDUSTRIES LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	501100	R	REVENUE RESERVES	3	
	subscribed and paid-up capital	General	Un-appropriated profit	Sub - total	Total
			(Rupees)		
Balance as at 30 June, 2013- as restated	68,750,000	132,500,000	104,141,207	236,641,207	305,391,207
Transactions with owners: Final dividend for the year ended June 30, 2013 @ Rs. 5 per share	ı	r	(34,375,000)	(34,375,000)	(34,375,000)
Bonus Share for the year ended June 30, 2013 @ 25%	17,187,500		(17,187,500)	-	ı
Profit after taxation for the year ended June 30, 2014 Other comprehensive income	1 1	1 1	79,782,483 9,997,211	79,782,483	79,782,483 9,997,211
		1	89,779,694	89,779,694	89,779,694
Balance as at 30 June, 2014	85,937,500	132,500,000	142,358,401	292,045,901	360,795,901
Transactions with owners: Final dividend for the year ended June 30, 2014 @	1	•	(64,453,125)	(64,453,125)	(64,453,125)
Rs. 7.5 per share					
Bonus Share for the year ended June 30, 2014	t	1	1	1	Ý
Profit after taxation for the year ended June 30, 2015	•	ı	89,555,000	89,555,000	89,555,000
Other comprehensive income	•		6,467,943	6,467,943	6,467,943
	•	t	96,022,944	96,022,944	96,022,944
Balance as at 30 June, 2015	85,937,500	132,500,000	173,928,220	323,615,720	392,365,720

The annexed notes from 1 to 43 form an integral part of these financial statements.

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(Muhammed Younus Nawab)

(Mohammed Irfan Nawab)

(Abeul Hussain Antaria) Chief Financial Officer

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr.Mohammed Khalid Yousuf
Executive Directors	Mr.Mohammed Younus Nawab Mr.Ibrahim Younus
	Mr.Ismail Younus Mr.Mohammed Faizanullah
Non-Executive Directors	Mr.Hafiz Mohammed Irfan Nawab Mr.Ilyas Abdul Sattar

- 2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company:
- 3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4. No casual vacancy occurred in the Board during the year.
- 5. 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.
- 6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9. Most of the Directors meet the exemption criteria of the Directors training program. No further trainings have been carried out during the reporting period, however, the remaining Directors will acquire the certification of Directors training program in the forthcoming financial year and the board will make arrangements to carry out orientation course on Code of Corporate Governance in due course.

- 10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14. The company has complied with all the corporate and financial reporting requirements of the CCG.
- 15. The board has formed an Audit Committee. It comprises 3 members; of whom 2 are non-executive directors and one is company secretary. The chairman of the Audit Committee is a non-executive director.
- 16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17. The board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors.
- 18. The board has set up an effective internal audit function
- 19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Karachi: 29th September, 2015

Chief Executive

# SANA INDUSTRIES LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Net profit for the year	89,555,000	79,782,483
Remeasurements of staff employment benefit	9,653,647	15,147,289
Related deferred tax	(3,185,704)	(5,150,078)
	6,467,943	9,997,211
Total comprehensive income for the year	96,022,944	89,779,694

The annexed notes from 1 to 43 form an integral part of these financial statements.

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(Morammed Irfan Nawab)

Ohief Executive

(Mohammed Younus Nawab) Chairman

(Abdul Hussain Antaria) Chief Financial Officer

# SANA INDUSTRIES LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### 1 NATURE OF BUSINESS

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 engaged in the following activities.

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) food stuff (processing of ready to eat meals).

The registered office of the Company is located at SF-96, S.I.T.E., Karachi, Pakistan.

#### 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984 (the Ordinance) and the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Ordinance or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Ordinance or the directives issued by the SECP shall prevail.

#### 3 BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under historical cost convention.
- 3.2 These financial statements are presented in Pak rupees which is the Company's functional and presentation currency.

# 4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### 4.1 Initial application of standards, amendments or an interpretation to existing standards

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Effective date (annual periods beginning on or after)

#### Standard or Interpretation

IAS 27 Separate financial statements (Amendments)	January 1, 2015
IFRS 10 Consolidated financial statements (Amendments)	January 1, 2015
IFRS 11 Joint Arrangements	January 1, 2015
IFRS 12 Disclosure of interests in other entities (Amendments)	January 1, 2015
IFRS 13 Fair value measurement	January 1, 2015

The Company expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.

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In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014.

Standa	rd or Interpretation		Effective date (annual periods beginning on or after)
IFRS 8	Operating Segments		July 01, 2014
IAS 16	Property, plant and equipment - (Ame	endment)	July 01, 2014
IAS 38	Intangible Assets - (Amendment)	94	July 01, 2014
IAS 24	Related Party Disclosure		July 01, 2014
IAS 40	Investment Property		July 01, 2014

#### 5 SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except for leasehold land, SF/96 premises (tenancy rights) and capital work in progress, which are stated at cost.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 7.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate annually.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

The carrying value of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

#### 5.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of fixed assets are capitalized in the relevant fixed asset for the period upto the date of commercial production, or commencement of its intended use. All other borrowing costs are charged to profit and loss account as and when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 5.3 Stock-in-trade

These are stated at the lower of net realizable value (NRV) and cost determined as follows:

- Raw and packing material

on a weighted average basis;

the

- Stock-in-transit
- Work-in-process and finished goods
- Waste stock

- at invoice price plus other charges .
  - at weighted average cost of
- at net realizable value.

Net realisable value is determined by considering selling price of stock in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

#### 5.4 Stores and spares

The cost of stores and spares are charged to revenue as and when acquired. The cost of stores and spares inventory left unused is not considered material.

#### 5.5 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

#### 5.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

#### 5.7 Long and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged as an expense an an accrual basis.

#### 5.8 Trade and other payables

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

#### 5.9 Provisions

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

#### 5.10 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to profit and loss account.

# 5.11 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income and expenditure is also netted off and recorded on a net basis in profit and loss account.

## 5.12 Employee benefits

#### 5.12.1 Compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

#### 5.12.2 Defined benefit scheme

The Company operates a recognised, funded defined benefit gratuity scheme for all its permanent employees which is administered by the Trustees. Contributions are made to the fund on the basis of actuarial valuation carried out each year using Projected Unit Credit Method. Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the advice of qualified actuaries.

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all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the expected average working lives of the employees participating in the plan.

#### 5.13 Taxation

#### Current

Provision for current taxation is the higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and tax paid on presumptive basis, minimum tax and alternate corporate tax u/s 113C.

#### Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realizable.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

#### 5.14 Revenue recognition

Revenue from sale of goods is recognised upon passage of title to the customer which generally coincides with physical delivery and acceptance of the goods.

Revenue from services in respect of cold storage is recognised on accrual basis.

Profit on bank accounts is recognised on accrual basis.

# 5.15 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

#### 5.16 Segment reporting

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

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments; Textile (Manufacturing and sale of man-made blended yarn), Cold storage (Providing services in respect of cold storage through "compartmentalized cold store project) and Food stuff (Processing of "ready to eat" meals).

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## 5.17 Related party transactions

All transactions with related parties are carried on an arm's length basis.

# 5.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves is recognised in the Company's financial statements in the period in which these are approved.

#### 6 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

In the process of applying the company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

# Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

#### Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 12.2.5 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might effect unrecognized gains and losses in those years. The actuarial valuation involves making assumptions about discount rate, future salary increases, mortality rates, withdrawal rates and normal retirement age.

#### **Taxation**

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. 'Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### Stock-in-trade

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in respective carrying value.

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7 PROPERTY, PLANT AND EQUIPMENT
Operating fixed assets
Capital work-in-progress

7.1 Operating fixed assets

339,481,035

388,820,426

327,561,131

383,351,624 5,468,802

7.1

2014 Rupees

2015 Rupees

Note

			(							
2015 PARTICULARS	-ARS		1800		I	ACCUM	ACCUMULATED DE	PRECIATION	N O I	BOOK VALUE
		AS AT JULY 01, 2014	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2015	RATE % per annum	AS AT JULY 01, 2014	ADJUSTMENTS DEPRECIATION ON FOR THE DISPOSAL YEAR	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2015	AS AT JUNE 30, 2015
Leasehold land		12,095,494		12,095,494	r	í		r		12,095,494
SF/96 Premises (Tenancy Rights)	nancy Rights)	5,000,000	ı	5,000,000	1	•		1		5,000,000
Building on leasehold land		120,182,723	12,756,494	132,939,217	10	60,341,662	ì	9,708,022	70,049,684	62,889,533
Electrification - Factory Building	ory Building	11,937,623	40,696	11,978,319	10	8,953,638		850,399	9,804,037	2,174,282
Office Premises SF/96	96	12,043,585	250,000	12,593,585	10	5,087,484	1	963,737	6,051,221	6,542,364
Plant and machinery		559,990,763	83,186,276 (2,725,000)	640,452,039	10	348,428,280	(1,792,083)	34,533,652	381,169,849	259,282,190
Handling equipments	S	18,102,279	668,340	18,770,619	10 & 20	5,074,078		1,987,114	7,061,192	11,709,427
Furniture, fixtures and office equipments	nd office	6,372,426	627,776 (215,199)	6,785,003	10	3,610,004	(27,074)	430,805	4,013,735	2,771,268
Lab Equipment		311,295	•	311,295	10 & 20	31,130		62,259	93,389	217,906
Vehicles		23,877,041	13,582,433 (6,343,942)	31,115,532	20	11,155,964	(4,626,330)	4,943,544	11,473,178	19,642,354
Computers & software	J.	1,745,268	908,803 (52,800)	2,601,271	70	1,415,132	(45,760)	205,099	1,574,471	1,026,800
Plastic Crates		193,425		193,425	20	193,419			193,419	9
JUNE 30, 2015 - Rupees Disposals		771,851,922	112,320,818 (9,336,941)	874,835,799		444,290,791	(6,491,247)	53,684,631	491,484,175	383,351,624

PARTICULARS		COST			ACCUM	ACCUMULATED DE	PRECIATION	LION	
	AS AT JULY 01, 2013	ADDITIONS (DELETIONS)	AS AT JUNE 30, 2014	RATE % per annum	AS AT JULY 01, 2013	ADJUSTMENTS D ON DISPOSAL	DEPRECIATION FOR THE YEAR	AS AT JUNE 30, 2014	SOUN VALUE AS AT JUNE 30, 2014
	12,095,494	ř	12,095,494	1	t		,		12,095,494
SF/96 Premises (Tenancy Rights)	5,000,000	ř	5,000,000	į			•		5,000,000
Building on leasehold land	93,007,610	27,175,113	120,182,723	10	52,343,005	•	7,998,657	60,341,662	59,841,061
Electrification - Factory Building	11,881,623	96,000	11,937,623	10	8,099,584	ı	854,054	8,953,638	2,983,985
Office Premises SF/96	11,630,811	412,774	12,043,585	10	4,138,466		949,018	5,087,484	6,956,101
	535,188,681	88,775,891 (63,973,809)	559,990,763	10	385,111,189	(63,973,798)	27,290,889	348,428,280	211,562,483
Handling equipments	9,300,435	8,801,844	18,102,279	10 & 20	3,730,338	•	1,343,740	5,074,078	13,028,201
Furniture, fixtures and office equipments	5,836,721	597,705 (62,000)	6,372,426	10	3,238,235	(5,525)	377,294	3,610,004	2,762,422
		311,295	311,295	10 & 20	t		31,130	31,130	280,165
	2,800,000	(2,800,000)	•	25	2,508,333	(2,799,999)	291,666		-1
	19,882,132	5,982,519 (1,987,610)	23,877,041	20	8,867,904	(1,987,608)	4,275,668	11,155,964	12,721,077
Computers & software	1,460,624	284,644	1,745,268	20	1,308,837	-	106,295	1,415,132	330,136
	193,425		193,425	20	193,419		1	193,419	9
JUNE 30, 2014 - Rupees	708,277,556	132,397,785 (68,823,419)	771,851,922		469,539,310	(68,766,930)	43,518,411	444,290,791	327,561,131

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

Manufacturing and services expenses Fuel and power Distribution expenses Administration expenses

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Note	2015 Rupees	2014 Rupees
24	40,865,138	36,048,772
24.1	9,143,437	5,497,890
25	13,554	20,817
26	3,662,502	1,950,932
	53,684,631	43,518,411

4.1.2 Details of property, plant and equipment sold are given below:

PARTICULARS OF BUYERS		Muhammad Shabbir Samundri Road, Faisalabad	Orient Energy Systems (Pvt.) Ltd. Plot # 9, Sector24, Korangi indiretrial area	Mr. Shaikh Maaz Rahman House # 74/3, Rohail khand society, Hill park, Karachi.	Mr. Imtiaz Ahmed Chak # 186, Doranwala, Dakkana chak jamra, Tehsil chak jamra,	Mr.Muhammad Naveed House # 1730-751, Habib abad baldia town, ƙarachi	Mr.Shahid Alam House # 4/443, Shah faisal colony, karachi	Pak-Kuwait Takaful Company Ltd. Finance & Trade Center, 4th Floor Block & Shahrah-e-Faisal	Snatch	Snatch	Mr. Yasir Ali 156/A, Marton Quarters, Jamshed Road, Karachi.	Snatch	Chozee Mobile Building # 21-C, Opp. Subway, 4th Zamzama Commercial lane, Phase-V, D.H.A. Karachi.		Shopping Center, Block M, North
MODE OF	DISPOSAL	Negotiation	Negotiation	Negotiation	Negotiation	Negotiation	Negotiation	Negotiation	Theft	Theft	Trade in	Theft	Trade in	Negotiation	
GAIN/	(ross)	42,295	787,500	2,449,999	674,999	13,706	117	402,573	(2)	(39,775)	(27,099)	(42,900)	(33,350)	22,960	4,251,018
SALE	PROCEEDS	762,712	1,000,000	2,450,000	675,000	18,000	16,000	2,100,000	,		21,000	•	24,000	30,000	7,096,712
BOOK	VALUE	609,167	212,500	<del>-</del>	<del>-</del>	4,294	15,889	1,697,427	<del>-</del>	39,775	48,099	42,900	57,350	7,040	2,845,694
ACCUMULATED	DEPRECIATION	465,833	1,287,500	2,849,739	925,779	38,638	25,561	786,613	14,199	3,225	3,900	1,100	4,650	45,760	6,491,247
ORIGINAL	COST	1,075,000	1,500,000	2,849,740	925,780	42,932	41,450	2,484,040	14,200	43,000	51,999	44,000	62,000	52,800	9,336,941
DATE/YEAR OF	ACQUISITION	31-May-2010 27-Feb-2012	1-Oct-2006	13-Nov-2009	12-Dec-2009	30-Mar-2010	15-Dec-2011	30-Nov-2012	ipments 4-Jun-2003	6-Oct-2013	3-Aug-2014	17-Apr-2014	7-Jul-2014	3-May-2010	
DESCRIPTION		Plant & Machinery USED AUTO CONE ESPRO (56 CONTROL PANEL	WAUKESHA GENERATOR 250 KW USED	Vehicles TOYOTA HILUX BD-0057	TOYOTA COROLLA AGL-794	MOTOR CYCLE UNIQUE KEM- 1233	MOTOR CYCLE UNION KFN- 8150	HONDA CIVIC AYN-802	Furniture, Fixture & Office Equipments MOBILE SIEMANS 555	MOBILE BLACKBERRY Q-10	SAMSUNG NOTE 3	SAMSUNG S4	SAMSUNG GALAXY S5	Computers & software LAPTOP COMPAQ Q61 (IY)	TOTAL

pla fre

		Note	2015 Rupees	2014 Rupees
8	STOCK-IN-TRADE			
	Raw and packing materials	8.1	125,946,993	103,346,740
	Work-in-process		24,105,087	17,810,247
	Finished goods		105,192,116	. 147,668,988
	Waste stock		566,370	939,800
8.1	Raw and packing materials	<i>(%</i> =	255,810,567	269,765,775
	In hand		112,715,098	78,174,519
	In transit		13,231,895	25,172,221
			125,946,993	103,346,740
9	TRADE DEBTS - unsecured			
	Considered good			
	- Related party - Connect Logistic (Pvt.) Ltd.	9.1		. 556,462
	- Others		214,011,518	236,090,875
			214,011,518	236,647,337
9.1	The age analysis of debt past due but not impair	red is as follow	v:	
	Up to 3 months			162,998
	3 to 6 months			158,211
	More than 6 months		•	235,253
10	LOANS AND ADVANCES			
	Loans to employees - secured	10.1	2,795,866	1,873,412
	Advance against purchase of Land		5,000,000	
	Unsecured advances to:			
	- Contractors		664,119	673,525
	- against imports and local purchases		5,018,487	909,549
			5,682,606	1,583,074
			13,478,472	3,456,486
10.1	These represent interest free loans to emplo Company's policy and are secured against ba equal monthly installments.	oyees for per lance of gratu	sonal use in acco uity fund. These ar	ordance with the e recoverable in
11	TRADE DEPOSITS AND SHORT-TERM PREPA	YMENTS		
	Deposits		851,131	883,000
	Prepayments		676,867	425,298
			1,527,998	1,308,298
12	OTHER RECEIVABLES			
	Sales tax refundable		11 240 700	0.050.000
	Staff employment benefit	12.1	11,249,768	9,053,606
	Others	12.1	36,807,761	27,115,988
			1,161,622	606,719
			49,219,151	36,776,313

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		Note	2015 Rupees	2014 Rupees
12.1	STAFF EMPLOYMENT BENEFIT	Note	Rupees	Rupees
	Balance sheet Reconciliation			
	Present value of defined benefit obligation	12.2.2	(40,091,714)	(31,291,361)
	Fair value of plan assets	12.2.3	76,899,475	58,407,349
			36,807,761	27,115,988
12.2	Movement	-		
	Balance at beginning of the year		27,115,988	11,405,401
	(Expense) / Income for the year	12.2.1	(147,044)	(1,417,677)
	Other comprehensive income		9,653,647	15,147,289
	Contribution		185,170	1,980,975
	Balance at end of the year		36,807,761	27,115,988
12.2.1	Charge for defined benefit plan			
	Current Service cost		2,955,268	2,905,184
	Interest cost		(2,808,224)	(1,487,507)
		<u> </u>	147,044	1,417,677
	The charge for the year has been allocated as f	follows:		
	Cost of sales and services:			
	Manufacturing and service expenses		100,573	655,894
	Fuel and power		2,459	30,147
			103,032	686,042
	Distribution costs		6,965	90,001
	Administrative expenses		37,047	641,634
			147,044	1,417,677
12.2.2	Movement in the present value of defined benefit obligations			
	Balance at beginning of the year		31,291,361	24,941,471
	Current service cost		2,955,268	2,905,184
	Interest cost		4,111,246	2,949,420
	Benefits paid during the year		(1,675,376)	(725,947)
	Actuarial loss / (gain)		3,409,215	1,221,233
	Balance at end of the year		40,091,714	31,291,361
12.2.3	Movement in the fair value of plan assets			•
	Balance at beginning of the year		58,407,349	36,346,872
	Expected return on plan assets		6,919,470	4,436,926
	Amount paid by Company to the fund		185,170	1,980,975
	Benefits paid		(1,675,376)	(725,947)
	Actuarial gain		13,062,862	16,368,523
	Balance at end of the year		76,899,475	58,407,349

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	2015	2014
	Rupees	Rupees
12.2.4 Remeasurement recognised in other comprehensive in	come	
Remeasurement of present value of defined benefit obligation	(3,409,215)	(1,221,233)
Remeasurement of present value of fair value of plan assets	13,062,862	16,368,523
Remeasurements	9,653,647	15,147,290

# 12.2.5 Principal actuarial assumptions used in the actuarial valuation

Actuarial valuation of the scheme is carried on every year and the latest actuarial valuation was carried out at June 30, 2015. The significant assumptions used for actuarial valuation were as follows:

				2015	2	2014	
Withdrawal Rates	Withdrawal Rates			Moderate		Moderate	
Morality Rates	Morality Rates			usted SLIC 2001-05	Adjusted SLIC 2001-05		
Expected rate of increase in fu	Expected rate of increase in future salaries - per annum		n	8.25%		2.00%	
Discount rate - per annum	Discount rate - per annum			9.75%	13.50%		
Expected rate of return on plan assets				9.75%	13.50%		
Normal Retirement age			6	0 years	60 years		
12.2.6 Comparison for five years							
	2015	2014	2013	2012	2011	2010	
As at June 30,							
Present value of defined benefit obligations	40,091,714	31,291,361	21,894,564	23,589,094	20,099,420	14,567,952	
Fair value of plan assets	(76,899,475)	(58,407,349)	(23,026,256)	(36,346,872)	24,403,651	17,435,332	
(Surplus) / Deficit	(36,807,761)	(27,115,988)	(306,098)	(11,405,401)	(4,304,231)	(2,867,380)	
Remaurement Loss/(Gain) on Obligation	3,409,215	1,221,234	(1,868,405)			-	
Remaurement (Gain)/Loss on Plan Asset	(13,062,862)	(16,368,523)	8,842,313				

# 12.2.7 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to change in the unit credit method assumptions is;

Particulars	PVDBO (Amount of PKR)	PVDBO (Amount of PKR)
Current Liability	40,091,714	
+1% Discount Rate	36,739,399	-8.36%
-1% Discount Rate	44,016,390	9.79%
+1% Salary Increase Rate	44,212,170	10.28%
-1% Salary Increase Rate	36,524,199	-8.90%
+10% Withdrawal Rate	40,135,815	0.11%
-10% Withdrawal Rate	40,043,604	-0.12%
1 Year Mortality age set back	40,071,668	-0.05%
1 Year Mortality age set forward	40,111,760	0.05%

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Note	2015 Punasa	2014
	Rupees	Rupees
	75,558,726	54,688,098
	1,340,749	3,719,251
	76,899,475	58,407,349
		75,558,726 1,340,749

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year was Rs.2,993,394/- (2014: Rs.8,585,041/-).

# 13 CASH AND BANK BALANCES

Balances with banks on:

- in current accounts		48,657,620	5,931,308
- in PLS accounts	13.1	11,556,753	665,215
		60,214,373	6,596,523
Cash in hand		722,290	1,115,240
		60,936,663	7,711,763

Note

2015

2014

13.1 These carry profit at the average rate of 4.69% per annum (2014: 4.55% per annum).

# 14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL 2015 2014

No. of shares		(Rup	ees)		
	4,000,000	4,000,000	Ordinary shares of Rs.10/- fully paid in		
			cash	40,000,000	40,000,000
	4,593,750	4,593,750	Ordinary shares of Rs.10/- issued as fully paid bonus shares	45,937,500	45,937,500

	<b>8,593,750</b> 8,593,750		85,937,500	85,937,500
15	LONG-TERM MUSHARAKA - secured			
	Meezan Bank Limited	15.1	5,734,151	12,251,615
	Habib Metropolitan Bank Limited	15.2	61,994,089	41,428,802
	Standard Chartered Bank	153	25 687 114	20 224 700

Less: Current portion (45,246,288) (28,850,843) (48,169,065) (46,373)

#### DIMINSHING MUSHARAKA DISCLOSURE

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2015	Ending Date
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#### 15.1 MEEZAN BANK:

					5,734,151	
23-Mar-13 Savio spare-parts	8,249,108	6M KIBOR + 2.2	12%	24%	2,749,692	11-Jul-16
26-Nov-12 4 sets of 2nd hand winders	9,284,973	6M KIBOR + 2.2	12%	24%	2,984,459	25-Mar-16

# 15.2 HABIB METROPOLITAN BANK:

27-Dec-13	Spare parts spindle bolster	2,779,814	6M KIBOR + 2%	12%	18%	2,253,904	26-Nov-17
12-Dec-13	Ring spinning frame		6M KIBOR + 2%		18%	5,083,167	29-Nov-17
02-Jan-14	Generator WAUKESHA	31,121,334	6M KIBOR + 2%	12%	18%	23,341,001	
10-Jan-14	Spare parts steel ring & rubber apron	1,258,414	6M KIBOR + 2%	12%	18%	1,020,337	26-Nov-17
10-Jan-14	Generator WAUKESHA	30,295,680	6M KIBOR + 2%	10%		30,295,680	

61,994,089

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# 15.3 STANDARD CHARTERED BANK:

	Racking systems, blast freezers and accessories	9,900,000	1M KIBOR + 2%			4,950,000	12-Sep-16
	Panels, machines for cooling system and accessories	10,472,000	1M KIBOR + 2%	-		5,235,995	27-Oct-16
03-Mar-14	Reach trucks and other expension work at AZ	11,000,000	1M KIBOR + 2%	-	-	6,599,996	02-Dec-16
02-Sep-14	Cool Chain Machinery, Racking, Door etc	12,324,623	1M KIBOR + 2%	-	2	8,901,123	02-Dec-16
					E3000 1191 E1	25 687 114	

15.4 Securities for the above diminishing musharaka facilities include exclusive charge over the assets financed by the respective banks and personal guarantees of the directors.

Note   Rupees   Rupees   Rupees   Provision for compensated absences   16.1   1,243,538   964,586   832,996   Provision for compensated absences   Balance at beginning of the year   964,586   832,996   Charge for the year   751,069   955,880   Renefits paid during the year   (472,117)   (824,290)   Balance at end of the year   1,243,538   964,586   964,586   964,586			92	2015	2014
Provision for compensated absences   16.1   1,243,538   964,586			Note	Rupees	Rupees
16.1 Provision for compensated absences         Balance at beginning of the year       964,586       832,996         Charge for the year       751,069       955,880         Benefits paid during the year       (472,117)       (824,290)         Balance at end of the year       1,243,538       964,586         17 DEFERRED TAXATION       Deferred tax (asset ) / liability on account of:	16	STAFF BENEFITS			
Balance at beginning of the year       964,586       832,996         Charge for the year       751,069       955,880         Benefits paid during the year       (472,117)       (824,290)         Balance at end of the year       1,243,538       964,586         17       DEFERRED TAXATION       Deferred tax (asset ) / liability on account of:		Provision for compensated absences	16.1	1,243,538	964,586
Charge for the year         751,069         955,880           Benefits paid during the year         (472,117)         (824,290)           Balance at end of the year         1,243,538         964,586           17         DEFERRED TAXATION         Deferred tax (asset ) / liability on account of:	16.1	Provision for compensated absences			
Benefits paid during the year   (472,117)   (824,290)     Balance at end of the year   1,243,538   964,586     17   DEFERRED TAXATION     Deferred tax (asset ) / liability on account of:		Balance at beginning of the year		964,586	832,996
Balance at end of the year   1,243,538   964,586		Charge for the year		751,069	955,880
DEFERRED TAXATION   Deferred tax (asset ) / liability on account of:		Benefits paid during the year		(472,117)	(824,290)
Deferred tax (asset ) / liability on account of:   - accelerated depreciation   34,284,779   31,363,518     Remeasurement of defined benefit plans - O.C.I   component   12,966,384   9,780,680     47,251,163   41,144,198     18 TRADE AND OTHER PAYABLES   Creditors   9,964,983   6,790,802     Accrued expenses   24,996,597   18,720,961     Gas Infrastructure Development Cess (GIDC)   18.1   22,046,105   12,819,369     Workers' Profits Participation Fund   18.2   18,603,266   14,189,321     Workers' Welfare Fund   2,770,149   2,175,866     Sales tax payable   1,278,829   991,435     Unclaimed dividend   1,994,691   1,519,315     Others   5,222,435   579,300		Balance at end of the year		1,243,538	964,586
- accelerated depreciation Remeasurement of defined benefit plans - O.C.I component  12,966,384 9,780,680 47,251,163 41,144,198  18 TRADE AND OTHER PAYABLES Creditors Accrued expenses Accrued expenses Gas Infrastructure Development Cess (GIDC) Workers' Profits Participation Fund Workers' Welfare Fund Sales tax payable Unclaimed dividend Others  34,284,779 31,363,518 9,780,680 47,251,163 41,144,198  8,790,802 4,996,597 18,720,961 12,819,369 12,819,369 14,189,321 18,603,266 14,189,321 18,703,469 11,278,829 11,278,829 11,519,315 11,519,315 11,519,315 11,519,315 11,519,315 11,519,315	17	DEFERRED TAXATION			
Remeasurement of defined benefit plans - O.C.I component   12,966,384   9,780,680   47,251,163   41,144,198		Deferred tax (asset ) / liability on account of:			
component         12,966,384         9,780,680           47,251,163         41,144,198           18         TRADE AND OTHER PAYABLES           Creditors         9,964,983         6,790,802           Accrued expenses         24,996,597         18,720,961           Gas Infrastructure Development Cess (GIDC)         18.1         22,046,105         12,819,369           Workers' Profits Participation Fund         18.2         18,603,266         14,189,321           Workers' Welfare Fund         2,770,149         2,175,866           Sales tax payable         1,278,829         991,435           Unclaimed dividend         1,994,691         1,519,315           Others         5,222,435         579,300		- accelerated depreciation		34,284,779	31,363,518
18 TRADE AND OTHER PAYABLES         Creditors       9,964,983       6,790,802         Accrued expenses       24,996,597       18,720,961         Gas Infrastructure Development Cess (GIDC)       18.1       22,046,105       12,819,369         Workers' Profits Participation Fund       18.2       18,603,266       14,189,321         Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300		Remeasurement of defined benefit plans - O.C.I			
18 TRADE AND OTHER PAYABLES         Creditors       9,964,983       6,790,802         Accrued expenses       24,996,597       18,720,961         Gas Infrastructure Development Cess (GIDC)       18.1       22,046,105       12,819,369         Workers' Profits Participation Fund       18.2       18,603,266       14,189,321         Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300		component		12,966,384	9,780,680
Creditors       9,964,983       6,790,802         Accrued expenses       24,996,597       18,720,961         Gas Infrastructure Development Cess (GIDC)       18.1       22,046,105       12,819,369         Workers' Profits Participation Fund       18.2       18,603,266       14,189,321         Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300			-	47,251,163	41,144,198
Accrued expenses 24,996,597 18,720,961 Gas Infrastructure Development Cess (GIDC) 18.1 22,046,105 12,819,369 Workers' Profits Participation Fund 18.2 18,603,266 14,189,321 Workers' Welfare Fund 2,770,149 2,175,866 Sales tax payable 1,278,829 991,435 Unclaimed dividend 1,994,691 1,519,315 Others 5,222,435 579,300	18	TRADE AND OTHER PAYABLES			
Gas Infrastructure Development Cess (GIDC)       18.1       22,046,105       12,819,369         Workers' Profits Participation Fund       18.2       18,603,266       14,189,321         Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300		Creditors		9,964,983	6,790,802
Workers' Profits Participation Fund       18.2       18,603,266       14,189,321         Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300		Accrued expenses		24,996,597	18,720,961
Workers' Welfare Fund       2,770,149       2,175,866         Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300		Gas Infrastructure Development Cess (GIDC)	18.1	22,046,105	12,819,369
Sales tax payable       1,278,829       991,435         Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300			18.2		14,189,321
Unclaimed dividend       1,994,691       1,519,315         Others       5,222,435       579,300					2,175,866
Others 5,222,435 579,300					
<b>86,877,055</b> 57,786,369		Others	- 1		
			<u> </u>	86,877,055	57,786,369

18.1 Government of Pakistan had increased Gas Infrastructure Development Cess (GIDC) with effect from July, 2012 from Rs.13/- per MMBTU to Rs.100/- per MMBTU. Then on September 7, 2012 a new notification was issued and GIDC was fixed at Rs.50/- per MMBTU. This action was challenged vide CP No.2726/2012 in the Islamabad High Court and stay was obtained for the levy of the incremental GIDC. However, as a prudent policy, the Company has already provided the incremental liability.

#### 18.2 Workers' Profit Participation Fund

Balance at beginning of the year	14,189,321	11,085,850
Payments made during the year	(3,976,883)	(3,222,964)
	10,212,438	7,862,886
Allocation for the year	7,296,620	5,725,963
Finance charge on WPPF	1,094,208	600,472
Balance at end of the year	18,603,266	14,189,321

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			2015	2014
		Note	Rupees	Rupees
19	FINANCE COST PAYABLE			
	Accrued morabaha profit		7,240,915	7,687,984
	Accrued diminishing musharaka profit		183,107	894,608
			7,424,022	8,582,592
20	LOANS FROM DIRECTORS - unsecured			
	Borrowings from directors		5,000,000	24,200,000
	This represents short-term interest free borro	wings from	director for purcha	so of land The

This represents short-term interest free borrowings from director for purchase of land. The comparative amount of Rs. 24,200,000 represented short-term interest free borrowings from directors to meet working capital requirement which was repaid during the year.

#### 21 SHORT-TERM MORABAHA - secured

Habib Metropolitan Bank Morabaha	21.1	233,532,345	232,150,212
Standard Chartered Bank Morabaha	21.2	118,484,470	90,725,620
		352,016,815	322,875,832

- 21.1 Short-term Morabaha arrangement had been obtained from a commercial bank for the regular purchases of raw material. The banks has approved a facility of Rs.270 (2014: Rs.270 million). The effective rate of profit on Morabaha facility ranges between 8.76% to 12.22%, based on 6 months KIBOR + 2.00% per annum. The arrangement is secured against first charge over stocks and receivables, land, building and plant & machinery (except assets financed under diminishing musharaka by another financial institution) located at H.I.T.E., Hub, Baluchistan, execution of promissory notes and personal guarantees of three directors of the Company.
- 21.2 Short-term Morabaha arrangement has been obtained for the regular purchases of raw material. The bank has approved limit of Rs.134 million(2014:Rs 134 million). The effective rate of profit on Murabaha facility ranges between 8.49% to 11.96% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against first charge over Stocks and receivables, Land, Building and Plant & Machinery (except assets financed under Diminishing Mushareka by another financial institution) located at H.I.T.E., Hub, Baluchistan, execution of promissory notes and personal guarantees of three directors of the Company.

#### 22 CONTINGENCIES AND COMMITMENTS

#### 22.1 Commitments

Irrevocable letter of credits	34,905,612	34,905,612
Capital expenditure	50,000,000	20,000,000
Letter of guarantee issued by a commercial bank	9,647,460	10,368,900
Custom duty, sales tax, FED and Income tax on goods in transit	2,126,744	4,360,460

#### 22.2 Contingencies

There were no contingencies as at balance sheet date. (2014: nil).

#### 23 TURNOVER

Textile

CALIFO		
Manufacturing		
- local	1,546,221,167	1,225,466,910
- export		
Trading	2,085,811	3,346,796
Waste stock	5,496,432	5,757,359
Services rendered		
	1,553,803,410	1,234,571,065
Less: Commission and discounts	(2,255,296)	
Cold storage	143,255,548	145,006,477
and stuff division		

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	- local - export	Note	2015 Rupees 936,170 128,340	2014 Rupees 292,995 2,999,808
		-	1,695,868,172	1,382,870,345
24	COST OF SALES AND SERVICES Raw and packing material consumed			
			78,174,519	76,451,930
	Opening stock Purchases		933,859,423	780,366,956
	Closing stock	94	(112,715,098)	(78,174,519)
	Globing stock		899,318,845	778,644,367
	Manufacturing and services expenses	_		
	Fuel and power	24.1	184,369,861	173,511,936
	Salaries, wages and benefits		210,908,459	160,197,472
	Repairs and maintenance		60,356,331	27,229,082
	Stores and spares consumed			19,323,863
	Insurance		4,329,870	3,969,956
	Rent, rates and taxes		471,854	440,302
	Depreciation	7.2	40,865,138	36,048,772
	Security		3,703,157	3,249,157
	Others		28,251,465	21,682,277
			533,256,135	445,652,817
			1,432,574,980	1,224,297,184
	Work-in-process	Г		
	Opening		17,810,247	10,261,820
	Closing		(24,105,087)	(17,810,247)
			(6,294,840)	(7,548,427)
	Finished goods and waste stock			
	Opening		148,608,788	119,456,367
	Purchases		-	19,050,720
	Closing		(105,758,486)	(148,608,788)
			42,850,302	(10,101,701)
			1,469,130,442	1,206,647,056
24.1	FUEL AND POWER			
	Generation cost:			
	Salaries, wages and benefits		2,438,967	2,576,139
	Fuel expenses		117,403,780	109,729,827
	Electricity		25,639,690	24,099,434
	Stores and spares consumed			497,688
	Oil and lubricants		20,492,387	23,672,782
	Repairs and maintenance		8,674,022	7,183,147
	Depreciation	7.2	9,143,437	5,497,890
	Insurance		309,281	234,509
	Electricity duty Others		255,798 12,500	20,52′
			184,369,861	173,511
			10-7,000,001	170,01

		Note	2015 Rupees	2014 Rupees
25	DISTRIBUTION EXPENSES			
	Salaries, wages and benefits		3,099,924	2,956,247
	Packing and forwarding expenses		5,207,881	4,000,842
	Communication		323,755	356,236
	Sales promotion expenses		301,124	624,298
	Trade Mark Registration	194		279,830
	Depreciation	7.2	13,554	20,817
	Export expenses		12,312	155,470
			8,958,550	8,393,740
26	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits		15,662,755	14,024,670
	Printing and stationery		290,358	.353,801
	Legal and professional charges		1,345,239	1,543,874
	Fees and subscription		796,306	626,982
	Travelling and conveyance		924,094	1,819,785
	Repairs and maintenance		1,300,500	1,233,674
	Rent rates and taxes		209,975	245,150
	Depreciation	7.2	3,662,502	1,950,932
	Security expenses		340,221	204,472
	Electricity and gas		1,136,336	1,162,444
	Insurance		342,183	338,691
	Miscellaneous		813,387	851,762
			26,823,857	24,356,237
27	OTHER INCOME			
	Gain on disposal of fixed assets		4,251,018	6,190,511
	Profit on PLS account		1,305,621	826,139
			5,556,638	7,016,650
28	OTHER OPERATING EXPENSE			
	Workers' Profit Participation Fund		7,296,620	5,725,963
	Auditors' remuneration	28.1	344,999	327,600
	Workers Welfare Fund		2,770,149	2,175,866
			10,411,768	8,229,429
28.1	Auditors' remuneration		and the second s	
	Audit fee		344,999	327,600
	Out of pocket expenses		•	
			344,999	327,600

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29	FINANCE COSTS	2015 Rupees	2014 Rupees
	Profit on morabaha	39,902,617	28,845,559
	Profit on diminishing musharaka	8,811,972	5,879,296
	Morabaha documentation charges	40,173	22,330
	Guarantee commission		
		62,491	124,989
	Local L/C charges	19,428	5,970
	Bank charges	303,677	164,485
	Finance charge on WPPF	1,094,208	600,472
		50,234,566	35,643,102
30	TAXATION		
	Current	32,606,065	20,378,151
	Prior	10,783,301	21,402
	Deferred	2,921,261	6,435,396
		46,310,627	26,834,949
30.1	Reconciliation of accounting profit and tax expense		
	Accounting profit Tax rate	135,865,628 33%	106,617,432 34%
	Tax on accounting profit at applicable rate	44,835,657	36,249,927
	Tax effect of expenses not allowed for tax		
	Tax effect of income assessed under Final Tax Regime	1,283	29,998
	Prior year adjustment	10,783,301	21,402
	Effect of tax rebate	(8,318,628)	(8,877,589)
	Effect of change in tax rate	(990,986)	(588,789)
		46,310,627	26,834,949

30.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that it's reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its tax after tax profits or 50% of its issued, subscribed and paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on September 29, 2015 has recommended sufficient cash dividend for the ended June 30, 2015 (refer note 34) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financials statements for the year ended June 30, 2015

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29,090,686

13,816,537

## 31 EARNING PER SHARE - BASIC AND DILUTED

	There is no dilutive effect on basic earnings per s	hare of the	Company which is b	ased on:
	Profit after taxation from continued operation		89,555,000	79,782,483
			89,555,000	79,782,483
		9%	Number of	shares
	Weighted average number of shares	_	8,593,750	8,593,750
	Basic and diluted earnings per share		10.42	9.28
32	WORKING CAPITAL CHANGES			
32.1	(Increase) / decrease in current assets			
	Stock-in-trade		13,955,208	(49,602,956)
	Trade debts		22,635,819	(71,134,363)
	Loans and advances		(10,021,986)	934,196
	Trade deposits and short term pre-payments		(219,700)	(716,054)
	Other receivables		(2,631,326)	(6,967,276)
		_	23,718,015	(127,486,453)
32.2	Increase in current liabilities			

### 33 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

Trade and other payables

	Chief Ex	ecutive	Direc	tors	Execut	tives
	2015	2014	2015	2014	2015	2014
			(R	upees)		
Remuneration	4,000,800	3,600,000	7,901,200	5,871,700	4,354,023	2,614,200
House rent	1,599,120	1,440,000	3,118,680	2,318,130	1,176,360	1,036,380
Retirement benefits	1,216,439	360,000	2,907,947	580,170	1,052,932	2,124,740
Utilities	400,080	1,585,972	780,120	2,185,643	294,840	261,420
	7,216,439	6,985,972	14,707,947	10,955,643	6,878,155	6,036,740
Number of persons	1	1	7	7	4	4

<sup>33.1</sup> In addition, the directors are also provided with the free use of Company maintained cars and mobile telephone facility principally for business purposes.

33.2 No fee paid to Director for attending Board Meetings during the year. (2014: NIL).

# 34 TRANSACTIONS / BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of companies with common directorship, retirement fund and directors. Detail of transactions / balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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	2015 Rupees	2014 Rupees
Transaction:		
Contribution to the gratuity fund	(185,170)	(1,980,975)
Borrowing from directors and family member	5,000,000	94,275,000
Repayment of borrowing from directors and family me	eml 24,200,000	- 107,975,000
Connect Logistics (Private) Limited (Associated company)		556,459
Balances:		
Connect Logistics (Private) Limited (Associated company)	·	556,459
35 FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Loans and receivables at amortized cost		
Long-term deposits	1,168,120	1,085,450
Trade debts	214,011,518	236,647,337
Loans and advances	13,478,472	3,456,486
Trade deposits	1,527,998	1,308,298
Other receivables	49,219,151	36,776,313
Cash and bank balances	60,936,663	7,711,763
	340,341,922	286,985,647
FINANCIAL LIABLITIES		
Financial liabilities at amortized cost		
Long-term musharaka	48,169,065	54,164,373
Trade and other payables	86,877,055	57,786,369
Finance cost payable	7,424,022	8,582,592
Borrowing from Directors and family member	5,000,000	24,200,000
Current portion of long-term musharaka	45,246,288	28,850,843
Short term morabaha	352,016,815	322,875,832
	544,733,245	496,460,009

# 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

# 36.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

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#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings from financial institution with floating interest rates. Management of the Company estimates that increase of 100 base point in the market interest rate, with all other factors remaining constant, would increase/decrease the Company's after tax profit by Rs. 2,820,190 (2014: Rs.2,633,968). However, in practice, the actual result may differ from the sensitivity analysis.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transaction in foreign currency. As at June 30, 2015, the company is not exposed to risk in respect of financial assets or financial liabilities.

#### 36.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalent, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs.340,333,922 (2014: 286,985,647), the financial assets are subject to credit risk amounted to Rs.339,611,632 (2014: 285,870,407).

The maximum exposure to credit risk as at June 30, 2015, along with comparatives is tabulated below:

	2015	2014
	Rupees	Rupees
Financial Assets		
Long-term deposits	1,168,120	1,085,450
Trade debts	214,011,518	236,647,337
Loans and advances	13,478,472	3,456,486
Trade deposits	1,527,998	1,308,298
Other receivables	49,219,151	36,776,313
Bank balances	60,214,373	6,596,523
	339,619,632	285,870,407
Bank balances		
Ratings		
A1+	60,214,373	6,596,523

Due to Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company.

#### 36.3 Liquidity risk

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believe that it is not expose to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

2015	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		·····(	Rupees)		
Musharaka	10,064,350	34,247,519	49,103,484	-	93,415,353
Trade and other payables	86,877,055	<u> -</u> ,		_	86,877,055
Finance cost payable	7,424,022	_			7,424,022
Borrowing from Directors	5,000,000		_	-	5,000,000
Short-term morahaba	147,916,049	204,100,766			352,016,815
Total	257,281,476	238,348,285	49,103,484	•	544,733,245
	Less than 3	3 to 12	1 to 5	> 5	
2014	months	months	years	years	Total
		(	Rupees)		
Musharaka	4,766,568	32,303,246	45,945,403		83,015,216
Trade and other payables	57,786,369		- 1	-	57,786,369
Finance cost payable	6,460,942	2,121,650		-	8,582,593
Borrowing from Directors	24,200,000				24,200,000
Short-term morahaba	159,396,819	163,479,012			322,875,831
Total	252,610,698	197,903,908	45,945,403		496,460,009

#### 36.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transactions. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

#### 36.5 Capital risk management

The company is objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholder and benefits for other stakeholder and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder or issue new shares or sell assets to reduce debt.

The company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirement and expectations of shareholder. Debt is calculated at total borrowing ('long term loan' and 'current maturity of the long term loan' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

As at June 30, 2015 and 2014, the company has surplus cash reserves to meet its requirement and there was no debt position.

#### 37 CAPACITY AND PRODUCTION

Number of spindles installed	30,168	25,788
Number of rotors	800	800
Average number of spindles operated during the period	30,000	25,230
Installed production capacity 30/s count - (KGs)	5,701,500	3,939,353
Actual production (KGs)	4,322,647	3,772,356
Number of shifts per day	3	3

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# 38 SEGMENTAL INFORMATION

For management purposes, the Company has identified three operating segments:

- 1. Textile manufacturing and sale of man-made blended yarn;
- 2. Cold storage providing services in respect of cold storage through "compartmentalized cold store project"; and
- 3. Food stuff processing of "ready to eat" meals.

The operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

				Total
2015	Textile	Cold Storage	Food Stuff	
		(Ru	pees)	
	1,551,548,114	143,255,548	1,064,510	1,695,868,172
Turnover		(103,849,317)	(5,042,047)	(1,469,130,442)
Cost of sales and services	(1,360,239,078) 191,309,036	39,406,231	(3,977,537)	226,737,730
Gross profit	(8,536,168)	(13,554)	(408,828)	(8,958,550)
Distribution costs	(24,139,331)	(2,228,712)	(455,814)	(26,823,857)
Administrative expenses		355,533		5,556,638
Other income	5,201,105 163,834,642	37,519,498	(4,842,179)	196,511,961
Operating profit	(46,592,716)	(3,641,850)		(50,234,566)
Finance costs		(29,143)	(217)	(10,411,768)
Other operating expense	(10,382,408) 106,859,518	33,848,505	(4,842,396)	135,865,627
Profit before taxation	(35,170,214)	(11,140,413)		(46,310,627)
Taxation	71,689,304	22,708,092	(4,842,396)	89,555,000
Profit after taxation OTHER INFORMATION Segment assets	568,791,508	128,385,502	22,171,336	719,348,346
Unallocated assets				
Total assets			-	
Seament liabilities	390,077,925	4,098,352	43,033	
				985,593,666
	84 934 869	27,330,049	55,900	112,320,818
Depreciation	28,416,720		621,211	53,684,631
Segment assets Unallocated assets Total assets Segment liabilities Unallocated liabilities Total liabilities Capital expenditure	390,077,925 84,934,869	4,098,352 27,330,049	43,033 43,033 55,900	266,245,3 985,593,6 394,219,3 591,374,3 985,593,6 112,320,8

39	NUMBER OF EMPLOYEES	2015	2014
	Number of employees at 30 June	182	177
	Average number of employees during the year	182	167

#### 40 CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

# 41 EVENTS OCCURING AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 29, 2015 have proposed a cash dividend of Rs. 8.00 (2014: 7.50) per share amounting to Rs. 68,750,000/- (2014: Rs.64,453,125/-) and Nil Stock dividend for the year ended June 30, 2015 for approval of the members at the forthcoming Annual General Meeting to be held on October 30, 2015.

My

#### 42 GENERAL

Amounts have been rounded off to the nearest rupee.

# 43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on \_\_\_\_\_\_ 2 9 SEP 2015 by the Board of Directors of the Company.

M

(Mohammed Irfan Nawab)
Chief Executive

(Mohammed Younus Nawab) Chairman (Abdul Hussain Antaria) Chief Financial Officer

# 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	2"	being a member of
SANA INDUSTRIES LIMITED,	and holder of Ordinar	ry Shares as per the Shar	re Register Folio No
and/or CDC Participant I.D.No		_ and Account / Sub Acc	ount No
hereby appoint			_ of
or failing him/her			of
	nce to attend and vote for me/us tober, 2015 or at any adjournmen		t the 30th Annual General Meeting
Signed this	day	of	2015.
Signature of Proxy  Folio No. of Shareholder  No.of Shares held			Signature on Rs.5/- Revenue Stamp Signature of Shareholder
	WITNES	SES	
(1) Signature		(2) Si	gnature
Name		Name	9
CNIC No		CNIC	No
Address		Addre	ess

#### 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.

# PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

as at 30 June 2015

	Sha	reholdi	ngs	
No. of Shareholders	FROM		TO	Total Shares Held
113	1	to	100	2,569
166	101	to	500	48,210
62	501	to	1,000	51,731
122	1,001	to	5,000	294,737
37	5,001	to	10,000	281,147
13	10,001	to	15,000	151,577
11	15,001	to	20,000	187,059
4	20,001	to	25,000	93,572
1	25,001	to	30,000	26,000
1	30,001	to	35,000	32,000
2	35,001	to	40,000	73,690
2	40,001	to	45,000	84,250
1	45,001	to	50,000	50,000
1	50,001	to	55,000	53,750
1	55,001	to	60,000	56,140
2	85,001	to	90,000	178,593
1	90,001	to	95,000	94,853
2	105,001	to	110,000	214,292
1	205,001	to	210,000	209,475
2	215,001	to	220,000	433,966
1	285,001	to	290,000	288,940
1	295,001	to	300,000	297,441
1	380,001	to	385,000	380,570
1	420,001	to	425,000	423,001
1	2,265,001	to	2,270,000	2,265,131
1	2,320,001	to	2,325,000	2,321,056
551		Nav.		8,593,750

CATEGORIES OF	NUMBER OF	TOTAL SHARES	
SHAREHOLDERS	SHAREHOLDERS	HELD	PERCENTAGE
Financial Institutions	2	39,843	0.46%
Individuals	540	8,074,142	93.95%
General Public Foreign	1	213	0.00%
Public Sector Cos/Corp	2	35,254	0.41%
Mutual Funds	1.	423,001	4.92%
Others	5	21,297	0.25%
TOTALS	551	8,593,750	100.00%

The above two statements include 551 Shareholders, holding 8,593,750 shares through the Central Depository Company of Pakistan Limited (CDC).

1 1 1 1 1 1 1 1	2,321,056 2,265,131 22,127 18,437 7,616 107,146	27.01% 26.36% 0.26% 0.21% 0.09%
1 1 1 1	2,265,131 22,127 18,437 7,616	26.36% 0.26% 0.21% 0.09%
1 1 1	22,127 18,437 7,616	0.26% 0.21% 0.09%
1	18,437 7,616	0.21% 0.09%
1	7,616	0.09%
1	107,146	
		1.25%
None	None	None
None	None	None
2	35,254	0.41%
2	39,843	0.46%
1	423,001	4.92%
534	3,332,629	38.79%
1	213	0.00%
5	21,297	0.25%
551	8,593,750	100.01%
1	2,321,056 2,265,131	27.01% 26.36%
	None  2  2  1  534  1  5  551  1	None None  None None  3 35,254  3 39,843  423,001  534 3,332,629  1 213  5 21,297  551 8,593,750  1 2,321,056