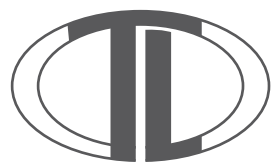


# Thal Limited

## 2020

### Annual Report

Thal Limited | 2020 Annual Report



**THAL LIMITED**

4th Floor, House of Habib,  
3 Jinnah cooperative Housing Society, Block-7/8,  
Shahrah-e-Faisal, Karachi - 75350, Pakistan.  
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# HONORING A LEGACY, EMPOWERING OUR TOMORROW

As we reflect back on the year and draw upon insights for future improvement, the untimely and immeasurable loss of Group Chairman, Mr. Ali Suleman Habib during the unprecedented COVID-19 pandemic was indeed a great hardship for Thal, its subsidiaries and for all who had the great pleasure of knowing him.

With the Grace of the Almighty, the institutional foundations and strong systems created by Mr. Ali Habib have enabled us to carry on his legacy of perseverance, passion and excellence in every moment, in every sphere of business and in everything we do.

Today, as we embark on a new chapter and year, forging ahead with resilience and armed with wisdom and guidance from past and present leadership, Thal remains committed to delivering on its bottom line and promise of growth no matter how challenging the circumstances.

Thus, the Thal Annual Report for 2020 is aptly titled 'Honoring a Legacy, Empowering our Tomorrow'. And, united, we usher in a new era of business excellence built upon the very values that all our stakeholders have held us to since our inception in 1966.

The Thal Management and Company remains poised for the future with roots firmly planted in the soil of our successes.

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# 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
Mohamedali R. Habib	Non-Executive Director
Imran Ali 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
Imran Ali Habib	Member
Salman Burney	Member

## Human Resources & Remuneration Committee

Asif Qadir	Chairman - Independent
Salman Burney	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  
Sharaf 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
2019-20	16,448
2018-19	22,374

## Market capitalization

	Rs. in million
2019-20	26,330
2018-19	29,500

## Profit After Tax

	Rs. in million
2019-20	1,867
2018-19	3,155

## Market price per share

	Rs.
2019-20	325
2018-19	364

## Earnings Per Share

	Rs.
2019-20	23.04
2018-19	38.93

## Dividend per share

	Rs.
2019-20	5.00
2018-19	8.00

## Total Assets

	Rs. in million
2019-20	24,116
2018-19	21,223

## Contribution to national exchequer

	Rs. in million
2019-20	4,102
2018-19	7,076

## Total Equity

	Rs. in million
2019-20	20,901
2018-19	18,631

## Capital expenditure

	Rs. in million
2019-20	1,470
2018-19	1,129

# THAL LIMITED – A LEGACY DRIVEN TO DETERMINATION

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. Furukawa 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. 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, 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.

# ALI SULEMAN HABIB

## IN MEMORIAM

Ali Suleman Habib has left behind a rich legacy of hope, ambition, success and compassion for his family, friends, colleagues, business partners and for all the lives he touched in his four decades at the Group. We are humbled to have known Ali's resolve, commitment, and, his innate ability to always lead from the front. Today, we draw strength from his calm and his embodiment of excellence in every sphere of life. We are proud to firmly stand on the soil he planted for all of us to grow from.

Ali S. Habib will be remembered as a giant amongst men for all times to come.



# A JOURNEY OF PURPOSE

## ALI S. HABIB

The Company has lost a visionary leader - passionate, focused, entrepreneurial and a life - long learning enthusiast. Mr. Habib personally touched lives of so many during his 4 decades with the group, He will be missed for his persona which commanded immediate respect, for the immense wisdom he brought to every discussion, for constantly challenging the status quo, for always striving for perfection, for not believing in the word impossible, for his remarkable mind to analyze, and simplify & above all for being a truly remarkable human being



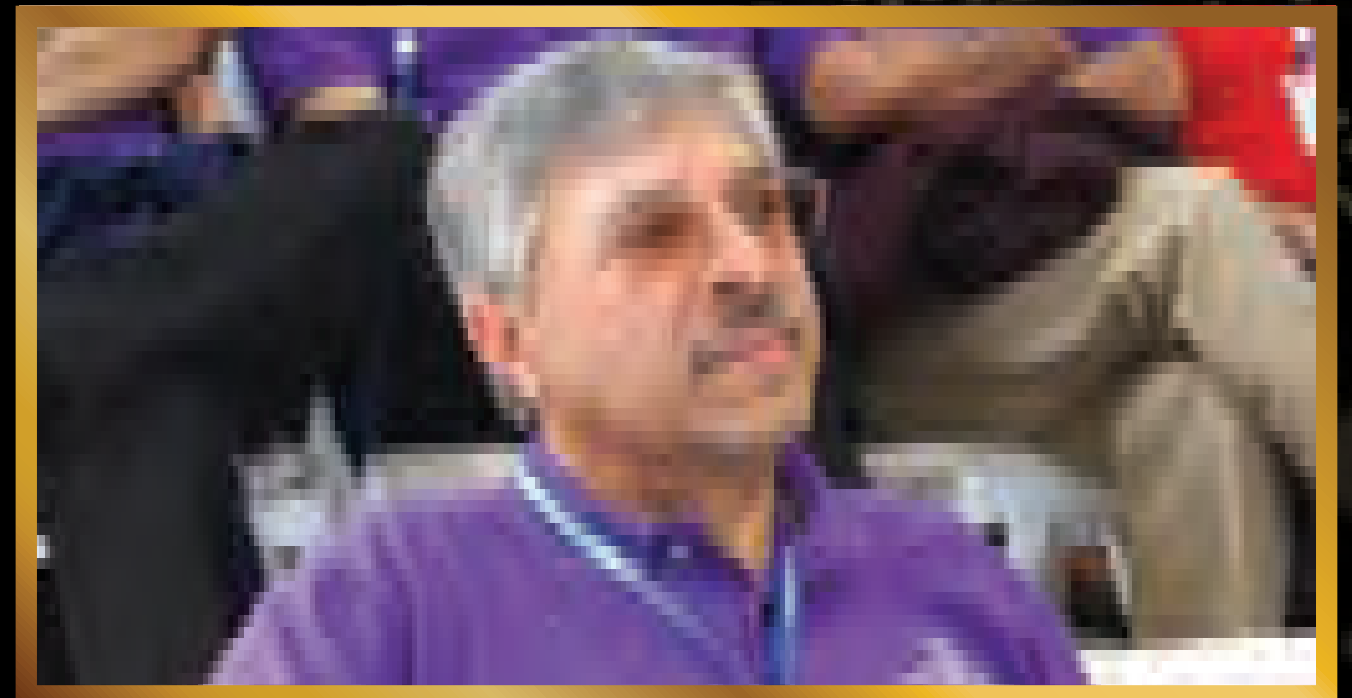
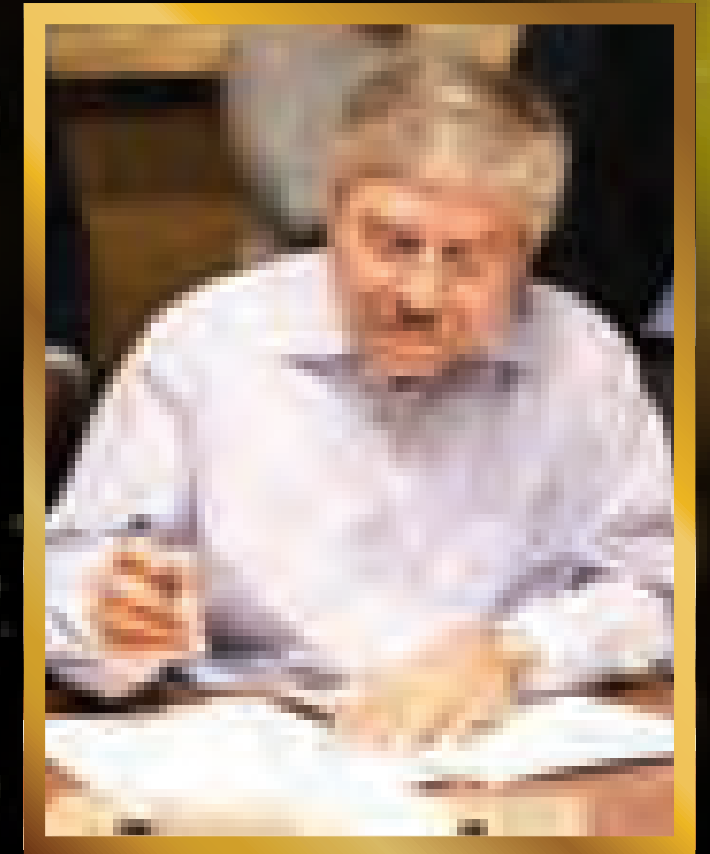
When Ali Suleman Habib returned from college in 1976 and joined the Jute business, the company was set in motion to become a force for the future. As a proud son of one of Pakistan's founding families, Ali was already familiar with the industry and landscape before him. Eager to use his knowledge to not only carve out a name for himself and the businesses, Ali always paved the way for everyone he engaged with.

From very the start, Ali's inquisitive nature and passion for detail was keenly observed by his colleagues and even noted by merchants in the Jute Cloth market he would visit regularly. Everyday, Ali Habib would effortlessly live up to the expectations held of him with grace and ease, never tiring of his many responsibilities. He paid careful attention to how he could improve lives from the very grassroots upwards, because he deeply loved Pakistan, its diversity, people and culture.

Ali's acumen and entrepreneurial skills soon became apparent to his mentor Rafiq M. Habib, who entrusted the very young, eager man to fly to Italy and purchase machinery to set up the Balouchistan Laminates Division in 1978. Ali succeeded in sourcing the material for the plant and went on to lay the foundations for BLD, a company he soon become CEO of. BLD pioneered the laminates industry in Pakistan and as a market leader today employs over 200 people.

In 1989, Rafiq M. Habib partnered with Toyota Corporation to form the Indus Motor Company in Pakistan. Ali S. Habib worked tirelessly for IMC in the initial years as Chairman of the group – and today the company is a multibillion industry giant.

Ali's decision to lead the group to manufacturing auto parts for the local market impacted not only the businesses but also the country at large. With his vision, Pakistan successfully localized production for countless auto parts through strategic joint ventures with global companies that hailed his efforts to not only open up new markets but also to proudly display the Made in Pakistan badge. Today, over 1500 people are employed





with Thal Engineering which enjoys international JVA's with Denso, Furukawa and Yazaki – formidable partnerships all spearheaded by Ali himself. His most recent alliance with Toyota Boshoku in 2013 to set up a plant at Port Qasim and manufacture car seats – resulted in enhancing the country's capacity to further localize auto parts, provide more jobs and boost our economy.

In 2006, Ali S. Habib played a pivotal role in the merger between Pakistan Papersack Division and Thal – he also emboldened company plans for market superiority when he became Executive Director. The Company had started out by producing cement bags and, recently, Ali envisioned that a new production line would take PPD to the very top. With the grace of the Almighty, Ali led Pakistan Papersack Division to becoming one of the country's leading cement bag manufacturers, and, also a leading entity that produces world-class products for the retail, food and fashion industries.

Firm in his belief that life long learning is key to growth; Ali utilized company owned real estate to begin a partnership with the global entity Makro for a chain of cash and carry stores across Pakistan. Makro subsequently merged with METRO to establish two entities specializing in Operations and Property. Ali saw an opportunity to continue his partnership for the new Metro stores and also laid future plans for the 8 company sites to be utilized for malls, retail outlets and other developments as well.

As the companies grew under Ali's leadership, he foresaw that energy security would be vital to the future of Pakistan and in turn to power our businesses. Therefore, in 2010, he decisively invested in Sindh Engro Coal Mining Company (SECMC) through Thal limited. As this dream neared fruition, Ali chose to take his commitment to empowering the nation even further with a partnership that resulted in the birth of ThalNova Power Thar Ltd. - A 330MW coal fired power plant, which will add 2236 GWh per annum to the national grid by the year 2022. Ali's ambitions singlehandedly continue to fuel our paths towards energy security collectively.



Ali took personal interest in the talent sourced by his companies. He was particularly invested in developing and providing opportunities for the youth. Therefore, he initiated a Management Trainee Program to select the best and the brightest young men and women to work with and grow together. Organizational structure was paid close attention to and under his watchful eye plans for succession and business continuity were always integrated across the businesses.

Mr. Ali Habib had a profound effect on the world outside House of Habib. His last 06 months were spent advising the Government of Pakistan on Commerce, Industries and Trade and he worked closely with the Prime Minister on increasing the country's exports. No force could have stopped him from making a larger impact with his brilliance.

Ali's belief and selfless devotion to philanthropy was indeed remarkable. He truly believed that the Habib Family could serve the future of our great nation through business, education and social welfare. He would readily contribute his time, money and expertise to the development of the nation in order to create a lasting social impact.

A man of the people and an avid lover of the outdoors, Ali's interest in cricket and mountain climbing inspired and lent energy to his rich life. The untimely loss of Mr. Ali Suleman Habib has indeed been a tragic blow for each of us. Ali's contributions and his legacy of passion have unanimously shaped us into the agile conglomerate we are today. His ethical guidelines for business will continue to take us forward to newer, greater heights. Together we draw strength from his magnanimous vision, the humble values he embodied and his commitment to growth against all odds. We will always remember Ali as a giant to walk amongst men.

# COMPANY STRUCTURE

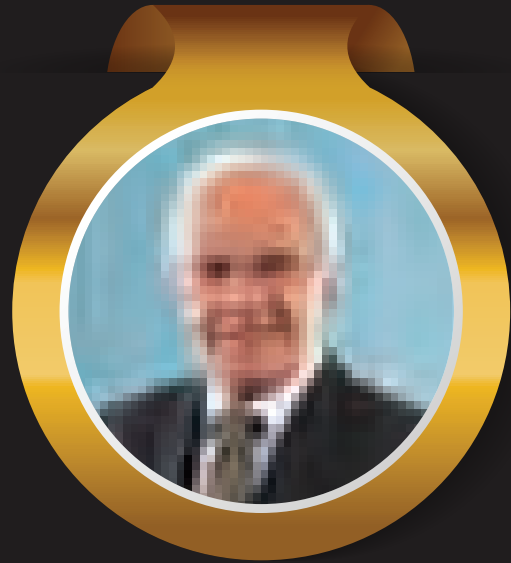




# POWERING OUR POTENTIAL

Corporate Governance

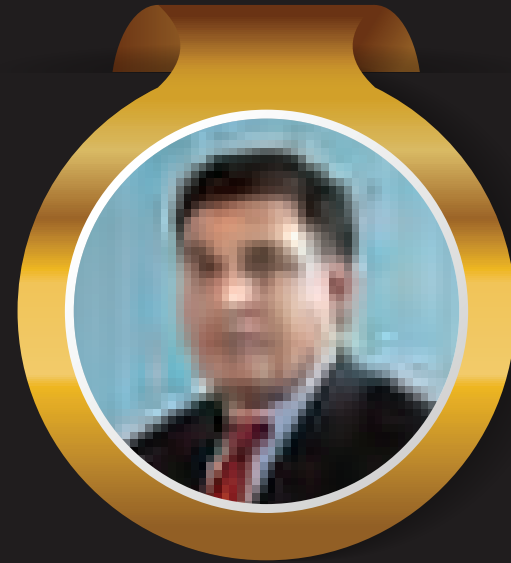
# DIRECTORS' PROFILE



**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.

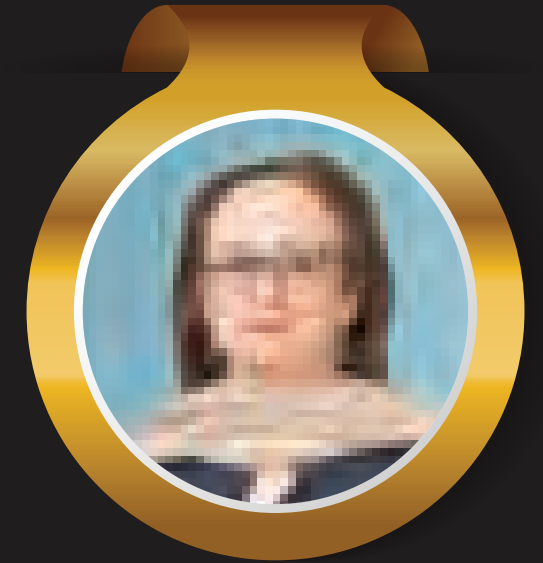
He is a Member of Institute of Chartered Accountants in England and Wales.



**Asif Qadir**  
Independent Non-Executive Director

Mr. Asif Qadir joined the Board in 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

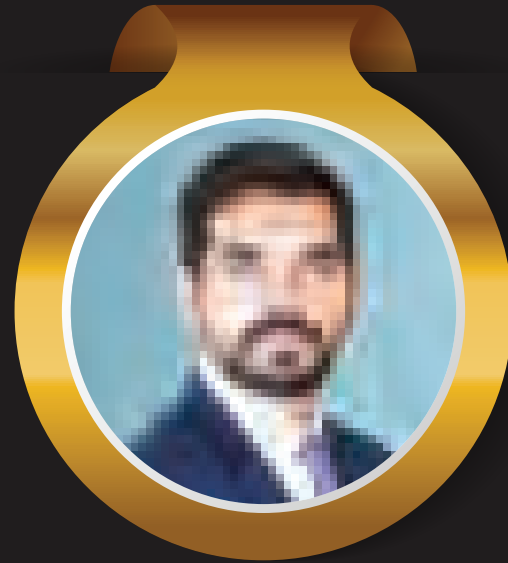


**Mohamedali R Habib**

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.



**Imran Ali Habib**

Non-Executive Director

Mr. Imran Ali Habib was appointed as a Director of Thal Limited in June 2020. He is Senior Vice President at Habib American Bank in New York, USA. Prior to his transfer to the United States in 2016, he served as Senior Vice President with Habib Bank AG Zurich in the United Arab Emirates from 2008.

He has a Bachelor of Science in Business Administration from Bryant University, USA and has attended the Program for Leadership Development and is an Alumni of Harvard Business School, USA.

He also serves as a Director on the Board of Directors of Indus Motor Company Limited.



**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

- j) 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 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 fee, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements and measures for redressal and rectification of non compliance with Regulations. 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. Imran Ali 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. 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 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 2020

54 years ago, a Jute Mill set out to change the course of a nation and give employment to thousands of persons. Today, with the grace of the Almighty, we stand before you as Thal Limited - A diverse conglomerate with interests in Thermal Systems, Electric Systems, Engine Components in Auto, Papersack and Laminates businesses. It is undoubtedly your support that has enabled us to lead our country on the path to self-reliance and empowerment.

A strategic thrust for localization capitalizes the judicious alignment of macroeconomic policy in Pakistan today. Thal Limited and its subsidiaries are proud to have continued efforts towards indigenization, as we stand poised to deliver on the nation's objectives. Despite the recent constriction of markets due to the ongoing global pandemic, we have forged ahead successfully in our plans for capacity enhancement in the Papersack division, achieving commercial operations in our investment in Sindh Engro Coal Mining Company, and adding to the foreign exchequer through exports in Jute. We are also well on our way to adding 330 MW of coal fired energy to the national grid by 2022 through our joint venture ThalNova Power Thar (Private) Ltd.

The unforeseeable economic stagnation brought about by COVID-19 posed multiple challenges, and yet, despite the harsh business environment, your Company was able to achieve overall profitability for the year ended June 30, 2020. The Company achieved profit before tax of Rs. 2.4 billion during the current year vs profit before tax of Rs. 4.3 billion for the period ended June 30, 2019. Although considerably down it was the best possible under difficult circumstances or conditions.

The Company's engineering segment remained focused on parts manufacturing for the auto industry throughout the year. Cautioned by the slump in local demand sales were hindered, yet, we remain

optimistic that GoP policies will soon put the country back on the path to economic growth. We are pleased to report that consistent efforts to cultivate international markets and customers for Jute by your Company are now bearing fruit, as we witnessed a rise in overall demand and consequently profitability. The Thal Jute business continues to grow undeterred by a sliding Rupee and an increase in Sales Tax. We remain focused on offsetting negative impacts by continually improving efficiency and addressing cost at every stage of production and across the value chain.

Despite COVID-19 closures affecting demand for carrier bags, the Papersack division went ahead with a planned upgrade of its cement sack manufacturing capability and installed a new production line. Outlook for the construction industry looks promising on the back of growth incentives announced by the Honorable Prime Minister. Additionally, paper is fast becoming a viable alternative to plastic in Pakistan, leveling the playing field and opening up new markets for us as well.

Thal Limited took swift and decisive action to safeguard employees through its consolidated COVID-19 risk management response. Strict SOP's were observed at all work sites and an additional insurance package was extended to all members of staff covering their medical expenses. Strategies highlighting the sense of our responsibility towards our people, the environment and communities we

operate in culminated in a certification for forest stewardship and by stepping up CSR and philanthropy efforts with leading hospitals and ration distribution.

Human Capital has always been a key area for the growth and development of your Company. As the world moved online, Thal Limited introduced digital training and virtual appraisals supported by a dynamic competency framework, which aims to further fortify our performance this coming year.

The continuity of the business during this time of crisis has been made possible by the concerted efforts of Board of Directors of Thal Limited and I extend my sincere gratitude to them for their unrelenting support and firm belief in the great future of our Company. Their resolve to overcome the challenges that addressed our business have ensured that Thal Limited remains a viable leader across categories and will continue to enjoy a bright future.

I would also like to extend my sincerest thanks to the Board of Directors of the company, Board's Committees on Audit and on Human Resources & Remuneration for the due diligence they provide in our leadership, support and guidance. I am grateful for the dedication of all our staff members and would like to especially highlight their commitment to the Company when it was needed most. These hardworking individuals make us resilient, adaptable and stronger together.

I would also like to thank the shareholders, customers, dealers, and business partners who continue to support us; we value your unwavering trust and patronage. And, we look forward to serving you with renewed passion and a pledge to uphold the timeless values of your Company.

We are also very pleased to welcome Mr. Imran A. Habib to the Board. Imran brings with him a wealth of business insight that will take Thal Limited to even greater heights.

In closing, I humbly pay my respect to the late Mr. Ali S. Habib. Ali was a brilliant and dynamic leader, a man of action and a friend to all who knew him. He shaped the Company and has left us with his rich legacy of empowerment at every level of management and in every action we undertake together for our future. He will be fondly remembered as we take up his mission to deliver results and greater value to you year after year.

Rafiq M Habib  
Chairman





# SHAPING POSSIBILITY

Directors' Report



# DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors,  
We are pleased to present the Fifty Fourth Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2020.

## Economic Overview

The year ended 2020 was turbulent period for the economy of Pakistan. The country averted a balance of payment crisis and was on its path to recovery when it was hit by a global pandemic.

GDP growth for the year clocked in at - 0.38% a first in country's 68-year history vs 3.3% in the same period last year. COVID-19 was a major reason behind this decline since pre-COVID-19 the Government had estimated a GDP Growth rate of 2.4%. Out of the three sectors only Agriculture showed positive growth of 2.7% while Industry and Services showed declines of - 2.7% and - 0.6% respectively.

The Government of Pakistan (GOP) was quick to react to the potential impact of a countrywide Covid 19 lockdown and made several decisive & timely interventions such as the following:

- **Monetary Easing:** The interest rate was slashed by 625 bps from 13.25% to 7% to support struggling businesses
- **Special Incentives to Businesses:** The SBP and GOP issued various schemes to support distressed businesses in difficult times such as refinance scheme for salaries payment, deferral of principal on loans, clearing of past tax and duty refunds etc.
- **Fiscal Stimulus:** The Govt. of Pakistan approved a fiscal stimulus package of PKR 1.2 Trillion and Supplementary grant of PKR 100 Billion for "Residual/Emergency Relief Fund".

- **IMF Disbursement:** The Govt of Pakistan was successful in raising USD 1.386 billion from IMF under the Rapid Financing Instrument to address the economic impact from COVID-19.
- **Lower Currency Intervention:** FX Rate (USD: PKR) remained stable during first nine months of FY2020; however quick depletion of foreign reserves coupled with the COVID-19 related export downturn negatively impacted the exchange rate in the last quarter of FY20 causing the Rupee to lose value by 6.25% against the USD.
- **Restrictions on Imports and Facilitating Worker Remittances:** The CAD reduced by ~78% YoY (down from USD 13.6 Bn to USD 2.9 Bn) during the year primarily driven by contraction in goods imports (down ~19% YoY). Moreover, the record USD23bn remittances sent by overseas Pakistanis in FY20 also helped reduce the current account deficit to a large extent.

With these policy measures along with implementation of a targeted "smart lockdown" the country has contained the impact of COVID-19 on the economy and a V-shaped recovery is expected in the year going forward. However, the risks of second wave of pandemic, a fall in worker remittances due to a crash in oil prices, the subsequent recession in Middle Eastern countries and declining exports due to low global demand would keep the recovery in check and pose business risks.

## Overview of Financial Results

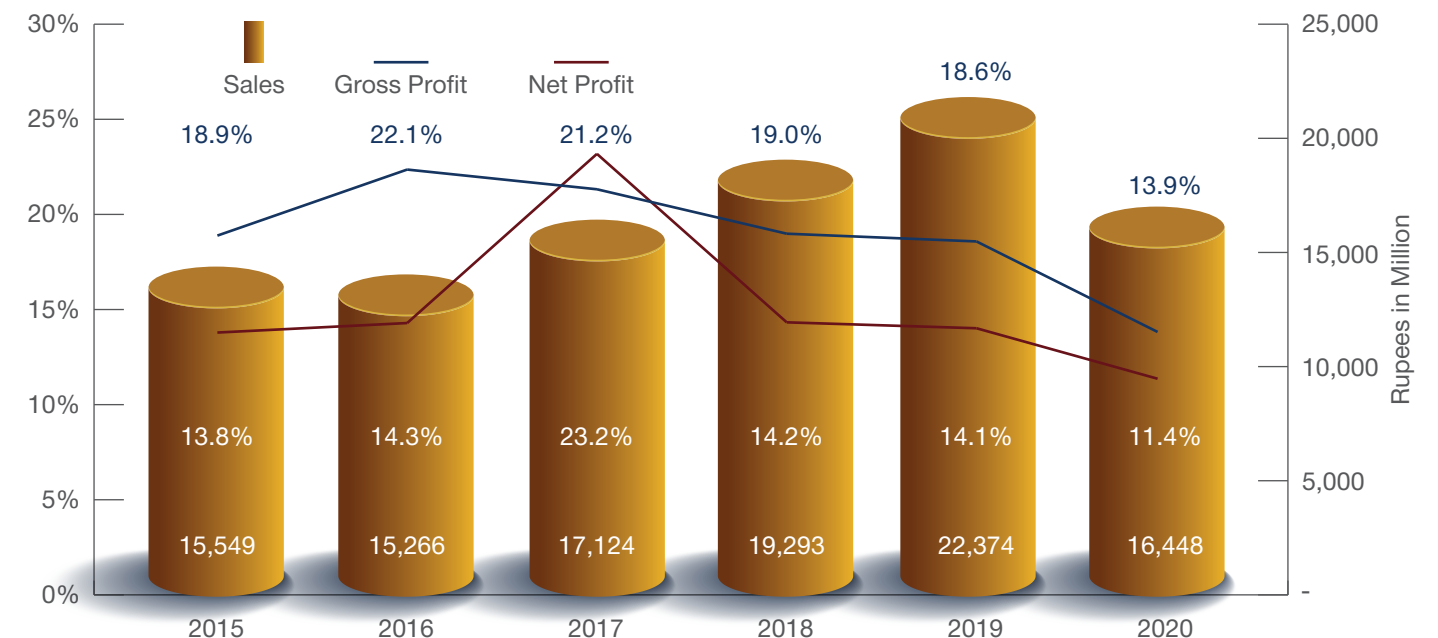
During the year, the companies' Sales revenue declined by 26% year on year to Rs. 16.4 billion. Profit after Tax was recorded at Rs. 1.9 billion (down

40% year on year) compared to Rs. 3.2 billion during 2018-19.

## Financial Performance

	Rupees in Million			
	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Net Revenue	16,448	22,374	17,203	23,545
Profit Before Taxes	2,372	4,335	4,327	5,611
Taxation	504	1,180	1,095	1,648
Profit After Taxes	1,867	3,155	3,232	3,962
Earnings Per Share - Rupees	23.04	38.93	35.63	44.20

## Sales and Profitability



# 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 & Engine Components Business and Electric Systems Business. These businesses are primarily focused on parts manufacturing for the auto industry.

Engineering segment recorded sales of Rs 8.1 billion compared to last year sales of Rs 14.9 billion witnessing a decline of 46%, whereas overall auto industry also declined by 54% in car sales. Due to Pak Rupee devaluation and imposition of additional taxes and duties, car prices increased and resultantly automotive demand shrank significantly during the first half of the financial year. From Jan'20 onwards consumer demand picked up slightly however COVID-19 outbreak affected the car sales again in fourth quarter of the fiscal year.

COVID-19 pandemic has hugely affected global economies and entire value chains yet the extent of the damage is to be determined. GoP has introduced several incentives packages to support the local industry but these measures have so far had a very nominal effect on the economic recovery. We expect that the consumer demand may remain weak in short term until uncertainties surrounding outbreaks are resolved. However, since the spread of the virus is gradually slowing its pace, economic activities are also expected to pick up.

Despite major challenges, management remained focus on business expansion, localization and optimization of cost to maintain profitable operations. Further, in order to ensure continuity of operations and prevent the spread of the Corona Virus, management adopted comprehensive SOPs in line with international and local guidelines.

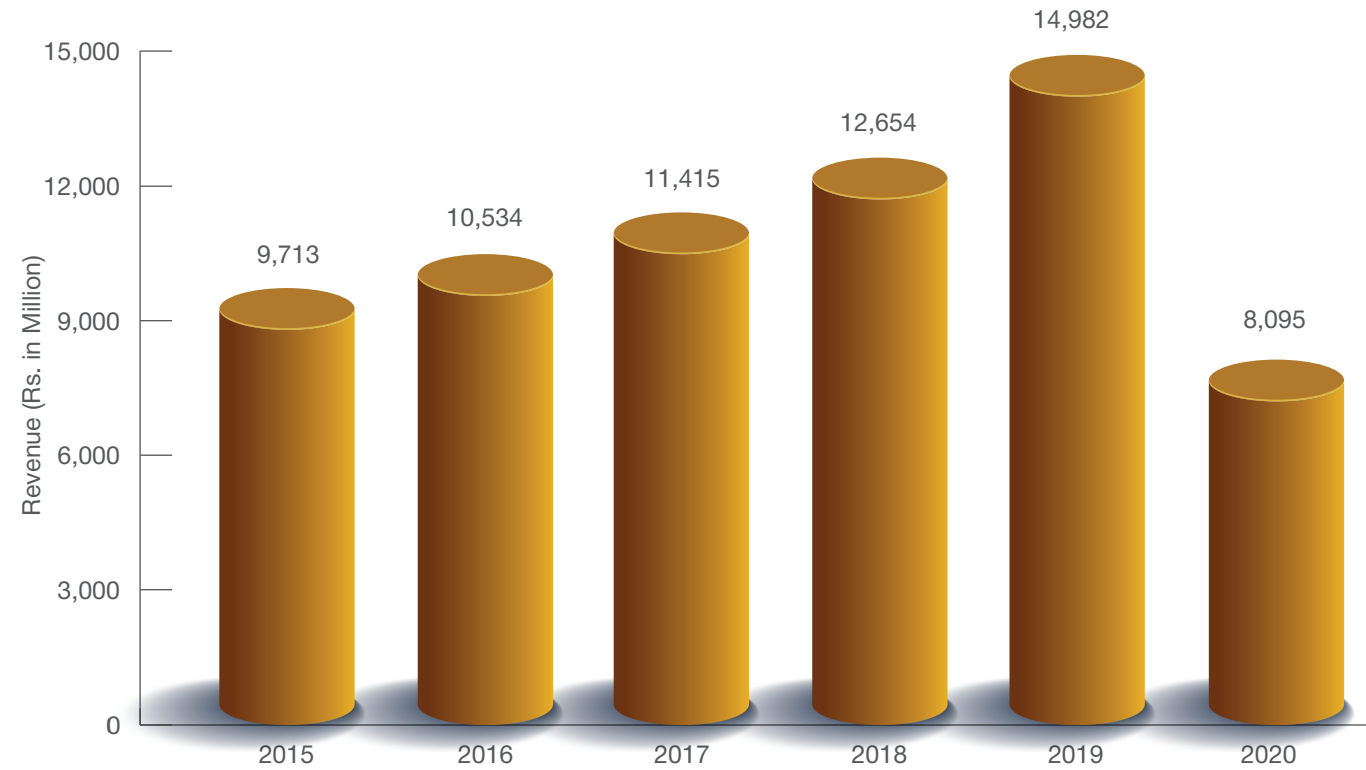
Going forward, management will continue its focus on quality, health, safety, environmental initiatives and acquiring new business from new OEMs (e.g. Hyundai Nishat) while enhancing cost efficiencies through continuous process improvement.



## Outlook

During the next fiscal year, auto sector is expected to face challenges due to economic slowdown and shrinking disposable income. However, post COVID-19 economic recovery may be sooner than expected for Pakistan considering the declining spread rate of the virus, which may also positively impact the auto sector growth. Going forward, the

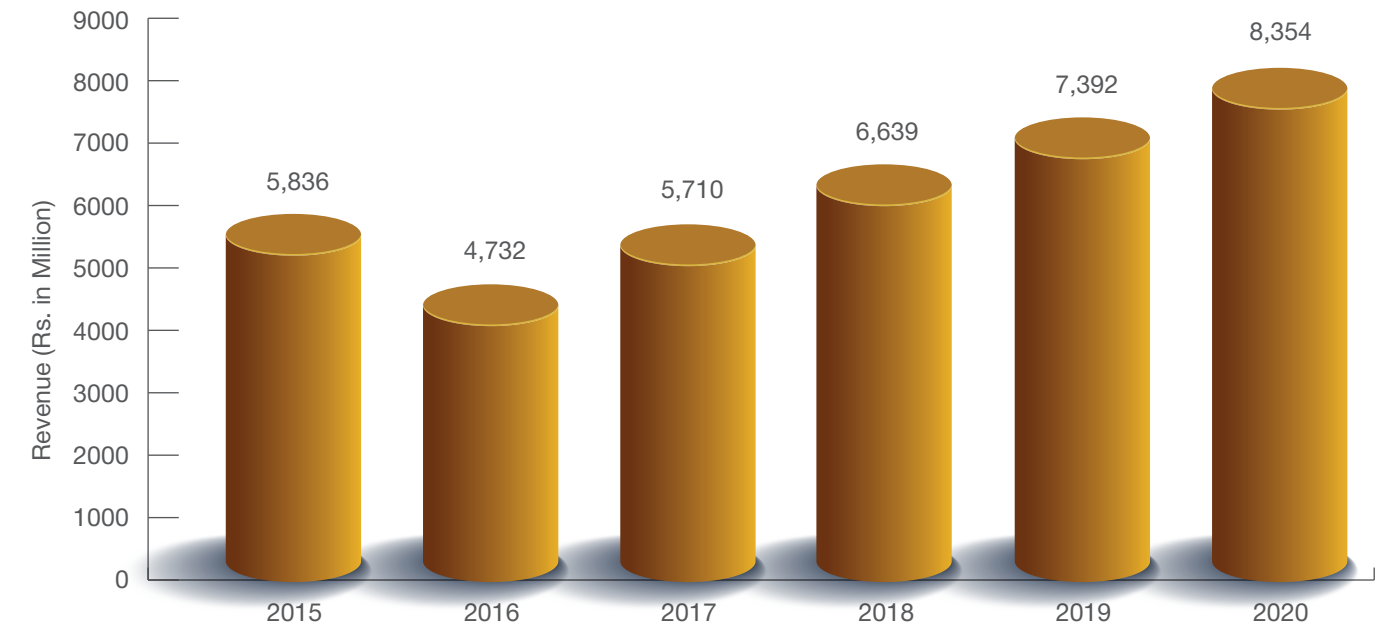
business will reap benefits by materializing localization opportunities amid these challenges. Further, local market is also undergoing diversification as the new Korean OEMs have started production and creating additional business/ localization opportunities for the business.



## Packaging, Building Materials & Allied Products Segment

The Company has three businesses in this segment – 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 12% (Rs. 8.4 billion compared to Rs. 7.4 billion last year).



# Jute Business

By the grace of Almighty Allah, the Jute Division maintained its position as the market leader and in spite of tough competition and adverse market conditions, the year proved to be better than last year in terms of sales and profitability. The improvement in the business performance was principally due to strong export sales growth and gunny sack demand despite slow market momentum due to COVID-19.

The cost of major inputs like raw jute, power, wage and consumables increased significantly during the year coupled with an increase in the Sales Tax rate from 9% to 17%. The depreciation of the Pak Rupee, became an ongoing challenge to set off the increase in operating costs. This has resulted in an increase of cost to the end user which adversely affected local demand.

Aggressive sales efforts in international markets over the last few years are now bearing fruits in terms of increased sales, development of new markets and customers confidence on the quality of our products. We hope to maintain focus on exports and continue to expand this segment of our business to offset some of the cost pressures from devaluation.

## Outlook

Your management, being aware of the challenges ahead, continues to implement cost reduction and efficiency improvement programs, in order to maintain the competitive edge of the business against competition.

The management is expecting an upward trend in Raw Jute prices in the International market this year mainly due to late sowing and recent reports of flooding in India and Bangladesh. There is also some uncertainty about the quality of jute that will be available. A clear position will emerge in next quarter.

We are confident of maintaining a positive momentum and are geared to face the challenges ahead with determination, dedication and continued concentration on product quality, production efficiencies and customer focus in both local and export markets.



# Papersack Business

The Papersack business faced extremely challenging conditions in this fiscal year. The first 6 months of the year saw the cement industry going through stagnation and negative local demand, which directly impacted the demand for packaging. It was expected that stability and growth would return in Jan-June period, however, due to rise in COVID-19 cases in the country and subsequent lock down, sales in the months of March to May remained very low. The duty advantage given to plastic packaging in the last budget also impacted demand for paper packaging.

In the Carrier bags segment, the business faced challenges due to competition from grey market suppliers and low retail demand sale due to Covid19 related closures. Focus was maintained on improving efficiency and cost reduction activities to ensure the ongoing viability of business in this sector.

Volumes of food grade packaging had shown healthy growth in the first half year but were also badly affected by the Covid 19 related closures in the restaurant business.

These significant downturns in demand & sales and cost pressures from devaluation impacted the year's performance in terms of volume and eroded profitability of the business.

During the year the planned upgradation of our Cement sack manufacturing capability was successfully completed with installation of a new production line. This will add capacity and also improve our ability to manufacture best in class industrial sacks.

With continuous follow up with regulatory authorities the industry was able to get rationalization of the custom duty anomaly against Sack Kraft paper

packaging in the Finance Act of 2020-21. This now allows a level playing field against plastic packaging, and also opens the door to develop exports of environment friendly packaging from Pakistan.

The Company is well aware of its responsibilities towards environment. In this regard, the business has acquired the certification for forest stewardship. In addition, certification of ISO 22000 was audited and re-certified during the year and also successfully met the required standards of all major international food chains operating in Pakistan.

## Outlook

Demand for industrial packaging is expected to increase, particularly in the Cement segment driven by the PM's package for the construction industry. Consequent to removal of the custom duty anomaly on sack kraft paper, share of paper packaging against plastic is also expected to improve. The recently added production capability will also help in improving our production volumes and quality, and bring production efficiencies.

The continuous devaluation of PKR and raw material price increases in international markets may have a negative impact on the product costs. To mitigate this, management is doing its best to maintain profit margins through tight cost controls, better efficiencies and business growth in all segments. The company is also looking at development of export business.

Overall, with these initiatives, despite the many challenges, management's projection for next year is positive and we remain optimistic on the future of this business.



# Laminates Business

The Laminates Business operates under the brand name “Formite” in three major segments. HPL (High Pressure Laminates), Compact Laminates and Laminated Boards. The Brand is known for its quality and adherence to corporate values.

Despite the effects of the overall slowdown in the economy and closure of businesses due to COVID-19, the Laminates Business was able to maintain sales momentum during the period.

Due to enhanced focus on cost efficiencies, better sales and supply chain planning, the Laminates Business was able to deliver better than projected results during the year.

## Outlook

Our key focus in the next year will be on improving product quality, enhancing brand visibility and achieving production cost efficiencies to improve margins.

Gradual easing of lockdown in Q4 and recent incentives announced by the Federal Government to support the construction industry are showing positive signs of revival in the construction industry. Accordingly, we are confident that market conditions will improve in next year.



# Thal Boshoku Pakistan (Private) Limited

During the year 2019-20, sales dropped by 43% mainly on account of closure of plant for approximately three months due to Governmental lockdown imposed in view of COVID-19. Moreover, volumes for the year were lower than the previous year, which resulted in further drop in sales, and a decline in margins.

The Company saw significant developments being undertaken during the current year. The new plant was fully commissioned and successfully handed over to the local management by the TAA Partner for volume production. However, due to delay in the launch of the model by the OEM, the Company suffered significant losses. This loss contributed further to the overall loss incurred as a result of the lockdown during the current year.

On the 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.

In terms of ownership, Thal Limited holds 55% of the shareholding in Thal Boshoku 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.

Outlook for the future of the Company looks challenging due to continued pressure on the local economy. However, since the lifting of the lockdown, the auto-sector has seen some form of a resurgence of demand from the OEM's. In addition, the new OEM entrants have started local production which has created further opportunities to diversify the customer base.

The Company is also taking steps towards increasing its product offering by working to increase its localization portfolio, along with development of new products within the auto-parts industry.



# Subsidiaries

## **Makro-Habib Pakistan Limited**

The Honorable Supreme Court of Pakistan dismissed the MHPL's Review Petition for the Saddar Store and as a consequence, the Saddar Store of MHPL was closed down on September 11, 2015.

As a later development on December 9, 2015, the Honorable Supreme Court of Pakistan accepted the 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 Defense 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. The company is a wholly owned subsidiary of Thal Limited

The matter is being pursued to fix the next hearing and the Company shall continue to seek a favorable resolution.

## **Habib METRO Pakistan (Private) Limited**

The main business of Habib METRO Pakistan (Private) Limited (HMPL) is to own and manage properties. 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, business of the Company was adversely

affected due to the COVID-19 pandemic and the ensuing lockdowns.

Dividends payments to Thal Limited during the year amounted to a total of Rs. 529 million which represents an increase of 31% versus the preceding year.

## **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 and air conditioning gas to automobile assemblers and auto parts manufacturers. It is a wholly owned subsidiary of Thal Limited.

## **A-One Enterprises (Private) Limited**

On April 23, 2020 the Board of Directors of the Company passed a resolution approving a scheme of amalgamation under Section 284(l) of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, A-One Enterprises (Private) Limited with and into the Company i.e. Thal Limited. As such, as of the Completion Date of June 30, 2020 the entire undertaking of A-One Enterprises (Private) Limited stands merged with and into the Company.



# Investments in Energy Sector

## Sindh Engro Coal Mining Company Limited (SECMC)

SECMC is a joint venture between the Government of Sindh, Thal Limited, Engro Powergen Limited, Hub Power Company Limited, Habib Bank Limited, CMEC Thar Mining Investments Limited and SPI Mengdong. It is engaged in developing Pakistan's first open pit mining project at Thar Coal Block II.

SECMC achieved commercial operations date for 3.8 million tons per annum capacity mine (Phase I) on July 10, 2019. Phase I of the Thar mining is supplying coal to a 2x330 MW power generation plant set up by Engro Powergen Thar Private Limited.

In 1H of CY2020, SECMC operated smoothly and supplied 2 million tons of coal to record sales revenue of c. Rs. 18.4 bn and an after-tax profit of c. Rs. 3.1 bn. Whilst SECMC has generated positive cash flows over the period, it is restricted from declaring any dividends under its financing agreements until achievement of Project Completion Date (PCD) which is subject to 'true up' and approval of SECMC's COD stage tariff petition by the Thar Coal and Energy Board. SECMC management is targeting achievement of PCD in 1Q CY2021.

SECMC successfully achieved Financial Close for expansion of its mining operations to 7.6 mtpa on 31 Dec 2019. For Phase II, 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.

In 1H2020, the global COVID-19 pandemic has adversely affected the timelines for Phase II. The Project Company is now striving to achieve commercial operations date for Phase II in 2022.

Thal Ltd owns 11.9% ordinary shareholding in SECMC.



# Investments in Energy Sector

## Thal Power (Private) Limited

ThalNova Power Thar Private Limited ("ThalNova") is a joint venture between Thal Power (Private) 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.

China Machinery & Engineering Corporation ("CMEC") 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).

ThalNova (through shareholder's equity) has already commenced construction of the Project, by giving Mobilization Advance along with Limited Notice to Proceed (LNTP) to the EPC contractor, to expedite the achievement of Commercial Operations Date of the Project.

ThalNova executed key financial agreements with project lenders in 2H CY2019. In 1H2020, the global COVID-19 pandemic has adversely affected the timelines for financial close; firstly, due to lockdown in China and more recently in Pakistan.

The Project Company is in advanced discussions with lenders and is striving to achieve financial close by end of 3Q CY2020. The Project is expected to come online in 2022.



# Human Resources

At Thal Limited, we attribute our continued success to our people. Our employees are our enduring advantage and it is our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence that drives our growth. To maintain our HR competitiveness, we remain focused on areas of talent management, learning & development, and succession planning.

Continuing with our long-term strategy to increase our bench-strength whilst developing a well-rounded talent development framework, three major interventions were designed this year mainly on Organizational Development and Compensation & Benefits front to enhance the productivity and performance across Thal subsidiaries.

To join on Thal's pursuit to achieve excellence, we believe it is critical that employees at all levels demonstrate the defined performance standards. Therefore, a comprehensive vision-consistent "Leadership Competency Framework" was developed. This framework articulates the expected behavioral indicators, making up the fabric of the way we work at Thal Limited and its subsidiaries. The framework will also act as "lingua franca" to facilitate the recruitment of right talent, performance dialogues, design and stimulate development plans, grow leaders for the future and utilize employee potential to achieve excellence.

Moreover, owing to our commitment to create a high performance-driven culture at Thal, key improvements have been incorporated in Performance Management Framework. The main breakthrough will be the automation of performance management process across all Thal subsidiaries. This automation will bring more efficiency in the process along with enhanced focus on the performance discussion between the employee and his / her reporting manager.

One of the other major interventions that took place for the first time ever in Thal subsidiaries was an extensive exercise of Job Evaluation for management positions. The intent of this exercise is to bring a systematic process to determine the relative contributions that the performance of different jobs makes towards the organizational objectives. Post completion of job evaluation exercise, a grading structure will be developed that shall provide a framework for the implementation of reward strategies and policies across Thal subsidiaries.

Furthermore, keeping our commitment with the culture of developing and enabling employees to reach their full potential, online trainings were conducted for our employees during COVID-19 situation. This helped the employees to enhance their capabilities and stay engaged



# 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 the Company 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 Thal Engineering was able to reach 5.119 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, which awarded Thal Engineering 'Best Practices award for OSH&E 2019' in the Processed & Allied sectors.

In pursuit of improving safety standards, Fire Suit with Self Contained Breathing Apparatus was introduced at Thal Engineering and Thal Boshoku. Considering the efforts by Thal Engineering, Fire Protection Association of Pakistan awarded Thal Engineering with Fire Safety Award 2019.

The Company 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 3.5% as against a targeted reduction of 2%. National Forum recognized these best practices for Environment and Health, which 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 allocated Rs. 24 million approx. under our social investment commitments in 2019-20. These programs, which span all our business segments are primarily focused in the broad areas of employee welfare, healthcare, education, environment and community development.

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, employees are funded every year for perusing higher education.

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 in view of challenging times due to COVID-19 Lockdown, Ration Hampers were distributed in March and in Ramadan. We ran programs that aimed to enhance employee welfare and support them in multiple causes.

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 establishment of regular medical facility and quarantine room for employee at factory premises, free COVID-19 and COVID-19 antibody tests, arrangement of dedicated ambulance service, provision of appropriate PPEs to employees.

To fulfill responsibility towards community, donated Bolan ACs for the vans of Deaf Reach students. Additionally, trees were donated to Sundar Industrial Estate Lahore as an initiative to support green society.



## Corporate Awards

35th MAP Corporate Excellence Award in Automobile Parts and Accessories category (2019)

Thal Engineering received Quality Award from HACPL on Nov 29, 2019

Thal Engineering received Development Award from PSMC on Feb 27, 2020

9th Annual Fire Safety Award from Fire Protection Association of Pakistan in Nov, 2019

HSE Best Practices Award from Employers' Federation of Pakistan in April, 2019

16th Annual Environmental Excellence Award from National forum of Environment & Health in July, 2019



## Information Technology (IT)

The Fiscal Year 2019-20 started with the focus on Innovation and Business Transformation. During the first half of fiscal year the company modernized its current technology platform from Oracle Database to SAP Hana DB, along with upgradation of its hardware infrastructure. This helped the organization to keep abreast with competition

The COVID-19 pandemic forced companies around the world to reevaluate their business models and redesign their structures for the forthcoming digital transformation. Thal's business operation were impacted by the COVID-19 pandemic, but thankfully, the efforts and investments made in the technology infrastructure and information security in the past helped the company to quickly adopt the appropriate tools and expertise. Employees at Thal with the support and training by IT department quickly adopted Microsoft and Zoom Video conference technologies for routine business communication. The COVID-19 pandemic, on one hand forced all business executives and employees to work from home as far as possible but on the other hand also accelerated employees and organization towards a swift digital transformation.

The shift to work from home also increased dependence on internet, making the organization equally vigilant about safeguarding its cyber security. Thal Limited engaged PwC (A. F. Ferguson & Co) to evaluate the organization vulnerability to threats to the organization's network and remote services. Their scope of work included review of remote connectivity governance and controls, vulnerability assessment, penetration testing and network design and configuration review.

The company in order to further strengthen its platform of information security implemented Trend Micro Mobile and Laptop Security solution. This technology integrates layers of data protection to secure corporate data—no matter where it goes. Encryption enforcement, remote lock and wipe, password enforcement, and other tools work together with device security and app management to keep employee's data safe. It strikes the right balance between user productivity and IT risks.

## 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.

## 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:

1. Strategic Risk
2. Financial Risk
  - a. Foreign Currency Risk
  - b. Credit Risk
  - c. Interest Rate Risk
3. Internal Control Risk
4. Operational / Commercial Risk
  - a. Competitors Risk / Technological & Innovation Risk
  - b. Regulatory Risk
5. 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 2019-20, the Company contributed a sum of Rs. 4.1 billion (2018-19, Rs. 7.08 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 2020-21. Their reappointment has also been recommended by the Board Audit Committee.

## Pattern of Shareholding

The pattern of shareholding as at June 30, 2020 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. Imran Ali Habib was appointed as member of the Board's Audit Committee with effect from June 29, 2020.

## Directors training program

Mr. Rafiq M. Habib, 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, Mr. Mohamedali R. Habib and Mr. Imran Ali 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 independent/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. 610 million and Rs. 68 million respectively as at June 30, 2020.
- The key operating & finance data for the last 6 years are annexed to the report.

The total number of directors are 7 as per the following:

Male	6
Female	1

The composition of board is as follows:

Independent Directors	Mr. Asif Qadir Ms. Aliya Saeeda Khan
Other Non-Executive Directors	Mr. Rafiq M. Habib Mr. Mohamedali R. Habib Mr. Imran Ali Habib Mr. Salman Burney
Executive Director	Mr. Muhammad Tayyab Ahmad Tareen

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)	5/7
2	Mr. Ali S. Habib (Late)	4/7
3	Mr. Mohamedali R. Habib	5/7
4	Mr. Asif Qadir	7/7
5	Mr. Salman Burney	7/7
6	Mr. Muhammad Tayyab Ahmad Tareen	7/7
7	Ms. Aliya Saeeda Khan	6/7
8	Mr. Sohail P. Ahmed (resigned on Sept 20, 2020)	1/7
9	Ms. Roshan B. Mehri (Alternate Director)	2/7

Mr. Imran Ali Habib was appointed as Director of the Company with effect from June 29, 2020 to fill the casual vacancy created by the demise of Mr. Ali S Habib (late)

During the year the Audit Committee met 5 times and attendance of the Directors was as follows:

Sr. No.	Names of Directors	Meeting Attended
1	Mr. Asif Qadir (Chairman)	5/5
2	Mr. Mohamedali R. Habib	3/5
3	Mr. Salman Burney	5/5
4	Mr. Sohail P. Ahmed (resigned on Sept 20, 2020)	1/5

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. Salman Burney	1/1
3	Mr. Muhammad Tayyab Ahmad Tareen	1/1

### Dividend and Appropriations

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

- Final cash Dividend declared of Rs. 3.5 per share, i.e., 70% in addition to interim dividends of Rs 1.50 per share, i.e., 30%.
- Recommends appropriating a sum of Rs 1.46 billion from un-appropriated profits to General Reserve.

### Sad Demise of Mr. Ali S Habib (Late)

During the year, our beloved Mr. Ali S. Habib, Director of the Company passed away on April 17, 2020.

Mr. Ali S. Habib was an inspirational leader, a true visionary with brilliant business acumen and a passion for people. He made an unprecedented impact on Pakistan's industry, particularly through the development of the auto sector in Pakistan and the establishment of Habib University.

At Thal Ltd, he sowed the seeds of a now thriving Pakistan's auto engineering industry, led the foundation of Pakistan's first cash and carry retail business and made great strides in achieving national energy security through Pakistan's first open pit indigenous coal mine.

His remarkable leadership and tireless efforts led to the success and growth of the Company over the last 30 years.

His dedicated philanthropic endeavors set an inspirational example for us all. Those who worked with him witnessed unparalleled diligence, and are honored to have had the opportunity to learn from such a respected, charismatic and brilliant personality.

The diligent leadership of Late Mr. Ali Suleman Habib will forever be missed. We are privileged that his inspiring guidance and wisdom will remain with us, and lead us to new accomplishments and greater success

### Acknowledgement

On behalf of the Board of Directors and the management, We wish to express sincere gratitude to our shareholders, customers, dealers and business partners for their continuing patronage and trust. We 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.



Chief Executive Officer



Director

Karachi.

Dated: September 08, 2020.

# STATEMENT OF VALUE ADDITION

### WEALTH GENERATED

Gross Revenue  
Other Income

Bought in Material, Services and Other Expenses

### WEALTH DISTRIBUTED

Employees

Salaries, Wages & Other Benefits and WPPF

Society

Donations towards Education, Health and Environment

Providers of Finance

Finance Costs

Government

Contribution to National Exchequer

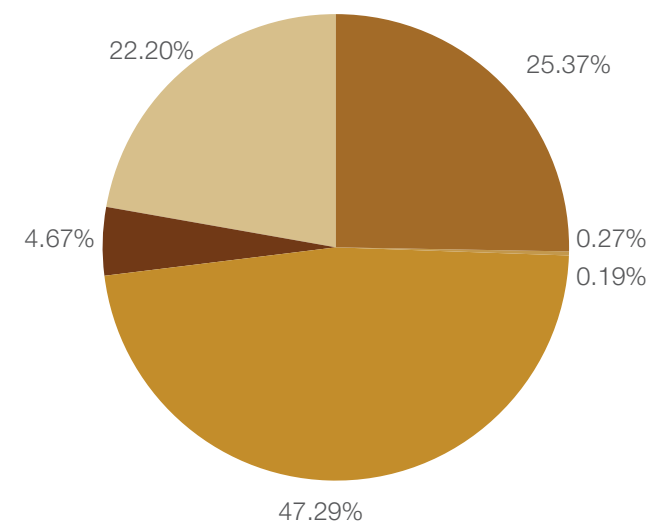
Shareholders

Dividend

Retained within the Business for Future Growth

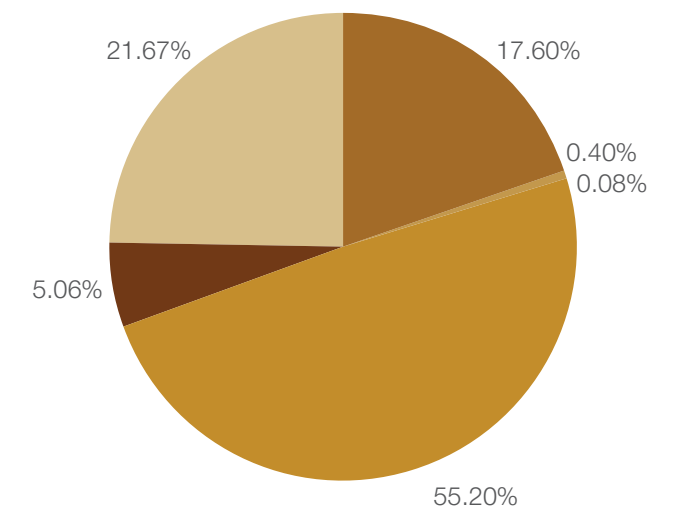
2020		2019	
Rs. 000	%	Rs. 000	%
19,136,284	93.15%	26,073,129	94.46%
1,408,276	6.85%	1,528,284	5.54%
20,544,560	100.00%	27,601,413	100.00%
11,871,258	57.78%	14,783,238	53.56%
8,673,302	42.22%	12,818,175	46.44%
<b>Rs. 000</b>	<b>%</b>	<b>Rs. 000</b>	<b>%</b>
2,200,126	25.37%	2,255,762	17.60%
23,716	0.27%	51,236	0.40%
16,908	0.19%	9,805	0.08%
4,101,775	47.29%	7,076,057	55.20%
405,149	4.67%	648,242	5.06%
1,925,628	22.20%	2,777,073	21.67%
<b>8,673,302</b>		<b>12,818,175</b>	

### Wealth Distribution - 2020



Employees Society Providers of Finance  
Government Shareholders Profit Retained

### Wealth Distribution - 2019

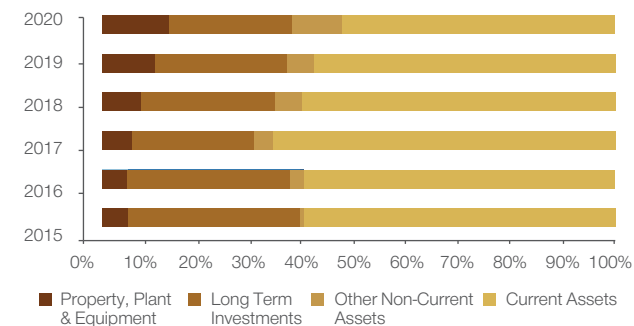


# FINANCIAL PERFORMANCE SIX YEARS AT A GLANCE

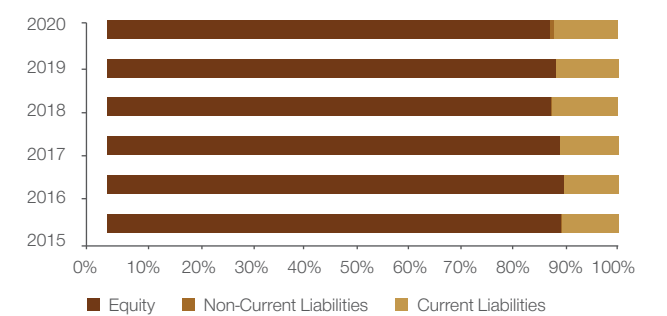
Rs. in Million	2020	2019	2018	2017	2016	2015
<b>Summary of Balance Sheet</b>						
Property, Plant and Equipment	3,118	2,188	1,410	1,019	651	599
Intangible Assets	173	91	15	10	9	8
Investment Property	1	1	1	1	1	1
Long Term Investments	5,796	5,432	4,938	4,144	4,342	4,065
Long Term Loans	1,927	861	788	411	60	5
Long Term Deposits	16	15	13	14	8	8
Long Term Prepayments	-	-	-	-	-	-
Deferred Tax Asset	205	165	191	187	298	84
Net Current Assets	9,816	9,881	9,084	9,649	6,860	6,004
	21,052	18,633	16,440	15,435	12,229	10,774
<b>Non-Current Liabilities</b>						
Long Term Deposits	1	1	2	2	2	2
Long Term Loan	149	-	-	-	-	-
	151	1	2	2	2	2
<b>Net Assets Employed</b>						
	20,901	18,631	16,438	15,433	12,227	10,772
<b>Financed by</b>						
Issued, Subscribed and Paid-up Capital	405	405	405	405	405	405
Reserves	20,496	18,226	16,033	15,028	11,822	10,367
<b>Shareholders' Equity</b>						
	20,901	18,631	16,438	15,433	12,227	10,772
<b>Summary of Profit &amp; Loss</b>						
Sales	16,448	22,374	19,293	17,124	15,266	15,549
Gross Profit	2,278	4,157	3,661	3,633	3,369	2,944
Profit Before Taxation	2,372	4,334	3,804	5,447	2,979	2,945
Profit After Taxation	1,868	3,154	2,686	3,966	2,179	2,149
<b>Summary of Cash Flows</b>						
Cash Flows from Operating Activities	1,678	(802)	305	1,664	758	1,951
Cash Flows from Investing Activities	(2,100)	2,000	(2,256)	65	398	303
Cash Flows from Financing Activities	(224)	(883)	(1,677)	(802)	(705)	(793)
Cash and Cash Equivalents acquired on amalgamation of subsidiary	1,022	-	-	-	-	-
Cash and Cash Equivalents at Year End	3,055	1,657	1,342	4,970	4,043	3,591

# GRAPHICAL PRESENTATION SIX YEARS AT A GLANCE

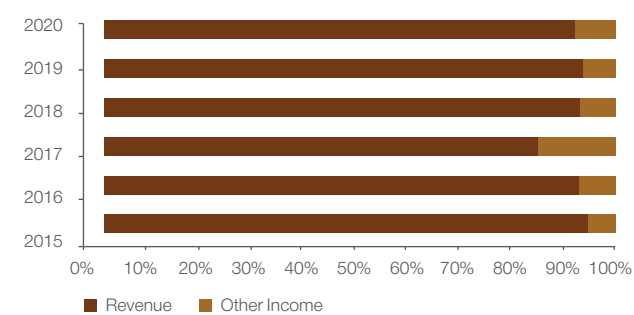
## Balance Sheet Analysis Assets (%)



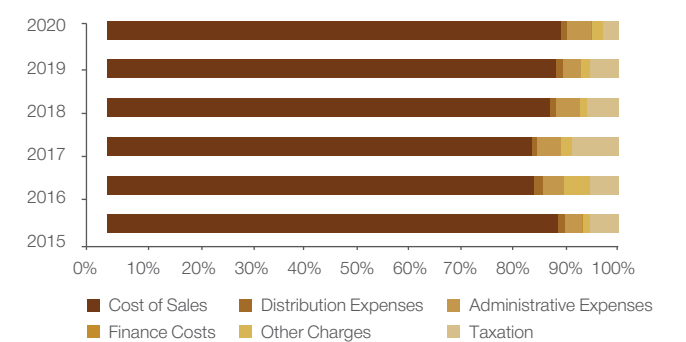
## Balance Sheet Analysis Equity & Liabilities (%)



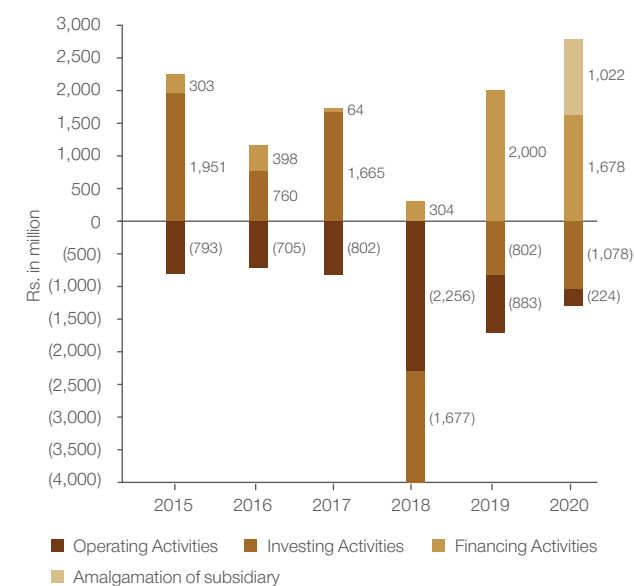
## Profit & Loss Analysis Income (%)



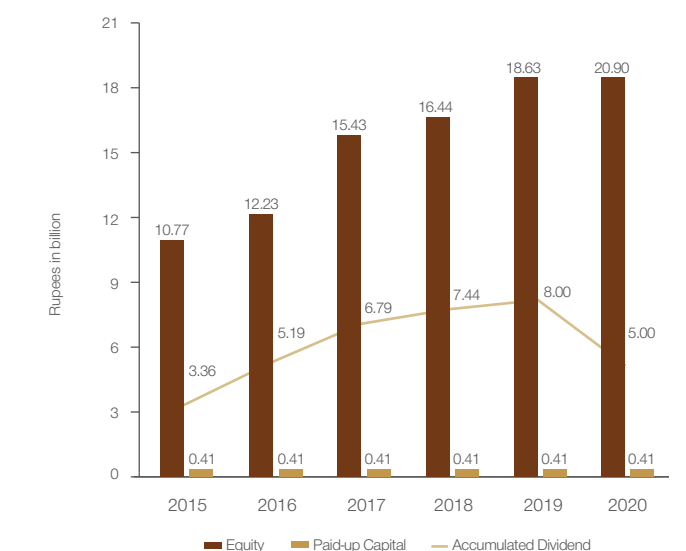
## Profit & Loss Analysis Expenses (%)



## Cash Flow Analysis



## Equity, Paid-Up Capital & Accumulated Dividend





# HORIZONTAL ANALYSIS

	2020		2019		2018		2017		2016		2015	
	Rs in million	20 Vs. 19 %	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 %
<b>BALANCE SHEET</b>												
<b>EQUITY AND LIABILITIES</b>												
Equity	20,901	12.2%	18,631	13.3%	16,438	6.5%	15,433	26.2%	12,228	13.5%	10,772	14.4%
Non-Current Liabilities	151	15000.0%	1	-50.0%	2	0.0%	2.0	23.15%	1.62	-5.3%	2	0.0%
Current Liabilities	3,064	18.3%	2,590	4.6%	2,477	24.35%	1,992	36.8%	1,456	7.4%	1,356	-8.9%
<b>Total Equity &amp; Liabilities</b>	<b>24,116</b>	<b>13.6%</b>	<b>21,222</b>	<b>12.2%</b>	<b>18,917</b>	<b>8.5%</b>	<b>17,427</b>	<b>27.3%</b>	<b>13,686</b>	<b>12.8%</b>	<b>12,130</b>	<b>11.2%</b>
<b>ASSETS</b>												
Non-Current Assets	11,236	28.4%	8,752	18.9%	7,358	27.2%	5,786	7.8%	5,370	12.5%	4,771	10.3%
Current Assets	12,880	3.3%	12,470	7.9%	11,559	-0.7%	11,641	40.0%	8,316	13.0%	7,359	11.8%
<b>Total Assets</b>	<b>24,116</b>	<b>13.6%</b>	<b>21,222</b>	<b>12.2%</b>	<b>18,917</b>	<b>8.5%</b>	<b>17,427</b>	<b>27.3%</b>	<b>13,686</b>	<b>12.8%</b>	<b>12,130</b>	<b>11.2%</b>
<b>PROFIT AND LOSS ACCOUNT</b>												
Turnover - net	16,448	-26.5%	22,374	16.0%	19,293	12.7%	17,124	12.2%	15,266	-1.8%	15,549	33.7%
Cost of Sales	(14,171)	-22.2%	(18,217)	16.5%	(15,632)	15.9%	(13,491)	13.4%	(11,897)	-5.6%	(12,605)	28.4%
Gross Profit	2,278	-45.2%	4,157	13.6%	3,661	0.8%	3,633	7.8%	3,369	14.5%	2,944	62.6%
Distribution Costs	(197)	-22.0%	(253)	17.0%	(216)	16.5%	(186)	-25.5%	(249)	25.6%	(199)	25.6%
Administrative Expenses	(773)	2.6%	(754)	-7.4%	(814)	9.7%	(742)	29.5%	(573)	20.3%	(476)	29.4%
Other Income	1,408	-7.9%	1,528	5.7%	1,446	-53.3%	3,096	165.1%	1,168	30.1%	898	43.7%
Other Charges	(327)	-2.4%	(335)	26.8%	(264)	-23.8%	(346)	-52.8%	(733)	237.2%	(217)	69.8%
<b>Operating Profit</b>	<b>2,389</b>	<b>-45.0%</b>	<b>4,344</b>	<b>13.9%</b>	<b>3,813</b>	<b>-30.1%</b>	<b>5,456</b>	<b>83.0%</b>	<b>2,982</b>	<b>1.1%</b>	<b>2,950</b>	<b>65.6%</b>
Finance Costs	(17)	72.4%	(10)	8.9%	(9)	5.7%	(9)	122.8%	(4)	-19.6%	(5)	3.0%
<b>Profit Before Taxation</b>	<b>2,372</b>	<b>-45.3%</b>	<b>4,334</b>	<b>13.9%</b>	<b>3,804</b>	<b>-30.2%</b>	<b>5,447</b>	<b>82.9%</b>	<b>2,978</b>	<b>1.1%</b>	<b>2,945</b>	<b>65.8%</b>
Taxation	(504)	-57.2%	(1,180)	5.5%	(1,118)	-24.5%	(1,481)	85.0%	(800)	0.5%	(796)	92.1%
<b>Profit After Taxation</b>	<b>1,868</b>	<b>-40.8%</b>	<b>3,154</b>	<b>17.4%</b>	<b>2,686</b>	<b>-32.3%</b>	<b>3,966</b>	<b>82.1%</b>	<b>2,178</b>	<b>1.3%</b>	<b>2,149</b>	<b>57.8%</b>

# VERTICAL ANALYSIS

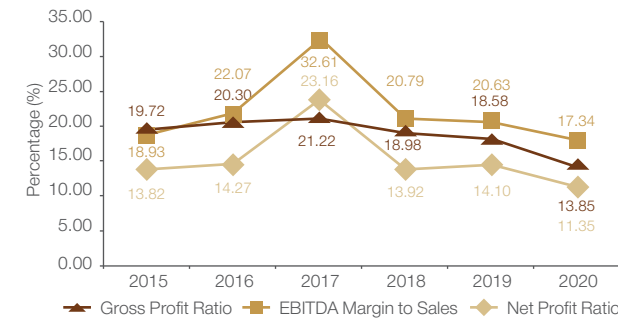
	2020		2019		2018		2017		2016		2015	
	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
<b>BALANCE SHEET</b>												
<b>EQUITY AND LIABILITIES</b>												
Equity	20,901	86.7%	18,631	87.8%	16,438	86.9%	15,433	88.6%	12,228	89.3%	10,772	88.8%
Non-Current Liabilities	151	0.6%	1	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Current Liabilities	3,064	12.7%	2,590	12.2%	2,477	13.1%	1,992	11.4%	1,456	10.6%	1,356	11.2%
<b>Total Equity &amp; Liabilities</b>	<b>24,116</b>	<b>100.0%</b>	<b>21,222</b>	<b>100.0%</b>	<b>18,917</b>	<b>100.0%</b>	<b>17,427</b>	<b>100.0%</b>	<b>13,686</b>	<b>100.0%</b>	<b>12,130</b>	<b>100.0%</b>
<b>ASSETS</b>												
Non-Current Assets	11,236	46.6%	8,752	41.2%	7,357	38.9%	5,786	33.2%	5,370	39.2%	4,771	39.3%
Current Assets	12,880	53.4%	12,470	58.8%	11,560	61.1%	11,641	66.8%	8,316	60.8%	7,359	60.7%
<b>Total Assets</b>	<b>24,116</b>	<b>100.0%</b>	<b>21,222</b>	<b>100.0%</b>	<b>18,917</b>	<b>100.0%</b>	<b>17,427</b>	<b>100.0%</b>	<b>13,686</b>	<b>100.0%</b>	<b>12,130</b>	<b>100.0%</b>
<b>PROFIT AND LOSS ACCOUNT</b>												
Turnover - net	16,448	100.0%	22,374	100.0%	19,293	100.0%	17,124	100.0%	15,266	100.0%	15,549	100.0%
Cost of Sales	(14,171)	86.2%	(18,217)	81.4%	(15,632)	81.0%	(13,491)	78.8%	(11,897)	77.9%	(12,605)	81.1%
Gross Profit	2,278	13.8%	4,157	18.6%	3,661	19.0%	3,633	21.2%	3,369	22.1%	2,944	18.9%
Distribution Costs	(197)	1.2%	(253)	1.1%	(216)	1.1%	(186)	1.1%	(249)	1.6%	(199)	1.3%
Administrative Expenses	(773)	4.7%	(754)	3.4%	(814)	4.2%	(742)	4.3%	(573)	3.8%	(476)	3.1%
Other Income	1,408	8.6%	1,528	6.8%	1,446	7.5%	3,096	18.1%	1,168	7.7%	898	5.8%
Other Charges	(327)	2.0%	(335)	1.5%	(264)	1.4%	(346)	2.0%	(733)	4.8%	(217)	1.4%
<b>Operating Profit</b>	<b>2,389</b>	<b>14.5%</b>	<b>4,344</b>	<b>19.4%</b>	<b>3,813</b>	<b>19.8%</b>	<b>5,455</b>	<b>31.9%</b>	<b>2,982</b>	<b>19.5%</b>	<b>2,950</b>	<b>19.0%</b>
Finance Costs	(17)	0.1%	(10)	0.04%	(9)	0.05%	(9)	0.05%	(4)	0.03%	(5)	0.03%
<b>Profit Before Taxation</b>	<b>2,372</b>	<b>14.4%</b>	<b>4,335</b>	<b>19.4%</b>	<b>3,804</b>	<b>19.7%</b>	<b>5,447</b>	<b>31.8%</b>	<b>2,979</b>	<b>19.5%</b>	<b>2,945</b>	<b>18.9%</b>
Taxation	(504)	3.1%	(1,180)	5.3%	(1,118)	5.8%	(1,481)	8.6%	(800)	5.2%	(796)	5.1%
<b>Profit After Taxation</b>	<b>1,867</b>	<b>11.4%</b>	<b>3,155</b>	<b>14.1%</b>	<b>2,686</b>	<b>13.9%</b>	<b>3,966</b>	<b>23.2%</b>	<b>2,178</b>	<b>14.3%</b>	<b>2,149</b>	<b>13.8%</b>

# SIX YEARS' RATIO ANALYSIS

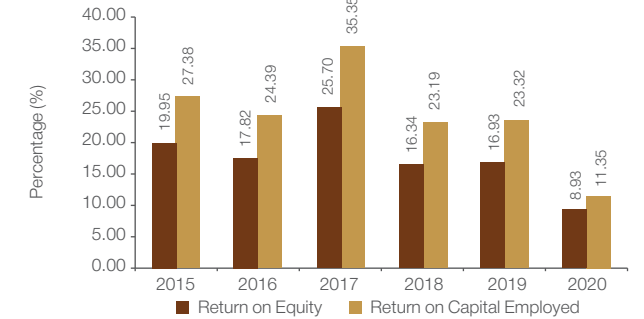
	2020	2019	2018	2017	2016	2015	
<b>Profitability Ratios</b>							
Gross Profit	%	13.85	18.58	18.98	21.22	22.07	18.93
EBITDA Margin to Sales	%	17.34	20.63	20.79	32.61	20.30	19.72
Net Profit Margin	%	11.35	14.10	13.92	23.16	14.27	13.82
Return on Equity	%	8.93	16.93	16.34	25.70	17.82	19.95
Return on Capital Employed	%	11.35	23.32	23.19	35.35	24.39	27.38
<b>Liquidity Ratios</b>							
Current Ratio	times	4.20	4.82	4.67	5.84	5.71	5.43
Quick Ratio	times	2.35	2.59	3.02	4.33	3.75	3.67
Cash to Current Liabilities	times	1.00	0.64	0.54	2.49	2.78	2.65
Cash Flow from Operations to Sales	times	0.13	0.02	0.07	0.10	0.05	0.13
<b>Activity/Turnover Ratios</b>							
Inventory Turnover	times	2.53	3.80	4.55	4.75	4.70	4.68
Inventory Turnover	days	144.10	96.07	80.18	76.81	77.61	77.99
Inventory Turnover - Finished Goods	times	21.80	31.71	31.10	27.89	33.36	35.54
Inventory Turnover - Finished Goods	days	16.74	11.51	11.74	13.09	10.94	10.27
Inventory Turnover - Raw Material	times	2.39	3.87	4.85	5.27	5.29	4.86
Inventory Turnover - Raw Material	days	152.56	94.35	75.21	69.23	68.96	75.07
Debtors Turnover	times	7.88	13.48	17.32	19.25	16.62	17.85
Average Collection Period	days	46.31	27.07	21.07	18.96	21.96	20.45
Creditors Turnover	times	17.44	28.19	29.93	50.12	49.29	38.02
Payable Turnover	days	20.92	12.95	12.20	7.28	7.41	9.60
Operating Cycle	days	169.48	110.19	89.06	88.49	92.16	88.83
Total Assets Turnover	times	0.68	1.05	1.02	0.98	1.12	1.28
Fixed Assets Turnover	times	5.00	9.82	13.54	16.64	23.12	25.60
<b>Investment/Market Ratios</b>							
Earnings Per Share	Rs.	23.04	38.93	33.15	48.95	26.89	26.52
Price Earnings Ratio	times	14.10	9.35	14.41	12.38	10.53	10.76
Cash Dividend Per Share	Rs.	5.00	8.00	13.50	19.75	10.00	12.50
Dividend Yield	%	1.54	2.20	2.83	3.26	3.53	4.38
Dividend Payout	%	21.70	20.55	40.73	40.35	37.19	47.13
Dividend Cover	times	4.61	4.87	2.46	2.48	2.69	2.12
Market Value Per Share - June 30	Rs.	324.94	364.06	477.53	606.03	283.02	285.43
Market Value Per Share - High	Rs.	395.09	471.98	642.18	702.63	321.99	329.62
Market Value Per Share - Low	Rs.	228.37	347.85	434.11	276.55	230.98	187.33
Market Capitalization	Rs. 000	26,329,859	29,499,749	38,694,212	49,106,556	22,933,085	23,128,367
<b>Capital Structure Ratios</b>							
Breakup Value - Net Assets Per Share - Without Surplus on Revaluation on Fixed Assets	Rs.	257.94	229.93	202.86	190.46	150.90	132.94
Financial Leverage	%	15.38	13.91	13.91	12.92	11.92	12.61
Debt Equity Ratio	%	1.00	0.01	0.01	0.01	0.01	0.02
Interest Cover	times	141.27	443.08	429.85	640.99	780.85	621.18

# GRAPHICAL PRESENTATION OF RATIOS

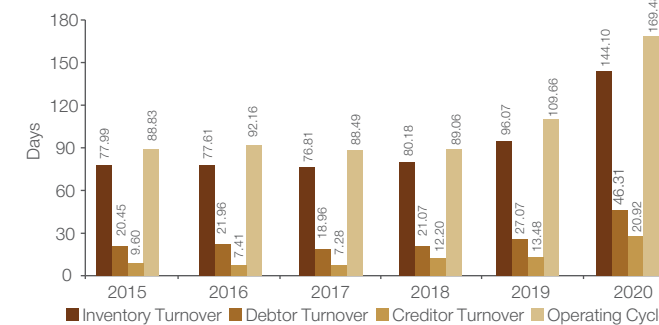
## Profitability Ratios



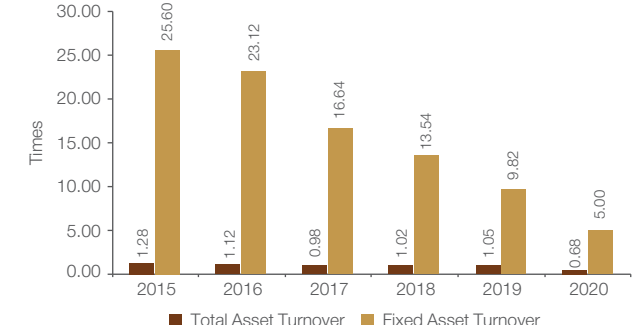
## Profitability Ratios



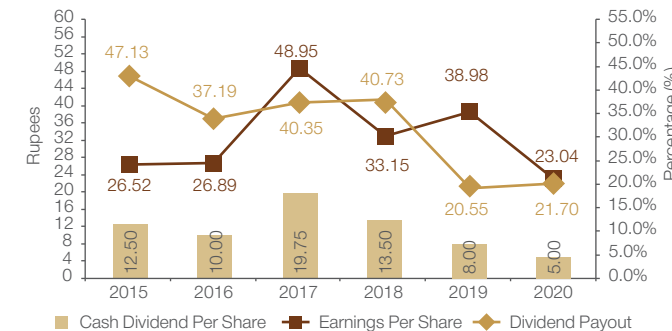
## Activity / Turnover Ratios



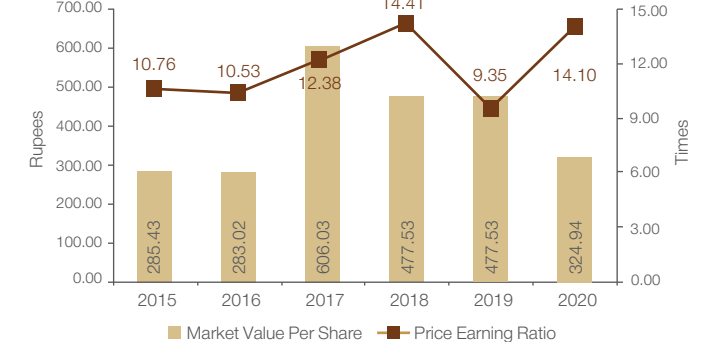
## Activity / Turnover Ratios



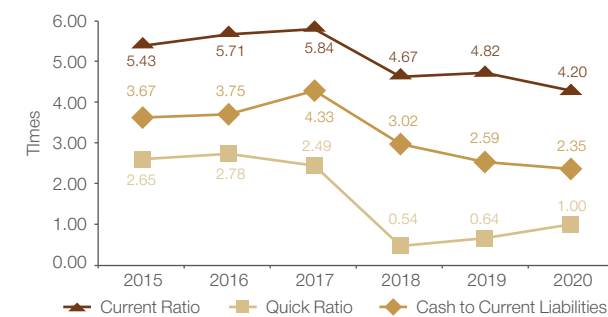
## Investment / Market Ratios



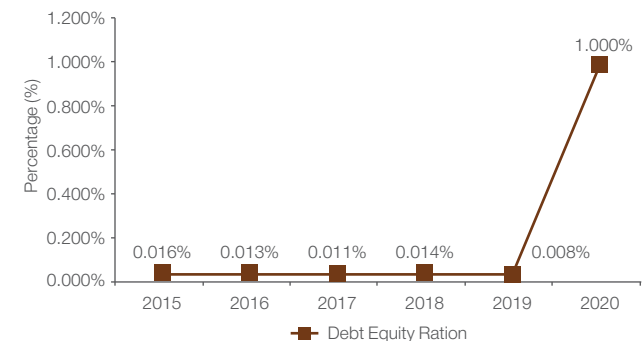
## Investment / Market Ratios



## Liquidity Ratios



## Capital Structure Ratio







# UNLOCKING VALUE

Shareholder Information

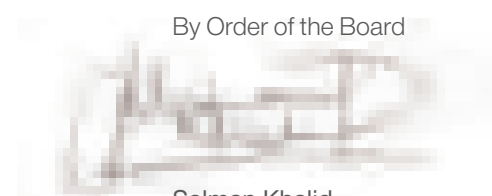
# NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-fourth Annual General Meeting of the Members of the Company will be held on Thursday, October 22, 2020 at 12:00 noon to transact the following business. Due to the current situation caused by COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

## ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Directors' and Auditors' Report thereon.
2. To approve a final cash dividend of 70% (i.e. Rs. 3.50 per share) for the year 2019-20 as recommended by the Board of Directors. This is in addition to the Interim Dividend, of 30% i.e. Rs 1.50 per share already paid. The total dividend for 2019-20 will thus amount to 100% i.e. Rs 5.00 per share.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2021. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

Karachi.  
Dated: September 08, 2020

By Order of the Board  
  
Salman Khalid  
Company Secretary

## NOTES:

1. **Participation in the AGM proceeding via the video conference facility**  
Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only. Shareholders interested to participate in the meeting are requested to share below information at [admin@thallimited.com](mailto:admin@thallimited.com) for their appointment and proxy's verification by or before 5:00 p.m. i.e. October 19, 2020.

Shareholder Name	Folio/CDC No.	CNIC Number	Cell number	Registered Email Address

Video conference link details and login credentials will be shared with those Shareholders whose emails containing all the particulars are received on or before October 19, 2020 at 5:00 p.m.

Shareholders can also provide their comments and questions for the agenda items of the AGM on [admin@thallimited.com](mailto:admin@thallimited.com) by October 19, 2020 at 5:00 p.m.

2. **Closure of Share Transfer Books**  
The Share Transfer Books of the Company will be closed from October 16, 2020 to October 22, 2020 (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 15, 2020 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.
3. **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 alongwith the recent photograph of the shareholders appointed as Proxy.  
  
In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee alongwith his/her recent photograph shall be provided at least 48 hours before the time of the meeting. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website ([www.thallimited.com](http://www.thallimited.com)).
4. **Change of Address**  
The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.
5. **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.
6. **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%.

#### 7. 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 15, 2020, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

#### 8. 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 (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.

The "Electronic Dividend Mandate Form" in English and Urdu is attached in the Annual Report and the same is also available on the Company's website ([www.thallimited.com](http://www.thallimited.com)).

#### 9. 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.

The audited financial statements of the Company for the year ended June 30th, 2020 have been made available on the Company's website ([www.thallimited.com](http://www.thallimited.com)), in addition to annual and quarterly financial statements for the prior years.

#### 10. Transmission / Dispatch of Annual Report through CD

The Company has circulated Annual Financial Statements / Annual Report 2020 to its members through CD at their registered addresses. Printed copy of the same can be provided to the members upon request. The audited financial statements of the company for the year ended June 30, 2020 have been made available on the Company's Website at [www.thallimited.com](http://www.thallimited.com)

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. As a result of reduced project cost, the Company invested a total of USD 17.7 million as equity in SECMC Phase 1, while maintaining 11.9% ordinary shareholding in SECMC. Until such time that SECMC achieves project completion date (as defined under finance documents), the contractual commitments of cost overrun support and debt service reserve account shall remain in place and may be called upon lenders as per terms of the finance documents.

Phase II of SECMC achieved Financial Close on 31 Dec 2019. For Phase II of SECMC, the Board of Directors of Thal Limited approved a total exposure of Pak Rupee equivalent of USD 10.5 million, which includes equity investment of USD 7.9 million, USD 1.3 million for cost over-run and USD 1.2 million for debt servicing reserve (adjustable due to LIBOR/KIBOR movement).

As on 30th June 2020, the Company has invested Rs. 2,365.311 million in SECMC, acquiring 159,602,637 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The Company has issued a stand by letter of credit in favor of lenders for the balance equity commitment of USD 5.5 million for Phase II.

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.

In 1H2020, the global COVID-19 pandemic has adversely affected the timelines for Phase II. The Project Company is now striving to achieve commercial operations date for Phase II in 2022.

#### • Thal Power (Private) Limited

Status update concerning the business in relation to ThalNova Power Thar (Pvt) Limited ("TN") that was approved in the Extra-Ordinary General meeting dated March 22, 2018.

#### Equity Injection, Guarantee and Sponsor Support:

The shareholders in the EGM held on March 22, 2018, had approved Equity Injection of up to USD 58.7 Million (or PKR equivalent) and to arrange a Standby Letter of Credit in an amount not exceeding USD 41.1 Million (or PKR equivalent) securing the Equity Obligation and commercial risk guarantee obligations of up to USD 12.4 million (or PKR equivalent) and sponsor support to be provided by the Company for the benefit of TN for an aggregate amount of up to USD 23.2 Million (or PKR equivalent) as an investment in the form of equity or subordinated debt to cover for funding shortfall/cost overrun that may arise in TN as well as similar support/investment for debt service reserve support up to USD 12.4 million (or PKR equivalent). Such sponsor support 'investments' were to be made as may be required under the Sponsor Support Agreement entered into with the lenders. The Company intends to make these sponsor support investments by way of preference shares and/or ordinary shares and/or through subordinated debt depending on approvals that may be received from the lenders. If through preference shares then the key terms will include a USD return on equity of 11%, which will be cumulative if not paid in full on any payment date and redeemable at the option of the Company.

Information pursuant to Section 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017:

Information Required	Information Required
a) Total investment approved	As above
b) Amount of investment made to date	Equity Injection of USD 11.7 M (in equivalent Pak Rupees)
(c) Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time;	Because of various reason the Financial Close of the TN project has been delayed and is now expected by end September 2020 with Commercial Operations Date expected by 3rd Quarter 2022
(d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	The associated company to-date has received total equity injection of PKR 5.9 billion (or USD 63.4 million) from all shareholders. The associated undertaking issued a limited notice to proceed to the EPC Contractor against a payment of USD 30 million (in PKR equivalent) to commence construction works prior to financial close. The associated company has executed all major project agreements and is in advanced stages of achieving financial close with lenders.

## COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING AS AT JUNE 30, 2020

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
1,383	1	100	49,819
1,298	101	500	340,825
558	501	1000	396,441
902	1001	5000	1,925,363
168	5001	10000	1,216,603
63	10001	15000	803,674
29	15001	20000	508,522
11	20001	25000	236,597
19	25001	30000	541,107
13	30001	35000	423,375
12	35001	40000	453,428
8	40001	45000	340,042
16	45001	50000	763,878
6	50001	55000	319,740
5	55001	60000	290,013
4	60001	65000	254,315
2	65001	70000	135,629
2	70001	75000	144,671
1	75001	80000	75,900
3	80001	85000	249,850
1	85001	90000	88,000
2	90001	95000	185,532
3	95001	100000	296,850
2	100001	105000	204,991
2	105001	110000	212,900
6	115001	120000	710,187
3	120001	125000	367,783
1	125001	130000	127,381
1	130001	135000	130,815
3	135001	140000	412,038
1	140001	145000	143,300
1	145001	150000	146,333
1	150001	155000	154,074
1	165001	170000	168,198
1	170001	175000	173,900
1	175001	180000	176,200
1	190001	195000	191,950
2	195001	200000	400,000
1	200001	205000	200,530
1	210001	215000	212,757
4	220001	225000	889,698
1	225001	230000	227,168
2	235001	240000	478,990
1	245001	250000	248,000
1	255001	260000	256,480
2	280001	285000	561,430
1	300001	305000	304,386
1	305001	310000	305,416
2	315001	320000	634,480

# COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2020

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
5	330001	335000	1,656,860
1	350001	355000	350,896
1	365001	370000	367,334
1	370001	375000	374,668
1	375001	380000	375,800
1	385001	390000	388,231
1	390001	395000	393,098
5	420001	425000	2,108,547
1	425001	430000	426,589
1	430001	435000	433,272
1	440001	445000	444,420
2	485001	490000	975,882
2	495001	500000	995,629
1	585001	590000	585,007
1	600001	605000	601,052
2	605001	610000	1,214,735
1	625001	630000	627,100
2	710001	715000	1,426,303
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	940001	945000	944,800
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	2145001	2150000	2,147,908
1	2890001	2895000	2,894,306
4	3790001	3795000	15,170,103
1	5325001	5330000	5,330,000
1	6360001	6365000	6,360,800
4,607			81,029,909

# COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2020

S. No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
1	Individuals		4,340	18,839,119	23.25
2	Investment Companies		5	4,334	0.01
3	Joint Stock Companies		43	2,143,903	2.65
4	Directors, Chief Executive Officer and Their Spouse and Minor Children		19	5,111,576	6.31
	ALIYA SAEEDA KHAN	1,000			
	ASIF QADIR	5,000			
	ATIQA RAFIQ	733,120			
	JAMILA RAFIQ	961,231			
	IMRAN ALI HABIB	13,703			
	MOHAMMEDALI R. HABIB	1,566,834			
	MUHAMMED SALMAN BURNEY	5,000			
	RAFIQ HABIB	1,340,202			
	SAYYEDA MOHAMED ALI	280,715			
	MUNIZEH ALI HABIB	200,530			
	MUHAMMAD TAYYAB AHMED TAREEN	1,000			
	KHALIDA TAREEN	3,241			
5	Executives		5	16,868	0.02
6	Associated Companies, Undertakings and Related Parties		1	375,800	0.46
	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		39	13,506,011	16.67
	Financial Institutions	5,637,718			
	Insurance Companies	7,332,162			
	Modaraba	17,438			
	Pension Funds	518,693			
	<b>Holding 5% or more voting interest</b>				
	JUBILEE LIFE INSURANCE COMPANY LIMITED	6,360,800			
	NATIONAL BANK OF PAKISTAN	5,330,000			
9	Mutual Funds		49	6,564,745	8.10
	GOLDEN ARROW SELECTED STOCKS FUND	4,149			
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	714,800			
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	33,100			
	CDC - TRUSTEE PICIC INVESTMENT FUND	82,800			
	CDC - TRUSTEE PICIC GROWTH FUND	107,600			
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	82,400			
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	248,000			



# COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2020

S. No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	27,650			
	CDC - TRUSTEE AKD INDEX TRACKER FUND	7,871			
	CDC - TRUSTEE AKD OPPORTUNITY FUND	176,200			
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	444,420			
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	433,272			
	CDC - TRUSTEE NBP STOCK FUND	426,589			
	CDC - TRUSTEE NBP BALANCED FUND	11			
	CDC - TRUSTEE APF-EQUITY SUB FUND	19,000			
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	50,000			
	CDC - TRUSTEE HBL - STOCK FUND	143,300			
	CDC - TRUSTEE HBL MULTI - ASSET FUND	13,000			
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	98,900			
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	42,200			
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	27,200			
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	45,900			
	CDC - TRUSTEE ABL STOCK FUND	191,950			
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1,650			
	CDC - TRUSTEE LAKSON EQUITY FUND	45,550			
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	42,450			
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	10,950			
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	16,500			
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	99,050			
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	27,950			
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	69,678			
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	103,250			
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	84,650			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,147,908			
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	12,950			
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1,000			
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1,500			
	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	138,700			

# COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2020

S. No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	121,800			
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	31,466			
	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	33,300			
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	14,650			
	CDC - TRUSTEE LAKSON TACTICAL FUND	6,616			
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	19,450			
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	7,201			
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	200			
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	28,000			
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	2,114			
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	75,900			
10	Foreign Investors		28	32,271,930	39.83
	Holding 5% or more voting interest				
	ASAD LIMITED	7,517,613			
	ALI REZA LIMITED	7,561,504			
	MUSTAFA LIMITED	8,282,214			
	SHAKIR LIMITED	5,397,558			
11	Co-Operative Societies		2	6,814	0.01
12	Charitable Trust		16	1,121,199	1.38
13	Others		59	763,224	0.94
	<b>TOTAL</b>		<b>4,607</b>	<b>81,029,909</b>	<b>100.00</b>

Details of trading in Company's shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor children has traded in the shares of the Company during the year, except for the following:

Name	Designation	Buy	Sell
Mr. Muhammad Tayyab Ahmad Tareen	Director & Chief Executive	1,000	-



# **POSITIVELY CHARGED**

**Financial Statements**

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Thal Limited (The Company)  
Year ended: June 30, 2020

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

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

a. Male	6
b. Female	1

2. 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. Mohamedali R. Habib Mr. Imran Ali Habib Mr. Salman Burney
c. Executive Director	Mr. Muhammad Tayyab Ahmad Tareen

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

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

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

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

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

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

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

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

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

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

a. <b>Audit Committee</b>		
Mr. Asif Qadir		Chairman
Mr. Mohamedali R. Habib		Member
Mr. Imran Ali Habib		Member
Mr. Salman Burney		Member

b. <b>Human Resource and Remuneration Committee</b>		
Mr. Asif Qadir		Chairman
Mr. Salman Burney		Member
Mr. Muhammad Tayyab Ahmad Tareen		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	5 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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

18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanations for not rounding up the fractional number under Regulation 6(1) and for not carrying out Directors' Orientation Program under Regulation 18 are as follows:

a. In a Board comprising 7 members, one-third works out to 2.33. Since the fraction is below half (i.e. 0.5), the fraction contained in such one-third is not rounded up to one. Further, the Company has enough experienced and well reputed independent directors on the Board who perform and carry out their responsibilities diligently.

b. The Directors' Orientation Program was planned during the fourth quarter of the financial year, however, due to COVID-19 it is now being planned in the near future.



RAFIQ M HABIB  
CHAIRMAN



MUHAMMAD TAYYAB  
AHMAD TAREEN  
DIRECTOR

Karachi  
September 08, 2020



EY Ford Rhodes  
Chartered Accountants  
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## 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Thal Limited** (the Company) for the year ended **30 June 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

**Chartered Accountants**

**Place:** Karachi

**Date:** 23 September 2020

# STANDALONE FINANCIAL STATEMENTS

- AUDITORS' REPORT TO THE MEMBERS
- STANDALONE FINANCIAL STATEMENTS



EY Ford Rhodes  
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## 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 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 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 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 statement 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.

*RS*



Following are the Key audit matter(s):

<p>The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March to May 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.</p> <p>The Company's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of production, sales and operations in its engineering and la nates divisions.</p> <p>In view of the unique nature of these events and its possible impacts on the business operations and financial reporting we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.</p> <p>Please also refer to note 1.4.1 to the financial statements.</p>	<ul style="list-style-type: none"> <li>• We discussed with the senior management about the mpacts of COVID-19 related events on the business operations, financial condition, liquidity and operating performance of the Company.</li> <li>• We identified key financial statement items which may require additional audit considerations due to the COVID-19 related conditions that prevailed during the latter part of the year. In this regard, we considered the recoverability of asset values in the engineering segment which was impacted by the lockdowns imposed by the Government including the fixed assets, inventories and trade receivables of this division.</li> <li>• With regards to the fixed asset values we con ed the revenue stream and profitability of the engineering segment and correlated the same with the book values of the relevant fixed assets.</li> <li>• We checked the sale of the inventories subsequent to the year end to evaluate the realizability of inventory values held at the June 30, 2020. We also matched the inventory quantities held at the year end with the latest production orders received from Original Equipment Manufacturers (OEMs). We assessed the adequacy of allowances for net realizable value made in respect of the inventory held for sale in the after-market.</li> <li>• In respe of trade receivables, we checked the computations for expected credit losses as determined by the management in accordance h the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard.</li> </ul>
---	---

*ea*

<p>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 increasing the capacity of its cement bags line in the Papersack division.</p> <p>Capital expenditures incurred during the year represents a significant transaction and therefore, we have identified the same as a key audit matter.</p>	<p>Our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's process with respect to capital expenditure including project budgeting, execution of contracts and accumulation of cost.</li> <li>• We reviewed the relevant contracts and documents supporting various components of the capitalised cost.</li> <li>• We considered whether the items of cost capitalised, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards.</li> <li>• We evaluated the basis used by the management for depreciation charged in relation to the assets, by considering factors such as the curre useful life estimates and timing of capitalisation.</li> <li>• We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.</li> </ul>
<p><b>3. Revenues</b></p> <p>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.</p> <p>Revenue is recorded in accordance with the requirements of IFRS 15 which provides a 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 o contracts with customers.</p> <p>We identified revenue recognition as a key audit matter due to significant volume of transactions, a sharp decline in certain revenue streams due to COVID-19 related events and the amount of audit efforts in relation to this area.</p> <p>Please refer notes 5.24 and 31 to the unconsolidated financial statements.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We tested controls over revenue recognition and reporting process within each business unit including key IT dependent manual controls and IT general controls for the relevant IT systems used for revenue transaction processi g by the ompany.</li> <li>• 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 the appropriate accounting period.</li> <li>• We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements</li> </ul>

*ea*

### Info Other than the 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 financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 Arsian Khalid.



**Chartered Accountants**

**Place:** Karachi

**Date:** 23 September 2020

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000') -----	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	3,118,492	2,187,780
Intangible assets	8	172,696	90,745
Investment property	9	990	995
Long-term investments	10	5,795,615	5,431,550
Long-term loans	11	1,927,286	861,282
Long-term deposits	12	16,259	14,861
Deferred tax asset	13	204,927	165,194
		<u>11,236,265</u>	<u>8,752,407</u>
<b>Current assets</b>			
Stores, spares and loose tools	14	127,155	124,710
Stock-in-trade	15	5,553,816	5,635,305
Trade debts	16	2,507,538	2,347,946
Loans and advances	17	42,056	21,860
Trade deposits and short-term prepayments	18	186,006	316,623
Interest accrued		15,679	3,699
Other receivables	19	184,579	71,168
Short-term investments	20	3,413,334	2,943,298
Income tax - net		-	93,918
Sales tax refundable		-	300,186
Cash and bank balances	21	849,429	611,509
		<u>12,879,592</u>	<u>12,470,222</u>
<b>TOTAL ASSETS</b>		<u><b>24,115,857</b></u>	<u><b>21,222,629</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		1,000,000	1,000,000
200,000,000 (2019: 200,000,000) ordinary shares of Rs.5/- each	22	405,150	405,150
Issued, subscribed and paid-up capital	22	20,496,003	18,226,309
Reserves	23	20,901,153	18,631,459
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits	24	1,463	1,463
Long-term borrowing	25	149,355	-
		150,818	1,463
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	2,684,480	2,483,601
Accrued mark-up		263	-
Unclaimed dividend		66,197	56,697
Unpaid dividend		45,252	49,409
Current portion of long-term borrowing	25	49,786	-
Lease liabilities	27	8,443	-
Short-term financing	28	145,000	-
Income tax - net	29	22,592	-
Sales tax payable		41,873	-
		<u>3,063,886</u>	<u>2,589,707</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	30		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>24,115,857</b></u>	<u><b>21,222,629</b></u>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000') -----	2019
Revenue - net	31	16,448,479	22,374,364
Cost of sales	32	(14,170,963)	(18,217,120)
<b>Gross profit</b>		<u>2,277,516</u>	<u>4,157,244</u>
Distribution and selling expenses	33	(197,290)	(252,897)
Administrative expenses	34	(773,316)	(753,584)
Other charges	35	(326,672)	(334,600)
		<u>(1,297,278)</u>	<u>(1,341,081)</u>
Other income	36	1,408,276	1,528,284
<b>Operating profit</b>		<u>2,388,514</u>	<u>4,344,447</u>
Finance costs	37	(16,908)	(9,805)
<b>Profit before taxation</b>		<u>2,371,606</u>	<u>4,334,642</u>
Taxation	38	(504,448)	(1,179,977)
<b>Net profit for the year</b>		<u><u>1,867,158</u></u>	<u><u>3,154,665</u></u>
		<u>----- (Rupees) -----</u>	
<b>Basic and diluted earnings per share</b>	39	<u>23.04</u>	<u>38.93</u>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ------(Rupees in '000')-----	2019
Net profit for the year		1,867,158	3,154,665
Other comprehensive income			
Item that will not be reclassified to unconsolidated statement of profit or loss in subsequent periods;			
Gain/(loss) on long-term investments classified at fair value through other comprehensive income (FVOCI)	10	20,768	(69,545)
<b>Total comprehensive income for the year</b>		<b>1,887,926</b>	<b>3,085,120</b>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	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, 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)
First 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
Impact of first time adoption of IFRS 16	-	-	-	(3,145)	-	(3,145)
Deferred tax impact	-	-	-	912	-	912
Balance as at July 1, 2019 - restated	405,150	55,704	15,123,499	2,950,242	94,631	18,629,226
Transfer to general reserve	-	-	2,506,500	(2,506,500)	-	-
Final dividend @ Rs 5.5/- per share for the year ended June 30, 2019	-	-	-	(445,666)	-	(445,666)
Interim dividend @ Rs 1.50/- per share for the year ended June 30, 2020	-	-	-	(121,544)	-	(121,544)
	-	-	-	(567,210)	-	(567,210)
Net Profit for the year	-	-	-	1,867,158	-	1,867,158
Other comprehensive income	-	-	-	-	20,768	20,768
Total comprehensive income for the year	-	-	-	1,867,158	20,768	1,887,926
Reserve on amalgamation of A-One Enterprises (Private) Limited as of June 30, 2020 (note 1.4.2)	-	951,211	-	-	-	951,211
<b>Balance as at June 30, 2020</b>	<b>405,150</b>	<b>1,006,915</b>	<b>17,629,999</b>	<b>1,743,690</b>	<b>115,399</b>	<b>20,901,153</b>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ------(Rupees in '000')-----	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	2,121,912	395,769
Finance costs paid		(16,646)	(9,805)
Leave encashment paid		(2,824)	(4,901)
Income tax paid		(426,759)	(1,185,110)
Long-term loans - net		3,996	3,996
Long-term deposits - net		(1,398)	(2,381)
<b>Net cash generated from / (used in) operating activities</b>		<b>1,678,281</b>	<b>(802,432)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(1,344,878)	(1,042,913)
Addition to intangible assets		(125,075)	(86,148)
Proceeds from disposal of operating fixed assets and intangible assets		13,251	42,938
Net assets acquired on amalgamation of A-One Enterprises (Private) Limited other than cash and cash equivalents		(9,328)	-
Long-term investments made during the year		(404,691)	(562,708)
Short-term investments made during the year		763,362	2,302,164
Long-term loans to subsidiaries - net		(1,068,651)	(76,850)
Dividend income received during the year		968,882	1,333,170
Interest income received during the year		129,323	90,734
<b>Net cash (used in) / generated from investing activities</b>		<b>(1,077,805)</b>	<b>2,000,387</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(6,513)	-
Export Refinance Facility obtained		145,000	-
SBP Refinance Facility for Salaries and Wages obtained		199,141	-
Dividends paid		(561,867)	(882,891)
<b>Net cash used in financing activities</b>		<b>(224,239)</b>	<b>(882,891)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>376,237</b>	<b>315,064</b>
Cash and cash equivalents acquired on amalgamation of A-One Enterprises (Private) Limited	1.4.2	1,021,934	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1,657,208</b>	<b>1,342,144</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	41	<b>3,055,379</b>	<b>1,657,208</b>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

## 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-operative 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 at cost and are not consolidated or accounted for by using equity method of accounting.

## 1.4 Significant events during the year

### 1.4.1 COVID-19

During the year COVID-19 created unprecedented global economic crisis. As a measure to control the spread of virus, non-essential businesses in Pakistan were forced to shut down their operations under the directives of Government of Pakistan. In compliance with the Government directives, the operations of Engineering and Laminates division were at a halt during the lockdown period. In addition, the Papersack division, also experienced a slowdown in momentum in the last quarter of the financial year due to closure of local businesses and global economic downturn resulting from COVID-19. However, the lockdown conditions were lifted in May 2020 and the affected businesses resumed operations from May onwards and are currently operating at normal levels. The management believes that the Company is well capitalized and has sufficient liquidity to absorb the impacts of the COVID-19 related business conditions. In this regard, the management has also reviewed the financial statement items that may be exposed to the impacts of the economic conditions arising from COVID-19 such as recoverable values of inventories, trade receivables and fixed assets relating to the affected businesses. As a result of such review, the carrying values of such assets are considered in line with the requirements of applicable financial reporting standards.

### 1.4.2 Amalgamation of A-One Enterprises (Private) Limited

The Board of directors (the Board) of the Company in a meeting held on April 23, 2020 considered and approved in principle the merger of the Company and its wholly owned subsidiary A-One Enterprises (Private) Limited (A-One) in accordance with the terms of a scheme of amalgamation prepared under the provisions of section 284 to the Companies Act, 2017. In pursuance of the scheme of amalgamation approved by the Board as above, the Securities and Exchange Commission of Pakistan vide its order dated July 24, 2020 sanctioned the scheme effective from June 30, 2020.

Pursuant to this sanction, the entire business of A-One including its assets, liabilities and rights and obligations vested into the Company while the shares of A-One held by the Company stood cancelled. The impact of the arrangement [increase / (decrease)] on the unconsolidated financial statements of the Company is as follows:



Assets (including cash and cash equivalents of Rs. 1,021.934 million)	Rs in '000'
Liabilities	963,116
Equity / Amalgamation reserve	15,136
	951,211

As the above amalgamation represents a transaction between commonly controlled entities, the said transaction is outside the scope of IFRS-3 'Business Combinations' and therefore is accounted for using the pooling of interest method as of the date of amalgamation. Accordingly the assets and liabilities of A-One have been amalgamated in the unconsolidated financial statements of the Company at their net carrying amount as on June 30, 2020. The difference in value of the net assets and cost of investment in A-One recorded in the long term investments of the Company has been recognized in equity under the head 'Reserve on merger of A-One Enterprises (Private) Limited'.

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

## 3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except for investments in shares of listed companies and mutual funds which have been disclosed in the accounting policies below.

3.2 The unconsolidated financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates, assumptions and judgements made by the management that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

	Notes
(a) capitalization of new assets and determining the residual values and useful lives of property, plant and equipment and investment property	5.2, 5.4, 7 & 9
(b) determining the residual values and useful lives impairment of intangibles assets	5.3 & 8
(c) impairment of financial and non-financial assets	5.22
(d) net realizable value estimation for inventories	5.6, 5.7, 14 & 15
(e) allowance for expected credit losses	5.8, 5.22, 16 & 19
(f) provision for tax and deferred tax	5.5, 13, 29 & 38
(g) provision and warranty obligation	5.13 & 26.3
(h) contingencies	5.20 & 30
(i) compensated absences	5.14 & 26
(j) determining the lease term of contracts with renewal and termination options;	5.19.3 & 27
(k) leases - estimating the incremental borrowing rate	5.19.4 & 27

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 New standards, amendments to approved accounting standards and new interpretations

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

#### Standard, Amendment or Interpretation

IFRS 9	- Prepayment Features with Negative Compensation (Amendments)
IFRS 14	- Regulatory Deferral Accounts
IFRS 16	- Leases
IFRS 16	- COVID 19 Related Rent Concessions (Amendments)
IAS 19	- Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	- Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	- Uncertainty over income tax treatments

#### Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	- Business Combinations - Previously held Interests in a joint operation
IFRS 11	- Joint Arrangements - Previously held Interests in a joint operation
IAS 12	- Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	- Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

### 5.1.1 IFRS 16 - Leases

IFRS 16 'Leases' supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions, will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office premises, showrooms and guest house.

The Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

In applying the standard, the Company has recognized lease liability at the date of initial application as present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and a right-of-use asset at its carrying value as if the new standard had always been applied.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The impact of adoption of IFRS 16 as at July 01, 2019 [increase / (decrease)] is as follows:

	Rupees in '000
<b>Assets</b>	
Property, plant and equipment	11,811
Deferred tax asset	912
	<u>12,723</u>
<b>Liabilities</b>	
Lease liabilities	8,443
Current portion of lease liabilities	6,513
	<u>14,956</u>

<b>Equity</b>	
Unappropriated profit	<u>(2,233)</u>
<b>Unconsolidated statement of profit or loss for the year</b>	
Depreciation charge on right-of-use assets	<u>5,906</u>
Interest expense on lease liabilities	<u>2,073</u>
Reversal of deferred tax asset on right of use assets and lease liabilities - net	<u>(176)</u>

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	<b>Rupees in '000</b>
Operating lease commitments as at June 30, 2019	26,091
Impact of discounting	(3,164)
Rentals pertaining to short-term lease exemptions	<u>(7,971)</u>
Lease liabilities at July 01, 2019	<u>14,956</u>
Weighted average incremental borrowing rate as at July 01, 2019	<u>13.86%</u>

## 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 is charged to the unconsolidated statement of profit or loss applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated on straight line method at the rates specified in note 7 to these unconsolidated financial statements. Depreciation 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 unconsolidated 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.

### Right-of-use assets

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

### 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 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 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, if any. Depreciation on investment properties is charged on reducing balance method at the rate specified in note 9 to the financial statements. Depreciation on additions is charged from the month of addition and incase of deletion up to the month of disposal. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred while major repairs and renewals are capitalised. Any gains or losses on disposal of an investment property are recognised in the profit and loss account in the year of disposal. The carrying values of investment properties are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the investment properties are written down to their recoverable amount.

## 5.5 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 Group Taxation under the provisions of section 59B of the Income Tax Ordinance, 2001 as explained in note 29 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 bases 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 credits 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 credits 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.

## 5.6 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 obsolete 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 weighted average cost or Net Realisable Value. The cost is determined as follows:

Raw and packing materials	- Purchase cost
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 (other than financial assets)

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 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.

#### 5.11 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.

#### 5.12 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.

#### 5.13 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. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. 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.

#### 5.14 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.

#### 5.15 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.

#### 5.16 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.

#### 5.17 Unclaimed dividend

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

#### 5.18 Unpaid dividend

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

#### 5.19 Leases

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

##### 5.19.1 Company as a lessee

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

##### 5.19.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable (if any), variable lease payments that depend on an index or a rate (if any), and amounts expected to be paid under residual value guarantees (if any). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company (if any) and payments of penalties for terminating the lease (if any), if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

##### 5.19.3 Determination of the lease term for lease contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

#### 5.19.4 Estimating the incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### 5.20 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 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 measured with sufficient reliability.

#### 5.21 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 (FVOCI); and
- (c) at fair value through profit or loss (FVPL).

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-by-investment 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 FVPL 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.

##### Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (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 FVOCI 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 FVOCI 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 FVPL

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.

##### 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 the statement of 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.

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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.

Amortised 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 the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### 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.

#### 5.22 Impairment of financial and non financial assets

##### 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.

##### Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in statement of profit or loss and other comprehensive income.

#### 5.23 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 (if any).

#### 5.24 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when control of goods have passed to the customer either on the dispatch / acceptance of goods for local sales or on the issuance of bill of lading in case of export sales. The normal credit period ranges between 7 to 120 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 deposit accounts is recognised on accrual basis.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease term.
- Scrap sales are recognised on an accrual basis.
- Claim from customers is recognised as income when the claim is accepted by customer.
- Service income is recognised on a straight line basis over the period that the services are provided.

#### 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 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.

#### 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 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.

#### 5.30 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, AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

The following standards, amendments and improvements 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 Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7 Interest Rate Benchmark Reform (Amendments)	01 January 2020
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 Definition of Material (Amendments)	01 January 2020
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16 Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

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 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 17 Insurance Contracts	January 01, 2021

Note

	2020	2019
	----- (Rupees in '000') -----	

7. **PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	7.1	3,057,278	2,047,233
Capital work-in-progress	7.3	61,214	140,547
		<u>3,118,492</u>	<u>2,187,780</u>

7.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION / AMORTIZATION		WRITTEN DOWN VALUE
	As at July 01, 2019	Additions/ (Transfers) (7.11) (Rupees in '000')	Disposals/ Adjustment (7.1.2) (Rupees in '000')	As at June 30, 2020	
Freehold land	4,362	-	-	-	4,362
Leasehold land	21,829	-	(21,829)	-	-
Right of use asset - lands	-	15,661	-	496	15,165
Right of use asset - office premises	-	11,811	-	5,906	5,905
Factory building	625,590	147,692	-	43,976	513,156
Non factory building	62,486	45,469	(1,029)	2,672	66,902
Railway siding	792	3,424	-	31	3,455
Plant and machinery	2,448,830	1,044,221	-	255,304	2,091,101
Furniture and fittings	29,506	6,626	(199)	1,818	14,181
Vehicles	55,570	7,147	(11,654)	3,574	15,992
Office and mills equipment	157,459	20,760	(1,317)	16,303	88,518
Computer equipment	101,320	71,103	(2,898)	20,524	76,252
Jigs and fixtures	390,325	77,769	-	69,888	162,289
2020	3,898,069	1,451,683	(17,097)	420,492	3,057,278
			(21,829)		

WRITTEN  
DOWN  
VALUE

ACCUMULATED DEPRECIATION / AMORTIZATION

COST

	As at July 01, 2018		Additions/ Transfers (7.1.1)		Disposals/ Transfers		As at June 30, 2019		Rate %	Charge for the year		On disposals/ Transfers		As at June 30, 2019	
	(Rupees in '000')		(Rupees in '000')		(Rupees in '000')		(Rupees in '000')			(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	
Freehold land	5,012	-	-	(650)	4,362	-	-	-	-	-	-	-	-	-	4,362
Leasehold land	21,829	-	-	-	21,829	5	5,672	496	6,168	-	6,168	-	-	15,661	
Factory building	353,686	271,904	-	-	625,590	10	197,285	18,865	216,150	-	216,150	-	-	409,440	
Non factory building	62,486	-	-	-	62,486	7.5-10	35,190	2,730	37,920	-	37,920	-	-	24,566	
Railway sliding	792	-	-	-	792	5	726	4	730	-	730	-	-	62	
Plant and machinery	1,817,118	632,603	(891)	(891)	2,448,830	10-33	973,927	173,433	1,146,646	714	1,146,646	714	1,146,646	1,302,184	
Furniture and fittings	31,935	646	(3,075)	(3,075)	29,506	7.5-20	20,896	1,756	20,108	2,544	20,108	2,544	20,108	9,398	
Vehicles	56,921	5,448	(6,799)	(6,799)	55,570	20	38,325	3,942	38,480	3,787	38,480	3,787	38,480	17,090	
Office and mills equipment	139,964	17,971	(476)	(476)	157,459	10-30	58,885	14,773	73,333	325	73,333	325	73,333	84,126	
Computer equipment	91,381	22,895	(12,738)	(12,738)	101,320	33.33	75,989	11,857	75,384	12,244	75,384	12,244	75,384	25,936	
Jigs and fixtures	247,963	142,362	-	(218)	390,325	33.33	203,405	32,512	235,917	(218)	235,917	(218)	235,917	154,408	
2019	2,829,087	1,093,829	(24,629)	(218)	3,898,069		1,610,300	260,368	1,850,836	19,396	1,850,836	19,396	1,850,836	2,047,233	

7.1.1 Represents transfers to operating fixed assets from capital work-in-progress.

7.1.2 Represents leasehold land which has been recognized as a right of use asset under IFRS-16 'Leases'.

7.1.3 Jigs and fixtures include moulds having written down value of Rs. 86.790 million (2019: Rs 197.750) in the possession of sub-contractors dispersed all over the country.

7.1.4 Operating fixed assets include items having an aggregate cost of Rs.263.822 million (2019: Rs. 259.724 million) which have been fully depreciated and are still in use of the Company.

7.1.5 The following operating fixed assets of the Company have been pledged as security against guarantees issued by commercial banks in respect of the investment by the Company and its wholly-owned subsidiary, Thal Power (Private) Limited, in Sindh Engro Coal Mining Company Limited and ThalNova Power Thar (Private) Limited, respectively.

Mortgage over the following leasehold lands and buildings over leasehold lands:

- Plot number 1,2,25 and 26, Sector 22 Korangi Industrial Area (Thal Engineering Division); and
- Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division).
- An area measuring 1425 Kanals and 8 Marlas comprising of Khasra Nos.1757, 1758, 1765, 1766, 1767, 1768, 1780, 1775, 1777, 1778, 1764, 1779, 1792-1795/1, 1776, 1793, 1794, 1791, situated in Mouza Rakh, Khanpur, Tehsil & District Muzaffargarh.

	2020	2019
	----- (Rupees in '000') -----	
1)	4,494,328	4,494,328
2)	325,144	325,144
3)	4,361,802	4,362,795
	<u>9,181,274</u>	<u>9,182,267</u>

Plant, machinery and equipment of the Company present at the following locations:

- Plot number 1,2,25 and 26, Sector 22 Korangi Industrial Area (Thal Engineering Division);
- Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division);
- Mauza Rakh Khanpur, Tehsil and District Muzaffargarh - Thal Jute Division; and
- Thal Limited Industrial building and machinery situated at Plot bearing number DSU-14, Sector II, Downstream Industrial Estate, Bin Qasim, Karachi (Yazaki Unit).
- An area measuring 1425 Kanals and 8 Marlas comprising of Khasra Nos.1757, 1758, 1765, 1766, 1767, 1768, 1780, 1775, 1777, 1778, 1764, 1779, 1792-1795/1, 1776, 1793, 1794, 1791, situated in Mouza Rakh, Khanpur, Tehsil & District Muzaffargarh.

	2020	2019
1)	874,250	874,250
2)	250,000	250,000
3)	527,922	-
4)	257,591	-
5)	613,209	435,000
	<u>2,522,972</u>	<u>1,559,250</u>

7.1.6 Details of operating fixed assets disposed off during the year and having a net book value of Rs 500,000 or more are as follows:

	As at July 01, 2018	Additions/ Transfers (7.1.1)	Disposals/ Transfers	As at June 30, 2019	Written Accumulated down Cost depreciation value	Sales proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of buyers
	(Rupees in '000')				----- (Rupees in '000') -----				
<b>Non-factory building</b>									
Items having book value upto Rs 500,000	1,029	568	461	-	(461)				
<b>Furniture and fittings</b>									
Items having book value upto Rs 500,000	199	174	25	17	(8)				
<b>Vehicles</b>									
Toyota Altis Grande A/T 1.8	1,183	446	737	737	-			Employees' car scheme	Mr. Mazhar Valjee - Ex-employee
Toyota Corolla XLI	1,702	1,097	605	728	123			Employees' car scheme	Mr. Mazharullah Khan - Ex-Employee
Suzuki Alto VXL	1,261	-	1,261	1,330	69			Employees' car scheme	Ms. Komal Advani - Ex-Employee
Items having book value upto Rs 500,000	7,508	5,440	2,068	9,904	7,836				
<b>Office and mills equipment</b>									
Items having book value upto Rs 500,000	1,317	1,252	65	109	44				
<b>Computer equipment</b>									
Items having book value upto Rs 500,000	2,898	2,635	263	424	161				
2020	<u>17,097</u>	<u>11,612</u>	<u>5,485</u>	<u>13,249</u>	<u>7,764</u>				
2019	<u>24,629</u>	<u>19,614</u>	<u>5,015</u>	<u>42,938</u>	<u>(37,923)</u>				

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

	Note	2020 ----- (Rupees in '000') -----	2019 ----- (Rupees in '000') -----
Cost of sales	32	398,963	250,902
Distribution and selling expenses	33	1,584	2,032
Administrative expenses	34	19,945	7,434
		<u>420,492</u>	<u>260,368</u>

7.3 Capital Work-In-Progress

	Opening balance	Additions during the year	Transfers to operating fixed assets	Closing balance
	----- (Rupees in '000') -----			
Civil Works	41,258	157,418	(182,093)	16,583
Plant and machinery	84,362	960,285	(1,041,346)	3,301
Furniture and fittings	1,379	4,246	(5,625)	-
Office and mills equipment	3,391	38,568	(8,909)	33,050
Computer equipment	7,082	2,381	(9,463)	-
Jigs and fixtures	3,075	29,441	(24,236)	8,280
2020	<u>140,547</u>	<u>1,192,339</u>	<u>(1,271,672)</u>	<u>61,214</u>

	Opening balance	Additions during the year	Transfers to operating fixed assets	Closing balance
	----- (Rupees in '000') -----			
Civil Works	124,661	185,442	(268,845)	41,258
Plant and machinery	18,998	581,143	(515,779)	84,362
Furniture and fittings	49	1,379	(49)	1,379
Vehicles	3,190	-	(3,190)	-
Office and mills equipment	1,349	10,862	(8,820)	3,391
Computer equipment	5,881	10,171	(8,970)	7,082
Jigs and fixtures	37,297	112,459	(146,681)	3,075
2019	<u>191,425</u>	<u>901,456</u>	<u>(952,334)</u>	<u>140,547</u>

7.4 Details of the Company's immovable operating fixed assets are as under:

S. No.	Locations	Land Area (square yards)	Building Covered Area (square feet)
		----- (In '000') -----	
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 Industrial Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrial 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		ACCUMULATED AMORTIZATION		WRITTEN DOWN VALUE
		As at July 01, 2019	Additions	As at June 30, 2020	Disposals	
Softwares		10,881	3,900	14,781	-	4,100
Licenses		35,909	23,570	59,474	(5)	27,422
- Software		71,411	97,605	169,016	-	141,174
- Product	8.2	118,201	125,075	243,271	(5)	172,696
2020		<u>32,100</u>	<u>86,148</u>	<u>118,201</u>	<u>(265)</u>	<u>90,745</u>
2019		<u>10,881</u>	<u>3,900</u>	<u>14,781</u>	<u>-</u>	<u>4,100</u>

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

	Note	2020	2019
----- (Rupees in '000') -----			
Cost of sales	32	34,619	5,223
Distribution and selling expenses	33	849	325
Administrative expenses	34	7,654	4,727
		<u>43,122</u>	<u>10,275</u>

8.2 Represents patent rights and technical services acquired in respect of engineering business.

8.3 Intangible assets include items having an aggregate cost of Rs 19.832 million (2019: Rs 14.141 million) which are fully amortised and still in use of the Company.

## 9. INVESTMENT PROPERTY

	COST			ACCUMULATED DEPRECIATION				
	As at July 01, 2019	Additions/ subsequent expenditures	As at June 30, 2020	As at July 01, 2019	Charge for the year (Note 34)	As at June 30, 2020	Written down value as at June 30, 2020	Depreciation Rate %
----- (Rupees in '000) -----								
Freehold land	891	-	891	-	-	-	891	-
Building on freehold land	694	-	694	590	5	595	99	5
2020	<u>1,585</u>	<u>-</u>	<u>1,585</u>	<u>590</u>	<u>5</u>	<u>595</u>	<u>990</u>	
2019	<u>1,585</u>	<u>-</u>	<u>1,585</u>	<u>583</u>	<u>7</u>	<u>590</u>	<u>995</u>	

9.1 Investment property comprises of godown in Multan. The fair value of which has been determined on the basis of a valuation carried out by an independent valuer, as of June 30, 2020 which amounts to Rs 131.31 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 Company has entered into a long-term agreement with Shabbir Tiles and Ceramics Limited, a related party in respect of investment property. The rental agreement has a remaining lease term of 9 months, with escalation clause upon renewal of contract based on mutual agreement. The rental income from investment property is disclosed in Note 36 to these unconsolidated financial statements.

9.2 Details of the Company's immovable investment property is as under:

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

	Note	2020	2019	2020	2019
		Holding %		----- (Rupees in '000') -----	
<b>Investments in related parties</b>					
<b>Subsidiaries, unquoted – at cost</b>					
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		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited	1.4.2	-	100	-	61,395
Thal Power (Private) Limited		100	100	100	100
Thal Electrical (Private) Limited		100	100	100	100
Thal Boshoku Pakistan (Private) Limited		55	55	379,500	379,500
Makro-Habib Pakistan Limited		100	100	223,885	223,885
Less: Provision for impairment				(223,885)	(223,885)
				<u>-</u>	<u>-</u>
				3,180,009	3,241,404
<b>Associates – at cost</b>					
<b>Quoted</b>					
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
<b>Unquoted</b>					
Sindh Engro Coal Mining Company Limited	10.2	11.9	11.9	2,365,311	1,960,619
				<u>2,445,559</u>	<u>2,040,867</u>
<b>Other investments</b>					
<b>Listed shares - At FVOCI</b>					
Habib Sugar Mills Limited				55,074	55,447
GlaxoSmithKline (Pakistan) Limited				292	160
GlaxoSmithKline Healthcare (Pakistan) Limited				137	97
Dynea Pakistan Limited				88,088	57,181
Allied Bank Limited				13,924	19,095
Habib Bank Limited				6,308	7,376
TPL Properties Limited				6,224	9,923
				<u>170,047</u>	<u>149,279</u>
				<u>5,795,615</u>	<u>5,431,550</u>

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

10.2 This 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 a total of USD 25.6 million to expand the mine to 7.6 mtpa. Phase I of the Project achieved commercial operations in July 2019 and Phase II achieved financial close in Dec 2019. As on the statement of financial position date the Company has invested Rs. 2,365.311 million acquiring 159,602,637 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 5.5 million.



## 11. LONG-TERM LOANS - considered good

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>Employee - secured</b>			
Interest free	11.1	3,996	7,992
Current portion	17	(3,996)	(3,996)
		-	3,996
<b>Subsidiary - unsecured</b>			
Thal Power (Private) Limited	11.2	1,652,286	857,286
Thal Boshoku Pakistan (Private) Limited	11.3	275,000	-
		1,927,286	861,282

11.1 The loan is secured against mortgage of property. The maximum aggregate amount due from the employee at the end of any month during the year was Rs 7.992 million (2019: Rs 11.655 million).

11.2 Represents interest free loan provided to Thal Power (Private) Limited for investment in ThalNova Power Thar (Private) Limited (TNTPL) which is a company developing a coal based power plant. The loan is likely to be converted into equity based on the progress achieved by TNTPL for its underlying project. The maximum aggregate amount due from Thal (Power) Private Limited at the end of any month during the year was Rs 1,652.286 million (2019: Rs 857.286 million).

The Company undertook to invest USD 34.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,534.534 million acquiring 153,453,275 ordinary shares having face value of Rs. 10 each. The balance commitment of the investment is USD 22.6 million in PKR equivalent.

To secure the Company's commitment as above, a commercial bank has issued a guarantee in favour of the Company amounting to Rs 3,729.053 million.

On January 31, 2020 TNTPL received a notice for intimation of Force Majeure Event (FME) from EPC contractors under the EPC contracts due to COVID-19. Subsequently, on February 11, 2020, TNTPL notified Private Power and Infrastructure Board (PPIB) and Central Power Purchasing Agency (Guarantee) Limited (CPPA) regarding the occurrence of FME which has adversely effected the progress of the project. Accordingly, the financial close of TNTPL is expected to be no later than October 31, 2020 and commercial operations on or before March 31, 2021 as per the extended financial close deadline approved by PPIB.

Based on the commitment of the lenders and EPC contractors as well as the progress achieved to date, the management of Company is confident that TNTPL would be able to meet the extended deadline approved by PPIB.

11.3 This carries interest at the rate of 3 month KIBOR + 0.75% per annum and will mature in January 2021. However, the loan is extendable at the option of the subsidiary and considering the financial and cashflow projections, it seems likely that the extension option would be exercised.

## 12. LONG-TERM DEPOSITS

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Utilities	7,918	6,820
Others	8,341	8,041
	16,259	14,861

## 13. DEFERRED TAX ASSET

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Deferred tax asset arising in respect of provisions	445,790	332,664
Deferred tax liability arising due to accelerated tax depreciation allowance	(240,863)	(167,470)
	204,927	165,194

## 14. STORES, SPARES AND LOOSE TOOLS

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>Stores</b>			
- In hand		30,737	30,250
- In transit		847	-
		31,584	30,250
<b>Spares in hand</b>			
Loose tools		169,015	147,325
Less: Provision for obsolescence		122	367
		(73,566)	(53,232)
		127,155	124,710

## 15. STOCK-IN-TRADE

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>Raw material</b>			
- In hand	15.1	4,038,282	4,452,963
- In transit		668,214	496,245
		4,706,496	4,949,208
<b>Work-in-process</b>			
Finished goods		377,192	263,699
Less: Provision for obsolescence		652,073	646,619
		(181,945)	(224,221)
		5,553,816	5,635,305

15.1 Raw materials amounting to Rs 7.706 million (2019: Rs 6.422 million) are held with the sub-contractors.

## 16. TRADE DEBTS

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Considered good	16.1 & 16.2	2,720,944	2,399,686
Allowance for expected credit losses	16.3	(213,406)	(51,740)
		2,507,538	2,347,946

16.1 This includes amount due from the following related parties:

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Indus Motor Company Limited	155,083	660,235
Shabbir Tiles and Ceramics Limited	15,210	17,252
	170,293	677,487

16.2 The maximum aggregate amount due from the related parties at the end of any month during the year is as follows:

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Indus Motor Company Limited		621,327	859,645
Shabbir Tiles and Ceramics Limited		17,756	18,561

16.3 Movement - Allowance for expected credit losses

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Opening balance	51,740	16,284
Charge for the year	162,309	35,456
Bad debts written off during the year	(643)	-
Closing balance	213,406	51,740



	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>17. LOANS AND ADVANCES</b>			
<b>Loans</b>			
Employee - secured	11 & 17.1	3,996	3,996
Makro Habib Pakistan Limited - unsecured	17.2	263,203	264,552
Provision for doubtful loan	17.3	(263,203)	(264,552)
		-	-
		3,996	3,996
<b>Advances - considered good - unsecured</b>			
Suppliers	17.4	37,903	17,106
Employees		157	758
		38,060	17,864
		42,056	21,860

17.1 The maximum aggregate amount due from the employee at the end of any month during the year was Rs 3.996 million (2019: Rs 3.996 million).

17.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs 264.552 million (2019: Rs 264.552 million).

17.3 Movement in provision for doubtful loan is as follows:

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Opening balance		264,552	264,552
Reversal of provision during the year	17.3.1	(1,349)	-
Closing balance		263,203	264,552

17.3.1 During the year, MHPL repaid loan amounting to Rs. 1.349 million resulting in the reversal of provision.

17.4 Includes advances amounting to Rs.10.132 million paid to the collector of customs which shall be adjusted against actual invoices raised.

## 18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>Trade deposits</b>			
Tender / performance guarantee		487	23,690
Margin against letter of credit		71,963	255,525
Deposit against custom duty		7,182	7,182
Container deposits	18.1	58,405	6,977
		138,037	293,374
<b>Short-term prepayments</b>			
Insurance	18.2	19,719	11,665
Others		28,250	11,584
		47,969	23,249
		186,006	316,623

18.1 These deposits are interest free.

18.2 This includes prepaid insurance amounting to Rs 14.963 million (2019: 9.866 million) paid to Habib Insurance Company Limited, a related party.

## 19. OTHER RECEIVABLES

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Tooling income receivable		45,190	61,179
Duty drawback		2,413	2,971
Custom duty reimbursable	26.2	126,286	-
Receivable from Workers' Profit Participation Fund	19.1	2,937	-
Receivable under group taxation from Makro Habib Pakistan Limited	29	5,866	-
Receivable under group taxation from A-One Enterprises (Private) Limited		-	4,089
Others	19.2	1,887	2,929
		184,579	71,168

### 19.1 Workers' Profit Participation Fund (WPPF)

Opening balance		(6,332)	(1,255)
Interest on funds utilised in the Company's business		(1,096)	(224)
Allocation for the current year	35	(126,563)	(231,332)
		(133,991)	(232,811)
Paid during the year		136,928	226,479
Closing balance		2,937	(6,332)

### 19.2 This includes receivable from the following related parties:

Noble Computer Services (Private) Limited		804	-
Habib Metro Pakistan (Private) Limited		110	287
Pakistan Industrial Aids (Private) Limited		701	-
		1,615	287

### 19.3 The maximum aggregate amount due from related parties at the end of any month during the year is as follows:

Noble Computer Services (Private) Limited		1,241	1,534
Habib Metro Pakistan (Private) Limited		110	-
Pakistan Industrial Aids (Private) Limited		701	-

## 20. SHORT-TERM INVESTMENTS

### At amortised cost

Term deposit receipts (TDRs)	20.1 & 20.2	2,205,950	1,045,699
Accrued interest		6,219	3,395
		2,212,169	1,049,094

### At fair value through statement of profit or loss

Atlas Money Market Fund		200,158	101,310
UBL Liquidity Plus Fund		200,171	105,051
NBP Money Market Fund		200,162	510,971
Alfalah GHP Money Market Fund		100,025	204,092
MCB Cash Management Optimizer Fund		100,104	205,648
HBL Cash Fund		200,307	411,758
ABL Cash Fund		200,238	355,374
		1,201,165	1,894,204
		3,413,334	2,943,298

20.1 These carry interest at rates ranging from 6.50% to 9.80% (2019: 12%) per annum having maturity latest by September 2020.

20.2 TDR amounting to Rs. 145.950 million is under lien against a letter of guarantee issued by a commercial bank on Company's behalf.

## 21. CASH AND BANK BALANCES

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Cash in hand		172	451
Bank balances			
Current accounts		188,962	158,076
Deposit accounts	21.1, 21.2 & 21.3	660,295	452,982
		849,257	611,058
		849,429	611,509

21.1 These carry interest at the rate of 6.50% (2019: 12.5%) per annum.

21.2 This includes Rs. 100 million deposited in a separate account for unpaid and unclaimed dividend in accordance with the requirements of Companies Act, 2017 (Act). During the year, interest income amounting to Rs. 0.015 million has been generated from this account. Subsequent to year end the Company has further deposited remaining amount to meet its obligation under the Act.

21.3 This includes a special bank account maintained in respect of security deposit in compliance with the requirements of Companies Act, 2017.

## 22. SHARE CAPITAL

### 22.1 Authorized Capital

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

### 22.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
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

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

## 23. RESERVES

### Capital reserves

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
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
Reserve on merger of A-One Enterprises (Private) Limited	1.4.2	951,211	-
		1,006,915	55,704

### Revenue reserves

General reserve		17,629,999	15,123,499
Unappropriated profit		1,743,690	2,952,475
		19,373,689	18,075,974
Gain on revaluation of investments held at fair value through OCI		115,399	94,631
		20,496,003	18,226,309

## 24. LONG-TERM DEPOSITS

	Note	2020	2019
Related party	24.1	708	708
Others		755	755
		1,463	1,463

24.1 Represents security deposit received from Shabbir Tiles and Ceramics Limited in respect of godown space rented thereto.

## 25. LONG-TERM BORROWING - secured

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
State Bank of Pakistan's (SBP) Refinance Facility for Payment of Salaries and Wages	25.1	199,141	-
Less: Current maturity		(49,786)	-
		149,355	-

25.1 During the year, SBP introduced a temporary Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns to support companies in making the payment of salaries and wages due to economic challenges imposed by COVID-19. This carries interest at the rate of 1.25% per annum and is repayable in eight equal quarterly installments starting from January 2021. The borrowing is secured against a joint Pari Passu hypothecation charge on all present and future stocks, book debts and certain receivables of the Company.

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>26. TRADE AND OTHER PAYABLES</b>			
Creditors	26.1	641,038	655,368
Accrued liabilities and levies		1,001,217	873,708
Additional custom duty provision	26.2	224,786	75,644
Payable to TBPK against group taxation	29.1	50,604	39,215
Payable to MHPL against group taxation		-	754
Salaries payable		22,133	9,506
Warranty obligations	26.3	532,352	487,116
Advances from customers (Contract liabilities)	26.4	29,428	8,084
Initial technical fee payable		-	71,411
Royalty payable	26.5	40,492	104,104
Security deposits		2,272	1,395
Payable to retirement benefit fund		8,166	7,901
Other liabilities	26.6	131,992	149,395
		<u>2,684,480</u>	<u>2,483,601</u>
<b>26.1 This includes amounts due to the following related parties:</b>			
Habib Insurance Company Limited		1,031	846
Noble Computer Services (Private) Limited		148	3,438
Habib Metro Pakistan (Private) Limited		171	2,074
Shabbir Tiles & Ceramics Limited		1,714	-
		<u>3,064</u>	<u>6,358</u>

26.2 During the year, the Federal Board of Revenue vide its SRO dated June 28, 2019 imposed additional custom duty on the imports of certain items specified in the First Schedule to the Customs Act, 1969. The Company aggrieved by the notification is contesting its applicability by filing appeal before the Appellate Tribunal Customs Karachi (ATC) where the hearing is currently pending.

In order to secure the Company's commitment as above, a commercial bank has issued a guarantee in favour of the Company amounting to Rs 109.416 million.

The management, based on the opinion of legal advisor, is confident that the Company would not be liable to pay any amount in respect of this matter. With reference to the above Indus Motor Company Limited (IMC), a related party, committed to reimburse the Company for any outflow that it may incur on account of additional customs duty paid on goods imported for supplies made to IMC. Accordingly, a reimbursement asset is recorded as disclosed in note 19 to the unconsolidated financial statements.

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>26.3 Warranty obligations</b>			
Opening balance		487,116	395,825
Charge for the year		58,106	106,113
Claims paid during the year		(12,870)	(14,822)
Closing balance		<u>532,352</u>	<u>487,116</u>

26.4 Revenue recognised during the period that was included in contract liabilities balance at the beginning of the year amounts to Rs. 8.084 million (2019: Rs. 20.654 million).

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>26.5 Royalty payable</b>			
Opening balance		104,104	87,393
Charge for the year	32.2	91,955	179,910
Paid during the year		(155,567)	(163,199)
Closing balance		<u>40,492</u>	<u>104,104</u>
<b>26.6 Other liabilities</b>			
With holding tax payable		540	1,202
Employees Old-Age Benefits Institution		68,825	62,650
Workers' Profit Participation Fund		-	6,332
Workers' Welfare Fund		50,672	64,561
Others		11,955	14,650
		<u>131,992</u>	<u>149,395</u>
<b>27. LEASE LIABILITIES</b>			
Impact of initial application of IFRS 16		14,956	-
Accretion of interest during the year		2,073	-
Less: Lease rentals paid during the year		(8,586)	-
Closing balance		<u>8,443</u>	<u>-</u>
<b>28. SHORT TERM FINANCING - Secured</b>			

This represents Export Refinance Facility obtained by the Company from a commercial bank. The total amount of the facility is Rs. 359 million. It carries markup at the rate of 3% per annum and is secured against a joint Pari Passu hypothecation charge on all present and future stocks, book debts and certain receivables of the Company. The portion of the facility utilized during the year amounted to Rs 145 million and is repayable within a maximum period of 180 days.

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>29. INCOME TAX - net</b>			
Group Tax Relief adjustments	29.1	683,879	632,681
Group Taxation adjustments	29.2	(20,239)	(15,645)
Income tax provision less tax payments - net	29.3	<u>(686,232)</u>	<u>(523,118)</u>
		<u>(22,592)</u>	<u>93,918</u>

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 a 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 had 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 10 June 2011 and 11 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. In response, 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 during the year amounting to Rs 50.604 million (2019: 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.

29.2 In terms of provision of Section 59AA of Income Tax Ordinance, 2001 (the Ordinance), Thal Limited and certain subsidiaries have irrevocably opted to be taxed as one fiscal unit. Accordingly, the tax transferred by these subsidiaries under group taxation opted by the Company amounted to Rs. 30.553 million (2019: Rs. 18.611 million).

### 30. CONTINGENCIES AND COMMITMENTS

#### 30.1 Contingencies

30.1.1 As of June 30, 2020, the Company has no contingencies other than those disclosed in notes 26.2 and 29.1 to these unconsolidated financial statements.

#### 30.2 Commitments

	Note	2020 ------(Rupees in '000)-----	2019
30.2.1 Post dated cheques have been issued to Collector of Custom		108,275	141,811
30.2.2 Outstanding letters of credit		719,972	616,156
30.2.3 Letter of guarantees issued by banks on behalf of the Company in respect of financial commitments of the Company.	30.2.8	3,960,800	1,402,908
30.2.4 Commitments in respect of raw material		576,655	-
30.2.5 Commitments in respect of capital expenditure		28,655	1,049,042
30.2.6 Commitments for rentals under Ijarah (lease) agreements			
Within one year		32,330	21,642
After one year but not later than five years	30.2.9	33,375	20,344
		65,705	41,986
30.2.7 Commitments in respect of investments are disclosed in notes 10.2 and 11.2 to these unconsolidated financial statements.			
30.2.8 This guarantee is secured by assets disclosed in note 7.1.5 to these unconsolidated financial statements.			
30.2.9 Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs 65.705 million and are payable in monthly installments latest by June 2023. These commitments are secured by on-demand promissory notes of Rs 106.364 million.			

### 31. REVENUE - net

	Note	2020 ------(Rupees in '000)-----	2019
Export sales	31.1	1,211,783	486,907
Local sales	31.2	17,901,484	25,583,127
		19,113,267	26,070,034
Less: Sales tax		(2,659,089)	(3,698,765)
Sales discount		(9,180)	(1,116)
		(2,668,269)	(3,699,881)
Add: Duty drawback		3,481	4,211
		16,448,479	22,374,364

31.1 Export sales are stated net of export related freight and other expenses of Rs. 61.029 million (2019: Rs. 20.836 million).

31.2 Local sales are stated net of freight and other expenses of Rs. 97.997 million (2019: Rs. 110.063 million).

### 32. COST OF SALES

	Note	2020 ------(Rupees in '000)-----	2019
Raw material consumed	32.1	11,550,322	15,813,189
Salaries, wages and benefits		1,558,428	1,513,398
Stores and spares consumed		199,236	225,203
Repairs and maintenance		95,524	102,923
Power and fuel		256,918	216,418
Rent, rates and taxes		2,401	6,874
Vehicle running and maintenance		14,009	14,343
Insurance		12,717	11,918
Communication		8,325	6,366
Travelling and conveyance		10,471	14,158
Entertainment		556	634
Printing and stationery		7,276	8,576
Legal and professional		4,871	3,176
Computer accessories and software maintenance fee		10,173	7,764
Royalty	32.2	91,955	179,910
Depreciation	7.2	398,963	250,902
Amortisation	8.1	34,619	5,223
Research		3,021	8,281
Ijarah rentals		13,081	8,176
Technical assistance fee		12,298	1,286
Others		3,366	2,264
		14,288,530	18,400,982
Work-in-process			
Opening		263,699	226,833
Closing		(377,192)	(263,699)
		(113,493)	(36,866)
<b>Cost of goods manufactured</b>		14,175,037	18,364,116
Finished goods			
Opening		647,999	501,003
Closing		(652,073)	(647,999)
		(4,074)	(146,996)
		14,170,963	18,217,120
32.1 Raw material consumed			
Opening stock		4,949,208	2,586,886
Purchases		11,307,610	18,175,511
Closing stock		(4,706,496)	(4,949,208)
		11,550,322	15,813,189
32.2 Royalty			
Party Name	Registered Address	Relationship with Company or its directors	
Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	44,942 96,037
Furukawa Electric Comapny Limited	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	47,013 83,873
			91,955 179,910

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>33. DISTRIBUTION AND SELLING EXPENSES</b>			
Salaries and benefits		80,536	90,116
Vehicle running expense		5,724	4,951
Utilities		789	1,577
Insurance		1,681	3,202
Rent, rates and taxes		8,394	8,484
Communication		2,134	2,157
Advertisement and publicity		4,094	11,231
Travelling and conveyance		8,109	8,556
Entertainment		270	419
Printing and stationery		567	558
Legal and professional		-	20
Computer accessories		1,003	822
Research and development		29	94
Depreciation	7.2	1,584	2,032
Amortisation	8.1	849	325
Repairs and maintenance		746	2,618
Export expenses		16,313	6,008
Provision for warranty obligations	26.3	58,106	106,113
Ijarah rentals		5,570	3,017
Others		792	597
		<u>197,290</u>	<u>252,897</u>
<b>34. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		434,599	420,916
Vehicle running expense		14,667	14,385
Printing and stationery		3,068	3,838
Rent, rates and taxes		14,889	19,746
Utilities		6,790	6,517
Insurance		1,915	2,015
Entertainment		862	1,226
Subscription		1,447	1,334
Communication		4,239	4,192
Advertisement and publicity		3,475	515
Repairs and maintenance		7,982	7,610
Travelling and conveyance		8,861	16,529
Legal and professional		184,757	160,528
Computer accessories		8,676	5,428
Auditors' remuneration	34.1	5,816	4,972
Depreciation	7.2	19,945	7,434
Depreciation on investment property	9	5	7
Amortisation	8.1	7,654	4,727
Ijarah rentals		15,339	10,280
Charity and donations	34.2 & 34.3	23,716	51,236
Directors' fee and meeting expenses		2,260	2,585
Others		2,354	7,564
		<u>773,316</u>	<u>753,584</u>

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>34.1 Auditors' remuneration</b>			
Audit fee		2,050	2,050
Half-yearly review		325	325
Taxation services		1,117	273
Other certification		1,774	1,720
Out of pocket expenses		550	604
		<u>5,816</u>	<u>4,972</u>
<b>34.2 Charity and donations</b>			
Charity and donations include the following donees in whom directors or their spouses are interested:			
<b>Name of donee</b>	<b>Address of donee</b>	<b>Name of directors/spouse</b>	
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 (late) - Trustee	8,017
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib (late) - Trustee Mr. Mohamedali R. Habib - Trustee	-
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib (late) - Trustee Mr. Mohamedali R. Habib - Trustee	-
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 (late) - Trustee	5,000
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	35
<b>34.3</b>	There are no donees, other than already disclosed in note 34.2 to these unconsolidated financial statements, to whom donations exceed 10% of total donation or Rs 1 million, whichever is higher.		



	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>35. OTHER CHARGES</b>			
Workers' profits participation fund	19.1	126,563	231,332
Workers' welfare fund		33,099	60,662
Allowance for expected credit losses	16.3	162,309	35,456
Exchange loss - net		4,701	7,150
		<u>326,672</u>	<u>334,600</u>
<b>36. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividend income from:			
Related parties			
Indus Motor Company Limited		246,945	647,925
Agriauto Industries Limited		14,809	24,329
Habib Insurance Company Limited		2,868	4,302
Shabbir Tiles and Ceramics Limited		780	1,561
Habib Metro Pakistan (Private) Limited		529,008	402,897
		<u>794,410</u>	<u>1,081,014</u>
Others			
Dynea Pakistan Limited		2,042	5,310
Habib Sugar Mills Limited		5,134	5,134
Allied Bank Limited		1,455	1,455
Habib Bank Limited		326	293
GlaxosmithKline Pakistan Limited		3	3
Mutual Funds		165,512	239,961
		<u>174,472</u>	<u>252,156</u>
Interest on:			
Loan to subsidiary - Thal Boshoku Pakistan (Private) Limited		10,803	-
Deposit accounts		72,732	46,037
Term deposit receipts		59,285	44,803
Government treasury bills		1,307	-
		<u>144,127</u>	<u>90,840</u>
Capital gain on sale of Government treasury bills		61,212	39,081
Loss on revaluation of investments classified at FVPL		(10,207)	(118,525)
Gain / (loss) on disposal of investments classified at FVPL		19,318	74,934
Liabilities no longer payable written back		-	1,332
Reversal of provision for impairment of loan - MHPL		1,349	-
		<u>1,184,681</u>	<u>1,420,832</u>
<b>Income from non financial assets</b>			
Gain on disposal of operating fixed assets and intangibles		7,764	37,740
Rental income	36.1	2,714	4,047
Service income	36.2	32,400	26,201
Scrap sales		22,683	17,134
Claim from customers		157,739	22,315
Insurance claim		295	15
		<u>223,595</u>	<u>107,452</u>
		<u>1,408,276</u>	<u>1,528,284</u>

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>36.1 Maturity analysis of operating lease payments</b>			
The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:			
Within one year		<u>2,714</u>	<u>2,714</u>
<b>36.2</b> The Company has a service agreement with Thal Boshoku Pakistan (Private) Limited. As per the agreement, the Company provides service and support for production, plant maintenance, and engineering, imports, logistics, material handling, sales administration, HR and general administration and financial, corporate, legal and tax advisory.			
	Note	2020	2019
		------(Rupees in '000)-----	------(Rupees in '000)-----
<b>37. FINANCE COSTS</b>			
Interest on:			
- Export Refinance Scheme - Related party		1,881	-
- State Bank of Pakistan's Refinance Scheme for payment of salaries and wages - Related party		183	-
- Short-term running finance		-	800
- Workers' profit participation fund	19.1	1,096	224
- Lease liabilities	27	2,073	-
		<u>5,233</u>	<u>1,024</u>
Bank charges and commission		11,675	8,781
		<u>16,908</u>	<u>9,805</u>
<b>38. TAXATION</b>			
Current		565,656	1,116,699
Prior		(22,387)	37,320
		<u>543,269</u>	<u>1,154,019</u>
Deferred		(38,821)	25,958
	38.1	<u>504,448</u>	<u>1,179,977</u>
<b>38.1 Relationship between income tax expense and accounting profit</b>			
Profit before taxation		<u>2,371,606</u>	<u>4,334,642</u>
Tax at the rate of 29% (2019: 29%)		687,766	1,257,046
Super tax @ nil (2019: 2%) of taxable income		-	88,209
		<u>687,766</u>	<u>1,345,255</u>
Tax effects of:			
Income taxed at reduced rates		(8,570)	(10,491)
Income taxed under Final Tax Regime		(197,781)	(200,585)
Tax effect of inadmissible items		48,252	61,900
Tax credits		(2,832)	(53,422)
Prior year tax		(22,387)	37,320
		<u>504,448</u>	<u>1,179,977</u>

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>39. BASIC AND DILUTED EARNINGS PER SHARE</b>			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Net profit for the year		1,867,158	3,154,665
Weighted average number of ordinary shares of Rs. 5/- each		81,030	81,030
Basic and diluted earnings per share		23.04	38.93
<b>40. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		2,371,606	4,334,642
Adjustments for non-cash charges and other items:			
Depreciation:			
- Right of use assets		6,402	-
- Others		414,095	260,375
Amortisation		43,122	10,275
Finance costs on:			
- Lease liabilities		2,073	-
- Others		14,835	9,805
Interest income		(144,127)	(90,840)
Liabilities no longer payable written back		-	(1,332)
(Gain) / loss on revaluation / redemption / disposal of investments classified at FVPL		(70,323)	4,510
Dividend income		(968,882)	(1,333,170)
Allowance for expected credit losses		162,309	35,456
Provision for retirement benefits		3,089	4,901
Reversal of provision for impairment on loan to MHPL		(1,349)	-
Gain on disposal of operating fixed assets and intangibles		(7,764)	(37,740)
		(546,520)	(1,137,760)
		1,825,086	3,196,882
Decrease / (increase) in current assets			
Stores, spares and loose tools		(2,445)	6,862
Stock-in-trade		81,489	(1,681,391)
Trade debts		(321,901)	(863,674)
Loans and advances		(20,196)	50,836
Trade deposits and short-term prepayments		130,617	(175,305)
Other receivables		(113,411)	(35,557)
Sales tax refundable		342,059	(208,669)
		96,212	(2,906,898)
Increase in current liabilities			
Trade and other payables		200,614	105,785
		2,121,912	395,769
<b>41. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	849,429	611,509
Short-term investments in TDRs	20	2,205,950	1,045,699
		3,055,379	1,657,208

#### 42. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, associates, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year are as under:

Relationship	Nature of transactions	2020	2019
		----- (Rupees in '000) -----	
Subsidiaries	Professional services acquired	154,183	164,107
	Purchase of goods	217	1,072
	Sale of assets	4,413	1,343
	Service fee	32,400	26,201
	Tax profit / loss and challans acquired	60,447	43,924
Associates	Sales of goods	5,961,538	11,419,180
	Insurance premium	42,967	33,255
	Services acquired	8,452	-
	Insurance claim received	3,632	3,607
	Rent received	2,714	354
Employee benefit plans	Contribution to provident fund	42,636	45,562
	Contribution to retirement benefit fund	3,089	7,361

42.1 Transactions with key management personnel are disclosed in note 43 to the unconsolidated financial statements.

42.2 Receivable from and payable to related parties as at June 30, 2020 are disclosed in the respective notes to the unconsolidated financial statements.

42.3 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 (note 42.3.1)	100%	Professional services acquired
2	Pakistan Industrial Aids (Private) Limited	Subsidiary (note 42.3.1)	100%	Sale of goods
3	Makro-Habib Pakistan Limited	Subsidiary (note 42.3.1)	100%	Tax profit and challans acquired
4	Habib METRO Pakistan (Private) Limited	Subsidiary (note 42.3.1)	60%	Dividend received
5	Thal Boshoku Pakistan (Private) Limited	Subsidiary (note 42.3.1)	55%	Service fees, tax loss acquired and loan granted
6	Thal Power (Private) Limited	Subsidiary (note 42.3.1)	100%	Loan disbursed
7	Thal Electrical (Private) Limited	Subsidiary (note 42.3.1)	100%	Advance against issuance of shares
8	Sindh Engro Coal Mining Company Limited	Associate (note 42.3.1)	11.90%	Equity investment
9	Indus Motor Company Limited	Associate (note 42.3.1)	6.22%	Sales of goods
10	Shabbir Tiles and Ceramics Limited	Associate (note 42.3.1)	1.30%	Sales of goods / supplies purchased
11	Habib Insurance Company Limited.	Associate (note 42.3.1)	4.63%	Insurance premium / Insurance claim received
12	Habib Metropolitan Bank Limited	Common directorship (note 42.3.1)	-	Mark-up and bank charges paid / profit received
13	Thal Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
14	Thal Limited - Employees' Retirement Benefit Fund	Retirement benefit fund	-	Contribution made

42.3.1 These entities are associated companies / undertakings of the Company under Companies Act, 2017.

#### 43. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2020			2019		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	48,150	-	277,001	16,320	-	243,097
Bonus	-	-	34,090	3,189	-	54,022
Company's contribution to provident fund	1,687	-	10,780	-	-	10,249
Company's contribution to retirement benefit fund	-	-	5,761	-	-	2,731
Other perquisites	-	-	3,210	-	-	2,977
	<u>49,837</u>	<u>-</u>	<u>330,842</u>	<u>19,509</u>	<u>-</u>	<u>313,076</u>
Number of persons	<u>1</u>	<u>6</u>	<u>46</u>	<u>1</u>	<u>7</u>	<u>44</u>

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

43.2 Five non-executive directors (2019: Five) have been paid fees of Rs 2,260,000 (2019: Rs 2,585,000) for attending board and other meetings.

#### 44. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
<b>Annual Capacity</b>		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	356,000	251,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
<b>Actual Production</b>		
Jute (Metric Tons)	23,226	22,898
Auto air conditioners (Units)	23,053	68,095
Wire harness (Units)	93,365	173,532
Paper bags (Nos. 000s)	124,137	123,545
Alternator (Units)	22,061	56,542
Starter (Units)	22,061	56,542
Reason for shortfall	Low demand	Low demand

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

44.2 The production capacity of laminate operations depends on the relative proportion of various types of products.

#### 45. 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.

**FINANCIAL INSTRUMENTS BY CATEGORY**

2020

	Interest / Mark-up bearing		Non-Interest / Mark-up bearing		Total
	No Maturity/ on demand	Maturity upto one year	No Maturity/ on demand	Maturity upto one year	
(Rupees in '000')					
<b>Financial assets</b>					
<b>Fair value through OCI</b>					
Long-term investments	-	-	170,047	-	170,047
<b>Fair value through profit or loss</b>					
Short-term investments	-	-	1,201,165	-	1,201,165
<b>Amortized cost</b>					
Long term loans	-	275,000	-	1,652,286	1,927,286
Long term deposits	-	-	-	16,259	16,259
Trade debts	-	-	-	2,507,538	2,507,538
Loans and advances	-	-	-	4,153	4,153
Trade deposits	-	-	-	65,587	65,587
Interest accrued	-	-	-	15,679	15,679
Other receivables	-	-	-	184,579	184,579
Short term investments	-	2,205,950	-	6,219	2,212,169
Cash and bank balances	660,295	660,295	189,134	-	849,429
	660,295	2,205,950	1,560,346	1,668,545	9,153,891
<b>Financial liabilities</b>					
<b>Amortized cost</b>					
Long-term deposits	-	-	-	1,463	1,463
Long-term borrowings	-	49,786	149,355	-	199,141
Trade and other payables	-	-	-	-	-
Accrued mark-up	-	-	-	2,652,780	2,652,780
Unclaimed dividend	-	-	-	263	263
Unpaid dividend	-	-	-	-	-
Lease liabilities	-	-	66,197	-	66,197
Short-term financing	-	-	45,252	-	45,252
	-	8,443	8,443	-	8,443
	-	145,000	145,000	-	145,000
	-	203,229	111,449	1,463	3,118,539
	-	352,584	2,653,043	2,765,955	2,765,955

2019

	Interest / Mark-up bearing		Non-Interest / Mark-up bearing		Total
	No Maturity/ on demand	Maturity upto one year	No Maturity/ on demand	Maturity upto one year	
(Rupees in '000')					
<b>Financial assets</b>					
<b>Fair value through OCI</b>					
Long-term investments	-	-	149,279	-	149,279
<b>Fair value through profit or loss</b>					
Short-term investments	-	-	1,894,204	-	1,894,204
<b>Amortized cost</b>					
Long term loans	-	-	-	861,282	861,282
Long term deposits	-	-	-	14,861	14,861
Trade debts	-	-	-	2,347,946	2,347,946
Loans and advances	-	-	-	4,754	4,754
Trade deposits	-	-	-	14,159	14,159
Interest accrued	-	-	-	3,699	3,699
Other receivables	-	-	-	71,168	71,168
Short term investments	-	1,045,699	-	3,395	1,049,094
Cash and bank balances	452,982	452,982	158,527	-	611,509
	452,982	1,045,699	2,202,010	876,143	7,021,955
	-	-	1,498,681	2,445,121	5,523,274
<b>Financial liabilities</b>					
<b>Amortized cost</b>					
Long-term deposits	-	-	-	1,463	1,463
Trade and other payables	-	-	-	2,474,122	2,474,122
Unclaimed dividend	-	-	56,697	-	56,697
Unpaid dividend	-	-	49,409	-	49,409
	-	-	106,106	1,463	2,581,691
	-	-	2,474,122	2,474,122	2,581,691

#### 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments expose it to a variety of financial risks namely operational risk, credit risk and market risk. The Board of Directors oversees policies for managing each of these risks which are summarised below.

##### 47.1 Operational Risk

COVID-19 pandemic has created an unprecedented challenge for Company in terms of Business Continuity Plans. The Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of Company's staff and uninterrupted service to shareholders.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Company's information assets are adequately protected from emerging cyber threats.

##### 47.2 Credit risk

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

The maximum credit risk is equal to the carrying amount of financial assets. For banks and financial institutions, only independently rated parties with reasonable credit rating are accepted. For trade receivables, internal risk assessment process considers the credit risk of the customer, taking into account its financial position, past experience and other factors.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	----- (Rupees in '000) -----	
Long term loans	1,927,286	861,282
Long term deposits	16,259	14,861
Trade debts	2,507,538	2,347,946
Loans and advances	4,153	4,754
Trade deposits	138,037	293,374
Interest accrued	15,679	3,699
Other receivables	55,880	68,197
Short term investments	3,413,334	2,943,298
Cash and bank balances	849,257	611,058
	<u>8,927,423</u>	<u>7,148,469</u>

The credit quality of financial assets other than bank balances and short term investments in TDRs can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses.

The credit quality of Company's bank balances and short term investments in TDRs can be assessed with reference to external credit ratings as follows:

Bank Balances	Rating agency	Rating
Habib Metropolitan Bank	PACRA	A1+
Habib Bank Limited	JCR VIS	A-1+
Bank Al Habib Limited	PACRA	A1+
Industrial and Commercial Bank of China	S&P	A1
Meezan Bank Limited	JCR VIS	A-1+
United Bank Limited	JCR VIS	A-1+
Standard Chartered Bank Limited	PACRA	A1+
National Bank of Pakistan	PACRA	A1+
Al Baraka Bank Pakistan	PACRA	A1
Faysal Bank Limited	PACRA	A1+
Telenor Microfinance Bank Limited	PACRA	A1+

This includes rating assigned by an international rating agency to foreign bank.

##### 47.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk, price risk and liquidity risk.

##### 47.3.1 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies.

	2020	2019
	----- (FCY in '000) -----	
<b>USD</b>		
Bank balances	391	235
Trade receivables	131	481
Trade and other payables	(1,411)	(165)
	<u>(889)</u>	<u>551</u>
<b>EUR</b>		
Trade and other payables	(553)	(1,232)
<b>JPY</b>		
Trade and other payables	(70,879)	(43,927)
<b>CHF</b>		
Trade and other payables	(27)	(20)

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

	2020	2019
	----- (Rs / FCY) -----	
US Dollars	<u>168.75</u>	<u>164.50</u>
EUR	<u>189.73</u>	<u>186.99</u>
JPY	<u>1.57</u>	<u>1.53</u>
CHF	<u>177.43</u>	<u>168.61</u>



**Sensitivity analysis:**

The following table demonstrates the sensitivity to a reasonably possible change in the foreign 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 before tax ------(Rupees in '000)-----	Effect on equity
2020	+ 10	(37,101)	(26,995)
	- 10	37,101	26,995
2019	+ 10	(21,031)	(15,063)
	- 10	21,031	15,063

**47.3.2 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 loan to Thal Boshoku Pakistan (Private) Limited, cash in deposit accounts and short-term financing.

**Sensitivity analysis:**

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

	Increase / decrease in basis points	Effect on profit before tax
2020		
KIBOR	+ 100	7,903
KIBOR	- 100	(7,903)
2019		
KIBOR	+ 100	4,530
KIBOR	- 100	(4,530)

**47.3.3 Price risk**

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk in respect of its investments in listed shares and mutual funds.

As at the statement of financial position date, the exposure to listed equity securities at fair value was Rs 170.047 million. A decrease of 10% in the fair value of these securities would have an impact of approximately Rs 17.005 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.

**47.3.4 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments.

Through its treasury function, the Company continually monitors its liquidity position and ensures availability of funds by maintaining flexibility in funding by keeping committed credit lines available.

The maturity profile of the Company's liabilities based on contractual maturities is disclosed in note 46 to these financial statements.

**48. CAPITAL RISK MANAGEMENT**

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

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

As of the date of unconsolidated statement of financial position, the Company is financing its operations primarily through equity and working capital.

**49. 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**Fair value hierarchy**

The different levels of fair valuation methods have been defined as follows:

- Quoted prices in active markets for identical assets or liabilities (level 1);
- 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).

	Note	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----					
<b>2020</b>					
<b>Assets</b>					
- Investments carried at fair value through OCI	10	170,047	-	-	170,047
- Investments carried at fair value through profit or loss	20	-	1,201,165	-	1,201,165
		Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----					
<b>2019</b>					
<b>Assets</b>					
- Investments carried at fair value through OCI	10	149,279	-	-	149,279
- Investments carried at fair value through profit or loss	20	-	1,894,204	-	1,894,204

There were no transfers amongst levels during the year.

The market prices of listed shares and mutual fund units have been obtained from Pakistan Stock Exchange and Mutual fund association of Pakistan respectively.

# CONSOLIDATED FINANCIAL STATEMENTS

- AUDITORS' REPORT TO THE MEMBERS
- CONSOLIDATED FINANCIAL STATEMENTS

## 50. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 08, 2020 has approved the following:

- (i) transfer of Rs 1,460 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs 3.50 per share for the year ended June 30, 2020 for approval of the members at the Annual General Meeting to be held on October 22, 2020.

## 51. NUMBER OF EMPLOYEES

Total number of employees

Total number of Company's employees as at June, 30  
Average number of Company's employees during the year

	2020	2019
Total number of Company's employees as at June, 30	4,518	4,074
Average number of Company's employees during the year	4,296	4,325

## 52. GENERAL

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

52.2 Figures have been rounded off to the nearest thousands.

## 53. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on September 08, 2020 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## To the members of Thal Limited

### Opinion

We have audited the annexed consolidated financial statements of Thal Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, 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* 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.

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Following are the Key audit matter(s):

### 1. COVID-19

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March to May 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Group's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of production, sales and operations in certain businesses segments of the Group.

In view of the unique nature of these events and its possible impacts on the business operations and financial reporting we considered this area as a key audit matter to identify specific risks in relation to the consolidated financial statements and designed our audit strategy accordingly.

Please also refer to note 1.4.1 to the financial statements.

- We discussed with the senior management about the impacts of COVID-19 related events on the business operations, financial condition, liquidity and operating performance of the Group.
- We identified key financial statement items which may require additional audit considerations due to the COVID-19 related conditions that prevailed during the latter part of the year. In this regard, we considered the recoverability of asset values in the engineering segment of the Holding Company which was impacted by the lockdowns imposed by the Government including the fixed assets, inventories and trade receivables of this division.
- With regards to the fixed asset values we considered the revenue stream and profitability of the engineering segment of the Holding Company and correlated the same with the book values of the relevant fixed assets.
- We checked the sale of the inventories subsequent to the year end to evaluate the realizability of inventory values held at the June 30 2020. We also matched the inventory quantities held at the year end with the latest production orders received from Original Equipment Manufacturers (OEMs). We assessed the adequacy of allowances for net realizable value made in respect of the inventory held for sale in the after-market.
- In respect of trade receivables, we checked the computations for expected credit losses as determined by the management in accordance with the requirements of IFRS-9 'Financial Instruments'. We evaluated the assumptions used by the management for such estimates including their reasonableness and the supporting economic and historical data used in this regard.

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## 2. Capital expenditure on new contract

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 increasing the capacity of its cement bags line in the Papersack division of its Holding Company.

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 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.

## 3. Revenues

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.

Revenue is recorded in accordance with the requirements of IFRS 15 which provides a 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 significant volume of transactions, a sharp decline in certain revenue streams due to COVID-19 related events and the amount of audit efforts in relation to this area.

Please refer notes 6.25 and 34 to the consolidated financial statements.

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 tested controls over revenue recognition and reporting process within each business unit including key 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

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## 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 Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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



**Chartered Accountants**

**Place:** Karachi

**Date:** 23 September 2020

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 ------(Rupees in '000')-----	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	4,223,380	3,365,203
Intangible assets	9	178,827	94,193
Investment properties	10	6,725,717	6,422,476
Long-term investments	11	7,822,309	5,402,004
Long-term loans	12	-	3,996
Long-term deposits	13	20,431	20,961
Long-term prepayments	14	22,501	22,501
Deferred tax asset	15	73,434	139,796
		<u>19,066,599</u>	<u>15,471,130</u>
<b>Current assets</b>			
Stores, spares and loose tools	16	142,151	134,503
Stock-in-trade	17	5,945,770	5,788,036
Trade debts	18	2,639,796	2,431,440
Loans and advances	19	50,181	28,224
Trade deposits and short-term prepayments	20	191,928	331,515
Interest accrued		7,375	7,648
Other receivables	21	203,527	83,559
Short-term investments	22	7,525,548	7,551,952
Sales tax refundable		60,688	357,195
Cash and bank balances	23	1,384,288	1,068,600
		<u>18,151,252</u>	<u>17,782,672</u>
		<u>37,217,851</u>	<u>33,253,802</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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	24,696,764	22,568,368
Equity attributable to shareholders of the Holding Company		25,101,926	22,973,530
Non-controlling interest	26	6,451,573	6,596,482
Total equity		<u>31,553,499</u>	<u>29,570,012</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits	27	328,860	323,777
Long-term borrowings	28	394,638	-
Lease liabilities	29	779,054	-
		<u>1,502,552</u>	<u>323,777</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	30	3,191,560	2,889,070
Accrued markup		6,803	-
Unclaimed dividend		66,197	56,697
Unpaid dividend		45,252	49,409
Current portion of:			
- Long-term borrowings	28	49,786	-
- Lease liabilities	29	103,648	-
Short-term borrowings	31	438,000	274,131
Income tax - net	32	260,554	90,706
		<u>4,161,800</u>	<u>3,360,013</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	33	<u>37,217,851</u>	<u>33,253,802</u>

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000') -----	2019
Revenue - net	34	17,202,937	23,544,641
Cost of sales	35	(15,256,801)	(19,469,021)
<b>Gross profit</b>		<b>1,946,136</b>	<b>4,075,620</b>
Distribution and selling expenses	36	(202,994)	(259,328)
Administrative expenses	37	(1,322,565)	(1,265,361)
Other charges	38	(401,204)	(597,979)
		(1,926,763)	(2,122,668)
Other income	39	3,132,923	2,741,244
<b>Operating profit</b>		<b>3,152,296</b>	<b>4,694,196</b>
Finance costs	40	(172,679)	(24,842)
		2,979,617	4,669,354
Share of net profit of associates and joint venture - after tax	11.1	1,347,214	941,312
<b>Profit before taxation</b>		<b>4,326,831</b>	<b>5,610,666</b>
Taxation	41	(1,095,094)	(1,648,356)
<b>Net profit for the year</b>		<b>3,231,737</b>	<b>3,962,310</b>
Attributable to			
- Equity holders of the Holding Company		2,886,758	3,581,312
- Non-controlling interest		344,979	380,998
		<u>3,231,737</u>	<u>3,962,310</u>
		----- (Rupees) -----	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	42	<u>35.63</u>	<u>44.20</u>

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 ----- (Rupees in '000') -----	2019
Net profit for the year	3,231,737	3,962,310
Other comprehensive income		
Item that will not be reclassified to statement of profit or loss in subsequent periods;		
Share of actuarial loss on remeasurement of defined benefit plans of associates - net of tax	(3,079)	(10,037)
Gain / (loss) on revaluation of equity investments at fair value through other comprehensive income	20,768	(69,545)
	17,689	(79,582)
<b>Total comprehensive income for the year</b>	<b>3,249,426</b>	<b>3,882,728</b>
Attributable to		
- Equity holders of the Holding Company	2,904,447	3,501,730
- Non-controlling interest	344,979	380,998
	<u>3,249,426</u>	<u>3,882,728</u>

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2020

	Share deposit money	RESERVES			Gain on revaluation of investment at fair value through other comprehensive income	Non-controlling interest	Total equity
		Capital reserves	General reserve	Unappropriated profit			
Balance as at June 30, 2018	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)	-	-	(688,755)
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2018	-	-	-	(688,755)	-	-	(202,576)
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(55,520)
Subsidiary company	-	-	-	-	-	(55,520)	(55,520)
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018	-	-	-	-	-	(68,257)	(68,257)
1st Interim dividend @ Rs. 0.502/- per share for the year ended June 30, 2019	-	-	-	-	-	(70,342)	(70,342)
2nd Interim dividend @ Rs. 0.517/- per share for the year ended June 30, 2019	-	-	-	-	-	(74,479)	(74,479)
3rd Interim dividend @ Rs. 0.548/- per share for the year ended June 30, 2019	-	-	-	(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)	-	-	(79,582)
Total comprehensive income for the year	-	-	-	3,571,275	(69,545)	380,998	3,882,728
Balance as at June 30, 2019	12	67,929	15,165,374	7,240,431	94,634	6,596,482	29,570,012
Impact of first time adoption of IFRS 16	-	-	-	(209,753)	-	(137,216)	(346,969)
Deferred tax impact	-	-	-	912	-	-	912
Balance as at July 1, 2019 - restated	12	67,929	15,165,374	7,031,590	94,634	6,459,266	29,223,955
Transfer to general reserve	-	-	2,506,500	(2,506,500)	-	-	-
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2019	-	-	-	(445,666)	-	-	(445,666)
Interim dividend @ Rs. 1.50/- per share for the year ended June 30, 2020	-	-	-	(121,544)	-	-	(121,544)
Subsidiary company	-	-	-	-	-	(46,184)	(46,184)
Final dividend @ Rs. 0.339/- per share for the year ended June 30, 2019	-	-	-	-	-	(91,960)	(91,960)
1st Interim dividend @ Rs. 0.676/- per share for the year ended June 30, 2020	-	-	-	-	-	(108,284)	(108,284)
2nd Interim dividend @ Rs. 0.796/- per share for the year ended June 30, 2020	-	-	-	-	-	(106,244)	(106,244)
3rd Interim dividend @ Rs. 0.781/- per share for the year ended June 30, 2020	-	-	-	(567,210)	-	(352,672)	(919,882)
Net profit for the year	-	-	-	2,886,758	-	344,979	3,231,737
Other comprehensive income	-	-	-	(3,079)	-	-	(17,689)
Total comprehensive income for the year	-	-	-	2,883,679	20,768	344,979	3,249,426
Balance as at June 30, 2020	12	67,929	17,671,874	6,841,559	115,402	6,451,573	31,553,499

Balance as at June 30, 2018

Transfer to general reserve  
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2018  
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019

Subsidiary company  
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018  
1st Interim dividend @ Rs. 0.502/- per share for the year ended June 30, 2019  
2nd Interim dividend @ Rs. 0.517/- per share for the year ended June 30, 2019  
3rd Interim dividend @ Rs. 0.548/- per share for the year ended June 30, 2019

Net profit for the year  
Other comprehensive loss  
Total comprehensive income for the year  
Balance as at June 30, 2019  
Impact of first time adoption of IFRS 16  
Deferred tax impact  
Balance as at July 1, 2019 - restated

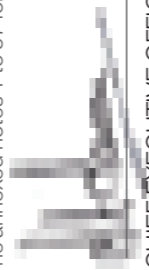
Transfer to general reserve

Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2019  
Interim dividend @ Rs. 1.50/- per share for the year ended June 30, 2020

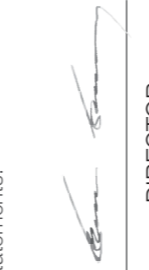
Subsidiary company  
Final dividend @ Rs. 0.339/- per share for the year ended June 30, 2019  
1st Interim dividend @ Rs. 0.676/- per share for the year ended June 30, 2020  
2nd Interim dividend @ Rs. 0.796/- per share for the year ended June 30, 2020  
3rd Interim dividend @ Rs. 0.781/- per share for the year ended June 30, 2020

Net profit for the year  
Other comprehensive income  
Total comprehensive income for the year  
Balance as at June 30, 2020

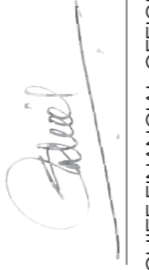
The annexed notes 1 to 57 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000')	2019 (Rupees in '000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	43	3,273,286	1,784,142
Finance costs paid		(153,654)	(24,842)
Retirement benefits paid		(2,262)	(4,901)
Income tax paid		(857,972)	(1,603,224)
Long term loans - net		3,996	5,052
Long term deposit - net		5,613	2,302
Net cash generated from operating activities		2,269,007	158,529
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(1,398,122)	(1,863,718)
Addition to investment property		(118,646)	-
Addition to intangible assets		(130,813)	(86,148)
Proceeds from disposal of property, plant and equipment and investment property		23,065	53,541
Long-term investment made		(1,320,804)	(593,529)
Short term investments - net		404,854	926,629
Dividend income received		789,850	1,113,296
Interest income received		302,552	168,363
Net cash (used in) / generated from investing activities		(1,448,064)	(281,566)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(8,472)	-
Long term borrowings obtained		424,141	-
Short term borrowings - net		163,869	274,131
Dividends paid		(914,539)	(1,151,489)
Net cash used in financing activities		(335,001)	(877,358)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		485,942	(1,000,395)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		3,114,299	4,114,694
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	44	3,600,241	3,114,299

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2020

### 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		Total assets	Total liabilities	Total assets	Total liabilities
			2020 %	2019 %	2020 (Rupees in '000s)	2019 (Rupees in '000s)	2020 (Rupees in '000s)	2019 (Rupees in '000s)
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	213,679	83,494	177,980	62,110
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	34,724	1,331	32,511	1,183
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	31,018	356,520	33,166	351,318
Habib METRO Pakistan (Private) Limited	1.2.4	16-12-2011	60	60	11,079,121	1,670,496	10,196,923	682,070
Thal Boshoku Pakistan (Private) Limited	1.2.5	03-09-2013	55	55	1,791,188	1,033,677	1,444,668	412,236
Thal Power (Private) Limited	1.2.6	03-07-2014	100	100	1,662,352	1,652,826	854,858	859,239
Thal Electrical (Private) Limited	1.2.7	10-04-2019	100	100	75	73	75	23

#### 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 19 September 2015, legal counsel of AWT prayed to the SOP for the restoration and hearing of the Civil Review Petition No 10 / 2010 and same was restored by SOP through an order dated 09 December 2015. Currently, said Review Petition is still pending adjudication before SOP. The legal counsel representing the Company is of the opinion that the Company has a reasonable case on merits, accordingly if the case is decided in Company's favor, it intends to restore the Company's operations and revitalize its business plan by taking into account the current economic and market conditions.

#### 1.2.4 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.

#### 1.2.5 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.

#### 1.2.6 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.

#### 1.2.7 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-operative 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-operative 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.

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

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

## 1.4 Significant events during the year

### 1.4.1 COVID-19

During the year COVID-19 created unprecedented global economic crisis. As a measure to control the spread of virus, non-essential businesses in Pakistan were forced to shut down their operations under the directives of Government of Pakistan. In compliance with the Government directives, the operations of Holding Company's Engineering and Laminates businesses and the operations of Thal Boshoku Pakistan (Private) Limited, Pakistan Industrial Aids (Private) Limited and Noble Computers Services (Private) Limited were at a halt during the lockdown period. In addition, the Papersack business, also experienced a slowdown in momentum in the last quarter of the financial year due to closure of local businesses and global economic downturn resulting from COVID-19. However, the lockdown conditions were lifted in May 2020 and the affected businesses resumed operations from May onwards and are currently operating at normal levels. The management believes that the Group is well capitalized and has sufficient liquidity to absorb the impacts of the COVID-19 related business conditions. In this regard, the management has also reviewed the financial statement items that may be exposed to the impacts of the economic conditions arising from COVID-19 such as recoverable values of inventories, trade receivables and fixed assets relating to the affected businesses. As a result of such review, the carrying values of such assets are considered in line with the requirements of applicable financial reporting standards.

### 1.4.2 Amalgamation of A-One Enterprises (Private) Limited

The Board of directors (the Board) of the Holding Company in a meeting held on April 23, 2020 considered and approved in principle the merger of the Holding Company and its wholly owned subsidiary A-One Enterprises (Private) Limited (A-One) in accordance with the terms of a scheme of amalgamation prepared under the provisions of section 284 to the Companies Act, 2017. In pursuance of the scheme of amalgamation approved by the Board as above, the Securities and Exchange Commission of Pakistan vide its order dated July 24, 2020 sanctioned the scheme effective from June 30, 2020.

Pursuant to this sanction, the entire business of A-One including its assets, liabilities and rights and obligations vested into the Holding Company while the shares of A-One held by the Parent Company stood cancelled.

Since A- One Enterprises (Private Limited) is a wholly owned subsidiary, the amalgamation has no impact on the consolidated financial statements.

## 2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (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 and IFAS have been followed.

## 3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for investments in shares of listed companies, mutual funds, term finance certificates and investments in associates which have been disclosed in the accounting policies below.

3.2 These consolidated financial statements are presented in Pak Rupees which is also the Group'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 Group, 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 these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates, assumptions and judgements made by the management that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

	Notes
• capitalization of new assets and determining the residual values and useful lives of property, plant and equipment and investment property	6.2, 8 & 10
• determining the residual values and useful lives of intangibles assets	6.3 & 9
• impairment of financial and non-financial assets	6, 23
• net realizable value estimation for inventories	6.7, 6.8, 16 & 17
• allowance for expected credit losses	6.9, 6.23, 18 & 21
• provision for tax and deferred tax	6.6, 15, 32 & 41
• provision and warranty obligation	6.14 & 30.4
• contingencies	6.21 & 33
• compensated absences	6.15 & 30
• determining the lease term of contracts with renewal and termination options;	6.2.3 & 29
• leases - estimating the incremental borrowing rate	6.2.4 & 29

### 5.1 Change in accounting estimates

During the year, as a result of annual assessment of the pattern of use of operating fixed assets and investment properties, management of the group identified that the use of straight-line basis of depreciation is more reflective of the pattern of consumption of certain assets. Hence, the method of depreciation has been revised from reducing balance to straight line while the useful life of certain assets have also been revised to bring them in line with the technical estimate of their consumption. This change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The impact of change in accounting estimate for the year ended June 30, 2020 would result in an increase in the depreciation expense by Rs. 102.212 million and the annual depreciation expense for future periods would reduce by Rs. 16.494 million.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 New standards, amendments to approved accounting standards and new interpretations

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:



**Standard, Amendments and Interpretation**

IFRS 9	- Prepayment Features with Negative Compensation (Amendments)
IFRS 14	- Regulatory Deferral Accounts
IFRS 16	- Lease
IFRS 16	- COVID 19 Related Rent Concessions (Amendments)
IAS 19	- Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	- Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	- Uncertainty over income tax treatments

**Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle):**

IFRS 3	- Business Combinations - Previously held Interests in a joint operation
IFRS 11	- Joint Arrangements - Previously held Interests in a Joint operation
IAS 12	- Income Taxes - Income tax consequences of payments on financial instruments
IAS 23	- Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on the accounting policies of the Group except for IFRS 16. The impact of adoption of IFRS 16 is described below:

**6.1.1 IFRS 16 - Leases**

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Group comprises of lease arrangements giving it the right-of-use over lands and other properties used to earn rental income and utilized as office and factory premises.

The Group adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information.

In applying the standard, the Company has recognized lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset on a lease-by-lease basis at either:

- carrying amount as if the new standard had always been applied; or
- an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

Rupees in '000

The impact of adoption of IFRS 16 as at July 01, 2019 [increase / (decrease)] is as follows:

**Assets**

Right-of-use assets	497,563
Deferred tax asset	912
Prepayments	(6,662)
	<u>491,813</u>

**Liabilities**

Lease liabilities	829,043
Current portion of lease liabilities	9,186
Accrued liabilities	(359)
	<u>837,870</u>

**Equity**

Unappropriated profit	<u>(346,057)</u>
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**Consolidated statement of profit or loss**

Depreciation charge on right-of-use assets	<u>35,367</u>
Interest expense on lease liabilities	<u>108,602</u>
Reversal of deferred tax asset on right of use assets and lease liabilities - net	<u>(176)</u>

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

Rupees in '000

<b>Operating lease commitments as at June 30, 2019</b>	<b>2,386,139</b>
Operating lease commitments pertaining to office premises	33,687
Impact of discounting	(1,567,323)
Prepayments	(6,662)
Rentals pertaining to short term lease exemptions	(7,971)
Accrued liabilities	359
<b>Lease liabilities at July 01, 2019</b>	<b><u>838,229</u></b>
<b>Weighted average incremental borrowing rate as at July 01, 2019</b>	<b><u>14.00%</u></b>

**6.2 Property, plant and equipment and investment properties****Operating fixed assets**

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

Depreciation is charged to the statement of profit or loss by applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated on straight line method at the rates specified in note 8 to these consolidated financial statements. Depreciation 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 the consolidated 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 consolidated 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.



#### Investment property

Investment property is stated at cost less accumulated depreciation and impairment, if any. Depreciation on investment properties is charged on straight line method at the rate specified in note 10 to the financial statements. Depreciation on additions is charged from the month of addition and incase of deletion up to the month of disposal. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred while major repairs and renewals are capitalised. Any gains or losses on disposal of an investment property are recognised in the consolidated profit or loss account in the year of disposal. The carrying values of investment properties are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the investment properties are written down to their recoverable amount.

#### Right-of-use assets

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

#### 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 Intangibles 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 Investments in 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.

#### 6.5 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

Depending upon the rights and obligation of the parties to the arrangement, joint arrangements can be classified as either:

##### 6.5.1 Joint ventures

A joint arrangement is classified as a joint venture when the parties to the arrangement that have joint control have rights to the net assets of the joint venture.

The Group measures its interest in the joint venture using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint venture's net assets. The Group's profit or loss includes its share of the joint venture's profit or loss and the Group's other comprehensive income includes its share of the joint venture's other comprehensive income.

##### 6.5.2 Joint operations

A joint arrangement is classified as a joint operation when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operation.

The Group has not made any investment in a joint operation.

#### 6.6 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.

#### 6.7 Stores, spares and loose tools

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obsolete 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 weighted average cost or Net Realisable Value (NRV) determined as follows:

Raw and packing materials	- Purchase cost
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 (other than financial assets)

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 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.

#### 6.12 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.

#### 6.13 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.

#### 6.14 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. When the Group expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. 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.

#### 6.15 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.

#### 6.16 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.

#### 6.17 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.

#### 6.18 Unclaimed dividend

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

#### 6.19 Unpaid dividend

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

#### 6.20 Leases

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

##### 6.20.1 Group as a lessee

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

##### 6.20.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable (if any), variable lease payments that depend on an index or a rate (if any), and amounts expected to be paid under residual value guarantees (if any). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group (if any) and payments of penalties for terminating the lease (if any), if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Group uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

##### 6.20.3 Determination of the lease term for lease contracts with extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

##### 6.20.4 Estimating the incremental borrowing rate.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### 6.21 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 measured with sufficient reliability.

## 6.22 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 (FVOCI); and
- (c) at fair value through profit or loss (FVPL).

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-by-investment 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.

#### Subsequent 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 rate (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 FVPL

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.

### 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 the statement of 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 Group has not designated any financial liability as at fair value through profit or loss.

#### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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.

Amortised 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 the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### 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.

#### 6.23 Impairment of financial and non financial assets

##### 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.

##### Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in statement of profit or loss and other comprehensive income.

#### 6.24 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 (if any).

#### 6.25 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised 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 7 to 120 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 deposit accounts is recognised on accrual basis.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease term.
- Scrap sales are recognised on an accrual basis.
- Claim from customers is recognised as income when the claim is accepted by customer.
- Service income is recognised on a straight line basis over the period that the services are provided.

#### 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 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.

#### 6.29 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.

#### 6.30 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.

#### 6.31 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 standards, amendments and improvements 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 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)	01 January 2020
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 - Definition of Material (Amendments)	01 January 2020
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16 - Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

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 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	01 January 2004
IFRS 17 - Insurance Contracts	01 January 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.

8. **PROPERTY, PLANT AND EQUIPMENT**

	Note	2020 ------(Rupees in '000')-----	2019 ------(Rupees in '000')-----
Operating fixed assets	8.1	4,162,166	3,224,656
Capital work-in-progress	8.3	61,214	140,547
		<u>4,223,380</u>	<u>3,365,203</u>

8.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE			
	As at July 01, 2019	Additions/ Transfers (Note 8.1.1) (Rupees in '000')	Disposals/ Adjustment (8.1.2) (Rupees in '000')	As at June 30, 2020	Rate %		Charge for the year (8.1.2) (Rupees in '000')	As at July 01, 2019	On disposals/ Adjustment (8.1.2) (Rupees in '000')
Freehold land	22,991	-	-	22,991	-	-	-	-	22,991
Leasehold land	210,935	-	210,935	-	-	16,445	16,445	-	-
Right of use asset - lands	-	194,490	-	194,490	5	-	-	7,346	187,144
Right of use asset - office premises	-	21,626	-	21,626	25-33	-	-	9,178	12,448
Factory building	1,001,729	153,717	-	1,155,446	10	219,284	219,284	59,153	877,009
Non factory building	479,408	45,469	1,029	523,848	7.5-10	460,805	460,805	3,028	60,583
Railway siding	792	3,424	-	4,216	5-10	730	730	31	3,455
Plant and machinery	3,109,094	1,060,149	809	4,168,434	7-33	1,377,186	1,377,186	302,680	2,489,377
Furniture and fittings	61,143	8,578	199	69,522	7.5-20	26,670	26,670	8,080	34,946
Vehicles	106,041	15,997	18,104	103,934	20-33	55,632	55,632	12,215	45,339
Office and mills equipment	194,354	28,879	1,454	221,779	10-30	89,204	89,204	32,720	101,226
Computer equipment	133,811	75,909	3,607	206,113	33	94,162	94,162	27,810	87,437
Jigs and fixtures (note 8.1.3)	532,386	85,333	-	617,719	20-33	287,910	287,910	89,598	240,211
2020	5,852,684	1,693,571	25,202	7,310,118		2,628,028	2,628,028	551,839	4,162,166
			210,935					16,445	



	COST		ACCUMULATED DEPRECIATION / IMPAIRMENT		WRITTEN DOWN VALUE			
	As at July 01, 2018	Additions/ Transfers (Note 8.1.1) (Rupees in '000')	Disposals/ write off** / transfers** (Rupees in '000')	As at June 30, 2019		As at July 01, 2018	Charge for the year (Note 8.1.2) (Rupees in '000')	On disposals/ write off* / transfers** (Rupees in '000')
Freehold land	23,641	-	650	22,991	-	-	-	22,991
Leasehold land	210,935	-	-	210,935	4-5	10,773	-	194,490
Factory building	372,714	648,043	*19,028	1,001,729	10	23,001	*6,673	782,445
Non factory building	479,408	-	-	479,408	7.5-10	3,286	-	18,603
Railway sliding	792	-	-	792	5-10	4	-	62
Plant and machinery	2,071,139	1,039,547	1,592	3,109,094	7-33	198,269	1,414	1,731,908
Furniture and fittings	39,980	24,323	3,160	61,143	7.5-20	2,431	2,625	34,473
Vehicles	97,491	23,266	14,716	106,041	20-33	10,417	8,986	50,409
Office and mills equipment	163,372	31,529	547	194,354	10-30	18,008	386	105,150
Computer equipment	112,209	35,083	13,263	133,811	33	15,936	13,167	39,649
			**218				**218	
Jigs and fixtures	297,382	235,004	-	532,386	33.33	44,969	-	244,476
2019	3,869,063	2,036,577	33,928	5,852,684		319,531	26,578	3,224,656
			*19,028			7,563	*6,673	
			**218				**218	

8.1.1 Includes transfers to operating fixed assets from capital work-in-progress (refer note 8.3).

8.1.2 Represents leasehold lands which have been recognized as right of use assets under IFRS-16 'Leases'.

8.1.3 Jigs and fixtures include moulds having written down value of Rs. 86.790 million (2019: Rs 197.750) in the possession of sub-contractors dispersed all over the country.

8.1.4 Operating fixed assets include fully depreciated assets amounting to Rs. 845.207 million (2019: Rs. 831.905 million) which have been fully depreciated and are still in use of the Group.

8.1.5 The following operating fixed assets of the Group have been pledged as security against guarantees issued by commercial banks in respect of the investment by the Group in Sindh Engro Coal Mining Company Limited and ThalNova Power Thar (Private) Limited.

- Mortgage over the following leasehold lands and buildings over leasehold lands:

- Plot number 1,2,25 and 26, Sector 22 Korangi Industrial Area (Thal Engineering Division);
- Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division).
- An area measuring 1425 Kanals and 8 Marlas comprising of Khasra Nos.1757, 1758, 1765, 1766, 1767, 1768, 1780, 1775, 1777, 1778, 1764, 1779, 1792-1795/1, 1776, 1793, 1794, 1791, situated in Mouza Rakh, Khanpur, Tehsil & District Muzaffargarh.

Note	2020	2019
	----- (Rupees in '000') -----	
	4,494,328	4,494,328
	325,144	325,144
	4,361,802	4,362,795
	<u>9,181,274</u>	<u>9,182,267</u>

- Plant, machinery and equipment of the Company present at the following locations:

- Plot number 1,2,25 and 26, Sector 22 Korangi Industrial Area (Thal Engineering Division);
- Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division);
- Mauza Rakh Khanpur, Tehsil and District Muzaffargarh - Thal Jute Division;
- Thal Limited Industrial building and machinery situated at Plot bearing number DSU-14, Sector II, Downstream Industrial Estate, Bin Qasim, Karachi (Yazaki Unit).
- An area measuring 1425 Kanals and 8 Marlas comprising of Khasra Nos.1757, 1758, 1765, 1766, 1767, 1768, 1780, 1775, 1777, 1778, 1764, 1779, 1792-1795/1, 1776, 1793, 1794, 1791, situated in Mouza Rakh, Khanpur, Tehsil & District Muzaffargarh.

	874,250	874,250
	250,000	250,000
	527,922	-
	257,591	-
	613,209	435,000
	<u>2,522,972</u>	<u>1,559,250</u>

8.1.6 Details of operating fixed assets disposed off during the year and having a net book value of Rs 500,000 or more are as follows:

	Written		Sales	Gain/ (loss) on disposal	Mode of disposal	Particulars of buyers
	Accumulated Cost	down value				
------(Rupees in '000)-----						
<b>Non-factory building</b>						
Items having book value upto Rs 500,000	1,029	568	461	-	(461)	
<b>Plant and machinery</b>						
Items having book value upto Rs 500,000	809	809	-	165	165	
<b>Furniture and fittings</b>						
Items having book value upto Rs 500,000	199	174	25	17	(8)	
<b>Vehicles</b>						
Toyota Altis Grande A/T 1.8	1,183	446	737	737	-	Employees' car scheme - Ex-employee Mr. Mazhar Valjee
Toyota Altis Grande A/T 1.8	2,383	1,203	1,180	1,204	24	Employees' car scheme - Ex-employee Mr. Salim Azhar
Toyota Altis Grande A/T 1.8	1,395	591	804	930	126	Employees' car scheme - Ex-employee Mr. Syed Ali Azfar Naqvi
Toyota Altis A/T 1.6	2,579	413	2,166	2,850	684	Employees' car scheme - Ex-employee Mr. Gulsher Khan
Toyota Corolla XLI	1,702	1,097	605	728	123	Employees' car scheme - Ex-employee Mr. Mazharullah Khan
Suzuki Alto VXL	1,261	-	1,261	1,330	69	Employees' car scheme - Ex-employee Ms. Komal Advani
Items having book value upto Rs 500,000	7,601	5,502	2,099	9,950	7,851	
	18,104	9,252	8,852	17,729	8,877	
<b>Office and mills equipment</b>						
Items having book value upto Rs 500,000	1,454	1,371	83	133	50	
<b>Computer equipment</b>						
Items having book value upto Rs 500,000	3,607	3,296	311	511	200	
<b>2020</b>	<b>25,202</b>	<b>15,470</b>	<b>9,732</b>	<b>18,555</b>	<b>8,823</b>	
<b>2019</b>	<b>52,956</b>	<b>33,251</b>	<b>19,705</b>	<b>58,137</b>	<b>38,432</b>	

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

	Note	2020	2019
------(Rupees in '000')-----			
Cost of sales	35	522,382	302,506
Distribution and selling expenses	36	1,594	2,053
Administrative expenses	37	27,863	14,972
		<u>551,839</u>	<u>319,531</u>

8.3 Capital work-in-progress

	Opening	Additions	Transfers to	Closing
	balance	during the year	operating fixed assets	balance
------(Rupees in '000')-----				
Civil Works	41,258	157,418	(182,093)	16,583
Plant and machinery	84,362	960,285	(1,041,346)	3,301
Furniture and fittings	1,379	4,246	(5,625)	-
Office and mills equipment	3,391	38,568	(8,909)	33,050
Computer equipment	7,082	2,381	(9,463)	-
Jigs and fixtures	3,075	29,441	(24,236)	8,280
<b>2020</b>	<b>140,547</b>	<b>1,192,339</b>	<b>(1,271,672)</b>	<b>61,214</b>
------(Rupees in '000')-----				
	Opening	Additions	Transfers to	Closing
	balance	during the year	operating fixed assets	balance
------(Rupees in '000')-----				
Civil Works	325,184	185,442	(469,368)	41,258
Plant and machinery	40,118	581,143	(536,899)	84,362
Furniture and fittings	49	1,379	(49)	1,379
Vehicles	3,190	-	(3,190)	-
Office and mills equipment	1,349	10,862	(8,820)	3,391
Computer equipment	5,881	10,171	(8,970)	7,082
Jigs and fixtures	37,297	112,459	(146,681)	3,075
<b>2019</b>	<b>413,068</b>	<b>901,456</b>	<b>(1,173,977)</b>	<b>140,547</b>

8.4 Details of the Group's immovable fixed assets are as under:

S. No.	Location	Land Area	Building
		(square yards)	Covered Area (square feet)
------(in '000')-----			
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 Industrial 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-6, N.W.I.Z / I / P-133 C, North Western Industrial Zone, Port Qasim Authority, Karachi.	22	193
7	Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Rd. Saddar, Karachi, Sindh.	24	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

8.5 During the year, the Group has revised the useful lives and method of depreciation on certain operating fixed assets. The impact of change in accounting estimate has been disclosed in note 5.1 to these consolidated financial statements.

## 9. INTANGIBLE ASSETS

	Note	COST				ACCUMULATED AMORTIZATION				WRITTEN DOWN VALUE		
		As at July 01, 2019		As at June 30, 2020		As at July 01, 2019		As at June 30, 2020		As at June 30, 2020		
		Additions	Transfers	Disposals	Rate %	Charge for the year	Transfers	Disposals	As at June 30, 2020	As at June 30, 2020		
Softwares Licences		20,174	3,943	-	24,117	33	15,654	2,907	-	-	18,561	5,556
- Software		39,155	29,265	-	(5)	33	19,702	16,619	-	(3)	36,318	32,097
- Product	9.2	71,411	97,605	-	169,016	20-33	1,191	26,651	-	-	27,842	141,174
2020		130,740	130,813	-	(5)		36,547	46,177	-	(3)	82,721	178,827
2019		42,477	88,350	218	(305)		24,956	11,451	218	(78)	36,547	94,193

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

	Note	2020	2019
Cost of sales	35	36,475	5,498
Distribution and selling expenses	36	983	459
Administrative expenses	37	8,719	5,494
		46,177	11,451

9.2 Represents patent rights and technical services acquired in respect of engineering business.

9.3 Intangible assets include items having an aggregate cost of Rs 27.145 million (2019: Rs 21.454 million) which are fully amortised and still in use of the Group.

## 10. INVESTMENT PROPERTIES

Land and building  
Capital work-in-progress - Civil works

	Note	2020	2019
		(Rupees in '000')	(Rupees in '000')
		6,483,280	6,242,246
	10.1	242,437	180,230
	10.2	6,725,717	6,422,476

## 10.1 Land and building

	COST			ACCUMULATED DEPRECIATION / IMPAIRMENT *			Written down value	
	As at July 01, 2019		As at June 30, 2020		As at July 01, 2019		As at June 30, 2020	
	Additions/ Subsequent expenditure	Disposals	Rate %	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	
Freehold Land	974,504	-	-	-	-	-	974,504	
Building and related improvements Equipment	1,684,540	5,664	2.5 - 16	44,943	471,311	516,254	1,173,950	
	211,245	-	6.6 - 20	21,673	121,192	142,865	68,380	
Leasehold Land	1,657,588	-	2.17 - 3.33	48,669	441,133	489,802	1,167,786	
Right of Use Assets - land	-	510,357	2 - 10	26,189	-	26,189	484,168	
Building and related improvements Equipment	3,697,640	29,642	2.5 - 16	144,400	3,727,282	1,277,071	2,450,211	
	507,652	21,133	6.6 - 20	38,010	(52,221)	(50,343)	164,281	
2020	8,733,169	566,796		323,884	(50,343)	2,764,464	6,483,280	
2019	8,773,969	20,007		235,814	(44,700)	2,490,923	6,242,246	
				* 125,807				

10.1.1 Investment properties comprise various properties across Pakistan, the fair value of which has been determined on the basis of valuation carried out by an independent valuer as of June 30, 2020 and June 30, 2018 which amounts to Rs. 0.131 billion and Rs. 20.031 billion respectively. The valuation was carried out on the basis of market intelligence, indexation of the original cost, year of construction, present physical condition and location and lease term of related land. For properties valued in 2018, the management engaged an independent valuer to reassess the fair value and based on desktop valuation, it was determined that there is no material change in the fair value exercised carried out in 2018.

The Group has entered into long-term rental agreements with various tenants in respect of the investment properties. These rental agreements have remaining lease terms ranging from 1 month to 7 years with escalation clauses. As these investment properties are built on leasehold land, the rental income on such properties also includes an element of sublease income estimated to be Rs. 304.57 million (2019: Rs. 283.42 million).

10.1.2 Details of the Group's immovable investment properties are as under:

S.No.	Location	Land Area	Building Covered Area
		(square yards)	(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

10.1.3 The depreciation charge for the year on investment properties are attributable entirely to administrative expenses. (note 37).

	Note	2020	2019
		------(Rupees in '000')-----	
10.2 Capital work in progress - Building, improvements and related equipment			
Opening balance		180,230	102,954
Capital expenditure during the year		99,999	97,283
Transfers to investment property		(56,439)	(20,007)
Advances against capital assets		18,647	-
		<u>242,437</u>	<u>180,230</u>

10.3 During the year, the Group has revised the useful lives and method of depreciation on investment properties. The impact of change in accounting estimate has been disclosed in note 5.1 to these consolidated financial statements.

## 11. LONG-TERM INVESTMENTS

	Note	2020		2019	
		Holding %	Rupees in '000	Holding %	Rupees in '000
Investment in associates - stated as per equity method					
<b>Quoted associates</b>	11.2				
<b>Indus Motor Company Limited</b>					
Opening balance			2,234,023		2,029,092
Share of profit after tax			316,171		853,259
Share of actuarial gain / (loss) on remeasurement of defined benefit plan - net of tax			31		(403)
Dividend received during the period			(246,945)		(647,925)
Closing balance		6.22	<u>2,303,280</u>	6.22	<u>2,234,023</u>
[Market value Rs. 4,865.501 million (2019: Rs. 5,887.169 million)]					
<b>Habib Insurance Company Limited</b>					
Opening balance			55,518		64,704
Share of profit after tax			3,075		4,750
Share of actuarial loss on remeasurement of defined benefit plan - net of tax			(3,110)		(9,634)
Dividend received during the period			(2,868)		(4,302)
Closing balance		4.63	<u>52,615</u>	4.63	<u>55,518</u>
[Market value Rs. 57.067 million (2019: Rs. 51.676 million)]					
<b>Agriauto Industries Limited</b>					
Opening balance			379,932		331,545
Share of profit after tax			(7,966)		72,716
Dividend received during the period			(14,809)		(24,329)
Closing balance		7.35	<u>357,157</u>	7.35	<u>379,932</u>
[Market value Rs. 385.039 million (2019: Rs. 423.035 million)]					
<b>Shabbir Tiles &amp; Ceramics Limited</b>					
Opening balance			26,550		23,884
Share of (loss) / profit after tax			(1,648)		4,227
Dividend received during the period			(780)		(1,561)
Closing balance	11.3	1.30	<u>24,122</u>	1.30	<u>26,550</u>
[Market value Rs. 24.910 million (2019: Rs. 32.121 million)]					
			<u>2,737,174</u>		<u>2,696,023</u>
<b>Un-quoted associates</b>					
<b>Sindh Engro Coal Mining Company Limited (SECMC)</b>	11.6				
Opening balance			1,966,892		1,398,011
Investment made during the year			404,692		562,608
Share of profit after tax			1,037,075		6,273
Closing balance		11.90	<u>3,408,659</u>	11.90	<u>1,966,892</u>
			<u>6,145,833</u>		<u>4,662,915</u>

Note	2020		2019	
	Holding %	Rupees in '000	Holding %	Rupees in '000
<b>Joint Ventures</b>				
ThalNova Power Thar (Private) Limited (TNTPL) 11.7				
Opening balance		589,810		558,802
Investment made during the year		916,112		30,921
Share of profit after tax		507		87
Closing balance	26	1,506,429	26	589,810
<b>TOTAL OF ASSOCIATES AND JOINT VENTURE</b>		<b>7,652,262</b>		<b>5,252,725</b>
<b>Listed shares - at fair value through other comprehensive income</b>				
Habib Sugar Mills Limited		55,074		55,447
GlaxoSmithKline (Pakistan) Limited		292		160
GlaxoSmithKline Healthcare (Pakistan) Limited		137		97
Dynea Pakistan Limited		88,088		57,181
Allied Bank Limited		13,924		19,095
Habib Bank Limited		6,308		7,376
TPL Properties Limited		6,224		9,923
		170,047		149,279
<b>TOTAL</b>		<b>7,822,309</b>		<b>5,402,004</b>

#### 11.1 Share of profit after tax of associates and joint venture

##### Associates

Indus Motor Company Limited  
Habib Insurance Company Limited  
Agriauto Industries Limited  
Shabbir Tiles and Ceramics Limited  
Sindh Engro Coal Mining Company Limited

##### Joint venture

ThalNova Power Thar (Private) Limited

	2020	2019
	----- (Rupees in '000) -----	
Indus Motor Company Limited	316,171	853,259
Habib Insurance Company Limited	3,075	4,750
Agriauto Industries Limited	(7,966)	72,716
Shabbir Tiles and Ceramics Limited	(1,648)	4,227
Sindh Engro Coal Mining Company Limited	1,037,075	6,273
	<u>1,346,707</u>	<u>941,225</u>
ThalNova Power Thar (Private) Limited	507	87
	<u>1,347,214</u>	<u>941,312</u>

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 this associate were not available at the reporting date of the Group, therefore the Group used the financial statements of the associate 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 latest available audited / un-audited financial statements is as follows:

Note	2020			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
	----- (Rupees in '000) -----			
<b>March 31, 2020</b>				
<b>Associate</b>				
Shabbir Tiles and Ceramics Limited 11.4.1	5,721,670	3,794,131	7,282,830	(126,249)
<b>June 30, 2020</b>				
<b>Associate</b>				
Indus Motor Company Limited	80,278,564	39,109,173	86,167,016	5,082,027
Agriauto Industries Limited	6,193,774	1,079,634	5,244,651	(108,438)
Habib Insurance Company Limited	3,754,312	2,638,292	782,447	66,413
Sindh Engro Coal Mining Company Limited	112,297,915	82,764,049	35,424,013	8,714,920
<b>Joint venture</b>				
ThalNova Power Thar (Private) Limited	9,104,467	255,909	-	1,948
	2019			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
	----- (Rupees in '000) -----			
<b>June 30, 2019</b>				
<b>Associate</b>				
Indus Motor Company Limited	64,783,062	24,737,753	157,996,212	13,714,975
Agriauto Industries Limited	6,140,763	716,585	10,128,569	1,054,698
Habib Insurance Company Limited	3,214,303	2,036,820	643,006	81,159
Shabbir Tiles and Ceramics Limited	5,586,914	3,482,262	6,933,077	234,341
Sindh Engro Coal Mining Company Limited	79,923,693	62,490,516	-	56,852
<b>Joint venture</b>				
ThalNova Power Thar (Private) Limited	6,843,711	165,433	-	20,083



11.4.1 Since the financial statements of this associate were not available at the Group's reporting date, the financial information is presented of the latest available financial statements i.e March 31, 2020.

	2020	2019
	----- (Rupees in '000) -----	
11.5 Share in contingent liabilities of associated companies	314,666	242,449
Share in commitments of associated companies	3,371,663	1,846,674

11.6 This represents investment in an associate established for the construction of coal mine in Thar, Sindh. Although the Group 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 Group undertook to invest a total of USD 25.6 million to expand the mine to 7.6 mtpa. Phase I of the Project achieved commercial operations in July 2019 and Phase II achieved financial close in Dec 2019. As on the statement of financial position date the Group has invested Rs. 2,365.311 million acquiring 159,602,637 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 5.5 million.

11.7 Represents investment in ThalNova Power Thar (Private) Limited (TNTPL) which is a company developing a coal based power plant in Thar, Sindh. The Group undertook to invest USD 34.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,534.534 million acquiring 153,453,275 ordinary shares having face value of Rs. 10 each. The balance commitment of the investment is USD 22.6 million in PKR equivalent.

The financial year end of the associate is 31 December each year. However, for the purpose of equity method of accounting, the Group has taken the share of profit for the full financial year of the Group i.e July 01, 2019 till June 30, 2020.

To secure the Group's commitment as above, a commercial bank has issued a guarantee in favour of the Group amounting to Rs 3,729.053 million.

On January 31, 2020 TNTPL received a notice for intimation of Force Majeure Event (FME) from EPC contractors under the EPC contracts due to COVID-19. Subsequently, on February 11, 2020, TNTPL notified Private Power and Infrastructure Board (PPIB) and Central Power Purchasing Agency (Guarantee) Limited (CPPA) regarding the occurrence of FME which has adversely effected the progress of the project. Accordingly, the financial close of TNTPL is expected to be no later than October 31, 2020 and commercial operations on or before March 31, 2021 as per the extended financial close deadline approved by PPIB.

Based on the commitment of the lenders and EPC contractors as well as the progress achieved to date, the management of Group is confident that TNTPL would be able to meet the extended deadline approved by PPIB.

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>12. LONG-TERM LOANS - considered good</b>			
Employee - secured			
Interest free loan		3,996	9,048
Current portion	19	(3,996)	(5,052)
	12.1	-	3,996

12.1 The loan is secured against mortgage of property. The maximum aggregate amount due from the employee at the end of any month during the year was Rs 7.992 million (2019: Rs 11.655 million).

2020      2019  
----- (Rupees in '000) -----

<b>13. LONG-TERM DEPOSITS</b>			
Utilities		10,318	9,250
Others		10,113	11,711
		20,431	20,961

<b>14. LONG TERM PREPAYMENT</b>			
Advance rent		50,671	50,671
Provision against advance rent		(28,170)	(28,170)
		22,501	22,501

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

	Note	2020	2019
		----- (Rupees in '000) -----	
<b>15. DEFERRED TAX ASSET - net</b>			
Deductible temporary differences arising:			
- in respect of provisions		557,236	403,967
Taxable temporary differences arising:			
- due to accelerated tax depreciation		(313,158)	(240,832)
- on unrealised gain on investments		(4,699)	(3,168)
- investment in associates		(165,945)	(20,171)
		73,434	139,796

<b>16. STORES, SPARES AND LOOSE TOOLS</b>			
Stores			
- In hand		33,524	33,697
- In transit		847	-
		34,371	33,697
Spares		187,975	153,671
Loose tools		122	367
Less: Provision for obsolescence		(80,317)	(53,232)
		142,151	134,503

<b>17. STOCK-IN-TRADE</b>			
Raw material			
- In hand	17.1	4,390,214	4,559,674
- In transit		699,877	520,207
		5,090,091	5,079,881
Work-in-process		377,192	263,699
Finished goods			
- In hand		673,704	674,691
- In transit		-	47
Less: Provision for obsolescence		(195,217)	(230,282)
		5,945,770	5,788,036

17.1 Raw materials amounting to Rs 7.706 million (2019: Rs 6.422 million) are held with the sub-contractors.

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>18. TRADE DEBTS</b>			
Considered good	18.1 & 18.2	2,855,951	2,484,650
Allowance for expected credit losses	18.3	(216,155)	(53,210)
		<u>2,639,796</u>	<u>2,431,440</u>
<b>18.1 This includes amount due from the following related parties:</b>			
Indus Motor Company Limited		275,561	686,745
Agriauto Industries Limited		444	307
Shabbir Tiles and Ceramics Limited		18,015	18,330
		<u>294,020</u>	<u>705,382</u>
<b>18.2 The maximum aggregate amount due from the related parties at the end of any month during the year is as follows:</b>			
Indus Motor Company Limited		741,944	904,089
Agriauto Industries Limited		673	8,225
Shabbir Tiles and Ceramics Limited		20,561	21,439
		<u>763,178</u>	<u>933,753</u>
<b>18.3 Movement - Allowances for expected credit losses</b>			
Opening balance		53,210	17,888
Charge for the year	38	163,588	35,322
Bad debts written off		(643)	-
Closing balance		<u>216,155</u>	<u>53,210</u>
<b>19. LOANS AND ADVANCES</b>			
Loans - Considered good			
<b>Employee - secured</b>			
Current portion of long-term loan	12 & 19.1	3,996	5,052
		<u>3,996</u>	<u>5,052</u>
<b>Advances - considered good - unsecured</b>			
Suppliers		34,538	19,606
Employees		1,515	3,423
Others	19.2	10,132	143
		<u>46,185</u>	<u>23,172</u>
		<u>50,181</u>	<u>28,224</u>
<b>19.1</b> The maximum aggregate amount due from the employee at the end of any month during the year was Rs 3.996 million (2019: Rs 3.996 million).			
<b>19.2</b> Represents advances amounting to Rs.10.132 million paid to the collector of customs which shall be adjusted against actual invoices raised.			

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Trade deposits</b>			
Tender / performance guarantee		487	23,690
Margin against letter of credit		72,399	255,525
Deposit against custom duty		7,182	7,182
Container deposits		59,577	11,357
Others		516	-
		<u>140,161</u>	<u>297,754</u>
<b>Short-term prepayments</b>			
Rent		-	6,663
Insurance	20.1	22,070	13,804
Others		29,697	13,294
		<u>51,767</u>	<u>33,761</u>
		<u>191,928</u>	<u>331,515</u>
<b>20.1</b> This includes prepayments amounting to Rs 15.553 million (2019: Rs 10.271 million) paid to Habib Insurance Company Limited, a related party.			
<b>21. OTHER RECEIVABLES</b>			
Tooling income receivable		45,190	61,179
Duty drawback		2,413	2,971
Custom duty reimbursable	30.3	147,451	-
Receivable from Workers' Profit Participation Fund	21.1	2,937	-
Others	21.2 & 21.3	5,536	19,409
		<u>203,527</u>	<u>83,559</u>
<b>21.1 Workers' Profit Participation Fund (WPPF)</b>			
Opening balance		(6,140)	(1,063)
Interest on funds utilised in the Holding Company's business		(1,096)	(224)
Allocation for the current year		(126,563)	(231,332)
		<u>(133,799)</u>	<u>(232,619)</u>
Paid during the year		136,736	226,479
Closing balance		<u>2,937</u>	<u>(6,140)</u>
<b>21.2</b> This includes receivable from the following related parties:			
Indus Motor Company Limited		-	3,746
Agriautos Industries Limited		-	1,464
Shabbir Tiles and Ceramics Limited		684	1,104
		<u>684</u>	<u>6,314</u>
<b>21.3</b> The maximum aggregate amount due from related parties at the end of any month during the year is as follows:			
Indus Motor Company Limited		4,101	18,706
Agriautos Industries Limited		395	1,481
Shabbir Tiles and Ceramics Limited		1,491	1,513
		<u>5,987</u>	<u>21,700</u>

	Note	2020 ------(Rupees in '000)-----	2019
<b>22. SHORT-TERM INVESTMENTS</b>			
At amortised cost			
Term Deposit Receipts (TDRs):			
- upto 3 months	22.1	2,215,953	2,045,699
- beyond 3 months	22.2	142,147	241,477
Accrued interest thereon		19,120	18,725
		<u>2,377,220</u>	<u>2,305,901</u>
Treasury Bills	22.3	1,077,626	784,021
Accrued interest		49,603	4,618
		<u>1,127,229</u>	<u>788,639</u>
At fair value through profit or loss			
Term Finance Certificates (TFCs)	22.4	245,000	250,000
Mutual funds			
Atlas Money Market Fund		64,363	108,144
UBL Liquidity Plus Fund		471,179	330,712
UBL Government Securities Fund		200,171	105,051
Alfalah GHP Money Market Fund		535,012	102,605
NAFA Money Market Fund		691,994	932,150
MCB Cash Optimizer Fund		200,162	510,971
HBL Cash Fund		527,954	662,802
HBL Money Market Fund		201,273	412,724
ABL Cash Fund		588,889	601,408
Al-Meezan Rozana Amdani Fund		267,281	416,395
Alfalah GHP Income Fund		27,821	24,450
		<u>3,776,099</u>	<u>4,207,412</u>
		<u>7,525,548</u>	<u>7,551,952</u>

22.1 These carry interest at rates ranging from 5.50% to 9.80% (2019: 5.5% to 14%) per annum having maturity latest by September 2020. These include a TDR amounting to Rs. 145.950 million is under lien against a letter of guarantee issued by a commercial bank on Company's behalf.

22.2 These carry profit at rates ranging from 5% to 12.70% (2019: 8.75% to 12.75%) per annum. These include a TDR amounting to Rs. 139.92 million (2019: Rs. 239.25 million) which is under lien against a letter of guarantee issued by the bank on behalf of TNTPL to PPIB and a TDR amounting to Rs. 2.227 million (2019: Rs. 2.227 million) provided as security against guarantee in favour of Sui Southern Gas Company Limited.

22.3 These carry effective yield of 8.1% to 13.08% (2019: 11% to 12.65%) per annum, having maturity latest by December 2020.

22.4 This represents participation in private placement of TFCs carrying interest rate at the rate of 3 month KIBOR + 1.6% per annum. These TFCs do not have any fixed maturity date and are perpetual in nature.

## 23. CASH AND BANK BALANCES

	Note	2020 ------(Rupees in '000)-----	2019
Cash in hand		172	626
Bank balances in:			
Current accounts		193,023	158,861
Deposit accounts		57,057	402,817
Saving accounts	23.1	798,539	153,504
Special saving accounts	23.2	335,497	352,792
	23.3	<u>1,384,116</u>	<u>1,067,974</u>
		<u>1,384,288</u>	<u>1,068,600</u>

23.1 This includes Rs. 100 million deposited in a separate account for unpaid and unclaimed dividend in accordance with the requirements of Companies Act, 2017 (Act). During the year, interest income amounting to Rs. 0.015 million has been generated from this account. Subsequent to year end, the Group has further deposited remaining amount to meet its obligation under the Act.

23.2 This includes a special bank account maintained in respect of security deposit in compliance with the requirements of Companies Act, 2017.

23.3 These carry markup at the rates ranging from 5% to 7.5% (2019: 8.75% to 12.5%) 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

	2020	2019		2020	2019
	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
	<u>11,239,669</u>	<u>11,239,669</u>	Shares issued under the Scheme of Arrangements for Amalgamation	<u>56,198</u>	<u>56,198</u>
	<u>81,029,909</u>	<u>81,029,909</u>		<u>405,150</u>	<u>405,150</u>

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

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>25. RESERVES</b>			
<b>Capital reserves</b>			
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
<b>Revenue reserves</b>			
General reserve		17,671,874	15,165,374
Unappropriated profit		6,835,221	7,231,014
		24,507,095	22,396,388
Gain on revaluation of investments held at fair value through OCI		115,402	94,634
Other comprehensive (loss) / income of associates		6,338	9,417
		24,696,764	22,568,368
<b>26. NON-CONTROLLING INTEREST</b>			
Habib Metro Pakistan (Private) Limited		6,077,497	6,118,133
Thal Boshoku Pakistan (Private) Limited		374,076	478,349
		6,451,573	6,596,482
<b>27. LONG TERM DEPOSITS</b>			
Security deposits	27.1 & 27.2	328,860	323,777
27.1 Includes security deposits amounting to Rs. 327.397 million (2019: 322.314 million) in respect of investments properties rented out by the Group. These deposits are utilisable as per agreement with tenants. However, none of these were utilised by the Group during the year.			
27.2 Includes deposits with the following related parties:			
	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
- Indus Motor Company Limited		326	3,820
- Shabbir Tiles and Ceramics Limited		1,463	1,463
		1,789	5,283
<b>28. LONG-TERM BORROWINGS</b>			
<b>Secured</b>			
State Bank of Pakistan's (SBP) Refinance Facility for Payment of Salaries and Wages	28.1	199,141	-
Less: Current maturity		(49,786)	-
		149,355	-
<b>Unsecured</b>			
Toyota Boshoku Asia Corporation Limited - NCI	28.2	225,000	-
Exchange loss thereon		20,283	-
		245,283	-
		394,638	-

28.1 During the year, SBP introduced a temporary Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns to support companies in making the payment of salaries and wages due to economic challenges imposed by COVID-19. This carries interest at the rate of 1.25% per annum and is repayable in eight equal quarterly installments starting from January 2021. The borrowing is secured against a joint Pari Passu hypothecation charge on all present and future stocks, book debts and certain receivables of the Group.

28.2 During the year, the Group received a foreign currency loan of USD 1.459 million in equivalent Pakistani Rupees which on the date of transfer amounted to Rs. 225 million. This carries mark up at LIBOR + 0.1% per annum and is repayable by January, 2023.

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>29. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>			
Impact of initial application of IFRS 16		838,123	-
Additions during the year		34,420	-
Accretion of interest		108,602	-
Less: Lease rentals paid		(98,443)	-
Balance at the end of the year		882,702	-
Less: Current portion of lease liability against right-of-use assets		(103,648)	-
Long-term lease liabilities		779,054	-
<b>30. TRADE AND OTHER PAYABLES</b>			
Creditors	30.1	710,419	710,917
Accrued liabilities and levies	30.2	1,247,664	1,047,317
Additional custom duty provision	30.3	247,309	75,644
Initial technical fee payable		-	71,411
Unclaimed salaries		25,060	26,031
Warranty obligations	30.4	558,644	510,852
Advance from customer (Contract liabilities)	30.5	42,313	8,084
Royalty payable	30.6	43,667	115,804
Payable to provident fund		326	1,695
Payable to retirement benefit fund		9,360	8,533
Security deposits		6,391	4,104
Other liabilities	30.7	300,407	308,677
		3,191,560	2,889,070
<b>30.1 This includes amounts due to related parties:</b>			
Habib Insurance Company Limited		1,031	851
Shabbir Tiles & Ceramics Ltd.		1,714	-
Indus Motor Company Limited		-	3,009
METRO Pakistan (Private) Limited		171	9,019
		2,916	12,879
<b>30.2 This includes amounts due to the following related party:</b>			
Toyota Boshoku Asia Corporation Limited		2,118	-
Habib Insurance Company Limited		-	108
		2,118	108

30.3 During the year, the Federal Board of Revenue vide its SRO dated June 28, 2019 imposed additional custom duty on the imports of certain items specified in the First Schedule to the Customs Act, 1969. The Group aggrieved by the notification is contesting its applicability by filing appeal before the Appellate Tribunal Customs Karachi (ATC) where the hearing is currently pending.

In order to secure the Group's commitment as above, a commercial bank has issued a guarantee in favour of the Group amounting to Rs 109.416 million.

The management, based on the opinion of legal advisor, is confident that the Group would not be liable to pay any amount in respect of this matter. With reference to the above Indus Motor Company Limited (IMC), a related party, committed to reimburse the Group for any outflow that it may incur on account of additional customs duty paid on goods imported for supplies made to IMC. Accordingly, a reimbursement asset is recorded as disclosed in note 21 to the consolidated financial statements.

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>30.4 Warranty obligations</b>			
Balance at the beginning of the year		510,852	415,041
Charge for the year	36	60,661	110,634
Claims paid during the year		(12,869)	(14,823)
Balance at end of the year		<u>558,644</u>	<u>510,852</u>
<b>30.5 Revenue recognised during the period that was included in contract liabilities balance at the beginning of the year amounts to Rs. 8.084 million (2019: Rs. 21.674 million).</b>			
	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>30.6 Royalty payable</b>			
Balance at the beginning of the year		115,804	91,999
Charge for the year	35	98,977	191,373
Paid during the year		(171,114)	(167,568)
Balance at the end of the year		<u>43,667</u>	<u>115,804</u>
<b>30.7 Other liabilities</b>			
Provision against municipal utility charges		32,801	32,801
Withholding tax payable		4,266	3,994
Employees Old-Age Benefits Institution (EOBI)		68,825	62,650
Workers' Profit Participation Fund		-	6,140
Workers' Welfare Fund		153,522	175,548
Deferred income		19,514	8,505
Others		21,479	19,039
		<u>300,407</u>	<u>308,677</u>
<b>31. SHORT-TERM BORROWINGS</b>			
Export Refinance Scheme	31.1	145,000	-
Running finance facilities	31.2	293,000	274,131
		<u>438,000</u>	<u>274,131</u>

31.1 This represents facility obtained by the Group from a commercial bank. The total amount of the facility is Rs. 359 million. It carries markup at the rate of 3% per annum and is secured against a joint Pari Passu hypothecation charge on all present and future stocks, book debts and certain receivables of the Holding Company. The portion of the facility utilized during the year amounted to Rs 145 million and is repayable within a maximum period of 180 days.

31.2 These facilities have been obtained from various banks which carry mark up at the rates ranging from 3-month KIBOR plus 0.75% to 1-month KIBOR plus 0.1% per annum (2019: 3-month KIBOR plus 0.75% to 1-month KIBOR plus 0.1% per annum).

They are secured by way of Pari Passu hypothecation charge over the Group's current assets amounting to Rs. 229 million (2019: Rs. 228 million) and charge against the Group's fixed assets amounting to Rs. 567 million (2019: Rs. 163 million).

## 32. INCOME TAX - net

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Group Tax Relief adjustments	32.1	(683,879)	(632,681)
Group Taxation adjustments	32.2	16,379	15,645
Income tax provision less tax payments – net		<u>928,054</u>	<u>707,742</u>
		<u>260,554</u>	<u>90,706</u>

32.1 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 Company has decided to acquire tax losses incurred by Thal Boshoku Pakistan (Private) Limited during the year amounting to Rs 50.604 million (2019: 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.

32.2 In terms of provision of Section 59AA of Income Tax Ordinance, 2001 (the Ordinance), Thal Limited and certain subsidiaries have irrevocably opted to be taxed as one fiscal unit. Accordingly, the tax transferred by these subsidiaries under group taxation opted by the Group amounted to Rs. 30.553 million (2019: Rs. 18.611 million).

## 33. CONTINGENCIES AND COMMITMENTS

### 33.1 Contingencies

33.1.1 The Group relief tax contingency is disclosed in note 32.1 to these consolidated financial statements.

33.1.2 The additional custom duty contingency is disclosed in note 30.3 to these consolidated financial statements.

33.1.3 The Saddar store contingency of Makro-Habib Pakistan Limited is disclosed in note 1.2.3 to these consolidated financial statements.

33.1.4 During the year ended June 30, 2015, the Officer Inland Revenue issued notice of demand amounting to Rs. 63.99 million for recovery of WWF for tax years 2012 – 2014 to Habib Metro Pakistan (Private) Limited (the Company). The Company obtained stay order from the High Court of Sindh against demand orders and also filed an appeal with Commissioner Inland Revenue Appeals. During financial year 2017, the Honorable Supreme Court of Pakistan (SCP) declared the amendments made in WWF through Finance Act as null and void. However, a review petition has been filed against the above order of SCP by the Federal Board of Revenue. Further, during the preceding year, Assistant Commissioner Inland Revenue (ACIR) issued notices of demand for the aforesaid periods amounting to Rs. 63.99 million against which the Company has submitted reply reiterating their stay order obtained from the High Court of Sindh. No further notice has been received by the Company as of the statement of financial position date.

The management, based on the opinion of legal advisor, is confident that the Company would not be liable to pay any amount in respect of this matter. However, as a matter of prudence and abundant caution, the management of the Company has decided to keep the provision for WWF in these financial statements, without prejudice, and without admitting liability, until the final verdict of the SCP on the review petition.



33.1.5 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes of MHPL vide show cause notice on 06 April 2016. The exparte 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 aggrieved 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.

Further, 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.

33.1.6 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 initiated till the year-end and the management has withdrawn the case during the current year.

	Note	2020 ------(Rupees in '000)-----	2019
33.2 Commitments			
33.2.1 Post dated cheques issued to Collector of Custom		121,437	141,811
33.2.2 Outstanding letters of credit		770,899	684,297
33.2.3 Letter of guarantees issued by banks on behalf of the Group in respect of financial commitments of the Group.	33.2.8	7,716,305	1,418,898
33.2.4 Commitments in respect of raw material		576,655	-
33.2.5 Commitments in respect of capital expenditure		28,655	1,049,042
33.2.6 Commitments for rentals under Ijarah (lease) agreements			
Within one year		38,979	22,590
Later one year but not later than five years		51,002	20,499
	33.2.9	89,981	43,089

33.2.7 Commitment in respect of investment is disclosed in note 11 to these consolidated financial statements.

33.2.8 This guarantee is secured by assets disclosed in note 8.1.5 to these consolidated financial statements.

33.2.9 Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 89.981 million and are payable in monthly installments latest by June, 2023. These commitments are secured by on-demand promissory notes of Rs. 106.364 million.

		2020 ------(Rupees in '000)-----	2019
34. REVENUE - net			
Export sales	34.1	1,211,783	486,907
Local sales	34.2	18,559,350	26,700,426
		19,771,133	27,187,333
Less: Sales tax		(2,779,518)	(3,861,997)
Sales discount		(9,180)	(1,116)
		(2,788,698)	(3,863,113)
		16,982,435	23,324,220
Add: Service income		217,021	216,210
Add: Duty drawback		3,481	4,211
		17,202,937	23,544,641

34.1 Export sales are stated net of export related freight and other expenses of Rs. 61.029 million (2019: Rs. 20.836 million).

34.2 Local sales are stated net of freight and other expenses of Rs. 99.525 million (2019: Rs. 112.665 million).

		2020 ------(Rupees in '000)-----	2019
35. COST OF SALES			
Raw material consumed	35.1	11,951,490	16,514,309
Salaries, wages and benefits		1,927,370	1,863,319
Stores and spares consumed		217,075	238,966
Repairs and maintenance		118,690	112,583
Power and fuel		266,618	225,478
Rent, rates and taxes		8,227	9,734
Vehicle running and maintenance		27,996	23,895
Insurance		17,216	13,771
Communication		16,165	12,954
Travelling and conveyance		29,362	22,335
Entertainment		3,516	3,695
Printing and stationery		9,828	11,885
Legal and professional		19,175	11,676
Computer accessories		13,715	11,683
Royalty	35.2	98,977	191,373
Depreciation	8.2	522,382	302,506
Amortization	9.1	36,475	5,498
Research and development		13,992	9,011
Ijarah rentals		14,029	9,099
Technical Assistance fee		32,999	4,286
Others		5,101	4,872
		15,350,398	19,602,928
Work-in-process			
Opening		263,699	226,833
Closing		(377,192)	(263,699)
		(113,493)	(36,866)
		15,236,905	19,566,062
Cost of goods manufactured			
Finished goods			
Opening stock		674,738	526,335
Purchases		18,862	51,362
Closing stock		(673,704)	(674,738)
		19,896	(97,041)
		15,256,801	19,469,021

	Note	2020 ----- (Rupees in '000)	2019 ----- (Rupees in '000)
<b>35.1 Raw material consumed</b>			
Opening stock		5,079,881	2,645,618
Purchases		11,961,700	18,948,572
Closing stock		(5,090,091)	(5,079,881)
		<u>11,951,490</u>	<u>16,514,309</u>
		2020 ----- (Rupees in '000)	2019 ----- (Rupees in '000)
<b>35.2 Royalty</b>			
<b>Party Name</b>	<b>Registered Address</b>	<b>Relationship with Directors</b>	
Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	44,942
Furukawa Electric Company Limited	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	47,013
Toyota Boshoku Japan Corporation	88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395 Japan.	Shareholder of a subsidiary company	7,022
			11,463
			<u>98,977</u>
			<u>191,373</u>
<b>36. DISTRIBUTION AND SELLING EXPENSES</b>			
Salaries and benefits		83,314	91,550
Vehicle running expense		5,730	4,962
Utilities		789	1,577
Insurance		1,712	3,265
Rent, rates and taxes		8,394	8,484
Communication		2,138	2,182
Advertisement and publicity		4,111	11,248
Travelling and conveyance		8,175	8,635
Entertainment		270	419
Printing and stationery		568	586
Legal and professional		-	20
Computer accessories		1,003	822
Research and development		29	94
Depreciation	8.2	1,594	2,053
Amortization	9.1	983	459
Repairs and maintenance		769	2,630
Export expenses		16,313	6,008
Provision for warranty claims	30.4	60,661	110,634
Ijarah rentals		5,570	3,017
Others		871	683
		<u>202,994</u>	<u>259,328</u>

### 37. ADMINISTRATIVE EXPENSES

	Note	2020 ----- (Rupees in '000)	2019 ----- (Rupees in '000)
Salaries and benefits		556,633	571,968
Vehicle running expense		15,132	14,771
Printing and stationery		3,708	4,579
Rent, rates and taxes		28,526	117,063
Utilities		84,476	79,542
Insurance		2,865	2,891
Entertainment		1,296	2,443
Subscription		2,002	2,030
Communication		5,327	4,608
Advertisement and publicity		5,475	2,976
Repairs and maintenance		47,232	33,719
Travelling and conveyance		13,776	20,347
Legal and professional		108,715	46,387
Computer accessories		10,758	7,016
Auditors' remuneration	37.1	8,116	6,767
Depreciation	8.2	27,863	14,972
Amortization	9.1	8,719	5,494
Depreciation on investment property	10.1	323,884	235,814
Ijarah rentals		15,339	10,280
Charity and donations	37.1 & 37.2	40,111	64,846
Directors' Fee & meeting expenses		2,260	2,585
General contracted services		1,277	1,228
Others		9,075	13,035
		<u>1,322,565</u>	<u>1,265,361</u>
<b>37.1 Auditors' remuneration</b>			
Audit fee		3,724	3,640
Half-yearly review		325	325
Taxation services		1,117	273
Other certifications		2,047	1,720
Out of pocket expenses		903	809
		<u>8,116</u>	<u>6,767</u>

### 37.2 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	2020	2019
			----- (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 (Late) - 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 (Late) - Trustee	9,000	-
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib (Late) - 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 (Late) - 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 (Late) - Trustee	2,000	-
Anjuman -e- Behbood Samat -e- Itetal	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

37.3 There are no donees, other than already disclosed in note 37.2 to these consolidated financial statements, to whom donations exceed 10% of total donation or Rs 1 million, whichever is higher.

38. OTHER CHARGES	Note	2020	2019
		----- (Rupees in '000) -----	
Workers' profits participation fund	21.1	126,563	231,332
Workers' welfare fund		33,099	60,957
Allowance for expected credit losses	18.3	163,588	35,322
Bad debts written off		46,686	1,034
Loss on revaluation of investments classified at FVPL		6,432	108,217
Exchange loss - net		24,836	6,861
Provision for impairment of investment property		-	125,807
Provision for impairment of operating fixed assets		-	7,563
Operating fixed assets written off		-	12,355
Loss on disposal of investment property		-	8,531
		<u>401,204</u>	<u>597,979</u>

### 39. OTHER INCOME

#### Income from financial assets

Dividend income from:

- Dynea Pakistan Limited
- Habib Sugar Mills Limited
- Allied Bank Limited
- Habib Bank Limited
- GlaxosmithKline Pakistan Limited
- Mutual funds

Interest on:

- Bank balances
- Term deposit receipts
- Treasury Bills
- Term Finance Certificates (TFCs)

Capital gain on sale of Treasury Bills

Gain on disposal of investments classified at FVPL

Liabilities no longer payable written back

#### Income from non financial assets

Gain on disposal of property, plant and equipment

Gain on disposal of investment property

Rental income

Scrap sales of inventory and investment property

Claim from suppliers/customers

Rent from sign boards, utilities and others

Promotional activities

Insurance claim

Commission income

Others

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

	2,042	5,310
	5,134	5,134
	1,455	1,455
	326	293
	3	3
	515,488	428,949
	<u>524,448</u>	<u>441,144</u>
	151,467	57,420
	109,096	105,976
	50,910	4,618
	36,186	598
	347,659	168,612
	149,930	183,077
	19,318	74,934
	-	2,012
	<u>1,041,355</u>	<u>869,779</u>
	8,823	38,432
	2,630	-
39.1	1,827,792	1,730,413
	24,281	17,788
	157,739	22,315
	61,465	57,754
	8,187	3,179
	295	15
	230	192
	126	1,377
	<u>2,091,568</u>	<u>1,871,465</u>
	<u>3,132,923</u>	<u>2,741,244</u>

#### 39.1 Maturity analysis of operating lease payments

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

- Within one year	1,709,939	1,596,477
- After one year but within two years	1,687,020	1,571,660
- After two year but within three years	1,687,020	1,571,660
- After three year but within four years	1,687,020	1,571,660
- After four year but within five years	1,687,020	1,571,660
- After five years	3,350,930	4,922,590
	<u>11,808,949</u>	<u>12,805,707</u>

	Note	2020 ----- <u>(Rupees in '000)</u> -----	2019 ----- <u>(Rupees in '000)</u> -----
<b>40. FINANCE COSTS</b>			
Interest on:			
- Export Refinance Scheme		1,881	-
- State Bank of Pakistan's Refinance Scheme for payment of salaries and wages		183	-
- Loan from Thal Boshoku Asia Corporation Limited - NCI		1,832	-
- Running finance facilities		40,494	14,398
- Workers' profit participation fund	21.1	1,096	224
- Lease liabilities	29	108,602	-
		<u>154,088</u>	<u>14,622</u>
Bank charges and commission		18,591	10,220
		<u>172,679</u>	<u>24,842</u>
<b>41. TAXATION</b>			
Current		1,050,094	1,548,306
Prior		(22,278)	48,700
		<u>1,027,816</u>	<u>1,597,006</u>
Deferred		67,278	51,350
	41.1	<u>1,095,094</u>	<u>1,648,356</u>
<b>41.1 Relationship between income tax expense and accounting profit</b>			
Profit before taxation and share of profit of associates		<u>2,979,617</u>	<u>4,669,354</u>
Tax at the rate of 23% - 29% (2019: 24% - 29%)		863,054	1,353,428
Super tax @ 0% (2019: 2%) of taxable income		-	117,538
		<u>863,054</u>	<u>1,470,966</u>
Tax effects of:			
Income taxed at reduced rates		95,434	(11,081)
Income taxed under Final tax regime		(197,358)	(198,728)
Inadmissible items		359,074	391,921
Tax credits		(2,832)	(53,422)
Prior years' tax		(22,278)	48,700
		<u>1,095,094</u>	<u>1,648,356</u>
<b>42. BASIC AND DILUTED EARNINGS PER SHARE</b>			
There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:			
		2020 ----- <u>(Rupees in '000)</u> -----	2019 ----- <u>(Rupees in '000)</u> -----
Net profit for the year attributable to the equity holders of the Holding Company		<u>2,886,758</u>	<u>3,581,312</u>
		Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue		<u>81,030</u>	<u>81,030</u>
		----- <u>(Rupees)</u> -----	
Basic and diluted earnings per share		<u>35.63</u>	<u>44.20</u>

#### 43. CASH GENERATED FROM OPERATIONS

	Note	2020 ----- <u>(Rupees in '000)</u> -----	2019 ----- <u>(Rupees in '000)</u> -----
Profit before taxation		4,326,831	5,610,666
Adjustments for non-cash charges and other items:			
Depreciation on:			
- Right of use assets		42,713	-
- Investment properties		323,884	235,814
- Others		509,126	319,531
Amortisation		46,177	11,451
Finance costs on:			
- Lease liabilities		108,602	-
- Others		64,077	24,842
Interest income		(347,659)	(168,612)
Share in profit of associates		(1,347,214)	(941,312)
Liabilities no longer payable written back		-	(2,012)
(Gain) / loss on revaluation / redemption / disposal of investments classified at FVPL		(162,816)	(149,794)
Dividend income		(524,448)	(441,144)
Allowance for expected credit losses		163,588	35,322
Bad debts written off		46,686	1,034
Provision for impairment of operating fixed assets		-	145,725
Provision for leave encashment		3,089	4,901
Unrealised exchange loss on long-term loan		20,283	-
(Gain) / loss on disposal of investment properties		(2,630)	8,531
Gain on disposal of operating fixed assets		(8,823)	(38,432)
		<u>(1,065,365)</u>	<u>(954,155)</u>
		<u>3,261,466</u>	<u>4,656,511</u>
Increase in current assets			
Stores, spares and loose tools		(7,648)	2,962
Stock-in-trade		(157,734)	(1,740,889)
Trade debts		(418,630)	(874,710)
Loans and advances		(21,957)	58,470
Trade deposits and short-term prepayments		139,587	(180,405)
Other receivables		(119,968)	(33,948)
Sales tax refundable		243,056	(208,669)
		<u>(343,295)</u>	<u>(2,977,189)</u>
Increase in current liabilities			
Deferred income		11,009	(1,667)
Trade and other payables		290,654	149,728
Sales tax payable		53,451	(43,241)
		<u>355,114</u>	<u>104,820</u>
		<u>3,273,286</u>	<u>1,784,142</u>
<b>44. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	1,384,288	1,068,600
Short-term investments	22	2,215,953	2,045,699
		<u>3,600,241</u>	<u>3,114,299</u>

#### 43. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Group comprise of associates, retirement benefit funds, directors and key management personnel. Details of transactions with related parties are as under:

Relationship	Nature of transactions	2020	2019
		----- (Rupees in '000) -----	
Associates	Sales	6,155,248	11,659,406
	Professional services rendered	200,122	276,458
	Rental income on properties	1,585,917	1,493,218
	Licence fee, signage and others	7,002	32,724
	Services acquired	8,452	-
	Franchising fee	7,022	11,463
	Insurance premium paid	62,898	50,741
	Insurance claim received	3,753	3,622
	Supplies purchased	660,528	497,646
	Purchase of assets	3,602	18,245
	Purchase of goods	137	5,638
	Sale of assets	-	1,369
	Retirement benefit funds	Contribution to provident fund	49,557
Contribution to retirement benefit fund		3,161	7,361

45.1 There are no transactions with the directors and key management personnel other than under the terms of employment as disclosed in note 46 to these consolidated financial statements.

45.2 The receivable / payable balances with related parties as at June 30, 2020 are disclosed in the respective notes to these consolidated financial statements.

45.3 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 (note 45.3.1)	6.22%	Sales of goods / Professional services rendered / Rent received
2	Shabbir Tiles and Ceramics Limited	Associate (note 45.3.1)	1.30%	Sales of goods / Supplies purchased / Professional services rendered / Rent received
3	Habib Insurance Company Limited	Associate (note 45.3.1)	4.63%	Insurance premium / Insurance claim received
4	Agriauto Industries Limited	Associate (note 45.3.1)	7.35%	Professional services rendered / Rent paid
5	Sindh Engro Coal Mining Company	Associate (note 45.3.1)	11.90%	Equity investments
6	Habib Metropolitan Bank Limited	Common Directorship (note 45.3.1)	-	Mark-up and bank charges paid / Interest received
7	Thal Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
8	Thal Limited - Employees' Retirement Benefit Fund	Retirement benefit fund	-	Contribution made
9	Makro-Habib Pakistan Limited Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
10	Noble Computer Services (Private) Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
11	Habib Metro Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
12	Thal Boshoku Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
13	ThalNova Thar Power (Private) Limited	Joint Venuture	-	Investment made
14	Metro Cash & Carry International Holdings B.V.	Associate of subsidiary	-	Dividend paid
15	METRO Pakistan (Private) Limited	Associate of subsidiary	-	Rental income



45.3.1 These entities are associated companies / undertakings of the Group under Companies Act, 2017

45.4 Following are the associated companies / undertakings of the Group outside Pakistan with whom the Group had entered into transactions or have arrangement/agreement in place:

Toyota Boshoku Asia Corporation Limited

Registered Address: 1-1 Toyoda-cho, Kariya-shi, Aichi, 448-8651  
Country of incorporation: Thailand  
Basis of association: Shareholder  
Aggregate Shareholding: 25.4%

Toyota Tsusho Corporation  
Country of incorporation: Japan  
Basis of association: Shareholder  
Aggregate Shareholding: 10%  
Nature of transaction: Supplies purchased

Toyota Boshoku Corporation Japan  
Registered Address: 1-1 Toyoda-cho, Kariya-shi, Aichi, 448-8651  
Country of incorporation: Japan  
Basis of association: Shareholder  
Aggregate Shareholding: 9.64%  
Nature of transaction: Supplies purchased

#### 46. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2020			2019		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	48,150	-	570,467	16,320	-	543,539
Bonus	-	-	72,748	3,189	-	124,251
Group's contribution to provident fund	1,687	-	18,277	-	-	17,287
Group's contribution to retirement fund	-	-	5,853	-	-	2,879
Other perquisites	-	-	3,210	-	-	3,585
	<u>49,837</u>	<u>-</u>	<u>670,554</u>	<u>19,509</u>	<u>-</u>	<u>691,542</u>
Number of persons	<u>1</u>	<u>6</u>	<u>72</u>	<u>1</u>	<u>7</u>	<u>73</u>

46.1 The chief executives, directors and certain executives of the Holding Company are provided with free of cost use of company maintained cars.

46.2 Five non-executive directors (2019: Five) have been paid fees of Rs 2,260,000 (2019: Rs 2,585,000) for attending board and other meetings.

46.3 The Chief Executives and Directors of Pakistan Industrial Aids (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.

#### 47. PLANT CAPACITY AND ACTUAL PRODUCTION

##### Annual Capacity

	2020	2019
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	356,000	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	50,000

##### Actual Production

Jute (Metric Tons)	23,226	22,898
Auto air conditioners (Units)	23,053	68,095
Wire harness (Units)	93,365	173,532
Paper bags (Nos. 000s)	124,137	123,545
Alternator (Units)	22,061	56,542
Starter (Units)	22,061	56,542
Seat tracks (Sets)	17,175	46,000
Side frame (Sets)	22,079	56,000
Air cleaner (Sets)	15,585	35,000
Seats (Units)	1,687	-

Reason for shortfall

Low demand      Low demand

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

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

#### 48. 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.

## FINANCIAL INSTRUMENTS BY CATEGORY

	2020						Total
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	No Maturity / on demand	Maturity upto one year	Maturity after one year	No Maturity / on demand	Maturity upto one year	Maturity after one year	
Financial assets							
<b>Fair value through OCI</b>							
Long-term investments	-	-	-	170,047	-	-	170,047
<b>Fair value through profit or loss</b>							
Short-term investments	245,000	-	-	245,000	3,776,099	-	3,776,099
<b>Amortized cost</b>							
Long term loans	-	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	20,431	20,431
Trade debts	-	-	-	-	2,639,796	-	2,639,796
Loans and advances	-	-	-	-	5,511	-	5,511
Trade deposits	-	-	-	-	67,275	-	67,275
Interest accrued	-	-	-	-	7,375	-	7,375
Other receivables	-	-	-	-	203,527	-	203,527
Short term investments	-	3,435,726	-	3,435,726	68,723	-	3,504,449
Cash and bank balances	855,596	-	-	855,596	193,195	-	1,048,791
	1,100,596	3,435,726	-	4,536,322	4,139,341	20,431	7,151,979
Financial liabilities							
<b>Amortized cost</b>							
Long-term deposits	-	-	-	-	-	328,860	328,860
Long-term borrowings	-	49,786	344,852	394,638	-	-	394,638
Trade and other payables	-	-	-	-	3,142,856	-	3,142,856
Accrued mark-up	-	-	-	-	6,803	-	6,803
Unclaimed dividend	-	-	-	-	66,197	-	66,197
Unpaid dividend	-	-	-	-	45,252	-	45,252
Lease liabilities	-	103,648	779,054	882,702	-	-	882,702
Short-term financing	-	438,000	-	438,000	-	-	438,000
	-	591,434	1,123,906	1,715,340	111,449	3,149,659	3,589,968
							5,305,308

	2019						Total
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	No Maturity / on demand	Maturity upto one year	Maturity after one year	No Maturity / on demand	Maturity upto one year	Maturity after one year	
Financial assets							
<b>Fair value through OCI</b>							
Long-term investments	-	-	-	149,279	-	-	149,279
<b>Fair value through profit or loss</b>							
Short-term investments	250,000	-	-	250,000	4,207,412	-	4,207,412
<b>Amortized cost</b>							
Long term loans	-	-	-	-	-	3,996	3,996
Long term deposits	-	-	-	-	-	20,961	20,961
Trade debts	-	-	-	-	2,431,440	-	2,431,440
Loans and advances	-	-	-	-	8,475	-	8,475
Trade deposits	-	-	-	-	18,539	-	18,539
Interest accrued	-	-	-	-	7,375	-	7,375
Other receivables	-	-	-	-	83,559	-	83,559
Short term investments	-	3,071,197	-	3,071,197	23,343	-	3,094,540
Cash and bank balances	556,321	-	-	556,321	159,487	-	715,808
	806,321	3,071,197	-	3,877,518	4,516,178	24,957	7,113,866
							10,991,384
Financial liabilities							
<b>Amortized cost</b>							
Long-term deposits	-	-	-	-	-	323,777	323,777
Trade and other payables	-	-	-	-	2,876,882	-	2,876,882
Unclaimed dividend	-	-	-	56,697	-	-	56,697
Unpaid dividend	-	-	-	49,409	-	-	49,409
	-	-	-	106,106	2,876,882	323,777	3,306,765

## 50 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments expose it to a variety of financial risks namely operational risk, credit risk and market risk. The Board of Directors oversees policies for managing each of these risks which are summarised below.

### 50.1 Operational Risk

COVID-19 pandemic has created an unprecedented challenge for Group in terms of Business Continuity Plans. The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of Group's staff and uninterrupted service to shareholders.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Group's information assets are adequately protected from emerging cyber threats.

### 50.2 Credit Risk

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

The maximum credit risk is equal to the carrying amount of financial assets. For banks and financial institutions, only independently rated parties with reasonable credit rating are accepted. For trade receivables, internal risk assessment process considers the credit risk of the customer, taking into account its financial position, past experience and other factors.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	----- (Rupees in '000) -----	
Long term loans	-	3,996
Long term deposits	20,431	20,961
Trade debts	2,639,796	2,431,440
Loans and advances	5,511	8,475
Trade deposits	67,275	18,539
Interest accrued	7,375	7,375
Other receivables	203,527	83,559
Short term investments	3,504,449	3,094,540
Cash and bank balances	1,048,619	715,182
	<u>7,496,983</u>	<u>6,384,067</u>

The credit quality of financial assets other than bank balances and short term investments in TDRs and TFCs can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses.

The credit quality of Group's bank balances and short term investments in TDRs and TFCs can be assessed with reference to external credit ratings as follows:

	Rating agency	Rating
<b>Bank Balances</b>		
Habib Metropolitan Bank	PACRA	A1+
Habib Bank Limited	JCR VIS	A-1+
Bank Al Habib Limited	PACRA	A1+
Industrial and Commercial Bank of China	S&P	A1
Meezan Bank Limited	JCR VIS	A-1+
United Bank Limited	JCR VIS	A-1+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+
National Bank of Pakistan	PACRA	A1+
Al Baraka Bank (Pakistan) Limited	PACRA	A1
Faysal Bank Limited	PACRA	A1+
Telenor Microfinance Bank Limited	PACRA	A1+
<b>Short term investments</b>		
TFCs	JCR-VIS	A-1+

This includes rating assigned by an international rating agency to foreign bank.

### 50.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Group is exposed to currency risk, price risk and liquidity risk.

#### 50.3.1 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies.

	2020	2019
	----- (FCY in '000) -----	
<b>USD</b>		
Bank balances	391	235
Trade receivables	131	481
Trade and other payables	(1,411)	(165)
Long-term loan	(1,459)	-
	<u>(2,348)</u>	<u>551</u>
<b>EUR</b>		
Trade and other payables	(553)	(1,232)
<b>JPY</b>		
Trade and other payables	(70,879)	(43,927)
<b>CHF</b>		
Trade and other payables	(27)	(20)

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

	2020 ------(Rs / FCY)-----	2019
US Dollars	168.75	164.50
EUR	189.73	186.99
JPY	1.57	1.53
CHF	177.43	168.61

#### Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	%	Effect on profit before tax ------(Rupees in '000)-----	Effect on equity
2020	+ 10	(61,722)	(44,909)
	- 10	61,722	44,909
2019	+ 10	(21,031)	(15,063)
	- 10	21,031	15,063

#### 50.3.2 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 loan from Toyota Boshoku Asia Corporation, cash and deposit and savings accounts and short term borrowings (export refinance scheme).

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
2020		
KIBOR	+ 100	4,173
KIBOR	- 100	(4,173)
2019		
KIBOR	+ 100	5,272
KIBOR	- 100	(5,272)

#### 50.3.3 Price risk

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 is exposed to price risk in respect of its investments in listed shares, mutual funds and TFCs.

As at the consolidated statement of financial position date, the exposure to above mentioned securities at fair value was Rs. 3,946.146 million. A decrease of 10% in the price of these securities would have an impact of approximately Rs. 419.115 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the price of the securities would impact equity with the similar amount.

#### 50.3.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments.

Through its treasury function, the Group continually monitors its liquidity position and ensures availability of funds by maintaining flexibility in funding by keeping committed credit lines available.

The maturity profile of the Group's liabilities based on contractual maturities is disclosed in note 49 to these consolidated financial statements.

#### 51. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

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

As of the date of consolidated statement of financial position, the Group is financing its operations primarily through equity and working capital.

#### 52. 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### 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 (level 1);
- 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
2020	------(Rupees in '000)-----			
<b>Assets</b>				
· Listed shares at fair value through OCI	170,047	-	-	170,047
· Short-term investments in mutual funds and TFCs	-	4,021,099	-	4,021,099
2019	------(Rupees in '000)-----			
· Listed shares at fair value through OCI	149,279	-	-	149,279
· Short-term investments in mutual funds and TFCs	-	4,457,412	-	4,457,412

There were no transfers amongst levels during the year.

The market prices of listed shares have been obtained from Pakistan Stock Exchange and the market prices of mutual funds and TFCs have been obtained from Mutual fund association of Pakistan.

### 53. OPERATING SEGMENTS

#### 53.1 Segment analysis

	2020				2019			
	Engineering Products	Building Materials and Allied Products	Real estate management & others	Total	Engineering Products	Building Materials and Allied Products	Real estate management & others	Total
	(Rupees in '000)				(Rupees in '000)			
Sales revenue - external	8,604,162	8,353,800	244,975	17,202,937	15,883,813	7,392,097	268,731	23,544,641
- internal	-	-	159,054	(159,054)	-	-	179,158	(179,158)
	8,604,162	8,353,800	404,029	17,202,937	15,883,813	7,392,097	447,889	23,544,641
Segment result	687,067	1,040,427	1,220,667	2,948,250	3,059,281	924,518	1,151,278	5,133,794
Unallocated (expenses) / income:				(875,617)				(859,290)
Administrative and distribution costs				(190,930)				(561,623)
Other charges				1,270,593				981,315
Other income				3,152,296				4,694,196
Operating profit				(172,679)				(24,842)
Finance cost				1,347,214				941,312
Share of profit of associates and joint ventures - net of tax				(1,095,094)				(1,648,356)
Taxation				3,231,737				3,962,310
Segment assets	6,843,710	6,908,554	13,039,361	24,977,737	6,405,631	6,177,097	12,244,595	23,299,340
Corporate assets				11,774,102				9,457,472
Unallocated assets				466,012				496,991
				37,217,851				33,253,802
Segment liabilities	2,718,501	1,130,675	3,482,540	5,069,058	1,892,581	816,622	1,762,310	3,301,737
Corporate liabilities				221,828				183,778
Unallocated liabilities				373,466				198,275
				5,664,352				3,683,790

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.

#### 53.2 Geographical Information of customers Revenues from customers (Country wise)

Pakistan
Australia
Chile
Egypt
Greece
Italy
Jordan
Kuwait
Malaysia
New Zealand
Saudi Arabia
Spain
Sudan
Switzerland
Turkey
Turkmenistan
United Arab Emirates
United States of America
Others

The revenue information above is based on the location of customers.

53.3. Of the Group's total revenue, one customer accounts for more than 10%.

53.4. All non current assets of the group as at June 30, 2020 (June 30, 2019) are located in Pakistan.

	2020	2019
	(Rupees in '000)	
Pakistan	15,987,673	23,053,523
Australia	46,204	6,431
Chile	-	3,673
Egypt	306,546	174,152
Greece	4,234	-
Italy	76,574	48,047
Jordan	11,832	8,491
Kuwait	4,509	1,420
Malaysia	3,556	-
New Zealand	4,158	-
Saudi Arabia	2,666	6,366
Spain	-	2,951
Sudan	5,633	-
Switzerland	48,903	-
Turkey	228,628	51,371
Turkmenistan	101,927	-
United Arab Emirates	364,478	187,163
United States of America	3,176	-
Others	2,240	1,053
	17,202,937	23,544,641



54. **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on September 08, 2020 has approved the following:

- (i) transfer of Rs. 1,460 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 3.50 per share for the year ended June 30, 2020 for approval of the members at the Annual General Meeting to be held on October 22, 2020.

55. **NUMBER OF EMPLOYEES**

53.1 Total number of employees

	2020	2019
Total number of Company's employees as at June, 30	4,821	4,266
Average number of Company's employees during the year	4,544	4,549

54. **GENERAL**

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

56.2 Figures have been rounded off to the nearest thousands.

57. **DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorized for issue on September 08, 2020 by the Board of Directors of the Holding Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# THAL LIMITED

Form of Proxy  
Fifty Fourth 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 54th Annual General Meeting of the Company to be held on October 22, 2020 and or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

WITNESSESS:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

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. 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.

(Signature should agree with  
the specimen signature  
registered with the Company).

Signature on  
Rs 5/-  
revenue stamp

## تھل لمیٹڈ

### ای۔ ڈیوٹیڈ 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 شیئرز ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار تحقیقات کے حامل شیئرز 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 میسرز فیکو ایبوسٹی ایٹس (پرائیویٹ) لمیٹڈ، 8-F، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو ارسال کریں۔

سی ڈی سی شیئرز ہولڈرز سے درخواست ہے کہ اپنے منافع منقسمہ کا مینڈیٹ اور سی این آئی سی براہ راست اپنے بروکر (پرائیویٹ) / سی ڈی سی کو دینے کے لئے درج ذیل فارمیٹ پر فراہم کر دیں۔ میں بذریعہ ہذا اپنے مستقبل کے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصول کرنا چاہوں گا جیسا کہ تفصیل ذیل میں درج ہے:

شیئرز ہولڈر کا نام \_\_\_\_\_

فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر: \_\_\_\_\_ کمپنی \_\_\_\_\_ لمیٹڈ۔

شیئرز ہولڈر کا رابطہ نمبر \_\_\_\_\_

ای میل ایڈریس \_\_\_\_\_

اکاؤنٹ کا نام \_\_\_\_\_

انٹرنیشنل بینک اکاؤنٹ نمبر (نیچے نوٹ ملاحظہ کریں) \_\_\_\_\_ پی کے \_\_\_\_\_

اکاؤنٹ نمبر \_\_\_\_\_

برانچ کوڈ \_\_\_\_\_

بینک کا نام \_\_\_\_\_

بینک برانچ اور ڈاک 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۔

\_\_\_\_\_ شیئرز 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، ڈبچ یا دعویٰ کی بلواسطہ یا بلاواسطہ 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 ہو اور/یا کمپنی کے کنٹرول کے باہر کسی معاملے کے تحت ہو۔

ایسے شیئرز ہولڈرز جو فزیکل صورت میں شیئرز کے حامل ہوں ان سے درخواست ہے کہ اپنا مطلوبہ ڈیوٹیڈ مینڈیٹ فارم باقاعدہ کر کے متعلقہ شیئرز رجسٹرار کو جمع کرائیں۔ وہ شیئرز 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 پرائیویٹس/انویسٹر اکاؤنٹ سروسز کو جمع کرا دیں۔

# تھل لیٹڈ

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

ہم بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ کمپنی کی 54 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2020 پیش کر رہے ہیں۔

## معاشی جائزہ

سال 2020 پاکستان کی معیشت کیلئے کٹھن اور مشکلات کا حامل رہا۔ ملک نے ادائیگی کے توازن میں بحران سے بچنے کی کوشش کی اور عالمی وبائی صورتحال سے متاثر ہونے کے بعد ریکوری کو بحال رکھنے کی کوششیں جاری رکھیں۔

سال کے لئے جی ڈی پی گروتھ ملک کی 68 سالہ تاریخ میں پہلی بار 0.38 فیصد تک رہی جو گزشتہ سال اس مدت کے دوران 3.3 فیصد رہی تھی اس کمی کے پیچھے بنیادی وجہ COVID-19 (کورونا وائرس) تھی چونکہ COVID-19 (کورونا وائرس) کے آغاز پر حکومت نے پہلے ہی جی ڈی پی گروتھ کی شرح تخمینہ 2.4 فیصد لگایا تھا۔ تین شعبوں میں سے صرف زراعت نے 2.7 فیصد کی مثبت شرح نمو ظاہر کی جبکہ صنعتوں اور سروسز کے شعبوں میں بالترتیب 2.7- فیصد اور 0.6- فیصد کمی آئی۔

حکومت پاکستان (جی او پی) نے ملک گیر COVID-19 (کورونا وائرس) لاک ڈاؤن کے اثرات پر فوری اور موثر رد عمل ظاہر کیا اور متعدد فیصلے کن اور بروقت اقدامات کئے جن میں سے چند ایک درج ذیل میں دیئے گئے ہیں:

- مالیاتی سہولت: کاروباروں میں بہتری لانے کے معاونت کے لئے 625 bps تک کمی کر کے اسے 13.75 فیصد سے 7 فیصد پر لایا گیا۔
- کاروباروں کے لئے خصوصی مراعات: ایس بی پی اور جی او پی نے ایسے کٹھن وقت میں مشکلات کا شکار کاروباروں کے لئے مختلف اسکیمیں جاری کیں مثلاً ری فنانس اسکیم برائے تنخواہوں کی ادائیگی، قرضوں پر طے اصولوں میں تغیر، سابق ٹیکس اور ڈیوٹی ریفرنڈم وغیرہ کی کلیئرنگ۔
- مالیاتی محرک: حکومت پاکستان نے ”ریسیڈیول/ایمرجنسی ریلیف فنڈ“ کے لئے 100 ارب روپے کی ضمنی گرانٹ اور 1.2 کھرب کا ایک مالیاتی محرک کا پیکیج منظور کیا۔
- آئی ایم ایف کی مالیاتی تقسیم: حکومت پاکستان کو COVID-19 (کورونا وائرس) کے باعث معاشی اثرات سے نمٹنے کیلئے ریپڈ فنانسنگ انسٹرومنٹ کے تحت آئی ایم ایف سے 1.386 ارب امریکی ڈالر قرض لینے میں کامیاب رہا۔
- کرنسی کی کم مداخلت: غیر ملکی شرح مبادلہ (امریکی ڈالر: پاک روپے) مالی سال 2020 کے پہلے نو ماہ کے دوران مستحکم رہی تاہم مالی سال 2020 کی آخری سہ ماہی میں زر مبادلہ کے ذخائر میں تیزی سے کمی اور COVID-19 (کورونا وائرس) کی وجہ سے معاشی سرگرمیوں میں تعطل کی بدولت برآمدات پر منفی اثر مرتب ہوا جس کی بدولت امریکی ڈالر کے مقابلے میں روپے کی شرح تبادلہ میں بھی 6.25 فیصد کمی واقع ہوئی جس سے برآمدات پر منفی اثرات مرتب ہوئے۔

- درآمدات پر پابندی اور محنت کشوں کی زرتریسیلات میں سہولت: کرنٹ اکاؤنٹ خسارہ سال کے دوران YoY 78% (13.6 ارب امریکی ڈالر سے 2.9 ارب امریکی ڈالر) تک کم ہوا جس کی بنیادی وجہ ایشیاء کی درآمدات میں کمی کے ذریعے بہتری لانا تھا (19 فیصد YoY تک کم ہوئے)۔ مزید برآں مالی سال 2020 کے دوران بیرون ملک پاکستانیوں کی جانب سے بھیجے گئے 23 ارب امریکی ڈالر نے بھی کرنٹ اکاؤنٹ خسارے کو بڑی حد تک روکنے میں مدد دی۔

ان پالیسی اقدامات بشمول ملک میں طے کردہ ”اسمارٹ لاک ڈاؤن“ کے نفاذ نے ملک کے اندر COVID-19 (کورونا وائرس) کے اثرات کو بڑی حد تک محدود رکھا اور آگے بڑھتے ہوئے سال میں ۷ کی صورت حال میں بحالی معیشت کا امکان ہے۔ تاہم COVID-19 (کورونا وائرس) کی وباء کی دوسری متوقع لہر کے خطرے، تیل کے نرخوں میں کمی کے سبب محنت کشوں کی زرتریسیلات میں کمی مشرق وسطیٰ کے ممالک میں معاشی بحران اور عالمی سطح پر طلب میں کمی کے سبب برآمدات کم ہونے کے باعث بحالی پر نگرانی اور کاروباری خطرات سے نمٹنے کیلئے توجہ دینا ہوگی۔

### مالیاتی نتائج کا جائزہ

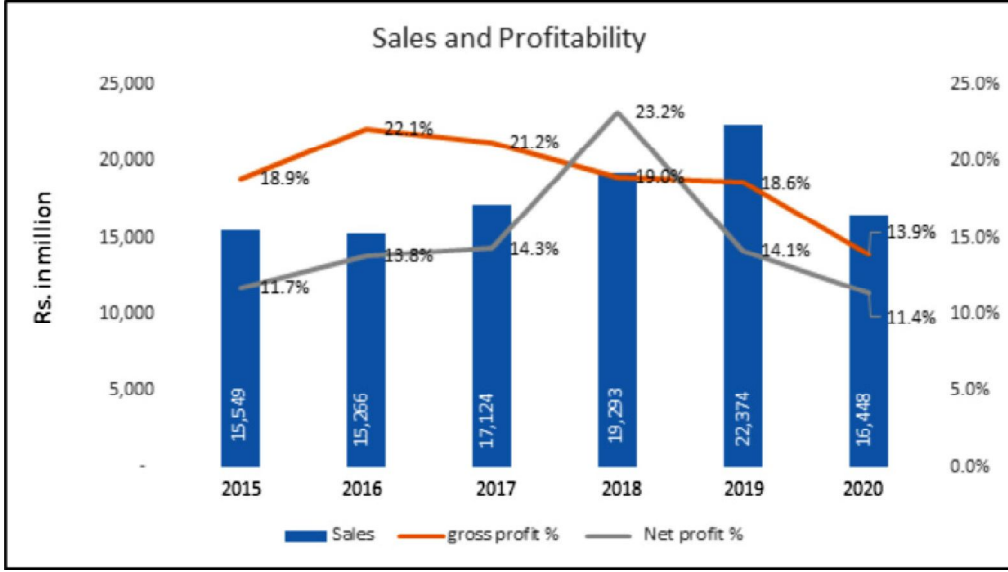
سال کے دوران کمپنیز کا سیزر ریونیو سال بہ سال 26 فیصد تک کم ہو کر 16.4 ارب روپے ہو گیا۔ منافع بعد از ٹیکس 1.9 ارب روپے (سال بہ سال 40 فیصد تک کمی) ریکارڈ کیا گیا جو 2018-2019 کے دوران 3.2 ارب روپے رہا تھا۔

### مالیاتی کارکردگی

(روپے، ملین میں)

کنسولیدیشن		اسٹینڈالون		
2018-19	2019-20	2018-19	2019-20	
23,545	17,203	22,374	16,448	خالص آمدنی
5,611	4,327	4,335	2,372	قبل از ٹیکس منافع
1,648	1,095	1,180	504	محصول کی ادائیگی
3,962	3,232	3,155	1,867	بعد از ٹیکس منافع
44.20	35.63	38.93	23.04	فی شیئر آمدنی، روپے میں



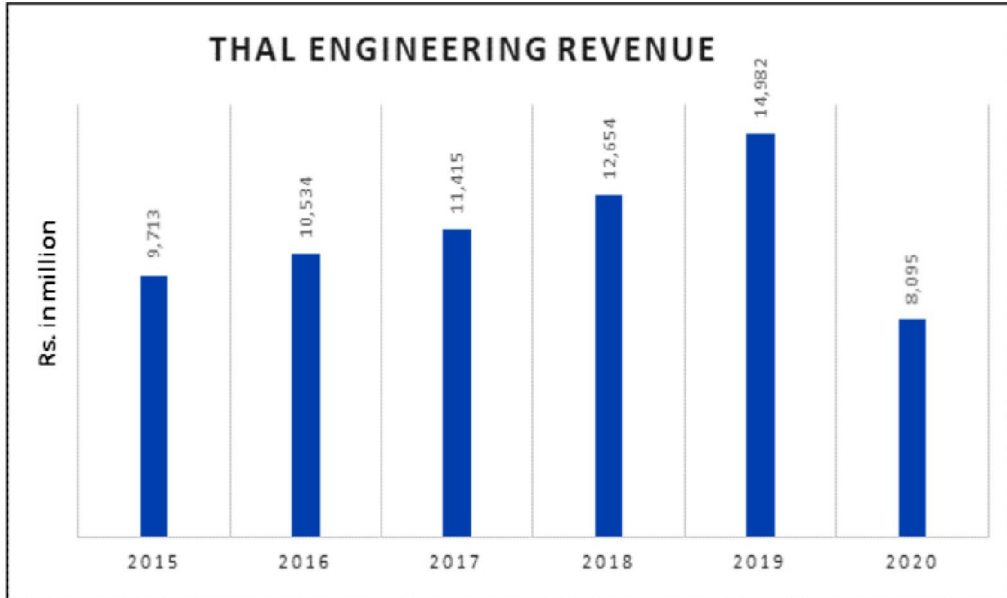


### کاروباری شعبوں کا جائزہ

کمپنی دو نمایاں کاروباری شعبوں - انجینئرنگ کے شعبے اور بلڈنگ میٹیریل و منسلکہ مصنوعات سے متعلق شعبے کی حامل ہے۔

### شعبہ انجینئرنگ

کمپنی کا شعبہ انجینئرنگ تھرمل اور انجن کے اجزاء کے کاروبار اور الیکٹریک سسٹم بزنس پر مشتمل ہے۔ ان کاروباروں نے اپنی بنیادی توجہ آٹو انڈسٹری کے لئے پارٹس کی تیاری پر مرکوز کر رکھی ہے۔



انجینئرنگ کے شعبے میں 8.1 ارب روپے کی سیلرز ہی اس کے مقابلے میں گزشتہ سال کی سیلرز 14.9 ارب روپے تھی اور یوں 46 فیصد کمی دیکھی گئی جبکہ آٹو انڈسٹری میں کارکی فروخت میں 54 فیصد تک کمی آئی، پاک روپے کی قدر میں کمی اور اضافی ٹیکسز و ڈیوٹیز کے نفاذ سے کاروں کے نرخ بڑھ گئے اور نتیجتاً مالی سال کی پہلی ششماہی کے دوران گاڑیوں کی فروخت نمایاں حد تک کم ہوگئی۔ جنوری 2020 سے اب تک صارفین کی طلب میں معمولی سا اضافہ ہوا ہے تاہم COVID-19 (کورونا وائرس) کی وباء پھیلنے کے بعد کاروں کی سیلرز مالی سال کی چوتھی سہ ماہی میں دوبارہ متاثر ہوئی۔

COVID-19 (کورونا وائرس) کی وبائی صورتحال نے عالمی معیشت اور پوری ویلیو چینز (Value Chains) کو بڑے پیمانے پر متاثر کیا حتیٰ کہ اس سے نقصانات بھی سامنے آئے۔ حکومت پاکستان نے مقامی صنعت کو مدد فراہم کرنے کے لئے متعدد مراعاتی پیکیج بھی متعارف کرائے تاہم ان اقدامات کے اب تک معیشت کی بحالی کے سلسلے میں بہت معمولی اثرات مرتب ہوئے ہیں۔ ہمیں توقع ہے کہ صارف کی طلب مستقبل قریب میں سست ہی رہے گی جب تک کہ وباء کی غیر یقینی صورتحال ختم نہیں ہو جاتی کیونکہ وباء کے پھیلاؤ کی رفتار کمزور پڑ رہی ہے تو توقع کی جاسکتی ہے کہ معاشی سرگرمیوں میں تیزی آنے لگے گی۔

متعدد چیلنجوں کے باوجود انتظامیہ کاروبار میں توسیع، مقامی صنعت کے فروغ اور منافع بڑھانے کے لئے لاگت کو باکفایت بنانے کے اقدامات پر مسلسل توجہ مرکوز کئے ہوئے ہے۔ مزید برآں سرگرمیوں کے تسلسل کو یقینی بنانے کے لئے اور کورونا وائرس کے پھیلاؤ کو روکنے کیلئے انتظامیہ نے جامع ایس او پیز مقامی اور بین الاقوامی رہنما ہدایات کے تحت رائج کر رکھے ہیں۔



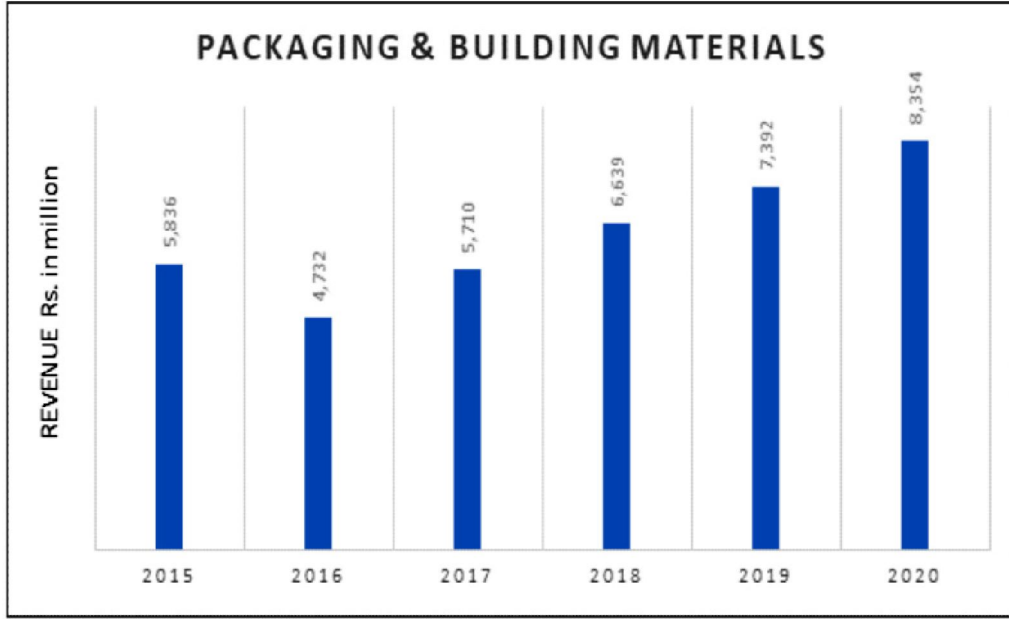
آگے بڑھتے ہوئے انتظامیہ معیار، صحت، سیفٹی، ماحولیاتی اقدامات پر توجہ دینے اور نئے او ای ایمز (مثلاً ہنڈائی نشاط) سے نئے کاروبار کے حصول پر توجہ دیتی رہے گی جبکہ پیداواری صلاحیت میں بہتری کے ذریعے پیداواری لاگت کو باکفایت بنانے کے سلسلہ بھی جاری رہے گا۔

## آؤٹ لگ

آئندہ مالی سال کے دوران آؤٹسٹریٹ کو متوقع طور پر معاشی سست روی اور ڈسپوزیبل آمدنی سکڑ جانے کے سبب چیلنجز کا سامنا رہے گا۔ تاہم COVID-19 (کورونا وائرس) کے بعد جلد معاشی بحالی کے امکانات اس وجہ سے ظاہر ہونے لگے ہیں کیونکہ پاکستان میں وائرس کا پھیلاؤ تیزی سے کم ہوا ہے جس کے مثبت اثرات آؤٹسٹریٹ پر مرتب ہو رہے ہیں۔ آگے بڑھتے ہوئے کاروبار مقامی صنعتوں کو فروغ دینے کے ذریعے ان چیلنجز سے نمٹ سکے گا۔ مزید برآں مقامی مارکیٹ بھی مختلف سمتوں میں پھیل رہی ہے کیونکہ نئے کورین او ای ایمز نے پیداوار شروع کر دی ہے اور اس کاروبار کے لئے مقامی سطح پر کاروبار کے اضافی مواقع پیدا ہو رہے ہیں۔

## پیکیجنگ، بلڈنگ میٹریل اور منسلکہ مصنوعات کا شعبہ

کمپنی اس شعبے میں تین اہم کاروبار جوٹ بزنس (المعروف تھل جوٹ)، پیپرسیک بزنس (المعروف پاکستان پیپرسیک) اور لیمینٹس بزنس (المعروف بلوچستان لیمینٹس) کی حامل ہے۔



جانے والے سال کے دوران اس شعبے نے سال بہ سال کی بنیاد پر 12 فیصد (8.4 ارب روپے بمقابلہ گزشتہ سال 7.4 ارب روپے) شرح نمو حاصل کی۔

## جوٹ بزنس

اللہ تعالیٰ کے فضل و کرم سے جوٹ ڈویژن نے مارکیٹ لیڈر کی حیثیت سے اپنی پوزیشن برقرار رکھی اور سخت مسابقت اور مارکیٹ کی بدترین صورتحال کے باوجود سال نے سیلز اور منافع کے لحاظ سے گزشتہ سال کے مقابلے میں بہتری ظاہر کی۔ کاروباری کارکردگی میں بہتری بنیادی طور پر مستحکم سیلز گروتھ اور COVID-19 (کورونا وائرس) کے باعث مارکیٹ میں سست روی کے باوجود گنی کی بوریوں میں طلب کے باعث بہتری آئی۔

اہم مقامی ضروریات کی لاگت مثلاً خام جوٹ، بجلی، تنخواہوں اور قابل استعمال اشیاء کی مالیت سال کے دوران نمایاں حد تک بڑھ گئی اور اس کے ساتھ سیلز ٹیکس ریٹ میں 9 فیصد سے 17 فیصد تک اضافہ ہوا۔ پاک روپے کی قدر میں کمی کی وجہ سے آپریٹنگ اخراجات بڑھے اور اس کے باعث چیلنج کا سامنا ہے۔ اس کے نتیجے میں صارف کے لئے مالیت میں اضافہ ہوا جس سے مقامی طلب بری طرح متاثر ہوئی۔

گزشتہ چند سالوں کے دوران بین الاقوامی مارکیٹوں میں کمی جانے والی فعال اور جارحانہ سیلز کی جدوجہد اب سیلز بڑھنے، نئی مارکیٹوں کے فروغ اور ہماری پروڈکٹس کے معیار پر صارفین کے اعتماد کے ضمن میں بار آور ثابت ہو رہی ہے۔ ہم امید کرتے ہیں کہ برآمدات پر توجہ برقرار رکھ سکیں گے اور روپے کی قدر میں کمی سے لاگت پر پڑنے والے دباؤ کو کسی حد تک اپنے کاروبار کے اس شعبے میں توسیع کے ذریعے کم کر سکیں گے۔

## آؤٹ لک

آپ کی انتظامیہ آنے والے چیلنجوں سے بخوبی آگاہ ہے اور مارکیٹ میں کاروباری مسابقت کے ضمن میں پیداواری لاگت باکفایت بنانے اور کارکردگی میں بہتری لانے کے پروگراموں کا سلسلہ جاری رکھے گی۔

انتظامیہ کو توقع ہے کہ بین الاقوامی مارکیٹ میں خام جوٹ کے نرخوں میں تیزی کا رجحان اس سال بھی رہے گا جس کی بنیادی وجہ فصل میں تاخیر اور بھارت اور بنگلہ دیش میں حالیہ سیلاب کی اطلاعات ہیں۔ جوٹ کے معیار کے بارے میں بھی کچھ بے یقینی پائی جاتی ہے جو آئندہ دستیاب ہوگی۔ اس بارے میں واضح صورتحال آئندہ سہ ماہی میں سامنے آئے گی۔

ہم ایک مثبت رفتار برقرار رکھنے کیلئے پُر امید ہیں اور آنے والے چیلنجوں سے پورے اعتماد، صلاحیتوں اور مستقل توجہ کے ساتھ مقابلے کیلئے تیار ہیں جو پروڈکٹ کے معیار، پیداوار میں کفایت اور مقامی و برآمدی دونوں مارکیٹوں میں صارفین کی توجہ حاصل کرنے کے ضمن میں ہیں۔

## پیپرسیک بزنس

پیپرسیک بزنس کو اس مالی سال کے دوران سخت چیلنجنگ صورتحال کا سامنا رہا۔ سال کے پہلے چھ ماہ میں سیمنٹ کی صنعت کو مشکلات اور مقامی طلب میں نمایاں کمی کی وجہ سے مسائل کا سامنا رہا جس کے براہ راست اثرات چیلنجنگ کیلئے طلب میں کمی کی صورت میں ظاہر ہوئے۔ یہ توقع کی جارہی تھی کہ جنوری۔ جون کی مدت میں استحکام اور گروتھ کی شرح واپس کر لی جائے گی تاہم ملک میں COVID-19 (کورونا وائرس) کے کیسز میں اضافے اور اس کے نتیجے میں لاک ڈاؤن کے باعث مارچ سے مئی تک کے مہینوں میں سیلز کی شرح بہت کم رہی۔ گزشتہ بجٹ میں پلاسٹک چیلنجنگ کو دیئے گئے ڈیوٹی کے فائدے کی وجہ سے بھی پیپرسیک کی طلب میں واضح کمی آئی۔

کیمریک بزنس کے شعبے میں بھی کاروبار کو گروے مارکیٹ سپلائرز کے ساتھ مسابقت اور COVID-19 (کورونا وائرس) کے ضمن میں بندشوں کے باعث چیلنج کا سامنا رہا۔ کارکردگی بہتر بنانے اور لاگت میں کمی کی سرگرمیوں کو برقرار رکھتے ہوئے اس شعبے میں بہتری لائی جا رہی ہے۔

پہلی ششماہی میں فوڈ گریڈ کی پیکنگ نے مستحکم شرح نمو ظاہر کی تاہم COVID-19 کی وجہ سے ریٹائرمنٹس کی بندش کے باعث کاروبار بری طرح متاثر ہوا۔

روپے کی قدر میں کمی کی وجہ سے طلب و سیلز اور لاگت کے دباؤ نے مجموعی طور پر حجم اور کاروبار کے منافع کے ضمن میں سال کی کارکردگی پر منفی اثرات مرتب کئے۔

روپے کی قدر میں کمی کی وجہ سے طلب و سیلز اور لاگت کے دباؤ نے مجموعی طور پر حجم اور کاروبار کے منافع کے ضمن میں سال کی کارکردگی پر منفی اثرات مرتب کئے۔

سال کے دوران ہماری سیمنٹ کی بوریوں کی تیاری کی صلاحیت کا ہدف کامیابی کے ساتھ ایک نئے پروڈکٹس لائن کی تنصیب کے ساتھ مکمل کیا گیا۔ اس سے گنجائش میں اضافہ ہوگا اور صنعتی بوریوں کے معیار میں بہتری لانے کیلئے ہماری صلاحیت میں بھی اضافہ ہوگا۔



انڈسٹری میں ریگولیٹری حکام کے ساتھ مستقل روابط کے ساتھ فنانس ایکٹ 2020-2021 میں سیک کرافٹ پیپر پیکنگ کے خلاف کسٹم ڈیوٹی میں نا انصافی کے ضمن میں بات چیت کی جارہی ہے۔ اس سے پلاسٹک پیکنگ کے ساتھ مقابلے کیلئے ہموار مسابقت کی فضا میسر آئے گی اور پاکستان سے ماحول دوست پیکنگ کی برآمدات کو فروغ دینے کے دروازے بھی کھلیں گے۔



کمپنی ماحولیات کے ضمن میں اپنی ذمہ داریوں سے بخوبی آگاہ ہے، اس سلسلے میں کاروبار نے فاریسٹ اسٹیورڈ شپ کے لئے سرٹیفیکیشن حاصل کر لی ہے۔ اس کے علاوہ ISO 22000 کی سرٹیفیکیشن سال کے دوران آڈٹ کرائی گئی اور سرٹیفیکیشن کرانے کے ساتھ پاکستان میں کام کرنے والی تمام معروف بین الاقوامی فوڈ چینز کا معیار بھی کامیابی کے ساتھ حاصل کر لیا گیا۔

## آؤٹ لک

صنعتی پیکنگ کیلئے طلب بڑھنے کا امکان ہے بالخصوص سیمنٹ کے شعبے میں وزیراعظم کی جانب سے تعمیراتی صنعت کے لئے دیئے گئے پیکج کے بعد بہتری کا امکان ہے۔ سیک کرافٹ پیپر پراضافی کسٹم ڈیوٹی ختم کئے جانے کے بعد پیپر پیکنگ کا حصہ پلاسٹک کے مقابلے میں بہتر ہو جانے کا امکان ہے۔ حالیہ اضافی پیداواری صلاحیت سے بھی پروڈکٹس کا حجم اور معیار بہتر بنانے میں مدد ملنے کے ساتھ باکفایت پیداواری صلاحیت حاصل ہوگی۔

پاک روپے کی قدر و قیمت میں مستقل کمی اور بین الاقوامی مارکیٹوں میں خام مال کے نرخوں میں اضافے نے پروڈکٹ کے نرخوں پر منفی اثرات مرتب کئے۔ ان کو کم کرنے کے لئے انتظامیہ لاگتوں پر سخت کنٹرول، بہترین کارکردگی اور تمام شعبوں میں کاروباری گروتھ کے ذریعے شرح منافع کو برقرار رکھنے کے لئے کوششوں میں مصروف ہے۔ کمپنی برآمدی کاروبار کو بھی فروغ دینے کیلئے کوشاں ہے۔

متعدد چیلنجوں کے باوجود ان اقدامات کے ساتھ مجموعی طور پر آئندہ سال کیلئے انتظامیہ نے مثبت احکامات ظاہر کئے ہیں اور ہم اس کاروبار کے مستقبل کے بارے میں پُر عزم رہیں گے۔

## لیمینٹس برنس

لیمینٹس برنس تین اہم شعبوں میں ”فارما میٹ“ کے برانڈ نام کے تحت سرگرم عمل ہے یہ تین شعبے ایچ پی ایل (ہائی پریشر لیمینٹس)، کمپیکٹ لیمینٹس اور لیمینٹڈ بورڈز ہیں۔ برانڈ اپنے معیار اور کارپوریٹ ویلیوز کے لئے انفرادیت کیلئے مصروف ہے۔

معیشت میں مجموعی طور پر سست روی کے اثرات کے باوجود اور COVID-19 (کورونا وائرس) کے سبب کاروباروں کی بندش کے باوجود لیمینٹس کا کاروبار اس مدت کے دوران بھی سیزلر کا حجم برقرار رکھنے میں کامیاب رہا۔

باکفایت پیداواری صلاحیت، بہتر سیزلر اور سپلائی برقرار رکھنے کی منصوبہ بندی پراضافی توجہ کے سبب لیمینٹس برنس سال کے دوران بہتر نتائج ظاہر کرنے کا اہل ثابت ہوا۔

## آؤٹ لک

آئندہ سال کیلئے ہماری توجہ کا اہم مرکز پروڈکٹ کے معیار کو بہتر بنانا، برانڈ کی اہمیت میں اضافہ اور شرح منافع کو بڑھانے کیلئے پیداواری لاگت کو باکفایت بنانا ہوگا۔

چوتھی سہ ماہی میں لاک ڈاؤن میں بتدریج نرمی اور وفاقی حکومت کی جانب سے تعمیراتی صنعت کے لئے اعلان کردہ حالیہ مراعات سے تعمیراتی صنعت میں بحالی کے مثبت اشارے ظاہر ہو رہے ہیں۔ اس کے مطابق ہم پُر امید ہیں کہ مارکیٹ کی صورتحال آئندہ سال میں بہتر ہو جائے گی۔

ذیلی ادارے

تھل بوشوکو پاکستان (پرائیویٹ) لمیٹڈ

سال 2019-2020 کے دوران سیلز 43 فیصد تک کم ہو گئی جس کی بنیادی وجہ COVID-19 کی وبائی صورتحال کے پیش نظر حکومت کی جانب سے لگ بھگ 3 ماہ کیلئے لاک ڈاؤن کا نفاذ تھا۔ مزید برآں تمام تر حجم بھی گزشتہ سال کے مقابلے میں اس سال کیلئے کم تر رہا جس کے نتیجے میں سیلز میں مزید کمی آئی اور شرح منافع بھی کم ہو گیا۔

کمپنی نے رواں سال کے دوران کئی نمایاں اقدامات پر عملدرآمد کیا۔ نیا پلانٹ مکمل طور پر فعال ہو گیا اور کامیابی کے ساتھ ٹی اے اے (TAA) پارٹنر کی جانب سے مقامی انتظامیہ کے حوالے کر دیا گیا۔ تاہم او ای ایم (OEM) کی جانب سے ماڈل کو متعارف کرانے میں تاخیر کے باعث کمپنی کو بھاری خسارے کا سامنا کرنا پڑا۔ اس خسارے میں مزید اضافہ رواں سال کے دوران لاک ڈاؤن کے سبب مزید بڑھ گیا۔

آپریشن کی موجودہ جانب پر تمام صارفین کی سپلائرز کی ضروریات ”زیرو نقص“ کے ساتھ پوری کی گئی ہے اور پورے سال کے دوران برنس کو صارفین کی جانب سے ”گرین زون“ میں رکھا گیا۔ پیداواری کفایت کو بہتر بنانے، کازن اور ہمارے ٹیم ممبران کیلئے کام کرنے کے صحتمندانہ اور محفوظ ماحول فراہم کرنے کے ضمن میں توجہ کا سلسلہ بھی برقرار ہے۔

ملکیت کے ضمن میں تھل لمیٹڈ، تھل بوشوکو پاکستان (پرائیویٹ) لمیٹڈ میں 55 فیصد شیئر ہولڈنگ کی حامل ہے جبکہ 25.4 فیصد شیئر ز یوٹا بوشوکو ایشیا، کارپوریشن 9.6 فیصد ز یوٹا بوشوکو کارپوریشن جاپان، مزید 10 فیصد شیئر ز یوٹا بوشوکو کارپوریشن جاپان کے پاس ہیں۔

کمپنی کے مستقبل کیلئے پیش نظر مقامی معیشت کے مستقل دباؤ کے باعث چیلنجنگ نظر آتا ہے۔ تاہم لاک ڈاؤن ختم کئے جانے کے باعث آٹو سیکٹر او ای ایمز کی طرف سے طلب میں اضافے سے کچھ بہتری کی جانب گامزن ہو رہا ہے۔ اس کے علاوہ نئے او ای ایم کی آمد سے مقامی پروڈکشن کا آغاز ہو چکا ہے جس سے صارف کا دائرہ کار مختلف سمتوں میں پھیلنے کے مزید مواقع پیدا ہوں گے۔

کمپنی مقامی صنعت کے اپنے پورٹ فولیو میں اضافے کے لئے کام کرنے کے ذریعے اپنی مصنوعات کی پیشکش میں اضافے بشمول آٹو پارٹس کی صنعت کے اندر نئی پروڈکٹس کے فروغ کے ضمن میں بھی اقدامات کر رہی ہے۔



## میکرو۔ حبیب پاکستان لمیٹڈ

معزز عدالت عظمیٰ پاکستان نے صدر اسٹور کے لئے ایم ایچ پی ایل کی نظر ثانی پیشین مسترد کر دی تھی اور اس کے نتیجے میں ایم ایچ پی ایل کا صدر اسٹور 11 ستمبر 2015 کو بند کر دیا گیا تھا۔

9 دسمبر 2015 کو ہونے والی پیش رفت ہونے کے بعد سپریم کورٹ آف پاکستان نے آر می ویلفیئر ٹرسٹ (اے ڈبلیو ٹی) کی درخواست برائے نظر ثانی پیشین کی بحالی منظور کر لی۔ 2 فروری 2016 کو اس کی سماعت میں معزز چیف جسٹس نے تبصرہ کیا کہ چونکہ اے ڈبلیو ٹی کی نظر ثانی پیشین میں ایم ایچ پی ایل اور وزارت دفاع کو بھی میرٹ پر بحث کا موقع ملنا چاہیے کیونکہ وہ بھی اے ڈبلیو ٹی کی پیشین میں جواب داران ہیں۔

اے ڈبلیو ٹی کی نظر ثانی درخواست کی سماعت کیلئے نئے بیج سے قبل 17 اکتوبر 2017 کی تاریخ مقرر کی گئی تھی تاہم شہری اور کے ڈبلیو ایس ٹی کی نمائندگی کرنے والے کونسل کی جانب سے التواء کی درخواست کے باعث کوئی کارروائی انجام نہیں دی جاسکی۔ یہ کمپنی تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

معاملے کی آئندہ سماعت کی کوشش کی جارہی ہے اور کمپنی کسی مناسب حل کیلئے کوششیں جاری رکھے گی۔

## 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۔ کمپنی کیش اینڈ کیوری ریٹیل برینڈز کے فروغ اور اپنے اسٹور کی لوکیشن سے کاروباری قدر و قیمت بڑھانے کیلئے مختلف کاروباری مواقع تلاش کر رہی ہے۔ سال کے دوران کمپنی کا بزنس COVID-19 (کورونا وائرس) کی وبائی صورتحال اور مسلسل لاک ڈاؤن کی وجہ سے بہت زیادہ متاثر ہوا۔

سال کے دوران تھل لمیٹڈ کو 529 ملین روپے کی مجموعی مالیت کے منافع منقسمہ کی ادائیگی کی گئی جس سے گزشتہ سال کے مقابلے میں 31 فیصد کا اضافہ ظاہر ہوتا ہے۔

## 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 اور ایئر کنڈیشننگ گیس کی آٹو موبائل اسمبلر اور آٹو پارٹس مینوفیکچررز کو فراہم کر کے اپنا کاروبار جاری رکھا ہے۔ یہ تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

## اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ

23 اپریل 2020 کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ، 2017 کے سیکشن (1) 284 کے تحت اس کے مکمل ملکیتی ذیلی ادارے اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ کے ساتھ اور اسے کمپنی یعنی تھل لمیٹڈ میں انضمام کیلئے انضمام کی اسکیم منظور کرنے کیلئے قرارداد منظور کی۔ اس کے مطابق جیسا کہ اس کی تکمیل کی تاریخ 30 جون 2020 تھی۔ اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ کی مکمل انڈر ٹیکنگ کمپنی کے پاس ضم کر دی گئی۔

## پاور سیکٹر میں سرمایہ کاریاں

### سندھ اینگروول مائننگ کمپنی لمیٹڈ

ایس ای سی ایم سی حکومت سندھ، تھل لمیٹڈ، اینگرو پاور جن لمیٹڈ، حب پاور کمپنی لمیٹڈ، حبیب بینک لمیٹڈ، سی ایم ای سی تھر مائننگ انویسٹمنٹس لمیٹڈ اور ایس پی آئی مٹنگ ونگ کے مابین ایک جوائنٹ وینچر ہے۔ یہ تھر کول بلاک-II میں پاکستان کے پہلے اوپن پٹ مائننگ پروجیکٹ کو تیار کرنے میں سرگرم عمل ہے۔

ایس ای سی ایم سی 10 جولائی 2019 کو 3.8 ملین ٹن سالانہ کپسٹی مائن (فیئر-1) کیلئے اپنے تجارتی آپریشنز کی تاریخ حاصل کر چکا ہے۔ تھر مائننگ کا فیئر-1 اینگرو پاور جن تھر (پرائیویٹ) لمیٹڈ کی جانب سے قائم کردہ 2x330 میگا واٹ پاور جنریشن پلانٹ کیلئے کوئلہ فراہم کر رہا ہے۔

تقویمی سال 2020 کی پہلی ششماہی میں ایس ای سی ایم سی نے باآسانی کام کرتے ہوئے 2 ملین ٹن کوئلہ فراہم کیا اور 18.4 ارب روپے کی سیلز ریویو اور 3.1 ارب روپے کا بعد از ٹیکس منافع حاصل کیا۔ اس کے ساتھ ایس ای سی ایم سی نے اس مدت کے دوران مثبت کیش فلو حاصل کیا یہ پروجیکٹ کی تکمیل کی تاریخ (PCD) کے حصول تک اپنے فنڈنگ معاہدوں کے تحت کسی بھی منافع منقسمہ کے اعلان سے ممنوع قرار دی گئی ہے جو ”ٹرو اپ“ (Trueup) اور ایس ای سی ایم سی کے سی او ڈی ایچ ٹیرف کی پیشین کی منظوری سے مشروط ہے، جو تھر کول اور انرجی بورڈ کی جانب سے دائر کی گئی ہے۔ ایس ای سی ایم سی کی انتظامیہ نے پی سی ڈی کے حصول کا ہدف تقویمی سال 2021 کی پہلی سہ ماہی میں مقرر کیا ہے۔

ایس ای سی ایم سی نے کامیابی کے ساتھ 31 دسمبر 2019 کو 7.6 mtpa کے لئے اپنے کان کنی کے آپریشنز کی توسیع کیلئے فنڈنگ کلوزر حاصل کر لیا۔ فیئر-II کے لئے ایس ای سی ایم سی تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ اور تھر انرجی لمیٹڈ کے ساتھ کول سپلائی ایگریمنٹس کر چکی ہے جو بالترتیب ہر ایک 330 میگا واٹ پاور پلانٹ کیلئے اضافی 1.9 ملین ٹن گلائنٹ سالانہ کی فراہمی کے سلسلے میں ہیں۔



2020 کی پہلی ششماہی میں عالمی سطح پر COVID-19 (کورونا وائرس) کی وباء نے فیز-II کے لئے طے شدہ مدت کو بری طرح متاثر کیا۔ پروجیکٹ کمپنی اب کوشاں رہے گی کہ 2022 میں فیز-II کیلئے تجارتی آپریشنز کی تاریخ کا ہدف حاصل کرے۔

تھل لمیٹڈ ایس ای سی ایم سی میں 11.9 فیصد عمومی شیئر ہولڈنگ کی ملکیت رکھتا ہے۔

### تھل پاور (پرائیویٹ) لمیٹڈ

تھل نووا پاور تھر پرائیویٹ لمیٹڈ (”تھل نووا“) تھل پاور پرائیویٹ لمیٹڈ، نووا پاور جن لمیٹڈ (نووا ٹیکس لمیٹڈ کے ذیلی ادارے) اور حب پاور کمپنی لمیٹڈ کا ایک مشترکہ منصوبہ ہے جو تھر سندھ میں واقع 330 میگا واٹ مائن ماؤتھ کول فائرڈ پاور جرنیشن 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۔

چائینہ مشینری اینڈ انجینئرنگ کارپوریشن (”سی ایم یاسی“) 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 پراجیز ایجنسی (گارنٹی) لمیٹڈ (سی پی پی اے) کے ساتھ پاور پراجیز ایگریمنٹ (پی پی اے) اور پرائیویٹ پاور انفراسٹرکچر بورڈ (پی پی آئی بی) کے ساتھ امپلی میٹیشن ایگریمنٹ (”آئی اے“) بھی کیا ہے۔





تھل نووا (بذریعہ شیئر ہولڈنگ کی ایکویٹی) نے پہلے ہی موبلائزیشن ایڈوانس دینے کے ذریعے پروجیکٹ کی تعمیر کا اعلان کر دیا تھا اس کے ساتھ ای پی سی کنٹریکٹر کو رومات کی فراہمی کیلئے محدود نوٹس (LNTP) پروجیکٹ کے تجارتی آپریشنز کی تاریخ کے حصول کے لئے دیا گیا۔

تھل نووا نے تقویمی سال 2019 کی دوسری ششماہی میں پروجیکٹ لینڈرز کے ساتھ کلیدی مالیاتی معاہدے تکمیل دیئے۔ 2020 کی پہلی ششماہی میں COVID-19 (کورونا وائرس) کی عالمی وباء نے فنانشل کلوز کیلئے مقررہ مدت کو بری طرح متاثر کیا جس کی بڑی وجہ چین میں فوری لاک ڈاؤن اور پاکستان میں حالیہ لاک ڈاؤن ہے۔

پروجیکٹ کمپنی شراکت داروں کے ساتھ پیشگی مذاکرات کر چکی ہے اور تقویمی سال 2020 کی تیسری سہ ماہی کے اختتام تک فنانشل کلوز حاصل کرنے کیلئے کوشاں ہے۔ پروجیکٹ توقع کے مطابق 2022 میں آن لائن ہو جائے گا۔

### ہیومن ریسورسز

تھل لمیٹڈ میں ہم اپنی مستقل کامیابی کو اپنے عملے سے منسوب کرتے ہیں۔ ہمارے ملازمین ہماری طاقت ہیں اور یہ شراکت داری، پیشہ ورانہ صلاحیتوں اور ہماری ترقی کے اعزاز کے کچھ میں انتہائی شاندار کارکردگی کی حامل ٹیم تیار کرنے کیلئے ہماری صلاحیت و قابلیت کا حصہ بنتے ہیں۔ ہماری ایچ آر مہارت کو برقرار رکھنے کے لئے ہم ٹیلنٹ مینجمنٹ، سیکھنے و سمجھنے اور فروغ اور کامیابی کی پلاننگ کے شعبوں پر توجہ دینے کا سلسلہ برقرار رکھیں گے۔

اپنی قابلیت اور استحکام میں اضافے کی طویل مدتی حکمت عملی کے ساتھ کام کا سلسلہ جاری رکھتے ہوئے اور اس کے علاوہ ایک انتہائی جدید ٹیلنٹ ڈیولپمنٹ فریم ورک تشکیل دینے کے ذریعے اس سال 3 اہم انفرادی و جدید پروگرام تشکیل دیئے گئے جو بنیادی طور پر تنظیمی ڈھانچے کو بہتر بنانے اور تھل لمیٹڈ کے تمام ذیلی اداروں میں پیداواری صلاحیت اور کارکردگی میں اضافے کیلئے مراعات و فوائد کے فروغ کے ضمن میں تھے۔

اعزاز و انفرادیت کے حصول کیلئے تھل کے دائرہ کار میں شمولیت کے حوالے سے ہم اس بات پر یقین رکھتے ہیں کہ یہ ایک مشکل امر ہے کہ تمام سطحوں پر ملازمین کا کردگی کے طے شدہ معیار کا مظاہرہ کریں۔ لہذا اس سلسلے میں ایک جامع ویشن "لیڈرشپ کمیٹنی" پروگرام تشکیل دیا گیا تھا۔ یہ فریم ورک متوقع رویوں کے اشارے ہیں جو ہمیں کام کے وہ راستے سمجھاتے ہیں جو کہ ہم تھل لمیٹڈ اور اس کے ذیلی اداروں میں جاری رکھنا چاہتے ہیں۔ یہ فریم ورک بحیثیت "lingua franca" بھی کارفرما رہے گا تاکہ درست و موزوں ٹیلنٹ کی بھرتی، کارکردگی کے ڈائلاگز، ڈیزائن اور مستحکم ڈیولپمنٹ پلانز، مستقبل کے لئے لیڈرز کے فروغ اور انفرادیت کے حصول کے لئے ملازمین کی صلاحیتوں کے درست استعمال میں سہولت حاصل رہے۔

مزید برآں تھل میں بہترین کارکردگی جاری رکھنے کا کلچر فروغ دینے کے ہمارے عزم کو برقرار رکھنے کے لئے بہتری کے اہم طور طریقوں کو پرفارمنس مینجمنٹ فریم ورک کے تحت تشکیل دیا گیا ہے۔ بنیادی بریک تھرو تھل کے تمام ذیلی اداروں میں پرفارمنس مینجمنٹ پریسیس کا خود کار نظام ہوگا۔ یہ خود کار نظام تمام تر طریقہ کار میں مزید مستعدی و برق رفتاری لائے گا اس کے ساتھ ملازمین اور ان کے رپورٹنگ منیجر کے درمیان کارکردگی کے بارے میں گفت و شنید پر توجہ میں بھی اضافہ ہوگا۔

ایک اور اہم جدت طرازی یہ ہے کہ تھل کے ذیلی اداروں میں پہلی بار انتظامی عہدوں کے لئے جاب کی جانچ کے حوالے سے ایک وسیع تر مشق کی جارہی ہے۔ اس مشق پر عملدرآمد کا مقصد متعلقہ امور کا تعین کیلئے ایک منظم لائحہ عمل لانا ہے کہ انتظامی اغراض و مقاصد کے ضمن میں مختلف عہدوں کی کارکردگی کی بہترین جانچ کی جائے۔ جاب کی جانچ کی مشق کی تکمیل کے بعد ایک گریڈنگ اسٹرکچر تشکیل دیا جائے گا جو کہ تھل کے تمام تر ذیلی اداروں میں اعزازات کی حکمت عملیوں اور پالیسیوں کے نفاذ کیلئے ایک فریم ورک فراہم کرے گا۔

مزید برآں ملازمین کو ان کی صلاحیتوں کے مکمل اظہار کو فروغ دینے اور اس کا اہل بنانے کے کلچر کے ہمارے عزم کو جاری رکھتے ہوئے ہم نے COVID-19 (کورونا وائرس) کی وبائی صورتحال کے دوران اپنے ملازمین کے لئے آن لائن ٹریننگ کا انتظام بھی کیا۔ اس سے ملازمین کو اپنی صلاحیتیں بڑھانے اور گھر پر مصروف رہنے کے حوالے سے کافی مدد ملی۔

### صحت، تحفظ اور ماحولیات (HSE)

کاروبار کے تمام شعبوں میں ہم کام کرنے کا ایک ایسا بہترین ماحول چاہتے ہیں جہاں آپریشنز اور کاروباری ماحول میں سیفٹی کو بنیادی اہمیت حاصل ہو۔ ہمارے اہداف ہر ایک ملازم کو کسی بھی حادثے سے محفوظ رکھنا اور اس امر کو یقینی بنانا ہے کہ کمپنی ہمیشہ کام کرنے کیلئے ایک محفوظ ترین مقام ہے۔ پورے سال کے دوران اپنے ملازمین، پلانٹس اور کرہ ارض کے تحفظ کیلئے ایک مستحکم لائحہ عمل کو تشکیل دے کر کاروباروں کے ضمن میں نمایاں اقدامات کئے گئے اور نتیجتاً تھل انجینئرنگ 5.119 ملین محفوظ افرادی قوت کے گھنٹے حاصل کرنے میں کامیاب رہا۔

مزید برآں ہم نے بہترین انٹرنیشنل طریقہ کار بشمول پیشہ ورانہ سیفٹی وہیلتھ ایڈمنسٹریشن (اوپن ایس اے ایس) کو مد نظر رکھتے ہوئے سیفٹی مینجمنٹ سسٹمز پر اپنی توجہ برقرار رکھی ہے اور یہ ایمپلائز فیڈریشن آف پاکستان کی جانب سے باقاعدہ تسلیم کردہ ہے جس نے تھل انجینئرنگ کو پروسیسڈ اینڈ الائیڈ سیکٹرز میں ”بہترین پریکٹسز ایوارڈ برائے OSH&E 2019“ تفویض کیا۔

سیفٹی کے معیار کو مزید بہتر بنانے کے ضمن میں تھل انجینئرنگ اور تھل بوشوکو میں فائرسوٹ مع سانس لینے کے خود کار آلات متعارف کرائے گئے۔ تھل انجینئرنگ کی جانب سے کی جانے والی ان کوششوں کے اعتراف میں فائر پروٹیکشن ایسوسی ایشن آف پاکستان نے تھل انجینئرنگ کو فائر سیفٹی ایوارڈ 2019 سے نوازا۔

کمپنی بین الاقوامی معیار کے بہترین طریقہ کار کے مطابق متعدد سرٹیفکیٹس اور اعزازات کی حامل ہے۔ یہ اس بات کی واضح دلیل اور اشارے ہیں جو ہم اپنے ایچ ایس ای کے معیار کو مستقل طور پر بہتر بنانے کے ضمن میں کرتے رہتے ہیں۔ حال ہی میں تھل انجینئرنگ نے OHSAS 18001 تا ISO 45001 سے ٹرانزیشن حاصل کی ہے جو اس کی ایچ ایس ای کی پالیسیوں اور صلاحیت کو مستحکم بنانے کا ایک نیا معیار ہے۔

ہم کرہ ارض کے بارے میں بھی بحیثیت ایک سماجی تحفظ کا ادارہ اپنی ذمہ داری سے پوری طرح عہدہ براہ ہو رہے ہیں اور بحیثیت ایک ادارہ یونائیٹڈ نیشنل گلوبل کمپیکٹ کے دستخط کنندہ ہیں۔ پورے سال ہم نے اس شعبے پر توجہ برقرار رکھی اور ہم تھل انجینئرنگ میں ماحول برکاربن کے اثرات 3.5 فیصد تک کم کرنے کے قابل ہو سکے جبکہ ہمارا ہدف 2 فیصد کی کمی کا تھا۔ ان بہترین طریقہ کار کو نیشنل فورم برائے اینوائرنمنٹ اینڈ ہیلتھ کی جانب سے بھی تسلیم کیا گیا اور تھل انجینئرنگ کو اینوائرنمنٹ ایسیلیٹس ایوارڈ 2019 تفویض کیا۔

### کارپوریٹ سوشل ریسپانسیبلٹی (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 2019-20 میں سماجی سرمایہ کاری کے تحت ہم نے لگ بھگ 24 ملین روپے مختص کئے۔ 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۔

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 اسکا لرشپس اور معالی معاؤنت فراہم کرتا ہے۔ اس کے علاوہ ہر سال ملازمین کو اعلیٰ تعلیم کے لئے فنڈز بھی فراہم کئے جاتے ہیں۔

بحیثیت ایک ادارہ ہم اپنے معاشرے اور اپنے ملازمین، جو ہماری قوت اور ہماری کامیابی کی ضمانت ہیں، کے لئے اپنی ذمہ داریوں کو بخوبی سمجھنے پر خود پر فخر کرتے ہیں۔ COVID-19 (کرونا وائرس) لاک ڈاؤن کے سبب چیلنجنگ صورتحال کے پیش نظر اپنے اصولوں کے تحت مارچ اور رمضان المبارک کے دوران راشن کے تھیلے تقسیم کئے گئے۔ ہم چند پروگرامز بھی چلا رہے ہیں جن کا مقصد ملازمین کی فلاح و بہبود اور مختلف صورتوں میں ان کی مدد کرنا ہے۔

ہم اس امر پر کامل یقین رکھتے ہیں کہ معیار تک رسائی بنیادی اور ہیلتھ کیئر کی فراہمی ہر ایک کا بنیادی حق ہے۔ پورے سال کے دوران اپنے تمام تر طبقات کیلئے اس ذمہ داری کو نبھاتے ہوئے ہم نے براہ راست مانیٹری سپورٹ کے ذریعے صحت کی دیکھ بھال کے سرکردہ اداروں کی معاونت کا سلسلہ جاری رکھا۔ اس میں فیکٹری پریمیسز کے اندر باقاعدہ میڈیکل سہولت کا قیام، ملازمین کیلئے قرنینہ مرکز، مفت کوویڈ اور کوویڈ اینٹی باڈی ٹیسٹس، ایسبولینس سروس کا بندوبست اور ملازمین کیلئے موزوں و مناسب پی پی ایز (PPEs) کی فراہمی بھی شامل ہے۔

مختلف طبقات کے ضمن میں اپنے ذمہ داری کو پورا کرتے ہوئے ڈیف ریج طلباء کی ویز کیلئے بولان ایئر کنڈیشنرز عطیہ میں دیئے گئے۔ اس کے علاوہ سنڈرائنڈ سٹرمل اسٹیٹ لاہور کو سرسبز و شاداب سوسائٹی بنانے میں معاونت کے اقدام کے طور پر درخت عطیہ کئے گئے۔

## کارپوریٹ ایکسیلینس ایوارڈ

آپ کی کمپنی نے آٹوموبائل پارٹس اور ایکسیسریز کیٹیگری (2019) میں ”34 واں ایم اے پی کارپوریٹ ایکسیلینس ایوارڈ“ حاصل کیا۔



## انفارمیشن ٹیکنالوجی (IT)

مالیاتی سال 2019-2020 کا آغاز جدت طرازی و انفرادیت اور بزنس ٹرانسفارمیشن پر توجہ کے ساتھ ہوا۔ مالیاتی سال کی پہلی ششماہی کے دوران کمپنی نے اپنے موجودہ ٹیکنالوجی پلیٹ فارم کو جدید بناتے ہوئے اپنے اوریکل ڈیٹا بیس تالیس اے پی ہانا ڈی بی سے تبدیل کیا اس کے ساتھ اس کے ہارڈ ویئر انفراسٹرکچر کی اپ گریڈیشن بھی کی گئی۔ اس سے ادارے کو دیگر مسابقتی اداروں کے ہم پلہ بنانے میں مدد ملی۔

COVID-19 (کورونا وائرس) کی وبائی صورتحال نے دنیا بھر میں کمپنیز کو اس امر کی دوبارہ جانچ پر مجبور کر دیا کہ وہ اپنے کاروباری ماڈلز کو از سر نو مرتب کریں اور آنے والی ڈیجیٹل ٹرانسفارمیشن کیلئے اپنے اسٹریٹجی کو ری ڈیزائن کریں۔ اگرچہ COVID-19 (کورونا وائرس) کی وباء کے باعث کاروباری سرگرمیاں متاثر ہوئی تھیں تاہم اللہ تعالیٰ کے شکر گزار ہیں کہ اپنی کوششوں اور ٹیکنالوجی انفراسٹرکچر اور انفارمیشن سیکورٹی کے شعبوں میں ماضی میں کی گئی سرمایہ کاریوں نے بروقت اقدامات اور درست فیصلوں اور مہارت استعمال کرنے کا موقع دیا۔ تھل میں ہمارے ملازمین نے آئی ٹی ڈپارٹمنٹ کی معاونت اور تربیت کی وجہ سے فوری طور پر معمول کی کاروباری سرگرمیوں اور روابط کو برقرار رکھنے کیلئے مائیکروسافٹ اور زوم وڈیو کانفرنس کی ٹیکنالوجی پر عملدرآمد کیا۔ COVID-19 (کورونا وائرس) کی وباء نے ایک طرف تمام بزنس ایگزیکٹوز اور ملازمین کو ہر ممکن حد تک گھر سے کام کرنے پر مجبور کیا جبکہ دوسری جانب ملازمین اور ادارے کو ایک سہل و باسہولت ڈیجیٹل ٹرانسفارمیشن کی جانب بھی منتقل کر دیا۔

گھر سے کام کرنے کے نتیجے میں انٹرنیٹ پر بھی انحصار بڑھ گیا جس سے ادارے کو اپنی سائبر سیکورٹی کو محفوظ بنانے کیلئے بھی محتاط ہونا پڑا۔ تھل لمیٹڈ نے ادارے کے نیٹ ورک اور ریہوٹ سروسز کو کسی بھی ادارہ جاتی خطرے سے محفوظ بنانے اور جانچ پڑتال کیلئے پی ڈبلیو سی (PwC) (اے ایف فرگوسن اینڈ کمپنی) کی خدمت حاصل کیں۔ ان کے کاموں کے اسکوپ میں ریہوٹ کے رابطے بحال رکھنے کی نگرانی اور کنٹرول محتاط جائزوں، تمام تر جانچ پڑتال اور نیٹ ورک ڈیزائن و کنفیگریشن (configuration) کا جائزہ لینا شامل تھا۔

کمپنی نے انفارمیشن سیکورٹی کا پلٹ فارم مزید مستحکم بنانے کے ضمن میں ٹریڈ مائیکرو موبائیل اور لیپ ٹاپ سیکورٹی سولوشن نافذ کیا۔ یہ ٹیکنالوجی ڈیٹا پروٹیکشن کی مربوط تہوں پر مشتمل ہے تاکہ کارپوریٹ ڈیٹا کو محفوظ بنایا جائے قطع نظر اس امر کے کہ یہ کہاں جا رہا ہے۔ محفوظ نظام کو لاگو کر کے ریہوٹ لاک اور وائپ، پاس ورڈ کے نفاذ اور ایپ مینجمنٹ تشکیل دیا گیا تاکہ ملازمین کا ڈیٹا بھی محفوظ رہے۔ اس کے ذریعے استعمال کرنے والے کی صلاحیت اور آئی ٹی خطرات کے درمیان درست توازن قائم کیا گیا۔

### 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 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۔



## 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 انٹرپرائزرسک 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 پالیسیز 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 2019-20 میں کمپنی نے ٹیکسیشن (بشمول سپرنٹیکس)، کسٹم ڈیویٹیز، محصولات، ایکسائز ڈیویٹیز اور WWF کی صورت میں قومی خزانہ میں 4.1 ارب روپے جمع کرائے۔ (2018-19: 7.08 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 ’ای وائی فورڈ ر ہوڈز‘، چارٹرڈ اکاؤنٹینٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے سال 2020-21 میں خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے بھی ان کے دوبارہ تقرری کی سفارش کی ہے۔

## شیئر ہولڈنگ کا طرز

شیئر ہولڈنگ کا طرز بمطابق 30 جون 2020 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 آپسچینج کورپورٹ کرنا ضروری ہے۔

## بورڈ کی سب کمیٹی کی تشکیل نو

جناب عمران حبیب کو 29 جون 2020 سے بورڈ کی آڈٹ کمیٹی کا ممبر مقرر کیا گیا ہے۔

## ڈائریکٹرز ٹریننگ پروگرام

جناب رفیق ایم۔ حبیب، 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 آصف قادر، محترمہ عالیہ سعیدہ خان، جناب محمد علی آر۔ حبیب اور جناب عمران علی 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، رقومات 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 ذریعہ، میسرز نو بل کمپیوٹرسروسز (پرائیویٹ) لمیٹڈ کو تفویض کئے ہیں جو اس کام کیلئے نہایت موزوں اہلیت اور تجربہ 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 و شبہ نہیں ہے۔
- ۹۔ اصول و ضوابط 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 ڈائریکٹرز اور ہر ملازم کو پہنچا دیا گیا ہے۔
- ۱۰۔ پراویڈنٹ فنڈ اور ریٹائرمنٹ فنڈ میں سرمایہ کاری کی رقم بمطابق 30 جون 2020، بالترتیب 610 ملین روپے اور 68 ملین روپے ہے۔
- ۱۱۔ گزشتہ چھ سال کی آپریٹنگ اور مالیاتی معلومات اس رپورٹ کے ضمیمہ میں درج ہیں۔

ڈائریکٹرز کی مجموعی تعداد درج ذیل کے مطابق (7) ہے:

۱۔ مرد 6

بی۔ خاتون 1

بورڈ کی تشکیل درج ذیل کے مطابق ہے:

- |     |                              |   |                         |
|-----|------------------------------|---|-------------------------|
| ۱۔  | انڈیپنڈنٹ ڈائریکٹرز          | - | جناب آصف قادر           |
|     |                              | - | محترمہ عالیہ سعیدہ خان  |
| بی۔ | دیگر نان۔ ایگزیکٹو ڈائریکٹرز | - | جناب رفیق ایم۔ حبیب     |
|     |                              | - | جناب محمد علی آر۔ حبیب  |
|     |                              | - | جناب عمران علی حبیب     |
|     |                              | - | جناب سلمان برنی         |
| سی۔ | ایگزیکٹو ڈائریکٹرز           | - | جناب محمد طیب احمد ترین |

(i) بورڈ ممبرز کے نام اور سال کے دوران منعقد ہونے والی 7 میٹنگز میں ان کی حاضری کی تفصیلات درج ذیل ہیں:

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
1	جناب رفیق ایم۔ حبیب (چیئرمین)	5/7
2	جناب علی ایس۔ حبیب (مرحوم)	4/7
3	جناب محمد علی آر۔ حبیب	5/7
4	جناب آصف قادر	7/7
5	جناب سلمان برنی	7/7
6	جناب محمد طیب احمد ترین	7/7
7	محترمہ عالیہ سعیدہ خان	6/7
8	جناب سہیل پی۔ احمد (مستعفی 20 ستمبر 2020)	1/7
9	محترمہ روشن بی۔ مہری (متبادل ڈائریکٹر)	2/7

جناب عمران علی حبیب کو جناب علی ایس۔ حبیب (مرحوم) کے انتقال کے سبب خالی ہونے والی جگہ کو پُر کرنے کیلئے مورخہ 29 جون 2020 سے کمپنی کا ڈائریکٹر مقرر کیا گیا تھا۔

سال کے دوران آڈٹ کمیٹی کے 4 اجلاس ہوئے اور اس میں ڈائریکٹرز کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
1	جناب آصف قادر (چیئرمین)	5/5
2	جناب محمد علی آر۔ حبیب	3/5
3	جناب سلمان برنی	5/5
4	جناب سہیل پی۔ احمد (مستعفی 20 ستمبر 2020)	1/5

سال کے دوران ہیومن ریسورسز اینڈ ری میونریشن کمیٹی کا صرف ایک اجلاس ہوا اور اس میں ڈائریکٹرز کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
1	جناب آصف قادر (چیئر مین)	1/1
2	جناب سلمان برنی	1/1
3	جناب محمد طیب احمد ترین	1/1

### منافع کی تقسیم و تخصیص

ڈائریکٹرز نے موجودہ سال کے منافع سے درج ذیل تخصیص کی تجویز دی ہے:

- حتمی نقد منافع منقسمہ بحساب 3.50 روپے فی شیئر، یعنی 70 فیصد کا اعلان کیا گیا ہے جو 1.50 روپے فی شیئر یعنی 30 فیصد کے عبوری منافع منقسمہ کے علاوہ ہے۔
- غیر تخصیص شدہ منافع میں سے 1.46 ارب روپے کی رقم جنرل ریزرو میں مختص کرنے کی سفارش کی جاتی ہے۔

### جناب علی ایس۔ حبیب (مرحوم) کا انتقال پر ملال

سال کے دوران ہمارے محترم عزیز جناب علی ایس۔ حبیب کمپنی کے ڈائریکٹر 17 اپریل 2020 کو انتقال کر گئے۔

جناب علی ایس۔ حبیب ایک متاثر کن رہنماء ایک حقیقی دوران دلش شخصیت اور ذہانت سے بھرپور کاروباری لیڈر اور لوگوں کیلئے ایک مثالی شخص تھے۔ انہوں نے پاکستان کی صنعت بالخصوص پاکستان میں آٹوسیکٹر کے فروغ اور حبیب یونیورسٹی کے قیام میں بہترین کردار ادا کیا۔

تھل لیڈر میں انہوں نے پاکستان آٹو انجینئرنگ کی صنعت کے فروغ کے لئے جو بیج بوئے اس کے نتیجے میں پاکستان میں پہلی بار ملک کے پہلے کیش اینڈ کیری ریٹیل بزنس کا آغاز ہوا اور اس کے علاوہ پاکستان کے پہلے اوپن پٹ دیسی کول مائن کے ذریعے قومی انرجی سیکورٹی حاصل کرنے میں بھرپور معاونت حاصل ہوئی۔

ان کی شاندار قیادت اور انتھک جدوجہد کے نتیجے میں کمپنی نے گزشتہ 30 سالوں کے اندر شاندار کامیابیاں اور ترقی کی منازل طے کیں۔

ان کی سماجی و فلاحی کاوشیں ہم سب کیلئے متاثر کن مثال ہیں۔ جن افراد نے ان کے ساتھ کام کیا ہے وہ ان کے غیر متزلزل قیادت، بے مثال رہنمائی کے گواہ ہیں اور اس امر کو تسلیم کرتے ہیں کہ انہیں جناب علی ایس۔ حبیب (مرحوم) کے ساتھ کام کرنے کا اعزاز کے ساتھ ساتھ ان سے بہت کچھ سیکھنے کا موقع بھی ملا اور وہ ان کی پراثر، قابل احترام اور کرشمہ ساز شخصیت کی سرپرستی میں کام کرتے رہے ہیں۔



مرحوم جناب علی سلیمان حبیب کی شاندار قیادت کو ہمیشہ یاد رکھا جائے گا اور ان کی کمی ہمیشہ محسوس کی جائے گی۔ ہم ان متاثر کن رہنما کو شاندار الفاظ میں خراج تحسین پیش کرتے ہیں اور اس امر کا اظہار کرتے ہیں کہ مزید کامیابیوں اور شاندار ترقی کے لئے ان کی رہنمادایات پر عمل کرتے رہیں گے۔

## اعتراف

بورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے میں اپنے شیئر ہولڈرز، صارفین، ڈیلرز اور کاروباری شرکاء کا ان کی مستقل سرپرستی اور اعتماد پر تہ 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 کوششوں کا اعتراف کرتے ہیں جو انہوں نے مسابقتی حالات میں کمپنی کی ترقی کیلئے جاری رکھیں۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی۔

مورخہ: 8 ستمبر 2020

## تھل لمیٹڈ

چیئر مین کی جائزہ رپورٹ 2020

54 سال قبل ایک جوٹ مل نے تھل کے ریگستان کارہن سہن تبدیل کرنے کا آغاز کیا اور ہزاروں افراد کو روزگار کے مواقع میسر آئے۔ آج اللہ تعالیٰ کے فضل و کرم سے ہم آپ کے سامنے تھل لمیٹڈ کی حیثیت سے کھڑے ہیں۔ جو تھل سسٹمز، الیکٹریک سسٹمز، آٹو میں انجن کمپونینٹس، پیپریک اور لمیٹڈس کے کاروباروں میں مفادات کے ساتھ مختلف النوع سمتوں اور شعبوں میں مصروف عمل ہے۔ یہ امر کسی بھی شک و شبہ سے بالاتر ہے کہ آپ کی سپورٹ نے ہمیں اس قابل بنایا کہ ہم اپنے ملک کو خود انحصاری اور ترقی یافتہ بنانے کیلئے راستے پر گامزن ہو سکے۔

آج پاکستان میں میکرو اکنامک پالیسی کو فعال و منظم بنانے کیلئے مقامی سرمایہ کاری کی غرض سے ایک متحرک حکمت عملی پر عملدرآمد کرنے کی ضرورت ہے۔ تھل لمیٹڈ اور اس کے ذیلی ادارے مقامی صنعتوں اور ملکی وسائل کے استعمال کے حوالے سے اپنی مستقل کاوشوں کے ضمن میں فخر محسوس کرتے ہیں کیونکہ ہم ملک و قوم کے اغراض و مقاصد کے حصول میں اپنا کردار بخوبی ادا کر رہے ہیں۔ COVID-19 (کورونا وائرس) کی عالمی وبائی صورتحال کے باعث حالیہ دنوں میں مارکیٹوں میں بحران کے باوجود ہم نے پیپریک ڈویژن میں اپنی صلاحیت بڑھانے کیلئے اپنے منصوبوں پر عمل کیا اور کامیابی کے ساتھ آگے بڑھے اس کے ساتھ سندھ اینگروکول مائننگ کمپنی میں ہماری سرمایہ کاری کے تحت تجارتی آپریشنز کا آغاز ہوا جبکہ جوٹ مل میں برآمدات کے ساتھ غیر ملکی زر مبادلہ بھی حاصل کیا گیا۔ ہم اپنے جوائنٹ وینچر تھل نووا پاور تھر (پرائیوٹ) لمیٹڈ کے ذریعے سال 2022 تک نیشنل گرڈ کیلئے 330 MW کول فائر ڈائنر جی میں شامل کرنے کیلئے بھی اپنے راستے پر گامزن ہیں۔

COVID-19 (کورونا وائرس) کی وباء کے سبب غیر یقینی معاشی صورتحال سے کئی ایک چیلنجز کا سامنا کرنا پڑا ہے اور اب تک مشکلات سے دوچار کاروباری ماحول کے باوجود آپ کی کمپنی 30 جون 2020 کو ختم ہونے والے سال کیلئے مجموعی منافع جات کے حصول میں کامیاب رہی۔ کمپنی نے رواں سال کے دوران 2.4 ارب روپے کا منافع قبل از ٹیکس حاصل کیا۔ اس کے مقابلے میں 30 جون 2019 کو ختم ہونے والی مدت کیلئے 4.3 ارب روپے کا منافع قبل از ٹیکس حاصل کیا گیا تھا۔ اگرچہ یہ رواں سال میں کم ہوا تاہم یہ مشکل صورتحال اور کٹھن حالات کے تحت بہترین ممکنہ منافع کہا جاسکتا ہے۔

کمپنی کے انجینئرنگ کے شعبے نے سال بھر کے دوران آٹو انڈسٹری کیلئے پارٹس کی تیاری پر اپنی توجہ مرکوز کئے رکھی۔ سیلز کی مقامی طلب میں کمی کے باعث رکاوٹ آئی پھر بھی ہم پُر عزم ہیں کہ حکومت پاکستان کی پالیسیوں کی وجہ سے ملک جلد دوبارہ معاشی ترقی کی راہ پر گامزن ہو جائے گا۔ ہم بمسرت یہ رپورٹ پیش کرتے ہیں کہ مستقل کوششوں کے باعث بین الاقوامی مارکیٹوں میں مزید جگہ بنائی جا رہی ہے اور آپ کی کمپنی کے ذریعے جوٹ کیلئے خریداروں کا دائرہ اب وسیع ہوتا جا رہا ہے جیسا کہ ہم نے دیکھا ہے کہ مجموعی طلب بڑھنے کے ساتھ منافع میں بھی اضافہ ہو رہا ہے۔ تھل جوٹ کا کاروبار روپے کی قدر میں کمی اور سیلز ٹیکس میں اضافے کے باوجود فروغ پا رہا ہے۔ ہم منفی اثرات پر قابو پانے کیلئے توجہ دیتے ہوئے کارکردگی میں مستقل بہتری کے ذریعے اور پیداوار کے ہر مرحلے پر کفایت کو اپنانے کا سلسلہ جاری رکھیں گے۔

COVID-19 (کورونا وائرس) کے سبب کیریئر بیگز کے لئے طلب متاثر ہونے کے باوجود پیپریک ڈویژن نے اپنی سینٹ کی بور یوں کی تیاری کی صلاحیت میں طے کردہ بہتری اور سسٹم اپ گریڈ کرنے اور نئی پروڈکشن لائن کی تنصیب پر عملدرآمد کیا۔ معزز وزیراعظم کی جانب سے اعلان کردہ بہترین مراعات کے باعث تعمیراتی صنعت کا پس منظر بہت شاندار دکھائی دے رہا ہے۔ اس کے علاوہ کاغذ تیزی کے ساتھ پاکستان میں پلاسٹک کا متبادل بنا جا رہا ہے اور اس کی وجہ سے کاروبار کی ایک متوازن اور ہموار سطح ملنے کے ساتھ ہمارے لئے نئی مارکیٹوں کے دروازے بھی کھل رہے ہیں۔

تھل لمیٹڈ COVID-19 (کورونا وائرس) کے خطرات سے نمٹنے کیلئے انتظامی بندوبست کے تحت ملازمین کو تحفظ دینے کی غرض سے فعال اور فیصلہ کن اقدام کئے۔ کام کرنے کی تمام سائنس پر انتہائی سخت ایس او پیز پر عملدرآمد اور اسٹاف کے تمام ممبران کے لئے ان کے طبی اخراجات پورے کرنے کے ضمن میں اضافی بیمہ پیکج کو توسیع دی گئی۔ اپنے ملازمین کیلئے اپنے ذمہ داری اور ماحولیات اور مختلف طبقات کیلئے ذمہ داری کے تحت اختیار کی گئی حکمت عملیوں کے سلسلے میں ہم نے فاریسٹ اسٹیورڈ شپ کیلئے ایک سرٹیفیکیشن حاصل کی اور سی ایس آر اور فلاجی سرگرمیوں کے لئے اقدامات کے تحت معروف اسپتالوں کی معاونت اور راشن کی تقسیم کا سلسلہ بھی جاری رہا۔

انسانی سرمایہ ہمیشہ سے آپ کی کمپنی کیلئے ترقی اور فروغ کے سلسلے میں کلیدی اہمیت کا حامل رہا ہے۔ اب جیسا کہ دنیا آن لائن کی طرف جا رہی ہے، تھل لمیٹڈ نے بھی فعال مہارت کے نظام کے ذریعے ڈیجیٹل ٹریننگ اور ورچوئل مہارت کا سلسلہ متعارف کرایا ہے جس کا مقصد آنے والے سالوں میں اپنی کارکردگی کو مزید بہتر بنانا ہے۔

بحران کے اس موجودہ دور میں کاروبار کا تسلسل تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی انتھک کوششوں کی بدولت ہی ممکن ہو سکا ہے اور ان کی جانب سے کی گئی غیر متزلزل سپورٹ اور کوششوں پر میں تہ دل سے ان کا مشکور ہوں اور یقین رکھتا ہوں کہ آپ کی کمپنی کا مستقبل شاندار اور روشن ہے۔ انہوں نے ہمارے کاروبار کو درپیش چیلنجز کو حل کرنے اور رکاوٹیں دور کرنے میں اہم کردار ادا کیا اور اس امر کو یقینی بنایا کہ تھل لمیٹڈ تمام شعبوں میں ایک سرکردہ لیڈر کی حیثیت سے برقرار ہے اور روشن مستقبل کے ساتھ اس کا سفر جاری رہے گا۔

میں کمپنی کے بورڈ آف ڈائریکٹرز، آڈٹ اور ہیومن ریسورسز وری میونریشن پر بورڈ کی کمیٹیوں کا بھی ان کی خدمات پر شکریہ ادا کرتا ہوں جو انہوں نے ہماری قیادت، سپورٹ اور رہنمائی کے ضمن میں انجام دیں۔

میں اپنے اسٹاف ممبران کی جدوجہد اور کوششوں پر ان کا مشکور ہوں اور بالخصوص کمپنی کیلئے ان کے خلوص اور لگن سے ایسے وقت میں کام کرنے پر جب کمپنی کو اس کی ضرورت تھی، انہیں خراج تحسین پیش کرتا ہوں۔ یہ سختی اور جفاکش افراد ہی ہمیں متحد اور مستحکم بناتے ہیں۔

میں ان تمام شیئر ہولڈرز، صارفین، ڈیلرز اور کاروباری شراکت کاروں کا بھی شکریہ ادا کرنا چاہوں گا جو ہمارے ساتھ مستقل تعاون کر رہے ہیں، ہم ان کے اعتماد اور سرپرستی کی دل و جان سے قدر کرتے ہیں اور مستقبل میں بھی ہم اسی امر کی اُمید کرنے کے ساتھ آپ کی کمپنی کی جانب سے ان کے تعاون کے طلبگار رہیں گے۔

ہم اپنے ساتھ بورڈ میں شمولیت پر جناب عمران علی حبیب کا خیر مقدم کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔ عمران اپنے ساتھ کاروباری صلاحیت کی دولت بھی لائے ہیں جو آنے والے وقتوں میں تھل لمیٹڈ کو کامیابی کی نئی بلندیوں پر لے جائے گی۔

آخر میں، میں صدق دل سے جناب علی ایس۔ حبیب (مرحوم) کو خراج عقیدت پیش کرتا ہوں۔ علی ایس۔ حبیب (مرحوم) ایک انتہائی ذہین اور کرشماتی رہنما تھے، ایک فعال شخص اور ایک ایسا دوست جسے ہم ہمیشہ یاد رکھیں گے۔ انہوں نے کمپنی کو ترقی کی راہ پر ڈالا اور ہمارے لئے تمام تر انتظامی سطحوں پر اپنی بھرپور قابلیت کا ایک خزانہ چھوڑ کر گئے ہیں اور ہر ایک قدم پر ہم مستقبل میں بھی ان کی خدمات سے استفادہ حاصل کریں گے۔ ان کی خدمات کو ہمیشہ یاد رکھا جائے گا کیونکہ بہتر نتائج دینا اور ہر آنے والے سال میں کمپنی کو ایک نئی منزل کی جانب گامزن کرنا ان کا مشن تھا۔

رفیق ایم حبیب

چیئر مین

# تھل لمیٹڈ

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ کمپنی کے ممبران کا ۵۴ واں سالانہ اجلاس عام بروز جمعرات ۲۲ اکتوبر ۲۰۲۰ء کو دوپہر ۱۲:۰۰ بجے درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ COVID-19 (کورونا وائرس) کی موجودہ وبائی صورتحال کے پیش نظر اجلاس میں شرکت کا استحقاق رکھنے والے شیئر ہولڈرز بذریعہ وڈیو کانفرنس کی سہولت، شرکت کریں گے جس کا انتظام کمپنی نوٹس کے حصے میں درج ہدایات کے مطابق کرے گی:

### اے۔ عمومی کارروائی

۱۔ ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ آڈٹ شدہ مالیاتی حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔

۲۔ سال ۲۰۱۹-۲۰ء کے لئے حتمی نقد منافع منقسمہ بشرح ۷۰ فیصد (یعنی ۳۵۰ روپے فی شیئر) کی منظوری، جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے۔ یہ پہلے ہی سے ادا کئے جانے والے ۳۰ فیصد عبوری منافع منقسمہ یعنی ۵۰ روپے فی شیئر کے علاوہ ہے۔ ۲۰۱۹-۲۰ء کیلئے مجموعی منافع منقسمہ کی رقم ۱۰۰ فیصد یعنی ۵۰۰ روپے فی شیئر ہو جائے گی۔

۳۔ ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے سال کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔ موجودہ آڈیٹرز میسرز ای وائی فورڈر ہوڈز، چارٹرڈ اکاؤنٹینٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

حسب الحکم بورڈ

سلیمان خالد

کمپنی سیکریٹری

کراچی:

۸ ستمبر ۲۰۲۰ء

نوٹ:

۱۔ سالانہ اجلاس عام کی کارروائیوں میں بذریعہ وڈیو کانفرنس شرکت کی سہولت

COVID-19 (کورونا وائرس) کی موجودہ وبائی صورتحال کے باعث سالانہ اجلاس عام کی کارروائیوں میں صرف وڈیو کانفرنس کی سہولت کے ذریعے شرکت کی جائے گی۔ اجلاس میں شرکت کے خواہشمند شیئر ہولڈرز سے درخواست کی جاتی ہے کہ درج ذیل معلومات ۱۹ اکتوبر ۲۰۲۰ء کو شام ۵:۰۰ بجے تک یا اس سے قبل پر کسی کی توثیق اور ان کی تقرری کے لئے admin@thallimited.com کو ارسال کر دیں۔

شیئر ہولڈر کا نام	فولیو/سی ڈی سی نمبر	سی این آئی سی نمبر	موبائل نمبر	رجسٹرڈ ای میل ایڈریس

وڈیو کانفرنس لنک کی تفصیلات اور لاگ ان کے بارے میں معلومات ان شیئر ہولڈرز کو فراہم کر دی جائیں گی جن کے ای میلز تمام کوائف کے ہمراہ ۱۹ اکتوبر ۲۰۲۰ء کو شام ۵:۰۰ بجے سے قبل موصول ہو جائیں گے۔

شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آنٹمز کے لئے اپنے تبصرے اور استفسارات بھی ۱۹ اکتوبر ۲۰۲۰ء کو شام ۵:۰۰ بجے سے قبل [admin@thallimited.com](mailto:admin@thallimited.com) پر ارسال کر سکتے ہیں۔

## ۲۔ شیئر ٹرانسفر بکس کی بندش

کمپنی کی شیئر ٹرانسفر بکس ۱۶ اکتوبر ۲۰۲۰ء تا ۲۲ اکتوبر ۲۰۲۰ء (بشمول دونوں یوم) سالانہ اجلاس عام اور حتمی منافع منقسمہ کی ادائیگی کے مقاصد کے لئے بند رہیں گی۔ ہمارے شیئر رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-F، متصل ہوٹل فاران، نرسری، بلاک - 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔ فون: 0092-21-34380101-5، 0092-21-34384621-3 (ایکسٹینشن 103)، فیکس: 0092-21-34380106 پر ۱۵ اکتوبر ۲۰۲۰ء کو کاروباری اوقات کے اختتام تک موصول ٹرانسفر حتمی نقد منافع منقسمہ کی ادائیگی اور سالانہ اجلاس عام میں شرکت کے لئے ٹرانسفریز کے تعین کے مقصد کے لئے بروقت تصور کئے جائیں گے۔

## ۳۔ پراکسی

اجلاس عام میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبر اجلاس میں اپنی جگہ شرکت کرنے، بولنے اور ووٹ دینے کیلئے پراکسی کا تقرر کر سکتا/سکتی ہے۔ پراکسی کے تقرر کی دستاویز لازماً اجلاس کے وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرار آفس میں جمع کرادی جائے۔

کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد کردہ کے نمونہ دستخط بشمول ان کی حالیہ تصویر اجلاس سے کم از کم ۴۸ گھنٹے قبل فراہم کر دی جائے۔ پراکسی کا فارم اردو اور انگریزی زبان میں سالانہ رپورٹ کے ساتھ منسلک ہے اور اسے دو افراد کی گواہی کے ساتھ ارسال کیا جائے جن کے نام، پتے اور سی این آئی سی نمبرز فارم میں درج ہونے چاہئیں۔ پراکسی فارم کمپنی کی ویب سائٹ ([www.thallimited.com](http://www.thallimited.com)) پر بھی دستیاب ہے۔

## ۴۔ پتے کی تبدیلی

شیئر ہولڈرز سے درخواست ہے کہ اپنے پتوں میں تبدیلی، اگر کوئی ہو، سے کمپنی کے شیئر رجسٹرار کو فوری مطلع کریں۔

## ۵۔ ابھی تک فراہم نہ کئے جانے والے سی این آئی سی کی نقول کا جمع کرانا

انفرادی شیئر ہولڈرز سے ایک مرتبہ پھر درخواست ہے کہ اگر انہوں نے ابھی تک اپنے سی این آئی سی کی نقول کمپنی کے شیئر رجسٹرار فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو جمع نہیں کرائیں تو فوری جمع کرادیں، شیئر ہولڈرز کی کارآمد کاپی کی کمپنی کے ریکارڈ میں عدم دستیابی کی صورت میں کمپنی سیکشن ۲۴۳ بابت کمپنیز ایکٹ ۲۰۱۷ء کی شقوں کے تحت منافع منقسمہ روک لے گی۔



## ۶۔ منافع منقسمہ پر ود ہولڈنگ ٹیکس

موجودہ طور پر کمپنیز کی جانب سے ادا کئے جانے والے منافع منقسمہ کی رقم پر ود ہولڈنگ ٹیکس کی کٹوتی انکم ٹیکس آرڈیننس ۲۰۰۱ کے سیکشن ۱۵۰ کے تحت کی جا رہی ہے جو درج ذیل کے مطابق ہے:

(اے)	ایک ٹیکس پیئر لسٹ (اے ٹی ایل) پر موجود افراد کے لئے	۱۵ فیصد
(بی)	ایک ٹیکس پیئر لسٹ (اے ٹی ایل) پر موجود نہ ہونے والے افراد کے لئے	۳۰ فیصد

وہ شیئر ہولڈرز جو اپنے گوشوارے داخل کر چکے ہوں انہیں ہدایت کی جاتی ہے کہ وہ اپنے ناموں کی ایف بی آر کی ویب سائٹ پر فراہم کردہ تازہ ترین ٹیکس پیئر لسٹ (اے ٹی ایل) پر موجودگی کو منافع منقسمہ کی ادائیگی کے وقت یقینی بنائیں بصورت دیگر انہیں اے ٹی ایل پر موجود نہ ہونے والا فرد تصور کیا جائے گا اور ان کے نقد منافع منقسمہ پر ۱۵ فیصد کے بجائے ۳۰ فیصد کی شرح سے کٹوتی کی جائے گی۔

## ۷۔ جوائنٹ اکاؤنٹ ہولڈرز کی صورت میں منافع منقسمہ پر ود ہولڈنگ ٹیکس

کمپنی کو ریگولیشنز کی ہدایات پر عمل کرتے ہوئے جوائنٹ اکاؤنٹ ہولڈرز (ہولڈرز) کے شیئر ہولڈنگ کے تناسب کا تعین (جہاں پر نپل شیئر ہولڈرز کی جانب سے شیئر ہولڈنگ کا تعین نہ کیا گیا ہو) برائے کمپنی کے منافع منقسمہ پر ود ہولڈنگ ٹیکس کی کٹوتی کے سلسلے میں شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پاس موجود شیئر ہولڈنگ کے تناسب کی تفصیل بطور پر نپل شیئر ہولڈرز ان کے مشترکہ ہولڈرز کمپنی کے شیئر رجسٹرار کو فراہم کر دیں تاکہ کمپنی اس کے مطابق ہر ایک شیئر ہولڈر کے ود ہولڈنگ ٹیکس کا تعین کر سکے۔ مطلوبہ معلومات لازماً کمپنی کے شیئر رجسٹرار کو ۱۵ اکتوبر ۲۰۲۰ء تک موصول ہو جائیں بصورت دیگر ہر ایک شیئر ہولڈر کو شیئر کے مساوی تعداد کا حامل تصور کیا جائے گا اور اس کے مطابق ٹیکس کی کٹوتی کی جائے گی۔

## ۸۔ نقد منافع منقسمہ کی الیکٹرونیکلی ادائیگی (ای۔مینڈیٹ)

کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۳۲ کی شقوں اور کمپنیز (منافع منقسمہ کی تقسیم) ریگولیشنز، ۲۰۱۷ء کے مطابق یہ لازم ہے کہ نقد کی صورت میں قابل ادائیگی منافع منقسمہ صرف بذریعہ الیکٹرونک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں جمع کرایا جائے۔ اس سلسلے میں ضوابط کے تحت اخبارات میں نوٹس پہلے ہی شائع کرائے جا چکے ہیں۔ تمام شیئر ہولڈرز کو ایک بار پھر مطلع کیا جاتا ہے کہ وہ اپنے بینک مینڈیٹ کی تفصیلات جس میں (i) اکاؤنٹ کا ٹائٹل (ii) اکاؤنٹ نمبر (iii) آئی بی اے این (iv) بینک کا نام (v) برانچ کا نام، کوڈ اور پتہ شامل ہو، کمپنی کے شیئر رجسٹرار کو فراہم کر دیں۔ ایسے شیئر ہولڈرز جو پارٹنر شپ / سینٹرل ڈپازٹری کمپنی آف پاکستان (سی ڈی سی) کے پاس شیئرز کے حامل ہوں، ان کو آگاہ کیا جاتا ہے کہ وہ اپنا مینڈیٹ متعلقہ بروکر / سی ڈی سی کو فراہم کر دیں۔

”الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم“ انگریزی اور اردو زبان میں سالانہ رپورٹ کے ساتھ منسلک ہے اور اس کے علاوہ یہ کمپنی کی ویب سائٹ (www.thallimited.com) پر بھی دستیاب ہے۔

## ۹۔ سالانہ رپورٹ کی بذریعہ ای میل تقسیم (اختیاری)

کمپنیز ایکٹ، ۲۰۱۷ء کے سیکشن ۲۲۳(۶) کی شق کے مطابق کمپنیز کو اجازت دی جاتی ہے کہ وہ اپنے سالانہ مالیاتی حسابات بشمول آڈیٹرز کی رپورٹ، ڈائریکٹرز کا جائزہ وغیرہ (سالانہ رپورٹ) اور سالانہ اجلاس عام کی اطلاع (نوٹس) اپنے شیئر ہولڈرز کو بذریعہ ای میل ارسال کر سکتے ہیں۔ کمپنی کے ایسے شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ہوں، ان سے درخواست ہے کہ وہ (کمپنی کی ویب سائٹ پر دستیاب) الیکٹرونک میونیکیشن کنسیڈٹ فارم کو پُر کر کے کمپنی کے شیئر رجسٹرار کو ارسال کر دیں۔

۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کمپنی کی ویب سائٹ ([www.thallimited.com](http://www.thallimited.com)) پر گزشتہ سالوں کے لئے سالانہ اور سہ ماہی مالیاتی حسابات کے علاوہ دستیاب ہیں۔

## ۱۰۔ سالانہ رپورٹ کی بذریعہ ڈی منٹلی/ترسیل

کمپنی نے سالانہ مالیاتی حسابات/سالانہ رپورٹ ۲۰۲۰ء اپنے ممبران کو بذریعہ ڈی ان کے رجسٹرڈ پتوں پر ارسال کر دی ہے۔ ان کی پرنٹ کردہ نقل بھی ممبران کو ان کی درخواست پر فراہم کی جاسکتی ہے۔ ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کمپنی کی ویب سائٹ [www.thallimited.com](http://www.thallimited.com) پر دستیاب ہیں۔

## کمپنیز (منسلکہ کمپنیوں یا ایسوسی ایٹڈ اداروں میں سرمایہ کاری) ریگولیشنز، ۲۰۱۷ء کے ضابطے (۲) کے تحت بیان

### • سندھ اینگروکول مینٹنگ کمپنی لمیٹڈ

کمپنی کے ممبران کا سالانہ اجلاس منعقدہ ۱۲ اکتوبر ۲۰۱۸ء میں سندھ اینگروکول مینٹنگ کمپنی لمیٹڈ (ایس ای سی ایم سی) میں سرمایہ کاری کی منظوری دی گئی تھی۔ ایس ای سی ایم سی نے ۱۰ جولائی ۲۰۱۹ء کو تجارتی آپریشنز کا آغاز کر دیا تھا جو پاکستان کے انرجی سیکٹر کیلئے ایک تاریخی سنگ میل کی حیثیت رکھتا ہے۔ تھر مینٹنگ کا فیئر-۱ اور پاور جنریشن پروجیکٹس پاکستان کے پہلے مقامی اوپن پٹ کول مائن پر مشتمل ہیں جو ای پی ٹی ایل کی جانب سے قائم کردہ 2x330 میگا واٹ پاور جنریشن پلانٹ کیلئے ۳۸۰ ملین ٹن لگنائٹ کوئلہ سالانہ فراہم کر رہا ہے۔ ایس ای سی ایم سی کے فیئر-۱ کے لئے تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز نے ۳۶۱ ملین امریکی ڈالر کے مساوی پاک روپے کی مجموعی رقم کی منظوری دی تھی جس میں ۲۴۳ ملین امریکی ڈالر کی ایکویٹی انویسٹمنٹ، ۵۰ ملین امریکی ڈالر کی رقم برائے کاسٹ اوور-رن اور ۶۸ ملین امریکی ڈالر کی رقم برائے ڈیبٹ سروسنگ ریزرو (LIBOR/KIBOR) نقل و حمل کے باعث قابل منہا) شامل ہے۔ ایس ای سی ایم سی مینٹنگ پروجیکٹ کا فیئر-۱ مقررہ مدت کے اندر اور اخراجات میں نمایاں بچت کے ساتھ مکمل ہو چکا ہے۔ پروجیکٹ کی لاگت میں کمی کے نتیجے کے طور پر کمپنی نے ایس ای سی ایم سی فیئر-۱ میں ۱۷۷ ملین امریکی ڈالر کی مجموعی رقم بطور ایکویٹی انویسٹمنٹ کی ہے جبکہ ایس ای سی ایم سی میں ۱۱۹ فیصد کی عمومی شیئر ہولڈنگ کو برقرار رکھا گیا ہے۔ اس وقت تک جبکہ ایس ای سی ایم سی پروجیکٹ کی تکمیل کی

تاریخ (جیسا کہ مالیاتی دستاویزات میں واضح کیا گیا ہے) حاصل نہ کر لے، کاسٹ اور رن کے ٹھیکوں کے معاہدے اور ڈیبٹ سروس ریزرو اکاؤنٹ اپنی جگہ پر موجود رہے گا اور مالیاتی دستاویزات کی شرائط کے مطابق قرضہ دینے والوں کے تحت انہیں طلب کیا جائے گا۔

ایس ای سی ایم سی کے فیز-11 کا فنانشل کلوز ۳۱ دسمبر ۲۰۱۹ء کو حاصل کیا گیا تھا۔ ایس ای سی ایم سی کے فیز-11 کیلئے نقل لمیٹڈ کے بورڈ آف ڈائریکٹرز نے ۱۰۵ ملین امریکی ڈالر کے مساوی پاک روپے کے مجموعی ایکسپوزر کی منظوری دی تھی جس میں ۹ ملین امریکی ڈالر کی ایکویٹی سرمایہ کاری، کاسٹ اور رن اخراجات کیلئے ۳ ملین امریکی ڈالر اور ۲ ملین امریکی ڈالر برائے ڈیبٹ سروسنگ ریزرو (LIBOR/KIBOR) نقل و حمل کے باعث قابل منہا) شامل ہیں۔

۳۰ جون ۲۰۲۰ء کے مطابق کمپنی نے ایس ای سی ایم سی میں ۳۱۱،۳۶۵ ملین روپے کی سرمایہ کاری کر کے ہر ایک ۱۰ روپے کی ظاہری مالیت کے ۶۳،۶۲۰،۶۰۹،۱۵۹ عمومی شیئرز ۸۲،۸۲۷ روپے فی شیئر کی قیمت پر حاصل کئے۔ کمپنی نے فیز-11 کیلئے ۵۵ ملین امریکی ڈالر کے باقی ماندہ ایکویٹی معاہدے کیلئے قرض دینے والے اداروں (لینڈرز) کے حق میں ایک اسٹیٹڈ بائی لیٹر آف کریڈٹ جاری کر دیا۔

ایس ای سی ایم سی نے نقل نووا پاور تھر (پرائیویٹ) لمیٹڈ اور تھر انرجی لمیٹڈ کے ساتھ کول سپلائی کے معاہدے کئے ہیں جن کے تحت بالترتیب ہر ایک ۳۳۰ میگا واٹ پاور پلانٹ کیلئے سالانہ ۹ ملین ٹن لگنائٹ اضافی فراہم کیا جائے گا۔

۲۰۲۰ء کی پہلی ششماہی میں COVID-19 (کورونا وائرس) کی وبائی صورتحال نے فیز-11 کے لئے ٹائم لائن کو بری طرح متاثر کیا۔ پروجیکٹ کمپنی اب ۲۰۲۲ء میں فیز-11 کے لئے تجارتی آپریشنز کی تاریخ حاصل کرنے کی کوشش کر رہی ہے۔

### ● نقل پاور (پرائیویٹ) لمیٹڈ

غیر معمولی اجلاس عام منعقدہ ۲۲ مارچ ۲۰۱۸ء میں نقل نووا پاور تھر (پرائیویٹ) لمیٹڈ ("ٹی این") سے متعلق کاروبار کے بارے میں اسٹیٹس کو اپ ڈیٹ کرنے کے ضمن میں منظوری دی گئی تھی۔

### ● ایکویٹی کی شمولیت، گارنٹی اور اسپانسر کی معاونت

سالانہ اجلاس عام منعقدہ ۲۲ مارچ ۲۰۱۸ء میں شیئر ہولڈرز نے ۵۸ ملین امریکی ڈالر (یا اس کے مساوی پاک روپے) تک کی ایکویٹی شامل کرنے اور ۲۱ ملین امریکی ڈالر (یا اس کے مساوی پاک روپے) کی حد تک ایک رقم میں اسٹیٹڈ بائی لیٹر آف کریڈٹ کے انتظام کی منظوری دی تھی تاکہ ایکویٹی کی مالیاتی ذمہ داری کو تحفظ اور ۱۲ ملین امریکی ڈالر (یا اس کے مساوی پاک روپے) کی کمرشل خطرات کی ضمانت لینے کی ذمہ داری پوری کی جائے اور اس کے ساتھ کمپنی کو ۲۳ ملین امریکی ڈالر (یا اس کے مساوی پاک روپے) تک کی ایک مجموعی رقم کیلئے ٹی این نیز ۱۲ ملین امریکی ڈالر (یا اس کے مساوی پاک روپے) تک کے ڈیبٹ سروس ریزرو سپورٹ کیلئے اسی نوعیت

کی معاونت/ سرمایہ کاری کے ضمن میں ہوں۔ اسپانسر کی ایس معاہدتی ”سرمایہ کاری“ قرض دینے والوں کے ساتھ اسپانسر سپورٹ ایگریمنٹ کے تحت عمل میں آئے گی۔ کمپنی کا ارادہ ہے کہ یہ اسپانسر سپورٹ سرمایہ کاریاں بذریعہ ترجیحی شیئرز اور/یا عمومی شیئرز اور/یا ذیلی ڈیٹ کے ذریعے کی جائیں جن کا انحصار ان منظور یوں کے مطابق ہوں جو قرض دینے والوں سے حاصل کی جاسکتی ہیں۔ اگر یہ بذریعہ ترجیحی شیئرز ہوں تو کلیدی شرائط ۱۱ فیصد کی ایکویٹی پر امریکی ڈالر کا منافع شامل کیا جائے گا جو اسی صورت میں مجموعی ہوگا اگر ادائیگی کی تاریخ پر مکمل ادا نہ کیا اور کمپنی کے اختیار کے تحت قابل انفکاک (redeemable) ہوا۔

کمپنیز (ذیلی کمپنیوں یا منسلک اداروں میں سرمایہ کاری) ریگولیشنز، ۲۰۱۷ء کے سیکشن ۴ (۲) کے مطابق معلومات:

درکار معلومات	فراہم کردہ معلومات
اے) مجموعی منظور کردہ سرمایہ کاری	جیسا کہ اوپر درج ہے
بی) اب تک کی گئی سرمایہ کاری کی رقم	۱۱.۷ ملین امریکی ڈالر (پاک روپے میں مساوی رقم) کی ایکویٹی شمولیت
سی) سرمایہ کاری کی منظور کردہ مدت سے انحراف کیلئے اسباب، جہاں سرمایہ کاری کا فیصلہ مقررہ مدت میں لاگو کیا گیا تھا	چونکہ ٹی این پروجیکٹ کے فنانشل کلوز میں تاخیر کے مختلف اسباب تھے اور اب توقع ہے کہ ستمبر ۲۰۲۰ء کے اواخر کے ساتھ تجارتی آپریشنز کی تاریخ ۲۰۲۲ء کی تیسری سہ ماہی ہوگی
ڈی) منسلک کمپنی یا ذیلی ادارے کے مالیاتی حسابات میں ضروری تبدیلی سرمایہ کاری کی منظوری کیلئے قرارداد کی منظوری کی تاریخ سے کی گئی	منسلک کمپنی نے آج کی تاریخ تک تمام شیئرز ہولڈرز سے ۵.۹ ارب پاک روپے (یا ۶۳.۴ ملین امریکی ڈالر) کی مجموعی ایکویٹی انجکشن وصول کی ہے۔ منسلک ذیلی ادارے ۳۰ ملین امریکی ڈالر (پاک روپے میں مساوی) کی ادائیگی کے عوض ای پی سی کنٹریکٹ کیلئے رقم کا ایک محدود نوٹس جاری کیا جو فنانشل کلوز سے قبل تعمیراتی کام کے آغاز کیلئے تھا۔ منسلک کمپنی نے تمام کلیدی پروجیکٹ ایگریمنٹس کی تکمیل کر لی ہے اور اب قرض دینے والے اداروں (لینڈرز) کے ساتھ فنانشل کلوز حاصل کرنے کے آخری مراحل میں ہے





# تھل لمیٹڈ

پراکسی فارم

۵۴ واں سالانہ اجلاس عام

سیکرٹری

تھل لمیٹڈ

ہاؤس آف حمیب، چوتھی منزل

شاہراہ فیصل، کراچی۔ ۷۴۵۰

میں/ہم

ساکن

ضلع

میں بحیثیت ممبر تھل لمیٹڈ اور ہولڈر بابت

عام شیئرز جن کے شیئرز رجسٹر فوئیو نمبر \_\_\_\_\_ اور/یا سی ڈی سی پارٹنر پیٹ آئی ڈی نمبر \_\_\_\_\_

اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا

ساکن \_\_\_\_\_ ضلع \_\_\_\_\_

اور اگر ان کے لئے ممکن نہ ہو تو \_\_\_\_\_ ساکن \_\_\_\_\_

کولپٹور اپنا/ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ وہ ۲۲ اکتوبر ۲۰۲۰ء کو منعقد کئے جانے والے کمپنی کے ۵۴ ویں سالانہ اجلاس عام میں میری/ہماری جگہ ووٹ دے سکیں۔

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_ ۲۰۲۰ء

گواہان:

(دستخط نمونہ کے مطابق ہونے چاہئیں  
دستخط کمپنی کے پاس رجسٹرڈ ہونے چاہئیں)

\_\_\_\_\_ (۱) دستخط

\_\_\_\_\_ نام

\_\_\_\_\_ پتہ

\_\_\_\_\_ شناختی کارڈ نمبر

\_\_\_\_\_ یا پاسپورٹ نمبر

\_\_\_\_\_ (۲) 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 پراکسی اجلاس کے وقت انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔

۳۔ سی ڈی سی شیئر 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۔



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