38th
Annual Report
2022-2023
Year ended 30th June, 2023

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	- Director
Mr. Hafiz Mohammed Irfan Nawab	- Cheif Executive
Mr. Ibrahim Younus	- Chairman
Mr. Muhammad Faizanullah	- Director
Mr. Ismail Younus	- Director
Mr. Shaikh Abdus Sami	- Director
Ms. Zainab Hanif Dhedhi	- Director

H.R. & Remuneration Committee

Ms. Zainab Hanif Dhedhi	**- Chairperson**
Mr. Syed Amjad Ahmad	- Secretary
Mr. Muhammad Faizanullah	- Member
Mr. Ismail Younus	- Member

Audit Committee

Ms. Zainab Hanif Dhedhi	- Chairperson
Mr. Abdul Hussain Antaria	- Secretary
Mr. Mohammed Younus Nawab	- Member
Mr. Ismail Younus	- Member

C.F.O./Company Secretary

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

Registered Office

33-D-2, Block 6, P.E.C.H.S
P.O.Box No.10651,
Karachi - 75700
Phone: 021-34322556- 9
Fax: 021-32570833
E-mail: snai@sana-industries.com

Mills

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

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180,
Block-A S.M.C.H.S.
Karachi.
Phone: - 021-34549345-9
Fax : 021-34548210

Legal Advisors

Aftab Ahmed.,
Advocate.
B-10,2nd Floor Shelozon Center,
Gulshan-e-Iqbal,
Karachi.
Phone: 0300-8355319

Bankers

Habib Metropolitan Bank Limited.
Bank Al Habib Limited.
Dubai Islamic Bank Limited.
Habib Bank Limited.

Share Registrars

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Karachi.
Phone: 021-111-111-500
Fax : 021-34326027

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

Sana Industries Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the shareholders of the Sana Industries Limited will be held on Friday, the 27th of October, 2023 at 4.00 P.M at the Company's Office, situated at 33-D-2, Block 6, P.E.C.H.S., Karachi to transact the following business:-

ORDINARY BUSINESS:

(1) To receive and adopt the audited financial statements of the Company for the year ended 30th June, 2023, together with the Auditors' Report and Directors' Report thereon.

(2) To seek approval from the Shareholders for disposal of 187 shares of the Company being fractional shares of stock dividend (Bonus shares) @ 65% distributed on 23rd June, 2023 and distribution of the same.

(3) To appoint Auditors of the Company for the year ended 30th June, 2024. The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

Ordinary Resolution

(4) To Ratify and approve transactions conducted with Related Party for the year ended June 30, 2023 by passing the following ordinary resolution with or without modification:

"RESOLVED that the transactions conducted with Related Party as disclosed in Note 43 of the unconsolidated financial statements for the year ended June 30, 2023 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed."

(5) To authorize the Chief Executive Officer of the Company to approve transactions with Related Party for the financial year ending June 30, 2024 by passing the following ordinary resolution with or without modification:

"RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve the transactions to be conducted with Related Party on case to case basis for the financial year ending June 30, 2024."

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

(6) To sought approval of members to circulate annual audited financial statements through QR enabled Code and Web link instead of transmitting the same in the form of CD / DVD / USB in pursuance of Securities and Exchange Commission of Pakistan (SECP) S.R.O. 389(1)/2023 dated March 21, 2023 and to pass following resolution with or without amendments as ordinary resolution:

"Resolved that as notified by the SECP via S.R.O NO. 389(1)/2023 dated March 21, 2023 transmission of annual audited financial statements to its members through QR enabled code and web link instead of transmitting the same in the form of CD / DVD / USB, be and is hereby ratified and approved for future."

ANY OTHER BUSINESS:

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

By Order of the Board

(Abdul Hussain Antaria)
Company Secretary

Karachi: 5th October, 2023

NOTES:

1. **Closure of Share Transfer Books**

   The share transfer books of the Company shall remain closed from 20-Oct-2023 to 27-Oct-2022 (both days inclusive). Transfers received in order at the office of Share Registrar CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, SMCHS, Karachi-74400 by the close of business on 19-Oct-2023 will be considered in time to attend and vote at the meeting.

2. **Participation in General Meeting**

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

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

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

3. **Submission of the CNIC/NTN details (Mandatory)**

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

4. **Payment of Cash Dividend Electronically (Mandatory Requirement)**

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

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

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

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

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

The required information must reach the Share Registrar of the Company before the close of the business on October 19, 2023 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

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

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

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

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

7. **Deposit of Physical Shares in CDC Accounts:**
As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and form the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017.

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

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

8. **Mandatory Information of Physical Shareholders:**
According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. Tel. Toll Free: 0800-23275, Email: info@cdcsrsl.com immediately to avoid any non-compliance of law or any inconvenience in future.

9. **Participation through Video Link Facility**
The members can also participate in the Annual General Meeting through video link facility. To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an email at snai@sana-industries.com

Shareholders/Proxy holders are advised to mention their Name, Folio/CDC Account Number, No of Shares held, CNIC Number, cell number and email address.

The video link and login credentials will be shared with the shareholders whose email, containing all the requested particulars, are received at the given email address by or before the close of business hours (5:00 p.m.) on October 23, 2023.

10. Procedure of E-Voting
    a. In accordance with the Companies (Postal Ballot) Regulations, 2018 (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for inter alia, all business classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
    b. Detail of E-Voting facility will be shared through email with those members of the Company who have valid cell numbers/email addresses (Registered email ID) available in the Register of Members of the Company by the end of business on October 19, 2023. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and email addresses on or before October 19, 2023.
    c. Identity of the Members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.
    d. Members shall cast vote for agenda item online from October 23, 2023 till October 26, 2023 till 5:00 p.m. Voting shall close on October 26, 2023 at 5:00 p.m. A vote once cast by a member, shall not be allowed to be changed.

11. Procedure for Voting through Postal Ballot
Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website sana-industries.com to download.

The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman, of the meeting through post at the Company's registered address, 33-D-2, Block 6, P.E.C.H.S., Karachi. Or email at chairman@sana-industries.com one day before the AGM, i.e. on October 26, 2023 before 5:00 p.m. A postal ballot received after this time/date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

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

Ordinary resolution

AGENDA NO.5 – TRANSACTIONS WITH SUBSIDIARY COMPANY.

The Company in the normal course of business carries out transactions with its subsidiary Company Sana Logistics (Private) Limited for re-imbursement of Rent, Electricity, Maintenance, Health Insurance and Contractor payments etc. amounting Rs.15.72 million.

The Company in the normal course of business carries out transactions with its subsidiary Company Sana Distributors (Private) Limited for re-imbursement of Rent, Electricity, Maintenance, Health Insurance and Contractor payments etc. amounting Rs.3.16 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, 2023 are being placed before the shareholders for their consideration and approval / ratification.

All related party transactions, during the year 2023, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related party were carried out at arm’s length prices determined in accordance with the comparable uncontrolled prices method.

AGENDA NO.6.

To authorize the Chief Executive Officer of the Company to approve transactions with Related Party for the financial year ending June 30, 2024 which shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

AGENDA NO.7 – Transmission of Annual Audited Financial Statements through QR – enabled Code and Weblink

The SECP has allowed listed companies to circulate annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of SECP S.R.O. 389(1)/2023 dated March 21, 2023. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the member to the Company, and upon demand, supply hard copies of the Annual Audited Financial Statements to the shareholders free of cost upon receipt of a duly completed Request Form, which may be obtained from the Company’s website i.e. sana-industries.com.

Directors’ Interest

The directors of the Company have no direct or indirect interest in the above-mentioned Special Business except to the extent that they are the members of the Company.

Sana Industries Limited

BALLOT PAPER FOR VOTING THROUGH POST

For voting through post for the Special Business at the Annual General Meeting **Sana Industries Limited** (the Company) to be held on Friday, October 27, 2023 at 4:00 p.m. at 33-D-2, Block 6, P.E.C.H.S., Karachi.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: (chairman@sana-industries.com)

Name of shareholder/joint shareholder(s):	
Registered Address:	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner)(Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, corporations and Federal Government)	
Name of Authorized Signatory	
CNIC, NICOP/Passport No. (in case of foreigner) of authorized signatory (Copy to be attached)	

I/we hereby exercise my/our vote in respect of the following ordinary resolution through postal ballot by giving my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

Ordinary Resolution
(1) To Ratify and approve transactions conducted with Related Party for the year ended June 30, 2023 by passing the following ordinary resolution with or without modification: "RESOLVED that the transactions conducted with Related Party as disclosed in Note 43 of the unconsolidated financial statements for the year ended June 30, 2023 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed." (2) To authorize the Chief Executive Officer of the Company to approve transactions with Related Party for the financial year ending June 30, 2024 by passing the following ordinary resolution with or without modification: "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve the transactions to be conducted with Related Party on case to case basis for the financial year ending June 30, 2024."

	"FURTHER RESOLVED that these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."
(3)	To sought approval of members to circulate annual audited financial statements through QR enabled Code and Weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of Securities and Exchange Commission of Pakistan (SECP) S.R.O. 389(1)/2023 dated March 21, 2023 and to pass following resolution with or without amendments as ordinary resolution: "RESOLVED THAT as notified by the SECP via S.R.O NO. 389(1)/2023 dated March 21, 2023 transmission of annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB, be and is hereby ratified and approved for future."

l/we hereby exercise my/our vote in respect of above mentioned ordinary resolution through postal ballot by conveying my/our assent or dissent to the said resolution by placing tick (✓) mark in the appropriate box below:

S. No.	Name and description of resolution	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Ordinary Resolution as per the Agenda Item No. 04 (as given above)		
2.	Ordinary Resolution as per the Agenda Item No. 05 (as given above)		
3.	Ordinary Resolution as per the Agenda Item No. 06 (as given above)		

____
Shareholder/Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Place: ____________________ Date: _____________________

NOTES:

1. Duly filled postal ballots should be sent to the Chairman at 33-D-2, Block 6, P.E.C.H.S., Karachi or through email at: (chairman@sana-industries.com)
2. Copy of CNIC, NICOP/Passport (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot form should reach the Chairman of the Meeting on or before October 26, 2023 up to 5:00 p.m. Any Postal Ballot received after this time/date, will not be considered for voting.

4. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution *I* Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must he attested by the Consul General of Pakistan having jurisdiction over the member.

5. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).

6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

Sana Industries Limited

اطلاع سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ ثناء انڈسٹریز لمیٹڈ کا 38 واں سالانہ اجلاسِ عام 27 اکتوبر 2023ء (جمعہ) بوقت سہ پہر 4:00 بجے کمپنی کے دفتر بواقع 2-D-33، بلاک 6، P.E.C.H.S.، کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1۔ 30 جون 2023ء کو مختتمہ سال کیلئے کمپنی کی تنقیح شدہ مالی سٹیٹمنٹس معہ ڈائریکٹران اور آڈیٹران کی رپورٹس کی وصولی غور وخوض اوران کی قبولیت۔

2۔ 23 جون 2023 کو تقسیم کیے گئے کمپنی کے 187 شیئرز جو کہ 65% پر جزوی حصص (بونس حصص) ہونے کے لیے شیئر ہولڈرز سے منظوری حاصل کرنا اور خیراتی ادارے کو عطیہ کرنا۔

3۔ 30 جون 2024 مختتمہ سال کے لئے آڈیٹران کا تقرر۔ موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے اور اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

خصوصی امور:

عام قرارداد

4-30 جون 2023 مختتمہ سال کیلئے متعلقہ پارٹیوں کے ساتھ کی گئی ٹرانزیکشنز کی درج ذیل عمومی قرارداد کو معہ یا بلاترمیم پاس کر کے توثیق اور منظوری دینا۔

’’قرار پایا کہ 30 جون 2023 مختتمہ سال کیلئے کمپنی کے غیر تنقیح شدہ مالی گوشواروں کے نوٹ نمبر 43 میں منکشف اور سیکشن (3)134 کے تحت مادی معلومات کے بیان میں مروجہ تمام متعلقہ پارٹیز ٹرانزیکشنز کمپنی کی طرف سے کی گئی ہیں اور بذریعہ ہذا ریٹیفائیڈ، توثیق اور منظوری دی جاتی ہے۔

5- مندرجہ ذیل عام قرارداد کو معہ یا بغیر ترمیم کے منظور کر کے کمپنی کے چیف ایگزیکٹو آفیسر کو 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے متعلقہ پارٹی کے ساتھ لین دین کی منظوری دینے کا اختیار دینا۔

"قرار پایا کہ کمپنی کا جو چیف ایگزیکٹو آفیسر ہے اور بذریعہ ہذا 30 جون 2024 کو ختم ہونے والے مالی سال کے معاملے کی بنیاد پر متعلقہ پارٹی کے ساتھ ہونے والے لین دین کو منظور کرنے کا اختیار رکھتا ہے۔"

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

6- سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) S.R.O کی پیروی میں ممبران سے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو USB / DVD / CD کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے گردش کرنے کی منظوری طلب کرنا۔ 2023/(1)389 مورخہ 21 مارچ 2023 اور درج ذیل قرارداد کو عام قرارداد کے طور پر ترمیم کے ساتھ یا بغیر پاس کرنا:

" قرار پایا کہ جیسا کہ ایس ای سی پی (SECP) نے S.R.O نمبر کے ذریعے مطلع کیا ہے۔ 2023/(1)389 مورخہ 21 مارچ 2023 اپنے اراکین کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کی USB / DVD / CD ذریعے ٹرانسمیشن کرنے کی بجائے اسے QR فعال کوڈ اور ویب لنک کے ذریعے ٹرانسمیشن کیا جائے اور اس کی توثیق کی جائے اور مستقبل کے لیے اس کی منظوری دی جائے۔"

دیگر امور

7۔ صدر نشین کی اجازت سے دیگر امور نمٹانا۔

حسب الحکم بورڈ

کراچی (عبدالحسین انتاریہ)

05 اکتوبر 2023ء **کمپنی سیکریٹری**

نوٹ:

1۔ اطلاع کتابوں کی بندش

کمپنی کی منتقلی حصص کی کتابیں، 20 اکتوبر 2023 تا 27 اکتوبر 2023 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤس، 99-B، بلاک B، SMCHS، کراچی 74400 میں 19 اکتوبر 2023ء کو کاروبار کے اختتام تک وصول ہونیوالی منتقلیاں اجلاس میں شرکت کیلئے بروقت تصور ہونگی۔

2۔ سالانہ اجلاس عام میں شرکت

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

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

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

3۔ NTN/CNIC نمبر جمع کرانا (لازمی)

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

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

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

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

5-ڈیویڈینڈ پر ود ہولڈنگ ٹیکس کی کٹوتی:

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

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

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

مطلوبہ معلومات کمپنی کے شیئر رجسٹرار کے ہاں 19 اکتوبر 2023 کو کاروبار کے اختتام سے قبل لازماً پہنچ جانی چاہئیں بصورت دیگر یہ فرض کرلیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز کے ملکیتی حصص مساوی ہیں۔

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

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

6۔ نظرثانی شدہ مالی حسابات اور نوٹسز کی الیکٹرانک ترسیل

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

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

7۔ سی ڈی سی اکاؤنٹس میں فزیکل شیئرز کا جمع کرانا:

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

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

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

8۔ مادی حصص داران کی لازمی معلومات

کمپنیز ایکٹ 2017 کے سیکشن 119 اور ریگولیشن 19 کمپنیز (جنرل پرووژنز اور فارمز) ریگولیشنز، 2018 کے مطابق تمام مادی حصص یافتگان سے درخواست کی جاتی ہے کہ وہ فوری طور پر اپنی لازمی معلومات جیسے کہ CNIC نمبر، ایڈریس، ای میل ایڈریس، موبائل/ ٹیلی فون رابطہ نمبر، انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) وغیرہ قانون کی عدم تعمیل سے بچنے کے لیے ہمارے شیئر رجسٹرار کو سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک بی، S.M.C.H.S، مین شارع فیصل، کراچی 74400، ٹال فری فون: 0800-23275، ای میل: info@cdcsrsl.com پر فراہم کریں۔

9۔ ویڈیو لنک کی سہولت کے ذریعے شرکت

ممبران ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاس عام میں بھی شرکت کرسکتے ہیں۔ ویڈیو لنک کے ذریعے AGM میں شرکت کے لیے اراکین اور ان کے پراکسیز سے درخواست کی جاتی ہے کہ وہ اپنی درج ذیل تفصیلات snai@sana-industries.com پر ای میل بھیج کر رجسٹر کریں۔

شیئر ہولڈرز/ پراکسی ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنا نام، فولیو/سی ڈی سی اکاؤنٹ نمبر، رکھے گئے حصص کی تعداد، سی این آئی سی نمبر، سیل نمبر اور ای میل پتہ بتائیں۔

ویڈیو لنک اور لاگ ان کی اسناد شیئر ہولڈرز کے ساتھ شیئر کی جائیں گی جن کی ای میل، تمام درخواست کردہ تفصیلات پر مشتمل، دیے گئے ای میل پتے پر 23 اکتوبر 2023 کو کاروباری اوقات (شام 5:00) کے اختتام تک یا اس سے پہلے موصول ہوئی ہے۔

10۔ ای ووٹنگ کا طریقہ کار

a. کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 ("ضابطے") کے مطابق الیکٹرانک ووٹنگ کی سہولت کے ذریعے ووٹ دینے کا حق اور ڈاک کے ذریعے ووٹ دینے کا حق ہر لسٹڈ کمپنی کے ممبران کو دیگر چیزوں کے ساتھ ساتھ، تمام کاروبار کو خصوصی کاروبار کے طور پر درجہ بندی کے تحت فراہم کیا جائے گا کمپنیز ایکٹ، 2017 اس طریقے سے اور ضوابط میں موجود شرائط کے تابع۔

b. ای ووٹنگ کی سہولت کی تفصیلات کمپنی کے ان اراکین کے ساتھ ای میل کے ذریعے شیئر کی جائیں گی جن کے پاس 19 اکتوبر 2023 کو کاروبار کے اختتام تک کمپنی کے ممبران کے رجسٹر میں درست سیل نمبر/ای میل ایڈریس (رجسٹرڈ ای میل آئی ڈی) دستیاب ہیں۔ جو لوگ ای ووٹنگ کے ذریعے اپنے ووٹ کا حق استعمال کرنا چاہتے ہیں وہ 19 اکتوبر 2023 کو یا اس سے پہلے اپنے درست سیل نمبر اور ای میل ایڈریس فراہم کریں گے۔

c. ای ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھنے والے اراکین کی شناخت الیکٹرانک دستخط یا لاگ ان کے لیے تصدیق کے ذریعے کی جائے گی۔

d. اراکین 23 اکتوبر 2023 سے 26 اکتوبر 2023 شام 5:00 بجے تک ایجنڈا آئٹم کے لیے آن لائن ووٹ ڈالیں گے۔ ووٹنگ 26 اکتوبر 2023 کو شام 5:00 بجے بند ہوگی۔ کسی ممبر کے ووٹ ایک بار ڈالنے کے بعد اسے تبدیل کرنے کی اجازت نہیں ہوگی۔

10۔ پوسٹل بیلٹ کے ذریعے ووٹ ڈالنے کا طریقہ کار

اراکین متبادل طور پر پوسٹل بیلٹ کے ذریعے ووٹ ڈالنے کا انتخاب کرسکتے ہیں۔ اراکین کی سہولت کے لیے، بیلٹ پیپر اس نوٹس کے ساتھ منسلک ہے اور اسے ڈاؤن لوڈ کرنے کے لیے کمپنی کی ویب سائٹ sana-industries.com پر بھی دستیاب ہے۔

اراکین کو یقینی بنانا چاہیے کہ صحیح طریقے سے بھرے ہوئے اور دستخط شدہ بیلٹ پیپر، کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے ساتھ کمپنی کے رجسٹرڈ ایڈریس، 33-D-2، بلاک 6، پر ڈاک کے ذریعے میٹنگ کے چیئرمین تک پہنچیں۔ P.E.C.H.S، کراچی۔ یا چیئرمین snai@sana-industries.com پر AGM سے ایک دن پہلے، یعنی 26 اکتوبر 2023 کو شام 5:00 بجے سے پہلے ای میل کریں۔ اس وقت/ تاریخ کے بعد موصول ہونے والا پوسٹل بیلٹ ووٹنگ کے لیے زیرغور نہیں آئے گا۔ بیلٹ پیپر پر دستخط CNIC پر دستخط سے مماثل ہوں گے۔

اسٹیٹمنٹ زیر دفعہ (3)134 بابت کمپنیز ایکٹ 2017

عام قرارداد

ایجنڈا آئٹم نمبر 5- ذیلی کمپنی کے ساتھ ٹرانزیکشن

معمول کے کاروبار کے دوران کمپنی نے اپنی ذیلی کمپنی، ثنالا جسٹک (پرائیویٹ) لمیٹڈ کے ساتھ کرایہ، بجلی، بحالی، ہیلتھ انشورنس اور ٹھیکیدار کی ادائیگیوں وغیرہ کی ادائیگی کی مد میں 15.72 ملین روپے کا لین دین کیا ہے۔

کمپنی کے کاروبار کے ضمن میں اپنی ذیلی کمپنی ثنا ڈسٹری بیوٹرز (پرائیویٹ) لمیٹڈ کے ساتھ کرایہ، بجلی، دیکھ بھال، ہیلتھ انشورنس اور کنٹریکٹر کی ادائیگیوں وغیرہ کی بحالی کے لیے لین دین کرتی ہے جس کی رقم 3.16 ملین ہے۔

اکثر ڈائریکٹرزان کمپنیوں میں مشترکہ ڈائریکٹرشپ کی وجہ سے ان لین دین میں دلچسپی رکھتے تھے، اجلاس عام میں حصص یافتگان نے اس کی منظوری دینی ہوتی ہے۔ لہذا، 30 جون، 2023 کو ختم ہونے والے مالی سال کے دوران کئے گئے لین دین کو شیئر ہولڈرز کے سامنے ان کی غور و خوض اور منظوری/توثیق کے لئے رکھا جا رہا ہے۔

سال 2023 کے دوران پارٹی سے متعلقہ تمام لین دین کا جائزہ لیا گیا اور آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاسوں میں اس کی منظوری دی۔ متعلقہ فریق کے ساتھ لین دین قابل رسائی قیمتوں کے موازنہ کے طریقہ کار کے مطابق طے شدہ قیمتوں پر کیا گیا تھا۔

ایجنڈا نمبر 6

کمپنی کے چیف ایگزیکٹو آفیسر کو 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے متعلقہ پارٹی کے ساتھ لین دین کی منظوری کا اختیار دینا، جو حصص یافتگان کے سامنے ان کی باضابطہ توثیق/منظوری کے لئے اگلے سالانہ اجلاس عام میں رکھے جائیں گے۔

ایجنڈا نمبر QR-7 فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ترسیل

ایس ای سی پی نے لسٹڈ کمپنیوں کو اجازت دی ہے کہ وہ اپنے ممبران کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کو (SECP) S.R.O کی پیروی 2023/(1)389 مورخہ 21 مارچ 2023 کے مطابق CD/DVD/USB کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے بھیجیں۔ کمپنی ای میل ایڈریس کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو گردش کرے گی اگر یہ ممبر کی طرف سے کمپنی کو فراہم کی گئی ہے، اور مطالبہ پر، سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپیاں فراہم کرے گی۔ باضابطہ طور پر مکمل شدہ درخواست فارم کی وصولی پر شیئر ہولڈرز مفت، جو کمپنی کی ویب سائٹ یعنی sana-industries.com سے حاصل کیا جا سکتا ہے۔

ڈائریکٹرز کی دلچسپی

کمپنی کے ڈائریکٹرز کو مذکورہ خصوصی کاروبار میں کوئی براہ راست یا بالواسطہ دلچسپی نہیں ہے سوائے اس حد کے کہ وہ کمپنی کے ممبر ہیں۔

Sana Industries Limited

ڈاک کے ذریعے ووٹنگ کے لیے بیلٹ پیپر

بروز جمعہ، 27 اکتوبر 2023 کو شام 04:00 بجے ثنا انڈسٹریز لمیٹڈ (کمپنی) کے رجسٹرڈ دفتر بواقع D-33-2، بلاک 6، پی۔ای۔سی۔ایچ۔ایس، کراچی، پر منعقد ہونے والے سالانہ اجلاس عام میں خصوصی امور کے لئے بیلٹ پیپر۔

چیئر مین کے رابطہ کی تفصیلات، جہاں بیلٹ پیپر بھیجا جا سکتا ہے:(chairman@sana-industries.com)

شیئر ہولڈر/مشترکہ شیئر ہولڈرز کا نام	
رجسٹرڈ ایڈریس	
فولیو نمبر/سی ڈی سی پارٹیسپنٹ/انویسٹر آئی ڈی معہ سب اکاؤنٹ نمبر	
ملکیتی حصص کی تعداد	
CNIC/پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)	
اضافی معلومات اور وضاحتیں (باڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندہ کی صورت میں)	
مجاز دستخط کنندہ کا نام:	
مجاز دستخط کنندہ کا CNIC/پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)	

میں/ہم مندرجہ ذیل قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/اپنے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب باکس میں ٹک (/) کا نشان لگا کر اپنی رضامندی یا اختلاف رائے دیتے ہیں:

عمومی قرارداو

(1) 30 جون 2023 کو ختم ہونے والے سال کے لیے متعلقہ فریق کے ساتھ کیے گئے لین دین کی توثیق اور منظوری کے لیے درج ذیل عام قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کرنا:

"قرار پایا کہ متعلقہ فریق کے ساتھ کیے گئے لین دین جیسا کہ 30 جون 2023 کو ختم ہونے والے سال کے غیر متفقہ مالیاتی بیانات کے نوٹ___ میں انکشاف کیا گیا ہے اور سیکشن (3) 134 کے تحت مواد کی معلومات کے بیان میں بیان کیا گیا ہے اور اس کی توثیق، منظوری اور تصدیق کی جائے گی۔"

(2) کمپنی کے چیف ایگزیکٹو آفیسر کو 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے متعلقہ فریق کے ساتھ لین دین کی منظوری کے لیے درج ذیل عمومی قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کرنے کا اختیار دینا:

"قرار پایا کہ کمپنی کا چیف ایگزیکٹو آفیسر 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کیس ٹو کیس کی بنیاد پر متعلقہ فریق کے ساتھ کیے جانے والے لین دین کو منظور کرنے کا مجاز ہے۔"

"مزید قرار پایا کہ یہ ٹرانزیکشنز شیئر ہولڈرز کے ذریعہ منظور شدہ سمجھے جائیں گے اور ان کی باضابطہ توثیق/منظوری کے لیے اگلی سالانہ اجلاس عام میں شیئر ہولڈرز کے سامنے رکھے جائیں گے۔"

(3) سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) S.R.O نمبر 389(1)/2023 مورخہ 21 مارچ 2023 کی پیروی میں CD/DVD/USB کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو گردش کرنے کے لیے اراکین کی منظوری طلب کرنا اور درج ذیل قرارداد کو عام قرارداد کے طور پر ترمیم کے ساتھ یا بغیر پاس کرنا:

"قرار پایا کہ جیسا کہ ایس ای سی پی نے S.R.O نمبر 389(1)/2023 مورخہ 21 مارچ 2023 کے ذریعے مطلع کیا ہے۔ اپنے اراکین کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کی CD/DVD/USB کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کی شکل میں منتقل کیا جائے اور اس کی توثیق کی جائے اور مستقبل کے لیے اس کی منظوری دی جائے۔"

میں/ہم مندرجہ ذیل قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/اپنے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب باکس میں ٹک (/) کا نشان لگا کر اپنی رضامندی یا اختلاف رائے دیتے ہیں:

نمبر شمار	قراردادوں کی نوعیت اور تفصیل	میں/ہم قراردادوں پر رضامند ہیں (FOR)	میں/ہم قراردادوں پر کے خلاف ہیں (AGAINST)
1۔	ایجنڈا آئٹم نمبر 04 کے مطابق عام قرارداد (جیسا کہ اوپر دیا گیا ہے)		
2۔	ایجنڈا آئٹم نمبر 05 کے مطابق عام قرارداد (جیسا کہ اوپر دیا گیا ہے)		
3۔	ایجنڈا آئٹم نمبر 06 کے مطابق عام قرارداد (جیسا کہ اوپر دیا گیا ہے)		

شیئر ہولڈرز/پراکسی ہولڈرز/مجاز دستخط کنندہ کے دستخط:

(بصورت کارپوریٹ ادارہ، کمپنی کی مہر ثبت کریں)

مقام:__________ تاریخ:__________

نوٹس:

1۔ صحیح طریقے سے پُر شدہ پوسٹل بیلٹ چیئر مین 33-D-2، بلاک 6، پی۔ای۔سی۔ایچ۔ایس، کراچی، کو مذکورہ بالا ڈاک کے پتہ پر ای میل (chairman@sana-industries.com) کے ذریعے بھیجنا چاہیے۔

2۔ CNIC/پاسپورٹ کی کاپی (غیر ملکی کی صورت میں) پوسٹل بیلٹ فارم کے ساتھ منسلک ہونی چاہیے۔

3۔ پوسٹل بیلٹ فارم میٹنگ کے چیئر مین کے پاس 26 اکتوبر 2023 کو یا اس سے پہلے شام 5:00 بجے تک پہنچ جانا چاہیے۔ اس وقت/تاریخ کے بعد موصول ہونے والا کوئی بھی پوسٹل بیلٹ ووٹنگ کے لیے زیر غور نہیں آئے گا۔

4۔ کسی باڈی کارپوریٹ، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں، بیلٹ پیپر فارم کے ساتھ کسی مجاز شخص کے CNIC کی کاپی، بورڈ کی قرارداد یا پاور آف اٹارنی/اتھارٹی لیٹر وغیرہ کی تصدیق شدہ کاپی ہونا ضروری ہے کمپنیز ایکٹ 2017 کے سیکشن (ز) 138 یا 139 کے مطابق جیسا کہ قابل اطلاق ہے۔ غیر ملکی باڈی کارپوریٹ وغیرہ کے معاملے میں، وہ تمام دستاویزات لازمی طور پر قونصل جنرل آف پاکستان سے تصدیق شدہ ہوں جو ممبر پر دائرہ اختیار رکھتے ہوں۔

5۔ پوسٹل بیلٹ پر دستخط CNIC/پاسپورٹ (غیر ملکی کی صورت میں) کے دستخط سے مماثل ہونا چاہئے۔

6۔ نامکمل، بغیر دستخط شدہ، غلط، کاٹ کر لکھا ہوا، پھٹا ہوا، مسخ شدہ، دوبارہ لکھا ہوا بیلٹ پیپر مسترد کر دیا جائے گا۔

REVIEW REPORT BY THE CHAIRMAN

The Company complies with all material requirements set out in Companies Act, 2017 with respect to the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of Sana Industries Limited has been carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended 30 June 2023, the Board's overall performance and effectiveness has been assessed as satisfactory, which is based on an evaluation of integral components including vision, mission and values.

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

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

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

(Ibrahim Younus)
Chairman.

Karachi: 5th October, 2023.

Directors' Report

The Directors of the company take pleasure in presenting before you the financial results ofthe company for the financial year ended June 30, 2023.

The principal business activities of the company are manufacturing and sale of man- made fiber yarn. In 2006, the company decided to diversify into logistics business, thereby in2017 as business grew, we established Sana Logistics (Private) Limited as a subsidiary of Sana Industries Limited with an independent & focused team. In 2020, in a second major diversification plan, the company inducted SanaDistributors (Pvt) Limited under its wings as its wholly owned subsidiary, operational since February 2021.

The financial year under consideration presented severe economic challenges for Pakistan with inflation soaring to highest ever levels along with dwindling demand and supply chain disruptions caused by local and global economic challenges.

Despite the challenges mentioned above, the company has recorded its highest ever consolidated gross revenue of Rs. 5,082,850,694/- recording an increase of 12% from same period last year. This was achieved mainly due to increase in sale prices of yarn and devaluation of local currency.

Nevertheless, the increase in sales revenue has been dampened by extreme inflationary pressures and devaluation of local currency, which increased the raw material prices and conversion costs, coupled with a significant surge in finance cost.

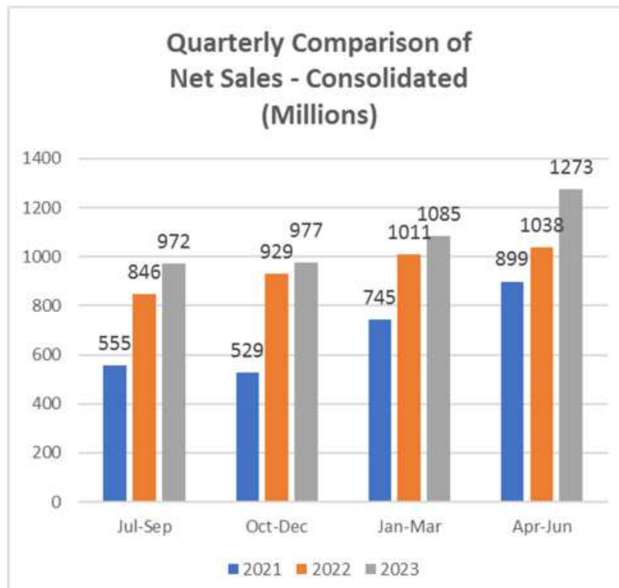
The forex unavailability in the country has adversely affected the production of specialty yarns and entailing margins. We were able to import only 1.9 million kgs of fiber as compared to 3.3 million kgs during the same period last year.

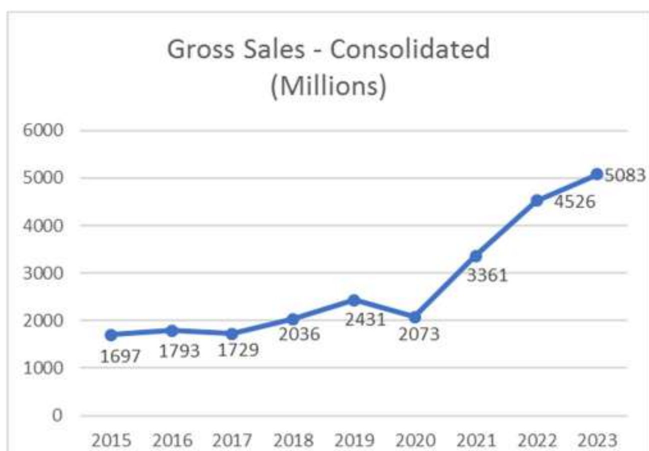
As this situation is improving, we are hopeful of increasing our production share of specialty products and move away from low margin items.

Financial Results

The consolidated financial results of the company for the year ended June 30th, 2023, are summarized below:

Gross Revenue (Rs.)	5,082,850,694
Loss before taxation (Rs.)	(216,620,029)
Loss after taxation (Rs.)	(167,708,498)



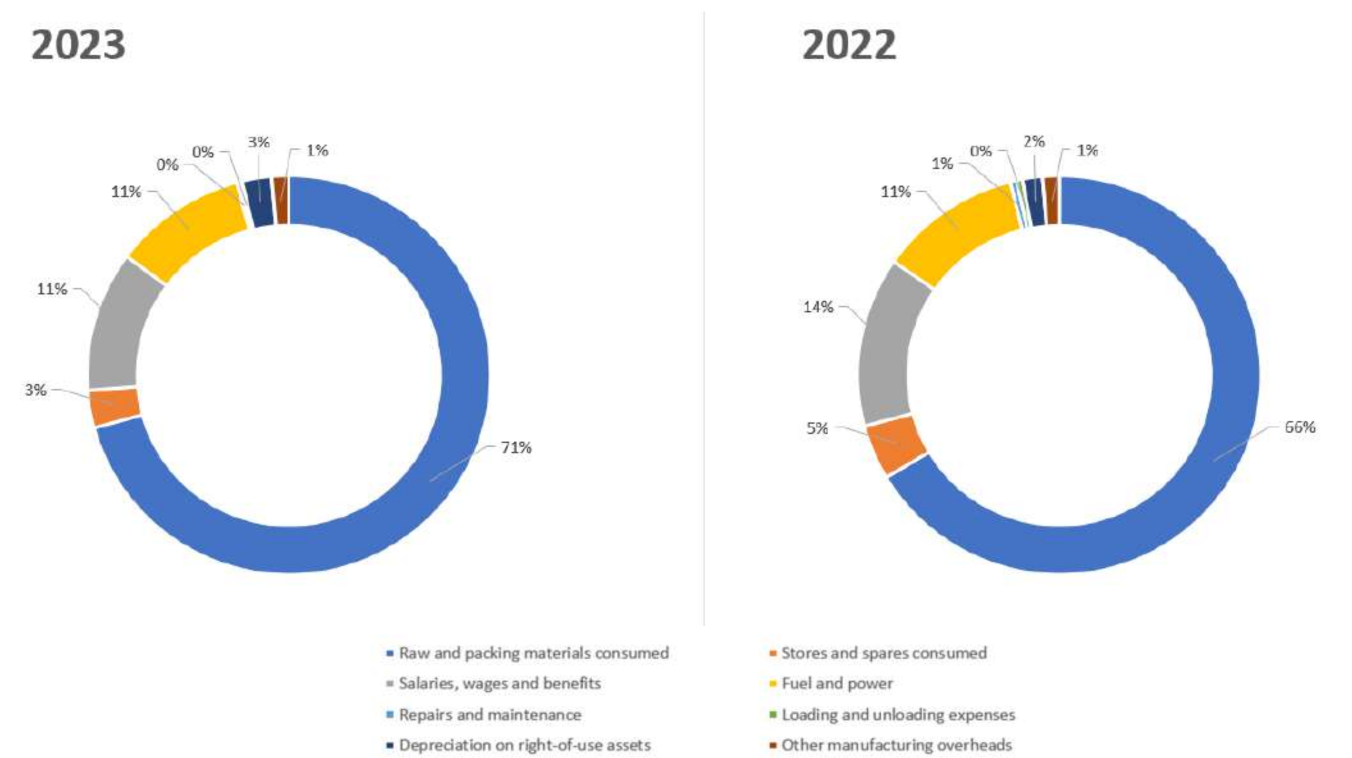


Unconsolidated Financial Results

The comparison of the key financial results of the Company for the year ended June 30, 2023, are as follows:

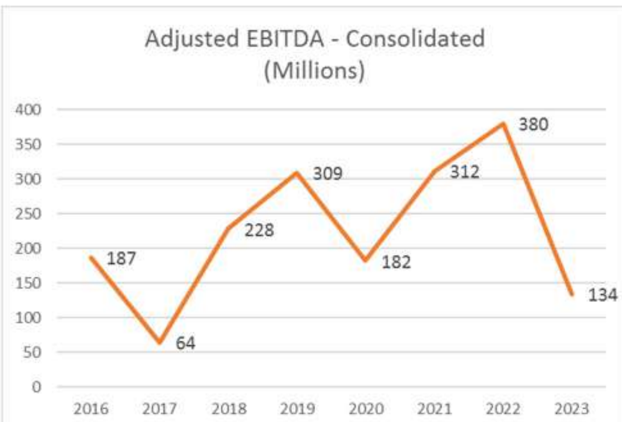
Below is the breakup of manufacturing cost:

	June 30, 2023	% age of Sales	June 30, 2022	% age of Sales	Increase/ (Decrease)	Increase/ (Decrease) in % age
Sales (net)	2,885,600,597		2,630,597,538		255,003,059	
Cost of Goods Sold	2,804,125,964	97.18%	2,324,885,585	88.38%	479,240,379	8.80%
Gross Profit	81,474,633	2.82%	305,711,953	11.62%	(224,237,320)	(8.80%)
Administrative Expenses	107,219,878	3.72%	75,556,479	2.87%	31,663,399	0.84%
Distribution Cost	25,178,112	0.87%	15,164,912	0.58%	10,013,200	0.30%
Other Operating Expenses	509,810	0.02%	15,112,335	0.57%	(14,602,525)	(0.56%)
Other Income	27,694,874	0.96%	64,874,231	2.47%	(37,179,357)	(1.51%)
Finance Cost	200,478,346	6.95%	90,892,566	3.46%	109,585,780	3.49%
Profit/(Loss) Before Taxation	(224,216,639)	(7.77%)	173,859,892	6.61%	(398,076,531)	(14.38%)
Profit/(Loss) After Taxation	(133,968,689)	(4.64%)	128,288,943	4.88%	(262,257,632)	(9.52%)
Earnings Per Share (Rs.) Restated			6.43			
Earnings Per Share (Rs.)	(6.71)					



Adjusted EBITDA

EBITDA (earnings before interest, tax, depreciation, and amortization) has been presented for the past 8 years adjusted for the impact of depreciation and finance cost of right of use asset under IFRS 16 and the amount of actual rent paid has been deducted from profit to depict a true picture of the operational affairs of the company.



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

- Comparison with last year (Annex-A)
- Comparison with previous quarter.(Annex-B)
- Quarter-wise comparative balancesheets (Annex-C)
- Quarter-wise comparative profit andloss accounts (Annex-D)
- Statistical summary of key operating and financial data of last 6 years (Annex-E)

Economic Prospects

FY 2023 posed serious economic challenges for all industries. The year marked high inflationary pressures, rising finance costs and devaluation of local currency which is unparalleled as compared to prior years.

During the year, the import bill of the country declined by 29% to USD 60 billion as compared to USD 84.5 billion in the same period last year due to tightening of monetary policy and voluntary import containment guidelines issued by the State bank of Pakistan to all banks. Nevertheless, the consequences of such import compression policy resulted in decline in the country's exports by 11.07% to USD 35 billion.

During the year, Pakistan posted its highest ever inflation of 37.97% and its expected to remain high in the near term. SBP has through out the year increased its policy rate to contain the inflationary pressure and currently the policy rate stands at 22%.

Future Outlook of the Company

The company embarked on an expansion project in 2021 whereby the total lift in production capacity was equivalent to 8100 spindles. There was an addition of 2400 spindles during the financial year 2022 and the remaining 5700 spindles equivalent to 3xMVS Machines have been added to the system during the current year under consideration in the months of May and June 2023.

The impact of increased production and sales at the back of increased capacity shall be seen during the year 2024.

The project includes an addition of 2400 spindles of ring spinning and 3 Murata Vortex Machines giving the production a lift equivalent to 5700 spindles. Murata Vortex Machine is a newer, modern, and lean technology which is not only cost effective, but it shall also add much value to our current product mix.

The project size as reported last year was tentatively Rs. 400 million. However, due to significant devaluation of rupee during the year, the project size, considering the actual exchange rate at which the LC’s were retired is Rs. 530 million.

Moreover, during the year, due to exchange rate swing towards North, our working capital requirements have also increased which have been managed through retained earnings and increase in Islamic short term financing facilities accordingly.

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, 2024.

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 AnnualReport.

Dividend and Bonus Announcement

During the year, the company announced a bonus issue of 65% during the year under consideration.

Directors' Statement

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

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

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

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

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

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

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

(8) The Company operates an approved gratuity fund, being administered by a gratuity fund trust, covering all its employees who have completed their qualifying period. The Project Unit Credit Actuarial Cost Method (PUC) was used for calculating the accounting entries, which method is mandated under the latest version of IAS-19. The most recent actuarial valuation of the scheme was carried out at 30th June, 2023. Total of assets / investments as at June 30, 2023 were Rs. 52,473,376/-.

Board of Directors

A total of 7 Meetings of the Board of Directors were held during the financial year ended 30th June 2023. Number of Meetings attended by each Directors are stated there against:

Name of Directors	Number of meetings attended
1. Mr. Mohammad Younus Nawab	6
2. Mr. Mohammad Irfan Nawab	7
3. Mr. Ibrahim Younus	7
4. Mr. Ismail Younus	7
5. Mr. Muhammad Faizanullah	7
6. Mr. Abdus Sami Qureshi	1
7. Ms. Zainab Hanif Dhedhi	5

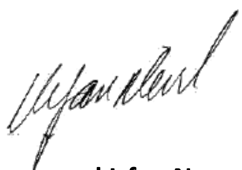
Following trades in the shares of the Company were carried out by its Directors, CEO,Company's Secretary and their spouses and minor children during the current financial year:

Date of Transaction	Name of Person	No of shares	Nature	Rate
22-06-23	Mohammad Younus Nawab	1,838,229	Bonus	0.00
22-06-23	Mrs. Sabhiha Younus	362,939	Bonus	0.00
22-06-23	Mohammad Irfan Nawab	1,946,131	Bonus	0.00
22-06-23	Mrs. Afshan Irfan	347,242	Bonus	0.00
22-06-23	Ibrahim Younus	214,869	Bonus	0.00
22-06-23	Ismail Younus	213,060	Bonus	0.00
22-06-23	Muhammad Faizanullah	175,134	Bonus	0.00

Acknowledgement

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

On behalf of the Board



(Mohammed Irfan Nawab)
Chief Executive

(Muhammad Faizanullah)
Director

Karachi: October 5th, 2023

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے مالیاتی سال کے لئے کمپنی کے مالی نتائج آپ کے سامنے پیش کرنے میں خوشی محسوس کرتے ہیں۔

کمپنی کی بنیادی کاروباری سرگرمیاں انسانی ساختہ فائبر یارن کی مینوفیکچرنگ اور فروخت ہیں۔ 2006 میں، کمپنی نے لاجسٹکس کے کاروبار میں تنوع پیدا کرنے کا فیصلہ کیا، اس طرح 2017 میں جیسے جیسے کاروبار میں اضافہ ہوا، ہم نے ثنا لاجسٹکس (پرائیویٹ) لمیٹڈ کو ثنا انڈسٹریز لمیٹڈ کے ماتحت ادارے کے طور پر ایک آزاد توجہ مرکوز ٹیم کے ساتھ قائم کیا۔ 2020 میں، دوسرے بڑے تنوع کے منصوبے میں، کمپنی نے ثنا ڈسٹری بیوٹرز (پرائیویٹ) لمیٹڈ کو اپنے ونگز کے تحت اپنی مکمل ملکیتی ماتحت کمپنی کے طور پر شامل کیا، جو فروری 2021 سے کام کر رہا ہے۔

زیر جائزہ مالیاتی سال پاکستان کے لئے سنگین معاشی چیلنجز پیش کر رہا ہے جس میں افراط زر اب تک کی بلند ترین سطح پر پہنچ گیا ہے اور مقامی اور عالمی معاشی چیلنجوں کی وجہ سے طلب اور رسد کے سلسلے میں خلل پڑ رہا ہے۔

مذکورہ بالا چیلنجز کے باوجود کمپنی نے اپنی اب تک کی سب سے زیادہ مجموعی آمدنی -/5,082,850,694 روپے ریکارڈ کی ہے جو گزشتہ سال کے اسی عرصے کے مقابلے میں 12 فیصد زیادہ ہے۔ یہ بنیادی طور پر دھاگے کی فروخت کی قیمتوں میں اضافے اور مقامی کرنسی کی قدر میں کمی کی وجہ سے حاصل کیا گیا تھا۔

اس کے باوجود، فروخت کی آمدنی میں اضافہ انتہائی افراط زر کے دباؤ اور مقامی کرنسی کی قدر میں کمی کی وجہ سے کم ہوا ہے، جس نے خام مال کی قیمتوں اور تبادلے کے اخراجات میں اضافہ کیا ہے، جس کے ساتھ فنانس لاگت میں نمایاں اضافہ ہوا ہے۔

ملک میں غیر ملکی زرمبادلہ کی عدم دستیابی نے خصوصی دھاگے کی پیداوار اور منافع کو بری طرح متاثر کیا ہے۔ گزشتہ سال اسی عرصے کے دوران 3.3 ملین کلوگرام کے مقابلے میں ہم صرف 1.9 ملین کلوگرام فائبر درآمد کرنے کے قابل تھے۔

جیسا کہ یہ صورتحال بہتر ہو رہی ہے، ہم خصوصی مصنوعات کے اپنے پیداواری حصے میں اضافہ کرنے اور کم مارجن والی اشیا سے دور جانے کے لئے پرامید ہیں۔

مالیاتی نتائج

30 جون، 2023 کو ختم ہونے والے سال کے لئے کمپنی کے مربوط مالی نتائج کا خلاصہ ذیل میں ہے:

مندرجات	روپے
خام آمدنی	5,082,850,694
قبل از ٹیکس خسارہ	(216,620,029)
بعد از ٹیکس خسارہ	(167,708,498)

غیر مدغم شدہ مالیاتی نتائج

30 جون، 2023 کو ختم ہونے والے سال کے لئے کمپنی کے اہم مالیاتی نتائج کا موازنہ درج ذیل ہے:

مینوفیکچرنگ کی لاگت کا خلاصہ درج ذیل ہے:

مندرجات	30جون2023	فیصد فروخت	30جون2022	فیصد فروخت	اضافہ / کمی	اضافہ / کمی فیصد میں
فروخت (خالص)	2,885,600,597		2,630,597,538		255,003,059	
لاگت فروخت	2,804,125,964	97.18%	2,324,885,585	88.38%	479,240,379	8.80%
خام منافع	81,474,633	2.82%	305,711,953	11.62%	(224,237,320)	(8.80%)
انتظامی اخراجات	107,219,878	3.72%	75,556,479	2.87%	31,663,399	0.84%
تقسیمی لاگت	25,178,112	0.87%	15,164,912	0.58%	10,013,200	0.30%
دیگر کاروباری اخراجات	509,810	0.02%	15,112,335	0.57%	(14,602,525)	(0.56%)
دیگر آمدن	27,694,874	0.96%	64,874,231	2.47%	(37,179,357)	(1.51%)
مالیاتی لاگت	200,478,346	6.95%	90,892,566	3.46%	109,585,780	3.49%
قبل از ٹیکس خسارہ/منافع	(224,216,639)	(7.77%)	173,859,892	6.61%	(398,076,531)	(14.38%)
بعد از ٹیکس خسارہ/منافع	(133,968,689)	4.64%	128,288,943	4.88%	(262,257,632)	(9.52%)
فی شیئر آمدن (روپے) نظرثانی شدہ			6.43			
فی شیئر آمدن (روپے)	(6.71)					

ایڈجسٹ شدہ EBITDA

EBITDA (سود، ٹیکس، قدر میں کمی اور ایموریٹائزیشن سے قبل آمدنی) کو گزشتہ 8 سالوں کے لئے پیش کیا گیا ہے جو IFRS 16 کے تحت استعمال کے حق کے اثاثوں کی قدر میں کمی اور فنانس لاگت کے اثرات کے لئے ایڈجسٹ کیا گیا ہے اور ادا کردہ اصل کرایہ کی رقم منافع سے کاٹ دی گئی ہے تاکہ کمپنی کے آپریشنل معاملات کی حقیقی تصویر پیش کی جا سکے۔

ہمارے شیئر ہولڈرز کی سہولت کے لئے، آپریٹنگ اور مالی اعداد و شمار کا مندرجہ ذیل موازنہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے:

- پچھلے سال کے ساتھ موازنہ (Annex-A)
- پچھلی سہ ماہی کے ساتھ موازنہ (Annex-B)
- سہ ماہی کے لحاظ سے تقابلی بیلنس شیٹس (Annex-C)
- سہ ماہی کے لحاظ سے تقابلی منافع اور نقصان کے اکاؤنٹس (Annex-D)
- گزشتہ 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا شماریاتی خلاصہ (Annex-E)

اقتصادی امکانات

مالیاتی سال 2023 تمام صنعتوں کے لئے سنگین معاشی چیلنجز پیدا کرے گا۔ اس سال افراط زر کے دباؤ، مالیاتی اخراجات میں اضافہ اور مقامی کرنسی کی قدر میں کمی دیکھی گئی جو گزشتہ برسوں کے مقابلے میں بے مثال ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے تمام بینکوں کو جاری کردہ مانیٹری پالیسی اور رضا کارانہ امپورٹ کنٹرول گائیڈ لائنز میں سختی کی وجہ سے سال کے دوران ملک کا درآمدی بل 29 فیصد کم ہو کر 60 ارب ڈالر رہ گیا جو گزشتہ سال کے اسی عرصے میں 84.5 ارب ڈالر تھا۔ تاہم اس طرح کی امپورٹ کمپریشن پالیسی کے نتیجے میں ملکی برآمدات 11.07 فیصد کم ہو کر 35 ارب ڈالر رہ گئیں۔

رواں سال کے دوران پاکستان میں افراط زر کی شرح 37.97 فیصد ریکارڈ کی گئی اور مستقبل قریب میں اس کے بلند ترین سطح پر رہنے کی توقع ہے۔ اسٹیٹ بینک نے افراط زر کے دباو پر قابو پانے کے لیے سال بھر پالیسی ریٹ میں اضافہ کیا اور اس وقت پالیسی ریٹ 22 فیصد ہے۔

کمپنی کے مستقبل کا نقطہ نظر

کمپنی نے 2021 میں ایک توسیعی منصوبے کا آغاز کیا جس کے تحت پیداواری صلاحیت میں کل لفٹ 8100 اسپنڈلز کے برابر تھی۔ مالیاتی سال 2022 کے دوران 2400 اسپنڈلز کا اضافہ کیا گیا اور باقی 5700 اسپنڈلز جو 3xMVS مشینوں کے مساوی ہیں رواں سال کے دوران مئی اور جون 2023 کے مہینوں میں زیرغور، سسٹم میں شامل کیے گئے ہیں۔

بڑھتی ہوئی صلاحیت کی پشت پر بڑھتی ہوئی پیداوار اور فروخت کے اثرات سال 2024 کے دوران دیکھے جائیں گے۔

اس منصوبے میں 2400 اسپنڈلز رنگ اسپننگ اور 3 مراٹا ورٹیکس مشینوں کا اضافہ شامل ہے جو پیداوار کو 5700 اسپنڈلز کے برابر لفٹ فراہم کرتی ہیں۔ مراٹا ورٹیکس مشین ایک تیز، جدید، اور ہلکی ٹیکنالوجی ہے جو نہ صرف لاگت موثر ہے، بلکہ یہ ہمارے موجودہ مصنوعات کے مرکب میں بھی بہت زیادہ قدر کا اضافہ کرے گی۔

گزشتہ سال کے مطابق منصوبے کا حجم عارضی طور پر 400 ملین روپے تھا۔ تاہم سال کے دوران روپے کی قدر میں نمایاں کمی کی وجہ سے اس منصوبے کا حجم 530 ملین روپے ہے جس پر ایل سی ز کو ریٹائر کیا گیا تھا۔

مزید برآں، سال کے دوران زرمبادلہ کی شرح میں شمال کی طرف منتقلی کی وجہ سے، ہماری ورکنگ کیپٹل کی ضروریات میں بھی اضافہ ہوا ہے جسے برقرار آمدنی اور اسلامی قلیل مدتی فنانسنگ کی سہولیات میں اضافے کے ذریعے منظم کیا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاونٹنٹس، ریٹائرڈ اور اہل ہونے کے ناطے 30 جون 2024 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

شیئرز ہولڈنگ کا طریقہ

ایس ای سی پی کے 28/3/2002 کے سرکلر کے مطابق اسٹاک ایکسچینج کو شیئرز ہولڈنگ کا پیٹرن سالانہ رپورٹ میں شامل کیا گیا ہے۔

ڈیویڈنڈ اور بونس کا اعلان

دورانِ سال، کمپنی نے زیر جائزہ سال کے دوران 65 فیصد بونس جاری کرنے کا اعلان کیا۔

ڈائریکٹرز کا بیان

(1) مالیاتی بیانات کمپنی کے معاملات، اس کے آپریشنز کے نتائج، نقد بہاو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(2) کمپنی نے اکاونٹ کی مناسب کتابوں کو برقرار رکھا ہے۔

(3) مالیاتی بیانات کی تیاری میں مناسب اکاونٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاونٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

(4) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتے ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے اور اس سے کسی بھی روانگی، اگر کوئی ہو، کو مناسب طور پر ظاہر اور وضاحت کی گئی ہے۔

(5) انٹرنل کنٹرول کا نظام صوتی ڈیزائن کا ہے اور موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

(6) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی شبہ نہیں ہے۔

(7) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے، جیسا کہ اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔

(8) کمپنی ایک منظور شدہ گریجویٹی فنڈ چلاتی ہے، جس کا انتظام گریجویٹی فنڈ ٹرسٹ کے ذریعہ کیا جاتا ہے، جس میں اس کے تمام ملازمین کا احاطہ کیا جاتا ہے جنہوں نے اپنی کوالیفائنگ مدت مکمل کر لی ہے۔ پروجیکٹ یونٹ کریڈٹ ایکچوریل کاسٹ میتھڈ (PUC) اکاونٹنگ انٹریز کا حساب لگانے کے لئے استعمال کیا گیا تھا، جو طریقہ IAS-19 کے تازہ ترین ورژن کے تحت لازمی ہے۔ اس اسکیم کی تازہ ترین ایکچوریل ویلیوایشن 30 جون، 2023 کو کی گئی تھی۔ 30 جون 2023 تک اثاثوں اور سرمایہ کاری کی کل مالیت -/52,473,376 روپے تھی۔

بورڈ آف ڈائریکٹرز

30 جون 2023 کو ختم ہونے والے مالیاتی سال کے دوران بورڈ آف ڈائریکٹرز کے کل 7 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے شرکت کرنے والے اجلاسوں کی تعداد مندرجہ ذیل کے مقابل بتائی گئی ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت کی تعداد
1. جناب محمد یونس نواب	6
2. جناب محمد عرفان نواب	7
3. جناب ابراہیم یونس	7
4. جناب اسماعیل یونس	7
5. جناب محمد فیضان اللہ	7
6. جناب عبدالسمیع قریشی	1
7. مس زینب حنیف دھیدھی	5

رواں مالیاتی سال کے دوران کمپنی کے حصص میں مندرجہ ذیل سودے اس کے ڈائریکٹرز، سی ای او، کمپنی کے سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے کیے:

لین دین کی تاریخ	خریدار	شیئر کی تعداد	ماہیت	ریٹ / شیئر
22-06-2023	جناب محمد یونس نواب	1,838,229	بونس	0
22-06-2023	جناب محمد عرفان نواب	362,939	بونس	0
22-06-2023	مسز صبیحہ یونس	1,946,131	بونس	0
22-06-2023	مسز افشاں عرفان	347,242	بونس	0
22-06-2023	جناب ابراہیم یونس	214,869	بونس	0
22-06-2023	جناب اسماعیل یونس	213,060	بونس	0
22-06-2023	جناب محمد فیضان اللہ	175,134	بونس	0

اعتراف

ہم تمام اسٹیک ہولڈرز (داخلی/ خارجی)، بینکوں، مالیاتی اداروں، متعلقہ وزارتوں اور ریگولیٹرز کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے کمپنی کی ترقی میں مسلسل حمایت کی۔ ہم عملے اور کارکنوں کی محنت، لگن اور وفاداری کا اعتراف کرتے ہیں جن کے بغیر مسلسل کامیابی کا حصول ممکن نہیں تھا۔ ہم آنے والے سالوں میں اسی لگن اور تعاون کے منتظر ہیں۔

منجانب بورڈ

(محمد عرفان نواب)
چیف ایگزیکٹو

(محمد فیضان اللہ)
ڈائریکٹر

کراچی، اکتوبر 05، 2023

Sana Industries Limited

Annexure to Directors' Report
Consolidated Financial Performance
(Rupees in millions)

Comparison with last year **Annexure A**

Covering period FROM / TO	01-Jul-2022 / 30-Jun-2023	01-Jul-2021 / 30-Jun-2022	VARIATION Amount	Percentage
Turnover - net	4,306.34	3,824.38	481.96	12.60%
Cost of Sales	4,107.10	3,460.06	647.04	18.70%
Gross (loss) / Profit	199.24	364.32	(165.08)	-45.31%
G.P.Rate to Sales	4.63%	9.53%		
Administrative, Selling, Financial & Other expenses	460.64	264.16	196.48	74.38%
Other income	44.78	75.12	(30.34)	40.38%
Operating (loss) / Profit before tax	(216.62)	175.27	(391.89)	223.59%
Operating (loss) / Profit to sales ratio	-5.03%	4.58%		
Provision for Taxation	(48.91)	43.73	(92.64)	-211.85%
(Loss) / Profit after Taxation	(167.71)	131.54	(299.25)	-227.50%
Earning per share (before tax)	(10.58)	14.49	(25.07)	-173.02%
Earning per share (after tax)	(8.64)	10.19	(18.83)	-184.79%

Comparison with previous quarter **Annexure B**

Covering period FROM / TO	01-Apr-2023 / 30-Jun-2023	01-Jan-2023 / 31-Mar-2023	VARIATION Amount	Percentage
Turnover - net	1,272.92	1,084.55	188.37	17.37%
Cost of Sales	1,208.37	943.70	264.67	28.05%
Gross (loss) / Profit	64.54	140.85	(76.30)	-54.17%
G.P.Rate to Sales	5.07%	12.99%		-7.92%
Administrative, Selling, Financial & Other expenses	121.16	171.53	(50.36)	-29.36%
Other income	6.44	51.22	(44.78)	-87.43%
Operating (loss) / Profit before tax	(63.06)	20.54	(83.60)	-406.92%
Operating (loss) / Profit to sales ratio	-4.95%	1.89%		
Earning per share (before tax)	(2.84)	(1.09)	(1.75)	160.55%

Sara Industries Limited

Annexure "C"

COMPARISON OF BALANCE SHEET OF FOUR QUARTERS (CONSOLIDATED)

	1ST QUARTER 30-Sep-2022 Rupees	2ND QUARTER 31-Dec-2022 Rupees	3RD QUARTER 31-Mar-2023 Rupees	4TH QUARTER 30-Jun-2023 Rupees
ASSETS				
NON CURRENT ASSETS				
Property, Plant and equipments	827,347,340	910,629,276	989,364,380	975,045,698
Right to use asssers	29,963,626	33,278,459	27,795,781	61,099,145
Intangibles	803,307	1,658,747	1,601,717	727,454
Long-term deposits	2,756,051	2,756,051	2,756,051	2,756,051
Long-term advances	1,951,000	-	-	1,000,000
Deferred tax asset - net	38,629,856	125,352,327	132,243,174	138,989,832
	901,451,180	1,073,674,860	1,153,761,104	1,179,618,180
CURRENT ASSETS				
Stock-in-trade / Stores and spares	493,842,957	379,231,626	409,075,404	352,779,955
Short term investment	17,589,318	17,649,435	19,089,318	19,308,682
Trade debts- unsecured, considered good	737,956,297	772,971,730	757,667,098	781,346,479
Advances	40,430,390	52,679,061	31,621,657	20,262,483
Trade Deposits and pre-payments and other receivables	8,210,002	6,048,773	3,351,431	4,369,590
Other receivables	8,278,756	25,654,842	58,080,809	76,392,815
Taxation - net	165,766,194	139,760,561	204,673,752	140,770,016
Cash and bank balances	96,854,933	59,867,182	59,666,730	76,196,579
	1,568,928,847	1,453,863,210	1,543,226,199	1,471,426,599
TOTAL ASSETS	2,470,380,027	2,527,538,070	2,696,987,303	2,651,044,779
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share Capital	121,000,000	121,000,000	121,000,000	199,650,000
Reserves	444,664,476	375,768,289	357,587,343	213,702,539
Attributiable to equity holders of the parent	565,664,476	496,768,289	478,587,343	413,352,539
Non-controlling interest	59,648,007	63,558,737	63,212,386	58,269,249
	625,312,483	560,327,026	541,799,729	471,621,788
NON CURRENT LIABILITIES				
Long term financing	198,020,745	230,524,919	295,629,611	263,050,026
Lease Liability	31,496,184	23,402,359	33,181,430	56,802,630
Deffered Liabilities	122,642,912	157,938,127	152,051,640	177,424,113
	352,159,841	411,865,405	480,862,681	497,276,769
CURRENT LIABILITIES				
Trade and other payables	502,716,623	482,979,765	533,363,847	492,611,533
Accrued profit on Murabaha/Mushareka arrangements	29,377,969	33,981,225	38,926,123	57,837,225
Subordinated loan from directors	-	-	-	20,000,000
Loans from directors and associates	62,755,000	78,665,000	85,265,000	60,865,000
Current portion of long term financing	56,129,552	50,106,416	54,679,879	78,946,771
Current maturity of lease liability	16,826,410	27,672,326	15,970,799	24,366,149
Current maturity of deferred government grant	6,530,837	14,186,337	18,915,116	16,887,604
Unclaimed dividend	1,992,282	2,024,863	2,024,860	2,005,663
Short term arrangements	814,480,200	865,729,706	925,179,270	928,626,277
Taxation - net	2,098,831	-	-	-
	1,492,907,703	1,555,345,639	1,674,324,893	1,682,146,222
CONTINGENCIES AND COMMITMENTS	-	-	-	-
TOTAL EQUITY AND LIABILITIES	2,470,380,027	2,527,538,070	2,696,987,303	2,651,044,779
Debt Equity Ratio	36.03%	42.36%	47.02%	51.32%
Current Ratio	1.05	0.93	0.92	0.87

Sana Industries Limited "Annexure D"

COMPARISON OF PROFIT & LOSS ACCOUNT OF FOUR QUARTERS (CONSOLIDATED)

	1ST QUARTER 30-Sep-2022 Rupees	2ND QUARTER 31-Dec-2022 Rupees	3RD QUARTER 31-Mar-2023 Rupees	4TH QUARTER 30-Jun-2023 Rupees	Y.T.D. 30-Jun-2023 Rupees
Turnover-net	971,685,097	977,187,450	1,084,548,114	1,272,917,228	4,306,337,889
Cost of sales	(931,159,399)	(1,023,868,428)	(943,699,159)	(1,208,372,271)	(4,107,099,257)
Gross profit / (loss)	40,525,698	(46,680,978)	140,848,955	64,544,957	199,238,632
G.P.Rate	4.17%	-4.78%	12.99%	5.07%	4.63%
General and administration expenses	(34,850,034)	(24,921,423)	(104,125,887)	12,730,424	(151,166,919)
Selling and distribution expenses	(7,569,743)	(7,762,077)	(7,686,291)	(62,257,283)	(85,275,394)
Other operating expenses	-	(1,135,609)	1,135,609	(1,859,810)	(1,859,810)
Other income	23,280,790	19,008,374	8,932,825	(6,437,446)	44,784,543
Operating profit / (loss)	21,386,711	(61,491,713)	39,105,212	6,720,842	5,721,052
Finance cost	(44,041,679)	(54,109,216)	(60,849,397)	(63,340,789)	(222,341,081)
(Loss) for the period before taxation	(22,654,968)	(115,600,929)	(21,744,185)	(56,619,947)	(216,620,029)
Provision for taxation	(10,286,370)	62,715,472	3,216,888	(6,734,459)	48,911,531
(Loss) after taxation	(32,941,338)	(52,885,457)	(18,527,297)	(63,354,406)	(167,708,498)
	Restated	Restated	Restated		
Earning per share before taxation	(1.13)	(5.79)	(1.09)	(2.84)	(10.85)
Earning per share after taxation					(8.64)

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-2023	Jun-2022	Jun-2021	Jun-2020	Jun-2019	Jun-2018
OPERATING RESULTS						
Turnover - Net	2,886	2,631	2,129	1,419	2,002	1,706
Gross profit	81	305	263	88	198	116
Operating expenses	133	105	102	79	76	59
Operating Profit / (Loss)	(51)	199	162	9	127	102
Financial charges	200	96	60	75	63	46
Profit / (Loss) before tax	(224)	173	137	(43)	80	61
Taxation	90	46	42	12	15	42
Profit / (Loss) after tax	(134)	128	95	(31)	65	19
FINANCIAL POSITION						
Paid-up Capital	200	121	110	86	86	86
Retained earnings	246	477	403	264	317	269
Total equity	445	598	513	346	401	366
Long term loans	291	126	60	72	45	71
Deferred Liabilites	177	122	106	68	54	10
Current liabilities	1,370	955	807	675	721	624
Total assets	2,284	1,802	1,485	1,161	1,185	1,069
Fixed assets (Gross)	1,778	1,438	1,139	1,184	1,127	1,082
Accumulated depreciation	889	805	742	738	663	590
Fixed assets (Net)	889	633	397	447	464	493
Long term investment	95	95	95	35	35	35
Long term deposits	3	3	3	3	3	3
Deferred tax assets	134	13	13	6	0	0
Current assets	1,163	1,059	977	671	683	536
RATIOS						
Fixed Assets Turnover	3.25	4.15	5.36	3.18	4.31	3.46
Trade Debts (days)	58	51	62	44	31	43
Inventory turnover (times)	8.17	7.30	8.44	6.41	9.24	7.76
Inventory turnover (days)	45	50	43	57	40	47
Sales growth %	36%	24%	50%	-29%	17%	3%
Gross profit margin %	3%	12%	12%	6%	10%	7%
Total charges as % to sales	12%	8%	8%	11%	7%	6%
Net profit before tax % to sales	-8%	7%	6%	-3%	4%	4%
Tax rate (Effective) %	29%	29%	29%	29%	29%	30%
Net profit after tax (% to sales)	-5%	5%	4%	-2%	3%	1%
Return on Equity % (after tax)	-30.08%	21.44%	18.48%	-9.10%	16.26%	5.10%
Earning per share pre-tax	(11.23)	8.67	13.17	(5.04)	9.28	7.07
Earning per share after tax	(6.71)	6.43	9.10	(3.66)	7.59	2.17
Break-up value per share	22.31	49.44	46.62	40.20	46.67	42.63
Debt Equity Ratio	51:49	29:71	24:76	29:71	20:80	18:82
Current Ratio	0.85	1.10	1.21	0.99	0.95	0.86
Quick Ratio	0.64	0.69	0.91	0.70	0.65	0.58
DISTRIBUTION						
Dividend per share Rs.	Nil	2.50	2.50	Nil	2.50	2.00
Stock Dividend	65%	0%	10%	Nil	Nil	Nil
Dividend payout	0%	24%	34%	0%	33%	92%

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: **Sana Industries Limited**
Year ending**: 30th June, 2023**

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

1. The total number of directors are 7 as per the following,-

Male:	06
Female:	01

2. The composition of the Board is as follows:

Independent directors	Mr. Shaikh Abdus Sami Ms. Zainab Hanif Dhedhi (Female)
Non-Executive directors	Mr. Mohammad Younus Nawab Mr. Ibrahim Younus Mr. Ismail Younus
Executive directors	Mr. Mohammad Irfan Nawab Mr. Mohammad Faizan Ullah

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the 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 the Board;

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

9. the board have a formal policy and transparent procedure for remuneration of directors in accordance with the companies Act, 2017 and the Regulation:

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

Audit Committee	
Ms. Zainab Hanif Dhedhi	Chairman
Mr. Mohammad Younus Nawab	Member
Mr. Ismail Younus	Member
Mr. Abdul Hussain Antaria	Secretary
HR and Remuneration Committee	
Ms. Zainab Hanif Dhedhi	Chairman
Mr. Mohammad Faizanullah	Member
Mr. Ismail Younus	Member
Mr. Syed Amjad Ahmed	Secretary

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 (quarterly/half yearly/ yearly) of the committee were as per following,-

Audit Committee	Quarterly
HR and Remuneration Committee	Annual

15. The Board has outsourced the internal audit function to M/s. Muhammad Farooq Dandia & Co., Chartered Accountants 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent

children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the 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 requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

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

20. We confirm that all other requirements of the regulation have been complied with.

For Sana Industries Limited

____

Chairman

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sana Industries Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Sana Industries Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Explanation for non-compliance is required	19	As per Regulation no. 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is not rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2023, the number of independent directors of the Company has been 2 *(as stated in S. no. 19 of the Statement of Compliance)*. The Company is of the view that the two independent directors on the board had requisite competencies, skills knowledge and experience to discharge and execute their duties competently as per laws and regulations therefore the appointment of a third independent director is not considered.

Rahman

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi.
Date: October 06, 2023
UDIN: CR20231021380H6NFLas

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sana Industries Limited

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of **Sana Industries Limited** ('the Company'), which comprise the unconsolidated statement of financial position as at **June 30, 2023**, 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, 2023 and of the Loss, total 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

Cont'd... P/2

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

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

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

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

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

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

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

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

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

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;

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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;

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Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

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

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

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

Rahman

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 06, 2023
UDIN: AR202310213dmlN5G32T

Sana Industries Limited

Unconsolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
		——— Rupees ———	
ASSETS			
Non- current assets			
Property, plant and equipment	4	**823,193,060**	569,444,924
Right-of-use assets	5	**32,054,127**	19,975,750
Investment property	6	**33,353,146**	43,799,684
Investment in subsidiaries	7	**94,999,990**	94,999,990
Long term deposits and prepayments	8	**2,756,051**	2,756,051
Deferred taxation-net	9	**134,440,683**	12,763,624
		1,120,797,057	743,740,023
Current assets			
Stock-in-trade	10	**290,356,504**	396,127,934
Stores and spares	11	**19,003,955**	9,479,354
Trade debts - unsecured	12	**557,863,756**	446,660,346
Loans and advances	13	**15,136,036**	16,136,375
Trade deposits and short term prepayments	14	**2,674,689**	1,755,507
Short term investments	15	**4,383,682**	2,664,319
Other receivables	16	**131,822,164**	77,253,189
Tax refunds due from government	17	**83,810,293**	80,246,305
Cash and bank balances	18	**57,742,190**	28,224,761
		1,162,793,269	1,058,548,090
Total assets		**2,283,590,326**	1,802,288,113
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
20,000,000 (2022: 20,000,000) ordinary shares of Rs 10/- each		**200,000,000**	200,000,000
Issued, subscribed and paid up capital	19	**199,650,000**	121,000,000
Capital reserves			
Share premium		**96,250,000**	96,250,000
Revenue reserves			
General reserve		**132,500,000**	132,500,000
Unappropriated profits		**16,944,061**	248,486,285
		149,444,061	380,986,285
		445,344,061	598,236,285
Non-current liabilities			
Lease liability	20	**30,554,993**	22,908,555
Long term financing	21	**260,117,121**	108,085,604
Deferred liabilities	22	**177,424,113**	117,724,115
		468,096,227	248,718,274
Current liabilities			
Short term borrowings	23	**853,640,095**	585,452,549
Trade and other payables	24	**350,986,253**	277,447,727
Loan from directors and sponsors	25	**5,100,000**	3,500,000
Accrued markup	26	**55,907,933**	16,917,764
Current maturity of lease liability	20	**12,656,659**	6,279,360
Current portion of long term financing	27	**72,965,831**	57,678,412
Current maturity of deferred government grant	22	**16,887,604**	6,061,316
Unclaimed dividend		**2,005,663**	1,996,426
		1,370,150,038	955,333,554
Contingencies and commitments	28		
Total equity and liabilities		**2,283,590,326**	1,802,288,113

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
Gross Revenue	29	**3,401,634,685**	3,093,948,555
Less: Sales tax		**(511,397,942)**	(461,411,479)
Commissions and discounts		**(4,636,146)**	(1,939,538)
Sales revenue - net		**2,885,600,597**	2,630,597,538
Cost of sales	30	**(2,804,125,964)**	(2,324,885,585)
Gross profit		**81,474,633**	305,711,953
Administrative expenses	31	**(107,219,878)**	(75,556,479)
Distribution expenses	32	**(25,178,112)**	(15,164,912)
Other operating expenses	33	**(509,810)**	(15,112,335)
		(132,907,800)	(105,833,726)
Operating (Loss) /profit		**(51,433,167)**	199,878,227
Other income	34	**27,694,874**	64,874,231
Finance costs	35	**(200,478,346)**	(90,892,566)
		(172,783,472)	(26,018,335)
(Loss)/ profit before taxation		**(224,216,639)**	173,859,892
Taxation	36	**90,247,950**	(45,570,949)
(Loss) / profit after taxation		**(133,968,689)**	128,288,943
			(Restated)
Loss / earnings per share - basic and diluted	37	**(6.71)**	6.43

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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

Sana Industries Limited

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
(Loss) / profit after taxation	**(133,968,689)**	128,288,943
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Actuarial (loss) on remeasurement of defined benefit obligation	**(9,610,612)**	(11,562,790)
Deferred tax on above	**2,787,077**	3,353,209
	(6,823,535)	(8,209,581)
Total comprehensive (loss) / income for the year	**(140,792,224)**	120,079,362

The annexed notes from 1 to 45 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, 2023

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total
		Share premium	General reserve	Unappropriated profits	
	Rupees				
Balance as at June 30, 2021	110,000,000	96,250,000	132,500,000	174,056,923	512,806,923
Total comprehensive income for the year ended June 30, 2022					
- Profit after taxation	-	-	-	128,288,943	128,288,943
- Other comprehensive (Loss)	-	-	-	(8,209,581)	(8,209,581)
	-	-	-	120,079,362	120,079,362
Transaction with owners:					
Final dividend paid for the year ended June 30, 2023 @ Rs. 1.5/- per share	-	-	-	(16,500,000)	(16,500,000)
Bonus share @ 10% for the year ended June 30, 2021	**11,000,000**	-	-	(11,000,000)	-
Dividend paid for the half year ended December 31, 2021 @ Rs 1.5/- per share	-	-	-	(18,150,000)	(18,150,000)
	11,000,000	-	-	(45,650,000)	(34,650,000)
Balance as at June 30, 2022	121,000,000	96,250,000	132,500,000	248,486,285	598,236,285
Total comprehensive loss for the year ended June 30, 2023					
- (Loss) after taxation	-	-	-	**(133,968,689)**	**(133,968,689)**
- Other comprehensive (Loss)	-	-	-	**(6,823,535)**	**(6,823,535)**
	-	-	-	**(140,792,224)**	**(140,792,224)**
Transaction with owners:					
Final dividend paid for the year ended June 30, 2022 @ Rs. 1/- per share	-	-	-	**(12,100,000)**	**(12,100,000)**
Bonus share @ 10% for the year ended June 30, 2022	**78,650,000**	-	-	(78,650,000)	-
	78,650,000	-	-	**(90,750,000)**	**(12,100,000)**
Balance as at June 30, 2023	**199,650,000**	**96,250,000**	**132,500,000**	**16,944,061**	**445,344,061**

The annexed notes from 1 to 45 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, 2023

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		——— Rupees ———	
(Loss) /Profit before taxation		**(224,216,639)**	173,859,892
Adjustments for:			
- Depreciation on property, plant and equipment	4	**103,053,436**	66,068,055
- Depreciation on right-of-use assets	5	**6,291,368**	3,995,150
- Depreciation on investment property	6	**10,446,538**	10,384,190
- Provision for staff retirement benefits		**15,753,733**	10,869,749
- Provision for gas rate difference		**8,310,510**	14,665,912
- Provision for Workers' Profit Participation Fund		**-**	9,448,611
- Provision for Workers' Welfare Fund		**-**	3,596,811
- Unrealised gain on re-measurement of short term investments	34	**312,157**	-
- Gain on sale of operating fixed assets	34	**(4,568,856)**	(12,617,848)
- Gain on re-measurement of Gas Infrastructure Development Cess		**-**	(27,246,733)
- Reversal of provision for expected credit losses		**-**	(1,030,240)
- Dividend income		**-**	(1,155,725)
- Profit on bank deposits		**(2,258,048)**	(2,290,869)
- Increase in provision for expected credit losses	33	**350,000**	2,066,913
- Finance costs	35	**200,478,346**	90,892,566
		338,169,184	167,646,542
Cash generated from operating activities before working capital changes		**113,952,545**	341,506,434
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
- Stock-in-trade		**105,771,430**	(155,677,711)
- Stores and spares		**(9,524,601)**	(2,782,139)
- Trade debts		**(111,553,410)**	(7,435,654)
- Loan and advances		**1,000,339**	19,622,106
- Trade deposits and short term prepayments		**(919,182)**	184,977
- Other receivables		**(54,568,975)**	(32,450,162)
- Sales tax refundable		**(267,858)**	1,120,153
Increase / (decrease) in current liabilities			
- Trade and other payables		**72,869,227**	67,430,888
		2,806,970	(109,987,542)
Cash generated from operations		**116,759,515**	231,518,892
- Income tax refund received during the year		**-**	-
- Income tax paid		**(31,938,162)**	(41,392,761)
- Contribution to staff retirement benefits fund		**(2,400,000)**	(5,000,000)
- Compensated absences paid		**(123,238)**	(708,577)
- Payment of Workers' Welfare Fund		**(9,448,611)**	(7,367,706)
- Payment of Workers' Profit Participation Fund		**-**	(2,799,348)
- Finance cost paid		**(156,922,147)**	(66,454,383)
Net cash (used in) / generated from operating activities		**(84,072,643)**	107,796,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(360,365,867)**	(314,325,836)
Acquisition of investment property		**-**	(1,944,061)
Short term investments made		**(2,031,520)**	(24,478,962)
Short term investments disposed off		**-**	48,574,876
Dividend received		**-**	1,155,725
Profit received		**2,258,048**	2,290,869
Proceeds from disposal of operating fixed assets		**8,133,151**	12,673,750
Net cash used in investing activities		**(352,006,188)**	(276,053,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received against musharaka facility		**121,974,411**	10,386,400
Repayment of long term musharaka		**(29,903,031)**	(29,460,520)
Repayment of loan against SBP Refinance facility for payment of wages and salaries		**(15,282,135)**	(31,688,564)
Islamic temporary economic refinance obtained		**135,456,240**	133,821,560
Repayment of loan against Islamic temporary economic refinance		**-**	(1,466,320)
Repayment of lease liability (principal repayment)		**(4,346,008)**	(5,561,920)
Short term borrowings - net		**268,187,546**	59,646,055
Loan received from directors and sponsors		**10,375,000**	16,000,000
Loan repaid to directors and sponsors		**(8,775,000)**	(19,160,000)
Dividend paid		**(12,090,763)**	(34,531,250)
Net cash generated from financing activities		**465,596,260**	97,985,441
Net increase / (decrease) in cash and cash equivalents		**29,517,429**	(70,272,081)
Cash and cash equivalents at the beginning of the year		**28,224,761**	98,496,842
Cash and cash equivalents at the end of the year	18	**57,742,190**	28,224,761

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

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

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

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

Mill: The mill is located at Hub Industrial Trading Estate, situated at Tehsil Hub, District Lasbela, Balochistan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements are separate financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise 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 the provisions of, and directives issued, under the Companies Act, 2017 differ from the IFRS Standards, the former have been followed.

2.2 Basis of measurement of items in these unconsolidated financial statements.

In these unconsolidated financial statements, all items have been measured at their historical cost except for:

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

(b) Investment in units of open-ended mutual funds which are carried at fair value through profit or loss.

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.

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 accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods. Areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Useful lives, residual values and depreciation method of property, plant and equipment	*3.1*
- Useful lives, residual values and depreciation method of investment property measured at cost	*3.3.*
- Provision for expected credit losses	*3.9.3*
- Obligation of defined benefit obligation	*3.13*
- Current income tax expense, provision for prior year tax and recognition of deferred tax asset	*3.14*

2.5 New accounting pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 -Onerous contracts — **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use — **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies — **Effective date: January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Effective date:

(b) IAS 8 - Definition of accounting estimates **January 01, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

Effective date:

(c) IAS 12 - Deferred tax **January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Effective date:

(d) IAS 1 - Classification of liabilities as current or non current **January 01, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Effective date:

(e) IFRS 16 - Sale and leaseback transaction **January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Operating assets - owned

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

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

Depreciation is charged to the statement of profit or loss applying the straight line method at the rates specified in note 4.1 to theses unconsolidated financial statements. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

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

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

Capital work in progress

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

3.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(a) *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

3.3 Investment property

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

3.4 Investment in subsidiaries

Investment in subsidiaries are carried at cost less impairment, if any. At each reporting date, the Company reviews the carrying amount 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.

3.5 Stores and spares

These are valued under the moving average cost method (less impairment loss if any) other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss if any.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.6 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the quantity of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal operating capacity of the production facilities (which is the production expected to be achieved on average over a number of days under normal circumstances, taking into account the loss of capacity resulting from planned maintenance).

The cost of the items consumed or sold and those held in stock at the reporting date is determined as follows:

-	Raw materials	at weighted average basis.
-	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

3.7 Trade debts

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

3.8 Cash and cash equivalents

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

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and balances held with banks.

3.9 Financial assets

3.9.1 Initial recognition, classification and measurement

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

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.9.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.9.3 *Impairment*

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

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

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

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

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

3.9.4 *De-recognition*

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

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

3.10 Financial liabilities

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

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

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

3.11 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

3.13 Employee benefits

a) *Compensated absences*

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

b) *Staff retirement benefits - Defined benefit plan*

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates funded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.14 Taxation

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

Current tax

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

Deferred tax

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

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realised.

Judgement and estimates

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

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

Offsetting

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

3.15 Provisions and contingent liabilities

Provisions

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

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

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

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

Contingent liabilities

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

3.16 Revenue

Revenue from sales of goods is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Company. Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

3.17 Other income

Interest income

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

Dividend income

- Dividends received from investment in units of mutual funds are recognized in the statement of profit or loss when it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Rental income

- Rent from operating leases is recognized as income on a straight line basis. Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.18 Impairment of non-financial assets

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

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

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

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

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

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

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.20 Dividend distribution

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

4. PROPERTY, PLANT AND EQUIPMENT	*Note*	**2023**	2022
		Rupees	
Operating fixed assets	*4.1*	**823,193,060**	550,070,507
Capital work in progress	*4.2*	**-**	19,374,417
		823,193,060	569,444,924

4.1 Operating fixed assets

	Leasehold land	SF/96 premises	Building on leasehold land	Electrification - factory building	Office premises SF/96	Plant and machinery	Handling equipment	Furniture, fixtures and office equipment	Lab Equipment	Vehicles	Computer	Total
As at June 30, 2021												
Cost	5,282,619	5,000,000	80,160,024	32,625,472	12,819,637	766,326,044	10,438,561	10,860,369	311,295	35,936,155	2,267,156	962,027,332
Accumulated depreciation	-	-	(65,121,208)	(18,761,001)	(12,122,240)	(511,277,617)	(5,252,183)	(7,299,425)	(311,285)	(19,050,677)	(1,588,653)	(640,784,289)
Net book value	5,282,619	5,000,000	15,038,816	13,864,471	697,397	255,048,427	5,186,378	3,560,944	10	16,885,478	678,503	321,243,043
Movement during the year ended June 30, 2022												
Opening net book value	5,282,619	5,000,000	15,038,816	13,864,471	697,397	255,048,427	5,186,378	3,560,944	10	16,885,478	678,503	321,243,043
Additions	-	-	5,009,318	3,849,500	-	204,004,718	-	2,294,332	-	34,082,608	710,943	249,951,419
Transferred from CWIP	-	-	42,268,538	-	-	-	-	2,731,462	-	-	-	45,000,000
Disposals:												
Cost	-	-	-	-	-	-	-	-	-	(9,872,175)	(64,500)	(9,936,675)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	9,872,175	8,600	9,880,775
	-	-	-	-	-	-	-	-	-	-	(55,900)	(55,900)
Depreciation for the year	-	-	(4,359,504)	(2,178,206)	(265,010)	(52,008,596)	(978,762)	(992,088)	-	(5,006,092)	(279,797)	(66,068,055)
Closing net book value	5,282,619	5,000,000	57,957,168	15,535,765	432,387	407,044,549	4,207,616	7,594,650	10	45,961,994	1,053,749	550,070,507
As at June 30, 2022												
Cost	5,282,619	5,000,000	127,437,880	36,474,972	12,819,637	970,330,762	10,438,561	15,886,163	311,295	60,146,588	2,913,599	1,247,042,076
Accumulated depreciation	-	-	(69,480,712)	(20,939,207)	(12,387,250)	(563,286,213)	(6,230,945)	(8,291,513)	(311,285)	(14,184,594)	(1,859,850)	(696,971,569)
Net book value	5,282,619	5,000,000	57,957,168	15,535,765	432,387	407,044,549	4,207,616	7,594,650	10	45,961,994	1,053,749	550,070,507
Movement during the year ended June 30, 2023												
Opening net book value	**5,282,619**	**5,000,000**	**57,957,168**	**15,535,765**	**432,387**	**407,044,549**	**4,207,616**	**7,594,650**	**10**	**45,961,994**	**1,053,749**	**550,070,507**
Additions	**-**	**-**	**5,263,098**	**1,833,725**	**-**	**337,633,022**	**-**	**630,295**	**-**	**2,945,000**	**-**	**348,305,140**
Transferred from CWIP	**-**	**-**	**8,885,149**	**-**	**-**	**22,549,995**	**-**	**-**	**-**	**-**	**-**	**31,435,144**
Disposals:												
Cost	**-**	**-**	**(1,722,895)**	**-**	**-**	**(32,878,169)**	**-**	**-**	**-**	**-**	**-**	**(34,601,064)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**31,036,769**	**-**	**-**	**-**	**-**	**-**	**31,036,769**
	-	**-**	**(1,722,895)**	**-**	**-**	**(1,841,400)**	**-**	**-**	**-**	**-**	**-**	**(3,564,295)**
Depreciation for the year	**-**	**-**	**(6,010,161)**	**(2,657,157)**	**(216,626)**	**(80,647,607)**	**(978,762)**	**(1,359,044)**	**(10)**	**(10,891,959)**	**(292,110)**	**(103,053,436)**
Closing net book value	**5,282,619**	**5,000,000**	**64,372,359**	**14,712,333**	**215,761**	**684,738,559**	**3,228,854**	**6,865,901**	**-**	**38,015,035**	**761,639**	**823,193,060**
As at June 30, 2023												
Cost	**5,282,619**	**5,000,000**	**139,863,232**	**38,308,697**	**12,819,637**	**1,297,635,610**	**10,438,561**	**16,516,458**	**311,295**	**63,091,588**	**2,913,599**	**1,592,181,296**
Accumulated depreciation	**-**	**-**	**(75,490,873)**	**(23,596,364)**	**(12,603,876)**	**(612,897,051)**	**(7,209,707)**	**(9,650,557)**	**(311,295)**	**(25,076,553)**	**(2,151,960)**	**(768,988,236)**
Net book value	**5,282,619**	**5,000,000**	**64,372,359**	**14,712,333**	**215,761**	**684,738,559**	**3,228,854**	**6,865,901**	**-**	**38,015,035**	**761,639**	**823,193,060**
Annual rate of depreciation			**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	**20%**	

4.1.1 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of Immovable Property	Area
SF-96, S/I.T.E, Karachi	Warehouse	11,250 squre feets
Hub Industrial Trading Estate, Balochistan	Mill	85,703 square metres

4.1.2 Depreciation for the year has been allocated as under :

	Note	**2023**	2022
		Rupees	
Manufacturing expense	*30*	**66,357,888**	37,083,588
Fuel and power	*30.3*	**18,725,566**	15,525,925
Administration expenses	*31*	**11,503,073**	6,863,086
Other income	*34*	**6,466,909**	6,595,456
		103,053,436	66,068,055

4.2 Capital work-in-progress

Opening balance		**19,374,417**	-
Additions during the year			
- Machinery		**7,098,406**	18,182,630
- Civil works		**4,962,321**	46,191,787
		12,060,727	64,374,417
Less: Transferred to operating fixed assets	*4.1*	**(31,435,144)**	(45,000,000)
Closing balance		**-**	19,374,417

5. RIGHT-OF-USE ASSET

Opening book value	**19,975,750**	23,970,900
Additions during the year	**18,369,745**	-
	38,345,495	23,970,900
Less: Depreciation for the year	**(6,291,368)**	(3,995,150)
	32,054,127	19,975,750
Depreciation rate (per annum)	**12.50%**	12.50%

5.1 The terms and conditions of the lease contract entered into for the property situated at 33-D-2, Block 6, P.E.C.H.S, Karachi, is as follows:

Particulars	Rented property in Karachi
Lessor name	Mrs. Sabiha Younus and Mrs. Afshan Irfan
Lease agreement date	01-Jul-22
Lease commencement date	01-Jul-22
Initial contracted term of the lease	11 Months
Availability of extension option	Yes
Assessed leased term	5 years

6. INVESTMENT PROPERTY

	Leasehold Land	Building on leasehold land	Total
	Rupees		
As at June 30, 2021			
Cost	6,812,875	138,657,806	145,470,681
Accumulated depreciation	-	(93,230,868)	(93,230,868)
	6,812,875	45,426,938	52,239,813
Movement during the year ended June 30, 2022			
Opening net book value	6,812,875	45,426,938	52,239,813
Additions	-	1,944,061	1,944,061
Depreciation for the year	-	(10,384,190)	(10,384,190)
Closing net book value	6,812,875	36,986,809	43,799,684
As at June 30, 2022			
Cost	6,812,875	140,601,867	147,414,742
Accumulated depreciation	-	(103,615,058)	(103,615,058)
	6,812,875	36,986,809	43,799,684
Movement during the year ended June 30, 2023			
Opening net book value	**6,812,875**	**36,986,809**	**43,799,684**
Depreciation for the year	**-**	**(10,446,538)**	**(10,446,538)**
Closing net book value	**6,812,875**	**26,540,271**	**33,353,146**
As at June 30, 2023			
Cost	**6,812,875**	**140,601,867**	**147,414,742**
Accumulated depreciation	**-**	**(114,061,596)**	**(114,061,596)**
	6,812,875	**26,540,271**	**33,353,146**
Depreciation rate (per annum)	**-**	**10%**	

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

6.2 Latest valuation of investment property was carried out by M/s. Harvester Services (Private) Limited on February 22, 2023. As per that valuation report, the fair value and forced sales value of the property were as follows:

	Fair value	Forced sales value
	Rupees	
Leasehold land	**132,525,000**	**106,020,000**
Building on leasehold land	**309,386,650**	**247,509,320**
	441,911,650	**353,529,320**

7. INVESTMENT IN SUBSIDIARIES - At cost

2023	2022		Note	2023	2022
				Rupees	
3,500,000	3,500,000	Sana Logistics (Private) Limited	*7.1*	**35,000,000**	35,000,000
5,999,999	5,999,999	Sana Distributors (Private) Limited	*7.2*	**59,999,990**	59,999,990
9,499,999	9,499,999			**94,999,990**	94,999,990

7.1 Investment in Sana Logistics (Private) Limited

As at June 30, 2023, the Company held 3,500,000 (2022: 3,500,000) ordinary shares of M/s. Sana Logistics (Private) Limited (SLPL) which gives the Company 70% (2022: 70%) voting power in SLPL. The principal business activity of SLPL is to provide warehousing services to its customers, who may have specialized requirements with respect to storage temperatures, environment, handling of goods while adhering to all the best practices and compliant to modern day warehousing management technique. The registered office of SLPL is situated at 33-D-2, Block 6, P.E.C.H.S, Karachi.

Based on its financial statements for the year ended June 30, 2023, the summarized financial information of M/s. Sana Logistics (Private) Limited is as under:

	2023	2022
	Rupees	
Current assets	**157,409,872**	133,688,411
Non-current assets	**168,877,060**	198,578,937
Current liabilities	**199,532,647**	189,516,706
Non-current liabilities	**45,542,864**	48,905,446
Revenue-net	**306,289,006**	284,928,242
(Loss) after tax for the year	**(12,633,775)**	(7,647,444)
Total comprehensive (loss) for the year	**(12,633,775)**	(7,647,444)

7.2 Investment in Sana Distributors (Private) Limited

As at June 30, 2023, the Company held 5,999,999 (2022: 5,999,999) ordinary shares of M/s. Sana Distributors (Private) Limited (SDPL) which gives the Company 99.99% (2022: 99.99%) voting power in SDPL. The principal business activity of SDPL is the distribution of lubricants, allied items, confectionery and to act as general traders. The registered office of SDPL is situated at 33-D-2, Block 6, P.E.C.H.S, Karachi.

8. LONG TERM DEPOSITS AND PREPAYMENTS

	2023	2022
	Rupees	
Long term security deposits with:		
- Utility companies	**2,603,551**	2,603,551
- Central Depository Company (CDC)	**12,500**	12,500
- Other	**100,000**	100,000
	2,716,051	2,716,051
Long term prepayments	**40,000**	40,000
	2,756,051	2,756,051

9. DEFERRED TAXATION- net

	2023				
	Balance at the beginning of the year	**Charge / (income) recognized in statement of profit or loss**	**Charge / (income) recognized in other comprehensive income**	**Charge / (income) recognized in Unappropriated profits**	**Balance at the end of the year**
	(Rupees)				
Deferred tax liability arising from:					
- Accelerated depreciation allowance	**33,270,046**	**11,270,832**	**-**	**-**	**44,540,878**
- Islamic Temporary Economic Refinance Facility	**7,291,455**	**11,695,326**	**-**	**-**	**18,986,781**
Deferred tax assets arising from:					
- Minimum tax	**(14,010,157)**	**(36,332,404)**	**-**	**-**	**(50,342,561)**
- Provision for staff retirement benefits	**(15,113,656)**	**(3,872,583)**	**(2,787,077)**	**-**	**(21,773,316)**
- Unused Tax losses	**-**	**(87,318,567)**	**-**	**-**	**(87,318,567)**
- Gas infrastructure cess liability	**(14,346,678)**	**(2,471,513)**	**-**	**-**	**(16,818,191)**
- Allowance for expected credit losses	**(619,635)**	**(101,500)**	**-**	**-**	**(721,135)**
- Lease liability - net	**(1,512,934)**	**(1,722,748)**	**-**	**-**	**(3,235,682)**
- Deferred government grant	**(7,735,075)**	**(10,023,815)**	**-**	**-**	**(17,758,890)**
- Re-financing Scheme for salaries and wages	**13,010**	**(13,010)**	**-**	**-**	**-**
	(12,763,624)	**(118,889,982)**	**(2,787,077)**	**-**	**(134,440,683)**

	2022				
	Balance at the beginning of the year	Charge / (income) recognized in statement of profit or loss	Charge / (income) recognized in other comprehensive income	Charge / (income) recognized in Unappropriated profits	Balance at the end of the year
	(Rupees)				
Deferred tax liability arising from:					
- Accelerated depreciation allowance	26,549,672	6,720,374	-	-	33,270,046
- Islamic Temporary Economic Refinance Facility	-	7,291,455	-	-	7,291,455
Deferred tax assets arising from:					
- Unused tax losses					
- Minimum tax	(8,843,827)	(5,166,330)	-	-	(14,010,157)
- Provision for staff retirement benefits	(10,058,221)	(1,702,226)	(3,353,209)	-	(15,113,656)
- Gas infrastructure cess liability	(20,139,375)	5,792,697	-	-	(14,346,678)
- Allowance for expected credit losses	(319,000)	(300,635)	-	-	(619,635)
- Lease liability - net	(729,953)	(782,981)	-	-	(1,512,934)
- Deferred government grant	469,427	(8,204,502)	-	-	(7,735,075)
- Re-financing Scheme for salaries and wages	(289,472)	302,482	-	-	13,010
	(13,360,749)	3,950,334	(3,353,209)	-	(12,763,624)

10. STOCK IN TRADE

	Note	2023	2022
		Rupees	
Raw materials			
- in hand		**71,643,528**	122,879,324
- in transit		**30,811,348**	66,481,191
		102,454,876	189,360,515
Packing materials		**8,127,233**	4,951,494
Work in process		**35,348,344**	27,994,064
Finished goods		**143,434,226**	173,477,436
Waste materials		**991,825**	344,425
		290,356,504	396,127,934

11. STORES AND SPARES

	Note	2023	2022
- In hand		**19,163,765**	9,479,354
Provision against slow moving items	*33*	**(159,810)**	-
		19,003,955	**9,479,354**

12. TRADE DEBTS - Unsecured

	Note	2023	2022
Trade debts - gross		**560,350,429**	448,797,019
Less: provision for expected credit losses	*12.1*	**(2,486,673)**	(2,136,673)
Trade debts - net		**557,863,756**	446,660,346

12.1 Movement in provision for doubtful debts

	Note	2023	2022
Balance at the beginning of the year		**2,136,673**	1,100,000
Reversal during the year		**-**	(1,030,240)
Charge recognized during the year	*33*	**350,000**	2,066,913
Balance at the end of the year		**2,486,673**	2,136,673

13. LOANS AND ADVANCES

	Note	2023	2022
		Rupees	
Loans to employees	*13.1*	**4,168,918**	7,581,073
Advances:			
- to contractors		**175,000**	215,000
- to suppliers		**10,792,118**	8,340,302
		10,967,118	8,555,302
		15,136,036	16,136,375

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

14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2023	2022
		Rupees	
Deposits		**558,010**	1,126,408
Prepayments		**2,116,679**	629,099
		2,674,689	1,755,507

15. SHORT TERM INVESTMENTS

	Note	2023	2022
Investment in Habib Islamic Investment Certificate	*15.1*	**1,705,555**	1,798,349
Investment in units of mutual funds	*15.2*	**2,678,127**	865,970
		4,383,682	2,664,319

15.1 Investment in Habib Islamic Investment Certificate - At amortized cost

This represents an investment made by the Company in Habib Metro Islamic Investment Certificate which carries profit ranging from 9.50% to 12.60% p.a. (2022: 4.40% to 8.25% p.a.).

15.2 Investment in units of mutual funds- at fair value through profit or loss

2023	2022		**2023**		2022	
-- (Number of units) --		**Fund name**	**Cost**	**Fair value**	Cost	Fair value
			Rupees			
3,465	3,028	Faysal Islamic Cash Fund	**302,766**	**346,486**	302,766	302,766
23,232	6,560	Al Habib Islamic Saving Funds	**2,063,203**	**2,331,640**	655,998	655,998
26,697	9,588		**2,365,969**	**2,678,126**	958,764	958,764

16. OTHER RECEIVABLES

	Note	2023	2022
		Rupees	
Receivable from Sana Logistics (Private) Limited	*16.1*	**83,568,000**	73,495,849
Receivable from Sana Distributors (Private) Limited	*16.2*	**746,740**	344,975
Receivable from LIEDA	*16.3*	**33,196,021**	-
Advance against gas connection - Sui Southern Gas Company Limited (SSGC).		**11,097,000**	-
Others		**3,214,403**	3,412,365
		131,822,164	77,253,189

16.1 Receivable from Sana Logistics (Private) Limited

	2023	2022
Rent	**79,536,000**	63,936,000
Receivable in respect of expenses	**4,032,000**	9,559,849
	83,568,000	73,495,849

16.1.1 The maximum amount due from M/s. Sana Logistics (Private) Limited during the year (by reference to month-end balances) was Rs. 89.096 million (2022: Rs. 73.495 million).

16.1.2 As of the reporting date, the ageing analysis of the above amounts due was as follows:

	2023		2022	
	Gross amount receivable	**Provision for expected credit losses**	Gross amount receivable	Provision for expected credit losses
		Rupees		
Past due 1 day - 30 days	**6,353,694**	**-**	811,656	-
Past due 31 days - 180 days	**15,029,350**	**-**	13,519,312	-
Past due 181 days - 1 year	**20,095,925**	**-**	18,585,887	-
Past due for over one year	**42,089,031**	**-**	40,578,993	-
	83,568,000	-	73,495,848	-

16.2 **Receivable from Sana Distributors (Private) Limited**

16.2.1 The maximum amount due from M/s. Sana Distributors (Private) Limited during the year (by reference to month-end balances) was Rs. 1.765 million (2022: Rs. 1.463 million).

16.2.2 As of the reporting date, the ageing analysis of the above amount due was as follows:

	2023		2022	
	Gross amount receivable	**Provision for expected credit losses**	Gross amount receivable	Provision for expected credit losses
		Rupees		
Not past due	**-**	**-**	-	-
Past due 1 day - 30 days	**746,740**	**-**	344,975	-
Past due 31 days - 180 days	**-**	**-**	-	-
	746,740	-	344,975	-

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

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

The Court ordered interim relief in favour of the Company and directed the LIEDA to issue bills by excluding the quarterly tariff adjustment and other disputed charges till final decision. Accordingly, on the advice of its legal counsel, the Company started paying the billed amount and files claim with LIEDA for the excess amount paid.

On September 15, 2022, Director finance of LIEDA wrote letter to Director of K-Electric confirming the prevoius claims lodged by the company amounting to Rs. 19.026 million which will be received by the company from LIEDA after the recovery by LIEDA of the said benefit from K-Electric. Therefore , the company recognized the said amount as income during the year as it is virtually certain to receive this amount. Further, the management has not recognized expense against such overbillings by LIEDA during the period amounting to Rs. 14.202 million in pursuant of such letter and also recorded this as receivable.

			2023	2022
17.	**TAX REFUNDS DUE FROM GOVERNMENT**	*Note*	Rupees	
	Income tax refundable		**59,683,691**	56,387,561
	Sales tax refundable		**24,126,602**	23,858,744
			83,810,293	80,246,305
18.	**CASH AND BANK BALANCES**			
	Cash in hand		**8,036,375**	2,377,846
	Cash at bank:			
	- Balance held in current accounts		**10,114,137**	15,605,841
	- Balance held in saving accounts	*18.1*	**38,091,678**	10,241,074
	- Term Deposit Receipt (TDR)		**1,500,000**	-
			49,705,815	25,846,915
			57,742,190	28,224,761

18.1 These carry profit at the rates ranging between 3.5% to 12.5% (2022: 6% to 10%) per annum.

19. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
------- No. of shares ----------		Ordinary shares of Rs. 10/- each issuec	------- Rupees ----------	
6,406,250	6,406,250	- for cash	**64,062,500**	64,062,500
13,558,750	5,693,750	- as bonus shares	**135,587,500**	56,937,500
19,965,000	12,100,000		**199,650,000**	121,000,000

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

			2023	2022
20.	**LEASE LIABILITY**	*Note*	Rupees	
	Opening balance		**29,187,915**	30,483,131
	Payments made during the year		**(11,495,264)**	(5,561,920)
	Recognized during the year		**18,369,745**	-
	Finance charges	*35*	**7,149,256**	4,266,704
			43,211,652	29,187,915
	Less: Current maturity shown under current liabilities		**(12,656,659)**	(6,279,360)
	Closing balance		**30,554,993**	22,908,555
21.	**LONG TERM FINANCING** ***From a banking company***			
	Diminishing Musharaka	*21.1*	**116,262,386**	27,486,982
	Islamic Temporary Economic Refinance Facility (ITERF)	*21.2*	**143,854,735**	80,598,622
			260,117,121	108,085,604
21.1	*Long term Musharaka under shariah arrangement*			
	- Habib Metropolitan Bank Limited	*21.1.1*	**2,474,807**	27,374,431
	- Bank Al Habib Limited	*21.1.2*	**83,429,624**	29,109,120
	- First Habib modarab	*21.1.3*	**2,650,500**	-
	- Dubai Islami Bank	*21.1.4*	**60,000,000**	-
	- Less: current maturity shown under current liabilities	*27*	**(32,292,545)**	(28,996,569)
			116,262,386	27,486,982

21.1.1 **Habib Metropolitan Bank**

Date of Disbursement	Nature of loan	Amount Disbursed (Rs.)	Limit (June 30,2023)	Limit (June 30,2022)	Profit Rate (June 30,2023)	Profit Rate (June 30,2022)	Floor (June 30,2023)	Floor (June 30,2022)	Ceiling (June 30,2023)	Ceiling (June 30,2022)	Principal Outstanding as at June 30, 2023	Principal Outstanding as at June 30, 2022	Ending Date	Security
28-Oct-16	Generator Waukesha Model VHP 5904 LTD. (DM-373)	30,716,842	0.834 million	27.741 million	6M KIBOR + 2%	6M KIBOR + 2%	10.0%	10.0%	20%	20%	-	4,095,586	02-Feb-23	First 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	3 Sets Drawframes Rieter (DM-410)	26,073,600			6M KIBOR + 2%	6M KIBOR + 2%	10.0%	10.0%	20%	20%	-	4,345,600	26-Apr-23	First 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-May-17	14 Sets Complete Ring Spinning Frames. (DM-411)	55,442,587			6M KIBOR + 2%	6M KIBOR + 2%	6.0%	6.0%	13%	13%	-	10,164,480	22-May-23	First Charge registered over specific machinery value Rs. 69.303 million duly insured in Bank's favor covering all risk with premium payment receipt. DM-411.
07-Apr-17	4 Sets Twister Machine China. (DM-420)	8,660,544			6M KIBOR + 2%	6M KIBOR + 2%	10.0%	10.0%	20%	20%	(15)	1,732,101	20-Jun-23	First 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
29-Sep-20	DM -814 (Toyota Corolla Atlis)	3,184,000	3.025 Million	8.429 Million	6M KIBOR + 3%	6M KIBOR + 3%	15.0%	10.0%	30%	20%	353,778	1,326,667	29-Sep-23	1) DM Assets in the name of HMB favor duly insured through takaful Company along with contribution receipt and covering all risk and clauses. 2) Personal guarantee of Mr. Younus Nawab, Irfan Nawab, Ibrahim Younus and Mr. Faizanullah.
08-Dec-20	DM -820 (Kia Sportage Awd)	4,404,000			6M KIBOR + 3%	6M KIBOR + 3%	15.0%	10.0%	30%	20%	733,998	2,202,000	08-Dec-23	
23-Sep-20	DM -824 (Kia Picanto)	1,655,200			6M KIBOR + 3%	6M KIBOR + 3%	15.0%	10.0%	30%	20%	137,932	689,662	23-Sep-23	
15-Feb-21	DM -848 (Toyota Corolla Yaris)	2,196,000			6M KIBOR + 3%	6M KIBOR + 3%	15.0%	10.0%	25%	20%	488,000	1,220,000	15-Feb-24	
30-Mar-21	DM-856 (Toyota Corolla Atlis)	2,740,000			6M KIBOR + 3%	6M KIBOR + 3%	15%	10%	25%	20%	761,114	1,598,335	30-Mar-24	
											2,474,807	27,374,431		

21.1.2 **Bank Alhabib Limited**

Date of Disbursement	Nature of loan	Amount Disbursed (Rs.)	Limit (June 30,2023)	Limit (June 30,2022)	Profit Rate (June 30,2023)	Profit Rate (June 30,2022)	Floor (June 30,2023)	Floor (June 30,2022)	Ceiling (June 30,2023)	Ceiling (June 30,2022)	Principal Outstanding as at June 30, 2023	Principal Outstanding as at June 30, 2022	Ending Date	Security
13-Dec-21	D.M-8887/21 (Vhl Fortuner Iby)	7,286,400	**14.325 Million (11,445,000/- or 80% of the cost of asset, whichever is lower)**	14.325 Million (11,445,000/- or 80% of the cost of asset, whichever is lower)	**6M KIBOR + 1.75%**	6M KIBOR + 1.75%	**N/A**	6.0%	**N/A**	20%	**4,098,600**	6,831,000	13-Dec-24	1. Pari passu charge over Stocks and Receivables for Rs. 167.00 Mn Inclusive of 25% Margin.1. Registered Specific Hypothecation Charge over Specific DM Assets For Rs. 14.512 Mn. 2. Personal Guarantee of following directors covering aggregate exposure. a) Mr. Muhammad Irfan Nawab, b) Mr. Ibrahim Younus, c) Mr. Muhammad Younus Nawab. 3. HPA Marking over Vehicles in favour of bank.
13-Dec-21	D.M-8888/21 (Vhl Toyta Crolla I.)	3,100,000			**6M KIBOR + 1.75%**	6M KIBOR + 1.75%	**N/A**	6.0%	**N/A**	20%	**1,800,000**	3,000,000	13-Dec-24	
28-Feb-22	Diminishing Musharika	19,278,120	**(187.5 millions) BAHL Exposure over DM shall not be exceed Rs. 150 million or 80% of the cost of asset, whichever is less**	(187.5 millions) BAHL Exposure over DM shall not be exceed Rs. 150 million or 80% of the cost of asset, whichever is less	**6M KIBOR + 1.5%**	6M KIBOR + 1.5%	**5%**	5%	**20%**	20%	**19,278,120**	19,278,120.00	28-Feb-2029	1. Pari passu charge over Stocks and Receivables for Rs. 167.00 Mn Inclusive of 25% Margin.1. Registered Specific Hypothecation Charge over Specific DM Assets For Rs. 14.512 Mn. 2. Personal Guarantee of following directors covering aggregate exposure. a) Mr. Muhammad Irfan Nawab, b) Mr. Ibrahim Younus, c) Mr. Muhammad Younus Nawab. 3. HPA Marking over Vehicles in favour of bank.
29-Jul-22	D.M-5230- (1 Set Murata Vortex Spinner)	51,424,000									**51,424,000**	-	29-Jul-2029	
05-Jul-22	D.M- 4871 (Ring Spinning Frame)	7,899,911									**6,828,904**	-	5-Jul-2029	
											83,429,624			

21.1.3 **First habib modaraba**

Date of Disbursement	Nature of loan	Amount Disbursed (Rs.)	Limit (June 30,2023)	Limit (June 30,2022)	Profit Rate (June 30,2023)	Profit Rate (June 30,2022)	Floor (June 30,2023)	Floor (June 30,2022)	Ceiling (June 30,2023)	Ceiling (June 30,2022)	Principal Outstanding as at June 30, 2023	Principal Outstanding as at June 30, 2022	Ending Date	Security
23-Jun-23	Diminishing Masharika	2,650,500	**22,500,000**	-	**3M KIBOR + 2.5%**	-	**12%**	-	**30%**	-	**2,650,500**	-	25-Jun-2025	1. Post dated Cheques of all future rentals in favor of First Habib Modaraba.
											2,650,500			

21.1.4 **Dubai Islamic Bank**

Date of Disbursement	Nature of loan	Amount Disbursed (Rs.)	Limit (June 30,2023)	Limit (June 30,2022)	Profit Rate (June 30,2023)	Profit Rate (June 30,2022)	Floor (June 30,2023)	Floor (June 30,2022)	Ceiling (June 30,2023)	Ceiling (June 30,2022)	Principal Outstanding as at June 30, 2023	Principal Outstanding as at June 30, 2022	Ending Date	Security
2-Mar-23	Diminishing Musharika	60,000,000	**60000000**	-	**3M Kibor + 3%**	-	**N/A**	-	**N/A**	-	**60,000,000**	-	1-Mar-2028	1. Registered Specific Hypothecation Charge over Specific DM Assets For Rs. 80 Mn. 2. Personal Guarantee of following directors covering aggregate exposure. a) Mr. Muhammad Irfan Nawab, b) Mr. Ibrahim Younus, c) Mr. Muhammad Younus Nawab. 3. HPA Marking over Vehicles in favour of bank.
											60,000,000			

21.2.1 The Company has obtained a long term financing facility amounting to Rs. 61.308 million from M/s. Habib Metropolitan Bank Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 10, 2020.

The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 3% per annum (2021: 3% per annum);

(b) The tenor of the each tranche of the facility is 2.5 years (including 6-month grace period commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 8 equal quarterly instalments.

Since the facility carries an interest rate which is well below the market interest rate prevailing as on the date of disbursement of funds, in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 '*Accounting for Government Grants and Disclosure of Government Assistance*'. Accordingly, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred income in the statement of financial position. This deferred income is being recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

		Note	**2023**	2022
			Rupees	
21.2	**Financing under Islamic Temporary Economic Refinance Facility (ITERF)**			
	Balance at the beginning of the year		**93,998,330**	-
	Loan proceeds received from Bank Al Habib Ltd	*21.2.1*	**28,712,000**	90,565,800
	Loan proceeds received from Dubai Islamic Bank Ltd	*21.2.2*	**106,744,240**	23,977,640
			135,456,240	114,543,440
	Less: Element of government grant recognised as deferred income		**(51,269,557)**	(24,969,378)
			178,185,013	89,574,062
	Interest recognized on unwinding of the liability		**20,482,195**	5,890,589
	Interest paid during the year		**(14,139,187)**	(1,466,321)
			184,528,021	93,998,330
	Less: Current portion shown under current liabilities	*21.2*	**(40,673,286)**	(13,399,708)
			143,854,735	80,598,622

21.2.1 During the year, the Company obtained a long-term financing facility amounting to Rs. 28.7 million from M/s. Bank Al Habib Limited (BAHL) under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) notified vide IH & SMEFD Circular No. 02 of 2020 dated March 17, 2020 in order to meet company's Capital expenditure requirement.

The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 5% per annum (2022:5%);

(b) The tenor of the each tranche of the facility is 7 years (including 1-year moratorium period, commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 24 equal quarterly installments.

(d) The arrangement is secured against the following:

- Registered exclusive hypothecation charge over specific plant and machinery amounting to Rs 187.50 million;

- Personal guarantee of Mr. Irfan Nawab, Mr. Ibrahim Younus and Younus Nawab.

- Equitable mortgage over land, building and plant and machinery amounting to Rs. 551.4 million over survey 54 , located at Kemari Town.

- Interim comfort security over survey 53 and 55, located at Kemari Town.

21.2.2 During the year, the Company obtained a long-term financing facility amounting to Rs. 106 million from M/s. Dubai Islamic Bank Limited (DIB) under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) notified vide IH & SMEFD Circular No. 02 of 2020 dated March 17, 2020 in order to meet company's Capital expenditure requirement.

The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 5% per annum (2022:5%);

(b) The tenor of the each tranche of the facility is 7 years (including 1-year moratorium period, commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 24 equal quarterly instalments.

(d) The arrangement is secured against the first pari passu charge over machinery.

21.2.3 Since the facilities carries the markup rate of 5% which is well below the market interest rate prevailing as on the date of disbursement of funds, therefore, in accordance with technical opinion issued by the Accounting Standards Board of the Institute of Chartered Accountants of Pakistan (ICAP) in November 2020, the financing is considered to contain an element of government grant as per the IAS 20 *'Accounting for Government Grants and Disclosure of Government Assistance'.* Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the banks and the said fair value, as deferred government grant in the statement of financial position. This deferred grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

21.2.3 ***Correction of error***

During the year, it has been identified that the loan trench amounting to Rupees 19.278 million has been wrongly classified in ITERF facility instead of diminishing musharika. The same has been reclassified during the year along with the correction in government grant recorded during the previous year amounting to rupees 4.589 million.

22. DEFERRED LIABILITIES	*Note*	**2023**	2022
		Rupees	Rupees
Deferred government grant	*22.1*	**44,349,949**	16,013,517
Provision for compensated absences	*22.2*	**-**	123,238
Staff retirement benefits- defined benefit plan (gratuity)	*22.3*	**75,080,401**	52,116,056
Provision for Gas Infrastructure Development Cess	*22.4*	**57,993,763**	49,471,304
		177,424,113	117,724,115

22.1 Deferred government grant

		2023	2022
Opening balance		**22,074,833**	2,361,402
Add: Element of government grant for the year	*21.2*	**51,269,557**	24,969,378
Less: Amortization of government grant for the year		**(12,106,837)**	(5,255,947)
		39,162,720	19,713,431
		61,237,553	22,074,833
Less: Current maturity shown under current liabilities		**(16,887,604)**	(6,061,316)
		44,349,949	16,013,517

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22.2	**Provision for compensated absences**	**2023**	2022
		Rupees	
	Balance at beginning of the year	**123,238**	831,815
	Benefits paid during the year	**(123,238)**	(708,577)
	Balance at end of the year	**-**	123,238

22.3 Staff retirement benefits- defined benefit plan (gratuity)

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

The latest actuarial valuation of the plan as at June 30, 2023 was carried out by M/s. SIR Consultants using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

		Note	**2023**	2022
			Rupees	
	Present value of defined benefit obligation	*22.3.1*	**(125,805,727)**	(99,103,894)
	Fair value of plan assets	*22.3.2*	**50,725,326**	46,987,838
			(75,080,401)	(52,116,056)
22.3.1	**Movement in defined benefit obligation**			
	Opening defined benefit obligation		**99,103,894**	88,065,412
	Current service cost		**9,240,458**	8,427,853
	Interest cost		**12,934,078**	8,256,936
	Benefits paid by the fund		**(2,954,001)**	(6,278,393)
	Remeasurement loss on obligation		**7,481,298**	632,086
	Closing defined benefit obligation		**125,805,727**	99,103,894
22.3.2	**Movement in the fair value of plan assets**			
	Balance at beginning of the year		**46,987,838**	53,381,895
	Expected return on plan assets		**6,420,803**	5,815,040
	Contribution		**2,400,000**	5,000,000
	Benefits paid by the fund		**(2,954,001)**	(6,278,393)
	Remeasurement loss on plan assets		**(2,129,314)**	(10,930,704)
	Balance at end of the year		**50,725,326**	46,987,838
22.3.3	**Expense recognized in the statement of profit or loss**			
	Current service cost		**9,240,458**	8,427,853
	Net interest expense		**6,513,275**	2,441,896
			15,753,733	10,869,749
	Allocation of the expenses:			
	- Cost of sales	*30.2*	**6,301,493**	4,347,900
	- Administrative expenses	*30.1 - 30.2*	**8,191,941**	5,652,269
	- Distribution cost	*32.1*	**1,260,299**	869,580
			15,753,733	10,869,749

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		2023	2022
22.3.4	**Remeasurement (gain) / loss recognised in other comprehensive income**	Rupees	
	Remeasurement of the present value of defined benefit obligation		
	- Financial assumptions	**(3,946,846)**	2,469,310
	- Experience adjustments	**11,428,145**	(1,837,224)
		7,481,299	632,086
	Remeasurement of the fair value of plan assets		
	- Financial assumptions	**2,129,314**	10,930,704
		9,610,613	11,562,790

22.3.5 Sensitivity analysis

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

	Impact on defined benefit obligation		
June 30, 2023	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	**1%**	**119,292,091**	**133,354,087**
Expected rate of salary increase	**1%**	**133,908,098**	**118,679,288**
Mortality age	**1 year**	**125,805,727**	**125,805,727**
Withdrawal rates	**10%**	**125,805,727**	**125,805,727**

	Impact on defined benefit obligation		
June 30, 2022	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	1%	93,514,787	105,612,781
Expected rate of salary increase	1%	106,026,507	93,045,880
Mortality age	1 year	99,103,895	99,103,895
Withdrawal rates	10%	99,103,895	99,103,895

22.3.6	**Principal assumptions used**	**2023**	2022
	Withdrawal rates	**High**	High
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Expected rate of increase in future salary (per annum)	**16.25%**	13.25%
	Discount rate - per annum	**16.25%**	13.25%
	Expected rate of return on plan assets	**16.25%**	13.25%
	Normal retirement age	**60 years**	60 years

		2023	2022
22.3.7	**Composition of plan assets**	Rupees	
	Equity securities and units of mutual funds	**48,672,942**	45,594,298
	Bank balances	**857,004**	198,160
	Investment Certificate	**1,195,380**	1,195,380
		50,725,326	46,987,838

22.3.8 The duration as at valuation date works out to 5.59 years (2022: 6.11 years).

			2023	2022
22.4	**Gas infrastructure cess liability**	*Note*	Rupees	
	Opening balance		**49,471,304**	**69,446,121**
	Unwinding of GIDC liability	*35*	**8,522,459**	**7,271,916**
	Effect of change in accounting estimate due to change of date of 1st Installment	*34*	**-**	**(27,246,733)**
	Closing balance		**57,993,763**	**49,471,304**

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22.4.1 Provision for Gas Infrastructure Development Cess

In December 2011, the federal government, for the first time, imposed the levy of GIDC (the cess) through the promulgation of gas infrastructure development cess Act, 2011 (GIDC Act, 2011), which subsequently, was widely challenged on several legal grounds. In June 2013, the high court of Peshawar, passed judgement whereby it struck down the GIDC Act , 2011 declaring the said law as unconstitutional. Subsequent to the decision , the GIDC Ordinance 2014 was promulgated which expired in May 2015. In the same month, the Supreme Court of Pakistan upheld the said judgement. Following the judgement of Apex court, the GIDC ordinance ,2014 received presidential assent after having been passed by both the houses of parliament as 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 Company along with several other petitioners filed review petitions before the Supreme Court of Pakistan challenging the applicability of the GIDC on the Company including the amount to be recovered including its retrospective application from the year 2011. The Supreme Court was pleased to clarify that the question as to the retrospective applicability of GIDC from 2011 to 2015 would remain open to be decided by the High Courts.

During the year ended June 30, 2021, the Supreme Court (SC) passed two judgements; one dated August 13, 2020, thereby upholding the levy of GIDC imposed vide GIDC Act, 2015, and stopping further levy with effect from August 13, 2020. The other judgement dated November 2, 2020 directed payment of amount levied till that date in 48 instalments instead of 24 instalments allowed in order dated August 13, 2020.In July 2020, Sui Southern Gas Company vide its gas bill charged an amount of Rs. 156.5 million against GIDC. the Company has recognized a provision based on the units consumed at applicable rates amounting to Rs. 95 million (2022:95 million) and remaining amount of Rs. 61.5 million (2022:61.5 million) has not been acknowledged as debt.(refer note 28.1.1).

23. SHORT TERM BORROWINGS

	Note	**2023**	2022
		Rupees	
Istisna financing:			
Habib Metropolitan Bank Limited	*23.1*	**141,227,933**	275,756,087
Habib Bank Limited	*23.2*	**199,680,457**	-
Bank Al Habib Limited	*23.3*	**16,808,253**	-
		357,716,643	**275,756,087**
Murabaha financing:			
Habib Metropolitan Bank Limited	*23.4*	**157,892,945**	-
Bank Al Habib Limited	*23.5*	**108,190,756**	124,770,185
		266,083,701	124,770,185
Wakala Financing:			
Dubai Islamic Bank Limited	*23.6*	**229,839,751**	184,926,277
		853,640,095	585,452,549

23.1 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 300 million (June 30, 2022: 300 million) as a sub-limit of Murabaha Financing. The mark-up rate on the financing is 6 months KIBOR + 3% per annum (June 30, 2022: 6 months KIBOR + 3%). The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 550 million with 30 % margin (2022:550 million with the 40% margin);
- 1st charge registered over stocks / receivables amounting to Rs. 400 million (2022: Rs. 400 million) with
- Personal guarantees of directors exclusing independent directors.

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23.2 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 200 million . The mark-up rate on the financing is 6 months KIBOR + 1.5% per annum . The maximum tenor of the Istisna Financing is 180 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 267 million with the 40% margin;
- 1st charge registered over stocks / receivables amounting to Rs. 267 million with a 25% margin; and
- Personal guarantees of directors namely : Mr. Muhammad Yunus Nawab, Mr. Muhammad Irfan Nawab, Mr. Muhammad Ibrahim Yunus , Mr. Muhammad Ismail Yunus and Mr. Faizanullah.

23.3 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 50 million. The mark-up rate on the financing is 6 months KIBOR + 1.75% per annum . The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- Equitable mortgage charge registered over land, building and plant and machinery amounting to Rs. 551 million;
- pari passu charge registered over stocks / receivables amounting to Rs. 167 million with a 25% margin;
- Personal guarantees of directors namely :Mr. Muhammad irfan nawab,Mr. Muhammad yunus nawab and Mr. Muhammad ibrahim yunus, covering aggregate exposure

23.4 Short term Murabaha Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 300 million. The mark-up rate on the financing is 6 months KIBOR + 2% per annum. The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 550 million with 30 % margin (2022:550 million with the 40% margin);
- 1st charge registered over stocks / receivables amounting to Rs. 400 million (2022: Rs. 400 million) with
- Personal guarantees of directors exclusing independent directors.

23.5 Short term murabaha has been obtained, under shariah arrangement, to facilitate the import of raw material and other related items. The bank has approved a facility of Rs. 125 million (2022:125 million). The markup rate on murabaha facility is average KIBOR + 1.75% (2022:average KIBOR + 1.75%) . The maximum tenor of the murabaha is 120 days.

The arrangement is secured against the following:

- Pari-Passu charge over stocks and receivables amounting to Rs. 167 million with a 25% margin (2022: Rs. 167 million with a 25% margin);
- Lien on import documents consigned to the order of Bank Al-Habib Limited;
- Equitable mortgage over land, building and plant and machinery amounting to Rs. 551.4 million (2022: Rs 551.4 million) over survey 54 , located at Kemari Town and;

23.6 Short term wakala financing has been obtained under shariah arrangement for the purchase of raw material. The bank has approved the facility of Rs. 190 million (2022:230 million). The markup rate on the facility is matching KIBOR + 1.75% per annum (2022:matching KIBOR + 1.75% per annum). The maximum tenor is 180 days.

The arrangement is secured against the following:

- CCG of M/s Sana Logistics Private Limited and M/s Sana Distributors Private Limited.
- Personal guarantee of Mr. Irfan Nawab, Mr. Ibrahim Younus and Younus Nawab; along with personnel net worth statements and;
- Lien over import documents.

23.7 As at 30th June 2023, the Company had an availed facilities of 11.5 million (2022: 69.54 million).

24. TRADE AND OTHER PAYABLES

	Note	**2023**	2022
		Rupees	
Creditors		**92,673,397**	72,967,848
Advance from customers		**103,821,855**	57,058,322
Accrued expenses		**26,018,020**	27,534,810
Provision for gas tariff difference	*24.1*	**79,017,042**	70,706,532
Workers' Profits Participation Fund payable	*24.2*	**12,355,992**	19,997,203
Workers' Welfare Fund payable		**3,596,811**	3,596,811
Sales tax payable		**16,518,802**	11,627,791
Withholding Income tax payable		**5,484,188**	1,064,777
Due to related party	*24.3*	**500,000**	550,000
Others		**11,000,146**	12,343,633
		350,986,253	277,447,727

24.1 On August 31, 2015, the Oil and Gas Regulatory Authority (OGRA) issued S.R.O. 876(I)/2015 whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previously applicable tariff of Rs. 488.23 per MMBTU notified vide S.R.O. 01(I)/2013 dated January 01, 2013). The said notification was widely challenged by companies operating in the textile industry (including the Company vide Suit No. 129 of 2017) before the Honourable High Court of Sindh ('the Court'). In its interim order dated January 18, 2017, the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 488.23 per MMBTU and the differential amount of Rs. 111.77 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, until September 2018, the Company continued to pay its monthly gas bills at the rate of Rs. 488.23 per MMBTU and recognized a provision for the differential liability which, as at June 30, 2022, amounted to Rs. 51.506 million (2021: Rs. 51.506 million).

Further, on October 23, 2020, OGRA issued S.R.O whereby, with effect from September 01, 2020, the sale price of natural gas for the aforesaid class of gas consumers was increased to Rs. 852 per MMBTU (as against the previously applicable tariff of Rs. 786 per MMBTU). The said notification was also widely challenged by companies operating in the textile industry (including the Company vide Suit No. 1790 of 2020) before the Court. In its interim order dated May 25th, 2021 the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 786 per MMBTU and the differential amount of Rs. 66 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, with effect from September 2020, the Company has been recognizing a provision for the differential rate of Rs. 66 per MMBTU which, as at June 30, 2022, accumulated up to Rs. 19.201 million (2021: Rs. 4.535 million).

On February 18, 2023, the Court announced its final verdict in Suit No. 1790 of 2020 and Suit No. 1798 of 2020 (and several other connected suits on similar matters) upholding the validity of the aforesaid notification (i.e. S.R.O. 1107(I)/2020 dated October 23, 2020 issued by the OGRA). The said decision also discussed, at length, the issue of incremental tariff chargeable to gas consumers falling under the category 'Captive Power' and made it explicit that that the Company would fall into such category of gas consumers and, thus, would be subjected to the incremental tariff of Rs. 852 per MMBTU as specified in the S.R.O. 1107(I)/2020. In view of this development, the Company has recognized a further provision of Rs. 8.3 million, which represents the difference between the tariff chargeable at the aforesaid rate of Rs. 852 per MMBTU and the rate of Rs. 819 per MMBTU chargeable to 'Industrial' gas consumers, for the period from March 2021 to January 2023.

24.2 Workers' Profit Participation Fund payable

	Note	**2023**	2022
		Rupees	
Opening balance		**19,997,203**	17,158,747
Add:			
- Contribution for the year	*33*	**-**	9,448,611
- Interest accrued	*35*	**1,807,400**	757,551
		1,807,400	10,206,162
Less: payments during the year		**(9,448,611)**	(7,367,706)
		12,355,992	19,997,203

24.3 This represents amount payable to its subsidiary Sana Logistics (Pvt.) Limited for reimbursement of certain expenses incurred during the year on behalf of the Company.

25. LOANS FROM DIRECTORS - unsecured

	2023	2022
	Rupees	
Loan from directors	**5,100,000**	3,500,000
	5,100,000	3,500,000

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

26. ACCRUED MARKUP

	Note	**2023**	2022
		Rupees	
Markup accrued on:			
-Short term borrowings		**50,646,224**	16,756,035
-Long term financing- Diminishing Musharaka		**5,261,709**	161,729
		55,907,933	16,917,764

27. CURRENT PORTION OF LONG-TERM FINANCING

Current maturity of long term musharaka	*21.1*	**32,292,545**	28,996,569
Current maturity of financing under SBP Refinance Scheme for Payment of Salaries and Wages		**-**	15,282,135
Current maturity of ITERF	*21.2*	**40,673,286**	13,399,708
		72,965,831	57,678,412

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 The Company has not recognized the additional amount of cess in respect of GIDC amounting to Rs. 61.5 million (being the difference of Rs. 95 million recognized in books as mentioned in note 22.4.1, and Rs. 156.5 million as notified to the Company through monthly gas bills upto July 2020).

28.2 Commitments

	2023	2022
	Rupees	
Irrevocable Letter of credit issued in respect of purchase of raw material and capital expenditure	**114,659,718**	483,268,080
Custom duties, sales tax and income taxes on stock in transit.	**7,526,612**	13,851,826
Revolving letter of guarantee issued by Habib Metropolitan Bank Limited in favour of Sui Southern Gas Company Ltd.	**33,420,771**	31,610,615

		Note	2023	2022
29.	**REVENUE - net**		Rupees	
	Yarn sales		**3,392,184,892**	3,085,624,139
	Wastage sales		**9,449,793**	8,324,416
			3,401,634,685	3,093,948,555
	Less: Sales tax		**(511,397,942)**	(461,411,479)
	Less: Commission and discounts		**(4,636,146)**	(1,939,538)
			2,885,600,597	2,630,597,538

30.	**COST OF SALES**			
	Raw and packing materials consumed	*30.1*	**1,961,858,192**	1,660,613,177
	Manufacturing expenses			
	Stores and spares consumed		**85,373,705**	103,624,830
	Salaries, wages and benefits	*30.2*	**318,551,427**	320,023,619
	Fuel and power	*30.3*	**299,652,167**	265,786,879
	Services procured		**6,294,099**	5,165,797
	Repairs and maintenance		**5,536,949**	12,037,060
	Vehicle repairs and maintenance		**8,801,265**	5,007,527
	Insurance		**3,515,978**	2,797,448
	Loading and unloading expenses		**6,656,544**	10,518,341
	Entertainment expenses		**1,559,561**	2,103,868
	Rent, rates and taxes		**250,000**	484,900
	Depreciation on operating fixed assets	*4.1.2*	**66,357,888**	37,083,588
	Security expenses		**4,666,486**	3,535,374
	Water expenses		**6,358,576**	9,455,276
	Other manufacturing expenses		**6,651,597**	2,824,901
			820,226,242	780,449,408
	Work-in-process - opening stock		**27,994,064**	13,904,366
	Work-in-process - closing stock		**(35,348,344)**	(27,994,064)
			(7,354,280)	(14,089,698)
			2,774,730,154	2,426,972,887
	Cost of goods manufactured			
	Finished goods - opening stock		**173,477,436**	70,631,209
	Waste material- opening stock		**344,425**	1,103,350
	Finished goods - closing stock		**(143,434,226)**	(173,477,436)
	Waste material- closing stock		**(991,825)**	(344,425)
			29,395,810	(102,087,302)
			2,804,125,964	2,324,885,585

30.1	**Raw and packing materials consumed**		
	Opening stock	**127,830,818**	146,124,338
	Add: Purchases during the period	**1,913,798,135**	1,642,319,657
		2,041,628,953	1,788,443,995
	Less : Closing stock	**(79,770,761)**	(127,830,818)
		1,961,858,192	1,660,613,177

30.2 This includes an amount of Rs. 6.301 million (2022: 4.347 million) in respect of staff retirement benefits.

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		Note	2023	2022
30.3	**Fuel and power- generation costs**		Rupees	
	Gas expenses		**177,951,756**	171,089,733
	Electricity		**70,518,937**	68,286,984
	Generator operation and maintenance		**6,924,960**	8,740,810
	Repairs and maintenance		**24,827,197**	1,463,889
	Depreciation on operating fixed assets	*4.1.2*	**18,725,566**	15,525,925
	Insurance		**455,917**	421,940
	Electricity duty		**247,834**	257,598
			299,652,167	265,786,879

31. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries, wages and other benefits	*31.1*	**29,648,210**	24,559,506
Directors' remuneration	*31.2*	**32,514,388**	24,900,000
Meeting fee		**300,000**	200,000
Printing and stationery		**477,858**	433,707
Legal and professional charges		**4,899,708**	1,438,793
Fees and subscription		**3,546,085**	2,066,253
Travelling and conveyance		**1,875,034**	243,182
Repairs and maintenance		**6,058,601**	3,370,354
Depreciation on operating fixed assets	*4.1.2*	**11,503,073**	6,863,086
Depreciation on right-of-use assets	*5*	**6,291,368**	3,995,150
Security expenses		**359,661**	329,221
Electricity and gas		**3,067,384**	2,387,743
Insurance		**1,564,933**	752,657
Donation	*31.3*	**1,000,000**	250,000
Auditors' remuneration	*31.4*	**1,263,240**	1,052,700
Miscellaneous		**2,850,335**	2,714,127
		107,219,878	75,556,479

31.1 This includes an amount of Rs. 1.64 million (2022: 1.117 million) in respect of staff retirement benefits.

31.2 This includes an amount of Rs. 6.5 million (2022: Rs. 4.535 million) in respect of staff retirement benefits.

31.3 None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	2023	2022
	Rupees	
Prime Minister's Flood Relief Fund	**1,000,000**	-

31.4 Auditors' remuneration

	2023	2022
Audit fee (including audit of consolidated financial statements)	**877,840**	726,000
Half yearly review fee	**290,400**	242,000
Statutory certifications	**70,000**	60,500
Out-of-pocket expenses	**25,000**	24,200
	1,263,240	1,052,700

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32. DISTRIBUTION EXPENSES

	Note	2023	2022
		Rupees	
Salaries, wages and benefits	32.1	**8,552,576**	6,678,127
Packing and forwarding expenses		**15,135,496**	8,132,281
Communication		**282,225**	230,547
Sales promotion expenses		**974,090**	82,230
Miscellaneous expense		**233,725**	41,727
		25,178,112	15,164,912

32.1 This includes an amount of Rs. 1.260 million (2022: Rs. 0.869 million) in respect of staff retirement benefits.

33. OTHER OPERATING EXPENSES

	Note	2023	2022
		Rupees	
Increase in provision for expected credit losses	12.1	**350,000**	2,066,913
Provision against slow moving store items	11	**159,810**	-
Workers' Profit Participation Fund	24.2	**-**	9,448,611
Workers' Welfare Fund		**-**	3,596,811
		509,810	15,112,335

34. OTHER INCOME

	Note	2023	2022
Rental income-net			
Rental income		**17,789,700**	35,895,600
Operation and maintenance charges		**896,449**	2,432,797
		18,686,149	38,328,397
Less: Related expenses			
Depreciation on property, plant and equipment	4.1.2	**(6,466,909)**	(6,595,456)
Depreciation on investment property	6	**(10,446,538)**	(10,384,190)
Insurance		**(936,285)**	(923,951)
		(17,849,732)	(17,903,597)
		836,417	20,424,800
Return on deposits - Islamic bank		**2,011,301**	1,260,833
Profit on Habib Islamic Investment Certificate		**170,983**	93,213
Profit on Term Deposit Receipt (TDR)		**75,764**	936,823
Dividend Income		**-**	1,155,725
Gain on sale of operating fixed assets		**4,568,856**	12,617,848
Gain on re-measurement of Gas Infrastructure Development Cess		**-**	27,246,733
Unrealized gain on short term investment		**312,157**	-
Reversal of provision for expected credit losses		**-**	1,030,240
Income relating to receivable from LIEDA	16	**19,671,881**	-
Others		**47,515**	108,016
		27,694,874	64,874,231

35. FINANCE COSTS

	Note	2023	2022
Markup and interest charges on:			
- Long term financing		**21,401,150**	5,388,122
- Short term borrowings		**152,091,250**	67,332,765
- Lease liability	20	**7,149,256**	4,266,704
- SBP refinance scheme for payment of salaries and wages	21.2	**217,289**	3,971,644
- Financing under ITERF facility	21.2	**20,482,195**	5,890,589
- Amortization of related deferred government grant		**(12,106,837)**	(5,255,947)
		8,375,358	634,642
Bank charges		**311,819**	465,489
Finance charges on Workers' Profit Participation Fund	24.2	**1,807,400**	756,551
Documentation charges		**130,227**	280,800
Unwinding of GID cess liability	22.4	**8,522,459**	7,271,916
Guarantee commission		**457,829**	350,406
Local letter of credit charges		**14,309**	173,527
		200,478,346	90,892,566

36.	TAXATION	2023	2022
		Rupees	
	Current		
	- for the year	**36,332,404**	40,572,842
	- for prior year	**(7,690,372)**	1,047,773
		28,642,032	41,620,615
	Deferred	**(118,889,982)**	3,950,334
		(90,247,950)	45,570,949

36.1 The income tax assessments of the Company have been finalized up to, and including, the tax year 2022. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

36.2 The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 *'Income Taxes'* has not been presented for the year since the Company has suffered an accounting loss before tax in current year and its income (subject to taxation under the normal tax regime) has attracted the provisions of section 113 (Minimum tax) of the Income Tax Ordinance, 2001.

37.	(LOSS) / EARNINGS PER SHARE	June 30, 2023	June 30, 2022
	Basic earnings per share	Rupees	
	Profit after taxation	**(133,968,689)**	128,288,943
			(Restated)
	Weighted average number of ordinary shares	**19,965,000**	19,965,000
			(Restated)
	Earnings per share - basic	**(6.71)**	6.43

In accordance with the requirement of the International Accounting Standard (IAS) 33 *'Earnings Per Share',* the basic earning per share of the Company for the year ended June 30, 2022 has been retrospectively adjusted for the effect of bonus element contained in the issue of bonus shares made during the year.

Diluted earnings / (loss) per share

There is no dilutive effect on the basic earnings / (loss) per share of the Company, since there were no potential shares in issue as at June 30, 2023 and June 30, 2022.

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Basic salary	**13,708,200**	11,055,000	**6,978,720**	5,628,000	**11,851,556**	11,117,566	**32,538,476**	27,800,566
House rent allowance	**5,319,600**	4,290,000	**2,708,160**	2,184,000	**4,680,000**	3,806,400	**12,707,760**	10,280,400
Retirement benefits	**9,196,603**	1,536,986	**1,218,806**	1,035,616	**7,204,110**	3,688,274	**17,619,519**	6,260,876
Utilities	**1,432,200**	1,155,000	**729,120**	588,000	**1,260,000**	1,024,800	**3,421,320**	2,767,800
	29,656,603	18,036,986	**11,634,806**	9,435,616	**24,995,666**	19,637,040	**66,287,075**	47,109,642
Number of persons	**1**	1	**1**	1	**4**	1		

38.1 The Chief Executive and Director have also been provided with free use of the Company maintained cars and residential telephones. Executive has been provided with Company maintained car and mobile phone.

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		2023	2022
		Number	
39.	**PLANT CAPACITY AND ACTUAL PRODUCTION**		
	Number of spindles installed	**35,752**	33,888
	Number of spindles operated	**35,752**	33,888
	Installed capacity in kgs. after conversion into 30 single count	**8,090,678**	**7,668,854**
	Actual production of yarn in kgs. after conversion into 30 single count	**6,425,548**	**6,848,182**
	Number of shifts worked per day	**3**	3

Actual production is less than the installed capacity due to gap between market demand and supply.

40. FINANCIAL INSTRUMENTS

40.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market 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. 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.

40.1.1 *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 economics, 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 mainly arises from deposits with banks, trade debts 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 and also obtain advance payment against local sales. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position and 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, are detailed as follows:

		2023	2022
		Rupees	
Long-term deposits		2,716,051	2,716,051
Trade debts	*(a)*	560,350,429	448,797,019
Short term loan to employees		4,168,918	7,581,073
Short term trade deposits		558,010	1,126,408
Short term investments		1,705,555	1,798,349
Other receivables		131,822,164	77,253,189
Bank balances	*(b)*	49,705,815	25,846,915
		751,026,942	565,119,004

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

	2023		2022	
	Gross carrying amount	Life time expected credit losses	Gross carrying amount	Life time expected credit losses
Not past due	443,007,525	828,891.0	377,809,061	-
Past due 1 day - 30 days	36,758,788	-	35,079,588	161,606.42
Past due 31 days - 60 days	23,540,973	643,200.0	17,419,869	296,731.14
Past due 61 days - 90 days	16,514,273	1,014,582.0	7,045,509	143,501.90
Past due 91 days - 120 days	30,616,512	-	4,385,210	154,147
Above 120 days	9,912,358	-	7,057,782	1,380,687
	560,350,429	2,486,673	448,797,019	2,136,673

The bank balances along with credit ratings are tabulated below:

Bank	Rating agency	Short-term Rating	2023	2022
			----------(Rupees)----------	
Habib Metropolitan Bank Limited	PACRA	A-1+	24,402,598	8,655,109
Meezan Bank Limited	JCR-VIS	A-1+	11,745,965	1,054,720
Bank Al-Habib Limited	PACRA	A-1+	5,082,109	1,482,651
Bank Alfalah Limited	PACRA	A-1+	1,627,182	225,651
United Bank Limited	JCR-VIS	A-1+	212,874	1,690,210
National Bank of Pakistan	JCR-VIS	A-1+	385,606	1,367,533
Habib Bank Limited	JCR-VIS	A-1+	1,616,655	1,525,106
Standard Chartered Bank	PACRA	A-1+	-	604,024
Faysal Bank Limited	JCR-VIS	A-1+	1,099,259	624,031
Dubai Islamic Bank Limited	JCR-VIS	A-1+	2,900,956	7,867,102
Al-Baraka Bank Limited	JCR-VIS	A-1	200,000	200,000
J.S Bank Limited	PACRA	A-1+	432,611	550,778
			49,705,815	25,846,915

40.1.2 ***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 and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

	30-Jun-23					
	Carrying amount	Contractual Cash flows	Less than six months	Six to tweleve months	One to Five years	More than Five years
	---------- (Rupees) ----------					
Lease liability	**43,211,652**	**43,211,652**	**6,328,330**	**6,328,330**	**30,554,992**	**-**
Long term financing including accrued markup	**265,378,830**	**528,604,147**	**53,055,969**	**59,055,047**	**401,924,875**	**14,568,256**
Short term borrowings including accrued markup	**904,286,319**	**904,286,319**	**452,143,160**	**452,143,160**	**-**	**-**
Trade and other payables	**350,986,253**	**350,986,253**	**175,493,127**	**175,493,127**	**-**	**-**
Loan from directors and sponsors	**5,100,000**	**5,100,000**	**-**	**-**	**5,100,000**	**-**
Accrued markup	**55,907,933**	**55,907,933**	**55,907,933**	**-**	**-**	**-**
	1,624,870,987	**1,888,096,304**	**742,928,519**	**693,019,664**	**437,579,867**	**14,568,256**

	30-Jun-22					
	Carrying amount	Contractual Cash flows	Less than six months	Six to tweleve months	One to Five years	More than Five years
	---------- (Rupees) ----------					
Lease liability	29,187,195	40,630,260	3,370,092	3,421,801	33,838,367	-
Long term financing including accrued markup	161,297,906	214,155,560	37,033,169	24,157,830	143,172,814	9,791,747
Short term borrowings including accrued markup	602,208,584	602,208,584	602,208,584	-	-	-
Trade and other payables	112,415,591	112,415,591	112,415,591	-	-	-
Loan from directors and sponsors	3,500,000	3,500,000	3,500,000	-	-	-
	908,609,276	**972,909,995**	**758,527,436**	**27,579,631**	**177,011,181**	**9,791,747**

40.1.3 *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, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price 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 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

ii) 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 have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

Financial assets and liabilities include balances of Rs. 37.8 million (2022: Rs. 12.039 million) and Rs. 853.640 million (2022: Rs. 585.452 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:

	2023	2022	2023	2022
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - *Saving account*	**3.5%-12.5%**	6%-10%	**38,091,678**	10,241,074
Term deposit receipt	**-**	-	**1,500,000**	-
Short term investments	**9.5%-12.6%**	4.40%-8.25%	**1,705,555**	1,798,349
Financial liabilities				
Short term borrowings	**16.98%-25.97%**	8.9%-18.74%	**853,640,095**	585,452,549

Sensitivity analysis

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

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

	(Decrease) / increase in profit before ta	
	100 bp increase	**100 bp (decrease)**
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instrument	**(8,123,429)**	**8,123,429**
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial liabilities	(5,734,131)	5,734,131

iii) Other price risk

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

40.2 Financial instruments by categories

	June 30, 2023		
As at June 30, 2023 **Financial assets**	**At fair value through profit or loss**	**At Amortized cost**	**Total**
	Rupees		
Long term deposits	**-**	**2,716,051**	**2,716,051**
Trade debts - unsecured	**-**	**560,350,429**	**560,350,429**
Short term loan to employees	**-**	**4,168,918**	**4,168,918**
Short term trade deposits	**-**	**558,010**	**558,010**
Short term investments	**2,678,127**	**1,705,555**	**4,383,682**
Other receivables	**-**	**131,822,164**	**131,822,164**
Cash and bank balances	**-**	**57,742,190**	**57,742,190**
	2,678,127	**759,063,317**	**761,741,444**

As at June 30, 2023 **Financial liabilities**	**Financial liabilities at amortized cost** **– Rupees –**
Long term financing including accrued markup	**265,378,830**
Short term borrowings including accrued markup	**904,286,319**
Trade and other payables	**350,986,253**
Loans from directors and sponsors	**5,100,000**
	1,525,751,402

Rsriv

As at June 30, 2022 Financial assets	June 30, 2022 At fair value through profit or loss	At Amortized cost	Total
	Rupees		
Long term deposits	-	2,716,051	2,716,051
Trade debts - unsecured	-	448,797,019	448,797,019
Short term loan to employees	-	7,581,073	7,581,073
Short term trade deposits	-	1,126,408	1,126,408
Short term investments	865,970	1,798,349	2,664,319
Other receivables	-	77,253,189	77,253,189
Cash and bank balances	-	28,224,761	28,224,761
	865,970	567,496,850	568,362,820

As at June 30, 2022 Financial liabilities	Financial liabilities at amortized cost – Rupees –
Long term financing including accrued markup	161,297,906
Short term borrowings including accrued markup	602,208,584
Trade and other payables	112,415,591
Loans from directors and sponsors	3,500,000
	879,422,081

41. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Company measures fair value of its assets and liabilities 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.

Fair values of financial assets that are traded in active markets are based on quoted market prices. As of the reporting date, the Company did not have any other financial instruments that required any valuation technique for their measurement.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2023	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets mesured at fair value				
Short term investment in units of mutual funds	**2,678,127**	**-**	**-**	**2,678,127**

June 30, 2022	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets mesured at fair value				
Short term investments	865,970	-	-	865,970

42. CAPITAL MANAGEMENT

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

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

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

	2023	2022
Borrowings:	Rupees	
Long term financing	**265,378,830**	161,297,906
Short term borrowings	**853,640,095**	585,452,549
Loans from directors and sponsors	**5,100,000**	3,500,000
	1,124,118,925	750,250,455
Shareholders' equity:		
- Issued, subscribed and paid up capital	**199,650,000**	121,000,000
- General reserve	**132,500,000**	132,500,000
- Share premium	**96,250,000**	96,250,000
- Unappropriated profits	**16,944,061**	248,486,285
	445,344,061	598,236,285
Total capital managed by the Company	**1,569,462,986**	1,348,486,740

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

43. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the subsidiary companies, key management personnel and directors of the Company as well as their close family members and employees' gratuity fund . 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 36 to the unconsolidated financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

	2023	2022
	Rupees	
SUBSIDIARIES		
Sana Logistics (Private) Limited		
Transactions during the year		
Rental income	**15,600,000**	32,976,000
Rent Received from Sana Logistics (Private) Limited	-	-
Reimbursement of operation and maintenance expenses to Sana Logistics (Private) Limited	**118,416**	1,884,917
Balances as at the year end		
Rent receivable from Sana Logistics (Private) Limited	**79,536,000**	63,936,000
Receivable from Sana Logistics (Private) Limited in respect of operation and maintenance expenses.	**4,032,000**	9,559,849
Sana Distributors (Private) Limited		
Transactions during the year		
Rental income	**2,189,700**	2,919,600
Received from Sana Distribution (Private) Limited in respect of rent, operation and maintenance expenses.	**2,758,284**	1,194,196
Balances as at the year end		
Rent receivable from Sana Distribution (Private) Limited	-	-
Receivable from Sana Distribution (Private) Limited in respect of operation and maintenance expenses.	**746,740**	344,975
KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS		
Mohammad Younus Nawab (Chairman)		
Transactions during the year		
Loan obtained during the year	**1,500,000**	-
Loan repaid during the year	**1,000,000**	-
Balances as at the year end		
Loan payable as of the reporting date	**500,000**	-
Mohammad Irfan Nawab (CEO)		
Transactions during the year		
Loan obtained during the year	**1,500,000**	4,000,000
Loan repaid during the year	-	6,660,000
Balances as at the year end		
Loan payable as of the reporting date	**3,500,000**	2,000,000

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	2023	2022
	Rupees	
Ibrahim Younus (Director)		
Transactions during the year		
Loan obtained during the year	**5,875,000**	-
Loan repaid during the year	**5,675,000**	-
Balances as at the year end		
Loan payable as of the reporting date	**200,000**	-
Ismail Younus (Director)		
Transactions during the year		
Loan obtained during the year	**1,500,000**	-
Loan repaid during the year	**1,500,000**	-
Balances as at the year end		
Loan payable as of the reporting date	-	-
Muhammad Faizanullah (Director)		
Transactions during the year		
Loan obtained during the year	-	2,000,000
Loan repaid during the year	**600,000**	500,000
Balances as at the year end		
Loan payable as of the reporting date	**900,000**	1,500,000
Sabiha Younus (Spouse of Chairman / Sponsor)		
Transactions during the year		
Loan obtained during the year	-	-
Loan repaid during the year	-	-
Rent paid during the year	-	2,780,960
Balances as at the year end		
Rent payable as of the reporting date	-	-
Loan payable as of the reporting date	-	-
Afshan Irfan (Spouse of CEO / Sponsor)		
Transactions during the year		
Loan obtained during the year	-	10,000,000
Loan repaid during the year	-	12,000,000
Rent paid during the year	-	2,780,960
Balances as at the year end		
Rent payable as of the reporting date	-	-
Loan payable as of the reporting date	-	-

44. SEGMENT INFORMATION

44.1 These unconsolidated financial statements have been prepared on the basis of single reportable segment i.e. sale and manufacturing of cement. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

(a) Revenue from sale of yarn represents 99.72% % (2022: 99.73%) of the total revenue of the Company.

(b) 100% (2022:100%) of the gross sales of the Company were made to customers based in Pakistan.

(c) As at June 30, 2023 and June 30, 2022 all non-current assets of the Company were located in Pakistan.

(d) Revenue earned from major customers having sales of more than 10% of total sales amounted to Rs. 1,466.317 million (2022: Rs. 1,080.430 million).

45. GENERAL

45.1 Number of employees

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

	2023	2022
	Number	
Total number of employees as at year	**250**	253
Average number of employees during the year	**249**	241

45.2 Events after the reporting date

The Board of Directors in their meeting held on October 5, 2023 has proposed a final cash dividend Rs. Nil (2022: Rs. 1 per share) for approval of the members at the Annual General Meeting to be held on October 27, 2023. The financial statements do not reflect this appropriation.

45.3 Date of authorization for issue of these financial assets

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on October 5,2023**.**

45.4 Level of rounding

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

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

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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 **subsidiaries** ('the Group'), which comprise the consolidated statement of financial position as at **June 30, 2023**, the consolidated statement of profit or loss , the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **June 30, 2023** and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rahman

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: October 06, 2023
UDIN: AR202310213hCbKENGHD

Sana Industries Limited

Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
		Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property, plant and equipment	4	**975,045,698**	748,034,155
Right-of-use assets	5	**61,099,145**	42,580,955
Intangibles		**727,454**	806,667
Long term advance		**1,000,000**	1,951,000
Long term deposits and prepayments	6	**2,756,051**	2,756,051
Deferred tax asset - net	7	**138,989,832**	42,229,752
		1,179,618,180	838,358,580
CURRENT ASSETS			
Stock-in-trade	8	**333,776,000**	452,097,042
Stores and spares		**19,003,955**	9,479,354
Trade debts	9	**781,346,479**	612,794,092
Loans and advances	10	**20,262,483**	20,539,433
Trade deposits and short term prepayments	11	**4,369,590**	3,293,268
Short term investments	12	**19,308,682**	2,664,319
Other receivables	13	**76,392,815**	20,186,543
Tax refunds due from government		**140,770,016**	139,338,723
Cash and bank balances	14	**76,196,579**	70,244,958
		1,471,426,599	1,330,637,732
TOTAL ASSETS		**2,651,044,779**	2,168,996,312
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	15	**200,000,000**	200,000,000
Issued, subscribed and paid-up capital	15	**199,650,000**	121,000,000
Capital reserve:			
Share premium		**96,250,000**	96,250,000
Revenue reserves			
General reserves		**132,500,000**	132,500,000
Unappropriated (Loss) / profit		**(15,047,461)**	254,936,150
		117,452,539	387,436,150
Equity attributable to the shareholders of Holding Company		**413,352,539**	604,686,150
Non controlling interest		**58,269,249**	53,567,671
Total equity		**471,621,788**	658,253,821
LIABILITIES			
NON - CURRENT LIABILITIES			
Lease liability	16	**56,802,630**	40,287,420
Long term financing	17	**263,050,026**	116,182,974
Deferred liabilities	18	**177,424,113**	117,724,113
		497,276,769	274,194,507
CURRENT LIABILITIES			
Short term borrowings	19	**928,626,277**	660,441,857
Trade and other payables	20	**492,611,533**	375,697,863
Subordinated loan from directors		**20,000,000**	-
Accrued markup	21	**57,837,225**	18,045,663
Loans from directors and associates	22	**60,865,000**	65,055,000
Unclaimed dividend		**2,005,663**	1,996,426
Taxation-net		**-**	1,167,422
Current maturity of lease liability	16	**24,366,149**	33,859,137
Current maturity of deferred government grant	18.1	**16,887,604**	6,326,048
Current maturity of long term financing	23	**78,946,771**	73,958,568
		1,682,146,222	1,236,547,984
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		**2,651,044,779**	2,168,996,312

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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

Sana Industries Limited

Consolidated Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
Gross Revenue		**5,082,850,694**	4,525,704,680
Less: Sales taxes		**(776,512,805)**	(701,324,087)
Net Revenue	*25*	**4,306,337,889**	3,824,380,593
Cost of sales and services	*26*	**(4,107,099,257)**	(3,415,503,019)
Gross profit		**199,238,632**	408,877,574
Administrative expenses	*27*	**(151,166,919)**	(100,429,374)
Distribution expenses	*28*	**(85,275,394)**	(71,978,044)
Other operating expense	*29*	**(1,859,810)**	(16,805,298)
Other income	*30*	**44,784,543**	68,363,689
		(193,517,580)	(120,849,027)
Operating profit		**5,721,052**	288,028,547
Finance costs	*31*	**(222,341,081)**	(112,757,681)
(Loss) / profit before taxation		**(216,620,029)**	175,270,866
Taxation	*32*	**48,911,531**	(43,732,981)
(Loss) / profit after taxation		**(167,708,498)**	131,537,885
Attributable to:			
- Shareholders of the Holding Company		**(172,410,076)**	123,342,781
- Non-controlling interest		**4,701,578**	8,195,104
		(167,708,498)	131,537,885
			(Restated)
(Loss) / earnings per share - basic and diluted		**(8.64)**	6.18

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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

Sana Industries Limited

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
Profit after taxation	**(167,708,498)**	131,537,885
Other Comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial loss on remeasurement of defined benefit obligation	**(9,610,612)**	(11,562,790)
Deferred tax on above	**2,787,077**	3,353,209
	(6,823,535)	(8,209,581)
Total comprehensive income for the year	**(174,532,033)**	123,328,304
Attributable to:		
- Shareholders of the Holding Company	**(179,233,611)**	115,133,200
- Non - controlling interest	**4,701,578**	8,195,104
	(174,532,033)	123,328,304

The annexed notes from 1 to 41 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, 2023

	Issued, subscribed and paid-up capital	Capital reserve: Share Premium	Revenue Reserves: General reserves	Revenue Reserves: Un-appropriated profit	Total reserves	Total equity attributable to the shareholders of Holding Company	Non - controlling interest
		Rupees					
Balance as at 30 June, 2021	110,000,000	96,250,000	132,500,000	185,452,950	414,202,950	524,202,950	45,372,567
Total comprehensive income for the year ended year ended June 30, 2022							
- 'Profit after taxation	-	-	-	123,342,781	123,342,781	123,342,781	8,195,104
- Other comprehensive expense	-	-	-	(8,209,581)	(8,209,581)	(8,209,581)	-
	-	-	-	115,133,200	115,133,200	115,133,200	8,195,104
Transaction with owners							
Final divedend paid for the year ended june 30, 2021 @ Rs. 1.5/ share	-	-	-	(16,500,000)	(16,500,000)	(16,500,000)	-
Bonus Share @ 10% for the yaer ended june 20, 2021	11,000,000	-	-	(11,000,000)	(11,000,000)	-	-
Dividend paid for the half year ended December 31, 2021 @ Rs. 1.5/ per share	-	-	-	(18,150,000)	(18,150,000)	(18,150,000)	-
	11,000,000	-	-	(45,650,000)	(45,650,000)	(34,650,000)	-
Balance as at 30 June, 2022	**121,000,000**	**96,250,000**	**132,500,000**	**254,936,150**	**483,686,150**	**604,686,150**	**53,567,671**
Total comprehensive loss for the year ended June 30, 2023							
- Loss after taxation	**-**	**-**	**-**	**(172,410,076)**	**(172,410,076)**	**(172,410,076)**	**4,701,578**
- Other comprehensive expense	**-**	**-**	**-**	**(6,823,535)**	**(6,823,535)**	**(6,823,535)**	**-**
	-	**-**	**-**	**(179,233,611)**	**(179,233,611)**	**(179,233,611)**	**4,701,578**
Transaction with owners:							
Final dividend paid for the year ended June 30, 2022 @ Rs. 1/- per share	**-**	**-**	**-**	**(12,100,000)**	**(12,100,000)**	**(12,100,000)**	**-**
Bonus shares @ 10% for the year ended June 30, 2022	**78,650,000**	**-**	**-**	**(78,650,000)**	**-**	**78,650,000**	**-**
	78,650,000	**-**	**-**	**(90,750,000)**	**(12,100,000)**	**66,550,000**	**-**
Balance as at 30 June, 2023	**199,650,000**	**96,250,000**	**132,500,000**	**(15,047,461)**	**292,352,539**	**492,002,539**	**58,269,249**

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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

Sana Industries Limited

Consolidated Statement of Cash Flows 129,427,681
For the year ended June 30, 2023

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		———— Rupees	————
(loss) / profit before taxation		**(216,620,029)**	175,270,866
Adjustments for:			
- Depreciation on operating fixed assets	4.1.1	**138,675,641**	92,074,426
- Depreciation on right-of-use assets	5	**18,473,835**	18,508,115
- Ammortization of intangible		**182,213**	143,333
- Provision for staff retirement benefits	18.3.3	**15,753,733**	10,869,749
- Provision for gas rate difference		**8,310,510**	14,665,912
- Provision for Workers' Profit Participation Fund	29	**-**	9,448,611
- Provision for Workers' Welfare Fund	29	**-**	3,596,811
- Increase in provision for expected credit losses	29	**1,700,000**	3,759,876
- Provision of slow moving items	29	**159,810**	-
- Reversal of provision for expected credit losses	30	**-**	(3,530,240)
- Gain on sale of operating fixed assets	30	**(4,491,394)**	(17,011,181)
- Gain on remeasurement of lease liability		**(13,979,714)**	-
- Dividend income	30	**-**	(1,155,725)
- Profit on bank deposits	30	**(4,463,142)**	(3,347,209)
- Unrealized gain on remeasurement of short term investments	30	**(312,157)**	
- Gain on re-measurement of Gas Infrastructure Development Cess	30	**-**	(27,246,733)
- Finance costs	31	**222,341,081**	112,757,681
		382,350,416	213,533,426
Cash generated from operating activities before working capital changes		**165,730,387**	388,804,292
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
- Stock in trade		**118,321,042**	(165,543,006)
- Stores and spares		**(9,684,411)**	(2,782,139)
- Trade debts		**(170,252,387)**	26,470,337
- Loan and advances		**276,950**	16,343,723
- Trade deposits and short term prepayments		**(1,076,322)**	(481,777)
- Other receivables		**(56,206,272)**	(3,403,141)
Sales tax refundable			(4,313,062)
Increase in current liabilities			
- Trade and other payables		**116,244,371**	59,434,341
		(2,377,029)	(74,274,724)
Cash generated from operations		**163,353,358**	314,529,568
- Income tax paid		**(47,660,187)**	(62,925,949)
- Contribution to staff retirement benefits fund		**(2,400,000)**	(5,000,000)
- Compensated absences paid		**(123,238)**	(708,577)
- Payment of Workers' Welfare Fund		**-**	(2,799,348)
- Payment of Workers' Profit Participation Fund		**(9,448,611)**	(7,367,706)
- Finance cost paid		**(178,248,221)**	(91,523,743)
- Long term advances - net		**951,000**	(1,951,000)
Net cash generated from operating activities		**(73,575,899)**	142,253,245
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment		**(369,428,142)**	(332,826,822)
- Additions to intangibles		**(103,000)**	(400,000)
- Short term investment in units of mutual funds		**(16,332,206)**	24,058,518
- Dividend received		**-**	1,155,725
- Profit received		**4,463,142**	3,347,209
- Proceeds from disposal of operating fixed assets		**8,232,351**	17,173,750
Net cash used in investing activities		**(373,167,855)**	(287,491,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Loan received under Diminishing Musharaka facility		**121,974,411**	17,842,150
- Principal repaid under Diminishing Musharaka facility		**(32,603,112)**	(54,318,727)
- Subordinated loan from directors		**20,000,000**	-
- Principal repaid under SBP Refinance Scheme for Payment of Wages		**(27,170,940)**	(56,763,187)
- Islamic temporary economic refinance obtained		**135,456,240**	133,821,560
- Repayment of loan against Islamic temporary economic refinance		**-**	(1,466,321)
- Principal repayment under Islamic Auto Finance		**(874,795)**	(496,095)
- Repayment of lease liability (principal portion)		**(15,990,089)**	(4,118,987)
- Principal repayment of long term liability		**-**	(5,118,888)
- Loan borrowed / (repaid) to directors and associates		**(4,190,000)**	15,798,865
- Short term borrowings - net		**268,184,420**	74,701,347
- Dividend paid		**(12,090,760)**	(34,531,250)
Net cash used in financing activities		**452,695,375**	85,350,467
Net increase / (decrease) in cash and cash equivalents		**5,951,621**	(59,887,908)
Cash and cash equivalents at the beginning of the year		**70,244,958**	130,132,866
Cash and cash equivalents at the end of the year	14	**76,196,579**	70,244,958

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

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

Sana Industries Limited

Notes to the Consolidated Financial Statements
For the year ended June 30, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 These financial statements represent the consolidated financial statements of the Group which comprise of M/s. Sana Industries Limited ('the Holding Company'), M/s. Sana Logistics (Private) Limited and M/s. Sana Distributors (Private) Limited ('the Subsidiary Companies'). As of June 30, 2023, the Holding Company held 70% (2023: 70%) ordinary shares of Sana Logistics (Private) Limited and 100% (2022: 100%) ordinary shares of Sana Distributors (Private) Limited.

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

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

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

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

Warehouse: The warehouse is located at SF-96, S.I.T.E, Karachi, measuring 11,250 square feet.

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

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

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

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

- Survey no. 54 Deh Gondpass, Tapo Gabapat, Kemari Town, Karachi, measuring 4.28 acres.

- Land bearing No. B-186, located at H.I.T.E, situated at Tehsil Hub, District Lasbela, Balochistan, measuring 12,500 square feet.

- Survey no. 53 and 55 Deh Gondpass, Tapo Gabapat, Kemari Town, Karachi, measuring 57,200 square

1.4 The Subsidiary Company, M/s. Sana Distributors (Private) Limited (the Company') is a private limited company incorporated in Pakistan on December 2020 under the Companies Act, 2017. The principal business activity of the Company is the distribution of Lubricants,allied and Confectionary items and to act as general traders.

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

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

Warehouse: The warehouse is located at SF-96, S.I.T.E, Karachi.

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

2.2 Basis of measurement of items in these consolidated financial statements.

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

(a) The Group's retirement benefits liability under the defined benefit plan which is carried at the present value of the defined benefit obligation less the fair value of the plan assets; and

(b) Investment in units of open-ended mutual funds which are carried at fair value through profit or loss.

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.

2.4 Use of estimates and judgments

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

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

	Note
- Useful lives, residual values and depreciation method of property, plant and equipment	*3.2*
- Provision for expected credit losses	*3.9*
- Measurement of defined benefit obligation	*3.14*
- Current income tax expense, provision for prior year tax and recognition of deferred tax asset	*3.15*

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2.5 New accounting pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 -Onerous contracts — **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use — **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies — **Effective date: January 01, 2023**

- Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) IAS 8 - Definition of accounting estimates — **Effective date: January 01, 2023**

- The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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Effective date:
(c) IAS 12 - Deferred tax **January 01, 2023**

- The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Effective date:
January 01, 2024
(d) IAS 1 - Classification of liabilities as current or non current

- Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Effective date:
(e) IFRS 16 - Sale and leaseback transaction **January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The Group ceases consolidation from the date when control is lost.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of group and subsidiaries are same.

3.2 Property, plant and equipment

Operating assets- owned

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

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

Depreciation is charged to the statement of profit or loss applying the straight line method at the rates specified

in note 4.1. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

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

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

Capital work in progress

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

3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses an incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

3.4 Stores and spares

These are valued under the moving average cost method (less impairment loss if any) other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss if any.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.5 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The **costs of purchase** of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the quantity of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal operating capacity of the production facilities (which is the production expected to be achieved on average over a number of days under normal circumstances, taking into account the loss of capacity resulting from planned maintenance).

The cost of the items consumed or sold and those held in stock at the reporting date is determined as follows:

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

3.6 Trade debts

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

3.7 Cash and cash equivalents

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

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and balances held with banks.

3.8 Financial assets

Initial recognition, classification and measurement

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

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

(a) Financial assets measured at amortized cost

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

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

(b) *Financial assets at FVOCI*

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

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

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

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

(c) *Financial assets at FVTPL*

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

Such financial assets are initially measured at fair value.

Subsequent measurement

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

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

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

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

3.9 *Impairment*

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

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

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

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

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

3.10 *De-recognition*

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

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

3.11 **Financial liabilities**

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

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

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

3.12 **Offsetting of financial assets and financial liabilities**

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

3.13 Government grants

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

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

3.14 Employee benefits

Compensated absences

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

Staff retirement benefits - Defined benefit plan

The Holding Company operates an unfunded gratuity scheme covering all permanent employees.

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Holding Company obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Holding Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Holding Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.15 Taxation

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

Current tax

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

Deferred tax

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

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

Offsetting

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

3.16 Provisions and contingent liabilities

Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle

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the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

Contingent liabilities

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

3.17 Revenue

Revenue from sale of goods

Revenue from sales of goods is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Group. 'Delivery occurs when the goods have been dispatched and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

Revenue from services

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

3.18 Other income

Interest income

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

3.19 Impairment of non-financial assets

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

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

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

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

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

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Group that are outstanding during the period. However, the Group excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Group first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Group ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.21 Dividend distribution

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

	Note	2023	2022
		Rupees	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*4.1*	**972,321,024**	725,935,064
Capital work in progress	*4.2*	**2,724,674**	22,099,091
		975,045,698	748,034,155

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4.1 Operating fixed assets

	Leasehold land	SF/96 Premises (Tenancy Rights)	Building on leasehold land	Electrification - Factory Building	Office Premises SF/96	Plant and machinery	Electrical & Handling equipments	Furniture, fixtures and office equipments	Lab Equipments	Vehicles	Computers & software	Plastic Crates	Total
As at June 30, 2021													
Cost	12,095,494	5,000,000	218,817,830	35,466,602	12,819,637	846,564,273	122,872,762	15,495,539	311,295	49,509,635	5,589,612	193,425	1,324,736,104
Accumulated depreciation	-	-	(158,242,114)	(19,461,346)	(12,122,240)	(522,408,653)	(65,519,620)	(9,477,662)	(311,285)	(29,185,760)	(3,094,346)	(193,424)	(820,016,450)
Net book value	12,095,494	5,000,000	60,575,716	16,005,256	697,397	324,155,620	57,353,142	6,017,877	10	20,323,875	2,495,266	1	504,719,654
Year ended June 30, 2022													
Opening net book value	12,095,494	5,000,000	60,575,716	16,005,256	697,397	324,155,620	57,353,142	6,017,877	10	20,323,875	2,495,266	1	504,719,654
Additions	-	-	49,221,917	3,849,500	-	204,004,718	6,352,716	5,925,672	-	43,034,908	1,062,974	-	313,452,405
Disposals													
Cost	-	-	-	-	-	-	-	-	-	(13,072,175)	(64,500)	-	(13,136,675)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	12,965,506	8,600	-	12,974,106
Net book value	-	-	-	-	-	-	-	-	-	(106,669)	(55,900)	-	(162,569)
Depreciation for the year	-	-	(4,359,504)	(12,846,510)	(265,010)	(49,400,697)	(13,771,102)	(1,341,507)	-	(9,210,594)	(879,502)	-	(92,074,426)
Closing net book value	12,095,494	5,000,000	105,438,129	7,008,246	432,387	478,759,641	49,934,756	10,602,042	10	54,041,520	2,622,838	1	725,935,064
As at June 30, 2022													
Cost	12,095,494	5,000,000	268,039,747	39,316,102	12,819,637	1,050,568,991	129,225,478	21,421,211	311,295	79,472,368	6,588,086	193,425	1,625,051,834
Accumulated depreciation	-	-	(162,601,618)	(32,307,856)	(12,387,250)	(571,809,350)	(79,290,722)	(10,819,169)	(311,285)	(25,430,848)	(3,965,248)	(193,424)	(899,116,770)
Net book value	12,095,494	5,000,000	105,438,129	7,008,246	432,387	478,759,641	49,934,756	10,602,042	10	54,041,520	2,622,838	1	725,935,064
Year ended June 30, 2023													
Opening net book value	**12,095,494**	**5,000,000**	**105,438,129**	**7,008,246**	**432,387**	**478,759,641**	**49,934,756**	**10,602,042**	**10**	**54,041,520**	**2,622,838**	**1**	**725,935,064**
Additions	-	-	**5,263,098**	**1,833,725**	-	**337,633,022**	**1,599,500**	**1,025,244**	-	**9,309,977**	**702,849**	-	**357,367,415**
transferred from CWIP	-	-	**8,885,149**	-	-	**22,549,995**	-	-	-	-	-	-	**31,435,144**
Disposals													
Cost	-	-	**(1,722,895)**	-	-	**(32,878,169)**	-	**(124,500)**	-	**(53,200)**	-	-	**(34,778,764)**
Accumulated depreciation	-	-	-	-	-	**31,036,769**	-	**1,038**	-	-	-	-	**31,037,807**
Net book value	-	-	**(1,722,895)**	-	-	**(1,841,400)**	-	**(123,462)**	-	**(53,200)**	-	-	**(3,740,957)**
Depreciation for the year	-	-	**(16,456,699)**	**(2,941,271)**	**(216,626)**	**(78,015,533)**	**(22,190,037)**	**(1,768,513)**	**(10)**	**(16,184,141)**	**(902,811)**	-	**(138,675,641)**
Closing net book value	**12,095,494**	**5,000,000**	**101,406,782**	**5,900,700**	**215,761**	**759,085,725**	**29,344,219**	**9,735,311**	-	**47,114,156**	**2,422,876**	**1**	**972,321,025**
As at June 30, 2023													
Cost	**12,095,494**	**5,000,000**	**280,465,099**	**41,149,827**	**12,819,637**	**1,377,873,839**	**130,824,978**	**22,321,955**	**311,295**	**88,729,145**	**7,290,935**	**193,425**	**1,979,075,629**
Accumulated depreciation	-	-	**(179,058,317)**	**(35,249,127)**	**(12,603,876)**	**(618,788,114)**	**(101,480,759)**	**(12,586,644)**	**(311,295)**	**(41,614,989)**	**(4,868,059)**	**(193,424)**	**(1,006,754,604)**
Net book value	**12,095,494**	**5,000,000**	**101,406,782**	**5,900,700**	**215,761**	**759,085,725**	**29,344,219**	**9,735,311**	-	**47,114,156**	**2,422,876**	**1**	**972,321,025**

4.1.1	Depreciation for the year has been allocated as under :	Note	2023	2022
			Rupees	
	- Manufacturing and service expense	26	**102,859,702**	65,379,663
	Distribution cost	28	**4,334,872**	936,036
	- Fuel and power	26.4	**18,725,566**	15,525,925
	- Administration expenses	27	**12,755,501**	10,232,802
			138,675,641	92,074,426

4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Group are as follows:

Location	Usage of Immovable Property	Area
SF-96, S/I.T.E, Karachi	Warehouse	11,250 squre feets
Hub Industrial Trading Estate, Balochistan	Mill	85,703 square metres

4.2	Capital work in progress	2023	2022
		Rupees	
	Opening balance	**22,099,091**	2,724,674
	Additions during the year	**12,060,727**	64,374,417
		34,159,818	67,099,091
	Less: transfer to fixed assets	**(31,435,144)**	(45,000,000)
		2,724,674	22,099,091

5. RIGHT-OF-USE ASSETS

	Survey No.53 and 55, Kemari Town, Karachi	33-D-2, Block-6, Shahra-e-Faisal, Karachi	Total
	Rupees		
As at June 30, 2021			
Cost	34,182,900	63,922,400	98,105,300
Accumulated depreciation	(21,035,630)	(15,980,600)	(37,016,230)
	13,147,270	47,941,800	61,089,070
Movement during the year ended June 30, 2022			
Opening net book value	13,147,270	47,941,800	61,089,070
Depreciation for the year	(10,517,815)	(7,990,300)	(18,508,115)
Closing net book value	2,629,455	39,951,500	42,580,955
As at June 30, 2022			
Cost	34,182,900	63,922,400	98,105,300
Accumulated depreciation	(31,553,445)	(23,970,900)	(55,524,345)
	2,629,455	39,951,500	42,580,955
Movement during the year ended June 30, 2023			
Opening net book value	**2,629,455**	**39,951,500**	**42,580,955**
Additions during the year	**38,598,030**	**18,369,745**	**56,967,775**
Disposals			
- Cost	-	(31,961,200)	(31,961,200)
- Accumulated depreciation	-	11,985,450	11,985,450
	-	**(19,975,750)**	**(19,975,750)**
Depreciation for the year	**(12,182,467)**	**(6,291,368)**	**(18,473,835)**
Closing net book value	**29,045,018**	**12,078,377**	**41,123,395**
As at June 30, 2023			
Cost	**72,780,930**	**62,316,395**	**135,097,325**
Accumulated depreciation	**(43,735,912)**	**(30,262,268)**	**(73,998,180)**
	29,045,018	**32,054,127**	**61,099,145**
Depreciation rate (per annum)	**33.33%**	**12.50%**	

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

Particulars	Survey No.53 and 55, Kemari Town, Karachi	33-D-2, Block-6, Shahra-e-Faisal, Karachi
Lessor name	Directors and joint owners	Mrs. Sabiha Younus and Mrs. Afshan Irfan
Lease agreement date	01-Jul-22	01-Jul-22
Lease commencement date	01-Oct-22	01-Jul-22
Initial contracted term of the lease	3 years	11 Months
Availability of extension option	Yes	Yes
Assessed lease term	3 years	5 years

5.2 Depreciation for the year has been allocated as under :

	Note	**2023**	2022
		Rupees	
- Manufacturing and service expense	*26*	**12,182,467**	10,517,815
- Administration expenses	*27*	**6,291,368**	7,990,300
		18,473,835	18,508,115

6. LONG TERM DEPOSITS AND PREPAYMENTS

	2023	2022
Long term security deposits with:		
- Utility companies	**2,603,551**	2,603,551
- Central Depository Company (CDC)	**12,500**	12,500
- Other	**100,000**	100,000
	2,716,051	2,716,051
Long term prepayments	**40,000**	40,000
	2,756,051	2,756,051

7. DEFERRED TAXATION- net

	2023				
	Balance at beginning of the year	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Recognized in Unappropriated profits**	**Balance at end of the year**
	(Rupees)				
Deferred tax liability arising from:					
- Accelerated depreciation allowance	29,337,013	19,356,998	-	-	48,694,011
- Islamic Temporary Economic Refinance Facility	7,291,455	11,790,146	-	-	19,081,601
Deferred tax assets arising from:					
- Unused tax losses	-	(87,318,567)	-	-	(87,318,567)
- Minimum tax	(14,010,156)	(36,332,404)	-	-	(50,342,560)
- Provision for staff retirement benefits	(15,113,656)	(3,872,583)	(2,787,077)	-	(21,773,316)
- Gas infrastructure cess liability	(14,346,678)	(2,471,513)	-	-	(16,818,191)
- Allowance for expected credit losses	(619,635)	(1,273,959)	-	-	(1,893,594)
- Lease liability - net	(26,874,438)	16,108,932	-	-	(10,765,506)
- Deferred government grant	(7,811,847)	(9,947,043)	-	-	(17,758,890)
- Re-financing Scheme for salaries and wages	(81,810)	(13,010)	-	-	(94,820)
	(78,858,220)	(125,120,147)	(2,787,077)	-	(206,765,444)
	(42,229,752)	(93,973,003)	(2,787,077)	-	(138,989,832)

8. STOCK-IN-TRADE

	Note	2023 Rupees	2022 Rupees
Raw material			
- In hand		**71,643,528**	122,879,324
- In transit		**30,811,348**	66,481,191
		102,454,876	189,360,515
Work in process		**35,348,344**	27,994,064
Finished goods		**186,853,722**	229,446,544
Waste materials		**991,825**	344,424
Packing materials		**8,127,233**	4,951,495
		333,776,000	452,097,042

9. TRADE DEBTS

	Note	2023	2022
Receivables against sale of goods- Local		**560,350,429**	448,797,019
Receivables against rendering of cold storage services		**101,385,156**	79,710,477
Receivables against distribution of petroleum products		**126,140,530**	89,116,232
		787,876,115	617,623,728
Less: provision for doubtful debts	*9.1*	**(6,529,636)**	(4,829,636)
		781,346,479	612,794,092

9.1 Movement in provision for doubtful debts

	2023	2022
Balance at the beginning of the year	**4,829,636**	4,600,000
Reversal of provision	**-**	(3,530,240)
Further charge recognized during the year	**1,700,000**	3,759,876
Balance at the end of the year	**6,529,636**	4,829,636

10. LOANS AND ADVANCES

	Note	2023	2022
Loans to employees	*10.1*	**4,769,066**	8,234,216
Advances			
- to contractors		**175,000**	215,000
- to suppliers		**15,157,256**	11,956,796
- to staff		**161,161**	133,421
		15,493,417	12,305,217
		20,262,483	20,539,433

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

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2023 Rupees	2022 Rupees
Deposits		**558,010**	1,126,408
Prepayments		**3,811,580**	2,166,860
		4,369,590	3,293,268

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12.	SHORT TERM INVESTMENT	Note	2023	2022
			Rupees	
	Investment in Habib Islamic Investment Certificate	*12.1*	**16,630,555**	1,705,555
	Investment in units of mutual funds	*12.2*	**2,678,127**	958,764
			19,308,682	2,664,319

12.1 This represents an investment made by the Company in Habib Metro Islamic Investment Certificate which carries profit ranging from 9.50% to 12.60% p.a.(2022: 12.5 to 19 %)

12.2 **Investment in units of mutual funds-** at fair value through profit or loss

2023	2022	Fund name	2023 Cost	2023 Fair value	2022 Cost	2022 Fair value
-- (Number of units) --			Rupees			
3,465	3,028	Faysal Islamic Cash Fund	**302,766**	**346,486**	302,766	302,766
23,232	6,560	Al Habib Islamic Saving Funds	**2,063,203**	**2,331,640**	655,998	655,998
26,697	9,588		**2,365,969**	**2,678,126**	958,764	958,764

		Note	2023	2022
			Rupees	
13.	**OTHER RECEIVABLES**			
	Receivable from LIEDA		**33,196,111**	-
	Advance against gas connection - Sui Southern Gas Company Limited (SSGC).		**11,097,000**	-
	Others		**32,099,704**	20,186,543
			76,392,815	**20,186,543**
14.	**CASH AND BANK BALANCES**			
	Cash in hand		**10,336,635**	13,171,206
	Cash at bank - Islamic bank			
	- Balance held in current accounts		**43,004,940**	23,319,872
	- Balance held in savings accounts	*14.1*	**12,740,867**	18,828,880
	- Term Deposit Receipt (TDR)	*14.2*	**10,114,137**	14,925,000
			65,859,944	57,073,752
			76,196,579	70,244,958

14.1 These carry profit at the rates ranging between 6.5% to 12.5% (2022: 6% to 10%) per annum.

14.2 This represents Islamic Term Deposit Receipt (TDR) placed with M/s. Bank Al-Habib Limited carrying markup ranges from 11.5% to 19.5% (2022: 5.5% to 11%).

15. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
No. of shares			Rupees	
		Ordinary shares of Rs. 10/- each issued:		
6,406,250	6,406,250	- for cash	**64,062,500**	64,062,500
13,558,750	5,693,750	- as bonus shares	**135,587,500**	56,937,500
19,965,000	**12,100,000**		**199,650,000**	121,000,000

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

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16. LEASE LIABILITY

	Note	2023	2022
		Rupees	
Opening balance		**74,146,557**	78,265,544
Recognized during the year		**56,967,775**	-
Terminated during the year		**(33,955,464)**	-
Payments made during the year		**(26,948,017)**	(15,979,632)
Finance charges	*31*	**10,957,928**	11,860,645
		81,168,779	74,146,557
Less: Current portion shown under current liabilities		**(24,366,149)**	(33,859,137)
Closing balance		**56,802,630**	40,287,420

17. LONG TERM FINANCING

	Note	2023	2022
Diminishing musharaka	*17.1*	**118,924,510**	34,304,285
Islamic Auto Finance	*17.2*	**270,781**	1,280,067
Financing under ITERF	*17.3*	**143,854,735**	80,598,622
		263,050,026	116,182,974

17.1 Long term Musharaka under shariah arrangement

	Note	2023	2022
- Habib Metropolitan Bank Limited	*15.1.1*	**2,474,822**	27,374,431
- Bank Al-Habib Limited	*15.1.2&15.1.3*	**91,178,919**	39,558,511
- First Habib modaraba	*15.1.3*	**2,650,500**	-
- Dubai islami Bank	*15.1.4*	**60,000,000**	-
		156,304,241	66,932,942
Less: Current maturity shown under current liabilities		**(37,379,731)**	(32,628,657)
		118,924,510	34,304,285

17.2 Islamic Auto Finance

Total loan outstanding	**1,164,535**	2,039,330
Current maturity shown under current liabilities	**(893,754)**	(759,263)
	270,781	1,280,067

17.2.1 Movement of Islamic Auto Finance

Opening balance	**2,039,330**	2,535,425
Less: Repayments made during the year	**(874,795)**	(496,095)
Closing balance	**1,164,535**	2,039,330

17.3 Financing under Islamic Temporary Economic Refinance Facility (ITERF)

opening balance	**93,998,330**	-
Loan proceeds received from the Bank Al Habib Ltd	**28,712,000**	90,565,800
Loan proceeds received from the Dubai Islamic Bank Ltd	**106,744,240**	28,575,479
Loan obtained during the year	**135,456,240**	119,141,279
Element of government grant recognized as deferred income	**(51,269,557)**	(29,567,217)
	178,185,013	89,574,062
Interest paid during the year	**(14,139,187)**	(1,466,321)
Interest accrued during the year	**20,482,195**	5,890,589
	184,528,021	93,998,330
Current portion shown under current liabilities	**(40,673,286)**	(13,399,708)
	143,854,735	80,598,622

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17.3.1 During the year, the Holding Company obtained a long-term financing facility amounting to Rs. 28.7 million from M/s. Bank Al Habib Limited (BAHL) under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) notified vide IH & SMEFD Circular No. 02 of 2020 dated March 17, 2020 in order to meet company's Capital expenditure requirement.

The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 5% per annum (2022:5%);

(b) The tenor of the each tranche of the facility is 7 years (including 1-year moratorium period, commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 24 equal quarterly installments.

(d) The arrangement is secured against the following:

- Registered exclusive hypothecation charge over specific plant and machinery amounting to Rs 187.50 million;
- Personal guarantee of Mr. Irfan Nawab, Mr. Ibrahim Younus and Younus Nawab.
- Equitable mortgage over land, building and plant and machinery amounting to Rs. 551.4 million over survey 54 , located at Kemari Town.
- Interim comfort security over survey 53 and 55, located at Kemari Town.

17.3.2 During the year, the Holding Company obtained a long-term financing facility amounting to Rs. 106 million from M/s. Dubai Islamic Bank Limited (DIB) under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) notified vide IH & SMEFD Circular No. 02 of 2020 dated March 17, 2020 in order to meet company's Capital expenditure requirement.

The principal terms and conditions of the facility are as follows:

(a) The applicable markup rate is 5% per annum (2022:5%);

(b) The tenor of the each tranche of the facility is 7 years (including 1-year moratorium period, commencing from the date of disbursement of the funds); and

(c) Each tranche of the loan is to be repaid in 24 equal quarterly instalments.

(d) The arrangement is secured against the first pari passu charge over machinery.

17.3.3 Since the facilities carries the markup rate of 5% which is well below the market interest rate prevailing as on the date of disbursement of funds, therefore, in accordance with technical opinion issued by the Accounting Standards Board of the Institute of Chartered Accountants of Pakistan (ICAP) in November 2020, the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the banks and the said fair value, as deferred government grant in the statement of financial position. This deferred grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

17.3.4 ***Correction of error***

During the year, it has been identified that the loan trench amounting to Rupees 19.278 million has been wrongly classified in ITERF facility instead of diminishing musharika. The same has been reclassified during the year along with the correction in government grant recorded during the previous year amounting to rupees 4.589 million.

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			2023	2022
18.	**DEFERRED LIABILITIES**	*Note*	Rupees	
	Deferred government grant	*18.1*	**44,349,949**	16,013,515
	Provision for compensated absences	*18.2*	**-**	123,238
	Staff retirement benefits - defined benefit plan (gratuity)	*18.3*	**75,080,401**	52,116,056
	Gas infrastructure development cess	*18.4*	**57,993,763**	49,471,304
			177,424,113	117,724,113

18.1 Deferred government grant

Opening balance	**22,339,563**	4,121,792
Add: Element of government grant recorded during the year	**51,269,557**	24,969,378
Less: Amortization of government grant during the year	**(12,371,567)**	(6,751,607)
	61,237,553	22,339,563
Current maturity shown under current liabilities	**(16,887,604)**	(6,326,048)
	44,349,949	16,013,515

18.2 Provision for compensated absences

Balance at beginning of the year	**123,238**	831,315
Benefits paid during the year	**(123,238)**	(708,077)
Balance at end of the year	**-**	123,238

18.3 Staff retirement benefits

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

The latest actuarial valuation of the plan as at June 30, 2023 was carried out by M/s. SIR Consultants using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

		2023	2022
	Note	Rupees	
Present value of defined benefit obligation	*18.3.1*	**(125,805,727)**	(99,103,894)
Fair value of plan assets	*18.3.2*	**50,725,326**	46,987,838
		(75,080,401)	(52,116,056)

18.3.1 Movement in defined benefit obligation

Opening defined benefit obligation	**99,103,894**	88,065,412
Current service cost	**9,240,458**	8,427,853
Interest Cost	**12,934,078**	8,256,936
Benefits paid by the fund	**(2,954,001)**	(6,278,393)
Remeasurement loss on obligation	**7,481,298**	632,086
Closing defined benefit obligation	**125,805,727**	99,103,894

18.3.2 Movement in the fair value of plan assets

Balance at beginning of the year	**46,987,838**	53,381,895
Expected return on plan assets	**6,420,803**	5,815,040
Contribution	**2,400,000**	5,000,000
Benefits paid by the fund	**(2,954,001)**	(6,278,393)
Remeasurement loss on plan assets	**(2,129,314)**	(10,930,704)
Balance at end of the year	**50,725,326**	46,987,838

		Note	2023	2022
			Rupees	
18.3.3	**Expense recognized in the statement of profit or loss**			
	Current service cost		**9,240,458**	8,427,853
	Net interest expense		**6,513,275**	2,441,896
			15,753,733	10,869,749
	Allocation of expense			
	- Cost of sales		**6,301,493**	4,347,900
	- Administrative expenses		**8,191,941**	5,652,269
	- Distribution cost		**1,260,299**	869,580
			15,753,733	10,869,749
18.3.4	**Remeasurement recognised in other comprehensive income**			
	Remeasurement of the present value of defined benefit obligation			
	- Financial assumptions		**(3,946,846)**	2,469,310
	- Experience adjustments		**11,428,145**	(1,837,224)
			7,481,299	632,086
	Remeasurement of the fair value of plan assets			
	- Financial assumptions		**2,129,314**	10,930,704
			9,610,613	11,562,790

18.3.5 Sensitivity analysis

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

	Impact on defined benefit obligation		
June 30, 2023	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	**1%**	**119,292,091**	**133,354,087**
Expected rate of salary increase	**1%**	**133,908,098**	**118,679,288**
Mortality age	**1 year**	**125,805,727**	**125,805,727**
Withdrawal rates	**10%**	**125,805,727**	**125,805,727**

	Impact on defined benefit obligation		
June 30, 2022	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees		
Discount rate	1%	93,514,787	105,612,781
Expected rate of salary increase	1%	106,026,507	93,045,880
Mortality age	1 year	99,103,895	99,103,895
Withdrawal rates	10%	99,103,895	99,103,895

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		2023	2022
18.3.6	Principal assumptions used in valuation of gratuity		
	Withdrawal Rates	**High**	High
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Expected rate of increase in future salary (per annum)	**16.25%**	13.25%
	Discount rate - per annum	**16.25%**	13.25%
	Expected rate of return on plan assets	**16.25%**	13.25%
	Normal retirement age	**60 years**	60 years

		2023	2022
18.3.7	**Composition of plan assets**	Rupees	
	Equity securities and units of mutual funds	**48,672,942**	45,594,298
	Bank balances	**857,004**	198,160
	Investment Certificate	**1,195,380**	1,195,380
		50,725,326	46,987,838

18.4 Provision for Gas Infrastructure Development Cess

In December 2011, the federal government, for the first time, imposed the levy of GIDC (the cess) through the promulgation of gas infrastructure development cess Act, 2011 (GIDC Act, 2011), which subsequently, was widely challenged on several legal grounds. In June 2013, the high court of Peshawar, passed judgement whereby it struck down the GIDC Act , 2011 declaring the said law as unconstitutional. Subsequent to the decision , the GIDC Ordinance 2014 was promulgated which expired in May 2015. In the same month, the Supreme Court of Pakistan upheld the said judgement. Following the judgement of Apex court, the GIDC ordinance ,2014 received presidential assent after having been passed by both the houses of parliament as 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 Holding Company along with several other petitioners filed review petitions before the Supreme Court of Pakistan challenging the applicability of the GIDC on the Company including the amount to be recovered including its retrospective application from the year 2011. The Supreme Court was pleased to clarify that the question as to the retrospective applicability of GIDC from 2011 to 2015 would remain open to be decided by the High Courts.

During the year ended June 30, 2021, the Supreme Court (SC) passed two judgements; one dated August 13, 2020, thereby upholding the levy of GIDC imposed vide GIDC Act, 2015, and stopping further levy with effect from August 13, 2020. The other judgement dated November 2, 2020 directed payment of amount levied till that date in 48 instalments instead of 24 instalments allowed in order dated August 13, 2020.In July 2020, Sui Southern Gas Company vide its gas bill charged an amount of Rs. 156.5 million against GIDC. the Company has recognized a provision based on the units consumed at applicable rates amounting to Rs. 95 million (2022:95 million) and remaining amount of Rs. 61.5 million (2022:61.5 million) has not been acknowledged as debt.(refer note 22.1.1).

		2023	2022
18.4.1	**Gas infrastructure cess liability**	Rupees	
	Opening balance	**49,471,304**	69,446,121
	Unwinding of GIDC liability	**8,522,459**	7,271,916
	Effect of change in accounting estimate due to change of date of 1st Installment	**-**	(27,246,733)
	Closing balance	**57,993,763**	49,471,304

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19.	SHORT TERM BORROWINGS	Note	2023	2022
			Rupees	
	Istisna financing			
	- Habib Metropolitan Bank Limited	*19.1*	**141,227,933**	275,756,087
	- Habib Bank Limited	*19.2*	**199,680,457**	-
	- Bank Al habib Limited	*19.3*	**16,808,253**	-
			357,716,643	**275,756,087**
	Murabaha financing			
	Habib Metropolitan Bank Limited	*19.4*	**157,892,945**	-
	Bank Al Habib Limited	*19.5 & 19.6*	**183,176,938**	199,759,493
			341,069,883	199,759,493
	Dubai Islamic Bank	*19.7*	**229,839,751**	184,926,277.00
			928,626,277	660,441,857

19.1 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 300 million (June 30, 2022: 300 million) as a sub-limit of Murabaha Financing. The mark-up rate on the financing is 6 months KIBOR + 3% per annum (June 30, 2022: 6 months KIBOR + 3%). The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 550 million with 30 % margin (2022:550 million with the 40% margin);
- 1st charge registered over stocks / receivables amounting to Rs. 400 million (2022: Rs. 400 million) with a
- Personal guarantees of directors excluding independent directors.

19.2 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 200 million . The mark-up rate on the financing is 6 months KIBOR + 1.5% per annum . The maximum tenor of the Istisna Financing is 180 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 267 million with the 40% margin;
- 1st charge registered over stocks / receivables amounting to Rs. 267 million with a 25% margin; and
- Personal guarantees of directors namely : Mr. Muhammad Yunus Nawab, Mr. Muhammad Irfan Nawab, Mr. Muhammad Ibrahim Yunus , Mr. Muhammad Ismail Yunus and Mr. Faizanullah.

19.3 Short term Istisna Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 50 million. The mark-up rate on the financing is 6 months KIBOR + 1.75% per annum . The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- Equitable mortgage charge registered over land, building and plant and machinery amounting to Rs. 551 million;
- pari passu charge registered over stocks / receivables amounting to Rs. 167 million with a 25% margin; and

- Personal guarantees of directors namely :Mr. Muhammad irfan nawab,Mr. Muhammad yunus nawab and Mr. Muhammad ibrahim yunus, covering aggregate exposure

19.4 Short term Murabaha Financing was obtained under shariah arrangement to finance the manufacturing of finished goods. The bank has approved a facility of Rs. 300 million. The mark-up rate on the financing is 6 months KIBOR + 2% per annum. The maximum tenor of the Istisna Financing is 150 days.

The arrangement is secured against the following:

- 1st charge registered over land, building and plant and machinery amounting to Rs. 550 million with 30 % margin (2022:550 million with the 40% margin);

- 1st charge registered over stocks / receivables amounting to Rs. 400 million (2022: Rs. 400 million) with a

- Personal guarantees of directors exclusing independent directors.

19.5 The Holding Company has obtained Short term murabaha under shariah arrangement, to facilitate the import of raw material and other related items. The bank has approved a facility of Rs. 125 million (2022:125 million). The markup rate on murabaha facility is average KIBOR + 1.75% (2022:average KIBOR + 1.75%) . The maximum tenor of the murabaha is 120 days.

The arrangement is secured against the following:

- Pari-Passu charge over stocks and receivables amounting to Rs. 167 million with a 25% margin (2022: Rs. 167 million with a 25% margin);

- Lien on import documents consigned to the order of Bank Al-Habib Limited;

- Equitable mortgage over land, building and plant and machinery amounting to Rs. 551.4 million (2022: Rs 551.4 million) over survey 54 , located at Kemari Town and;

19.6 The Subsidiary Company, M/s. Sana Distributors (Private) Limited has obtained Short term Murabaha Financing under shariah arrangement from M/s. Bank Al Habib Limited to finance inventory. The bank has approved a facility of Rs. 75 million (2022: Rs. 75 million). The mark-up rate on the financing is 6 months average KIBOR + 1.75% (2022:6 months average KIBOR + 1.75%) per annum. The maximum tenor of the

The arrangement is secured against the following:

- First charge over all current assets (present & future) for Rs. 232.67 million with 25% Margin;

- Equitable mortgage charge of Rs. of Rs.551 Million over survey No.54 Located at Deh Gondpass, situated at Tapo Gabopat, Kemari Town, Karachi; and

- Personal guarantee of the directors Mr. Muhammad Irfan Nawab, Mr. Ibrahim Younus and Mr. Younus Nawab.

19.7 Short term wakala financing has been obtained under shariah arrangement for the purchase of raw material. The bank has approved the facility of Rs. 190 million (2022:230 million). The markup rate on the facility is matching KIBOR + 1.75% per annum (2022:matching KIBOR + 1.75% per annum). The maximum tenor is 180

The arrangement is secured against the following:

- CCG of M/s Sana Logistics Private Limited and M/s Sana Distributors Private Limited.

- Personal guarantee of Mr. Irfan Nawab, Mr. Ibrahim Younus and Younus Nawab; along with personnel net worth statements and;

- Lien over import documents.

19.8 As at June 30, 2022, the Group has unavailed financing facilities of Rs. 11.5 million (2022: 69.54 million).

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20. TRADE AND OTHER PAYABLES

	Note	2023	2022
		Rupees	
Creditors		**189,393,612**	154,624,580
Advance from customer		**123,821,855**	57,058,322
Accrued expenses		**32,662,222**	35,609,592
Gas rate difference	*20.1*	**79,017,042**	70,706,532
Workers' Profits Participation Fund	*20.2*	**12,355,992**	19,997,203
Workers' Welfare Fund		**3,596,811**	3,596,811
Sales tax payable		**22,368,467**	13,243,390
Income tax payable		**5,527,413**	1,418,409
Provident Fund payable		**11,142,291**	4,399,561
Others		**12,725,828**	15,043,463
		492,611,533	375,697,863

20.1 On August 31, 2015, the Oil and Gas Regulatory Authority (OGRA) issued S.R.O. 876(I)/2015 whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previously applicable tariff of Rs. 488.23 per MMBTU notified vide S.R.O. 01(I)/2013 dated January 01, 2013). The said notification was widely challenged by companies operating in the textile industry (including the Company vide Suit No. 129 of 2017) before the Honourable High Court of Sindh ('the Court'). In its interim order dated January 18, 2017, the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 488.23 per MMBTU and the differential amount of Rs. 111.77 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, until September 2018, the Company continued to pay its monthly gas bills at the rate of Rs. 488.23 per MMBTU and recognized a provision for the differential liability which, as at June 30, 2022, amounted to Rs. 51.506 million (2022: Rs. 51.506 million).

Further, on October 23, 2020, OGRA issued S.R.O whereby, with effect from September 01, 2020, the sale price of natural gas for the aforesaid class of gas consumers was increased to Rs. 852 per MMBTU (as against the previously applicable tariff of Rs. 786 per MMBTU). The said notification was also widely challenged by companies operating in the textile industry (including the Company vide Suit No. 1790 of 2020) before the Court. In its interim order dated May 25th, 2021 the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 786 per MMBTU and the differential amount of Rs. 66 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, with effect from September 2020, the Company has been recognizing a provision for the differential rate of Rs. 66 per MMBTU which, as at June 30, 2022, accumulated up to Rs. 19.201 million (2021: Rs. 4.535 million).

On February 18, 2023, the Court announced its final verdict in Suit No. 1790 of 2020 and Suit No. 1798 of 2020 (and several other connected suits on similar matters) upholding the validity of the aforesaid notification (i.e. S.R.O. 1107(I)/2020 dated October 23, 2020 issued by the OGRA). The said decision also discussed, at length, the issue of incremental tariff chargeable to gas consumers falling under the category 'Captive Power' and made it explicit that that the Company would fall into such category of gas consumers and, thus, would be subjected to the incremental tariff of Rs. 852 per MMBTU as specified in the S.R.O. 1107(I)/2020. In view of this development, the Company has recognized a further provision of Rs. 8.3 million, which represents the difference between the tariff chargeable at the aforesaid rate of Rs. 852 per MMBTU and the rate of Rs. 786 per MMBTU, for the period from July 2022 to January 2023.

20.2 Workers' profit participation fund

	2023	2022
	Rupees	
Opening balance	**19,997,203**	17,158,747
Add:		
- Contribution for the year	**-**	9,448,611
- Interest accrued	**1,807,400**	757,551
	1,807,400	10,206,162
Less: Payment during the year	**(9,448,611)**	(7,367,706)
	12,355,992	19,997,203

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		2023	2022
21.	**ACCRUED MARKUP**	Rupees	
	Short term borrowings	**52,575,516**	17,809,928
	Long term financing - Diminishing Musharaka	**5,261,709**	235,735
		57,837,225	18,045,663

22. LOANS FROM DIRECTORS AND ASSOCIATES

	2023	2022
From directors of holding company and sponsors :		
Unsecured		
Loan from directors'	**5,100,000**	3,500,000
Loan from sponsors'	**-**	-
	5,100,000	3,500,000
From directors of subsidiary Companies and their spouses :		
Unsecured		
Loan from directors'	**28,115,000**	28,305,000
Loan from spouses of directors	**27,650,000**	33,250,000
	55,765,000	61,555,000
	60,865,000	65,055,000

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

		2023	2022
23.	**CURRENT MATURITY OF LONG TERM FINANCING**	Rupees	
	Diminishing musharaka	**37,379,731**	32,628,657
	Islamic Auto Finance	**893,754**	759,263
	Financing under SBP Refinance Scheme for		
	Payment of Salaries and Wages	**-**	27,170,940
	ITERF	**40,673,286**	13,399,708
		78,946,771	73,958,568

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 As explained in note 16.4, Holding Company has not recognized the additional amount of cess in respect of GIDC amounting to Rs. 61.5 million (being the difference of Rs. 95 million recognized in books and Rs. 156.5 million as notified to the Company through monthly gas bills upto July 2020).

		2023	2022
24.2	**Commitments**	Rupees	
	In respect of:		
	- Irrevocable letter of credit issued for purchase of raw material and plant & equipments.	**114,659,718**	483,268,080
	- Custom duties, sales tax and income taxes on stock in transit.	**7,526,612**	13,851,826
	- Revolving letter of guarantee issued by a Habib Metropolitan Bank Limited in favour of SSGC Limited against Gas Bills.	**33,420,771**	31,610,615

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25. REVENUE - NET

	Note	2023 (Rupees)	2022 (Rupees)
Textile			
Local sales		**3,392,184,892**	3,085,624,139
Wastage sales		**9,449,793**	8,324,416
		3,401,634,685	3,093,948,555
Less: Related sales tax		**(511,397,942)**	(461,411,479)
Less: Commission and discounts		**(4,636,146)**	(1,939,538)
		2,885,600,597	2,630,597,538
Cold storage and related services			
Service rendered income		**347,310,094**	322,958,705
Less: Related sales tax		**(41,021,088)**	(38,030,463)
		306,289,006	284,928,242
Distribution of products			
Revenue - gross		**1,428,491,899**	1,411,654,276
Less: Sales discounts		**(89,949,838)**	(300,917,318)
		1,338,542,061	1,110,736,958
Less: Sales tax		**(224,093,775)**	(201,882,145)
		1,114,448,286	908,854,813
		4,306,337,889	3,824,380,593

26. COST OF SALES AND SERVICES

	Note	2023 (Rupees)	2022 (Rupees)
Raw and packing materials consumed	*26.1*	**1,961,858,192**	1,660,613,177
Cost of finished goods sold	*26.2*	**1,045,121,991**	841,988,779
Manufacturing and services expenses			
Stores and spares consumed		**85,373,705**	103,624,830
Salaries, wages and benefits	*26.3*	**420,293,122**	426,866,309
Fuel and power	*26.4*	**375,346,869**	339,565,403
Services procured		**6,294,099**	4,229,761
Repairs and maintenance		**23,240,897**	28,430,999
Vehicle repairs and maintenance		**8,801,265**	5,007,527
Insurance		**5,603,681**	4,538,722
Rent, rates and taxes		**250,000**	769,525
Depreciation on operating fixed assets	*4.1.1*	**102,859,702**	66,315,699
Depreciation on right-of-use assets	*5.2*	**12,182,467**	13,061,668
Security		**8,826,026**	3,810,985
Loading and unloading expenses		**6,656,544**	10,518,341
Entertainment expenses		**1,559,561**	2,103,868
Printing and stationary expense		**921,930**	586,210
Transportation and conveyance		**3,120,464**	606,160
Uniform expense		**545,680**	1,136,385
Communication expense		**791,987**	737,149
Miscellaneous expense		**3,163,772**	3,309,845
Water expenses		**7,783,876**	11,033,776
Other manufacturing overheads		**4,461,897**	2,824,901
		1,078,077,544	1,029,078,063
Work-in-process - opening stock		**27,994,064**	13,904,366
Work-in-process - closing stock		**(35,348,344)**	(27,994,064)
		(7,354,280)	(14,089,698)
Cost of goods manufactured		**4,077,703,447**	3,517,590,321
Finished goods - opening stock		**173,477,436**	70,631,209
Waste material- opening stock		**344,425**	1,103,350
Finished goods - closing stock		**(143,434,226)**	(173,477,436)
Waste material- closing stock		**(991,825)**	(344,425)
		29,395,810	(102,087,302)
		4,107,099,257	3,415,503,019

		Note	2023	2022
26.1	**Raw and packing materials consumed**	*Note*	Rupees	
	Opening stock		**127,830,818**	146,124,338
	Add: Purchases during the period		**1,913,798,135**	1,642,319,657
			2,041,628,953	1,788,443,995
	Less : Closing stock		**(79,770,761)**	(127,830,818)
			1,961,858,192	1,660,613,177
26.2	**Cost of finished goods sold**			
	Opening stock		**55,969,108**	46,103,813
	Goods purchased during the year		**1,032,572,379**	851,854,074
	Goods available for sale		**1,088,541,487**	897,957,887
	Closing stock		**(43,419,496)**	(55,969,108)
	Cost of finished goods sold		**1,045,121,991**	841,988,779

26.3 This includes an amount of Rs. 6.301 million (2022: 4.347 million) in respect of staff retirement benefits.

			2023	2022
26.4	**Fuel and power**	*Note*	Rupees	
	Generation cost			
	Gas expenses		**177,951,756**	173,340,787
	Electricity		**136,450,518**	124,635,473
	Oil and lubricants		**-**	-
	Generator operation and maintenance		**16,688,081**	25,131,121
	Repairs and maintenance		**24,827,197**	1,463,889
	Depreciation on operating fixed assets	*4.1.1*	**18,725,566**	15,525,925
	Insurance		**455,917**	421,940
	Electricity duty		**247,834**	257,598
			375,346,869	340,776,733
27.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	*27.1*	**29,648,210**	24,559,506
	Directors' remuneration	*27.2*	**63,390,388**	33,300,000
	Meeting fee		**300,000**	200,000
	Printing and stationery		**1,191,711**	992,280
	Legal and professional charges		**5,232,895**	2,517,898
	Fees and subscription		**3,998,014**	3,178,523
	Communication		**698,611**	-
	Travelling and conveyance		**1,926,734**	341,310
	Repairs and maintenance		**6,885,004**	4,573,970
	Fuel expenses		**1,082,389**	2,324,918
	Rent, rates and taxes		**2,400,000**	-
	Entertainment expense		**1,589,906**	923,050
	Depreciation on operating fixed assets	*4.1.1*	**12,755,501**	10,232,802
	Depreciation on right-of-use assets	*5.2*	**6,291,368**	5,446,447
	Amortization		**182,213**	143,333
	Security expenses		**359,661**	329,221
	Water, electricity and gas		**3,408,519**	2,792,167
	Insurance		**1,564,933**	752,657
	Donation	*27.3*	**1,000,000**	250,000
	Auditors' remuneration	*27.4*	**2,258,363**	1,881,969
	Miscellaneous		**5,002,499**	5,689,323
			151,166,919	100,429,374

27.1 This includes an amount of Rs. 1.662 million (2022: 1.117 million) in respect of staff retirement benefits.

27.2 This includes an amount of Rs. 6.649 million (2022: Rs. 4.535 million) in respect of staff retirement benefits.

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27.3 None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	Note	2023	2022
		Rupees	
Prime Minister's Flood Relief Fund		**1,000,000**	-

27.4 Auditors' remuneration

Audit fee (Including consolidation)	**1,916,363**	1,512,000
Half yearly review fee	**242,000**	242,000
Statutory certifications	**50,000**	60,500
Out of Pocket Expenses	**50,000**	67,469
	2,258,363	1,881,969

28. DISTRIBUTION EXPENSES

Salaries, wages and benefits	*28.1*	**40,451,006**	43,252,198
Packing and forwarding expenses		**18,520,576**	10,297,393
Fuel expense		**934,872**	1,211,330
Depreciation on property, plant and equipment		**4,334,872**	936,036
Security expense		**540,000**	774,000
repairs and maintenance		**649,176**	1,056,609
insurance expense		**1,102,120**	621,106
rents, rates and taxes		**2,811,078**	3,204,225
Advertisement expense		**10,000**	-
Communication		**578,152**	411,813
Marketing & advertisement		**4,188,614**	5,452,697
Transportation expense		**9,947,113**	4,636,680
Sales promotion expenses		**974,090**	82,230
Miscellaneous expense		**233,725**	41,727
		85,275,394	71,978,044

28.1 This includes an amount of Rs. 1.279 million (2022: Rs. 0.869 million) in respect of staff retirement benefits.

29. OTHER OPERATING EXPENSES

	2023	2022
	Rupees	
Increase in provision for expected credit losses	**1,700,000**	3,759,876
Workers' Profit Participation Fund	**-**	9,448,611
Workers' Welfare Fund	**-**	3,596,811
Provison against slow moving items	**159,810**	-
	1,859,810	16,805,298

30. OTHER INCOME

Return on deposits - Islamic bank	**2,011,301**	1,260,833
Profit on Habib Islamic Investment Certificate	**170,983**	93,213
Profit on PLS account	**375,621**	276,397
Profit on term deposit	**1,905,237**	1,716,766
Dividend Income	**-**	1,155,725
Gain on re-measurement of Gas Infrastructure Development Cess	**-**	27,246,733
Reversal of provision for expected credit losses	**-**	3,530,240
Gain on disposal of fixed assets	**4,491,394**	17,011,181
unrealized gain on short-term investments	**312,157**	-
Income relating to receivable from LIEDA	**19,671,881**	-
Gain on remeasurement of lease liability	**13,979,714**	-
Others	**1,866,255**	16,072,601
	44,784,543	68,363,689

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		Note	2023	2022
			Rupees	
31.	**FINANCE COSTS**			
	Markup and interest charges on:			
	- Long term finances		**23,678,173**	7,645,593
	- Short term borrowings		**166,501,961**	74,573,998
	- Markup on lease liability	*16*	**10,957,928**	11,860,645
	- SBP re-financing facilities for payment of salaries & wages	*17.3*	**544,253**	5,986,646
	- Financing under ITERF facility	*17.3*	**20,482,195**	5,890,589
	Amortization of deferred government grant		**(12,371,569)**	(6,751,607)
	Unwinding of interest on long term liability		**-**	2,935,618
	Bank charges		**620,916**	693,534
	Finance charges on WPPF		**1,807,400**	756,551
	Documentation charges		**130,227**	342,915
	Unwinding of GIDC liability	*18.4.1*	**8,522,459**	7,271,916
	Guarantee commission		**1,452,829**	1,377,756
	Local letter of credit charges		**14,309**	173,527
			222,341,081	112,757,681

		2023	2022
32.	**TAXATION**		
	Current		
	- for the year	**51,289,437**	52,889,032
	- for prior year	**(6,227,965)**	2,420,966
		45,061,472	55,309,998
	Deferred	**(93,973,003)**	(11,577,017)
		(48,911,531)	43,732,981

32.1 The income tax assessments of the Group have been finalized up to, and including, the tax year 2022. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Group for the purpose of re-assessment.

		2023	2022
		Rupees	
33.	**(LOSS) / EARNINGS PER SHARE**		
	Basic earnings per share		
	(Loss) / profit attributable to shareholders of the Holding Company	**(172,410,076)**	123,342,781
			(Restated)
	Weighted average number of ordinary shares	**19,965,000**	19,965,000
			(Restated)
	(Loss) / earnings per share - basic	**(8.64)**	6.18

In accordance with the requirement of the International Accounting Standard (IAS) 33 *'Earnings Per Share',* the basic earning per share of the Company for the year ended June 30, 2022 has been retrospectively adjusted for the effect of bonus element contained in the issue of bonus shares made during the year.

Diluted (loss) / earnings per share

There is no dilutive effect on the basic (loss) / earnings per share of the Company, since there were no potential shares in issue as at June 30, 2023 and June 30, 2022.

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executives		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Rupees							
Basic Salary	**22,721,040**	18,693,000	**17,651,820**	20,301,000	**17,116,416**	14,668,533	**57,489,276**	53,662,533
House rent	**8,817,120**	7,254,000	**6,849,960**	7,878,000	**6,723,080**	5,692,267	**22,390,160**	20,824,267
Retirement benefits	**9,196,603**	381,986	**1,218,806**	1,035,616	**7,204,110**	3,688,274	**17,619,519**	5,105,876
Utilities	**2,373,840**	3,108,000	**1,844,220**	2,121,000	**1,532,334**	1,532,533	**5,750,394**	6,761,533
Bonus	**-**	-	**-**	-	**-**	425,205	**-**	425,205
Conveyance	**-**	-	**-**	-	**-**	35,500	**-**	35,500
	43,108,603	29,436,986	**27,564,806**	31,335,616	**32,575,940**	26,042,312	**103,249,349**	86,814,914
Number of persons	**2**	2	**3**	5	**6**	8		

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

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.

35. CAPACITY AND PRODUCTION

	2023	2022
	Number	
Textile Segment		
Number of spindles installed	**35,752**	33,888
Number of spindles operated	**35,752**	33,888
Installed capacity in Kgs. after conversion into 30 single count	**8,090,678**	7,668,854
Actual production of yarn in Kgs. after conversion into 30 single count	**6,425,548**	6,848,182
Number of shifts worked per day	**3**	3

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

	2023	2022
Cold Storage Segment		
Installed Capacity- Pallets	**22,000**	22,000
Capacity Utilized- Pallets	**16,000**	16,000

35.2 Actual utilization is less than the installed capacity because the utilisation of capacity depends on the customer demand.

36. FINANCIAL INSTRUMENTS

36.1 Financial risk analysis

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

- Credit risk
- Liquidity risk
- Market risk

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36.1.1 Credit risk

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

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

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

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

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

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

	2023	2022
	Rupees	
Long-term deposits	**2,756,051**	2,756,051
Trade debts	**781,346,479**	612,794,092
Short term trade deposits	**558,010**	1,126,408
Loans to employees	**4,769,066**	8,234,216
Short term investment	**19,308,682**	26,722,837
Other receivables	**32,099,704**	20,186,543
Bank balances	**65,859,944**	57,073,752
	906,697,936	728,893,899

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

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

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

	2023		2022	
	Gross	**Life time expected credit losses**	Gross	Life time expected credit losses
	Rupees			
Not past due	**628,164,620**	**3,598,891**	494,102,937	-
Past due 1 day - 30 days	**46,586,751**	**-**	56,741,005	161,606
Past due 31 days - 120 days	**84,578,003**	**2,087,585**	53,247,813	1,717,343
Above 120 days	**23,006,741**	**843,160**	13,531,973	2,950,687
	782,336,115	**6,529,636**	617,623,728	4,829,636

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The bank balances along with credit ratings are tabulated below:

Bank	Rating agency	Short- term Rating	2023	2022
			Rupees	
Habib Metropolitan Bank Limited	PACRA	A-1+	**24,987,900**	15,306,341
Meezan Bank Limited	JCR-VIS	A-1+	**17,787,255**	2,647,412
Bank Al-Habib Limited	PACRA	A-1+	**11,458,960**	20,607,452
Bank Alfalah Limited	PACRA	A-1+	**1,627,182**	225,651
United Bank Limited	JCR-VIS	A-1+	**212,874**	1,690,210
National Bank of Pakistan	JCR-VIS	A-1+	**421,230**	1,450,597
Habib Bank Limited	JCR-VIS	A-1+	**3,706,296**	4,738,501
Standard Chartered Bank (Pakistan)	PACRA	A-1+	**-**	604,024
Faysal Bank Limited	JCR-VIS	A-1+	**1,099,259**	624,031
Dubai Islamic Bank Limited	JCR-VIS	A-1+	**2,900,956**	7,867,102
Al-Baraka Bank Limited	JCR-VIS	A-1	**200,000**	200,000
J.S Bank Limited	PACRA	A-1+	**432,611**	550,778
Summit Bank	JCR-VIS	A-1+	**1,025,421**	561,653
			65,859,944	**57,073,752**

36.1.2 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 and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments (except interest payments on short term borrowings):

	June 30, 2023					
	Carrying amount	**Contractual cashflows**	**Less than six months**	**Six to tweleve months**	**One to Five years**	**More than Five years**
	Rupees					
Lease liability	**81,168,779**	**142,414,166**	**21,610,685**	**21,624,022**	**99,179,469**	**-**
Long term financing including accru	**347,258,506**	**539,132,684**	**57,095,910**	**62,263,961**	**405,204,557**	**14,568,256**
Short term borrowings including acc	**981,201,793**	**981,201,793**	**529,058,634**	**452,143,160**	**-**	**-**
Trade and other payables	**492,611,533**	**545,311,053**	**369,817,927**	**175,493,127**	**-**	**-**
Loans from directors and associates	**60,865,000**	**56,865,000**	**51,765,000**	**-**	**5,100,000**	**-**
	1,963,105,611	**2,264,924,696**	**1,029,348,156**	**711,524,270**	**509,484,026**	**14,568,256**

	June 30, 2022					
	Carrying amount	Contractual cashflows	Less than six months	Six to tweleve months	One to Five years	More than Five years
	Rupees					
Lease liability	74,146,557	108,496,700	34,971,679	14,339,293	59,185,728	-
Long term financing including accru	202,444,666	256,926,654	69,400,277	27,302,871	150,431,759	9,791,747
Short term borrowings including acc	661,556,557	661,556,557	661,556,557	-	-	-
Trade and other payables	216,927,751	216,927,751	216,927,751	-	-	-
Loans from directors and associates	65,055,000	65,055,000	65,055,000	-	-	-
	1,220,130,531	1,308,962,662	1,047,911,264	41,642,164	209,617,487	9,791,747

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36.1.3 Market risk

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

i) Currency risk

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

ii) Interest rate risk

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

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

	2023	2022	**2023**	2022
	Effective interest rate (%)		**Carrying amounts (Rs.)**	
Financial assets				
Bank deposits - pls account	**3.5%-12.5%**	4% - 10%	**12,740,867**	18,828,880
Term deposit receipt	**-**	**5.5%-11%**	**10,114,137**	14,925,000
Short term investment	**9.5%-12.6%**	4.40% - 8.25%	**16,630,555**	1,705,555
Financial liabilities				
Short term borrowings	**16.98%-25.97%**	8.9%-18.74%	**928,626,277**	660,441,857

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.

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.

	1% increase	**1% (decrease)**
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instrument	**(8,891,407)**	**8,891,407**
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial liabilities	(6,249,824)	6,249,824

ii) Other price risk

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

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36.2 Financial instruments by categories	2023	2022
	Rupees	
Financial assets		
At amortized cost		
Long-term deposits	**2,756,051**	2,756,051
Trade debts	**781,346,479**	612,794,092
Loans and advances	**4,769,066**	8,234,216
Short term trade deposits	**558,010**	1,126,408
Short term investment	**19,308,682**	2,664,319
Other receivables	**32,099,704**	20,186,543
Cash and bank balances	**76,196,579**	70,244,958
	917,034,571	718,006,587
Financial liabilities		
At amortized cost		
Lease liability	**81,168,779**	74,146,557
Long term financing	**341,996,797**	185,543,703
Short term borrowings	**928,626,277**	660,441,857
Trade and other payables	**369,745,808**	303,977,742
Loans from directors and associates	**60,865,000**	65,055,000
Accrued markup	**57,837,225**	18,045,663
	1,840,239,886	1,307,210,522

37. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Group measures fair value of its assets and liabilities 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.

Fair values of financial assets that are traded in active markets are based on quoted market prices. As of the reporting date, the Group did not have any other financial instruments that required any valuation technique for their measurement.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2023	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets mesured at fair value				
Short term investment in units of mutual funds	**2,678,127**	**-**	**-**	**2,678,127**

June 30, 2022	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets mesured at fair value				
Short term investments	958,764	-	-	958,764

38. CAPITAL MANAGEMENT

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

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

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

	2023	2022
	Rupees	
Borrowings:		
Long term financing	**341,996,797**	185,543,703
Short term borrowings	**928,626,277**	660,441,857
Loans from directors and associates	**60,865,000**	65,055,000
	1,331,488,074	911,040,560
Shareholders' equity:		
- Issued, subscribed and paid up capital	**199,650,000**	121,000,000
- Share premium	**96,250,000**	96,250,000
- General reserves	**132,500,000**	132,500,000
- Unappropriated profit	**117,452,539**	387,436,150
	545,852,539	737,186,150
Total capital managed by the Group	**1,877,340,613**	1,648,226,710

39. RELATED PARTY TRANSACTIONS AND BALANCES

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

KEY MANAGEMENT PERSONNEL AND CLOSE FAMILY MEMBERS

	2023	2022
Names of related party, relationship with related party	**Rupees**	
Mohammad Younus Nawab (Chairman)		
Transactions during the year		
Loan obtained during the year	**55,000,000**	10,050,000
Loan repaid during the year	**50,390,000**	6,050,000
Balances as at the year end		
Loan payable as of the reporting date	**3,350,000**	7,000,000
Mohammad Irfan Nawab (CEO)		
Transactions during the year		
Loan obtained during the year	**7,000,000**	4,000,000
Loan repaid during the year	**1,500,000**	6,660,000

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Balances as at the year end		
Loan payable as of the reporting date	**14,456,000**	2,000,000
Ibrahim Younus (Director)		
Transactions during the year		
Loan obtained during the year	**59,375,000**	14,370,000
Loan repaid during the year	**55,065,000**	10,050,000
Balances as at the year end		
Loan payable as of the reporting date	**3,050,000**	8,740,000
Ismail Younus (Director)		
Transactions during the year		
Loan obtained during the year	**72,670,000**	14,800,000
Loan repaid during the year	**68,270,000**	18,300,000
Balances as at the year end		
Loan payable as of the reporting date	**10,000,000**	5,600,000
Muhammad Faizanullah (Director)		
Transactions during the year		
Loan obtained during the year	**-**	2,000,000
Loan repaid during the year	**4,100,000**	1,000,000
Balances as at the year end		
Loan payable as of the reporting date	**900,000**	1,500,000
Sabiha Younus (Spouse of Chairman / Sponsor)		
Transactions during the year		
Loan obtained during the year	**16,575,000**	28,700,000
Loan repaid during the year	**21,175,000**	13,450,000
Rent paid during the year	**-**	2,780,960
Balances as at the year end		
Rent payable as of the reporting date		
Loan payable as of the reporting date	**28,650,000**	33,250,000
Afshan Irfan (Spouse of CEO / Sponsor)		
Transactions during the year		
Loan obtained during the year	**4,000,000**	10,000,000
Loan repaid during the year	**-**	12,000,000
Rent paid during the year	**-**	2,780,960
Balances as at the year end		
Rent payable as of the reporting date		
Loan payable as of the reporting date	**40,000,000**	-

40. 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.

- Distribution - providing distribution in respect of petroleum products.

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.

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

Dscription	June 30 2023			
	Textile	Cold Storage	Distribution	Total
		Rupees		
Sales revenue - net	2,885,600,597	306,289,006	1,114,448,286	4,306,337,889
Cost of sales and Services	(2,803,875,590)	(258,101,676)	(1,045,121,991)	(4,107,099,257)
Gross Profit	81,725,007	48,187,330	69,326,295	199,238,632
Administrative expenses	(108,383,909)	(34,414,439)	(8,368,574)	(151,166,922)
Distribution expenses	(25,178,112)	(3,385,080)	(56,712,202)	(85,275,394)
Other operating expenses	(509,810)	(149,997)	(1,200,000)	(1,859,807)
Opertaing profit	(52,346,824)	10,237,814	3,045,519	(39,063,491)
Other income	26,858,457	15,206,981	2,719,105	44,784,543
Finance costs	(195,774,702)	(9,070,514)	(17,495,865)	(222,341,081)
	(168,916,245)	6,136,467	(14,776,760)	(177,556,538)
Profit / (loss) before taxation	(221,263,069)	16,374,281	(11,731,241)	(216,620,029)
Taxation	81,506,306	(29,161,597)	(3,433,178)	48,911,531
Profit / (loss) after taxation	(139,756,763)	(12,787,316)	(15,164,419)	(167,708,498)
OTHER INFORMATION				
Segment assets	2,060,157,507	326,133,388	264,753,885	2,651,044,780
Total assets				2,651,044,780
Segment liabilities	1,671,326,733	245,075,511	245,075,511	2,161,477,755
Total liabilities				2,161,477,755
Capital expenditure	382,464,958	1,941,626	7,120,649	391,527,233
Total capital expenditure				391,527,233
Depreciation	(110,835,176)	(23,245,712)	(4,594,753)	(138,675,641)

Dscription	June 30 2022			
	Textile	Cold Storage	Distribution	Total
		Rupees		
Sales revenue - net	2,630,597,538	284,928,242	908,854,813	3,824,380,593
Cost of sales and Services	(2,324,885,585)	(270,135,768)	(885,611,386)	(3,480,632,739)
Gross Profit	305,711,953	14,792,474	23,243,427	343,747,854
Administrative expenses	(75,556,478)	(10,563,569)	(18,609,726)	(104,729,773)
Distribution expenses	(15,164,912)	(2,440,006)	(9,814,483)	(27,419,401)
Other operating expenses	(15,112,335)	(1,122,963)	(570,000)	(16,805,298)
Opertaing profit	199,878,228	665,936	(5,750,782)	194,793,382
Other income	49,705,378	8,428,600	16,981,316	75,115,294
Finance costs	(96,148,513)	(12,224,147)	(9,415,021)	(117,787,681)
	(46,443,135)	(3,795,547)	7,566,295	(42,672,387)
Profit / (loss) before taxation	153,435,093	(3,129,611)	1,815,513	152,120,995
Taxation	(54,371,964)	1,927,174	(2,411,937)	(54,856,727)
Profit / (loss) after taxation	99,063,129	(1,202,437)	(596,424)	97,264,268
OTHER INFORMATION				
Segment assets	1,793,487,099	332,622,640	230,911,481	2,357,021,220
Total assets				2,357,021,220
Segment liabilities	955,333,554	189,516,706	160,994,837	1,305,845,097
Total liabilities				1,305,845,097
Capital expenditure	294,951,419	6,789,966	9,766,959	311,508,344
Total capital expenditure				311,508,344

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Depreciation	(66,068,052)	(24,110,827)	(2,617,997)	(92,796,876)

41. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

42. 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 05-October, 2023.

43. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer	Director	Chief Financial Officer

SANA INDUSTRIES LIMITED
Pattern of Shareholding
As of June 30, 2023

# Of Shareholders	Shareholdings'Slab			Total Shares Held
134	1	To	100	2,786
134	101	To	500	43,306
53	501	To	1000	43,398
146	1001	To	5000	368,616
37	5001	To	10000	260,674
15	10001	To	15000	189,430
13	15001	To	20000	231,118
4	20001	To	25000	96,740
7	25001	To	30000	194,854
2	35001	To	40000	72,525
1	40001	To	45000	41,250
3	45001	To	50000	138,991
2	60001	To	65000	127,906
1	65001	To	70000	66,000
2	70001	To	75000	142,789
1	75001	To	80000	77,932
2	80001	To	85000	162,735
2	100001	To	105000	202,880
1	110001	To	115000	112,794
1	135001	To	140000	138,538
1	240001	To	245000	243,936
1	320001	To	325000	320,250
2	390001	To	395000	787,647
1	400001	To	405000	403,065
1	410001	To	415000	410,513
1	430001	To	435000	431,446
2	440001	To	445000	885,369
2	540001	To	545000	1,081,692
1	550001	To	555000	553,466
1	720001	To	725000	723,130
1	880001	To	885000	881,461
1	920001	To	925000	921,308
1	4665001	To	4670000	4,666,275
1	4940001	To	4945000	4,940,180
578				**19,965,000**

SANA INDUSTRIES LIMITED

Pattern of Shareholding

As of June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MOHAMMED YOUNUS NAWAB	1	4,666,275	23.37
HAFIZ MOHAMMED IRFAN NAWAB	1	4,940,180	24.74
IBRAHIM YOUNUS	1	540,846	2.71
ISMAIL YOUNUS	1	540,846	2.71
MOHAMMED FAIZANULLAH	1	444,572	2.23
AREEJ RAFIQUE	1	5,808	0.03
SABIHA YOUNUS	1	921,308	4.61
AFSHAN IRFAN	1	881,461	4.42
Associated Companies, undertakings and related parties	-	-	-
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	1	427	0.00
Insurance Companies	1	63,556	0.32
Modarabas and Mutual Funds	2	723,524	3.62
General Public			
a. Local	548	5,817,510	29.14
b. Foreign	11	9,724	0.05
Others	7	408,963	2.05
Totals	**578**	**19,965,000**	**100.00**

Share holders holding 10% or more	Shares Held	Percentage
MOHAMMED YOUNUS NAWAB	4,666,275	23.37
HAFIZ MOHAMMED IRFAN NAWAB	4,940,180	24.74

FORM OF PROXY

M/s.Sana Industries Limited,
33-D-2, Block-6,
P.E.C.H.S,
Karachi.

I/We____

of______________________________ holding CNIC No. _____________________________________being a member of

SANA INDUSTRIES LIMITED, and holder of _________ Ordinary Shares as per the Share Register Folio No.__________

and/or CDC Participant I.D.No._____________________________ and Account / Sub Account No.____________________

hereby appoint____ of _______________________

or failing him/her____ of_______________________

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 38th Annual General Meeting scheduled to be held on 27th October, 2023 or at any adjournment thereof.

Signed this____ day of ___________________________2023.

Signature of Proxy ____

Signature on Rs.5/- Revenue Stamp

Folio No. of Shareholder____________

No.of Shares held__________________

Signature of Shareholder

WITNESSES

(1) Signature ______________________

Name________________________

CNIC No._____________________

Address______________________

____

____

(2) Signature _________________________

Name________________________

CNIC No._____________________

Address__________________________

____

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NOTES:

* A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
* If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Sana Industries Limited, 33-D-2, Block-6, P.E.C.H.S., Karachi, so as to reach not less than 48 hours before the time appointed for holding the meeting.
* The Proxy form shall be witnessed by two persons whose names, addresses and NIC / Passport numbers shall be stated on the form.
* Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
* The proxy shall produce his original NIC or original passport at the time of the meeting.
* In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.