CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		--------(Rupees in '000')--------	
ASSETS			
Non-current assets			
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
		19,066,599	15,471,130
Current assets			
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
		18,151,252	17,782,672
TOTAL ASSETS		37,217,851	33,253,802
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 5/- each	24	1,000,000	1,000,000
Issued, subscribed and paid-up capital	24	405,150	405,150
Share deposit money		12	12
Reserves	25	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		31,553,499	29,570,012
NON-CURRENT LIABILITIES			
Long term deposits	27	328,860	323,777
Long-term borrowings	28	394,638	-
Lease liabilities	29	779,054	-
		1,502,552	323,777
CURRENT LIABILITIES			
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
		4,161,800	3,360,013
CONTINGENCIES AND COMMITMENTS	33		
TOTAL EQUITY AND LIABILITIES		37,217,851	33,253,802

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	2019
		--------(Rupees in '000')--------	
Revenue - net	34	17,202,937	23,544,641
Cost of sales	35	(15,256,801)	(19,469,021)
Gross profit		1,946,136	4,075,620
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
Operating profit		3,152,296	4,694,196
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
Profit before taxation		4,326,831	5,610,666
Taxation	41	(1,095,094)	(1,648,356)
Net profit for the year		3,231,737	3,962,310
Attributable to			
- Equity holders of the Holding Company		2,886,758	3,581,312
- Non-controlling interest		344,979	380,998
		3,231,737	3,962,310
		-------------(Rupees)-------------	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	42	35.63	44.20

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	2019
	--------(Rupees in '000')--------	
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)
Total comprehensive income for the year	3,249,426	3,882,728
Attributable to		
- Equity holders of the Holding Company	2,904,447	3,501,730
- Non-controlling interest	344,979	380,998
	3,249,426	3,882,728

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

	Issued, subscribed and paid-up capital	Share deposit money	RESERVES Capital reserves	General reserve	Unappropr-iated profit	Gain on revaluation of investment at fair value through other comprehensive income	Non-controlling interest	Total equity
	---(Rupees in '000)---							
Balance as at June 30, 2018	405,150	12	67,929	13,573,374	6,152,487	164,179	6,484,082	26,847,213
Transfer to general reserve	-	-	-	1,592,000	(1,592,000)	-	-	-
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2018	-	-	-	-	(688,755)	-	-	(688,755)
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019	-	-	-	-	(202,576)	-	-	(202,576)
Subsidiary company								
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(55,520)	(55,520)
1st Interim dividend @ Rs. 0.502/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(68,257)	(68,257)
2nd Interim dividend @ Rs. 0.517/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(70,342)	(70,342)
3rd Interim dividend @ Rs. 0.548/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(74,479)	(74,479)
	-	-	-	-	(891,331)	-	(268,598)	(1,159,929)
Net profit for the year	-	-	-	-	3,581,312	-	380,998	3,962,310
Other comprehensive loss	-	-	-	-	(10,037)	(69,545)	-	(79,582)
Total comprehensive income for the year	-	-	-	-	3,571,275	(69,545)	380,998	3,882,728
Balance as at June 30, 2019	405,150	12	67,929	15,165,374	7,240,431	94,634	6,596,482	29,570,012
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	405,150	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								
Final dividend @ Rs. 0.339/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(46,184)	(46,184)
1st Interim dividend @ Rs. 0.676/- per share for the year ended June 30, 2020	-	-	-	-	-	-	(91,960)	(91,960)
2nd Interim dividend @ Rs. 0.796/- per share for the year ended June 30, 2020	-	-	-	-	-	-	(108,284)	(108,284)
3rd Interim dividend @ Rs. 0.781/- per share for the year ended June 30, 2020	-	-	-	-	-	-	(106,244)	(106,244)
	-	-	-	-	(567,210)	-	(352,672)	(919,882)
Net profit for the year	-	-	-	-	2,886,758	-	344,979	3,231,737
Other comprehensive income	-	-	-	-	(3,079)	20,768	-	17,689
Total comprehensive income for the year	-	-	-	-	2,883,679	20,768	344,979	3,249,426
Balance as at June 30, 2020	405,150	12	67,929	17,671,874	6,841,559	115,402	6,451,573	31,553,499

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	2019
		--------(Rupees in '000')--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
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
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		485,942	(1,000,395)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,114,299	4,114,694
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	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 2020 %	Holding 2019 %	2020 Total assets	2020 Total liabilities	2019 Total assets	2019 Total liabilities
					(Rupees in '000s)		(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-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Plants:

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

Subsidiaries:

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

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

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

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

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

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

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

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 Entreprises (Private Limited) is a wholly owned subsidary, 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; an
- 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.

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

	Rupees in '000
Assets	
Right-of-use assets	497,563
Deferred tax asset	912
Prepayments	(6,662)
	491,813
Liabilities	
Lease liabilities	829,043
Current portion of lease liabilities	9,186
Accrued liabilities	(359)
	837,870
Equity	
Unappropriated profit	(346,057)
Consolidated statement of profit or loss	
Depreciation charge on right-of-use assets	35,367
Interest expense on lease liabilities	108,602
Reversal of deferred tax asset on right of use assets and lease liabilities - net	(176)

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
Operating lease commitments as at June 30, 2019	2,386,139
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
Lease liabilities at July 01, 2019	838,229
Weighted average incremental borrowing rate as at July 01, 2019	14.00%

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

6.8 Stock-in-trade
Stock-in-trade, except goods-in-transit, is stated at the lower of 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-byinvestment basis. The Group has irrevocably elected to carry its quoted investments in equity instruments under this category.

(c) At fair value through profit and loss

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

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

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.

	Note	2020	2019
		--------(Rupees in '000')--------	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	4,162,166	3,224,656
Capital work-in-progress	8.3	61,214	140,547
		4,223,380	3,365,203

8.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2019	Additions/ Transfers (Note 8.1.1)	Disposals/ Adjustment (8.1.2)	As at June 30, 2020	Rate %	As at July 01, 2019	Charge for the year	On disposals/ Adjustment (8.1.2)	As at June 30, 2020	As at June 30, 2020
	----------(Rupees in '000')----------					----------(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	-	7,346	187,144
Right of use asset - office premises	-	21,626	-	21,626	25-33	-	9,178	-	9,178	12,448
Factory building	1,001,729	153,717	-	1,155,446	10	219,284	59,153	-	278,437	877,009
Non factory building	479,408	45,469	1,029	523,848	7.5-10	460,805	3,028	568	463,265	60,583
Railway sliding	792	3,424	-	4,216	5-10	730	31	-	761	3,455
Plant and machinery	3,109,094	1,060,149	809	4,168,434	7-33	1,377,186	302,680	809	1,679,057	2,489,377
Furniture and fittings	61,143	8,578	199	69,522	7.5-20	26,670	8,080	174	34,576	34,946
Vehicles	106,041	15,997	18,104	103,934	20-33	55,632	12,215	9,252	58,595	45,339
Office and mills equipment	194,354	28,879	1,454	221,779	10-30	89,204	32,720	1,371	120,553	101,226
Computer equipment	133,811	75,909	3,607	206,113	33	94,162	27,810	3,296	118,676	87,437
Jigs and fixtures (note 8.1.3)	532,386	85,333		617,719	20-33	287,910	89,598	-	377,508	240,211
2020	5,852,684	1,693,571	25,202	7,310,118		2,628,028	551,839	15,470	3,147,952	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)	Disposals / write off* / transfers**	As at June 30, 2019	Rate	As at July 01, 2018	Charge for the year (Note 8.1.2)	On disposals / write off* / transfers **	As at June 30, 2019	As at June 30, 2019
	(Rupees in '000')				%	(Rupees in '000')				
Freehold land	23,641	-	650	22,991	-	-	-	-	-	22,991
Leasehold land	210,935	-	-	210,935	4-5	5,672	10,773	-	16,445	194,490
Factory building	372,714	648,043	*19,028	1,001,729	10	202,956	23,001	*6,673	219,284	782,445
Non factory building	479,408	-	-	479,408	7.5-10	457,519	3,286	-	460,805	18,603
Railway sliding	792	-	-	792	5-10	726	4	-	730	62
Plant and machinery	2,071,139	1,039,547	1,592	3,109,094	7-33	1,180,331	198,269	1,414	1,377,186	1,731,908
Furniture and fittings	39,980	24,323	3,160	61,143	7.5-20	26,864	2,431	2,625	26,670	34,473
Vehicles	97,491	23,266	14,716	106,041	20-33	54,201	10,417	8,986	55,632	50,409
Office and mills equipment	163,372	31,529	547	194,354	10-30	71,582	18,008	386	89,204	105,150
Computer equipment	112,209	35,083	13,263	133,811	33	91,611	15,936	13,167	94,162	39,649
			**218					**218		
Jigs and fixtures	297,382	235,004	-	532,386	33.33	242,941	44,969	-	287,910	244,476
2019	3,869,063	2,036,577	33,928	5,852,684		2,334,403	319,531	26,578	2,628,028	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.

	Note	2020	2019
		(Rupees in '000')	
- 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);		4,494,328	4,494,328
· Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division).		325,144	325,144
· 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.		4,361,802	4,362,795
		9,181,274	9,182,267
- 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);		874,250	874,250
· Plot numbers 35 - 42, 69 and 70 of survey 749 and 749/1, Mauza Pathra, Tehsil Hub, District Lasbella, (Papersack and Balochistan Laminates Division);		250,000	250,000
· Mauza Rakh Khanpur, Tehsil and District Muzaffargarh - Thal Jute Division;		527,922	-
· Thal Limited Industrial building and machinery situated at Plot bearing number DSU-14, Sector II, Downstream Industrial Estate, Bin Qasim, Karachi (Yazaki Unit).		257,591	-
· 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.		613,209	435,000
		2,522,972	1,559,250

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:

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

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
		551,839	319,531

8.3 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	140,547	1,192,339	(1,271,672)	61,214

	Opening balance	Additions during the year	Transfers to operating fixed assets	Closing 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
2019	413,068	901,456	(1,173,977)	140,547

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

S. No.	Location	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 Industral Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrail estate Bin Qasim, Karachi, Sindh.	24	32
5	Shop number 6, Clifton Pride, G -3/18, Clifton, Karachi, Sindh.	0.50	0.50
6	Plot # SP-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					Rate	ACCUMULATED AMORTIZATION					WRITTEN DOWN VALUE
		As at July 01, 2019	Additions	Transfers	Disposals	As at June 30, 2020	%	As at July 01, 2019	Charge for the year	Transfers	Disposals	As at June 30, 2020	As at June 30, 2020
		(Rupees in '000')						(Rupees in '000')					
Softwares		20,174	3,943	-	-	24,117	33	15,654	2,907	-	-	18,561	5,556
Licences													
- Software		39,155	29,265	-	(5)	68,415	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)	261,548		36,547	46,177	-	(3)	82,721	178,827
2019		42,477	88,350	218	(305)	130,740		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
		(Rupees in '000')	
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

	Note	2020	2019
		(Rupees in '000')	
Land and building	10.1	6,483,280	6,242,246
Capital work-in-progress - Civil works	10.2	242,437	180,230
		6,725,717	6,422,476

10.1 Land and building

	COST				Rate	ACCUMULATED DEPRECIATION / IMPAIRMENT *				Written down value
	As at July 01, 2019	Additions/ Subsequent expenditure	Disposals	As at June 30, 2020		As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020
	(Rupees in '000')				%	(Rupees in '000')				
Freehold										
Land	974,504	-		974,504	-	-	-		-	974,504
Building and related improvements	1,684,540	5,664		1,690,204	2.5 - 16	471,311	44,943		516,254	1,173,950
Equipment	211,245	-		211,245	6.6 - 20	121,192	21,673		142,865	68,380
Leasehold										
Land	1,657,588	-		1,657,588	2.17 - 3.33	441,133	48,669		489,802	1,167,786
Right of Use Assets - land	-	510,357		510,357	2 - 10	-	26,189		26,189	484,168
Building and related improvements	3,697,640	29,642		3,727,282	2.5 - 16	1,132,671	144,400		1,277,071	2,450,211
Equipment	507,652	21,133	(52,221)	476,564	6.6 - 20	324,616	38,010	(50,343)	312,283	164,281
2020	8,733,169	566,796	(52,221)	9,247,744		2,490,923	323,884	(50,343)	2,764,464	6,483,280
2019	8,773,969	20,007	(60,807)	8,733,169		2,174,002	235,814 *125,807	(44,700)	2,490,923	6,242,246

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 excercised 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 (square yards)	Building Covered Area (square feet)
		--------------(In '000)--------------	
1	Industrial Property bearing khewat number 861, 862, 890, 895, 905, khatooni number 1086,1087,1116, 1121,1133, Mouza Taraf Ravi, Multan, Punjab.	5	20
2	Main Air Port Road, DHA, Near Divine Garden Scheme, Lahore, Punjab.	61	134
3	G-Block, Link Road, Model Town, Lahore, Punjab.	38	300
4	75 Ravi Road, Lahore (Near Minar-e-Pakistan), Punjab.	24	287
5	2 km. Thokar Niaz Baig, Multan Road, Lahore, Punjab.	61	133
6	Main Sargodha Road, Adjacent FDA City, Faisalabad, Punjab.	59	138
7	Plot 1-A, I-11/4 adjacent Railway Carriage Factory, Islamabad.	43	133
8	NA-Class 190-219, OKEWARI Near Safari Park, University Road, Karachi, Sindh	53	134
9	Near Star Gate, Shahra-e-Faisal, Karachi, Sindh.	40	384
10	D-22, Manghopir Road, S.I.T.E, Karachi, Sindh.	36	158

10.1.3 The derpreciation 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	-
		242,437	180,230

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 Holding %	2020 Rupees in '000	2019 Holding %	2019 Rupees in '000
Investment in associates - stated as per equity method					
Quoted associates	11.2				
Indus Motor Company Limited					
Opening balance			2,234,023		2,029,092
Share of profit after tax			316,171		853,259
Share of acturial 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	2,303,280	6.22	2,234,023
[Market value Rs. 4,865.501 million (2019: Rs. 5,887.169 million)]					
Habib Insurance Company Limited					
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	52,615	4.63	55,518
[Market value Rs. 57.067 million (2019: Rs. 51.676 million)]					
Agriauto Industries Limited					
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	357,157	7.35	379,932
[Market value Rs. 385.039 million (2019: Rs. 423.035 million)]					
Shabbir Tiles & Ceramics Limited					
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	24,122	1.30	26,550
[Market value Rs. 24.910 million (2019: Rs. 32.121 million)]					
			2,737,174		2,696,023
Un-quoted associates					
Sindh Engro Coal Mining Company Limited (SECMC)	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	3,408,659	11.90	1,966,892
			6,145,833		4,662,915

	Note	2020 Holding %	2020 Rupees in '000	2019 Holding %	2019 Rupees in '000
Joint Ventures					
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
TOTAL OF ASSOCIATES AND JOINT VENTURE			7,652,262		5,252,725
Listed shares - at fair value through other comprehensive income					
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
TOTAL			7,822,309		5,402,004

11.1 Share of profit after tax of associates and joint venture

	2020	2019
	--------(Rupees in '000)--------	
Associates		
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
	1,346,707	941,225
Joint venture		
ThalNova Power Thar (Private) Limited	507	87
	1,347,214	941,312

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	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
2020		--------(Rupees in '000)--------			
March 31, 2020					
Associate					
Shabbir Tiles and Ceramics Limited	11.4.1	5,721,670	3,794,131	7,282,830	(126,249)
June 30, 2020					
Associate					
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
Joint venture					
ThalNova Power Thar (Private) Limited		9,104,467	255,909	-	1,948

	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
2019	--------(Rupees in '000)--------			
June 30, 2019				
Associate				
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
Joint venture				
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.

12. LONG-TERM LOANS - considered good

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

13. LONG-TERM DEPOSITS

	2020	2019
	--------(Rupees in '000)--------	
Utilities	10,318	9,250
Others	10,113	11,711
	20,431	20,961

14. LONG TERM PREPAYMENT

	2020	2019
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.

15. DEFERRED TAX ASSET - net

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

16. STORES, SPARES AND LOOSE TOOLS

	Note	2020	2019
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 obsolesence		(80,317)	(53,232)
		142,151	134,503

17. STOCK-IN-TRADE

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

18. TRADE DEBTS

	Note	2020	2019
Considered good	18.1 & 18.2	2,855,951	2,484,650
Allowance for expected credit losses	18.3	(216,155)	(53,210)
		2,639,796	2,431,440

18.1 This includes amount due from the following related parties:

	2020	2019
Indus Motor Company Limited	275,561	686,745
Agriauto Industries Limited	444	307
Shabbir Tiles and Ceramics Limited	18,015	18,330
	294,020	705,382

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

	2020	2019
Indus Motor Company Limited	741,944	904,089
Agriauto Industries Limited	673	8,225
Shabbir Tiles and Ceramics Limited	20,561	21,439

18.3 Movement - Allowances for expected credit losses

	Note	2020	2019
Opening balance		53,210	17,888
Charge for the year	38	163,588	35,322
Bad debts written off		(643)	-
Closing balance		216,155	53,210

19. LOANS AND ADVANCES

	Note	2020	2019
Loans - Considered good			
Employee - secured			
Current portion of long-term loan	12 & 19.1	3,996	5,052
		3,996	5,052
Advances - considered good - unsecured			
Suppliers		34,538	19,606
Employees		1,515	3,423
Others	19.2	10,132	143
		46,185	23,172
		50,181	28,224

19.1 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).

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

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2020	2019
		--------(Rupees in '000)--------	
Trade deposits			
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	-
		140,161	297,754
Short-term prepayments			
Rent		-	6,663
Insurance	20.1	22,070	13,804
Others		29,697	13,294
		51,767	33,761
		191,928	331,515

20.1 This includes prepayments amounting to Rs 15.553 million (2019: Rs 10.271 million) paid to Habib Insurance Company Limited, a related party.

21. OTHER RECEIVABLES

	Note	2020	2019
		--------(Rupees in '000)--------	
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
		203,527	83,559

21.1 Workers' Profit Participation Fund (WPPF)

	2020	2019
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)
	(133,799)	(232,619)
Paid during the year	136,736	226,479
Closing balance	2,937	(6,140)

21.2 This includes receivable from the following related parties:

	2020	2019
Indus Motor Company Limited	-	3,746
Agriautos Industries Limited	-	1,464
Shabbir Tiles and Ceramics Limited	684	1,104
	684	6,314

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

	2020	2019
Indus Motor Company Limited	4,101	18,706
Agriautos Industries Limited	395	1,481
Shabbir Tiles and Ceramics Limited	1,491	1,513

22. SHORT-TERM INVESTMENTS

	Note	2020	2019
		--------(Rupees in '000)--------	
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
		2,377,220	2,305,901
Treasury Bills	22.3	1,077,626	784,021
Accrued interest		49,603	4,618
		1,127,229	788,639
At fair value through profit or loss			
Term Finance Certificates (TFCs)	22.4	245,000	250,000
Mutual funds			
Atlas Money Markety 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
		3,776,099	4,207,412
		7,525,548	7,551,952

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	2019
		--------(Rupees in '000)--------	
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	1,384,116	1,067,974
		1,384,288	1,068,600

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
11,239,669	11,239,669	Shares issued under the Scheme of Arrangements for Amalgamation	56,198	56,198
81,029,909	81,029,909		405,150	405,150

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

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

25. RESERVES

	Note	2020	2019
Capital reserves			
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited		13,240	13,240
Premium on issue of share capital		12,225	12,225
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited		42,464	42,464
		67,929	67,929
Revenue reserves			
General reserve		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

26. NON-CONTROLLING INTEREST

	Note	2020	2019
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

27. LONG TERM DEPOSITS

	Note	2020	2019
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	2019
		--------(Rupees in '000)--------	
- Indus Motor Company Limited		326	3,820
- Shabbir Tiles and Ceramics Limited		1,463	1,463
		1,789	5,283

28. LONG-TERM BORROWINGS

	Note	2020	2019
Secured			
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	-
Unsecured			
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	2019
		--------(Rupees in '000)--------	

29. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	Note	2020	2019
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	-

30. TRADE AND OTHER PAYABLES

	Note	2020	2019
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

30.1 This includes amounts due to related parties:

	Note	2020	2019
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

30.2 This includes amounts due to the following related party:

	Note	2020	2019
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 Appealte 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 gurantee 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 additonal 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	2019
		--------(Rupees in '000)--------	
30.4 Warranty obligations			
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		558,644	510,852

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).

	Note	2020	2019
		--------(Rupees in '000)--------	
30.6 Royalty payable			
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		43,667	115,804
30.7 Other liabilities			
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
		300,407	308,677

31. SHORT-TERM BORROWINGS

	Note	2020	2019
Export Refinance Scheme	31.1	145,000	-
Running finance facilities	31.2	293,000	274,131
		438,000	274,131

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	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		928,054	707,742
		260,554	90,706

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 dislosed 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 aggreived with order of the Commissioner Inland Revenue (Appeals), filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which by an order dated 20 June 2016 annulled the orders of OIR and Commissioner Inland Revenue (Appeals) and also deleted the consequential default surcharge and penalty.

Futher, during the year 2017, OIR challenged the order of the ATIR in the Honorable High Court of Sindh (HCS) and the case is still pending before the Honourable High Court of Sindh. The management is of the opinion that the position of MHPL is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

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 initited till the year-end and the managment has withdrawn the case during the current year.

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

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

35. COST OF SALES

	Note	2020	2019
		--------(Rupees in '000)--------	
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)
Cost of goods manufactured		15,236,905	19,566,062
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	2019
			--------(Rupees in '000)--------	
35.1	Raw material consumed			
	Opening stock		5,079,881	2,645,618
	Purchases		11,961,700	18,948,572
	Closing stock		(5,090,091)	(5,079,881)
			11,951,490	16,514,309

				2020	2019
				--------(Rupees in '000)--------	
35.2	Royalty				
	Party Name	Registered Address	Relationship with Directors		
	Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	44,942	96,037
	Furukawa Electric Company Limited	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	47,013	83,873
	Toyota Boshoku Japan Corporation	88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395 Japan.	Shareholder of a subsidiary company	7,022	11,463
				98,977	191,373

36. DISTRIBUTION AND SELLING EXPENSES

	Note	2020	2019
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
		202,994	259,328

37. ADMINISTRATIVE EXPENSES

	Note	2020	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
		1,322,565	1,265,361

37.1 Auditors' remuneration	2020	2019
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
	8,116	6,767

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- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	32	34
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96

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
		401,204	597,979

39. OTHER INCOME

	Note	2020	2019
		--------(Rupees in '000)--------	
Income from financial assets			
Dividend income from:			
- 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		515,488	428,949
		524,448	441,144
Interest on:			
- Bank balances		151,467	57,420
- Term deposit receipts		109,096	105,976
- Treasury Bills		50,910	4,618
- Term Finance Certificates (TFCs)		36,186	598
		347,659	168,612
Capital gain on sale of Treasury Bills		149,930	183,077
Gain on disposal of investments classified at FVPL		19,318	74,934
Liabilities no longer payable written back		-	2,012
		1,041,355	869,779
Income from non financial assets			
Gain on disposal of property, plant and equipment		8,823	38,432
Gain on disposal of investment property		2,630	-
Rental income	39.1	1,827,792	1,730,413
Scrap sales of inventory and investment property		24,281	17,788
Claim from suppliers/customers		157,739	22,315
Rent from sign boards, utilities and others		61,465	57,754
Promotional activities		8,187	3,179
Insurance claim		295	15
Commission income		230	192
Others		126	1,377
		2,091,568	1,871,465
		3,132,923	2,741,244

39.1 Maturity analysis of operating lease payments

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

	2020	2019
- 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
	11,808,949	12,805,707

40. FINANCE COSTS

	Note	2020	2019
		--------(Rupees in '000)--------	
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	-
		154,088	14,622
Bank charges and commission		18,591	10,220
		172,679	24,842

41. TAXATION

	Note	2020	2019
Current		1,050,094	1,548,306
Prior		(22,278)	48,700
		1,027,816	1,597,006
Deferred		67,278	51,350
	41.1	1,095,094	1,648,356

41.1 Relationship between income tax expense and accounting profit

	2020	2019
Profit before taxation and share of profit of associates	2,979,617	4,669,354
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
	863,054	1,470,966
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
	1,095,094	1,648,356

42. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:

	2020	2019
	--------(Rupees in '000)--------	
Net profit for the year attributable to the equity holders of the Holding Company	2,886,758	3,581,312
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	--------(Rupees)--------	
Basic and diluted earnings per share	35.63	44.20

43. CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		--------(Rupees in '000)--------	
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)
		(1,065,365)	(954,155)
		3,261,466	4,656,511
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)
		(343,295)	(2,977,189)
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)
		355,114	104,820
		3,273,286	1,784,142

44. CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances	23	1,384,288	1,068,600
Short-term investments	22	2,215,953	2,045,699
		3,600,241	3,114,299

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	52,102
	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
	49,837	-	670,554	19,509	-	691,542
Number of persons	1	6	72	1	7	73

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

	2020	2019
Annual Capacity		
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.

49. FINANCIAL INSTRUMENTS BY CATEGORY

	2020								
	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				Total
	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
	(Rupees in '000')								
Financial assets									
Fair value through OCI									
Long-term investments	-	-	-	-	170,047	-	-	170,047	170,047
Fair value through profit or loss									
Short-term investments	245,000	-	-	245,000	3,776,099	-	-	3,776,099	4,021,099
Amortized cost									
Long term loans	-	-	-	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	-	20,431	20,431	20,431
Trade debts	-	-	-	-	-	2,639,796	-	2,639,796	2,639,796
Loans and advances	-	-	-	-	-	5,511		5,511	5,511
Trade deposits	-	-	-	-	-	67,275	-	67,275	67,275
Interest accrued	-	-	-	-	-	7,375	-	7,375	7,375
Other receivables	-	-	-	-	-	203,527	-	203,527	203,527
Short term investments	-	3,435,726	-	3,435,726	-	68,723	-	68,723	3,504,449
Cash and bank balances	855,596	-	-	855,596	193,195	-	-	193,195	1,048,791
	1,100,596	3,435,726	-	4,536,322	4,139,341	2,992,207	20,431	7,151,979	11,688,301
Financial liabilities									
Amortized cost									
Long-term deposits	-	-	-	-	-	-	328,860	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	3,142,856
Accrued mark-up	-	-	-	-	-	6,803	-	6,803	6,803
Unclaimed dividend	-	-	-	-	66,197	-	-	66,197	66,197
Unpaid dividend	-	-	-	-	45,252	-	-	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	328,860	3,589,968	5,305,308

	2019								
	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				Total
	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
	(Rupees in '000')								
Financial assets									
Fair value through OCI									
Long-term investments	-	-	-	-	149,279	-	-	149,279	149,279
Fair value through profit or loss									
Short-term investments	250,000	-	-	250,000	4,207,412	-	-	4,207,412	4,457,412
Amortized cost									
Long term loans	-	-	-	-	-	-	3,996	3,996	3,996
Long term deposits	-	-	-	-	-	-	20,961	20,961	20,961
Trade debts	-	-	-	-	-	2,431,440	-	2,431,440	2,431,440
Loans and advances	-	-	-	-	-	8,475		8,475	8,475
Trade deposits	-	-	-	-	-	18,539	-	18,539	18,539
Interest accrued	-	-	-	-	-	7,375	-	7,375	7,375
Other receivables	-	-	-	-	-	83,559	-	83,559	83,559
Short term investments	-	3,071,197	-	3,071,197	-	23,343	-	23,343	3,094,540
Cash and bank balances	556,321	-	-	556,321	159,487	-	-	159,487	715,808
	806,321	3,071,197	-	3,877,518	4,516,178	2,572,731	24,957	7,113,866	10,991,384
Financial liabilities									
Amortized cost									
Long-term deposits	-	-	-	-	-	-	323,777	323,777	323,777
Trade and other payables	-	-	-	-	-	2,876,882	-	2,876,882	2,876,882
Unclaimed dividend	-	-	-	-	56,697	-	-	56,697	56,697
Unpaid dividend	-	-	-	-	49,409	-	-	49,409	49,409
	-	-	-	-	106,106	2,876,882	323,777	3,306,765	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
	7,496,983	6,384,067

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
Bank Balances		
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+
Short term investments		
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)--------	
USD		
Bank balances	391	235
Trade receivables	131	481
Trade and other payables	(1,411)	(165)
Long-term loan	(1,459)	-
	(2,348)	551
EUR		
Trade and other payables	(553)	(1,232)
JPY		
Trade and other payables	(70,879)	(43,927)
CHF		
Trade and other payables	(27)	(20)

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

	2020	2019
	--------(Rs / FCY)--------	
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	Effect on equity
		--------(Rupees in '000)--------	
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, mututal 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 (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
2020	----------------------------(Rupees in '000)----------------------------			
Assets				
· 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

	Level 1	Level 2	Level 3	Total
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 mututal funds and TFCs have been obtained from Mutual fund association of Pakistan.

53. OPERATING SEGMENTS

53.1 Segment analysis

	2020					2019				
	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total
	(Rupees in '000)					(Rupees in '000)				
Sales revenue - 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	(159,054)	17,202,937	15,883,813	7,392,097	447,889	(179,158)	23,544,641
Segment result	687,067	1,040,427	1,220,667	89	2,948,250	3,059,281	924,518	1,151,278	(1,283)	5,133,794
Unallocated (expenses) / income:										
Administrative and distribution costs					(875,617)					(859,290)
Other charges					(190,930)					(561,623)
Other income					1,270,593					981,315
Operating profit					3,152,296					4,694,196
Finance cost					(172,679)					(24,842)
Share of profit of associates and joint ventures - net of tax					1,347,214					941,312
Taxation					(1,095,094)					(1,648,356)
					3,231,737					3,962,310
Segment assets	6,843,710	6,908,554	13,039,361	(1,813,888)	24,977,737	6,405,631	6,177,097	12,244,595	(1,527,984)	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	(2,262,658)	5,069,058	1,892,581	816,622	1,762,310	(1,169,776)	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)

	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

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.

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