Thal Limited

2019

Annual Report

House of Habib

BUILDING A SUSTAINABLE FUTURE

Sustainability is the culmination of business in today's world. To address problems that threaten our planet and in turn the very survival of business itself, is not only top priority but in fact the need of the hour.

In line with this objective, Thal Limited, an entity well aware of its responsibility towards people and our environment, has consistently been engaged in 'conscious business' - on a mission to make lives and livelihoods sustainable through the adoption of best practices. We are already on the path to ensuring sustainable futures through a variety of our businesses, some of which produce an array of paper packaging and environmentally friendly jute sacks for food staples as well.

This year, we move deeper into our commitment to 'Bulding a Sustainable Future' so that together we can create a meaningful impact for all the lives we touch and our world at large. As we stand before you in our 54thYear, we hope that stakeholders encourage us on the journey to making our Company a trademark of responsible behavior for future generations.

CONTENTS

OUR VALUES

HUMILITY & RESPECT
Be a good listener
Foster fair play
Allow open critique
Encourage communication with subordinates
Walk the talk
Not egotistic

TEAM WORK
Be a good listener
Meaningful participation
Show mutual respect
Own collective decisions
Support inter-dependencies
Believe in candor
"We" not "I"

JUSTICE & INTEGRITY
Report facts correctly
Transparency in actions
Accept mistakes
Be fair & impartial
High sense of responsibility

CLEANLINESS
Practice personal cleanliness and hygiene
Practice cleanliness and 5S for all areas & resources:
Seiri (Arrangement)
Seiton (Orderliness)
Seiso (Cleanliness)
Seiketsu (Neatness)
Shukan (Habits)

ENTREPRENEURSHIP
Be wired (knowledgeable)
Be creative
Convert visions into reality
Take calculated risks

OPTIMUM USE OF RESOURCES
Minimize wastage
Procure at an optimal price
Practice 5 R:
Recycle
Re-Use
Retrieve
Refine
Reduce

OUR VISION

Recognized as the most respected and dynamic group with expanding & diversifying businesses, sustaining competitive returns to stakeholders.

An employer of choice, responsibly fulfilling obligations to community, country & environment.

CORPORATE INFORMATION

Board of Directors

Rafiq M. Habib	Chairman - Non-executive
Muhammad Tayyab Ahmad Tareen	Chief Executive Officer
Asif Qadir	Independent Director
Aliya Saeeda Khan	Independent Director
Ali S. Habib	Non-Executive Director
Mohamedali R. Habib	Non-Executive Director
Salman Burney	Non-Executive Director

Chief Financial Officer

Shahid Saleem

Company Secretary

Salman Khalid

Audit Committee

Asif Qadir	Chairman - Independent
Mohamedali R. Habib	Member
Salman Burney	Member

Human Resources & Remuneration Committee

Asif Qadir	Chairman - Independent
Salman Burney	Member
Ali S. Habib	Member
Muhammad Tayyab Ahmad Tareen	Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

A. K. Brohi & Co., Karachi
K. A. Wahab & Co., Karachi
Fazal-e-Ghani Advocates, Karachi

Tax Advisors

EY Ford Rhodes
Chartered Accountants

Bankers

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
National Bank of Pakistan
Habib Metropolitan Bank Limited
Meezan Bank Limited
Albaraka Islamic Bank
Bank Al-Habib Limited
Faysal Bank Limited
Industrial & Commercial Bank of China Limited
Telenor Microfinance Bank

Registered Office

4th Floor, House of Habib
3-Jinnah Cooperative Housing Society, Block 7/8
Sharae Faisal, Karachi - 75350
PABX: 92(21) 3431-2030, 3431-2185
Fax: 92(21) 3431-2318, 3439-0868
E-mail: tl@hoh.net
Web: www.thallimited.com

Share Registrar

FAMCO Associates (Private) Limited
8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi.
Tel: 92(21) 3438-0101-5, 3438-4621-5
Fax: 92(21) 3438-0106, 3242-8310
Email: info.shares@famco.com.pk
Web: www.famco.com.pk

KEY FIGURES

Sales Revenue — Rs. in million — 15.97%

2017-18	19,293
2018-19	22,374

Market capitalization — Rs. in million — -23.76%

2017-18	38,694
2018-19	29,500

Profit After Tax — Rs. in million — 17.45%

2017-18	2,686
2018-19	3,155

Market price per share — Rs. in million — -23.76%

2017-18	478
2018-19	364

Earnings Per Share — Rs. in million — 17.45%

2017-18	33.15
2018-19	38.93

Dividend per share — Rs. in million — -40.74%

2017-18	13.50
2018-19	8.00

Total Assets — Rs. in million — 12.19%

2017-18	18,917
2018-19	21,223

Contribution to national exchequer — Rs. in million — 27.37%

2017-18	5,555
2018-19	7,076

Total Equity — Rs. in million — 13.35%

2017-18	16,438
2018-19	18,631

Capital expenditure — Rs. in million — 88.26%

2017-18	600
2018-19	1,129

THAL LIMITED GROWTH WITH A PURPOSE

Thal Limited has the distinction of being the flagship industrial project of the group. Incorporated in 1966 as Thal Jute Mills Limited the company renamed itself as Thal Limited in 2004 as part of the organization's consolidation strategy. Currently the company manages two distinct businesses: the engineering business and the building material & packaging business.

The Engineering division of Thal Limited owns and operates the Electrical Systems business; the Thermal Systems business and the Engine Components business. The Electrical Systems business is involved in manufacturing of wide range of wiring harness products from simple cable preparation to highly complex wiring harnesses, cable assemblies, and battery cables mainly for Automotive industry. The business came into existence in the year 2000 with the signing of a TAA (Technical Assistance Agreement) with Furukawa Electric Company, Japan. Furrukawa is one of the leading suppliers of automotive wiring harness system in the world. Moreover during the course of the current year, the Company's Engineering Segment, laid the foundations for a new plant to cater to expansion in its automotive wire harness business in technical collaboration with Yazaki Corporation, one of the world's largest automotive parts supplier. The combined synergies of both the companies would enable the business to establish itself in a relatively quick span of time as a premier supplier of car wiring systems to all automobile manufacturers in Pakistan.

The Thermal Systems – which commenced operations in 1996 – manufactures Auto Air Conditioners for Toyota and Suzuki vehicles manufactured and assembled in Pakistan. Ever since its establishment, Thal Engineering's Thermal Systems division has remained progressive with addition of multiple capabilities unto its fold. To deliver a product range of excellent quality, the Company entered into a Technical Assistance Agreement with Denso Japan in 1996 – the second largest auto parts maker in the world – listed on the Fortune 500 and the largest in Japan. The strategic alliance has acquired and obtained world class assistance in manufacturing car air conditioners, heater blowers & now aluminum radiators, enabling the business to continue in its growth trajectory.

The Engine Components – although a relatively newer addition to Thal Engineering Limited – manufactures Starters and Alternators for Toyota vehicles. The business was established with a clear vision to localize and manufacture automobile engine parts and components for different automobile OEMs in Pakistan. The business has the unique distinction of being the first and foremost manufacturer of Engine Starters and Alternators for passenger cars in Pakistan under a foreign collaboration.

In addition, Thal Limited also owns and operates the building material & packaging business which consists of the Jute business known as Thal Jute Mills Limited. The Company bears the honor of being the first industrial project that was undertaken by House of Habib. Located in the heart of Punjab, nestled between the banks of River Indus and Chenab, the Company is involved in manufacture of grain sacks in various grades including food grade, and Hessian yarn & twine for domestic and export markets.

The Laminates business was established in 1980 as the first of its kind manufacturing unit for the production of high-pressure decorative laminates in Pakistan under the brand name of FORMITE. Today, the Company remains a market leader for its range of decorative and electrical grade compact laminates. Over the years, the business has successfully integrated upstream and downstream facilities to maintain its competitive edge and remain a partner of choice for a wide variety of stakeholders both locally and abroad.

Lastly the Papersack business which has been in operation since 1970s, is the pioneering multi-ply manufacturing unit in Pakistan and has remained a market leader in the business since its inception. With strategic locations of its plants situated in Hub (Baluchistan) and Gadoon (Khyber-Pakhtunkhwa), the Company has an annual production capacity of 150 million sacks and provides packaging solutions to various industries that include cement, chemicals and dyes, bonding adhesives, industrial salt, calcium, gypsum, carbon black, milk powder and guar gum amongst others. With close to five decades of world class product leadership, the papersack business not only fulfills local demand but also exports to key international markets including Middle East, India, EU and the UK amongst other avenues.

Since our inception we continue to touch and redefine life through the spectrum of our businesses that continue to impact a broad category of stakeholders in innumerable ways. In order to provide further impetus to our growth philosophy we continue to diversify our investments with an ever-expanding footprint in subsidiaries such as Noble Computer Services (Private) Limited, Pakistan Industrial Aids (Private) Limited, Habib METRO Pakistan (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited and Thal Power (Private) Limited. In addition the Company also shares investments in associates like Indus Motor Company Limited, Habib Insurance Company Limited, Agriauto Industries Limited, Shabbir Tiles and Ceramics Limited.

Cognizant of our responsibility to the country and mapping our investments with solving the critical issues the economy faces, our recent most investment has been in Sindh Engro Coal Mining Company (SECMC) – a landmark project to fuel the growth of Pakistan's economy and develop indigenous energy resources. To bolster this investment Thal Limited has also entered into a Joint Venture Agreement with Novatex Limited to develop a 330 MW coal-fired power plant at Thar – an investment we feel will curtail the energy crisis and help bring positive impact to the communities around us. In October 2018 Hubco joined ThalNova as a 38.3% shareholder.

COMPANY STRUCTURE

Thal Limited

Operating Businesses	Subsidiaries	Associates
Thermal Systems & Engine Components Systems	Makro-Habib Pakistan Limited	Indus Motor Company Limited
Electric Systems	Habib METRO Pakistan (Private) Limited	Habib Insurance Company Limited
Jute	Noble Computer Services (Private) Limited	Agriauto Industries Limited
Papersack	Pakistan Industrial Aids (Private) Limited	Shabbir Tiles & Ceramics Limited
Laminates	A-One Enterprises (Private) Limited	ThalNova Power Thar (Private) Limited
	Thal Boshoku Pakistan (Private) Limited	Sindh Engro Coal Mining Company Limited
	Thal Power (Private) Limited	
	Thal Electrical (Private) Limited	

TAKING CHARGE

CORPORATE GOVERNANCE

DIRECTORS' PROFILE

Rafiq M Habib

Chairman

Mr. Rafiq M. Habib is one of the founding members and Chairman of Thal Ltd. He also serves as the Group Chairman of the renowned 'House of Habib'. He has served on the Board of Governors of 'Pakistan Institute of Management'. Having a wide business experience in a variety of Industries, he also leads the team towards success as the Chairman of Habib Insurance Company Ltd.

He provided his visionary leadership to many public limited companies including the iconic Toyota – Indus Motors Company Ltd. and served as a consultant to Habib Bank AG Zurich.

Muhammad Tayyab Ahmad Tareen

Chief Executive Officer

Mr. Muhammad Tayyab Ahmad Tareen joined as CEO of Thal Limited on 1st July 2019. He has more than 25 years of experience mainly with multinationals and private equity, covering areas of business turnarounds, transformations and entrepreneurial experience in general management, financial management and business acquisitions.

Before joining House of Habib, he was associated with K-Electric, the largest vertically integrated power utility in Pakistan, serving as its CEO and Chairman of the Board, CFO and Chief Strategy Officer. He led the operational turnaround of this ailing utility company, turning it into profitable enterprise after 17 years of losses.

Prior to K-Electric, he served in private equity having global operations & investments in different sectors. He has also served as the CFO of the The Coca-Cola Company managed bottler in UAE and OMAN, a business that saw successful turnaround from losses to sustained profitability within two years.

He is a Member of Institute of Chartered Accountants in England and Wales.

Asif Qadir

Independent Non-Executive Director

Mr. Asif Qadir joined the Board in March 2013 as an Independent Director. He has over 30 years of experience with Exxon and Engro Corporation and held positions as Worldwide Business Advisor Exxon Chemicals, CEO Engro Polymer & Chemicals, Senior Vice President – Engro and part of the key management team in Engro Corporation.

He has also been President of the Management Association of Pakistan, and a member of the Executive Committee of the OICCI. He also serves as Director on the boards of Tripack Films, Descon Oxychem, Unicol Limited, Cherat Cement and Liaquat National Hospital.

Ms. Aliya Saeeda Khan

Independent Non-Executive Director

Aliya Saeeda Khan is a Partner at the law firm of Orr, Dignam & Co. and is based at the Firm's Karachi office. She is an Advocate of the High Court of Sindh and a Barrister from Gray's Inn. As with other Partners of the Firm, she deals with a wide range of corporate, financial and commercial matters. Her focus areas are M&A, project work, joint ventures and energy sectors. She is a graduate of the University of Cambridge. She joined Thal Limited's Board in September 2018.

DIRECTORS' PROFILE

Ali S Habib
Non-Executive Director

Mr. Ali S. Habib was appointed as the Director of Thal Limited in February 1980. He also serves as the Chairman of Indus Motor Company Ltd., and as a member of the Board of Directors of Shabbir Tiles & Ceramics Ltd. and Habib Metropolitan Bank Ltd. He is a graduate in Mechanical Engineering from the University of Minnesota, USA. He has also attended the PMD Program at Harvard University

Mohamedali R Habib
Non-Executive Director

Mr. Mohamedali R. Habib was appointed as the Director of Thal Limited in December 1990. Since 2004, he has been an Executive Director of Habib Metropolitan Bank Ltd. He also serves as a member on the Board of Indus Motors Company Ltd. and Habib Insurance Company Ltd. He was appointed as Joint-President & Division Head (Asia) & Member of General Management of Habib Bank AG Zurich in 2011.

He is a graduate in Business Management – Finance from Clark University, USA.

Salman Burney
Non-Executive Director

Mr. Salman Burney joined the Board in February 2016 as a Non-Executive Director. He also served as the VP/Area GM for GSK Pakistan, Iran and Afghanistan.

He began his career with ICI Pakistan in Sales & Marketing within various roles in Pakistan & African / Eastern Region at ICI plc, London and as General Manager of ICI's Agrochemicals & Seeds Business. He joined the company in 1992, was appointed MD, SmithKline Beecham in 1997 with additional responsibility for Iran and the Caspian Region. He was holding the position of MD for GSK in Pakistan and he was responsible for GSK's Pharmaceutical business in Pakistan, Iran & Afghanistan.

He has a degree in Economics from Trinity College, University of Cambridge, UK. Mr. Salman Burney has been the President of Pakistan's foreign investors Chamber and as Chairperson of the MNC Pharma Association has led the industry interface with the government on various issues.

BOARD COMMITTEES AND THEIR TERMS OF REFERENCES

Committees of the Board

The Board is assisted by the following two Committees to support its decision making.

Audit Committee

The Board Audit Committee meets multiple times through the year to determine appropriate measures to safeguard the Company's assets and review quarterly, half yearly and financial statements of the company, prior to their approval by the Board of Directors. In addition the Board Audit Committee is also responsible for:

a) determination of appropriate measures to safeguard the company's assets
b) review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on
   (i) major judgmental areas;
   (ii) significant adjustments resulting from the audit
   (iii) going concern assumption
   (iv) any changes in accounting policies and practices
   (v) compliance with applicable accounting standards;
   (vi) compliance with these regulations and other statutory and regulatory requirements; and
   (vii) related party transactions
c) review of preliminary announcements of results prior to external communication and publication
d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight {in the absence of management, where necessary}
e) review of management letter issued by external auditors and management's response thereto
f) ensuring coordination between the internal and external auditors of the company
g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
j) review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports
k) instituting special projects value for money studies or other investigations on any matter specified by the board of directors in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body
l) determination of compliance with relevant statutory requirements
m) monitoring compliance with the these regulations and identification of Significant violations thereof
n) review of arrangement for staff and management to report to audit committee in confidence concerns if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
o) recommend to the board of directors the appointment of external auditors their removal audit feels the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
p) consideration of any other issue or matter as may be assigned by the board of directors

Members:

Mr. Asif Qadir – Chairman (Independent)
Mr. Mohamedali R. Habib – Member
Mr. Salman Burney– Member

Human Resources & Remuneration Committee:

TERMS OF REFERENCE

The Board Human Resources & Remuneration Committee meets at least once in a year to review and recommend all elements of the Human Resource Management framework including but not limited to the following:

i) recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
ii) undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
iii) recommending human resource management policies to the board
iv) recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
v) consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
vi) where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

Members:

Mr. Asif Qadir – Independent Chairman
Mr. Salman Burney – Member
Mr. Ali S. Habib – Member
Mr. Muhammad Tayyab Ahmad Tareen - Member

Internal Control Framework:

The Board is ultimately responsible for internal control and its effectiveness. To provide reasonable assurance a system is designed to manage the risk to achieve business objectives. The internal audit function carries out reviews on the financial, operational and compliance controls.

Internal Control Framework:

Internal control framework is comprised of effectiveness and efficiency of operations including performance and profitability goals and safeguarding of resources, reliability of financial reporting including interim and condensed financial statements and selected financial data, and compliance with applicable laws and regulations.

The Company maintains clear structured and established control framework that contains authority limits, accountabilities and sound understanding of policies and procedures.

The Board has overall responsibility to oversee the internal control processes. Internal control compliance is monitored by an internal audit which ensures that the Company and its employees are compliant with internal control policies and procedures.

Control Environment:

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Risk Assessment:

Risk assessment is the identification and analysis of relevant risks to achieve the objectives, forming a basis for determining how the risks should be managed.

Control Activities:

Policies and procedures for control activities ensure that management directives are carried out. These activities ensure necessary actions are taken to address risks to achieve entity's objectives. Control activities occur throughout the organization, at all levels and in all functions.

Information and Communication:

Pertinent information must be identified, captured and communicated in a form and timeframe that enable people to carry out their responsibilities. Information systems produce reports, containing operational, financial and compliance-related information, required to run and control the business.

Monitoring:

Internal control system is monitored to assess the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two.

CHAIRMAN'S REVIEW REPORT 2019

Thal Limited began its journey as a humble Jute Mill 53 years ago. It is indeed with the grace of the Almighty that today we stand proudly before you as a diverse business entity comprising of Thermal Systems, Electric Systems, Engine Components, Paper sack and Laminates businesses. We would not be here today without your unwavering support for which we are thankful.

With a clear vision to align ourselves with the macroeconomic objectives of the country and the needs of our people, our plans are to align with national priorities such as CPEC and Pakistan's urgent desire to be energy sufficient for the future. Therefore, the Company has partnered in developing Pakistan's first open pit coal mining project at Thar by investing in the Sindh Engro Coal Mining Company (SECMC) and remains engaged in setting up a 330 MW coal-fired power generation plant at Thar, Sindh through its subsidiary Thal Power (Private) Limited. We also continue to scale up our sustainable packaging solutions in Paper and Jute packaging to help Pakistan's policy objective of reducing plastic pollution in the country.

Pakistan's recent agenda for economic restructuring has posed challenges across the countries' business landscape. Despite this, your company was able to achieve steady growth in its overall profitability for the year ended June 30, 2019.

During the course of the year, the Company's Engineering Segment, completed a new facility to cater to expansion in its automotive wire harness business in technical collaboration with Yazaki Corporation, one of the world's largest automotive parts manufacturers. In addition, Thal Boshoku Pakistan (Private) Limited, also completed its new facility to cater to the production of car seats, and commercial production is expected to commence by the end of 2019. Thal's Jute business also made a significant investment in capital equipment to improve & update operational capability and enhance quality. To tap new markets, Thal's Pakistan Papersack Division, recently diversified its product range to include retail & food packaging. These investments and initiatives are expected to provide growth opportunities in the coming years.

Since its inception, the very backbone of Thal Limited has been a steady investment in human capital. The Company continues to take tangible steps to provide training and development opportunities for its employees across the board. To meet our succession needs we maintain the highest standards of selection from the country's best institutions for young talent and future potential leaders through our Management Trainee Program. We are confident that consistent investment in our people shall continue to pay us qualitative dividends in the future.

The Board of Directors of Thal Limited comprises of highly experienced business leaders who, together, bring over 150 years of expertise to our board. All Board members are aware of their fiduciary & governance responsibilities and fulfill these by providing strategic direction to management and necessary guidance for compliance with global policies and standards.

The role and contribution of the members of the Board of Directors remains critical to the formulation & achievement of our plans and operations. Board Members have exercised the required strategic oversight for us to continue on our path to success. I am grateful to the Board's Committees on Audit and on Human Resources & Remuneration for their valuable contributions in providing requisite leadership, support and guidance.

During the year, the Chief Executive of the Company – Mr. Mazhar Valjee resigned and the Board has appointed Mr. Mohammad Tayyab Ahmed Tareen as his replacement effective from July 1st, 2019. On behalf of the Company, I wish to acknowledge Mr. Mazhar Valjee for the valuable contributions made in his 30-year association with our Group.

I would also like to advise that Mr. Sohail P. Ahmed has, after a very long association with the Company, resigned from the Board with effect from 20th September, 2019. In his time with the Company Mr. Ahmed has made a very significant contribution towards developing Thal's auto parts business. The Board expressed its sincere appreciation and gratitude to him in recognition of this valued contribution.

In closing, I would like to thank our shareholders, customers, dealers and business partners for their continued patronage and trust.

I would also like to thank all our staff members for their contribution to the growth of the Company and trust that together we shall rise to even greater heights in the future.

Rafiq M Habib
Chairman

MEETING EXPECTATIONS

DIRECTORS' REPORT

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors,
I am pleased to present the Fifty Third Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2019.

Economic Overview

During the year, Pakistan has faced many challenges, especially on the economic front.

The GDP growth rate clocked in at 3.3 percent against the 5.8 percent last year, caused by lower than expected growth across all sectors of the economy; the agriculture sector grew by 0.85 percent, manufacturing grew by 1.4 percent and services grew by 4.7 percent.

Since taking office in August 2018, the new government made economic structural reforms its highest priority and undertook the following major initiatives:

- Monetary tightening: Discount rate increased from 7.50 percent to 13.25 percent, an increase of 575 bps.
- Currency devaluation: During the year, PKR parity with US Dollar adjusted by approximately 34 percent.
- Lower intervention for Currency: State Bank of Pakistan (SBP) reduced FX intervention to support the PKR against the US Dollar.
- Restrictive Import Policies: Increase in Regulatory Duty and Customs Duties (especially on non-essential items) together with strict vigilance and crackdown on market practices of under-invoicing and undocumented imports.

As a result of these measures, the government managed to reduce the trade imbalance successfully; the current Account deficit for the fiscal year clocked in at USD 10.3 billion down 43% on a year on year basis. While these measures have created some fiscal space, the government continues to face significant headwinds created by weakened local demand, increased international borrowing and financing costs and reduced FX reserves.

During the outgoing year, the Country has entered into a program with International Monetary Fund (IMF) for budgetary support. The current IMF Program is designed to help the government achieve sustainable economic growth through increasing revenue and reducing expenses simultaneously. The USD 6 billion 3-year program hinges on bringing further structural reforms in the economy, which largely include debt sustainability, reduction in core budget deficit reducing the fiscal deficit, strengthening the Central Bank and better management or privatization of State-Owned Enterprises.

Overview of Financial Results

Despite significant macro-economic challenges, the Company continued its' strong performance during 2018-19. Sales revenue grew 16% year on year to PKR 22.4 billion. Profit after Tax recorded at PKR 3.15 billion (up 17% year on year) compared to PKR 2.69 billion during 2017-18.

Sales and Profitability

Financial Performance

	Rupees in Million			
	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Net Revenue	22,374	19,293	23,545	20,308
Profit Before Taxes	4,335	3,804	5,611	5,100
Taxation	1,180	1,118	1,648	1,548
Profit After Taxes	3,155	2,686	3,962	3,552
Earnings Per Share -Rupees	38.93	33.15	44.20	39.14

OVERVIEW OF BUSINESS SEGMENTS

The Company has two major business segments – the Engineering Segment and the Building Material & Allied Products Segment.

Engineering Segment

The Company's Engineering segment comprises of the Thermal Systems and Electric Systems. These businesses are primarily focused on manufacturing parts and components for the auto industry.

The turnover of the Engineering Segment for 2018-19 was recorded at PKR 14.9 billion, registering a growth of 18.4% year on year.

During the outgoing year, Thal Engineering segment continued to enhance its business with the OEMs.

Despite the potential to create more value for the local auto industry, we remain wary of the overall conditions for the domestic Auto Industry. During the outgoing year, Automotive sales volumes registered a decline of 7% for passenger cars and light commercial vehicles. High interest rates, weaker PKR and increased duties and taxes remain the usual suspects leading the contraction in the industry.

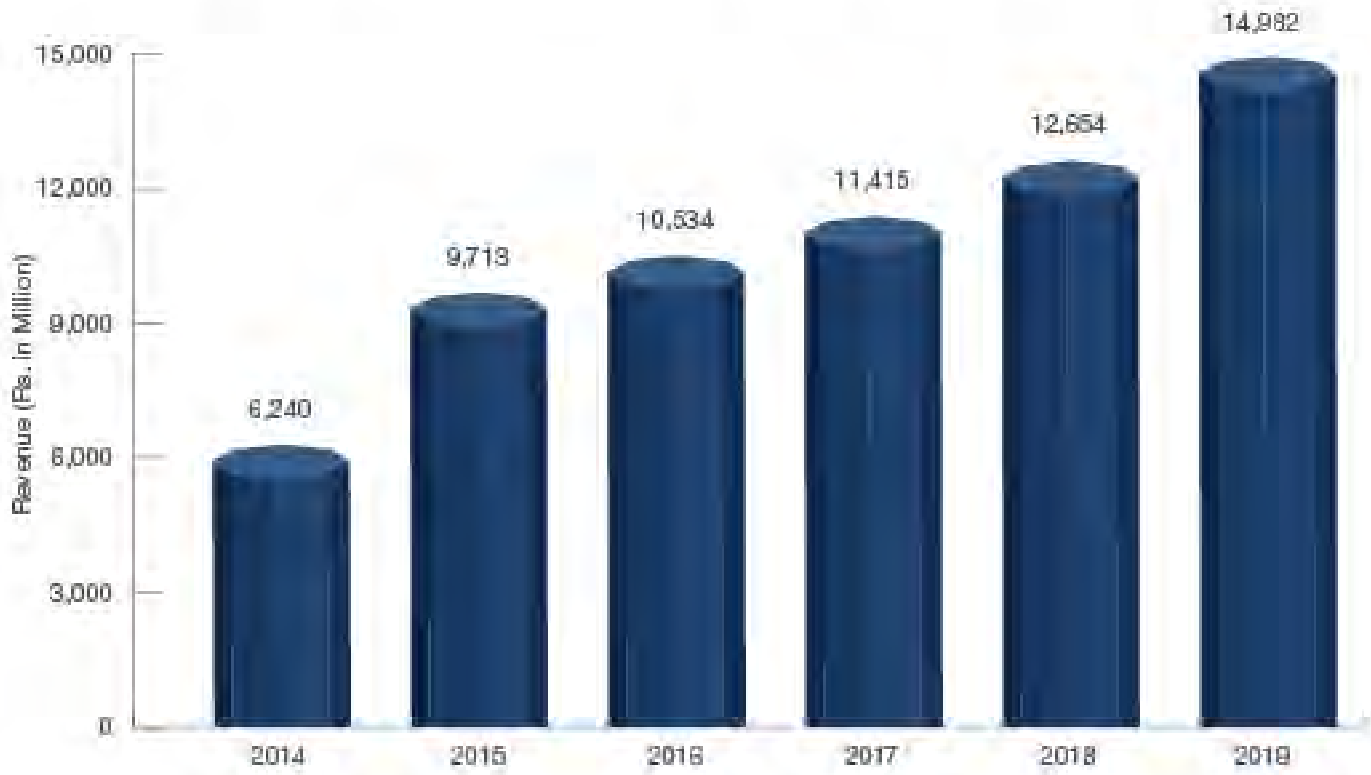
While we anticipate immediate and short-term demand to remain weak we expect that increased localization of parts will create potential opportunities in coming years as local auto manufacturers look increasingly within Pakistan to source their materials and equipment.

The Government's initiative to reduce import of used vehicles has yielded some positive opportunities for the local auto industry with a significant year on year decline of 48% in used car imports. We anticipate some of the consumer demand for vehicles to be captured by the local industry.

The management will continue its focus on improving quality, health, safety and environment initiatives while enhancing cost efficiencies through continuous process improvement.

Outlook

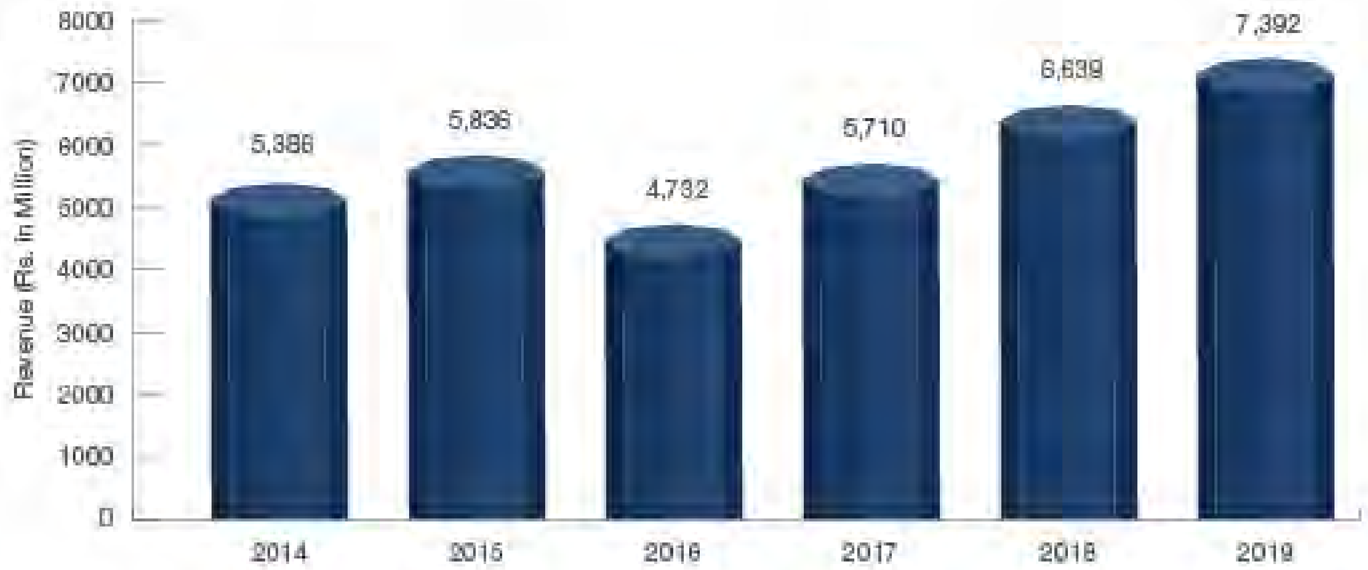
During the upcoming fiscal year, we anticipate that the auto sector will continue facing significant pressures on the back of weak economic growth, increased emphasis to improve tax base and collections. However, restrictions on imported vehicles are expected to provide breathing space to local industry volumes. The Company is expected to reap the benefits of some of these changes by capitalizing on localization opportunities in the midst of steep PKR devaluation.



Packaging, Building Materials & Allied Products Segment

The Company has three businesses in this segment – the Jute (known as Thal Jute), Papersack (known as Pakistan Papersack) and Laminates (known as Baluchistan Laminates).

During the outgoing year, the segment turnover registered a year on year increase of 11.3% (PKR 7.4 Billion compared to PKR 6.6 Billion last year).



Jute Business

The outgoing year was challenging for the jute industry, both with respect to the domestic and the international markets. Production and sales were lower during the outgoing year, primarily due to lower volume purchased for the wheat crop.

The business also faced considerable cost pressures from depreciating currency, higher international prices of raw jute, and the increasing cost of power. Despite these challenges, the Jute Business remained profitable and one of the leading manufacturers and suppliers of jute products in the country.

To improve its capability and resilience to face such challenges, the business has invested in new capital equipment to improve both operational capability and enhance quality. Significant efforts in cost reduction through improving productivity have also borne fruit. Moreover, management is focusing on product diversification and enhancing its customer base in local as well as in export markets.

The business espouses a strong Health, Safety & Environment (HSE) culture across the organization. More emphasis was placed on training & development of human resources and improving production efficiencies.

Outlook

In the coming season, the jute crop in Bangladesh and India has shown signs of improved availability.

In order to face the challenges ahead with the operation geared to improve product quality, enhance productivity, expand customer base and diversify product portfolio both in local as well as in export markets.

Papersack Business

During the outgoing year, the paper sack business faced slow demand from the cement sector on the back of a stagnant construction industry. However, the impact of lower volumes was mitigated partly by improved sales in other sectors. The business focused on lowering cost of production which together with improved paper sourcing and timely selling price adjustments sustained profitability.

The business now faces a major negative impact due to increased difference in Custom duty between paper and polypropylene despite paper being the more environmentally friendly product. The Management continues to remain engaged with regulatory authorities for rationalization of custom duties in order to create a level playing field.

In order to capitalize on the demand for sustainable packaging, the company has diversified into manufacturing of shopping bags. Whilst this is an untapped market, largely fed by the undocumented suppliers, we remain committed to its potential and are focused on improving efficiency and cost reduction activities to compete effectively.

Volumes of food grade packaging have steady healthy growth year on year with a focus on quality standard, and we maintain our status as a supplier to almost all global food chains operating in the Country. In compliance with the primary packaging requirements, the business has acquired ISO 22000 certifications, which was audited and re-certified during the year.

Outlook

The coming year is expected to remain challenging on the back of a further slowdown in demand from the cement industry. The increase in additional custom duty and exchange rate devaluation are also expected to adversely affect margins. To mitigate these risks, management is committed to tight cost controls and aiming for higher volumes in both domestic and export markets

A new production line for cement sacks will be functional in the 2nd half of the year which will have a positive impact on our capacity and production flexibility.

Laminates Business

The Laminates Business operates under the brand name "Formite" in three major segments. HPL (High Pressure Laminates), Compact Laminates and Lamination Boards (LPL). The Brand is known for its quality and adherence to corporate values, competing in a largely undocumented market environment.

The current year remained challenging for the laminates business with declining demand & volatility on the economic front (fluctuation in exchange rate, increase in gas and electricity tariffs). Frequent price adjustments to compensate for increasing costs led to depressed market sentiment and purchase indecisions by the market during the outgoing year.

Our new short cycle press for Low Pressure Laminates also became operational which supports higher efficiency and lower costs. Company also increased focus on exports, which showed an encouraging increase.

The business continued to promote its new product range and participated in "I am Karachi Public Art Festival" as well as IAPEX.

Outlook

The Government's thrust towards documentation of all sectors and the curtailment of undocumented sales is undoubtedly positive for the business in the long term. The company has always complied with all required tax and other statutory regulations sometimes leading to a price disadvantage against the undocumented sector. Should the efforts by the Government bear fruition the business will gain from a level playing field, though measures to document the sector are still being resisted by the retailers and expected to depress sales in the first quarter.

Thal Boshoku Pakistan (Private) Limited

Thal Limited holds 55% of the shareholding in Thal Boshuko Pakistan (Pvt) Ltd, while 25.4% is held by Toyota Boshoku Asia Corporation, 9.6% is held by Toyota Boshoku Corporation Japan and a further 10% shares are held by Toyota Tsusho Corporation Japan.

During the current year, construction of the new seat plant at Port Qasim-Karachi, was completed, along with the commissioning of all plant and machinery. The Company successfully completed all milestones of the project as set by the OEM and capitalized the plant in June 2019. Volume production is scheduled to commence from November 2019.

The turnover of the company during 2018-19 registered a growth of 22% on year on year basis, owing primarily to price variance resulting from devaluation of PKR.

Contribution to profit will improve post December 2019 as the business starts volume production.

On the existing operations side, all customer supplies requirements were met in time with "ZERO DEFECT" and the customers rated the business in the "GREEN ZONE" throughout the year. Focus remained on improving production efficiency, Kaizen and towards providing a healthy and safe working environment to our team members.

Outlook

Overall, the auto sector remains under pressure due to declining OEM offtake volumes which is expected to negatively impact the Company's top line. High inflationary environment is also expected to keep pressure on operating expenses. However, due to high quality products manufacturing in TBPK, OEMs are inclined to increase localization, which shall support business expansion.

Property Business

Makro-Habib Pakistan Limited

Makro Habib Pakistan Limited (MHPL) is a wholly owned subsidiary of Thal Limited and owns the Makro Saddar store. On September 11, 2015 the Honorable Supreme Court of Pakistan dismissed MHPL's Review Petition and consequently the Saddar Store was closed down.

On December 9, 2015, the Honorable Supreme Court of Pakistan accepted Army Welfare Trust's (AWT) request for restoration of its Review Petition. In its hearing held on February 2, 2016, the Honorable Chief Justice commented that while reviewing AWT's review petition, both MHPL and Ministry of Defence will also get a chance to argue their points on merit as they are respondents in AWT's petition.

AWT's review petition was fixed for hearing on October 17, 2017 before a new bench. However, there were no proceedings during the hearing on account of adjournment filed by counsel representing Shehri & KWSB.

Habib METRO Pakistan (Private) Limited

The main business of Habib METRO Pakistan (Private) Limited (HMPL) is to own and manage properties. Thal Limited holds 60% shareholding in HMPL while 40% is held by Metro Cash & Carry International Holding B.V. The company is exploring various business opportunities to complement the cash & carry retail rental business and to enhance enterprise value from its store locations.

During the year ended June 30, 2019, HMPL paid interim dividends of PKR 403 million to Thal Limited.

Investments in Energy Sector

Sindh Engro Coal Mining Company Limited (SECMC)
Sindh Engro Coal Mining Company ("SECMC") achieved commercial operations on 10th July 2019; which marks a historic milestone for Pakistan's Energy sector. Phase I of the Thar mining and power generation projects comprise Pakistan's first indigenous open pit coal mine which supplies 3.8 million tons of lignite coal per annum to a 2x330 MW power generation plant set up by (Engro Powergen Thar Private Limited) EPTL.

For Phase I of SECMC, the Board of Directors of Thal Limited approved a total exposure of Pak Rupee equivalent of US$ 36.1 million, which includes equity investment of US$ 24.3 million, SBLC of US$ 5 million for cost over-run and US$ 6.8 million for debt servicing reserve (adjustable due to LIBOR/KIBOR movement). Phase I of SECMC mining project has been completed within time and with significant cost savings.

Phase II of SECMC is on course to achieving Financial Close. The tariff has been determined by Thar Coal & Energy Board while the financing documents are in the process of being executed.

SECMC has entered into Coal Supply Agreements with ThalNova Power Thar (Pvt) Ltd and Thar Energy Ltd to supply additional 1.9 million tons of lignite per annum to each 330 MW power plant respectively.

Investments in Energy Sector

Thal Power (Private) Limited

ThalNova Power Thar Private Limited ("ThalNova") is a joint venture between Thal Power Limited, Nova Powergen Ltd (subsidiary of Novatex Ltd) and Hub Power Company to set up a 330 MW mine mouth coal-fired power generation plant located at Thar, Sindh. This power plant will be run on indigenous coal extracted from the mine operated by SECMC.

ThalNova has obtained the Letter of Support (LOS) from the Private Power Infrastructure Board (PPIB). National Electric Power Regulatory Authority (NEPRA) has issued the Generation License and awarded the Upfront Tariff on Thar coal to the project company. ThalNova has also been issued a No Objection Certificate (NOC) by the Sindh Environmental Protection Agency (SEPA).

China Machinery & Engineering Corporation has been appointed as the EPC Contractor. ThalNova has entered into Coal Supply Agreement (CSA) with SECMC to supply 1.9 million tons per annum of lignite. It has also entered into a Power Purchase Agreement (PPA) with the Central Power Purchase Agency (Guarantee) Ltd (CPPA) and the Implementation Agreement ("IA") with Private Power Infrastructure Board (PPIB).

China Development Bank ("CDB") and Habib Bank Limited ("HBL") have been engaged for arrangement of foreign and local currency project debt respectively. ThalNova executed key financial agreements with project lenders in July this year and is on course for achieving financial close.

ThalNova (through shareholder's equity) has given Mobilization Advance along with Limited Notice to Proceed (LNTP) to the EPC contractor i.e. China Machinery and Engineering Corporation to initiate work on the site and expedite the achievement of Commercial Operations Date of the Project.

Human Resources

Thal Limited continues to actively focus on providing growth opportunities to high potential people and to prepare them for future leadership positions; development plans are being implemented through rotations, international and local trainings and enriched assignments

Keeping our commitment with the culture of developing and enabling our employees to reach their full potential, a Learning Fair with a motto to educate, evolve and enlighten employees was again held this year. This one-week long intervention, conducted by renowned local and international trainers delivered 12 different training programs (which included both soft skill development and technical skill development).

International Trainings and exposure is a critical part of people development where employees get a chance to learn global best practices and execute them locally. Staff from Thal Boshoku Pakistan and Thal Electrical, visited Toyota Boshoku and Yazaki to learn machine operations and implement best practices at our plants.

To strengthen our robust and transparent recruitment system, a new online game-based talent assessment tool with the name of Mission Believe was launched and implemented during the outgoing year. The program aims to acquire the best suited talent for our Management Trainee Program and our Graduate Trainee Engineer Program and builds the company-wide pipeline of emerging leaders. In total 17 MTOs were hired for HOH and 2 Trainee Engineers were hired for Thal Engineering after a thorough cognitive and behavioral assessment process.

Thal Engineering takes pride in having a diverse and inclusive workforce, where every individual has an equal opportunity to represent and contribute. We remain committed to hiring talent irrespective of any disabilities. During the year, 31 persons with disabilities (PWDs) were hired and Thal continues its culture of acceptability.

Health, Safety & Environment (HSE)

Across all business segments, we desire a working environment in which safety is deeply embedded in operations and business culture. Our goal is to prevent any injuries and ensure that Thal Engineering remains a safe place to work. Throughout the year the businesses undertook significant initiatives to incorporate a strong consideration for the safety of our people, plants and the planet and consequently we were able to reach 2.8 million safe man hours.

Moreover, we maintained our focus on safety management systems keeping in view international best practices including Occupational Safety and Health Administration (OHSAS) and were duly recognized by Employers Federation of Pakistan, who awarded Thal Engineering 2nd prize on 'Best Practices award for OSH&E 2019' in the Processed & Allied sectors.

Thal Engineering possesses and maintains a range of certificates to remain compliant with international best practices. These are the 'signs on the wall' of the efforts we make to improve our HSE level in a continuous way. Recently, Thal Engineering undertook a transition from OHSAS 18001 to ISO 45001, a new standard to strengthen its HSE policies and capability.

We are also cognizant of our responsibility to the planet both as a socially caring organization and as an entity that is signatory to the United National Global Compact. Throughout the year, by maintaining focus on this area, we were able to reduce our Carbon Footprint at Thal Engineering by 2.23% as against a targeted reduction of 2%. These best practices were recognized by National Forum for Environment and Health, who awarded Thal Engineering with the Environment Excellence award 2019.

Corporate Social Responsibility (CSR)

As part of our continuing commitment towards improving the quality of life of our stakeholders, our communities and the underprivileged sections of the society, we contributed PKR 51.2 million under our social investment commitments in 2018-19, as compared to PKR 45.4 million in 2017-18. These programs, which span all our business segments are primarily focused in the broad areas of education, healthcare, employee welfare, community development, environment and disaster relief.

We truly believe that access to quality primary and secondary healthcare is a basic right of every individual. Cognizant of this responsibility to our communities throughout the year, we endeavored to support leading healthcare institutions through direct monetary support – this included contribution to Indus Hospital, Northern Area Eye Hospital, Masoomen Hospital Trust, Huseini Hematology & Oncology Trust and Mohammadi Blood Bank amongst others.

In the category of education, we continued to support our flagship Habib University Foundation that offered scholarships and financial aid to a large number of deserving students. In addition, the various business segments continued to support institutions including TCF, Thar Foundation, Habib Education Trust, Gulaman-e-Abbas School and HELP amongst others to help improve provision of education to under-privileged sections of the society.

As an organization, we pride ourselves on our deep understanding of our responsibility to the society and our people - who remain our core enduring advantage. With this guiding principle, this year again we ran programs that aimed to enhance employee welfare and support them in multiple causes.

In the CSR ambit, Thal Engineering organized two Blood Donation Camps on different occasions in 2018-19 to facilitate Husaini Blood Bank and Indus Hospital

Other Subsidiaries

Noble Computer Services (Private) Limited

The Company continues to provide services related to Internal Audit, IT, Advisory, HR and other management related services to group companies of House of Habib. The Company is a wholly owned subsidiary of Thal Limited.

Pakistan Industrial Aids (Private) Limited

Through its trading operations, the Company continued its business of supplying auto parts, such as compressors, condensers, cooling units and gas to automobile assemblers and auto parts manufacturers. It is a wholly owned subsidiary of Thal Limited.

A-One Enterprises (Private) Limited

A-One Enterprises Private Limited is a fully owned subsidiary of Thal Limited. It is currently evaluating new investments options.

Information Technology (IT)

The increasing complexity in business environments and rapid development of information systems worldwide has positioned IT to increasingly play a strategic role in the organization. The Company's management is actively engaged in continuously evaluating the robustness of its IT systems to meet the daily demands of its business.

During the year, management conducted successful implementation of the SAP Supply Chain modules in its Building and Allied Segment - to support robust decision-making through a common platform across its businesses.

The Paper sack business of Thal Limited also implemented Customer Relationship Management module and SAP Production Planning Module to allow real-time conversion of customer requirements and augment supply chain efficiency. The Company also implemented Materials Requirement Planning and Plant Maintenance module of SAP which shall be integrated with the sales, inventory and financial modules of SAP.

As different businesses operate from different locations, it is critical to ensure that all sites are connected and accessible through a common business application platform. The Company deployed Multi-protocol label switching (MPLS) to ensure secure and reliable connections for real-time applications, speed, availability of network, centralized monitoring and cost saving.

Related Party Transactions

All transactions with related parties have been executed in accordance with applicable regulations and have been disclosed in the financial statements under relevant notes.

Internal Financial Controls

The Company and its subsidiaries have deployed an effective system of Internal Financial Controls to safeguard its assets and ensure the accuracy and reliability of its records. Senior management reviews financial performance of the Company and its subsidiaries through detailed monthly financial reports and analysis while the Board also carries out its own review at each quarter and probes into any variation versus budgets. Detailed examinations are regularly carried out by the internal audit function in adherence to internal procedures; the internal audit function reports its findings to the Board Audit Committee as per best practice.

Forward-looking Statement

Under the prevailing economic and business environment, corporates in Pakistan are faced with a myriad of challenges. Thal Limited is also striving to reposition itself to sustain existing businesses as well as take advantage of growth opportunities in the coming years. The Company is already diversified across multiple manufacturing sectors, each with their own dynamics, risks and opportunities.

The largest business segment of the Company is its Engineering segment. Under the current Auto Investment Policy, several new OEM entrants have commenced work on establishing their assembly plants in Pakistan. The auto vendor industry will remain under pressure in the medium term since the new entrants are not required to localize in the near future. However, in the long term this segment remains well-poised for growth.

The Building & Allied Products Segment plays a significant role in the growth of the Company. The businesses are focusing on increasing customer base, cost controls, improving productivity and investing in new more efficient machinery to counter tough economic conditions.

The Company continues to see huge potential in the China-Pakistan Economic Corridor (CPEC). The Company further diversified its interests by being engaged in developing Pakistan's first open pit coal mining project at Thar – a flagship CPEC project, through its investment in the Sindh Engro Coal Mining Company (SECMC).

The Company has further ventured into the power generation sector in a joint venture with Hub Power Company, Novatex Ltd and other Chinese partners and is pursuing financial close of its 330 MW coal-fired power generation plant at Thar, Sindh.

Risks and Uncertainties facing the Company

The Management is cognizant that the Company faces various types of risks to the business - both internal and external. The Company has established an Enterprise Risk Management (ERM) system. ERM is the process of identifying, assessing, prioritizing, evaluating and mitigating the risks and challenges faced by the business. Risk management is the primary responsibility of the management of the Company. It is overseen and assisted by the Internal Audit Function and the Board of Directors in line with policies & procedures that are in place to counter any potential risks.

The Company has enumerated these risks as:

- Strategic Risk
- Financial Risk
- Foreign Currency Risk
- Credit Risk
- Interest Rate Risk
- Internal Control Risk
- Operational / Commercial Risk
- Competitors Risk / Technological & Innovation Risk
- Regulatory Risk
- Health Safety and Environment

Mitigating strategies are in place and the Company continues to monitor and re-evaluate them through the ERM system.

Contribution to National Exchequer

During the year 2018-19, the Company contributed a sum of Rs. 7.08 billion (2017-18, Rs. 5.55 billion) towards the National Exchequer by way of taxation (including super tax), custom duties, levies, excise duty and WWF.

Remuneration Policy of Non-Executive Directors

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Auditors

The current auditors Messrs. EY Ford Rhodes, Chartered Accountants, retire and being eligible offered themselves for re-appointment as auditors for the year 2019-20. Their reappointment has also been recommended by the Board Audit Committee.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2019 is attached to this report.

The Board has determined the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the Company Secretary, as those executives whose reporting is to be made to the PSX in respect of trading in Company shares.

Reconstitution of the Board's Sub Committee

Mr. Muhammad Tayyab Ahmad Tareen was appointed as member of the Board's Human Resource and Remuneration Committee with effect from July 1, 2019.

Directors training program

Mr. Rafiq M. Habib, Mr. Ali S. Habib, and Mr. Salman Burney are exempted by SECP from the Directors Training Program as each has requisite qualification and experience of serving on the Boards. Mr Asif Qadir, Ms Aliya Saeeda Khan and Mr Mohamedali R. Habib are certified by PICG

Compliance with the Code of Corporate Governance Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the Management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt) Ltd., who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- All members of the Audit Committee are indepenent/ non-executive Directors.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The value of investment of provident fund and retirement fund stands at Rs. 552 million and Rs. 62 million respectively as at June 30, 2019.
- The key operating & finance data for the last 6 years are annexed to the report.

The names of the Board members during the year are as stated below, along with their respective attendance in the seven (7) Board meetings that were held during the year:

Sr. No.	Names of Directors	Meeting Attended
1	Mr. Rafiq M. Habib (Chairman)	3/7
2	Mr. Sohail P. Ahmed*	6/7
3	Mr. Ali S. Habib	7/7
4	Mr. Mohamedali R. Habib	2/7
5	Mr. Asif Qadir	7/7
6	Mr. Salman Burney	7/7
7	Mr. Mazhar Valjee**	7/7
8	Ms. Roshan B. Mehri (Alternate Director)	4/7
9	Ms. Aliya Saeeda Khan (Appointed on Sept 14,2018)	4/7

(i) During the year the Audit Committee met 4 times and attendance of the Directors was as follows:

Sr. No.	Names of Directors	Meeting Attended
1	Mr. Asif Qadir (Chairman)	4/4
2	Mr. Mohamedali R. Habib	2/4
3	Mr. Sohail P. Ahmed*	4/4
4	Mr. Salman Burney	4/4

* Mr. Sohail P. Ahmed has resigned with effect from September 20, 2019.
** Mr. Mazhar Valjee has resigned with effect from June 30, 2019.

(ii) During the year Human Resources & Remuneration Committee met once and the attendance of the Directors was as follows:

Sr. No.	Names of Directors	Meeting Attended
1	Mr. Asif Qadir (Chairman)	1/1
2	Mr. Ali S. Habib	1/1
3	Mr. Salman Burney	1/1
4	Mr. Mazhar Valjee	1/1

Dividend and Appropriations

The Directors propose following appropriations out of the profit for the current year:

- Final cash Dividend declared of Rs. 5.50 per share, i.e., 110% in addition to interim dividends of Rs 2.50 per share, i.e., 50%.
- Recommends appropriating a sum of Rs 2.5 billion from un-appropriated profits to General Reserve.

Acknowledgement

On behalf of the Board of Directors and the management, I wish to express sincere gratitude to our shareholders, customers, dealers and business partners for their continuing patronage and trust. I would also like to thank all regulatory authorities for their guidance and support. Last but not least, the Board of Directors extends its sincere appreciation to its entire staff members for their significant contribution to the growth of our Company under the challenging business conditions.

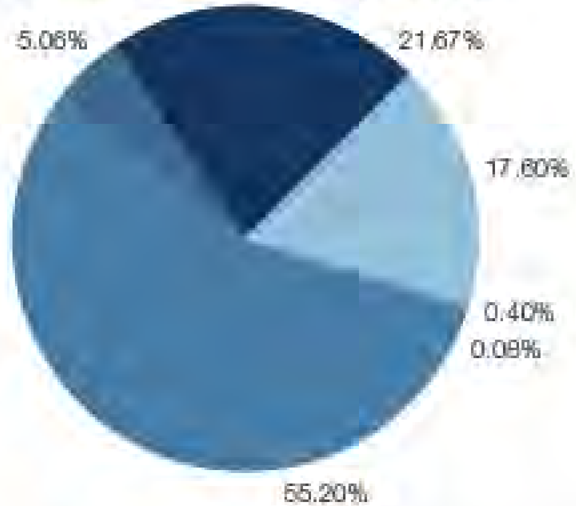
Dated: September 20, 2019.

Chief Executive Officer
Karachi.

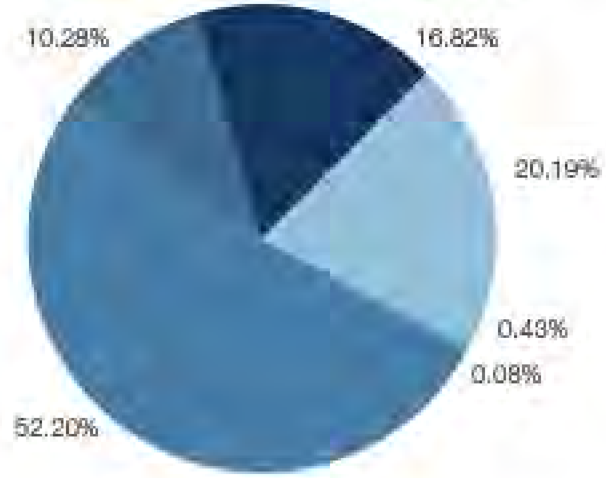
STATEMENT OF VALUE ADDITION

	2019		2018	
WEALTH GENERATED	Rs. 000	%	Rs. 000	%
Gross Revenue	26,073,129	94.49%	22,181,339	93.88%
Other Income	1,521,134	5.51%	1,446,166	6.12%
	27,594,263	100.00%	23,627,505	100.00%
Bought in Material, Services and Other Expenses	14,776,087	53.55%	12,984,524	54.96%
	12,818,176	46.45%	10,642,981	45.04%
WEALTH DISTRIBUTED	Rs. 000	%	Rs. 000	%
Employees				
Salaries, Wages & Other Benefits and WPPF	2,255,762	17.60%	2,148,690	20.19%
Society				
Donations towards Education, Health and Environment	51,236	0.40%	45,414	0.43%
Providers of Finance				
Finance Costs	9,805	0.08%	8,869	0.08%
Government				
Contribution to National Exchequer	7,076,057	55.20%	5,555,431	52.20%
Shareholders				
Dividend	648,241	5.06%	1,093,906	10.28%
Retained within the Business for Future Growth	2,777,075	21.67%	1,790,671	16.82%
	12,818,176	-	10,642,981	-

Wealth Distribution - 2019



Wealth Distribution - 2018



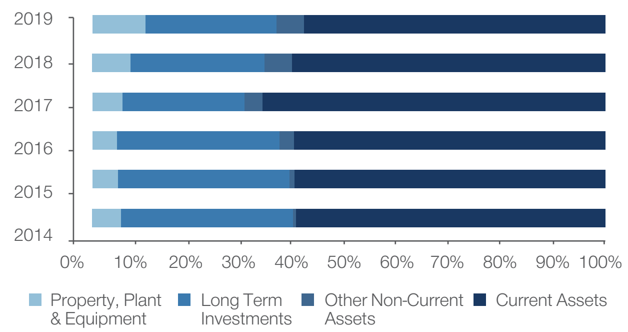
Employees Society Providers of Finance
Government Shareholders Profit Retained

FINANCIAL PERFORMANCE SIX YEARS AT A GLANCE

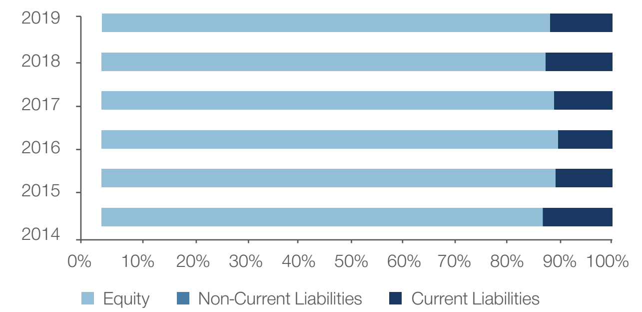
	2019	2018	2017	2016	2015	2014
Summary of Balance Sheet						
Property, Plant and Equipment	2,188	1,410	1,019	651	599	609
Intangible Assets	91	15	10	9	8	-
Investment Property	1	1	1	1	1	1
Long Term Investments	5,432	4,938	4,144	4,342	4,065	3,654
Long Term Loans	861	788	411	60	5	5
Long Term Deposits	15	13	14	8	8	6
Long Term Prepayments	-	-	-	-	-	4
Deferred Tax Asset	165	191	187	298	84	46
Net Current Assets	9,879	9,084	9,649	6,860	6,004	5,096
	18,632	16,440	15,435	12,229	10,774	9,421
Non-Current Liabilities						
Long Term Deposits	1	2	2	2	2	2
	1	2	2	2	2	2
Net Assets Employed	18,631	16,438	15,433	12,227	10,772	9,419
Financed by						
Issued , Subscribed and Paid-up Capital	405	405	405	405	405	405
Reserves	18,226	16,033	15,028	11,822	10,367	9,014
Shareholders' Equity	18,631	16,438	15,433	12,227	10,772	9,419
Summary of Profit & Loss						
Sales	22,374	19,293	17,124	15,266	15,549	11,626
Gross Profit	4,157	3,661	3,633	3,369	2,944	1,810
Profit Before Taxation	4,335	3,804	5,447	2,979	2,945	1,776
Profit After Taxation	3,155	2,686	3,966	2,179	2,149	1,361
Summary of Cash Flows						
Cash Flows from Operating Activities	(802)	304	1,664	759	1,951	220
Cash Flows from Investing Activities	2,000	(2,256)	66	398	303	1,387
Cash Flows from Financing Activities	(883)	(1,677)	(802)	(705)	(793)	(998)
Cash and Cash Equivalents at Year End	1,657	1,342	4,970	4,043	3,591	2,129

GRAPHICAL PRESENTATION SIX YEARS AT A GLANCE

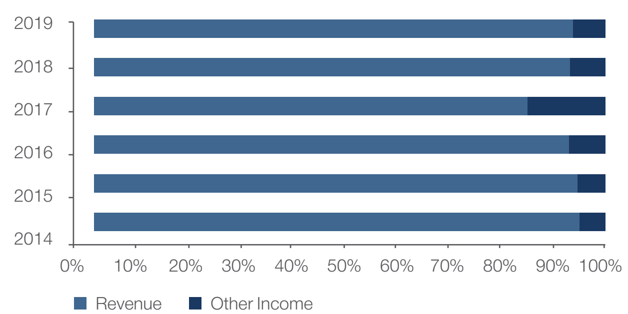
Balance Sheet Analysis Assets (%)



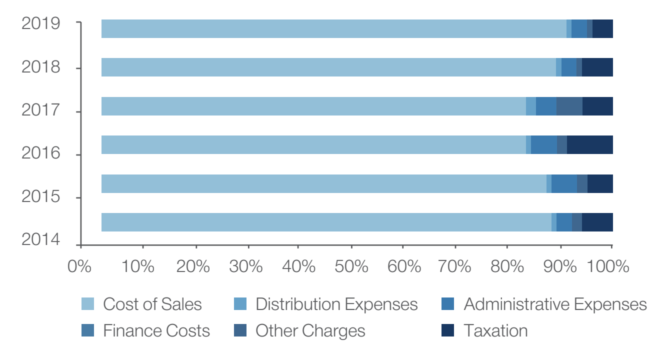
Balance Sheet Analysis Equity & Liabilites (%)



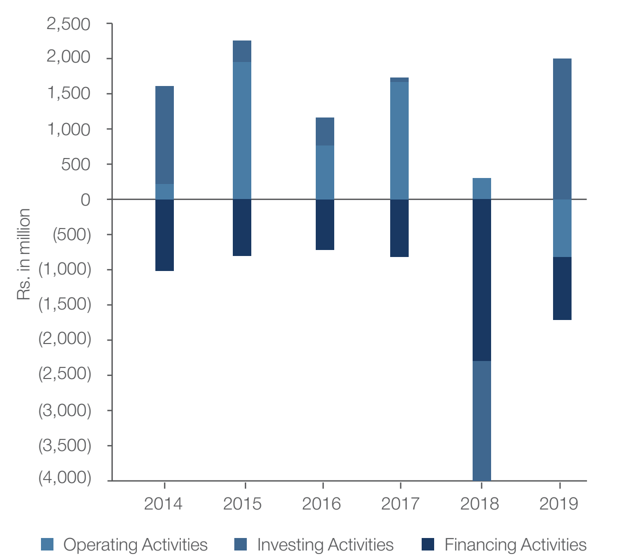
Profit & Loss Analysis Income (%)



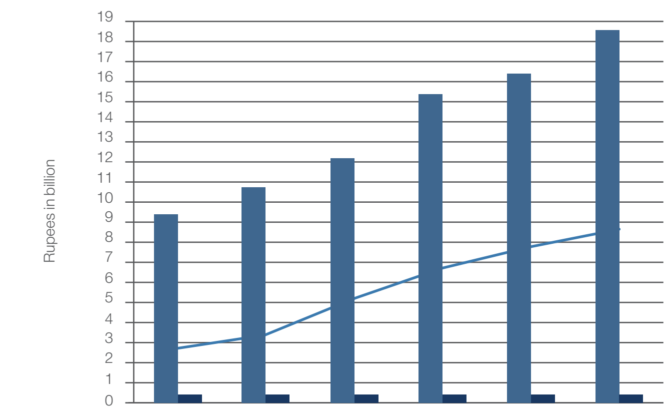
Profit & Loss Analysis Expenses (%)



Cash Flow Analysis



Equity,Paid-Up Capital & Accumulated Dividend



	2014	2015	2016	2017	2018	2019
Equity	9.42	10.77	12.23	15.43	16.44	18.63
Paid-up Capital	0.41	0.41	0.41	0.41	0.41	0.41
Accumulated Dividend	2.76	3.36	5.19	6.79	7.88	8.53

HORIZONTAL ANALYSIS

	2019		2018		2017		2016		2015		2014	
	Rs in million	19 Vs. 18 %	Rs in million	18 Vs. 17 %	Rs in million	17 Vs. 16 %	Rs in million	16 Vs. 15 %	Rs in million	15 Vs. 14 %	Rs in million	14 Vs. 13 %
BALANCE SHEET												
EQUITY AND LIABILITIES												
Equity	18,631	13.3%	16,438	6.5%	15,433	26.2%	12,228	13.5%	10,772	14.4%	9,419	4.2%
Non-Current Liabilities	1	-50.0%	2	0.0%	2.0	23.15%	1.62	-5.3%	2	0.0%	2	0.0%
Current Liabilities	2,590	4.6%	2,477	24.35%	1,992	36.8%	1,456	7.4%	1,356	-8.9%	1,489	2.7%
Total Equity & Liabilities	21,222	12.2%	18,917	8.5%	17,427	27.3%	13,686	12.8%	12,130	11.2%	10,910	4.0%
ASSETS												
Non-Current Assets	8,752	18.9%	7,358	27.2%	5,786	7.8%	5,370	12.5%	4,771	10.3%	4,326	3.6%
Current Assets	12,470	7.9%	11,559	-0.7%	11,641	40.0%	8,316	13.0%	7,359	11.8%	6,584	4.2%
Total Assets	21,222	12.2%	18,917	8.5%	17,427	27.3%	13,686	12.8%	12,130	11.2%	10,910	4.0%
PROFIT AND LOSS ACCOUNT												
Turnover - net	22,374	16.0%	19,293	12.7%	17,124	12.2%	15,266	-1.8%	15,549	33.7%	11,626	-8.9%
Cost of Sales	18,217	16.5%	15,632	15.9%	13,491	13.4%	11,897	-5.6%	12,605	28.4%	9,816	-5.8%
Gross Profit	4,157	13.5%	3,661	0.8%	3,633	7.8%	3,369	14.4%	2,944	62.7%	1,810	-22.7%
Distribution Costs	288	31.7%	219	18.0%	186	-25.5%	249	25.6%	199	25.6%	158	-10.2%
Administrative Expenses	754	-7.4%	814	9.7%	742	29.5%	573	20.3%	476	29.4%	368	7.8%
Other Income	(1,521)	5.2%	(1,446)	-53.3%	(3,096)	165.1%	(1,168)	30.1%	(898)	43.7%	(625)	6.3%
Other Charges	292	11.4%	262	-24.1%	345	-52.9%	732	236.7%	217	69.8%	128	-25.9%
Operating Profit	4,344	14.0%	3,812	-30.1%	5,457	82.9%	2,983	1.1%	2,950	65.6%	1,781	-20.5%
Finance Costs	9.81	8.9%	9.00	5.7%	8.51	122.8%	3.82	-19.6%	4.75	3.0%	4.61	-63.3%
Profit Before Taxation	4,334	13.9%	3,804	-30.2%	5,448	82.9%	2,979	1.2%	2,945	65.8%	1,776	-20.2%
Taxation	1,180	5.5%	1,118	-24.5%	1,481	85.0%	800	0.5%	796	92.1%	414	-31.2%
Profit After Taxation	3,154	17.4%	2,686	-32.3%	3,967	82.1%	2,179	1.4%	2,149	57.8%	1,362	-16.1%

VERTICAL ANALYSIS

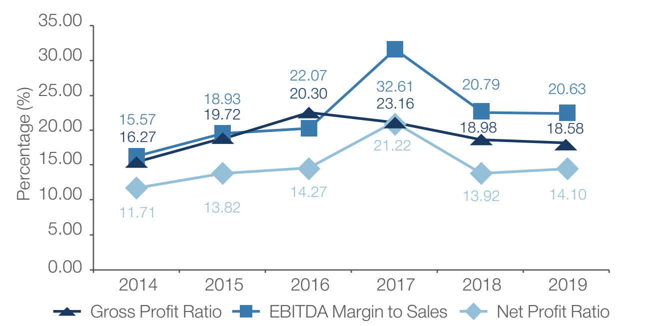
	2019		2018		2017		2016		2015		2014	
	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
BALANCE SHEET												
EQUITY AND LIABILITIES												
Equity	18,631	87.8%	16,438	86.9%	15,433	88.6%	12,228	89.3%	10,772	88.8%	9,419	86.3%
Non-Current Liabilities	1	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Current Liabilities	2,590	12.2%	2,477	13.1%	1,992	11.4%	1,456	10.6%	1,356	11.2%	1,487	13.6%
Total Equity & Liabilities	21,222	100.0%	18,917	100.0%	17,427	100.0%	13,686	100.0%	12,130	100.0%	10,908	100.0%
ASSETS												
Non-Current Assets	8,752	41.2%	7,357	38.9%	5,786	33.2%	5,370	39.2%	4,771	39.3%	4,324	39.6%
Current Assets	12,470	58.8%	11,560	61.1%	11,641	66.8%	8,316	60.8%	7,359	60.7%	6,584	60.4%
Total Assets	21,222	100.0%	18,917	100.0%	17,427	100.0%	13,686	100.0%	12,130	100.0%	10,908	100.0%
PROFIT AND LOSS ACCOUNT												
Turnover - net	22,374	100.0%	19,293	100.0%	17,124	100.0%	15,266	100.0%	15,549	100.0%	11,626	100.0%
Cost of Sales	18,217	81.4%	15,632	81.0%	13,491	78.8%	11,897	77.9%	12,605	81.1%	9,816	84.4%
Gross Profit	4,157	18.6%	3,661	19.0%	3,633	21.2%	3,369	22.1%	2,944	18.9%	1,810	15.6%
Distribution Costs	288	1.3%	219	1.1%	186	1.1%	249	1.6%	199	1.3%	158	1.4%
Administrative Expenses	754	3.4%	814	4.2%	742	4.3%	573	3.8%	476	3.1%	368	3.2%
Other Income	(1,521)	-6.8%	(1,447)	-7.5%	(3,096)	-18.1%	(1,167)	-7.6%	(898)	-5.8%	(625)	-5.4%
Other Charges	292	1.3%	262	1.4%	345	2.0%	732	4.8%	217	1.4%	128	1.1%
Operating Profit	4,344	19.4%	3,813	19.8%	5,456	31.9%	2,983	19.5%	2,950	19.0%	1,780	15.3%
Finance Costs	10	0.04%	9	0.05%	9	0.05%	4	0.03%	5	0.03%	5	0.04%
Profit Before Taxation	4,334	19.4%	3,804	19.7%	5,447	31.8%	2,979	19.5%	2,945	18.9%	1,776	15.3%
Taxation	1,180	5.3%	1,118	5.8%	1,481	8.6%	800	5.2%	796	5.1%	414	3.6%
Profit After Taxation	3,154	14.1%	2,686	13.9%	3,966	23.2%	2,179	14.3%	2,149	13.8%	1,361	11.7%

SIX YEARS' RATIO ANALYSIS

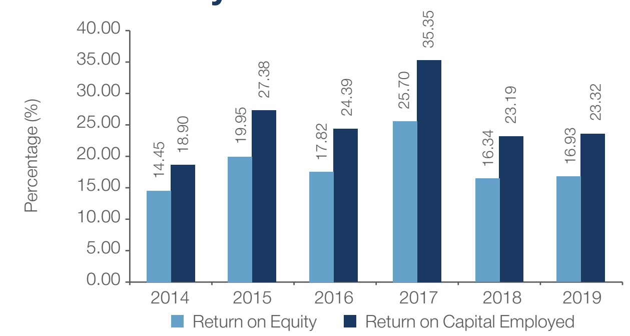
		2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross Profit	%	18.58	18.98	21.22	22.07	18.93	15.57
EBITDA Margin to Sales	%	20.63	20.79	32.61	20.30	19.72	16.27
Net Profit Margin	%	14.10	13.92	23.16	14.27	13.82	11.71
Return on Equity	%	16.93	16.34	25.70	17.82	19.95	14.45
Return on Capital Employed	%	23.32	23.19	35.35	24.39	27.38	18.90
Liquidity Ratios							
Current Ratio	times	4.82	4.67	5.84	5.71	5.43	4.43
Quick Ratio	times	2.59	3.02	4.33	3.75	3.67	2.29
Cash to Current Liabilities	times	0.64	0.54	2.49	2.78	2.65	1.43
Cash Flow from Operations to Sales	times	0.02	0.07	0.10	0.05	0.13	0.07
Activity/Turnover Ratios							
Inventory Turnover	times	3.80	4.55	4.75	4.70	4.68	3.54
Inventory Turnover	days	96.07	80.18	76.81	77.61	77.99	103.15
Inventory Turnover - Finished Goods	times	32.17	31.10	27.89	33.36	35.54	30.42
Inventory Turnover - Finished Goods	days	11.35	11.74	13.09	10.94	10.27	12.00
Inventory Turnover - Raw Material	times	3.95	4.85	5.27	5.29	4.86	3.64
Inventory Turnover - Raw Material	days	92.33	75.21	69.23	68.96	75.07	100.31
Debtors Turnover	times	13.48	17.32	19.25	16.62	17.85	14.03
Average Collection Period	days	27.07	21.07	18.96	21.96	20.45	26.02
Creditors Turnover	times	27.07	29.93	50.12	49.29	38.15	31.60
Payable Turnover	days	13.48	12.20	7.28	7.41	8.93	12.24
Operating Cycle	days	109.66	89.06	88.49	92.16	89.50	116.92
Total Assets Turnover	times	1.05	1.02	0.98	1.12	1.28	1.07
Fixed Assets Turnover	times	9.82	13.54	16.64	23.12	25.60	19.10
Investment/Market Ratios							
Earnings Per Share	Rs.	38.93	33.15	48.95	26.89	26.52	16.80
Price Earnings Ratio	times	9.35	14.41	12.38	10.53	10.76	12.34
Cash Dividend Per Share	Rs.	8.00	13.50	19.75	10.00	12.50	7.50
Dividend Yield	%	2.20	2.83	3.26	3.53	4.38	3.62
Dividend Payout	%	20.55	40.73	40.35	37.19	47.13	44.64
Dividend Cover	times	4.87	2.46	2.48	2.69	2.12	2.24
Market Value Per Share - June 30	Rs.	364.06	477.53	606.03	283.02	285.43	207.39
Market Value Per Share - High	Rs	471.98	590.23	697.12	321.99	329.62	218.00
Market Value Per Share - Low	Rs	347.85	477.53	317.81	230.98	187.33	107.15
Market Capitalization	Rs. 000	29,499,749	38,694,212	49,106,556	22,933,085	23,128,367	16,804,793
Breakup Value - Net Assets Per Share - Without Surplus on Revaluation on Fixed Assets	Rs.	229.93	202.86	190.46	150.90	132.94	116.24
Capital Structure Ratios							
Financial Leverage	%	13.91	15.09	12.92	11.92	12.61	15.81
Debt Equity Ratio	%	0.01	0.01	0.01	0.01	0.02	0.02
Interest Cover	times	443.08	429.85	640.99	780.85	621.18	386.13

GRAPHICAL PRESENTATION OF RATIOS

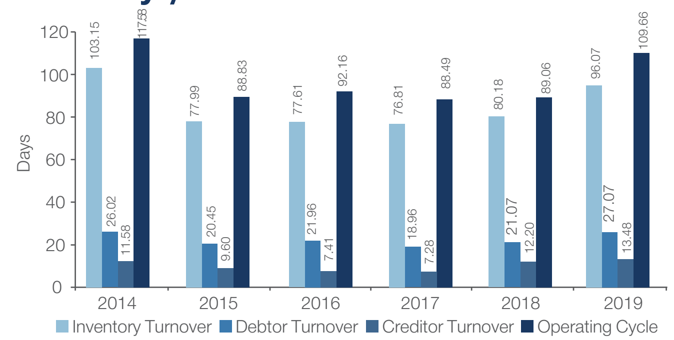
Profitability Ratios



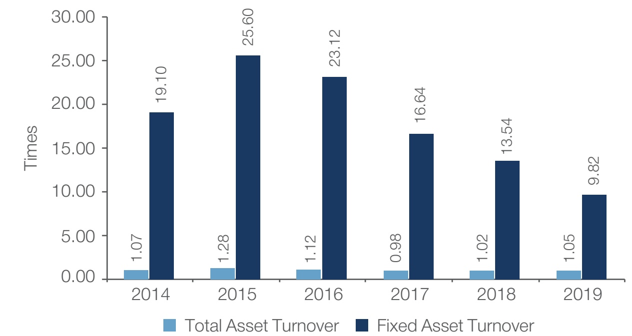
Profitability Ratios



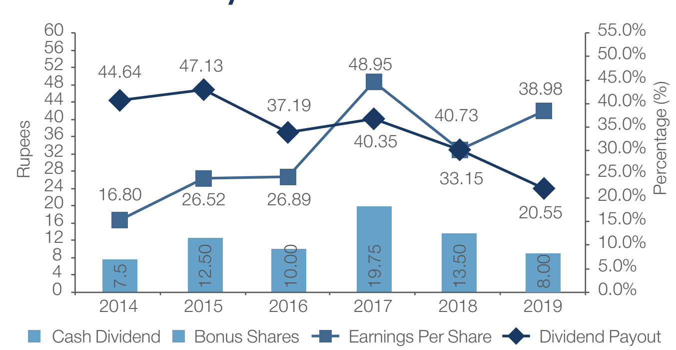
Acitivity / Turnover Ratios



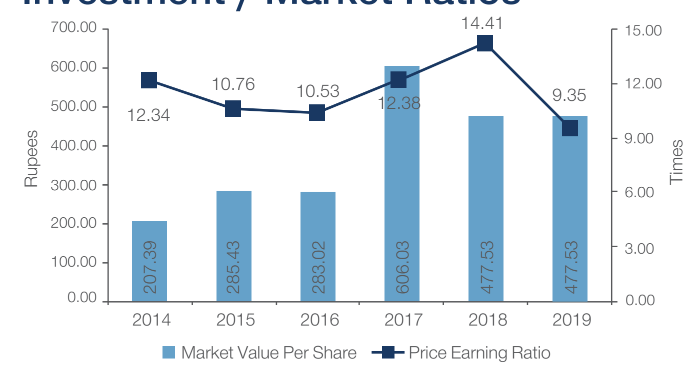
Acitivity / Turnover Ratios



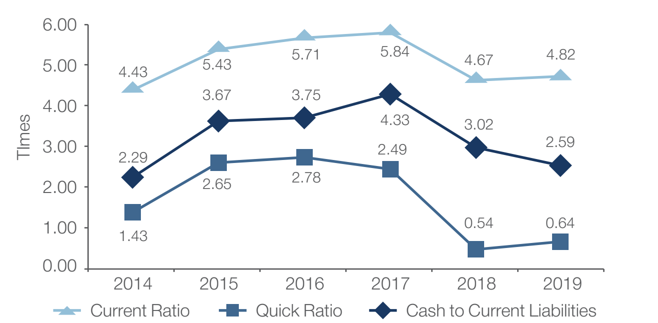
Investment / Market Ratios



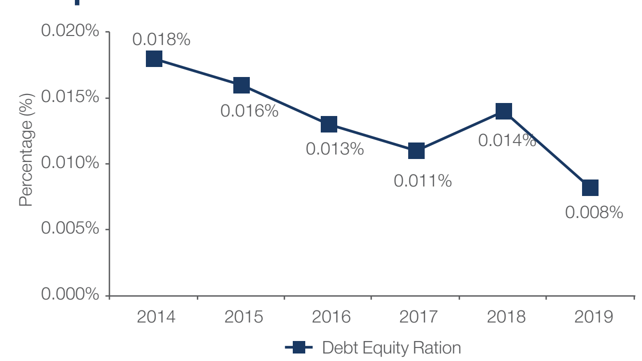
Investment / Market Ratios



Liquidity Ratios



Capital Structure Ratio



FOSTERING HARMONY

SHAREHOLDER INFORMATION

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of the Company will be held on Saturday, October 26, 2019 at 10:15 AM at Khursheed Mahal, Avari Towers, Fatima Jinnah Road, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Directors' and Auditors' Report thereon.

2. To approve a final cash dividend of 110% (i.e. Rs. 5.50 per share) for the year 2018-19 as recommended by the Board of Directors. This is in addition to the Interim Dividend, of 50% i.e. Rs 2.50 per share already paid. The total dividend for 2018-19 will thus amount to 160% i.e. Rs. 8.00 per share.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

4. To elect 07 (seven) directors of the Company as fixed by the Board of Directors in their meeting held on September 20, 2019 for a term of three years commencing from December 01, 2019, in accordance with the provisions of Section 159(1) of the Companies Act, 2017. The names of the retiring Directors who are eligible for re-election are:

1. Mr. Rafiq M. Habib	2. Mr. Ali S.Habib
3. Mr. Mohamedali R. Habib	4. Mr. Muhammad Tayyab Ahmad Tareen
5. Ms. Aliya Saeeda Khan	6. Mr. Asif Qadir
7. Mr. Salman Burney	

B. SPECIAL BUSINESS.

5. To consider, and if thought fit, pass the following resolutions as Special Resolution, with and without modification, to obtain consent from the Members for granting loan by the Company to its subsidiary company Thal Boshoku Pakistan (Private) Limited (TBPK):

RESOLVED as and by way of Special Resolution THAT the Company do provide to Thal Boshoku Pakistan (Private) Limited a loan up to a maximum aggregate principal sum of Rs. 275 million (Rupees Two hundred seventy five million only), all on such terms and subject to such conditions and for such consideration as may be determined by the Board of Directors of the Company or by such person or persons as may be authorised by the Board of Directors of the Company, with each such person as may be authorised by the Board of Directors of the Company being authorised to do all such acts deed and things and to execute and deliver all such deeds, agreements, declarations, undertakings, assurances, guarantees, indemnities for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with the loan aforesaid or any one or more of them, including without limiting the generality of the foregoing the negotiation and finalization of the terms and conditions relating to such loan and preparation, finalization, execution and delivery of all agreements, guarantees, indemnities and other undertakings.

By Order of the Board
Salman Khalid
Company Secretary

Karachi.
Dated: September 20, 2019

NOTES:

1. Closure of Share Transfer Books
   The Share Transfer Books of the Company will be closed from October 19, 2019 to October 26, 2019 (both days inclusive) for the purpose of the Annual General Meeting and payment of the final dividend. Transfer requests received by our Share Registrar, M/S. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharea Faisal Karachi. Tel:009-21-34380101-5,0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106 at the close of business on October 18, 2019 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the Annual General Meeting.

2. Proxy
   A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his/her place at the Meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least forty eight hours before the time of the meeting.

   To facilitate identification for right to attend the Annual General Meeting, Shareholder whose holdings are on the Central Depository System (CDS) or his/her Proxy should authenticate his/her identity by showing his/her original CNIC or original Passport at the time of attending the meeting; along with the Participant's Identity Number and Shareholder's account number allocated by the Central Depository Company.

   In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

3. Change of Address
   The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

4. Submission of copies of CNIC not provided earlier
   Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar, FAMCO Associates (Private) Limited. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend under the provisions of Section 243 of the Companies Act 2017.

5. Withholding Tax on Dividend
   Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

   (a) For persons appearing in Active Tax Payer List (ATL): 15%
   (b) For persons not appearing in Active Tax Payer List (ATL): 30%

   Shareholders who have filled their return are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as persons not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

6. Withholding tax on Dividend in case of Joint Account Holders
   In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders , to the Company's Share Registrar, enabling the Company to compute

withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 18, 2019, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

7. Payment of Cash Dividend Electronically (E-mandate)
In accordance with the provisions 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 has already been published earlier in newspapers as per Regulations. All shareholders are once again requested to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address; to Company's Share Registrar. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

8. Distribution of Annual Report through Email (Optional)
Pursuant to the provision of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their annual financial statements, along with auditor's report, directors' review report etc. ("Annual Report") and the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form (available on the Company's website), to the Company's Share Registrar.

9. Consent for the Facility of video-link
Pursuant to the provisions of the Companies Act 2017, the company may on the demand of members at least 7 days before the general meeting, residing in a city except Karachi, who hold at least 10% of the total paid up capital of the Company, provide the facility of video- link to such members enabling them to participate in its annual general meeting. If you wish to take benefit of this facility, please fill the form available on the Company's Website and submit it to the Company at its registered address at least 10 days prior to the date of the meeting.

The Company will intimate members the venue of the video conference facility, if required criteria have been fulfilled, at least 7 days before the date of general meeting along with complete information necessary to enable them to access such facility.

10. Election of Directors
Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office, 4th Floor, House of Habib, 3-JCHS, Block 7/8, Shahrah-E-Faisal, Karachi - 75350, not later than fourteen days before the date of the meeting, the following documents:

(i) Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017;

(ii) A detailed profile along with mailing address and other contact details as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;

(iii) A candidate consenting for the election as director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.

(iv) A declaration confirming that:
1) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;

2) He/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and any other applicable law, rules and regulations.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Pursuant to Companies (Postal Ballot) Regulation 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

Statement of Material Facts under Section 166(3) of the Companies Act, 2017 in respect of Election of Directors

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 ("the Act") and they shall meet the criteria laid down under Section 166(2) of the Act.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Statement under section 134(3)(B) of the Companies Act, 2017 regarding the Special Business.

This statement sets out the material facts concerning the Special Business given in the agenda item no. 5 of the notice, intended to be transacted at the Annual General Meeting of Thal Limited to be held on October 26, 2019.

Item 5 of the Notice
Loan to Thal Boshoku Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited is a joint venture Company of Thal Limited and Toyota Boshoku Corporation, Kariya – Shi, Japan, Toyota Tsusho Corporation, Nagoya – Shi, Japan and Toyota Boshoku Asia Corporation. Thal Boshoku Pakistan (Private) Limited, is engaged in the development, production and marketing of automotive parts including automotive seats, seat frames, seat adjusters, seat covers, rails, automotive pressed parts, welded parts, and painted parts, air cleaner and any other related automotive products and offering after-sales services for such products.

Thal Boshoku Pakistan (Private) Limited has recently completed expansion of its seat project. Due to devaluation of Pak Rupee and consequent cost overrun of the expansion project, Company requires finances to meet its capital and operating expenses. Thal Limited proposes to provide a loan for the aggregate amount of Rs. 275 Million (Rupees Two hundred seventy-five Million only). The other shareholders mentioned above will also provide loans. The loans to be provided by each shareholder is proportionate to their shareholding.

Set out below are the required details of the loan proposed to be extended by the Company, to Thal Boshoku Pakistan (Private) Limited:

S. No.	Description	Information Required
01.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Thal Boshoku Pakistan (Private) Limited a private company in which Thal Limited holds 55% of the issued share capital.
02.	Amount of loans or advances	Aggregate amount of term loan of Rs. 275 million (Rupees Two hundred seventy five million only)
03.	Purpose, benefits likely to accrue to the investing company and its members from such loans or advances and period of Loan.	The purpose of Loan to allow Thal Boshoku Pakistan (Private) Limited to meet its financing needs. The investing company will earn mark-up income on the Loan. The period of loan would be initially for a one year and extendable for further four period's of one year each, if required by TBPK.
04.	Earnings per share for the last three years	Year ended June 30, 2017: Rs 5.02 per share Year ended June 30, 2018: Rs 4.52 per share Year ended June 30, 2019: Rs 0.19 per share
05.	Break-up value per share, based on latest audited financial statements	Rs. 14.96 as at June 30, 2019
06.	Financial position, including main items of financial position and profit and loss account on the basis of its latest financial statements of the associated company or associated undertaking	Total Assets: Rs. 1,444,668,000 Issued Share Capital: Rs. 690,000,000 Current Liabilities: Rs. 409,573,000 Profit after Tax: Rs. 13,396,000
07.	In case of investment in relation to a project of associated company or associated undertaking that has not commenced production	N.A.
08.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	3 months KIBOR plus 0.75% p.a.
09.	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 months KIBOR plus 0.75% p.a.
10.	Sources of funds from where loans or advances will be given	Thal Limited has adequate retained earnings and cash balances to extend a loan to Thal Boshoku Pakistan (Private) Limited.
11.	Particulars of collateral or security to be obtained in relation to the proposed investment	No collateral will be obtained since a proportionate loan will be granted by the other shareholders also and no shareholder will be taking any security/ collateral. Therefore all shareholders will be in the same position to the benefit of TBPK.
12.	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan will be repaid with markup after one year of disbursement. If the loan is extended by further period(s) of one year, repayment of principal and mark-up will be due at the end of each such period.
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed loan	The agreement to be extended into will be based on the facts as per para 9, 11 and 12 above.
14.	Direct or indirect interest of directors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The shares in TBPK are held by Thal Limited itself and the directors, shareholders and their relatives, therefore have no direct interest in TBPK, only indirect interest by virtue of their shareholding in Thal Ltd.
15.	In case any investment in associated company or associated undertaking has already made, the performance review of such investment including information/justification for any impairment or write offs.	Equity investment already made of Rs. 104.5 million in 2013 and Rs. 275 million in 2018 for the expansion project. The Company has been profitable for the last 3 years however due to overrun in its expansion project, needs financial support from its shareholders. There have been no impairments or write-offs of Thal Limited's equity investment.

The Directors of the Company have carried out the necessary due diligence in relation to the proposed loan to Thal Boshoku Pakistan (Private) Limited and the due diligence report signed by the Directors will be available at the Annual General Meeting.

For the purpose of seeking the approval of the shareholders of the Company to the loan discussed above, the Board of Directors have proposed that the resolution set forth at item 5 of the notice convening the Annual General Meeting of the Company be passed as and by way of a Special Resolution.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017

Sindh Engro Coal Mining Company Limited

In the annual general meeting held on October 2nd 2018 the members of the Company had approved investment in Sindh Engro Coal Mining Company Limited ("SECMC"). SECMC achieved commercial operations on 10th July 2019; which marks a historic milestone for Pakistan's Energy sector. Phase I of the Thar mining and power generation projects comprise Pakistan's first indigenous open pit coal mine which supplies 3.8 million tons of lignite coal per annum to a 2x330 MW power generation plant set up by EPTL. For Phase I of SECMC, the Board of Directors of Thal Limited approved a total exposure of Pak Rupee equivalent of USD 36.1 million, which includes equity investment of USD 24.3 million, USD 5 million for cost over-run and USD 6.8 million for debt servicing reserve (adjustable due to LIBOR/KIBOR movement). Phase I of SECMC mining project has been completed within time and with significant cost savings. The Company had invested USD 17.49 million as of June 30, 2019 in SECMC

Phase II of SECMC is on it course to achieve Financial Close. The tariff has been determined by Thar Coal & Energy Board while the financing documents are in the process of being executed.

SECMC has entered into Coal Supply Agreements with ThalNova Power Thar (Pvt) Ltd and Thar Energy Ltd to supply additional 1.9 million tons of lignite per annum to each 330 MW power plant respectively.

Thal Power (Private) Limited

ThalNova Power Thar (Private) Limited ("ThalNova") is a joint venture between Thal Power, Nova Powergen Ltd (subsidiary of Novatex Ltd) and Hub Power Company to set up a 330 MW mine mouth coal-fired power generation plant located at Thar, Sindh. This power plant will be run on indigenous coal extracted from the mine operated by SECMC. In the extraordinary general meeting held on March 22, 2018, the members of the Company had approved a total exposure of USD 129.9 million, which includes equity investment of USD 58.7 million, cost overrun support in the form of equity and subordinated debt of USD 23.2 million each, debt servicing reserve LC and commercial risk LC of USD 12.4 million each in ThalNova. The Company, through its wholly-owned subsidiary, Thal Power (Private) Limited, had invested USD 5.8 million as of June 30, 2019 in ThalNova.

ThalNova has obtained the Letter of Support (LOS) from the Private Power Infrastructure Board (PPIB). National Electric Power Regulatory Authority (NEPRA) has issued the Generation License and awarded the Upfront Tariff on Thar coal to the project company. ThalNova has also been issued a No Objection Certificate (NOC) by the Sindh Environmental Protection Agency (SEPA).

China Machinery & Engineering Corporation has been appointed as the EPC Contractor. ThalNova has entered into Coal Supply Agreement (CSA) with SECMC to supply 1.9 million tons per annum lignite. It has also entered into a Power Purchase Agreement (PPA) with the Central Power Purchase Agency (Guarantee) Ltd. and the Implementation Agreement ("IA") with PPIB. China Development Bank ("CDB") and Habib Bank Limited ("HBL") have been engaged for arrangement of foreign and local currency project debt respectively. ThalNova executed key financial agreements with project lenders in July this year and is on course for achieving financial close.

ThalNova (through shareholder's equity) has given Mobilization Advance along with Limited Notice to Proceed to the EPC contractor i.e. China Machinery and Engineering Corporation to initiate work on the site and expedite the achievement of Commercial Operations Date of the Project.

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2019

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
1,409	1	100	49,483
1,268	101	500	329,258
536	501	1000	376,470
842	1001	5000	1,770,749
157	5001	10000	1,139,623
59	10001	15000	747,200
27	15001	20000	467,785
16	20001	25000	345,997
13	25001	30000	367,123
12	30001	35000	390,443
15	35001	40000	561,180
5	40001	45000	213,556
10	45001	50000	477,066
11	50001	55000	586,886
3	55001	60000	174,213
2	60001	65000	126,121
3	65001	70000	203,401
3	75001	80000	234,400
2	80001	85000	167,521
3	85001	90000	263,225
1	90001	95000	93,432
1	95001	100000	98,900
2	100001	105000	204,751
2	110001	115000	225,885
5	115001	120000	590,687
2	120001	125000	249,583
5	130001	135000	657,076
4	135001	140000	549,409
1	140001	145000	140,900
1	145001	150000	146,333
2	150001	155000	308,929
1	155001	160000	157,986
1	165001	170000	168,198
1	175001	180000	179,216
2	195001	200000	400,000
2	200001	205000	405,330
1	210001	215000	212,800
4	220001	225000	889,698
2	225001	230000	454,402
3	235001	240000	717,229
2	255001	260000	512,346
2	270001	275000	545,150
1	275001	280000	280,000
2	280001	285000	561,430
1	300001	305000	304,386
1	305001	310000	305,416
2	315001	320000	634,480
1	325001	330000	325,920
6	330001	335000	1,987,887

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2019

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
1	345001	350000	346,800
2	350001	355000	703,969
1	365001	370000	367,334
1	370001	375000	374,668
1	385001	390000	388,231
1	390001	395000	393,098
1	405001	410000	406,600
5	420001	425000	2,108,547
1	485001	490000	490,000
3	495001	500000	1,495,629
1	585001	590000	585,007
1	600001	605000	601,052
2	605001	610000	1,214,735
1	710001	715000	711,503
1	725001	730000	726,392
1	800001	805000	800,400
1	810001	815000	810,233
1	830001	835000	830,269
1	840001	845000	843,547
1	850001	855000	851,137
1	945001	950000	949,800
2	1095001	1100000	2,198,016
1	1145001	1150000	1,145,133
1	1150001	1155000	1,153,170
1	1185001	1190000	1,189,452
1	1245001	1250000	1,245,403
1	1340001	1345000	1,340,202
1	1405001	1410000	1,405,639
1	1815001	1820000	1,818,017
1	2395001	2400000	2,398,908
1	2890001	2895000	2,894,306
4	3790001	3795000	15,170,103
1	5415001	5420000	5,419,050
1	6350001	6355000	6,354,100
4,503			81,029,909

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2019

No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
1	Individuals		4,267	16,448,918	20.30
2	Investment Companies		4	3,334	0.00
3	Joint Stock Companies		35	1,884,803	2.33
4	Directors, Chief Executive Officer and Their Spouse and Minor Children		26	7,626,347	9.41
	ALI SULEMAN ALI HABIB	2,091,099			
	ALIYA SAEEDA KHAN	1,000			
	ALIZEH ALI HABIB	4,991			
	ASIF QADIR	5,000			
	ATTIQA RAFIQ	733,120			
	JAMILA RAFIQ	961,231			
	MASTER IMRAN	13,703			
	MAZHER VALJEE	20,754			
	MEHER AFROZE	367,334			
	MOHAMEDALI R. HABIB	1,566,834			
	RAFIQ HABIB	1,340,202			
	MUHAMMED SALMAN BURNEY	5,000			
	MUNIZEH ALI HABIB	200,530			
	RUBINA SOHAIL	2,500			
	SAYYEDA MOHAMED ALI	280,715			
	SOHAIL P. AHMED	32,334			
5	Executives		6	19,068	0.02
6	Associated Companies, Undertakings and Related Parties		1	500,000	0.62
	HABIB INSURANCE COMPANY LIMITED				
7	Public Sector Companies and Corporations		1	304,386	0.38
8	Banks, DFI's , NBFIs, Insurance Companies, Takaful, Modarabas's and Pension Funds		30	13,109,668	16.18
	Financial Institutions	5,822,468			
	Insurance Companies	6,946,087			
	Modaraba	18,438			
	Pension Funds	322,675			
	Holding 5% or more voting intrest				
	JUBILEE LIFE INSURANCE COMPANY LIMITED	6,354,100			
	NATIONAL BANK OF PAKISTAN	5,419,050			
9	Mutual Funds		59	7,672,284	9.47
	GOLDEN ARROW SELECTED STOCKS FUND	4,149			
	MCBFSL - TRUSTEE JS VALUE FUND	39,200			
	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	280,000			

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2019

	CDC - TRUSTEE PICIC INVESTMENT FUND	212,800			
	CDC - TRUSTEE PICIC GROWTH FUND	406,600			
	CDC - TRUSTEE JS ISLAMIC FUND	27,300			
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	50			
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	54,050			
	CDC - TRUSTEE AKD INDEX TRACKER FUND	7,171			
	CDC - TRUSTEE AKD OPPORTUNITY FUND	270,500			
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	325,920			
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	274,650			
	CDC - TRUSTEE NAFA STOCK FUND	132,389			
	CDC - TRUSTEE NBP BALANCED FUND	11			
	CDC - TRUSTEE HBL - STOCK FUND	204,800			
	MC FSL - TRUSTEE JS GROWTH FUND	11,500			
	CDC - TRUSTEE HBL MULTI - ASSET FUND	8,000			
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	45,900			
	CDC - TRUSTEE ABL STOCK FUND	79,550			
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	4,600			
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1,650			
	CDC - TRUSTEE LAKSON EQUITY FUND	87,250			
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	53,050			
	CDC - TRUSTEE HBL EQUITY FUND	20,400			
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	13,050			
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	13,100			
	CDC - TRUSTEE ASKARI EQUITY FUND	800			
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	11,800			
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	44,050			
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	21,250			
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	112,200			
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	67,650			
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	35,150			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,398,908			
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	21,950			
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	136,800			
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	255,866			

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2019

	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	38,950			
	CDC - TRUSTEE LAKSON TACTICAL FUND	14,531			
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	37,250			
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1			
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	21,100			
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	25,000			
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	214			
	MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	10,850			
10	Foreign Investors		48	33,613,059	41.48
	Holding 5% or more voting intrest				
	ASAD LIMITED	7,517,613			
	ALI REZA LIMITED	7,561,504			
	MUSTAFA LIMITED	8,282,214			
	SHAKIR LIMITED	5,397,558			
11	Co-Operative Socities		2	6,814	0.01
12	Charitable Trust		15	1,094,599	1.35
13	Others		23	586,953	0.72
	TOTAL		4,503	81,029,909	100.00

CAPTIVATING OUTCOMES

FINANCIAL STATEMENTS

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: Thal Limited (The Company)
Year ended: June 30, 2019

01. The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

· The total number of directors are 8 as per the following:

a.	Male	7
b.	Female	1

02. The composition of board is as follows:

a.	Independent Directors	Mr. Asif Qadir Ms. Aliya Saeeda Khan
b.	Other Non-Executive Director	Mr. Rafiq M. Habib Mr. Ali S. Habib Mr. Mohammedali R. Habib Mr. Sohail P. Ahmed Mr. Salman Burney
c.	Executive Director	Mr. Mazhar Valjee (Effective July 1, 2019, Mr. Muhammad Tayyab Ahmad Tareen has been appointed as Chief Executive Officer in place of Mr. Mazhar Valjee).

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

04. 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.

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

06. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

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

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

09. All of the Directors of the Company have undertaken Directors' Training Program or are exempted from the same by SECP.

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

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

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

a. Audit Committee

Mr. Asif Qadir	Chairman
Mr. Mohamedali R. Habib	Member
Mr. Sohail P. Ahmed	Member
Mr. Salman Burney	Member

b. Human Resource and Remuneration Committee

Mr. Asif Qadir	Chairman
Mr. Salman Burney	Member
Mr. Ali S. Habib	Member
Mr. Mazhar Valjee	Member

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

14. The frequency of meetings (quarterly / half-yearly / yearly) of the committee were as per following:

a.	Audit Committee	4 meetings
b.	HR and Remuneration Committee	1 meeting

15. The board has outsourced the internal audit function to Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

Karachi

Rafiq M Habib
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Thal Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 25 September 2019

STANDALONE FINANCIAL STATEMENTS

- AUDITORS' REPORT TO THE MEMBERS
- STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Thal Limited (the Company)

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Thal Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2019, and the unconsolidated statement of profit or loss and other 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, unconsolidated statement of profit or loss and other 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 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition and adoption of IFRS 15 'Revenue from contracts with customers'	
The Company earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. The recognition of revenue relating to each business line depend on the nature of contractual arrangements with the customers. IFRS 15 'Revenue from contracts with customers' has become effective in Pakistan for accounting periods beginning on or after 1 July 2018 and accordingly the same has been adopted by the Company during the year. IFRS 15 provides comprehensive model of revenue recognition and requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers. We identified revenue recognition as a key audit matter due to adoption of IFRS 15, significant volume of transactions and the amount of audit efforts in relation to this area.	We performed a range of audit procedures in relation to revenue including the following: • We reviewed the terms and conditions of distinct sale transactions and assessed the appropriateness of the revenue recognition policies and practices followed by the Company. • We evaluated the impact of the new accounting requirement are in accordance with IFRS 15. We reviewed the assessment prepared by the management relating to the application of five-step model for revenue recognition. • We tested controls over revenue recognition and reporting process within each business unit including key IT application controls, IT dependent manual controls and IT general controls for the relevant IT systems used for revenue transaction processing by the Company. • We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognized in the appropriate accounting period. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

Key audit matters	How the matter was addressed in our audit
2. Capital expenditure on new projects	
As referred to in note 7 to the accompanying unconsolidated financial statements, the Company has incurred significant amount of capital expenditure during the year for new projects to enhance the production capacity of its engineering division. Capital expenditures incurred during the year represents a significant transaction and therefore, we have identified the same as a key audit matter.	Our procedures, amongst others, included the following: • Obtaining an understanding of the Company's process with respect to capital expenditure including project budgeting, execution of contracts and accumulation of cost. • We reviewed the relevant contracts and documents supporting various components of the capitalised cost. • We considered whether the items of cost capitalised, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards. • We also evaluated the basis used by the management for depreciation charged in relation to the assets, by considering factors such as the current useful life estimates and timing of capitalisation. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

Information Other than the Unconsolidated Financial Statements and Auditors' 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 financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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 auditors' 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 and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; 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 auditors' report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 25 September 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,187,780	1,410,212
Intangible assets	8	90,745	15,094
Investment property	9	995	1,002
Long-term investments	10	5,431,550	4,938,387
Long-term loans	11	861,282	788,428
Long-term deposits	12	14,861	13,396
Deferred tax asset	13	165,194	191,151
		8,752,407	7,357,670
Current assets			
Stores, spares and loose tools	14	124,710	131,572
Stock-in-trade	15	5,635,305	3,953,914
Trade debts	16	2,347,946	1,519,728
Loans and advances	17	21,860	72,696
Trade deposits and short-term prepayments	18	316,623	141,318
Interest accrued		3,699	2,088
Other receivables	19	71,168	35,611
Short-term investments	20	2,943,298	4,847,238
Income tax - net	21	93,918	62,828
Sales tax refundable		300,186	91,517
Cash and bank balances	22	611,509	701,283
		12,470,222	11,559,793
TOTAL ASSETS		21,222,629	18,917,463
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs.5/- each	23	1,000,000	1,000,000
Issued, subscribed and paid-up capital	23	405,150	405,150
Reserves	24	18,226,309	16,032,520
		18,631,459	16,437,670
NON-CURRENT LIABILITIES			
Long-term deposits	25	1,463	2,379
CURRENT LIABILITIES			
Trade and other payables	26	2,483,601	2,379,148
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	27	-	600
		2,589,707	2,477,414
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		21,222,629	18,917,463

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Revenue - net	29	22,374,364	19,292,959
Cost of sales	30	(18,217,120)	(15,631,677)
Gross profit		4,157,244	3,661,282
Distribution and selling expenses	31	(288,353)	(219,219)
Administrative expenses	32	(753,584)	(814,266)
Other charges	33	(291,994)	(261,582)
		(1,333,931)	(1,295,067)
Other income	34	1,521,134	1,446,166
Operating profit		4,344,447	3,812,381
Finance costs	35	(9,805)	(8,869)
Profit before taxation		4,334,642	3,803,512
Taxation	36	(1,179,977)	(1,117,542)
Net profit for the year		3,154,665	2,685,970
		------ (Rupees) -----	
Basic and diluted earnings per share	37	38.93	33.15

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Net profit for the year		3,154,665	2,685,970
Other comprehensive income			
Item that will not be reclassified to statement of profit or loss			
in subsequent periods;			
(Loss)/gain on revaluation equity instrument at fair value through			
other comprehensive income	10	(69,545)	20,251
Total comprehensive income for the year		3,085,120	2,706,221

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE OFFICER DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	RESERVES				Total equity
		Capital reserves	General reserves	Unappropriated profit	Gain on revaluation of investment at fair value through other comprehensive income	
	-------------------------------(Rupees in '000')-------------------------------					
Balance as at June 30, 2017	405,150	55,704	11,165,499	3,662,802	143,925	15,433,080
Transfer to general reserve	-	-	2,366,000	(2,366,000)	-	-
Final dividend @ Rs. 16/- per share for the year ended June 30, 2017	-	-	-	(1,296,479)	-	(1,296,479)
First Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	(202,576)	-	(202,576)
Second interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	(202,576)	-	(202,576)
	-	-	-	(1,701,631)	-	(1,701,631)
Net Profit for the year	-	-	-	2,685,970	-	2,685,970
Other comprehensive income	-	-	-	-	20,251	20,251
Total comprehensive income for the year	-	-	-	2,685,970	20,251	2,706,221
Balance as at June 30, 2018	405,150	55,704	13,531,499	2,281,141	164,176	16,437,670
Transfer to general reserve	-	-	1,592,000	(1,592,000)	-	-
Final dividend @ Rs. 8.5/- per share for the year ended June 30, 2018	-	-	-	(688,755)	-	(688,755)
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019	-	-	-	(202,576)	-	(202,576)
	-	-	-	(891,331)	-	(891,331)
Net Profit for the year	-	-	-	3,154,665	-	3,154,665
Other comprehensive loss	-	-	-	-	(69,545)	(69,545)
Total comprehensive income for the year	-	-	-	3,154,665	(69,545)	3,085,120
Balance as at June 30, 2019	405,150	55,704	15,123,499	2,952,475	94,631	18,631,459

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE OFFICER DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	395,769	1,424,992
Finance costs paid		(9,805)	(8,870)
Retirement benefits paid		(4,901)	(4,038)
Income tax paid		(1,185,110)	(1,112,610)
Long-term loans		3,996	2,997
Long-term deposits - net		(2,381)	1,323
Net cash (used in) / generated from operating activities		(802,432)	303,794
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,129,061)	(599,751)
Proceeds from disposal of operating fixed assets		42,938	14,149
Long-term investments made during the year		(562,708)	(774,150)
Short-term investments - net		2,263,083	(1,854,877)
Long-term loans to subsidiaries - net		(76,850)	(380,000)
Dividends received during the year		1,333,170	1,102,243
Interest received during the year		129,815	236,857
Net cash generated / (used in) from investing activities		2,000,387	(2,255,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(882,891)	(1,676,518)
Net cash used in financing activities		(882,891)	(1,676,518)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		315,064	(3,628,253)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,342,144	4,970,397
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39	1,657,208	1,342,144

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares and is listed on the Pakistan Stock Exchange Limited.

The Company is engaged in the manufacture of engineering goods, jute goods, papersack and laminate sheets.

1.2 Geographical location and address of business units

Head Office
The registered office of the Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Plants:
Engineering operations are located at Korangi and Port Qasim, Karachi, Sindh.

The Jute operations are located at Muzaffargarh, Punjab.

Papersack operations are located at Hub, Balochistan and Gadoon, Khyber Pakhtunkhwa.

Laminates operations are located at Hub, Balochistan.

1.3 These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated 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 (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act

Where provisions of and directives issued under the Act differ from the IFRSs, the provision of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been disclosed in the accounting policies below.

3.2 These unconsolidated financial statements are presented in Pak Rupees which is also the Company's functional currency.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

	Notes
· determining the residual values, useful lives and impairment of property, plant and equipment and investment property	5.2, 5.4, 7 & 9
- determining the residual values, useful lives and impairment of intangibles assets	5.3 & 8
- impairment of financial and non-financial assets	5.5 & 5.27
- net realizable value estimation	5.6, 5.7, 14 & 15
- Allowance for expected credit loss	5.8, 5.27,16 & 19
- provision for tax and deferred tax	5.12, 13, 21 & 36
- provision and warranty obligation	5.23 & 26.3
- contingencies	5.19 & 28
- compensated absences	5.22 & 26

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IAS 40 Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to IFRSs Issued by IASB in December 2016

IAS 28 – Investment in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss in an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these unconsolidated financial statements except for IFRS 15 and IFRS 9. The impact of adoption of IFRS 15 and IFRS 9 are described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation (delivery of goods) and generally do not provide volume rebate to customers. The Company therefore, recognizes revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. This revenue recognition methodology is in line with the requirements of IFRS-15, therefore, the adoption of new standard has not resulted in any change in the revenue recognition policy of the Company.

IFRS 9 Financial Instruments

The Company has applied the IFRS 9 using the modified retrospective approach. On adoption of IFRS 9, the Company reassessed the classification of its investment portfolio and concluded as under.

(a) investment in equity instruments previously classified as available for sale (AFS), are now measured at fair value through other comprehensive income (FVTOCI);

(b) investment in term deposit receipts continue to be measured at amortised cost as they are held with the objectives to hold and collect all contractual cashflows;

(c) investment in mutual funds continue to be classified under the category fair value through profit or loss as allowed under IFRS 9; and

(d) financial assets other than those mentioned in point (a),(b) & (c), previously classified as loans and receivable are now measured at amortised cost.

Hence, the classification and measurement of financial assets is not impacted by the adoption of IFRS 9.

Further, the adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Considering the nature of the financial assets, the Comapny has applied the standard's simplified approach and has calculated ECL based on life time ECL. However, it has not resulted in any additional material impact on these unconsolidated financial statements.

The financial asset subject to credit risk such as trade and other receivables are recoverable within the short period of time. Further, bank balances and other deposits accounts are held with A1+, A-1+ and A1 rated institutions. Accordingly the ECL impact on such assets is not material to these unconsolidated financial statements.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

The new accounting policy in respective of financial instrument and impairment of financial assets is stated in note 5.27 to these unconsolidated financial statements.

5.2 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except for freehold land and capital work-in-progress which are stated at cost.

Depreciation / amortisation is charged to the statement of profit or loss applying the reducing balance method except for leasehold land which is amortised in equal installments over the lease period and computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 7 to these unconsolidated financial statements. Depreciation / amortisation on additions is charged from the month asset is available for use and in case of deletion, up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

An item of operating fixed assets and any significant part initially recognised is derecognised 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 when the asset is derecognised.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress
All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

5.3 Intangibles
These are stated at cost less accumulated amortization and impairment loss, if any.
Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortized applying the straight line method at the rates stated in note 8 to these unconsolidated financial statements.

5.4 Investment property
Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the statement of profit or loss on reducing balance method at the rate specified in note 9 to these unconsolidated financial statements.

5.5 Impairment of Non-financial assets
The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss.

5.6 Stores, spares and loose tools
These are valued at lower of cost, determined using weighted average method, and Net Realisable Value (NRV), less provision for obselete items (if any). Items in transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

5.7 Stock-in-trade
Stock-in-trade, except goods-in-transit, is stated at the lower of cost or Net Realisable Value determined as follows:

Raw and packing materials
- Purchase cost on weighted average basis

Work-in-process
- Cost of materials, labour cost and appropriate production overheads

Finished goods
- Cost of materials, labour cost and appropriate production overheads

Goods-in-transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting date.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items as and when identified.

5.8 Trade debts and other receivables
These are recognized and carried at original invoice amount being the fair value and subsequently measured at amortised cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade debts and other receivables in foreign currency are added to their respective carrying amounts.

5.9 Loans, advances, deposits and short term prepayments
These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

5.10 Ijarah rentals
Ijarah payments for assets under Ijarah (lease) agreements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah term.

5.11 Cash and cash equivalents
For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.12 Taxation
(a) Current
The charge for current taxation in respect of certain income streams of the Company is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any,1% of turnover or 17% alternate corporate tax, whichever is higher. The Company had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 21 to these unconsolidated financial statements.

(b) Deferred
Deferred tax is provided using the statement of financial position liability method, on all temporary differences at the statement of financial position date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

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

5.14 Earnings per share
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.15 Unclaimed dividend
Dividend declared and remain unpaid from the date it is due and payable.

5.16 Unpaid dividend
Dividend declared and remain unpaid for the period of 3 years from the date it is due and payable.

5.17 Trade and other payables
Liabilities for trade and other payable are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.18 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

5.19 Contingent liabilities

Contingent liability is disclosed when

- There is a possible obligation that arises from past events and 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

- There is a present 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 measure with sufficient reliability.

5.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

5.21 Staff retirement benefits

Defined contribution plan

Provident fund

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

Retirement benefit fund

The Company operates an approved funded scheme for retirement benefits for all employees on the basis of defined contribution made by the Company on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

5.22 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

5.23 Provisions

General

Provisions are recognised in the statement of financial position where the Company has a legal or constructive obligation as a result of past event,it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

Warranty obligations

The Company recognizes the estimated liability to repair or replace products under warranty at the statement of financial position date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually and adjusted, if required.

5.24 Revenue recognition

During the year, the Company has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for revenue recognition. The changes are discussed in note 5.1 to these unconsolidated financial statements.

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers. The normal credit period ranges between 30 to 75 days.

5.25 Other income

Other income is recognised to the extent it is probable that the economic benefits will flow to the Company and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest on bank deposits are recognised on accrual basis.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease term.
- Gain on disposal is recognised at the time of disposal of operating fixed assets.
- Scrap sales are recognised on an accrual basis.

5.26 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in statement of profit or loss of the current period.

5.27 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Under IFRS 9 Financial assets are classified, at initial recognition , as subsequently measured at following:

(a) at amortised cost
(b) at fair value through other comprehensive income (FVTOCI); and
(c) at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

(a) At amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through other comprehensive income

A debt instrument is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-byinvestment basis. The company has irrevocably elected to carry its quoted investments in equity instruments under this category.

(c) At fair value through profit and loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Susbequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

These assets are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)

These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amorized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.28 Research and development expenditure

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense when incurred.

5.29 Dividends and appropriation to reserves

The Company recognises a liability for dividend to equity holder when it is authorized as per corporate laws in Pakistan. The transfer of reserves within the equity are recognized when these are approved as per the applicable laws.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated financial statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of this standard on the unconsolidated financial statements of the Company.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	January 01, 2004
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		--------(Rupees in '000')--------	
Operating fixed assets	7.1	2,047,233	1,218,787
Capital work-in-progress	7.5	140,547	191,425
		2,187,780	1,410,212

7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION / AMORTIZATION					WRITTEN DOWN VALUE
	As at July 01, 2018	Additions/ (Transfers) (Note 7.1.1)	Disposals	As at June 30, 2019	Rate	As at July 01, 2018	Charge for the year	On Disposals/ (Transfers)	As at June 30, 2019	As at June 30, 2019
	(Rupees in '000')				%	(Rupees in '000')				
Land										
· Freehold	5,012	-	(650)	4,362	-	-	-	-	-	4,362
· Leasehold	21,829	-	-	21,829	3	5,672	496	-	6,168	15,661
Building on freehold land										
· Factory building	353,686	271,904	-	625,590	10	197,285	18,865	-	216,150	409,440
· Non factory building	62,486	-	-	62,486	5-10	35,190	2,730	-	37,920	24,566
Railway sliding	792	-	-	792	5	726	4	-	730	62
Plant and machinery	1,817,118	632,603	(891)	2,448,830	10-30	973,927	173,433	(714)	1,146,646	1,302,184
Furniture and fittings	31,935	646	(3,075)	29,506	15-20	20,896	1,756	(2,544)	20,108	9,398
Vehicles	56,921	5,448	(6,799)	55,570	20	38,325	3,942	(3,787)	38,480	17,090
Office and mills equipment	139,964	17,971	(476)	157,459	10-30	58,885	14,773	(325)	73,333	84,126
Computer equipment	91,381	22,895	(12,738)	101,320	33.33	75,989	11,857	(12,244)	75,384	25,936
(note 7.1.2)		(218)						(218)		
Jigs and fixtures	247,963	142,362	-	390,325	33.33	203,405	32,512	-	235,917	154,408
2019	2,829,087	1,093,829	(24,629)	3,898,069		1,610,300	260,368	(19,614)	1,850,836	2,047,233
		(218)						(218)		

	COST				ACCUMULATED DEPRECIATION / AMORTIZATION					WRITTEN DOWN VALUE
	As at July 01, 2017	Additions (Note 7.1.1)	Disposals	As at June 30, 2018	Rate	As at July 01, 2017	Charge for the year	On disposals	As at June 30, 2018	As at June 30, 2018
	(Rupees in '000')				%	(Rupees in '000')				
Land										
· Freehold	5,012	-	-	5,012	-	-	-	-	-	5,012
· Leasehold	21,829	-	-	21,829	3	5,173	499	-	5,672	16,157
Building on freehold land										
· Factory building	315,293	38,393	-	353,686	10	183,040	14,245	-	197,285	156,401
· Non factory building	62,486	-	-	62,486	5-10	32,155	3,035	-	35,190	27,296
Railway sliding	792	-	-	792	5	723	3	-	726	66
Plant and machinery	1,441,633	377,363	(1,878)	1,817,118	10-30	863,441	111,990	(1,504)	973,927	843,191
Furniture and fittings	30,609	1,326	-	31,935	15-20	18,881	2,015	-	20,896	11,039
Vehicles	64,230	2,828	(10,137)	56,921	20	40,086	4,572	(6,333)	38,325	18,596
Office and mills equipment	98,946	41,769	(751)	139,964	10-30	48,607	10,664	(386)	58,885	81,079
Computer equipment	85,151	7,285	(1,055)	91,381	33.33	63,957	12,826	(794)	75,989	15,392
Jigs and fixtures	230,536	17,427	-	247,963	33.33	171,613	31,792	-	203,405	44,558
2018	2,356,517	486,391	(13,821)	2,829,087		1,427,676	191,641	(9,017)	1,610,300	1,218,787

7.1.1 Additions include transfers from capital work-in-progress amounting to Rs. 943.990 million (2018: Rs. 345.640 million).

7.1.2 Represents transfer / (reclassification) of a fully depreciated license to intangible assets.

7.1.3 Jigs and fixtures include moulds having written down value of Rs. 197.750 million (2018: Nil) in the possession of sub-contractors dispersed all over the country.

7.2 Operating fixed assets include fully depreciated assets amounting to Rs. 259.724 million (2018: Rs. 221.856 million).

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

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	30	250,902	179,633
Distribution and selling expenses	31	2,032	1,959
Administrative expenses	32	7,434	10,049
		260,368	191,641

7.4 There were no disposals of operating fixed assets having written down value in excess of Rs. 5 million.

7.5 Capital Work-In-Progress

	Note	2019	2018
		--------(Rupees in '000')--------	
Civil Works		41,258	124,661
Plant and machinery		84,362	18,998
Office and mills equipment		3,391	1,349
Furniture and fittings		1,379	49
Vehicles		-	3,190
Computer equipment		7,082	5,881
Jigs and fixtures		3,075	37,297
		140,547	191,425

7.6 Details of the Company's immovable fixed assets

S. No.	Locations	Land Area (square yards)	Building Covered Area (square feet)
1	Thal Limited (Jute Division) , D.G. Khan Road, Muzaffargarh, Punjab	862	647
2	Plot #448 & 449 Sundar Industrial Estate Raiwin Road, Lahore, Punjab.	8	39
3	Plot 1, 2, 25 & 26 Sector 22 Korangi Industral Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrail estate Bin Qasim, Karachi, Sindh.	24	32
5	Shop number 6, Clifton Pride, G -3/18, Clifton, Karachi, Sindh.	0.50	0.50
6	Plot # 35, 36, 37, 38, 39, 39A, 40, 40A, 41, 42, 69, 69A, 70 and 71, Zila Moza Pathra, Hub, Balochistan	92	211
7	Plot C-49-58, Sector C, Hub Industrial Area. Hub, Balochistan	6	12
8	Plot # 38, Road # 3, Industrial Estate, Gadoon Amazai, Swabi, Khyber Pakhtunkhwa.	19	40

8. INTANGIBLE ASSETS

	Note	COST: As at July 01, 2018	Additions	Transfers (Note 7.1.2)	Disposals	As at June 30, 2019	Rate	ACCUMULATED AMORTIZATION: As at July 01, 2018	Charge for the year	Transfers (Note 7.1.2)	On disposals	As at June 30, 2019	WRITTEN DOWN VALUE: As at June 30, 2019
		----(Rupees in '000')----					%	----(Rupees in '000')----					
Softwares		9,163	1,500	218	-	10,881	20	7,557	1,014	218	-	8,789	2,092
Licenses													
- Software		22,937	13,237	-	(265)	35,909		9,449	8,070	-	(43)	17,476	18,433
- Product	8.2	-	71,411	-	-	71,411	20	-	1,191	-	-	1,191	70,220
2019		32,100	86,148	218	(265)	118,201		17,006	10,275	218	(43)	27,456	90,745
2018		19,835	12,265	-	-	19,835		10,047	6,959	-	-	10,047	9,788

8.1 The amortisation charge for the year has been allocated as follows:

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	30	5,223	1,834
Distribution and selling expenses	31	325	18
Administrative expenses	32	4,727	5,107
		10,275	6,959

8.2 Represents product licenses and patent rights acquired from Yazaki Corporation and Denso Corporation during the year for a period of 5 years.

9. INVESTMENT PROPERTY

	COST	ACCUMULATED DEPRECIATION				
	As at June 30, 2019	As at July 01, 2018	Charge for the year (Note 32)	As at June 30, 2019	Written down value as at June 30, 2019	Depreciation Rate %
	---------(Rupees in '000')---------					
Freehold land	891	-	-	-	891	-
Building on freehold land	694	583	7	590	104	5
2019	1,585	583	7	590	995	
2018	1,585	576	7	583	1,002	

9.1 Investment property comprises of godown held at Multan. The forced sales value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2019 amounts to Rs. 98.481 million (2018: Rs. 93.371 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location. The rental income from investment property is disclosed in Note 35 to these unconsolidated financial statements.

9.2 Details of the Company's immovable investment property

Location	Land Area (square yards)	Building Covered Area (square feet)
	-------------(in '000)-------------	
Industrial Property bearing khewat number 861, 862, 890, 895, 905, khatooni number 1086,1087,1116, 1121,1133, Mouza Taraf Ravi, Multan, Punjab.	5	20

10. LONG-TERM INVESTMENTS

Investments in related parties	Note	2019 Holding %	2018 Holding %	2019 (Rupees in '000')	2018 (Rupees in '000')
Subsidiaries, unquoted – at cost					
Noble Computer Services (Private) Limited		100	100	1,086	1,086
Pakistan Industrial Aids (Private) Limited		100	100	10,000	10,000
Habib METRO Pakistan (Private) Limited (HMPL)		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited (A-One)		100	100	61,395	61,395
Thal Power (Private) Limited		100	100	100	100
Thal Electrical (Private) Limited		100	100	100	-
Thal Boshoku Pakistan (Private) Limited		55	55	379,500	104,500
Advance against issuance of Shares of Thal Boshoku Pakistan (Private) Limited				-	275,000
Makro-Habib Pakistan Limited (MHPL)		100	100	223,885	223,885
Less: Provision for impairment				(223,885)	(223,885)
				-	-
				3,241,404	3,241,304
Associates – at cost	10.1				
Quoted					
Indus Motor Company Limited		6.22	6.22	48,900	48,900
Habib Insurance Company Limited		4.63	4.63	561	561
Agriauto Industries Limited		7.35	7.35	9,473	9,473
Shabbir Tiles & Ceramics Limited		1.30	1.30	21,314	21,314
				80,248	80,248
Unquoted					
Sindh Engro Coal Mining Company Limited (SECMC)	10.2	11.9%	11.9%	1,960,619	-
Sub-Total				2,040,867	80,248
Other investments					
Quoted - At fair value through OCI					
Habib Sugar Mills Limited				55,447	75,610
GlaxoSmithKline (Pakistan) Limited				160	278
GlaxoSmithKline Healthcare (Pakistan) Limited				97	203
Dynea Pakistan Limited				57,181	103,839
Allied Bank Limited				19,095	18,755
Habib Bank Limited				7,376	10,839
TPL Properties Limited				9,923	9,300
				149,279	218,824
Un- Quoted - At cost					
Sindh Engro Coal Mining Company Limited (SECMC)	10.2	11.9%	11.9%	-	1,398,011
TOTAL				5,431,550	4,938,387

10.1 Although the Company has less than 20% equity interest in all of its associates, the management believes that significant influence over these associates exists by virtue of the Company's representation on the Board of Directors of the respective companies.

10.2 Represents investment in an associate established for the construction of coal mine. Although the Company has less than 20% equity interest in the associate, the management believes that it has significant influence due to the contractual agreement with the shareholders. The Company undertook to invest USD 24.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,960.619 million acquiring 132,295,445 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 6.81 million.

11. LONG-TERM LOANS - considered good

	Note	2019	2018
		--------(Rupees in '000)--------	
Employee - secured			
Interest free	11.1	7,992	11,988
Current portion	17	(3,996)	(3,996)
		3,996	7,992
Wholly owned subsidiaries - unsecured			
Thal Power (Private) Limited	11.2 & 11.3	857,286	780,436
		861,282	788,428

11.1 The loan is secured against mortgage of property. The maximum aggregate amount due from employee at the end of any month during the year was Rs. 11.655 million (2018: Rs. 14.652 million). During the year amount of Rs. 3.996 million was repaid to the Company.

11.2 The maximum aggregate amount due from Thal (Power) Private Limited at the end of any month during the year was Rs. 857.286 million (2018: Rs. 780.436 million). During the year, an amount of Rs. 76.850 million was disbursed to Thal Power (Private) Limited.

11.3 Represents interest free loan given for purchase of shares of ThalNova Power Thar (Private) Limited (ThalNova). The loan is likely to be converted into Share Capital based on the progress achieved by ThalNova for its underlying project.

12. LONG-TERM DEPOSITS

	2019	2018
	--------(Rupees in '000)--------	
Security deposits	9,503	8,068
Utilities	4,867	4,837
Others	491	491
	14,861	13,396

12.1 These deposits are interest free.

13. DEFERRED TAX ASSET

	2019	2018
Deferred tax asset arising in respect of provisions	332,664	293,002
Deferred tax liability arising due to accelerated tax depreciation allowance	(167,470)	(101,851)
	165,194	191,151

14. STORES, SPARES AND LOOSE TOOLS

	2019	2018
Stores		
· In hand	27,766	32,477
· In transit	-	4,030
	27,766	36,507
Spares in hand	96,739	94,851
Loose tools	205	214
	124,710	131,572

15. STOCK-IN-TRADE

	Note	2019	2018
		--------(Rupees in '000)--------	
Raw material			
· In hand	15.1	4,260,842	2,586,886
· In transit		496,245	639,192
		4,757,087	3,226,078
Work-in-process		246,731	226,833
Finished goods		631,487	501,003
	15.2	5,635,305	3,953,914

15.1 Raw materials amounting to Rs. 6.422 million (2018: Rs. 8.342 million) are held with the sub-contractors.

15.2 Includes items amounting to Rs. 183.123 million (2018: Rs. 38.284 million) carried at net realisable value. [Cost Rs. 276.755 million (2018: Rs. 93.422 million)].

16. TRADE DEBTS - unsecured

	Note	2019	2018
		--------(Rupees in '000)--------	
Considered good	16.1&16.2	2,399,686	1,536,012
Allowance for expected credit losses	16.3	(51,740)	(16,284)
		2,347,946	1,519,728

16.1 This includes amount due from the following associates / related parties:

	2019	2018
Indus Motor Company Limited	660,235	508,551
Shabbir Tiles and Ceramics Limited	17,252	23,076
	677,487	531,627

16.2 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 878.206 million (2018: Rs. 746.755 million).

	Note	2019	2018
		--------(Rupees in '000)--------	
16.3 Movement - Allowances for expected credit losses			
Balance at the beginning of the year		16,284	13,941
Charge for the year	31	35,456	2,787
Bad debts written off during the year		-	(444)
Balance at the end of the year		51,740	16,284

17. LOANS AND ADVANCES

	Note	2019	2018
		--------(Rupees in '000)--------	
Loans			
Considered good - secured			
Employees - interest free	17.1 & 17.2	-	20,000
Current portion of long term loans	11 & 17.2	3,996	3,996
		3,996	23,996
Considered doubtful - unsecured			
Makro-Habib Pakistan Limited (MHPL)	17.3	264,552	264,552
Provision for doubtful loan		(264,552)	(264,552)
		-	-
		3,996	23,996
Advances - considered good - unsecured			
Suppliers		17,106	43,240
Employees		615	5,460
Others		143	-
	17.4	17,864	48,700
		21,860	72,696

17.1 The loan is secured against mortgage of property. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 12 million (2018: Rs. 20 million).

17.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 3.996 million (2018: Rs. 3.996 million). During the year an amount of Rs. 20 million was repaid to the Company.

17.3 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 264.552 million (2018: Rs. 282.756 million).

17.4 These advances are interest free.

18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
		--------(Rupees in '000)--------	
Trade deposits			
Tender / performance guarantee		23,690	78,710
Margin against letter of credit		255,525	2,227
Deposit against custom duty		7,182	7,182
Container deposits		6,977	24,065
	18.1	293,374	112,184
Short-term prepayments			
Insurance	18.2	11,665	14,023
Others		11,584	15,111
		23,249	29,134
		316,623	141,318

18.1 These deposits are interest free.

18.2 This includes prepayments amounting to Rs. 9.866 million (2018: 11.604 million) made to Habib Insurance Company Limited, a related party.

19. OTHER RECEIVABLES

	Note	2019	2018
		--------(Rupees in '000)--------	
Duty drawback		2,971	2,106
Insurance claims		-	7
Receivable from A-One Enterprises (Private) Limited under group taxation	21	4,089	4,625
Others	19.1	64,108	28,873
		71,168	35,611

19.1 This includes receivable from the following related parties which are neither past due nor impaired:

	2019	2018
Indus Motor Company Limited	21	-
Agriautos Industries Limited	14	4
Habib Metro Pakistan Private Limited	287	2,568
Noble Computer Services (Private) Limited	-	4,550
Thal Boshuko Pakistan (Private) Limited	405	583
	727	7,705

19.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 5.860 million (2018: Rs. 11.594 million).

20. SHORT-TERM INVESTMENTS

	Note	2019	2018
		--------(Rupees in '000)--------	
At amortised cost			
Term deposit receipts	20.1	1,045,699	346,737
Accrued interest		3,395	1,217
		1,049,094	347,954
Treasury bills	20.2	-	295,762
Accrued interest		-	3,683
		-	299,445
At fair value through statement of profit or loss			
Atlas Money Market Fund		101,310	54,897
UBL Liquidity Plus Fund		105,051	805,388
NAFA Money Market Fund		510,971	822,424
NAFA Government Securities Liquid Fund		-	301,426
ALFALAH Money Market Fund		204,092	177,873
MCB Cash Optimizer Fund		205,648	479,201
HBL Cash Fund		411,758	720,152
ABL Cash Fund		355,374	838,478
		1,894,204	4,199,839
		2,943,298	4,847,238

20.1 These include deposits amounting to Rs. Nil (2018: Rs. 1.081 million) with Habib Metropolitan Bank Limited, a related party and carry interest at the rate of: Nil (2018: 4.35% to 6.20%) per annum. Included in the above investment, Rs. 345.699 million (2018: Rs. 346.737 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company. These balances carry maturity of up to three months.

20.2 These carry interest at the rate of Nil (2018: 6.22% to 6.24%) per annum.

21. INCOME TAX - net

	Note	2019	2018
		--------(Rupees in '000)--------	
Group Tax Relief adjustments	21.1	632,681	593,466
Group Taxation adjustments	21.2	(15,645)	512
Income tax provision less tax payments – net	21.3	(523,118)	(531,150)
		93,918	62,828

21.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company adjusted its tax liabilities for the tax years 2008 to 2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Company is entitled to Group Relief under Section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the High Court of Sindh and with the Chairman ATIR which are under the process of hearings.

In addition to the above, the Company has decided to acquire tax losses incurred by Thal Boshoku Pakistan (Private) Limited (TBPK) during the year amounting to Rs. 39.215 million for set off against its tax liability. The amount of tax losses acquired are yet to be paid to the subsidiary.

21.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2019 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 2.966 million (2018: Rs. 5.653 million) for the current year. Moreover, the tax income transferred by A-One under group taxation opted by the Company amounted to Rs. 18.614 million (2018: Rs. 5.141 million).

21.3 Includes adjustment of tax challans acquired from MHPL and A-One amounting to Rs. 0.110 million (2018: Rs. 0.291 million) and Rs. 14.525 million (2018: Rs.2.651 million) respectively.

22. CASH AND BANK BALANCES

	Note	2019	2018
		--------(Rupees in '000)--------	
Cash in hand		451	2,162
Bank balances			
Current accounts	22.1	158,076	198,062
Deposit accounts	22.2	452,982	501,059
		611,058	699,121
		611,509	701,283

22.1 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 70.062 million (2018: Rs. 50.887 million).

22.2 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 204.229 million (2018: Rs. 323.154 million) and carry markup ranging from 5% to 10.75% (2018: 4.25% to 5.75%) per annum.

23. SHARE CAPITAL

23.1 Authorized Capital
The Company has authorised capital of 200 million ordinary shares of Rs. 5/- each amounting to Rs. 1,000 million.

23.2 Issued, subscribed and paid-up capital

2019	2018		2019	2018
Number of ordinary shares of Rs. 5/- each			------(Rupees in '000)------	
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares	323,202	323,202
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation	56,198	56,198
81,029,909	81,029,909		405,150	405,150

23.3 As at June 30, 2019, 7,026,267 (2018: 7,013,869) ordinary shares are held by related parties.

23.4 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

24. RESERVES

	2019	2018
	--------(Rupees in '000)--------	
Capital reserves		
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	13,240	13,240
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	55,704	55,704
Revenue reserves		
General reserve	15,123,499	13,531,499
Unappropriated profit	2,952,475	2,281,141
	18,075,974	15,812,640
Gain on revaluation of investments held at fair value through OCI	94,631	164,176
	18,226,309	16,032,520

25. LONG-TERM DEPOSITS

25.1 Includes security deposits from Shabbir Tiles and Ceramics Limited, an associate, amounting to Rs. 0.708 million (2018: Rs. Nil) in respect of godown space provided.

	Note	2019	2018
		--------(Rupees in '000)--------	
26. TRADE AND OTHER PAYABLES			
Creditors	26.1	655,368	633,970
Accrued liabilities	26.2	873,708	1,043,210
Custom duty payable		75,644	51,176
Payable to TBPK against group taxation	21.1	39,215	-
Payable to MHPL against group taxation	21	754	1,328
Salaries payable		9,506	5,627
Warranty obligations	26.3	487,116	395,825
Advances from customers (Contract liabilities)		8,084	20,654
Initial technical fee payable	8.2	71,411	-
Royalty payable	26.4	104,104	87,393
Security deposits		1,395	1,745
Payable to retirement benefit fund		7,901	7,117
Advance against sale of land		-	3,000
Other liabilities	26.5	149,395	128,103
		2,483,601	2,379,148
26.1 This includes amounts due to the following related parties:			
Pakistan Industrial Aids (Private) Limited		-	109
Habib Insurance Company Limited		846	4,749
Indus Motor Company Limited		3,009	1,538
Noble Computer Services (Private) Limited		3,438	90
Metro Habib Cash and Carry Pakistan (Private) Limited		2,074	807
		9,367	7,293
26.2 This includes amounts due to the following related parties:			
Noble Computer Services (Private) Limited		188	
Habib Insurance Company Limited		108	4,370
		296	4,370
26.3 Warranty obligations			
Balance at the beginning of the year		395,825	320,615
Charge for the year	31	106,113	89,396
Claims paid during the year		(14,822)	(14,186)
Balance at end of the year		487,116	395,825
26.4 Royalty payable			
Opening balance		87,393	150,102
Charge for the year	30	179,910	157,910
Paid during the year		(163,199)	(220,619)
Balance at the end of the year		104,104	87,393
26.5 Other liabilities			
Tax deducted at source		1,202	4,896
Employees Old-Age Benefits Institution (EOBI)		62,650	47,875
Workers' Profit Participation Fund	26.6	6,332	1,255
Workers' Welfare Fund		64,561	56,059
Others		14,650	18,018
		149,395	128,103

	Note	2019	2018
		--------(Rupees in '000)--------	
26.6 Workers' Profit Participation Fund (WPPF)			
Payable / (receivable from) to WPPF at the beginning of the year		1,255	(382)
Interest on funds utilised in the Company's business	35	224	-
Allocation for the current year	33	231,332	203,255
		232,811	202,873
Paid during the year		(226,479)	(201,618)
Payable to WPPF at the end of the year		6,332	1,255

27. SHORT TERM RUNNING FINANCE - secured

Represents utilized portion of available limits of the running finance facilities amounting to Rs. 2,498 million (2018: Rs. 2,498 million). The facilities carry mark-up at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2018: 0.5% to 0.75%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Company's stock-in-trade and trade debts. These facilities have maturity till 31 October 2021.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 There were no contingencies other than the tax contingency which is disclosed in note 21.1 to these unconsolidated financial statements.

	2019	2018
	--------(Rupees in '000)--------	
28.2 Commitments		
28.2.1 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SRO's.	141,811	24,545
28.2.2 Letters of credit outstanding for raw material and spares	616,156	1,708,273
28.2.3 Letter of guarantees issued by bank on behalf of the Company in respect of financial committments of the Company.	1,402,908	1,424,711
28.2.4 Commitments in respect of capital expenditure	1,049,042	7,515
28.2.5 Commitments for rentals under Ijarah (lease) agreements		
Within one year	21,642	16,084
After one year but not later than five years	20,344	13,103
	41,986	29,187

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 41.986 million and are payable in monthly installments latest by June, 2022. These commitments are secured by on-demand promissory notes of Rs. 81.795 million.

28.2.6 Commitment in respect of investment is disclosed in note 10.3 to these unconsolidated financial statements.

	Note	2019	2018
		--------(Rupees in '000)--------	

29. REVENUE - net

	Note	2019	2018
Export sales	29.1 & 29.2	486,907	436,245
Local sales	29.3	25,583,127	21,740,788
		26,070,034	22,177,033
Less:			
Sales tax		3,698,765	2,888,380
Sales discount		1,116	2,602
		3,699,881	2,890,982
Add:			
Duty drawback		4,211	6,908
		22,374,364	19,292,959

29.1 Represents sales made to the following geographical regions:

	2019	2018
Australia	6,649	26,576
Chile	3,797	-
Egypt	180,047	11,922
Estonia	1,090	1,152
Italy	49,673	66,492
Jordan	8,778	-
Kuwait	1,468	2,998
Saudi Arabia	6,581	-
Spain	3,051	762
Turkey	37,998	9,239
United Arab Emirates	205,386	135,329
Afghanistan	-	5,967
Bangladesh	-	2,608
Malaysia	-	5,449
Oman	-	2,044
Switzerland	-	5,695
Turkmenistan	-	41,069
Others	3,225	133,775
	507,743	451,077

29.2 Export sales are stated net of export related freight and other expenses of Rs. 20.836 million (2018: Rs. 14.832 million).

29.3 Local sales are stated net of freight and other expenses of Rs. 110.063 million (2018: Rs. 100.618 million).

	Note	2019	2018
		--------(Rupees in '000)--------	

30. COST OF SALES

	Note	2019	2018
Raw material consumed	30.1	15,779,709	13,294,331
Salaries, wages and benefits		1,513,398	1,405,964
Stores and spares consumed		225,203	168,263
Repairs and maintenance		102,923	128,499
Power and fuel		216,418	267,232
Rent, rates and taxes		6,874	7,047
Vehicle running and maintenance		14,343	11,902
Insurance		11,918	8,998
Communication		6,366	6,246
Travelling and conveyance		14,158	11,504
Entertainment		634	697
Printing and stationery		8,576	7,711
Legal and professional		3,176	14,677
Computer accessories		7,764	6,599
Royalty	30.2	179,910	157,910
Depreciation / amortisation	7.3	250,902	179,633
Amortisation	8.1	5,223	1,834
Research and development		8,281	6,770
Ijarah rentals		8,176	9,365
Technical Assistance fee		1,286	114
Others		2,263	3,212
		18,367,502	15,698,508
Work-in-process			
Opening		226,833	156,863
Closing		(246,731)	(226,833)
		(19,898)	(69,970)
Cost of goods manufactured		18,347,604	15,628,538
Finished goods			
Opening		501,003	504,142
Closing		(631,487)	(501,003)
		(130,484)	3,139
		18,217,120	15,631,677

30.1 Raw material consumed

	2019	2018
Opening stock	2,586,886	1,868,669
Purchases	17,453,665	14,012,548
Closing stock	(4,260,842)	(2,586,886)
	15,779,709	13,294,331

30.2 Royalty

Party Name	Registered Address	Relationship with Company or its directors	2019	2018
Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	96,037	82,991
Furukawa Automotive Systems	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	83,873	74,919
			179,910	157,910

31. DISTRIBUTION AND SELLING EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		90,116	74,194
Vehicle running expense		4,951	3,859
Utilities		1,577	1,676
Insurance		3,202	1,927
Rent, rates and taxes		8,484	12,241
Communication		2,157	2,304
Advertisement and publicity		11,231	11,170
Travelling and conveyance		8,556	5,616
Entertainment		419	370
Printing and stationery		558	391
Legal and professional		20	251
Computer accessories		822	509
Research and development		94	190
Depreciation	7.3	2,032	1,959
Amortisation	8.1	325	18
Provision for expected credit loss	16.3	35,456	2,787
Repairs and maintenance		2,618	1,691
Export expenses		6,008	5,216
Allowance for warranty claims	26.3	106,113	89,396
Ijarah rentals		3,017	2,734
Others		597	720
		288,353	219,219

32. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries and benefits		420,916	465,277
Vehicle running expense		14,385	12,955
Printing and stationery		3,838	4,964
Rent, rates and taxes		19,746	25,322
Utilities		6,517	7,209
Insurance		2,015	371
Entertainment		1,226	1,351
Subscription		1,334	1,842
Communication		4,192	4,579
Advertisement and publicity		515	1,241
Repairs and maintenance		7,610	26,322
Travelling and conveyance		16,529	19,367
Legal and professional		160,528	157,860
Computer accessories		5,428	4,601
Auditors' remuneration	32.1	4,972	4,958
Depreciation / amortization	7.3	7,434	10,049
Depreciation on investment property	9	7	7
Amortisation	8.1	4,727	5,107
Ijarah rentals		10,280	9,471
Charity and donations	32.2 & 32.3	51,236	45,414
Directors' fee and meeting expenses		2,585	1,990
Others		7,564	4,009
		753,584	814,266

	Note	2019	2018
		--------(Rupees in '000)--------	
32.1 Auditors' remuneration			
Audit fee		2,590	2,345
Half-yearly review		357	324
Taxation services		273	1,197
Other certification		1,148	607
Out of pocket expenses		604	485
		4,972	4,958

32.2 Charity and donations

Charity and donations include the following donees in whom directors or their spouses are interested:

Name of donee	Address of donee	Name of directors/spouse	2019	2018
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	14,930	12,820
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	10,000	12,536
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	7,500	5,000
Ghulaman-e-Abbas School	Ghulaman-e-Abbas School, Bab-e-Ali, Al-alamdar Building, Near Lyari Expressway, Mauripur Road, Karachi	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	5,000	-
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	32	34

32.3 Charity and donations include the following donees to whom donations exceed 10% of total donation or 1 million whichever is higher other than already disclosed note 32.2 to these unconsolidated financial statements;

Name of donee	Name of directors/spouse	2019	2018
		--------(Rupees in '000)--------	
HELP	None	2,715	1,274
Masoomen Hospital Trust	None	2,000	-
Northern Eye Hospital	None	1,000	1,000
Thar Foundation	None	2,000	2,000
The Citizens Foundation	None	2,672	3,000
The Indus Hospital	None	2,000	2,000
School of Leadsership	None	-	990
		12,387	10,264

	Note	2019	2018
		--------(Rupees in '000)--------	
33. OTHER CHARGES			
Workers' profits participation fund	26.6	231,332	203,255
Workers' welfare fund		60,662	58,327
		291,994	261,582
34. OTHER INCOME			
Income from financial assets			
Dividend income from:			
Related parties			
Indus Motor Company Limited.		647,925	635,700
Agriauto Industries Limited		24,329	24,329
Habib Insurance Company Limited		4,302	4,302
Shabbir Tiles and Ceramics Limited		1,561	-
Habib METRO Pakistan (Private) Limited		402,897	356,641
		1,081,014	1,020,972
Others			
Dynea Pakistan Limited		5,310	3,268
Habib Sugar Mills Limited		5,134	3,267
Allied Bank Limited		1,455	1,318
Habib Bank Limited		293	358
GlaxosmithKline Pakistan Limited		3	5
Dividend from Mutual Funds		239,961	-
		252,156	8,216
Interest on:			
Deposit accounts		46,037	33,196
Term deposit receipts		44,803	122,288
Government treasury bills		39,081	58,159
		129,921	213,643
(Loss) / gain on revaluation / redemption of investments at fair value through profit or loss		(43,591)	123,827
Liabilities no longer payable written back		1,332	68
Reversal of provision for impairment of loan - MHPL		-	18,204
Exchange (loss) / gain - net		(7,150)	1,780
		1,413,682	1,386,710
Income from non financial assets			
Gain on disposal of operating fixed assets and intangibles		37,740	9,345
Rental income		4,047	5,451
Service income	34.1	26,201	27,720
Scrap sales		17,134	10,408
Claim from suppliers		21,556	6,525
Insurance claim		15	7
Others		759	-
		107,452	59,456
		1,521,134	1,446,166

34.1 The Company has a service agreement with Thal Boshoku Pakistan (Private) Limited, a subsidiary company. As per the agreement, the Company provides service and support for production engineering, plant maintenance and engineering, imports, logistics & material handling, sales administration, HR and general administration and financial, corporate, legal and tax advisory.

	Note	2019	2018
		--------(Rupees in '000)--------	
35. FINANCE COSTS			
Mark-up on Short-term running finance:			
· Related party		648	182
· Others		152	39
		800	221
Workers' profit participation fund	26.6	224	-
Bank charges and guarantee commission		8,781	8,648
		9,805	8,869
36. TAXATION			
Current		1,116,699	1,029,836
Prior		37,320	92,215
		1,154,019	1,122,051
Deferred		25,958	(4,509)
	36.1	1,179,977	1,117,542
36.1 Relationship between income tax expense and accounting profit			
Profit before taxation		4,334,642	3,803,512
Tax at the rate of 29% (2018: 30%)		1,257,046	1,141,054
Super tax @ 2% (2018 : 2%) of taxable income		88,209	112,785
		1,345,255	1,253,839
Tax effects of:			
Income taxed at reduced rates		(10,491)	(12,896)
Income tax under Final tax regime		(200,585)	(187,583)
Tax effect of inadmissible items		61,900	24,421
Tax credits		(53,422)	(52,454)
Prior		37,320	92,215
		1,179,977	1,117,542

36.2 The Company has filed its return of income up to tax year 2018. These are deemed to be assessed in accordance with the requirements of Income Tax Ordinance 2001.

37. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2019	2018
		--------(Rupees in '000)--------	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Net profit for the year		3,154,665	2,685,970
		Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue		81,030	81,030
		-------------(Rupees)-------------	
Basic and diluted earnings per share		38.93	33.15

38. CASH GENERATED FROM OPERATIONS

	2019	2018
Profit before taxation	4,334,642	3,803,512
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	270,650	198,607
Finance costs	9,805	8,869
Interest income	(129,921)	(213,643)
Liabilities no longer payable written back	(1,332)	(68)
loss / (Gain) on revaluation / redemption of investments at fair value through profit or loss	43,591	(123,827)
Dividend income	(1,333,170)	(1,029,188)
Provision for ECL	35,456	2,787
Provision for retirement benefits	4,901	4,967
Reversal of provision for impairment on loan to MHPL	-	(18,204)
Gain on disposal of operating fixed assets	(37,740)	(9,345)
	(1,137,760)	(1,179,045)
	3,196,882	2,624,467
(Increase) / decrease in current assets		
Stores, spares and loose tools	6,862	(30,112)
Stock-in-trade	(1,681,391)	(1,039,934)
Trade debts	(863,674)	(481,116)
Loans and advances	50,836	(9,792)
Trade deposits and short-term prepayments	(175,305)	(62,997)
Other receivables	(35,557)	(12,717)
Sales tax refundable	(208,669)	(30,263)
	(2,906,898)	(1,666,931)
Increase in current liabilities		
Trade and other payables	105,785	467,456
	395,769	1,424,992

39. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	22	611,509	701,283
Short-term investments	20	1,045,699	641,461
Short-term running finance	27	-	(600)
		1,657,208	1,342,144

40. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, associates, and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in note 41 and elsewhere in these unconsolidated financial statements, are as follows:

Relationship	Nature of transactions	2019	2018
		--------(Rupees in '000)--------	
Subsidiaries	Professional services acquired	164,107	142,050
	Purchase of assets	-	3,907
	Purchase of goods	1,072	7,852
	Sale of goods	-	318
	Supplies purchased	-	943
	Rent received	3,693	5,451
	Security Deposit paid	1,624	-
	Sale of assets	1,343	1,761
	Service fee	26,201	27,720
	Tax loss and challans acquired	4,709	-
Associates	Sales of goods	11,419,180	10,394,197
	Insurance premium	33,255	37,367
	Purchase of assets	3,215	1,744
	Supplies purchased	45,796	53,770
	Purchase of goods	5,459	65,051
	Insurance claim received	3,607	689
	Mark-up and bank charges paid	5,656	3,154
	Profit received on deposits	21,798	77,112
	Ijarah rentals	21,400	21,835
	Rent received	354	-
	Rent paid	-	1,623
Employee benefit plans	Contribution to provident fund	45,562	35,634
	Contribution to retirement benefit fund	7,361	4,967

40.1 Other transactions with key management personnel are disclosed in note 41 to the unconsolidated financial statements.

40.2 The receivable / payable balances with related parties as at June 30, 2019 are disclosed in the respective notes to the unconsolidated financial statements.

40.3 Following are the related parties of the Company with whom the Company had entered into transactions or have arrangement/agreement in place.

S. No	Company Name	Basis of association	Aggregate % of shareholding	Nature of transactions
1	Noble Computer Services (Private) Limited	Subsidiary	100%	Professional services acquired / purchase of assets / sale of assets / sale of goods
2	Pakistan Industrial Aids (Private) Limited	Subsidiary	100%	Purchase of goods
3	Makro-Habib Pakistan Limited	Subsidiary	100%	Purchase of assets / tax loss and challans acquired
4	A-One Enterprises (Private) Limited	Subsidiary	100%	Tax profit and challans acquired
5	Habib Metro Pakistan (Private) Limited	Subsidiary	60%	Purchase of assets
6	Thal Boshoku Pakistan (Private) Limited	Subsidiary	55%	Rent received / service fee and tax loss acquired
7	Thal Power (Private) Limited	Subsidiary	100%	Loan
8	Thal Electrical (Private) Limited	Subsidiary	100%	Advance against issuance of shares
9	Sindh Engro Coal Mining Company Limited	Associate	11.90%	Issuance of shares
10	Indus Motor Company Limited	Associate	6.22%	Sales of goods
11	Shabbir Tiles and Ceramics Limited	Associate	1.30%	Sales of goods / supplies purchased
12	Habib Insurance Company Limited.	Associate	4.63%	Insurance premium / Insurance claim received
13	Metro Habib Cash and Carry Pakistan (Private) Limited	purchased	-	Associate of subsidiary company Purchase of assets / supplies
14	Habib Metropolitan Bank Limited	Common directorship	-	Mark-up and bank charges paid / profit received
15	First Habib Modaraba	Subsidiary of an associate	-	Ijarah rentals
16	Thal Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
17	Thal Limited - Employees' Retirement Benefit Fund	Retirement benefit fund	-	Contribution made
18	Zehra Home Trust	Trusteeship held by spouse of Director	-	Sale of goods

	2019			2018		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----------(Rupees in '000)----------					
Managerial remuneration	16,320	-	243,098	20,257	-	237,319
Bonus	3,189	-	54,022	7,290		24,691
Company's contribution to provident fund	-	-	10,249	807	-	9,719
Company's contribution to retirement benefit fund	-	-	2,731	-	-	4,676
Other perquisites	-	-	2,977	-	-	1,226
	19,509	-	313,077	28,354	-	277,631
Number of persons	1	7	44	1	6	36

41.1 The chief executive, directors and certain executives of the company are provided with free use of company maintained cars.

41.2 Four non executive directors (2018: Five) have been paid fees of Rs.2,585,000 (2018: Rs. 1,870,000) for attending board and other meetings.

42. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	251,000	251,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Actual Production		
Jute (Metric Tons)	22,898	26,748
Auto air conditioners (Units)	68,095	63,914
Wire harness (Units)	173,532	148,447
Paper bags (Nos. 000s)	123,545	117,243
Alternator (Units)	56,542	51,134
Starter (Units)	56,542	51,134
Reason for shortfall	Low demand	Low demand

42.1 The capacity of wire harness is dependent on product mix.

42.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

43. PROVIDENT FUND

Investments out of provident fund have been made in compliance with the provisions of section 218 the Act and the rules formulated for this purpose.

44. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
		--------(Rupees in '000)--------	
44.1 Financial assets as per statement of financial position			
At amortised cost			
Long term loans	11.	861,282	788,428
Long term deposits	12.	14,861	13,396
Trade debts	16	2,347,946	1,519,728
Loans and advances	17	21,860	72,696
Trade deposits	18.1	293,374	112,184
Interest accrued		3,699	2,088
Other receivables	19	71,168	35,611
Short-term investments	20	1,049,094	347,954
Cash and bank balances	22	611,509	701,283
At fair value through OCI			
Long-term investments	10.	149,279	1,616,835
At fair value through profit and loss			
Short-term investments	20	1,894,204	4,199,839
44.2 Financial liabilities as per statement of financial position			
At amortised cost			
Long-term deposits	25	1,463	2,379
Trade and other payables	26	2,483,601	2,379,148
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	27	-	600

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversees policies for managing each of these risks which are summarised below.

45.1 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.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term investments, long-term loans, long-term deposits, trade debts, loans, trade deposits, other receivables, short-term investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2019	2018
	--------(Rupees in '000)--------	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 668.145 million (2018: Rs. 524.373 million) receivable from related parties.]	1,520,103	1,191,146
Past due but not impaired		
· Less than 90 days [includes Rs. 9.267 million (2018: Rs. 7.254 million) receivable from related parties.]	702,999	290,359
· 91 to 180 days	84,506	35,532
· 181 to 360 days	40,338	2,691
	2,347,946	1,519,728
Bank balances		
Ratings		
A1+	542,802	578,358
A-1+	66,914	120,740
*A1	1,342	23
	611,058	699,121

* This includes rating assigned by an international rating agency to foreign banks.

	2019	2018
Short term investments		
Ratings		
A1+	-	150,628
A-1+	1,049,094	496,771
AA(f)	1,484,464	3,241,339
AA+(f)	409,740	657,074
AA-(f)	-	301,426
	2,943,298	4,847,238

Financial assets other than trade debts, bank balances and short-term investments, are not exposed to any material credit risk.

45.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----------------------------(Rupees in ‘000)----------------------------				
Year ended June 30, 2019					
Long term deposits	-	-	-	1,463	1,463
Short term running finance - secured	30,709	-	-	-	30,709
Trade and other payables	1,821,109	-	-	-	1,821,109
Unclaimed dividend	56,697	-	-	-	56,697
Unpaid dividend	49,409	-	-	-	49,409
	1,927,215	-	-	1,463	1,928,678
Year ended June 30, 2018					
Long term deposits	-	-	-	2,379	2,379
Trade and other payables	1,866,098	-	-	-	1,866,098
Short-term running finance - secured	600	-	-	-	600
Unclaimed dividend	48,712	-	-	-	48,712
Unpaid dividend	48,954	-	-	-	48,954
	1,964,364	-	-	2,379	1,966,743

45.3 Foreign Currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risks is as follows:

	2019	2018
	--------(Rupees in ‘000)--------	
Trade receivables (US Dollars)	481	52
Trade and other payables (US Dollars)	165	2,127
Trade and other payables (EUR)	1,232	520
Trade and other payables (JPY)	43,927	-
Trade and other payables (CHF)	20	-
Total (CHF) - payables	20	-
Total (JPY) - payables	43,927	-
Total (EUR) - payables	1,232	520
Total (US Dollars) - receivables	316	2,075

The following significant exchange rates have been applied at the statement of financial position date:

US Dollars	164.50	121.50
EUR	186.99	141.58
JPY	1.53	-
CHF	168.60	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AED, EUR, JPY and CHF's exchange rate, with all other variables held constant, of the Company’s profit before tax and the Company’s equity.

	Change in exchange rate	Effect on profit or (loss) before tax	Effect on equity
	%	--------(Rupees in ‘000)--------	
2019	+ 10	(24,897)	(17,582)
	- 10	24,897	17,582
2018	+ 10	(32,564)	(22,996)
	- 10	32,564	22,996

45.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the unconsolidated financial statements.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company’s profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
2019		
KIBOR	+ 100	4,530
KIBOR	- 100	(4,530)
2018		
KIBOR	+ 100	4,403
KIBOR	- 100	(4,403)

45.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company’s quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company’s Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

As at the statement of financial position date, the exposure to listed equity securities at fair value was Rs. 149.27 million. At decrease of 10% in the share price of these securities would have an impact of approximately Rs. 14.92 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity with the similar amount.

46. CAPITAL RISK MANAGEMENT

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through equity and short term running finance.

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
2019	----------------------------(Rupees in ‘000)			----------------------------
Assets				
· Equity investment at fair value through OCI	149,279	-	-	149,279
· Short-term investments	1,894,204	-	-	1,894,204

	Level 1	Level 2	Level 3	Total
2018	----------------------------(Rupees in ‘000)			----------------------------
Assets				
· Equity investment at fair value through OCI	218,824	-	-	218,824
· Short-term investments	4,199,839	-	-	4,199,839

There were no transfers amongst levels during the year.

48. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 20, 2019 has approved the following:

(i) transfer of Rs. 2,506.5 million from unappropriated profit to general reserve; and

(ii) payment of cash dividend of Rs. 5.50 per share for the year ended June 30, 2019 for approval of the members at the Annual General Meeting to be held on October 26, 2019.

49. NUMBER OF EMPLOYEES

Total number of employees

	2019	2018
Total number of Company's employees as at June, 30	4,074	4,671
Average number of Company's employees during the year	4,325	4,532

50. GENERAL

50.1 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

50.2 Figures have been rounded off to the nearest thousands.

51. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on September 20, 2019 by the Board of Directors of the Company.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

INDEPENDENT AUDITOR'S REPORT

To the members of Thal Limited

Opinion

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

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

Basis for Opinion

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

Key Audit 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.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition and adoption of IFRS 15 'Revenue from contracts with customers'	
The Group earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. The recognition of revenue relating to each business line depend on the nature of contractual arrangements with the customers. IFRS 15 'Revenue from contracts with customers' has become effective in Pakistan for accounting periods beginning on or after 1 July 2018 and accordingly the same has been adopted by the Group during the year. IFRS 15 provides comprehensive model of revenue recognition and requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers. We identified revenue recognition as a key audit matter due to adoption of IFRS 15, significant volume of transactions and the amount of audit efforts in relation to this area.	We performed a range of audit procedures in relation to revenue including the following: • We reviewed the terms and conditions of distinct sale transactions and assessed the appropriateness of the revenue recognition policies and practices followed by the Group. • We evaluated the impact of the new accounting requirement are in accordance with IFRS 15. We reviewed the assessment prepared by the management relating to the application of five-step model for revenue recognition. • We tested controls over revenue recognition and reporting process within each business unit including key IT application controls, IT dependent manual controls and IT general controls for the relevant IT systems used for revenue transaction processing by the Group. • We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognized in the appropriate accounting period. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.
Key audit matters	**How the matter was addressed in our audit**
2. Capital expenditure on new projects	
As referred to in note 8 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure during the year for new projects to enhance the production capacity of the Group. Capital expenditures incurred during the year represents a significant transaction and therefore, we have identified the same as a key audit matter.	Our procedures, amongst others, included the following: • Obtaining an understanding of the Group's process with respect to capital expenditure including project budgeting, execution of contracts and accumulation of cost. • We reviewed the relevant contracts and documents supporting various components of the capitalised cost. • We considered whether the items of cost capitalised, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards. • We also evaluated the basis used by the management for depreciation charges in relation to the assets, by considering factors such as the current useful life estimates and timing of capitalisation. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

Information Other than the Consolidated Financial Statements and Auditors' 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 financial statements and our auditors' report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 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 are responsible for overseeing the Group's financial reporting process.

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

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

- Identify and assess the risks of material misstatements 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 material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- 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 auditors' 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 auditors' report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 25 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,365,205	1,947,728
Intangible assets	9	94,193	17,521
Investment properties	10	6,422,476	6,702,921
Long-term investments	11	5,402,004	4,624,862
Long-term loans	12	3,996	9,048
Long-term deposits	13	23,188	21,433
Long-term prepayments	14	22,501	22,501
Deferred tax asset	15	139,796	191,145
		15,473,359	13,537,159
Current assets			
Stores, spares and loose tools	16	134,503	137,465
Stock-in-trade	17	5,788,036	4,047,147
Trade debts	18	2,431,440	1,593,086
Loans and advances	19	28,224	86,694
Trade deposits and short-term prepayments	20	331,515	151,110
Interest accrued		7,648	2,451
Other receivables	21	83,559	49,611
Short-term investments	22	7,549,725	9,069,237
Sales tax refundable		357,073	105,163
Cash and bank balances	23	1,068,600	1,325,900
		17,780,323	16,567,864
TOTAL ASSETS		33,253,682	30,105,023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 5/- each	24	1,000,000	1,000,000
Issued, subscribed and paid-up capital	24	405,150	405,150
Share deposit money		12	12
Reserves	25	22,568,368	19,957,969
Equity attributable to equity holders of the Holding Company		22,973,530	20,363,131
Non-controlling interest	26	6,596,482	6,484,082
Total equity		29,570,012	26,847,213
NON-CURRENT LIABILITIES			
Long term deposits	27	323,777	319,720
CURRENT LIABILITIES			
Trade and other payables	28	2,880,445	2,732,729
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Income tax - net	29	90,706	96,923
Short-term running finance	30	274,131	600
Advance rent		8,505	10,172
		3,359,893	2,938,090
CONTINGENCIES AND COMMITMENTS	31		
TOTAL EQUITY AND LIABILITIES		33,253,682	30,105,023

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Revenue - net	32	23,544,641	20,308,071
Cost of sales	33	(19,469,021)	(16,619,922)
Gross profit		4,075,620	3,688,149
Distribution and selling expenses	34	(295,684)	(225,757)
Administrative expenses	35	(1,265,361)	(1,279,721)
Other charges	36	(446,545)	(271,159)
		(2,007,590)	(1,776,637)
Other income	37	2,626,166	2,257,252
Operating profit		4,694,196	4,168,764
Finance costs	38	(24,842)	(10,206)
		4,669,354	4,158,558
Share of net profit of associates and joint venture - after tax	11.1	941,312	941,177
Profit before taxation		5,610,666	5,099,735
Taxation	39	(1,648,356)	(1,547,656)
Net profit for the year		3,962,310	3,552,079
Attributable to			
· Equity holders of the Holding Company		3,581,312	3,171,847
· Non-controlling interest		380,998	380,232
		3,962,310	3,552,079
		-------------(Rupees)-------------	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	40	44.20	39.14

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER   CHIEF EXECUTIVE OFFICER   DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	--------(Rupees in '000')--------	
Net profit for the year	3,962,310	3,552,079
Other comprehensive income		
Item that will not be reclassified to statement of profit or loss in subsequent periods;		
Share of actuarial gains / (loss) on remeasurement of defined benefit plans of associates - net of tax	(10,037)	20,383
(Loss)/gain on revaluation equity investments at fair value through other comprehensive income	(69,545)	20,251
	(79,582)	40,634
Total comprehensive income for the year	3,882,728	3,592,713
Attributable to		
· Equity holders of the Holding Company	3,501,730	3,212,481
· Non-controlling interest	380,998	380,232
	3,882,728	3,592,713

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER   CHIEF EXECUTIVE OFFICER   DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Share deposit money	RESERVES Capital reserves	General reserve	Unappropr-iated profit	Gain on revaluation of investment at fair value through other comprehensive income	Non-controlling interest	Total equity
	(Rupees in '000)							
Balance as at June 30, 2017	405,150	12	67,929	11,207,374	7,027,888	143,928	6,116,611	24,968,892
Transfer to general reserve	-	-	-	2,366,000	(2,366,000)	-	-	-
Final dividend @ Rs. 16/- per share for the year ended June 30, 2017	-	-	-	-	(1,296,479)	-	-	(1,296,479)
1st Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	-	(202,576)	-	-	(202,576)
2nd Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	-	(202,576)	-	-	(202,576)
Subsidiary company								
Final dividend @ Rs. 0.304/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(41,303)	(41,303)
1st Interim dividend @ Rs. 0.500/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(68,014)	(68,014)
2nd Interim dividend @ Rs. 0.482/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(65,508)	(65,508)
3rd Interim dividend @ Rs. 0.463/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(62,936)	(62,936)
	-	-	-	-	(1,701,631)	-	(237,761)	(1,939,392)
Advance against issuance of shares	-	-	-	-	-	-	225,000	225,000
Net profit for the year	-	-	-	-	3,171,847	-	380,232	3,552,079
Other comprehensive income	-	-	-	-	20,383	20,251	-	40,634
Total comprehensive income for the year	-	-	-	-	3,192,230	20,251	380,232	3,592,713
Balance as at June 30, 2018	405,150	12	67,929	13,573,374	6,152,487	164,179	6,484,082	26,847,213
Transfer to general reserve	-	-	-	1,592,000	(1,592,000)	-	-	-
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2018	-	-	-	-	(688,755)	-	-	(688,755)
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019	-	-	-	-	(202,576)	-	-	(202,576)
Subsidiary company								
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(55,520)	(55,520)
1st interim dividend @ Rs. 0.502/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(68,257)	(68,257)
2nd interim dividend @ Rs. 0.517/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(70,342)	(70,342)
3rd interim dividend @ Rs. 0.548/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(74,479)	(74,479)
	-	-	-	-	(891,331)	-	(268,598)	(1,159,929)
Net profit for the year	-	-	-	-	3,581,312	-	380,998	3,962,310
Other comprehensive loss	-	-	-	-	(10,037)	(69,545)	-	(79,582)
Total comprehensive income for the year	-	-	-	-	3,571,275	(69,545)	380,998	3,882,728
Balance as at June 30, 2019	405,150	12	67,929	15,165,374	7,240,431	94,634	6,596,482	29,570,012

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	1,784,743	2,713,987
Finance costs paid		(24,842)	(10,207)
Retirement benefits paid		(4,901)	(4,038)
Income tax paid		(1,603,224)	(1,420,932)
Long term loans		5,052	1,941
Long term deposit - net		2,302	(729)
Net cash generated from operating activities		159,130	1,280,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,949,868)	(1,106,646)
Proceeds from disposal of operating fixed assets		53,541	18,824
Dividends received		1,113,296	745,602
Interest received		350,842	384,496
Long-term investments made during the year		(593,529)	(774,150)
Short-term investments made during the year		1,527,572	(2,285,683)
Net cash generated from / (used in) investing activities		501,854	(3,017,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,151,489)	(1,914,279)
Advance against issue of shares		-	225,000
Net cash used in financing activities		(1,151,489)	(1,689,279)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(490,505)	(3,426,814)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,114,694	7,541,508
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42	3,624,189	4,114,694

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. THE HOLDING COMPANY AND ITS OPERATIONS

1.1 Thal Limited (the Holding Company) was incorporated on January 31, 1966 as a public company limited by shares and is listed on the Pakistan Stock Exchange Limited.

The Holding Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The registered office of the Holding Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

1.2 The Group comprises of the Holding Company and the following subsidiaries that have been consolidated in these financial statements:

Subsidiary Companies	Note	Date of becoming subsidiary	Holding 2019 %	Holding 2018 %	2019 Total assets	2019 Total liabilities	2018 Total assets	2018 Total liabilities
					(Rupees in '000s)		(Rupees in '000s)	
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	177,980	62,110	174,617	62,984
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	32,511	1,183	31,563	1,768
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	33,166	351,317	42,749	349,994
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	932,977	12,314	879,865	17,278
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	10,196,925	682,075	9,942,822	645,757
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	1,441,813	409,380	1,084,467	65,430
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	879,178	859,239	760,944	782,887
Thal Electrical (Private) Limited	1.2.8	10-04-2019	100	-	100	-	-	-

1.2.1 Noble Computer Services (Private) Limited

Noble Computer Services (Private) Limited (NCSPL) was incorporated in Pakistan as a private limited company on May 8, 1983 and is a wholly owned subsidiary of Thal Limited. The NCSPL provides Internal Audit Services, I.T.related services, Advisory Services, HR Services and Management Services.

1.2.2 Pakistan Industrial Aids (Private) Limited

Pakistan Industrial Aids (Private) Limited (PIAPL) was incorporated in Pakistan on March 17, 2006 as a private limited company. The subsidiary is principally engaged in trading activity related to automotive parts, accessories, chemical gases and general goods.

1.2.3 Makro-Habib Pakistan Limited (MHPL)

(a) MHPL was incorporated in Pakistan on June 29, 2005 as a public limited (unlisted) company. MHPL was an associated undertaking of the Holding Company until April 30, 2008 and became a subsidiary company with effect from May 01, 2008. The principal objective of the Company is to operate a chain of wholesale / retail cash and carry stores. The Company was operating one store located at Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Road, Saddar, Karachi, on the land sub-leased by Army Welfare Trust.

(b) MHPL had entered into Arrangement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) (then a wholly owned subsidiary of METRO Cash and Carry International Holding BV) (the Operator) whereby the Operator had been engaged to operate MHPL's Saddar Store (the Store) for an operations fee determined under the agreed mechanism.

As a consequence of the dismissal of the Review Petition by the Honorable Supreme Court of Pakistan (SCP) the Saddar store of the subsidiary company, MHPL, was closed down on September 11, 2015. Accordingly, the Operation Agreement with MHCCP was terminated in 2016.

On the application filed by Army Welfare Trust in respect of the cancellation of sub-lease of the Sadder Store Land, the SCP has restored the review petition in its order dated December 9, 2015.

1.2.4 A-One Enterprises (Private) Limited

A-One Enterprises (Private) Limited (A-One EPL) was incorporated in Pakistan on December 16, 2011 as a private limited company. The management is considering different strategic plans.

1.2.5 Habib METRO Pakistan (Private) Limited

Habib METRO Pakistan (Private) Limited (HMPPL) was incorporated in Pakistan as a private limited company on December 16, 2011 under the Companies Ordinance, 1984. The main business of the HMPPL is to own and manage properties.

1.2.6 Thal Boshoku Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited (TBPPL) was incorporated on September 03, 2013 as a private company limited by shares. The principle activity of TBPPL is to manufacture automobile seats, seat parts, air cleaner and other automobile parts. TBPPL was formed pursuant to a Joint Venture Agreement between the Holding Company, Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan.

1.2.7 Thal Power (Private) Limited

Thal Power (Private) Limited (TPPL) was incorporated in Pakistan as a private limited company on July 03, 2014. TPPL has entered into a joint venture agreement with M/s Novatex Limited for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh.

1.2.8 Thal Electrical Pakistan (Private) Limited

Thal Electrical (Private) Limited was incorporated in Pakistan on January 12, 2018 as a private limited company.

1.3 Geographical location and address of business units

Holding Company

The head office of the Holding Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Plants:

Engineering operations are located at Korangi and Port Qasim, Karachi, Sindh.
The Jute operations are located at Muzaffargarh, Punjab.
Papersack operations are located at Hub, Balochistan and Gadoon, Khyber Pakhtunkhwa.
Laminates operations are located at Hub, Balochistan.

Subsidiaries:

Noble Computer Services (Private) Limited operations are located at 2nd Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Pakistan Industrial Aids (Private) Limited operations are located at - Plot number 192 Korangi industrial area, Sector 22, Karachi.

Makro-Habib Pakistan Limited is located at 2nd Floor, House of Habib - 3-Jinnah Co-operative Housing Society, Shara e Faisal, Karachi.

A-One Enterprises (Private) Limited is located at 4th Floor, House of Habib - 3-Jinnah Co-operative Housing Society, Sharae Faisal, Karachi.

Habib Metro Pakistan (Private) Limited operations are located at Mezzanine Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Thal Boshoku Pakistan (Private) Limited operations are located at - Plot number 192 Korangi industrial area, Sector 22 and plot number SP-C north western industrial road, Port Qasim, Karachi.

Thal Power (Private) Limited operations are located at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Thal Electrical (Private) Limited operations are located at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

2. STATEMENT OF COMPLIANCE

2.1 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 (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act

Where provisions of and directives issued under the Act differ from the IFRSs, the provision of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been disclosed in the accounting policies below.

3.2 These consolidated financial statements are presented in Pak Rupees which is also the Company's functional currency.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

	Notes
· determining the residual values, useful lives and impairment of property, plant and equipment and investment property	6.2, 6.4, 8 & 10
· determining the residual values, useful lives and impairment of intangibles assets	6.3 & 9
· impairment of financial and non-financial assets	6.5 & 6.28
· net realizable value estimation	6.7, 6.8, 16 & 17
· Allowance for expected credit loss	6.9, 6.28, 18 & 21
· provision for tax and deferred tax	6.13, 15, 29 & 39
· provision and warranty obligation	6.24 & 28.3
· contingencies	6.20 & 31
· compensated absences	6.23 & 28

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IAS 40 Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to IFRSs Issued by IASB in December 2016

IAS 28 – Investment in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss in an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these consolidated financial statements except for IFRS 15 and IFRS 9. The impact of adoption of IFRS 15 and IFRS 9 are described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group generates its revenue from sale of goods and rendering of service contracts of internal audit services, information technology services, HR services, advisory services, business planning, merger and acquisition etc. The Group's contracts with customers for the sale of goods generally include one performance obligation (delivery of goods) and generally do not provide volume rebate to customers. The Group therefore, recognizes revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Further, revenue from sevice contracts is recognised when services are rendered to the customer.

These revenue recognition methodologies are in line with the requirements of IFRS-15, therefore, the adoption of new standard has not resulted in any change in the revenue recognition policy of the Group.

IFRS 9 Financial Instruments

The Group has applied the IFRS 9 using the modified retrospective approach. On adoption of IFRS 9, the Group reassessed the classification of its investment portfolio and concluded as under.

(a) investment in equity instruments previously classified as available for sale (AFS), are now measured at fair value through other comprehensive income (FVTOCI);

(b) investment in term deposit receipts continue to be measured at amortised cost as they are held with the objectives to hold and collect all contractual cashflows;

(c) investment in mutual funds continue to be classified under the category fair value through profit or loss as allowed under IFRS 9; and

(d) financial assets other than those mentioned in point (a),(b) & (c), previously classified as loans and receivable are now measured at amortised cost.

Hence, the classification and measurement of financial assets is not impacted by the adoption of IFRS 9.

Further, the adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Considering the nature of the financial assets, the Group has applied the standard's simplified approach and has calculated ECL based on life time ECL. However, it has not resulted in any additional material impact on these consolidated financial statements.

The financial asset subject to credit risk such as trade and other receivables are recoverable within the short period of time. Further, bank balances and other deposits accounts are held with A1+, A-1+ and A1 rated institutions. Accordingly the ECL impact on such assets is not material to these consolidated financial statements.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The new accounting policy in respective of financial instrument and impairment of financial assets is stated in note 6.28 to these consolidated financial statements.

6.2 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except for freehold land and capital work-in-progress which are stated at cost.

Depreciation / amortisation is charged to the statement of profit or loss applying the reducing balance method except for leasehold land which is amortised in equal installments over the lease period and computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 8 to these consolidated financial statements. Depreciation / amortisation on additions is charged from the month asset is available for use and in case of deletion, up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

An item of operating assets and any significant part initially recognised is derecognised 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 when the asset is derecognised.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

6.3 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any.

Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Group and the same is amortized applying the straight line method at the rates stated in note 9 to these consolidated financial statements.

6.4 Investment property

Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the statement of profit or loss on reducing balance method at the rate specified in note 10 to these consolidated financial statements.

6.5 Impairment of Non-financial assets

The carrying amounts of the Group’s assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset’s recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets’ carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss.

6.6 Investments in Associates and Joint Ventures

Associates

Investments in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the net assets of the associate. The consolidated statement of profit or loss reflects the Group’s share of the results of the operations of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the consolidated statement of profit or loss.

Joint Venture

A joint venture is a type of a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decision about the relevant activity require the unanimous consent of parties sharing control.

Investment in joint venture is accounted for using equity method of accounting in the statement of financial position at cost plus post-acquisition changes in the share of net assets of the joint venture, less any impairment in value, if material. The statement of profit or loss reflects the investor's (Holding Company's) share of the results of operations of the investee (joint venture) after the date of acquisition. If joint venture uses accounting policies other than those of the Group, adjustments are made to conform the joint venture's policies to those of the Group, if the impact is considered material.

6.7 Stores, spares and loose tools

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obselete items (if any). Items in transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

6.8 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of cost or Net Realisable Value (NRV) determined as follows:

Raw and packing materials

- Purchase cost on weighted moving average basis.

Work-in-process

- Cost of materials, labour cost and appropriate production overheads.

Finished goods

- Cost of materials, labour cost and appropriate production overheads.

Goods-in-transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting date.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items as and when identified.

6.9 Trade debts and other receivables

These are recognized and carried at original invoice amount being the fair value and subsequently measured at amortised cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade debts and other receivables in foreign currency are added to their respective carrying amounts.

6.10 Loans, advances, deposits and short term prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

6.11 Ijarah rentals

Ijarah payments for assets under Ijarah (lease) agreements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah term.

6.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

6.13 Taxation

(a) Current

The charge for current taxation in respect of certain income streams of the Group is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, 1% of turnover or 17% alternate corporate tax, whichever is higher. The Group had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 29 to these consolidated financial statements.

(b) Deferred

Deferred tax is provided using the statement of financial position liability method, on all temporary differences at the statement of financial position date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

6.14 Share capital

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

6.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.16 Unclaimed dividend

Dividend declared and remain unpaid from the date it is due and payable.

6.17 Unpaid dividend

Dividend declared and remain unpaid for the period of 3 years from the date it is due and payable.

6.18 Trade and other payables

Liabilities for trade and other payable are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

6.19 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

6.20 Contingent Liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and 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

- there is a present 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 measure with sufficient reliability.

6.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

6.22 Staff retirement benefits

Defined Contribution plan

Provident fund

The Group operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Group and the employees in accordance with the rules of the scheme. The Group has no further obligation once the contributions have been paid. The contributions made by the Group are recognised as employee benefit expense when they are due.

Retirement benefit fund

The Group operates an approved funded scheme for retirement benefits for all employees on the basis of defined contribution made by the Group on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

6.23 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

6.24 Provisions

General

Provisions are recognised in the statement of financial position where the Group has a legal or constructive obligation as a result of past event,it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

Warranty obligations
The Group recognizes the estimated liability to repair or replace products under warranty at the statement of financial position date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually and adjusted, if required.

6.25 Revenue recognition
During the year, the Group has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Group for revenue recognition. The changes are discussed in note 6.1 to these consolidated financial statements.

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers. The normal credit period ranges between 30 to 75 days.

6.26 Other income
Other income is recognised to the extent it is probable that the economic benefits will flow to the Group and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest on bank deposits are recognised on accrual basis.
- Rental income is accounted for on a accrual basis over the lease term.
- Gain on disposal is recognised at the time of disposal of operating fixed assets.
- Scrap sales are recognised on an accrual basis.

6.27 Foreign currency transactions
Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in statement of profit or loss of the current period.

6.28 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets
Initial recognition and measurement

Under IFRS 9 Financial assets are classified, at initial recognition , as subsequently measured at following:
(a) at amortised cost
(b) at fair value through other comprehensive income (FVTOCI); and
(c) at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

(a) At amortised cost
A financial asset is measured at amortised if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through other comprehensive income
A debt instrument is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-byinvestment basis. The Group has irrevocably elected to carry its quoted investments in equity instruments under this category.

(c) At fair value through profit and loss
Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Susbequent Measurement
For purposes of subsequent measurement , financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at Fair value through OCI with recycling of cumulative gains and losses (debt instruments)
These assets are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)
These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost
After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amorized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6.29 Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive of the Group.

6.30 Research and development expenditure
Research expenditure is recognised as an expense when incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense when incurred.

6.31 Dividends and appropriation to reserves
The Group recognises a liability for dividend to equity holder when it is authorized as per corporate laws in Pakistan. The transfer of reserves within the equity are recognized when these are approved as per the applicable laws.

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated financial statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Group is currently evaluating the impact of this standard on the consolidated financial statements of the Group.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of consolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	January 01, 2004
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

The Group expects that above new standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

	Note	2019	2018
		--------(Rupees in '000')--------	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	3,224,658	1,534,660
Capital work-in-progress	8.5	140,547	413,068
		3,365,205	1,947,728

8.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT				WRITTEN DOWN VALUE
	As at July 01, 2018	Additions/ Transfers (Note 8.1.1)	Disposals/ write off*	As at June 30, 2019	Rate	As at July 01, 2018	Charge of the year (Note 8.1.2)	On disposals/ write off*	As at June 30, 2019	WDV As at June 30, 2019
	-------------------(Rupees in '000')-------------------				%	-------------------(Rupees in '000')-------------------				
Land										
- Freehold	23,641	-	650	22,991	-	-	-	-	-	22,991
- Leasehold	218,364	-	-	218,364	3-4	10,723	11,329	-	22,052	196,312
Building on freehold land										
- Factory building	372,714	648,043	19,028*	1,001,729	10	202,956	23,001	6,673*	219,284	782,445
- Non factory building	471,979	-	-	471,979	5-10	452,468	2,730	-	455,198	16,781
Railway sliding	792	-	-	792	5	726	4	-	730	62
Plant and machinery	2,071,179	1,039,548	1,592	3,109,135	10-30	1,180,333	198,270	1,414	1,377,189	1,731,946
Furniture and fittings	39,981	24,323	3,160	61,144	15-30	26,864	2,432	2,625	26,671	34,473
Vehicles	97,491	23,266	14,716	106,041	20-35	54,201	10,417	8,986	55,632	50,409
Office and mills equipment	163,333	31,531	590	194,274	10-30	71,581	18,007	429	89,159	101,114
Computer equipment	112,207	35,083	13,220	133,852	33.33	93,422	15,936	13,124	96,016	37,836
(note 8.1.3)		(218)					(218)			
Jigs and fixtures	297,382	235,005	-	532,387	33.33	241,129	44,969	-	286,098	246,289
(note 8.1.4)										
2019	3,869,063	2,036,799	33,928	5,852,687		2,334,403	327,095	26,578	2,628,029	3,224,658
		(218)	19,028*				(218)	6,673*		

	COST					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT				WRITTEN DOWN VALUE
	As at July 01, 2017	Additions/ Transfers (Note 8.1.1)	Disposals/ write off*	As at June 30, 2018	Rate	As at July 01, 2017	Charge of the year (Note 8.1.2)	On disposals/ write off*	As at June 30, 2018	WDV As at June 30, 2018
	-------------------(Rupees in '000')-------------------				%	-------------------(Rupees in '000')-------------------				
Land										
· Freehold	23,641	-	-	23,641	-	-	-	-	-	23,641
· Leasehold	47,085	171,279	-	218,364	3-4	9,480	1,243	-	10,723	207,641
Building on freehold land										
· Factory building	334,321	38,393	-	372,714	10	187,227	15,729	-	202,956	169,758
· Non factory building	471,979	-	-	471,979	5-10	449,433	3,035	-	452,468	19,511
Railway sliding	792	-	-	792	5	723	3	-	726	66
Plant and machinery	1,702,234	375,220	6,275	2,071,179	10-30	1,056,152	129,900	5,719	1,180,333	890,846
Furniture and fittings	38,177	1,821	17	39,981	15-30	24,439	2,442	17	26,864	13,117
Vehicles	106,400	3,036	11,945	97,491	20-35	51,201	10,728	7,728	54,201	43,290
Office and mills equipment	119,503	44,703	873	163,333	10-30	59,221	12,979	619	71,581	91,752
Computer equipment	102,954	10,280	1,027	112,207	33.33	78,465	15,872	915	93,422	18,785
Jigs and fixtures	279,955	17,427	-	297,382	33.33	199,453	41,676	-	241,129	56,253
2018	3,227,041	662,159	20,137	3,869,063		2,115,794	233,607	14,998	2,334,403	1,534,660

8.1.1 Additions include transfers from capital work in progress amounting to Rs.1,173.976 million (2018: Rs. 567.283 million).

8.1.2 During the year, the management conducted an impairment test for its operating fixed asset. The recoverable amount determined is less than the carrying value of its assets, thereby resulting in an impairment loss of Rs 7.563 million (2018: Nil).

8.1.3 Represents transfer / (reclassification) of a fully depreciated license to intangible assets.

8.1.4 Jigs and fixtures include moulds having written down value of Rs. 197.750 million (2018: Nil) in the possession of sub-contractors dispersed all over the country.

8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 265.417 million (2018: Rs. 725.279 million).

8.3 The depreciation / amortization charge for the year has been allocated as follows:

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	34	302,507	210,209
Distribution and selling expenses	35	2,053	1,986
Administrative expenses	36	14,974	21,412
		319,534	233,607

8.4 The following operating fixed assets were disposed off during the year having written down value in excess of Rs. 5 million:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	-----------------(Rupees in '000)-----------------						
2019							
Factory building	19,028	6,673	12,355	-	(12,355)	Asset written off	Not applicable

	Note	2019	2018
		--------(Rupees in '000')--------	
8.5 Capital Work-In-Progress			
Civil Works		41,258	325,184
Plant and machinery		84,362	40,118
Furniture and fittings		1,379	49
Vehicles		-	3,190
Office and mills equipment		3,391	1,349
Computer Equipment		7,082	5,881
Jigs and fixtures		3,075	37,297
		140,547	413,068

8.6 Details of the Group's immovable fixed assets

S. No.	Location	Land Area (square yards)	Building Covered Area (square feet)
1	Thal Limited (Jute Division) , D.G. Khan Road, Muzaffargarh, Punjab	862	647
2	Plot #448 & 449 Sundar Industrial Estate Raiwin Road, Lahore, Punjab.	8	39
3	Plot 1, 2, 25 & 26 Sector 22 Korangi Industral Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrail estate Bin Qasim, Karachi, Sindh.	24	32
5	Shop number 6, Clifton Pride, G -3/18, Clifton, Karachi, Sindh.	0.50	0.50
6	Plot # SP-C-I North Western Industrial Zone, Port Qasim Authority, Karachi, Sindh.	21	55
7	Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Rd. Saddar , Karachi, Sindh.	-	216
8	Plot # 35, 36, 37, 38, 39, 39A, 40, 40A, 41, 42, 69, 69A, 70 and 71, Zila Moza Pathra, Hub, Balochistan	92	211
9	Plot C-49-58, Sector C, Hub Industrial Area. Hub, Balochistan	6	12
10	Plot # 38, Road # 3, Industrial Estate, Gadoon Amazai, Swabi, Khyber Pakhtunkhwa.	19	40

9. INTANGIBLE ASSETS

	Note	COST: As at July 01, 2018	Transfers	Additions	Disposals	As at June 30, 2019	Rate %	ACCUMULATED AMORTIZATION: As at July 01, 2018	Transfers	Charge of the year	disposals	As at June 30, 2019	WRITTEN DOWN VALUE: As at June 30, 2019
		---------(Rupees in '000')---------					%	---------(Rupees in '000')---------					
Softwares		17,115	218	2,841	-	20,174	30 - 50	13,669	218	1,767	-	15,654	4,520
Licenses													
· Software		25,362	-	14,097	(305)	39,154	33.33	11,287	-	8,493	(79)	19,701	19,453
· Product	9.2	-	-	71,411	-	71,411		-	-	1,191	-	1,191	70,220
2019		42,477	218	88,349	(305)	130,739		24,956	218	11,451	(79)	36,546	94,193
2018		27,948	-	14,529	-	42,477		17,699	-	7,257	-	24,956	17,521

9.1 The amortisation charge for the year has been allocated as follows:

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	34	5,498	1,997
Distribution and selling expenses	35	459	29
Administrative expenses	36	5,494	5,231
		11,451	7,257

9.2 Represents product licenses and patent rights acquired from Yazaki Corporation and Denso Corporation during the year for a period of 5 years.

10. INVESTMENT PROPERTIES

	Note	2019	2018
Land and building	10.1	6,242,246	6,599,967
Capital work-in-progress - Civil works		180,230	102,954
		6,422,476	6,702,921

10.1 Land and building

	Note	COST				ACCUMULATED DEPRECIATION / AMORTIZATION			WRITTEN DOWN VALUE
		As at July 01, 2018	Additions/ (disposal)	As at June 30, 2019	Rate	As at July 01, 2018	Charge for the year (disposal)	As at June 30, 2019	As at June 30, 2019
		(Rupees in '000)			%	(Rupees in '000)			
Freehold land		974,504	-	974,504	-	-	-	-	974,504
Leasehold land		1,657,588	-	1,657,588	3	392,452	48,669	441,121	1,216,467
Building on freehold land		1,928,469	553 (33,237)	1,895,785	10-30	522,200	95,647 (25,344)	592,503	1,303,282
Building on leasehold land		4,213,408	19,454 (27,570)	4,205,292	10-30	1,259,350	217,305 (19,356)	1,457,299	2,747,993
2019	10.1.1	8,773,969	20,007 (60,807)	8,733,169		2,174,002	361,621 (44,700)	2,490,923	6,242,246
2018		8,752,285	21,684	8,773,969		1,940,453	233,549	2,174,002	6,599,967

10.1.1 Investment property comprises of various properties accross Pakistan. The forced sales value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2019 amounts to Rs. 14.121 million (2018: Rs. 14.115 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location. The rental income from investment property is disclosed in Note 37 to these consolidated financial statements.

10.1.2 Details of the Group's immovable fixed assets

S. No.	Location	Land Area (square yards)	Building Covered Area (square feet)
		(In '000)	
1	Industrial Property bearing khewat number 861, 862, 890, 895, 905, khatooni number 1086,1087,1116, 1121,1133, Mouza Taraf Ravi, Multan, Punjab.	5	20
2	Main Air Port Road, DHA, Near Divine Garden Scheme, Lahore, Punjab.	61	134
3	G-Block, Link Road, Model Town, Lahore, Punjab.	38	300
4	75 Ravi Road, Lahore (Near Minar-e-Pakistan), Punjab.	24	287
5	2 km. Thokar Niaz Baig, Multan Road, Lahore, Punjab.	61	133
6	Main Sargodha Road, Adjacent FDA City, Faisalabad, Punjab.	59	138
7	Plot 1-A, I-11/4 adjacent Railway Carriage Factory, Islamabad.	43	133
8	NA-Class 190-219, OKEWARI Near Safari Park, University Road, Karachi, Sindh	53	134
9	Near Star Gate, Shahra-e-Faisal, Karachi, Sindh.	40	384
10	D-22, Manghopir Road, S.I.T.E, Karachi, Sindh.	36	158

11. LONG-TERM INVESTMENTS

	Note	2019 Holding %	2019 Rupees in '000	2018 Holding %	2018 Rupees in '000
Investment in associates - stated as per equity method	11.2 & 11.3				
Quoted associates					
Indus Motor Company Limited		6.22		6.22	
Opening balance			2,029,092		1,769,481
Share of profit - net of tax			853,259		895,430
Remeasurement loss of post employment benefit obligation - net of tax			(403)		(119)
Dividend received during the period			(647,925)		(635,700)
			2,234,023		2,029,092
[Market value Rs. 5,887.169 million (2018: Rs. 6,950.939 million)]					
Habib Insurance Company Limited		4.63		4.63	
Opening balance			64,704		39,394
Share of profit - net of tax			4,750		9,110
Share of actuarial (loss) / gains on remeasurement of defined benefit plan - net of tax			(9,634)		20,502
Dividend received during the period			(4,302)		(4,302)
			55,518		64,704
[Market value Rs. 51.676 million (2018: Rs.68.825 million)]					
Agriauto Industries Limited		7.35		7.35	
Opening balance			331,545		291,714
Share of profit - net of tax			72,716		64,160
Dividend received during the period			(24,329)		(24,329)
			379,932		331,545
[Market value Rs. 423.035 million (2018: Rs. 624.102 million)]					
Shabbir Tiles & Ceramics Limited		1.30		1.30	
Opening balance			23,884		22,747
Share of profit - net of tax			4,227		1,137
Dividend received during the period			(1,561)		-
			26,550		23,884
[Market value Rs. 32.121 million (2018: Rs. 65.740 million)]					
			2,696,023		2,449,225
Un-quoted associates					
Sindh Engro Coal Mining Company Limited (SECMC)	11.6	11.9			
Opening balance			1,398,011		-
Investment made during the year			562,608		-
Share of profit - net of tax			6,273		-
			1,966,892		-

	Note	2019 Holding %	2019 Rupees in '000	2018 Holding %	2018 Rupees in '000
Joint Ventures					
ThalNova Power Thar (Private) Limited (TNPTPL)	11.7	26		50	
Opening balance			558,802		312,462
Investment made during the year			30,921		275,000
Share of profit / (loss) - net of tax			87		(28,660)
			589,810		558,802
			2,556,702		558,802
TOTAL OF ASSOCIATES AND JOINT VENTURE			5,252,725		3,008,027
Other investments - at fair value through other comprehensive income					
Quoted - at fair value					
Habib Sugar Mills Limited			55,447		75,610
GlaxoSmithKline (Pakistan) Limited			160		278
GlaxoSmithKline Healthcare (Pakistan) Limited			97		203
Dynea Pakistan Limited			57,181		103,839
Allied Bank Limited			19,095		18,755
Habib Bank Limited			7,376		10,839
TPL Properties Limited			9,923		9,300
			149,279		218,824
Un-Quoted - at cost					
Sindh Engro Coal Mining Company Limited			-	11.90	1,398,011
TOTAL			5,402,004		4,624,862

11.1 Share of net profit / (loss) of associates and joint venture - after tax

	2019	2018
	--------(Rupees in '000)--------	
Associates		
Indus Motor Company Limited	853,259	895,430
Habib Insurance Company Limited	4,750	9,110
Agriauto Industries Limited	72,716	64,160
Shabbir Tiles and Ceramics Limited	4,227	1,137
Sindh Engro Coal Mining Company Limited	6,273	-
	941,225	969,837
Joint venture		
ThalNova Power Thar (Private) Limited	87	(28,660)
	941,312	941,177

11.2 Although the Group has less than 20% equity interest in all its associates, the management believes that significant influence over these associates exists by virtue of Group's representation on the Board of Directors of the respective companies.

11.3 As the financial statements of same associates were not available at each reporting period of the Group, therefore the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting.

11.4 The summarised financial information of the associated companies and joint venture, based on the audited / un-audited financial statements is as follows:

2019	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
	---------------------------(Rupees in '000)---------------------------			
March 31, 2019				
Associates				
Indus Motor Company Limited	66,787,366	27,842,315	158,360,564	13,714,975
Agriauto Industries Limited	5,977,128	814,038	9,815,657	989,900
June 30, 2019				
Associates				
Habib Insurance Company Limited	3,343,692	1,988,776	585,377	102,586
Shabbir Tiles and Ceramics Limited	6,062,423	3,948,804	6,717,608	324,082
Sindh Engro Coal Mining Company Limited	79,923,693	62,490,516	-	52,713
Joint venture				
ThalNova Power Thar (Private) Limited	6,841,482	162,956	-	20,083

2018	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
March 31, 2018				
Associates				
Indus Motor Company Limited	76,526,386	41,357,034	128,115,928	14,392,812
Habib Insurance Company Limited	3,260,144	1,706,843	519,704	196,756
Agriauto Industries Limited	5,253,468	749,078	7,827,450	873,425
Shabbir Tiles and Ceramics Limited	5,555,169	3,645,972	5,431,461	87,185
June 30, 2018				
Joint venture				
ThalNova Power Thar (Private) Limited	1,295,001	177,396	-	(57,318)

	2019	2018
	--------(Rupees in '000)--------	
11.5 Share in contingent liabilities of associated companies	242,449	115,146
Share in commitments of associated companies	1,846,674	1,166,159

11.6 Represents investment in an associate established for the construction of coal mine. Atlhough the Holding Company has less than 20% equity interest in the associate, the management believes that it has significant influence due to the contractual agreement with the shareholders. The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,960.619 million acquiring 132,295,445 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 6.81 million.

11.7 Represents 26% (2018: 50%) equity interest in ThalNova Power Thar (Private) Limited (TNPTL) comprising 61,842,100 shares (2018: shares 58,749,995) at Rs. 10/- each. TNPTL is developing a 330 MV coal based project.

During the year, TNPTL has executed Shareholder Agreement (SHA) with the Group and other new shareholders of TNPTL which resulted in dilution of the Group's shareholding from 50% to 26% in TNPTL. The Financial Close of TNPTL is expected no later than December 31, 2019 and Commercial Operation on or before March 31, 2021 as per the extended Financial Close deadline approved by Private Power Infrastructure Board.

12. LONG-TERM LOANS - secured, considered good

	Note	2019	2018
		--------(Rupees in '000)--------	
Employees			
Interest free loans		9,048	15,577
Current portion	19	(5,052)	(6,529)
	12.1	3,996	9,048

12.1 The loan is secured against mortgage of property. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 11.655 million (2018: Rs. 13.189 million). During, the year an amount of Rs. 7.585 million was repaid to the Holding Company.

13. LONG-TERM DEPOSITS

		2019	2018
		--------(Rupees in '000)--------	
Security deposits		12,790	11,066
Utilities		7,267	7,237
Others		3,131	3,130
	13.1	23,188	21,433

13.1 These deposits are interest free.

14. LONG TERM PREPAYMENT

Represents unamortised portion of advance rent paid to Army Welfare Trust for the lease of land.

15. DEFERRED TAX ASSET - net

	2019	2018
	--------(Rupees in '000)--------	
Deferred tax asset arising:		
In respect of provisions	400,799	291,985
Deferred tax liability arising:		
Due to investment in associates	(20,171)	-
Due to accelerated tax depreciation allowance	(240,832	(100,840)
	(261,003)	(100,840)
	139,796	191,145

	Note	2019	2018
		--------(Rupees in '000)--------	

16. STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
Stores			
- In hand		31,213	34,269
- In transit		-	4,030
		31,213	38,299
Spares		103,085	98,952
Loose tools		205	214
		134,503	137,465

17. STOCK-IN-TRADE

	Note	2019	2018
Raw material			
- In hand	17.1	4,367,020	2,645,618
- In transit		520,207	648,361
		4,887,227	3,293,979
Work-in-process		246,731	226,833
Finished goods			
- In hand		654,031	526,335
- In transit		47	-
		654,078	526,335
	17.2	5,788,036	4,047,147

17.1 Raw materials amounting to Rs. 6.422 million (2018: Rs. 8.342 million) are held with the sub-contractors.

17.2 Includes items amounting to Rs. 183.123 million (2018: Rs. 38.284 million) carried at net realisable value. [Cost Rs. 276.755 million (2018: Rs. 93.422 million)].

18. TRADE DEBTS - unsecured

	Note	2019	2018
Considered good	18.1 & 18.2	2,484,650	1,610,974
Allowance for expected credit losses	18.3	(53,210)	(17,888)
		2,431,440	1,593,086

18.1 This includes amount due from the following associates / related parties:

	2019	2018
Indus Motor Company Limited	686,745	526,107
Habib Metropolitan Bank Limited	-	2,015
Agriauto Industries Limited	307	538
Indus Lands (Pvt.) Ltd.	115	-
Shabbir Tiles and Ceramics Limited	18,330	23,076
	705,497	551,736

18.2 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 934.767 million (2018: Rs. 806.324 million)

18.3 Movement - Allowances for expected credit losses

	Note	2019	2018
Balance at the beginning of the year		17,888	16,124
Charge for the year	35	36,356	2,905
Bad debts written off		(1,034)	(1,141)
Balance at the end of the year		53,210	17,888

	Note	2019	2018
		--------(Rupees in '000)--------	

19. LOANS AND ADVANCES

	Note	2019	2018
Loans			
Considered good - secured			
Employees - interest free	19.1	-	20,000
Current portion of long-term loans to employees	12 & 19.2	5,052	6,529
		5,052	26,529
Advances - considered good - unsecured			
Suppliers		19,606	54,579
Employees		3,566	5,586
	19.3	23,172	60,165
		28,224	86,694

19.1 The loan is secured against mortgage of properties. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 12 million (2018: Rs. 20 million). During the year an amount of Rs 20 million was repaid to the Holding Company.

19.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 3.996 million (2018: Rs. 6.529 million). During the year, an amount of Rs. 2.533 million was repaid to the Holding Company.

19.3 These advances are interest free.

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
		--------(Rupees in '000)--------	
Trade deposits			
Tender / performance guarantee		23,690	78,710
Margin against letter of credit		255,525	2,227
Deposit against custom duty		7,182	7,182
Security deposits		4,380	-
Container deposits		6,977	24,065
	20.1	297,754	112,184
Short-term prepayments			
Rent		6,663	7,297
Insurance	20.2	13,804	14,662
Others		13,294	16,967
		33,761	38,926
		331,515	151,110

20.1 These deposits are interest free.

20.2 This includes prepayments amounting to Rs. 10.271 million (2018: 11.735 million) made to Habib Insurance Company Limited, a related party.

21. OTHER RECEIVABLES

	Note	2019	2018
		--------(Rupees in '000)--------	
Duty drawback		2,971	2,106
Insurance claims		-	7
Others	21.1	80,588	47,498
		83,559	49,611

21.1 This includes receivable from the following associates / related parties:

	2019	2018
Indus Motor Company Limited	3,746	17,286
Agriautos Industries Limited	1,464	4
Habib Metropolitan Bank Limited	1,452	10
Shabbir Tiles and Ceramics Limited	1,104	8,484
	7,766	25,784

21.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 24.468 million (2018: Rs. 31.272 million).

	Note	2019	2018
		--------(Rupees in '000)--------	

22. SHORT-TERM INVESTMENTS

	Note	2019	2018
At amortised cost			
Term Deposit Receipts	22.1 & 22.3	2,284,949	1,116,137
Accrued interest	18,725	-	12,102
		2,303,674	1,128,239
Treasury Bills	22.2 & 22.3	784,021	1,865,695
Accrued interest		4,618	16,155
		788,639	1,881,850
At fair value through profit or loss			
NAFA Government Securities Liquidity Fund		-	821,174
NAFA Money Market Fund		1,239,029	1,006,413
Alfalah GHP Income Fund		24,450	23,101
ALFALAH Money Market Fund		306,697	177,873
Atlas Money Markety Fund		209,454	162,934
UBL Liquidity Plus Fund		334,453	931,623
MCB Cash Optimizer Fund		205,648	479,201
HBL Cash Fund		868,912	1,248,634
HBL Money Market Fund		966	904
ABL Cash Fund		956,782	1,207,291
Al-Meezan Rozana Amdani Fund		61,021	-
Term Finance Certificates (TFCs)	22.4	250,000	-
		4,457,412	6,059,148
		7,549,725	9,069,237

22.1 These include deposits amounting to Rs. 10 million (2018: Rs. 579.843 million) with Habib Metropolitan Bank Limited, a related party These deposits carry interest rate ranging from 5.5% to 14% (2018: 4.35% to 6.5%) per annum and having maturity ranging from July 15, 2019 to October 10, 2019. Included in the above investment, Rs. 584.949 million (2018: Rs. 538.137 million) is under lien against a letter of guarantee issued by the banks on behalf of the Group.

22.2 These carry interest rate ranging from 11.00% to 12.64% (2018: 6.22% to 6.44%) per annum and having maturity latest by August 15, 2019

22.3 Includes short-term investments amounting to Rs. 2,832.441 million (2018: Rs. 2,789.394 million) having maturity up to three months.

22.4 These represent participation in private placement of TFCs carrying interest rate at the rate of 3 month KIBOR + 1.6% per annum. The issue of TFCs is expected by September 2019.

23. CASH AND BANK BALANCES

	Note	2019	2018
		--------(Rupees in '000)--------	
Cash in hand		626	2,399
Bank balances			
Current accounts	23.1	158,861	366,020
Deposit accounts	23.2	402,817	407,505
Saving accounts	23.3	506,296	549,976
		1,067,974	1,323,501
		1,068,600	1,325,900

23.1 These include an amount of Rs. 80.108 million (2018: Rs. 51.022 million) maintained with Habib Metropolitan Bank, a related party.

23.2 These include an amount of Rs. 607.046 million (2018: Rs. 421.220 million) maintained with Habib Metropolitan Bank, a related party, and carry markup at the rates ranging from 5% to 10.75% (2018: 4.25 % to 5.75%) per annum.

23.3 These include an amount of Rs. 52.266 million (2018: Rs. 345.164 million) maintained with Habib Metropolitan Bank, and carry markup at the rate of 10% to 10.25% (2018: 4.25%) per annum.

24. SHARE CAPITAL

24.1 Authorized Capital
The Holding Company has authorised capital of 200 million ordinary shares of Rs. 5/- each amounting to Rs. 1,000 million.

24.2 Issued, Subscribed and paid-up capital

2019	2018		2019	2018
Number of ordinary shares of Rs. 5/- each			------(Rupees in '000)------	
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares	323,202	323,202
11,239,669	11,239,669	Shares issued under the Scheme of Arrangements for Amalgamation	56,198	56,198
81,029,909	81,029,909		405,150	405,150

24.3. As at 30 June 2019, 7,026,267 (2018: 7,013,869).ordinary shares are held by related parties of the Holding Company.

24.4. Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

25. RESERVES

	Note	2019	2018
		--------(Rupees in '000)--------	
Capital reserves			
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited		13,240	13,240
Premium on issue of share capital		12,225	12,225
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited		42,464	42,464
		67,929	67,929
Revenue reserves			
General reserve		15,165,374	13,573,374
Unappropriated profit		7,240,431	6,152,487
		22,405,805	19,725,861
Gain on revaluation of equity investments held at fair value through OCI		94,634	164,179
		22,568,368	19,957,969

26. NON-CONTROLLING INTEREST

		2019	2018
Habib Metro Pakistan (Private) Limited		6,118,133	6,025,516
Thal Boshoku Pakistan (Private) Limited		478,349	458,566
		6,596,482	6,484,082

27. LONG TERM DEPOSITS

Represents security deposits in respect of investments properties rented out by a subsidiary company and includes deposits with the following related parties:

	Note	2019	2018
		--------(Rupees in '000)--------	
- Indus Motor Company Limited		3,820	3,820
- METRO Habib Cash and Carry Pakistan (Private) Limited		289,506	289,506
- Shabbir Tiles and Ceramics Limited		1,463	755
		294,789	294,081

28. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors	28.1	710,918	667,352
Accrued liabilities	28.2	1,079,417	1,211,091
Custom duty payable		75,644	51,176
Initial technical fee payable		71,411	-
Salaries payable		23,104	5,627
Warranty obligations	28.3	510,852	415,041
Royalty payable	28.4	115,804	91,999
Payable to provident fund		1,695	379
Payable to retirement benefit fund		8,533	7,117
Security deposits		2,383	1,745
Advance from customer (Contract liabilities)		9,104	21,674
Advance against sale of land		-	3,000
Other liabilities	28.5	271,580	256,528
		2,880,445	2,732,729

	Note	2019	2018
28.1 This includes amounts due to related parties:			
Habib Insurance Company Limited		851	4,752
Indus Motor Company Limited		3,009	1,538
Metro Habib Cash & Carry (Private) Limited		9,019	807
		12,879	7,097
28.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		108	4,370
28.3 Warranty obligations			
Balance at the beginning of the year		415,041	336,128
Charge for the year	34	110,634	93,099
Claims paid during the year		(502,571)	(14,186)
Balance at end of the year		23,104	415,041
28.4 Royalty payable			
Balance at the beginning of the year		91,999	156,722
Charge for the year	33	191,373	168,211
Paid during the year		227,480	(232,934)
Balance at the end of the year		510,852	91,999
28.5 Other liabilities			
Tax deducted at source		4,001	8,242
Employees Old-Age Benefits Institution (EOBI)		62,652	47,896
Workers' profit participation fund	28.6	6,140	1,063
Workers' welfare fund		175,548	168,672
Provision for severance cost		2,927	2,927
Others		20,312	27,728
		271,580	256,528

	Note	2019	2018
		--------(Rupees in '000)--------	
28.6 Workers' Profit Participation Fund (WPPF)			
Payable to WPPF at the beginning of the year		1,063	4,739
Interest on funds utilised in the Company's business		224	-
Allocation for the current year	36	(226,479)	(211,208)
		(225,192)	(206,469)
Paid during the year		231,332	207,532
Payable to WPPF at the end of the year		6,140	1,063

29. INCOME TAX - net

	Note	2019	2018
Group Tax Relief adjustments	29.1	632,681	593,466
Group Taxation adjustments	29.2	(15,645)	512
Income tax provision less tax payments – net	29.3	(707,742)	(690,901)
		(90,706)	(96,923)

29.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Holding Company adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 632.681 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Holding Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Holding Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Holding Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Holding Company is entitled to Group Relief under section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Holding Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the Sindh High Court and with the Chairman ATIR which are under the process of hearings.

In addition to the above, the Holding Company has decided to acquire tax losses incurred by Thal Boshoku Pakistan (Private) Limited (TBPK) during the year amounting to Rs. 39.215 million for set off against its tax liability. The amount of tax losses acquired are yet to be paid to the subsidiary company

29.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2019 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 2.966 million (2018: Rs. 5.653 million) for the current year. Moreover, the tax income transferred by A-One under group taxation opted by the subsidiary company amounted to Rs. 18.611 million (2018: Rs. 5.141 million).

29.3 Includes adjustment of tax challans acquired from MHPL and A-One Enterprises (Private) Limited amounting to Rs. 0.110 million (2018: Rs. 0.291 million) and Rs. 14.525 million (2018: Rs.2.651 million) respectively.

30. SHORT-TERM RUNNING FINANCE - Secured

	Note	2019	2018
		--------(Rupees in '000)--------	
Related party		-	600
Others		274,131	-
	30.1	274,131	600

30.1 Represents utilized portion of available limits of the running finance facilities amount to Rs. 2,793 million (2018: Rs. 2,498 million). The facilities carry mark-up ranges at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2018: 0.5% to 0.75%) per annum. The facilities are secured by way of joint pari passu charge by way of hypothecation over the Group's stock-in-trade, book debts and fixed assets. These facilities have maturity till 31 October 2021.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 The Group relief tax contingency is disclosed in note 29.1 to these consolidated financial statements.

31.1.2 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes of MHPL vide show cause notice on 06 April 2016. The experte under Section 161/205/182(1) of the Income Tax Ordinance, 2001 were passed on 14 April 2016 and tax of Rs. 1.81 billion for the tax years from 2011 to 2014, was determined inclusive of default surcharge and penalty. MHPL being aggrieved with the order of Assessing Officer, filed an appeal before the Commissioner Inland Revenue (Appeals)through combined appellate order dated 23 May 2016 for the tax years 2011 to 2014 maintained the decision of OIR.

MHPL being aggreived with order of the Commissioner Inland Revenue (Appeals), filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which by an order dated 20 June 2016 annulled the orders of OIR and Commissioner Inland Revenue (Appeals) and also deleted the consequential default surcharge and penalty.

Futher, during the year 2017, OIR challenged the order of the ATIR in the Honorable High Court of Sindh (HCS) and the case is still pending before the Honourable High Court of Sindh. The management is of the opinion that the position of MHPL is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

31.1.3 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes vide show cause notice on 05 April 2016 in respect of tax year 2010. This show cause notice was challenged by the MHPL in The Honorable High Court of Sindh through Suit No. 1187 of 2016 on merit.

In response, the honorable High Court of Sindh passed an interim order on 16 May 2016 and directed no action be taken in pursuance of such period as per Court's order. Moreover, no further proceedings were initited till the year-end and the managment has withdrawn the case during the current year.

	Note	2019	2018
		--------(Rupees in '000)--------	
31.2 Commitments			
31.2.1 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SROs.		141,811	24,545
31.2.2 Letters of credit outstanding for raw material and spares.		684,297	1,723,577
31.1.3 Letter of guarantees issued by banks on behalf of the company in respect of financial commitments of the Group.		1,418,898	1,437,701
31.2.4 Commitments in respect of capital expenditure		1,049,042	7,515

	2019	2018
	--------(Rupees in '000)--------	
31.2.5 Commitments for rentals under Ijarah (Lease) agreements		
Within one year	22,573	16,084
Later one year but not later than five years	20,422	13,103
	42,995	29,187

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 42.995 million and are payable in monthly installments latest by June, 2022. These commitments are secured by on-demand promissory notes of Rs. 81.795 million.

31.2.6 The Group has obtained three pieces for land for its stores under operating lease agreements of 30 to 59 years. The leases have varying terms, escalation clauses, contingent rent arrangements and renewal rights. The amounts of future payments under operating leases and the period in which these payments will become due are as follows:

	2019	2018
	--------(Rupees in '000)--------	
Not later than one year	81,414	79,960
Later than one year but not later than five years	431,013	422,818
Later than five years	1,873,712	1,963,321
	2,386,139	2,466,099

31.2.7 Commitment in respect of investment is disclosed in note 11.5 to these consolidated financial statements.

32. REVENUE - net

	Note	2018	2017
		--------(Rupees in '000)--------	
Export sales	32.1	486,907	436,245
Local sales	32.2	26,700,426	22,672,399
		27,187,333	23,108,644
Less:			
Sales tax		3,861,997	3,025,707
Sales discount		1,116	2,602
		3,863,113	3,028,309
		23,324,220	20,080,335
Add:			
Service income		216,210	220,828
		23,540,430	20,301,163
Add:			
Duty drawback		4,211	6,908
		23,544,641	20,308,071

	2019	2018
	--------(Rupees in '000)--------	
32.1 Represents sales made to the following geographical regions:		
Australia	6,649	26,576
Chile	3,797	-
Egypt	180,047	11,922
Estonia	1,090	1,152
Italy	49,673	66,492
Jordan	8,778	-
Kuwait	1,468	2,998
Saudi Arabia	6,581	-
Spain	3,051	762
Turkey	37,998	9,239
United Arab Emirates	205,386	135,329
Afghanistan	-	5,967
Bangladesh	-	2,608
Malaysia	-	5,449
Oman	-	2,044
Switzerland	-	5,695
Turkmenistan	-	41,069
Others	3,225	133,775
	507,743	451,077

32.2 Export sales are stated net of export related freight and other expenses of Rs. 20.836 million (2018: Rs. 14.832 million).

32.3 Local sales are stated net of freight and other expenses of Rs. 113.353 million (2018: Rs. 103.982 million).

33. COST OF SALES

	Note	2019	2018
		--------(Rupees in '000)--------	
Raw material consumed	33.1	16,476,681	13,819,671
Salaries, wages and benefits		1,863,319	1,717,412
Stores and spares consumed		238,966	176,156
Repairs and maintenance		112,583	134,196
Power and fuel		225,478	273,930
Rent, rates and taxes		9,734	9,925
Vehicle running and maintenance		23,895	18,817
Insurance		13,771	10,612
Communication		12,954	12,274
Travelling and conveyance		22,335	18,726
Entertainment		3,695	3,296
Printing and stationery		11,885	9,382
Legal and professional		11,676	14,677
Computer accessories		11,683	9,447
Royalty	28.4	191,373	168,211
Depreciation / amortization	8.3	302,507	210,209
Amortization	9.1	5,498	1,997
Research and development		9,011	7,146
Ijarah rentals		9,099	10,858
Technical Assistance fee		4,286	114
Others		4,872	5,683
		19,565,300	16,632,739
Work-in-process			
Opening		226,833	156,863
Closing		(246,731)	(226,833)
		(19,898)	(69,970)
Cost of goods manufactured		19,545,402	16,562,769
Finished goods			
Opening stock		526,335	520,378
Purchases		51,362	63,110
Closing stock		(654,078)	(526,335)
		(76,381)	57,153
		19,469,021	16,619,922

	2019	2018
33.1 Raw material consumed		
Opening stock	2,645,618	1,926,121
Purchases	18,198,083	14,539,168
Closing stock	(4,367,020)	(2,645,618)
	16,476,681	13,819,671

			2019	2018
			--------(Rupees in '000)--------	
33.2 Royalty				
Party Name	Registered Address	Relationship with Directors		
Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	96,037	82,991
Furukawa Automotive Systems	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	83,873	74,919
Toyota Boshoku Japan	88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395 Japan.	Shareholder of a subsidiary company	11,463	10,301
			191,373	168,211

34. DISTRIBUTION AND SELLING EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		91,550	76,544
Vehicle running expense		4,962	3,869
Utilities		1,577	1,676
Insurance		3,265	1,989
Rent, rates and taxes		8,484	12,241
Communication		2,182	2,338
Advertisement and publicity		11,248	11,170
Travelling and conveyance		8,635	5,690
Entertainment		419	383
Printing and stationery		586	405
Legal and professional		20	251
Computer accessories		822	509
Research and development		94	190
Depreciation / amortization	8.3	2,053	1,986
Amortization	9.1	459	29
Provision for expected credit loss	18.3	36,356	2,905
Repairs and maintenance		2,630	1,697
Export expenses		6,008	5,216
Provision for warranty claims	28.4	110,634	93,099
Ijarah rentals		3,017	2,734
Others		683	836
		295,684	225,757

35. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		571,968	584,538
Vehicle running expense		14,771	13,679
Printing and stationery		4,704	5,684
Rent, rates and taxes		117,461	117,614
Utilities		79,542	27,319
Insurance		2,891	1,153
Entertainment		2,443	2,330
Subscription		2,030	2,678
Communication		4,608	5,663
Advertisement and publicity		2,976	6,242
Repairs and maintenance		33,719	52,500
Travelling and conveyance		20,347	24,094
Legal and professional		46,387	73,687
Computer accessories		7,016	5,138
Auditors' remuneration	35.1	6,767	6,747
Depreciation / amortization	8.3	14,974	21,412
Amortization	9.1	5,494	5,231
Depreciation on investment property	10.1	235,814	243,843
Ijarah rentals		10,280	9,471
Charity and donations	35.2	64,846	59,069
Directors' Fee & meeting expenses		2,585	1,990
General contracted services		1,228	3,941
Others		12,510	5,698
		1,265,361	1,279,721
35.1 Auditors' remuneration			
Audit fee		4,203	3,924
Half-yearly review		357	324
Taxation services		273	1,197
Other certifications		1,148	623
Out of pocket expenses		786	679
		6,767	6,747

35.2 Charity and donations

Charity and donations include the following donees in whom directors or their spouses are interested:

Name of donee	Address of donee	Name of directors/spouse	2019	2018
			--------(Rupees in '000)--------	
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	15,020	20,072
Ghulaman-e-Abbas School	Ghulaman-e-Abbas School, Bab-e-Ali, Al-alamdar Building, Near Lyari Expressway, Mauripur Road, Karachi	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	9,000	-
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	10,000	12,536
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	7,500	5,000
Masoomen Hospital Trust	Atmaram Pritamdas Road, Moosa Lane Miranpir, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	2,000	-
Anjuman -e- Behbood Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	32	34
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96

35.3 Charity and donations include the following donees to whom donations exceed 10% of total donation or 1 million whichever is higher other than already disclosed note 35.2 to these consolidated financial statements;

Name of donee	Name of directors/spouse	2019	2018
		--------(Rupees in '000)--------	
AURA (Al-Umeed Rehabilitation Association)	None	1,000	-
HELP	None	2,715	1,274
Indus Hospital	None	4,000	2,000
Northern Areas Eye Hospital	None	1,000	1,000
Patients Aids Foundation	None	1,000	-
Shaukat Khanum Memorial Cancer Hospital and Research Centre	None	1,500	-
Sindh Institute of Urology & Transplantation	None	1,000	500
Thar Foundation	None	2,000	2,000
The Citizens Foundation	None	4,714	6,608
The Cooperative Model Town Society	None	-	5,000
		18,929	18,382

	Note	2019	2018
		--------(Rupees in '000)--------	
36. OTHER CHARGES			
Workers' Profits Participation Fund	28.6	231,627	208,057
Workers' Welfare Fund		60,662	59,952
Provision for impairment of investment property		125,807	-
Impairment loss on operating fixed assets		7,563	-
Operating fixed assets written off		12,355	-
Loss on disposal of investment property		8,531	3,150
		446,545	271,159
37. OTHER INCOME			
Income from financial assets			
Dividend income			
Dynea Pakiatan Limited		5,310	3,268
Habib Sugar Mills Limited		5,134	3,267
Allied Bank Limited		1,455	1,318
Habib Bank Limited		293	358
GlaxosmithKline Pakistan Limited		3	5
Dividend from mutual funds		428,949	16
		441,144	8,232
Interest on:			
Deposit accounts		75,499	50,773
Term deposit receipts		87,897	237,564
Government treasury bills		187,695	87,156
		351,091	375,493
Income from Term Finance Certificates (TFCs)		598	-
(Loss) / gain on revaluation / redemption of investments at fair value through profit or loss		(33,283)	201,473
Liabilities no longer payable written back		2,012	68
Exchange (loss) / gain - net		(6,861)	1,780
		754,701	587,046
Income from non financial assets			
Gain on disposal of operating fixed assets	8.4	38,432	10,933
Rental income from investment properties	37.1	1,730,413	1,452,812
Licence fee, signage and others		57,754	189,017
Sale of scrap		17,788	10,912
Claim from suppliers		21,556	6,525
Others		5,522	7
		1,871,465	1,670,206
		2,626,166	2,257,252

37.1 Includes an amount of Rs. 1,513 million (2018: Rs. 1,452 million) under long term agreements with Metro Habib Cash and Carry Pakistan (Private) Limited (MHCCP), whereby the immovable properties owned by the Group have been rented out to MHCCP for its cash & carry store operations at fixed annual rent.

38. FINANCE COSTS

	2019	2018
	--------(Rupees in '000)--------	
Mark-up on short-term running finance:		
- Related party	648	182
- Others	13,750	39
	14,398	221
Workers' Profit Participation Fund	224	-
Bank charges and guarantee commission	10,220	9,985
	24,842	10,206

39. TAXATION

	Note	2019	2018
		--------(Rupees in '000)--------	
Current		1,487,871	1,395,672
Tax on inter corporate dividend - HMPL		60,435	53,496
Prior		48,700	102,082
Deferred		51,350	(3,594)
	39.1	1,648,356	1,547,656
39.1 Relationship between income tax expense and accounting profit			
Profit before taxation and share of profit of associates		4,669,354	4,158,558
Tax at the rate of 25% - 29% (2018: 25% - 30%)		1,353,256	1,247,277
Super tax @ 2% of taxable income		117,538	150,638
		1,470,794	1,397,915
Tax effects of:			
Income taxed at reduced rates		(11,081)	(18,620)
Income tax under Final tax regime		(197,276)	(185,401)
Tax effect of inadmissible items		390,641	303,329
Tax credits		(53,422)	(52,454)
Prior		48,700	102,887
		1,648,356	1,547,656

39.1.1 The Holding Company and its wholly owned subsidiaries, Makro-Habib Pakistan Limited and A-One Enterprises (Private) Limited, irrevocably opted to be taxed as one fiscal unit in the year 2017 and the Company and its wholly owned subsidiary, Makro-Habib Pakistan Limited, irrevocably opted to be taxed as one fiscal unit in the year 2016.

39.2 The Group has filed its return of income up to tax year 2018. These are deemed to be assessed in accordance with the requirements of Income Tax Ordinance, 2001.

40. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:

	2019	2018
	--------(Rupees in '000)--------	
Net profit for the year attributable to the equity holders of the Holding Company	3,581,312	3,171,847
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	--------(Rupees)--------	
Basic and diluted earnings per share	44.20	39.14

41. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		--------(Rupees in '000)--------	
Profit before taxation		5,610,666	5,099,735
Adjustments for non-cash charges and other items:			
Depreciation and amortization		566,798	484,707
Impairment loss on operating fixed assets		7,563	-
Provision for impairment of investment property		125,807	-
Operating fixed assets written-off		12,355	-
Share of net profit of associates and joint venture - after tax		(941,312)	(941,177)
Finance costs		24,842	10,206
Interest income		(351,091)	(375,493)
Liabilities no longer payable written back		(2,012)	(68)
(Loss) / Gain on revaluation / redemption of investments at fair value through profit or loss		33,283	(201,489)
Dividend income		(441,144)	(8,216)
Provision for ECL		36,356	2,905
Provision for retirement benefits		4,901	4,967
Loss on sale of investment property		8,531	3,150
Gain on disposal of operating fixed assets		(38,432)	(10,933)
		(953,555)	(1,031,441)
		4,657,111	4,068,294
(Increase) / decrease in current assets			
Stores, spares and loose tools		2,962	(29,560)
Stock-in-trade		(1,740,889)	(1,054,814)
Trade debts		(874,710)	(501,128)
Loans and advances		58,470	(34,707)
Trade deposits and short-term prepayments		(180,405)	(62,047)
Other receivables		(33,948)	(97,130)
Sales tax refundable		(208,668)	(30,263)
		(2,977,188)	(1,809,649)
Increase / (decrease) in current liabilities			
Deferred income		(1,667)	3,146
Trade and other payables		149,728	460,274
Sales tax payable		(43,241)	(8,078)
		104,820	455,342
		1,784,743	2,713,987

42. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	23	1,068,600	1,325,900
Short-term investments	22	2,829,720	2,789,394
Short term running finance	30	(274,131)	(600)
		3,624,189	4,114,694

43. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balance with related parties of the Group, associates, and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in note 45 and else where in these consolidated financial statements, are as follows:

Relationship	Nature of transactions	2019	2018
		--------(Rupees in '000)--------	
Associates:	Sales	11,611,193	10,586,532
	Professional Services rendered	248,856	231,169
	Rental income on properties	1,513,206	1,452,812
	Professional Services acquired	-	1,250
	Insurance premium	35,667	40,084
	Purchase of assets	17,879	1,576
	Sale of assets	6,078	3,075
	Purchase of goods	5,135	65,238
	Insurance claim received	3,622	844
	Mark-up and bank charges paid	10,715	4,332
	Profit received	72,270	204,861
	Supplies purchased	496,053	522,977
	Licence fee, signage and others	32,724	38,015
	Rent Paid	3,693	1,623
	Rent Received	4,047	-
	Service Fee	20,410	736
	Ijarah Rentals	2,266	2,576
Employee benefit plans:	Contribution to provident fund	52,102	39,530
	Contribution to retirement benefit fund	7,361	4,967

43.1 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 45 to these consolidated financial statements.

43.2 The receivable / payable balances with related parties as at June 30, 2019 are disclosed in the respective notes to these consolidated financial statements.

43.3 Following are the related parties of the Group with whom the Company had entered into transactions or have arrangement/agreement in place.

S. No	Company Name	Basis of association	Aggregate % of shareholding	Nature of transactions
1	Indus Motor Company Limited	Associate	6.22%	Sales of goods / Professional services rendered / Rent received
2	Shabbir Tiles and Ceramics Limited	Associate	1.30%	Sales of goods / Supplies purchased / Professional services rendered / Rent received
3	Habib Insurance Company Limited	Associate	4.63%	Insurance premium / Insurance claim received
4	Agriauto Industries Limited	Common Directorship	7.35%	Professional services rendered / Rent paid
5	Metro Habib Cash and Carry Pakistan (Private) Limited	Associate of subsidiary	-	Purchase of assets / Supplies purchased
6	Habib Metropolitan Bank Limited	Common Directorship	-	Mark-up and bank charges paid / Profit received / Professional services rendered
7	Zehra Homes Trust	Trusteeship held by spouse of a director	-	Sale of goods
8	First Habib Modaraba	Subsidiary of an associate	-	Ijarah rentals
9	Thal Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
10	Thal Limited - Employees' Retirement Benefit Fund	Employees' fund	-	Contribution made
11	Makro-Habib Pakistan Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
12	Noble Computer Services (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
13	Habib Metro Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
14	Thal Boshoku Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
15	ThalNova Thar Power (Private) Limited	Joint Venuture	-	Investment made
16	Metro Cash & Carry International Holdings B.V.	Shareholder of subsidiary	-	Dividend paid
17	METRO Cash & Carry Pakistan (Private) Limited	Associate of subsidiary	-	Rental income
18	Indus Lands (Private) Limited	Common Directorship	-	Sale of fixed assets

43.4 Following are the associates of the Group with whom the Group had entered into transactions or have arrangement/agreement in place.

Toyota Tsusho Asia Pacific Pte. Ltd

Nature: Trading Company

Registered address: 600 North Bridge, Road No. 19, 01 Parkview Square, Singapore 188778

Country of incorporation: Singapore

Basis of association: Associate of Shareholder Company

Aggregate percentage of shareholding: 25.36%

Nature of transactions: Supplies purchased

Operational status: Active

The name of Chief Executive is Mr. Shizuka Hayashi

Toyota Tsusho Corporation

Nature: Trading company

Registered Address: 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Country of incorporation: Japan

Basis of association: Shareholder

Aggregate percentage of shareholding: 10%

Nature of transactions: Supplies purchased

Operational status: Active

The name of Chief Executive is Mr. Ichiro Kashitani

Toyota Boshoku Corporation Japan

Nature: Auto parts Manufacturer

Registered address: 1-1 Toyoda-cho, Kariya-shi, Aichi, 448-8651

Country of incorporation: Japan

Basis of association: Shareholder

Aggregate percentage of shareholding: 9.6%

Nature of transactions: Services acquired

Operational status: Active

The name of Chief Executive is Mr. Takeshi Numa

44. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2019			2018		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----------(Rupees in '000)----------					
Managerial remuneration	16,320	-	543,539	20,257	-	512,325
Bonus	3,189	-	118,644	7,290	-	65,530
Group's contribution to provident fund	-	-	16,480	807	-	14,516
Group's contribution to retirement fund	-	-	2,879	-	-	4,676
Other perquisites	-	-	3,585	-	-	2,108
	19,509	-	685,127	28,354	-	599,155
Number of persons	1	7	70	1	6	64

44.1 The chief executive, directors and certain executives of the Holding Company are provided with free use of company maintained cars.

44.2 Four non-executive directors (2018: Five) have been paid fees of Rs. 2,585,000 (2018: Rs. 1,870,000) for attending board meetings.

44.3 The Chief Executive and Director of Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited, Thal Power (Private) Limited, Makro-Habib Pakistan Limited and Thal Electrical (Private) Limited are not being paid any remuneration for holding the office.

45. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	251,000	251,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Seat tracks (Sets)	55,000	55,000
Side frame (Sets)	55,000	55,000
Air cleaner (Sets)	110,000	110,000
Seats (Units)*	50,000	-
Actual Production		
Jute (Metric Tons)	22,898	26,748
Auto air conditioners (Units)	68,095	63,914
Wire harness (Units)	173,532	148,447
Paper bags (Nos. 000s)	123,545	117,243
Alternator (Units)	56,542	51,134
Starter (Units)	56,542	51,134
Seat tracks (Sets)	46,000	50,000
Side frame (Sets)	56,000	54,000
Air cleaner (Sets)	35,000	33,000
Seats (Units)	-	-
Reason for shortfall	Low demand	Low demand

* New production plant was set up during the year.

45.1 The capacity of wire harness is dependent on product mix.

45.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

46. PROVIDENT FUND

Investments out of provident fund have been made in compliance with the provisions of section 218 of the Act and the rules formulated for this purpose.

47. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
		--------(Rupees in '000)--------	
47.1 Financial assets as per statement of financial position			
At amortised cost			
Long term loans	12	3,996	9,048
Long term deposits	13	23,188	21,433
Trade debts	18	2,431,440	1,593,086
Loans and advances	19	28,224	86,694
Trade deposits	18.1	297,754	112,184
Interest accrued		7,648	2,451
Other receivables	21	83,559	49,611
Short-term investments	22	3,092,313	3,010,089
Cash and bank balances	23	1,068,600	1,325,900
At fair value through OCI			
Long term investments	11	149,279	218,824
At fair value through profit and loss			
Short-term investments	22	4,457,412	6,059,148
47.2 Financial liabilities as per statement of financial position			
At amortised cost			
Long-term deposits	27	323,777	319,720
Trade and other payables	28	2,880,445	2,732,729
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	30	274,131	600

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversees policies for managing each of these risks which are summarised below.

48.1 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.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is mainly exposed to credit risk on trade debts, short term investments and bank balances. The Group seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2019	2018
	--------(Rupees in '000)--------	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 695.487 million (2018: Rs. 538.935 million) receivable from related parties.]	1,602,843	1,258,948
Past due but not impaired		
- Less than 90 days [includes Rs. 9.935 million (2018: Rs. 12.680 million) receivable from related parties.]	703,717	295,860
- 91 to 180 days [includes Rs. 0.075 million (2018: 0.121 million) receivable from related parties.]	84,506	35,549
- 181 to 360 days [includes Nil (2018: Nil) receivable from related parties.]	40,340	2,699
- Greater than 360 days [includes Nil (2018: Nil) receivable from related parties.]	34	-
	2,431,440	1,593,056
Bank balances		
Ratings		
A1+	999,377	1,016,128
A-1+	67,255	132,183
A1 *	1,342	23
P-1 **	-	175,167
	1,067,974	1,323,501

* This includes rating assigned by an international rating agency to foreign bank.
** This reflects rating assigned by an international rating agency to a foreign bank.

	2019	2018
Short term investments		
Ratings		
A1+	1,254,580	921,470
A-1+	1,299,094	2,088,619
AA(f)	3,748,567	4,557,799
AA	24,655	-
AA-(f)	24,450	821,174
AA+(f)	409,740	657,074
A+(f)	-	23,101
	6,761,086	6,980,618

Financial assets other than trade debts, bank balances and short term investments are not exposed to any material credit risk.

48.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Group has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	----------------------------(Rupees in '000)----------------------------				
Year ended June 30, 2019					
Long term deposit	-	-	-	323,777	323,777
Trade and other payable	2,880,445	-	-	-	2,880,445
Short-term running finance	-	-	274,131	-	274,131
Unclaimed dividend	56,697	-	-	-	56,697
Unpaid dividend	49,409	-	-	-	49,409
	2,986,551	-	274,131	323,777	3,584,459
Year ended June 30, 2018					
Long term deposit	-	-	-	319,720	319,720
Trade and other payables	2,732,729	-	-	-	2,732,729
Short-term running finance	600	-	-	-	600
Unclaimed dividend	49,712	-	-	-	49,712
Unpaid dividend	47,954	-	-	-	47,954
	2,830,995	-	-	319,720	3,150,715

48.3 Foreign Currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risks is as follows:

	2019	2018
Trade receivables (USD)	481	52
Trade and other payables (USD)	164	2,127
Trade and other payables (EUR)	1,232	520
Trade and other payables (JPY)	43,927	1,057
Trade and other payables (CHF)	20	-
Total USD - receivable	317	-
Total USD - payable	-	2,075
Total JPY - payable	43,927	1,057
Total CHF - payable	20	-
Total EUR - payable	1,232	520

The following significant exchange rates have been applied at the reporting dates:

	2019	2018
USD	164.50	121.50
EUR	186.99	142
JPY	1.53	-
CHF	168.60	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AED, JPY and CHF's exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Change in exchange rate %	Effect on profit or (loss) before tax	Effect on equity
		--------(Rupees in '000)--------	
2019	+ 10	(24,897)	(17,582)
	- 10	24,897	17,582
2018	+ 10	(32,681)	(22,996)
	- 10	32,681	22,996

48.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the consolidated financial statements.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
2019		
KIBOR	+ 100	29,199
KIBOR	- 100	(29,199)
2018		
KIBOR	+ 100	7,323
KIBOR	- 100	(7,323)

48.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

As at the statement of financial position date, the exposure to listed equity securities at fair value was Rs. 149.27 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 14.92 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity with the similar amount.

49. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is currently financing its operations through equity and short term running finance.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Investment in subsidiary companies and associates are carried at cost. The carrying values of financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from their book value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
2019	----------(Rupees in '000)----------			
Assets				
· Equity Investments at fair value through OCI	149,279	-	-	149,279
· Short-term investments	4,457,412	-	-	4,457,412

	Level 1	Level 2	Level 3	Total
2018	----------(Rupees in '000)----------			
· Equity Investments at fair value through OCI	218,824	-	-	218,824
· Short-term investments	6,059,148	-	-	6,059,148

There were no transfers amongst levels during the year.

51. OPERATING SEGMENTS

51.1 Segment analysis

	2019					2018				
	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total
	----------(Rupees in '000)----------					----------(Rupees in '000)----------				
Sales revenue	15,883,813	7,392,097	447,889	(179,158)	23,544,641	13,391,940	6,638,758	428,161	(150,788)	20,308,071
Segment result	3,059,281	924,518	1,148,099	(1,283)	5,130,615	2,837,290	763,754	1,086,838	(2,280)	4,685,602
Unallocated (expenses) / income:										
Administrative and distribution costs					(859,290)					(897,265)
Other charges					(446,545)					(271,159)
Other income					869,416					651,586
Operating profit					4,694,196					4,168,764
Finance cost					(24,842)					(10,206)
Share of net profit of associates and joint ventures					941,312					941,177
Taxation					(1,648,356)					(1,547,656)
					3,962,310					3,552,079
Segment assets	6,405,631	6,177,097	12,244,597	(1,527,984)	23,299,341	3,925,212	4,619,474	11,850,753	(1,669,381)	18,726,058
Corporate assets					9,457,472					11,082,657
Unallocated assets					496,869					296,308
					33,253,682					30,105,023
Segment liabilities	1,892,581	816,622	1,762,190	(1,169,776)	3,301,617	1,355,744	925,805	1,675,156	(1,059,298)	2,897,407
Corporate liabilities					233,187					211,389
Unallocated liabilities					148,866					131,424
					3,683,670					20,308,071

The Engineering segment is engaged in the manufacturing of automotive parts.

The Building material and allied products segment includes jute, papersack and laminate operations.

The third segment includes the real estate management, trading and management services.

51.2 Geographical Information of customers
Revenues from customers (Country wise)

	2019	2018
	--------(Rupees in '000)--------	
Pakistan	23,053,523	19,864,918
Australia	6,431	26,109
Chile	3,673	-
Egypt	174,152	11,713
Estonia	1,054	1,132
Italy	48,047	65,324
Jordan	8,491	-
Kuwait	1,420	2,945
Saudi Arabia	6,366	-
Spain	2,951	749
Turkey	36,754	9,077
United Arab Emirates	198,661	132,952
Afghanistan	-	5,862
Bangladesh	-	2,562
Malaysia	-	5,353
Oman	-	2,008
Switzerland	-	5,595
Turkmenistan	-	40,348
Others	3,118	131,424
	23,544,641	20,308,071

The revenue information above is based on the location of customers.

51.3. Of the Group's total revenue, one customer accounts for more than 10%.

51.4. All non current assets of the group as at June 30, 2019 (June 30, 2018) are located in Pakistan.

52. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 20, 2019 has approved the following:

(i) transfer of Rs. 2,506.5 million from unappropriated profit to general reserve; and

(ii) payment of cash dividend of Rs. 5.50 per share for the year ended June 30, 2019 for approval of the members at the Annual General Meeting to be held on October 26, 2019.

53. NUMBER OF EMPLOYEES

53.1 Total number of employees

	2019	2018
Total number of employees as at June 30,	4,266	4,831
Average number of employees during the year	4,549	4,691

54. GENERAL

54.1 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

54.2 Figures have been rounded off to the nearest thousands.

55. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on September 20, 2019 by the Board of Directors of the Holding Company.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

THAL LIMITED

E-DIVIDEND MANDATE FORM

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly into your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your CNIC to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

CDC shareholders are requested to submit their Dividend Mandate and CNIC directly to their broker (participant)/CDC on the given below format.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : ____________________

Folio Number / CDC Account No: ____________________ Company ____________________

____________________Limited.

Contact number of shareholder: ____________________

Email Address: ____________________

Title of Account: ____________________

IBAN Number (see Note below):	P	K																					

Account No: ____________________

Branch Code: ____________________

Name of Bank: ____________________

Bank branch & full mailing address: ____________________

CNIC No. (copy attached): ____________________

NTN (in case of corporate entity): ____________________

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

____

Shareholder's Signature

Note: Please provide complete IBAN Number, after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed to the above account only. Your company is entitled to rely on the account number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the company.

The shareholder who hold shares in physical form are requested to submit the required Dividend Mandate Form after duly filled in to the Share Registrar concerned. The Shareholders who hold shares in Central Depository Company are requested to submit the required Dividend Mandate Form after duly filled in to their Participants / Investor Account Services.

تھل لمیٹڈ

ای-ڈیویڈنڈ مینڈیٹ فارم

ہم آپ کو مطلع کرنا چاہتے ہیں کہ کمپنیز ایکٹ ۲۰۱۷ کے سیکشن ۲۴۲ کی شقوں کے مطابق کسی بھی لسٹڈ کمپنی کے لئے یہ لازم ہے کہ شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں براہ راست کی جائے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کی غرض سے براہ مہربانی درج ذیل کے مطابق کوائف مکمل کریں اور اس لیٹر کو باقاعدہ دستخط کے ساتھ بشمول اپنے سی این آئی سی کی کاپی کمپنی کے رجسٹرار بمقام فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو ارسال کریں۔

سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ اپنے منافع منقسمہ کا مینڈیٹ اور سی این آئی سی براہ راست اپنے بروکر (پارٹیسپنٹ) / سی ڈی سی کو دیئے گئے درج ذیل فارمیٹ پر فراہم کریں۔

میں بذریعہ ہذا اپنے مستقبل کے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصول کرنا چاہوں گا جیسے کہ تفصیل ذیل میں درج ہے:

شیئر ہولڈر کا نام ____________________

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: ____________ کمپنی ____________ لمیٹڈ

شیئر ہولڈر کا رابطہ نمبر ____________________

ای میل ایڈریس ____________________

اکاؤنٹ کا ٹائٹل ____________________

انٹرنیشنل بینک اکاؤنٹ نمبر (نیچے نوٹ ملاحظہ کریں) | پی | کے | | | | | | | | | | | | | | | | | | | | |

اکاؤنٹ نمبر ____________________

برانچ کوڈ ____________________

بینک کا نام ____________________

بینک برانچ اور اس کا مکمل پتہ ____________________

سی این آئی سی نمبر (کاپی منسلک) ____________________

این ٹی این (کارپوریٹ ادارے کی صورت میں) ____________________

واضح کیا جاتا ہے کہ میری جانب سے دیئے گئے مذکورہ بالا کوائف درست اور میری بہترین معلومات کے مطابق ہیں۔ میں مستقبل میں اپنے کوائف میں کسی تبدیلی کی صورت میں کمپنی کو مطلع کرتا رہوں گا۔

____
شیئر ہولڈر کے دستخط

نوٹ:

براہ مہربانی مکمل آئی بی اے این نمبر اپنی متعلقہ برانچ کے ساتھ مکمل چیکنگ کے بعد فراہم کریں تاکہ آپ کے بینک اکاؤنٹ میں الیکٹرونک کریڈٹ کو براہ راست ممکن بنایا جاسکے۔

نقد منافع منقسمہ کی ادائیگی صرف مذکورہ بالا اکاؤنٹ میں کی جائے گی۔ آپ کی کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرے گی۔ کمپنی ایسے کسی بھی نقصان، دعوے یا دعویٰ کی بلاواسطہ یا بالواسطہ کسی بھی وقت کسی تاخیر یا ایسے کسی بھی مالی ذمہ داری کی ادائیگی کیلئے ذمہ دار نہ ہوگی جو کسی غیر درست ادائیگی کی ہدایات کے باعث ہوا اور / یا کمپنی کے کنٹرول کے باہر کسی حادثے کے تحت ہو۔

ایسے شیئر ہولڈرز جو فزیکل صورت میں شیئرز کے حامل ہوں ان سے درخواست ہے کہ اپنا مطلوبہ ڈیویڈنڈ مینڈیٹ فارم باقاعدہ پر کرکے متعلقہ شیئر رجسٹرار کو جمع کرائیں۔ وہ شیئر ہولڈرز جو سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں شیئرز رکھتے ہیں ان سے درخواست ہے کہ وہ مطلوبہ منافع منقسمہ کا مینڈیٹ فارم باقاعدہ بھرنے کے بعد اپنے پارٹیسپنٹس / انویسٹر اکاؤنٹ سروسز کو جمع کرادیں۔

THAL LIMITED

Form of Proxy
Fifty Third Annual General Meeting

The Secretary
Thal Limited
House of Habib, 4th floor
Shahra-e-Faisal,
Karachi - 75350

I/We ____

of ______________________ in the district of ______________________

being member of Thal Limited, and holder of ______________________

Ordinary Shares as per Share Register Folio No. ______________________

and/or CDC Participant I.D. No. ______________________

And Sub. Account No. ______________________ hereby appoint ______________________

of ______________________ in the district of ______________________

or failing him / her ______________________ of ______________________

as my/our proxy to vote for me/us and on my/our behalf at the 53rd Annual General Meeting of the Company to be held on October 26, 2019 and or any adjournment thereof.

Signed this ______________________ day of ______________________

WITNESSES:

Signature ______________________
Name ______________________
Address ______________________
CNIC or
Passport No. ______________________

(Signature should agree with the specimen signature registered with the Company).

Signature on
Rs 5/-
revenue stamp

Signature ______________________
Name ______________________
Address ______________________
CNIC or
Passport No. ______________________

Note:

1. A member entitled to be present and vote at the Meeting may appoint another member as proxy to attend and vote for him / her.
2. No person shall be act as proxy unless he/she, himself/herself is a member of the Company Except that a corporation may appoint a person who is not a member.
2. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the Meeting
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their computerized National Identity Card or Passport With this proxy form.

چیئرمین کی جائزہ رپورٹ 2019

تھل لمیٹڈ نے اپنے سفر کا آغاز 53 سال قبل ایک جوٹ مل کی حیثیت سے کیا تھا۔ آج ہم یہ بات فخر سے کہہ سکتے ہیں کہ بالفعل تھا ہم آپ کے سامنے ایک کثیرالجہتی کاروباری ادارے کے طور پر کھڑے ہیں جو تھرمل سسٹم، الیکٹرک سسٹم، انجن کمپوننٹس، پیپر سیک اور لیمینیٹس کے کاروباروں پر مشتمل ہے۔ ہمارے لئے آپ کے تعاون کے بغیر اس مقام تک پہنچنا ناممکن تھا جس کیلئے ہم آپ کے تہہ دل سے مشکور ہیں۔

ہم ملک کے معاشی و سماجی اغراض و مقاصد اور اپنے عوام کی ضروریات کو مدِنظر رکھتے ہوئے ایک واضح ویژن کے ساتھ اپنی حکمت عملی وضع کرتے ہیں۔ ہمارے منصوبے قومی ترجیحات عکاسی ہیں۔ پیک اور مستقبل کیلئے مناسب توانائی کے حوالے سے پاکستان کی قومی ضروریات پوری کرنے پر مشتمل ہیں۔ لہٰذا اس سلسلے میں کمپنی نے پاکستان کے پہلے اوپن پٹ کول مائننگ پروجیکٹ، بمقام تھر میں سندھ اینگرو کول مائننگ کمپنی (ایس ای سی ایم سی) میں سرمایہ کاری کی ہے اور تھر بلاک II میں 330 MW کول۔ فائرڈ پاور جنریشن پلانٹ کے قیام میں اپنی ذیلی کمپنی تھل پاور (پرائیویٹ) لمیٹڈ کے ذریعے شراکت داری کی ہے۔ ہم پیپر اور جوٹ پیکجنگ میں بھی موزوں و مناسب پیکجنگ سلوشن کے سلسلے میں اپنی خدمات پیش کر رہے ہیں تاکہ ملک میں پلاسٹک کی آلودگی کو کم کرنے کے سلسلے میں پاکستان کی پالیسی میں اپنا کردار ادا کر سکیں۔

معاشی و اقتصادی نظم و نسق کے سلسلے میں پاکستان کے حالیہ ایجنڈے کو ملکوں کے کاروباری لینڈ اسکیپ میں چیلنجز درپیش ہیں۔ اس کے باوجود آپ کی کمپنی نے 30 جون 2019 کو ختم ہونے والے سال کیلئے اپنے مجموعی منافع کی شرح میں اضافے کے سلسلے کو برقرار رکھا ہے۔

گزشتہ سال کے دوران کمپنی کے انجینئرنگ کے شعبے نے دنیا کے ایک وسیع ترین آٹوموٹیو پارٹس مینوفیکچررز ڈینسو کارپوریشن کے تکنیکی اشتراک سے اپنے آٹوموٹیو وائرنگ ہارنیس بزنس میں توسیع کرتے ہوئے ایک نئی فیسلٹی کو مکمل کیا۔ اس کے علاوہ تھل بوشوکو پاکستان (پرائیویٹ) لمیٹڈ نے بھی اپنی کار سیٹس کی پیداوار اور تجارتی پروڈکشن کو پورا کرنے کے ضمن میں اپنی فیسلٹی کو مکمل کیا جس کا آغاز متوقع طور پر 2019 کے آخر تک ہو جائے گا۔ تھل جوٹ بزنس نے بھی آپریشنل صلاحیت کو بہتر بنانے اور معیار کو اپ ڈیٹ کرنے کیلئے کیپٹل (ایکوئپمنٹ) میں نمایاں سرمایہ کاری کی ہے۔ نئی مارکیٹوں تک رسائی کیلئے تھل پاکستان پیپر سیک ڈویژن نے حال ہی میں اپنی پراڈکٹ رینج میں مزید توسیع کرتے ہوئے ریٹیل اور فوڈ پیکجنگ کو اس میں شامل کیا ہے۔ یہ سرمایہ کاریاں اور اقدامات آنے والے سالوں میں ترقی کے مزید مواقع فراہم کریں گے۔

اپنے قیام سے اب تک تھل لمیٹڈ نے انسانی سرمائے میں مناسب سرمایہ کاری کو ہمیشہ بڑی اہمیت دی ہے۔ کمپنی نے پورے ادارے میں اپنے ملازمین کی تربیت اور ترقی کے مواقع فراہم کرنے کیلئے متعدد نمایاں اقدامات کئے۔ اپنی کامیابی کی ضروریات کو پورا کرنے کیلئے ہم اپنے مینجمنٹ ٹرینی پروگرام کے ذریعے ملک کے بہترین اداروں سے نوجوان ٹیلنٹ اور مستقبل کے معماروں کا انتخاب کرتے ہیں۔ ہم پُرامید ہیں کہ ہمارے لوگوں میں یہ مستقل سرمایہ کاری انہیں مستقبل میں مناسب منافع ادا کرنے کی صلاحیت فراہم کرتی رہے گی۔

تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز اعلیٰ تجربہ کار اور کاروباری شخصیات پر مشتمل ہیں جو ہمارے بورڈ کے ساتھ مجموعی طور پر 160 سالوں سے زائد کی مہارت رکھتے ہیں۔ تمام بورڈ ممبرز اپنی پیشہ ورانہ انتظامی ذمہ داریوں سے آگاہ ہیں اور عالمی پالیسیوں اور معیار کے مطابق انتظامیہ کو ضروری رہنمائی اور حکمت عملی کے حوالے سے اپنا تعاون فراہم کر رہے ہیں۔

بورڈ آف ڈائریکٹرز کے ممبران کا کردار اور شراکت ہمارے منصوبوں کی تشکیل اور آپریشنز کے حصول و تکمیل میں نمایاں رہی۔ بورڈ کے ممبران نے ہماری کامیابی کیلئے ہماری وضع کردہ پالیسی کو جاری رکھنے کے ضمن میں اسٹریٹجک شراکت داری کرتے ہوئے بھرپور کردار ادا کیا۔ میں آڈٹ اور ہیومن ریسورس اینڈ ریمونریشن کے حوالے سے تشکیل کردہ بورڈ کی کمیٹیوں کا شکرگزار ہوں کہ انہوں نے کمپنی کیلئے لیڈرشپ، تعاون اور رہنمائی کے ضمن میں فعال کردار اور شراکت کی ذمہ داریاں پوری کیں۔

سال کے دوران کمپنی کے چیف ایگزیکٹو جناب مظہر والجی مستعفی ہو گئے اور بورڈ نے جناب محمد طیب احمد ترین کو ان کی جگہ یکم جولائی 2019 سے تعینات کیا۔ کمپنی کی جانب سے میں جناب مظہر والجی کی قابل قدر خدمات کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے 30 سال تک گروپ کے ساتھ منسلک رہ کر انجام دیں۔

میں اس امر سے بھی آگاہ کرنا چاہتا ہوں گا کہ جناب کمال پی۔ احمد کمپنی کے ساتھ ایک طویل عرصے تک منسلک رہنے کے بعد مورخہ 20 ستمبر 2019 سے سبکدوش ہو گئے ہیں۔ کمپنی کے ساتھ اپنی رفاقت کے دوران جناب کمال احمد نے تھل آٹو پارٹس بزنس کے فروغ میں انتہائی اہم کردار ادا کیا۔ بورڈ ان کی قابل قدر خدمات کو تسلیم کرتے ہوئے ان کو خراجِ تحسین پیش کرتا ہے اور ان کا مشکور بھی ہے۔

آخر میں، میں اپنے شیئرہولڈرز، صارفین، ڈیلرز اور بزنس پارٹنرز کا ان کی مسلسل سرپرستی اور اعتماد پر شکریہ ادا کرتا ہوں۔

میں اپنے تمام اسٹاف ممبران کا بھی مشکور ہوں جنہوں نے کمپنی کی تعمیر و ترقی میں اپنا کردار ادا کیا اور مجھے بھرپور یقین ہے کہ وہ مستقبل میں بھی ترقی کی نئی بلندیوں کو پانے کیلئے ہمارا ساتھ دیں گے۔

چیئرمین

تھل لمیٹڈ

پراکسی فارم

۵۳ ویں سالانہ اجلاس عام

سیکریٹری
تھل لمیٹڈ
ہاؤس آف حبیب، چوتھی منزل
شاہراہِ فیصل، کراچی۔ ۷۵۳۵۰

میں/ہم ____________________

ساکن ____________________ ضلع ____________________

میں بحیثیت ممبر تھل لمیٹڈ اور ہولڈر بابت ____________________

عام شیئرز جن کے شیئر رجسٹر فولیو نمبر ____________________ اور/یا سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر ____________________

اور ذیلی اکاؤنٹ نمبر ____________________ بذریعہ ہذا ____________________

ساکن ____________________ ضلع ____________________

اور اگر ان کے لئے ممکن نہ ہو تو ____________________ ساکن ____________________

کو بطور اپنا/ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ وہ ۲۶ اکتوبر ۲۰۱۹ء کو منعقد کئے جانے والے کمپنی کے ۵۳ ویں سالانہ اجلاس عام میں میری/ہماری جگہ ووٹ دے سکیں۔

دستخط ________ مورخہ ________ ۲۰۱۹ء

گواہان:

(دستخط نمونے کے مطابق ہونے چاہئیں
دستخط کمپنی کے پاس رجسٹرڈ ہونے چاہئیں)

دستخط مبلغ ۵ روپے کے ڈاک ٹکٹ

دستخط ____________________

نام ____________________

پتہ ____________________

شناختی کارڈ نمبر ____________________

یا پاسپورٹ نمبر ____________________

دستخط ____________________

نام ____________________

پتہ ____________________

شناختی کارڈ نمبر ____________________

یا پاسپورٹ نمبر ____________________

نوٹ:

۱۔ اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبر کمپنی کے کسی دوسرے ممبر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/سکتی ہے ماسوائے کارپوریٹ ادارہ جو کسی بھی ایسے فرد کو پراکسی مقرر کر سکتا ہے جو کمپنی کا ممبر نہ ہو۔

۲۔ موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقتِ انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔

۳۔ سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

i) بورڈ ممبرز کے نام اور سال کے دوران منعقد ہونے والی 7 میٹنگز میں ان کی حاضری کی تفصیلات درج ذیل ہیں:

شرکت کردہ اجلاس کی تعداد	ڈائریکٹرز کے نام	نمبر شمار
3/7	جناب رفیق ایم۔ حبیب (چیئرمین)	1
6/7	جناب کمیل پی۔ احمد	2
7/7	جناب علی ایس۔ حبیب	3
2/7	جناب محمد علی آر۔ حبیب	4
7/7	جناب آصف قادر	5
7/7	جناب سلمان برنی	6
7/7	جناب مظہر والجی	7
4/7	محترمہ روشن بی۔ مہری (متبادل ڈائریکٹر)	8
4/7	محترمہ عالیہ سعید خان (تقرری 21 ستمبر 2018ء)	9

ii) سال کے دوران آڈٹ کمیٹی کے 4 اجلاس ہوئے اور اس میں ڈائریکٹرز کی حاضری درج ذیل رہی:

شرکت کردہ اجلاس کی تعداد	ڈائریکٹرز کے نام	نمبر شمار
4/4	جناب آصف قادر (چیئرمین)	1
2/4	جناب محمد علی آر۔ حبیب	2
4/4	جناب کمیل پی۔ احمد	3
4/4	جناب سلمان برنی	4

iii) سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا صرف ایک اجلاس ہوا اور اس میں ڈائریکٹرز کی حاضری درج ذیل رہی:

شرکت کردہ اجلاس کی تعداد	ڈائریکٹرز کے نام	نمبر شمار
1/1	جناب آصف قادر (چیئرمین۔ تقرری یکم جنوری 2018)	1
1/1	جناب علی ایس۔ حبیب	2
1/1	جناب سلمان برنی	3
1/1	جناب مظہر والجی	4

منافع کی تقسیم و تخصیص

ڈائریکٹرز نے موجودہ سال کے منافع سے درج ذیل تخصیص کی تجویز دی ہے:

- حتمی نقد منافع منقسمہ بحساب 5.50 روپے فی شیئر یعنی 110 فیصد کا اعلان کیا گیا ہے جو 2.50 روپے فی شیئر یعنی 50 فیصد کے عبوری منافع منقسمہ کے علاوہ ہے۔
- غیر تخصیص شدہ منافع میں سے 2.5 ارب روپے کی رقم جنرل ریزرو میں منتقل کرنے کی سفارش کی جاتی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے میں اپنے شیئرز ہولڈرز، صارفین، ڈیلرز اور کاروباری شرکاء کاران کی مستقل سرپرستی اور اعتماد پر تہہ دل سے شکریہ ادا کرتا ہوں۔ اپنی تمام ریگولیٹری اتھارٹیز کی رہنمائی اور تعاون کے لئے بھی مشکور ہوں۔ سب سے آخر میں، خاص طور پر بورڈ آف ڈائریکٹرز اپنے تمام عملے کی مخلصانہ کاوشوں کا اعتراف کرتے ہیں جنہوں نے مسابقتی حالات میں کمپنی کی ترقی کیلئے جاری رکھیں۔

محمد طیب احمد ترین
چیف ایگزیکٹو آفیسر

کراچی۔
مورخہ 20 ستمبر 2019

کمپنی کو درپیش خدشات اور غیر یقینی کیفیت

کمپنی اس سلسلے میں کافی محتاط ہے کہ کمپنی کو اندرونی اور بیرونی دونوں سطحوں پر کاروبار میں مختلف اقسام کے خطرات کا سامنا ہے۔ کمپنی نے اس کے لئے ایک انٹرپرائز رسک مینجمنٹ (ای آر ایم) سسٹم نافذ کر رکھا ہے۔ ای آر ایم کو درپیش خطرات اور چیلنجز کی تلاش، اس کی جانچ، ترجیحی حل، پڑتال اور اس کے تدارک کا مربوط عمل ہے۔ خدشات کو دور کرنے کا بندوبست کرنا کمپنی کی مینجمنٹ کی بنیادی ذمہ داری ہے۔ اس سلسلے میں انٹرنل آڈٹ فنکشن اور بورڈ آف ڈائریکٹرز ان پالیسیوں اور طریقوں کے مطابق جائزہ لیتے ہیں اور مدد کرتے ہیں جو متوقع خدشات کا مقابلہ کرنے کیلئے وضع کی گئی ہیں۔

کمپنی نے ان خدشات کی درجہ بندی اس طرح کی ہے:

۱۔ حکمت عملی کے خدشات

۲۔ مالیاتی خدشات

ا) بیرونی کرنسی کے خدشات

ب) کریڈٹ کے خدشات

ج) شرح سود کے خدشات

۳۔ انٹرنل کنٹرول کے خدشات

۴۔ آپریشنل / کمرشل خدشات

ا) کاروباری حریفوں کے خدشات / ٹیکنالوجی اور جدت کے خدشات

ب) ضوابط کے خدشات

۵۔ صحت، تحفظ اور ماحولیات

تدارک کی حکمت عملی وضع کی گئی ہے اور کمپنی ای آر ایم سسٹم کے ذریعے اس کی نگرانی اور جائزہ لینے کا عمل جاری رکھے ہوئے ہے۔

قومی خزانہ میں حصہ

سال 2018-19 میں کمپنی نے ٹیکسیشن (بشمول سپر ٹیکس)، کسٹم ڈیوٹیز، محصولات، ایکسائز ڈیوٹیز اور WWF کی صورت میں قومی خزانہ میں 7.09 ارب روپے جمع کرائے۔ (2017-18: 5.55 ارب روپے)

نان ایگزیکٹو ڈائریکٹرز کیلئے معاوضہ پالیسی

کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کا تعین بورڈ کی جانب سے وقتاً فوقتاً کیا جاتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز "میسرز ارنسٹ اینڈ ینگ فورڈ رہوڈز" چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے سال 2019-20 میں خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے بھی ان کے دوبارہ تقرر کی سفارش کی ہے۔

شیئر ہولڈنگ کا طرز

شیئر ہولڈنگ کا طرز بمطابق 30 جون 2019 اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ نے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، انٹرنل آڈٹ کے سربراہ اور کمپنی سیکریٹری کا تعین ان ایگزیکٹوز کے طور پر کیا ہے جن کا کمپنی کے شیئرز میں لین دین اسٹاک ایکسچینج کو رپورٹ کرنا ضروری ہے۔

بورڈ کی سب کمیٹی کی تشکیل نو

محمد طیب احمد ترین کو یکم جولائی 2019 سے بورڈ کی ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا ممبر مقرر کیا گیا ہے۔

ڈائریکٹرز ٹریننگ پروگرام

جناب رفیق ایم۔ حبیب، جناب علی ایس۔ حبیب اور جناب سلمان برنی، ایس ای سی پی کی جانب سے ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں کیونکہ ہر ایک ڈائریکٹر بورڈ پر خدمات انجام دینے کیلئے مطلوبہ قابلیت اور تجربے کے حامل ہیں۔ جناب کیپٹن پی۔ احمد، جناب آصف قادر، محترمہ عالیہ سعید خان اور جناب محمد علی آر۔ حبیب پی آئی سی جی کی جانب سے سرٹیفائیڈ ہیں۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک میں کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا اسٹیٹمنٹ

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، رقوم کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔

۲۔ کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔

۳۔ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔

۴۔ مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں۔

۵۔ بورڈ نے انٹرنل آڈٹ کے امور بیرونی ذریعے میسرز ٹوشل کیپوار سروسز (پرائیویٹ) لمیٹڈ کو تفویض کئے ہیں جو اس کام کیلئے نہایت موزوں اہلیت اور تجربے کے حامل ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی آگاہ ہیں۔

۶۔ اندرونی کنٹرول سسٹم کی تشکیل نہایت مضبوط ہے اور اس کا نفاذ اور نگرانی موثر طور پر کی جا رہی ہے۔

۷۔ آڈٹ کمیٹی کے تمام ممبران آزاد / نان ایگزیکٹو ڈائریکٹرز ہیں۔

۸۔ کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شک وشبہ نہیں ہے۔

۹۔ اصول وضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ ایک ضابطہ اخلاق تیار کر کے ہر ڈائریکٹر اور ہر ملازم کو پہنچا دیا گیا ہے۔

۱۰۔ پراویڈنٹ فنڈ اور ریٹائرمنٹ فنڈ میں سرمایہ کاری کی رقم بمطابق 30 جون 2019، بالترتیب 552 ملین روپے اور 62 ملین روپے ہے۔

۱۱۔ گزشتہ چھ سال کی آپریٹنگ اور مالیاتی معلومات اس رپورٹ کے ضمیمہ میں درج ہیں۔

انٹرنیشنل ٹریننگ اور ایکسپوژر ملازمین کی تربیت کے سلسلے میں ایک اہم جزو ہے جہاں ملازمین کو بہترین عالمی طریقہ کار سیکھنے اور انہیں مقامی سطح پر بروئے کار لانے کا موقع ملتا ہے۔ تھل یاموٹو پاکستان اور تھل الیکٹریکل کے اسٹاف نے ٹویوٹا بوشوکو اور یازاکی کا دورہ کیا اور ہمارے پلانٹس کیلئے مشین آپریشن سیکھ کر بہترین طریقے سے یہاں لاگو کیا۔

ہمارے شفاف اور منظم بھرتی کے طریقہ کار کو مزید منظم بنانے کیلئے ایک نیا آن لائن سسٹم، ریکروٹمنٹ اسسمنٹ مشن بیلو کے نام سے متعارف کرایا گیا ہے اور اسے جانے والے سال کے دوران لاگو بھی کر دیا گیا۔ پروگرام کا مقصد ہمارے مینجمنٹ ٹرینی پروگرام اور ہمارے گریجویٹ ٹرینی انجینئر پروگرام کے لئے بہترین امیدواروں کے ٹیلنٹ کا حصار اور پوری کمپنی کے اندر ابھرتے ہوئے لیڈرز کو سامنے لانا ہے۔ ایچ آر اور ٹیچ کے لئے کل 17 ایم ٹی اے کا تقرر کیا گیا تھا اور تھل انجینئرنگ کے لئے وسیع تر جانچ اور دوروں کی جانچ پڑتال طریقہ کار کے بعد 2 ٹرینی انجینئرز کا تقرر عمل میں لایا گیا۔

تھل انجینئرنگ مختلف مہارت اور بہترین افرادی قوت رکھنے کا اعزاز رکھتا ہے جہاں ہر شخص کو صلاحیتوں کا اظہار اور کام کے مکمل مواقع فراہم کئے جاتے ہیں۔ ہم کسی معذوری یا امتیاز کے بغیر ٹیلنٹ کی قدر اور تقرر کرنے کے عزم پر کاربند ہیں۔ سال کے دوران معذوری کے حامل 31 افراد (پی ڈبلیو ڈی ایس) کا تقرر کیا گیا اور تھل نے ایسے افراد کی تولیت کا پیمانہ برقرار رکھا۔

صحت، تحفظ اور ماحولیات (HSE)

ہم تمام کاروباری شعبوں میں کام کرنے کا ایسا ماحول برقرار رکھنا چاہتے ہیں جس میں تحفظ آپریشنز اور کاروباری کلچر کا لازمی حصہ ہو۔ ہمارا ہدف کسی کو بھی زخمی ہونے سے محفوظ رکھنا اور اس امر کو یقینی بنانا ہے کہ تھل انجینئرنگ کام کرنے کیلئے ایک محفوظ ترین مقام ہے۔ سال بھر تمام کاروباروں میں اپنے افراد، پلانٹس اور کمیونٹی کے تحفظ کیلئے موثر اقدامات تشکیل دیئے گئے اور ان پر عمل کیا گیا اور اس طرح ہم 2.8 ملین محفوظ افرادی گھنٹے کا ہدف حاصل کرنے میں کامیاب رہے۔

مزید براں ہم نے بہترین انٹرنیشنل طریقہ کار بشمول پیشہ ورانہ سیفٹی و ہیلتھ ایڈمنسٹریشن (او ایچ ایس اے ایس) کو مد نظر رکھتے ہوئے سیفٹی مینجمنٹ سسٹم پر اپنی توجہ برقرار رکھی ہے اور یہ ایمپلائرز فیڈریشن آف پاکستان کی جانب سے باقاعدہ تسلیم کردہ ہے جس نے تھل انجینئرنگ کو پروسیس اینڈ انجینئرنگ سیکٹر میں 'بہترین پریکٹس' ایوارڈ کے OSH&E 2019 کا دوسرا انعام تفویض کیا۔

تھل انجینئرنگ بہترین بین الاقوامی طریقہ کار پر مسلسل عمل درآمد کے ضمن میں مختلف اسناد حاصل کر چکا ہے۔ یہ اسناد ادارے کی باقاعدہ تجدید بھی کراتا ہے۔ ہماری ان کوششوں کے ثبوت ہیں جو ہم مستقل طور پر اپنے ایچ ایس ای کی ترویج و بہترین بنانے کے ضمن میں کر رہے ہیں۔ تھل انجینئرنگ نے OHSAS 18001 سے ISO 45001 تک کا سفر طے کر لیا ہے۔ ایچ ایس ای جو اس کی پالیسیوں اور صلاحیتوں کا ایک نیا معیار ہے۔

ہم کرہ ارض کے بارے میں بھی بحیثیت ایک ساتھی تحفظ کا ادارہ اپنی ذمہ داری سے پوری طرح عہدہ برآ ہو رہے ہیں اور بحیثیت ایک ادارہ یو این گلوبل کمپیکٹ کے دستخط کنندہ ہیں۔ پورے سال ہم نے اس شعبے پر توجہ برقرار رکھی اور ہم تھل انجینئرنگ میں ماحول پر کاربن کے اثرات 2.23 فیصد تک کم کرنے کے قابل ہو سکے جبکہ ہمارا ہدف 2 فیصد کمی کا تھا۔ ان بہترین طریقہ کار کو نیشنل فورم برائے انوائرمنٹ اینڈ ہیلتھ کی جانب سے بھی تسلیم کیا گیا اور تھل انجینئرنگ کو انوائرمنٹ ایکسیلنس ایوارڈ 2019 تفویض کیا۔

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

ہم اپنے اسٹیک ہولڈرز کے ساتھ ساتھ معاشرے کے پسماندہ طبقات کا معیار زندگی بہتر بنانے کا مستقل عزم رکھتے ہیں۔ اس ضمن میں سال 19-2018 میں سماجی سرمایہ کاری کے تحت ہم نے لگ بھگ 51.2 ملین روپے صرف کئے جبکہ 18-2017 میں 45.4 ملین روپے خرچ کئے گئے تھے۔ یہ پروگرام ہمارے تمام کاروباری شعبوں پر محیط تھے اور بنیادی طور پر تعلیم، صحت، ملازمین کی فلاح و بہبود، معاشرتی ترقی، ماحولیات اور قدرتی آفات کے تحت امداد دینے پر توجہ دی گئی۔

ہم حقیقتاً اس امر پر یقین رکھتے ہیں کہ معیاری صحت سہولیات معاشرے کے ہر ایک فرد کا بنیادی حق ہے۔ اس ذمہ داری کو محسوس کرتے ہوئے پورے سال ہم نے معروف طبی اداروں کو براہ راست مالی امداد و دیگر تعاون کیا۔ اس سلسلے میں انڈس اسپتال، ہارون ایریز آئی اسپتال، معصومین اسپتال ٹرسٹ، جنرل ہیماٹولوجی اینڈ اونکولوجی ٹرسٹ اور محمدی بلڈ بینک سمیت دیگر کو عطیات فراہم کئے گئے۔

تعلیم کے شعبے میں ہم نے بھرپور تعاون جاری رکھا اور ہمارا پرچم بردار حبیب یونیورسٹی فاؤنڈیشن جو کہ بڑی تعداد میں مستحق طلبہ کو اسکالرشپس اور مالی معاونت فراہم کرتا ہے نے سرگرمیاں جاری رکھیں۔ علاوہ ازیں مختلف فلاحی اداروں مثلاً ٹی سی ایف، تھر فاؤنڈیشن، حبیب ایجوکیشن ٹرسٹ، غلامان عباس اسکول اور ہیلپ (HELP) سمیت دیگر اداروں کو معاشرے کے پسماندہ طبقات کو تعلیم کی فراہمی میں معاونت کے لئے بھرپور امداد دی گئی۔

ایک ادارے کے طور پر ہمیں خود پر فخر ہے کہ ہم معاشرے کے لئے اپنی ذمہ داری کو پوری طرح محسوس کرتے ہیں اور اپنے ملازمین کا بھی خیال رکھتے ہیں جو کہ ہمارا اخلاقی اور بنیادی اثاثہ ہیں۔ اس رہنما اصول کے ساتھ دوبارہ اس سال بھی ہم نے وہ پروگرام جاری رکھے جن سے ہمارے ملازمین کی بہبود اور ان کی بنیادی ضرورتیں پوری ہو سکیں۔

انفارمیشن ٹیکنالوجی (IT)

کاروباری ماحول میں بڑھتی ہوئی پیچیدگی عالمی سطح پر انفارمیشن سسٹم کے تیزی سے فروغ نے آئی ٹی کو ادارے کا ایک اہم اور اسٹریٹجک کردار بنا دیا ہے۔ کمپنی کی انتظامیہ اپنے آئی ٹی سسٹم کو مزید فعال اور متحرک بنانے کے لئے مستقل طور پر کوشاں ہے تاکہ اپنے کاروباری روزمرہ کی ضروریات کو پورا کر سکے۔

سال کے دوران انتظامیہ نے ایس اے پی سپلائی چین ماڈیولز کا اپنے بلڈنگ اور منسلک شعبے میں کامیابی کے ساتھ نفاذ کیا تاکہ اس سے مکمل کاروبار کو ایک مشترکہ پلیٹ فارم کے ذریعے فیصلہ کن صلاحیت کا حصول ممکن ہو۔

تھل لمیٹڈ کے پیپر سیک بزنس میں بھی کسٹمر ریلیشن شپ مینجمنٹ ماڈیول اور ایس اے پی پروڈکشن پلاننگ ماڈیول کا اضافہ کیا گیا تاکہ صارفین کی ضروریات اور سپلائی چین کی کارکردگی منظم بنانے کیلئے حقیقی اور ہم آہنگ نظام تشکیل دیا جائے۔ کمپنی نے ایس اے پی کا سینٹرل ریکوائرمنٹ پلاننگ اور پلانٹ مینٹیننس ماڈیول بھی نافذ کیا جو ٹیلی میٹکس انوینٹری اور کنٹرول ماڈیول کے ساتھ مربوط ہے۔

چونکہ مختلف مقامات سے مختلف کاروبار آپریٹ کئے جا رہے ہیں لہٰذا اس امر کو یقینی بنانا مشکل ہے کہ تمام سائٹس آپس میں منسلک اور ایک مشترکہ بزنس ایپلی کیشن پلیٹ فارم کے ذریعے قابل رسائی ہوں۔ کمپنی نے ملٹی پروٹوکول لیبل سوئچنگ (ایم پی ایل ایس) تعینات کیا ہے تاکہ ریئل ٹائم ایپلی کیشنز، اسپیڈ نیٹ ورک کی دستیابی، مرکزی مانیٹرنگ اور اخراجات میں بچت کے ساتھ ساتھ محفوظ اور قابل اعتماد رابطہ کو یقینی بنایا جا سکے۔

متعلقہ پارٹیز سے لین دین

تمام پارٹیز کے ساتھ لین دین کے معاملات لاگو ضابطوں کے مطابق انجام دیئے گئے ہیں اور متعلقہ نوٹس کے تحت مالیاتی گوشواروں میں ظاہر کئے گئے ہیں۔

اندرونی مالی کنٹرولز

کمپنی اور اس کے ذیلی اداروں میں انٹرنل فنانشل کنٹرولز کا ایک موثر سسٹم لاگو کیا گیا ہے تاکہ اس کے اثاثہ جات کو محفوظ بنانے کے ساتھ اس کے ریکارڈز کو درست اور قابل اعتماد بنایا جائے۔ سینئر انتظامیہ کمپنی اور اس کے ذیلی اداروں کی مالیاتی کارکردگی کا جائزہ ماہانہ مفصل مالیاتی رپورٹس کے ذریعے لیتی ہے جبکہ بورڈ بھی ہر ایک سہ ماہی پر اس کا ذاتی جائزہ لیتا ہے اور بجٹ کے لحاظ سے اس کا تقابلی موازنہ کرتا ہے۔ مروجہ طریقہ کار کے تحت انٹرنل آڈٹ کے ذریعے باقاعدگی کے ساتھ مفصل جانچ پڑتال کی جاتی ہے۔ انٹرنل آڈٹ کے عمل کی رپورٹس بہترین طریقہ کار کے مطابق بورڈ آڈٹ کمیٹی کے جائزے کے لئے پیش کی جاتی ہیں۔

مستقبل پر نظر کا بیان

پاکستان کے موجودہ معاشی اور کاروباری ماحول میں کاروباری اداروں کو بڑے چیلنجوں کا سامنا ہے۔ تھل لمیٹڈ بھی آنے والے سالوں میں ترقی کے مواقعوں سے فائدہ اٹھاتے ہوئے اپنی پوزیشن بحال رکھنے کے لئے کوشاں ہے۔ کمپنی پہلے ہی کثیر الجہتی مینوفیکچرنگ سیکٹر میں کام کر رہی ہے جس کے ہر کاروبار کے اپنے تجربات، حرکیات، مواقع اور خطرات ہیں۔

کمپنی کا وسیع ترین کاروباری شعبہ اس کا انجینئرنگ کا شعبہ ہے۔ موجودہ آٹو موٹیو پالیسی کے تحت کئی نئے اداروں نے پاکستان میں اپنے اسمبلنگ پلانٹس قائم کرنے کیلئے کام شروع کر دیا ہے۔ امید ہے کہ آٹو پارٹس انڈسٹری وسعت میں وہاں کے تحت کام کرے گی کیونکہ نئے آنے والے اداروں کو مستقبل قریب میں لوکلائزیشن کی ضرورت ہوگی تاہم طویل مدت میں اس شعبے کو بہترین مواقع حاصل ہوں گے۔

بلڈنگ اور منسلک مصنوعات کا شعبہ کمپنی کی ترقی میں نمایاں کردار ادا کر رہا ہے۔ کاروباری تمام تر توجہ صارفین کا دائرہ کار وسیع کرنے، قیمت پر قابو، پیداواری صلاحیت میں اضافے اور سخت مسابقتی معاشی صورتحال سے نمٹنے کیلئے مزید جدید برق رفتار مشینری میں سرمایہ کاری پر مرکوز ہے۔

کمپنی نے چائنہ پاکستان اکنامک کوریڈور (سی پیک) میں دلچسپی ظاہر کرتے ہوئے پاکستان کے پہلے اوپن پٹ کول مائننگ پروجیکٹ، مقام تھر میں سرمایہ کاری کر رکھی ہے جو سی پیک کا پرچم بردار پروجیکٹ ہے اور کمپنی نے اس میں سندھ اینگرو کول مائننگ کمپنی (ایس ای سی ایم سی) کے ذریعے سرمایہ کاری کی ہے۔

کمپنی نے حب پاور کمپنی، انگرو انرجی لمیٹڈ اور دیگر چینی شراکت داروں کے ساتھ ایک مشترکہ منصوبے کے تحت پاور جنریشن سیکٹر میں مزید معاہدے کئے ہیں اور تھر سندھ میں 330 میگا واٹ کے کول سے چلنے والے بجلی گھر کے فنانشل کلوز کے لئے سرگرم عمل ہے۔

حبیب میٹرو پاکستان (پرائیویٹ) لمیٹڈ

حبیب میٹرو پاکستان (پرائیویٹ) لمیٹڈ (ایچ ایم پی ایل) کا مرکزی کاروبار جائیداد کی ملکیت اور اس کا انتظام ہے۔ تھل لمیٹڈ ایچ ایم پی ایل میں 60 فیصد شیئرز ہولڈنگ کا حامل ہے جبکہ 40 فیصد ملکیت میٹرو کیش اینڈ کیری انٹرنیشنل ہولڈنگ بی۔وی۔ کے پاس ہے۔ کمپنی کیش اینڈ کیری ریٹیل/ہول سیل بزنس کے فروغ اور اپنے اسٹور کی لوکیشن سے کاروباری قدر و قیمت بڑھانے کیلئے مختلف کاروباری مواقع تلاش کر رہی ہے۔

30 جون 2019 کو ختم ہونے والے سال کے دوران ایچ ایم پی ایل نے تھل لمیٹڈ کو 403 ملین روپے کا عبوری منافع منقسمہ ادا کیا۔

نوبل کمپیوٹر سروسز (پرائیویٹ) لمیٹڈ

کمپنی انٹرنل آڈٹ، آئی ٹی، ایڈوائزری، ایچ آر اور دیگر انتظامی خدمات سے متعلق سروسز ہاؤس آف حبیب کی گروپ کمپنیوں کو فراہم کرنے کا سلسلہ جاری رکھے ہوئے ہے۔ یہ کمپنی تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

پاکستان انڈسٹریل ایڈز (پرائیویٹ) لمیٹڈ

اپنے تجارتی آپریشنز کے ذریعے کمپنی نے آٹو پارٹس مثلاً کمپریسرز، کنڈینسرز، کولنگ یونٹس اور گیس آٹو موبائل اسمبلرز اور آٹو پارٹس مینوفیکچررز کو فراہم کرکے اپنا کاروبار جاری رکھا ہے۔ یہ تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ

اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ تھل لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے۔ موجودہ طور پر سرمایہ کاری کے نئے آپشن کا جائزہ لے رہی ہے۔

انرجی سیکٹر میں سرمایہ کاریاں

سندھ اینگرو کول مائننگ کمپنی لمیٹڈ

سندھ اینگرو کول مائننگ کمپنی (ایس ای سی ایم سی) نے 10 جولائی 2019 کو تجارتی آپریشنز کا آغاز کیا جو پاکستان کے انرجی سیکٹر کیلئے ایک تاریخی سنگ میل ہے۔ تھر مائننگ اور پاور جنریشن پروجیکٹس کا فیز-I پاکستان کے پہلے مقامی اوپن پٹ پر مشتمل ہے جو (اینگرو پاور جن تھر پرائیویٹ لمیٹڈ۔ ای پی ٹی ایل) کے ذریعے قائم کردہ 2x330 میگاواٹ پاور جنریشن پلانٹ کیلئے 3.8 ملین ٹن لگنائٹ کول سپلائی کر رہا ہے۔

ایس ای سی ایم سی کے فیز-I کے لئے تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 36.1 ملین امریکی ڈالر کے مساوی پاک روپے کے مجموعی ایکسپوژر کی منظوری دی جس میں 24.3 ملین امریکی ڈالر کی ایکویٹی انویسٹمنٹ، 5 ملین امریکی ڈالر کا ایس بی ایل سی برائے کاسٹ اوور رن اور 6.8 امریکی ڈالر برائے ڈیبٹ سروسنگ ریزرو (ایل آئی پی او آر اے کے آئی پی او آر سوومنٹس) کے باعث اس میں شامل ہیں۔ ایس ای سی ایم سی کا فیز-I بروقت مکمل کر لیا گیا جبکہ اخراجات میں بھی بچت کی گئی۔

ایس ای سی ایم سی کا فیز-II فنانشل کلوز کے حصول کے قریب ہے۔ ٹیرف کا تعین تھر کول اینڈ انرجی بورڈ کی جانب سے کیا جا چکا ہے جبکہ مالیاتی دستاویزات تکمیل کے مراحل میں ہیں۔

ایس ای سی ایم سی نے تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ اور تھر انرجی لمیٹڈ کے ساتھ کوئلے کی سپلائی کے معاہدے کئے ہیں جس کے تحت بالترتیب ہر ایک 330 میگاواٹ پاور پلانٹ کیلئے 1.9 ملین ٹن اضافی لگنائٹ سالانہ فراہم کیا جائے گا۔

تھل پاور (پرائیویٹ) لمیٹڈ

تھل نووا پاور تھر پرائیویٹ لمیٹڈ (''تھل نووا'') تھل پاور لمیٹڈ، نووا ٹیکس لمیٹڈ کے ذیلی ادارے نووا پاور جن لمیٹڈ اور حب پاور کمپنی کا ایک مشترکہ منصوبہ ہے جو تھر سندھ میں واقع 330 میگاواٹ مائن ماؤتھ کول فائرڈ پاور جنریشن پلانٹ قائم کرنے کیلئے ہے۔ یہ پاور پلانٹ ایس ای سی ایم سی کی جانب سے چلائی جانے والی مائن سے نکالے جانے والے دیسی کوئلے سے چلایا جائے گا۔

تھل نووا نے پرائیویٹ پاور انفرا اسٹرکچر بورڈ (پی پی آئی بی) سے لیٹر آف سپورٹ (ایل او ایس) حاصل کرلیا ہے۔ نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (این ای پی آر اے) نے جنریشن لائسنس جاری کردیا ہے اور پروجیکٹ کمپنی کیلئے تھر کول پر اپ فرنٹ ٹیرف بھی تفویض کردیا ہے۔ تھل نووا کو سندھ انوائرمینٹل پروٹیکشن ایجنسی (ایس ای پی اے) کی جانب سے نو آبجیکشن سرٹیفکیٹ (این او سی) بھی جاری کردیا گیا ہے۔

چائنہ مشینری اینڈ انجینئرنگ کارپوریشن کو ای پی سی کا کنٹریکٹر مقرر کیا گیا۔ تھل نووا نے ایس ای سی ایم سی کے ساتھ سالانہ 1.9 ملین ٹن لگنائٹ کی فراہمی کیلئے کول سپلائی ایگریمنٹ (سی ایس اے) پر دستخط کئے ہیں۔ اس نے سینٹرل پاور پرچیز ایجنسی (گارنٹی) لمیٹڈ (سی پی پی اے) کے ساتھ پاور پرچیز ایگریمنٹ (پی پی اے) اور پرائیویٹ پاور انفرا اسٹرکچر بورڈ (پی پی آئی بی) کے ساتھ امپلیمنٹیشن ایگریمنٹ (''آئی اے'') بھی کیا ہے۔

چائنہ ڈیولپمنٹ بینک (سی ڈی بی) اور حبیب بینک لمیٹڈ (ایچ بی ایل) بالترتیب فارن اور لوکل کرنسی پروجیکٹ قرضے کا بندوبست کر رہے ہیں۔ تھل نووا میں اس سال جولائی میں پروجیکٹ لینڈرز کے ساتھ کلیدی مالیاتی معاہدے تشکیل دیئے اور فنانشل کلوز حاصل کرنے کے قریب ہے۔

تھل نووا (بذریعہ شیئر ہولڈرز کی ایکویٹی) نے ای پی سی کنٹریکٹر یعنی چائنہ مشینری اینڈ انجینئرنگ کارپوریشن کو موبلائزیشن ایڈوانس بشمول لمیٹڈ نوٹس ٹو پروسیڈ (ایل این ٹی پی) دے دیا ہے تاکہ سائٹ پر کام کا آغاز ہو سکے اور پروجیکٹ کے کمرشل آپریشن کی تاریخ کا حصول ممکن ہو۔

ہیومن ریسورسز

تھل لمیٹڈ اعلیٰ و بہترین صلاحیتوں کے حامل افراد کو آگے بڑھنے اور انہیں مستقبل میں قائدانہ پوزیشن کے لئے تیار کرنے کے ضمن میں خصوصی توجہ دینے کا سلسلہ جاری رکھا ہوا ہے جس کیلئے ریگولر بین الاقوامی اور مقامی سطح پر ترقیاتی پروگرامز اور خصوصی اسائنمنٹ تفویض کئے جاتے ہیں۔

اپنے ملازمین کو ان کی صلاحیتوں کے مکمل اظہار اور مزید فروغ دینے کے اپنے عزم کو مدنظر رکھتے ہوئے ملازمین کو تعلیم دینے، صلاحیتوں کے فروغ دینے کے نظریے کے ساتھ ایک لرننگ فیئر (ترقیاتی لرننگ) اس سال دوبارہ منعقد کی گئی۔ اس ایک ہفتے کے پروگرام کا اہتمام معروف مقامی اور بین الاقوامی ٹرینرز کے ذریعے کیا گیا جس میں 12 مختلف ترقیاتی پروگرام پیش کئے گئے (جس میں سافٹ اسکل ڈیولپمنٹ اور ٹیکنیکل اسکل ڈیولپمنٹ دونوں شامل تھے)۔

پیپر سیک بزنس

جانے والے سال کے دوران پیپر سیک بزنس کو تعمیراتی صنعت کے بحران کی وجہ سے سیمنٹ انڈسٹری کی جانب سے طلب میں کمی کے باعث خسارے کا سامنا رہا تاہم منافع جات کی شرحوں میں اضافے کے باعث کمتر حجم کے خسارے کے اثرات جزوی طور پر کم ہو گئے۔ پروڈکشن کے کمتر اخراجات پر کاروباری دباؤ کے مدِنظر رہنے کے ساتھ کاغذ کی بہتر سورسنگ اور سیلنگ نرخوں کی بروقت تبدیلی سے صورتحال مناسب رہی۔

بزنس کو پیپر اور پولیتھین کے درمیان کسٹم ڈیوٹی میں بڑھتے ہوئے فرق کے باعث منفی اثرات کا سامنا رہا اور پیپر کے ماحول دوست پروڈکٹ ہونے کے باوجود کمپنی کو سال کے اگلے حصے میں مزید چیلنجز درپیش رہے تاہم انتظامیہ مستقل طور پر کسٹم ڈیوٹیز کی ریشنلائزیشن کیلئے ریگولیٹری حکام کے ساتھ رابطے میں رہی ہے تاکہ کاروبار کو موزوں صورتحال مل سکے۔ انتظامیہ ایسے پروڈکٹس کے فروغ کیلئے پُرعزم ہے جو ماحول دوست ہونے کے ساتھ ساتھ پائیدار بھی ہیں۔

پائیدار اور منظم پیکجنگ کیلئے طلب پر توجہ دینے کے ضمن میں کمپنی نے فلیٹ کیری بیگز کی تیاری بھی شروع کردی ہے جبکہ یہ ایک امکانی مارکیٹ ہے جس پر بڑے پیمانے پر غیر دستاویزی سپلائرز حاوی ہیں اور ہم اس کے منظم ہونے پر یقین رکھتے ہوئے کاروباری استعداد کو بہتر بنانے اور موثر مسابقت کے شعبوں میں کمی کی سرگرمیوں پر توجہ مرکوز رکھے ہوئے ہیں۔

فوڈ گریڈ پیکجنگ سے حجم کیلئے مستحکم فروغ کا سال رہا کیونکہ ہم پبلک میں کام کرنے والی تقریباً تمام عالمی فوڈ چینز کو پیکجنگ سپلائی کر رہے ہیں۔

پیکجنگ کی بنیادی شرائط پر عملدرآمد کے ساتھ بزنس نے ISO 22000 سرٹیفکیشن حاصل کرلی ہے جو سال کے دوران آڈٹ اور ری سرٹیفائیڈ کی گئی۔

آؤٹ لُک

آنے والے سال میں بھی توقع ہے کہ یہ چیلنجنگ ثابت ہوگا کیونکہ سیمنٹ انڈسٹری کی جانب سے طلب مسلسل سست روی کا شکار ہے۔ اضافی کسٹم ڈیوٹی میں 2 فیصد اضافہ اور زرمبادلہ کے نرخوں میں کمی بھی شرح منافع پر منفی اثرات مرتب کرے گی۔ ان خطرات کے تدارک کیلئے انتظامیہ اپنے مارکیٹ شیئرز اور منافع کی شرح میں اضافے کو تحت انتظامی مالی کنٹرول اور بلند تر حجم کے ذریعے تحفظ بنانے کیلئے پُرعزم ہے۔

کمپنی اپنے برآمدی بزنس میں توسیع پر بھی توجہ دے رہی ہے۔ فوڈ گریڈ پیکجنگ کے بارے میں توقع ہے کہ یہ مستحکم نمو ظاہر کرے گی کیونکہ صارفین پلاسٹک کے بجائے کاغذ پیکنگ پر منتقل ہو رہے ہیں۔ فلیٹ بیگز کے بارے میں بھی امکان ہے کہ اس کی طلب میں اضافہ ہوگا کیونکہ انتظامیہ نے نئے صارفین کے حصول پر توجہ مرکوز کی ہوئی ہے۔

سیمنٹ کی بوریوں کیلئے نئی پیداواری لائن سال کی دوسری ششماہی میں فعال ہو جائے گی جس سے ہماری گنجائش اور پیداواری چپ پر مثبت اثرات مرتب ہوں گے۔

لیمینیٹس بزنس

لیمینیٹس بزنس تین اہم شعبوں میں "فارمائیکا" کے برانڈ نام کے تحت سرگرم عمل ہے یہ تین شعبے ایچ پی ایل (ہائی پریشر لیمینیٹس)، کمپیکٹ لیمینیٹس اور لیمینیشن بورڈز (ایل پی ایل) ہیں۔ برانڈ اپنے معیار اور کارپوریٹ ویلیوز کے لئے انفرادیت کیلئے معروف ہے اور وسیع تر غیر دستاویزی مارکیٹ کے ماحول میں مسابقت جاری رکھے ہوئے ہے۔

رواں سال لیمینیٹس بزنس کیلئے قدرے چیلنجنگ رہا اور معاشی محاذ پر صورتحال واضح ہونے کے لئے صنعت کو درپیش انتظار کے باعث (زرمبادلہ کے نرخوں میں مسلسل اتار چڑھاؤ، گیس و بجلی کے نرخوں میں اضافے) طلب میں کمی کا سامنا رہا۔ مارکیٹ کے سست رجحان اور گزرتے سال کے دوران مارکیٹ کے شرکت کنندگان کی جانب سے خریداری کے فیصلے میں تاخیر کے نتیجے میں بڑھتے ہوئے اخراجات کی تلافی کیلئے مستقل طور پر نرخ ایڈجسٹمنٹس کی گئی۔

لو پریشر لیمینیٹس کیلئے ہمارا اپ گریڈ شدہ سائیکل پریس بھی فعال ہو چکا ہے جس سے کارکردگی مزید بہتر بنانے اور اخراجات کم کرنے میں معاونت ملی۔

کمپنی نے ایکسپورٹس پر توجہ بھی بڑھا دی ہے جس میں سال بہ سال کی بنیاد پر 48 فیصد اضافہ ہوا۔

کاروبار اپنی نئی پروڈکٹ رینج کے فروغ پر توجہ دے رہا ہے اور "آئی ایم کراچی پبلک آرٹ فیسٹیول" میں آئی اے پی ای ایکس میں بھی شرکت کی ہے۔ ایچ پی ایل ڈور اسکن بھی نمائش میں رکھی گئی اور آنے والے سال میں نئی پروڈکٹس لائن کے طور پر متعارف کرائی جائے گی۔

آؤٹ لُک

تمام شعبوں کو دستاویزی شکل دینے کی حکومتی کوشش اور غیر دستاویزی فروخت میں کمی بلاشبہ کاروبار کیلئے مثبت اشارہ ہے۔ کمپنی نے ہمیشہ تمام مطلوبہ ٹیکس اور دیگر قانونی ضوابط کو پورا کیا اگرچہ بعض اوقات نرخوں کے غیر منافع بخش ہونے پر مسائل رہے۔ حکومت کی جانب سے کی گئی کوششیں کاروبار کیلئے مفید ثابت ہوں گی۔ خوردہ فروشوں کی جانب سے شعبے کو دستاویزی شکل دینے کیلئے کئے گئے اقدامات کی مزاحمت جاری ہے اور توقع ہے کہ کم از کم پہلی سہ ماہی تک برقرار رہے گی۔

ذیلی ادارے

تھل بوشوکو پاکستان (پرائیویٹ) لمیٹڈ

تھل بوشوکو پاکستان (پرائیویٹ) لمیٹڈ میں تھل لمیٹڈ 55 فیصد شیئرز ہولڈنگ کا حامل ہے جبکہ 25.4 فیصد حصص ٹویوٹا بوشوکو ایشیا کارپوریشن، 9.6 فیصد ٹویوٹا بوشوکو کارپوریشن جاپان اور مزید 10 فیصد شیئرز ٹویوٹا تُوشو کارپوریشن جاپان کی زیر ملکیت ہیں۔

سال رواں کے دوران پورٹ قاسم کراچی میں نئے سیٹ پلانٹ کی تعمیر بشمول تمام پلانٹ اور مشینری کی کمیشننگ کے ساتھ مکمل کی گئی۔ کمپنی نے کامیابی کے ساتھ پروجیکٹ کے تمام سنگ میل حاصل کرتے ہیں جو او ای ایم کی جانب سے مقرر کئے گئے تھے اور جون 2019 میں پلانٹ میں کیپٹلائز کر دئے گئے۔ پیداواری حجم کا آغاز نومبر 2019 سے شیڈول کیا گیا ہے۔

2018-19 کے دوران کمپنی کا ٹرن اوور سال بہ سال کی بنیاد پر 22 فیصد تک بڑھا جس کی بنیادی وجہ پاک روپے کی قدر میں کمی کے نتیجے میں نرخوں کا تعین تھا۔

منافع میں اس کا حصہ دسمبر 2019 کے بعد شامل ہوگا جب کاروبار والیم پروڈکشن کا آغاز کرے گا۔

آپریشن کی موجودہ جانب پر تمام صارفین کی سپلائرز کی ضروریات "زیرو نقائص" کے ساتھ پوری کی گئی ہے اور پورے سال کے دوران بزنس کو صارفین کی جانب سے "گرین زون" میں رکھا گیا۔ پیداواری کفایت کو بہتر بنانے، کائزن اور ادارے میں عملے کے ممبران کیلئے کام کرنے کے صحتمندانہ اور محفوظ ماحول فراہم کرنے کے ضمن میں توجہ کا سلسلہ بھی برقرار ہے۔

آؤٹ لُک

مجموعی طور پر آٹو سیکٹر اور او ای ایم آف ٹیک والیمز میں کمی کے باعث دباؤ کا شکار ہے جس کے سبب کمپنی کے ٹاپ لائن پر منفی اثرات مرتب ہونے کا امکان ہے۔ بلند تر افراط زر کے ماحول سے بھی توقع ہے کہ آپریٹنگ اخراجات پر دباؤ برقرار رہے گا تاہم ٹی بی پی کے میں اعلیٰ معیار کی مصنوعات کی تیاری کے باعث او ای ایمز متبادل کی تجویز بڑھ گئے ہیں جس سے کاروبار کی توسیع میں معاونت ملے گی۔

سیکرو حبیب پاکستان لمیٹڈ

سیکرو حبیب پاکستان لمیٹڈ (ایم ایچ پی ایل) تھل لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے اور سیکرو صدر دستور کی ملکیت کا حامل ہے۔ 11 ستمبر 2015 کو معزز عدالت عظمیٰ پاکستان نے ایم ایچ پی ایل کی نظرثانی پٹیشن مسترد کر دی اور صدر دستور بند کر دیا گیا۔

9 دسمبر 2015 کو سپریم کورٹ آف پاکستان نے آرمی ویلفیئر ٹرسٹ (اے ڈبلیو ٹی) کی درخواست برائے نظرثانی پٹیشن کی بحالی منظور کرلی۔ 2 فروری 2016 کو اس کی سماعت میں معزز چیف جسٹس نے تبصرہ کیا کہ چونکہ اے ڈبلیو ٹی کی نظرثانی پٹیشن میں ایم ایچ پی ایل اور وزارت دفاع کو بھی میرٹ پر بحث کا موقع ملنا چاہئے کیونکہ وہ بھی اے ڈبلیو ٹی کی پٹیشن میں جواب دہان ہیں۔

اے ڈبلیو ٹی کی نظرثانی درخواست کی سماعت کیلئے نئے بینچ سے قبل 17 اکتوبر 2017 کی تاریخ مقرر کی گئی تھی تاہم شہری اور کے ڈبلیو ایس بی کی نمائندگی کرنے والے کونسل کی جانب سے التواء کی درخواست کے باعث کوئی کارروائی انجام نہیں دی جا سکی۔

کاروباری شعبوں کا جائزہ

کمپنی دو نمایاں کاروباری شعبوں ۔ انجینئرنگ کے شعبے اور بلڈنگ میٹریل و منسلکہ مصنوعات سے متعلق شعبے کی حامل ہے۔

شعبہ انجینئرنگ

کمپنی کا شعبہ انجینئرنگ ٹریکٹر ل سسٹم اور الیکٹرک سسٹم پر مشتمل ہے۔ ان کاروباروں نے اپنی بنیادی توجہ آٹو انڈسٹری کے لئے پارٹس اور کمپونینٹس کی تیاری پر مرکوز کر رکھی ہے۔

2018-19 کیلئے انجینئرنگ کے شعبے کا ٹرن اوور 14.9 ارب روپے ریکارڈ کیا گیا اور سال بہ سال 18.4 فیصد کی ترقی حاصل کی گئی۔

گزشتہ مالی سال کے دوران بھی تھل انجینئرنگ نے ملک میں کام کرنے والی OEM کے ساتھ اپنے کاروبار کو وسعت دی۔

مقامی آٹو انڈسٹری کیلئے مزید ویلیو حاصل کرنے میں استحکام کے باوجود ہم مقامی آٹو انڈسٹری کیلئے مجموعی صورتحال کی وجہ سے تشویش میں مبتلا رہے ہیں۔ جانے والے سال کے دوران آٹو موبائلز کے حجم میں پسنجر کاروں اور لائٹ کمرشل گاڑیوں کیلئے 7 فیصد کمی ہوئی۔ بلند ترشرح سود، کمزور پاک روپیہ اور ایڈوانس ٹیکسز میں اضافے نے صنعت میں عمومی شک و شبہات پیدا کرنے کا سلسلہ برقرار رکھا۔

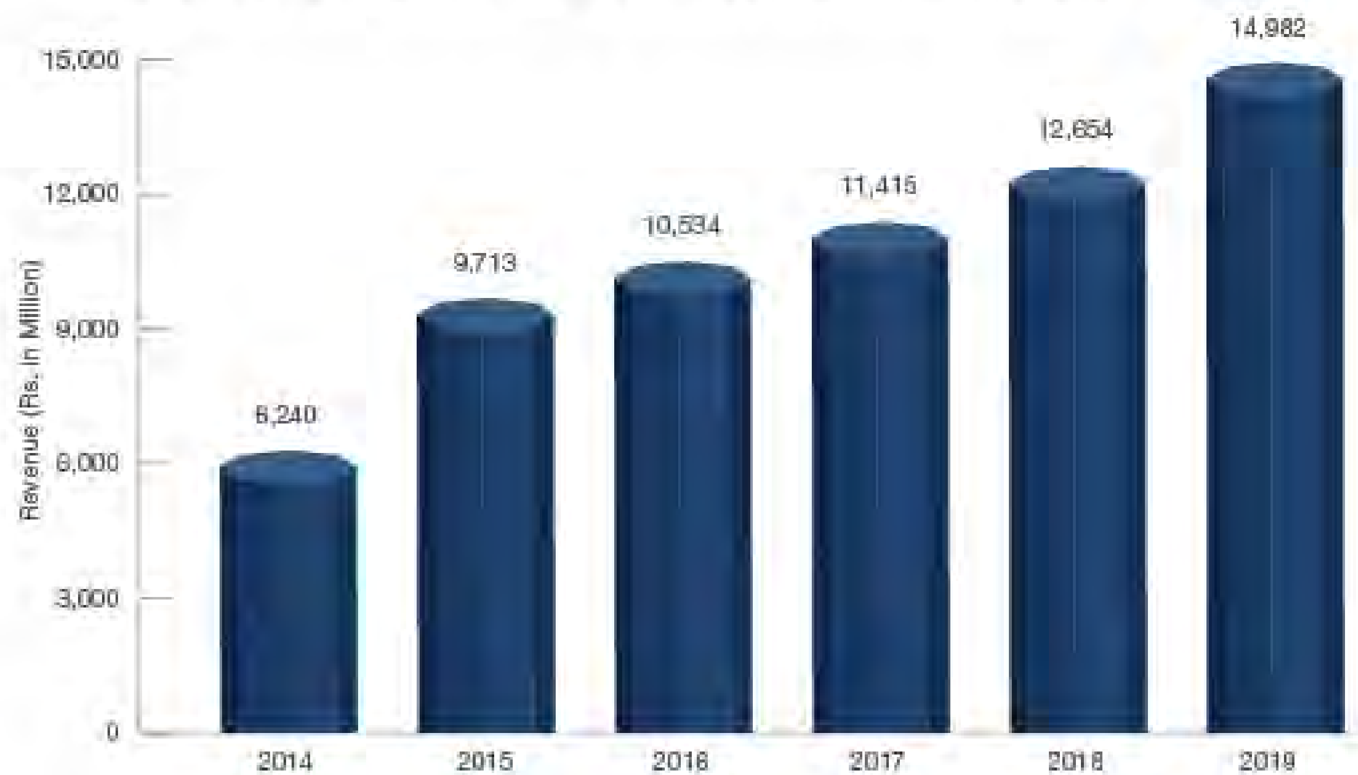
دوسری طرف ہم فوری اور مختصر مدتی طلب کو کمزور رکھتے ہوئے توقع کرتے ہیں کہ پارٹس کی مقامی سطح پر آنے والے سالوں میں مستحکم مواقع حاصل ہوں گے کیونکہ مقامی آٹو مینوفیکچرز پاکستان کے اندر اچھے میٹریل اور انکو بصد کی طلب میں اضافے کی توقع رکھتے ہیں۔

استعمال شدہ گاڑیوں کی درآمد میں کمی کے لئے حکومتی اقدامات نے مقامی آٹو انڈسٹری کے لئے مثبت نتائج پیدا کئے ہیں کیونکہ سالانہ بنیاد پر استعمال شدہ گاڑیوں کی درآمد میں 48 فیصد کمی آئی ہے۔ مقامی انڈسٹری کیلئے اس چیلنجنگ ماحول میں کوئی بہتری آئی ہے۔ ہم گاڑیوں کیلئے صارفین کی طلب میں مقامی انڈسٹری کی جگہ میں اضافے اور بہتری کا امکان دیکھ رہے ہیں۔

انتظامیہ معیار کو بہتر بنانے ہیلتھ، سیفٹی اور ماحولیات میں بہتری کے ساتھ پیداواری عمل کو مستحکم بنانے کے ذریعے مستقل فروغ پر توجہ مرکوز رکھے گی۔

آؤٹ لک

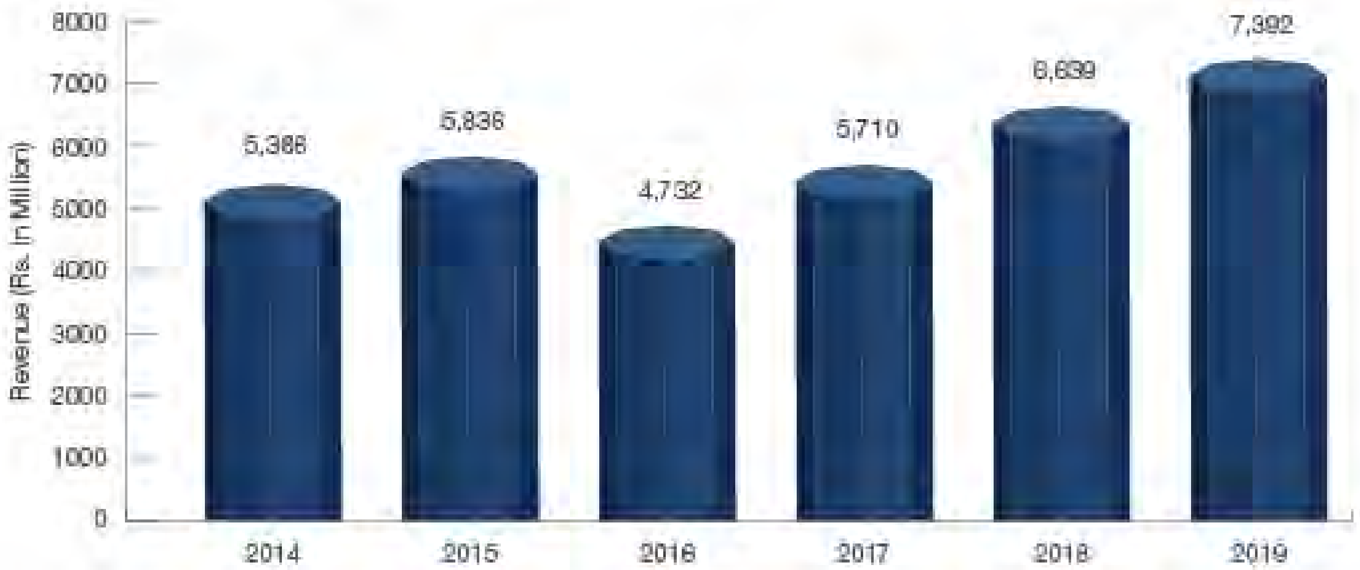
آنے والے سال میں ہمیں توقع ہے کہ آٹو سیکٹر کو کمزور تر اقتصادی گروتھ اور ٹیکس کی بنیاد اور وصولیاں بہتر بنانے پر توجہ کی وجہ سے دباؤ کا سامنا کرنا پڑے گا جبکہ درآمد شدہ گاڑیوں پر پابندیوں کی وجہ سے امکان ہے کہ مقامی انڈسٹری کے لئے مناسب جگہ پیدا ہوگی۔ کمپنی کو توقع ہے کہ پاک روپے کی قدر میں کمی کے تناظر میں مقامی مداخلوں پر کیپٹلائزنگ کے ذریعے ان تبدیلیوں کے مفید فوائد حاصل ہو سکیں گے۔



پیکیجنگ، بلڈنگ میٹریل اور منسلکہ مصنوعات کا شعبہ

کمپنی اس شعبے میں تین اہم کاروبار جوٹ بزنس (المعروف تھل جوٹ)، پیپر سیک بزنس (المعروف پاکستان پیپر سیک) اور لیمینیٹس بزنس (المعروف بلوچستان لیمینیٹس) کی حامل ہے۔

جانے والے سال کے دوران اس شعبے نے سال بہ سال کی بنیاد پر 11.3 فیصد (پاک روپے 7.4 ارب روپے بمقابلہ گزشتہ سال 6.6 ارب روپے) شرح نمو حاصل کی۔



جوٹ بزنس

جوٹ انڈسٹری کے لئے گزرنے والا سال مقامی اور بین الاقوامی مارکیٹ دونوں کے لحاظ سے چیلنجنگ رہا۔ جانے والے سال میں پروڈکشن اور سیلز دونوں کم رہے جس کی بنیادی وجہ گندم کی فصل کے لئے سرکاری پروکیورمنٹ ایجنسیوں کی جانب سے خریداری میں کمی تھی۔

کاروبار کو کرنسی کی قدر میں کمی، خام مال کی بلند تر عالمی قیمتوں اور سال کے دوران بجلی اور دیگر وسائل کی بڑھتی ہوئی قیمت کے باعث قابل قدر مالیاتی دباؤ کا سامنا رہا۔ خام جوٹ کے نرخوں میں اضافہ کاروبار کے منافع پر منفی اثرات مرتب کرنے کے ضمن میں سب سے بڑی وجہ تھا۔ ان چیلنجوں کے باوجود جوٹ بزنس منافع بخش اور ملک میں جوٹ پروڈکشن کا ایک وسیع ترجیحی مینوفیکچرر اور سپلائر رہا۔

ان ہاؤس صلاحیت میں اضافے اور ایسے دھچکوں کے تدارک کے لئے بزنس نے آپریشنل صلاحیت اور معیار میں اضافے دونوں کے ضمن میں نئے کیپٹل ایکوپمنٹ میں سرمایہ کاری جاری رکھی۔ پیداواری صلاحیت بہتر بنانے کے ذریعے اخراجات میں کمی کے سلسلے میں نمایاں کوششوں سے بھی فوائد حاصل ہوئے۔ مزید برآں انتظامیہ آنے والے مہینوں میں مصنوعات کے تنوع اور مقامی اور بین الاقوامی مارکیٹوں میں اپنے صارفین کا دائرہ وسیع کرنے پر خصوصی توجہ دے رہی ہے۔

کاروبار ایک مستحکم ہیلتھ، سیفٹی اور انوائرمنٹ (HSE) کلچر کو پورے ادارے کے اندر فروغ دے رہا ہے۔ انسانی وسائل کی تربیت اور فروغ کے ساتھ پیداواری کارکردگی کو با کفایت بنانے پر بھی توجہ دی جا رہی ہے۔

آؤٹ لک

آنے والے سیزن میں بنگلہ دیش اور بھارت میں جوٹ کی فصل نے سپلائی کی صورتحال بہتر ہونے کا اشارہ دیا ہے۔ اس کے نتیجے میں آنے والے سال کے دوران بزنس کے لئے خام جوٹ کے نرخوں میں کمی آئے گی۔ آپ کی انتظامیہ نے مناسب نرخوں پر خام جوٹ کے حصول اور آئندہ سال کے لئے اس کی بروقت شپمنٹ کا منصوبہ تیار کر رکھا ہے۔

اہم آنے والے چیلنجوں کا سامنا کرنے کے ساتھ آپریشن کو موثر بنانے، پروڈکٹ کے معیار میں اضافے، پیداواری صلاحیت بڑھانے، صارفین کا دائرہ وسیع کرنے اور پروڈکٹ کے پورٹ فولیو میں مقامی تیز برآمدی مارکیٹوں دونوں کے اضافے کے لئے پرامید ہے۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

میں بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ کمپنی کی 53ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال مختتمہ 30 جون 2019 پیش کر رہا ہوں۔

معاشی جائزہ

سال کے دوران پاکستان کو کئی چیلنجز کا سامنا رہا بالخصوص معاشی محاذ کی صورتحال کٹھن رہی۔

جی ڈی پی گروتھ کی شرح گزشتہ سال کی 5.8 فیصد کے مقابلے میں 3.3 فیصد رہی جس کی وجہ معیشت کے تمام شعبوں میں توقع سے کمتر ترقی کا حصول تھا۔ زرعی شعبے کی شرح نمو میں 0.85 فیصد اضافہ ہوا۔ مینوفیکچرنگ کے شعبے میں 1.4 فیصد اور سروسز سیکٹر میں 4.7 شرح نمو کا اضافہ ہوا۔

اگست 2018 میں اقتدار سنبھالنے کے بعد نئی حکومت نے اقتصادی تنظیم نو کے سلسلے میں اصلاحات کو سب سے زیادہ ترجیح دی اور درج ذیل نمایاں اقدامات کئے:

- مالیاتی نظم وضبط: شرح سود 7.50 سے بڑھ کر 13.25 فیصد ہوگئی یعنی 575 bps کا اضافہ ہوا۔
- کرنسی کی قدر میں کمی: سال کے دوران پاک روپے کی قدر میں امریکی ڈالر کے مقابلے میں لگ بھگ 34 فیصد کی کمی ہوئی۔
- کرنسی کیلئے مداخلت میں کمی: اسٹیٹ بینک آف پاکستان (ایس بی پی) نے امریکی ڈالر کے مقابلے میں پاک روپے کی سپورٹ کیلئے فارن ایکسچینج کی مداخلت میں کمی کی۔
- سخت درآمدی پالیسیاں، ریگولیٹری ڈیوٹی اور کسٹمز ڈیوٹیز (بالخصوص غیر ضروری آئٹمز پر) میں اضافہ مع سخت نگرانی اور اسمگلنگ اور غیر دستاویزی درآمدات کی مارکیٹ پریکٹسز کے خلاف کریک ڈاؤن۔

ان اقدامات کے نتیجے میں حکومت تجارتی عدم توازن میں کمی لانے میں کامیاب رہی، رواں مالی سال کیلئے کرنٹ خسارہ 10.3 ارب امریکی ڈالر رہا اور سال بہ سال کی بنیاد پر 43 فیصد کم ہوگیا جبکہ ان اقدامات نے کچھ مالی مواقع کی جگہ بھی فراہم کی۔ حکومت کو کمزور ترین مقامی طلب، بڑھتے ہوئے بین الاقوامی قرضہ جات اور مالیاتی اخراجات اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کے باعث مستقل طور پر کئی محاذ پر چیلنجز کا سامنا رہا۔

گزشتہ سال کے دوران ملک میں بجٹ کی سپورٹ کیلئے عالمی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ پروگرام طے کیا گیا۔ حالیہ آئی ایم ایف پروگرام آمدنی میں اضافے اور اخراجات میں کمی کے ذریعے پائیدار معاشی ترقی کے حصول کیلئے حکومت کی مدد کے سلسلے میں تیار کیا گیا۔ 6 ارب امریکی ڈالر کا 3 سالہ پروگرام ملک میں مزید معیشت میں اسٹرکچرل اصلاحات لانے کا حصہ ہے جس میں بڑے پیمانے پر قرضوں کو پائیدار بنیاد پر قائم رکھنا، بجٹ کے بنیادی خسارے میں کمی، مرکزی بینک کو منظم بنانا اور بہتر انتظامیہ سرکاری اداروں کی نگرانی شامل ہے۔

مالیاتی نتائج کا جائزہ

میکرو اکنامک چیلنجز کے باوجود 2018-19 کے دوران کمپنی نے اپنی بہتر کارکردگی کا سلسلہ جاری رکھا۔ سال کے دوران سیلز ریونیو 16 فیصد سے بڑھ کر 22.40 ارب روپے ہوگیا۔ منافع بعد از ٹیکس 3.15 ارب روپے (سال میں 17 فیصد کا اضافہ) ریکارڈ کیا گیا جو اس کے مقابلے میں 2017-18 کے دوران 2.68 ارب روپے تھا۔

Sales and Profitability

مالیاتی کارکردگی

(روپے ملین میں)				
	اسٹینڈ الون		کنسولیڈیٹڈ	
	2018-19	2017-18	2018-19	2017-18
خالص آمدنی	22,374	19,293	23,545	20,308
قبل از ٹیکس منافع	4,335	3,804	5,611	5,100
محصول کی ادائیگی	1,180	1,118	1,648	1,548
بعد از ٹیکس منافع	3,155	2,686	3,962	3,552
فی شیئر آمدنی، روپے میں	38.93	33.15	44.20	39.14

THAL LIMITED

4th Floor, House of Habib,
3 Jinnah cooperative Housing Society, Block-7/8,
Shahrah-e-Faisal, Karachi - 75350, Pakistan.
Tel: 92 (21) 3431 2030 / 3431 2185

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