34th

Annual Report

2018-2019

Year ended 30th June 2019

Sana Industries Limited

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

CONTENTS

COMPANY INFORMATION

Board of Directors

Mr.Mohammed Younus Nawab	- Chairman
Mr.Ibrahim Younus	- Director
Mr.Ismail Younus	- Director
Mr.Mohammed Faizanullah	- Director
Mr.Muhammad Ashfaq	- Director
Mr.Mohammed Khalid Yousuf	- Director
Hafiz Mohammed Irfan Nawab	- Chief Executive

H.R. & Remuneration Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Muhammad Ashfaq	- Member
Mr.Ibrahim Younus	- Member

Audit Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Muhammad Ashfaq	- Member
Mr.Abdul Hameed	- Member
Mr.Mohammed Faizanullah	- Member and Secretary

C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

Registered Office

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

Mills

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

Auditors

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

Legal Advisors

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

Bankers

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

Share Registrars

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the shareholders of the Company will, Insha-Allah be held on Friday, the 25th of October, 2019 at 4.30 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:-

<u>ORDINARY BUSINESS:</u>

(1) To read and confirm the minutes of 33rd Annual General Meeting held on 26th October, 2018.

(2) To receive and adopt the audited financial statements of the Company for the year ended 30^{th} June, 2019, together with the Auditors' Report and Directors' Report thereon.

(3) To consider and approve cash dividend of 25% for the year ended 30^{th} June, 2019 as recommended by the directors.

(4) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2020. The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

<u>SPECIAL BUSINESS:</u>

(5) To consider and approve increase in remunerations of the Chief Executive and other full time working Director of the Company.

(6) To Ratify and approve transactions conducted with Related Parties for the year ended June 30, 2019 by passing the following ordinary resolution with or without modification:

“RESOLVED that the transactions conducted with Related Parties as disclosed in Note 38 of the unconsolidated financial statements for the year ended June 30, 2019 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed.”

(7) To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2020 by passing the following ordinary resolution with or without modification:

“RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2020.”

“FURTHER RESOLVED that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

<u>ANY OTHER BUSINESS:</u>

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

By Order of the Board

(Abdul Hussain Antaria)
CFO & Company Secretary

Karachi: 27th September, 2019

NOTES:

1. **Closure of Share Transfer Books**
   The share transfer books of the Company shall remain closed from 18-Oct-2019 to 25-Oct-2019 (both days inclusive), and the final dividend will be paid to the Shareholders whose names will appear in the Register of Members on 17-Oct-2019.

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

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

3. **Payment of Cash Dividend (Electronically (Mandatory Requirement)**
   In accordance with the provision of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard have already been published earlier in newspapers as per Regulations. Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, SMCHS, Karachi-74400 (in case of shareholding in Physical Form).

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

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

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

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

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

AGENDA NO.5 - REMUNERATION OF DIRECTORS
The Shareholders' approval is sought for the increase in remuneration of the following directors:

NAME OF DIRECTOR	**PRESENT SALARY Per month**	**PROPOSED INCREMENT Per month**	**NEW SALARY AFTER INCREMENT Per month**
(1) Mr.Mohammed Younus Nawab	Rs. 665,000	Rs.133,000	Rs. 798,000
(2) Mr.Mohammed Irfan Nawab	Rs. 910,000	Rs.182,000	Rs.1,092,000

For the purpose, it is proposed that the following Resolution be passed, with or without modification, by the Shareholder as an ordinary Resolution;

"RESOLVED that the Company hereby approves and authorizes payment of monthly remunerations (salary) together with other benefits, in accordance with the Rules of the Company, be paid to the following full time working Directors of the Company, with effect from 1st July, 2019:

(a) Mr.Mohammed Younus Nawab,	:	Rs. 798,000/- plus free use of Company's maintained Car.
(b) Mr.Mohammed Irfan Nawab,	:	Rs.1,092,000/- plus free use of Company's maintained Car."

The working directors are interested in the Resolution to the extent of their respective remunerations.

AGENDA NO.6 – TRANSACTIONS WITH ASSOCIATED COMPANY.
The Company in the normal course of business carries out transactions with its associated Company M/s. Sana Logistics (Private) Limited for re-imbursement of Rent, Electricity, Maintenance, Health Insurance and Contractor payments etc. amounting Rs.39.74 million.

Majority of the directors were interested in these transactions due to common directorship in associated Company, which have to be approved by the shareholders in the General Meeting. Therefore the transactions carried out during the financial year ended June 30, 2019 are being placed before the shareholders for their consideration and approval / ratification.

All related party transactions, during the year 2019, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

AGENDA NO.7.
To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2020 which shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

ثناء انڈسٹریز لمیٹڈ

سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ کمپنی کے حصص یافتگان کا چونتیسواں (34) سالانہ اجلاس عام انشاء اللہ 25 اکتوبر 2019ء کو شام ساڑھے چار بجے کمپنی کے دفتر واقع 33-ڈی-2-بلاک نمبر 6' پی ای سی ایچ ایس کراچی میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

عمومی امور

۱۔ 26 اکتوبر 2018ء کو منعقدہ کمپنی کے تینتیسویں (33) سالانہ اجلاس عام کی کارروائی پڑھ کر توثیق۔

۲۔ 30 جون 2019 کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں معہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی' غور و خوض اور منظوری۔

۳۔ 30 جون 2019ء کو مکمل ہونے والے سال کیلئے ڈائریکٹرز کی سفارشات پر 25 فیصد نقد منافع منقسمہ پر غور و خوض اور منظوری۔

۴۔ 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔ موجودہ آڈیٹرز میسرز رحمٰن سرفراز رحیم اقبال رفیق۔ چارٹرڈ اکاؤنٹینٹس سبکدوش ہوگئے ہیں اور اہلیت کی بنیاد پر دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔

خصوصی امور

۵۔ کمپنی کے چیف ایگزیکٹیو اور دیگر فل ٹائم ورکنگ ڈائریکٹر کے مشاہیرہ میں اضافہ پر غور و خوض اور منظوری۔

۶۔ 30 جون 2019ء کو مکمل ہونے والے سال کے لئے متعلقہ پارٹیوں کے ہمراہ انجام دیئے گئے ٹرانسکشنز کی بذریعہ مندرجہ ذیل عمومی قرارداد کی ترمیم یا بلاترمیم پاس کرنے پر منظور

''قرار پایا کہ جون 2019ء کو مکمل ہونے والے سال کیلئے ان کنسالیڈیٹڈ فنانشل اسٹیٹمنٹس کے نوٹ 38 میں اندراج کے مطابق ریلیٹڈ پارٹیز سے کئے گئے ٹرانسکشنز اور دفعہ 134(3) کے تحت میٹریل انفارمیشن کے گوشوارہ میں واضح کئے گئے ٹرانسکشنز کی منظوری اور توثیق کی جاتی ہے۔''

۷۔ کمپنی کے بورڈ آف ڈائریکٹرز کو 30 جون 2020ء کو مکمل ہونے والے سال کیلئے مندرجہ ذیل عمومی قرارداد کی ترمیم یا بلاترمیم پاس کرنے کے ذریعہ ریلیٹڈ پارٹیز کے ساتھ ٹرانسکشنز کی منظوری کا اختیار دینا۔

قرار پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز کو 30 جون 2020ء کو مکمل ہونے والے سال کیلئے ریلیٹڈ پارٹیز کے ساتھ کی گئی ٹرانسکشنز کی کیس در کیس عمل میں لانے کی منظوری کا اختیار دیا جاتا ہے، مزید قرار پایا کہ مذکورہ ٹرانسکشنز بورڈ کی جانب سے حصص یافتگان کی طرف سے منظور سمجھی جائیں گی اور رسمی منظوری کیلئے آئندہ سالانہ اجلاس عام میں حصص یافتگان کے روبرو رکھی جائینگی۔''

دیگر امور

۸۔ چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

عبدالحسین انتاریہ

سی ایف او و کمپنی سیکریٹری

کراچی۔ 27 ستمبر 2019ء

نوٹس:

۱۔ **منتقلی حصص کی کتب کی بندش**

کمپنی کی منتقلی حصص کی کتب 18 اکتوبر 2019ء تا 25 اکتوبر 2019ء (دونوں دن شامل) بند رہیں گی' اور حتمی منافع منقسمہ ان حصص یافتگان کو دیا جائیگا جن کے نام 17 اکتوبر 2019ء کو ممبران کے رجسٹر میں درج ہونگے۔

۲۔ **اجلاس عام میں شرکت**

افرادی طور پر حصص یافتہ کو اپنی شناخت کیلئے اصل سی این آئی سی یا پاسپورٹ معہ اکاؤنٹ اور شریک کا آئی ڈی نمبر پیش کرنا ہوگا۔ کارپوریٹ ممبران کے نمائندہ کو بورڈ آف ڈائریکٹرز کی قرارداد اور/یا پاور آف اٹارنی اور نامزد فرد کے دستخط کا نمونہ پیش کرنا ہوگا۔ سی ڈی سی اکاؤنٹ ہولڈر کو مزید براں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر ا۔ مورخہ 28 جنوری 2000 میں درج ہدایات پر عمل کرنا ہوگا۔

اجلاس ہذا میں شرکت اور رائے دہی کے اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے تحریراً اپنا پروکسی مقرر کرسکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس ہذا کے انعقاد سے کم از کم اڑتالیس گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع 33-ڈی-2-بلاک 6' پی ای سی ایچ ایس کراچی (ٹیلی فون نمبر 34322556) میں موصول ہوجانی چاہیے۔ مقررہ دن پر ورکنگ ڈے نہ ہونے پر کوئی رعایت نہیں ہوگی۔ ایک ممبر ایک سے زائد پروکسی مقرر کرنے کا مجاز نہ ہوگا۔

۳۔ **نقد منافع منقسمہ کی الیکٹرونکلی ادائیگی (لازمی قرار)**

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 242 اور کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز مجریہ 2017ء کے تحت لازمی قرار دیا گیا ہے کہ منافع منقسمہ نقد الیکٹرونکلی مستحق شیئر ہولڈر کے بنک اکاؤنٹ میں براہ راست منتقل ہوگا۔ اس ضمن میں ریگولیشنز کے تحت اطلاع پہلے ہی اخبارات میں شائع کرادی گئی تھی۔ ابھی تک اپنے آئی بی اے این

فراہم نہ کرنے والے حصص یافتگان کو ایک بار پھر "الیکٹرونک کریڈٹ مینڈیٹ فارم" پُر کر کے دستخط اور سی این آئی سی کی کاپی کے ہمراہ متعلقہ سی ڈی سی شریک / سی ڈی سی انویسٹر اکاؤنٹ سروسز (شیئر ہولڈنگ بک انٹری میں ہونے کی صورت میں) کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر ایس ایل) ہاؤس-99-بی- بلاک بی- ایس ایم سی ایچ ایس- کراچی 74400 (فزیکل شیئر ہولڈنگ کی صورت میں) ارسال کرنے کی ہدایت کی جاتی ہے۔

ا۔ **شیئر ہولڈر کی تفصیلات**

شیئر ہولڈر کا نام

فولیو نمبر / سی ڈی ایس اکاؤنٹ نمبر

سی این آئی سی (کاپی منسلک)

۲۔ **شیئر ہولڈر کی بنک تفصیلات**

انٹرنیشنل بنک اکاؤنٹ نمبر (آئی بی اے این)

برانچ کا نام اور پتہ

آئی بی اے این کی عدم فراہمی کی صورت میں کمپنی ایس ای سی پی کی ہدایات کے مطابق نقد منافع منقسمہ کی ادائیگی روک دے گی۔

۳۔ **سی این آئی سی / این ٹی این کی تفصیلات کی فراہمی (لازمی)**

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے اعلامیہ بذریعہ ایس آر او 779(1)/2011 مورخہ 18 اگست 2011ء اور ایس آر او 83(1)/2012 مورخہ 5 جولائی 2012ء کے تحت منافع منقسمہ کیلئے الیکٹرونک فارم پر رجسٹرڈ ممبر یا مجاز فرد کا سی این آئی سی نمبر درج ہونا چاہیے ماسوائے نابالغ یا کارپوریٹ ممبر۔ اسی طرح اپنے سی این آئی سی یا این ٹی این کی فوٹو کاپی داخل نہ کرانے والے کارپوریٹ اینٹیٹی سے کمپنی کے شیئر رجسٹرار کو مذکورہ کاپی فراہم کرنے کی درخواست کی جاتی ہے بصورت دیگر قانون کے مطابق ڈیویڈنڈ کی منتقلی روک دی جائیگی۔

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 134(3) کے تحت قرارداد کے ضمن میں گوشوارہ حسب ذیل ہے:

ایجنڈہ نمبر 5۔ ڈائریکٹرز کا مشاہیرہ

مندرجہ ذیل ڈائریکٹرز کے مشاہیرہ میں اضافہ کیلئے حصص یافتگان کی منظوری حاصل کی جاتی ہے:

	ڈائریکٹر کا نام	موجودہ تنخواہ ماہانہ	مجوزہ اضافہ ماہانہ	اضافہ کے بعد نئی تنخواہ ماہانہ
ا۔	جناب محمد یونس نواب	665,000/-	133,000/-	798,000/-
۲۔	جناب محمد عرفان نواب	910,000/-	182,000/-	1,092,000/-

اس مقصد کیلئے تجویز کیا جاتا ہے کہ مندرجہ ذیل عمومی قرارداد حصص یافتگان ترمیم یا بلا ترمیم پاس کریں۔

"قرار پایا کہ کمپنی رولز کے مطابق یکم جولائی 2019ء سے مندرجہ ذیل فل ٹائم ورکنگ ڈائریکٹرز کو ماہانہ مشاہیرہ (تنخواہ) معہ دیگر مراعات ادائیگی کی منظوری دیتی ہے:

الف جناب محمد یونس نواب -/798,000 روپے معہ کمپنی کی کار کا مفت استعمال

ب۔ جناب محمد عرفان نواب -/1,092,000 روپے معہ کمپنی کار کا مفت استعمال

ورکنگ ڈائریکٹرز اپنے مشاہیرہ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

ایجنڈہ نمبر 6۔ ایسوسی ایٹڈ کمپنی کے ساتھ ٹرانسکشنز

کمپنی اپنی ایسوسی ایٹڈ کمپنی میسرز شناء لاجسٹکس (پرائیویٹ) لمیٹڈ کے ساتھ روزمرہ کاروبار میں کرایہ، بجلی، مینٹیننس، ہیلتھ انشورنس اور ٹھیکہ وغیرہ کے ضمن 39.74 ملین روپے کی ٹرانسکشنز کرتی ہے۔ ڈائریکٹرز کی اکثریت ایسوسی ایٹڈ کمپنی میں مشترکہ ڈائریکٹرشپ کے باعث ان ٹرانسکشنز میں دلچسپی رکھتے تھے جس کی منظوری اجلاس عام میں حصص یافتگان سے لینی ہے۔ لہٰذا 30 جون 2019ء کو مکمل ہونے والے سال کے دوران انجام دی گئی ٹرانسکشنز غور و خوض اور منظوری کیلئے حصص یافتگان کے روبرو پیش کی جارہی ہیں۔

2019ء کے دوران تمام ریلیٹڈ پارٹی ٹرانسکشنز کا جائزہ آڈٹ کمیٹی نے لیا اور متعلقہ اجلاس میں بورڈ اور آڈٹ کمیٹی نے منظوری دی۔

ریلیٹڈ پارٹیز کے ساتھ ٹرانسکشنز غیر معینہ مقابلتاً نرخوں کے طریقہ کار پر اپنی حد میں کی گئی ہیں۔

ایجنڈہ نمبر 7

30 جون 2020ء کو مکمل ہونے والے مالی سال کیلئے ریلیٹڈ پارٹیز کے ساتھ ٹرانسکشنز کی منظوری کیلئے بورڈ آف ڈائریکٹرز کو اختیار دینے کیلئے رسمی منظوری حاصل کرنے کیلئے آئندہ سالانہ اجلاس میں حصص یافتگان کے روبرو رکھی جائیں گی۔

REVIEW REPORT BY THE CHAIRMAN

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of Sana Industries Limited has been carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended 30 June 2019, the Board's overall performance and effectiveness has been assessed as satisfactory, which is based on an evaluation of integral components including vision, mission and values.

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

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

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

Karachi: 27th September, 2019.

(Mohammed Younus Nawab)
Chaiman.

DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 30th June, 2019.

FINANCIAL RESULTS

The Consolidated Financial Results of the Company for the year ended 30th June, 2019 are summarized below:-

		Rupees
Profit for the year before taxation		139,115,978
Less: Provision for taxation- current	34,463,602	
- prior years	1,515,363	
- deferred (current)	(4,880,490)	
	---------------	31,098,475

Profit after taxation		108,017,503

Attributable to:		
- Shareholders of the Holding Company		95,987,583
- Non-controlling interest		12,029,920

		108,017,503

Earning per share (basic and diluted) after taxation		11.17
OTHER COMPREHENSIVE INCOME		
Net (Loss)/Profit for the year		108,017,503
Re-measurements of post retirement benefit obligation	(18,491,066)	
Related deferred tax	5,212,249	
	-----------------	(13,278,817)

Total comprehensive income for the year		94,738,686
		=========
Attributable to:		
- Shareholders of the Holding Company		82,708,766
- Non-controlling interest		12,029,920

		94,738,686

The consolidated profit before taxation for the current year has registered an increase of Rs.74.43 million from a profit of Rs.64.68 million to a profit of Rs.139.11 million, the profit after taxation has also increased from Rs. 11.03 million to Rs.108.02 million, an increase of Rs.96.99 million. The earnings per Share after tax has increased from Rs.0.80 to Rs.11.17, an increase of Rs.10.37, due to various reasons enumerated in the following paras. In order to facilitate our Shareholders following comparisons of operating and financial data are annexed.

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

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

	30-06-2019	**30-06-2018**	**Variation**
Sales of yarn - amount (Rupees in million)	1,993.21	1,690.98	17.87%
Gross profit (Rupees in million)	198.31	115.67	71.44%
Net profit before tax (Rupees in million)	79.74	60.76	31.24%
Net profit after tax (Rupees in million)	65.22	18.67	249.33%
Average cost of raw material (Rupees per kg)	253.47	202.53	25.15%
Cost of manufacturing overheads (Rupees in million)	523.25	452.58	15.69%
Financial charges (Rupees in million)	63.32	46.10	37.35%
Consolidated profit before tax (Rupees in million)	139.12	64.68	115.09%
Consolidated profit after tax (Rupees in million)	108.02	11.03	879.33%

Future Prospects

The management has a neutral to positive view of the future, if the local tax system is made easier and accepted by the masses, business will shift towards the organized sector and this will Insha Allah be beneficial for our Company.

Board of Directors

The present Board of Directors who were elected on 3rd December, 2016, will continue to hold the office up to 3rd December, 2019.

Auditors

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ended June 30, 2020.

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.2.50 per Share (25%). The distribution this year comes to 32.94% 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 17/10/2019. The share transfer book of the Company will remain closed from 18/10/2019 to 25/10/2019 (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 17/10/2019 will be treated in time for the purpose of payment of Dividend to the Transferees.

Compliance with Code of Corporate Governance

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

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

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

(4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

(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, 2019. Following are the significant assumption used for the valuation of scheme:

	30-Jun-2019	30-Jun-2018
Valuation discount rate	14.25% p.a.	9.00% p.a
Long term Salary increase	14.25% p.a.	9.00% p.a
Expected rate of return on Plan Assets	14.25% p.a.	9.00% p.a

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.32,263,482/=
(b) Investment in Mutual Funds	Rs. 8,876,898/=
(c) Investment Certificates	Rs. 1,195,380/=
(d) Profits	Rs. 798,171/=
(c) Bank balances	Rs.14,470,424/=
Total of assets / investments as on 30/6/2019	Rs.57,604,355/=

(9) Elections of Directors was held in the Extraordinary General Meeting held on 3/12/2016, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years, commencing from 3/12/2016. A total of 7 Meetings of the Board of Directors were held during the financial year ended 30th June, 2019. Number of Meeting attended by each Directors are stated their against:

Name of Directors	Number of Meeting Attended
(1) Mr. Mohammed Younus Nawab	7 out of 7 meetings
(2) Mr. Mohammed Irfan Nawab	7 out of 7 meetings
(3) Mr. Ibrahim Younus	7 out of 7 meetings
(4) Mr. Ismail Younus	7 out of 7 meetings
(5) Mr. Mohammed Faizanullah	7 out of 7 meetings
(6) Mr. Ilyas Abdul Sattar	2 out of 4 meetings (Resigned)
(7) Mr. Mohammed Khalid Yousuf	7 out of 7 meetings
(8) Mr.Muhammad Ashfaq (appointed in place of Mr.Ilyas Abdul Sattar)	2 out of 3 meetings

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

DATE OF TRANSACTION	PURCHASER	NO. OF SHARES TRANSACTED	RATE/ SHARE
PURCHASES:			
05-07-2018	Mr. Muhammad Faizanullah	2,000	Rs.37.09
10-07-2018	Mst. Afshan Irfan (Spouse)	2,000	Rs.37.34
17-07-2018	Mr. Muhammad Irfan Nawab	2,000	Rs.37.09
23-07-2018	Mr. Muhammad Irfan Nawab	500	Rs.41.35
13-08-2018	Mr. Muhammad Irfan Nawab	500	Rs.43.10
13-08-2018	Mst. Afshan Irfan	30,000	Rs.43.10
13-08-2018	Mr. Muhammad Faizanullah	20,000	Rs.43.10
17-04-2019	Mr. Ismail Younus	2,000	Rs.44.13
20-05-2019	Mr. Ismail Younus	5,000	Rs.41.87
SALES:			
29-10-2018	Mr.Mohammed Khalid Yousuf	7,000	Rs.50.00
30-10-2018	Mr.Mohammed Khalid Yousuf	8,000	Rs.50.00
09-11-2018	Mr.Mohammed Khalid Yousuf	1,000	Rs.51.00
14-11-2018	Mr.Mohammed Khalid Yousuf	5,000	Rs.50.23
15-11-2018	Mr.Mohammed Khalid Yousuf	4,500	Rs.50.00
16-11-2018	Mr.Mohammed Khalid Yousuf	500	Rs.50.00
28-12-2018	Mr.Mohammed Khalid Yousuf	4,000	Rs.50.00
01-01-2019	Mr.Mohammed Khalid Yousuf	11,000	Rs.50.43

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

(Ibrahim Younus)
Director

On behalf of the Board

(Mohammed Irfan Nawab)
Chief Executive

Karachi: 27th September, 2019.

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز مورخہ 30 جون 2019ء کو اختتام پذیر ہونے والے سال کے لیے اپنی رپورٹ بمعہ کمپنی کے آڈٹ شدہ مالی دستاویزات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مالیاتی نتائج

مورخہ 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی ہٰذا کے مجموعی نتائج کا خلاصہ درج ذیل ہے:

مندرجات	روپے	روپے
قبل از ٹیکس سالانہ منافع		139,115,978
منہا: ٹیکس کٹوتی کیلیئے فراہم کردہ حد- حالیہ	34,463,602	
- گزشتہ برسوں میں	1,515,363	
- زیرالتواء (حالیہ)	(4,880,490)	
		31,098,475
منافع بعد از ٹیکس		108,017,503
شیئر ہولڈنگ سے منصوب:		
کمپنی کی شیئر ہولڈنگ		95,987,583
غیر اختیاری سرمایہ کاری		12,029,920
		108,017,503
آمدنی فی شیئر (بنیادی اور تقسیم شدہ)	11.17	
دیگر جامع آمدنی:		
خالص نفع برائے سال		108,017,503
ملازمین کی علامتی مراعات کی دوبارہ پیمائش	(18,491,066)	
زیرالتواء ٹیکس	5,212,249	(13,278,817)
جامع آمدنی برائے سال		94,738,686
شیئر ہولڈنگ منصوب		
کمپنی کی شیئر ہولڈنگ		82,708,766
غیر اختیاری سرمایہ کاری		12,029,920
جامع آمدنی برائے سال		94,738,686

رواں سال کے لیے قبل از ٹیکس مجموعی منافع 139.11 ملین روپے ہے جو کہ پچھلے سال 6.68 ملین روپے تھا اس طرح مبلغ 74.43 ملین روپے کا اضافہ ہوا ہے۔ منافع بعد از ٹیکس بھی جو کہ پچھلے سال 11.03 ملین روپے تھا بڑھ کر 108.02 ملین روپے ہو گیا ہے یعنی 96.99 ملین روپے بڑھا ہے، فی شیئر آمدنی میں مبلغ 0.80 روپے سے 11.17 روپے کا اضافہ ہوا ہے۔

آپریٹنگ اور فنانشل ڈیٹا کے درج ذیل موازنہ جات منسلک ہیں:

(a) گزشتہ سال سے موازنہ — Annexure-A

(b) گزشتہ سہ ماہی سے موازنہ — Annexure-B

(c) بیلنس شیٹ کا بہ لحاظ سہ ماہی موازنہ — Annexure-C

(d) نفع ونقصان کھاتہ جات کا بہ لحاظ سہ ماہی موازنہ — Annexure-D

(e) گزشتہ سالوں کے اہم اور فنانشل ڈیٹا کا شماریاتی خلاصہ — Annexure-E

ٹیکسٹائل سیگمنٹ کے اہم نکات درج ذیل ہیں

مندرجات	2018-19	2017-18	تبدیلی
سوت کی فروخت (رقم ملین میں)	1,993.21	1,690.98	17.87%
کل منافع (رقم ملین میں)	198.31	115.67	71.44%
خالص منافع قبل از ٹیکس (رقم ملین میں)	79.74	60.76	31.24
خالص منافع بعد از ٹیکس (رقم ملین میں)	65.22	18.67	249.33%
اوسط لاگت خام مال (روپے فی کلوگرام)	253.47	202.53	25.15%
مینوفیکچرنگ اوورھیڈ کی لاگت (رقم ملین میں)	523.25	253.58	15.69%
مالی چارجز (رقم ملین میں)	63.32	46.10	37.35%
مستحکم منافع قبل از ٹیکس (رقم ملین میں)	139.12	64.68	115.09%
مستحکم منافع بعد از ٹیکس (رقم ملین میں)	108.02	11.03	879.33%

مستقبل کے امکانات:

انتظامیہ مستقبل کے بارے میں غیر جانبدار اور مثبت نقطۂ نظر رکھتی ہے اگر مقامی ٹیکس نظام کو عوام نے قبول کر لیا تو کاروبار منظم شعبے کی طرف رخ کرے گا اور یہ ان شاءاللہ ہماری کمپنی کے لیے فائدہ مند ہوگا۔

بورڈ آف ڈائریکٹرز

موجودہ بورڈ آف ڈائریکٹرز جس کا انتخاب 03 دسمبر 2016ء کو ہوا تھا جو 03 دسمبر 2019ء تک کام کرتا رہے گا۔

آڈیٹرز

موجودہ آڈیٹرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس جو ریٹائر ہو رہے ہیں مگر چونکہ اہلیت کے حامل ہیں لہٰذا خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں 30 جون 2020ء کے لیے۔

شیئر ہولڈنگ کا پیٹرن

اسٹاک ایکسچینج SECP کے سرکلر مورخہ 28-03-2002 ، میں دی گئی ہدایات کے مطابق شیئر ہولڈنگ کا پیٹرن سالانہ رپورٹ میں شامل کیا گیا ہے۔

منافع منقسمہ اور کھاتے بند ہونے کا نوٹس

آپ کے ڈائریکٹرز نے طے کیا ہے کہ دوران سال فائنل کیش منقسمہ 2.50 فی شیئر (25%) کی جائے جو اس سال کے بعد از ٹیکس منافع کا 32.94% ہے۔

فائنل کیش ڈیویڈینڈ ان شیئر ہولڈرز کو دیا جائے گا جس کا نام 17-10-2019 شیئر رجسٹرڈ میں درج ہوگا شیئر ٹرانسفر بک 18-10-2019 سے 29-10-2019 (دونو دن سمیت) بند رہیں گی، ٹرانسفر شیئر رجسٹرار کو CDC کو 17-10-2019 کو پہنچ جانی چاہئے۔

ضابطہ اخلاق کے اصولوں کی تعمیل

ثناء انڈسٹریز لمیٹڈ کا بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ کمپنی ہٰذا ضابطہ اخلاق میں شامل اصولوں کو درج ذیل طریقوں سے نافذ کرتی ہے۔

(1) مالیاتی گوشوارے کمپنی کے معاملات، اس کے آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیاں جائز طور سے پیش کرتے ہیں۔

(2) کمپنی ہٰذا نے کھاتوں کی کتب کا انتظام موزوں انداز سے کیا ہے۔

(3) مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مستقلاً اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط اندازوں پر مبنی ہیں۔

(4) مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔

(5) انٹرنل کنٹرول سسٹم مضبوط اور ڈیزائن پر مبنی ہے، اور اسے مؤثر انداز میں نافذ بھی کیا گیا ہے اور مانیٹرنگ بھی کی جاتی ہے۔

(6) کمپنی ہٰذا کے بطور ایک کاروباری ادارہ چلنے میں کوئی قابل ذکر شک وشبہ نہیں ہے۔

(7) جیسا کہ اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز تفصیلاً بیان کیا گیا ہے کارپوریٹ گورننس کے بہترین معمولات سے کسی قسم کا ماڈی انحراف نہیں کیا گیا ہے۔

(8) کمپنی ہٰذا اپنے ایسے تمام ملازمین کے لیے جنہوں نے اپنی آزمائشی مدت پوری کرلی ہو منظور شدہ گریجویٹی فنڈ آپریٹ کرتی ہے، جس کا انتظام ایک گریجویٹی فنڈ ٹرسٹ چلاتا ہے۔

اکاؤنٹنگ انٹریز کے شمار کے لئے پروجیکٹ یونٹ کریڈٹ ایکچویل میتھڈ (PUC) استعمال کیا گیا ہے، جس میتھڈ کے استعمال کا اختیار IAS-19 کے تازہ ترین ورژن میں دیا گیا ہے، اسکیم کی تازہ ترین ایکچویل قدر کاری مورخہ 30 جون 2016ء کو کی گئی اسکیم کی قدر کاری کے استعمال کئے جانے والے قابل ذکر اندازے درج ذیل ہیں:

مندرجات	30 جون 2019ء	30 جون 2018ء
ویلویشن ڈسکاؤنٹ ریٹ	14.25% p.a	9.00% p.a.
تنخواہوں میں اضافہ	14.25% p.a	9.00% p.a.
پلان اثاثہ جات پر ریٹرن کی متوقع شرح	14.25% p.a	9.00% p.a.

آڈٹ شدہ کھاتوں پر مبنی، اثاثوں کی قیمت / گریجویٹی فنڈ کی سرمایہ کاری کے بارے میں ایک بیان مندرجہ ذیل ہے۔

مندرجات	روپے
(a) لسٹڈ کمپنیوں کے شیئرز میں سرمایہ کاری	32,263,482
(b) میوچول فنڈ میں سرمایہ کاری	8,876,898
(c) سرمایہ کاری سرٹیفکیٹ	1,195,380
(d) نفع	798,171
(e) بینک بیلنس	14,470,424
مورخہ 30-06-2019 تک اثاثہ جات / سرمایہ کاری	57,604,355

(9) ڈائریکٹرز کا انتخاب مورخہ 03-12-2016 کو منعقدہ غیر معمولی اجلاس عام میں کمپنیز آرڈیننس 1984 کی دفعہ 178 کے مندرجات کی مطابقت میں 03-12-2016 سے شروع ہونے والی تین سالہ مدت کے لئے ہوا۔

30 جون 2018ء کو اختتام پذیر ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے کل 7 اجلاس منعقد ہوئے ذیل میں ان اجلاسوں کی تعداد دی جارہی ہے جن میں ہر ڈائریکٹر نے شرکت کی:

ڈائریکٹر کا نام	اجلاسوں کی تعداد جن میں شرکت کی
جناب محمد یونس نواب	7 اجلاس میں سے
جناب محمد عرفان نواب	7 اجلاس میں سے
جناب ابراھیم یونس	7 اجلاس میں سے
جناب اسمٰعیل یونس	7 اجلاس میں سے
جناب محمد فیضان اللہ	7 اجلاس میں سے
جناب الیاس عبدالستار (مستعفی)	2 اجلاس میں سے
جناب محمد خالد یوسف	7 اجلاس میں سے
جناب محمد اشفاق (جناب الیاس عبدالستار کی جگہ تقرری)	2 اجلاس میں سے

(10) کمپنی کے ڈائریکٹرز، سی ای او، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے دوران سال ہٰذا کمپنی کے شیئرز میں درج ذیل کاروبار کیا گیا:

خریداری

سودے کی تاریخ	خریدار کا نام	تعداد شیئرز	نرخ فی شیئر (روپے)
05-07-2018	جناب محمد فیضان اللہ	2,000	37.09
10-07-2018	محترمہ افشاں عرفان	2,000	37.34
17-07-2018	جناب محمد عرفان نواب	2,000	37.09
23-07-2018	جناب محمد عرفان نواب	500	41.35
13-08-2018	جناب محمد عرفان نواب	500	43.10
13-08-2018	محترمہ افشاں عرفان	30,000	43.10
13-08-2018	جناب محمد فیضان اللہ	20,000	43.10
17-04-2019	جناب اسمٰعیل یونس	2,000	44.13
20-05-2019	جناب اسمٰعیل یونس	5,000	41.87

فروخت

سودے کی تاریخ	خریدار کا نام	تعداد شیئرز	نرخ فی شیئر (روپے)
29-10-2018	جناب محمد خالد یوسف	7,000	50.00
30-10-2018	جناب محمد خالد یوسف	8,000	50.00
09-11-2018	جناب محمد خالد یوسف	1,000	51.00
14-11-2018	جناب محمد خالد یوسف	5,000	50.23
15-11-2018	جناب محمد خالد یوسف	4,500	50.00
16-11-2018	جناب محمد خالد یوسف	500	50.00
28-12-2018	جناب محمد خالد یوسف	4,000	50.00
01-01-2019	جناب محمد خالد یوسف	11,000	50.43

اظہار تشکر

میں اپنے تمام اسٹاف واراکین کا ان کی لگن اور وفاداری پر شکریہ ادا کرتا ہوں، کمپنی کی کامیابی اس کے ورکرز کی کوششوں کے بغیر ممکن نہیں ہے۔ میں امید رکھتا ہوں کہ آپ آئندہ آنے والے سالوں میں بھی اسی لگن وجذبے کا مظاہرہ کریں گے۔

منجانب بورڈ

(محمد عرفان نواب)

چیف ایگزیکیٹو

منجانب بورڈ

(ابراھیم یونس)

ڈائریکٹر

کراچی: 27 ستمبر 2019ء

Sana Industries Limited

Annexure to Directors' Report

(Rupees in millions)

Comparison with last year **Annexure A**

Covering period FROM / TO	01-Jul-2018 / 30-Jun-2019	01-Jul-2017 / 30-Jun-2018	VARIATION Amount	VARIATION Percentage
Turnover - net	2,402.54	2,028.80	373.74	18.42%
Cost of Sales	2,092.85	1,850.97	241.88	13.07%
Gross Profit	309.69	177.83	131.86	74.15%
G.P.Rate to Sales	12.89%	8.77%		4.12%
Administrative, Selling, Financial & Other expenses	175.64	136.11	39.53	29.04%
Other income	5.07	22.97	(17.90)	-77.93%
Net Profit before taxation	139.12	64.69	74.43	115.06%
N.P Rate to Sales	5.79%	3.19%		
Provision for Taxation	31.10	53.66	(22.56)	-42.04%
Profit after Taxation	108.02	11.03	96.99	879.33%
Attributable to:				
- Shareholders of the Holding Company	95.99	6.87	89.12	1297.23%
- Non - controlling interest	12.03	4.16	7.87	189.18%
	108.02	11.03		
Earning per share (before tax)	16.19	7.53	8.66	115.01%
Earning per share (after tax)	11.17	0.80	10.37	1296.25%

Comparison with previous quarter **Annexure B**

Covering period FROM / TO	01-Apr-2019 / 30-Jun-2019	01-Jan-2019 / 31-Mar-2019	VARIATION Amount	VARIATION Percentage
Turnover - net	661.54	606.68	54.86	9.04%
Cost of Sales	563.58	534.71	28.87	5.40%
Gross Profit	97.96	71.97	25.99	36.11%
G.P.Rate to Sales	14.81%	11.86%		
Administrative, Selling, Financial & Other expenses	45.98	39.97	6.01	15.04%
Other income	0.64	0.06	0.58	966.67%
Net Profit before taxation	52.62	32.06	20.56	64.13%
N.P Rate to Sales	7.95%	5.28%		
Provision for Taxation	9.41	6.18	3.23	52.27%
Profit / (Loss) after Taxation	43.21	25.88	17.33	66.96%
Attributable to:				
- Shareholders of the Holding Company	39.57	21.04	18.53	88.07%
- Non - controlling interest	3.64	4.83	(1.19)	-24.64%
	43.21	25.87		
Earning per share (before tax)	6.12	3.73	2.39	64.08%
Earning / (Loss) per share (after tax)	4.61	2.45	2.16	88.16%

Sara Industries Limited

Annexure "C"

COMPARISON OF BALANCE SHEET OF FOUR QUARTERS

	1ST QUARTER 30-Sep-2018 Rupees	2ND QUARTER 31-Dec-2018 Rupees	3RD QUARTER 31-Mar-2019 Rupees	4TH QUARTER 30-Jun-2019 Rupees
ASSETS				
NON CURRENT ASSETS				
Property, Plant and equipments	654,250,416	655,908,719	649,191,499	619,693,712
Long-term deposits	6,403,551	6,403,551	6,403,551	4,701,051
	660,653,967	662,312,270	655,595,050	624,394,763
CURRENT ASSETS				
Stock-in-trade	150,049,715	216,472,125	204,114,453	214,142,525
Short term investment	-	1,705,555	1,705,555	1,705,555
Trade debts- unsecured, considered good	371,944,095	290,681,530	337,449,580	415,531,305
Loans and advances	19,301,566	17,187,863	16,178,968	24,289,126
Deposits and pre-payments	6,335,455	4,976,440	3,690,954	1,490,580
Other receivables	38,674,350	40,337,945	45,480,425	32,933,012
Taxation - net	66,314,527	68,641,493	73,946,866	77,802,722
Cash and bank balances	16,397,257	7,818,160	21,699,366	30,661,897
	669,016,965	647,821,111	704,266,167	798,556,722
TOTAL ASSETS	1,329,670,933	1,310,133,381	1,359,861,217	1,422,951,485
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital	85,937,500	85,937,500	85,937,500	85,937,500
Reserves	269,618,111	265,960,832	287,003,044	290,938,846
Attributiable to equity holders of the parent	355,555,611	351,898,332	372,940,544	376,876,346
Non-controlling interest	29,992,607	31,031,489	35,865,778	29,921,385
	385,548,218	382,929,821	408,806,322	406,797,731
NON CURRENT LIABILITIES				
Diminishing Mushareqa	123,761,773	112,067,887	95,607,169	88,820,098
Long term Liabilities	33,484,836	21,727,498	25,630,490	27,481,254
Deffered Liabilities	40,209,973	50,006,139	48,410,373	64,894,182
	197,456,582	183,801,524	169,648,032	181,195,534
CURRENT LIABILITIES				
Trade and other payables	156,012,309	158,271,502	183,282,303	238,022,320
Accrued profit	9,494,872	9,303,669	11,312,883	11,834,668
Borrowings from Directors and related parties	72,385,000	86,135,000	75,585,000	79,185,000
Current portion of diminishing mushreqa arrangements	52,943,358	50,583,787	52,349,370	48,032,975
Current portion of long term liability	17,039,862	16,888,109	12,609,010	15,493,369
Unclaimed dividend	1,650,116	2,866,251	1,807,670	1,798,879
Morabaha Arrangements	437,140,616	419,353,718	444,460,627	440,591,009
Taxation - net	-	-	-	-
	746,666,133	743,402,036	781,406,863	834,958,220
CONTINGENCIES AND COMMITMENTS	-	-	-	-
TOTAL EQUITY AND LIABILITIES	1,329,670,933	1,310,133,381	1,359,861,217	1,422,951,485
Debt Equity Ratio	33.87%	32.43%	29.33%	30.82%
Current Ratio	0.90	0.87	0.90	0.96

Sara Industries Limited

"Annexure D"

COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS.

	1ST QUARTER 1343653.89 Rupees	2ND QUARTER 1558251.73 Rupees	3RD QUARTER 1328686.97 Rupees	4TH QUARTER 0 Rupees	4TH QUARTER 30-Jun-2019 Rupees	Y.T.D. 30-Jun-2019 Rupees
Net turnover	592,898,512	541,424,235	606,676,878	(1,079,464,329)	661,535,296	2,402,534,921
Cost of sales	(528,846,393)	(465,716,108)	(534,705,870)	965,687,421	(563,580,950)	(2,092,849,321)
Gross profit	64,052,119	75,708,127	71,971,008	(113,776,908)	97,954,346	309,685,600
G.P.Rate	10.80%	13.98%	11.86%	10.54%	14.81%	12.89%
Selling and distribution expenses	(4,979,338)	(3,526,764)	(3,635,850)	1,563,159	(10,578,793)	(22,720,745)
General and administration expenses	(14,530,870)	(27,808,813)	(14,051,852)	43,751,950	(12,639,585)	(69,031,120)
Other operating expenses	(1,635,115)	(1,780,466)	(874,861)	2,029,854	(2,260,588)	(6,551,030)
Other income	4,154,466	216,282	59,527		641,264	5,071,539
Operating profit	47,061,262	42,808,366	53,467,972	(66,431,945)	73,116,644	216,454,244
Finance cost	(16,593,074)	(18,837,728)	(21,406,627)	36,336,592	(20,500,837)	(77,338,266)
Profit for the period before taxation	30,468,188	23,970,638	32,061,344	(30,095,353)	52,615,807	139,115,978
Provision for taxation - current	(8,684,155)	(7,733,187)	(7,533,124)	13,437,330	(10,513,136)	(34,463,602)
- prior year	-	(2,287,850)	-	3,060,337	772,487	(1,515,363)
- deferred (current)	2,582,284	619,502	1,348,281	(4,219,644)	330,423	4,880,490
	(6,101,871)	(9,401,535)	(6,184,843)	12,278,023	(9,410,226)	(31,098,475)
Profit / Loss after taxation	24,366,317	14,569,103	25,876,501	(17,817,330)	43,205,581	108,017,503
Attributable to:						
- Shareholders of the Holding Company	21,845,782	13,530,221	21,042,212	(16,848,847)	39,569,368	95,987,583
- Non - controlling interest	2,520,535	1,038,882	4,834,289	(4,757,492)	3,636,214	12,029,920
	24,366,317	14,569,103	25,876,501	(21,606,339)	43,205,582	108,017,503
Earning per share before taxation	3.55	2.79	3.73	(3.50)	6.12	16.19
Earning per share after taxation	2.54	1.57	2.45	(1.96)	4.61	11.17

SANA INDUSTRIES LIMITED

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

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

(Rupees in Millions)

YEAR END	**Jun-2019**	Jun-2018	Jun-2017 Restated	Jun-2016 Restated	Jun-2015	Jun-2014
OPERATING RESULTS						
Turnover	**2,002.24**	1,705.99	1,660.32	1,791.12	1,695.87	1,382.87
Gross profit	**198.31**	115.67	39.99	177.37	226.74	176.22
Operating expenses	**76.30**	58.85	41.21	53.47	35.79	32.76
Operating Profit / (Loss)	**126.85**	102.10	(1.22)	123.89	190.95	143.46
Financial charges	**63.32**	46.10	43.79	40.34	50.23	35.64
Profit / (Loss) before tax	**79.74**	60.76	(45.01)	83.55	135.87	106.61
Taxation	**14.51**	42.09	17.42	18.82	46.31	26.84
Profit / (Loss) after tax	**65.22**	18.67	(27.58)	64.73	89.56	79.77
FINANCIAL POSITION						
Paid-up Capital	**85.94**	85.94	85.94	85.94	85.94	85.94
Retained earnings	**279.39**	244.63	237.71	290.81	306.43	274.86
Total equity	**365.33**	330.57	323.65	376.74	392.37	360.80
Long term loans	**44.52**	70.98	136.90	68.24	48.17	54.16
Deferred taxation & staff benefits	**53.78**	45.78	13.48	55.25	48.49	42.10
Current liabilities	**720.99**	623.70	683.49	610.27	496.56	442.30
Total assets	**1,184.61**	1,069.35	1,153.44	1,087.97	985.59	899.36
Fixed assets (Gross)	**1,126.64**	1,082.18	1,135.25	1,045.98	874.84	771.85
Accumulated depreciation	**662.55**	589.54	539.13	550.79	491.48	444.29
Fixed assets (Net)	**464.09**	492.64	596.12	495.18	383.36	327.56
Long term investment	**35.00**	35.00	4.90	0.00	0.00	0.00
Long term deposits	**2.76**	2.84	1.37	1.21	1.17	1.09
Current assets	**682.76**	535.84	550.71	591.58	595.61	558.80
RATIOS						
Fixed Assets Turnover	**4.31**	3.46	2.79	3.62	4.42	4.22
Trade Debts (days)	**31**	43	26	43	38	51
Inventory turnover (times)	**9.24**	7.76	7.02	6.67	5.59	4.93
Inventory turnover (days)	**40**	47	52	55	65	74
Sales growth %	**17.37%**	2.75%	-7.30%	5.62%	22.63%	15.72%
Gross profit margin %	**9.90%**	6.78%	2.41%	9.90%	13.37%	12.74%
Total charges as % to sales	**6.97%**	6.15%	5.12%	5.24%	5.69%	5.54%
Net profit before tax % to sales	**3.98%**	3.56%	-2.71%	4.66%	8.01%	7.73%
Tax rate (Effective) %	**29.00%**	30.00%	31.00%	32.00%	33.00%	34.00%
Net profit after tax (% to sales)	**3.26%**	1.09%	-1.66%	3.61%	5.28%	5.77%
Return on Capital % (after tax)	**75.89%**	21.72%	-32.10%	75.32%	104.21%	92.82%
Return on Equity % (after tax)	**17.85%**	5.65%	-8.52%	17.18%	22.83%	22.11%
Earning per share pre-tax	**9.28**	7.07	(5.24)	9.72	15.81	12.41
Earning per share after tax	**7.59**	2.17	(3.21)	7.53	10.42	9.28
Break-up value per share	**42.51**	38.47	34.04	43.84	45.66	41.98
Debt Equity Ratio	**21:79**	26:74	37:63	24:76	20 : 80	20 : 80
Current Ratio	**0.95**	0.86	0.81	0.90	1.20	1.26
Quick Ratio	**0.65**	0.58	0.46	0.59	0.68	0.65
DISTRIBUTION						
Dividend per share Rs.	**2.50**	2.00	Nil	3.50	8.00	7.50
Stock Dividend	**Nil**	Nil	Nil	Nil	Nil	Nil
Dividend payout	**33%**	92%	0%	46%	77%	81%

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
   a. Male - Seven
   b. Female - Exempted for current term

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Muhammad Ashfaq
Executive Directors	Mr. Muhammad Younus Nawab
	Mr. Hafiz Muhammad Irfan Nawab
Non-Executive Director	Mr. Muhammad Khalid Yousuf
	Mr. Ibrahim Younus
	Mr. Ismail Younus
	Mr. Muhammad Faizanullah

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All the directors are compliant with necessary requirements of Directors Training Program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

- Mr. Muhammad Khalid Yousuf (Chairman)
- Mr. Muhammad Ashfaq (Member)
- Mr. Abdul Hameed (Member)
- Mr. Mohammed Faizanullah (Member)

b) HR and Remuneration Committee

- Mr. Muhammad Khalid Yousuf (Chairman)
- Mr. Muhammad Ashfaq (Member)
- Mr. Ibrahim Younus (Member)

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

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

a) Audit Committee: Quarterly
b) HR and Remuneration Committee: Annually

15. The board has out-sourced an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

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

18. We confirm that all other requirements of the Regulations have been complied with.

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Karachi-74400, PAKISTAN.
Tel. No. :(021) 34549345-9
E-Mail :info@rsrir.com
Website: www.rsrir.com
Other Offices at
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Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sana Industries Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight the instance of non-compliance with the requirement of the Regulations as reflected in the paragraph 18 of the statement of compliance:

S.No.	Reference No.	Description
1	18 (i)	As per regulation #25 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, an individual shall not simultaneously hold the position of Company secretary and Chief Financial Officer. However, we noted that the Chief Financial Officer of the Company also acts as the Company Secretary.
2	18 (ii)	As per regulation #9 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, read with the section 192 of the Companies Act, 2017, the Chairman of the Board of Directors shall be appointed from among the non-executive director. However, we noted that the Chairman of the Board is an executive director.

Karachi.
Date: 27 SEP 2019

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sana Industries Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Sana Industries Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the Profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Cont'd... P/2

Russell Bedford

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Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	<u>First time adoption of IFRS 9 – 'Financial Instruments'</u> As referred to in note 4(a) to the unconsolidated financial statements, the IFRS 9 became applicable for the first time for the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2019. The IFRS 9 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the classification, measurement and content of disclosures in relation to various elements of the unconsolidated financial statements. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We consider it as a key audit matter in view of the changes in classification, measurement and disclosure impacts in the unconsolidated financial statements due to the application of IFRS 9.	We reviewed and understood the requirements of the IFRS 9. Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses. • We reviewed and assessed the impact and adequacy of disclosures in the financial statements with regard to the effect of adoption of IFRS 9.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the unconsolidated financial statements of the company and our auditor's report thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cont'd… P/3

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

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

Cont'd… P/4

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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matters

The unconsolidated financial statements as at June 30, 2018 and unconsolidated condensed interim financial information as at December 31, 2017 of the Company were audited and reviewed by another auditor whose reports dated September 28, 2018 and February 26, 2018 respectively, expressed an unqualified opinion and conclusion.

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

Rahman Sarfaraz Rahim Iqbal Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 27 SEP 2019

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
ASSETS		—Rupees—	
NON - CURRENT ASSETS			
Property, plant and equipment	5	**390,637,695**	414,126,767
Investment property	6	**73,451,534**	83,217,171
Long term deposits and prepayments	7	**2,756,051**	2,836,051
Long term investments	8	**35,000,000**	35,000,000
		501,845,280	535,179,989
CURRENT ASSETS			
Stock-in-trade	9	**214,142,525**	176,173,176
Short term investments	10	**1,705,555**	-
Trade debts	11	**313,588,277**	202,774,091
Loans and advances	12	**23,023,526**	26,506,976
Trade deposits and short term prepayments	13	**1,354,543**	1,565,908
Other receivables	14	**59,105,951**	41,843,910
Tax refunds due from government		**39,872,602**	44,711,863
Cash and bank balances	15	**29,971,577**	42,264,953
		682,764,556	535,840,877
TOTAL ASSETS		**1,184,609,836**	1,071,020,866
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	16	**100,000,000**	100,000,000
Issued, subscribed and paid up capital	16	**85,937,500**	85,937,500
REVENUE RESERVE			
General reserves		**132,500,000**	132,500,000
Unappropriated profit		**146,889,565**	112,131,845
		279,389,565	244,631,845
		365,327,065	330,569,345
LIABILITIES			
NON - CURRENT LIABILITIES			
Long term musharaka	17	**44,516,505**	70,975,725
Deferred liabilities	18	**53,779,541**	45,776,132
		98,296,046	116,751,857
CURRENT LIABILITIES			
Trade and other payables	19	**222,593,442**	122,646,557
Accrued profit	20	**11,770,802**	8,720,734
Loan from directors	21	**18,610,000**	3,760,000
Current portion of long term musharaka	17	**25,622,593**	55,453,527
Unclaimed dividend		**1,798,879**	1,650,116
Short term murabaha	22	**440,591,009**	431,468,730
		720,986,725	623,699,664
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**1,184,609,836**	1,071,020,866

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
Turnover - net	*24*	**2,002,240,706**	1,705,990,321
Cost of sales	*25*	**(1,803,933,532)**	(1,590,317,011)
Gross profit		**198,307,174**	115,673,310
Administrative expenses	*26*	**(51,467,084)**	(41,024,041)
Distribution expenses	*27*	**(18,283,735)**	(13,318,234)
Other operating expenses	*28*	**(6,551,030)**	(4,503,477)
Other income	*29*	**4,845,074**	45,271,453
		(71,456,775)	(13,574,299)
Operating profit		**126,850,399**	102,099,011
Rental income - net	*30*	**16,204,800**	4,764,090
Finance costs	*31*	**(63,316,579)**	(46,098,797)
Profit before taxation		**79,738,620**	60,764,304
Taxation	*32*	**(14,514,583)**	(42,094,108)
Profit after taxation		**65,224,037**	18,670,196
Earnings per share - basic and diluted	*33*	**7.59**	2.17

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Profit after taxation	**65,224,037**	18,670,196
Item that will not be reclassified subsequently to unconsolidated statement of profit or loss account		
Remeasurement of post retirement benefits obligation	**(18,491,066)**	(16,783,406)
Deferred tax on above	**5,212,249**	5,035,022
	(13,278,817)	(11,748,384)
Total comprehensive income for the year	**51,945,220**	6,921,812

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

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

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed & paid up capital	Revenue Reserve			Total equity
		General reserves	Unappropriated profits	Total reserves	
	Rupees				
Balance as at July 1, 2017	85,937,500	132,500,000	105,210,033	237,710,033	323,647,533
Total comprehensive income for the year ended June 30, 2018					
Profit after tax	-	-	18,670,196	18,670,196	18,670,196
Other comprehensive loss - net	-	-	(11,748,384)	(11,748,384)	(11,748,384)
	-	-	6,921,812	6,921,812	6,921,812
Balance as at June 30, 2018	85,937,500	132,500,000	112,131,845	244,631,845	330,569,345
Total comprehensive income for the year ended June 30, 2019	.				
Profit after tax	**-**	**-**	**65,224,037**	**65,224,037**	**65,224,037**
Other comprehensive loss - net	**-**	**-**	**(13,278,817)**	**(13,278,817)**	**(13,278,817)**
	-	**-**	**51,945,220**	**51,945,220**	**51,945,220**
Transaction with owners					
Cash dividend @ Rs.2/- per ordinary share for the year ended June 30, 2018	-	-	**(17,187,500)**	**(17,187,500)**	**(17,187,500)**
Balance as at June 30, 2019	**85,937,500**	**132,500,000**	**146,889,565**	**279,389,565**	**365,327,065**

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	
Profit before taxation	**79,738,620**	60,764,304
Adjustments for:		
- Depreciation	**73,847,347**	79,200,466
- Gain on sale of fixed assets	**(417,149)**	(23,028,800)
- Provision for Workers' Profit Participation Fund	**4,339,483**	3,263,389
- Provision for Workers' Welfare Fund	**1,711,547**	1,240,088
- Provision for Staff Compensation benefit	**1,319,215**	825,559
- Provision for Staff retirement benefits	**5,135,245**	2,972,123
- Provision for doubtful receivables	**500,000**	-
- Finance costs	**63,316,579**	46,098,797
	149,752,267	110,571,622
Cash generated from operating activities before working capital changes	**229,490,887**	171,335,926
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
- Stock in trade	**(37,969,349)**	57,665,540
- Trade debts	**(111,314,186)**	(61,188,648)
- Loan and advances	**3,483,450**	5,583,512
- Advances, deposits, prepayments and other receivables	**211,365**	(702,606)
- Other receivables	**(17,262,041)**	43,477,673
Increase/(decrease) in current liabilities		
- Trade and other payables	**98,399,332**	(21,809,057)
	(64,451,429)	23,026,414
Cash generated from operations	**165,039,458**	194,362,340
- Taxes paid	**(18,724,181)**	(16,747,419)
- Gratuity paid	**(1,396,059)**	(2,522,369)
- Staff Compensation benefit paid	**(1,284,951)**	(506,554)
- Payment of Workers' welfare fund	**(1,240,088)**	
- Payment of Workers' profit participation fund	**(3,263,389)**	-
- Finance cost paid	**(60,266,511)**	(46,799,816)
- Long term deposits	**80,000**	(1,462,800)
Net cash generated from operating activities	**78,944,279**	126,323,382
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property, plant and equipment	**(39,521,467)**	(35,678,654)
- Acquisition of investment property	**(1,164,021)**	(3,120,000)
- Investment in subsidiary	**-**	(30,100,000)
- Short term investment	**(1,705,555)**	-
- Proceeds from disposal of property, plant and equipment	**510,000**	81,738,077
Net cash (used in) / generated from investing activities	**(41,881,043)**	12,839,423
CASH FLOWS FROM FINANCING ACTIVITIES		
- Receipts under short-term murabaha	**9,122,279**	33,694,853
- Repayment under long term musharika - net	**(56,290,154)**	(74,726,261)
- Borrowings / (repayments) from directors	**14,850,000**	(63,830,000)
- Dividend paid	**(17,038,737)**	(320,419)
Net cash used in financing activities	**(49,356,612)**	(105,181,827)
Net (decrease) / increase in cash and cash equivalents	**(12,293,376)**	33,980,978
Cash and cash equivalents at the beginning of the year	**42,264,953**	8,283,975
Cash and cash equivalents at the end of the year	**29,971,577**	42,264,953

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

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

1 STATUS AND NATURE OF BUSINESS

Sana Industries Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are listed on Pakistan Stock Exchange Limited ("the Exchange"). The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

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

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

Mill: The mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.

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

	2019	2018
The Company has following subsidiary:	---------Holding Percentage--------	
Sana Logistics (Private) Limited	**70%**	70%

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except employee retirements benefits which is carried at present value of defined benefit obligation.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these unconsolidated financial statements.

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

	Note
- Useful lives and residual values of property, plant and equipment	**3.1**
- Valuation of investment property	**3.2**
- Provision for obsolete inventory	**3.4**
- Provision for staff retirement benefits	**3.10**
- Provision for taxation	**3.11**

2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past unconsolidated financial statements.

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's unconsolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 unconsolidated statement of profit or 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 5.1. Depreciation is charged when the asset is available for use till the asset is disposed off. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate annually.

Maintenance and normal repairs are charged to unconsolidated statement of profit or 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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit or loss account in the year in which the asset is derecognized.

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. The Company's estimate of residual value of property, plant and equipment as at June 30, 2019 did not require any adjustment.

3.2 Investment property

Investment properties comprise of leasehold land and buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date.

3.3 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3.4 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value. Cost in relation to stock-in-trade represents direct cost of materials, direct wages and an appropriate portion of production overheads and the related duties where applicable. Cost is determined as follows.

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

Provision is made in the unconsolidated financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the unconsolidated statement of profit or loss account.

Net realizable value signifies the estimated selling prices in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

3.5 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime Expected Credit Loss that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

3.6 Cash and cash equivalents

Cash and cash equivalent are carried in the unconsolidated statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand and bank balances.

3.7 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.8 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the unconsolidated statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.9 Trade and other payables

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

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.10 Employee benefits

Compensated absences

The Company accounts for the liability in respect of employees’ compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees.

Defined benefit scheme

The Company operates an approved funded gratuity plan (the Plan) for its permanent employees. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the unconsolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to unconsolidated statement of profit or loss account. Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the Plan.

3.11 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

Deferred tax is charged or credited in the unconsolidated statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

3.12 Provisions

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

3.13 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at reporting date. Non-monetary assets are translated using exchange rates that existed when the values were determined. 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 taken to unconsolidated statement of profit or loss account.

3.14 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods (yarn) and scrap sales are recegnized when the customer obtains control of the goods, being when the goods are delivered to the customer, the customer has full discretion over the selling price of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the company premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

  A receivable is recognized when the goods are delivered to customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

3.15 Borrowing costs

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

3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM) who is responsible for allocating resources and assessing performance of the operating segments. The management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

3.17 Dividend and appropriation to/from reserves

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

3.18 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.19 Investments in subsidiary

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

3.20 Financial instruments

a) *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

b) i) *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),

- at fair value through other comprehensive income ("FVTOCI"), or

- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) *Classification of financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or

- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) *Subsequent measurement*

i) *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss account and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss account and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) *Impairment of financial assets at amortised cost*

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4.

e) *Derecognition*

i) *Financial assets*

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in unconsolidated statement of profit or loss account. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of profit or loss account. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to unconsolidated statement of profit or loss account, but is transferred to unconsolidated statement of changes in equity.

ii) *Financial liabilities*

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the unconsolidated statement of profit or loss account and other comprehensive income.

3.21 Offsetting of financial assets and financial liabilities

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

4 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the statement of profit or loss account or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

i) **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at July 1, 2018:

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Trade debts	LR	AC	202,774,091	202,774,091	-
Loans to employees	LR	AC	4,265,817	4,265,817	-
Trade deposits	LR	AC	985,983	985,983	-
Other receivables	LR	AC	14,680,502	14,680,502	-

- "LR" is loans and receivables
- "AC" is amortised cost

ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The impact of the new impairment model, defined by IFRS 9, on the Company's statement of financial for the year ended June 30, 2019 is disclosed in note 11.1.

b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended June 30, 2019.

5 PROPERTY, PLANT AND EQUIPMENT	Note	2019	2018
		Rupees	
Operating fixed assets	*5.1*	**390,637,695**	409,427,793
Capital work in progress	*5.2*	**-**	4,698,974
		390,637,695	414,126,767

5.1 Operating fixed assets

	Leasehold land	SF/96 Premises (Tenancy Rights)	Building on leasehold land	Electrification - Factory Building	Office Premises SF/96	Plant and machinery	Handling equipments	Furniture, fixtures and office equipments	Lab Equipments	Vehicles	Computers & software	Total
As at July 01, 2017												
Cost	5,282,619	5,000,000	72,023,414	18,490,358	12,711,363	833,552,192	10,227,561	9,654,852	311,295	25,356,762	1,453,084	994,063,500
Accumulated depreciation	-	-	(46,361,343)	(11,816,265)	(8,103,417)	(402,047,480)	(1,205,156)	(4,088,837)	(217,907)	(14,373,692)	(833,646)	(489,047,743)
Net book value	5,282,619	5,000,000	25,662,071	6,674,093	4,607,946	431,504,712	9,022,405	5,566,015	93,388	10,983,070	619,438	505,015,757
Year ended June 30, 2018												
Opening net book value	5,282,619	5,000,000	25,662,071	6,674,093	4,607,946	431,504,712	9,022,405	5,566,015	93,388	10,983,070	619,438	505,015,757
Additions / transfers during the year	-	-	4,255,043	1,948,296	-	24,472,302	-	553,382	-	54,411	34,500	31,317,934
Disposals / transfers												
Cost	-	-	-	-	-	(87,457,805)	-	-	-	(49,619)	-	(87,507,424)
Accumulated depreciation	-	-	-	-	-	28,768,375	-	-	-	29,773	-	28,798,148
Net book value	-	-	-	-	-	(58,689,430)	-	-	-	(19,846)	-	(58,709,276)
Depreciation for the year	-	-	(4,477,442)	(1,053,769)	(1,030,515)	(54,922,924)	(1,066,750)	(766,099)	(62,259)	(4,574,553)	(242,311)	(68,196,622)
Closing net book value	5,282,619	5,000,000	25,439,672	7,568,620	3,577,431	342,364,660	7,955,655	5,353,298	31,129	6,443,082	411,627	409,427,793
As at July 01, 2018												
Cost	5,282,619	5,000,000	76,278,457	20,438,654	12,711,363	770,566,689	10,227,561	10,208,234	311,295	25,361,554	1,487,584	937,874,010
Accumulated depreciation	-	-	(50,838,785)	(12,870,034)	(9,133,932)	(428,202,029)	(2,271,906)	(4,854,936)	(280,166)	(18,918,472)	(1,075,957)	(528,446,217)
Net book value	5,282,619	5,000,000	25,439,672	7,568,620	3,577,431	342,364,660	7,955,655	5,353,298	31,129	6,443,082	411,627	409,427,793
Year ended June 30, 2019												
Opening net book value	5,282,619	5,000,000	25,439,672	7,568,620	3,577,431	342,364,660	7,955,655	5,353,298	31,129	6,443,082	411,627	409,427,793
Additions / transfers during the year	**-**	**-**	**1,529,700**	**11,636,818**	**108,274**	**28,811,699**	**-**	**213,960**	**-**	**1,897,990**	**22,000**	**44,220,441**
Disposals / transfers												
Cost	**-**	**-**	**-**	**-**	**-**	**(206,333)**	**-**	**-**	**-**	**(722,227)**	**-**	**(928,560)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**113,483**	**-**	**-**	**-**	**722,227**	**-**	**835,710**
Net book value	**-**	**-**	**-**	**-**	**-**	**(92,850)**	**-**	**-**	**-**	**-**	**-**	**(92,850)**
Depreciation for the year	**-**	**-**	**(4,647,800)**	**(1,650,571)**	**(1,009,328)**	**(49,641,078)**	**(1,022,753)**	**(795,967)**	**(31,119)**	**(3,891,078)**	**(227,995)**	**(62,917,689)**
Closing net book value	**5,282,619**	**5,000,000**	**22,321,572**	**17,554,867**	**2,676,377**	**321,442,431**	**6,932,902**	**4,771,291**	**10**	**4,449,994**	**205,632**	**390,637,695**
As at June 30, 2019												
Cost	**5,282,619**	**5,000,000**	**77,808,157**	**32,075,472**	**12,819,637**	**799,172,055**	**10,227,561**	**10,422,194**	**311,295**	**26,537,317**	**1,509,584**	**981,165,891**
Accumulated depreciation	**-**	**-**	**(55,486,585)**	**(14,520,605)**	**(10,143,260)**	**(477,729,624)**	**(3,294,659)**	**(5,650,903)**	**(311,285)**	**(22,087,323)**	**(1,303,952)**	**(590,528,196)**
Net book value	**5,282,619**	**5,000,000**	**22,321,572**	**17,554,867**	**2,676,377**	**321,442,431**	**6,932,902**	**4,771,291**	**10**	**4,449,994**	**205,632**	**390,637,695**
Annual rates of depreciation	**0%**	**0%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	**20%**	

		Note	2019	2018
			Rupees	
5.1.1	*Depreciation for the year has been allocated as under :*			
	Manufacturing and service expense	*25*	**34,105,085**	30,491,693
	Fuel and power	*25.1*	**15,551,783**	15,054,297
	Administration expenses	*26*	**4,499,098**	4,942,226
	Rental income	*30*	**8,761,723**	17,708,406
			62,917,689	68,196,622

5.2 Capital work in progress

	2019	2018
Opening balance	**4,698,974**	338,254
Additions during the year	**5,003,638**	4,360,720
	9,702,612	4,698,974
Less: Transferred to operating fixed assets	**(9,702,612)**	-
	-	4,698,974

6 INVESTMENT PROPERTY

Particulars	Cost			Rate per annum	Accumulated Depreciation			Book value as at June 30, 2019
	As at July 1, 2018	Additions (Deletions)	As at June 30, 2019		As at July 1, 2018	For the period	As at June 30, 2019	
Leasehold Land	**6,812,875**	**-**	**6,812,875**	**0%**	**-**	**-**	**-**	**6,812,875**
Building on leasehold land	**137,493,785**	**1,164,021**	**138,657,806**	**10%**	**61,089,489**	**10,929,658**	**72,019,147**	**66,638,659**
30-Jun-19	**144,306,660**	**1,164,021**	**145,470,681**		**61,089,489**	**10,929,658**	**72,019,147**	**73,451,534**
30-Jun-18	141,186,660	3,120,000	144,306,660		50,085,645	11,003,844	61,089,489	83,217,171

6.1 Investment property includes leasehold land and buildings thereon, spread over an area of 4.28 acres. It is situated at Survey No. 54 Deh. Gondpass, Tapo Gabapat, Kemari Town, Karachi. During the year, the Company has internally determined the fair value of the investment property. The fair value determined are not materially different from the carrying value as at June 30, 2019.

6.2 The Company has leased the investment property to Sana Logistics (Private) Limited, the subsidiary, under an operating lease.

7 LONG TERM DEPOSITS AND PREPAYMENTS

	2019	2018
	Rupees	
Long term security deposits with:		
- Utility companies	**2,603,551**	2,603,551
- Central Depository Company (CDC)	**12,500**	12,500
- Other	**100,000**	100,000
	2,716,051	2,716,051
Long term prepayments	**40,000**	120,000
	2,756,051	2,836,051

8 LONG TERM INVESTMENTS

	2019	2018
Investments in subsidiaries - at cost		
- Sana Logistics (Private) Limited	**35,000,000**	35,000,000

8.1 All investments made in subsidiary company has been made in accordance with the requirements of the Act.

9	STOCK IN TRADE	Note	2019	2018
			Rupees	
	Raw material			
	- In hand		**126,990,428**	66,775,992
	- In transit		**17,049,282**	1,588,498
			144,039,710	68,364,490
	Work in process		**42,220,855**	28,598,494
	Finished goods		**21,400,557**	74,876,334
	Waste material		**1,920,275**	654,170
			23,320,832	75,530,504
	Packing materials		**4,561,128**	3,679,688
			214,142,525	176,173,176

10	SHORT TERM INVESTMENT			
	Habib Islamic Investment Certificate	*10.1*	**1,705,555**	-

10.1 It represent the investment in Habib Metro Islamic Investment Certificate and carry profit at the average rate of 5.53% per annum (2018: Nil).

11	TRADE DEBTS	Note	2019	2018
			Rupees	
	Unsecured considered good			
	Yarn - local		**314,088,277**	201,417,828
	Cold Storage - local		**-**	1,165,263
	Food stuff - local		**-**	191,000
			314,088,277	202,774,091
	Less: provision for doubtful debts	*11.1*	**(500,000)**	-
			313,588,277	202,774,091

11.1	Movement in provision for doubtful debts			
	Balance at the beginning of the year		**-**	-
	Charged during the year		**500,000**	-
	Reversed during the year		**-**	-
	Balance at the end of the year		**500,000**	-

12	LOANS AND ADVANCES			
	Loans to employees	*12.1*	**3,448,033**	4,265,817
	Advances			
	- to contractors		**215,000**	1,001,873
	- to suppliers		**6,973,837**	8,748,928
	- against Letter of credit		**12,386,656**	12,490,358
			19,575,493	22,241,159
			23,023,526	26,506,976

12.1 These represents interest free loans to employees for personal use in accordance with the Company policy and are secured against balance of gratuity fund. These are recoverable as deduction from payroll in equal monthly installments.

13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2019	2018
			Rupees	
	Deposits		**760,088**	985,983
	Prepayments		**594,455**	579,925
			1,354,543	1,565,908

14 OTHER RECEIVABLES

	Note	2019	2018
		Rupees	
Sales tax refundable		**29,102,194**	27,163,408
Sana Logistics Pvt Limited	*14.1*	**27,954,421**	10,755,508
Others		**2,049,336**	3,924,994
		59,105,951	41,843,910

14.1 It includes amount in respect of rental income and contractor reimbursements.

14.2 The maximum amount due from M/s. Sana Logistics (Private) Limited, with reference to month end balance, during the year was Rs. 35.68 million. (2018: Rs. 20.89 million)

	2019		2018	
	Gross	**Impairment**	Gross	Impairment
Not past due	**3,752,702**	-	10,755,508	-
Past due 1 day - 30 days	**16,010,409**	-	-	-
Past due 31 days - 180 days	-	-	-	-
Past due 181 days - 1 year	**8,191,310**	-	-	-
More than one year	-	-	-	-
	27,954,421	-	10,755,508	-

15 CASH AND BANK BALANCES

	Note	2019	2018
		Rupees	
Cash in hand		**206,991**	324,366
Cash at bank - Islamic bank			
- current accounts		**19,035,577**	40,576,942
- PLS accounts	*15.1*	**10,729,009**	1,363,645
		29,764,586	41,940,587
		29,971,577	42,264,953

15.1 These carry profit at the average rate ranging between 0.04% to 5.67% (2018: 0.038% to 3.269%) per annum.

16 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
------ Number of shares ------			------------- Rupees -------------	
		Authorized capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each	**100,000,000**	100,000,000
		Issued, Subscribed and Paid up Capital		
		Ordinary shares of Rs. 10/- each		
4,000,000	4,000,000	For Cash	**40,000,000**	40,000,000
4,593,750	4,593,750	As bonus shares	**45,937,500**	45,937,500
8,593,750	8,593,750		**85,937,500**	85,937,500

16.1 There is no agreement with shareholders for voting rights, board selection, rights of first refusal, and block voting.

17 LONG TERM MUSHARAKA

	2019	2018
	Rupees	
Under shariah arrangement		
- Habib Metropolitan Bank Limited	**68,695,202**	94,557,012
- Standard Chartered Bank	**1,443,896**	31,872,240
	70,139,098	126,429,252
Less: Current portion shown under current liabilities	**(25,622,593)**	(55,453,527)
	44,516,505	70,975,725

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2019	Ending Date	Security

HABIB METROPOLITAN BANK:

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2019	Ending Date	Security
28-Oct-16	Generator Waukesha Model VHP 5904 LTD	30,716,842	119.794 million	6M KIBOR + 2%	7.5%	14%	16,382,320	02-Feb-22	1st Charge registered over specific machinery value Rs. 38.396 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-373.
16-Feb-17	4 Sets Drawframes Rieter	22,597,120		6M KIBOR + 2%	7.5%	14%	14,775,040	20-Mar-22	1st Charge registered over specific machinery value Rs. 32.592 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-410.
02-Feb-17	14 Sets Complete Ring Spinning Frames	55,442,587		6M KIBOR + 2%	7.5%	14%	32,341,512	09-Apr-22	1st Charge registered over specific machinery value Rs. 69.303 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-411.
07-Apr-17	4 Sets Twister Machine China	8,660,544		6M KIBOR + 2%	7.5%	14%	5,196,330	22-May-22	1st Charge registered over specific machinery value Rs. 10.826 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-420.
							68,695,202		

In addition to the above securities, the facilities are also secured against personal guarantee of three directors i.e. Mr. Muhammad Younus Nawab, Mr.Muhammad Irfan Nawab, Mr. Muhammad Ibrahim Younus.

STANDARD CHARTERED BANK:

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2019	Ending Date	Security
23-Aug-16	Reach Truck R20S	8,740,000	21 million	1M KIBOR + 1.75%	-	-	485,548	23-Aug-19	- First Hypothecation Charge on all company's present and future plant and machinery , equipments , spares , tools , installed or to be installed on all piece of land bearing Survey No. 54 , admeasuring 4 Acres and 11 Ghuntas or thereabout on the back of Survey Nos. 56 & 57 fallings on right land side of Main RCD Highway while coming from Karachi towards Hub Chowki , situated in Deh Gondpas , Tapo Gabopat , Keamari , Town , Tehsil & District Karachi. Amount of registered charge is PKR 66 million. Remaining charge of PKR 60 million is an exclusive charge over plant and machinery being installed as part of cold storage project located on the plot of Land bearing Survey No. 54 , Located in Deh Gondpas , Kemari , Karachi and Chak No. 65 , Zilah Kasur. - Personal Guarantees of Irfan Nawab, Ibrahim Younus and Younus Nawab for Rs. 281 million.
08-Sep-16	Racking	11,500,000		1M KIBOR + 1.75%	-	-	958,348	08-Sep-19	
							1,443,896		

18 DEFERRED LIABILITIES

	Note	2019	2018
		Rupees	
Provision for compensated absences	*18.1*	**1,945,196**	1,910,932
Deferred taxation	*18.2*	**30,529,207**	44,790,314
Staff retirement benefits	*18.3*	**21,305,138**	(925,114)
		53,779,541	45,776,132

18.1 Provision for compensated absences

	2019	2018
Balance at beginning of the year	**1,910,932**	1,591,927
Charge for the year	**1,319,215**	825,559
Benefits paid during the year	**(1,284,951)**	(506,554)
Balance at end of the year	**1,945,196**	1,910,932

	2019	2018
	Rupees	

18.2 Deferred taxation:

	2019	2018
Deferred tax liabilities - Taxable temporary differences		
- Accelerated depreciation allowance	**36,707,697**	41,491,508
- Staff retirement benefit	**-**	4,504,791
	36,707,697	45,996,299
Deferred tax assets - Deductible temporary differences		
- Unused tax losses and credits	**-**	(1,205,984)
- Staff retirement benefit	**(6,178,490)**	-
	(6,178,490)	(1,205,984)
	30,529,207	44,790,315

18.3 Staff retirement benefits

18.3.1 The Company operates approved funded gratuity schemes for its permanent employees (the Plan). Actuarial valuation of this Plan is carried out every year and the latest actuarial valuation was carried out as of June 30, 2019.Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Plan.

The latest actuarial valuation of the Plan as at June 30, 2019 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

18.3.2 Statement of financial position - Reconciliation

	Note	2019	2018
		Rupees	
Present value of defined benefit obligation	*18.3.3*	**(78,909,493)**	(59,800,160)
Fair value of plan assets	*18.3.4*	**57,604,355**	60,725,274
		(21,305,138)	925,114

18.3.3 Movement in defined benefit obligation

	2019	2018
Opening defined benefit obligation	**59,800,160**	56,539,360
Current service cost	**5,203,285**	4,477,131
Interest Cost	**5,278,283**	4,252,212
Past service cost	**66,757**	-
Benefits paid	**(909,083)**	(941,851)
Benefits paid on behalf of the fund	**(1,396,059)**	(2,402,369)
Remeasurement loss on obligation	**10,866,150**	(2,124,323)
Closing defined benefit obligation	**78,909,493**	59,800,160

18.3.4 Movement in the fair value of plan assets

	2019	2018
Balance at beginning of the year	**60,725,274**	74,697,634
Expected return on plan assets	**5,423,880**	5,757,220
Contribution	**-**	120,000
Audit fee	**(10,800)**	-
Benefits paid	**(2,305,142)**	(3,344,220)
Benefits paid on behalf of the fund	**1,396,059**	2,402,369
Remeasurement loss on plan assets	**(7,624,916)**	(18,907,729)
Balance at end of the year	**57,604,355**	60,725,274

			2019	2018
18.3.5	**Expense recognized in the statement of profit or loss account**	**Note**	Rupees	
	Current service cost		**5,203,285**	4,477,131
	Past service cost		**66,757**	-
	Net interest income		**(145,597)**	(1,505,008)
	Audit fee		**10,800**	-
			5,135,245	2,972,123
	Allocation of expense			
	- Cost of sales		**2,264,018**	1,457,436
	- Administrative expenses		**2,497,143**	1,284,326
	- Distribution cost		**374,084**	230,361
			5,135,245	2,972,123
18.3.6	**Remeasurement recognised in other comprehensive income**			
	- Remeasurement of present value of defined benefit obligation		**10,866,150**	(2,124,323)
	- Remeasurement of present value of fair value of plan assets		**7,624,916**	18,907,729
			18,491,066	16,783,406
18.3.7	**Net (liability) / asset**			
	Balance at beginning of the year		**925,114**	18,158,274
	Expense charged to statement of profit or loss account		**(5,135,245)**	(2,972,123)
	Remeasurements chargeable in other comprehensive income		**(18,491,066)**	(16,783,406)
	Benefits paid on behalf of the fund		**1,396,059**	2,402,369
	Contributions		**-**	120,000
	Balance at end of the year		**(21,305,138)**	925,114

18.3.8 Sensitivity analysis

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

	Impact on defined benefit obligation		
2019	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	**1%**	**74,852,577**	**83,517,719**
Expected rate of salary increase	**1%**	**83,839,582**	**74,490,771**
Mortality age	**1 year**	**78,909,493**	**78,909,493**
Withdrawal rates	**10%**	**78,909,493**	**78,909,493**
2018			
Discount rate	1%	55,874,039	63,737,024
Expected rate of salary increase	1%	63,987,826	55,585,411
Mortality age	1 year	59,547,356	59,547,356
Withdrawal rates	10%	59,547,356	59,547,356

18.3.9	Principal assumptions used in valuation of gratuity	**2019**	2018
	Withdrawal Rates	**Low**	Moderate
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Expected rate of increase in future salary (per annum)	**14.25%**	9.00%
	Discount rate - per annum	**14.25%**	9.00%
	Expected rate of return on plan assets	**14.25%**	9.00%
	Normal retirement age	**60 years**	60 years

18.3.10 Historical information

As at June 30,	**2019**	2018	2017	2016	2015
Present value of defined benefit obligations	**78,909,493**	59,800,160	56,539,360	52,499,381	40,091,714
Fair value of plan assets	**(57,604,355)**	(60,725,274)	(74,697,634)	(43,463,977)	(76,899,475)
Deficit / (Surplus)	**21,305,138**	(925,114)	(18,158,274)	9,035,404	(36,807,761)
Re-measurement Loss/(Gain) on Obligation	**10,866,150**	(2,124,323)	10,111,187	(6,762,508)	3,409,215
Re-measurement (loss) / gain on Plan Asset	**(7,624,916)**	(18,907,729)	16,729,876	10,357,382	13,062,862
Other Comprehensive loss / (income)	**18,491,066**	16,783,406	(6,618,689)	(17,119,890)	(9,653,647)

18.3.11 Major categories / composition of plan assets	**Note**	**2019**	2018
		Rupees	
Equity securities and units of mutual funds		**41,140,379**	30,599,018
Bank balances		**16,463,976**	30,126,256
		57,604,355	60,725,274

19 TRADE AND OTHER PAYABLES

Creditors		**19,699,780**	37,163,673
Advance from Customer		**104,774,611**	1,674,770
Accrued expenses		**19,694,219**	16,986,564
Gas rate difference	*19.1*	**51,505,587**	44,865,170
Workers' Profits Participation Fund	*19.2*	**18,847,422**	17,647,945
Workers' Welfare Fund		**1,711,547**	1,240,088
Sales tax payable		**130,615**	57,919
Others		**6,229,661**	3,010,428
		222,593,442	122,646,557

19.1 During the year, the Company has made further provision amounting to Rs. 6.64 million in respect of gas rate difference.

19.2 Workers' profit participation fund	**Note**	**2019**	2018
		Rupees	
Opening balance		**17,647,945**	14,384,556
Add:			
- Contribution for the year		**4,339,483**	3,263,389
- Interest accrued		**123,383**	-
		4,462,866	3,263,389
Less: Payment during the year		**(3,263,389)**	-
		18,847,422	17,647,945

20 ACCRUED PROFIT

Accrued morabaha profit		**11,414,080**	8,364,882
Accrued diminishing musharaka profit		**356,722**	355,852
		11,770,802	8,720,734

21 LOANS FROM DIRECTORS

Unsecured			
Loan from directors	*21.1*	**18,610,000**	3,760,000

21.1 This represents short-term interest free borrowings from directors to meet working capital requirements and is payable on demand.

22	SHORT TERM MURABAHA	Note	2019	2018
			Rupees	
	Under Shariah arrangement			
	- Habib Metropolitan Bank Morabaha	**22.1**	**308,565,339**	300,960,627
	- Standard Chartered Bank Morabaha	**22.2**	**132,025,670**	130,508,103
			440,591,009	431,468,730

22.1 Short-term murabaha had been obtained, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 330 million (2018: Rs. 315 million). The effective rate of profit on morabaha in facility ranges between 12% to 14% (2018: 8.11% to 9.03%), based on 6 months KIBOR plus 2% to 4% per annum (2018: 6 months KIBOR plus 2% per annum). The arrangement is secured against equitable mortgage of factory land , building and plant & machinery (except assets financed under diminishing musharaka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the Company.

22.2 Short-term murabaha had been obtained, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million (2018: 134 million). The effective rate of profit on morabaha in facility ranges between 8.46 % to 14.43 % (2018: 7.63% to 8.42%) based on 3 months KIBOR + 1.5% (2018: 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no, 54 Dehi Gondpas Tapo Gabopat Kemari Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Further tax applied on Company's yarn sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Company's legal counsel is of the opinion that the matter shall be decided in the Company's favour, therefore, no provision of further tax has been made during the year, during which the Company neither charged or collected any further tax from its customers.

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

The Company, as well as other petitioners, have challenged the levy on constitutional and legal grounds as well as discrimination in supply rate and GID cess as against its retrospective application of GIDC Act 2015 to levy cess for the period from 2011 to 2015 against that applied to similar sector.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Company has deferred the recognition of expense against such billings amounting to Rs. 112.19 million (2018: 92.67 million) based on the advice of its legal counsel.

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

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

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

	Note	**2019**	2018
		Rupees	
23.2 Commitments			
In respect of:			
- Irrevocable letter of credit		**64,065,814**	76,107,960
- Letter of guarantee issued by commercial bank		**24,056,478**	22,861,098
- Custom duty, sales tax, FED and Income tax on goods in transit		**2,160,819**	129,550

24 TURNOVER - NET

	2019	2018
Local sales	**1,993,215,756**	1,690,979,029
Raw material sales	**6,194,914**	14,698,981
Wastage sales	**7,656,724**	7,711,709
	2,007,067,394	1,713,389,719
Less: Commission and discounts	**(4,826,688)**	(7,399,398)
	2,002,240,706	1,705,990,321

25 COST OF SALES

	Note	2019	2018
		Rupees	
Raw and packing materials consumed			
Opening stock		**72,044,178**	48,244,279
Add: Purchases during the period		**1,318,656,252**	1,080,068,600
		1,390,700,430	1,128,312,879
Less : Closing stock		**(148,600,838)**	(72,044,178)
		1,242,099,592	1,056,268,701
Manufacturing expenses			
Fuel and power	*25.1*	**168,799,860**	132,830,119
Salaries, wages and benefits	*25.2*	**246,909,865**	226,497,374
Services procured		**3,162,468**	10,085,262
Repairs and maintenance		**44,913,291**	32,316,230
Insurance		**2,965,786**	3,470,325
Rent, rates and taxes		**465,460**	515,460
Depreciation	*5.1.1*	**34,105,085**	30,491,693
Security		**2,653,809**	2,581,988
Other manufacturing overheads		**19,271,005**	13,794,420
		523,246,629	452,582,871
Work-in-process - opening stock		**28,598,494**	16,506,109
Work-in-process - closing stock		**(42,220,855)**	(28,598,494)
		(13,622,361)	(12,092,385)
Cost of goods manufactured		**1,751,723,860**	1,496,759,187
Finished goods - opening stock		**75,530,504**	169,088,328
Finished goods - closing stock		**(23,320,832)**	(75,530,504)
		52,209,672	93,557,824
		1,803,933,532	1,590,317,011

25.1 Fuel and Power

Generation cost

	Note	2019	2018
Gas expenses		**125,348,786**	101,774,031
Electricity		**11,619,199**	-
Oil and lubricants		**4,811,065**	3,920,624
Generator rent expense		-	140,000
Generator operation and maintenance		**6,520,976**	6,294,043
Repairs and maintenance		**3,290,092**	4,125,806
Depreciation	*5.1.1*	**15,551,783**	15,054,297
Insurance		**543,966**	517,110
Electricity duty		**298,293**	339,648
Others		**815,700**	664,560
		168,799,860	132,830,119

25.2 This includes amount of Rs. 2.264 million (2018: Rs. 1.457 million) in respect of staff retirement benefits.

26	ADMINISTRATIVE EXPENSES	Note	2019	2018
			Rupees	
	Salaries, wages and other benefits	*26.1*	**11,972,234**	8,604,986
	Directors' remuneration	*26.2*	**20,919,032**	14,486,632
	Printing and stationery		**286,623**	412,059
	Legal and professional charges		**1,045,514**	2,023,214
	Fees and subscription		**1,124,268**	844,097
	Travelling and conveyance		**1,228,441**	42,204
	Repairs and maintenance		**1,902,725**	1,923,750
	Rent, rates and taxes		**4,772,500**	4,282,000
	Depreciation	*5.1.1*	**4,499,098**	4,942,226
	Security expenses		**453,942**	520,274
	Electricity and gas		**1,208,239**	1,285,347
	Insurance		**503,380**	393,829
	Auditors' remuneration	*26.2*	**575,000**	474,960
	Miscellaneous		**976,088**	788,463
			51,467,084	41,024,041

26.1 This includes amount of Rs. 0.478 million (2018: Rs. 0.297 million) in respect of staff retirement benefits.

26.2 This includes amount of Rs. 2.019 million (2018: Rs. 0.926 million) in respect of staff retirement benefits.

26.2	Auditors' remuneration	Note	2019	2018
			Rupees	
	Audit fee (Including consolidation)		**475,000**	386,800
	Half yearly review fee		**100,000**	32,400
	Statutory certifications		**-**	23,760
	Out of Pocket Expenses		**-**	32,000
			575,000	474,960
27	**DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits		**11,161,172**	3,856,843
	Packing and forwarding expenses		**6,719,831**	9,088,880
	Communication		**361,839**	367,349
	Sales promotion expenses		**40,893**	5,162
			18,283,735	13,318,234
28	**OTHER OPERATING EXPENSES**			
	Provision for doubtful receivables		**500,000**	-
	Workers' welfare fund		**1,711,547**	1,240,088
	Workers' profit participation fund		**4,339,483**	3,263,389
			6,551,030	4,503,477
29	**OTHER INCOME**			
	From financial assets			
	Return on deposits - Islamic bank		**252,805**	121,198
	Profit on Habib Islamic Investment Certificate		**46,989**	-
			299,794	121,198
	From non-financial assets			
	Reversal of commission expense		**4,093,186**	-
	Gain on disposal of fixed assets		**417,149**	23,028,800
	Reversal of GIDC provision		**-**	22,046,110
	Prior year sales tax refunds		**34,945**	75,345
			4,545,280	45,150,255
			4,845,074	45,271,453

	Note	2019	2018
		Rupees	

30 RENTAL INCOME - net

	Note	2019	2018
Rental income		**36,000,000**	36,000,000
Operation and maintenance charges		**2,882,616**	2,831,571
		38,882,616	38,831,571
Less: Related expenses			
Depreciation	*5.1.1 & 6*	**(19,691,381)**	(28,712,250)
Repairs and maintenance		**-**	(221,629)
Salaries, wages and other benefit		**-**	(4,655)
Insurance		**(1,375,521)**	(1,186,853)
Finance cost		**(1,610,914)**	(3,942,094)
		(22,677,816)	(34,067,481)
		16,204,800	4,764,090

31 FINANCE COSTS

	2019	2018
Morabaha profit	**50,154,428**	33,529,129
Diminishing musharaka profit	**8,854,360**	9,806,759
Finance charges on WPPF	**123,383**	-
Murabaha documentation charges	**139,395**	60,122
Guarantee commission	**235,179**	-
Bank charges	**1,183,460**	1,970,826
Local letter of credit charges	**-**	228,974
Exchange fluctuation charges	**2,626,374**	502,987
	63,316,579	46,098,797

32 TAXATION

32.1 Current

	2019	2018
- for the year	**22,146,839**	20,364,581
- for prior year	**1,416,603**	1,950,083
	23,563,442	22,314,664
Deferred	**(9,048,859)**	19,779,444
	14,514,583	42,094,108

32.1.1 The income tax assessments of the Company have been finalised up to and including the tax year 2018. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

32.1.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

The Board of Directors of the Company in their meeting held on 27 SEP 2019 has disclosed sufficient cash dividend for the year ended June 30, 2019 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in these unconsolidated financial statements.

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

		2019	2018
33	**EARNINGS PER SHARE - BASIC AND DILUTED**	Rupees	

33.1 Basic earnings per share

	2019	2018
	Rupees	
Profit after taxation	**65,224,037**	18,670,196
	Number	
Weighted average number of ordinary shares	**8,593,750**	8,593,750
Earnings per share - basic and diluted	**7.59**	2.17

33.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2018 and June 30, 2019 which would have any effect on the earnings per share.

34 CHIEF EXECUTIVE, DIRECTORS' & EXECUTIVE OFFICERS' REMUNERATION

The aggregate amounts charged in the unconsolidated financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

	Chief Executive		Directors		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees							
Remuneration	**7,316,400**	5,200,800	**5,352,600**	3,860,400	**6,965,265**	3,961,000	19,634,265	13,022,200
House rent	**2,839,200**	2,079,120	**2,074,800**	1,519,560	**1,882,296**	1,582,500	6,796,296	5,181,180
Retirement benefits	**1,166,597**	535,388	**852,435**	391,244	**506,772**	1,215,853	2,525,804	2,142,485
Utilities	**758,400**	520,080	**558,600**	380,040	**871,919**	396,100	2,188,919	1,296,220
	12,080,597	8,335,388	**8,838,435**	6,151,244	**10,226,252**	7,155,453	**31,145,284**	21,642,085
Number of persons	**1**	1	**2**	2	**3**	3	**6**	6

34.1 The chief executive and executive director are also provided with free use of company maintained cars and residential telephones.

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

34.3 No fee was paid to directors for attending board meetings during the year. (2018: Nil)

		2019	2018
35	**CAPACITY AND PRODUCTION**	Number	
	Number of spindles installed	**32,052**	32,052
	Number of spindles operated	**32,052**	32,052
	Installed capacity in Kgs. after conversion into 30 single count	**7,154,006**	7,154,006
	Actual production of yarn in Kgs. after conversion into 30 single count	**6,671,706**	6,812,439
	Number of shifts worked per day	**3**	3

35.1 Actual production is less than the installed capacity due to planned maintenance shut down and gap between market demand and supply.

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit risk

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

Exposure to credit risk

Credit risk of the Company arises from long term deposits, deposits with banks, trade debts, short term loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	**2019**	2018
		Rupees	
Long term deposits		**2,756,051**	2,836,051
Short term investment		**1,705,555**	-
Trade debts	*36.1.1*	**313,588,277**	202,774,091
Loans to employees	*36.1.2*	**3,448,033**	4,265,817
Trade deposits		**760,088**	985,983
Other receivables		**30,003,757**	14,680,502
Bank balances		**29,764,586**	41,940,587
		382,026,347	267,483,031

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

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

The aging analysis of the total receivable from clients as at the reporting date is as follows:

	2019		2018	
	Gross	**Impairment**	Gross	Impairment
Not past due	**-**	**-**	-	-
Past due 1 day - 30 days	**166,491,635**	**-**	107,486,310	-
Past due 31 days - 180 days	**146,281,563**	**-**	94,438,771	-
Past due 181 days - 1 year	**1,315,079**	**500,000**	849,010	-
More than one year	**-**	**-**	-	-
	314,088,277	**500,000**	202,774,091	-

No impairment has been recognized except as disclosed in respect of these debts as counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

Bank	**Rating agency**	**Short- term Rating**	**2019**	2018
			----------(Rupees)----------	
Habib Metropolitan Bank	PACRA	A-1+	9,535,070	16,162,983
Meezan Bank Limited	PACRA	A-1+	12,942,964	2,184,535
Bank Al-Habib Limited	PACRA	A-1+	146,666	22,142,936
Bank Alfalah	PACRA	A-1+	4,161,671	136,721
United Bank Limited	JCR-VIS	A-1+	959,057	214,632
National Bank of Pakistan	PACRA	A-1+	108,497	143,331
Habib Bank Limited	JCR-VIS	A-1+	1,052,500	91,828
Standard Chartered Bank	PACRA	A-1+	670,572	863,622
Faisal Bank Limited	PACRA	A-1+	187,589	-
			29,764,586	41,940,588

Due to the Company's long standing business relationships with the 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. Accordingly, the credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company has cash and bank balance Rs. 29.97 million (2018: Rs. 42.26 million) and liquid assets in the form of short term investments amounting to Rs. 1.71 million (2018: Nil).

The following are the contractual maturities of financial liabilities, including interest payments:

	2019			
	Carrying amount	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**
	Rupees			
Financial liabilities				
Long term Musharaka	**70,139,098**	**7,488,572**	**18,134,028**	**44,516,498**
Trade and other payables	**97,129,247**	**97,129,247**	**-**	**-**
Accrued profit	**11,770,802**	**11,770,802**	**-**	**-**
Loan from directors	**18,610,000**	**18,610,000**	**-**	**-**
Short term murabaha	**440,591,009**	**246,613,830**	**193,977,179**	**-**
	638,240,156	**381,612,451**	**212,111,207**	**44,516,498**

	2018			
	Carrying amount	Less than 3 months	3 months to 1 year	1 to 5 years
	Rupees			
Financial liabilities				
Long term Musharaka	126,429,252	15,407,390	40,046,137	70,975,725
Trade and other payables	102,025,835	102,025,835	-	-
Accrued markup	8,720,734	8,720,734	-	-
Loan from directors	3,760,000	3,760,000	-	-
Short term murabaha	431,468,730	431,468,730	-	-
	672,404,551	561,382,689	40,046,137	70,975,725

c) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no material foreign currency transactions and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

Financial assets and liabilities include balances of Rs. 12.43 million (2018: Rs.1.36 million) and Rs. 510.73 million (2018: Rs. 557.90 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2019	2018	**2019**	2018
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - *pls account*	**0.4% to 6.5%**	0.4% to 3.3%	**10,729,009**	1,363,645
Short term investment	**4.8% to 5.9%**	Nil	**1,705,555**	-
Financial liabilities				
Long term musharaka	**8.4% to 14.8%**	8.02% to 8.78%	**70,139,098**	126,429,252
Short term murabaha	**8.46 % to 14.43%**	7.63% to 9.03%	**440,591,009**	431,468,730

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 605 bps during the year.

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

	Statement of profit or loss 100 bp	
	increase	**(decrease)**
As at June 30, 2019		
Cash flow sensitivity-Variable rate financial instrument	**3,621,471**	**(3,621,471)**
As at June 30, 2018		
Cash flow sensitivity-Variable rate financial liabilities	3,956,785	(3,956,785)

36.2 Fair value estimate

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

36.3 Financial instruments by categories

2019

As at June 30, 2019 **Financial assets as per statement of financial position**	**Asset at cost**	**Ammortized cost**	**Total**
	Rupees		
Long term deposits	**-**	**2,756,051**	**2,756,051**
Short term investments	**-**	**1,705,555**	**1,705,555**
Trade debts	**-**	**313,588,277**	**313,588,277**
Loans to employees	**-**	**3,448,033**	**3,448,033**
Trade deposits	**-**	**760,088**	**760,088**
Other receivables	**-**	**30,003,757**	**30,003,757**
Cash and bank balances	**-**	**29,971,577**	**29,971,577**
	35,000,000	**382,233,338**	**417,233,338**

As at June 30, 2019 **Financial liabilities as per statement of financial position**	**Financial liabilities at amortized cost**
	Rupees
Long term Musharaka	**70,139,098**
Trade and other payables	**97,129,247**
Accrued markup	**11,770,802**
Loan from directors	**18,610,000**
Short term murabaha	**440,591,009**
	638,240,156

2018

As at June 30, 2018 Financial assets as per statement of financial position	Asset at cost	Ammortized cost	Total
	Rupees		
Long term deposits	-	2,836,051	2,836,051
Short term investments	-	-	-
Trade debts	-	202,774,091	202,774,091
Loans to employees	-	4,265,817	4,265,817
Trade deposits	-	985,983	985,983
Other receivables	-	14,680,502	14,680,502
Cash and bank balances	-	42,264,953	42,264,953
	35,000,000	267,807,397	302,807,397

As at June 30, 2018 Financial liabilities as per statement of financial position	Financial liabilities at amortized cost
	Rupees
Long term Musharaka	126,429,252
Trade and other payables	102,025,835
Accrued markup	8,720,734
Loan from directors	3,760,000
Short term murabaha	431,468,730
	672,404,551

37 CAPITAL RISK MANAGEMENT

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders 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 shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term musharaka' and 'short term morabaha' as shown in the statement of financial position). Total capital comprises shareholders' equity:

	2019	2018
	Rupees	
Total borrowings	**510,730,107**	557,897,982
Total equity	**365,327,065**	330,569,345
Total capital	**876,057,172**	888,467,327
Gearing ratio	**58.30%**	62.79%

38 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company and directors and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 34 to the unconsolidated financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Name of the related party, relationship with the related party & nature of Transaction	**Year ended 30 June 2019**	Year ended 30 June 2018
	Rupees	
SUBSIDIARY		
Sana Logistics (Private) Limited		
Transfer of fixed assets to Sana Logistics (Private) Limited	-	81,129,842
Consideration received against transfer of fixed assets to Sana Logistics (Private) Limited	-	116,012,042
Rent received from Sana Logistics (Private) Limited	**20,781,188**	36,000,000
Reimbursement of operation and maintenance expenses by Sana Logistics (Private) Limited	**1,755,508**	1,936,063
Reimbursement of electricity and health insurance by Sana Logistics (Private) Limited	-	15,854,303
Rent receivable from Sana Logistics (Private) Limited	**24,218,812**	10,755,508
Receivable from Sana Logistics (Private) Limited in respect of operation and maintenance expenses	**2,882,616**	-
Receivable from Sana Logistics (Private) Limited in respect of electricity and health insurance expenses	**852,993**	-
KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS		
Mohammad Younus Nawab (Chairman)		
Loan obtained during the year	**10,900,000**	-
Loan repaid during the year	**10,300,000**	14,635,000
Loan payable as of the reporting date	**600,000**	-
Mohammad Irfan Nawab (CEO)		
Loan obtained during the year	**6,800,000**	19,827,000
Loan repaid during the year	**6,200,000**	37,617,000
Loan payable as of the reporting date	**4,360,000**	3,760,000
Ibrahim Younus (Director)		
Loan obtained during the year	**1,200,000**	28,525,000
Loan repaid during the year	**650,000**	51,270,000
Loan payable as of the reporting date	**550,000**	-

KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS (continued)	**Year ended**	
	30 June 2019	30 June 2018
	Rupees	
Ismail Younus (Director)		
Loan obtained during the year	**700,000**	1,725,000
Loan repaid during the year	**700,000**	3,975,000
Loan payable as of the reporting date	-	-
Mohammad Faizanullah (Director)		
Loan obtained during the year	**1,000,000**	3,725,000
Loan repaid during the year	**500,000**	6,075,000
Loan payable as of the reporting date	**500,000**	-
Sabiha Younus (Spouse of Chairman)		
Loan obtained during the year	**23,150,000**	31,050,000
Loan repaid during the year	**11,400,000**	33,030,000
Rent paid during the year	**2,814,750**	1,545,000
Loan payable as of the reporting date	**11,750,000**	-
Rent payable as of the reporting date	-	531,000
Afshan Irfan (Spouse of CEO)		
Loan obtained during the year	**1,700,000**	1,750,000
Loan repaid during the year	**850,000**	3,830,000
Rent paid during the year	**2,814,750**	1,545,000
Loan payable as of the reporting date	**850,000**	-
Rent payable as of the reporting date	-	531,000
POST EMPLOYMENT BENEFIT PLAN		
Contribution to the gratuity Fund	-	120,000
Benefits paid on behalf of the Fund	**1,396,059**	2,402,369

39 OPERATING SEGMENT

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

Revenue from sale of yarn represents 99% (2018: 99%) of the total revenue of the Company.

All non-current assets of the Company at 30 June 2019 are located in Pakistan.

40 EVENTS AFTER THE REPORTING DATE

The Board of Directors in their meeting held on September 27, 2019 has proposed a final cash dividend of Rs. 2.5 per share (2018: Rs 2/- per share) amounting to Rs. 21,484,375/- (2018: Rs. 17,187,500/-) for approval of the members at the Annual General Meeting to be held on October 25, 2019. The unconsolidated financial statements do not reflect the said appropriation.

41 NUMBER OF EMPLOYEES

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

	Note	**2019**	2018
		Number	
Total employees of the Company at the year end		217	183
Average employees of the Company during the year		197	178

42 DATE OF AUTHORIZATION FOR ISSUE

27 SEP 2019

These unconsolidated financial statements have been authorized for issue on _______________ by the Board of Directors of the Company.

43 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purposes of comparison and better presentation. A major reclassification of corresponding figures made in the unconsolidated financial statements is as follows:

Reclassified from component	Reclassified to component	— Rupees —
Stock in trade	*Stock in trade*	
Raw and packing materials	Packing material	3,679,688
Trade debts	*Trade and other payables*	
Trade debts	Advance from Customer	1,674,770
Loans and advances	*Loans and advances*	
Advances:	Advances	
- against imports and local purchases	- to suppliers	8,748,928
	- against Letter of credit	12,490,358
Cost of sales	*Rental income - net*	
- Depreciation	- Depreciation	17,708,406
- Insurance	- Insurance	1,186,853
- Salaries, wages and other benefits	- Salaries, wages and other benefits	4,655
- Repairs and maintenance	- Repairs and maintenance	221,629
Other Income		
- Rental Income	*Rental income - net* (shown as separate line item in statement of profit or loss account)	38,831,571
Finance cost	*Rental income - net*	
- Diminishing Musharaka	- Finance cost	3,942,094
Administrative expense	*Rental income - net*	
- Depreciation	- Depreciation	11,003,844
Administrative expense	*Administrative expense*	
- Salaries, wages and other benefits	- Directors' remuneration	14,486,632
Long term deposits	*Long term prepayments*	120,000
Other operating expense	*Administrative expenses*	
- Auditors' remuneration	- Auditors' remuneration	474,960

44 GENERAL

- Figures have been rounded off to the nearest rupee.

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

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sana Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Sana Industries Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

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

Cont'd... P/2

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Following are the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	**First time application of IFRS 9**	
	As referred to in note 4(a) to the consolidated financial statements, the IFRS 9 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2019. The IFRS 9 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the classification, measurement and content of disclosures in relation to various elements of the financial statements. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We consider it as a key audit matter in view of the changes in classification, measurement and disclosure impacts in the consolidated financial statements due to the application of IFRS 9.	Our audit procedures included the following: • Considering the management's process to identify the necessary amendments required in the Group's consolidated financial statements. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group. Reviewed the working of management for expected credit losses. • We reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

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

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

Cont'd… P/3

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Cont'd... P/4

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

The consolidated financial statements as at June 30, 2018 and consolidated condensed interim financial information as at December 31, 2017 of the Company were audited and reviewed by another auditor whose reports dated September 28, 2018 and February 26, 2018 respectively, expressed an unqualified opinion and conclusion.

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

Rahman

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 27 SEP 2019

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	(Restated) 2018
		Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property, plant and equipment	*5*	**619,693,712**	660,795,813
Long term deposits and prepayments	*6*	**4,701,051**	6,443,551
		624,394,763	667,239,364
CURRENT ASSETS			
Stock-in-trade	*7*	**214,142,525**	176,173,176
Short term investments	*8*	**1,705,555**	-
Trade debts	*9*	**415,531,305**	291,384,865
Loans and advances	*10*	**24,289,126**	30,888,956
Trade deposits and short term prepayments	*11*	**1,490,580**	2,092,998
Other receivables	*12*	**32,933,012**	33,042,245
Tax refunds due from government		**77,802,722**	61,860,813
Cash and bank balances	*13*	**30,661,897**	43,690,361
		798,556,722	639,133,414
TOTAL ASSETS		**1,422,951,485**	1,306,372,778
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	*14*	**100,000,000**	100,000,000
Issued, subscribed and paid-up capital	*14*	**85,937,500**	85,937,500
REVENUE RESERVE			
General reserves		**132,500,000**	132,500,000
Unappropriated profit		**158,438,846**	92,917,580
		290,938,846	225,417,580
Equity attributable to the shareholders of Holding Company		**376,876,346**	311,355,080
Non controlling interest		**29,921,385**	17,891,465
Total equity		**406,797,731**	329,246,545
LIABILITIES			
NON - CURRENT LIABILITIES			
Long term musharaka	*15*	**88,820,098**	135,879,598
Long term liability	*16*	**27,481,254**	38,740,906
Deferred liabilities	*17*	**64,894,182**	52,722,405
		181,195,534	227,342,909
CURRENT LIABILITIES			
Trade and other payables	*18*	**238,022,320**	159,243,453
Accrued Profit	*19*	**11,834,668**	8,774,079
Loans from directors and associates	*20*	**79,185,000**	64,960,000
Current portion of long-term musharaka	*15*	**48,032,975**	55,453,527
Current portion of long term liability	*16*	**15,493,369**	28,233,419
Unclaimed dividend		**1,798,879**	1,650,116
Short term murabaha	*21*	**440,591,009**	431,468,730
		834,958,220	749,783,324
CONTINGENCIES AND COMMITMENTS	*22*		
TOTAL EQUITY AND LIABILITIES		**1,422,951,485**	1,306,372,778

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	(Restated) 2018
		Rupees	
Turnover - net	*23*	**2,402,534,921**	2,028,802,961
Cost of sales & services	*24*	**(2,092,849,321)**	(1,850,973,662)
Gross profit		**309,685,600**	177,829,299
Administrative expenses	*25*	**(69,031,120)**	(57,727,152)
Distribution expenses	*26*	**(22,720,745)**	(18,533,721)
Other operating expense	*27*	**(6,551,030)**	(4,503,477)
Other income	*28*	**5,071,539**	22,969,411
		(93,231,356)	(57,794,939)
Operating profit		**216,454,244**	120,034,360
Finance costs	*29*	**(77,338,266)**	(55,350,305)
Profit before taxation		**139,115,978**	64,684,055
Taxation	*30*	**(31,098,475)**	(53,657,868)
Profit after taxation		**108,017,503**	11,026,187
Attributable to:			
- Shareholders of the Holding Company		**95,987,583**	6,865,519
- Non - controlling interest		**12,029,920**	4,160,668
		108,017,503	11,026,187
Earnings per share - basic and diluted	*31*	**11.17**	0.80

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	(Restated) 2018
	——Rupees——	
Profit after taxation	**108,017,503**	11,026,187
Item that will not be reclassified subsequently to consolidated statement of profit or loss account		
Remeasurement of post retirement benefits obligation	**(18,491,066)**	(16,783,406)
Deferred tax on above	**5,212,249**	5,035,022
	(13,278,817)	(11,748,384)
Total comprehensive income for the year	**94,738,686**	(722,197)
Attributable to:		
- Shareholders of the Holding Company	**82,708,766**	(4,882,865)
- Non - controlling interest	**12,029,920**	4,160,668
	94,738,686	(722,197)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Revenue Reserve		Total Reserves	Total equity attributable to the shareholders of Holding Company (Restated)	Non - controlling interest (Restated)
		General reserves	Un-appropriated profit			
	Rupees					
Balance as at 30 June, 2017 - (Restated)	85,937,500	132,500,000	97,800,445	230,300,445	316,237,945	3,830,797
Non-controlling interest arising on further issue of shares	-	-	-	-	-	9,900,000
Total comprehensive income for the year ended June 30, 2018						
Profit after tax	-	-	6,865,519	6,865,519	6,865,519	4,160,668
Other comprehensive loss - net	-	-	(11,748,384)	(11,748,384)	(11,748,384)	-
	-	-	(4,882,865)	(4,882,865)	(4,882,865)	4,160,668
Balance as at 30 June, 2018	**85,937,500**	**132,500,000**	**92,917,580**	**225,417,580**	**311,355,080**	**17,891,465**
Transactions with owners :						
Cash dividend @ Rs.2/- per ordinary share for the year ended June 30, 2018	-	-	**(17,187,500)**	**(17,187,500)**	**(17,187,500)**	-
Total comprehensive income for the year ended June 30, 2019						
Profit after tax	**-**	**-**	**95,987,583**	**95,987,583**	**95,987,583**	**12,029,920**
Other comprehensive income	**-**	**-**	**(13,278,817)**	**(13,278,817)**	**(13,278,817)**	**-**
	-	**-**	**82,708,766**	**82,708,766**	**82,708,766**	**12,029,920**
Balance as at 30 June, 2019	**85,937,500**	**132,500,000**	**158,438,846**	**290,938,846**	**376,876,346**	**29,921,385**

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

SANA INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	(Restated) 2018
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	
Profit before taxation	**139,115,978**	64,684,055
Adjustments for:		
- Depreciation	**92,232,096**	85,835,627
- Gain on sale of fixed assets	**(566,639)**	(650,230)
- Provision for Workers' Profit Participation Fund	**4,339,483**	3,263,389
- Provision for Workers' Welfare Fund	**1,711,547**	1,240,088
- Provision for doubtful receivables	**500,000**	-
- Provision for Staff Compensation benefit	**1,319,215**	825,559
- Provision for Staff retirement benefits	**5,135,245**	825,559
- Finance costs	**77,338,266**	55,350,305
	182,009,213	146,690,297
Cash generated from operating activities before working capital changes	**321,125,191**	211,374,351
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
- Stock in trade	**(37,969,349)**	57,665,540
- Trade debts	**(124,146,440)**	(83,086,316)
- Loan and advances	**6,599,830**	5,339,512
- Trade deposits and short term prepayments	**602,418**	(3,957,033)
- Other receivables	**109,233**	(6,840,751)
Increase in current liabilities		
- Trade and other payables	**77,107,931**	8,500,451
	(77,696,377)	(22,378,597)
Cash generated from operations	**243,428,814**	188,995,754
- Taxes paid	**(51,920,874)**	(40,592,995)
- Gratuity paid	**(1,396,059)**	(56,800)
- Staff Compensation benefit paid	**(1,284,951)**	(506,554)
- Payment of Workers' welfare fund	**(1,240,088)**	-
- Payment of Workers' profit participation fund	**(3,263,389)**	-
- Finance cost paid	**(69,782,622)**	(50,843,789)
- Long term deposits	**1,662,500**	(3,277,800)
Net cash generated from operating activities	**116,203,331**	93,717,816
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property, plant and equipment	**(51,327,656)**	(53,575,278)
- Short term investment	**(1,705,555)**	-
- Proceeds from disposal of property, plant and equipment	**1,263,600**	958,235
Net cash used in investing activities	**(51,769,611)**	(52,617,043)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Receipts under short-term murabaha	**9,122,279**	33,694,853
- Proceeds from issue of shares - NCI	**-**	9,900,000
- Repayment under long term musharika - net	**(54,480,052)**	(9,822,388)
- Borrowings / (repayments) from directors and associates	**14,225,000**	(35,730,000)
- Payment of long term liability	**(29,290,674)**	(4,151,375)
- Dividend paid	**(17,038,737)**	(320,419)
Net cash used in financing activities	**(77,462,184)**	(6,429,329)
Net (decrease) / increase in cash and cash equivalents	**(13,028,464)**	34,671,444
Cash and cash equivalents at the beginning of the year	**43,690,361**	9,018,917
Cash and cash equivalents at the end of the year	**30,661,897**	43,690,361

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

1.1 Sana Industries Limited ("the Holding Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the holding company are listed on Pakistan Stock Exchange Limited ("the Exchange"). The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

1.2 These consolidated financial statements of Sana Industries Limited for the year ended 30 June 2019 comprise of the Holding Company and following subsidiary company (here-in-after referred to as "the Group"):

Name of Subsidiary Company	*Effective holding*
- Sana logistics (Private) Limited	70%

1.3 Sana Logistics (Private) Limited ("the Subsidiary Company") is a private limited Company under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The Principal activity of the company is to provide Warehousing Management Services to its customers, who may have specialised requirements with respect to storage Temperatures(Cold and Ambient/Dry), Environment, Handling of goods while adhering to all the best practices and complying to modern day Warehousing Management techniques.

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

Head office

- **Holding Company:** The registered office of the Company is situated at 33-D-2, Block 6, P.E.C.H.S., Karachi.
- **Subsidiary Company :** The registered office of the Company is located at SF-96, S.I.T.E, Karachi.

Mill: The mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.

Warehouse: The holding company's warehouse is located at SF-96, S.I.T.E, Karachi.

Storage Unit: The subsidiary company has two storage facilities:

- Survey no. 54 Deh Gondpass, Tapo Gabapat, Kemari Town, Karachi.

- Land bearing No. B-183 to B-188, B 197 to B-199 and Private Land Khasra No. 760, 761,767 & 770, located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except employee retirements benefits which is carried at present value of defined benefit obligation.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these consolidated financial statements.

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these consolidated financial statements.

	Note
- Useful lives and residual values of property, plant and equipment	*3.2*
- Provision for obsolete inventory	*3.5*
- Provision for staff retirement benefits	*3.11*
- Provision for taxation	*3.12*

2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the consolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the consolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the consolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the consolidated financial statements.

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statement.

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement **-** the amendment aims to clarify the accounting treatment when a group increases its interest in a joint operation that meets the definition of a business. A group remeasures its previously held interest in a joint operation when it obtains control of the business. A group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes **-** the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs **-** the amendment clarifies that a group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group’s consolidated financial statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

3.1.1 Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquire in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortised and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated statement of profit or loss. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

These consolidated financial statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and the accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Holding Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. Any retained interest in the former subsidiary is measured at fair value where control is lost.

The financial year of the Holding Company and its subsidiary are the same.

3.1.3 Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Correction of prior period errors

A - Deferred taxation

During the year ended June 30, 2018, the following errors were made by the Subsidiary Company with respect to measurement and recognition of deferred income tax:

- The tax written down value of the property, plant and equipment was erroneously computed as Rs. 209.27 million instead of Rs. 159.64 million. As a result, a taxable temporary difference of Rs. 49.63 million (on which a deferred tax liability of Rs. 14.89 million should have been recognized) was erroneously converted into a deductible temporary difference of Rs. 6.66 million (on which a deferred tax asset of Rs. 1.99 million was, in fact, recognized);

- The accounting carrying value of the property, plant and equipment was erroneously taken as Rs. 202.611 million instead of Rs. 190.656 million (refer error 'C' below for further explanation); and

- A deferred tax asset amounting to Rs. 2.35 million (arising on unused tax losses of Rs. 7.86 million) was, inadvertently, not recognized.

As a result of the aforementioned errors, the deferred tax liability as on June 30, 2018 and deferred tax charge for the year ended was under-recorded by an amount of Rs. 8.94 million.

B - Current tax charge for the year ended June 30, 2018

In its financial statements for the year ended June 30, 2018, the subsidiary Company measured and recognized the current tax charge for that year at Rs. 4.98 million, whereas, the tax chargeable as declared in the income tax return for the tax year 2018 amounted to Rs. 6.26 million. Thus, the current tax liability as of June 30, 2018 as well as current tax charge for the year then ended was under-recorded by an amount of Rs. 1.27 million which was due to the fact that the said tax charge was, inadvertently, computed as 29% of declared taxable income instead of 2% of total turnover of the subsidiary Company.

C - Equipment acquired on deferred settlement basis during the year ended June 30, 2018

During the year ended June 30, 2018, the subsidiary Company acquired certain items of equipment on deferred settlement basis whereby, in total, an amount of Rs. 82.37 million was payable to the suppliers over a period 4.5 years commencing from the date of acquisition (i.e. in 54 unequal monthly instalments). According to the International Accounting Standard (IAS) 16 ‘Property, Plant and Equipment’, the cost of such items, at the date of recognition, was required to be measured as the cash price equivalent (which amounted to Rs. 65.92 million) and the difference between the total payment agreed to be made to the suppliers (over the aforesaid period of 4.5 years) and the said cash price equivalent was to be recognized as interest expense in the statement of profit or loss account for the forthcoming reporting periods.

However, contrary to above, the acquisition of the items of equipment was accounted for as follows:

- At initial recognition, the addition to property, plant and equipment and the corresponding liability was measured at the undiscounted amount payable of Rs. 79.20 million (instead of the cash price equivalent of Rs. 65.92 million). Resultantly, the depreciation charge was also over-booked by Rs. 1.32 million;

- As of June 30, 2018, the aforesaid liability was, inadvertently, re-measured at Rs. 57.218 million instead of Rs. 66.974 million; and

- As of June 30, 2018, the difference between the then carrying value of the liability (amounting to Rs. 75.051 million) and the re-measured amount of Rs. 57.218 million (as referred in to in clause (b) above), amounting to Rs. 17.832 million, was recognized in profit or loss as 'other income').

The correction of the above errors has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and corresponding figures have been restated.

The retrospective correction of the errors has the effects on these consolidated financial statements as follows:

Effect on the Statement of Financial Position	**As of June 30, 2018 — Rupees —**
Assets	
Decrease in operating fixed assets	**11,955,551**
Decrease in tax refund due from government	**1,279,161**
Liabilities	
Increase in deferred tax liability	**8,944,823**
Increase in long term loan	**9,755,820**

Effect on the Statement of Comprehensive Income for the year ended June 30, 2018

Effect on profit or loss	**— Rupees —**
Decrease in depreciation expense	**(1,328,395)**
Decrease in other income	**17,832,231**
Decrease in operating profit	**16,503,836**
Increase in finance cost	**5,207,535**
Decrease in profit before taxation	**21,711,371**
Increase in current tax charge	**1,279,161**
Deferred tax expense recognized	**8,944,823**
	10,223,984
Decrease in profit after taxation	**31,935,355**
Decrease in earnings per share - basic and diluted	**2.60**
Decrease in total comprehensive income	**31,935,355**

3.2 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 consolidated statement of profit or 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 5.1. Depreciation is charged when the asset is available for use till the asset is disposed off. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate annually.

Maintenance and normal repairs are charged to consolidated statement of profit or 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 Group.

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

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. The Group's estimate of residual value of property, plant and equipment as at June 30, 2019 did not require any adjustment.

3.3 Capital work in progress

Capital work in progress is stated at cost accumulated up to the reporting date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets are available for use.

3.4 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3.5 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value. Cost in relation to stock-in-trade represents direct cost of materials, direct wages and an appropriate portion of production overheads and the related duties where applicable. Cost is determined as follows.

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

Provision is made in the consolidated financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the consolidated statement of profit or loss account.

Net realizable value signifies the estimated selling prices in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

3.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime Expected Credit Loss that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

3.7 Cash and cash equivalents

Cash and cash equivalent are carried in the consolidated statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand and bank balances.

3.8 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.9 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.10 Trade and other payables

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

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.11 Employee benefits

Compensated absences

The Holding Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees.

Defined benefit scheme

The Holding Company operates an approved funded gratuity plan (the Plan) for its permanent employees. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to consolidated statement of profit or loss account. Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the Plan.

Subsidiary Company have no staff retirement benefits plan.

3.12 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

Deferred tax is charged or credited in the consolidated statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

3.13 Provisions

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

3.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at reporting date. Non-monetary assets are translated using exchange rates that existed when the values were determined. 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 taken to consolidated statement of profit or loss account.

3.15 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods (yarn) and scrap sales are recegnized when the customer obtains control of the goods, being when the goods are delivered to the customer, the customer has full discretion over the selling price of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or there are objective evidence that all criteria for acceptance have been satisfied.

  A receivable is recognized when the goods are delivered to customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

- Revenue from service fee is recognised when services have been transferred to a customer either over time or at a point in time, when the performance obligations are met.

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

3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

3.17 Dividend and appropriation to / from reserves

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

3.18 Financial instruments

a) *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

b) i) *Classification of financial assets*

The Group classifies its financial instruments in the following categories:
- at fair value through profit and loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group’s business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) *Classification of financial liabilities*

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

c) *Subsequent measurement*

i) *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss account and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss account and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) *Impairment of financial assets at amortised cost*

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4.

e) *Derecognition*

i) *Financial assets*

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss account. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss account. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss account, but is transferred to consolidated statement of changes in equity.

ii) *Financial liabilities*

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss account and other comprehensive income.

3.19 Offsetting of financial assets and financial liabilities

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

4 CHANGES IN ACCOUNTING POLICY

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the consolidated statement of profit or loss account or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Group has adopted modified retrospective approach as, permitted by this standard, according to which the Group is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on opening equity of the Group.

The impact of the adoption of IFRS 9 has been in the following areas:

i) **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at July 1, 2018:

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Trade debts	LR	AC	201,099,321	201,099,321	-
Loans to employees	LR	AC	4,509,817	4,509,817	-
Trade deposits	LR	AC	985,983	985,983	-
Other receivables	LR	AC	3,924,994	3,924,994	-

- "LR" is loans and receivables
- "AC" is amortised cost

ii) **Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended June 30, 2019.

iii) **Impairment of financial assets**

IFRS 9 replaces the ‘incurred loss’ model of IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Group considers the impact of forward looking information (such Group's internal factors and economic environment of the customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Group expects to receive).

Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The impact of the new impairment model, defined by IFRS 9, on the Company's statement of financial for the year ended June 30, 2019 is disclosed in note 9.1.

b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Group for the year ended June 30, 2019.

	Note	2019	(Restated) 2018
		Rupees	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*5.1*	**619,194,412**	655,597,839
Capital work in progress	*5.2*	**499,300**	5,197,974
		619,693,712	660,795,813

5.1 Operating fixed assets

	Leasehold land	SF/96 Premises (Tenancy Rights)	Building on leasehold land	Electrification - Factory Building	Office Premises SF/96	Plant and machinery	Handling equipments	Furniture, fixtures and office equipments	Lab Equipments	Vehicles	Computers & software	Plastic Crates	Total
As at July 01, 2017													
Cost	12,095,494	5,000,000	206,397,199	18,490,358	12,711,363	842,042,631	40,992,501	12,116,793	311,295	36,042,721	2,354,772	193,425	1,188,748,552
Accumulated depreciation	-	-	(96,446,988)	(11,816,265)	(8,103,417)	(405,873,545)	(11,930,558)	(5,478,998)	(217,907)	(19,004,010)	(1,354,513)	(193,424)	(560,419,625)
Net book value	12,095,494	5,000,000	109,950,211	6,674,093	4,607,946	436,169,086	29,061,943	6,637,795	93,388	17,038,711	1,000,259	1	628,328,927
Year ended June 30, 2018													
Opening net book value	12,095,494	5,000,000	109,950,211	6,674,093	4,607,946	436,169,086	29,061,943	6,637,795	93,388	17,038,711	1,000,259	1	628,328,927
Additions / transfers during the year - (Restated)	-	-	7,375,043	1,948,296	-	6,541,287	73,247,103	1,189,489	-	103,961	492,126	-	90,897,305
Disposals / transfers													
Cost	-	-	-	-	-	(6,527,963)	-	-	-	(79,618)	-		(6,607,581)
Accumulated depreciation	-	-	-	-	-	28,780,042	-	-	-	34,773	-		28,814,815
Net book value	-	-	-	-	-	22,252,079	-	-	-	(44,845)	-	-	22,207,234
Depreciation for the year - (Restated)	-	-	(15,371,324)	(1,053,769)	(1,030,515)	(56,165,944)	(5,079,758)	(908,143)	(62,259)	(5,785,507)	(378,408)	-	(85,835,627)
Closing net book value	12,095,494	5,000,000	101,953,930	7,568,620	3,577,431	408,796,508	97,229,288	6,919,141	31,129	11,312,320	1,113,977	1	655,597,839
As at July 01, 2018													
Cost	12,095,494	5,000,000	213,772,242	20,438,654	12,711,363	842,055,955	114,239,604	13,306,282	311,295	36,067,064	2,846,898	193,425	1,273,038,276
Accumulated depreciation	-	-	(111,818,312)	(12,870,034)	(9,133,932)	(433,259,447)	(17,010,316)	(6,387,141)	(280,166)	(24,754,744)	(1,732,921)	(193,424)	(617,440,437)
Net book value - Restated	12,095,494	5,000,000	101,953,930	7,568,620	3,577,431	408,796,508	97,229,288	6,919,141	31,129	11,312,320	1,113,977	1	655,597,839
Year ended June 30, 2019													
Opening net book value	12,095,494	5,000,000	101,953,930	7,568,620	3,577,431	408,796,508	97,229,288	6,919,141	31,129	11,312,320	1,113,977	1	655,597,839
Additions / transfers during the year	**-**	**-**	**2,693,721**	**12,989,043**	**108,274**	**31,942,164**	**6,063,468**	**357,960**	**-**	**1,897,990**	**473,010**	**-**	**56,525,630**
Disposals / transfers													
Cost	**-**	**-**	**-**	**-**	**-**	**(206,333)**	**(658,818)**	**-**	**-**	**(722,227)**	**-**	**-**	**(1,587,378)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**113,483**	**54,707**	**-**	**-**	**722,227**	**-**	**-**	**890,417**
Net book value	**-**	**-**	**-**	**-**	**-**	**(92,850)**	**(604,111)**	**-**	**-**	**-**	**-**	**-**	**(696,961)**
Depreciation for the year	**-**	**-**	**(15,577,458)**	**(1,740,719)**	**(1,009,328)**	**(54,365,177)**	**(13,013,030)**	**(972,155)**	**(31,119)**	**(5,106,116)**	**(416,994)**	**-**	**(92,232,096)**
Closing net book value	**12,095,494**	**5,000,000**	**89,070,193**	**18,816,944**	**2,676,377**	**386,280,645**	**89,675,615**	**6,304,946**	**10**	**8,104,194**	**1,169,993**	**1**	**619,194,412**
As at June 30, 2019													
Cost	**12,095,494**	**5,000,000**	**216,465,963**	**33,427,697**	**12,819,637**	**873,791,786**	**119,644,254**	**13,664,242**	**311,295**	**37,242,827**	**3,319,908**	**193,425**	**1,327,976,528**
Accumulated depreciation	**-**	**-**	**(127,395,770)**	**(14,610,753)**	**(10,143,260)**	**(487,511,141)**	**(29,968,639)**	**(7,359,296)**	**(311,285)**	**(29,138,633)**	**(2,149,915)**	**(193,424)**	**(708,782,116)**
Net book value	**12,095,494**	**5,000,000**	**89,070,193**	**18,816,944**	**2,676,377**	**386,280,645**	**89,675,615**	**6,304,946**	**10**	**8,104,194**	**1,169,993**	**1**	**619,194,412**
Annual rates of depreciation	**0%**	**0%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	**20%**	**50%**	

		Note	2019	(Restated) 2018
			Rupees	
5.1.1	*Depreciation for the year has been allocated as under :*			
	- Manufacturing and service expense	*24*	**60,278,234**	53,934,370
	- Fuel and power	*24.1*	**15,551,783**	15,054,297
	- Administration expenses	*25*	**16,402,079**	16,846,960
			92,232,096	85,835,627
5.2	**Capital work in progress**			
	Opening balance		**5,197,974**	837,554
	Additions during the year		**5,003,638**	4,360,420
			10,201,612	5,197,974
	Less: Transferred to operating fixed assets		**(9,702,612)**	-
			499,300	5,197,974

		Note	2019	2018
			Rupees	
6	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Long term security deposits with:			
	- Utility companies		**2,603,551**	2,603,551
	- Central Depository Company (CDC)		**12,500**	12,500
	- Other		**2,045,000**	3,707,500
			4,661,051	6,323,551
	Long term prepayments		**40,000**	120,000
			4,701,051	6,443,551
7	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		**126,990,428**	66,775,992
	- In transit		**17,049,282**	1,588,498
			144,039,710	68,364,490
	Work in process		**42,220,855**	28,598,494
	Finished goods		**21,400,557**	74,876,334
	Waste material		**1,920,275**	654,170
			23,320,832	75,530,504
	Packing materials		**4,561,128**	3,679,688
			214,142,525	176,173,176
8	**SHORT TERM INVESTMENT**			
	Habib Islamic Investment Certificate	*8.1*	**1,705,555**	-

8.1 It represent the investment in habib metro islamic investment certificate and carry profit at the average rate of 5.53% per annum.

		Note	**2019**	2018
			Rupees	
9	**TRADE DEBTS**			
	Unsecured considered good			
	Yarn - local		**314,088,277**	201,417,828
	Cold Storage - local		**101,943,028**	89,776,037
	Food stuff - local		**-**	191,000
			416,031,305	291,384,865
	Less: provision for doubtful debts	*9.1*	**(500,000)**	-
			415,531,305	291,384,865
9.1	**Movement in provision for doubtful debts**			
	Balance at the beginning of the year		-	-
	Charged during the year		**500,000**	-
	Reversed during the year		-	-
	Balance at the end of the year		**500,000**	-
10	**LOANS AND ADVANCES**			
	Loans to employees	*10.1*	**3,448,033**	4,509,817
	Advances			
	- to contractors		**215,000**	1,001,873
	- to staff		**140,543**	-
	- to suppliers		**8,098,894**	12,886,908
	- against Letter of credit		**12,386,656**	12,490,358
			20,841,093	26,379,139
			24,289,126	30,888,956

10.1 These represents interest free loans to employees for personal use in accordance with the Group policy. These are recoverable as deduction from payroll in equal monthly installments.

		Note	**2019**	2018
			Rupees	
11	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Deposits		**760,088**	985,983
	Prepayments		**730,492**	1,107,015
			1,490,580	2,092,998
12	**OTHER RECEIVABLES**			
	Sales tax refundable		**30,879,752**	29,117,251
	Others		**2,053,260**	3,924,994
			32,933,012	33,042,245
13	**CASH AND BANK BALANCES**			
	Cash in hand		**558,293**	747,553
	Cash at bank - Islamic bank			
	- current accounts		**19,322,225**	40,690,120
	- PLS accounts	*13.1*	**10,781,379**	2,252,688
			30,103,604	42,942,808
			30,661,897	43,690,361

13.1 These carry profit at the average rate ranging between 0.04% to 5.67% (2018: 0.038% to 3.269%) per annum.

14 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
------ Number of shares ------			------------- Rupees -------------	
		Authorized capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each	**100,000,000**	100,000,000
		Issued, Subscribed and Paid up Capital		
		Ordinary shares of Rs. 10/- each		
4,000,000	4,000,000	For Cash	**40,000,000**	40,000,000
4,593,750	4,593,750	As bonus shares	**45,937,500**	45,937,500
8,593,750	8,593,750		**85,937,500**	85,937,500

14.1 There is no agreement with shareholders for voting rights, board selection, rights of first refusal, and block voting.

15 LONG TERM MUSHARAKA

	2019	2018
	Rupees	
Under shariah arrangement		
Holding Company		
- Habib Metropolitan Bank Limited	**68,695,202**	94,557,012
- Standard Chartered Bank	**1,443,896**	31,872,240
Subsidiary Company		
- Bank Al Habib Limited	**66,713,975**	64,903,873
	136,853,073	191,333,125
Less: Current portion shown under current liabilities	**(48,032,975)**	(55,453,527)
	88,820,098	135,879,598

DIMINSHING MUSHARIKA DISCLOSURE

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2019	Ending Date	Security
HABIB METROPOLITAN BANK:									
28-Oct-16	Generator Waukesha Model VHP 5904 LTD	30,716,842	119.794 million	6M KIBOR + 2%	7.5%	14%	16,382,320	02-Feb-22	1st Charge registered over specific machinery value Rs. 38.396 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-373.
16-Feb-17	4 Sets Drawframes Rieter	22,597,120		6M KIBOR + 2%	7.5%	14%	14,775,040	20-Mar-22	1st Charge registered over specific machinery value Rs. 32.592 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-410.
02-Feb-17	14 Sets Complete Ring Spinning Frames	55,442,587		6M KIBOR + 2%	7.5%	14%	32,341,512	09-Apr-22	1st Charge registered over specific machinery value Rs. 69.303 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-411.
07-Apr-17	4 Sets Twister Machine China	8,660,544		6M KIBOR + 2%	7.5%	14%	5,196,330	22-May-22	1st Charge registered over specific machinery value Rs. 10.826 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-420.
							68,695,202		

In addition to the above securities, these facilities are also secured against personal guarantee of three directors i.e. Mr. Muhammad Younus Nawab, Mr.Muhammad Irfan Nawab, Mr. Muhammad Ibrahim Younus.

Date of Disbursement	Nature of Asset	Amount Disbursed	Limit	Profit Rate	Floor	Ceiling	Principal Outstanding as at June 30, 2019	Ending Date	Security
STANDARD CHARTERED BANK:									
23-Aug-16	Reach Truck R20S	8,740,000	21 million	1M KIBOR + 1.75%	-	-	485,548	23-Aug-19	- First Hypothecation Charge on all Holding Company's present and future plant and machinery , equipments , spares , tools , installed or to be installed on all piece of land bearing Survey No. 54 , admeasuring 4 Acres and 11 Ghuntas or thereabout on the back of Survey Nos. 56 & 57 fallings on right land side of Main RCD Highway while coming from Karachi towards Hub Chowki , situated in Deh Gondpas , Tapo Gabopat , Keamari , Town , Tehsil & District Karachi. Amount of registered charge is PKR 66 million. Remaining charge of PKR 60 million is an exclusive charge over plant and machinery being installed as part of cold storage project located on the plot of Land bearing Survey No. 54 , Located in Deh Gondpas , Kemari , Karachi and Chak No. 65 , Zilah Kasur. - Personal Guarantees of Irfan Nawab, Ibrahim Younus and Younus Nawab for Rs. 281 million.
08-Sep-16	Racking	11,500,000		1M KIBOR + 1.75%	-	-	958,348	08-Sep-19	
							1,443,896		
Bank Al Habib Limited									
28-Jun-18	Plant and machinery	64,903,874	73.2 million	6M KIBOR + 1.75%	5%	15%	64,903,874	28-Jun-22	- Charge over DM assets financed by the bank. - Constructive equitable mortgage charge over land, building plant and machinery of Rs. 100 million located at Deh Gondpass, situated at Tapo Gabopat, Kemari Town, Karachi. - Cross corporate guarantees of Holding Company covering aggregate exposure and personal guarantee of all directors.
							64,903,874		

16 LONG TERM LIABILITY

	2019	(Restated) 2018
	Rupees	
Secured and considered good		
Opening balance	**66,974,325**	-
Add: Loans obtained during the year	**-**	65,918,166
Add: unwinding of interest on long term liability	**5,290,972**	5,207,535
Less: Repayments made during the year	**(29,290,674)**	(4,151,376)
	42,974,623	66,974,325
Current maturity of the loan	**(15,493,369)**	(28,233,419)
	27,481,254	38,740,906

16.1 During the last year, Subsidiary Company has purchased certain assets on deferred payments as agreed with the supplier. The assets are recorded on cash and cash equivalent price of such assets as required under IAS 16 "Property, Plant and Equipments.

17 DEFERRED LIABILITIES

	Note	2019	(Restated) 2018
		Rupees	
Provision for compensated absences	*17.1*	**1,945,196**	1,910,932
Deferred taxation	*17.2*	**41,643,848**	51,736,587
Staff retirement benefits	*17.3*	**21,305,138**	(925,114)
		64,894,182	52,722,405

	2019	(Restated) 2018
	Rupees	

17.1 Provision for compensated absences

	2019	2018
Balance at beginning of the year	**1,910,932**	1,591,927
Charge for the year	**1,319,215**	825,559
Benefits paid during the year	**(1,284,951)**	(506,554)
Balance at end of the year	**1,945,196**	1,910,932

17.2 Deferred taxation:

Deferred tax liabilities - Taxable temporary differences

	2019	2018
- Accelerated depreciation allowance	**47,822,338**	50,795,970
- Staff retirement benefit	**-**	4,504,791
	47,822,338	55,300,761
Deferred tax assets - Deductible temporary differences		
- Unused tax losses and credits	**-**	(3,564,174)
- Staff retirement benefit	**(6,178,490)**	-
	(6,178,490)	(3,564,174)
	41,643,848	51,736,587

17.3 Staff retirement benefits

17.3.1 The Holding Company operates approved funded gratuity schemes for its permanent employees (the Plan). Actuarial valuation of this Plan is carried out every year and the latest actuarial valuation was carried out as of June 30, 2019.Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Plan.

The latest actuarial valuation of the Plan as at June 30, 2019 was carried out using the Projected Unit Credit Method. Details of the Plan as per the actuarial valuation are as follows:

17.3.2 Statement of consolidated financial position - Reconciliation

	Note	2019	2018
		Rupees	
Present value of defined benefit obligation	*17.3.3*	**(78,909,493)**	(59,800,160)
Fair value of plan assets	*17.3.4*	**57,604,355**	60,725,274
		(21,305,138)	925,114

17.3.3 Movement in defined benefit obligation

	2019	2018
Opening defined benefit obligation	**59,800,160**	56,539,360
Current service cost	**5,203,285**	4,477,131
Interest Cost	**5,278,283**	4,252,212
Past service cost	**66,757**	-
Benefits paid	**(909,083)**	(941,851)
Benefits paid on behalf of the fund	**(1,396,059)**	(2,402,369)
Remeasurement loss on obligation	**10,866,150**	(2,124,323)
Closing defined benefit obligation	**78,909,493**	59,800,160

	2019	2018
17.3.4 Movement in the fair value of plan assets	Rupees	
Balance at beginning of the year	**60,725,274**	74,697,634
Expected return on plan assets	**5,423,880**	5,757,220
Contribution	**-**	120,000
Audit fee	**(10,800)**	-
Benefits paid	**(2,305,142)**	(3,344,220)
Benefits paid on behalf of the fund	**1,396,059**	2,402,369
Remeasurement loss on plan assets	**(7,624,916)**	(18,907,729)
Balance at end of the year	**57,604,355**	60,725,274

17.3.5 Expense recognized in the statement of profit or loss account

	2019	2018
Current service cost	**5,203,285**	4,477,131
Past service cost	**66,757**	-
Net interest income	**(145,597)**	(1,505,008)
Audit fee	**10,800**	-
	5,135,245	2,972,123
Allocation of expense		
- Cost of sales	**2,264,018**	1,457,436
- Administrative expenses	**2,497,143**	1,284,326
- Distribution cost	**374,084**	230,361
	5,135,245	2,972,123

17.3.6 Remeasurement recognised in other comprehensive income

	2019	2018
- Remeasurement of present value of defined benefit obligation	**10,866,150**	(2,124,323)
- Remeasurement of present value of fair value of plan assets	**7,624,916**	18,907,729
	18,491,066	16,783,406

17.3.7 Net (liability) / asset

	2019	2018
Balance at beginning of the year	**925,114**	18,158,274
Expense charged to statement of profit or loss account	**(5,135,245)**	(2,972,123)
Remeasurements chargeable in other comprehensive income	**(18,491,066)**	(16,783,406)
Benefits paid on behalf of the fund	**1,396,059**	2,402,369
Contributions	**-**	120,000
Balance at end of the year	**(21,305,138)**	925,114

17.3.8 Sensitivity analysis

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

	Impact on defined benefit obligation		
2019	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	**1%**	**74,852,577**	**83,517,719**
Expected rate of salary increase	**1%**	**83,839,582**	**74,490,771**
Mortality age	**1 year**	**78,909,493**	**78,909,493**
Withdrawal rates	**10%**	**78,909,493**	**78,909,493**
2018			
Discount rate	1%	55,874,039	63,737,024
Expected rate of salary increase	1%	63,987,826	55,585,411
Mortality age	1 year	59,547,356	59,547,356
Withdrawal rates	10%	59,547,356	59,547,356

		2019	2018
17.3.9	Principal assumptions used in valuation of gratuity		
	Withdrawal Rates	**Low**	Moderate
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Expected rate of increase in future salary (per annum)	**14.25%**	9.00%
	Discount rate - per annum	**14.25%**	9.00%
	Expected rate of return on plan assets	**14.25%**	9.00%
	Normal retirement age	**60 years**	60 years

17.3.10 Historical information

As at June 30,	**2019**	2018	2017	2016	2015
Present value of defined benefit obligations	**78,909,493**	59,800,160	56,539,360	52,499,381	40,091,714
Fair value of plan assets	**(57,604,355)**	(60,725,274)	(74,697,634)	(43,463,977)	(76,899,475)
Deficit / (Surplus)	**21,305,138**	(925,114)	(18,158,274)	9,035,404	(36,807,761)
Re-measurement Loss/(Gain) on Obligation	**10,866,150**	(2,124,323)	10,111,187	(6,762,508)	3,409,215
Re-measurement (loss) / gain on Plan Asset	**(7,624,916)**	(18,907,729)	16,729,876	10,357,382	13,062,862
Other Comprehensive loss / (income)	**18,491,066**	16,783,406	(6,618,689)	(17,119,890)	(9,653,647)

		Note	2019	2018
17.3.11	**Major categories / composition of plan assets**		Rupees	
	Equity securities and units of mutual funds		**41,140,379**	30,599,018
	Bank balances		**16,463,976**	30,126,256
			57,604,355	60,725,274
18	**TRADE AND OTHER PAYABLES**			
	Creditors		**24,414,702**	55,323,442
	Advance from customer		**104,774,611**	1,674,770
	Accrued expenses		**23,463,915**	28,015,348
	Gas rate difference	*18.1*	**51,505,587**	44,865,170
	Workers' Profits Participation Fund	*18.2*	**18,847,422**	17,647,945
	Workers' Welfare Fund		**1,711,547**	1,240,088
	Sales tax payable		**130,615**	57,919
	Others		**13,173,921**	10,418,771
			238,022,320	159,243,453

18.1 During the year, the Holding Company has made further provision amounting to Rs. 6.64 million in respect of gas rate difference.

		Note	2019	2018
18.2	**Workers' profit participation fund**		Rupees	
	Opening balance		**17,647,945**	14,384,556
	Add:			
	- Contribution for the year		**4,339,483**	3,263,389
	- Interest accrued		**123,383**	-
			4,462,866	3,263,389
	Less: Payment during the year		**(3,263,389)**	-
			18,847,422	17,647,945

		Note	2019	2018
			Rupees	
19	**ACCRUED PROFIT**			
	Accrued morabaha profit		**11,414,080**	8,364,882
	Accrued diminishing musharaka profit		**420,588**	409,197
			11,834,668	8,774,079

		Note	2019	2018
20	**LOANS FROM DIRECTORS AND ASSOCIATES**			
	Unsecured			
	Loan from associates		**36,480,000**	44,180,000
	Loan from directors	*20.1*	**42,705,000**	20,780,000
			79,185,000	64,960,000

20.1 This represents short-term interest free borrowings from directors to meet working capital requirements and is payable on demand.

		Note	2019	2018
21	**SHORT TERM MURABAHA**		Rupees	
	Under Shariah arrangement			
	- Habib Metropolitan Bank Morabaha	*21.1*	**308,565,339**	300,960,627
	- Standard Chartered Bank Morabaha	*21.2*	**132,025,670**	130,508,103
			440,591,009	431,468,730

21.1 Short-term murabaha had been obtained by the Holding Company, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 330 million (2018: Rs. 315 million). The effective rate of profit on murabaha in facility ranges between 12% to 14% (2018: 8.11% to 9.03%), based on 6 months KIBOR plus 2% to 4% per annum (2018: 6 months KIBOR plus 2% per annum). The arrangement is secured against equitable mortgage of factory land , building and plant & machinery (except assets financed under diminishing musharaka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the Holding Company.

21.2 Short-term murabaha had been obtained by the Holding Company, under shariah arrangement, for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million (2018: 134 million). The effective rate of profit on murabaha in facility ranges between 7.91 % to 14.47 % (2018: 7.63% to 7.91%) based on 3 months KIBOR + 1.5% (2018: 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no, 54 Dehi Gondpas Tapo Gabopat Kemari Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the Holding Company.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Further tax applied on Holding Company's yarn sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Holding Company's legal counsel is of the opinion that the matter shall be decided in the Holding Company's favour, therefore, no provision of further tax has been made during the year, during which the Holding Company neither charged or collected any further tax from its customers.

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

The Holding Company, as well as other petitioners, have challenged the levy on constitutional and legal grounds as well as discrimination in supply rate and GID cess as against its retrospective application of GIDC Act 2015 to levy cess for the period from 2011 to 2015 against that applied to similar sector.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Holding Company has deferred the recognition of expense against such billings amounting to Rs. 112.19 million (2018: 92.67 million) based on the advice of its legal counsel.

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

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

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

	2019	2018
22.2 Commitments	Rupees	
In respect of:		
- Irrevocable letter of credit	**64,965,814**	76,107,960
- Letter of guarantee issued by commercial bank	**24,056,478**	22,861,098
- Custom duty, sales tax, FED and Income tax on goods in transit	**2,160,819**	129,550

				2019	2018
23	**TURNOVER - NET**			Rupees	
	Textile				
	Local sales			**1,993,215,756**	1,690,979,029
	Raw material sales			**6,194,914**	14,698,981
	Wastage sales			**7,656,724**	7,711,709
				2,007,067,394	1,713,389,719
	Less: Commission and discounts			**(4,826,688)**	(7,399,398)
				2,002,240,706	1,705,990,321
	Cold storage and related services			**423,946,021**	322,812,640
				(23,651,806)	-
				400,294,215	322,812,640
				2,402,534,921	2,028,802,961

				(Restated)
			2019	2018
24	**COST OF SALES AND SERVICES**	*Note*	Rupees	
	Raw and packing materials consumed			
	Opening stock		**72,044,178**	48,244,279
	Add: Purchases during the period		**1,318,656,252**	1,080,068,600
			1,390,700,430	1,128,312,879
	Less : Closing stock		**(148,600,838)**	(72,044,178)
			1,242,099,592	1,056,268,701
	Manufacturing and services expenses			
	Fuel and power	*24.1*	**227,767,577**	189,976,416
	Salaries, wages and benefits	*24.2*	**364,867,154**	331,067,226
	Services procured		**3,162,468**	10,085,262
	Repairs and maintenance		**72,057,232**	50,163,664
	Insurance		**4,341,307**	4,657,178
	Rent, rates and taxes		**34,067,302**	30,534,165
	Depreciation	*5.1.1*	**60,278,234**	53,934,370
	Security		**9,811,739**	7,888,695
	Printing and stationery expense		**718,439**	442,907
	Impairment of long term deposit		**507,825**	-
	Transportation and conveyance expense		**4,669,384**	15,921,680
	Communication expense		**1,607,982**	1,189,415
	Other manufacturing overheads		**28,305,774**	17,378,544
			812,162,418	713,239,522
	Work-in-process - opening stock		**28,598,494**	16,506,109
	Work-in-process - closing stock		**(42,220,855)**	(28,598,494)
			(13,622,361)	(12,092,385)
	Cost of goods manufactured		**2,040,639,649**	1,757,415,838
	Finished goods - opening stock		**75,530,504**	169,088,328
	Finished goods - closing stock		**(23,320,832)**	(75,530,504)
			52,209,672	93,557,824
			2,092,849,321	1,850,973,662

		Note	2019	2018
24.1	**FUEL AND POWER**	*Note*	Rupees	
	Generation cost			
	Gas expenses		**125,348,786**	158,920,328
	Electricity		**44,060,146**	-
	Oil and lubricants		**5,347,565**	3,920,624
	Generator rent expense		**-**	140,000
	Generator operation and maintenance		**30,263,349**	6,294,043
	Repairs and maintenance		**5,534,029**	4,125,806
	Depreciation	*5.1.1*	**15,551,783**	15,054,297
	Insurance		**543,966**	517,110
	Electricity duty		**302,253**	339,648
	Others		**815,700**	664,560
			227,767,577	189,976,416

24.2 This includes amount of Rs. 2.264 million (2018: Rs. 1.457 million) in respect of staff retirement benefits.

		Note	2019	2018
25	**ADMINISTRATIVE EXPENSES**	*Note*	Rupees	
	Salaries, wages and other benefits	*25.1*	**11,972,234**	8,604,986
	Directors' remuneration	*25.2*	**20,919,032**	14,486,632
	Printing and stationery		**348,904**	465,928
	Legal and professional charges		**1,203,854**	2,116,764
	Fees and subscription		**1,202,058**	1,094,822
	Travelling and conveyance		**1,228,441**	42,204
	Repairs and maintenance		**2,074,441**	2,008,934
	Rent rates and taxes		**9,340,000**	8,434,000
	Depreciation	*5.1.1*	**16,402,079**	16,846,960
	Security expenses		**453,942**	520,274
	Electricity and gas		**1,235,944**	1,285,347
	Insurance		**503,380**	393,829
	Auditors' remuneration	*25.2*	**700,000**	561,360
	Miscellaneous		**1,446,810**	865,112
			69,031,120	57,727,152

25.1 This includes amount of Rs. 0.478 million (2018: Rs. 0.297 million) in respect of staff retirement benefits.

25.2 This includes amount of Rs. 2.019 million (2018: Rs. 0.926 million) in respect of staff retirement benefits.

		2019	2018
25.2	**Auditors' remuneration**	Rupees	
	Audit fee (Including consolidation)	**600,000**	471,800
	Half yearly review fee	**100,000**	32,400
	Statutory certifications	**-**	23,760
	Out of Pocket Expenses	**-**	33,400
		700,000	561,360
26	**DISTRIBUTION EXPENSES**		
	Salaries, wages and benefits	**11,161,172**	3,856,843
	Packing and forwarding expenses	**6,719,831**	9,088,880
	Communication	**361,839**	367,349
	Sales promotion expenses	**4,477,903**	5,220,649
		22,720,745	18,533,721

27 OTHER OPERATING EXPENSES

	Note	2019	2018
		Rupees	
Provision for doubtful receivables		**500,000**	-
Workers' welfare fund		**1,711,547**	1,240,088
Workers' profit participation fund		**4,339,483**	3,263,389
		6,551,030	4,503,477

28 OTHER INCOME

	2019	(Restated) 2018
	Rupees	
From financial assets		
Return on deposits - Islamic bank	**329,780**	197,726
Profit on Habib Islamic Investment Certificate	**46,989**	-
	376,769	197,726
From non-financial assets		
Reversal of commission expense	**4,093,186**	-
Gain on disposal of fixed assets	**566,639**	650,230
Reversal of GIDC provision	**-**	22,046,110
Prior year sales tax refunds	**34,945**	75,345
	4,694,770	22,771,685
	5,071,539	22,969,411

29 FINANCE COSTS

	2019	2018
	Rupees	
Morabaha profit	**50,154,428**	33,529,129
Diminishing musharaka profit	**17,557,472**	13,797,386
unwinding of interest on long term liability	**5,290,972**	5,207,535
Finance charges on WPPF	**123,383**	-
Murabaha documentation charges	**139,395**	60,122
Guarantee commission	**235,179**	-
Bank charges	**1,211,063**	2,024,172
Local letter of credit charges	**-**	228,974
Exchange fluctuation charges	**2,626,374**	502,987
	77,338,266	55,350,305

30 TAXATION

30.1 Current

	2019	2018
- for the year	**34,463,602**	26,626,747
- for prior year	**1,515,363**	2,102,784
	35,978,965	28,729,531
Deferred	**(4,880,490)**	24,928,337
	31,098,475	53,657,868

30.1.1 The income tax assessments of the Group have been finalised up to and including the tax year 2018. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

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

		2019	(Restated) 2018
31	**EARNINGS PER SHARE - BASIC AND DILUTED**	Rupees	

31.1 Basic earnings per share

	2019	2018
Profit attributed to shareholders of the Holding Company	**95,987,583**	6,865,519
	Number	
Weighted average number of ordinary shares	**8,593,750**	8,593,750
Earnings per share - basic and diluted	**11.17**	0.80

31.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Group, since there are no convertible instruments in issue as at June 30, 2018 and June 30, 2019 which would have any effect on the earnings per share.

32 CHIEF EXECUTIVE, DIRECTORS' & EXECUTIVE OFFICERS' REMUNERATION

The aggregate amounts charged in these consolidated financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Group, are as follows:

	Chief Executive		Directors		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees							
Remuneration	**12,356,400**	5,200,800	**12,713,400**	13,561,200	**8,965,665**	5,561,800	**34,035,465**	24,323,800
House rent	**4,855,200**	2,079,120	**5,017,920**	5,398,680	**2,681,856**	2,221,620	**12,554,976**	9,699,420
Retirement benefits	**1,166,597**	535,388	**852,435**	391,244	**506,772**	1,215,853	**2,525,804**	2,142,485
Utilities	**1,262,400**	520,080	**1,294,680**	1,350,120	**1,071,959**	556,180	**3,629,039**	2,426,380
	19,640,597	8,335,388	**19,878,435**	20,701,244	**13,226,252**	9,555,453	**52,745,284**	38,592,085
Number of persons	**1**	1	**6**	5	**4**	4	**11**	10

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

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

32.3 No fee was paid to directors for attending board meetings during the year. (2018: Nil)

	2019	2018
33 CAPACITY AND PRODUCTION	Number	
Textile Segment		
Number of spindles installed	**32,052**	32,052
Number of spindles operated	**32,052**	32,052
Installed capacity in Kgs. after conversion into 30 single count	**7,154,006**	7,154,006
Actual production of yarn in Kgs. after conversion into 30 single count	**6,671,706**	6,812,439
Number of shifts worked per day	**3**	3
Cold Storage Segment		
Capacity in pallets	**30,500**	16,080

33.1 Actual production is less than the installed capacity due to planned maintenance shut down and gap between market demand and supply.

34 FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit risk

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

Exposure to credit risk

Credit risk of the Group arises from long term deposits, deposits with banks, trade debts, short term loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	**2019**	2018
		Rupees	
Long term deposits		**4,661,051**	6,323,551
Short term investment		**1,705,555**	-
Trade debts	*34.1.1*	**415,531,305**	291,384,865
Loans to employees	*34.1.2*	**3,448,033**	4,509,817
Trade deposits		**760,088**	985,983
Other receivables		**2,053,260**	3,924,994
Bank balances		**30,103,604**	42,942,808
		458,262,896	350,072,018

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

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

The aging analysis of the total receivable from clients as at the reporting date is as follows:

	2019		2018	
	Gross	**Impairment**	Gross	Impairment
Not past due	-	-	-	-
Past due 1 day - 30 days	**232,469,316**	-	196,097,084	-
Past due 31 days - 180 days	**182,083,085**	-	94,438,771	-
Past due 181 days - 1 year	**1,478,904**	**500,000**	849,010	-
More than one year	-	-	-	-
	416,031,305	**500,000**	291,384,865	-

No impairment has been recognized except as disclosed in respect of these debts as counter parties have sound financial standing.

The credit quality of Group's liquid funds can be assessed with reference to external credit ratings as follows:

Bank	**Rating agency**	**Short- term Rating**	**2019**	2018
			----------(Rupees)----------	
Habib Metropolitan Bank	PACRA	A-1+	**9,617,668**	17,091,028
Meezan Bank Limited	PACRA	A-1+	**12,942,964**	2,184,535
Bank Al-Habib Limited	PACRA	A-1+	**241,642**	22,191,111
Bank Alfalah	PACRA	A-1+	**4,161,671**	136,721
United Bank Limited	JCR-VIS	A-1+	**959,057**	214,632
National Bank of Pakistan	PACRA	A-1+	**209,497**	143,331
Habib Bank Limited	JCR-VIS	A-1+	**1,052,500**	91,828
Standard Chartered Bank	PACRA	A-1+	**731,016**	889,622
Faisal Bank Limited	PACRA	A-1+	**187,589**	-
			30,103,604	42,942,808

Due to the Group's long standing business relationships with the 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 Group. Accordingly, the credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Group has cash and bank balance Rs. 30.66 million (2018: Rs. 42.26 million) and liquid assets in the form of short term investments amounting to Rs. 1.71 million (2018: Nil).

The following are the contractual maturities of financial liabilities, including interest payments:

	2019			
	Carrying amount	Less than 3 months	3 months to 1 year	1 to 5 years
	Rupees			
Financial liabilities				
Long term Musharaka	136,853,073	13,091,167	34,941,808	88,820,098
Long term liability	42,974,623	4,900,660	10,592,709	27,481,254
Trade and other payables	217,463,351	217,463,351	-	-
Accrued profit	11,834,668	11,834,668	-	-
Loan from directors	79,185,000	79,185,000	-	-
Short term murabaha	440,591,009	246,613,830	193,977,179	-
	928,901,724	573,088,676	239,511,696	116,301,352

	2018			
	Carrying amount	Less than 3 months	3 months to 1 year	1 to 5 years
	Rupees			
Financial liabilities				
Long term Musharaka	191,333,125	15,407,390	40,046,137	135,879,598
Long term liability	66,974,325	1,837,748	26,395,671	38,740,906
Trade and other payables	140,355,420	140,355,420	-	-
Accrued profit	8,774,079	8,774,079	-	-
Loan from directors	64,960,000	64,960,000	-	-
Short term murabaha	431,468,730	431,468,730	-	-
	903,865,679	662,803,367	66,441,808	174,620,504

c) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group's market risk comprises of three types of risks: foreign currency risk and interest rate risk. The market risks associated with the Group's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Group is not exposed to currency risk since there are no material foreign currency transactions and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

Financial assets and liabilities include balances of Rs. 12.49 million (2018: Rs. 2.25 million) and Rs. 577.44 million (2018: Rs. 622.80 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2019	2018	2019	2018
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - *pls account*	**0.4% to 6.5%**	0.4% to 3.3%	**10,781,379**	2,252,688
Short term investment	**4.8% to 5.9%**	Nil	**1,705,555**	-
Financial liabilities				
Long term musharaka	**8.4% to 14.8%**	8.02% to 8.78%	**136,853,073**	191,333,125
Short term morabaha	**8.46 % to 14.43%**	7.63% to 9.03%	**440,591,009**	431,468,730

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 605 bps during the year.

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

	Statement of profit or loss 100 bp	
	increase	**(decrease)**
As at June 30, 2019		
Cash flow sensitivity-Variable rate financial instrument	**4,316,316**	**(4,316,316)**
As at June 30, 2018		
Cash flow sensitivity-Variable rate financial liabilities	4,812,664	(4,812,664)

34.2 Fair value estimate

The Group measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The Group determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

34.3 Financial instruments by categories

As at June 30, 2019	2019 Asset at cost	Ammortized cost	Total
Financial assets as per statement of financial position			
	------ Rupees ------		
Long term deposits	-	4,661,051	4,661,051
Short term investments	-	1,705,555	1,705,555
Trade debts	-	415,531,305	415,531,305
Loans to employees	-	3,448,033	3,448,033
Trade deposits	-	760,088	760,088
Other receivables	-	2,053,260	2,053,260
Cash and bank balances	-	30,661,897	30,661,897
	-	458,821,189	458,821,189

As at June 30, 2019	Financial liabilities at amortized cost
Financial liabilities as per statement of financial position	------ Rupees ------
Long term Musharaka	136,853,073
Long term liability	42,974,623
Trade and other payables	217,463,351
Accrued profit	11,834,668
Loan from directors	79,185,000
Short term murabaha	440,591,009
	928,901,724

As at June 30, 2018	2018 Asset at cost	Ammortized cost	Total
Financial assets as per statement of financial position			
	------ Rupees ------		
Long term deposits	-	6,323,551	6,323,551
Short term investments	-	-	-
Trade debts	-	291,384,865	291,384,865
Loans to employees	-	4,509,817	4,509,817
Trade deposits	-	985,983	985,983
Other receivables	-	3,924,994	3,924,994
Cash and bank balances	-	43,690,361	43,690,361
	-	350,819,571	350,819,571

As at June 30, 2018	Financial liabilities at amortized cost
Financial liabilities as per statement of financial position	------ Rupees ------
Long term Musharaka	191,333,125
Long term liability	66,974,325
Trade and other payables	140,355,420
Accrued markup	8,774,079
Loan from directors	64,960,000
Short term morabaha	431,468,730
	903,865,679

35 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term musharaka' and 'short term morabaha' as shown in the statement of financial position). Total capital comprises shareholders' equity:

	2019	2018
	Rupees	
Total borrowings	**620,418,705**	689,776,180
Total equity	**406,797,731**	329,246,545
Total capital	**1,027,216,436**	1,019,022,725
Gearing ratio	**60.40%**	67.69%

36 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Group and directors and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 32 to the consolidated financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name of the related party, relationship with the related party & nature of transaction	**Year ended 30 June 2019**	Year ended 30 June 2018
	Rupees	
KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS		
Mohammad Younus Nawab (Chairman)		
Loan obtained during the year	**21,993,514**	7,285,000
Loan repaid during the year	**21,143,514**	27,835,000
Loan payable as of the reporting date	**6,235,000**	5,385,000
Mohammad Irfan Nawab (CEO)		
Loan obtained during the year	**13,600,000**	20,492,000
Loan repaid during the year	**7,900,000**	37,617,000
Loan payable as of the reporting date	**10,125,000**	4,425,000
Ibrahim Younus (Director)		
Loan obtained during the year	**6,250,000**	44,295,000
Loan repaid during the year	**4,500,000**	64,070,000
Loan payable as of the reporting date	**7,820,000**	6,070,000
Ismail Younus (Director)		
Loan obtained during the year	**7,475,000**	13,700,000
Loan repaid during the year	**5,900,000**	12,925,000
Loan payable as of the reporting date	**4,800,000**	3,225,000
Mohammad Faizanullah (Director)		
Loan obtained during the year	**4,700,000**	5,445,000
Loan repaid during the year	**5,250,000**	6,120,000
Loan payable as of the reporting date	**1,125,000**	1,675,000
Sabiha Younus (Spouse of Chairman)		
Loan obtained during the year	**103,700,000**	77,280,000
Loan repaid during the year	**98,400,000**	54,830,000
Rent paid during the year	**5,985,996**	2,733,504
Loan payable as of the reporting date	**48,230,000**	42,930,000
Rent payable as of the reporting date	-	1,418,496
Afshan Irfan (Spouse of CEO)		
Loan obtained during the year	**2,900,000**	3,000,000
Loan repaid during the year	**3,300,000**	3,830,000
Rent paid during the year	**5,985,996**	2,733,504
Loan payable as of the reporting date	**850,000**	1,250,000
Rent payable as of the reporting date	-	1,418,496
POST EMPLOYMENT BENEFIT PLAN		
Contribution to the gratuity Fund	-	120,000
Benefits paid on behalf of the Fund	**1,396,059**	2,402,369

37 OPERATING SEGMENT

Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure, the Group is organised into the following two operating segments:

- Textile - manufacturing and sale of man-made blended yearn

- Cold storage - providing services in respect of cold storage through "compartmentalized cold store project"; and

- Food stuff - processing of "ready to eat" meals.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2019	Textile	Cold Storage	Food Stuff	Total
	(Rupees)			
Turnover	2,002,240,706	400,294,215	-	2,402,534,921
Cost of sales and services	(1,805,309,053)	(287,540,268)	-	(2,092,849,321)
Gross profit	196,931,653	112,753,947	-	309,685,600
Distribution costs	(18,283,735)	(4,437,010)	-	(22,720,745)
Administrative expenses	(51,467,084)	(17,564,036)	-	(69,031,120)
Other income	4,845,074	226,465	-	5,071,539
Operating profit / (loss)	132,025,908	90,979,366	-	223,005,274
Finance costs	(63,316,579)	(14,021,687)	-	(77,338,266)
Other operating expense	(6,551,030)	-	-	(6,551,030)
Profit / (loss) before taxation	62,158,299	76,957,679	-	139,115,978
Taxation	(14,514,583)	(16,583,892)	-	(31,098,475)
Profit / (loss) after taxation	47,643,716	60,373,787	-	108,017,503
OTHER INFORMATION				
Segment assets	1,045,904,541	300,463,513	2,299,340	1,348,667,394
Unallocated assets				74,284,091
Total assets				1,422,951,485
Segment liabilities	819,282,771	196,870,983	-	1,016,153,754
Unallocated liabilities				-
Total liabilities				1,016,153,754
Capital expenditure	44,220,441	12,305,189	-	56,525,630
Unallocated capital expenditure				-
Total capital expenditure				56,525,630
Depreciation	62,917,689	29,314,407	-	92,232,096

2018

	Textile	Cold Storage	Food Stuff	Total
	--(Rupees)-------------------------------------			
Turnover	1,705,990,321	322,812,640	-	2,028,802,961
Cost of sales and services	(1,590,317,011)	(259,884,545)	(772,106)	(1,850,973,662)
Gross profit	115,673,310	62,928,095	(772,106)	177,829,299
Distribution costs	(18,533,721)	-	-	(18,533,721)
Administrative expenses	(46,626,648)	(11,100,504)	-	(57,727,152)
Other income	27,439,222	(4,469,811)	-	22,969,411
Operating loss	77,952,163	47,357,780	(772,106)	124,537,837
Finance costs	(46,098,797)	(9,251,508)	-	(55,350,305)
Other operating expense	(4,503,477)	-	-	(4,503,477)
Loss before taxation	27,349,889	38,106,272	(772,106)	64,684,055
Taxation	(42,094,108)	(11,563,760)	-	(53,657,868)
(Loss) / profit after taxation	(14,744,219)	26,542,512	(772,106)	11,026,187
OTHER INFORMATION				
Segment assets	889,827,090	137,870,324	4,116,543	1,031,813,957
Unallocated assets				286,118,763
Total assets				1,317,932,720
Segment liabilities	648,420,151	43,952,019	33,813,484	726,185,654
Unallocated liabilities				(46,990,739)
Total liabilities				679,194,915
Capital expenditure	31,317,934	3,120,000	-	34,437,934
Unallocated capital expenditure				-
Total capital expenditure				107,301,252
Depreciation	50,488,217	27,940,144	772,106	79,200,467

38 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holdng Company in their meeting held on September 27, 2019 has proposed a final cash dividend of Rs. 2.5 per share (2018: Rs 2/- per share) amounting to Rs. 21,484,375/- (2018: Rs. 17,187,500/-) for approval of the members at the Annual General Meeting to be held on October 25, 2019. The consolidated financial statements do not reflect the said appropriation.

39 NUMBER OF EMPLOYEES

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

	2019	2018
	Number	
Number of employees as at June 30	**308**	293
Average number of employees during the year	**299**	293

40 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were approved by the Board of Directors of the Holding Company and authorised for issue on 27 SEP 2019.

41 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purposes of comparison and better presentation. A major reclassification of corresponding figures made in these consolidated financial statements is as follows:

Reclassified from component	**Reclassified to component**	**— Rupees —**
Stock in trade	*Stock in trade*	
Raw and packing materials	Packing material	3,679,688
Trade debts	Trade and other payables	
Trade debts	Advance from Customer	1,674,770
Loans and advances	*Loans and advances*	
Advances:	Advances	
- against imports and local purchases	- to suppliers	8,748,928
	- against Letter of credit	12,490,358
Long term deposits	*Long term prepayments*	120,000
Trade deposits and short term prepayments	*Loans and advances*	
	Advances	
- Prepayments	- to suppliers	4,137,980
Trade and other payable		
- Accrued expenses	- Accrued markup	53,345
Cost of sales	*Cost of sales*	
- Others	- Printing and stationery expense	442,907
- Others	- Transportation and conveyance expense	15,921,680
- Others	- Communication expense	1,189,415
Administrative expenses	*Administrative expenses*	
- Preliminary expenses	- Repairs and maintenance	85,184
Other operating expense	*Administrative expenses*	
- Auditors' remuneration	- Auditors' remuneration	561,360
Administrative expense	*Administrative expense*	
Salaries, wages and other benefits	Directors' remuneration	14,486,632

42 GENERAL

Figures have been rounded off to the nearest rupee.

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