Moving Towards the Future

ANNUAL REPORT 2019

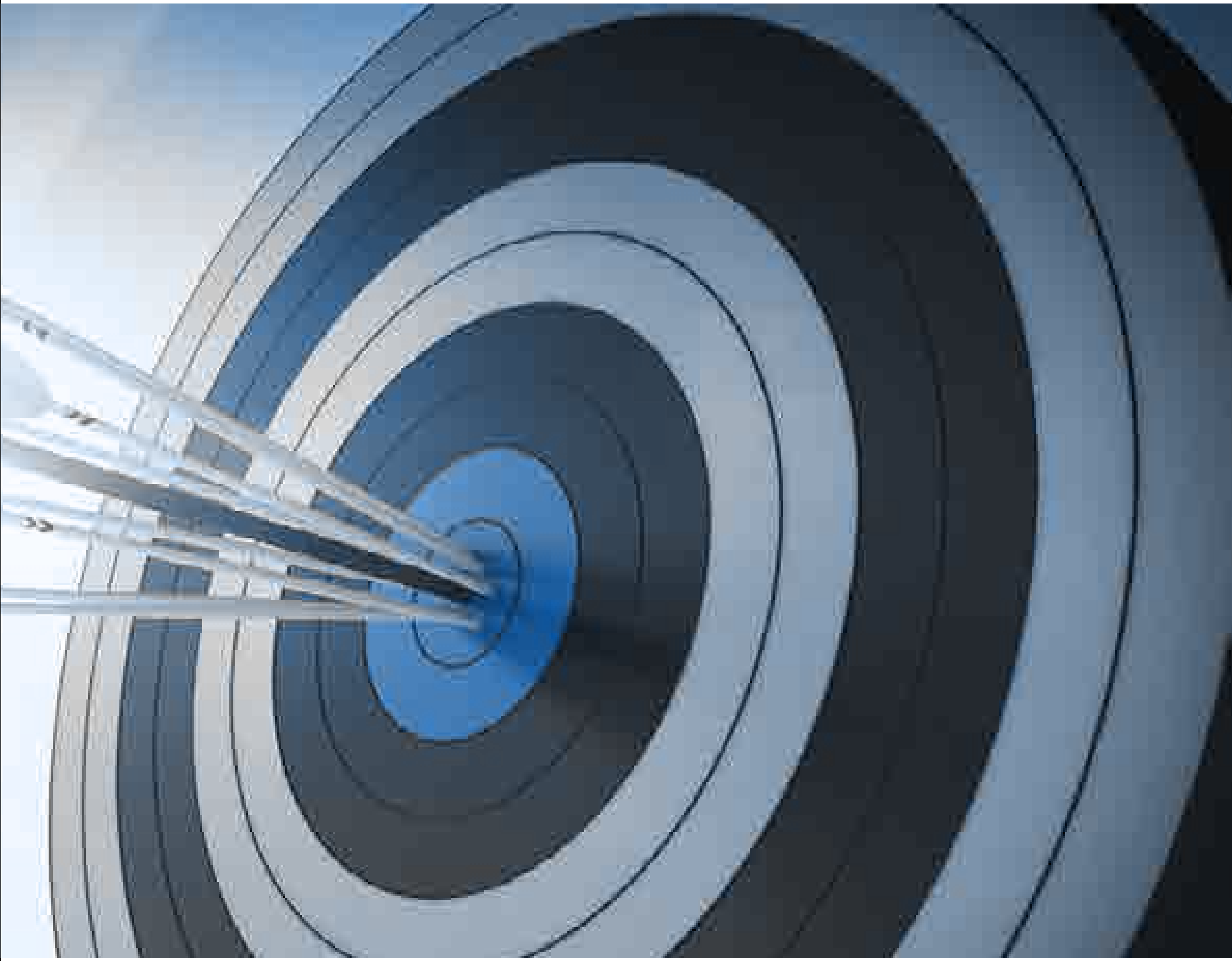
Loads Limited

Manufacturers of
Exhaust Systems, Radiators & Sheet Metal Components

Contents

Vision

"Seek innovation in quality, productivity & technology to ensure sustainable growth of the group and all the stakeholders."



Mission

“Satisfy customers with timely supplies of products confirming to quality standards at competitive prices.”

Company Information

Board of Directors

Syed Shahid Ali	– Chairman*
Mr. Saulat Said	– Vice Chairman*
Mr. Munir K. Bana	– Chief Executive
Mr. Sajid Zahid	– Independent Director
Mr. M. Z. Moin Mohajir	– Independent Director
Mrs. Rozina Muzammil	– Independent Director
Syed Sheharyar Ali	– Non-Executive Director
Mr. Amir Zia	– Non-Executive Director
Mr. Shamim A. Siddiqui	– Executive Director

* Chairman and Vice Chairman are Non-Executive Directors

Audit Committee

Mr. M. Z. Moin Mohajir	– Chairman
Mr. Saulat Said	– Member
Syed Sheharyar Ali	– Member
Mr. Amir Zia	– Member

Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	– Chairperson
Mr. Saulat Said	– Member
Mr. Munir K. Bana	– Member
Syed Sheharyar Ali	– Member
Mr. Amir Zia	– Member
Mr. Shamim A. Siddiqui	– Member

Chief Financial Officer
Mr. Shamim A. Siddiqui

Company Secretary
Mr. Babar Saleem

Head of Internal Audit
Mr. Khawaja M. Akber

Auditors
KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors
Altaf K. Allana & Co., Advocates

Corporate Advisors
Cornelius, Lane & Mufti, Advocates & Solicitors

Symbol
Loads

Credit Raiting
A1 - Short term
A - Long term

Exchange
Pakistan Stock Exchange

Bankers
Al Baraka Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Soneri Bank Limited
Allied Bank Limited
Askari Bank Limited
Bank Islami Pakistan Limited

Subsidiaries
– Specialized Autoparts Industries (Private) Limited
– Multiple Autoparts Industries (Private) Limited
– Specialized Motorcycles (Private) Limited
– Hi–Tech Alloy Wheels Limited

Registered Office
Plot No. 23, Sector 19
Korangi Industrial Area, Karachi
Tel: +92-21-35065001-5
+92-302-8674683-9
Fax: +92-21-35057453-54
E-mail: inquiry@loads-group.pk

Shares Registrar
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Shahra-e-Faisal, Karachi
Tel: Customer Support Services: 0800-23275
Fax: +92-21-34326053
E-mail: info@cdcpak.com

Registration with Authorities

Company Registration Number:	0006620
National Tax Number:	0944311-8
Sales Tax Number:	0205870801264

Website
www.loads-group.pkt

Key Operating Financial Data

Rs. In 000

Description	2019	2018	2017	2016	2015	2014
Sales	5,709,735	4,889,663	4,405,126	4,035,658	3,332,572	2,352,365
Gross Profit	637,179	520,588	547,582	567,795	494,489	308,406
Profit before Taxation	60,441	245,094	377,731	260,326	322,403	177,246
(Loss) / Profit after Taxation	(56,560)	161,557	306,427	180,714	211,053	134,908
Shareholders' Equity	3,576,135	3,651,342	3,402,578	1,618,362	1,439,281	1,229,370
Non - Current Assets	4,883,817	2,304,604	1,450,807	1,006,294	828,212	614,309
Total Assets	7,722,887	5,588,850	3,854,619	2,983,407	2,695,757	1,855,427
Total Liabilities	4,146,751	1,937,507	452,041	1,365,044	1,256,475	626,056
Current Assets	2,839,070	3,284,246	2,403,812	1,977,112	1,867,544	1,241,117
Current Liabilities	3,897,965	1,841,168	357,229	1,270,583	1,153,823	573,566
Cash Dividend	0%	0%	10%	10%	0%	0%
Stock Dividend	0%	0%	10%	10%	1150%	0%
Issued , Subscribed & Paid up Capital	151,250	151,250	137,500	75,000	75,000	6,000

Important Ratios	2019	2018	2017	2016	2015	2014
Profitability						
Gross Profit	11%	11%	12%	14%	15%	13%
Profit before Tax	1%	5%	9%	6%	10%	8%
Loss/Profit after Tax	-1%	3%	7%	4%	6%	6%
Return to Equity						
Return on Equity before Tax	2%	7%	11%	16%	22%	14%
Return on Equity after Tax	-2%	4%	9%	11%	15%	11%
Loss/Earning per Shares	(0.35)	1.02	2.31	2.19	2.81	22.70
Liquidity / Leverage						
Current Ratio	0.73	1.78	6.73	1.56	1.62	2.16
Break-up Value per Share	23.64	24.14	24.75	21.58	19.19	204.90
Total Liabilities to Equity	1.16	0.53	0.13	0.84	0.87	0.51

% Change	2019	2018	2017	2016	2015	2014
Sales	17%	11%	9%	21%	42%	-4%
Gross Profit	22%	-5%	-4%	15%	60%	-6%
Profit before Taxation	-75%	-35%	45%	-19%	82%	-13%
Profit after Taxation	-135%	-47%	70%	-14%	56%	32%
Shareholders' Equity	-2%	7%	110%	12%	17%	12%
Non - Current Assets	112%	59%	44%	22%	35%	8%
Total Assets	38%	45%	29%	11%	45%	6%
Total Liabilities	114%	329%	-67%	9%	101%	-4%
Current Assets	-14%	37%	22%	6%	50%	5%
Current Liabilities	112%	415%	-72%	10%	101%	-4%
Cash Dividend	0%	0%	10%	10%	10%	10%
Stock Dividend	0%	0%	0%	-99%	0%	0%
P/E Ratio	-43.17	30.57	16.33	9.85	6.83	9.03

Code of Conduct

Employees

- We treat all the employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform their jobs in a safe and legal manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on Loads Limited's properties.
- Employees should report suspicious people and activities to Human Resources Department.
- No one should ask or expect any employee to break the law, or go against Loads Limited's policies and values.

Business Partners

- Avoid conflict of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment, if it appears to obligate the person who receives it.
- Use and supply only safe and reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt the competition.
- Do not have formal or informal discussions with our competitors on prices, markets, products, production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest, fair and ethical manner.
- Do not compromise our values to make profit.

Business Resources

- Do not use inside information about Loads Limited for personal profit. Do not give such information to others.
- Do not use Loads Limited's resources for personal gain or benefit.
- Protect confidential and proprietary information.
- Do not use Loads Limited's resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries in Loads Group's books or records.

Communities

- Follow all laws, regulations and Loads Limited's policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are transparent in our environmental responsibilities.
- When Loads Limited standards are higher than what is required by local law, we meet the higher standards.

Role of Chairman

The Chairman of the Board, Syed Shahid Ali, is a non-executive director. The Chairman is responsible for leadership and effective performance of the Board and for maintenance of relationships between directors that are open, cordial, and conducive to productive corporation. Duties of the Chairman are:

- To lead and oversee the Board of Directors.
- To facilitate an open flow of information between management and the Board, thus to involve the Board in the process of effective decision making for the Company.
- To lead a critical evaluation of Company's management, practices and adherence to the Company's strategic plan and objectives.
- In accordance with Company law and as and when required, chair the meetings of the Board and meetings of the shareholders in accordance with their terms of reference.
- To establish, in consultation with the Company Secretary and the Chief Executive, an agenda for each meeting of the Board.
- To seek compliance of the management to implement the decisions of the Board.
- To work closely with the Chief Executive and provide support and guidance for the management on major issues.
- To promote the highest standards of corporate governance.
- To ensure that the Company has an effective and clear communication with its shareholders.
- To ensure that new directors receive appropriate induction into the Company.

Role of Chief Executive

The Chief Executive has executive responsibility over the business directions set by the Board. The Chief Executive is accountable to the Board for the conduct and performance of the Company. Responsibilities of the Chief Executive are:

- To align the entire Company to the Vision, Mission and Strategy evolved by the Board, such that everyone will focus his efforts towards the success of the Company.
- To build a corporate culture and be a role model for the entire organisation.
- To set performance standards for the Company and promote those standards with confidence.
- To manage the day-to-day operations of the Company's business, strategic planning, budgeting, financial reporting and risk management.
- To build good relationship between and among the employees of the Company, the government, the supply chain associates, the dealers and other stakeholders of the Company.
- To provide strategic leadership to the organisation to ensure its future growth through unexpected as well as foreseen threats, opportunities and to keep the Company in focus with competition, markets, products and growth technology.
- To set standards required to maintain a competitive advantage in the industry and implement these standards into the output of the Company.
- To build a talented team (hire talent and fire non-performers) and to lead the team to working together in a common direction thus steering the Company to its strategy and vision through direction and effective communication.
- To set budgets, to fund projects which support the strategy and ramp down projects which lose money. To manage the Company's capital judiciously and carefully control the Company's expenditures.
- To provide leadership and develop policies and procedures of the Company and ensure compliance of these procedures and policies.
- To develop human resource of the Company, the Company's staffing needs of the future, training, compensation packages and to create a corporate culture of high standards and good value.
- To build effective PR for the Company.

Profile of Directors

Syed Shahid Ali - Chairman

Syed Shahid Ali has a Master's degree in Economics from University of Punjab, a Graduate Diploma in Development Economics from Oxford University and a Graduate Diploma in Management Sciences from University of Manchester. He has been Chairman of Loads Limited since 2005 and is currently CEO of Treet Group of companies. He is also Director on the Boards of various public companies including Packages Limited, IGI Insurance Limited, Ali Automobiles Limited etc. He has been actively involved in social & cultural activities and is Chairman of the Governing Boards of several hospitals and philanthropic organizations including Gulab Devi Hospital and Liaquat National Hospital.

Mr. Saulat Said – Vice Chairman

Saulat Said has a Master's degree in Science from Punjab University. Earlier he worked for over three decades with Packages Limited in senior management positions where he retired as General Manager of the Company. He was CEO of IGI Insurance Limited before joining Loads Limited as Director in the year 2007. Currently, he is also a Board Member of Treet Corporation Limited.

Mr. Munir Karim Bana – Chief Executive & Director

Munir K. Bana qualified as a Chartered Accountant from A.F. Ferguson & Co. in 1972 and is a fellow of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited since 1996, initially serving as Director Finance and later elected as Chief Executive of the Company. Previously, he served on the Boards of various multi-national companies including Parke-Davis & Boots as Finance Director for 18 years. He also served over 10 years as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public-private partnership. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") for the year 2012-13. Currently, he is also a Board member in all the Treet group of Companies as well as Pakistan Steel Mill.

Syed Sheharyar Ali – Non-Executive Director

Syed Shaharyar Ali completed his BBA from Saint Louis University, USA, in 2001, and began his career with Packages Limited. Currently, he holds the position of Executive Director in Packaging Solutions, a project of Treet Group. His portfolios also include Member, Governing Body of Liaquat National Hospital, President of Punjab Netball Federation, Vice President of Punjab Cycling Association, Director of GET Motor Cycle Project, Vice President of All Pakistan Music Council, Director of Gulab Devi Hospital and Director of Cutting Edge (Private) Limited.

Mr. Amir Zia – Non-Executive Director

Amir Zia is a qualified accountant from Chartered Institute of Management Accountants (CIMA-UK). He is Chief Financial Officer of Treet Group of Companies and has vast experience and exposure in strategic planning, industry analysis, financial/ economic analysis & project evaluation, treasury management, international trade and international trade finance. His expertise also lies in financial and non-financial reporting, tax management, stock/fixed income securities analysis & trading, financial restructuring (including debt/equity restructuring/balance sheet repositioning & capital restructuring), financial engineering and corporate affairs.

Mr. Sajid Zahid – Independent Director

Sajid Zahid was appointed on the Board of Directors in 2019 as an Independent Director. He is a Barrister with over 42 years of experience in Corporate and Commercial Law and is an Advocate of the Supreme Court. He is Joint Senior Partner at Orr, Dignam & Co. and has served on the Boards of various companies.

Mr. M.Z. Moin Mohajir – Independent Director

Moin Mohajir was appointed on the Board of Directors in 2019 as an Independent Director. He is a fellow member of Institute of Chartered Accountants of Pakistan. Mr. Moin Mohajir has served in senior positions in various multinational companies and has over 40 years' experience in Finance, Taxation & Audit. Currently, he is Deputy Secretary-General of Overseas Investors Chamber of Commerce and Industry.

Mr. Shamim A. Siddiqui – Executive Director / CFO

Shamim A. Siddiqui is a qualified Cost and Management Accountant & a Gold Medalist from Institute of Cost and Management Accountants of Pakistan. He has been serving the company since 1984 and currently holds the position of Chief Financial Officer. He has wide experience in finance, costing, planning & taxation.

Mrs. Rozina Muzammil – Independent Director

Rozina Muzammil was appointed on the Board in 2019 as a female Independent Director. She is a Fellow of two professional bodies, Institute of Cost & Management Accountants Pakistan and Pakistan Institute of Public Finance Accountants, and holds an MBA in Finance and has diversified experience of eighteen years in Corporate Governance, Finance and Human Resources. Currently, she is Chief Human Resource Officer at The Institute of Bankers Pakistan.

Chairman's Review

I am pleased to present the audited annual accounts of the Loads Group for the year ended June 30, 2019.

The Economy

In July 2019, the Executive Board of the IMF program approved a 39-month arrangement under the Extended Fund Facility (EFF) for US$ 6 billion to support the Government of Pakistan's economic reform program. Outlook for external financing has improved with the disbursement of the first IMF tranche associated with IMF EFF, activation of Saudi Oil Facility and other commitments from multilateral and bilateral partners.

The Automotive Industry

Cars / LCVs sales for the financial year 2018-19 declined by 7% over previous year to 240,646 units. Honda and Suzuki sales decreased by 14% & 10% respectively, whereas Toyota Corolla car sales increased by 4% during the year.

Heavy vehicles volumes decreased from previous year's 10,093 units to 6,763 units, registering a reduction of 33%. Sales of both trucks and buses declined by 38% and 23% respectively.

The tractor industry's sales decreased by 29% over previous year, registering sales of 50,405 units in 2019 (2018: 70,887 units), with decline in sales of Al-Ghazi Tractors and Millat Tractors by 35% and 25% respectively.

Board Performance

The Board performed its duties and responsibilities diligently by effectively guiding the Company in its strategic affairs. The Board also played an important role in overseeing the Management's performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes. The Board also remained committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value.

The Company has an independent Internal Audit department and internal audit reports are presented to the Board Audit Committee wherein areas for improvement are highlighted.

The Board carried out its self-evaluation and identified potential areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the Management.

Sales of Loads Group

Net sales revenue of the Group touched Rs. 5,709 million and increased by 17% over Rs.4,890 million in the previous year.

Profitability

PBT and PAT of the Group decreased by 75% and 134% respectively, mainly on account of financial charges, mark to market & impairment impact of notional losses on investments and share of loss from associated undertaking. Consequently, the group's EPS stands decreased from Rs.1.02 to Rs. -0.35 for the year 2019.

Future Prospects

Compared to last few years, financial year 2018/19 was challenging for the Auto Industry, mainly due to economic slowdown, less demand when seen in the context of addition of new capacities and inability of the Government to sustain the projects and infrastructure growth. During the second half of the year, market got further depressed due to ambiguity about the changes made in the taxation system and reluctance of dealers and retailers to get registered. Resultantly, the emerging environment continues to remain complex with tough market competition.

The Group will continue with its aggressive plans to capitalize the benefits of new entrants. Your management is determined to avail full benefits of these opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

Acknowledgement

On my own behalf and on behalf of the Board of Directors of your Company, I take this opportunity of acknowledging the devoted and sincere services of employees of all the cadres of the Company. I am also grateful to our bankers, sharehold-ers, and valued customers, the Original Equipment Manufacturers, and the related Ministries for their continued support.

Saulat Said
Vice Chairman
Karachi, October 3, 2019

لوڈز گروپ کی فروخت

گروپ کی خالص فروخت 5,709 ملین روپے کی بلند ترین سطح تک پہنچ گئیں اور گزشتہ سال کی فروخت 4,809 کے مقابلے میں 17 فیصد اضافہ ہوا-

منافع کاری

گروپ کے PBT اور PAT میں بالترتیب 75 فیصد اور 134 فیصد کمی ہوئی، جس کی بنیادی وجہ مالیاتی اخراجات میں اضافہ، بازار سے بازار اور سرمایہ کاریوں پر قیاسی خسارہ اور ملحقہ کمپنیوں کے خسارہ میں حصہ شامل تھا- جس کے نتیجے میں EPS 1.02 روپے سے کم ہو کر سال 2019 میں 0.35- روپے رہی-

مستقبل کے امکانات

گزشتہ چند سالوں کی بہ نسبت مالیاتی سال 19-2018 آٹو کی صنعت کے لئے دشوار گزار رہا جس کی بنیادی وجوہات میں معاشی سست روی، نئی پیداواری گنجائش کے لحاظ سے کم طلب اور حکومت کی جانب سے پروجیکٹس اور ڈھانچہ کی نمو کی پائیداری کو برقرار رکھنے میں ناکامی شامل تھی- سال کی دوسری ششماہی کے دوران ٹیکس کے نظام میں تبدیلیوں سے متعلق ابہام اور ڈیلروں اور خوردہ فروشوں کی جانب سے اپنے آپ کو رجسٹر کروانے میں ہچکچاہٹ کی وجہ سے مارکیٹ پر مزید دباؤ بڑھ گیا- جس کے نتیجے میں سخت بازاری مسابقت کے ساتھ پیچیدہ ماحول مسلسل جاری ہے-

گروپ تسلسل کے ساتھ متحرک منصوبے رکھتا ہے تاکہ مارکیٹ میں نئے داخل ہونے والوں سے فائدہ اٹھا سکے- آپ کی انتظامیہ معیار، پیداواریت، لاگت پر قابو اور بعد از فروخت خدمات کے ذریعے استعداد میں بہتری لا کر ان مواقعوں سے مکمل فوائد حاصل کرنے کے لئے کوشاں ہے-

اعتراف

میری جانب سے اور آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے میں اس موقع پر کمپنی کے تمام ملازمین کی مخلصانہ اور وفادارانہ خدمات کا اعتراف کرتا ہوں- میں اپنے بینکاروں، حصص یافتگان اور قابل قدر گاہکوں، ایکوپمنٹ کے اصل تیار کنندگان اور ملحقہ وزارتوں کے مسلسل تعاون پر ان کا مشکور ہوں-

Sawlat Said

صولت سعید

وائس چیئرمین

کراچی، 3 اکتوبر 2019

چیئرمین کی جائزہ رپورٹ

میں چیئرمین کی جائزہ رپورٹ پیش کرتے ہوئے اظہارمسرت کرتا ہوں-

معیشت

جولائی2019 میںIMF پروگرام کے ایگزیکٹو بورڈ نے حکومت پاکستان کے معاشی اصلاحی پروگرام کے لئے توسیعی سرمایہ کاری سہولت (EEF) کے تحت 6 بلین ڈالر کا ایک39 ماہی اہتمام منظور کیا-IMF سے ملحقہ IMF EEF کے تحت رقم کی وصولی،سعودی تیل کی سہولت کے فعالی اور کثیر القومی اور باہمی شراکت داروں کے مالیاتی وعدوں کی وجہ سے بیرونی سرمایہ کاری کے منظر نامہ میں بہتری آئی-

آٹو کی صنعت

سال کے دوران مالیاتی سال2018-19 میں کاروں/LCVs کی فروخت7 فیصد کمی کے ساتھ240,646 یونٹ رہی- ہونڈا اور سوزوکی کی فروخت میں بالترتیب14 فیصد اور10 فیصد کی کمی ہوئی جبکہ ٹویوٹا کرولا کی کار کی فروخت میں4 فیصد اضافہ ہوئی-

بھاری تجارتی گاڑیوں کی فروخت گزشتہ سال کے10,093 کے مقابلے میں کم ہوکر6,763 یونٹس رہ گئی جس سے33 فیصد کمی کی عکاسی ہوتی ہے-ٹرکوں اور بسوں کی فروخت میں بالترتیب38 فیصد اور23 فیصد کمی ہوئی-

ٹریکٹر کی صنعت کی فروخت میں گزشتہ سال کی بہ نسبت29 فیصد کمی ہوئی جس سے فروخت50,405 یونٹ رہ گئی،(یونٹ2018:70,887)الغازی ٹریکٹرز اور ملت ٹریکٹرز کی فروخت میں بالترتیب35 فیصد اور25 فیصد کمی ہوئی-

بورڈ کی کارکردگی

بورڈ نے اپنے فرائض اور ذمہ داریاں شائستگی کے ساتھ کمپنی کے کلیدی معاملات میں رہنمائی کرتے ہوئے انجام دیئے- بورڈ نے انتظامیہ کی نگرانی کی کارکردگی میں اہم کردار ادا کیا اور بڑے خطرات کے انتظام پر توجہ مرکوز کی- بورڈ مکمل طور پر بجٹ بنانے اور کلیدی منصوبہ بندی کے عمل میں مصروف رہا- بورڈ ادارتی نظم وضبط کے اعلیٰ معیارات کو یقینی بنانے اور مستفیدان کی برتری کو برقرار رکھنے کے لئے کوشاں رہا-

کمپنی کا اپنا آزادانہ آڈٹ ڈپارٹمنٹ ہے اور اندرونی آڈٹ کی رپورٹیں بورڈ کی آڈٹ کمیٹی کو پیش کی جاتی ہیں جن میں بہتریوں کے لئے مختلف شعبوں کو اجاگر کیا جاتا ہے-

بورڈ نے اپنی ازخود تشخیص کی اور بہترین عالمی طور طریقوں کے مطابق بہتری کے لئے مختلف شعبوں کی نشاندہی کی- اس کی بنیاد توجہ کلیدی نمو، کاروباری مواقعوں، خطرات کے انتظام، بورڈ کی تشکیل بندی اور انتظامیہ کی نگرانی پر مرکوز رہی-

LOADS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company take pleasure in presenting Loads Group's Annual Report together with Annual Audited Financial Statements for the year ended June 30, 2019.

OPERATING AND FINANCIAL RESULTS

	Rupees in million					
	2019		2018		% Change	
	Loads	Consolidated	Loads	Consolidated	Loads	Consolidated
Sales	5,709	5,709	4,890	4,890	17%	17%
Gross Profit	519	637	373	521	39%	22%
Operating Profit (OP)	395	388	244	341	62%	14%
Profit before Taxation (PBT)	133	60	127	245	5%	-75%
Profit / Loss after Taxation (PAT)	41	-56	80	162	-49%	-134%
Earnings per share (EPS) – basic & diluted	0.27	-0.35	0.53	1.02	-49%	-134%

BUSINESS REVIEW

Your group has crossed landmark sales of Rs. 5 billion for the first time and registered turnover of Rs. 5.7 billion per annum, recording an increase of Rs. 819 million (+17%). The growth reflects price increases of products to account for rupee devaluation, addition of converters in Suzuki products and growth in sales of Toyota Corolla cars.

Company Results

Operating Profit (OP) of Loads Limited has shown healthy growth of 62%. However, marginal growth of 5% in PBT reflects cost of borrowings for investments made in alloy wheels business through subsidiary, M/s. Hi-Tech Alloy Wheels Limited, while PAT has been declined mainly because of minimum tax on turnover.

Group Results

Consolidated OP of the group has grown by 14%. However, Consolidated PBT and PAT have declined by 75% and 134% respectively, mainly on account of following costs aggregating Rs. 327 million:

- Financial charges on equity and debt investments in subsidiary, M/s. Hi-Tech Alloy Wheels Limited (Rs.188 million versus Rs. 91 million in previous year).
- Mark to market & impairment impact of “notional” loss on investments in associated undertaking, M/s Treet Corporation Limited (Rs.30 million versus Rs. 8 million in previous year).
- Share of loss from associated undertaking, M/s Treet Corporation Limited (Rs.109 million).

EPS has registered substantial decline due to above factors.

AUTOMOTIVE INDUSTRY REVIEW

Cars/LCVs sales declined by 7%, while heavy vehicles, tractors and two wheelers declined by 33%, 29% and 9% respectively, due to impact of devaluation, interest hike and taxation measures taken by the Government to document the economy, which has impacted the tax compliant sector also.

Sector wise analysis of our group's customer base is given below:

(a) Passenger Cars / Light Commercial Vehicles (LCVs)

Cars / LCVs sales for the financial year 2018-19 declined by 7% over previous year to 240,646 units. Honda and Suzuki sales decreased by 14% & 10% respectively, whereas Toyota Corolla car sales increased by 4% during the year.

(b) Heavy Commercial Vehicles

Heavy vehicles volumes decreased from previous year's 10,093 units to 6,763 units, registering a reduction of 33%. Sales of both trucks and buses declined by 38% and 23% respectively.

(c) Tractors

The tractor industry's sales decreased by 29% over previous year, registering sales of 50,405 units in 2019 (2018: 70,887 units), with decline in sales of Al-Ghazi Tractors and Millat Tractors by 35% and 25% respectively.

COMPANY'S SALES PERFORMANCE

The overall sales of the group grew by 17%. The Company's product-wise performance for the year is analyzed below:

Exhaust Systems

Radiator

Sheet metal components

Products	Sales (Rs. in millions)		
	2019	2018	+(-)%
Exhaust Systems	4,020	3,191	+26%
Radiators	699	823	-15%
Sheet Metal Components	990	876	+13%
Total	**5,709**	**4,890**	**+17%**

Comments on performance of various product groups are given below:

a) **Exhaust Systems**
Sales of mufflers have increased substantially by 26%, mainly due to increase in selling prices on account of rupee devaluation, addition of converters in Suzuki products and growth in sales of Toyota Corolla cars.

b) **Radiators**
Decline of 15% reflects loss of radiator sales due to declining sales of tractors, heavy vehicles and cars.

c) **Sheet Metal Components**
This group of products has registered a growth of 13%, as compared to previous period, mainly due to increase in selling prices on account of rupee devaluation and growth in sales of Toyota Corolla cars.

MATERIAL CHANGES OR COMMITMENTS

No material changes or commitments, which could affect the financial position of your Company, have occurred between the end of the financial year and the date of this review.

RISK MANAGEMENT

The Risk management process encompasses identification of strategic, financial, operational, legal and external risks and ensuring appropriate measures to minimize adverse effect on the Company's performance. Strategic risk arising from our customers' demand and capacity utilization create risk of loss of business and related margins. These risks are addressed through strategic business alignment and its effects are addressed thoroughly.

The decrease in demand for Company's products may have an adverse impact on its profitability due to lower sales volume resulting from lower than anticipated growth in auto industry. The other factor is adverse foreign exchange movement, i.e. PKR depreciation, which will inflate the price of imports thus affecting the profitability of the Company. Financial risks include credit risk, market risk and liquidity risks. An effective risk management process is in place and action plans are identified to address issues and mitigate risks.

INTERNAL FINANCIAL CONTROL

A system of sound internal control has been established and implemented at all levels within the company. The system of internal control is sound in design for ensuring achievements of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

RELATED PARTIES TRANSACTIONS

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, subject to approval of Board of Directors and Audit Committee, after justifying (and duly presenting in the financial statements) its rationale and financial impact for the departure.

CORPORATE FINANCIAL REPORTING

The financial Statements prepared by the Management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity. The financial statements together with notes thereto have been drawn up in conformity with the Companies Act, 2017. International Financial Reporting Standards have been followed in the preparation of the financial Statements. Accounting policies have been consistently applied in the preparation of the financial statements accept for the changes due to adoption of IFRS 9 and IFRS 15.

REVIEW OF CEO'S PERFORMANCE

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

COMMUNICATION

The Company focuses on the importance of communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its web site at www.loads-group.pk, on timely basis.

SAFEGUARDING OF RECORDS

The Company puts great emphasis for storage and safe custody of its financial records. The Company is using SAP for recording its financial information. The access to electronic documentation has been secured through implementation of a comprehensive password protected authorization matrix in SAP-ERP system.

INTERNAL AUDIT

Loads Group has an independent Internal Audit function. The Head of Internal Audit functionally reports to the Board Audit Committee (BAC). Annual internal audit plans are prepared on the basis of risk assessment to BAC for approval. The Internal Audit function is an independent appraisal activity within the Company engaged in continuous review of operations with an emphasis on accounting, financial, and operational implications, it acts as a managerial control and value-adding to all departments.

Internal audit procedures are guided by the principles of independence, objectivity and value addition and the outcomes of these procedures are operational efficiency, safeguard of profitability and Company's interests.

HUMAN RESOURCES

The Company's Human Resource ("HR") department's activities are focused towards building talent for future. The HR department strives to attract, develop, motivate and retain the most talented and dedicated employees who are committed to ensure the Company's success. The department is responsible to manage the numerous needs of Company employees, as well as handling employee relations, payroll, benefits, and training.

The HR department helps in maximizing the efficiency of the Company. The HR department is also responsible for the strategic management, workforce planning, training & development and compensation & benefits of employees.

COMPANIES (CORPORATE SOCIAL RESPONSIBILITY) GENERAL ORDER, 2009

In terms of Companies (Corporate Social Responsibility) General Order, 2009, your company contributed in the following areas during the current financial year:

(i) Energy Conservation: Projects to switch over to energy saving devices continue in phases and company has recently installed solar power at its head office.

(ii) Quality and Environmental management systems: ISO 9001 and ISO 14001 certifications, previously obtained by the Company, continue to be renewed every year.

(iii) Business Ethics: Strict ethics were followed in all business dealings throughout the year.

(iv) Contribution to National Exchequer: The group met all its obligations towards payments of income tax, sales tax and other government levies aggregating Rs. 1,622 million.

ATTENDANCE OF BOARD MEETINGS

The Board of Directors of your company has met five (5) times during the year 2018-19 and the attendance at each of these meetings is as follows:-

Name of Director	Designation	01 Oct 18	30 Oct 18	27 Feb 19	10 Apr 19	29 Apr 19	2018-2019
Syed Shahid Ali	Chairman	P	P	A	P	A	3/5
Mr. Saulat Said	Vice Chairman	P	P	P	P	P	5/5
Mr. Munir K. Bana	Chief Executive	P	P	P	P	P	5/5
Syed Sheharyar Ali	Non-Executive Director	P	P	A	P	P	4/5
Mr. Amir Zia	Non-Executive Director	P	P	P	A	P	4/5
Mr. Sajid Zahid	Independent Director	N/A	N/A	P	A	P	2/5
Mr. M. Z. Moin Mohajir	Independent Director	N/A	N/A	A	P	P	2/5
Mr. Shamim A. Siddiqui	Executive Director	P	P	P	P	P	5/5
Ms. Lubna S. Pervez– resigned on June 21, 2019	Independent Director	P	P	A	P	A	3/5
Mr. Najam I. Chaudhri – deceased on November 7,2018	Independent Director	P	A	N/A	N/A	N/A	1/5
Mr. Muhammad Ziauddin – resigned on January 14, 2019	Executive Director	P	P	N/A	N/A	N/A	2/5
Quorum at Meetings		9/9	8/9	5/9	7/9	7/9	

Leave of absence was granted to those directors who were unable to attend a meeting.

During the year, following directors were appointed on the Board of Directors:

Outgoing Director	Date of Leaving	Reason	Incoming Director	Date of Appointment
Mr. Najam I. Chaudhri	November 7, 2018	Death	Mr. Sajid Zahid	January 16, 2019
Mr. Muhammad Ziauddin	January 14, 2019	Resigned	Mr. M.Z. Moin Mohajir	January 16, 2019
Ms. Lubna S. Pervez	June 21, 2019	Resigned	Mrs. Rozina Muzammil	June 30, 2019

AUDIT COMMITTEE

The Audit Committee comprises of four non-executive directors, including one independent director, who is the Chairman of the Committee.

During the year, Audit Committee held four meetings, to review the financial statements, internal audit reports, compliances with the best practices of Corporate Governance requirements and other associated matters. These meetings included meetings with the external auditors before and after completion of audit for the year ended June 30, 2019.

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Board's Human Resources & Remuneration Committee (HR&R) consists of six members. As required by law, the Chairman of the HR&R is a non-executive director. The Committee held one meeting during the year to discuss and approve the matters falling under the terms of reference of the Committee.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS

The evaluation of the Board's role of oversight and its effectiveness is a continuous process, which is appraised by the Board itself. The core areas of focus are:

- Regulatory Compliances, Financial Information and Controls;
- Leadership through vision and values;
- Strategic thinking and decision making;
- Commercial and business acumen;
- Contribution to resolution of divergent views;
- Proactive participation; and
- Time commitment.

Individual feedback was obtained and on the basis of that feedback, the average rating of the performance of the Board and role of the Chairman regarding governing the Board was found up to the mark as is evident by the performance of the Company.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the company for the year ended June 30, 2019 and the future outlook. The directors endorse the contents of the review.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The "Statement of Compliance with Code of Corporate Governance" (CCG) is annexed to this report.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding as at June 30, 2019 required under section 227(2)(f) of the Companies Act, 2017 is annexed to this report..

AUDITORS

The auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

As suggested by the Board Audit Committee, the Board recommended the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the year 2019-20.

FUTURE OUTLOOK

The Rupee devalued by 35% during the outgoing year and there may be a further correction against the USD. The interest rates and inflation are also on the rise and these could put more pressure on the large scale manufacturing sector, including auto industry. These are indeed challenging times as the economic outlook of the country remains uncertain. The Company will focus on cost savings and consolidation to mitigate these challenges to the extent possible.

Macroeconomic indicators of the country are challenging for auto industry. Pak Rupee devaluation, rising raw material prices, increase in interest rate and additional taxes and duties imposed through Federal Budget are major challenges for auto industry. Variation in forex rates and import duties influenced the pricing of products due to high element of imported components in total cost of products. However, in the recent budget, the Government has taken steps to improve business climate and support the auto industry, through removal of regulatory duty on raw material imports, flexibility introduced for sale of cars to non-filers and imposing controls on used cars imports.

The group has acquired an Australian plant for manufacture of Alloy Wheels, which will be an addition to the group's portfolio of auto parts products. In this regard, factory has been constructed at a plot acquired in a Special Economic Zone and the plant is under installation, under a Technology Transfer Agreement signed with a leading South Korean Alloy Wheels manufacturer, Hands Corporation. Being the first hi-tech Alloy Wheel manufacturing facility in Pakistan, launch of this product to our existing customers as well as spare parts market will add value to the group's business.

ACKNOWLEDGEMENTS

The Board wishes to thank all the employees for their continuing support and hard work during the year. We also wish to extend our thanks to our customers for their continued patronage and look forward to a fruitful relationship with them in the years ahead.

By Order of the Board

Munir K. Bana
Chief Executive

M. Z. Moin Mohajir
Director

Karachi: October 3, 2019

مستقبل کی پیش بینی

گزرے ہوئے سال میں روپے کی قدر میں 35 فیصد کمی ہوئی اور مستقبل میں USD کے مقابلے میں اس میں مزید کمی ہوسکتی ہے- شرح سود اور افراط زر میں بھی اضافہ جاری ہے اور ان کی وجہ سے بڑے پیداواری شعبے بشمول آٹو کی صنعت پر مزید دباؤ پڑے گا- ملک میں جاری صورتحال کی وجہ سے معیشت کا منظر نامہ بلاشبہ دشوار گزار رہے گا- کمپنی کی توجہ لاگتوں میں بچت اور انجماد پر مرکوز ہے تا کہ ممکنہ حد تک ان چیلنجز کو کم کیا جا سکے-

کمپنی کے معاشی اشاریئے آٹو صنعت کے لئے دشوار گزار ہیں- پاکستانی روپے کی قدر میں کمی، خام مال کی لاگتوں کی بڑھتی ہوئی قیمتیں اور وفاقی بجٹ کے ذریعے اضافی ٹیکسوں اور ڈیوٹیوں کا نفاذ آٹو کی صنعت کے لئے بڑے چیلنجز ہیں- مصنوعات کی کل لاگت میں درآمدی اجزاء شامل ہیں نتیجے میں زرمبادلہ کے نرخ اور درآمدی ڈیوٹیوں میں اتار چڑھاؤ کی وجہ سے مصنوعات کی قیمت پر اثرات مرتب ہوئے- تاہم حالیہ بجٹ میں حکومت نے آٹو کی صنعت کے لئے تائید اور کاروباری ماحول کی بہتری کے لئے کچھ اقدامات کئے ہیں جن میں خام مال کی درآمدات میں ریگولیٹری ڈیوٹی، نان فائلرز کو کار فروخت کرنے میں لچک اور استعمال شدہ کاروں کی درآمدات پر کنٹرول شامل ہیں-

گروپ نے الائے وہیلز کی پیداوار کے لئے آسٹریلیا سے پلانٹ درآمد کیا ہے جس سے گروپ کی آٹو پارٹس کے پورٹ فولیو میں اضافہ ہوجائے گا- اس سلسلے میں فیکٹری خصوصی معاشی زون میں حاصل کردہ ایک پلاٹ پر زیر تنصیب ہے جسکے لئے جنوبی کوریا کے ایک بڑے الائے وہیلز بنانے والے ادارے ہینڈز کارپوریشن کے ساتھ ٹیکنالوجی ٹرانسفر ایگریمنٹ پر دستخط کئے گئے ہیں- پاکستان کی سب سے پہلی ہائی ٹیک الائے وہیلز پیداوری سہولت کی وجہ سے ہمارے موجودہ گاہکوں کے علاوہ فاضل پرزوں کی مارکیٹ میں نئے مصنوعات کے متعارف ہونے سے گروپ کے کاروبار میں توسیع ہوگی-

اعترافات

سال کے دوران بورڈ اپنے ملازمین کے مسلسل تعاون اور انتھک محنت پر انہیں ستائش پیش کرتا ہے- ہم اپنے گاہکوں کی مسلسل سرپرستی پر ان کے مشکور ہیں اور امید کرتے ہیں کہ آنے والے سالوں میں یہ تعلقات مزید نتیجہ خیز بن جائیں گے

بحکم

منیر کے بانا
چیف ایگزیکٹو

ایم زید حسین مہاجر
ڈائریکٹر

کراچی: 3 اکتوبر 2019

آڈٹ کمیٹی

آڈٹ کمیٹی چار نان ایگزیکٹوڈائریکٹر پر مشتمل ہے، جس میں ایک آزاد ڈائریکٹر ہے جو کہ چیئر مین آڈٹ کمیٹی ہے۔سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں مالیاتی گوشواروں، اندرونی آڈٹ کی رپورٹوں، ادارتی نظم وضبط کے بہترین طوریقوں پر عملدرآمد کا جائزہ لیا گیا- ان اجلاس میں سال مختتمہ 30 جون 2019 کے آڈٹ سے پہلے اور آڈٹ کے بعد میٹنگ ہوئیں-

بورڈ کی ایک انسانی وسائل اور معاوضہ کمیٹی(HR&RC) ہے جو کہ چھ ممبران پر مشتمل ہے- قانون کے تحتHR&RC کا چیئر مین ایک نان ایگزیکٹوڈائریکٹر ہے- سال کے دوران کمیٹی کا ایک اجلاس ہوا جس میں کمیٹی کی ذمہ داریوں پر بحث ہوئیں اور ان کی منظوری دی گئی-

بورڈ آف ڈائریکٹرز کی کارکردگی

بورڈ کی نگرانی کی ذمہ داری کو پورا کرنے اور اس کی اثر پذیری کی تشخیص ایک مسلسل عمل ہے جسے بورڈ بذات خود انجام دیتا ہے- جن چیزوں کا اس میں احاطہ کیا گیا ہے وہ درج ذیل ہیں:

- ضابطوں کی پاسداری، مالیاتی معلومات اور گرفت،
- قیادت بذریعہ نصب العین اور اقدار
- کلیدی سوچ اور فیصلہ سازی
- تجارتی اور کاروباری فراست،
- انحرافی آراء کے حل میں معاونت
- متحرک شرکت اور
- وقت کی پاسداری

انفرادی فیڈ بیک حاصل کئے گئے اور ان فیڈ بیک کی بنیاد پر بورڈ کی اوسطاً کارکردگی کی ریٹنگ اور بورڈ کے نظم وضبط میں چیئر مین کے کردار سے متعلق ریٹنگ تسلی بخش پائی گئی جس کی عکاسی کمپنی کی کارکردگی سے ہوتی ہے-

چیئر مین کا جائزہ

چیئر مین کا ملحقہ جائزہ سال مختتمہ 30 جون 2019 کے دوران کمپنی کی کارکردگی اور مستقبل کی پیش بینی کے متعلق بتاتا ہے- ڈائریکٹران اس جائزہ کے مندرجات کی توثیق کرتے ہیں-

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی دفعہ (f)227 کے تحت حصص داری کی ساخت سے متعلق ایک گوشوارہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے-

آڈیٹرز

آڈیٹرز میسرزKPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام پر سبکدوش ہوجائیں گے- اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے-

بورڈ کی آڈٹ کمیٹی کی تجویز پر بورڈ نےKPMG تاثیر ہادی اینڈ کو چارٹرڈ اکاؤنٹنٹس کو سال 20-2019 کے لئے کمپنی کا آڈیٹر مقرر کیا ہے-

(iii) کاروباری اخلاقیات: سال کے دوران کاروباری لین دین میں اخلاقیات پر سختی سے عمل کیا جاتا ہے۔

(iv) قومی خزانے میں معاونت: انکم ٹیکس، سیلز ٹیکس اور دیگر سرکاری محصولات کے واجبات کی مد میں کمپنی نے مجموعی طور پر 1,622 ملین روپے کی معاونت کی۔

بورڈ کے اجلاس میں حاضری

سال 19-2018 کے دوران کمپنی کے بورڈ آف ڈائریکٹر کے پانچ (5) اجلاس ہوئے اور ہر اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	عہدہ	یکم اکتوبر 2018	30 اکتوبر 2018	27 فروری 2019	10 اپریل 2019	29 اپریل 2019	2018-2019
سید شاہد علی	چیئرمین	P	P	A	P	A	3/5
جناب صولت سعید	وائس چیئرمین	P	P	P	P	P	5/5
جناب منیر کے بانا	چیف ایگزیکٹو	P	P	P	P	P	5/5
سید شہریار علی	نان ایگزیکٹو ڈائریکٹر	P	P	A	P	P	4/5
جناب عامر ضیاء	نان ایگزیکٹو ڈائریکٹر	P	P	P	A	P	4/5
جناب ساجد زاہد	آزاد ڈائریکٹر	N/A	N/A	P	A	P	2/5
جناب ایم زیڈ معین مہاجر	آزاد ڈائریکٹر	N/A	N/A	A	P	P	2/5
جناب شمیم اے صدیقی	ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5
محترمہ لبنیٰ اے پرویز — 21 جون 2019 کو استعفیٰ دیا	آزاد ڈائریکٹر	P	P	A	P	A	3/5
جناب نجم اے چوہدری — 7 نومبر 2018 کو انتقال ہوگیا	آزاد ڈائریکٹر	P	A	N/A	N/A	N/A	1/5
جناب محمد ضیاء الدین — 14 جنوری 2019 کو استعفیٰ دیا	ایگزیکٹو ڈائریکٹر	P	P	N/A	N/A	N/A	2/5
اجلاس میں مطلوبہ تعداد		9/9	8/9	5/9	7/9	7/9	

سال کے دوران مندرجہ ذیل ڈائریکٹران کی بورڈ آف ڈائریکٹرز میں تقرری ہوئی:

جانے والے ڈائریکٹر کا نام	تاریخ سبکدوشی	وجہ	آنے والے ڈائریکٹر کا نام	تاریخ تقرری
جناب نجم آئی چوہدری	7 نومبر 2018	انتقال	جناب ساجد زاہد	16 جنوری 2019
جناب محمد ضیاء الدین	14 جنوری 2019	استعفیٰ	جناب ایم زیڈ معین مہاجر	16 جنوری 2019
محترمہ لبنیٰ ایس پرویز	21 جون 2019	استعفیٰ	مسز روزینہ مزمل	30 جون 2019

CEO کی کارکردگی کا جائزہ

CEO کی کارکردگی کا جائزہ ایک تشخیصی نظام کے ذریعے کیا جاتا ہے جو کہ مقداری اور معیاری قدروں پر مشتمل ہوتا ہے۔ اس میں کاروباری کارکردگی، کمپنی کے مقاصد کا حصول بلحاظ منافع، ادارے کا تعمیری ڈھانچہ، جانشینی منصوبہ بندی اور ادارتی کامیابی شامل ہیں۔

خط و کتابت

کمپنی اپنے حصص یافتگان کے ساتھ تعلقات کو اہمیت دیتی ہے۔ کمپنیز ایکٹ 2017 کے تحت سالانہ، ششماہی اور سہ ماہی رپورٹیں مقررہ مدت میں تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت وقتاً فوقتاً ویب سائٹ www.loads-group.pk پر اپ ڈیٹ کی جاتی ہیں۔

ریکارڈ کا تحفظ

کمپنی اپنے مالیاتی ریکارڈ کی محفوظ تحویل اور ذخیرہ کو بہت زیادہ اہمیت دیتی ہے۔ کمپنی نے اپنی مالیاتی معلومات کی ریکارڈنگ کے لئے SAP استعمال کرتی ہے۔ برقی دستاویزات تک رسائی کو SAP-ERP کے جامع محفوظ پاسورڈ کے ذریعے تحفظ فراہم کیا گیا ہے۔

اندرونی آڈٹ

لوڈز گروپ میں ایک آڈٹ کا آزادانہ نظام ہے۔ اندرونی آڈٹ کے سربراہ کی ذمہ داری بورڈ کی آڈٹ کمیٹی کو رپورٹس فراہم کرنا ہے۔ اندرونی آڈٹ کے سالانہ منصوبے خطرات کی تشخیص کی بنیاد پر BAC کی منظوری کے لئے پیش کئے جاتے ہیں۔ اندرونی آڈٹ کا نظام کمپنی کے کاروباری افعال کے مسلسل جائزے کے ساتھ اکاؤنٹنگ، مالیاتی اور کاروباری مضمرات کی نشاندہی کرتا ہے جس کی وجہ سے یہ ڈپارٹمنٹس کو انتظامی گرفت اور برتری حاصل ہوتی ہے۔

اندرونی آڈٹ کا طریقہ کار آزادانہ، مقصدیت اور برتری کے رہنما اصولوں کی بنیاد پر ترتیب دیا گیا ہے اور اس کے نتائج میں استعداد، منافع اور کمپنی کے مفادات کا تحفظ شامل ہے۔

انسانی وسائل

کمپنی کے شعبہ انسانی وسائل (HR) کی سرگرمیاں مستقبل میں صلاحیتوں کی تعمیر پر مرکوز ہیں۔ HR ڈپارٹمنٹ ایسے مخلص اور باصلاحیت ملازمین کی کشش، ترقی، ترغیب اور انہیں رکھنے کے لئے کوشاں جو کہ کمپنی کی کامیابی کے لئے پرعزم ہیں۔ یہ ڈپارٹمنٹ کمپنی کے ملازمین کی مختلف ضروریات کے انتظام کے ساتھ ساتھ ملازمین کے ساتھ تعلقات، پے رول، مراعات اور تربیت کا ذمہ داری ہے۔

HR ڈپارٹمنٹ کمپنی کی استعداد میں اضافہ میں مدد کرتا ہے۔ HR ڈپارٹمنٹ کلیدی انتظامی، ملازمتی منصوبہ بندی، ملازمین کی تربیت و ترقی اور معاوضہ و مراعات کا ذمہ دار ہے۔

کمپنیز (کارپوریٹ سوشل ریسپانسبلٹ) جنرل آرڈر 2009

کمپنیز (کارپوریٹ سوشل ریسپانسبلٹ) جنرل آرڈر 2009 کے تحت آپ کی کمپنی نے موجودہ مالیاتی سال کے دوران مندرجہ ذیل شعبوں میں معاونت کی:

(i) توانائی کی بچت: پروجیکٹس کو توانائی کے بچت کے آلات میں مرحلہ وار تبدیل کیا جا رہا ہے اور کمپنی نے حال میں ہے اپنے ہیڈ آفس میں شمسی توانائی نصب کی ہے۔

(ii) معیار اور ماحولیاتی انتظام کے نظام: ISO 9001 اور ISO 14001 کی تصدیقات کمپنی نے پہلے ہی حاصل کر لی ہیں اور تسلسل کے ساتھ ہر سال ان کی تجدید کرواتی رہے گے۔

b)   **ریڈی ایٹرز**

ریڈی ایٹرز کی فروخت میں 15 کمی کی وجہ ٹریکٹروں، بھاری گاڑیوں اور کاروں کی گرتی ہوئی فروخت تھی۔

c)   **شیٹ میٹل کے اجزاء**

گروپ کی مصنوعات گزشتہ سال کے مقابلے میں 13 فیصد اضافہ ہوا جس کی بنیادی وجوہات میں روپے کی قدر میں کمی اور ٹویوٹا کرولا کاروں کی فروخت میں اضافہ تھا۔

اہم تبدیلیاں یا آراء

کوئی اہم وعدے اور تبدیلیاں جو کہ کمپنی کی مالیاتی پوزیشن پر اثر انداز ہوں، مالیاتی سال کے اختتام اور اس جائزہ کی تاریخ تک رونما نہیں ہوئیں۔

خطراتی انتظام

خطرات کے انتظام کا نظام کلیدی، مالیاتی، کاروباری، قانونی اور بیرونی خطرات کی نشاندہی اور ان کے ناموافق اثرات کو کم کرنے کے لئے درست اقدامات کو یقینی بنانا ہے۔ کلیدی خطرہ گاہکوں کی طلب اور پیداواری گنجائش کے مابین فرق ہے جس کے نتیجے میں کاروباری خساروں اور متعلقہ شرح منافع میں کمی کا خطرہ پیدا ہوتا ہے۔ ان خطرات کا ازالہ کلیدی کاروباری مطابقت اور اس کے اثرات کے مکمل ازالے کے ذریعے کیا جاتا ہے۔

مجموعی آٹو انڈسٹری کی صنعت کی فروخت میں کمی کے نتیجے میں کمپنی کی مصنوعات کی طلب اور فروخت میں کمی کی وجہ سے کمپنی کی منافع کاری پر منفی اثرات مرتب ہوتے ہیں۔ دیگر عناصر میں زرمبادلہ کے نرخ میں اتار چڑھاؤ یعنی PKR کی قدر میں کمی، جس سے درآمدی خام مال میں اضافہ کی وجہ سے کمپنی کے منافع پر اثرات مرتب ہوتے ہیں۔ مالیاتی خطرات میں قرضہ جاتی خطرہ، مارکیٹ کا خطرہ اور روانیت کا خطرہ شامل ہیں۔ خطرات کے موثر انتظام کا ایک نظام موجود ہے اور کارروائی منصوبے تشکیل دیئے گئے ہیں تاکہ مسائل کا ازالہ اور خطرات کو کم کیا جا سکے۔

اندرونی مالیاتی گرفت

اندرونی مالیاتی گرفت کا نظام قائم کیا گیا ہے اور کمپنی میں ہر سطح پر نافذ ہے۔ اندرونی گرفت کا نظام کمپنی کے مقاصد کے حصول اور کاروباری اثر پذیری اور استعداد، قابل اعتماد مالیاتی رپورٹنگ اور قوانین، ضوابط اور پالیسیاں پر عملدرآمد کو یقینی بناتا ہے۔

ملحقہ پارٹیوں کے ساتھ سودے

کمپنی کی پالیسی ہے کہ ملحقہ پارٹیوں کے ساتھ تمام سودے غیر جانبداری کے ساتھ طے پائیں۔ تاہم کچھ استثنائی سودوں کے علاوہ کمپنی نے غیر جانبداری کی بنیاد ی سودے کئے، اس بات کو یقینی بناتے ہوئے (اور باضابطہ مالیاتی گوشواروں میں ظاہر کرتے ہوئے) کہ یہ معقول ہیں اور ان کے مالیاتی اثرات کی وجہ سے کوئی انحراف تو نہیں ہو رہا اس کے بعد بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی ان کی منظوری دیتی ہے۔

کارپوریٹ مالیاتی رپورٹنگ

کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات، کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کو شفافیت کے ساتھ پیش کرتے ہیں۔ مالیاتی گوشواروں کے ساتھ نوٹس کی تیاری میں کمپنیز ایکٹ 2017 کی پاسداری کی گئی ہے۔ مالیاتی گوشواروں کی تیاری میں عالمی مالیاتی رپورٹنگ معیارات کو ملحوظ خاطر رکھا گیا ہے۔ مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ حساباتی پالیسیاں لاگو کی گئی ہیں۔ سوائے انکے جو IFRS 9 اور IFRS 15 کو اپنانے کی وجہ سے ہوئے۔

آٹوموٹو انڈسٹری کا جائزہ

روپے کے قدر میں کمی، شرح سود میں اضافہ اور شدید ٹیکس اقدامات کی وجہ سے کاروں/LCVs میں کی فروخت میں 7 فیصد کمی ہوئی، جبکہ بھاری گاڑیوں، ٹریکٹروں اور دو پہیوں کی گاڑیوں میں بالترتیب 33 فیصد، 29 فیصد اور 9 فیصد کمی ہوئی۔

ہمارے گروپ کے کسٹمرز کا شعبہ وار تجزیہ درج ذیل ہے:

(a) مسافر کاریں/ ہلکی تجارتی گاڑیاں (LCVs)

سال کے دوران مالیاتی سال 19-2018 میں کاروں/LCVs کی فروخت 7 فیصد کمی کے ساتھ 240,646 یونٹ رہی۔ ہونڈا اور سوزوکی کی فروخت میں بالترتیب 14 فیصد اور 10 فیصد کی کمی ہوئی جبکہ ٹویوٹا کرولا کی کار کی فروخت میں 4 فیصد اضافہ ہوئی۔

(b) بھاری تجارتی گاڑیاں

بھاری تجارتی گاڑیوں کی فروخت گزشتہ سال کے 10,093 کے مقابلے میں کم ہوکر 6,763 یونٹس رہ گئی جس سے 33 فیصد کمی کی عکاسی ہوتی ہے۔ ٹرکوں اور بسوں کی فروخت میں بالترتیب 38 فیصد اور 23 فیصد کمی ہوئی۔

(c) ٹریکٹرز

ٹریکٹر کی صنعت کی فروخت میں گزشتہ سال کی بہ نسبت 29 فیصد کمی ہوئی جس سے فروخت 50,405 یونٹ رہ گئی (یونٹ 70,887: 2018)، الغازی ٹریکٹرز اور ملٹ ٹریکٹرز کی فروخت میں بالترتیب 35 فیصد اور 25 فیصد کمی ہوئی۔

کمپنی کی فروخت کی کارکردگی

گروپ کی مجموعی فروخت میں 17 فیصد اضافہ ہوا۔ سال کے دوران کمپنی کی مصنوعات وار کارکردگی کو درج ذیل میں پیش کی گیا ہے:

مصنوعات	روپے (ملین میں)		
	2019	2018	+(-)%
ایگزاسٹ	**4,020**	3,191	+26%
ریڈی ایٹر	**699**	823	-15%
شیٹ میٹل کے اجزاء	**990**	876	+13%
کل	**5,709**	4,890	+17%

گروپ کی مختلف مصنوعات کا جائزہ درج ذیل ہے:

a) ایگزاسٹ سسٹم

گلوبند کی فروخت میں 26 فیصد کا قابل ذکر اضافہ کی بنیادی وجوہات میں روپے کی قدر میں کمی، سوزوکی مصنوعات میں کنورٹرز کا اضافہ اور ٹویوٹا کرولا کاروں کی فروخت میں اضافہ کے نتیجے میں قیمت فروخت میں اضافہ تھا۔

لوڈز لمیٹڈ

ڈائریکٹرز رپورٹ برائے حصص یافتگان

آپ کی کمپنی کے ڈائریکٹران لوڈز گروپ کی سالانہ رپورٹ کے ساتھ سالانہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں:

کاروباری اور مالیاتی نتائج (مجموعی)

	روپے ملین میں					
	2019		2018		تبدیلی (فیصد)	
	لوڈز	مجموعی	لوڈز	مجموعی	لوڈز	مجموعی
فروخت	**5,709**	**5,709**	4,890	4,890	17%	17%
خام منافع	**519**	**637**	373	521	39%	22%
کاروباری منافع (OP)	**395**	**388**	244	341	62%	14%
منافع قبل از ٹیکس	**133**	**60**	127	245	5%	-75%
منافع بعد از ٹیکس	**41**	**-56**	80	162	-49%	-134%
فی حصص آمدن - بنیادی اور رواں	**0.27**	**-0.35**	0.53	1.02	-49%	-134%

کاروباری جائزہ

آپ کی گروپ کی فروخت تاریخ میں پہلی مرتبہ 5 بلین روپے کی بلند سطح کو عبور کر گئی اور اس کی رجسٹرڈ فروخت 5.7 بلین روپے تک پہنچ گئی جو کہ گزشتہ سال کی بہ نسبت 819 ملین روپے (17+ فیصد) اضافے کی عکاسی کرتی ہے- اس نمو کی وجہ مصنوعات کی قیمتوں میں اضاف، پاک سوزوکی کی مصنوعات میں کنورٹرز کا اضافہ اور ٹویوٹا کرولا کی کاروں کی فروخت میں میں اضافہ کے نتیجے میں تھی-

کمپنی نتیجہ

لوڈز لمیٹڈ کے کاروباری منافع (OP) میں 62 فیصد کی بہتر نمو ہوئی- تاہم PBT کے منافع میں نمو میں 5 فیصد نمو کی وجوجات میں میسرز ہائی ٹیک الائے وہیلز میں سرمایہ کاری کے لئے قرضوں کی لاگت شامل ہے جبکہ PAT میں کمی کی بنیادی وجہ فروخت پر کم از کم ٹیکس کے نتیجے میں تھا-

گروپ نتیجہ

گروپ کا مجموعی منافع 14 فیصد رہا- تاہم مجموعی PBT اور PAT میں بالترتیب 70 فیصد اور 134 فیصد کی عکاسی ہوتی ہے، جس کی بنیادی وجہ 327 ملین روپے کی مندرجہ ذیل مجموعی لاگتیں ہیں:

- ☆ ذیلی کمپنی ہائی ٹیک الائے وہیلز لمیٹڈ میں قرض جاتی سرمایہ کاریوں اور ایکویٹی پر مالیاتی چارجز (188 ملین روپے جبکہ گزشتہ سال 91 ملین روپے تھے)
- ☆ مارکیٹ ٹو مارکیٹ اولحقہ کمپنی میسرز ٹریٹ کارپوریشن لمیٹڈ میں سرمایہ کاریوں پر قیاسی خسارہ کے اثرات (30 ملین روپے تھے جبکہ گزشتہ سال 8 ملین روپے)
- ☆ ملحقہ کمپنی ٹریٹ کارپوریشن لمیٹڈ کے خسارہ میں حصہ (109 ملین روپے)

ان عناصر کی وجہ سے EPS میں قابل ذکر کمی ہوئی-

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Loads Limited

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

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

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

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

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

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

Date: 04 October 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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

Name of company	**Loads Limited**
Year ending	**June 30, 2019**

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

1. The total number of directors are 9 as per the following:

   a. Male 8
   b. Female 1

2. The composition of board is as follows:

Independent Directors	Mr. Sajid Zahid Mr. M. Z. Moin Mohajir Mrs. Rozina Muzammil
Non-Executive Directors	Syed Shahid Ali Mr. Saulat Said Syed Sheharyar Ali Mr. Amir Zia
Executive Directors	Mr. Munir K. Bana Mr. Shamim A. Siddiqui

   The independent directors meet the criteria of independence under the Companies Act, 2017.

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

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

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

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

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

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

9. In accordance with the criteria specified in the Code, 3 directors have been exempted by the SECP from the requirements of Directors Training Program (DTP) as prescribed by the Code. 4 Directors are already certified directors under DTP. All Directors are fully conversant with the duties.

1.	Syed Shahid Ali	–	Exempted from DTP by SECP
2.	Mr. Saulat Said	–	Exempted from DTP by SECP
3.	Mr. Munir K. Bana	–	Exempted from DTP by SECP
4.	Mr. Sajid Zahid	–	Certified under DTP
5.	Mr. M. Z. Moin Mohajir	–	Certified under DTP
6.	Ms. Rozina Muzammil	–	Certified under DTP
7.	Mr. Shamim A. Siddiqui	–	Certified under DTP

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

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

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

a. Audit Committee

Mr. M. Z. Moin Mohajir	–	Chairman
Mr. Saulat Said	–	Member
Syed Sheharyar Ali	–	Member
Mr. Amir Zia	–	Member

b. Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	–	Chairperson appointed on October 3, 2019*
Mr. Saulat Said	–	Member
Mr. Munir K. Bana	–	Member
Syed Sheharyar Ali	–	Member
Mr. Amir Zia	–	Member
Mr. Shamim A. Siddiqui	–	Member

* Ms. Lubna S. Pervez resigned on June 21, 2019 from the Company. The casual vacancy was filled on June 30, 2019.

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

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

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

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

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

For and on behalf of Board of Directors

Munir K. Bana
Chief Executive

October 3, 2019
Karachi

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INDEPENDENT AUDITORS' REPORT

To the members of Loads Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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Emphasis of Matter

We draw attention to note 1.2 to the unconsolidated financial statements, which explains the current liquidity position of the Company due to significant lending and commitments to Hi -Tech Alloy Wheels Limited (subsidiary company) by the Company and it's subsidiaries for the project of production of Alloy Wheels. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition**	
	Refer notes 3.1 and 24 to the unconsolidated financial statements. The Company's revenue for the year ended 30 June 2019 was Rs. 5.71 billion. The Company's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products"). Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment. Revenue is recognized when the Company	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • assessed the design, implementation and operating effectiveness of the key internal controls over the Company's systems which govern the revenue recognition; • inspected sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue; and to identify made to order contracts; • reviewed the impact of changes in accounting policy of revenue recognition for made to order

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S. No.	Key audit matters	How the matters were addressed in our audit
	transfers control over goods and services to customer and in case of made to order products the revenue is recognized over time of cost of production. We identified revenue recognition as a key audit matter because of the change in accounting policy of revenue recognition due to the adoption of IFRS 15 in respect of revenue from made to order products. Moreover, revenue is one of the key performance indicators of the Company and therefore there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.	contract as per the requirement of IFRS 15; • compared revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies; • compared on a sample basis, revenue transactions recorded just before and after the year end with the underlying goods delivery notes and other relevant documents to assess whether the revenue had been recognized in the appropriate accounting period; • inspected manual journal entries relating to revenue which were raised during the year, enquired management the reasons for such adjustments and inspected underlying documents on sample basis; and • assessed the appropriateness of disclosure presented in the unconsolidated financial statements in accordance with the requirement of IFRS 15.
2.	**Valuation of Stock in trade**	
	Refer notes 4.6 and 8 to the unconsolidated financial statements. The balance of gross stock-in-trade at 30 June 2019 is	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • attended management's inventory counts and observed

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S. No.	Key audit matters	How the matters were addressed in our audit
	Rs. 1,422.73 million, against which an obsolescence provision of Rs. 18.02 million is held. The Company reviews its finished goods inventory on a regular basis and, where appropriate, makes provision for obsolete inventory based on estimates of future sales activity. Management's judgment is required to assess the appropriate level of provisioning required for the inventories, including the assessment of available facts and circumstances, the stock-in-trade own physical conditions, the market selling prices and estimated selling costs of the stock-in-trade. We focused on this area as the stock-in-trade is material to the Company's unconsolidated financial statements and the determination of allowance for inventory obsolescence involves significant management's judgment and estimation.	the process at material inventory locations, including observing the process implemented by management to identify and monitor obsolete stock; • assessed the adequacy of the allowance for obsolescence, by taking into consideration the status of the ageing and conditions of the inventories and historical usage pattern; • re-calculated the allowance for inventory obsolescence in accordance with the Company's policy; • considered the historical accuracy of provisions made by the Company by examining the reversal of previously recorded provisions; and • assessed the adequacy of the related disclosures in the notes to the unconsolidated financial statements.
3.	**Credit risk concentration and recoverability of Trade Debts**	
	Refer notes 4.4.2.2 and 9 to the unconsolidated financial statements. As at 30 June 2019, the Company's trade debts were Rs. 601.59 million against which no provision for impairment has been recognized. The top 4 customers of the Company constituted	Our audit procedures to assess the credit risk concentration and recoverability of trade debts, amongst others, included the following: • obtained an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process;

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S. No.	Key audit matters	How the matters were addressed in our audit
	approximately 90% of the outstanding trade debts as at 30 June 2019. The ECL model has been applied during the year due to the application of IFRS 9 (Financial Instruments). Provision for doubtful receivables is computed using ECL which is based on management judgment and estimates involving default rate based on credit history of the customers, experience of recovery period, customer-specific conditions and forward looking information. We identified valuation of trade receivables as a key audit matter as it involves significant management judgment in determining the expected loss allowance and specific write off.	• assessed, on a sample basis, whether items in the trade receivables' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes; • examined subsequent receipts from the customers, or where there were no subsequent receipts, analyzed their payment track records to assess the recoverability of the outstanding trade debts; • assessed the adequacy and appropriateness of assumptions, basis and estimation used by management to determine the loss allowance while using ECL; and • assessed the appropriateness of disclosures presented in the unconsolidated financial statements in accordance with the requirements of IFRS 9.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report but does not include the unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them

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all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Amyn Malik.

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KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 04 October 2019

Karachi

Unconsolidated Statement of Financial Position
As at 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**615,333,893**	623,616,093
Intangible assets	6	**1,138,159**	2,248,940
Investments	7	**1,293,354,344**	1,502,195,065
Loans and receivables	10	**6,897,737**	18,257,596
Employee benefits - gratuity	20.2	**-**	5,317,208
		1,916,724,133	2,151,634,902
Current assets			
Stores and spares	25.2	**51,696,875**	29,276,306
Stock-in-trade	8	**1,404,712,679**	1,662,758,743
Trade debts - net	9	**601,589,094**	350,809,641
Loans and advances	11	**62,401,011**	146,214,779
Deposits, prepayments and other receivables	12	**307,683,953**	224,544,009
Current maturity of long term receivables	10.1	**13,995,364**	47,104,408
Due from related parties	22	**976,856,001**	518,518,738
Taxation - net	13	**73,093,061**	146,796,591
Investments	14	**27,009,259**	66,083,341
Cash and bank balances	15	**3,079,537**	8,959,843
		3,522,116,834	3,201,066,399
Total assets		**5,438,840,967**	5,352,701,301
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (30 June 2018: 200,000,000) ordinary shares of Rs.10 each	17	**2,000,000,000**	2,000,000,000
Share capital			
Issued, subscribed and paid up capital	17	**1,512,500,000**	1,512,500,000
Capital reserve			
Share premium	17	**1,095,352,578**	1,095,352,578
Revenue reserves			
Fair value reserve		**(217,988,192)**	15,068,260
Unappropriated profit		**476,845,898**	434,398,893
		2,866,710,284	3,057,319,731
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	18	**1,665,777**	5,014,204
Deferred tax liabilities	19	**43,678,920**	49,060,762
Employee benefits - gratuity	20.2	**10,467,240**	-
		55,811,937	54,074,966
Current liabilities			
Current maturity of liabilities against assets subject to finance lease	18	**4,104,846**	14,049,148
Short term financing	21	**2,082,088,834**	1,439,632,009
Due to related parties	22	**-**	464,530,779
Trade and other payables	23	**381,874,542**	300,272,138
Unclaimed dividend		**3,535,500**	3,574,008
Accrued mark-up on short term financing		**44,715,024**	19,248,522
		2,516,318,746	2,241,306,604
Total equity and liabilities		**5,438,840,967**	5,352,701,301
CONTINGENCIES AND COMMITMENTS	16		

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

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

Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2019

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Revenue	24	**5,709,735,175**	4,889,663,855
Cost of sales	25	**(5,190,618,409)**	(4,516,301,503)
Gross profit		**519,116,766**	373,362,352
Administrative, selling and general expenses	26	**(184,657,677)**	(175,151,721)
		334,459,089	198,210,631
Impairment loss on trade receivable	9.2	**-**	-
Other expenses	27	**(9,910,829)**	(24,681,022)
Other income	28	**70,355,300**	70,464,505
		60,444,471	45,783,483
Operating profit		**394,903,560**	243,994,114
Finance costs	29	**(247,322,944)**	(110,203,734)
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - at initial recognition	14.1	**(14,583,626)**	(6,995,475)
		132,996,990	126,794,905
Profit before taxation			
Taxation	30	**(91,768,436)**	(46,439,075)
Profit for the year		**41,228,554**	80,355,830
Earnings per share - basic and diluted - unconsolidated	31	**0.27**	0.53
(Loss) / earnings per share - basic and diluted - consolidated	31	**(0.35)**	1.02

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

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

Unconsolidated Statement of Comprehensive Income
For the year ended 30 june 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
Profit for the year		**41,228,554**	80,355,830
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Unrealised (loss) / gain on re-measurement of available-for-sale investment	14.2.1	**-**	(20,485,791)
Items that will not be reclassified to profit or loss			
Equity securities at FVOCI - net change in fair value	14.2.1	**(16,633,321)**	-
Investment in associate at FVOCI - net change in fair value	7.2.1	**(168,674,502)**	-
		(185,307,823)	-
Loss on re-measurement of defined benefit liability	20.2.4	**(14,150,802)**	(11,613,554)
Related tax	19.2	**4,103,733**	3,367,931
		(10,047,069)	(8,245,623)
Total comprehensive (loss) / income for the year		**(154,126,338)**	51,624,416

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

Chief Financial Officer	Chief Executive	Director

Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Share capital		Capital reserve	Revenue reserve	
		Issued, subscribed and paid up capital	Share premium	Unrealised gain / (loss) on re-measurement of available-for-sale investments	Unappropriated profit	Total equity
		(Rupees)				
Balance at 1 July 2017		1,375,000,000	1,095,352,578	35,554,051	637,288,686	3,143,195,315
Total comprehensive income for the year ended 30 June 2018						
Profit for the year		-	-	-	80,355,830	80,355,830
Other comprehensive loss for the year		-	-	(20,485,791)	(8,245,623)	(28,731,414)
		-	-	(20,485,791)	72,110,207	51,624,416
Transactions with owners of the Company						
Contributions and distributions						
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2017		-	-	-	(137,500,000)	(137,500,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		137,500,000	-	-	(137,500,000)	-
		137,500,000	-	-	(275,000,000)	(137,500,000)
Balance as at 30 June 2018		1,512,500,000	1,095,352,578	15,068,260	434,398,893	3,057,319,731
Adjustment on initial application of IFRS 9 mainly on account of remeasurement of investment to FVTOCI (note 3.2.1 (A))		-	-	(47,748,629)	-	(47,748,629)
Adjustment on initial application of IFRS 15 (note 3.1)		-	-	-	11,265,520	11,265,520
Adjusted balance as at 1 July 2018 - restated		1,512,500,000	1,095,352,578	(32,680,369)	445,664,413	3,020,836,622
Total comprehensive income for the year ended 30 June 2019						
Profit for the year		-	-	-	41,228,554	41,228,554
Other comprehensive loss		-	-	(185,307,823)	(10,047,069)	(195,354,892)
		-		(185,307,823)	31,181,485	(154,126,338)
Balance at 30 June 2019		**1,512,500,000**	**1,095,352,578**	**(217,988,192)**	**476,845,898**	**2,866,710,284**

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

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

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		132,996,990	126,794,905
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment	5.1	90,146,422	91,339,159
Amortization of intangible assets	6	1,110,781	968,122
Allowance for inventory obsolescence	8.1	13,129,662	3,265,920
Finance costs	29	197,333,256	66,639,366
Provision for gratuity	20.2.3	1,633,646	1,718,497
Gain on disposal of property, plant and equipment	28	(3,886,792)	(25,447,982)
Loss on sale of investments	27	-	14,559,635
Mark-up income on investments	28	(8,651,272)	(35,958,065)
Dividend income	28	(74,142)	(2,396,725)
Un-winding of mark-up on long term receivables	28	(2,647,827)	(3,514,240)
Mark-up income on loan to employees	28	(1,379,435)	(1,285,422)
Mark-up income on loan to subsidiary	28	(53,386,502)	(7,257,499)
Unrealized loss / (gain) on re-measurement of investment classified as 'at fair value through profit or loss' - at initial recognition	14.1	14,583,626	6,995,475
		380,908,413	236,421,146
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(22,420,569)	9,355,096
Stock-in-trade		68,424,155	(484,057,169)
Trade debts - net		(63,021,686)	(126,837,315)
Loans and advances		83,813,768	(61,463,839)
Deposits, prepayments and other receivables		(36,023,214)	(38,822,437)
		30,772,454	(701,825,664)
Increase in current liabilities			
Due to related parties - net		(388,317,115)	47,172,002
Trade and other payables		80,975,875	37,969,209
		(307,341,240)	85,141,211
Cash generated from / (used in) operations		104,339,627	(380,263,307)
Mark-up paid		(170,838,559)	(26,083,282)
Gratuity paid		-	(18,936,654)
Mark-up received from loan to employees		1,379,435	1,285,422
Income taxes paid - net		(19,343,015)	(22,469,250)
Net cash used in operating activities		(84,462,512)	(446,467,071)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(76,425,876)	(167,599,427)
Payments for acquisition of intangible assets		-	(1,128,427)
Payments for acquisition of investments		-	(55,003,466)
Proceeds from disposal / redemption of investments		274,725	233,951,877
Investment in subsidiary		-	(609,960,000)
Mark-up received		8,651,272	28,700,566
Dividends received		74,142	2,396,725
Loan to subsidiary	22.1.1	(137,530,000)	(495,000,000)
Proceeds from disposal of property and equipment		7,533,071	40,443,257
Net cash used in investing activities		(197,422,666)	(1,023,198,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligation		(22,779,020)	(22,851,639)
Dividend paid		(38,508)	(135,346,501)
(Repayment of loan to subsidiaries) / loan from subsidiaries - net		(343,634,425)	9,616,000
Net cash used in financing activities		(366,451,953)	(148,582,140)
Net decrease in cash and cash equivalents		(648,337,131)	(1,618,248,106)
Cash and cash equivalents at beginning of the year		(1,430,672,166)	187,575,940
Cash and cash equivalents at end of the year	33	(2,079,009,297)	(1,430,672,166)

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

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

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Loads Limited (the Company) is a public listed company, which was incorporated in Pakistan on 1 January 1979, as a private limited company under Companies Act, 1913 (Repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) on May 30, 2017).

On 19 December 1993, the status of the Company was converted from private limited company to public unlisted company. On 1 November 2016, the shares of the Company were listed on Pakistan Stock Exchange Limited (PSX).

The principal activity of the Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate of the Company which are carried at cost. The details are as follows:

Name of the Company	Incorporation date	Effective Holding %		Principle line of business
		30 June 2019	30 June 2018	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	**91%**	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	**92%**	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	**100%**	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited)	13 January 2017	**80%**	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers. Commercial production has not yet started.
Associate				
Treet Corporation Limited	22 January 1977	**5.32%**	5.42%	Manufacture and sale of razors, razor blades and other trading activities

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

1.2 Liquidity position and its management

In the year 2017, Loads group initiated a new project of Alloy Wheels through a separate company i.e. HAWL. To finance this project significant borrowings were made from group entities (including Loads Limited) and other lenders (banks and related parties). This alongwith a down turn in automobile sector has resulted in severe liquidity crunch in the group entities including Loads Limited. Details of liquidity position and its management are included in note 34.3.1.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 The amendments brought through S.R.O. 888(I)/2019 dated 29 July 2019 in fourth schedule of the Companies Act, 2017 have been made applicable on companies preparing financial statements as on 30 June 2019 and onwards by SECP vide S.R.O. 961 (I)/2019 dated 23 August 2019. Accordingly, the amended fourth schedule has been followed in preparation of these unconsolidated financial statements.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts 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 and underlying 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.

In the process of applying the Company's accounting polices, management has made the following accounting estimates and judgments which are significant to the unconsolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

- Property, plant and equipment (notes 4.1 and 5);
- Intangible assets (notes 4.2 and 6);
- Provision for impairment of stock-in-trade and stores and spares (notes 4.5, 4.6 and 8);
- Taxation (notes 4.12,13 and 30);
- Provision for impairment of financial and non-financial assets (note 4.1 and 4.4.2.2);
- Employees' benefits and compensated absences (notes 4.3 and 20);
- Classification and valuation of financial instruments (note 4.4.2); and
- Contingencies (note 16)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

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

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

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

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

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

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

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

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

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

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

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

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

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

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have material effect on the Company's separate financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these unconsolidated financial statements has not been restated to reflect the requirement of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to the following:

- earlier recognition of revenue from made to order products. (Refer note 3.1)
- classification of investment in associate under IFRS 9 as measured at FVOCI (Refer note 3.2)

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

3.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated - i.e. it is presented as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative information.

The following table summarises the impact, of transition to IFRS 15 on retained earnings at 1 July 2018 in respect of made-to-order products manufactured by the Company:

	Retaining earnings Made-to-order products Impact at 1 July 2018
Retaining earnings	**Rupees**
Made-to-order products	11,265,520
Impact at 1 July 2018	**11,265,520**

The following tables summarise the impact of adopting IFRS 15 on the Company's statement of financial position as at 30 June 2019 and its statement of profit or loss for the year then ended for each of the line items affected. There was no material impact on Company's statement of cash flows for the year ended 30 June 2019. The impact of adoption of IFRS 9 on tax in not material.

Impact on the statement of financial position as at 30 June 2019:	Note	As reported	**Adjustments**	Amounts without adoption of IFRS 15
		----------(Rupees)----------		
Assets				
Stock-in-trade	8	1,404,712,679	(172,254,832)	1,576,967,511
Trade debts - net	9	601,589,094	187,757,767	413,831,327
Others		3,432,539,194	-	3,432,539,194
Total assets		5,438,840,967	15,502,935	5,423,338,032
Equity and liabilities				
Share Capital		1,512,500,000	-	1,512,500,000
Capital reserve		1,095,352,578	-	1,095,352,578
Fair value reserve		(217,988,192)	-	(217,988,192)
Revenue reserve		476,845,898	15,502,935	461,342,963
Liabilities		2,572,130,683	-	2,572,130,683
Total equity and liabilities		5,438,840,967	15,502,935	5,423,338,032
Impact on statement of profit or loss:				
Revenue	24	5,709,735,175	51,319,808	5,658,415,367
Cost of sales	25	(5,190,618,409)	(47,082,393)	(5,143,536,016)
Others		(477,888,212)	-	(477,888,212)
Profit for the period		41,228,554	4,237,415	36,991,139

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 July 2018)	Revenue recognition under IAS 18 (applicable before 1 July 2018)
Standard products	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at the point in time. Some contract permit the customer to return an item. Return goods are exchanged only for new goods, no cash refunds are offered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. Where sales returns are expected, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns and a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods is measured at the former carrying amount of the inventory less any expected cost to recover the goods.	Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.
Made-to-order products	The Company has determined that for made-to-order products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contract products are made to a customer's specification and if a contract is terminated by the customer, then the Company is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Uninvoiced amounts are presented as contract assets.	Revenue and associated costs are recognised over time - i.e. before the goods are delivered to the customers premises. Progress is determined based on the cost-to-cost method. The impact of change is disclosed in preceeding paragraph.	Revenue was recognised when the goods were delivered to the customer premises, which was taken to be the point in time at which customer accepted the goods and the related risk and reward of ownership transfer. Revenue was recognised at that point provided that the revenue and cost could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.

3.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non - financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statements of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative, selling and general expenses.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

3.2.1 Effect of change in accounting policies due to adoption of IFRS 9

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

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 4.4.2.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018. The effect of adopting IFRS 9 on carrying amount of financial assets at 1 July 2018 relates to classification of investment in associate as FVOCI (refer note 1A).

	Note	Original classification under IAS 39	New classification under IFRS 9
Financial assets			
Equity securities	(a)	Designated as at FVTPL	Mandatorily at FVTPL
Equity securities	(b)	Available for sale	FVOCI - equity instrument
Investment in associate	(c)	Cost	FVOCI - equity instrument
Participation Term Certificates	(a)	Designated as at FVTPL	Mandatorily at FVTPL
Trade debts		Loans and receivables	Amortised cost
Loans		Loans and receivables	Amortised cost
Deposits and other receivables		Loans and receivables	Amortised cost
Due from related parties		Loans and receivables	Amortised cost
Cash and bank balances		Loans and receivables	Amortised cost
Financial liabilities			
Short term financing		Other financial liabilities	Other financial liabilities
Trade and other payables		Other financial liabilities	Other financial liabilities
Due to related parties		Other financial liabilities	Other financial liabilities
Liabilities against assets subject to finance lease		Other financial liabilities	Other financial liabilities
Accrued mark-up on short term financing*		Other financial liabilities	Other financial liabilities
Unclaimed dividend		Other financial liabilities	Other financial liabilities

(a) Under IAS 39, these equity securities (ordinary shares of listed companies and PTCs) were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

(b) These equity securities represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

(c) The management has changed measurement for investment in associate as permitted under IAS 28 on adoption of IFRS 9. The management intends to hold this investment for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. The fair value reserve related to the investments will never be recognized in profit and loss. The impact of the change is included in note A below.

* Accrued markup have been presented separately in accordance with the requirements of fourth schedule of the Companies Act, 2017.

(A) The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2018.

Financial assets	IAS 39 carrying amount at 30 June 2018	Remeasurement	IFRS 9 carrying amount at 1 July 2018
Investment in associate			
Fair value through other comprehensive income:			
Brought forward: Cost	342,235,065		
Remeasurement		(47,748,629)	
Carried forward: FVOCI - equity instrument			294,486,436

(ii) 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. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (refer note 4.4.2.2).

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements as at 1 July 2018 did not have any impact on the financial assets of the Company.

(iii) Transition

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from IFRS 9 are recognised in retained earnings and reserves at 1 July 2018.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured as FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVTOCI.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed in note 3, the accounting policies and the methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2018. The significant accounting policies applied in the preparation of these financial statements are set out below:

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

4.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss account as incurred.

Depreciation

Depreciation charge is based on the reducing balance method at the rates specified in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss account.

Assets subject to finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy for property, plant and equipment. The finance cost is charged to profit or loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Company's of assets (the "cash-generating unit, or CGU").

The Company's corporate assets did not generate separate cash inflows. If there was an indication that a corporate asset might be impaired, then the recoverable amount was determined for the CGU to which the corporate asset belonged. An impairment loss was recognized if the carrying amount of an asset or its CGU exceeded its estimated recoverable amount. Impairment losses were recognized in profit or loss account.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

Impairment loss recognized in prior periods were assessed at each reporting date for any indications that the loss had decreased or no longer existed. An impairment loss was reversed if there had been a change in the estimates used to determine the recoverable amount. An impairment loss was reversed only to the extent that the asset's carrying amount did not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.2 Intangible assets

Intangible assets that are acquired by the Company and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 6 and is recognised in profit or loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

4.3 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Company operates a funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any sapplicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

4.4 Financial instruments

4.4.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

4.4.2 Classification, subsequent measurement and impairment

4.4.2.1 Classification and subsequent measurement - Policies applicable from 1 July 2018

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI - debt investment, FVOCI - equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL on initial recognition. The Company may irrevocably designate a financial asset as such that otherwise meets the requirements to be measured at amortized cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows:
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features: and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to the Unconsolidated Financial Statements
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A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets- Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI (including investment in associate)	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the Unconsolidated Financial Statements
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Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.4.2.2 Impairment

(i) Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contracts assets.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and inducing forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Company considers a financial assets to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be BBB or higher as per the rating agencies of Pakistan.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Based on management assessment, no ECL was required, except trade receivables, since the Company's financial assets at amortized cost are generally short-term in nature and held with counterparties with low credit risk".

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.4.3 Classification, subsequent measurement and impairment - Policies applicable before 1 July 2018

4.4.3.1 Financial assets and financial liabilities - recognition and derecognition

The Company initially recognized loans and receivables on the date when they were originated. All other financial assets and financial liabilities were initially recognized on the trade date.

The Company derecognised a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

4.4.3.2 Classification

The Company classified its financial assets into the following categories: financial assets at fair value through profit or loss, available for sale, held-to-maturity and loans and receivables.

The Company classified its financial liabilities in "other financial liabilities" category.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

4.4.3.3 Measurement

Financial assets

a) Financial assets at fair value through profit or loss

A financial asset was classified as 'at fair value through profit or loss' if it was held-for-trading or was designated as such upon initial recognition. Financial assets were designated as 'at fair value through profit or loss' if the Company managed such investments and made purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets which were acquired principally for the purpose of generating profit from short term price fluctuation or were part of the portfolio in which there was recent actual pattern of short term profit taking were classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' were measured at fair value, and changes therein were recognised in profit or loss account.

b) Available for sale

These assets were initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

c) Held-to-maturity

These assets were initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they were measured at amortised cost using the effective interest rate method.

d) Loans and receivables

These assets were initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they were measured at amortised cost using the effective interest rate method.

Financial liabilities

All financial liabilities were initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

4.4.3.4 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit or loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit or loss are not reversed subsequently in the profit or loss.

4.4.3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.5 Stores, spares and consumables

These are stated at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

4.6 Stock-in-trade

Stock-in-trade is stated at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost necessary to be incurred to make the sale.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Company, which are repayable on demand form an integral part of the Company's cash management and are included as part of cash and cash equivalents for the purpose of the unconsolidated cash flow statement.

4.8 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange ruling on the reporting date. Exchange differences are included in the profit or loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

4.9 Investment in subsidiary

Investment in subsidiary company is stated at cost less provision for impairment, if any. These are classified as long term investment.

4.10 Investment in associate

Investment in associate is classified at FVOCI. Policy of equity securities classified as OCI are included in note 4.4.2.1.

4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12 Provisions

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

4.13 Dividend distribution and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 21.

4.14 Segment accounting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

The segment information is not generated by the Company and the Chief Executive reviews the Company as a single entity. Hence, segment disclosures are not included in these financial statements.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ·active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair vafue has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognrtion differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.16 Mark-up income and expense/Dividend

Mark-up income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income 'is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Operating property, plant and equipment	5.1	**590,671,546**	604,432,210
Capital work-in-progress	5.2	**24,662,347**	19,183,883
		615,333,893	623,616,093

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

5.1 Operating property, plant and equipment

	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2019
	As at 01 July 2018	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2019		As at 01 July 2018	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2019	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 5.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 5.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	86,872,068	3,438,352	-	-	90,310,420	5	26,838,561	3,106,533	-	-	29,945,094	60,365,326
Plant and machinery (note 5.1.4)	641,199,111	59,215,210	-	(8,000,377)	692,413,944	10 - 20	280,760,945	41,410,325	-	(5,612,296)	316,558,974	375,854,970
Tools and equipment	304,175,944	3,840,000	-		308,015,944	10 - 35	217,341,709	29,791,691	-	-	247,133,400	60,882,544
Furniture, fittings and office equipment	41,656,735	2,200,050	-	-	43,856,785	10 - 30	28,240,997	3,243,892	-	-	31,484,889	12,371,896
Vehicles	29,924,468	2,253,800	9,414,307	-	41,592,575	20	4,004,150	5,482,924	4,502,064	-	13,989,138	27,603,437
Leased												
Vehicles	80,083,975	9,084,625	(9,414,307)	(3,714,667)	76,039,626	20	48,463,503	7,111,057	(4,502,064)	(2,456,469)	48,616,027	27,423,599
	1,210,082,075	80,032,037	-	(11,715,044)	1,278,399,068		605,649,865	90,146,422	-	(8,068,765)	687,727,522	590,671,546

30 June 2018

	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2018
	As at 01 July 2017	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2018		As at 01 July 2017	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2018	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 5.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 5.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	78,009,904	8,862,164	-	-	86,872,068	5	23,972,064	2,866,497	-	-	26,838,561	60,033,507
Plant and machinery (note 5.1.4)	518,771,282	122,427,829		-	641,199,111	10 - 20	246,647,001	34,113,944	-	-	280,760,945	360,438,166
Tools and equipment	281,810,193	38,774,328	-	(16,408,577)	304,175,944	10 - 35	183,344,830	39,163,729	-	(5,166,850)	217,341,709	86,834,235
Furniture, fittings and office equipment	36,617,720	5,039,015	-	-	41,656,735	10 - 30	24,964,639	3,276,358	-	-	28,240,997	13,415,738
Vehicles	17,024,809	4,589,000	16,404,350	(8,093,691)	29,924,468	20	12,614,716	1,310,779	(5,581,202)	(4,340,143)	4,004,150	25,920,318
Leased												
Vehicles	77,807,915	18,680,410	(16,404,350)	-	80,083,975	20	32,274,449	10,607,852	5,581,202	-	48,463,503	31,620,472
	1,036,211,597	198,372,746	-	(24,502,268)	1,210,082,075		523,817,699	91,339,159	-	(9,506,993)	605,649,865	604,432,210

5.1.1 Freehold land represents a plot in Lahore measuring 23 Kanals 18 Marlas and held by the Company for the expansion of business in future. Currently, this plot of land is not being used. Leasehold land is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi which represents total area of 8,888.88 square yards.

5.1.2 Finance lease liability in respect of assets held under finance lease is secured by 20% of lease facility amount as down payment / security deposit. Vehicles are registered in the name of the lessor (Bank Al Habib Limited) (note 18).

5.1.3 Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 300 million (30 June 2018: 300 million) obtained from JS Bank Limited (note 21). This charge existed at 30 June 2019.

5.1.4 Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 801 million and Rs. 253 million (30 June 2018: Rs. 534 million and Rs. 100 million) respectively. These charges are against different financing facilities obtained from various banks (note 21) and existed at 30 June 2019.

5.1.5 There are no fully depreciated assets at the reporting date as the Company is following reducing balance method.

Notes to the Unconsolidated Financial Statements
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5.1.6 Depreciation has been allocated as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Cost of sales	25	**82,313,415**	83,649,060
Administrative, selling and general expenses	26	**7,833,007**	7,690,099
		90,146,422	91,339,159

5.1.7 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

Asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
	30 June 2019							
Owned	(Rupees)							
Plant and Machinery								
Manual pipe bend machines	724,286	53,919	670,367	726,491	56,124	M/s. Shameer Enterprises	Negotiation	Supplier
Spot welding machines	849,633	642,041	207,592	100,000	(107,592)	Mr. Faisal Shahid	Negotiation	Supplier
Ton press machines	5,775,458	4,436,797	1,338,661	3,525,000	2,186,339	M/s. FFF Traders	Negotiation	Supplier
Core Baking machine	651,000	479,539	171,461	227,000	55,539	Mr. Aslam	Negotiation	Customer
Vehicles								
Mehran VXR AYS-445	587,302	427,734	159,568	380,000	220,432	Mr. S. M. Nafees	Company Policy	Employee
Mehran VXR BEJ-339	691,530	390,228	301,302	547,000	245,698	Mr. Sajid Hassan	Company Policy	Employee
Mehran VXR BGN-294	708,000	322,533	385,467	575,000	189,533	Mr. Ehtesham ul Haq	Company Policy	Employee
Suzuki Pickup Ravi KS-5049	589,070	419,872	169,198	417,000	247,802	Mr. Ather	Company Policy	Employee
Suzuki Pickup Ravi KS-1866	586,000	449,793	136,207	531,790	395,583	Mr. Tabish Fateh	Negotiation	Supplier
Suzuki Pickup Ravi KS-7703	552,765	446,309	106,456	503,790	397,334	Mr. Tabish Fateh	Negotiation	Supplier
	11,715,044	8,068,765	3,646,279	7,533,071	3,886,792			

5.1.8 The Company has few plant and machinery and dies, which are not held in the name of the Company and has been supplied by customers for made to order production.

5.2 Capital work-in-progress

	Note	30 June 2019	30 June 2018
		(Rupees)	
Tools and equipment		**24,183,754**	15,192,680
Advance against capital expenditure		**478,593**	3,991,203
	5.2.1	**24,662,347**	19,183,883

5.2.1 Movement in capital work-in-progress is as follows:

	30 June 2019	30 June 2018
Balance at beginning of the year	**19,183,883**	31,276,792
Additions during the year	**15,606,408**	29,827,837
Transferred to operating property, plant and equipment	**(10,127,944)**	(41,920,746)
Balance at end of the year	**24,662,347**	19,183,883

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6. INTANGIBLE ASSETS

	30 June 2019									
	Cost				Useful life	Amortization				Net book value as at 30 June 2019
	As at 1 July 2018	Addition	(Disposals)	As at 30 June 2019		As at 1 July 2018	For the year	(Disposals)	As at 30 June 2019	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	15,976,154	-	-	15,976,154	3	13,727,214	1,110,781	-	14,837,995	1,138,159

	30 June 2018									
	Cost				Useful life	Amortization				Net book value as at 30 June 2018
	As at 1 July 2017	Addition	(Disposals)	As at 30 June 2018		As at 1 July 2017	For the year	(Disposals)	As at 30 June 2018	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	14,847,727	1,128,427	-	15,976,154	3	12,759,092	968,122	-	13,727,214	2,248,940

6.1 The cost fully amortised intangible amounts to Rs. 12.185 million (30 June 2018: Rs. 12.185 million).

6.2 Computer software relate to the SAP business license.

7. INVESTMENTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Investments in subsidiary companies - unquoted	7.1	**1,184,960,000**	1,184,960,000
Less: Provision for impairment in SMPL	7.1.4	**(25,000,000)**	(25,000,000)
Net investment in subsidiary companies		**1,159,960,000**	1,159,960,000
Investment in associate at FVOCI - listed			
Treet Corporation Limited	7.2	**133,394,344**	342,235,065
		1,293,354,344	1,502,195,065

7.1 Investment in subsidiary companies

30 June 2019	30 June 2018		Note	30 June 2019	30 June 2018	30 June 2019	30 June 2018
(Number of shares)		Unquoted		(% of holding)		(Rupees)	
		Specialized Autoparts Industries (Private) Limited (SAIL)					
17,500,000	17,500,000	(Chief Executive - Munir K. Bana)	*7.1.1*	**91.00%**	91%	**175,000,000**	175,000,000
		Multiple Autoparts Industries (Private) Limited (MAIL)					
7,500,000	7,500,000	(Chief Executive - Munir K. Bana)	*7.1.2*	**92.00%**	92%	**75,000,000**	75,000,000
		Hi Tech Alloy Wheels Limited					
85,996,000	85,996,000	(Chief Executive - Munir K. Bana)	*7.1.3*	**80.00%**	80%	**859,960,000**	859,960,000
		Specialized Motorcycles (Private) Limited (SMPL)					
7,500,000	7,500,000	(Chief Executive - Munir K. Bana)	*7.1.4*	**100%**	100%	**75,000,000**	75,000,000
						1,184,960,000	1,184,960,000

7.1.1 In the month of March 2018, SAIL passed a special resolution and offered 15 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs. 10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of SAIL to offer the shares to others as advised by the Board of SAIL. On 21 March 2018, the Board of SAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of SAIL was filed on 25 April 2018. As at 30 June 2019, the break-up value of SAIL was Rs. 18.73 per share (30 June 2018: Rs. 15.93 per share).

Notes to the Unconsolidated Financial Statements
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7.1.2 In the month of March 2018, MAIL passed a special resolution and offered 5 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs.10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of MAIL to offer the shares to others as advised by the Board of MAIL. On 21 March 2018, the Board of MAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of MAIL was filed on 25 April 2018. As at 30 June 2019, the break-up value of MAIL was Rs. 19.16 per share (30 June 2018: Rs. 19.14 per share).

7.1.3 In the prior year, HAWL offered 81 million ordinary shares through right issue (first right issue) to the existing shareholders in the proportion of their existing shareholding, at an exercise price of Rs. 10 per share (i.e. face value). Loads Limited subscribed to 61 million ordinary shares and empowered the Board of HAWL to offer the remaining 20 million ordinary shares to others as advised by the Board of HAWL. On 12 January 2018, the Board of HAWL passed a resolution and offered 15 million and 5 million shares to SAIL and MAIL respectively at the exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. SAIL and MAIL fully subscribed the offers and on 12 February 2018, the shares were issued to SAIL and MAIL. The return of allotment of HAWL was filed on 13 February 2018.

Moreover, In the month of February 2018, HAWL offered further 25.545 million ordinary shares through another right issue (second right issue) to the existing shareholders in the proportion of their existing shareholding (as changed after the first right issue), at the exercise price of Rs. 10 per share (i.e. face value). The existing shareholders including Loads Limited, SAIL and MAIL renounced the offer on 5 March 2018 and empowered the Board of HAWL to offer the shares to others as advised by Board of HAWL. In March, the Board of HAWL passed a resolution and offered the shares to pre-IPO shareholders at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was effectively a wholly owned subsidiary of Loads Limited. The shares of HAWL were issued to the pre-IPO shareholders on 4 May 2018. The return of allotment was filed on 10 May 2018. As at 30 June 2019, the break-up value of HAWL was Rs. 10.28 per share (30 June 2018: Rs. 10.71 per share).

7.1.4 Specialized Motorcycles (Private) Limited (SMPL) was engaged in the business to acquire, deal in, purchase, import, sales, supply and export all sorts of motorcycles & auto parts, metallurgical parts, machinery and equipment parts. SMPL has ceased its operations from 1 July 2015. The net assets of SMPL, as disclosed in the latest available audited financial statements for the year ended 30 June 2019, amounted to Rs. 71.69 million. (30 June 2018: Rs. 67.410 million)

7.1.4.1 The Company has maintained provision for impairment amounting to Rs. 25 million in respect of SMPL. The key information and ratios of SMPL in addition to information disclosed in note 7.1.5 are as follows:

		30 June 2019	30 June 2018
		(Rupees)	
Net equity	Rupees	**71,694,832**	67,410,059
Current ratio	Percentage	**85.26**	85.19
Cash flows - (decrease) / increase	Rupees	**(373,298)**	330,905

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7.1.5 Summarised financial information based on latest available audited financial statements of the subsidiaries are as follows:

	30 June 2019				30 June 2018			
	SAIL	MAIL	SMPL	HAWL	SAIL	MAIL	SMPL	HAWL
Direct share holding (Percentage)	53.85%	60.00%	100%	65.37%	53.85%	60.00%	100%	65.37%
Effective holding* (Percentage)	91.00%	92.00%	100%	80.00%	91.00%	92.0%	100%	80.00%
	(Rupees in million)				(Rupees in million)			
Statement of Financial Position - extracts								
Non-current assets	304.29	108.61	-	4,183.66	288.20	103.40	-	1,421.93
Current assets	563.89	239.21	72.59	219.21	296.50	165.23	68.21	533.46
Non-current liabilities	19.18	8.58	-	232.12	17.83	8.18	-	36.34
Current liabilities	239.50	99.73	0.89	2,818.73	49.14	21.26	0.80	509.98
Net assets	609.51	239.50	71.69	1,352.03	517.73	239.18	67.41	1,409.07
Share of net assets	554.65	220.34	71.69	1,081.62	471.13	220.05	67.41	1,127.26
Carrying amount	(175.00)	(75.00)	(50.00)	(859.96)	(175.00)	(75.00)	(50.00)	(859.96)
	379.65	145.34	21.69	221.66	296.13	145.05	17.41	267.30
Statement of profit or loss - extracts								
Revenue	435.41	106.44	-	-	355.15	165.33	-	-
Profit / (loss) after tax	91.78	0.32	4.28	(57.04)	55.13	37.57	2.54	(8.54)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	91.78	0.32	4.28	(57.04)	55.13	37.57	2.54	(8.54)
**due to cross holdings.*								
Statement of cash flows - extracts								
Operating activities	159.43	21.00	17.31	(70.15)	29.96	24.30	(1.55)	(42.06)
Investing activities	(335.33)	(110.42)	-	(2,704.63)	(177.75)	(69.30)	-	(1,126.15)
Financing activities	-	-	(17.68)	2,280.81	150.00	50.00	1.88	1,560.45
Net cash flows	(175.90)	(89.42)	(0.37)	(493.97)	2.21	5.00	0.33	392.24
Opening cash and cash equivalents	5.52	7.88	0.43	513.10	3.31	2.88	0.10	120.86
Closing cash and cash equivalents	(170.38)	(81.54)	0.06	19.13	5.52	7.88	0.43	513.10
Total cash and cash equivalents of the group				(232.73)				526.93

7.1.6 The related loss on the above transactions (7.1.1, 7.1.2 and 7.1.3) is recognized in the consolidated financial statements prepared by the Company.

7.2 Investment in associate at FVOCI

30 June 2019	30 June 2018		Note	**30 June 2019**	30 June 2018
(Number of shares)				**(Rupees)**	
		Quoted			
		Treet Corporation Limited (Chief Executive Officer - Syed Shahid Ali)			
8,741,438	8,613,233		7.2.1 & 7.2.2	**133,394,344**	342,235,065

7.2.1 Investment in associate at FVOCI - net change in fair value investments

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Market value of investments		**133,394,344**	294,486,436
Less : Cost of investments	7.2.2	**(349,817,475)**	(342,235,065)
Fair value reserve		**(216,423,131)**	(47,748,629)
Less: Unrealized gain on re-measurement of investments at beginning of the year		**47,748,629**	-
Unrealized (loss) / gain on re-measurement of investments for the year		**(168,674,502)**	(47,748,629)

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7.2.2 Movement in the carrying value of investment in associate is as follows:

		30 June 2019	30 June 2018
		(Rupees)	
Carrying amount at the beginning of the year		**342,235,065**	334,652,655
Conversion from participation term certificate into ordinary shares	7.2.2.1	**7,582,410**	7,582,410
		349,817,475	342,235,065

7.2.2.1 In the current year, 128,205 shares (30 June 2018: 128,205) amounting to Rs. 7.58 million (30 June 2018: Rs. 7.58 million) were converted and issued to the Company at the rate of Rs. 59.14 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (refer note 14.1.2).

7.2.3 This includes 8,344,644 shares (30 June 2018: 8,344,644 shares) having an aggregate market value of Rs. 125.169 million (30 June 2018: Rs. 285.303 million), which have been kept in broker's sub-account which is in the name of the Company. All other shares are kept in the Central Depository Company (CDC) account of the Company.

7.2.4 The Company's holding in associate of 5.32% (30 June 2018: 5.42%) is considered associate by virtue of common directorship i.e. (5 directors are common out of 8 directors).

7.2.5 Summarised financial information based on un-audited financial information for the nine months period ended 31 March 2019 and year ended 30 June 2018 is as follows:

	31 March 2019 (Unaudited)	31 June 2018
	(Rupees in '000')	
Statement of Financial Position		
Non-current assets	**15,383,174**	13,975,898
Current assets	**6,893,116**	6,981,733
Non-current liabilities	**295,238**	517,093
Current liabilities	**14,109,980**	11,419,384
Net assets	**7,871,072**	9,021,154
Effective holding (percentage)	**5.32%**	5.42%
Share of net assets	**418,741**	488,947
Statement of Profit or Loss		
Revenue	**8,668,282**	9,410,276
Loss after tax	**(1,483,500)**	(630,512)
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,483,500)**	(630,512)

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8. STOCK-IN-TRADE

	Note	30 June 2019	30 June 2018
		(Rupees)	
Raw material and components	8.2, 8.3 & 8.5	**1,342,036,391**	1,466,986,223
Work-in-process		**80,695,276**	150,978,815
Finished goods		**-**	49,683,031
		1,422,731,667	1,667,648,069
Allowance for inventory obsolescence	8.1	**(18,018,988)**	(4,889,326)
		1,404,712,679	1,662,758,743

8.1 Allowance for inventory obsolescence

	Note	30 June 2019	30 June 2018
Opening balance		**4,889,326**	1,623,406
Charge for the year	25 & 8.6	**13,129,662**	3,265,920
Closing balance		**18,018,988**	4,889,326

8.2 This includes raw material in transit and in possession of Company's subsidiaries as at 30 June 2019 amounting to Rs. 314.670 million (30 June 2018: Rs. 314.159 million) and Rs. 726 million (30 June 2018: Rs. 412 million) respectively.

8.3 Raw material held with toll manufacturers as at 30 June 2019 amounted to Rs. 40.2 million (30 June 2018: Rs. 51 million).

8.4 Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 200 million (30 June 2018: Rs. 534 million and Rs. 200 million) respectively. These charges are against different financing facilities obtained from various banks (note 21).

8.5 Subsequent to the year end i.e upto 27 September 2019, raw material and components aggregating to Rs. 300 million were issued to production department. However, for the remaining stock in trade the Company has planned delivery schedules from customers, which will be executed accordingly.

8.6 This includes additional provision of Rs. 4 million in respect of inventories of a discontinued model of a car of original equipment manufacturers (OEM).

9. TRADE DEBTS - net

	Note	30 June 2019	30 June 2018
		(Rupees)	
Unsecured			
Considered good		**601,589,094**	350,809,641
Considered doubtful		**-**	-
	9.1	**601,589,094**	350,809,641

9.1 For ageing of trade debts, refer note 34.2.

9.2 No impairment loss on trade debts has been recognised as the amount calculated using Expected Credit Loss (ECL) model was not material. Furthermore, trade debts pertaining to four major customers of the Company aggregates to 90% of total debtors as at 30 June 2019 (30 June 2018: 84%) out of which more than 90% has been subsequently recovered.

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10. LOANS AND RECEIVABLES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Long term portion of receivable against sale of assets	10.1	-	14,042,531
Long term portion of loan to employees	11.2	6,897,737	4,215,065
		6,897,737	18,257,596

10.1 Receivable against sale of assets

	Note	30 June 2019	30 June 2018
Opening balance		61,146,939	60,229,777
Proceeds of assets sold to customer during the year		-	35,765,768
Mark-up accrued during the year	10.1.2 & 28	2,647,827	3,514,240
Less: Installments received during the year		(49,799,402)	(38,362,846)
	10.1.1	13,995,364	61,146,939
Less: Current portion		(13,995,364)	(47,104,408)
Long term portion of receivable		-	14,042,531

10.1.1 This represents receivable against sale of assets to a customer.

10.1.2 This represents discounting at the rate ranging from 6.8% to 7.5% (30 June 2018: 6.8% to 7.5%).

11. LOANS AND ADVANCES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Advance to suppliers	11.1	51,719,838	131,825,410
Loans to employees - considered good and unsecured	11.2	3,222,201	3,640,533
Loans to workers - considered good and unsecured	11.3	6,050,569	7,927,510
Advance salary		1,408,403	2,821,326
		62,401,011	146,214,779

11.1 This includes advance amounting to Rs. 39.86 million (30 June 2018: Rs. 105.47 million) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

11.2 Loans to employees - considered good and unsecured

	Note	30 June 2019	30 June 2018
		(Rupees)	
Loans to employees	11.2.1	10,119,938	7,855,598
Less: Long term portion	10	(6,897,737)	(4,215,065)
Current portion of loans to employees		3,222,201	3,640,533

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11.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 9% (30 June 2018: 7% to 10%) per annum.

11.3 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 7 %to 9% (30 June 2018: 7%) per annum.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Unclaimed input sales tax	12.1	**137,639,869**	199,546,521
Margin deposit	12.2	**152,470,497**	2,977,075
Prepayments - provident fund	12.3	**9,004,535**	8,701,174
Trade and other deposits		**6,010,580**	9,619,880
Prepayments		**2,430,060**	2,388,451
Other receivables		**128,412**	1,310,908
		307,683,953	224,544,009

12.1 This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

12.2 This represents margin deposited with banks against various letter of credit issued by Banks on behalf of the Company.

12.3 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

13. TAXATION - net

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Opening refundable		**146,796,591**	162,615,180
Refunds / adjusted during the year		**(6,050,160)**	(45,715,058)
		140,746,431	116,900,122
Advance tax paid during the year		**30,763,936**	68,184,308
Penalties paid		**(5,370,761)**	-
Provision for taxation	26.4	**(93,046,545)**	(38,287,839)
Closing refundable	30	**73,093,061**	146,796,591

14. INVESTMENTS

	Note	30 June 2019	30 June 2018
Equity securities - mandatory at FVTPL	14.1	**11,380,627**	33,821,388
Equity securities - at FVOCI	14.2	**15,628,632**	-
Equity securities - AFS		**-**	32,261,953
		27,009,259	66,083,341

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14.1 Equity securities - mandatory at FVTPL

30 June 2019	30 June 2018	Name of investee company	Note	30 June 2019 Carrying value	30 June 2019 Market value	30 June 2019 Unrealised (loss) / gain	30 June 2018 Market value
(Number of shares / certificates)		Ordinary shares - Quoted		(Rupees)			
1	1	Agriautos Industries Limited		295	200	(95)	295
1	1	Al-Ghazi Tractors Limited *		680	317	(363)	680
1	1	Atlas Battery Limited		410	96	(314)	410
1	1	Atlas Honda Limited		510	322	(188)	510
1	1	The General Tyre & Rubber Company of Pakistan Limited		166	52	(114)	166
1	1	Honda Atlas Cars (Pakistan) Limited		316	148	(168)	316
1	1	Thal Limited *		478	364	(114)	478
230	230	Baluchistan Wheels Limited		24,888	14,065	(10,823)	24,888
315	315	Ghandhara Nissan Limited		56,596	16,515	(40,081)	56,596
150	150	Hino Pak Motors Limited		121,157	48,300	(72,857)	121,157
200	200	Indus Motor Company Limited		284,292	240,784	(43,508)	284,292
272	272	Millat Tractors Limited		323,152	234,567	(88,585)	323,152
63	63	Oil & Gas Development Company Limited		9,804	8,284	(1,520)	9,804
127	127	Pak Suzuki Motor Company Limited		49,959	29,078	(20,881)	49,959
		Participation term certificate (PTC) - Quoted					
1,831,500	1,831,500	Treet Corporation Limited *	14.1.1	25,091,550	10,787,535	(14,304,015)	32,948,685
				25,964,253	11,380,627	(14,583,626)	33,821,388

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited and Thal Limited which have face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

14.1.1 Movement in carrying value of PTC is as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening balance		32,948,685	47,527,425
Principal cash redemption	14.1.2	(274,725)	(274,725)
Principal conversion to ordinary shares	14.1.2	(7,582,410)	(7,582,410)
		25,091,550	39,670,290
Unrealised (loss) / gain for the year		(14,304,015)	(6,721,605)
Closing balance		10,787,535	32,948,685

14.1.2 These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million (also refer note 7.2.2).

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14.2 Equity securities - at fair value through other comprehensive income (comparative: Available For Sale)

The Company holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

30 June 2019	30 June 2018	Name of investee company	30 June 2019 Cost	30 June 2019 Market value	30 June 2019 Unrealised gain	30 June 2018 Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
235,386	235,386	Tri-Pack Films Limited	17,188,363	15,617,861	(1,570,502)	32,247,882
152	152	ZIL Limited	5,330	10,771	5,441	14,071
			17,193,693	15,628,632	(1,565,061)	32,261,953

14.2.1 Equity securities - at at fair value through other comprehensive income (comparative: Available For Sale) - net change in fair value investments

	30 June 2019	30 June 2018
	(Rupees)	
Market value of investments	**15,628,632**	32,261,953
Less : Cost of investments	**(17,193,693)**	(17,193,693)
	(1,565,061)	15,068,260
Less: Unrealized gain on re-measurement of investments at beginning of the year	**(15,068,260)**	(35,554,051)
Unrealized loss on re-measurement of investments for the year	**(16,633,321)**	(20,485,791)

14.2.2 The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 12.1 million which have been pledged with financial institutions as securities against borrowing facilities.

15. CASH AND BANK BALANCES

	30 June 2019	30 June 2018
	(Rupees)	
Cash in hand	**171,447**	697,999
Cash at banks		
- in current accounts	**2,908,090**	8,261,844
	3,079,537	8,959,843

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16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Description of legal proceedings

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Sindh High Court	Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015. In view of above stated facts and opinion of legal advisor, the Company is confident of a favourable outcome. However, as an abundant caution, the Company has recognised a full provision of Rs. 3.25 million (30 June 2018: Rs. 2.45 million) in the financial statements.	Company, Sui Northern, Sui Southern and Others	3 August 2012
Federal Board of Revenue (FBR)	Tax Year 2017 was selected for audit by the Tax authorities through a notice dated 28 March 2018 and ultimately audit proceedings were finalised, which culminated in amended order dated 27 February 2019 creating a refund due of Rs. 52.26 million. This tax refund has been adjusted against tax liability for tax year 2019. No appeal has been filed against the above order.	Company & FBR	6 March 2018
Federal Board of Revenue (FBR)	For Tax Year 2017, a notice dated 31 January 2018 was issued by the Tax authorities for monitoring of withholding taxes. Proceeding in this regard were finalized and created a demand for defaulted tax amounting Rs. 6.8 million and default surcharge and penalty amounting to Rs. 1.36 million and Rs. 0.68 million respectively. This has been adjusted against above refund for tax year 2018. No appeal has been filed against the above order.	Company & FBR	31 January 2018

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Federal Board of Revenue (FBR)	Tax Year 2018 was selected for audit by the Tax authorities through a notice dated 7 February 2019 and ultimately audit proceedings were finalised, which culminated in amended order dated 13 March 2019 creating a refund due of Rs. 73.4 million. This tax refund has been adjusted against tax liability for tax year 2018. No appeal has been filed against the above order.	Company & FBR	7 January 2019
Federal Board of Revenue (FBR)	For Tax Year 2018, a notice dated 14 February 2019 was issued by the Tax authorities for monitoring of withholding taxes. Proceeding in this regard were finalized created a demand for defaulted tax amounting Rs. 8.5 million and default surcharge and penalty amounting to Rs. 0.99 million and Rs. 1.69 million. This has been adjusted against above refund due of Rs. 73.4 million. No appeal has been filed against the above order.	Company & FBR	14 February 2019

16.2 Commitments

		30 June 2019	30 June 2018
		(Rupees)	
16.2.1	Guarantees issued by banks on behalf of the Company	**10,607,444**	2,632,428
16.2.2	Letters of credit issued by various banks on behalf of the Company in ordinary course of the business (outstanding at year end)	**343,869,697**	604,132,070

16.2.3 The Company has issued post dated cheques to Total Parco Limited as security deposits amounting to Rs. 4.34 million (30 June 2018: Rs. 4.34 million).

16.2.4 On 10 April 2019, the Board of directors approved the investment in subsidiaries in order to provide loan, advances and guarantees to subsidiaries upto a maximum limit of Rs. 8 billion to support the capital expenditure plan / working capital requirement. Break-up of investment is as follows:

Name of related Party	Nature of relationship	Transaction	Limit (Rupees)
Hi Tech Alloy Wheels Limited	Subsidiary Company	Loan	4,000,000,000
Hi Tech Alloy Wheels Limited	Subsidiary Company	Guarantee	3,500,000,000
Specialized Autoparts Industries (Private) Limited	Subsidiary Company	Loan	300,000,000
Multiple Autoparts Industries (Private) Limited	Subsidiary Company	Loan	150,000,000
Specialized Motorcycles (Private) Limited	Subsidiary Company	Loan	50,000,000
			8,000,000,000

17. SHARE CAPITAL

17.1 Authorised share capital

Authorised share capital comprises of 200,000,000 (30 June 2018: 200,000,000) Ordinary shares of Rs. 10 each.

17.2 Issued, subscribed and paid up capital

30 June 2019	30 June 2018		**30 June 2019**	30 June 2018
(Number of shares)		**Ordinary shares**	**(Rupees)**	
53,770,000	53,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**537,700,000**	537,700,000
97,480,000	97,480,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**974,800,000**	974,800,000
151,250,000	151,250,000		**1,512,500,000**	1,512,500,000

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17.3 The break-up of share capital is as follows:

Name of Shareholders	30 June 2019 Number of shares	30 June 2019 % of Holding	30 June 2018 Number of shares	30 June 2018 % of Holding
Syed Shahid Ali (Chairman)	**62,819,872**	**41.53%**	62,819,872	41.53%
Treet Corporation Limited (Associate)	**18,895,057**	**12.49%**	18,895,057	12.49%
Directors	**4,454,475**	**2.95%**	4,454,475	2.95%
Other shareholders	**65,080,596**	**43.03%**	65,080,596	43.03%
	151,250,000	**100%**	151,250,000	100%

17.4 Reconciliation of number of shares outstanding

	30 June 2019	30 June 2018
	(Rupees)	
Ordinary shares		
Ordinary shares at beginning of the year	**151,250,000**	137,500,000
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	**-**	13,750,000
Ordinary shares at end of the year	**151,250,000**	151,250,000

17.5 Share premium account may be used to issue bonus shares and to write off sum as per section 81 of Companies Act, 2017.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2019 Minimum Lease Payments	30 June 2019 Finance charges	30 June 2019 Principal outstanding	30 June 2018 Minimum Lease Payments	30 June 2018 Finance charges	30 June 2018 Principal outstanding
	(Rupees)					
Not later than one year	4,077,251	27,595	4,104,846	14,387,732	338,584	14,049,148
Later than one year but not later than five years	1,665,777	-	1,665,777	5,041,382	27,178	5,014,204
	5,743,028	27,595	5,770,623	19,429,114	365,762	19,063,352

18.1 These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates include finance charge at fixed rate of 9% (30 June 2018: 9%) and variable rates ranging from 6 months KIBOR plus 2% per annum (30 June 2018: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi - annual basis for future rentals. These leases are having maturities upto August 2021 (30 June 2018: September 2018 to February 2020).

Notes to the Unconsolidated Financial Statements
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19. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Deferred tax liability		**66,251,887**	69,996,547
Deferred tax asset		**(22,572,967)**	(20,935,785)
	19.1	**43,678,920**	49,060,762

19.1 Deferred tax comprises of:

	30 June 2019	30 June 2018
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation	**64,578,406**	69,996,547
- Finance lease arrangements	**1,673,481**	(2,812,087)
Deductible temporary differences arising in respect of:		
- Allowance for inventory obsolescence	**(3,996,656)**	(1,417,905)
- Provision against compensated absences	**(982,910)**	(3,216,125)
- Remeasurement of defined benefit liability	**(10,343,401)**	(6,239,668)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited	**(7,250,000)**	(7,250,000)
	43,678,920	49,060,762

19.2 Analysis of change in deferred tax

	30 June 2019				30 June 2018			
	Balance at 1 July 2018	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2019	Balance at 1 July 2017	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2018
	(Rupees)							
Taxable temporary differences								
- Accelerated tax depreciation	69,996,547	(5,418,141)	-	64,578,406	61,490,271	8,506,276	-	69,996,547
- Finance lease arrangements	(2,812,087)	4,485,568	-	1,673,481	(3,150,588)	338,501	-	(2,812,087)
Deductible temporary differences								
- Allowance for inventory obsolescence	(1,417,905)	(2,578,751)	-	(3,996,656)	(487,022)	(930,883)	-	(1,417,905)
- Provision against compensated absences	(3,216,125)	2,233,215	-	(982,910)	(3,203,467)	(12,658)	-	(3,216,125)
- Remeasurement of defined benefit liability	(6,239,668)	-	(4,103,733)	(10,343,401)	(2,871,737)	-	(3,367,931)	(6,239,668)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited	(7,250,000)	-	-	(7,250,000)	(7,500,000)	250,000	-	(7,250,000)
	49,060,762	(1,278,109)	(4,103,733)	43,678,920	44,277,457	8,151,236	(3,367,931)	49,060,762

19.3 Under the Finance Act, 2019, corporation income tax rate has been fixed at 29% for the tax year 2020 and onwards. Therefore, deferred tax assets and liabilities on temporary differences are measured using the expected applicable rate of 29%.

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20. EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2019 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, “Employee Benefits”. The assumptions used in actuarial valuation are as follows:

20.1 Actuarial assumptions

	30 June 2019	30 June 2018
	(Rupees)	
Financial assumptions		
- Discount rate used for year end obligation	**14.25%**	9.00%
- Discount rate used for interest cost in profit and loss account	**9.00%**	7.75%
- Expected rate of increase in salary level	**13.25%**	8.00%
Demographic assumptions		
- Mortality rate	**SLIC 2001 - 2005**	SLIC 2001 - 2005

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		Note	30 June 2019			30 June 2018		
			Executives	Non-Executives	Total	Executives	Non-Executives	Total
			(Rupees)					
20.2	**Amount recognised in the balance sheet**							
	Present value of defined benefit obligation	20.2.1	30,080,864	15,007,778	45,088,642	25,538,353	13,550,296	39,088,649
	Fair value of plan assets	20.2.2	(25,459,044)	(9,162,358)	(34,621,402)	(31,206,791)	(13,199,066)	(44,405,857)
	Net (asset) / liability at end of the year		4,621,820	5,845,420	10,467,240	(5,668,438)	351,230	(5,317,208)
20.2.1	**Movement in present value of defined benefit obligation:**							
	Opening balance		25,538,353	13,550,296	39,088,649	33,364,832	12,930,821	46,295,653
	Current service cost		1,615,029	497,165	2,112,194	1,958,886	481,589	2,440,475
	Interest cost		2,260,327	1,210,832	3,471,159	1,898,150	945,512	2,843,662
	Benefits paid by the plan		(847,225)	(193,207)	(1,040,432)	(17,745,147)	(1,461,341)	(19,206,488)
	Re-measurements loss / (gain) on obligation		1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
	Closing balance		30,080,864	15,007,778	45,088,642	25,538,353	13,550,296	39,088,649
20.2.2	**Movement in the fair value of plan assets:**							
	Opening balance		31,206,791	13,199,066	44,405,857	32,350,240	13,658,018	46,008,258
	Interest income		2,770,486	1,179,221	3,949,707	2,507,144	1,058,496	3,565,640
	Contribution paid into the plan		-	-	-	17,656,842	1,279,812	18,936,654
	Benefits paid by the plan		(847,225)	(193,207)	(1,040,432)	(17,745,147)	(1,461,341)	(19,206,488)
	Re-measurements (loss) / gain on plan assets		(7,671,008)	(5,022,722)	(12,693,730)	(3,562,288)	(1,335,919)	(4,898,207)
	Closing balance		25,459,044	9,162,358	34,621,402	31,206,791	13,199,066	44,405,857
20.2.3	**Amounts recognised in the profit and loss account**							
	Current service cost		1,615,029	497,165	2,112,194	1,958,886	481,589	2,440,475
	Interest cost		2,260,327	1,210,832	3,471,159	1,898,150	945,512	2,843,662
	Interest income		(2,770,486)	(1,179,221)	(3,949,707)	(2,507,144)	(1,058,496)	(3,565,640)
	Expense for the year		1,104,870	528,776	1,633,646	1,349,892	368,605	1,718,497
20.2.4	**Amounts recognised in the other comprehensive income**							
	Re-measurement loss / (gain) on obligation	20.2.4.1	1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
	Re-measurement of fair value of plan assets	20.2.4.2	7,671,008	5,022,722	12,693,730	3,562,288	1,335,919	4,898,207
	Re-measurement loss / (gain) for the year		9,185,388	4,965,414	14,150,802	9,623,920	1,989,634	11,613,554
20.2.4.1	**Re-measurement loss / (gain) on obligation:**							
	Loss / (gain) due to change in financial assumptions		190,119	79,003	269,122	42,906	19,792	62,698
	Loss / (gain) due to change in experience adjustments		1,324,261	(136,311)	1,187,950	6,018,726	633,923	6,652,649
			1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
20.2.4.2	**Re-measurement on plan assets - Net income / (expense) of plan assets over interest income:**							
	Actual return on plan assets		(4,900,522)	(3,843,501)	(8,744,023)	(1,055,144)	(277,423)	(1,332,567)
	Interest income on plan assets		(2,770,486)	(1,179,221)	(3,949,707)	(2,507,144)	(1,058,496)	(3,565,640)
			(7,671,008)	(5,022,722)	(12,693,730)	(3,562,288)	(1,335,919)	(4,898,207)
20.2.5	**Net recognized liability / (asset)**							
	Net asset at beginning of the year		(5,668,438)	351,230	(5,317,208)	1,014,592	(727,197)	287,395
	Expense recognised in profit and loss account		1,104,870	528,776	1,633,646	1,349,892	368,605	1,718,497
	Contribution paid into the plan		-	-	-	(17,656,842)	(1,279,812)	(18,936,654)
	Re-measurement losses recognised in other comprehensive income		9,185,388	4,965,414	14,150,802	9,623,920	1,989,634	11,613,554
	Net liability / (asset) at end of the year		4,621,820	5,845,420	10,467,240	(5,668,438)	351,230	(5,317,208)

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20.3 Plan assets comprise of the following:

	30 June 2019		30 June 2018	
	Executives	Non-Executives	Executives	Non-Executives
	(Rupees)			
Government securities	13,268,124	2,434,372	13,268,124	2,434,372
Equity shares	5,438,497	3,832,848	11,222,524	7,909,212
Others	6,752,423	2,895,138	6,716,143	2,855,482
Fair value of plan assets at end of the year	25,459,044	9,162,358	31,206,791	13,199,066

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20.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2019 (Rupees)		30 June 2018 (Rupees)	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate +1%	28,361,709	14,265,408	23,901,272	12,766,112
Discount rate -1%	32,027,900	15,810,429	27,398,193	14,406,606
Salary increase +1%	32,048,208	15,818,534	27,417,254	14,415,069
Salary increase -1%	28,314,790	14,245,109	23,855,577	12,744,249

20.5 Expected charge for the year ending 30 June 2020 is Rs. 4.04 million.

20.6 Risks associated with defined benefit plans

a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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20.7 Historical information

	30 June				
	2017	2016	2015	2014	2013
	(Rupees)				
Present value of defined benefit obligation	46,295,653	36,385,471	33,537,730	31,474,360	27,152,096
Fair value of plan assets	(46,008,258)	(41,234,617)	(39,879,652)	(43,360,672)	(38,001,696)
Net liability / (asset)	287,395	(4,849,146)	(6,341,922)	(11,886,312)	(10,849,600)

20.8 Gratuity for the year recognised in the profit and loss account has been allocated as follows:

	Note	30 June 2019	30 Jun 2018
		(Rupees)	
Cost of sales	*25*	**1,104,870**	1,349,892
Administrative and selling expenses	*26*	**528,776**	368,605
		1,633,646	1,718,497

21. SHORT TERM FINANCING

	Note	30 June 2019	30 Jun 2018
		(Rupees)	
Secured			
Running finances under mark-up arrangements	*21.1*	**1,733,088,834**	1,173,799,354
Islamic financing	*21.2*	**349,000,000**	150,000,000
Short term loan	*21.3*	**-**	115,832,655
		2,082,088,834	1,439,632,009

21.1 Running finances under mark-up arrangements

Soneri Bank - Local Bill discount		**437,002,507**	70,914,572
Allied Bank Limited		**298,809,749**	-
JS Bank Limited		**248,890,177**	299,924,500
MCB Bank Limited		**198,370,857**	174,745,807
Meezan Bank Limited		**197,323,413**	167,025,496
Askari Bank		**180,048,815**	193,445,813
Habib Metropolitan Bank		**86,266,815**	140,860,238
Bank AL Habib Limited		**60,515,566**	8,206,558
Soneri Bank		**24,983,047**	109,599,997
Habib Bank Limited		**877,888**	9,076,373
	21.1.1	**1,733,088,834**	1,173,799,354

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21.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Company, pledge of stock (shares), lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 October 2019. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum (30 June 2018: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum).

The aggregate available short term funded facilities amounted to Rs. 2,320 million (30 June 2018: Rs. 1,720 million) out of which Rs. 586.91 million (30 June 2018: 546.2 million) remained unavailed as at the reporting date.

21.2 Islamic financing

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Istisna facility	21.2.1	**200,000,000**	150,000,000
Karobar Financing	21.2.2	**149,000,000**	-
		349,000,000	150,000,000

21.2.1 This represents Islamic finance facilities available from Al Baraka Bank, Meezan Bank and BankIslami Pakistan having limits of Rs. 600 million (30 June 2018: Rs 350 million), for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 30 June 2019, amount of Rs. 400 million remained unutilised (30 June 2018: Rs. 200 million unutilised). This facility is secured by charge over current and future assets of the Company. These facilities carry mark-up ranging from 1 month KIBOR plus 0.5% to 3 months KIBOR plus 1%per annum (30 June 2018: 6 month KIBOR plus 1%) and is repayable maximum within 120 days to 180 days of the disbursement date.

21.2.2 This represents Karobar finance facility available from Bank islami having limit of Rs. 200 million (30 June 2018: Nil), to fulfil working capital requirement through shariah compliant mechanism.

As at 30 June 2019, Rs. 51 million remained unutilised (30 June 2018: Nil). This facility is secured by ranking charge over current and future assets of the Company. This facilities carry mark-up ranging from 1 month KIBOR plus 0.5% to 6 months KIBOR plus 0.5%per annum (30 June 2018: Nil) and is repayable maximum within 180 days.

21.3 In prior year, the Company availed short term loan facility from JS Bank having limit of Rs. 200 million, for working capital requirement of the Company. This facility was secured by charge over current and future assets of the Company. During the year, the Company has repaid this loan facility together with markup . This facility carried mark-up at 1 month KIBOR plus 1% per annum (30 June 2018: 1%) and was repayable maximum within 60 days of the disbursement date.

21.4 Facilities available for opening letters of credit / guarantees at 30 June 2019 amounted to Rs. 2,957.95 million (30 June 2018: Rs. 2,257.95 million) out of which Rs. 2,532.52 million (30 June 2018: Rs. 1,651.19 million) remained unutilized at the year end.

21.5 Unavailed facilities

The Company has unutilized facility of Finance against Trust Receipt (FATR) facility from Habib Bank Limited and Habib Metropolitan Bank Limited having limit aggregating to Rs. 350 million, to facilitate retirement of import bills under LC sight opened through bank. This facility is secured by charge over current and future assets of the company and TR form signed separately for each bill. This facility carries mark-up at 1 month KIBOR plus 0.75% to 3 month KIBOR plus 0.55% per annum (30 June 2018: 1 month KIBOR plus 0.55% per annum) and is repayable maximum within 90 days of the disbursement date.

The Company also has an unutilized facility of forward cover from JS Bank Limited , having limit aggregating to Rs. 35 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 6months and the cover limit for JS Bank Limited is established at 10 times of the actual limit (Rs. 350 million).

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

22. DUE FROM / (TO) RELATED PARTIES

	Note	30 June 2019 (Rupees)	30 June 2018 (Rupees)
Due from related parties	22.1	**976,856,001**	518,518,738
Due to related parties	22.2	**-**	(464,530,779)

22.1 Due from related parties - unsecured

	Note	30 June 2019 (Rupees)	30 June 2018 (Rupees)
Considered good			
Loan to Hi-Tech Alloy Wheels Limited	22.1.1	**632,530,000**	495,000,000
Mark-up Receivable on loan to Hi-Tech Alloy Wheels Limited	22.1.1	**60,644,001**	7,257,499
Due from related parties - considered good	22.1.2	**283,682,000**	16,261,239
		976,856,001	518,518,738

22.1.1 The Company entered into a loan agreement dated 25 December 2017 with Hi-Tech Alloy Wheels Limited (HAWL) to provide loan upto a maximum limit of Rs. 1 billion for meeting working capital and other requirements. During the year, the Company further provided loan amounting to Rs 137.530 million. The loan is repayable on demand and carry mark-up at the rate of 1 month KIBOR plus 1%.

22.1.2 Due from related parties

	Note	30 June 2019 (Rupees)	30 June 2018 (Rupees)
Advance			
Specialized Autoparts Industries (Private) Limited	22.1.2.1	**188,969,099**	6,760,538
Multiple Autoparts Industries (Private) Limited	22.1.2.1	**85,212,200**	-
		274,181,299	6,760,538
Other receivable		**3,706,788**	3,706,788
Specialized Motorcycle (Private) Limited		**5,793,913**	5,793,913
Hi-Tech Alloy Wheels Limited	22.1.2.2	**283,682,000**	16,261,239

22.1.2.1 This represent advance paid to subsidiaries companies for toll manufacturing services. It also includes amount payable on account of diesel charges paid by the Company, on behalf of the SAIL amounting to Rs. 11.7 million.

22.1.2.2 These balance is mark-up free and unsecured.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

22.1.2.3 Detailed analysis of due from related parties

Name of related party	Gross amount due	Provision for doubtful receivables	Reversal of provision of doubtful receivables	Amount due written off	Net amount	Maximum amount outstanding at any time during the year
	(Rupees)					
Advance						
Specialized Autoparts Industries (Private) Limited (note 22.1.2.4)	188,969,099	-	-	-	188,969,099	188,969,099
Multiple Autoparts Industries (Private) Limited (note 22.1.2.4)	85,212,200	-	-	-	85,212,200	86,130,829
Other receivable						
Specialized Motorcycle (Private) Limited	3,706,788	-	-	-	3,706,788	3,706,788
Hi-Tech Alloy Wheels Limited	5,793,913	-	-	-	5,793,913	5,793,913
	283,682,000	-	-	-	283,682,000	284,600,629

22.1.2.4 These are short term interest free advances given against future toll manufacturing services from subsidiary companies. These are given without entering into contract with the related parties.

22.2 Due to related parties - unsecured

	Note	30 June 2019	30 June 2018
		(Rupees)	
Loan from subsidiary companies	*22.2.1*	-	287,456,000
Accrued mark-up on loan from subsidiary companies	*22.2.1*	-	56,178,425
Trade payables to related parties	*22.2.2*	-	120,896,354
		-	464,530,779

22.2.1 Loan and accrued mark-up on loan from subsidiary companies

	30 June 2019		30 June 2018	
	Loan	Accrued mark-up	Loan	Accrued mark-up
	Rupees			
Specialized Autoparts Industries (Private) Limited	-	-	151,590,000	27,259,489
Multiple Autoparts Industries (Private) Limited	-	-	81,450,000	12,131,182
Specialized Motorcycle (Private) Limited	-	-	54,416,000	16,787,754
	-	-	287,456,000	56,178,425

22.2.1.1 These were repayable on demand carrying mark up at the rate of 1 month KIBOR plus 1.75% per annum. Purpose of the loan was for working capital requirement.

22.2.2 Trade payables to related parties

	Note	30 June 2019	30 June 2018
		(Rupees)	
Specialized Autoparts Industries (Private) Limited		-	77,203,733
Multiple Autoparts Industries (Private) Limited		-	43,692,621
	22.2.2.1	-	120,896,354

22.2.2.1 These represent payable against toll manufacturing services provided to the Company by the subsidiaries.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

23. TRADE AND OTHER PAYABLES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Trade creditors		**239,143,365**	185,844,876
Accrued liabilities	23.1	**26,916,239**	20,438,364
Other liabilities			
Advance from customers	23.7	**83,699,401**	38,325,272
Mobilization advances	23.4	**524,430**	12,071,585
Workers' profit participation fund	23.2	**9,168,893**	9,418,998
Provision for compensated absences		**3,389,345**	11,090,085
Workers' welfare fund	23.3	**2,931,372**	9,141,985
Withholding tax payable		**2,363,704**	1,251,590
Security deposit from contractors	23.5	**129,000**	129,000
Other payables	23.6	**13,608,793**	12,560,383
		381,874,542	300,272,138

23.1 This includes provision of Rs. 3.25 million (30 June 2018: Rs. 2.45 million) in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since stay order has been obtained against levy of GID Cess (refer note 16.1.1).

23.2 Workers' profit participation fund

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening balance		**9,418,998**	19,659,057
Charge for the year	27	**6,979,457**	7,229,562
Mark-up charged during the year	29	**241,496**	798,224
		16,639,951	27,686,843
Less: Payments during the year		**(7,471,058)**	(18,267,845)
Closing balance		**9,168,893**	9,418,998

23.2.1 The WPPF represents an unregistered scheme. In the current year an amount of Rs. 7.4 million as been paid to employees of the Company.

23.3 Workers' welfare fund

	Note	30 June 2019	30 June 2018
Opening balance		**9,141,985**	6,250,160
Charge for the year	27	**2,931,372**	2,891,825
Less: Payments during the year		**(9,141,985)**	-
Closing balance		**2,931,372**	9,141,985

23.4 This carries mark-up at the rate of 7.3% (30 June 2018: 7.3%).

23.5 This represents security deposit received from contractors against provision of services, which are kept in the Company's bank account.

23.6 This includes amounts deducted from employees' salaries against vehicles (used by employees) to be sold to the employees upon completion of respective useful lives of the vehicles.

23.7 This includes Rs. 43.5 million received from scrap dealer against future sale of scrap and ancillary items.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

24. REVENUE

	Note	30 June 2019	30 June 2018
		(Rupees)	
Local sales	24.1	**6,715,988,229**	5,769,095,818
Less: Sales returns		**(35,598,074)**	(48,189,108)
		6,680,390,155	5,720,906,710
Less: Sales tax		**(970,654,980)**	(831,242,855)
		5,709,735,175	4,889,663,855

24.1 This includes scrap sales amounting to Rs. 67.24 million (30 June 2018: Rs. 53.11 million).

25. COST OF SALES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Raw materials and components consumed	25.1	**4,101,246,374**	3,435,377,298
Stores and spares consumed	25.2	**35,529,507**	40,290,022
Manufacturing expenses			
Salaries and wages		**180,897,881**	160,045,705
Other employees' benefits	25.3	**71,705,363**	75,542,118
Provident fund contribution		**2,718,117**	2,490,151
Toll manufacturing	25.4	**646,950,276**	621,363,467
Depreciation of property, plant and equipment	5.1.6	**82,313,415**	83,649,060
Gas, power and water		**16,722,962**	18,759,820
Travelling and vehicle running cost		**13,448,524**	11,646,800
Insurance		**9,111,043**	8,949,028
Repairs and maintenance		**9,910,531**	6,583,182
Postage, telephone and telex		**404,055**	1,248,223
Allowance for inventory obsolescence	8.1	**13,129,662**	3,265,920
Inward freight and storage charges		**1,530,473**	1,503,132
Conveyance		**1,294,439**	949,666
Rent, rates and taxes		**1,551,886**	1,315,592
Printing, stationery and periodicals		**55,772**	30,443
Royalty expense	25.5	**11,026,173**	7,987,135
General expenses		**5,014,698**	997,970
Security services		**636,655**	638,571
Transferred to capital work-in-progress		**(9,373,528)**	(15,827,380)
Manufacturing cost		**1,059,048,397**	991,138,603
Opening stock of work-in-process		**150,978,815**	140,014,359
Impact of adoption of IFRS 15*		**(75,489,408)**	-
Closing stock of work-in-process	8	**(80,695,276)**	(150,978,815)
Net change in work-in-process		**(5,205,869)**	(10,964,456)
Cost of goods manufactured		**5,190,618,409**	4,455,841,467
Opening stock of finished goods		**49,683,031**	110,143,067
Impact of adoption of IFRS 15*		**(49,683,031)**	-
Closing stock of finished goods	8	**-**	(49,683,031)
Net change in finished goods		**-**	60,460,036
		5,190,618,409	4,516,301,503

* Total impact of adoption of IFRS 15 amounted to Rs. 125.172 million (details are included in note 3.1).

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

25.1 Raw material and components consumed

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening inventory		**1,466,986,223**	933,433,474
Purchases		**3,976,296,542**	3,968,930,047
		5,443,282,765	4,902,363,521
Closing inventory	8	**(1,342,036,391)**	(1,466,986,223)
		4,101,246,374	3,435,377,298

25.2 Stores and spares consumed

	30 June 2019	30 June 2018
Opening inventory	**29,276,306**	38,631,402
Purchases	**68,189,537**	47,974,283
	97,465,843	86,605,685
Ancillary materials capitalised	**(10,239,461)**	(17,039,357)
	87,226,382	69,566,328
Closing inventory	**(51,696,875)**	(29,276,306)
	35,529,507	40,290,022

25.3 This includes a sum of Rs. 1.1 million (30 June 2018: Rs. 1.3 million) in respect of employee benefits - gratuity.

25.4 Toll manufacturing costs

	Note	30 June 2019	30 June 2018
		(Rupees)	
Specialized Autoparts Industries (Private) Limited (SAIL)		**435,406,633**	355,145,466
Multiple Autoparts Industries (Private) Limited (MAIL)		**106,442,132**	165,332,389
Others		**105,101,511**	100,885,612
		646,950,276	621,363,467

25.5 This represents royalty in respect of providing technical information and assistance for the manufacturing of exhaust system. Details are as follows:

Name of Recipient	Relationship with the Company	Registered Address	30 June 2019	30 June 2018
			(Rupees)	
Futaba Industrial Co. Limited	Technical advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558	11,026,173	7,987,135

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

26. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Salaries and wages		**87,772,339**	80,471,381
Other employees' benefits	26.1	**24,535,411**	25,411,491
Provident fund contribution		**1,350,070**	1,742,659
Penalties	26.4	**5,370,761**	-
Advertising and sales promotion		**2,347,896**	1,409,601
Travelling and vehicle running cost		**11,318,757**	11,090,611
Outward freight		**18,857,488**	19,024,859
Depreciation of property, plant and equipment	5.1.6	**7,833,007**	7,690,099
Amortization of intangible assets	6	**1,110,781**	968,122
Legal and professional charges		**8,219,792**	14,374,528
Postage, telephone and telex		**4,531,090**	3,255,369
Conveyance		**2,039,205**	1,618,152
Auditors' remuneration	26.3	**1,410,000**	1,249,500
Electricity		**1,235,600**	1,200,000
Repairs and maintenance		**309,208**	205,463
Entertainment		**505,162**	482,133
Printing, stationery and periodicals		**2,341,352**	2,042,451
Insurance		**1,676,033**	804,902
Donation	26.2	**100,000**	70,000
General expenses		**1,793,725**	2,040,400
		184,657,677	175,151,721

26.1 This includes a sum of Rs. 0.53 million (30 June 2018: Rs. 0.37 million) in respect of employee benefits - gratuity.

26.2 Donation of Rs. 50,000 each were given to Indus Hospital and Aga Khan Education Services Pakistan for free medical treatment of needy patients and support to students respectively.

26.2.1 None of the directors and their spouses have interest in donees.

26.3 Auditors' remuneration

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Audit fee		**600,000**	529,500
Interim review		**350,000**	220,000
Certifications for regulatory purposes		**375,000**	375,000
Out of pocket expense		**85,000**	125,000
		1,410,000	1,249,500

26.4 This represent penalty paid to FBR on account of monitoring of withholding tax u/s 176 of Income Tax Ordinance, 2001 for tax year 2017 and 2018 amounting to Rs.2.7 million and Rs. 2.6 million respectively.

27. OTHER EXPENSES

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Workers' profit participation fund	23.2	**6,979,457**	7,229,562
Workers' welfare fund	23.3	**2,931,372**	2,891,825
Loss on sale of investment in Pakistan Investment Bonds		**-**	14,559,635
		9,910,829	24,681,022

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

28. OTHER INCOME

	Note	30 June 2019	30 June 2018
		(Rupees)	
Income from financial assets			
Mark-up income from Participation Term Certificates		**7,582,410**	12,655,665
Mark-up income on term deposit receipts		**-**	2,955,815
Dividend income	28.1	**74,142**	2,396,725
Mark-up income on Pakistan Investment Bonds		**-**	11,501,110
Un-winding of mark-up on sale of dies	10.1	**2,647,827**	3,514,240
Mark-up income on loan to employees		**1,379,435**	1,285,422
Mark-up income on saving accounts		**361,220**	-
Mark-up income on loan to subsidiary	22.1	**53,386,502**	7,257,499
Others		**707,642**	1,587,976
		66,139,178	43,154,452
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment	5.1.7	**3,886,792**	25,447,982
Recovery from debtors written off		**-**	-
Others		**329,330**	1,862,071
		4,216,122	27,310,053
		70,355,300	70,464,505

28.1 This represents dividend received from Indus Motor Company Limited, Baluchistan Wheels Limited, ZIL Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Pakistan Limited, Hino Pak Motors Limited and Honda Atlas Cars (Pakistan) Limited against investment as disclosed in note 14.

29. FINANCE COSTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Mark-up on bank loans and borrowings		**182,264,400**	44,744,237
Mark-up on loans from subsidiary companies	22.2.1	**14,040,661**	19,548,674
Exchange loss		**47,520,381**	40,657,128
Finance lease charges		**401,666**	1,041,475
Mark-up on mobilization advance		**626,529**	1,304,980
Bank charges		**2,227,811**	2,109,016
Mark-up on workers' profit participation fund	23.2	**241,496**	798,224
		247,322,944	110,203,734

30. TAXATION

	Note	30 June 2019	30 June 2018
Current tax	30.3	**68,471,796**	46,161,520
Prior tax	30.4	**24,574,749**	(7,873,681)
Deferred tax	19.2	**(1,278,109)**	8,151,236
	30.1	**91,768,436**	46,439,075

Notes to the Unconsolidated Financial Statements
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30.1 Reconciliation between tax expense and accounting profit

	30 June 2019	30 June 2018
	(Rupees)	
Profit before taxation	**132,996,990**	126,794,905
Tax at the applicable rate of 29% (2018: 30%)	**38,569,127**	38,038,472
Reversal of normal tax	**(38,569,127)**	(38,038,472)
Effect of minimum tax	**68,471,796**	46,161,520
Prior year charge	**24,574,749**	(7,873,681)
Tax effect of income taxed at lower rate	**10,380**	359,509
Tax effect of permanent differences	**(1,288,489)**	7,791,727
	91,768,436	46,439,075

30.2 The returns of income tax have been filed up to and including tax year 2018. Except for tax years mentioned in note 16, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Tax related contingencies are disclosed in note 16.

30.3 This represent minimum tax charge as per section 113 of the Income Tax Ordinance, 2001. This tax can be adjusted against the future tax liability of the Company calculated at the normal tax rate in five years. However the Company on abandon caution has recognised the minimum tax charge for the year.

30.4 This represent tax paid on account of monitoring of withholding tax u/s 176 of Income Tax Ordinance, 2001 for tax year 2017 and 2018 amounting to Rs. 8.5 million and Rs. 6.9 million respectively. Further, it includes income tax reversed amounting to Rs. 9.1 million in respect of prior tax years on account of difference between tax assessed and tax charge in the financial statements in the prior years.

31. EARNINGS PER SHARE - basic and diluted

		Un-consolidated		Consolidated	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit / (loss) for the year / profit / (loss) attributable to owners of the Company	*Rupees*	41,228,554	80,355,830	(53,070,669)	154,911,054
Weighted average number of ordinary shares outstanding during the year	*Number*	151,250,000	151,250,000	151,250,000	151,250,000
Earnings / (loss) per share - basic and diluted	*Rupees*	0.27	0.53	(0.35)	1.02

31.1 Weighted average number of ordinary shares

	Note	30 June 2019	30 June 2018
		(Number)	
Issued ordinary shares at beginning of the year		**151,250,000**	137,500,000
Effect of bonus shares issued during the year		**-**	13,750,000
Weighted average number of ordinary shares at end of the year		**151,250,000**	151,250,000

32. TRANSACTIONS WITH RELATED PARTIES

32.1 Related parties comprise of subsidiaries, associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are disclosed below:

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Note	30 June 2019	30 June 2018
				(Rupees)	
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 54% holding (30 June 2018: 54%)	Toll manufacturing	25.4	435,406,633	355,145,466
		Payments made during the year		809,981,078	330,798,182
		Mark-up charged by related party		6,755,857	11,215,334
		Amount due (from) / to at the year end	22.1.2.3	(188,969,099)	249,292,684
		Loan repaid		(151,590,000)	-
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 60% holding (30 June 2018: 60%)	Toll manufacturing	25.4	106,442,132	165,332,389
		Payments made during the year		253,460,993	174,491,322
		Mark-up charged by related party		3,565,895	4,232,291
		Amount due (from) / to at the year end	22.1.2	(85,212,200)	137,237,803
		Loan (repaid) / received		(81,450,000)	11,500,000
Hi-Tech Alloy Wheels Limited	Subsidiary company - 65.38% holding (30 June 2018: 65.38%)	Loan due at the year end	22	698,967,914	508,051,412
		Loan provided during the year		137,530,000	495,000,000
		Mark-up on loan	28	53,386,502	7,257,499
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (30 June 2018: 100%)	(Repayment of loan) / loan received		(54,416,000)	1,884,000
		Mark-up on loan		3,718,909	4,101,049
		Amount due at the year end	22.1.2.3	3,706,788	67,496,966
Provident fund	Defined benefit scheme	Receivable from provident fund	12	9,004,535	8,701,174
Employee benefits - gratuity	Defined contribution plan	Expense for the year		1,633,646	1,718,497
		Contribution paid during the year		-	18,936,654
		Balance at the year end (liability) / asset	20	(10,467,240)	5,317,208
Treet Corporation Limited	Associated company by virtue of common directorship	Mark-up income on PTCs	28	7,582,410	12,655,665

32.2 The remuneration to Board of Directors (executive and non-executive) and all members of the Company's Management Team is disclosed in note 37 to these unconsolidated financial statements.

33. CASH AND CASH EQUIVALENTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Cash and bank balances	15	**3,079,537**	8,959,843
Short term financing	21	**(2,082,088,834)**	(1,439,632,009)
		(2,079,009,297)	(1,430,672,166)

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

33.1 Reconciliation of movement of and equity liabilities to cash flows arising from financing activities

	Liabilities				Total
	Short term financing	Liabilities against assets subject to finance lease	Due to related parties	Unclaimed dividend	
	(Rupees)				
Balance as at 1 July 2018	1,439,632,009	19,063,352	464,530,779	3,574,008	1,926,800,148
Changes from financing cash flows					
Repayment of loans and borrowings	-	-	(287,456,000)	-	(287,456,000)
Payment of finance lease liabilities	-	(22,779,020)	-	-	(22,779,020)
Dividend Paid	-	-	-	(38,508)	(38,508)
Proceeds from loans and borrowings	-	-	(56,178,425)	-	(56,178,425)
Total changes from financing cash flows	-	(22,779,020)	(343,634,425)	(38,508)	(366,451,953)
Liability - related other changes					
Change in short term financing - net	642,456,825	-	-	-	642,456,825
Dividend announced during the year	-	-	-	-	-
New finance leases	-	9,084,625	-	-	9,084,625
Finance cost	-	401,666	-	-	401,666
Trade payable	-	-	(120,896,354)	-	(120,896,354)
Total liability - related other changes	642,456,825	9,486,291	(120,896,354)	-	531,046,762
Balance as at 30 June 2019	**2,082,088,834**	**5,770,623**	**-**	**3,535,500**	**2,091,394,957**

34. FINANCIAL RISK MANAGEMENT

The Company has exposure to following risks from its use of financial instrument:
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

34.1 Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

Notes to the Unconsolidated Financial Statements
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	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Trade debts - net (unsecured)	9	**601,589,094**	350,809,641
Loans	11	**16,170,507**	15,783,108
Deposits and other receivables	10 & 12	**172,604,853**	75,054,802
Due from related parties - unsecured	22	**976,856,001**	518,518,738
Investments	14.1	**10,787,535**	32,948,685
Bank balances and term deposit receipts	15	**2,908,090**	8,261,844
		1,780,916,080	1,001,376,818

Credit rating and collaterals

Balances with banks are only held with reputable banks having sound credit ratings. The credit quality of Company bank balances can be assessed with reference of external credit ratings as follows:

Bank	**Rating Agency**	**Short term rating**	**30 June 2019 (Rupees)**	**(%)**
Bank AL Habib Limited	PACRA	A-1+	**213,876**	7.4%
National Bank of Pakistan	PACRA	A-1+	**765,215**	26.3%
Habib Bank Limited	JCR-VIS	A-1+	**10,000**	0.3%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	**224,254**	7.7%
Bank Islami Pakistan Limited	PACRA	A-1	**1,694,745**	58.3%
			2,908,090	100%

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have imilar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry. All of the Company's receivables are from distributors of automotive industries. Trade debts pertaining to four major customers of the Company aggregates to 90% as at 30 June 2019 (30 June 2018: 84%).

Based on management assessment, no ECL was required, except trade receivables, since the Company's financial assets at amortized cost are generally short-term in nature and held with counterparties with low credit risk.

Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2019			30 June 2018		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
	(Rupees)					
Less than or equal to 30 days	**515,281,620**	**-**	**515,281,620**	405,757,465	-	405,757,465
More than 30 days but not more than 90 days	**44,646,369**	**-**	**44,646,369**	76,699,068	-	76,699,068
More than 90 days but not more than 180 days	**41,661,105**	**-**	**41,661,105**	3,754,241	-	3,754,241
More than 180 days	**-**	**-**	**-**	1,036,826	-	1,036,826
	601,589,094	**-**	**601,589,094**	487,247,600	-	487,247,600

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these unconsolidated financial statements. No trade debts are outstanding with related parties.

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34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	Note	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
		30 June 2019					
		(Rupees)					
Non-derivative financial liabilities							
Short term financing	*21*	2,082,088,834	(2,113,528,375)	(1,051,663,070)	(1,061,865,305)	-	-
Trade and other payables	*23*	283,186,742	(283,186,742)	(239,143,365)	(43,914,377)	(129,000)	-
Liabilities against assets subject to finance lease	*18*	5,770,623	(5,743,028)	(339,771)	(679,542)	(3,057,938)	(1,665,777)
Accrued mark-up on short term financing		44,715,024	(44,715,024)	(44,715,024)	-	-	-
Unclaimed dividend		3,535,500	(3,535,500)	(3,535,500)	-	-	-
		2,419,296,723	(2,450,708,669)	(1,339,396,730)	(1,106,459,224)	(3,186,938)	(1,665,777)

	Note	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
		30 June 2018					
		(Rupees)					
Non-derivative financial liabilities							
Short term financing	*21*	1,439,632,009	(1,461,370,453)	(727,158,128)	(734,212,325)	-	-
Trade and other payables	*23*	230,062,708	(230,062,708)	(185,844,876)	(44,088,832)	(129,000)	-
Due to related parties - net	*22*	464,530,779	(466,566,926)	(466,566,926)	-	-	-
Liabilities against assets subject to finance lease	*18*	19,063,352	(19,429,114)	(1,198,978)	(2,397,955)	(10,790,799)	(5,041,382)
Accrued mark-up on short term financing		19,248,522	(19,248,522)	(19,248,522)	-	-	-
Unclaimed dividend		3,574,008	(3,574,008)	(3,574,008)	-	-	-
		2,176,111,378	(2,200,251,731)	(1,403,591,438)	(780,699,112)	(10,919,799)	(5,041,382)

34.3.1 Liquidity position and its management

In the year 2017, Loads Group (the Group) initiated a new project of Alloy wheels. The Group planned to produce alloy wheels in a separate company namly Hi-Tech Alloy Wheels Limited. To finance the project cost, the Group incurred

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significant borrowings and utilized the cash buffers of all the group entities to finance the project. Details are as follows:

	Rupees in millions
Project cost to date	3,789
Loans from Bank and others	1,357
Financing from Related parties	
Loads	633
SAIL	495
MAIL	199
SMPL	72
Others	118
	1,517
Equity (balancing figure)	915
	3,789

This has resulted in severe cash flows problems in all the entities of the Group. The financial position of the group entities are summarised in note 7.1.5. Moreover, the board of Loads Limited has further committed Rs. 8 billion to HAWL. Details are included in note 16.2.4. The shareholders and senior management of the company are closely monitoring the situation and are committed to meet the cash flow requirements, if any, which may arise in future, from their other entities or personal wealth.

34.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities 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.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to all of the three risks which are as follows:

34.4.1 *Currency risk*

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

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	30 June 2019			
	Rupees	**USD**	**SGD**	**JPY**
Creditors	157,169,331	537,517	47,640	43,961,725
Net balance sheet exposure	157,169,331	537,517	47,640	43,961,725

	30 June 2018			
	Rupees	USD	SGD	JPY
Creditors	89,010,987	627,849	45,555	7,079,451
Net balance sheet exposure	89,010,987	627,849	45,555	7,079,451

The following significant exchange rates applied during the year:

	Average rate		Balance sheet date rate	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
USD to Pak Rupees	**141.54**	113.94	**160.05**	123.02
SGD to Pak Rupees	**102.91**	81.84	**118.32**	87.49
JPY to Pak Rupees	**1.30**	1.02	**1.49**	1.10

Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2019 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2018.

	30 June 2019		30 June 2018	
As at 30 June 2019	**Profit and loss**	**Equity**	Profit and loss	Equity
.	**(Rupees)**		(Rupees)	
Effect of change in USD	**6,110,009**	**6,110,009**	5,405,780	5,405,780
Effect of change in SGD	**400,143**	**400,143**	279,024	279,024
Effect of change in JPY	**4,681,924**	**4,681,924**	545,118	545,118
Gross exposure	**11,192,076**	**11,192,076**	6,229,922	6,229,922

The Company does not have any foreign currency borrowing as at 30 June 2019.

34.4.2 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit or loss sharing account.

At balance sheet date, details of the interest rate profile of the Company's interest bearing financial instruments were as follows:

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	30 June 2019	30 June 2018
	(Rupees)	
Variable rate instruments		
Financial assets	**16,170,507**	15,783,108
Financial liabilities	**(2,082,088,834)**	(1,727,088,009)
	(2,065,918,327)	(1,711,304,901)
Fixed rate instruments		
Financial assets	**646,525,364**	556,146,939
Financial liabilities	**(5,770,623)**	(19,063,352)
	640,754,741	537,083,587

Fair value sensitivity analysis of fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2018.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2019				
Cash flow sensitivity - variable rate instruments	(14,668,020)	14,668,020	(14,668,020)	14,668,020
As at 30 June 2018				
Cash flow sensitivity - variable rate instruments	(11,979,134)	11,979,134	(11,979,134)	11,979,134

34.4.3 *Other price risk*

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain.

As at 30 June 2019, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2019. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2018: 1%) and decreased by 1% (30 June 2018: 1%), with all other variables held constant and that the fair value of the Company's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2018: three years).

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The impact below arises from the reasonable possible change in the fair value of listed equity securities:

Effect on assets of an increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'	**30 June 2019**	30 June 2018
	(Rupees)	
Effect on investments	**1,604,036**	660,833
Effect on profit and loss account	**113,806**	338,214
Effect on equity	**156,286**	322,620
Effect on assets of decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'		
Effect on investments	**(1,604,036)**	(660,833)
Effect on profit and loss account	**(113,806)**	(338,214)
Effect on equity	**(156,286)**	(322,620)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Company's assets of future movements in the level of KSE 100 index.

34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio of the Company is as follows:

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	30 June 2019	30 June 2018
	(Rupees)	
Debt	**2,132,574,481**	1,765,399,883
Total equity	**2,866,710,284**	3,057,319,731
Total capital	**4,999,284,765**	4,822,719,614
Gearing ratio	**43:57**	37:63

36. 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 orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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	Note	Carrying amount: Fair value through profit or loss	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
30 June 2019										
Financial assets - measured at fair value										
Equity securities		593,092	15,628,632	-	-	16,221,724	16,221,724	-	-	16,221,724
Equity securities - associate		-	133,394,344	-	-	133,394,344	133,394,344	-	-	133,394,344
Participation Term Certificates		10,787,535	-	-	-	10,787,535	10,787,535	-	-	10,787,535
Financial assets - not measured at fair value										
Subsidiaries - unlisted shares	36.1.1	-	-	1,159,960,000	-	1,159,960,000				
Trade debts	36.1.1	-	-	601,589,094	-	601,589,094				
Loans	36.1.1	-	-	16,170,507	-	16,170,507				
Deposits and other receivables	36.1.1	-	-	172,604,853	-	172,604,853				
Due from related parties	36.1.1	-	-	976,856,001	-	976,856,001				
Cash and bank balances	36.1.1	-	-	3,079,537	-	3,079,537				
		11,380,627	149,022,976	2,930,259,992	-	3,090,663,595				
Financial liabilities - not measured at fair value										
Short term financing	36.1.1	-	-	-	2,082,088,834	2,082,088,834				
Trade and other payables	36.1.1	-	-	-	283,186,742	283,186,742				
Liabilities against assets subject to finance lease	36.1.1	-	-	-	5,770,623	5,770,623				
Accrued mark-up on short term financing	36.1.1	-	-	-	44,715,024	44,715,024				
Unclaimed dividend	36.1.1	-	-	-	3,535,500	3,535,500				
		-	-	-	2,419,296,723	2,419,296,723				

	Note	Carrying amount: Fair value through profit or loss	AFS	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
30 June 2018											
Financial assets - measured at fair value											
Equity securities		872,703	32,261,953	-	-	-	33,134,656	33,134,656	-	-	33,134,656
Participation Term Certificates		32,948,685	-	-	-	-	32,948,685	32,948,685	-	-	32,948,685
Financial assets - not measured at fair value											
Subsidiaries - unlisted shares	36.1.1	-	-	-	1,159,960,000	-	1,159,960,000				
Investment in associate	36.1.1	-	-	-	342,235,065	-	342,235,065	342,235,065	-	-	342,235,065
Trade debts	36.1.1	-	-	350,809,641	-	-	350,809,641				
Loans	36.1.1	-	-	15,783,108	-	-	15,783,108				
Deposits and other receivables	36.1.1	-	-	75,054,802	-	-	75,054,802				
Due from related parties	36.1.1	-	-	518,518,738	-	-	518,518,738				
Cash and bank balances	36.1.1	-	-	-	8,959,843	-	8,959,843				
		33,821,388	32,261,953	960,166,289	1,511,154,908	-	2,537,404,538				
Financial liabilities - not measured at fair value											
Short term financing	36.1.1	-	-	-	-	1,439,632,009	1,439,632,009				
Trade and other payables	36.1.1	-	-	-	-	230,062,708	230,062,708				
Due to related parties	36.1.1	-	-	-	-	464,530,779	464,530,779				
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	19,063,352	19,063,352				
Accrued mark-up on short term financing	36.1.1	-	-	-	-	19,248,522	19,248,522				
Unclaimed dividend	36.1.1	-	-	-	-	3,574,008	3,574,008				
		-	-	-	-	2,176,111,378	2,176,111,378				

36.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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	30 June 2019				30 June 2018			
	Chief Executive	Directors (Note 37.4)	Executives	Total	Chief Executive	Directors (Note 37.4)	Executives	Total
	(Rupees)							
Managerial remuneration	9,171,600	2,703,600	10,169,612	22,044,812	8,642,400	8,641,200	3,352,260	20,635,860
Housing and utilities	9,928,400	2,921,400	11,818,172	24,667,972	9,356,400	9,352,800	4,390,524	23,099,724
Bonus	3,900,000	1,112,500	4,505,580	9,518,080	4,158,000	3,975,000	1,703,080	9,836,080
Medical	992,547	94,273	2,095,928	3,182,748	608,192	2,928,678	207,157	3,744,027
Company's Contribution to retirement benefits funds	-	270,000	159,517	429,517	504,000	230,400	147,648	882,048
	23,992,547	7,101,773	28,748,809	59,843,129	23,268,992	25,128,078	9,800,669	58,197,739
Number of persons	1	1	3	5	1	2	2	5

37.1 The aggregate amount paid to directors in respect of attending board and other meetings was Rs. 120,000 (2018: Nil).

37.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements. The approximate aggregate value of this benefit is Rs. 37.76 million (30 June 2018: Rs. 32.55 million).

37.3 Executives represent those employees (other than the chief executive and directors), whose basic salaries exceed twelve hundred thousand rupees (Rs. 1.2 million) in a financial year.

37.4 There are nine directors including chief executive. Remuneration has been paid to two directors.

38. PROVIDENT FUND

The following information is based on latest unaudited financial statements of the fund:

	30 June 2019 (Un-audited)	30 June 2018 (Audited)
	(Rupees)	
Size of the Fund	**64,528,539**	65,520,542
Cost of investment made	**57,460,495**	57,460,495
Fair value / amortised cost of investments	**56,966,464**	58,373,463
Percentage of investments made - based on fair value / amortised cost	**88%**	89%

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2019 (Un-audited)	30 June 2018 (Audited)	30 June 2019 (Un-audited)	30 June 2018 (Audited)
	(Rupees)		(% of the size of the fund)	
Term finance certificates	140,000	140,000	0.22%	0.21%
Mutual Funds	13,333,101	12,760,854	20.66%	19.48%
Government securities	41,632,355	41,632,355	64.52%	63.54%
Equity securities	1,861,008	3,840,254	2.88%	5.86%
	56,966,464	58,373,463	88%	89.09%

The above investments out of provident fund have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

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39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

40. NUMBER OF EMPLOYEES

	30 June 2019	30 June 2018
	(Numbers)	
Total number of employees at reporting date	**742**	784
Total number of factory employees at reporting date	**536**	673
Average number of employees during the year	**763**	747
Average number factory of employees during the year	**605**	643

41. OPERATING SEGMENTS

41.1 The financial information has been prepared on the basis of a single reportable segment.

41.2 Geographically, all the sales were carried out in Pakistan.

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

41.4 Sales to four major customers of the Company is around 88.9% during the year ended 30 June 2019 (30 June 2018: 86.9%).

42. GENERAL

42.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up. Bank balances are placed with conventional banks in current accounts. Other disclosures are included in notes 13 and 28.

42.2 Authorisation for issue

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on 3rd October 2019.

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

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Loads Limited

Report on the Audit of Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 1.2 to the consolidated financial statements, which explains the current liquidity position of the Group due to significant lending to Hi-Tech Alloy Wheels Limited (subsidiary company) by the Group for the project of production of Alloy Wheels.

Further, we draw attention to note 1.1 to the consolidated financial statements, which states that the operations of the subsidiary company, Specialized Motorcycles (Private) Limited have ceased and transferred to the Parent Company. Accordingly, the financial statements of the subsidiary were not prepared on going concern basis.

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Our opinion is not modified in respect of above matters.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition**	
	Refer notes 3.1 and 24 to the consolidated financial statements. The Group's revenue for the year ended 30 June 2019 was Rs. 5.71 billion. The Group's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products"). Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment. Revenue is recognized when the group transfers transfers control over goods and services to customer and in case of made to order products the revenue is recognized over time of cost of production.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • assessed the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern the revenue recognition; • inspected sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue; and to identify made to order contracts; • reviewed the impact of changes in accounting policy of revenue recognition for made to order contract as per the requirement of IFRS 15; • compared revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess

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S. No.	Key audit matters	How the matters were addressed in our audit
	We identified revenue recognition as a key audit matter because of the change in accounting policy of revenue recognition due to the adoption of IFRS 15 in respect of revenue from made to order products. Moreover, revenue is one of the key performance indicators of the Group and therefore there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.	whether the related revenue was recognized in accordance with the Group's revenue recognition accounting policies; • compared on a sample basis, revenue transactions recorded just before and after the year end with the underlying goods delivery notes and other relevant documents to assess whether the revenue had been recognized in the appropriate accounting period; • inspected manual journal entries relating to revenue which were raised during the year, enquired management the reasons for such adjustments and inspected underlying documents on sample basis; and • assessed the appropriateness of disclosure presented in the consolidated financial statements in accordance with the requirement of IFRS 15.
2.	**Assessing the carrying value of the investment in associate**	
	Refer note 4.1.4 and 7 to the consolidated financial statements. The net carrying value of the Group's investment in associate as at 30 June 2019 was Rs. 278.71 million. The amount before impairment was Rs. 293.91 million which exceeded the market value at that date and asset's value in use. Resultantly an impairment loss of Rs. 15.21 million has been	Our audit procedures to assess the carrying value of the investment in associate, amongst others, included the following: • engaged our internal valuation specialists to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis relating to growth rate and the discount rate used to derive the

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S. No.	Key audit matters	How the matters were addressed in our audit
	recorded in the consolidated financial statements. As at 30 June 2019, management conducted an impairment test to assess the recoverability of the carrying value of the investment in associate. This was performed using a discounted cash flow model to calculate the asset's value in use. A number of key judgments were made in determining the inputs into discounted cash flow model which included expected future cash flows, growth rate and the discount rate applied to the cash flows. We identified assessing the carrying value of the investment in associate as a key audit matter because of its significance to the consolidated financial statements and because assessing the key impairment assumptions involves a significant degree of management judgments, which may affect both the carrying value of the Group's investment in associate as well as any impairment charge for the year, and may be subject to management bias.	recoverable amount of the investment in associate; • evaluated the discounted cash flow prepared by management and considered the possibility of error or management bias; and • considered whether the disclosures in the consolidated financial statements in respect of the impairment assessment reflected the risks inherent in the key assumptions with reference to the requirements of the relevant accounting standards.
3.	**Valuation of Stock in trade**	
	Refer notes 4.7 and 8 to the consolidated financial statements. The balance of gross stock-in-trade at 30 June 2019 is Rs. 1,422.73 million, against which	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • attended management's inventory counts and observed the process at material

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S. No.	Key audit matters	How the matters were addressed in our audit
	an obsolescence provision of Rs. 18.02 million is held. The Group reviews its finished goods inventory on a regular basis and, where appropriate, makes provision for obsolete inventory based on estimates of future sales activity. Management's judgment is required to assess the appropriate level of provisioning required for the inventories, including the assessment of available facts and circumstances, the stock-in-trade own physical conditions, the market selling prices and estimated selling costs of the stock-in-trade. We focused on this area as the stock-in-trade is material to the Group's consolidated financial statements and the determination of allowance for inventory obsolescence involves significant management's judgment and estimation.	inventory locations, including observing the process implemented by management to identify and monitor obsolete stock; • assessed the adequacy of the allowance for obsolescence, by taking into consideration the status of the ageing and conditions of the inventories and historical usage pattern; • re-calculated the allowance for inventory obsolescence in accordance with the Group's policy; • considered the historical accuracy of provisions made by the Group's by examining the reversal of previously recorded provisions; and • assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.
4.	**Credit risk concentration and recoverability of Trade Debts**	
	Refer notes 4.5.2.2 and 9 to the consolidated financial statements. As at 30 June 2019, the Group's trade debts were Rs. 601.59 million against which no provision for impairment has been recognized. The top 4 customers of the Group constituted approximately 90% of	Our audit procedures to assess the credit risk concentration and recoverability of trade debts, amongst others, included the following: • obtained an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process;

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S. No.	Key audit matters	How the matters were addressed in our audit
	the outstanding trade debts as at 30 June 2019. The ECL model has been applied during the year due to the application of IFRS 9 (Financial Instruments). Provision for doubtful receivables is computed using ECL which is based on management judgment and estimates involving default rate based on credit history of the customers, experience of recovery period, customer-specific conditions and forward looking information. We identified valuation of trade receivables as a key audit matter as it involves significant management judgment in determining the expected loss allowance and specific write off.	• assessed, on a sample basis, whether items in the trade receivables' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes; • examined subsequent receipts from the customers, or where there were no subsequent receipts, analyzed their payment track records to assess the recoverability of the outstanding trade debts; • assessed the adequacy and appropriateness of assumptions, basis and estimation used by management to determine the loss allowance while using ECL; and • assessed the appropriateness of disclosures presented in the consolidated financial statements in accordance with the requirements of IFRS 9.
5.	**Capitalization of property, plant and equipment**	
	Refer notes 4.2 and 5 to the consolidated financial statements. The net book value of the Group's property, plant and equipment as at 30 June 2019 was Rs. 4,597.08 million. The Group continues to invest in significant capital projects	Our audit procedures to assess the recognition of property, plant and equipment, amongst others, included the following: • assessed the Group's capitalization policy to determine compliance with relevant accounting standards and tested

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S. No.	Key audit matters	How the matters were addressed in our audit
	including the assembling of imported plants for manufacturing and painting of Alloy Wheels. We identified this as a key audit matter as capital expenditure requires consideration of the nature of costs incurred to ensure that the capitalization of property, plant and equipment meets the specific recognition criteria of relevant accounting standards specifically in relation to assets constructed by the Group.	the operating effectiveness of controls over the application of the policy to expenditure incurred on projects within the Group's capital program during the year; • assessed the nature of costs incurred in capital projects through testing of amounts recorded and the related third party invoices and contracts, and considered whether the expenditure met the criteria for capitalization under relevant accounting standards; and • examined the title documents, including title deed, to assess whether the title documents as in the name of the Group.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public

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disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Amyn Malik.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 04 October 2019

Karachi

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**4,597,075,115**	1,879,663,053
Intangible assets	6	**1,138,159**	2,248,940
Investments	7	**278,706,019**	399,117,546
Loans and receivables	10	**6,897,737**	18,257,596
Employee benefits - gratuity	21	**-**	5,317,208
		4,883,817,030	2,304,604,343
Current assets			
Stores and spares	25.2	**61,971,605**	44,933,529
Stock-in-trade	8	**1,404,712,679**	1,662,758,743
Trade debts - net	9	**601,589,094**	350,809,641
Loans and advances	11	**69,088,671**	155,422,463
Deposits, prepayments and other receivables	12	**496,866,412**	247,070,821
Current maturity of long term receivables	10	**13,995,364**	47,104,408
Taxation - net	13	**123,339,561**	165,957,057
Investments	14	**34,735,199**	74,292,038
Cash and bank balances	15	**32,771,396**	535,897,253
		2,839,069,981	3,284,245,953
Total assets		**7,722,887,011**	5,588,850,296
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (30 June 2018: 200,000,000) ordinary shares of Rs.10 each	17	**2,000,000,000**	2,000,000,000
Share capital			
Issued, subscribed and paid up capital	17	**1,512,500,000**	1,512,500,000
Capital reserve			
Share premium	17	**1,095,352,578**	1,095,352,578
Revenue reserves			
Unappropriated profit		**641,560,112**	696,944,970
Fair value reserve		**(3,392,943)**	13,240,378
Equity attributable to owners of the Company		**3,246,019,747**	3,318,037,926
Non controlling Interests	18	**330,115,497**	333,304,662
Total equity		**3,576,135,244**	3,651,342,588
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	19	**1,665,777**	5,014,204
Deferred tax liabilities	20	**69,986,776**	91,325,057
Loans and Borrowings		**166,666,667**	-
Employee benefits - gratuity	21	**10,467,240**	-
		248,786,460	96,339,261
Current liabilities			
Current maturity of liabilities against assets subject to finance lease	19	**4,104,846**	14,049,148
Short term financing	22	**3,274,028,285**	1,439,632,009
Trade and other payables	23	**501,533,063**	364,664,760
Due to related party		**33,818,656**	-
Unclaimed dividend		**3,535,500**	3,574,008
Accrued mark-up on short term financing		**80,944,957**	19,248,522
		3,897,965,307	1,841,168,447
Total equity and liabilities		**7,722,887,011**	5,588,850,296
CONTINGENCIES AND COMMITMENTS	16		

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

Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Profit Or Loss
For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
Revenue	24	**5,709,735,175**	4,889,663,855
Cost of sales	25	**(5,072,556,256)**	(4,369,075,348)
Gross profit		**637,178,919**	520,588,507
Administrative, selling and general expenses	26	**(258,502,409)**	(227,024,830)
Impairment loss on trade receivables	9.2	**-**	-
		378,676,510	293,563,677
Other expenses	27	**(20,374,756)**	(36,322,302)
Other income	28	**29,513,184**	83,668,622
		9,138,428	47,346,320
Operating profit		**387,814,938**	340,909,997
Finance costs	29	**(188,328,868)**	(90,961,193)
Unrealised loss on re-measurement of investments at fair value through profit or loss	14.1	**(14,583,626)**	(7,534,489)
Share of (loss) / profit in associate - net	7.1.2	**(109,254,552)**	2,679,323
Provision for impairment against associate		**(15,206,745)**	-
Profit before taxation		**60,441,147**	245,093,638
Taxation	30	**(116,700,981)**	(83,536,858)
(Loss) / profit for the year		**(56,259,834)**	161,556,780
(Loss) / profit attributable to:			
Owners of the Company		**(53,070,669)**	154,911,054
Non-controlling interests	18	**(3,189,165)**	6,645,726
		(56,259,834)	161,556,780
(Loss) / earnings per share - basic and diluted	31	**(0.35)**	1.02

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

Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
(Loss) / profit for the year		**(56,259,834)**	161,556,780
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Unrealised loss on re-measurement of available-for-sale-investments	14.2.1	-	(20,485,791)
Items that will not be reclassified to profit or loss			
Loss on re-measurement of defined benefit liability	21.2.4	**(14,150,802)**	(11,613,554)
Related tax	20.2	**4,103,733**	3,367,931
		(10,047,069)	(8,245,623)
Equity securities at FVOCI - net change in fair value	14.2.1	**(16,633,321)**	-
Share of loss in associate's defined benefit liability recognised in other comprehensive income	7.1.2	**(3,532,640)**	(2,051,470)
Total comprehensive (loss) / income for the year		**(86,472,864)**	130,773,896
Total comprehensive (loss) / income attributable to			
Owners of the Company		**(83,283,699)**	124,128,170
Non-controlling interests	18	**(3,189,165)**	6,645,726
		(86,472,864)	130,773,896

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

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Attributable to owners of the Company: Share capital	Capital reserve	Revenue reserves				
		Issued, subscribed and paid up capital	Share premium	Fair value reserve	Unappropriated profit	Total	Non-controlling interests	Total equity
		(Rupees)						
Balance at 1 July 2017		1,375,000,000	1,095,352,578	33,726,169	898,499,945	3,402,578,692	-	3,402,578,692
Total comprehensive income for the year ended 30 June 2018								
Profit for the year		-	-	-	154,911,054	154,911,054	6,645,726	161,556,780
Other comprehensive loss for the year		-	-	(20,485,791)	(10,297,093)	(30,782,884)	-	(30,782,884)
		-	-	(20,485,791)	144,613,961	124,128,170	6,645,726	130,773,896
Transactions with owners of the Company								
Contributions and distributions								
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2017		-	-	-	(137,500,000)	(137,500,000)	-	(137,500,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		137,500,000	-	-	(137,500,000)	-	-	-
Total contributions and distributions		137,500,000	-	-	(275,000,000)	(137,500,000)	-	(137,500,000)
Changes in ownership interests								
Acquisition by NCI without change in control	18	-	-	-	(71,168,936)	(71,168,936)	326,658,936	255,490,000
Balance at 30 June 2018		1,512,500,000	1,095,352,578	13,240,378	696,944,970	3,318,037,926	333,304,662	3,651,342,588
Adjustment on initial application of IFRS 15 (note 3.1)		-	-	-	11,265,520	11,265,520	-	11,265,520
Adjusted balance as at 1 July 2018 - restated		1,512,500,000	1,095,352,578	13,240,378	708,210,490	3,329,303,446	333,304,662	3,662,608,108
Total comprehensive loss for the year ended 30 June 2019								
Loss for the year		**-**	**-**	**-**	**(53,070,669)**	**(53,070,669)**	**(3,189,165)**	**(56,259,834)**
Other comprehensive loss for the year		**-**	**-**	**(16,633,321)**	**(13,579,709)**	**(30,213,030)**	**-**	**(30,213,030)**
		-		**(16,633,321)**	**(66,650,378)**	**(83,283,699)**	**(3,189,165)**	**(86,472,864)**
Transactions with owners of the Company								
Contributions and distributions		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2019		**1,512,500,000**	**1,095,352,578**	**(3,392,943)**	**641,560,112**	**3,246,019,747**	**330,115,497**	**3,576,135,244**

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

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**60,441,147**	245,093,638
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment	5.1	**105,820,154**	104,143,466
Amortization of intangible assets	6	**1,110,781**	968,122
Allowance for inventory obsolescence	8.1	**13,129,662**	3,265,920
Finance costs	29	**104,929,853**	46,049,217
Finance lease charges	29	**401,666**	1,041,475
Provision for gratuity	21.2.3	**1,633,646**	1,718,497
Gain on disposal of property, plant and equipment	28	**(3,911,559)**	(25,447,982)
Share of profit in associate - net of tax	7.1.2	**109,254,552**	(2,679,323)
Provision for impairment against associate		**15,206,745**	-
Capital loss / (gain) on sale of investments	27	**-**	16,485,608
Mark-up income on investments	28	**(12,786,779)**	(35,772,187)
Dividend income	28	**(98,892)**	(2,405,899)
Un-winding of mark-up on long term receivables	28	**(2,647,827)**	(3,514,240)
Mark-up income on loan to employees	28	**(2,156,387)**	(2,010,578)
Mark-up income from Participation Term Certificates	28	**(7,582,410)**	(12,655,665)
Unrealized (gain) / loss on re-measurement of investment classified as 'at fair value through profit or loss' - at initial recognition	14.1	**14,583,626**	7,534,489
		397,327,978	341,814,558
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		**(17,038,076)**	9,160,911
Stock-in-trade		**244,916,402**	(484,057,169)
Trade debts - net		**(250,779,453)**	(126,837,315)
Loans and advances		**86,333,792**	(63,008,736)
Deposits, prepayments and other receivables		**(202,678,861)**	(56,510,119)
		(139,246,196)	(721,252,428)
Increase in current liabilities			
Trade and other payables		**136,241,774**	49,791,988
Due to related party		**33,818,656**	-
		170,060,430	49,791,988
Cash generated from operations		**428,142,212**	(329,645,882)
Mark-up paid		**(31,341,369)**	(26,083,282)
Gratuity paid		**-**	(18,936,654)
Mark-up received from loan to employees		**2,156,387**	2,010,578
Income taxes paid - net		**(91,318,033)**	(64,606,063)
Net cash generated from / (used in) operating activities		**307,639,197**	(437,261,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		**(2,817,862,703)**	(1,197,814,087)
Payments for acquisition of intangible assets		**-**	(1,128,427)
Payments for acquisition of investments / redemption of investments - net		**757,482**	(56,414,564)
Proceeds from disposal of investment		**-**	285,588,647
Mark-up received on investments and bank deposits		**12,786,779**	35,772,187
Mark-up received from Participation Term Certificates		**7,582,410**	12,655,665
Dividend received		**98,892**	2,405,899
Proceeds from disposal of property and equipment		**7,626,671**	40,443,257
Net cash used in investing activities		**(2,789,010,469)**	(878,491,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligation		**(22,779,020)**	(22,851,639)
Long term loan		**166,666,667**	-
Consideration received from Non controlling interest	18	**-**	255,490,000
Dividend paid		**(38,508)**	(135,346,501)
Net cash generated from financing activities		**143,849,139**	97,291,860
Net decrease in cash and cash equivalents		**(2,337,522,133)**	(1,218,460,866)
Cash and cash equivalents at beginning of the year		**(903,734,756)**	314,726,110
Cash and cash equivalents at end of the year		**(3,241,256,889)**	(903,734,756)

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

Chief Financial Officer	Chief Executive	Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

The Group consists of Loads Limited (the Parent Company), Specialized Autoparts Industries (Private) Limited (SAIL), Multiple Autoparts Industries (Private) Limited (MAIL) ,Specialized Motorcycles (Private) Limited (SMPL) and Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited).

Loads Limited (the Parent Company) is a public listed company, which was incorporated in Pakistan on 1 January 1979, as a private limited company under Companies Act, 1913 (Repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) on May 30, 2017).

On 19 December 1993, the status of the Parent Company was converted from private limited company to public unlisted company. On 1 November 2016, the shares of the Parent Company were listed on Pakistan Stock Exchange Limited (PSX).

The principal activity of the Parent Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Parent Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate in the Group. The details are as follows:

Name of the Company	Incorporation date	Effective Holding %		Principle line of business
		30 June 2019	30 June 2018	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	**91%**	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	**92%**	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	**100%**	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited)	13 January 2017	**80%**	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers. Commercial production has not yet started.
Associate				
Treet Corporation Limited	22 January 1977	**5.32%**	5.42%	Manufacture and sale of razors, razor blades and other trading activities.

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

The operations of the subsidiary company, SMPL have ceased and transferred to the Parent Company from 1 July 2015. Accordingly, the financial statements of SMPL were not prepared on going concern basis. Therefore, all assets and liabilities of SMPL have been classified as current and assets are measured at lower of their carrying amounts and fair value less cost to sell.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

1.2 Liquidity position and its management

In the year 2017, Loads group initiated a new project of Alloy Wheels through a separate company i.e. HAWL. To finance this project significant borrowings were made from group entities (including Loads Limited) and other lenders (banks and related parties). This alongwith a down turn in automobile sector has resulted in severe liquidity crunch in the group entities including Loads Limited. Details of liquidity position and its management are included in note 34.3.1.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These 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 comprises of:

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

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

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

2.1.2 The amendments brought through S.R.O. 888(I)/2019 dated 29 July 2019 in fourth schedule of the Companies Act, 2017 have been made applicable on companies preparing financial statements as on 30 June 2019 and onwards by SECP vide S.R.O. 961 (I)/2019 dated 23 August 2019. Accordingly, the amended fourth schedule has been followed in preparation of these unconsolidated financial statements.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee which is the Group's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts 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 using 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 and underlying 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.

In the process of applying the Group's accounting polices, management has made the following accounting estimates and judgments which are significant to the consolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

- Property, plant and equipment (notes 4.2 and 5);
- Intangible assets (notes 4.3 and 6);
- Provision for impairment of stock-in-trade and stores and spares (notes 4.6, 4.7 and 8);
- Taxation (notes 4.10, 13 and 30);
- Provision for impairment of financial and non-financial assets (note 4.5.2.2 and 4.2);
- Employees' benefits and compensated absences (notes 4.4 and 21);
- Classification and valuation of financial instruments (note 4.5);
- Contingencies (note 16); and
- Investment in associate (note 7).

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

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

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

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

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

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

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

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

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

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

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

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

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

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirement of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to the earlier recognition of revenue from made to order products. (Refer note 3.1.2)

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

3.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated - i.e. it is presented as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative information.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good and service to a customer.

The following table summarises the impact, of transition to IFRS 15 on retained earnings at 1 July 2018, in respect of made to order products manufactured by the Group.

	Impact of adopting IFRS 15 at 1 July 2018
Retaining earnings	Rupees
Made-to-order products	11,265,520
Impact at 1 July 2018	**11,265,520**

The following tables summarise the impact of adopting IFRS 15 on the Group's statement of financial position as at 30 June 2019 and its statement of profit or loss for the year then ended for each of the line items affected. There was no material impact on Group's statement of cash flows for the year ended 30 June 2019. The impact of adoption of IFRS 9 on tax in not material.

		As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Impact on the statement of financial position as at 30 June 2019:	Note	----------------------------	**(Rupees)**	----------------------------
Assets				
Stock-in-trade	8	1,404,712,679	(172,254,832)	1,576,967,511
Trade debts - net	9	601,589,094	187,757,767	413,831,327
Others		5,716,585,238	-	5,716,585,238
Total a ssets		**7,722,887,011**	**15,502,935**	**7,707,384,076**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
		----------(Rupees)----------		
Equity and liabilities				
Share Capital	17	1,512,500,000	-	1,512,500,000
Capital reserve		1,095,352,578	-	1,095,352,578
Fair value reserve		-	-	-
Revenue reserve		971,675,609	15,502,935	956,172,674
Liabilities		4,146,751,767	-	4,146,751,767
Total equity and liabilities		7,726,279,954	15,502,935	7,710,777,019
Impact on statement of profit or loss for the year ended 30 June 2019				
Revenue	24	5,709,735,175	51,319,808	5,658,415,367
Cost of sales	25	(5,072,556,256)	(47,082,393)	(5,025,473,863)
Others		(682,173,233)	-	(682,173,233)
Profit for the period		(44,994,314)	4,237,415	(49,231,729)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 July 2018)	Revenue recognition under IAS 18 (applicable before 1 July 2018)
Standard products	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at the point in time. Some contract permit the customer to return an item. Return goods are exchanged only for new goods, no cash refunds are offered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. Where sales returns are expected, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns and a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods is measured at the former carrying amount of the inventory less any expected cost to recover the goods.	Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.
Made-to-order products	The Group has determined that for made-to-order products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contract products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Uninvoiced amounts are presented as contract assets.	Revenue and associated costs are recognised over time - i.e. before the goods are delivered to the customers premises. Progress is determined based on the cost-to-cost method. The impact of change is diclosed in preceeding paragraph.	Revenue was recognised when the goods were delivered to the customer premises, which was taken to be the point in time at which customer accepted the goods and the related risk and reward of ownership transfer. Revenue was recognised at that point provided that the revenue and cost could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

3.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non - financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statements of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative, selling and general expenses.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

3.2.1 Effect of change in accounting policies due to adoption of IFRS 9

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

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 4.5.2.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018. There is no impact of adopting IFRS 9 on carrying amount of financial assets at 1 July 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9
Financial assets			
Equity securities	(a)	Designated as at FVTPL	Mandatorily at FVTPL
Equity securities	(b)	Available for sale	FVOCI - equity instrument
Participation Term Certificates	(a)	Designated as at FVTPL	Mandatorily at FVTPL
Trade debts		Loans and receivables	Amortised cost
Loans		Loans and receivables	Amortised cost
Deposits and other receivables		Loans and receivables	Amortised cost
Cash and bank balances		Loans and receivables	Amortised cost
Financial liabilities			
Short term financing		Other financial liabilities	Other financial liabilities
Trade and other payables		Other financial liabilities	Other financial liabilities
Due to related parties		Other financial liabilities	Other financial liabilities
Liabilities against assets subject to finance lease		Other financial liabilities	Other financial liabilities
Accrued mark-up on short term financing*		Other financial liabilities	Other financial liabilities
Unclaimed dividend		Other financial liabilities	Other financial liabilities

(a) Under IAS 39, these equity securities (ordinary shares of listed companies and PTCs) were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

(b) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

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* Accrued markup have been presented separately in accordance with the requirements of fourth schedule of the Companies Act, 2017.

Adoption of IFRS 9 did not have any impact on the profit or loss and OCI for the year ended 30 June 2019, except for presentation of certain items as mentioned above.

(ii) 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. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (refer note 4.5.2.2).

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements as at 1 July 2018 did not have any impact on the financial assets of the Group.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured as FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVTOCI.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed in note 3, the accounting policies and the methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2018. The significant accounting policies applied in the preparation of these financial statements are set out below:

4.1 Basis of consolidation

4.1.1 Subsidiaries

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

The financial statements of the subsidiaries have been consolidated on a line-by-line basis and all intra-group balances and transactions have been eliminated.

4.1.2 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

4.1.3 Loss of control

When the Group looses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. Impairment policy of non financial assets are included in note 4.2

4.1.5 Transactions eliminated on consolidation

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

4.2 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss account as incurred.

Depreciation

Depreciation charge is based on the reducing balance method at the rates specified in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

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Assets subject to finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy for property, plant and equipment. The finance cost is charged to profit or loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

Impairment on non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been 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 amortisation, if no impairment loss had been recognised.

4.3 Intangible assets

Intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 6 and is recognised in profit or loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

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4.4 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Group operates funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Parent Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Compensated absences

The Group recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Group and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

4.5 Financial instruments

4.5.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Notes to the Consolidated Financial Statements
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4.5.2 Classification, subsequent measurement and impairment

4.5.2.1 Classification and subsequent measurement - Policies applicable from 1 July 2018

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI - debt investment, FVOCI - equity investment, or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL on initial recognition. The Group may irrevocably designate a financial asset as such that otherwise meets the requirements to be measured at amortized cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile,matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the Consolidated Financial Statements
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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows:
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features: and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets- Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.5.2.2 Impairment

(i) Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contracts assets.

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The Group measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and inducing forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a financial assets to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB or higher as per the rating agencies of Pakistan.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Based on management assessment, no ECL was required, except trade receivables, since the Group's financial assets at amortized cost are generally short-term in nature and held with counterparties with low credit risk.

Presentation of allowance for ECL in the statement of financial position

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

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Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.5.3 Classification, subsequent measurement and impairment - Policies applicable before 1 July 2018

4.5.3.1 Classification

The Group classified its financial assets into financial assets at 'fair value through profit or loss', available for sale', 'held-to-maturity' and 'loans and receivables'.

The Group classified its financial liabilities into the other financial liabilities category.

4.5.3.2 Financial assets and financial liabilities - recognition and derecognition

The Group initially recognised loans and receivables on the date when they are originated. All other financial assets and financial liabilities were initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognised a financial asset when the contractual rights to the cash flows from the asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expired.

4.5.3.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities were offset and the net amount is reported in the balance sheet when, and only when there was a legally enforceable right to set off the recognised amounts and there was an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.5.3.4 Financial assets - measurement

a) Financial assets at fair value through profit or loss

A financial asset was classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial assets were designated as 'at fair value through profit or loss' if the Group managed such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Financial assets which were acquired principally for the purpose of generating profit from short term price fluctuation or were part of the portfolio in which there was recent actual pattern of short term profit taking were classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' were measured at fair value, and changes therein are recognised in profit or loss account.

All derivatives in a net receivable position (positive fair value), were reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), were reported as financial liabilities held for trading.

b) Available for sale

These assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets were derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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c) **Held-to-maturity**

These assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at amortised cost using the effective interest rate method.

4.5.3.5 Financial liabilities - measurement

All financial liabilities were initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

4.5.3.6 Impairment

Financial assets (including receivables)

Financial assets were assessed at each reporting date to determine whether there was objective evidence that they were impaired. A financial asset was impaired if objective evidence indicated that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets were impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired were then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that were not individually significant were collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss was reversed through profit and loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit and loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit and loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit and loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss were not reversed subsequently in the profit and loss.

4.6 Stores, spares and consumables

These are measured at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

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4.7 Stock-in-trade

Stock in trade is measured at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Group, which are repayable on demand form an integral part of the Group's cash management and are included as part of cash and cash equivalents for the purpose of the consolidated cash flow statement.

4.9 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupee (Rs. / Rupees) at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Group recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.11 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

4.12 Dividend distribution and appropriation to reserves

Dividend distribution to the shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 22.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

4.13 Segment accounting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Chief Executive Officer reviews the Group as a single entity, therefore there are no segments.

4.14 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 after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

4.15 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.16 Mark-up income and expense / Dividend

Mark-up income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating mark-up income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, mark-up income 'is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of mark-up income reverts to the gross basis.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Operating property, plant and equipment	5.1	**859,206,477**	782,741,778
Capital work-in-progress	5.2	**3,737,868,638**	1,096,921,275
		4,597,075,115	1,879,663,053

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5.1 Operating property, plant and equipment

30 June 2019

	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2019
	As at 01 July 2018	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2019		As at 01 July 2018	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2019	
Owned	(Rupees)					%	(Rupees)					
Freehold land (note 5.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 5.1.2)	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	235,668,167	91,822,826	-	-	327,490,993	5	77,859,428	8,946,280	-	-	86,805,708	240,685,285
Plant and machinery (note 5.1.5)	720,933,451	66,534,479	-	(8,070,377)	779,397,553	10 - 20	306,009,607	48,183,720	-	(5,613,463)	348,579,864	430,817,689
Tools and equipment	270,753,082	4,169,247	-	-	274,922,329	10 - 35	184,698,708	29,865,562	-	-	214,564,270	60,358,059
Furniture, fittings and office equipment	54,501,675	5,551,837	-	-	60,053,512	10 - 30	33,485,269	4,980,733	-	-	38,466,002	21,587,510
Vehicles	29,174,456	8,836,950	9,414,307	-	47,425,713	20	2,639,828	6,732,801	4,502,064	-	13,874,693	33,551,020
Leased												
Vehicles	80,083,975	9,084,625	(9,414,307)	(3,714,667)	76,039,626	20	48,463,503	7,111,057	(4,502,064)	(2,456,469)	48,616,027	27,423,599
	1,435,898,121	185,999,964	-	(11,785,044)	1,610,113,041		653,156,343	105,820,153	-	(8,069,932)	750,906,564	859,206,477

30 June 2018

	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2018
	As at 01 July 2017	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2018		As at 01 July 2017	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2018	
Owned	(Rupees)					%	(Rupees)					
Freehold land (note 5.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 5.1.2)	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	217,463,451	18,204,716	-	-	235,668,167	5	69,835,099	8,024,329	-	-	77,859,428	157,808,739
Plant and machinery (note 5.1.5)	579,782,299	141,151,152	-	-	720,933,451	10 - 20	265,988,516	40,021,091	-	-	306,009,607	414,923,844
Tools and equipment	248,207,331	38,954,328	-	(16,408,577)	270,753,082	10 - 35	150,649,527	39,216,031	-	(5,166,850)	184,698,708	86,054,374
Furniture, fittings and office equipment	46,698,606	7,803,069	-	-	54,501,675	10 - 30	28,684,453	4,800,816	-	-	33,485,269	21,016,406
Vehicles	16,274,797	4,589,000	16,404,350	(8,093,691)	29,174,456	20	11,087,826	1,473,347	5,581,202	(4,340,143)	2,639,828	26,534,628
Leased												
Vehicles	77,807,915	18,680,410	(16,404,350)	-	80,083,975	20	32,274,449	10,607,852	(5,581,202)	-	48,463,503	31,620,472
	1,231,017,714	229,382,675	-	(24,502,268)	1,435,898,121		558,519,870	104,143,466	-	(9,506,993)	653,156,343	782,741,778

5.1.1 Freehold land represents a plot in Lahore measuring 23 Kanals 18 Marlas and held by the Parent Company for the expansion of business in future. Currently, this plot of land is not being used.

5.1.2 This represents land owned by the Parent Company and the subsidiaries (SAIL and MAIL). The total area of land owned by the Loads Limited, SAIL and MAIL is 8,888.88 square yards, 20,400 sq. meters (5 acres) and 56,880 square meters respectively. The details of the location are disclosed in note 1.1.

5.1.3 Finance lease liability in respect of assets held under finance lease is secured by 20% of lease facility amount as down payment / security deposit. Vehicles are registered in the name of the lessor (Bank Al Habib Limited) (note 19).

5.1.4 Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 300 million (30 June 2018: 300 million) obtained from JS Bank Limited (note 22). This charge existed at 30 June 2019.

5.1.5 Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 100 million (30 June 2018: Rs. 534 million and Rs. 100 million) respectively. These charges are against different financing facilities obtained from various banks (note 22) and existed at 30 June 2019.

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5.1.6 There are no fully depreciated assets at the reporting date as the Group is following reducing balance method.

5.1.7 Depreciation has been allocated as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Cost of sales	25	**96,202,695**	95,900,659
Administrative, selling and general expenses	26	**9,617,459**	8,242,807
		105,820,154	104,143,466

5.1.8 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

Asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
	30 June 2019							
Owned	(Rupees)							
Plant and machinery								
Saw machine	70,000	1,167	68,833	93,600	24,767	Mohammad Ashgar	Negotiation	Vendor
Manual pipe bend machines	724,286	53,919	670,367	726,491	56,124	M/s. Shameer Enterprises	Negotiation	Supplier
Spot welding machines	849,633	642,041	207,592	100,000	(107,592)	Mr. Faisal Shahid	Negotiation	Supplier
Ton press machines	5,775,458	4,436,797	1,338,661	3,525,000	2,186,339	M/s. FFF Traders	Negotiation	Supplier
Core Baking machine	651,000	479,539	171,461	227,000	55,539	Mr. Aslam	Negotiation	Customer
Vehicles								
Mehran VXR AYS-445	587,302	427,734	159,568	380,000	220,432	Mr. S. M. Nafees	Company Policy	Employee
Mehran VXR BEJ-339	691,530	390,228	301,302	547,000	245,698	Mr. Sajid Hassan	Company Policy	Employee
Mehran VXR BGN-294	708,000	322,533	385,467	575,000	189,533	Mr. Ehtesham ul Haq	Company Policy	Employee
Suzuki Pickup Ravi KS-5049	589,070	419,872	169,198	417,000	247,802	Mr. Ather	Company Policy	Employee
Suzuki Pickup Ravi KS-1866	586,000	449,793	136,207	531,790	395,583	Mr. Tabish Fateh	Negotiation	Supplier
Suzuki Pickup Ravi KS-7703	552,765	446,309	106,456	503,790	397,334	Mr. Tabish Fateh	Negotiation	Supplier
	11,785,044	8,069,932	3,715,112	7,626,671	3,911,559			

5.1.9 The Group has few plant and machinery and dies, which are not held in the name of the Group and has been supplied by customers for made to order production.

5.2 Capital work-in-progress

	Note	30 June 2019	30 June 2018
		(Rupees)	
Plant and machinery		**2,415,096,923**	21,795,297
Building and construction work		**808,862,392**	-
Tools and equipment		**24,183,754**	-
Equipment and fixtures		**637,425**	3,117,963
Advances against:			
- plant		**114,654,414**	898,327,947
- land		**151,275,600**	151,275,600
- vehicle		-	4,916,150
- building on leasehold land		**221,580,342**	17,488,318
- Furniture and equipments		**1,576,788**	-
- other capital expenditure		**1,000**	-
	5.2.1	**3,737,868,638**	1,096,921,275

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5.2.1 Movement in capital work-in-progress is as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Balance at beginning of the year		**1,096,921,275**	109,809,453
Additions during the year		**2,769,669,497**	1,038,375,120
Transferred to operating property, plant and equipment		**(128,722,134)**	(51,263,298)
Balance at end of the year	5.2.1.1	**3,737,868,638**	1,096,921,275

5.2.1.1 Major capital work-in-progress relates to Hi-Tech Alloy Wheels Limited (HAWL). Details are as follows:

	Note	2019 Opening Balance	2019 Additions	2019 Transfers	2019 Closing Balance	2018 Opening Balance	2018 Additions	2018 Transfers	2018 Closing Balance
		(Rupees)							
Land	5.2.1.1.1	151,275,600	-	-	151,275,600	75,600,000	75,675,600	-	151,275,600
Building	5.2.1.1.2	17,488,318	1,071,154,374	(58,302,289)	1,030,340,403	-	17,488,318	-	17,488,318
Plant and Machinery	5.2.1.1.3	898,327,947	1,644,188,867	(139,214)	2,542,377,600	-	898,327,947	-	898,327,947
Vehicles		4,916,150	-	(4,916,150)	-	-	4,916,150	-	4,916,150
Furniture and fittings		-	1,185,447	(294,034)	891,413	-	25,000	(25,000)	-
Office equipment		-	576,206	(576,206)	-	-	68,578	(68,578)	-
Computers and ancillary equipment		-	1,265,900	(1,265,900)	-	-	256,648	(256,648)	-
		1,072,008,015	2,718,370,794	(65,493,793)	3,724,885,016	75,600,000	996,758,241	(350,226)	1,072,008,015

5.2.1.1.1 This represents advance paid to "National Industrial Parks Development and Management Company" against purchase of 12 acres plot at Bin Qasim Industrial Park ('the Industrial Park'). The Industrial Park is included in the list of Special Economic Zones.

As per the Special Economic Zones Act, 2012, the Company will be entitled to one time exemption from custom-duties and taxes on import of plant and machinery for installation in the zone subject to verification by the Board of Investment (BOI) and exemption from all taxes on income for ten years if Commercial Production (CP) commences by 30 June 2020 and five years tax exemption if CP commences after 30 June 2020. The total price of the plot is Rs. 216.108 million out of which Rs. 64.834 million is still outstanding. Possession of the allotted plot shall be handed over through a lease agreement and the request for the same has been made by the Company to National Industrial Parks Development and Management Company. The details of commitment in respect of guarantee is disclosed in note 15.2.2.

5.2.1.1.2 This includes an amount of Rs. 673 million (30 June 2018: Rs. 194 million) paid to Descon Engineering (Private) Limited (contractor) in respect of construction of manufacturing facility "Alloy Rim manufacturing plant" at the afore-mentioned plot of land. For this purpose, a contract was entered on 13 June 2018 between the Company and the Contractor for the provision of facility completion contract including design, mechanical, civil, electrical, installation works and project management of Hi-Tech Alloy Wheel Rim Greenfield project. Following is the repayment schedule as per the aforementioned contract (term sheet) between the HAWL and the Contractor:

Contract Phase	Contract price	Paid during the year Advance	Paid during the year Progress billing	Outstanding commitments	Contract price	Paid during the year Advance	Paid during the year Progress billing	Outstanding commitments
	(Rupees)				(USD)			
Engineering	106,340,715	(12,482,262)	(93,858,453)	-	908,895	(106,686)	(802,209)	-
Procurement	234,000,000	(27,466,920)	(49,002,876)	157,530,204	2,000,000	(234,760)	(418,828)	1,346,412
Construction	669,896,019	(78,632,541)	(404,953,146)	186,310,332	5,725,607	(672,073)	(3,461,138)	1,592,396
Testing and Commissioning	53,170,299	(6,241,248)	(506,844)	46,422,207	454,447	(53,344)	(4,332)	396,771
Total	1,063,407,033	(124,822,971)	(548,321,319)	390,262,743	9,088,949	(1,066,863)	(4,686,507)	3,335,579

As per agreement, payments made to Descon Engineering (Private) Limited will be in Pak rupees using a conversion rate of PKR 117 / USD 1. The unpaid amount has been disclosed as commitments in note 15.2.1. In addition to the Contract cost, cost of the Building also includes material and other cost.

In addition to above, HAWL has given further advance of Rs. 211.41 million for the construction of building. Moreover, HAWL has also purchase material of Rs. 186.6 million for the construction of building.

Notes to the Consolidated Financial Statements
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5.2.1.1.3 HAWL has entered into several contracts for the purchase of Plant and Equipment are as follows:

Plant	Date of agreement & note	Name of vendor	Country of manufacturer	Contract price	Amount paid to date	Amount paid / payable to date including LC	Status of Payment	Purpose
				In Foreign		In Rs.		
Alloy Wheels	11 Dec 2017	ROH Automative & Toyota Motor	Australia	AUD 5,587,763	USD 5,587,763	591,372,728	Complete	Alloy Wheels Manufacturing
Painting Plant	2 March 2018 Refer note 5.6.2	Shinwoo Costec Ltd	Korea	USD 10,760,500	USD 8,660,500	1,312,431,566	In progress	Supporting section of the alloy wheel manufacturing plant
Low Pressure Die Casting Machine		Hands Corporation Limited	Korea	USD 3,340,000	USD 3,340,000	500,622,694	Complete	For wheel shape to enhance production facility
Cummins DG Set		Cummins Power Generation	China	USD 217,000	USD 217,000	37,754,600	Complete	Diesel generators for power generation
SNG Plant		Korea Gas Engineering	Korea	USD 160,000	USD 160,000	39,535,733	Complete	For conversion of LPG into SNG for running of plant
Diesel Fire Pump		Patterson Pump Company	USA	USD 75,276	USD 75,276	13,097,765	Complete	To protect plant in case of fire emergency
Ventilation Fans & Refrigerant	Based on performa invoice	Systemair HSK	Turkey	EUR 63,911	EUR 63,911	11,762,070	Complete	To minimize heat produce from plant
Effluent Treatment Plant		AB Winston Emerses FZE	China	USD 67,000	USD 67,000	10,475,245	Complete	To recycle industrial waste water for further use and released to a sanitary sewer
Screw Air Compressor		Ingersoll Rand Int. Limited	Czech Republic	EUR 52,700	EUR 52,700	10,339,932	Complete	For Gas Compression
Additional Parts for Alloy Wheel Manufacturing Plant		EBC Korea Company Limited	Korea	USD 70,207	USD 70,207	12,337,037	Complete	Additional Parts for Alloy Wheel Manufacturing Plant
Ventilation Fans		Systemair HSK	Turkey	EUR 16,658	EUR 16,658	2,787,444	Complete	To minimize heat produce from plant.
Total						2,542,516,814		

5.2.1.1.4 This includes borrowing cost of Rs. 137.1 million which is capatilized in the cost of Plant and Machinery. HAWL had entered into an agreement on 11 December 2017 to purchase an old and used alloy wheels manufacturing plant along with available related spare parts, two aftermarket dies and manuals for operation and maintenance of equipment ("the Plant") from Arrowcrest Group Pty Ltd trading as "ROH Automative" and Toyota Motor Corporation Australia Limited (jointly referred as "the Seller") at a price of AUD 4.3125 million (excluding dismantling cost). The seller engaged Grays (Aust) Holdings Pty Ltd ("the Selling Agent") for the sale of the plant. Based on the inspection carried out by the management of the Company on 29 August 2017 at ROH Automative's site, the Plant was purchased on "As is, where is" and "as inspected" basis. Further, HAWL contracted with Samaras Structural Engineers for dismantling, packaging, loading and removal of the plant from ROH Automotive site and Seaway Logistics for forwarding and shipping the plant to Karachi Port, Pakistan. The terms of the agreement state that the title of the plant will transfer to the Company after receipt of the purchase amount by the Selling Agent.

Following is the repayment schedule as per the aforementioned agreement between the Company and the Seller:

Particulars	Contingent upon	Payable after	Amount in AUD	Payment made to date in Rs.
Down payment - 30% of the total purchase amount	Letter of credit which will be opened on or before 5 days after the signing of the purchase agreement.	11 December 2017	1,293,750	115,053,188
Second payment - 40% of the total purchase amount	Payable upon commencement of the dismantling of the plant from ROH Automative site.	9 January 2018	1,725,000	153,404,250
Final payment - 30% of the total purchase amount	Payable before the last group of container will leave from ROH Automative site.	23 July 2018	1,293,750	115,053,188
Total			4,312,500	383,510,626

On 5 July 2018, the Company had received a revised proforma invoice amounting to AUD 5.588 million. The whole amount has been paid in the current year and the Company is currently in the process of bringing the plant to the intended location and condition.

5.2.1.1.5 HAWL had entered into an agreement on 2 March 2018 to purchase a new and unused painting plant having such specifications, make, model, criteria, features and accessories in respect of alloy wheel manufacturing plant ("the Plant") from Shinwoo Costec Ltd (the "Seller") at a price of USD 10.5 million (excluding sea freight which will be borne equally by the Company and the Seller). The Company, along with the seller engaged EBC Korea Co., Ltd ("the Selling Agent") as an intermediary, for payments and purchasing the Plant from the Seller and shipping it to the HAWL. The seller has agreed to provide the assembly, commissioning, testing and handover of complete plant, in fully operational condition covering end-to-end of alloy wheel manufacturing. In December 2018, the contract price was revised from USD 10.5 million to USD 10.7 million.

Particulars	Contingent upon	Amount in USD	Payment made to date in PKR
First payment	Opening of letter of credit	3,450,000	402,007,455
Second payment	Sight payment upon shipment	5,210,500	724,995,223
Third payment	Upon successful commissioning through deferred payment	525,000	-
Fourth payment	Retention money payable after one year of commissioning through deferred payment	375,000	-
Fifth payment	After two years of successful commissioning through deferred payment	600,000	-
Final payment	After three years of successful commissioning through deferred payment	600,000	-
Total		10,760,500	1,127,002,678

The unpaid amount has been disclosed as commitments in note 15.2.1.

Notes to the Consolidated Financial Statements
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6 INTANGIBLE ASSETS

	30 June 2019									
	Cost				Useful life	Amortization				Net book value as at 30 June 2019
	As at 1 July 2018	Addition	(Disposals)	As at 30 June 2019		As at 1 July 2018	For the year	(Disposals)	As at 30 June 2019	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	17,528,764	-	-	17,528,764	3	15,279,824	1,110,781	-	16,390,605	1,138,159

	30 June 2018									
	Cost				Useful life	Amortization				Net book value as at 30 June 2018
	As at 1 July 2017	Addition	(Disposals)	As at 30 June 2018		As at 1 July 2017	For the year	(Disposals)	As at 30 June 2018	
	(Rupees)				(Years)	(Rupees)				
Computer softw are and licenses	16,400,337	1,128,427	-	17,528,764	3	14,311,702	968,122	-	15,279,824	2,248,940

6.1 The cost fully amortised intangible amounts to Rs. 12.185 million (30 June 2018: Rs. 12.185 million).

6.2 Computer software relate to the SAP business license.

7. INVESTMENTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Investment in associate - listed			
Treet Corporation Limited	7.1	**278,706,019**	399,117,546
		278,706,019	399,117,546

7.1 Interests in equity-accounted investees

The following associate, over which the Parent Company has significant influence due to common directorship, is counted for using equity method of accounting as defined in IAS-28 "Investment in Associates".

30 June 2019	30 June 2018		Note	30 June 2019	30 June 2018
(Number of shares)		**Quoted**		(Rupees)	
		Treet Corporation Limited			
8,741,438	8,613,233	(Chief Executive Officer - Syed Shahid Ali)	7.1.2	**278,706,019**	399,117,546

7.1.1 The above figures are based on un-audited condensed interim financial information of Treet Corporation Limited for the nine months period ended 31 March 2019 and audited financial statements for the year ended 30 June 2018.

Notes to the Consolidated Financial Statements
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7.1.2 Movement

	Note	30 June 2019	30 June 2018
		(Rupees)	
Balance at beginning of the year			
Conversion from participation term certificate into ordinary shares	7.1.2.1	399,117,546	390,907,283
Share of (loss) /profit for the period - net		7,582,410	7,582,410
Share of other comprehensive income for the period - re-measurement of defined benefit liability		(109,254,552)	2,679,323
Provision for impairment		(3,532,640)	(2,051,470)
Less: dividend received during the year		(15,206,745)	-
		-	-
		278,706,019	399,117,546
Equity held at end of the year		5.32%	5.42%

7.1.2.1 In the current year, 128,205 shares (30 June 2018: 128,205) amounting to Rs. 7.58 million (30 June 2018: Rs. 7.58 million were converted and issued to the Group at the rate of Rs. 59.14 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (note 14.1.4).

7.1.3 **Market value of investment in associate is as follows:**

	Note	30 June 2019	30 June 2018
		(Rupees)	
Quoted			
Treet Corporation Limited	7.1.4	133,394,344	294,486,436

The recoverable amount of investment in associate was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying value was determined to be higher than its recoverable amount and therefore impairment loss amounting to Rs 13 million was recognized in these consolidated financial statements. The key assumptions used in the estimation of value in use includes discount rate of 20.97% and growth rate of 10%.

7.1.4 This includes 8,344,644 shares (30 June 2018: 8,344,644 shares) having an aggregate market value of Rs. 127.339 million (30 June 2018: Rs. 285.303 million), which have been kept in broker's sub-account which is in the name of the Parent Company. All other shares are kept in the Central Depository Company (CDC) account of the Parent Company.

7.1.5 Treet Corporation Limited is considered associate by virtue of common directorship i.e. (5 directors are common out of 8 directors). The Group has direct share holding in associate of 5.38% (30 June 2018: 5.38%) and effective share holding (due to cross holding) of 5.32% (30 June 2018: 5.42%).

7.1.6 Summarised financial information based on the unaudited financial information of Treet Corporation Limited for the nine months period ended 31 March 2019 and year ended 30 June 2018 is as follows:

	31 March 2019	30 June 2018
Direct holding	5.38%	5.38%
Effective holding	5.32%	5.42%

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For the year ended 30 June 2019

	(Rupees in '000)	
Non-current assets	**15,383,174**	13,975,898
Current assets	**6,893,116**	6,981,733
Non-Current liabilities	**(295,238)**	(517,093)
Current liabilities	**(14,109,980)**	(11,419,384)
Net assets (100%)	**7,871,072**	9,021,154
Group share of net assets	**418,741**	488,947
Eliminations	**-**	-
Negative goodwill *	**(140,035)**	(207,273)
Carrying amount of interest in associate	**278,706**	281,674

* Negative goodwill has not been recognized in the statement of profit or loss as the investment is carried at lower of recoverable amount and carrying amount.

Financial highlights of Treet Corporation Limited (unaudited):	**1 April 2018 to 30 June 2018 (three months)**	**1 July 2018 to 31 March 2019 (nine months)**	**Total ***
	---------------- (Rupees) ----------------		
Revenue	2,632,586,000	8,668,282,000	**11,300,868,000**
Loss after tax (100%)	(570,157,000)	(1,483,500,000)	**(2,053,657,000)**
Other comprehensive loss (100%)	(66,403,000)	-	**(66,403,000)**
Total comprehensive loss (100%)	(636,560,000)	(1,483,500,000)	**(2,120,060,000)**
Loss after tax (5.38%)	(30,332,352)	(78,922,200)	**(109,254,552)**
Other comprehensive income (5.38%)	(3,532,640)	-	**(3,532,640)**
Group's share of total comprehensive loss	(33,864,992)	(78,922,200)	**(112,787,192)**

8. STOCK-IN-TRADE

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Raw material and components	8.2 & 8.4	**1,342,036,391**	1,466,986,223
Work-in-process		**80,695,276**	150,978,815
Finished goods		**-**	49,683,031
		1,422,731,667	1,667,648,069
Allowance for inventory obsolescence	8.1	**(18,018,988)**	(4,889,326)
		1,404,712,679	1,662,758,743

8.1 Allowance for inventory obsolescence

Opening balance		**4,889,326**	1,623,406
Charge for the year	25 & 8.5	**13,129,662**	3,265,920
Closing balance		**18,018,988**	4,889,326

Notes to the Consolidated Financial Statements
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8.2 This includes raw material in transit and in possession of Group's subsidiaries as at 30 June 2019 amounting to Rs. 314.670 million (30 June 2018: Rs. 314.159 million) and Rs. 726 million (30 June 2018: Rs. 412 million) respectively.

8.3 Raw material held with toll manufacturers as at 30 June 2019 amounted to Rs. 41 million (30 June 2018: Rs. 51 million).

8.4 Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 200 million (30 June 2018: Rs. 534 million and Rs. 200 million) respectively. These charges are against different financing facilities obtained from various banks (note 22).

8.5 This includes additional provision of Rs. 4 million in respect of inventories of a discontinued model of a car of original equipment manufacturers (OEM).

8.6 Subsequent to the year end i.e upto 27 September 2019, raw material and components aggregating to Rs. 300 million were issued to production department. However, for the remaining stock in trade the Company has planned delivery schedules from customers, which will be executed accordingly.

9. TRADE DEBTS - net

	Note	30 June 2019	30 June 2018
		(Rupees)	
Unsecured			
Considered good		**601,589,094**	350,809,641
Considered doubtful		-	-
	9.1	**601,589,094**	350,809,641

9.1 For ageing of trade debts, refer note 34.2.

9.2 No impairment loss on trade debts has been recognised as the amount calculated using Expected Credit Loss (ECL) model was not material. Furthermore, trade debts pertaining to four major customers of the Company aggregates to 90% of total debtors as at 30 June 2019 (30 June 2018: 84%) out of which more than 90% has been subsequently recovered.

10. LOANS AND RECEIVABLES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Long term portion of receivable against sale of assets	10.1	-	14,042,531
Long term portion of loan to employees	11.2	**6,897,737**	4,215,065
		6,897,737	18,257,596

		Note	30 June 2019	30 June 2018
10.1	Opening balance		**61,146,939**	60,229,777
	Proceeds of assets sold to customer during the year		-	35,765,768
	Interest accrued during the year	10.1.2 & 28	**2,647,827**	3,514,240
	Less: Installments received during the year		**(49,799,402)**	(38,362,846)
		10.1.1	**13,995,364**	61,146,939
			(13,995,364)	(47,104,408)
			-	14,042,531

10.1.1 This represents receivable against sale of assets to a customer. The amount will be recovered over a period of two years.

10.1.2 This represents discounting at the rate ranging from 6.8% to 7.5% (30 June 2018: 6.8% to 7.5%).

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11. LOANS AND ADVANCES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Advance to suppliers	11.1	**55,475,763**	136,250,453
Loans to employees - considered good and unsecured	11.2	**5,428,746**	4,845,964
Loans to workers - considered good and unsecured	11.3	**6,618,666**	11,347,621
Advance salary		**1,565,496**	2,978,425
		69,088,671	155,422,463

11.1 This includes advance amounting to Rs. 39.86 million (30 June 2018: Rs. 105.47 million) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

11.2 Loans to employees - considered good and unsecured

	Note	30 June 2019	30 June 2018
		(Rupees)	
Loans to employees	11.2.1	**12,326,483**	9,061,029
Less: long term portion		**(6,897,737)**	(4,215,065)
Current portion of loans to employees		**5,428,746**	4,845,964

11.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 9% (30 June 2018: 7% to 10%) per annum.

11.3 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate ranging from of 7% to 9% (30 June 2018: 7%) per annum.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Unclaimed input sales tax	12.1	**264,403,098**	201,948,797
Trade and other deposits		**11,794,033**	13,677,763
Prepayments - provident fund	12.2	**9,004,535**	8,701,174
Prepayments	12.4	**58,865,837**	16,058,501
Receivable from employees		**-**	270,128
Accrued mark-up on saving account		**-**	2,073,717
Margin deposit	12.3	**152,470,497**	2,977,075
Others		**328,412**	1,363,666
		496,866,412	247,070,821

12.1 This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

12.2 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

12.3 This includes margin deposited with banks against various letter of credit issued by Banks on behalf of the Company.

12.4 This includes prepaid expenses paid by Hi- Tech Alloy Wheels Limited amounting to Rs. 29.32 million (30 June 2018: Rs. 12.5 million) paid in relation to advisory fees for consultancy and listing fees paid to PSX.

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13. TAXATION - net

	Note	30 June 2019	30 June 2018
		(Rupees)	
Advance tax net of provision		**123,339,561**	165,957,057

14. INVESTMENTS

	Note	30 June 2019	30 June 2018
Equity securities - mandatory at fair value through profit or loss (FVTPL)	14.1	**19,106,567**	42,030,085
Equity securities - at fair value through other comprehensive income (FVOCI) (comparative: available for sale)	14.2	**15,628,632**	32,261,953
		34,735,199	74,292,038

14.1 Equity securities - mandatory at FVTPL

	Note	30 June 2019	30 June 2018
Ordinary shares	14.1.1	**593,092**	872,703
Participation term certificates	14.1.2	**10,787,535**	32,948,685
Units of mutual funds	14.1.5	**7,725,940**	8,208,697
		19,106,567	42,030,085

14.1.1 Ordinary shares - listed

30 June 2019	30 June 2018	Name of investee company	Carrying value (30 June 2019)	Market value (30 June 2019)	Unrealised loss (30 June 2019)	30 June 2018 Market value
(Number of shares / certificates)		Ordinary shares - Quoted	(Rupees)			
1	1	Agriautos Industries Limited	295	200	(95)	295
1	1	Al-Ghazi Tractors Limited *	680	317	(363)	680
1	1	Atlas Battery Limited	410	96	(314)	410
1	1	Atlas Honda Limited	510	322	(188)	510
1	1	The General Tyre & Rubber Company of Pakistan Limited	166	52	(114)	166
1	1	Honda Atlas Cars (Pakistan) Limited	316	148	(168)	316
1	1	Thal Limited *	478	364	(114)	478
230	230	Baluchistan Wheels Limited	24,888	14,065	(10,823)	24,888
315	315	Ghandhara Nissan Limited	56,596	16,515	(40,081)	56,596
150	150	Hino Pak Motors Limited	121,157	48,300	(72,857)	121,157
200	200	Indus Motor Company Limited	284,292	240,784	(43,508)	284,292
272	272	Millat Tractors Limited	323,152	234,567	(88,585)	323,152
63	63	Oil & Gas Development Company Limited	9,804	8,284	(1,520)	9,804
127	127	Pak Suzuki Motor Company Limited	49,959	29,078	(20,881)	49,959
			872,703	593,092	(279,611)	872,703

14.1.2 Participation term certificate (PTC) - listed

30 June 2019	30 June 2018	Name of investee company	Note	Carrying value (30 June 2019)	Market value (30 June 2019)	Unrealised loss (30 June 2019)	30 June 2018 Market value
(Number of certificates)		Ordinary shares - Quoted		(Rupees)			
1,831,500	1,831,500	Treet Corporation Limited *	14.1.3	25,091,550	10,787,535	(14,304,015)	32,948,685

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited and Thal Limited which have face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

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14.1.3 Movement in carrying value of PTC is as follows:

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening balance		**32,948,685**	47,527,425
Principal cash redemption	14.1.4	**(274,725)**	(274,725)
Principal conversion to ordinary shares	14.1.4	**(7,582,410)**	(7,582,410)
		25,091,550	39,670,290
Unrealised (loss) / gain for the year		**(14,304,015)**	(6,721,605)
Closing balance		**10,787,535**	32,948,685

14.1.4 These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Rs. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion as 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million (also refer note 7.1.1).

14.1.5 Units of mutual funds

	30 June 2019						
Name of Fund	**As at 01 July 2018**	**Purchases during the year**	**Sales during the year**	**As at 30 June 2019**	**Carrying value as at 30 June 2019**	**Market Value as at 30 June 2019**	**Unrealised (loss) / gain as at 30 June 2019**
	Number of units				(Rupees)		
NAFA Riba Free Savings Fund	**14,109**	**1,716**	**-**	**15,825**	**151,272**	**161,502**	**10,230**
NAFA Islamic Active Allocation Plan IV	**16,202**	**47**	**-**	**16,249**	**1,585,482**	**1,438,245**	**(147,237)**
NAFA Islamic Active Allocation Plan VI	**43,571**	**-**	**-**	**43,571**	**3,793,484**	**3,447,072**	**(346,412)**
NAFA Islamic Capital Preservation Plan-II	**26,640**	**121**	**-**	**26,761**	**2,678,459**	**2,679,121**	**662**
					8,208,697	**7,725,940**	**(482,757)**

	30 June 2018						
Name of Fund	As at 01 July 2017	Purchases during the year	Sales during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market Value as at 30 June 2018	Unrealised (loss) / gain as at 30 June 2018
	Number of units				(Rupees)		
NAFA Islamic Asset Allocation Fund	14,109	-	-	14,109	143,745	151,272	7,527
NAFA Riba Free Savings Fund	16,180	22	-	16,202	1,762,177	1,585,482	(176,695)
NAFA Islamic Active Allocation Plan IV	43,571	-	-	43,571	4,115,490	3,793,484	(322,006)
NAFA Islamic Capital Preservation Plan-II	-	26,640	-	26,640	2,726,299	2,678,459	(47,840)
					8,747,711	8,208,697	(539,014)

14.2 Equity securities - at FVOCI (comparatives: available for sale)

The Group holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

30 June 2019	30 June 2018	Name of investee company	30 June 2019 Cost	30 June 2019 Market value	30 June 2019 Unrealised gain	30 June 2018 Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
235,386	235,386	Tri-Pack Films Limited	17,188,363	15,617,861	(1,570,502)	32,247,882
152	152	ZIL Limited	5,330	10,771	5,441	14,071
			17,193,693	15,628,632	(1,565,061)	32,261,953

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14.2.1 Equity securities at FVOCI (comparatives: available for sale) - net change in fair value investments

	30 June 2019	30 June 2018
	(Rupees)	
Market value of investments	**15,628,632**	32,261,953
Less : cost of investments	**(17,193,693)**	(17,193,693)
	(1,565,061)	15,068,260
Less: Unrealized gain on re-measurement of equity investments at FVOCI at beginning of the year	**(15,068,260)**	(35,554,051)
Unrealized (loss) / gain on re-measurement of equity investments at OCI for the year	**(16,633,321)**	(20,485,791)

14.2.2 The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 24.9 million which have been pledged with financial institutions as securities against borrowing facilities.

14.2.3 Group's capital reserve includes share of fair value reserve in associate amounting to Rs. 1.8 million.

15. CASH AND BANK BALANCES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Cash in hand		**1,183,009**	1,452,576
With banks			
- in current accounts		**14,723,246**	31,138,280
- in saving account	15.1	**16,865,141**	503,306,397
		31,588,387	534,444,677
		32,771,396	535,897,253

15.1 This carries mark-up at the rate ranging from 4.5% to 10.25% (30 June 2018: 4% to 5.42%).

15.2 The Company has issued post dated cheques amounting to Rs. 865.774 million in respect of clearing charges for import of alloy wheel manufacturing plant (refer note 16.2.5).

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16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Description of legal proceedings

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Sindh High Court	Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Parent Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review th anomalies of GIDC Act, 2015.	Parent Company, MAIL, Sui Northern ,Sui Southern and Others	3 August 2012

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	In view of above stated facts and opinion of legal advisor, the management of the Group is confident of a favourable outcome. However, as an abundant caution, the full provision of Rs.6.31 million (30 June 2018: Rs. 5.03 million) in the financial statements.		
Federal Board of Revenue (FBR)	In respect of Parent Company, Tax Year 2017 was selected for audit by the Tax authorities and a notice dated 28 March 2018 was received which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard were finalised, which culminated in amended order dated 27 February 2019 creating a refund due of Rs. 52.26 million. This tax refund has been adjusted against tax liability for tax year 2019. No appeal has been filed against the above order.	Parent Company & FBR	6 March 2018

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Federal Board of Revenue (FBR)	In respect of Tax Year 2017, a notice dated 31 January 2018 was issued to Parent Company by the Tax authorities for monitoring of withholding taxes which has been responded and requisitioned details, document, and evidences have been filed by the Parent Company. Proceeding in this regard were finalized and created a demand for defaulted tax amounting Rs. 6.8 million and default surcharge and penalty amounting to Rs. 1.36 million and Rs. 0.68 million respectively. This has been adjusted against above refund for tax year 2018. No appeal has been filed against the above order.	Parent Company & FBR	31 January 2018
High Court	A lawsuit has been filed against the Company by Pakistan Steel Mills Corporation (Private) Limited (PASMIC) claiming possession of the leasehold land of SAIL on the grounds that no objection certificate was not obtained from PASMIC when the Company purchased suit property in court auction. However, the Group's lawyer is of the view that no condition about specific use was imposed upon the Company when it purchased the suit property in court auction. Further, the Company is manufacturing autoparts for the last eight years which is in the knowledge of PASMIC. Furthermore, the action of PASMIC is unjustifiable and also contrary to law as no show cause notice was given to the Company. The Honourable Court has restrained PASMIC from dispossessing the Company from the suit property. The Group based on lawyer's advice is confident of a favourable outcome and it appears unlikely that the Group may suffer losses from the same, subject to the evidence to be led by the concerned parties in the court proceedings.	SAIL & PASMIC	2 July 2007
FBR	In respect of Parent Company, Tax Year 2018 was selected for audit by the Tax authorities through a notice dated 7 January 2019 and ultimately audit proceedings were finalised, which culminated in amended order dated 13 March 2019 creating a refund due of Rs. 73.4 million. This tax refund has been adjusted against tax liability for tax year 2018. No appeal has been filed against the above order.	Parent Company & FBR	7 January 2019
FBR	In respect of Tax Year 2018, a notice dated 9 January 2019 was issued by tax authorities for monitoring of withholding taxes which has been responded and requisitioned details,document, and evidences have been filed by the Company. Proceeding in this regards have not yet been finalized.	SMPL & FBR	9 January 2019

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Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
FBR	SMPL received show cause notice under section 21(2) of the Sales Tax Act, 1990 from Federal Board of Revenue (FBR) for non-filing of sales tax returns for six consecutive months. The management replied for the aforesaid notice that it is in the process of changing sales tax status from manufacturer to distributor and has filed application for change in particulars / status several times but applications were rejected owing to delay in filing of requisite documents. Finally, the application filed on 10 March 2015 was acknowledged by FBR and forwarded for verification and subsequently no further order was received from tax authorities. The management is confident that no liability will arise in respect of non-filing of sales tax return and therefore, no provision is recognized in these consolidated financial statements.	SMPL & FBR	20 March 2015
FBR	In respect of Parent Company, for Tax Year 2018, a notice dated 14 February 2019 was issued by the Tax authorities for monitoring of withholding taxes. Proceeding in this regard were finalized created a demand for defaulted tax amounting Rs. 8.5 million and default surcharge and penalty amounting to Rs. 0.99 million and Rs. 1.69 million. This has been adjusted against above refund due of Rs. 73.4 million. No appeal has been filed against the above order.	Parent Company & FBR	14 February 2019
FBR	In respect of Tax Year 2018, a notice dated 25 February 2019 was issued by the Tax authorities for monitoring of withholding taxes which has been responded and requisitioned details, document, and evidences have been filed by the Company. Proceeding in this regard have not yet been finalized.	HAWL & FBR	25 February 2019

16.2 Commitments

16.2.1 Guarantees

	Note	30 June 2019	30 June 2018
		(Rupees)	
Guarantees issued by banks on behalf of the Group		**11,007,444**	3,032,428
Guarantee for plot	16.2.1.1	**64,832,400**	64,832,400

16.2.1.1 This represents guarantee provided by M/s. East West Insurance Company Limited for the plot of land at Bin Qasim Industrial Park for which group is liable to pay within one year commencing from 11 April 2018 to 10 April 2019.

16.2.2 Letters of credit

	30 June 2019	30 June 2018
Letters of credit issued by various banks on behalf of the Group in ordinary course of the business (outstanding at year end)	**343,869,697**	604,132,070

16.2.3 The Group has issued post dated cheques to Total Parco as security deposits amounting to Rs. 4.34 million (30 June 2018: Rs. 4.34 million).

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16.2.4 Commitments in respect of capital expenditures of HAWL:

	2019	2018
Property, plant and equipment	**1,851,049,440**	1,046,122,815

Description	30 June 2019				30 June 2018
	Currency	Original contract price	Paid till date	Outstanding commitments	Outstanding commitments
Painting plant for alloy wheels manufacturing plant (note 5.2.2.1)	USD	10,760,500	(8,600,500)	2,160,000	7,350,000
	Rupees equivalent	1,722,240,622	(1,127,228,137)	595,012,485	893,004,420
Alloy wheels manufacturing plant (note 5.2.2.2)	AUD	5,587,763	(5,587,763)	-	129,822
	Rupees equivalent	497,621,043	(497,621,043)	-	11,657,042
Post dated cheques (note 15.2.1.1)	Rupees	Not applicable	Not applicable	-	126,256,353
Letters of credit issued by Habib Bank Limited	Rupees	Not applicable	Not applicable	-	15,205,000
Contract with Descon Engineering (Private) Limited	USD	9,088,949	(5,753,370)	3,335,579	-
	Rupees equivalent	1,063,407,033	(673,144,290)	390,262,743	-

16.2.4.1 This includes various post dated cheques amounting to Rs. 865.774 million issued in respect of clearing charges for import of alloy wheel plant.

16.2.5 Commitments for rentals under operating lease in respect of warehouse amounts to Rs. 3.71 million till October 2019.

17. SHARE CAPITAL

17.1 Authorised share capital

Authorised share capital comprises of 200,000,000 (30 June 2018: 200,000,000) Ordinary shares of Rs. 10 each.

17.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2019	30 June 2018		**30 June 2019**	30 June 2018
(Number of shares)		**Ordinary shares**	**(Rupees)**	
53,770,000	53,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**537,700,000**	537,700,000
97,480,000	97,480,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**974,800,000**	974,800,000
151,250,000	151,250,000		**1,512,500,000**	1,512,500,000

17.3 The break-up of share capital is as follows:

	30 June 2019		30 June 2018	
	Number of shares	**% of Holding**	Number of	% of Holding
Syed Shahid Ali (Chairman)	**62,819,872**	**41.53%**	62,819,872	41.53%
Treet Corporation Limited (Associate)	**18,895,057**	**12.49%**	18,895,057	12.49%
Directors	**4,454,475**	**2.95%**	4,454,475	2.95%
Other shareholders	**65,080,596**	**43.03%**	65,080,596	43.03%
	151,250,000	**100%**	151,250,000	100%

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17.4 Reconciliation of number of shares outstanding

	30 June 2019	30 June 2018
	(Rupees)	
Ordinary shares		
Ordinary shares at beginning of the year	**151,250,000**	137,500,000
Issue of bonus shares at the rate of Nil (2018:10%)	-	13,750,000
Ordinary shares at end of the year	**151,250,000**	151,250,000

17.5 Share premium account may be used to issue bonus shares and to write off sum as per section 81 of Companies Act, 2017.

18. NON CONTROLLING INTERESTS (NCI)

18.1 NCI

The following table summarizes the information relating to the Group's subsidiaries that have non-controlling interest (NCI).

	30 June 2019					
	SMPL	SAIL	MAIL	HAWL	Intra group eliminations	Total
	(Percentage)					
NCI percentage	0%	9%	8%	20%		
Non current assets	-	304,288,861	108,608,404	4,183,662,262		
Current assets	72,589,665	564,195,286	239,211,016	219,209,858		
Non-current liabilities	-	(19,178,281)	(8,583,291)	(232,117,690)		
Current liabilities	(894,733)	(240,542,845)	(99,733,949)	(2,818,727,713)		
Net Assets	71,694,932	608,763,021	239,502,180	1,352,026,717		
Net assets attributable to NCI	-	54,788,672	19,160,174	270,405,343	(14,238,692)	330,115,497
Revenue	-	435,406,633	106,442,132	-		
Profit / (loss) for the period	4,284,873	91,034,238	320,421	(57,039,402)		
Other comprehensive income (OCI)	-	-	-	-		
Total comprehensive income	4,284,873	91,034,238	320,421	(57,039,402)		
Profit / (loss) allocated to NCI	-	8,193,081	25,634	(11,407,880)	-	(3,189,165)
Cash flows from operating activities	17,310,702	159,427,094	21,003,117	(70,154,127)		
Cash flows from investment activities	-	(335,327,080)	(110,419,027)	(2,704,625,607)		
Cash flows from financing activities (dividends to NCI: nil)	(17,684,000)	-	-	2,280,808,000		
Net increase (decrease) in cash and cash equivalents	(373,298)	(175,899,986)	(89,415,910)	(493,971,734)		

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	30 June 2018					
	SMPL	SAIL	MAIL	HAWL	Intra group eliminations	Total
		------------- (Percentage) -------------				
NCI percentage	0%	9%	8%	20%		
Non current assets	-	288,198,042	103,395,851	1,421,927,924		
Current assets	68,210,733	296,499,224	165,227,373	533,457,459		
Non-current liabilities	-	(17,827,547)	(8,180,981)	(36,339,781)		
Current liabilities	(800,674)	(49,140,936)	(21,260,484)	(509,979,483)		
Net Assets	67,410,059	517,728,783	239,181,759	1,409,066,119		
Net assets attributable to NCI	-	46,595,590	19,134,541	281,813,224	(14,238,693)	333,304,662
Revenue	-	355,145,466	165,332,389	-		
Post acquisition profit / (loss) for the period	2,537,829	55,130,026	37,569,262	2,355,759		
Other comprehensive income (OCI)	-	-	-	-		
Total comprehensive income	2,537,829	55,130,026	37,569,262	2,355,759		
Post acquisition profit / (loss) allocated to NCI	-	4,961,702	3,005,541	471,152	(1,792,669)	6,645,726
Cash flows from operating activities	(1,553,095)	30,330,681	24,216,702	(42,064,774)		
Cash flows from investment activities	-	(178,115,627)	(69,208,728)	(1,126,151,919)		
Cash flows from financing activities (dividends to NCI: nil)	1,884,000	150,000,000	50,000,000	1,560,450,000		
Net increase (decrease) in cash and cash equivalents	330,905	2,215,054	5,007,974	392,233,307		

18.2 Acquisition of NCI in 2018

The detail of gain on sale of shares to NCI (classified in retained earning) is as follows:

	SAIL	MAIL	HAWL	Total
NCI percentage	**9%**	**8%**	**20%**	
	------------------------------- (Rupees) -------------------------------			
Carrying amount of NCI acquired	**41,633,888**	**16,129,000**	**268,896,048**	**326,658,936**
Consideration received from NCI *				**255,490,000**
Loss on sale of shares to NCI**				**(71,168,936)**

* This represents consideration received from pre-IPO shareholders in HAWL. Due to the fact that the pre-IPO shareholders indirectly hold interest in SAIL and MAIL along with HAWL. The carrying value of NCI includes their respective net assets.
** In accordance with the requirement of para B96 of IFRS 10 - Consolidated Financial Statements, the Group has recognized the aforementioned loss in equity as it attributes to the owners of the parent.

18.3 In prior year, HAWL offered 81 million ordinary shares through right issue (first right issue) to the existing shareholders in the proportion of their existing shareholding, at an exercise price of Rs. 10 per share (i.e. face value). Loads Limited subscribed to 61 million ordinary shares and empowered the Board of HAWL to offer the remaining 20 million ordinary shares to others as advised by the Board of HAWL. On 12 January 2018, the Board of HAWL passed a resolution and offered 15 million and 5 million shares to SAIL and MAIL respectively at the exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. SAIL and MAIL fully subscribed the offers and on 12 February 2018, the shares were issued to SAIL and MAIL. The return of allotment of HAWL was filed on 13 February 2018.

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Moreover, In the month of February 2018, HAWL offered further 25.545 million ordinary shares through another right issue (second right issue) to the existing shareholders in the proportion of their existing shareholding (as changed after the first right issue), at the exercise price of Rs. 10 per share (i.e. face value). The existing shareholders including Loads Limited, SAIL and MAIL renounced the offer on 5 March 2018 and empowered the Board of HAWL to offer the shares to others as advised by Board of HAWL. In March, the Board of HAWL passed a resolution and offered the shares to pre-IPO shareholders at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was effectively a wholly owned subsidiary of Loads Limited. The shares of HAWL were issued to the pre-IPO shareholders on 4 May 2018. The return of allotment was filed on 10 May 2018. As at 30 June 2019, the break-up value of HAWL was Rs. 10.28 per share (30 June 2018: Rs. 10.71 per share).

18.4 In the month of March 2018, SAIL passed a special resolution and offered 15 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs. 10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of SAIL to offer the shares to others as advised by the Board of SAIL. On 21 March 2018, the Board of SAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of SAIL was filed on 25 April 2018. As at 30 June 2019, the break-up value of SAIL was Rs. 18.75 per share (30 June 2018: Rs. 15.93 per share).

18.5 In the month of March 2018, MAIL passed a special resolution and offered 5 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs.10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of MAIL to offer the shares to others as advised by the Board of MAIL. On 21 March 2018, the Board of MAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of MAIL was filed on 25 April 2018. As at 30 June 2018, the break-up value of MAIL was Rs. 19.16 per share (30 June 2018: Rs. 19.14 per share).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2019			30 June 2018		
	Minimum Lease Payments	Finance charges	Principal outstanding	Minimum Lease Payments	Finance charges	Principal outstanding
	(Rupees)					
Not later than one year	**4,132,441**	**27,595**	**4,104,846**	14,387,732	338,584	14,049,148
Later than one year but not later than five years	**1,665,777**	**-**	**1,665,777**	5,041,382	27,178	5,014,204
	5,798,218	**27,595**	**5,770,623**	19,429,114	365,762	19,063,352

19.1 These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates at fixed rate of 9% (30 June 2018: 9%) and variable rates ranging from 6 months KIBOR plus 2% per annum (30 June 2018: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi-annual basis for future rentals. These leases are having maturities upto August 2021 (30 June 2018: September 2018 to February 2020).

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20. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	30 June 2019	30 June 2018
	(Rupees)	
Deferred tax liability	**94,013,459**	102,840,644
Deferred tax asset	**(24,026,683)**	(11,515,587)
	69,986,776	91,325,057

20.1 Deferred tax comprises of:

Taxable temporary differences arising in respect of:

- Accelerated tax depreciation	**90,169,780**	**93,834,877**
- Finance lease arrangements	**3,843,679**	(641,889)

Deductible temporary differences arising in respect of:

- Share of profit from associated company	**(8,703,716)**	9,005,767
- Allowance for inventory obsolescence	**(3,996,656)**	(1,417,905)
- Provision against compensated absences	**(982,910)**	(3,216,125)
- Remeasurement of defined benefit liability	**(10,343,401)**	(6,239,668)
	69,986,776	91,325,057

20.2 Analysis of change in deferred tax

	30 June 2019				30 June 2018			
	Balance at 1 July 2018	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2019	Balance at 1 July 2017	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2018
	(Rupees)							
Taxable temporary differences								
- Accelerated tax depreciation	93,834,877	(3,665,097)	-	90,169,780	84,693,561	9,141,316	-	93,834,877
- Finance lease arrangements	(641,889)	4,485,568	-	3,843,679	(980,390)	338,501	-	(641,889)
- Share of profit from associated company	9,005,767	(17,709,483)	-	(8,703,716)	8,438,194	567,573	-	9,005,767
Deductible temporary differences								
- Allowance for inventory obsolescence	(1,417,905)	(2,578,751)	-	(3,996,656)	(487,022)	(930,883)	-	(1,417,905)
- Provision against compensated absences	(3,216,125)	2,233,215	-	(982,910)	(3,203,467)	(12,658)	-	(3,216,125)
- Provision for investment	-	-		-				
- Provision for bad debts	-		-	-	-	-	-	-
- Remeasurement of defined benefit liability	(6,239,668)	-	(4,103,733)	(10,343,401)	(2,871,737)	-	(3,367,931)	(6,239,668)
	91,325,057	(17,234,548)	(4,103,733)	69,986,776	85,589,139	9,103,849	(3,367,931)	91,325,057

20.3 Under the Finance Act, 2019, corporate rate has been fixed at 29% for the tax year 2020 and onwards. Therefore, deferred tax assets and liabilities on temporary differences are measured using the expected applicable rate of 29%.

21. EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2019 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, “Employee Benefits”. The assumptions used in actuarial valuation are as follows:

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21.1 Actuarial assumptions

	30 June 2019	30 June 2018
	(Rupees)	
Financial assumptions		
- Discount rate used for year end obligation	**14.25%**	9.00%
- Discount rate used for interest cost in profit and loss account	**9.00%**	7.75%
- Expected rate of increase in salary level	**13.25%**	8.00%
Demographic assumptions		
- Mortality rate	**SLIC 2001 - 2005**	SLIC 2001 - 2005

	Note	30 June 2019			30 June 2018		
		Executives	Non-Executives	Total	Executives	Non-Executives	Total
		(Rupees)					
21.2 Amount recognised in the balance sheet							
Present value of defined benefit obligation	*21.2.1*	30,080,864	15,007,778	45,088,642	25,538,353	13,550,296	39,088,649
Fair value of plan assets	*21.2.2*	(25,459,044)	(9,162,358)	(34,621,402)	(31,206,791)	(13,199,066)	(44,405,857)
Net (asset) / liability at end of the year		4,621,820	5,845,420	10,467,240	(5,668,438)	351,230	(5,317,208)
21.2.1 Movement in present value of defined benefit obligation							
Opening balance		25,538,353	13,550,296	39,088,649	33,364,832	12,930,821	46,295,653
Current service cost		1,615,029	497,165	2,112,194	1,958,886	481,589	2,440,475
Interest cost		2,260,327	1,210,832	3,471,159	1,898,150	945,512	2,843,662
Benefits paid by the plan		(847,225)	(193,207)	(1,040,432)	(17,745,147)	(1,461,341)	(19,206,488)
Re-measurements loss / (gain) on obligation		1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
Closing balance		30,080,864	15,007,778	45,088,642	25,538,353	13,550,296	39,088,649
21.2.2 Movement in the fair value of plan assets							
Opening balance		31,206,791	13,199,066	44,405,857	32,350,240	13,658,018	46,008,258
Interest income		2,770,486	1,179,221	3,949,707	2,507,144	1,058,496	3,565,640
Contribution paid into the plan		-	-	-	17,656,842	1,279,812	18,936,654
Benefits paid by the plan		(847,225)	(193,207)	(1,040,432)	(17,745,147)	(1,461,341)	(19,206,488)
Re-measurements (loss) / gain on plan assets		(7,671,008)	(5,022,722)	(12,693,730)	(3,562,288)	(1,335,919)	(4,898,207)
Closing balance		25,459,044	9,162,358	34,621,402	31,206,791	13,199,066	44,405,857
21.2.3 Amounts recognised in the profit and loss account							
Current service cost		1,615,029	497,165	2,112,194	1,958,886	481,589	2,440,475
Interest cost		2,260,327	1,210,832	3,471,159	1,898,150	945,512	2,843,662
Interest income		(2,770,486)	(1,179,221)	(3,949,707)	(2,507,144)	(1,058,496)	(3,565,640)
Expense for the year		1,104,870	528,776	1,633,646	1,349,892	368,605	1,718,497
21.2.4 Amounts recognised in the other comprehensive income							
Re-measurement loss / (gain) on obligation	*21.2.4.1*	1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
Re-measurement of fair value of plan assets	*21.2.4.2*	7,671,008	5,022,722	12,693,730	3,562,288	1,335,919	4,898,207
Re-measurement loss / (gain) for the year		9,185,388	4,965,414	14,150,802	9,623,920	1,989,634	11,613,554

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21.2.4.1 Re-measurement loss / (gain) on obligation						
Loss / (gain) due to change in financial assumptions	190,119	79,003	269,122	42,906	19,792	62,698
Loss / (gain) due to change in experience adjustments	1,324,261	(136,311)	1,187,950	6,018,726	633,923	6,652,649
	1,514,380	(57,308)	1,457,072	6,061,632	653,715	6,715,347
21.2.4.2 Re-measurement on plan assets - Net income / (expense) of plan assets over interest income						
Actual return on plan assets	(4,900,522)	(3,843,501)	(8,744,023)	(1,055,144)	(277,423)	(1,332,567)
Interest income on plan assets	(2,770,486)	(1,179,221)	(3,949,707)	(2,507,144)	(1,058,496)	(3,565,640)
	(7,671,008)	(5,022,722)	(12,693,730)	(3,562,288)	(1,335,919)	(4,898,207)
21.2.5 Net recognized liability / (asset)						
Net asset at beginning of the year	(5,668,438)	351,230	(5,317,208)	1,014,592	(727,197)	287,395
Expense recognised in profit and loss account	1,104,870	528,776	1,633,646	1,349,892	368,605	1,718,497
Contribution paid into the plan	-	-	-	(17,656,842)	(1,279,812)	(18,936,654)
Re-measurement losses recognised in other comprehensive income	9,185,388	4,965,414	14,150,802	9,623,920	1,989,634	11,613,554
Net (asset) / liability at end of the year	4,621,820	5,845,420	10,467,240	(5,668,438)	351,230	(5,317,208)

21.3 Plan assets comprise of the following

	30 June 2019		30 June 2018	
	Executives	Non-Executives	Executives	Non-Executives
	(Rupees)			
Government securities	13,268,124	2,434,372	13,268,124	2,434,372
Equity shares	5,438,947	3,832,848	11,222,524	7,909,212
Others	6,751,973	2,895,138	6,716,143	2,855,482
Fair value of plan assets at end of the year	25,459,044	9,162,358	31,206,791	13,199,066

21.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2019 (Rupees)		30 June 2018 (Rupees)	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate +1%	28,361,709	14,265,408	23,901,272	12,766,112
Discount rate -1%	32,027,900	15,810,429	27,398,193	14,406,606
Salary increase +1%	32,048,208	15,818,534	27,417,254	14,415,069
Salary increase -1%	28,314,790	14,245,109	23,855,577	12,744,249

21.5 Expected charge for the year ending 30 June 2020 is Rs. 4.04 million.

Notes to the Consolidated Financial Statements
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21.6 Risks associated with defined benefit plans

a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

21.7 Historical information

	30 June				
	2017	2016	2015	2014	2013
	(Rupees)				
Present value of defined benefit obligation	46,295,653	36,385,471	33,537,730	31,474,360	27,152,096
Fair value of plan assets	(46,008,258)	(41,234,617)	(39,879,652)	(43,360,672)	(38,001,696)
Net liability / (asset)	287,395	(4,849,146)	(6,341,922)	(11,886,312)	(10,849,600)

21.8 Gratuity for the year recognised in the statement of profit or loss has been allocated as follows:

		30 June 2019	30 June 2018
		(Rupees)	
Cost of sales	25.3	**1,104,870**	1,349,892
Administrative and selling expenses	26.1	**528,776**	368,605
		1,633,646	1,718,497

22. SHORT TERM FINANCING

Secured			
Running finances under mark-up arrangements	22.1	**2,841,694,952**	1,173,799,354
Islamic financing	22.2	**432,333,333**	150,000,000
Short term loan	22.3	**-**	115,832,655
		3,274,028,285	1,439,632,009

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22.1 Running finances under mark-up arrangements

		30 June 2019	30 June 2018
		(Rupees)	
Soneri Bank - Local Bill discount		**437,002,507**	70,914,572
Allied Bank Limited		**298,809,749**	-
JS Bank Limited		**248,890,177**	299,924,500
MCB Bank Limited		**1,022,057,256**	174,745,807
Meezan Bank Limited		**197,323,413**	167,025,496
Askari Bank		**180,048,815**	193,445,813
Habib Metropolitan Bank Limited		**86,266,815**	140,860,238
Bank AL Habib Limited		**60,515,566**	8,206,558
Soneri Bank Limited		**24,983,047**	109,599,997
Habib Bank Limited		**877,888**	9,076,373
Bank of Punjab		**284,919,719**	-
	22.1.1	**2,841,694,952**	1,173,799,354

22.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Parent Company and HAWL, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 October 2019. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum (30 June 2018: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum).

The aggregate available short term funded facilities amounted to Rs. 2,532 million (30 June 2018: Rs. 1,720 million) out of which Rs. 435 million (30 June 2018: 546.2. million) remained unavailed as at the reporting date.

22.2 This represents Islamic finance (Istisna) facility available from Al Baraka Bank, Meezan Bank and Bank Islami Pakistan having limits of Rs. 600 million, for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 30 June 2019, this facility has been fully utilised (30 June 2018: Rs. 200 million) remained unutilised. This facility is secured by charge over current and future assets of the Parent Company. These facilities carry mark-up at 1 month KIBOR plus 0.5% to 3 months KIBOR plus per annum 1.5% (30 June 2018: 6 month KIBOR plus 1%) and is repayable maximum within 120 days to 180 days of the disbursement date.

22.3 In prior year, the Company availed short term loan facility from JS Bank having limit of Rs. 200 million, for working capital requirement of the Company. This facility was secured by charge over current and future assets of the Company. During the year, the Company has repaid this loan facility together with markup. This facility carried mark-up at 1 month KIBOR plus 1% per annum (30 June 2018: 1 month KIBOR plus 1% per annum) and was repayable maximum within 60 days of the disbursement date.

22.4 Facilities available for opening letters of credit / guarantees at 30 June 2019 amounted to Rs. 2,957.95 million (30 June 2018: Rs. 2,257.95 million) out of which Rs. 2,532.52 million (30 June 2018: Rs. 1,651.19 million) remained unutilized at the year end.

22.5 Unavailed facilities

The Group has unutilized facility of Finance against Trust Receipt (FATR) facility from Habib Bank Limited and Habib Metropolitan Bank Limited having limit aggregating to Rs. 350 million, to facilitate retirement of import bills under LC sight opened through bank. This facility is secured by charge over current and future assets of the Group and TR form signed separately for each bill. This facility carries mark-up at 1 month KIBOR plus 0.75% to 3 month KIBOR plus 0.55% per annum (30 June 2018: 1 month KIBOR plus 0.75% to 3 months KIBOR plus 0.55% per annum) and is repayable maximum within 90 days of the disbursement date.

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The Group also has an unutilized facility of forward cover from JS Bank Limited and Meezan Bank Limited, having limit aggregating to Rs. 66 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 12 months and the cover limit for JS Bank Limited is established at 10 times of the actual limit (Rs. 350 million).

22.6 Covenants compliance matter

Hi-Tech Alloy Wheels Limited (HAWL) has secured bank loans from MCB Bank Limited and Bank of Punjab Limited with a carrying amount of Rs. 1,108.61 million as at 30 June 2019 (30 June 2018: Nil). These loans are repayable in tranches within three years. However, the loan agreements contain covenants stating that the HAWL's debt: equity ratio of 30:70 and current ratio of more than one shall be maintained at all times, otherwise the loans will be repayable on demand. HAWL did not comply with the above as currently the debt: equity ratio is 40:60 and the current ratio is less than one i.e (0.11) as on 30 June 2019. As the HAWL has not obtained waiver from the bank, the loans are payable on demand, accordingly, the said loans are classified as current liabilities in the financial statements of HAWL.

22.7 Details of loans and borrowings of HAWL are as follows:

Name of Lender and date of agreement	Facility	Repayment	Security	Significant loan covenants	Mark-up rate	Average mark-up rate	Limit (Rupees)	Outstanding Amount (Rupees)
The Bank of Punjab (BOP) (6 August 2018)	Demand Finance (DF)	Three equal yearly instalments, commencing after one year from the date of first disbursement.	-Exclusive charge of Rs. 666.67 million over specific plant and machinery being imported by Habib Bank Limited with 25% margin. -Corporate guarantee of Loads Limited.	- The combined exposure under DF / LC-Sight facilities not to exceed Rs. 300 Million at any point of time. - The project debt equity ratio of 30:70 shall be maintained at all the time.* - Dividend block shall be applicable if audited accounts as on 30 June 2020 and onwards reveals the following: (i) Debt service coverage ratio and Interest coverage ratio fall below 1.5x (ii) Current ratio falls below 1:1 (iii) Leverage of company exceeds 3x (iv) Net losses incurred by company - Project progress report to be submitted on quarterly basis. - No change in sponsor directorship / major shareholding of company without prior NOC of BOP.	1 year KIBOR plus 1%	12.29 %	300,000,000	284,919,719
MCB Islamic Bank Limited (MIB) (20 March 2018)	Islamic finance (Diminishing Musharaka)	Repayable semi-annual / quarterly basis depending upon negotiations over a period of 3 years.	- First exclusive charge over Plant & Machinery being imported (already registered). Additional (if required) cover shall be taken from pari passu charge over fixed assets of the company. - Cross Corporate Guarantee of Load Limited	- Goods being imported must be as per Government policy and Shariah allowed. - All requisite charge forms to be submitted, duly filled in (electronic / hard form) and signed by the authorized persons. - Facility shall available be subject to mutually agreed Shariah process flow and approval terms and conditions.	1 month KIBOR plus 0.75%	11.77 %	250,000,000	250,000,000
MCB Bank Limited (MCB) (1 June 2018)	Demand Finance (DF)	Lump sum payment after 3 years	- First exclusive charge over entire present and future fixed assets (land, building and plant and machinery) including 25% margin - Lien over purchase / import documents. -Corporate guarantee of Loads Limited.	- Cumulative financing availed against the plant and machinery being imported through MIB and HBL valuing Rs 1,800 million should not exceed Rs. 1,350 million. - The Company undertake to not to avail any borrowing facility from any other bank for retirement of LC against which this facility is utilized. - Bill of entry should not be more than 30 days old. Financial covenants as follows: -Linkage ratio < 2 times -Leverage ratio < 2.5 times -Current ratio > 1 time*	3 month KIBOR plus 1%	12.11 %	1,000,000,000	823,686,399
Total							1,550,000,000	1,358,606,118

***Covenants breached have been disclosed in note 22.6**

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23. TRADE AND OTHER PAYABLES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Trade creditors		257,046,750	201,308,490
Accrued liabilities	23.1	71,438,429	41,397,171
Other liabilities			
Advance from customers	23.7	83,699,401	38,325,272
Book overdrawn		21,882,931	-
Mobilization advances	23.4	524,430	12,071,585
Workers' profit participation fund	23.2	15,521,412	15,716,871
Provision for compensated absences		3,389,345	11,090,085
Workers' welfare fund	23.3	10,896,456	18,033,964
Withholding tax payable		10,805,475	1,715,018
Security deposit from contractors	23.5	262,000	262,000
Sales tax payable		3,023,112	3,487,997
Payable to provident fund		8,476,882	7,614,987
Other payables	23.6	14,566,440	13,641,320
		501,533,063	364,664,760

23.1 This includes provision of Rs. 6.29 million (30 June 2018: Rs. 5.03 million) in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since stay order has been obtained against levy of GID Cess (refer note 16.1.1).

23.2 Workers' profit participation fund

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening balance		15,716,871	24,281,259
Charge for the year	27	13,904,332	14,088,236
Mark-up charged during the year	29	471,502	1,040,130
		30,092,705	39,409,625
Less: Payments during the year		(14,571,293)	(23,692,754)
Closing balance		15,521,412	15,716,871

23.3 Workers' welfare fund

	Note	30 June 2019	30 June 2018
Opening balance		18,033,964	12,287,086
Charge for the year	27	5,966,628	5,746,878
Less: Payments during the year		(13,104,136)	-
Closing balance		10,896,456	18,033,964

23.4 This carries mark-up at the rate of 7.3% (30 June 2018: 7.3%).

23.5 This represents security deposit received from contractors against provision of services, kept in the Group's bank account.

23.6 This includes amounts deducted from employees' salaries against vehicles (used by employees) to be sold to the employees upon completion of respective useful lives of the vehicles.

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23.7 This includes Rs. 43.5 million received from scrap dealer against future sale of scrap and anciliary items.

24. REVENUE

	Note	30 June 2019	30 June 2018
		(Rupees)	
Local sales	24.1	**6,715,988,229**	5,769,095,818
Less: Sales returns		**(35,598,074)**	(48,189,108)
		6,680,390,155	5,720,906,710
Less: Sales tax		**(970,654,980)**	(831,242,855)
		5,709,735,175	4,889,663,855

24.1 This includes scrap sales amounting to Rs. 67.24 million (30 June 2018: Rs. 53.11 million).

25. COST OF SALES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Raw materials and components consumed	25.1	**4,101,246,374**	3,435,377,298
Ancillary materials consumed	25.2	**108,675,323**	106,100,751
Manufacturing expenses			
Salaries and wages		**355,101,427**	314,927,504
Other employees' benefits	25.3	**160,126,811**	142,377,720
Provident fund contribution		**2,718,117**	2,490,151
Toll manufacturing		**111,210,192**	106,696,152
Depreciation of property, plant and equipment	5.1.7	**96,202,694**	95,900,659
Gas, power and water		**38,778,687**	43,775,196
Travelling and vehicle running cost		**15,482,938**	13,936,047
Insurance		**11,477,660**	10,685,181
Repairs and maintenance		**22,855,182**	24,137,400
Postage, telephone and telex		**1,373,148**	2,257,794
Allowance for inventory obsolescence	8.1	**13,129,662**	3,265,920
Inward freight and storage charges		**1,599,911**	1,512,741
Conveyance		**23,209,442**	19,239,986
Rent, rates and taxes		**3,204,813**	2,115,376
Printing, stationery and periodicals		**701,695**	72,054
Royalty expense	25.4	**11,026,173**	7,987,135
General expenses		**8,378,749**	1,913,512
Security services		**636,655**	638,571
Transferred to capital work-in-progress		**(9,373,528)**	(15,827,380)
Manufacturing cost		**867,840,428**	778,101,719
Opening stock of work-in-process		**150,978,815**	140,014,359
Imact of adoption of IFRS 15*		**(75,489,408)**	-
Closing stock of work-in-process	8	**(80,695,276)**	(150,978,815)
		(5,205,869)	(10,964,456)
Cost of goods manufactured		**5,072,556,256**	4,308,615,312
Opening stock of finished goods		**49,683,031**	110,143,067
Imact of adoption of IFRS 15*		**(49,683,031)**	-
Closing stock of finished goods	8	**-**	(49,683,031)
		-	60,460,036
		5,072,556,256	4,369,075,348

* Total impact of adoption of IFRS 15 amounted to Rs. 125.172 million (details are included in note 3.1).

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25.1 Raw material and components consumed

	Note	30 June 2019	30 June 2018
		(Rupees)	
Opening inventory		**1,466,986,223**	933,433,474
Purchases		**3,976,296,542**	3,968,930,047
		5,443,282,765	4,902,363,521
Closing inventory	8	**(1,342,036,391)**	(1,466,986,223)
		4,101,246,374	3,435,377,298

25.2 Ancillary materials consumed

	30 June 2019	30 June 2018
Opening inventory	**44,933,529**	54,094,440
Purchases	**141,551,402**	113,979,197
	186,484,931	**168,073,637**
Ancillary materials capitalised	**(15,838,003)**	(17,039,357)
	170,646,928	151,034,280
Closing inventory	**(61,971,605)**	(44,933,529)
	108,675,323	106,100,751

25.3 This includes a sum of Rs. 1.1 million (30 June 2018: Rs. 1.3 million) in respect of employee benefits - gratuity.

25.4 This represents royalty in respect of providing technical information and assistance for the manufacturing of exhaust system. Details are as follows:

Name of Recipient	Relationship with the Group	Registered Address	30 June 2019	30 June 2018
			(Rupees)	
Futaba Industrial Co. Limited	None other than technical advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558	**11,026,173**	7,987,135

Notes to the Consolidated Financial Statements
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26. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Salaries and wages		**108,453,662**	93,700,968
Other employees' benefits	26.1	**29,391,788**	29,421,010
Provident fund contribution		**1,350,070**	1,742,659
Advertising and sales promotion		**2,347,896**	1,409,601
Travelling and vehicle running cost		**14,007,885**	11,555,860
Outward freight		**18,857,488**	19,024,859
Depreciation of property and equipment	5.1.7	**9,617,459**	8,242,807
Amortization of intangible assets	6	**1,110,781**	968,122
Legal and professional charges		**14,994,373**	37,913,882
Rent, rates and taxes		**-**	2,888,214
Postage, telephone and telex		**4,719,770**	3,255,369
Conveyance		**2,039,205**	1,618,152
Auditors' remuneration	26.3	**3,086,500**	4,263,670
Electricity		**1,377,626**	1,474,698
Repairs and maintenance		**483,402**	699,426
Entertainment		**505,162**	485,954
Printing, stationery and periodicals		**2,570,190**	2,064,517
Insurance		**4,251,291**	2,820,796
Donation	26.2	**100,000**	70,000
Laboratory testing		**-**	961,235
Commission expense		**397,130**	927,737
Security charges		**-**	61,600
Penalties	26.4	**33,556,274**	-
General expenses		**5,284,457**	1,453,694
		258,502,409	227,024,830

26.1 This includes a sum of Rs. 0.53 million (30 June 2018: Rs. 0.37 million) in respect of employee benefits - gratuity.

26.2 Donation of Rs. 50,000 each were given to Indus Hospital and Aga Khan Education Services Pakistan for free medical treatment of needy patients and support to students respectively. None of the directors and their spouses have interest in donees.

26.3 Auditors' remuneration

	30 June 2019	30 June 2018
	(Rupees)	
Audit services		
Audit fee	**1,400,000**	1,199,500
Interim review	**350,000**	220,000
Fee for special audit / review for IPO	**220,000**	450,000
Consultancy fee	**-**	1,000,000
Out of pocket expense	**391,500**	226,170
	2,361,500	3,095,670
Non-audit services		
Certifications for regulatory purposes *	**725,000**	1,100,000
Out of pocket expense	**-**	68,000
	3,086,500	4,263,670

* This represents fee for valuation services provided by the consultant.

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26.4 This represent penalty paid to FBR on account of monitoring of withholding tax u/s 176 of Income Tax Ordinance, 2001 for tax year 2016, 2017 and 2018 amounting to Rs. 0.08 million, Rs. 2.78 million and Rs. 2.76 million respectively.

During the year, penalty of Rs 28.185 million has been imposed on subsidiary of Group Company related to certain non-compliance of various regulations issued by State Bank of Pakistan. This includes Foreign Exchange and Prudential Regulations.

27. OTHER EXPENSES

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Workers' profit participation fund	23.2	**13,904,332**	14,088,236
Workers' welfare fund	23.3	**5,966,628**	5,746,878
Loss on sale of investment in Pakistan Investment Bonds		**-**	16,485,608
Others		**503,796**	1,580
		20,374,756	36,322,302

28. OTHER INCOME

	Note	**30 June 2019**	30 June 2018
Income from financial assets			
Mark-up income from Participation Term Certificates		**7,582,410**	12,655,665
Mark-up income on term deposit receipts		**-**	12,959,469
Dividend income	28.1	**98,892**	2,405,899
Mark-up income on Pakistan Investment Bonds		**-**	13,309,254
Un-winding of mark-up on sale of dies	10.1	**2,647,827**	3,514,240
Mark-up income on loan to employees		**2,156,387**	2,010,578
Mark-up income on saving accounts		**12,032,712**	7,909,428
Others		**754,067**	1,594,036
		25,272,295	56,358,569
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment	5.1.8	**3,911,559**	25,447,982
Others		**329,330**	1,862,071
		4,240,889	27,310,053
		29,513,184	83,668,622

28.1 This includes dividend received from Tri-Pack Films Limited amounting to Rs. Nil (30 June 2018: Rs.2.35 million). The remaining amount being insignificant represents dividend received from Indus Motor Company Limited, Baluchistan Wheels Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Pakistan Limited, Hino Pak Motors Limited and Honda Atlas Cars (Pakistan) Limited against investment as disclosed in note 14.

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29. FINANCE COSTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Mark-up on bank loans and borrowings		**104,303,324**	44,744,237
Exchange loss		**78,911,577**	40,657,128
Finance lease charges		**401,666**	1,041,475
Mark-up on mobilization advance		**626,529**	1,304,980
Commission and other charges		**3,614,270**	2,173,243
Mark-up on workers' profit participation fund	23.2	**471,502**	1,040,130
		188,328,868	90,961,193

30. TAXATION

	Note	30 June 2019	30 June 2018
Current tax	30.3	**108,118,572**	82,605,401
Prior tax	30.4	**25,816,957**	(8,172,392)
Deferred tax	20.2	**(17,234,548)**	9,103,849
	30.1	**116,700,981**	83,536,858

30.1 Reconciliation between tax expense and accounting profit

	Note	30 June 2019	30 June 2018
Profit before taxation		**60,441,147**	245,093,638
Tax at the applicable rate of 29% (2018: 30%)		**17,527,933**	73,528,091
Effect of minimum tax		**70,649,545**	32,874,771
Prior year charge		**25,816,957**	(8,172,392)
Tax effect of share of profit from asssociate		**(15,295,637)**	401,899
Tax effect of change in tax rates		**-**	(2,948,696)
Tax effect of tax credits	30.5	**(7,070,373)**	(18,010,548)
Tax effect of permanent differences		**25,072,556**	5,863,733
		116,700,981	83,536,858

30.2 The returns of income tax have been filed up to and including tax year 2018. Except for tax years mentioned in note 15, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Tax related contingencies are disclosed in note 16.

30.3 This includes income tax of the parent company calculated on the basis of minimum tax liability at the rate of 1.25% on turnover for the year less allowable tax credit on account of purchase of plant and machinery.

30.4 This represents income tax reversed in respect of prior tax years on account of difference between tax assessed and tax charge in the respective financial statements of the Group entities.

30.5 This represents tax credit at the rate of 5% of purchase of plant and machinery under section 65B of the Income Tax Ordinance, 2001.

30.6 The subsidiary company (HAWL) received the status of Zone Enterprise after its application for Zone Enterprise entry was accepted on 18 December 2018 by “National Industrial Parks Development and Management Company” located at Bin Qasim Industrial Park (‘the Industrial Park’) which is included in the list of Special Economic Zones. As per the Special Economic Zones Act, 2012, the Company will be entitled to one time exemption from custom-duties and taxes on import of plant and machinery for installation in the Zone subject to verification by the Board of Investment (BOI) and exemption from all taxes on income for ten years if Commercial Production (CP) commences by 30 June 2020 and five years tax exemption if CP commences after 30 June 2020. (Also refer note 5.2.2).

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30.7 The tax charge on intra group transactions have not been eliminated as each Company is liable to pay tax in their separate jurisdiction mostly at the rate of 1.25% of the respective turnover as in majority of the cases the Company is experiencing taxable losses. Consequently the tax charge on a consolidated level is higher than the profit before tax on a consolidated level. Details are as follows:

	Loads	SAIL	MAIL	HI-Tech	SMPL	**Total**	Adjustments		**Consolidated**
							Share of profit	Intragroup	**FS**
	Rupees in million								
PBT	133	129	2	(27)	6	**243**	(110)	(73)	**60**
Current tax	68	36	1	1	2	**108**	-	-	**108**
Prior tax	25	1	-	-	-	**26**	-	-	**26**
Deferred tax	(1)	1	-	29	-	**29**	(16)	(30)	**(17)**
Tax charge	92	38	1	30	2	**163**	(16)	(30)	**117**
Effective tax rate	69%	29%	50%	(111%)	33%	**67%**	**15%**	**41%**	**195%**

31. **EARNINGS PER SHARE - basic and diluted**

		30 June 2019	30 June 2018
(Loss) / profit for the year attributable to the owners of the Company	Rupees	**(53,070,669)**	154,911,054
Weighted average number of ordinary shares outstanding during the year	Number	**151,250,000**	151,250,000
(Loss) / earnings per share - basic and diluted	Rupees	**(0.35)**	1.02

31.1 **Weighted average number of ordinary shares**

	(Number)	
Issued ordinary shares at beginning of the year	**151,250,000**	137,500,000
Effect of bonus shares issued during the year	**-**	13,750,000
Weighted average number of ordinary shares at end of the year	**151,250,000**	151,250,000

32. **TRANSACTIONS WITH RELATED PARTIES**

32.1 Related parties comprise of associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are

Name of the related party	**Relationship and percentage shareholding**	**Transactions during the year and year end balances**	**30 June 2019**	30 June 2018
			(Rupees)	
Provident fund	Defined benefit scheme	Receivable from provident fund	**9,004,535**	8,701,174
Employee benefits - gratuity	Defined contribution plan	Expense for the year	**1,633,646**	1,718,497
		Contribution paid during the year	**-**	18,936,654
		Balance at the year end asset / (liability)	**(10,467,240)**	5,317,208
Treet Corporation Limited	Associated company by virtue of common directorship	Mark-up income on PTC	**7,582,410**	12,655,665
		Dividend income	**-**	-

32.2 The remuneration to Board of Directors (executive and non-executive) and all members of the Group's Management Team is disclosed in note 37 to these consolidated financial statements.

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33. CASH AND CASH EQUIVALENTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Cash and bank balances	15	**32,771,396**	535,897,253
Short term financing	22	**(3,274,028,285)**	(1,439,632,009)
		(3,241,256,889)	(903,734,756)

33.1 Reconciliation of movement of equity and liabilities to cash flows arising from financing activities

	Equity	Liabilities			Total
	Non controlling Interests	Short term financing	Liabilities against assets subject to finance lease	Unclaimed dividend	
	(Rupees)				
Balance as at 1 July 2018	333,304,662	1,439,632,009	19,063,352	3,574,008	1,795,574,031
Changes from financing cash flows					
Repayment of loans and borrowings	-	-	-	-	-
Payment of finance lease liabilities	-	-	(22,779,020)	-	(22,779,020)
Dividend Paid	-	-	-	(38,508)	(38,508)
Cash received from Non controlling interest	-	-	-	-	-
Total changes from financing cash flows	-	-	(22,779,020)	(38,508)	(22,817,528)
Liability - related other changes					
Change in short term financing - net	-	1,834,396,276	-	-	1,834,396,276
Dividend announced during the year	-	-	-	-	-
New finance leases	-	-	9,084,625	-	9,084,625
Finance cost	-	-	401,666	-	401,666
Trade payable	-	-	-	-	-
Total liability - related other changes	-	1,834,396,276	9,486,291	-	1,843,882,567
Total equity-related other changes	(3,189,165)	-	-	-	(3,189,165)
Balance as at 30 June 2019	**330,115,497**	**3,274,028,285**	**5,770,623**	**3,535,500**	**3,613,449,905**

34. FINANCIAL RISK MANAGEMENT

The Group has exposure to following risks from its use of financial instrument:
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

34.1 Risk management framework

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Group arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

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	Note	30 June 2019	30 June 2018
		(Rupees)	
Trade debts - net (unsecured)	9	**601,589,094**	350,809,641
Loans	11	**18,945,149**	20,408,650
Deposits and other receivables	9 & 11	**178,259,894**	81,509,288
Investments	14.1	**18,513,475**	41,157,382
Bank balances and term deposit receipts	15	**31,588,387**	534,444,677
		848,895,999	1,028,329,638

Credit rating and collaterals

Balances with banks are only held with reputable banks having sound credit ratings. The credit quality of Group bank balances can be assessed with reference of external credit ratings as follows:

Bank	Rating Agency	Short term rating	30 June 2019 (Rupees)	30 June 2019 (%)
MCB Islamic Bank Limited	PACRA	A-1	**16,089,601**	**50.9%**
Meezan Bank Limited	JCR - VIS	A1+	**1,125,420**	**3.6%**
Habib bank Limited	JCR - VIS	A-1+	**213,239**	**0.7%**
Bank Al-Habib Limited	PACRA	A1+	**8,257,665**	**26.1%**
Habib Metropolitan Bank Limited	PACRA	A1+	**722,604**	**2.3%**
The Bank of Punjab	PACRA	A1+	**91,042**	**0.3%**
Askari Bank Limited	PACRA	A1+	**898**	**0.0%**
National Bank of Pakistan	PACRA	A1+	**3,090,643**	**9.8%**
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	**224,255**	**0.7%**
Soneri Bank Limited	PACRA	A-1+	**78,178**	**0.2%**
BankISalmi Pakistain Limitied	PACRA	A1	**1,694,842**	**5.4%**
			31,588,387	**100%**

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. All of the Group's receivables are from distributors of automotive industries. Trade debts pertaining to four major customers of the Group aggregates to 90% as at 30 June 2019 (30 June 2018: 84%).

Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2019 Gross	30 June 2019 Impairment	30 June 2019 Net	30 June 2018 Gross	30 June 2018 Impairment	30 June 2018 Net
	(Rupees)					
Less than or equal to 30 days	**515,281,620**	**-**	**515,281,620**	269,319,506	-	269,319,506
More than 30 days but not more than 90 days	**44,646,369**	**-**	**44,646,369**	76,699,068	-	76,699,068
More than 90 days but not more than 180 days	**41,661,105**	**-**	**41,661,105**	3,754,241	-	3,754,241
More than 180 days	**-**	**-**	**-**	1,036,826	-	1,036,826
	601,589,094	**-**	**601,589,094**	350,809,641	-	350,809,641

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that trade debts past due do not require any impairment except as provided in these consolidated financial statements. No trade debts are outstanding with related parties.

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34.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	30 June 2019					
	Carrying amount	**Contractual cash flows**	**Less than one month**	**One to three months**	**Three months to one year**	**More than one year**
	(Rupees)					
Non-derivative financial liabilities						
Short term financing	**3,274,028,285**	**(3,306,768,568)**	**(1,653,546,365)**	**(1,653,222,203)**	**-**	**-**
Trade and other payables	**346,702,964**	**(346,702,964)**	**(257,046,750)**	**(89,394,214)**	**(262,000)**	**-**
Liabilities against assets subject to finance lease	**5,770,623**	**(5,798,218)**	**(344,370)**	**(688,740)**	**(3,099,331)**	**(1,665,777)**
Accrued mark-up on short term financing	**80,944,957**	**(80,944,957)**	**(80,944,957)**	**-**	**-**	**-**
Unclaimed dividend	**3,535,500**	**(3,535,500)**	**(3,535,500)**	**-**	**-**	**-**
	3,710,982,329	**(3,743,750,207)**	**(1,995,417,942)**	**(1,743,305,157)**	**(3,361,331)**	**(1,665,777)**

	30 June 2018					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
	(Rupees)					
Non-derivative financial liabilities						
Short term financing	1,439,632,009	(1,461,370,452)	(727,158,128)	(734,212,325)	-	-
Trade and other payables	267,699,066	(267,699,066)	(201,308,490)	(66,128,576)	(262,000)	-
Liabilities against assets subject to finance lease	19,063,352	(19,429,114)	(1,198,978)	(2,397,955)	(10,790,799)	(5,041,382)
Accrued mark-up on short term financing	19,248,522	(19,248,522)	(19,248,522)	-	-	-
Unclaimed dividend	3,574,008	(3,574,008)	(3,574,008)	-	-	-
	1,749,216,957	(1,771,321,163)	(952,488,126)	(802,738,856)	(11,052,799)	(5,041,382)

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34.3.1 Liquidity position and its management

In the year 2017, Loads Group (the Group) initiated a new project of Alloy wheels. The Group planned to produce alloy wheels in a separate company namly Hi-Tech Alloy Wheels Limited. To finance the project cost, the Group incurred significant borrowings and utilized the cash buffers of all the group entities to finance the project. Details are as follows:

	Rs in millions	
Project cost to date		**3,789**
Loans from Bank and others		1,357
Financing from Related parties		
Loads	633	
SAIL	495	
MAIL	199	
SMPL	72	
Others	118	
		1,517
Equity (balancing figure)		915
		3,789

This has resulted in severe cash flows problems in all the entities of the Group. Moreover, the board of Loads Limited has further committed Rs. 8 billion to HAWL. The shareholders and senior management of the company are closely monitoring the situation and are committed to meet the cash flow requirements, if any, which may arise in future, from their other entities or personal wealth.

34.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities 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.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Group is exposed to all of the three risks which are as follows:

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34.4.1 *Currency risk*

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2019			
	Rupees	**USD**	**SGD**	**JPY**
Creditors	157,169,331	537,517	47,640	43,961,725
Net balance sheet exposure	157,169,331	537,517	47,640	43,961,725

	30 June 2018			
	Rupees	USD	SGD	JPY
Creditors	89,010,987	627,849	45,555	7,079,451
Net balance sheet exposure	89,010,987	627,849	45,555	7,079,451

The following significant exchange rates applied during the year:

	Average rate		**Balance sheet date rate**	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
USD to Pak Rupees	141.54	113.94	160.05	123.02
SGD to Pak Rupees	102.91	81.84	118.32	87.49
JPY to Pak Rupees	1.30	1.02	1.49	1.10

Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2019 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

	30 June 2019		30 June 2018	
As at 30 June 2019	Profit and loss	Equity	Profit and loss	Equity
.	(Rupees)		(Rupees)	
Effect of change in USD	6,110,009	6,110,009	5,405,780	5,405,780
Effect of change in SGD	400,143	400,143	279,024	279,024
Effect of change in JPY	4,681,924	4,681,924	545,118	545,118
Gross exposure	11,192,076	11,192,076	6,229,922	6,229,922

The Group does not have any foreign currency borrowing as at 30 June 2019.

34.4.2 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit or loss sharing account.

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At balance sheet date, details of the interest rate profile of the Group's interest bearing financial instruments were as follows:

	30 June 2019	30 June 2018
Variable rate instruments	(Rupees)	
Financial assets	35,810,290	523,715,047
Financial liabilities	(3,274,028,285)	(1,439,632,009)
	(3,238,217,995)	(915,916,962)
Fixed rate instruments		
Financial assets	13,995,364	61,146,939
Financial liabilities	(5,770,623)	(19,063,352)
	8,224,741	42,083,587

Fair value sensitivity analysis of fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2018.

	Profit or loss		Equity	
	100 bps increase	100 bps (decrease)	100 bps increase	100 bps (decrease)
	(Rupees)		(Rupees)	
As at 30 June 2019				
Cash flow sensitivity - variable rate instruments	22,991,348	(22,991,348)	22,991,348	(22,991,348)
As at 30 June 2018				
Cash flow sensitivity - variable rate instruments	6,411,419	(6,411,419)	6,411,419	(6,411,419)

34.4.3 Other price risk

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Group for which prices in the future are uncertain.

As at 30 June 2019, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2019. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2018: 1%) and decreased by 1% (30 June 2018: 1%), with all other variables held constant and that the fair value of the Group's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2018: three years).

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The impact below arises from the reasonable possible change in the fair value of listed equity securities:

Effect on assets of an increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'fair value through other comprehensive income' (comparative: available-for-sale)	**30 June 2019**	30 June 2018
	(Rupees)	
Effect on investments	**347,352**	742,920
Effect on profit and loss account	**191,066**	420,301
Effect on equity	**156,286**	322,620
Effect on assets of an decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'fair value through other comprehensive income' (comparative: available-for-sale)		
Effect on investments	**(347,352)**	(742,920)
Effect on profit and loss account	**(191,066)**	-420,301
Effect on equity	**(156,286)**	(322,620)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Group's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Group's assets of future movements in the level of KSE 100 index.

34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Group's staff have adequate training and experience and fosters effective communication related to operational risk management.

35. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio of the Group is as follows:

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

	30 June 2019	30 June 2018
	(Rupees)	
Debt	**3,360,743,865**	1,477,943,883
Total equity	**3,576,135,244**	3,651,342,588
Total capital	**6,936,879,109**	5,129,286,471
Gearing ratio	**48:52**	29:71

36. 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 orderly transaction between market participants at the measurement date. The Group classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		30 June 2019									
		Carrying amount						Fair value			
	Note	Fair value through profit or loss	FVOCI - equity instruments	Financial assets at amortised cost	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2019											
Financial assets - measured at fair value											
Equity securities		8,319,032	15,628,632	-	-	-	23,947,664	23,947,664	-	-	23,947,664
Participation Term Certificates		10,787,535	-	-	-	-	10,787,535	10,787,535	-	-	10,787,535
Financial assets - not measured at fair value											
Trade debts	*36.1.1*	-	-	601,589,094	-	-	601,589,094				
Loans	*36.1.1*	-	-	18,945,149	-	-	18,945,149				
Deposits and other receivables	*36.1.1*	-	-	178,259,894	-	-	178,259,894				
Cash and bank balances	*36.1.1*	-	-	32,771,396	-	-	32,771,396				
		19,106,567	15,628,632	831,565,533	-	-	866,300,732				
Financial liabilities - not measured at fair value											
Short term financing	*36.1.1*	-	-	-	-	3,274,028,285	3,274,028,285				
Trade and other payables	*36.1.1*	-	-	-	-	346,702,964	346,702,964				
Liabilities against assets subject to finance lease	*36.1.1*	-	-	-	-	5,770,623	5,770,623				
Accrued mark-up on short term financing	*36.1.1*	-	-	-	-	80,944,957	80,944,957				
Unclaimed dividend	*36.1.1*	-	-	-	-	3,535,500	3,535,500				
		-	-	-	-	3,710,982,329	3,710,982,329				

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

	Note	30 June 2018									
		Carrying amount						Fair value			
		Fair value through profit	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018											
Financial assets - measured at fair value											
Equity securities		9,081,400	32,261,953	-	-	-	41,343,353	41,343,353	-	-	41,343,353
Participation Term Certificates		32,948,685	-	-	-	-	32,948,685	32,948,685	-	-	47,527,425
Financial assets - not measured at fair value											
Debt securities		-	-	-	-	-	-				
Trade debts	*36.1.1*	-	-	350,809,641	-	-	350,809,641				
Loans	*36.1.1*	-	-	20,408,650	-	-	20,408,650				
Deposits and other receivables	*36.1.1*	-	-	81,509,288	-	-	81,509,288				
Cash and bank balances	*36.1.1*	-	-	-	535,897,253	-	535,897,253				
		42,030,085	32,261,953	452,727,579	535,897,253	-	1,062,916,870				
Financial liabilities - not measured at fair value											
Short term financing	*36.1.1*	-	-	-	-	1,439,632,009	1,439,632,009				
Trade and other payables	*36.1.1*	-	-	-	-	267,699,066	267,699,066				
Liabilities against assets subject to finance lease	*36.1.1*	-	-	-	-	19,063,352	19,063,352				
Accrued mark-up on short term financing	*36.1.1*	-	-	-	-	19,248,522	19,248,522				
Unclaimed dividend	*36.1.1*	-	-	-	-	3,574,008	3,574,008				
		-	-	-	-	1,749,216,957	1,749,216,957				

36.1.1 The Group has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	30 June 2019				30 June 2018			
	Chief Executive (Note 37.4)	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)							
Managerial remuneration	**9,171,600**	**2,703,600**	**10,169,612**	**22,044,812**	8,642,400	8,641,200	3,352,260	20,635,860
Housing and utilities	**9,928,400**	**2,921,400**	**11,818,172**	**24,667,972**	9,356,400	9,352,800	4,390,524	23,099,724
Bonus	**3,900,000**	**1,112,500**	**4,505,580**	**9,518,080**	4,158,000	3,975,000	1,703,080	9,836,080
Medical	**992,547**	**94,273**	**2,095,928**	**3,182,748**	608,192	2,928,678	207,157	3,744,027
Group's Contribution to retirement benefits funds	**-**	**270,000**	**159,517**	**429,517**	504,000	230,400	147,648	882,048
	23,992,547	**7,101,773**	**28,748,809**	**59,843,129**	23,268,992	25,128,078	9,800,669	58,197,739
Number of persons	**1**	**1**	**3**	**5**	1	2	2	5

37.1 The aggregate amount paid to directors in respect of attending board and other meetings was Rs. 112,000 (2018: Nil).

37.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements. The approximate aggregate value of this benefit is Rs. 37.76 million (30 June 2018: Rs. 32.55 million).

37.3 Executives represent those employees (other than the chief executive and directors), whose basic salaries exceed twelve hundred thousand rupees (Rs. 1.2 million) in a financial year.

37.4 There are nine directors including chief executive. Remuneration has been paid to two directors.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

38. PROVIDENT FUND

The following information is based on latest unaudited financial statements of the fund:

	30 June 2019	30 June 2018
	(Rupees)	
Size of the Fund	**64,528,539**	65,520,542
Cost of investment made	**57,460,495**	57,460,495
Fair value / amortised cost of investments	**56,966,464**	58,373,463
Percentage of investments made - based on fair value / amortised cost	**88.28%**	89.09%

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2019 (Un-audited)	30 June 2018 (Audited)	30 June 2019 (Un-audited)	30 June 2018 (Audited)
	------- (Rupees) ------		(% of the size of the fund)	
Term finance certificates	**140,000**	140,000	**0.22%**	0.21%
Mutual funds	**13,333,101**	12,760,854	**20.66%**	19.48%
Government bonds	**41,632,355**	41,632,355	**64.52%**	63.54%
Equity securities	**1,861,008**	3,840,254	**2.88%**	5.86%
	56,966,464	58,373,463	**88.28%**	89.09%

The above investments out of provident fund have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

40. NUMBER OF EMPLOYEES

	30 June 2019	30 June 2018
	(Rupees)	
Total number of employees at reporting date	**1,524**	1,616
Total number of factory employees at reporting date	**1,473**	1,372
Average number of employees during the year	**1,344**	1,534
Average number factory of employees during the year	**1,310**	1,299

41. OPERATING SEGMENTS

41.1 The financial information has been prepared on the basis of a single reportable segment.

41.2 Geographically, all the sales were carried out in Pakistan.

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

41.4 Sales to four major customers of the Group is around 88.9% during the year ended 30 June 2019 (30 June 2018: 86.9%).

42. GENERAL

42.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up except for balance in saving accounts. Bank balances are placed with conventional banks in current and saving accounts. Other disclosures are included in notes 13 and 28.

42.2 Authorisation for issue

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on 3rd October 2019.

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

NOTICE OF 39th ANNUAL GENERAL MEETING OF LOADS LIMITED

Notice is hereby given that the 39th Annual General Meeting of Loads Limited will be held on Monday, October 28, 2019 at 11:30 a.m. at the registered office of the company Loads Limited at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business

1. To confirm minutes of the Extraordinary General Meeting of Loads Limited held on May 2, 2019.

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

3. To appoint external auditors of the company for the year ending June 30, 2020 and to fix their remuneration. The retiring auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. Any other business with the permission of the Chair.

Special Business

5. To consider to pass the following resolutions:

a) "RESOLVED THAT the transaction carried out in the normal course of business with associated companies during the year ended June 30, 2019 be and are ratified and approved."

b) "RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorised to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020 and in the connection the Chief Executive be and is hereby also authorised to take any and all necessary actions, sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.

By Order of the Board

October 7, 2019
Karachi

Babar Saleem
Company Secretary

Notes:

(i) The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive) and the dividends/bonus will be paid to the Members whose names will appear in the Register of Members on October 18, 2019. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non–deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi. Telephone Number: 0800-23275, Fax: (92-21) 34326053, E-mail: info@cdcpak.com. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.

(ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

(iii) For Attending the Meeting

(a) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting.

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

(iv) For Appointing Proxies

(a) In case of individuals, the account holder or sub-account holder is and/or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

(b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(c) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(d) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

(e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

(v) Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the SECP, Dividend Warrants shall mandatorily bear the CNIC numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

(vi) Distribution of Annual Report through Email

We are pleased to inform shareholders that the SECP has under and pursuant to SRO No. 787(I)/2014 dated September 8, 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report, chairman's review and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the complete Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited. In order to avail this facility a Standard Request Form is available at the Company's website: www.loads-group.pk

(vii) Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We _______________ of _______________, being member(s) of Loads Limited holder _______________ Ordinary share(s) as per Register Folio No. _______________ hereby opt for video conference facility at _______________.

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

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2019.

1) Agenda Item No. 5

5(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies Corporate Governance Regulations, 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in this/these transaction(s) due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of this/these transaction(s) which has/have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated company as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

5(b) of the Notice – Authorization to the Chief Executive for the transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution

The Company would be conducting transactions with associated companies in normal course of business. The majority of Company Directors were interested in this/these transaction(s) due to their common directorship and holding of shares in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of the Listed Companies Corporate Governance Regulations, 2017, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and privileges attached thereto only.

کمپنیز ایکٹ کی دفعہ (3)134 کے تحت بیانیہ

اس بیانیہ میں سالانہ اجلاس عام مورخہ 28 اکتوبر 2019 میں انجام دیئے جانے والے خصوصی امور سے متعلق اہم حقائق پیش کئے گئے ہیں-

1) ایجنڈا آئٹم نمبر 5

نوٹس کا (a)5-سال مختتمہ 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں کے لئے ایک عمومی قرارداد کی منظوری

ملحقہ کمپنیوں (ملحقہ پارٹیوں) کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے سودے سہ ماہی بنیاد پر آڈٹ کمیٹی کی سفارش پر بورڈ لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کی شق کے تحت منظور کئے جانے والے تھے-

بورڈ کے اجلاس کے دوران ڈائریکٹران نے اس بات کی نشاندہی کی کہ کمپنی کے ڈائریکٹران کی ایک بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹر شپ اور ملحقہ کمپنیوں میں حصص داری کی وجہ سے ان سودوں سے وابستہ ہے، ڈائریکٹران کی تعداد پوری نہ ہونے کی وجہ سے ان سودوں کی منظوری نہ لی جاسکی لہذا ان سودوں کی منظوری اجلاس عام میں حصص یافتگان سے لی جائے گی-

مندرجہ بالا کو مدنظر رکھتے ہوئے مالیاتی سال مختتمہ 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں کو آڈٹ شدہ مالیاتی گوشواروں کے متعلقہ نوٹس میں دکھایا گیا ہے جو کہ حصص یافتگان کے روبرو غوروخوض اور منظوری/توثیق کے لئے پیش کئے جائیں گے-

اس قرارداد سے ڈائریکٹران کا مفاد صرف ان کی مشترکہ ڈائریکٹر شپ اور ان کی ملحقہ کمپنیوں میں حصص داری تک محدود ہے-

نوٹس کا (b)5 : سال مختتمہ 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں کے لئے چیف ایگزیکٹو کو مجاز بنانے کیلئے عمومی قرارداد کی منظوری

کمپنی نے ملحقہ کمپنیوں کے ساتھ سودے عمومی طریقہ کار کے مطابق انجام دیئے- ڈائریکٹران کی ایک بڑی تعداد کا مفاد ان کی مشترکہ ڈائریکٹر شپ اور ملحقہ کمپنیوں میں ان کی حصص داری کی وجہ ان سودوں سے وابستہ ہے-لہذا ملحقہ کمپنیوں کے ساتھ کئے گئے ان سودوں کی منظوری حصص یافتگان سے لینی ہے-

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کی شق 15 کی ذیلی شقوں کے تحت حصص یافتگان چیف ایگزیکٹو کو سال 30 جون 2020 میں ملحقہ کمپنیوں کے ساتھ کئے گئے سودوں اور کئے جانے والے سودوں کے لئے مجاز بنا سکتے ہیں-

اس قرارداد سے ڈائریکٹران کا مفاد صرف ان کی مشترکہ ڈائریکٹر شپ اور ان کی ملحقہ کمپنیوں میں حصص داری تک محدود ہے-

(d) پراکسی اجلاس میں حاضر ہوتے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا-

(e) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیارنامہ بمع نامزد فرد کے نمونہ دستخط کمپنی کے پرکسی فارم کے ساتھ پیش کیے جائیں گے (اگر پہلے فراہم نہ کیے ہوں)

(v) CNIC اور NTN سرٹیفکیٹ کی کی نقول کی فراہمی (لازمی ہے)

سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایات کے مطابق منافع منقسمہ کے پروانوں پر حصص یافتگان کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر درج ہونا لازمی ہے- لہذا حصص یافتگان سے گزارش ہے کہ اپنی آئینی ضروریات کو پورا کریں اور اپنے CNIC کی ایک نقل کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو بلا تاخیر ارسال کردیں-

کمپنی کے ریکارڈ میں حصص یافتگان کی CNIC کی درست نقل کی عدم دستیابی کی صورت میں کمپنی منافع منقسمہ کے پروانوں کو روکنے کی پابند ہوگی جسے شیئر رجسٹرار اس وقت جاری کرے گا جب اسے SECP کی ہدایات کے مطابق CNIC کی درست کاپی موصول ہو جائے گی-

(vi) سالانہ رپورٹ کی ترسیل بذریعہ ای میل

ہم حصص یافتگان کو مطلع کرتے ہوئے اظہار مسرت کرتے ہیں کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے SRO No. 787(I)/2014 مورخہ 8 ستمبر 2014 کے تحت اور اس کے مطابق کمپنیوں کو اپنے سالانہ میزانئے اور منافع وخسارہ کے کھاتے، آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ اور ڈائریکٹران کی رپورٹ وغیرہ (''سالانہ رپورٹ'') کے ساتھ سالانہ اجلاس عام کا نوٹس (''نوٹس) اپنے حصص یافتگان کو بذریعہ ای میل ترسیل کی اجازت دی ہے- کمپنی کے حصص یافتگان جو کمپنی کی سالانہ رپورٹ اور سالانہ اجلاس عام کا نوٹس بذریعہ ای میل وصول کرنا چاہیں ان سے درخواست ہے کہ منسلکہ الیکٹرانک کمیونیکیشن کنسنٹ فارم مکمل کرکے کمپنی کے شیئر رجسٹرار کو سینٹرل ڈپازٹری کمپنی لمیٹڈ کو بھیج دیں- اس سہولت سے استفادہ کے لئے معیاری درخواست فارم کمپنی کی ویب سائٹ www.loads-group.pk پر بھی موجود ہے-

(vii) SECP کے سرکلر نمبر 10 مورخہ 21 مئی 2014 کے تحت اگر کمپنی کو ایسے ممبران سے اجلاس سے 10 دن قبل رضامندی وصول ہو جن کی مجموعی حصص داری 10 فیصد یا اس سے زیادہ ہو اور وہ کسی دیگر شہر میں قیام پذیر ہوں اور وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنا چاہتے ہوں تو کمپنی ان کے لئے اس شہر میں وڈیو کانفرنس کا اہتمام کرے گی بشرطیکہ یہ سہولت اس شہر میں دستیاب ہو- اس سلسلے میں برائے مہربانی مندرجہ ذیل فارم بھریں اور کمپنی کے رجسٹرڈ پتے پر AGM سے کم از کم 10 دن قبل بھیج دیں-

میں /ہم.......................................ساکن.......................................جو کہ لوزڈ لمیٹڈ کے فولیو نمبر.......................................کے تحت.......................................عمومی حصص کا حامل ہوں/ حامل ہیں، وڈیو کانفرنس کی سہولت سے.......................................(شہر) میں استفادہ کرنا چاہتا ہوں/ چاہتے ہیں-

گزارشات:

(i) کمپنی کی حصص منتقلی کی کتابیں 21 اکتوبر 2019 سے 28 اکتوبر 2019 (بشمول دونوں دن) بند رہیں گی اور منافع منقسمہ / بونس ان ممبران کوادا کیا جائے گا جن کے نام ممبران کے رجسٹر میں 18 اکتوبر 2019 کو درج ہونگے۔ممبران (CDC کے علاوہ) سے درخواست ہے کہ وہ فوری طور پر کمپنی کے رجسٹرار کواپنے پتے میں کسی بھی قسم کی تبدیلی سے مطلع کردیں اوراگر زکوٰۃ کی عدم کٹوتی کا فارم CZ-50 فراہم نہ کیا ہوتو کمپنی کے رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، CDC ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل، کراچی کو فراہم کردیں جن کا ٹیلیفون نمبر 0800-23275، فیکس نمبر 34326053 (21-92) اور ای میل info@cdcpak.com ہے۔وہ تمام ممبران جن کے حصص CDC کے ذریعے ہیں ان سے درخواست کی جاتی ہے کہ اپنا حالیہ پتہ اور زکوۃ کی نوعیت سے اپنے شریک کار کو مطلع کردیں۔

(ii) وہ ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتا ہو وہ اپنی طرف سے اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے پراکسی مقرر کرسکتا ہے۔پراکسی کے موثر ہونے کے لئے پراکسی فارم اجلاس سے کم از کم 48 گھنٹے قبل موصول ہونا چاہئے۔پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔CDC کے کھاتے دار مزید سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مورخہ 26 جنوری 2000 میں دیئے گئے رہنما اصولوں پر عمل کریں گے۔

(iii) اجلاس میں حاضری کے لئے

(a) انفرادی فرد کی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/ یا وہ افراد جن کے حصص گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی رجسٹریشن کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کردی گئی ہوں وہ اپنی شناخت کے لئے اپنا اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کریں گے۔

(b) کارپوریٹ انیٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے (اگر پہلے فراہم نہ کئے ہوں)

(iv) پراکسی کی تقرری کے لئے

(a) انفرادی صورت میں کھاتے دار یا ذیلی کھاتے دار یا وہ فرد جس کے حصص گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات CDC ریگولیشنز کے تحت اپ لوڈ کردی گئی ہوں وہ مندرجہ بالا ضابطہ کے تحت پراکسی فارم پیش کریں گے۔

(b) پراکسی فارم پر دو گواہان کے دستخط ہونگے جن کے نام، پتے اور CNIC نمبر پراکسی فارم پر درج کئے جائیں گے۔

(c) پراکسی اور انتفاعی مالکان کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ پیش کی جائیں گی۔

لوڈز لمیٹڈ کے 39 ویں سالانہ اجلاس عام کا نوٹس

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ لوڈز لمیٹڈ کا 39 واں سالانہ اجلاس عام 28 اکتوبر 2019 بروز پیر دوپہر 11:30 بجے لوڈز لمیٹڈ کے رجسٹرڈ آفس واقع پلاٹ نمبر 23، سیکٹر 19، کورنگی انڈسٹریل ایریا، کراچی میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

عمومی امور

1- لوڈز لمیٹڈ کے غیر معمولی اجلاس عام مورخہ 2 مئی 2019 کی کارروائی کی توثیق

2- کمپنی کے سال مختتمہ 30 جون 2019 کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ان پر ڈائریکٹران اور آڈیٹرز کی رپورٹ کی وصولی، غور وخوص اور منظوری

3- کمپنی کے بیرونی آڈیٹرز کی سال 30 جون 2020 کے لئے تقرری اور ان کے معاوضہ کا تعین- میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے باعث اپنی دوبارہ تقرری کی پیشکش کی ہے-

4- صدر مجلس کی اجازت سے مزید کسی دیگر امور کی انجام دہی

خصوصی امور

5- مندرجہ ذیل قراردادوں کی منظوری پر غور

a) ''متفقہ طور پر سال مختتمہ 30 جون 2019 کے دوران ملحقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے گئے سودوں کی توثیق اور منظوری دی جاتی ہے-''

b) ''متفقہ طور پر کمپنی کے چیف ایگزیکٹو کو سال 30 جون 2020 میں کئے گئے اور کئے جانے والے سودوں کی منظوری کے مجاز بنایا جاتا ہے اور اس سلسلے میں چیف ایگزیکٹو کو مجاز بنایا جاتا ہے کہ وہ اس سلسلے میں تمام ضروری کارروائی کرے اور کمپنی کی جانب سے ایسی تمام دستاویزات/توثیقوں پر دستخط کرے جو کہ ان مقاصد کے لئے ضروری ہوں-

حسب الحکم بورڈ

بابر سلیم

کمپنی سیکریٹری

17 اکتوبر 2019

کراچی

Pattern of Shareholding
As of June 30, 2019

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1181	1	to	100	44,612
1074	101	to	500	343,033
2397	501	to	1000	1,624,583
3282	1001	to	5000	7,337,668
669	5001	to	10000	4,768,579
262	10001	to	15000	3,204,813
107	15001	to	20000	1,933,183
78	20001	to	25000	1,768,853
50	25001	to	30000	1,388,415
32	30001	to	35000	1,053,267
36	35001	to	40000	1,360,385
19	40001	to	45000	815,338
31	45001	to	50000	1,493,060
18	50001	to	55000	959,570
6	55001	to	60000	350,987
5	60001	to	65000	313,500
10	65001	to	70000	685,716
8	70001	to	75000	579,584
4	80001	to	85000	331,242
6	85001	to	90000	523,449
5	90001	to	95000	464,720
9	95001	to	100000	889,448
3	100001	to	105000	312,712
6	105001	to	110000	659,992
6	110001	to	115000	681,385
5	115001	to	120000	589,356
1	125001	to	130000	128,000
1	135001	to	140000	140,000
2	140001	to	145000	284,669
3	145001	to	150000	446,562
2	150001	to	155000	305,495
1	155001	to	160000	158,927
3	160001	to	165000	492,831
1	165001	to	170000	169,323
2	170001	to	175000	342,047
1	175001	to	180000	175,019
3	185001	to	190000	561,390
1	190001	to	195000	192,500
1	195001	to	200000	197,175
1	220001	to	225000	224,475
1	235001	to	240000	237,000
2	250001	to	255000	507,375
1	275001	to	280000	275,352
1	285001	to	290000	289,000
3	295001	to	300000	893,803
1	305001	to	310000	309,500
1	325001	to	330000	329,900
1	355001	to	360000	359,927
1	380001	to	385000	383,250
1	635001	to	640000	638,000
1	820001	to	825000	824,706
1	1030001	to	1035000	1,030,297
1	1170001	to	1175000	1,170,100
1	1220001	to	1225000	1,223,250
1	1500001	to	1505000	1,501,700
1	1695001	to	1700000	1,698,040
2	1930001	to	1935000	3,866,322
1	2395001	to	2400000	2,398,513
1	3055001	to	3060000	3,058,550
1	3145001	to	3150000	3,148,398
1	3510001	to	3515000	3,513,977
1	3585001	to	3590000	3,588,600
1	18895001	to	18900000	18,895,057
1	62810001	to	62815000	62,813,520
9360				**151,250,000**

Pattern of Shareholding
As of June 30, 2019

Categories of Shareholders		Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children & Sponsors				
SYED SHAHID ALI SHAH		1	62,819,872	41.53
SAULAT SAID		1	7,527	0.00
SYED SHERYAR ALI		1	7,562	0.00
MUNIR KARIM BANA		1	3,513,977	2.32
MUHAMMAD ZINDAH MOIN MOHAJIR		1	500	0.00
ROZINA MUZAMMIL		1	500	0.00
AMIR ZIA		1	605	0.00
SAJID ZAHID		1	500	0.00
SHAMIM AHMED SIDDIQUI		1	598	0.00
Associated Companies, undertakings and related parties				
TREET CORPORATION LIMITED.		1	18,895,057	12.49
Executives		3	4,234.00	0.00
Public Sector Companies and Corporations		-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds		10	3,898,756.00	2.58
Mutual Funds				
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND		1	5,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND		1	23,800	0.02
General Public				
	a. Local	9255	53,666,010	35.48
	b. Foreign	8	132,688	0.09
Foreign Companies		1	72,000	0.05
Others		71	8,200,814	5.42
	Totals	9360	151,250,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
SYED SHAHID ALI SHAH	62,819,872	41.53
TREET CORPORATION LIMITED.	18,895,057	12.49

Loads Limited

FORM OF PROXY

I/We ____

of____ being a Member of Loads Limited and holder(s) of _____________________ Ordinary Shares as per Share Register Folio No. ___________________________

For beneficial owners as per CDC List	
CDC Participant ID No. _________________	Sub Account No. ____________
CNIC No.	Passport No. ________________

hereby appoint Mr./Mrs./Miss.______________________________________ of __________________ or failing him/her Miss/Mrs./ Mr. ____ of __________________ another person on my/our proxy to attend and vote for me/us and my/our behalf at Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 11:30 a.m. and at every adjournment thereof, if any.

Please affix Rupees Five Revenue Stamp

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

Signed this _______ day of October 2019

Signature of Shareholder___________________

Signature of Proxy _______________________

1. WITNESS	2. WITNESS
Signature: _________________________________	Signature: _________________________________
Name: ____________________________________	Name: ____________________________________
Address: _________________________________	Address: _________________________________
____	____
CNIC No. or Passport No.______________________	CNIC No. or Passport No.______________________

1. This Proxy Form duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities in addition to the above the following requirements have to be met.

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.

iii. In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Loads Limited
Plot# 23, Sector 19,
Korangi Industrial Area,
Karachi-74900, Pakistan.

AFFIX
CORRECT
POSTAGE
STAMPS

فارم آف پراکسی

میں/ہم --
جس/جن کا تعلق -- سے ہے،
لوڈز لمیٹڈ کا/کے ممبر ہیں اور رجسٹر فولیو نمبر------------------------- کے مطابق ---------------------------آرڈنری شیئرز کے شیئر ہولڈر(s) ہیں۔

سی ڈی سی لسٹ کے مطابق بنی فیشل اونرز کے لیے
سی ڈی سی میں شرکت کا شناختی نمبر---------------------------- سب اکاؤنٹ نمبر-------------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر----------------------------- پاسپورٹ نمبر-------------------------------

جناب/محترمہ--------------------------کو، جن کا تعلق--------------------------------سے ہے یا ان کی ناکامی کی صورت میں دوسرے فرد کی حیثیت سے جناب/محترمہ--------------------------کو، جن کا تعلق--------------------------سے ہے، پیر 28 اکتوبر، 2019 کو صبح 11:30 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام اور التوا کی صورت میں بعد میں ہونے والے اجلاسوں میں میری/ہماری جانب سے شرکت اور میری/ہماری جانب سے ووٹ دینے کے لیے مقرر کرتا/کرتی/کرتے ہیں۔

براہ کرم اس پر پانچ روپے کا ریونیو ٹکٹ لگائیں

(دستخط، نمونے کے اس دستخط سے ملنے چاہئیں جو کمپنی کے پاس رجسٹرڈ ہیں)

شیئر ہولڈر کے دستخط------------------

دستخط کیے گئے -----اکتوبر 2019

پراکسی کے دستخط

1. گواہ	2. گواہ
دستخط: ------------------------------	دستخط: ------------------------------
نام:------------------------------	نام:------------------------------
پتہ:------------------------------	پتہ:------------------------------
------------------------------	------------------------------
سی این آئی سی یا پاسپورٹ نمبر------------------	سی این آئی سی یا پاسپورٹ نمبر------------------

i. بنی فیشل اونرز اور پراکسی کے سی این آئی سی اور پاسپورٹ کی تصدیق شدہ کاپیاں، پراکسی فارم کے ساتھ جمع کرائی جائیں گی۔

ii. اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرے گا۔

iii. کارپوریٹ ادارے کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط (اگر یہ پہلے فراہم نہیں کیے گئے) کمپنی کو پیش کرنا ہوں گے۔

1. صحیح طریقے سے پُر اور دستخط شدہ یہ پراکسی فارم، اجلاس شروع ہونے کے وقت سے لازمی طور پر 48 گھنٹے قبل اوپر درج کمپنی کے رجسٹرڈ دفتر کے ایڈریس پر پہنچ جانا چاہیئے۔
2. اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور کمپنی کو ایک سے زیادہ پراکسی انسٹرومنٹ داخل کرائے جائیں گے، تو اس قسم کے تمام انسٹرومنٹ آف پراکسی ناقابل قبول تصور کیے جایں گے۔
3. سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ ادارے، مذکورہ بالا کے علاوہ درج ذیل تقاضوں کو بھی پورا کریں۔

ڈاک ٹکٹ
یہاں چسپاں کریں

لوڈز لمیٹیڈ
پلاٹ نمبر23،سیکٹر19،
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