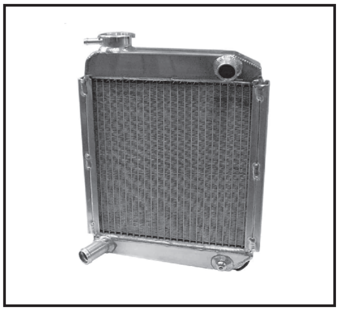
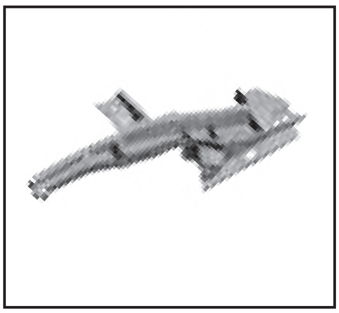
Loads Limited





2021 annual report

MECHANICS OF **GROWTH**

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 Shah	– Chairman*
Mr. Munir K. Bana	– Chief Executive
Syed Sheharyar Ali	– Non-Executive Director
Mr. Muhammad Mohtashim Aftab	– Non-Executive Director
Mr. Shamim A. Siddiqui	– Executive Director
Mr. M. Z. Moin Mohajir	– Independent Director
Mrs. Rozina Muzammil	– Independent Director

* Chairman is Non-Executive Director

Audit Committee

Mr. M. Z. Moin Mohajir	– Chairman
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member
Mrs. Rozina Muzammil	– Member

Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	– Chairperson
Mr. Munir K. Bana	– Member
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member
Mr. Shamim A. Siddiqui	– Member

Chief Operating Officer
Syed Mehdi Hasnain

Chief Financial Officer
Mr. Shamim A. Siddiqui

Company Secretary
Mr. Babar Saleem

Head of Internal Audit
Mr. Khawaja M. Akber

External Auditors
M/S. KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors
M/S. Altaf K. Allana & Co., Advocates

Corporate Advisor
M/S. Cornelius, Lane & Mufti, Advocates & Solicitors

Symbol
Loads

Credit Rating
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 Ltd.
The Bank of Punjab
MCB Islamic Bank Limited

Subsidiaries and Associates

- Specialized Autoparts Industries (Private) Limited
- Multiple Autoparts Industries (Private) Limited
- Specialized Motorcycles (Private) Limited
- Hi–Tech Alloy Wheels Limited
- Treet Corporation 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.pk

Key Operating Financial Data

Rs. in 000

Description	2021	2020	2019	2018	2017	2016
Revenue	4,717,228	2,778,630	5,709,735	4,889,663	4,405,126	4,035,658
Gross profit	498,954	52,269	637,179	520,588	547,582	567,795
Profit / (loss) before taxation	90,298	(717,684)	60,441	245,094	377,731	260,326
Profit / (loss) after taxation	(3,558)	(646,728)	(56,295)	161,557	306,427	180,714
Shareholders' Equity	4,066,984	3,097,422	3,576,135	3,651,342	3,402,578	1,618,362
Non - Current Assets	5,591,579	5,108,376	4,395,828	2,304,604	1,450,807	1,006,294
Total Assets	8,404,048	7,807,183	7,722,887	5,588,850	3,854,619	2,983,407
Total Liabilities	4,337,065	4,709,760	4,146,751	1,937,507	452,041	1,365,044
Current Assets	2,812,469	2,698,807	4,146,751	3,284,246	2,403,812	1,977,112
Current Liabilities	3,011,010	2,959,951	3,897,965	1,841,168	357,229	1,270,583
Cash Dividend	0%	0%	0%	0%	10%	10%
Stock Dividend	0%	0%	0%	0%	10%	10%
Issued , Subscribed & Paid-up Capital	251,250	151,250	151,250	151,250	137,500	75,000

Important Ratios	2021	2020	2019	2018	2017	2016
Profitability						
Gross Profit	11%	2%	11%	11%	12%	14%
Profit / (Loss) before Taxation	2%	-26%	1%	5%	9%	6%
(Loss) / Profit after Taxation	-0.1%	-23%	-1%	3%	7%	4%
Return to Equity						
Return on Equity before Tax	2%	-23%	2%	7%	11%	16%
Return on Equity after Tax	-0.1%	-21%	-2%	4%	9%	11%
Earnings per Share	0.29	(3.24)	(0.35)	1.02	2.31	2.19
Liquidity / Leverage						
Current Ratio	0.93	0.91	0.73	1.78	6.73	1.56
Break-up Value per Share	16.19	20.48	23.64	24.14	24.75	21.58
Total Liabilities to Equity	1.07	1.52	1.16	0.53	0.13	0.84

% Change	2021	2020	2019	2018	2017	2016
Revenue	70%	-51%	17%	11%	9%	21%
Gross Profit	855%	-92%	22%	-5%	-4%	15%
Profit before Taxation	113%	-1287%	-75%	-35%	45%	-19%
Profit after Taxation	-99%	-1043%	-135%	-47%	70%	-14%
Shareholders' Equity	31%	-13%	-2%	7%	110%	12%
Non - Current Assets	9%	5%	112%	59%	44%	22%
Total Assets	8%	1%	38%	45%	29%	11%
Total Liabilities	-8%	14%	114%	329%	-67%	9%
Current Assets	4%	-5%	-14%	37%	22%	6%
Current Liabilities	2%	-24%	112%	415%	-72%	10%
Cash Dividend	0%	0%	0%	-100%	0%	10%
Stock Dividend	0%	0%	0%	-100%	0%	-99%
P/E Ratio	74.52	-4.29	-43.17	30.57	16.33	9.85

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 Shah, 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.

PROFILES OF DIRECTORS

Syed Shahid Ali Shah - Chairman

Syed Shahid Ali Shah 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. Munir K. 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 a Director on the Board of Directors 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 Directors of multi-national listed companies (Parke-Davis & Boots) as Finance Director & Company Secretary for 18 years.

In an honorary capacity, Mr. Bana served 8 years as Chairman & Director of Karachi Tools, Dies & Moulds Centre, a public limited company, during 2006-14. He was also elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") for the year 2012-13.

Currently, Mr. Bana is also a non-executive Director on the Boards of Directors of Pakistan Steel Mill as well as Treet Corporation Limited and its subsidiaries.

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. Muhammad Mohtashim Aftab – Non-Executive Director

Mr. Muhammad Mohtashim Aftab is a qualified accountant from Institute of Cost and Management Accountants of Pakistan (ICMAP). He joined Treet Group of Companies as Chief Financial Officer in November 2019. He has vast experience and exposure in strategic planning, industry analysis, financial/economic analysis & project evaluation, treasure management, international trade and international trade finance. His expertise also lies in financial and non-financial reporting, tax management, financial restructuring (including debt/equity, restructuring/balance sheet repositioning & capital restructuring), financial engineering and corporate affairs.

He started his career with A.F. Ferguson & Co. Chartered Accountants as Consultants for 2 years and then joined Kot Addu Power Company Limited and reached the position of Chief Financial Officer and worked there for more than 23 years.

Mr. Shamim A. Siddiqui – Executive Director & CFO

Mr. 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.

Mr. M.Z. Moin Mohajir – Independent Director

Mr. 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.

Mrs. Rozina Muzammil – Independent Director

Mrs. Rozina Muzammil is a Fellow Member of two prestigious accounting bodies of Pakistan namely: Institute of Cost and Management Accountants of Pakistan (ICMAP), and Pakistan Institute of Public Finance Accountants (PIPFA). She is Certified Director from Executive Development Centre-Lahore School of Accountancy. She holds a Master of Business Administration (MBA) Degree. She has completed many training programs which include Leadership Course from Mckinsey Academy (U.S.A), Human Capital Management and Training Needs Analysis/Assessment. She has to her credit a diversified experience of 20 years at executive level in Corporate Governance & Management, Teaching & Training, Auditing, Finance, Costing and Budgeting. She has served as General Manager Finance in FMCG industry and worked as Executive Director at Pakistan Institute of Public Finance Accountants (PIPFA). Currently she is working as Chief Human Resource Officer (CHRO) at The Institute of Bankers Pakistan since December 2015.

She is a PhD Scholar (pursuing specialization in HRM) from Asia e University, Malaysia and authored a book on Accounting, titled Fundamentals of Accounting, published by an HEC recognized University in 2014.She remained associated with Karachi University Business School (KUBS), ICMAP, Muhammad Ali Jinnah University (MAJU), and KASBIT, as visiting Faculty for MBA/MPhil programs.

She is an Independent Director at Loads Limited and Chairperson of its Human Resource Committee. She has been an HR Expert for recruitment of MTO Batches at House Building Finance Company Limited (HBFCL) since March 2018. She was awarded various Certificates of Excellence and High Achiever Awards and had the rare distinction of being the youngest female FCMA in Pakistan. She has held various honorary positions at ICMAP such as Chairperson Examination & Administration Committee, Chairperson Corporate Relations and Communication Committee, Founder Member and Convener of CMA Women's Forum and Member Karachi Branch Council from 2015 to February 2019.

CHAIRMAN’S REVIEW

Dear Shareholders

I am pleased to present the audited annual accounts of the Loads Group (the Company) for the year ended 30 June 2021.

The Economy

The Government introduced number of incentives and fiscal measures for restoration of economy and limiting the damage on businesses. Post lockdown environment witnessed optimistic signs in key economic indicators. Large-scale manufacturing (LSM) sector witnessed growth of around 15% during financial year 2020-21 as compared with last year. Exports during the year was recorded at US$ 25 billion, achieving a growth of 11%. Remittances have performed strongly on the back of supportive policy steps taken by the SBP under the Digital Pakistan account. On the contrary, sharp decline in Pak Rupee against US dollar has widened trade deficit from 30 June 2021.

The Automotive Industry

Overall cars / LCVs sales for the year 2020-2021 increased by 62% from previous year’s 111,962 units to 181,397 units. Honda, Suzuki and Toyota sales grew by 79%, 34% & 102% respectively, during the year.

Heavy vehicles volumes increased from previous year’s 3,647 units to 4,347 units, registering an overall growth of 19%. Truck sales increased by 20%, whereas buses recorded growth of 17%.

The tractor industry’s sales increased by 40% over previous year’s, registering sales of 45,667 units in 2021 (2020: 32,727 units), with growth of 15% and 55% in volumes of Al-Ghazi Tractors and Millat Tractors 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 strategic planning processes. The Board also remained committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value.

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. 4,717 million increased by 70% over Rs. 2,779 million over the previous year, mainly due to growth of automobiles industry.

Profitability

Group Operating Profit (OP), Profit before Taxation (PBT) and Profit after Taxation (PAT) also grew by Rs.452 million (+243%), Rs.808 million (+113%) & Rs.643 million (+99%) respectively over the previous year due to growth in sales of automobiles & tractors by 62% & 40% respectively. Earnings / (Loss) per share (EPS) grew from a loss of Rs. 3.24 per share to a profit of 29 paisa per share.

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, shareholders and valued customers (reputed Original Equipment Manufacturers) for their continued support.

Syed Shahid Ali Shah
Chairman
Karachi, 28 October 2021

چیئرمین کا جائزہ:

مجھے 30 جون 2021 کو ختم ہونے والے سال کے لیے لوڈز گروپ کے سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت:

حکومت نے معیشت کی بحالی اور کاروبار کو پہنچنے والے نقصان کو محدود کرنے کے لیے متعدد مراعات اور مالیاتی اقدامات متعارف کرائے ہیں۔ لاک ڈاؤن کے بعد کے ماحول نے کلیدی اقتصادی اشارے میں امید افزا اشارے دیکھے۔ بڑے پیمانے پر مینوفیکچرنگ (ایل ایس ایم) کے شعبے میں مالی سال 2020-21 کے دوران گزشتہ سال کے مقابلے میں تقریباً 15 فیصد اضافہ دیکھنے میں آیا۔ سال کے دوران برآمدات 25 بلین امریکی ڈالر ریکارڈ کی گئیں، جس میں 11 فیصد اضافہ ہوا۔ ایس بی پی کی جانب سے ڈیجیٹل پاکستان اکاؤنٹ کے تحت کیے گئے معاون پالیسی اقدامات کی پشت پر ترسیلات زر نے زبردست کارکردگی کا مظاہرہ کیا ہے۔ اس کے برعکس، امریکی ڈالر کے مقابلے پاکستانی روپے میں شدید کمی نے جون 2021 سے تجارتی خسارہ بڑھا دیا ہے۔

گاڑیوں کی صنعت:

سال 2020-2021 کے لیے مجموعی طور پر کاروں/ LCVs کی فروخت گزشتہ سال کے 111,962 یونٹس سے 62 فیصد بڑھ کر 181,397 یونٹس ہوگئی۔ سال کے دوران ہونڈا، سوزوکی اور ٹویوٹا کی فروخت میں بالترتیب 79%، 34% اور 102% اضافہ ہوا۔

بھاری گاڑیوں کا حجم گزشتہ سال کے 3,647 یونٹس سے بڑھ کر 4,347 یونٹس تک پہنچ گیا، جس میں مجموعی طور پر 19 فیصد اضافہ ہوا۔ ٹرکوں کی فروخت میں 20 فیصد اضافہ ہوا، جب کہ بسوں کی فروخت میں 17 فیصد اضافہ ریکارڈ کیا گیا۔

ٹریکٹر انڈسٹری کی فروخت میں پچھلے سال کے مقابلے میں 40 فیصد اضافہ ہوا، 2021 (2020: 32,727 یونٹس) میں 45,667 یونٹس کی فروخت درج کی گئی، الغازی ٹریکٹرز اور ملت ٹریکٹرز کے حجم میں بالترتیب 15% اور 55% اضافہ ہوا۔

بورڈ کی کارکردگی:

بورڈ نے حکمت عملی کے معاملات میں کمپنی کی موثر رہنمائی کرتے ہوئے اپنے فرائض اور ذمہ داریاں پوری تندہی سے نبھائیں۔ بورڈ نے انتظامیہ کی کارکردگی کی نگرانی کرنے اور بڑے خطرات کے انتظام پر توجہ مرکوز کرنے میں بھی اہم کردار ادا کیا۔ بورڈ حکمت عملی اور منصوبہ بندی کے عمل میں مکمل طور پر شامل تھا۔ بورڈ اسٹیک ہولڈر کی قدر کو برقرار رکھنے کے لیے کارپوریٹ گورننس کے اعلیٰ معیارات کو یقینی بنانے کے لیے بھی پرعزم ہے۔

بورڈ نے اپنی خود تشخیص کی اور عالمی بہترین طریقوں کے مطابق مزید بہتری کے لیے ممکنہ شعبوں کی نشاندہی کی۔ بنیادی توجہ حکمت عملی کی ترقی، کاروباری مواقع، رسک مینجمنٹ، بورڈ کی تشکیل اور انتظامیہ کو نگرانی فراہم کرنے پر رہی۔

لوڈ گروپ کی فروخت:

گروپ کی خالص سیلز ریونیو 4,717 ملین روپے تک پہنچ گئی جو پچھلے سال کے مقابلے میں 2,779 ملین روپے کے مقابلے میں 70 فیصد بڑھ گئی، جس کی بنیادی وجہ آٹو موبائل انڈسٹری کی ترقی ہے۔

منافع بخشی:

گروپ آپریٹنگ منافع (OP)، ٹیکس سے پہلے کا منافع (PBT) اور ٹیکسیشن کے بعد منافع (PAT) میں بھی بالترتیب 452 ملین روپے (+243%)، 808 ملین روپے (+113%) اور 643 ملین روپے (+99%) اضافہ ہوا۔ پچھلے سال آٹو موبائلز اور ٹریکٹرز کی فروخت میں بالترتیب 62% اور 40% اضافے کی وجہ سے فی شیئر آمدنی/ (نقصان) فی شیئر (EPS) 3.24 روپے فی شیئر کے نقصان سے بڑھ کر 29 پیسے فی شیئر منافع ہوا۔

تسلیمات:

میں اپنی طرف سے اور آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے تمام کیڈرز کے ملازمین کی مخلصانہ خدمات کا اعتراف کرنے کا یہ موقع لیتا ہوں۔ میں اپنے بینکرز، شیئر ہولڈرز اور قابل قدر صارفین (معروف اصل ساز و سامان کے مینوفیکچررز) کا بھی ان کی مسلسل حمایت کے لیے شکر گزار ہوں۔

S. Shahid

سید شاہد علی شاہ

چیئرمین

کراچی، 28 اکتوبر 2021

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

The Directors' of Loads group (the Company) take pleasure in presenting Loads Group's Annual Report together with Annual Audited Financial Statements for the year ended 30 June 2021.

OPERATING AND FINANCIAL RESULTS

					Rupees in million	
	2021		**2020**		**Increase over previous year**	
	Loads	**Consolidated**	**Loads**	**Consolidated**	**Loads**	**Consolidated**
Sales	4,717	4,717	2,779	2,779	1,938	1,938
Gross Profit	397	499	198	52	199	447
Operating Profit/ (Loss)	398	266	166	-186	232	452
Share of Profit/(Loss) in associate	-	26	-	-173	-	199
Provision for impairment against associate	-	138	-	-123	-	261
Profit/(Loss) before Taxation	174	90	-195	-718	369	808
Profit/(Loss) after Taxation	123	- 4	-137	-647	260	643
Earnings/(Loss) per share (EPS) – basic & diluted	Rs. 0.62	Rs. 0.29	**Restated** (Rs. -0.77)	**Restated** (Rs. -3.24)	Rs.1.39	Rs. 3.53

BUSINESS REVIEW

Company Results

The Company recorded Operating Profit (OP) increase of Rs.232 million (+140%) over the previous year. Profit before Taxation (PBT) registered an increase of Rs.369 million (+189%) and Profit after Taxation (PAT) Rs.260 million (+190%) respectively over the previous year. Therefore, Earnings per share (EPS) improved from a loss of 77 paisa per share to a profit of 62 paisa per share. Excluding the impact of right issue during the year, EPS would have been 81 paisa per share.

Group Results

The group has recorded sales of Rs. 4,717 million for the year ended 30 June 2021, registering a growth of Rs. 1,938 million (+70%) over the previous year. The increase is mainly due to growth in sales of automobiles & tractors by 62% & 40% respectively.

Consolidated Profit before Taxation (PBT) and Profit after Taxation (PAT) also improved by Rs.808 million (+113%) & Rs.643 million (+99%) respectively over the previous year, due to the factors stated above.

Share of profit and provision for impairment of associated undertaking, Treet Corporation Limited, has improved from a loss of Rs. 173 million to a profit of Rs. 26 million and from an impairment of Rs.123 million to a reversal Rs.138 million respectively as compared to previous year.

AUTOMOTIVE INDUSTRY REVIEW

Cars/LCVs sales increased by 62%, while heavy vehicles, tractors and two wheelers grew by 19%, 40% and 39% respectively, reflecting post-covid resurgence of the auto sector in the light of fiscal measures taken by the Government for recovery of economy.

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

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

Sales of Cars, Vans, LCVs & SUVs for the year ended 30, June 2021 increased from 111,962 units to 181,397 units (+62%) over previous year.

(b) Heavy Commercial Vehicles

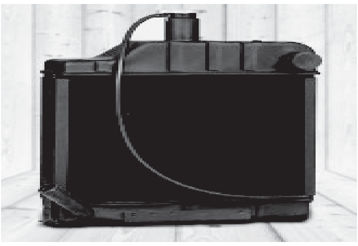
Heavy vehicle volumes increased from previous year's 3,647 units to 4,347 units, registering a growth of 19%.

(c) Tractors

The tractor industry's sales increased by 40% from previous year's 32,727 units to 45,667 units.

COMPANY'S SALES PERFORMANCE

The overall sales of the group grew by 70%. The Company's product-wise performance for the year is analyzed below:



Exhaust Systems **Radiator** **Sheet Metal Components**

Products	**Sales (Rs. in millions)**		
	2021	**2020**	**+%**
Exhaust Systems	3,028	1,648	84%
Sheet Metal Components	1,059	779	36%
Radiators	630	352	79%
Total	4,717	2,779	70%

Comments on performance of various product groups are given below:

(a) **Exhaust Systems** : Sales of exhaust systems increased by 84% mainly on account of growth in sales of Honda and Toyota (Corolla & Yaris) by 79% and 102% respectively.

(b) **Sheet Metal Components** : The group has registered a growth of 36%, as compared to corresponding year, mainly due to full year impact of parts for Suzuki's new vehicle, Alto 660cc.

(c) **Radiators** : Sales of radiators increased by 79%, reflecting growth in sales of Millat Tractors by 55%, and aftermarket business by 56%.

MATERIAL CHANGES OR COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

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 factors are COVID-19, 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.

CORPORATE GOVERNANCE

We believe that establishing and maintaining the standards of corporate governance is for the success and sustainability of the business. The Board recognizes that good governance is more than just compliance with rules and regulations; its about culture, behavior and how we do our business and the Board is therefore committed to ensuring that the Company's values and high standards are set from the top and embedded throughout the Company. We are committed to integrity, having the best in class corporate governance and our Board is structured to provide shareholders and all our stakeholders right and truthful information. Integrity and accountability are at the heart of everything that we do and we believe that, together with our robust governance framework, this allows the Board to lead the Company in the right direction as we pursue our strategy while ensuring that good governance principles and practices are adhered to.

INFORMATION TECHNOLOGY (IT)

The Company believes that information technology is essential for business transformation to meet business challenges. The Company has aligned itself to the efficient use of information technology resources in achieving its operational and strategic objectives. We focused on IT governance by aligning IT strategy with business strategy for effective risk management, resource optimizations and benefit realization. IT Steering Committee provides strategic direction and cost-effective solutions to maximize return on investments in IT. Loads continuously explores the prospects of implementing the latest IT technologies and infrastructure to enable efficient and timely decision making in the changing business environment. Information systems are developed to support the Company's long-term objectives and are managed by a professionally staffed team.

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 as applicable in Pakistan have been followed in the preparation of the financial Statements. Accounting policies have been consistently applied in the preparation of the financial statements except for the change 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 website at www.loads-group.pk, on timely basis.

SAFEGUARDING OF RECORDS

The Company puts great emphasis on 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, and acts as a managerial control and value-addition 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 best interests.

HUMAN RESOURCES

The Company's Human Resource ("HR") department's activities are focused towards building talent for the 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 assists in maximizing the efficiency of the Company through HR 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 renewable energy continue in phases, with solar power already installed at the 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. 1,297 million (2020: Rs. 938 million).

COMPOSITION OF THE BOARD

The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, which are given below:

Total number of Directors

- Male – 6
- Female – 1

i. Composition

- Independent Directors – 2
- Non-Executive Directors – 3
- Executive Directors – 2

ATTENDANCE OF BOARD MEETINGS

The Board of Directors of your company has met six (6) times during the year 2020-21 and the attendance at each of these meetings is as follows:

Name of Director	Designation	5 Oct 20	28 Oct 20	24 Dec 20	22 Feb 21	9 Mar 21	28 Apr 21	2020 - 2021
Syed Shahid Ali Shah	Chairman	P	A	A	A	P	P	3/6
Mr. Munir K. Bana	Chief Executive	P	P	P	P	P	P	6/6
Syed Sheharyar Ali	Non-Executive Director	P	P	P	P	P	A	5/6
Mr. M. Z. Moin Mohajir	Independent Director	P	A	P	P	P	P	5/6
Mr. M. Mohtashim Aftab	Non-Executive Director	P	P	P	P	P	P	6/6
Mr. Shamim A. Siddiqui	Executive Director	P	P	P	P	P	P	6/6
Mrs. Rozina Muzammil	Independent Director	P	P	P	P	P	P	6/6
Dr. Muzzaffar Mahmood	Independent Director	P	P	N/A	N/A	N/A	N/A	2/6
Mr. Saulat Said	Non-Executive Director	P	P	N/A	N/A	N/A	N/A	2/6
Quorum at Meetings		9/9	7/9	6/7	6/7	7/7	6/7	

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

AUDIT COMMITTEE

The Audit Committee comprises of four Non-Executive Directors, including two independent directors, 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 30, June 2021.

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Board's Human Resources & Remuneration Committee (HR&R) consists of five members. The Chairperson of the HR&R is an independent director. The Committee held one meeting during the year to discuss and approve matters falling under the terms of reference of the Committee.

DIRECTORS REMUNERATION

Articles of Association of the company authorise the Board of Directors to fix remuneration of independent and non-executive directors for attending meetings of the board of directors and its committees from time to time.

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 in governing the Board was found up to the mark as is evident by the performance of the Company in the current year.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the company for the year ended 30, June 2021 and the future outlook. The directors endorse the contents of the review.

CORPORATE BRIEFING SESSION

The Company carried out a corporate briefing session during the year.

FINANCIAL STATEMENTS

The auditor of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, audited the financial statements of the Company and have issued an unqualified report to the members.

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 30 June 2021 required under section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

AUDITORS

M/s. KPMG Taseer Hadi & Co. have completed their annual audit of the Company for the year ended 30 June 2021 and have issued unqualified report.

They retire and being eligible, have offered themselves for re-appointment for the year ending June 30, 2022. The Board of Directors on the recommendation of Board Audit Committee, have recommended their re-appointment for the year ending June 30, 2022.

FUTURE OUTLOOK

The demand for auto industry has grown after the rebound from the initial COVID shock. The Government of Pakistan has taken several steps to support the growth of the automobile industry and the impact of these steps is expected to remain positive. Long term consistent policies are vital for growth of auto industry. Current auto policy was applicable for the period 2016 to 2021 and new auto policy is expected to be announced in the near future. It is expected that new auto policy will be industry-friendly by offering incentives to OEMs and vendors.

The volatility in raw materials pricing coupled with fluctuations in the value of the rupee against international currencies also creates uncertainty. However, major fluctuations may have an impact on margins going forward. Uncertainty still prevails due to fourth wave of COVID-19. So far, the Company is endeavoring to improve sales, profitability and diversity in its operations by upgrading the existing products and offers quality products to customers at competitive prices through an efficient network of authorized dealers.

The Company will continue its focus towards developing efficiencies and emphasizing aggressive sales efforts to be able to benefit from the potential growth in demand, while remaining watchful for any sudden changes linked to the uncertainties described above.

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

Rozina Muzammil
Director

Karachi: 28 October 2021

شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ، 2017 کے سیکشن 227(2)(f) کے تحت 30 جون 2021 تک شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والا بیان اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کا اپنا سالانہ آڈٹ مکمل کر لیا ہے اور نا اہل رپورٹ جاری کر دی ہے۔ وہ ریٹائر ہو رہے ہیں اور اہل ہیں، انہوں نے 30 جون 2022 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی کی سفارش پر 30 جون 2022 کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کی سفارش کی ہے۔

مستقبل کا آؤٹ لک:

ابتدائی COVID جھٹکے سے صحت مندی لوٹنے کے بعد آٹو انڈسٹری کی مانگ میں اضافہ ہوا ہے۔ حکومت پاکستان نے آٹو موبائل انڈسٹری کی ترقی کے لیے کئی اقدامات کیے ہیں اور ان اقدامات کے مثبت اثرات کی توقع ہے۔ آٹو انڈسٹری کی ترقی کے لیے طویل مدتی مستقل پالیسیاں ناگزیر ہیں۔ موجودہ آٹو پالیسی 2016 سے 2021 کے عرصے کے لیے لاگو تھی اور مستقبل قریب میں نئی آٹو پالیسی کا اعلان متوقع ہے۔ امید کی جاتی ہے کہ نئی آٹو پالیسی OEMs اور دکانداروں کو مراعات دے کر صنعت کے موافق ہوگی۔

بین الاقوامی کرنسیوں کے مقابلے روپے کی قدر میں اتار چڑھاؤ کے ساتھ خام مال کی قیمتوں میں اتار چڑھاؤ بھی غیر یقینی صورتحال پیدا کرتا ہے۔ تاہم، بڑے اتار چڑھاؤ کا اثر آگے جانے والے مارجن پر پڑ سکتا ہے۔ COVID-19 کی چوتھی لہر کی وجہ سے اب بھی غیر یقینی صورتحال برقرار ہے۔ اب تک، کمپنی موجودہ مصنوعات کو اپ گریڈ کر کے اپنے کاموں میں فروخت، منافع اور تنوع کو بہتر بنانے کی کوشش کر رہی ہے اور مجاز ڈیلرز کے ایک موثر نیٹ ورک کے ذریعے صارفین کو مسابقتی قیمتوں پر معیاری مصنوعات پیش کرتی ہے۔

کمپنی اپنی صلاحیتوں کو فروغ دینے اور طلب میں ممکنہ اضافے سے فائدہ اٹھانے کے لیے جارحانہ فروخت کی کوششوں پر زور دینے کی طرف اپنی توجہ جاری رکھے گی، جبکہ اوپر بیان کی گئی غیر یقینی صورتحال سے منسلک کسی بھی اچانک تبدیلی کے لیے چوکنا رہے گی۔

تسلیمات:

بورڈ تمام ملازمین کا سال بھر میں مسلسل تعاون اور محنت کے لیے شکریہ ادا کرنا چاہتا ہے۔ ہم اپنے صارفین کی مسلسل سرپرستی کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں اور آنے والے سالوں میں ان کے ساتھ ایک نتیجہ خیز تعلقات کے منتظر ہیں۔

بورڈ کے حکم سے

روزینہ مزمل
ڈائریکٹر

منیر کے بانا
چیف ایگزیکیٹو

کراچی: 28 اکتوبر 2021

سال کے دوران، آڈٹ کمیٹی نے مالیاتی گوشواروں، اندرونی آڈٹ رپورٹس، کارپوریٹ گورننس کی ضروریات کے بہترین طریقوں کی تعمیل اور دیگر متعلقہ امور کا جائزہ لینے کے لیے چار میٹنگیں کیں۔ ان ملاقاتوں میں 30 جون 2021 کو ختم ہونے والے سال کے آڈٹ کی تکمیل سے پہلے اور بعد میں بیرونی آڈیٹرز کے ساتھ ملاقاتیں شامل تھیں۔

انسانی وسائل اور معاوضے کی کمیٹی:

بورڈ کی انسانی وسائل اور معاوضے کی کمیٹی (HR&R) پانچ ممبران پر مشتمل ہے۔ HR&R کی چیئرپرسن ایک آزاد ڈائریکٹر ہیں۔ کمیٹی نے سال کے دوران ایک اجلاس منعقد کیا تاکہ کمیٹی کے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر بحث اور منظوری دی جا سکے۔

ڈائریکٹرز کا معاوضہ:

کمپنی کی ایسوسی ایشن کے آرٹیکلز بورڈ آف ڈائریکٹرز کو وقتاً فوقتاً بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے آزاد اور غیر ایگزیکٹو ڈائریکٹرز کے معاوضے طے کرنے کا اختیار دیتے ہیں۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ:

بورڈ کے نگرانی کے کردار اور اس کی تاثیر کا اندازہ لگانا ایک مسلسل عمل ہے، جس کا اندازہ بورڈ خود کرتا ہے۔ توجہ کے بنیادی شعبے درج ذیل ہیں:-

☆ ریگولیٹری تعمیل، مالی معلومات اور کنٹرول؛
☆ وژن اور اقدار کے ذریعے قیادت؛
☆ مستحکم سوچ اور فیصلہ سازی؛
☆ تجارتی اور کاروباری ذہانت؛
☆ مختلف خیالات کے حل میں شراکت؛
☆ فعال شرکت؛ اور
☆ وقت کی وابستگی

انفرادی رائے حاصل کی گئی اور اس رائے کی بنیاد پر، بورڈ کی کارکردگی اور بورڈ کو چلانے میں چیئرمین کے کردار کی اوسط درجہ بندی اس نشان تک پائی گئی جو کہ موجودہ سال میں کمپنی کی کارکردگی سے ظاہر ہے۔

چیئرمین کا جائزہ:

چیئرمین کا جائزہ 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر سے متعلق ہے۔ ڈائریکٹرز جائزے کے مندرجات کی توثیق کرتے ہیں۔

کارپوریٹ بریفنگ سیشن:

کمپنی نے سال کے دوران ایک کارپوریٹ بریفنگ سیشن کیا۔

مالیاتی گوشوارے:

کمپنی کے آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا اور ممبران کو ایک غیر مستند رپورٹ جاری کی ہے۔

کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کا بیان:

"کارپوریٹ گورننس کے ضابطے کی تعمیل کا بیان" (CCG) اس رپورٹ کے ساتھ منسلک ہے۔

(iii) کاروباری اخلاقیات: سال بھر تمام کاروباری معاملات میں سخت اخلاقیات کی پیروی کی گئی۔

(iv) قومی خزانے میں شراکت: گروپ نے 1,297 ملین روپے (2020:938 ملین روپے) مجموعی طور پر انکم ٹیکس، سیلز ٹیکس اور دیگر سرکاری محصولات کی ادائیگی کے لیے اپنی تمام ذمہ داریوں کو پورا کیا۔

بورڈ کی تشکیل:

بورڈ کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق ہے، جو ذیل میں دی گئی ہیں:۔

ڈائریکٹرز کی کل تعداد

☆ مرد - 6

☆ عورت - 1

i۔ ساخت

☆ آزاد ڈائریکٹرز 2

☆ غیر ایگزیکٹو ڈائریکٹرز 3

☆ ایگزیکٹو ڈائریکٹرز 2

بورڈ کے اجلاسوں میں شرکت:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے سال 2020-21 کے دوران چھ (6) بار ملاقات کی ہے اور ان میں سے ہر ایک میٹنگ میں حاضری حسب ذیل ہے:۔

ڈائریکٹرز کے نام	عہدہ	5 اکتوبر 2020	28 اکتوبر 2020	24 دسمبر 2020	22 فروری 2021	09 مارچ 2021	28 اپریل 2021	2020 2021
سید شاہد علی شاہ	چیئرمین	P	A	A	A	P	P	3/6
منیر کے بانا	چیف ایگزیکٹو	P	P	P	P	P	P	6/6
سید شہریار علی	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	A	5/6
ایم زیڈ معین مہاجر	آزاد ڈائریکٹر	P	A	P	P	P	P	5/6
ایم محتشم آفتاب	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
شمیم اے صدیقی	ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
روزینہ مزمل	آزاد ڈائریکٹر	P	P	P	P	P	P	6/6
مظفر محمود	آزاد ڈائریکٹر	P	P	N/A	N/A	N/A	N/A	2/6
سولت سعید	نان ایگزیکٹو ڈائریکٹر	P	P	N/A	N/A	N/A	N/A	2/6
اجلاسوں میں شرکت		9/9	7/9	6/7	6/7	7/7	6/7	

ان ڈائریکٹرز کو غیر حاضری کی چھٹی دے دی گئی جو اجلاس میں شرکت سے قاصر تھے۔

آڈٹ کمیٹی (Audit Committee):

آڈٹ کمیٹی چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جن میں دو آزاد ڈائریکٹرز شامل ہیں جو کمیٹی کے چیئرمین ہیں۔

کارپوریٹ مالیاتی رپورٹنگ

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے آپریشنز کیش فلو اور ایکویٹی میں تبدیلیوں کے نتائج کو کافی حد تک پیش کرتے ہیں۔ مالیاتی گوشواروں کے ساتھ ان کے نوٹس کمپنیز ایکٹ 2017 کے مطابق بنائے گئے ہیں۔ مالیاتی بیانات کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے۔ IFRS9 اور IFRS15 کو اپنانے کی وجہ سے ہونے والی تبدیلی کے علاوہ مالیاتی بیانات کی تیاری میں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔

سی ای او (CEO) کی کارکردگی کا جائزہ:

سی ای او کی کارکردگی کا باضابطہ طور پر تشخیصی نظام کے ذریعے جائزہ لیا جاتا ہے جو مقداری اور کوالٹی اقدار پر مبنی ہوتا ہے۔ اس میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپوریٹ کی کامیابی شامل ہے۔

مواصلات:

کمپنی شیئر ہولڈرز کے ساتھ رابطے کی اہمیت پر توجہ مرکوز کرتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس ان کمپنیز ایکٹ 2017 میں بتائے گئے وقت کے اندر تقسیم کی جاتی ہیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ www.loads.group.pk پر بروقت بنیادوں پر اپ ڈیٹ کیا جاتا ہے۔

ریکارڈ کی حفاظت:

کمپنی اپنے مالیاتی ریکارڈوں کو ذخیرہ کرنے اور محفوظ رکھنے پر بہت زور دیتی ہے۔ کمپنی اپنی مالی معلومات کو ریکارڈ کرنے کے لیے SAP کا استعمال کر رہی ہے۔ الیکٹرانک دستاویزات تک رسائی ERP-SAP سسٹم میں پاس ورڈ سے محفوظ ایک جامع اجازت کے میٹرکس کے نفاذ کے ذریعے محفوظ کی گئی ہے۔

اندرونی آڈٹ:

لوڈز گروپ کا ایک آزاد اندرونی آڈٹ فنکشن ہے۔ اندرونی آڈٹ کا سربراہ بورڈ آڈٹ کمیٹی (BAC) کو فعال طور پر رپورٹ کرتا ہے۔ سالانہ اندرونی آڈٹ کے منصوبے BAC کو منظوری کے لیے خطرے کی تشخیص کی بنیاد پر تیار کیے جاتے ہیں۔ اندرونی آڈٹ فنکشن کمپنی کے اندر ایک آزاد تشخیصی سرگرمی ہے جو اکاؤنٹنگ، مالیاتی، اور آپریشنل مضمرات پر زور دینے کے ساتھ آپریشنز کے مسلسل جائزے میں مصروف ہے، اور تمام محکموں کے لیے انتظامی کنٹرول اور ویلیو ایڈیشن کے طور پر کام کرتی ہے۔
اندرونی آڈٹ کے طریقہ کار کی رہنمائی آزادی، معروضیت اور قدر میں اضافے کے اصولوں سے ہوتی ہے اور ان طریقہ کار کے نتائج آپریشنل کارکردگی، منافع کی حفاظت اور کمپنی کے بہترین مفادات ہیں۔

انسانی وسائل:

کمپنی کے ہیومن ریسورس ("HR") ڈیپارٹمنٹ کی سرگرمیاں مستقبل کے لیے بہتر کی تعمیر پر مرکوز ہیں۔ HR ڈیپارٹمنٹ انتہائی باصلاحیت اور سرشار ملازمین کو راغب کرنے، تیار کرنے، حوصلہ افزائی کرنے اور برقرار رکھنے کی کوشش کرتا ہے جو کمپنی کی کامیابی کو یقینی بنانے کے لیے پرعزم ہیں۔ محکمہ کمپنی کے ملازمین کی متعدد ضروریات کا انتظام کرنے کے ساتھ ساتھ ملازمین کے تعلقات، پے رول، فوائد اور تربیت کو سنبھالنے کا ذمہ دار ہے۔
HR ڈیپارٹمنٹ HR مینجمنٹ، افرادی قوت کی منصوبہ بندی، تربیت اور ترقی اور ملازمین کے معاوضے اور فوائد کے ذریعے کمپنی کی کارکردگی کو بڑھانے میں مدد کرتا ہے۔

کمپنیاں (کارپوریٹ سماجی ذمہ داری) جنرل آرڈر 2009:

کمپنیز (کارپوریٹ سماجی ذمہ داری) جنرل آرڈر 2009 کے لحاظ سے آپ کی کمپنی نے موجودہ مالی سال کے دوران درج ذیل شعبوں میں تعاون کیا:

(i) **توانائی کا تحفظ:** قابل تجدید توانائی پر سوئچ کرنے کے منصوبے مراحل میں جاری ہیں، ہیڈ آفس میں شمسی توانائی پہلے سے نصب ہے۔

(ii) **معیار اور ماحولیاتی نظم و نسق کے نظام:** ISO 9001 اور ISO 14001 سرٹیفیکیشنز جو پہلے کمپنی نے حاصل کیے تھے ہر سال تجدید ہوتے رہتے ہیں۔

مادی تبدیلیاں یا وعدے:

کمپنی کے مالی سال کے اختتام جس سے بیلنس شیٹ کا تعلق ہے اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

خطرے کے انتظامات:

خطرے کے انتظامات کے عمل میں مستحکم ، مالی، آپریشنل، قانونی اور بیرونی خطرات کی شناخت اور کمپنی کی کارکردگی پر منفی اثرات کو کم کرنے کے لیے مناسب اقدامات کو یقینی بنانا شامل ہے۔ ہمارے صارفین کی طلب اور صلاحیت کے استعمال سے پیدا ہونے والا مستحکم خطرہ کاروبار اور متعلقہ مارجن کے نقصان کا خطرہ پیدا کرتا ہے۔ یہ خطرات مستحکم کاروباری صف بندی کے ذریعے حل کیے جاتے ہیں اور اس کے اثرات کو اچھی طرح سے حل کیا جاتا ہے۔

کمپنی کی مصنوعات کی مانگ میں کمی کا اس کے منافع پر منفی اثر پڑ سکتا ہے جس کی وجہ آٹو انڈسٹری میں متوقع نمو سے کم فروخت کا حجم ہے۔ دیگر عوامل ہیں COVID-19، غیر ملکی زر مبادلہ کی نقل و حرکت، یعنی PKR کی قدر میں کمی، جو درآمدات کی قیمت کو بڑھا دے گی اس طرح کمپنی کے منافع کو متاثر کرے گی۔ مالیاتی خطرات میں کریڈٹ رسک، مارکیٹ رسک اور لیکویڈیٹی رسک شامل ہیں۔ رسک مینجمنٹ کا ایک مؤثر عمل موجود ہے اور مسائل کو حل کرنے اور خطرات کو کم کرنے کے لیے ایکشن پلان کی نشاندہی کی گئی ہے۔

کارپوریٹ گورننس:

ہم سمجھتے ہیں کہ کارپوریٹ گورننس کے معیارات کو قائم کرنا اور برقرار رکھنا کاروبار کی کامیابی اور پائیداری کے لیے ہے۔ بورڈ تسلیم کرتا ہے کہ گڈ گورننس صرف قواعد وضوابط کی تعمیل سے زیادہ ہے۔ یہ ثقافت، رویے اور ہم اپنا کاروبار کیسے کرتے ہیں اس کے بارے میں ہے اور اس لیے بورڈ اس بات کو یقینی بنانے کے لیے پر عزم ہے کہ کمپنی کی اقدار اور اعلیٰ معیارات اوپر سے مرتب ہوں اور پوری کمپنی میں سرایت کر جائیں۔ ہم دیانتداری کے لیے پر عزم ہیں، کلاس کارپوریٹ گورننس میں بہترین ہیں اور ہمارا بورڈ شیئر ہولڈرز اور اپنے تمام اسٹیک ہولڈرز کو درست اور سچی معلومات فراہم کرنے کے لیے تشکیل دیا گیا ہے۔ دیانتداری اور جوابدہی ہمارے ہر کام کا مرکز ہے اور ہمیں یقین ہے کہ ہمارے مضبوط گورننس فریم ورک کے ساتھ یہ بورڈ کو کمپنی کی صحیح سمت میں رہنمائی کرنے کی اجازت دیتا ہے کیونکہ ہم اپنی حکمت عملی پر عمل پیرا ہوتے ہوئے اس بات کو یقینی بناتے ہیں کہ اچھی حکمرانی کے اصولوں اور طریقوں کو یقینی بنایا جائے اور اس پر عمل کیا جائے۔

انفارمیشن ٹیکنالوجی (IT):

کمپنی کا خیال ہے کہ کاروباری چیلنجوں سے نمٹنے کے لیے کاروباری تبدیلی کے لیے انفارمیشن ٹیکنالوجی ضروری ہے۔ کمپنی نے اپنے آپریشنل اور مستحکم مقاصد کو حاصل کرنے کے لیے انفارمیشن ٹیکنالوجی کے وسائل کے موثر استعمال کے لیے خود کو ہم آہنگ کیا ہے۔ ہم نے مؤثر رسک مینجمنٹ، وسائل کی اصلاح اور فائدہ کے حصول کے لیے آئی ٹی حکمت عملی کو کاروباری حکمت عملی کے ساتھ ہم آہنگ کرتے ہوئے آئی ٹی گورننس پر توجہ مرکوز کی۔ آئی ٹی اسٹیئرنگ کمیٹی آئی ٹی میں سرمایہ کاری پر زیادہ سے زیادہ منافع حاصل کرنے کے لیے مستحکم سمت اور سرمایہ کاری کے مؤثر عمل فراہم کرتی ہے۔ لوڈ مسلسل بدلتے ہوئے کاروباری ماحول میں موثر اور بروقت فیصلہ سازی کے قابل بنانے کے لیے جدید ترین IT ٹیکنالوجیز اور انفراسٹرکچر کو لاگو کرنے کے امکانات کو تلاش کرتا ہے۔ انفارمیشن سسٹم کمپنی کے طویل مدتی مقاصد کو پورا کرنے کے لیے تیار کیے گئے ہیں اور ان کا انتظام پیشہ ورانہ عملے کی ٹیم کے ذریعے کیا جاتا ہے۔

اندرونی مالیاتی کنٹرول:

کمپنی کے اندر ہر سطح پر مضبوط اندرونی کنٹرول کا نظام قائم اور نافذ کیا گیا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد کی کامیابیوں اور آپریشنل تاثیر اور قابل اعتماد مالیاتی رپورٹنگ اور قوانین کے ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لیے ڈیزائن میں درست ہے۔

متعلقہ فریقوں کے لین دین:

یہ کمپنی کی پالیسی ہے کہ اس بات کو یقینی بنائے کہ متعلقہ فریقوں کے ساتھ داخل ہونے والے تمام لین دین کی لمبائی پوری ہونی چاہیے۔ تاہم غیر معمولی حالات میں کمپنی اسلحے کی لمبائی کے لین دین کے علاوہ کسی دوسرے لین دین میں داخل ہو سکتی ہے جس کا جواز پیش کرنے کے بعد بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کی منظوری سے مشروط ہے (اور مالیاتی گوشواروں میں صحیح طور پر پیش کرنا) اس کی روانگی کے لیے معقول اور مالی اثر ہے۔

منسلک انڈر ٹیکنگ ٹریٹ کارپوریشن لمیٹڈ کے منافع کا حصہ اور خرابی کے لیے فراہمی گزشتہ سال کے مقابلے میں بالترتیب 173 ملین روپے کے نقصان سے 26 ملین روپے کے منافع اور 123 ملین روپے کی خرابی سے بالترتیب 138 ملین روپے تک بہتر ہو گئی ہے۔

گاڑیوں کی صنعت کا جائزہ:

کاروں/ LCVs کی فروخت میں 62% کا اضافہ ہوا، جب کہ بھاری گاڑیوں، ٹریکٹروں اور دو پہیوں کی فروخت میں بالترتیب 19%، 40% اور 39% کا اضافہ ہوا جو کہ حکومت کی جانب سے معیشت کی بحالی کے لیے کیے گئے مالیاتی اقدامات کی روشنی میں گاڑیوں کے شعبے کی کووڈ کے بعد کی بحالی کی عکاسی کرتا ہے۔

ہمارے گروپ کے کسٹمر بیس کا سیکٹر وار تجزیہ ذیل میں دیا گیا ہے:-

(a) مسافر کاریں/ ہلکی کمرشل گاڑیاں (LCVs)/ جیپیں (SUVs)

30 جون 2021 کو ختم ہونے والے سال کے لیے کاروں، وینز، LCVs اور SUVs کی فروخت گزشتہ سال کے مقابلے 111,962 یونٹس سے بڑھ کر 181,397 یونٹس (+62%) ہو گئی۔

(b) بھاری تجارتی گاڑیاں

بھاری گاڑیوں کا حجم پچھلے سال کے 3,647 یونٹس سے بڑھ کر 4,347 یونٹس تک پہنچ گیا، جس میں 19 فیصد اضافہ ہوا۔

(c) ٹریکٹرز

ٹریکٹر انڈسٹری کی فروخت گزشتہ سال کے 32,727 یونٹس سے 40 فیصد بڑھ کر 45,667 یونٹس ہو گئی۔

کمپنی کی فروخت کی کارکردگی:

گروپ کی مجموعی فروخت میں 70 فیصد اضافہ ہوا۔ کمپنی کی سال بھر کی مصنوعات کے لحاظ سے کارکردگی کا تجزیہ ذیل میں کیا گیا ہے:-

مصنوعات	فروخت (روپے ملین میں)		
	2021	2020	+ %
اخراج کے نظام	3,028	1,648	% 84
شیٹ میٹل کے اجزاء	1,059	779	% 36
ریڈی ایٹرز	630	352	% 79
ٹوٹل	4,717	2,779	% 70

مختلف مصنوعات گروپس کی کارکردگی پر تبصرے ذیل میں دیے گئے ہیں:-

(a)	اخراج کے نظام :	ہونڈا اور ٹویوٹا (کرولا اور یارس) کی فروخت میں بالترتیب 79 فیصد اور 102 فیصد اضافے کی وجہ سے اخراج کے نظام کی فروخت میں 84 فیصد اضافہ ہوا۔
(b)	شیٹ میٹل کے اجزاء :	گروپ نے اسی سال کے مقابلے میں 36 فیصد اضافہ درج کیا ہے جس کی بنیادی وجہ سوزوکی کی نئی گاڑی آلٹو 660CC کے پارٹس کے پورے سال کے اثرات ہیں۔
(c)	ریڈی ایٹرز :	ریڈی ایٹرز کی فروخت میں 79 فیصد اضافہ ہوا، جو ملت ٹریکٹرز کی فروخت میں 55 فیصد اور بعد کے کاروبار میں 56 فیصد اضافے کی عکاسی کرتا ہے۔

شیئر ہولڈرز کو ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ لوڈز گروپ کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

آپریٹنگ اور مالیاتی نتائج:

	روپے ملین میں					
	2021		2020		پچھلے سال کے مقابلے میں اضافہ	
	لوڈز	مجموعی	لوڈز	مجموعی	لوڈز	مجموعی
فروخت	4,717	4,717	2,779	2,779	1,938	1,938
کل منافع	397	499	198	52	199	447
آپریٹنگ منافع/(نقصان)	398	266	166	-186	232	452
ایسوسی ایٹ میں منافع/(نقصان) کا حصہ	-	26	-	-173	-	199
ایسوسی ایٹ کے خلاف نقص کے لئے فراہمی	-	138	-	-123	-	261
ٹیکس سے پہلے منافع/(نقصان)	174	90	-195	-718	369	808
ٹیکس کے بعد منافع/(نقصان)	123	-4	-137	-647	260	643
آمدنی/(نقصان) فی شیئر EPS، بنیادی اور کمزور	0.62 روپے	0.29 روپے	Restated (-0.77) روپے	Restated (-3.24) روپے	1.39 روپے	3.53 روپے

کاروباری جائزہ:

کمپنی کے نتائج:

کمپنی کے آپریٹنگ پرافٹ (OP) میں پچھلے سال کے مقابلے میں 232 ملین (+140%) کا اضافہ ہوا ہے۔ ٹیکسیشن سے پہلے (PBT) اور ٹیکسیشن کے بعد (PAT) کے منافعوں میں بالترتیب 369 ملین روپے (+189%) اور 260 ملین روپے (+190%) کا اضافہ ہوا ہے۔ لہذا فی شیئر آمدنی (EPS) 77 پیسے فی شیئر کے نقصان سے 62 پیسے فی شیئر کے منافع میں بہتری آئی۔ سال کے دوران ہونے والے رائٹ ایشو کو چھوڑ کر EPS 81 پیسے فی شیئر منافع ہوا۔

گروپ کے نتائج:

آپ کے گروپ نے 30 جون 2021 کو ختم ہونے والے سال کے لیے 4,717 ملین روپے کی فروخت ریکارڈ کی ہے، جس میں پچھلے سال کے مقابلے میں 1,938 ملین روپے (+70%) کا اضافہ درج کیا گیا ہے۔ یہ اضافہ بنیادی طور پر آٹو موبائلز اور ٹریکٹرز کی فروخت میں بالترتیب 62% اور 40% اضافے کی وجہ سے ہوا ہے۔

پچھلے سال کے مقابلے میں ٹیکس سے پہلے (PBT) اور ٹیکسیشن کے بعد (PAT) کے مجموعی منافعوں میں بالترتیب 808 ملین (+113%) اور 643 ملین (+99%) کا اضافہ ہوا ہے، اوپر بیان کردہ عوامل کی وجہ سے۔

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Loads Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Loads Limited ("the Company") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. 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 2021.

KPMG Taseer Hadi & Co.

Date: 29 October 2021

Karachi

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Chartered Accountants

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

Name of company	Loads Limited
Year ending	30 June 2021

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

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

   a. Male 6
   b. Female 1

2. The composition of the Board is as follows:

Independent Directors	Mr. M .Z. Moin Mohajir Mrs. Rozina Muzammil
Non-Executive Directors	Syed Shahid Ali Shah Syed Sheharyar Ali Mr. M. Mohtashim Aftab
Executive Directors	Mr. Munir K. Bana Mr. Shamim A. Siddiqui
Female Director	Mrs. Rozina Muzammil

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

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

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

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

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

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

9. More than 85% Directors have either completed Directors' Training program or are exempted from doing so under these regulations. However, no Directors' Training program arranged during the year.

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

11. Chief Financial Officer and Chief Executive 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
Syed Sheharyar Ali	Member
Mr. M. Mohtashim Aftab	Member
Mrs. Rozina Muzammil	Member

b. Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	Chairperson
Mr. Munir K. Bana	Member
Syed Sheharyar Ali	Member
Mr. M. Mohtashim Aftab	Member
Mr. Shamim A. Siddiqui	Member

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

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

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

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. However, during the year, the internal audit function composed of head of internal audit and the company is in process of hiring suitable managerial staff in Internal Audit Department.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with;

For and on behalf of Board of Directors

Munir K. Bana
Chief Executive

Rozina Muzammil
Director

28 October 2021
Karachi

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INDEPENDENT AUDITOR'S 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 2021, 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 2021 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 *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 5.15 & 28 to the unconsolidated financial statements. The Company's revenue for the year ended 30 June 2021 was Rs. 4,717 million. The Company's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products"). We identified revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, large number of revenue transactions, inherent risk that revenue could be recorded in an incorrect period or subject to manipulation in order to achieve financial targets and expectations.	Our procedures amongst others, included the following: • Obtained an understanding of the process relating to recognition of revenue and tested the design and operating effectiveness of key controls of revenue recognition; • Inspected sales contracts with OEMs, and on a sample basis for other customers, to understand and assess the terms and conditions therein which may affect revenue recognition; • Performed verification on a sample basis of revenue transactions with underlying documentation including sales invoices, delivery note, dispatch documents and sales contract; • 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 has been recognized

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S. No.	Key audit matters	How the matters were addressed in our audit
		in the appropriate accounting period; 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 5.9 and 9 to the unconsolidated financial statements. As at 30 June 2021 the company's stock-in-trade amounting to Rs. 1,413.53 million, against which an obsolescence provision of Rs. 26.49 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.	Our procedures amongst others, included the following: • Attended management's inventory counts and observed the process, 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.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in

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accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

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

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

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

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

- 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.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 auditor's report is Muhammad Taufiq.

Date: 29 October 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

Financial statements (Unconsolidated)

Unconsolidated Statement of Financial Position

As at 30 June 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**562,752,918**	572,383,838
Intangible assets	7	**-**	344,797
Long-term investments	8	**1,599,825,041**	1,318,698,930
Long-term loans	11	**8,303,878**	7,261,530
Deferred tax assets	20	**9,448,705**	35,901,404
		2,180,330,542	1,934,590,499
Current assets			
Stores, spares and loose tools	29.2	**57,654,929**	66,504,668
Stock-in-trade	9	**1,387,034,758**	1,381,183,851
Trade debts - net	10	**476,303,736**	328,704,079
Loans and advances	12	**110,124,231**	53,400,690
Deposits, prepayments and other receivables	13	**42,134,540**	137,879,444
Due from related parties	26	**2,588,437,564**	1,700,724,240
Taxation - net	14	**162,738,194**	109,164,230
Short-term investments	15	**925,552**	551,787
Cash and bank balances	16	**10,733,698**	32,010,964
		4,836,087,202	3,810,123,953
Total assets		**7,016,417,744**	5,744,714,452
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
400,000,000 ordinary shares of Rs.10 each		**4,000,000,000**	4,000,000,000
Issued, subscribed and paid-up capital	18	**2,512,500,000**	1,512,500,000
Share premium		**1,070,065,433**	1,095,352,578
Fair value reserve		**82,731,000**	(185,546,462)
Unappropriated profit		**463,202,182**	339,322,527
		4,128,498,615	2,761,628,643
LIABILITIES			
Non-current liabilities			
Long-term loans	22	**249,526,409**	395,759,100
Lease liabilities	19	**910,322**	663,416
Defined benefit obligation - net	21	**4,535,710**	16,149,322
Gas Infrastructure Development Cess	23	**940,401**	-
Deferred grant	24	**242,701**	1,539,868
		256,155,543	414,111,706
Current liabilities			
Current maturity of lease liabilities	19	**839,504**	1,077,125
Current portion of long-term loans	22	**208,662,007**	31,770,597
Current portion of deferred grant	24	**3,456,285**	2,807,246
Short-term borrowings	25	**1,844,976,781**	2,086,407,636
Due to related parties	26	**204,344,517**	40,000,000
Trade and other payables	27	**328,591,992**	323,849,923
Unclaimed dividend		**3,527,781**	3,526,379
Accrued mark-up and profit		**37,364,719**	79,535,197
		2,631,763,586	2,568,974,103
Total equity and liabilities		**7,016,417,744**	5,744,714,452
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
Revenue - net	28	**4,717,228,398**	2,778,630,637
Cost of sales	29	**(4,319,960,129)**	(2,580,607,870)
Gross profit		**397,268,269**	198,022,767
Administrative, selling and general expenses	30	**(183,594,220)**	(176,541,409)
		213,674,049	21,481,358
Reversal / (impairment loss) on trade receivables	10.1	**12,347,172**	(12,347,172)
Other expenses	31	**(12,095,417)**	(3,044,586)
Other income	32	**184,182,505**	159,475,343
		172,087,088	156,430,757
Operating profit		**398,108,309**	165,564,943
Finance costs	33	**(223,628,727)**	(360,356,770)
Profit / (loss) before taxation		**174,479,582**	(194,791,827)
Taxation	34	**(50,599,927)**	57,460,597
Profit / (loss) for the year		**123,879,655**	(137,331,230)
			Re-stated
Earnings / (loss) per share - Basic and diluted	35	**0.62**	(0.77)

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
Profit / (loss) for the year		**123,879,655**	(137,331,230)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Change in fair value of equity investments at FVOCI - net of tax		**(4,030)**	1,384,926
Investment in associate at FVOCI - net change in fair value	8.2.1	**281,126,111**	17,817,121
Tax effect on change in fair value of investment at FVOCI - prior year charge		**-**	15,418,631
Tax effect on change in fair value of investment at FVOCI - current year charge		**(17,612,144)**	(654,158)
		263,509,937	33,966,520
Re-measurement gain / (loss) on defined benefit obligation	21.2.4	**6,714,823**	(2,418,212)
Related tax	20.1	**(1,947,298)**	701,281
		4,767,525	(1,716,931)
Total comprehensive income / (loss) for the year		**392,157,117**	(105,081,641)

The annexed notes from 1 to 47 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 2021

	Share capital	Capital Reserve	Revenue reserves		Total equity
	Issued, subscribed and paid up capital	Share premium	Fair value reserve	Unappropriated profit	
	(Rupees)				
Balance as at 1 July 2019	1,512,500,000	1,095,352,578	(217,988,192)	476,845,898	2,866,710,284
Total comprehensive loss for the year ended 30 June 2020					
Loss for the year	-	-	-	(137,331,230)	(137,331,230)
Reclassification of unrealised loss on sale of investments measured at FVOCI	-	-	192,141	(192,141)	-
Other comprehensive income for the year	-	-	32,249,589	-	32,249,589
	-	-	32,441,730	(137,523,371)	(105,081,641)
Balance as at 30 June 2020	1,512,500,000	1,095,352,578	(185,546,462)	339,322,527	2,761,628,643
Issuance of right shares	**1,000,000,000**	**-**	**-**	**-**	**1,000,000,000**
Issuance cost of right shares	**-**	**(25,287,145)**	**-**	**-**	**(25,287,145)**
Total comprehensive income for the year ended 30 June 2021					
Profit for the year	**-**	**-**	**-**	**123,879,655**	**123,879,655**
Other comprehensive income	**-**	**-**	**268,277,462**	**-**	**268,277,462**
	-	**-**	**268,277,462**	**123,879,655**	**392,157,117**
Balance as at 30 June 2021	**2,512,500,000**	**1,070,065,433**	**82,731,000**	**463,202,182**	**4,128,498,615**

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**174,479,582**	(194,791,827)
Adjustments for			
Depreciation	6.1	**72,222,578**	80,532,759
Amortisation	7	**344,797**	793,362
(Reversal of) / provision for obsolescence and slow moving stock - net	9.1	**(2,815,247)**	11,286,922
Finance costs	33	**223,234,987**	340,531,500
Finance lease charges	33	**27,948**	28,342
Current service costs	21.2.3	**3,459,406**	3,903,870
Gain on disposal of property, plant and equipment	32	**(4,113,307)**	(1,317,073)
Loss on sale of investments	31	**-**	2,985,345
Mark-up income on bank balance	32	**(1,578,438)**	(8,500,176)
Dividend income	32	**(40,364)**	(27,489)
Government grant income	32	**(5,781,666)**	(229,596)
Mark-up income on loan to employees	32	**(1,574,229)**	(1,329,238)
Mark-up income on loan to subsidiaries	32	**(149,112,622)**	(148,071,771)
Unrealized (gain) / loss on re-measurement of investment classified as at FVTPL	32 & 15.1	**(342,978)**	59,241
		308,410,447	85,854,171
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**8,849,739**	(14,807,793)
Stock-in-trade		**(3,035,660)**	12,241,906
Trade debts - net		**(147,599,657)**	272,885,015
Loans and advances		**(57,765,889)**	9,000,321
Due from related parties		**89,962,784**	161,236,932
Deposits, prepayments and other receivables		**95,744,904**	183,914,673
		(13,843,779)	624,471,054
(Decrease) / Increase in current liabilities			
Due to related parties		**204,344,517**	-
Received against mobilization advance		**-**	38,272,254
Trade and other payables		**5,682,470**	(96,296,873)
		210,026,987	(58,024,619)
Cash generated from operating activities		**504,593,655**	652,300,606
Finance costs paid		**(259,608,641)**	(305,711,327)
Contributions paid to defined benefit plan		**(8,358,195)**	(640,000)
Mark-up received from loans to employees		**1,574,229**	1,329,238
Income tax paid - net		**(97,280,426)**	(42,354,795)
Net cash generated from operating activities		**140,920,622**	304,923,722
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		**(66,225,016)**	(38,858,224)
Proceeds from disposal of property, plant and equipment		**8,877,907**	2,114,000
(Purchase of investment) / proceeds from redemption of investments		**(35,025)**	16,900,000
Mark-up received on bank balances / PTC		**1,578,438**	8,500,176
Dividend income received		**40,364**	27,489
Net cash used in investing activities		**(55,763,332)**	(11,316,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Rental payments against lease liabilities	19	**(1,165,063)**	(4,058,424)
Proceeds from issuance of right shares - net		**974,712,855**	-
Dividend reversed / (paid)		**1,402**	(9,121)
Long term loans obtained during the year - net		**30,010,591**	432,106,407
Loans from director		**(40,000,000)**	40,000,000
Loans to subsidiary companies		**(828,563,486)**	(737,033,400)
Net cash generated from / (used in) financing activities		**134,996,299**	(268,994,538)
Net increase in cash and cash equivalents		**220,153,589**	24,612,625
Cash and cash equivalents at beginning of the year		**(2,054,396,672)**	(2,079,009,297)
Cash and cash equivalents at end of the year	16.1	**(1,834,243,083)**	(2,054,396,672)

The annexed notes from 1 to 47 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 2021

1. LEGAL STATUS AND OPERATIONS

1.1 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 Act, 2017 on 30 May 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 sell 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. The details are as follows:

Name of the Companies	Incorporation date	Effective holding % 2021	Effective holding % 2020	Principle line of business
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)	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	**5.27%**	5.27%	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.

1.2 Liquidity position and its management

In 2017, Loads group initiated a new project of alloy wheels through a subsidiary company i.e. HAWL. To finance this project, significant borrowings were made from group entities (including Parent company) and other lenders (banks and related parties). Details of liquidity position and its management are included in note 38.3.1.

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 are 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.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for investments which are classified as FVTPL and obligations in respect of gratuity schemes which are measured at present value of defined benefit obligation less fair value of planned assets.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee which is also the Company's functional currency and has been rounded off to the nearest rupee unless otherwise stated

3. USE OF JUDGMENTS AND ESTIMATES

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. 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 only effects that period, or in the period of the revision and the future periods if the revision effects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set forth below:

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 6);
- Provision for impairment of stock-in-trade (note 9);
- Trade debts and impairment (note 10 and 5.4);
- Net defined benefit obligation (note 21);
- Contingencies (note 17).
- Provision for taxation (note 34).

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan 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 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

  - there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognised in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.

  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 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. Leasehold land and capital work-in-progress are stated at cost less accumulated 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 capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Comany. The costs of the day-to-day servicing of property, plant and equipment are recognised in the unconsolidated statement of profit or loss as incurred.

Depreciation

Depreciation charge is based on the reducing balance method whereby the cost of an asset is written off to the unconsolidated statement of profit or loss over its estimated useful life by applying the rates mentioned in note 6.1 to the unconsolidated financial statements.

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, useful lives 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 unconsolidated statement of profit or loss.

Impairment

The carrying amount 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 assets' recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount in the unconsolidated statement of profit or loss.

5.2 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.

Amortisation

Amortisation is charged to the unconsolidated statement of profit or loss on a straight line basis at the rates specified in note 7 to these financial statements, over the estimated useful lives of intangible assets unless lives are indefinite. Amortisation on additions to intangible assets is charged from the month in which an item is acquired or capitalised while no amortisation is charged for the month in which the item is disposed off.

5.3 Financial Instruments

5.3.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, and impairment are recognised in the unconsolidated statement of profit or loss. Other net gains and losses are recognised in unconsolidated other comprehensive income. On de-recognition, gains and losses accumulated in unconsolidated other comprehensive income are reclassified to the unconsolidated statement of profit and loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the unconsolidated statement of 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 other comprehensive income and are never reclassified to the unconsolidated statement of profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the unconsolidated statement of profit and loss.
Financial assets measured 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 / mark-up income, and impairment are recognised in the unconsolidated statement of profit and loss.

5.3.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.3.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

5.3.4 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

5.4 Impairment

5.4.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime 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 balance 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 including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. 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.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, 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.

Based on the management assessment no ECL was required since the Company's financial assets at amortised cost are held with related parties or counterparties with low credit risk. Further, ECL calculated on Trade Debts was not required as the amount assessed was immaterial to the unconsolidated financial statement.

5.4.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the unconsolidated statement of profit or loss.

5.5 Investment in subsidiaries

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

5.6 Investment in associate

Entities in which the Company has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Company are associates. Investment in associates are stated at fair value.

5.7 Provisions

A provision is recognised 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.

5.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

5.9 Stock-in-trade

Stock-in-trade is stated at lower of cost less impairment loss, if any and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their intended 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.

5.10 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 statement of cash flows

5.11 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan 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 at the rates of exchange prevailing at the reporting date. Exchange differences, if any are recognised in unconsolidated statement of profit or loss.

5.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in unconsolidated statement of profit or loss except to the extent that it relates to items recognised directly in unconsolidated equity or other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year estimated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using balance sheet liability 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 tax rates enacted or substantively enacted at the reporting date.

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.

5.13 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.

For defined benefit plans, the net defined benefit liability / asset recognised in the balance sheet is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The deficit or surplus is:

(a) the present value of the defined benefit obligation; less
(b) the fair value of plan assets (if any).

The present value of defined benefit obligation is calculated annually by independent actuaries by discounting the estimated future cash flows using an interest rate equal to the yield on high-quality corporate bonds.

Actuarial gains or losses that arise are recognised in other comprehensive income in the period they arise. Service costs and net interest on net defined benefit liability / asset are recognised in unconsolidated statement of profit or loss.

Compensated absences

The Company recognises the liability for accumulated compensated absences as employees render services that increase their entitlement to future compensated absences.

Defined contribution plan - Provident Fund

All permanent employees are covered under a recognised 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-management employees.

5.14 Earnings per share

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

5.15 Revenue from Contracts with Customers

Made to order products:

Revenue and associated costs are recognised over time as the Company's performance does not create an asset with an alternative use for the Company and the Company has an enforceable right to payments for performance completed to date.

Standard products:

Revenue is recognised at point in time when customer obtains control of the product which is when goods are delivered and accepted at the customer's premises.

5.16 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 25.

5.17 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, whose results are regularly reviewed by the segment to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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 unconsolidated financial statements.

5.18 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.

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 recognition 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 unconsolidated 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.

5.19 Investment and other income

Mark-up income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the same is established i.e. the book closure date of the investee Company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Rental income (net of any incentives given to lessees) from investment property is recognised on a straight line basis over the lease term.

5.20 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalised up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to Unconsolidated statement of profit or loss.

5.21 Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Unconsolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

5.22 Government grants

Government grants are transfers of resources to an entity by a Government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a Government subsidy. The definition of "Government" refers to Governments, Government agencies and similar bodies, whether local, national or international.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis over the periods in which the entity recognises as expense the related costs the grant are expected to compensate. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below- market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the Government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

5.23 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts. Refer note 5.4 for a description of the Company's impairment policies.

5.24 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		(Rupees)	
Operating assets	6.1	**527,681,972**	539,864,117
Capital work-in-progres	6.2	**35,070,946**	32,519,721
		562,752,918	572,383,838

6.1 Operating assets

	Cost						Accumulated depreciation					Net book value as at 30 June 2021
	As at 1 July 2020	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2021	Annual Rate	As at 1 July 2020	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2021	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 6.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 6.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	90,444,304	346,193	-	-	90,790,497	5	32,973,385	2,881,483	-	-	35,854,868	54,935,629
Plant and machinery (note 6.1.4)	714,809,912	28,443,558	-	-	743,253,470	10 - 20	358,553,759	39,052,129	-	-	397,605,888	345,647,582
Tools and equipment	314,093,026	30,324,672	-	-	344,417,698	10 - 35	268,451,645	19,298,978	-	-	287,750,623	56,667,075
Furniture, fittings and office equipment	45,772,108	4,077,768	-	-	49,849,876	10 - 30	34,762,425	2,748,861	-	-	37,511,286	12,338,590
Vehicles	110,552,651	195,000		(11,386,820)	99,360,831	20	70,433,342	7,530,293		(6,622,220)	71,341,415	28,019,416
Right of use assets												
Vehicles	4,447,000	1,417,842		-	5,864,842	20	1,250,102	710,834	-	-	1,960,936	3,903,906
	1,306,288,775	64,805,033	-	(11,386,820)	1,359,706,988		766,424,658	72,222,578	-	(6,622,220)	832,025,016	527,681,972

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For the year ended 30 June 2021

	2020											
	Cost						Accumulated depreciation					Net book value as at 30 June 2020
	As at 1 July 2019	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2020	Annual Rate	As at 1 July 2019	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2020	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 6.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 6.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	90,310,420	133,884	-	-	90,444,304	5	29,945,094	3,028,291	-	-	32,973,385	57,470,919
Plant and machinery (note 6.1.4)	692,413,944	22,395,968	-	-	714,809,912	10 - 20	316,558,974	41,994,785	-	-	358,553,759	356,256,153
Tools and equipment	308,015,944	6,077,082	-	-	314,093,026	10 - 35	247,133,400	21,318,245	-	-	268,451,645	45,641,381
Furniture, fittings and office equipment	43,856,785	1,915,323	-	-	45,772,108	10 - 30	31,484,889	3,277,536	-	-	34,762,425	11,009,683
Vehicles	41,592,575	-	71,592,626	(2,632,550)	110,552,651	20	13,989,138	10,105,605	48,174,222	(1,835,623)	70,433,342	40,119,309
Right of use assets												
Vehicles	76,039,626	-	(71,592,626)	-	4,447,000	20	48,616,027	808,297	(48,174,222)	-	1,250,102	3,196,898
	1,278,399,068	30,522,257	-	(2,632,550)	1,306,288,775		687,727,522	80,532,759	-	(1,835,623)	766,424,658	539,864,117

6.1.1 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.

	2021	2020
	(Rupees)	
6.1.2 Carrying amount of temporary idle properties of the company	**25,080,000**	25,080,000

6.1.3 Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 694 million (2020: Rs. 694 million) obtained from JS Bank Limited (note 22).

6.1.4 Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 801 million and Rs. 653 million (2020: Rs. 801 million and Rs. 653 million) respectively. These charges are against different financing facilities obtained from various banks (note 22).

6.1.5 There are no fully depreciated assets at the reporting date.

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

	Note	2021	2020
		(Rupees)	
Cost of revenue	29	**66,758,569**	74,080,647
Administrative, selling and general expenses	30	**5,464,009**	6,452,112
		72,222,578	80,532,759

6.1.7 Details of vehicles disposed off during the year are as follows:

	2021							
Asset	**Original cost**	**Accumulated depreciation**	**Net book value**	**Sale proceeds**	**Gain / (loss) on disposal**	**Particulars of buyer**	**Mode of disposal**	**Relationship with buyer**
Owned	**(Rupees)**							
Vehicles								
Toyota Corolla BEN-974	**1,752,500**	**(1,193,195)**	**559,305**	**2,164,000**	**1,604,695**	Muhammad Asif	Negotiation	Third party
Suzuki Cultus - BLX-580	**1,250,000**	**(640,222)**	**609,778**	**1,470,000**	**860,222**	Muhammad Asif	Negotiation	Third party
Honda Civic - BAW-781	**2,289,670**	**(1,536,525)**	**753,145**	**753,145**	-	Muhammad Zia Uddin	Company Policy	Employee
Suzuki Swift - BLX-239	**1,375,000**	**(690,556)**	**684,444**	**853,848**	**169,404**	Muhammad Zia Uddin	Company Policy	Employee
Suzuki Cultus - BPD-748	**1,356,050**	**(510,779)**	**845,271**	**1,536,000**	**690,729**	M. Zeeshan Khan	Company Policy	Employee
Suzuki Mehran - BGN-291	**717,680**	**(442,091)**	**275,589**	**303,802**	**28,213**	Nasimuddin	Company Policy	Employee
Suzuki Mehran - BLE-047	**732,000**	**(359,558)**	**372,442**	**246,112**	**(126,330)**	Ghulam Abbasi	Company Policy	Employee
Suzuki Mehran - BCD-287	**630,000**	**(444,205)**	**185,795**	**458,000**	**272,205**	Hafiz Muhammad Umais	Negotiation	Third party
Suzuki Mehran - BFN-217	**635,000**	**(383,574)**	**251,426**	**580,000**	**328,574**	Hafiz Muhammad Umais	Negotiation	Third party
Suzuki Pick-up - KU-3883	**648,920**	**(421,515)**	**227,405**	**513,000**	**285,595**	Muhammad Asif	Negotiation	Third party
	11,386,820	**(6,622,220)**	**4,764,600**	**8,877,907**	**4,113,307**			

		Note	2021	2020
			(Rupees)	
6.2	**Capital work-in-progress**			
	Tools and equipment	6.2.1	**35,070,946**	32,519,721
6.2.1	**Movement in capital work-in-progress is as follows:**			
	Balance at beginning of the year		**32,519,721**	24,183,754
	Additions during the year		**67,356,258**	38,858,224
	Transferred to property, plant and equipment		**(64,805,033)**	(30,522,257)
	Balance at end of the year		**35,070,946**	32,519,721

7. INTANGIBLE ASSETS

2021

	Cost				Useful life	Amortisation				Net book value as at 30 June 2021
	As at 1 July 2020	Additions	(Disposals)	As at 30 June 2021		As at 1 July 2020	For the year	(Disposals)	As at 30 June 2021	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	**15,976,154**	**-**	**-**	**15,976,154**	**3**	**15,631,357**	**344,797**	**-**	**15,976,154**	**-**

2020

	Cost				Useful life	Amortisation				Net book value as at 30 June 2020
	As at 1 July 2019	Additions	(Disposals)	As at 30 June 2020		As at 1 July 2019	For the year	(Disposals)	As at 30 June 2020	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	15,976,154	-	-	15,976,154	3	14,837,995	793,362	-	15,631,357	344,797

7.1 At 30 June 2021, the cost of fully amortised intangible amounted to Rs. 15.98 million (2020: Rs. 13.07 million).

7.2 The amortisation charge for the year has been allocated to administrative, selling and general expenses (note 30).

7.3 Computer software relates to SAP business license.

		Note	2021	2020
			(Rupees)	
8.	**LONG-TERM INVESTMENTS**			
	Investments in subsidiary companies - unquoted	8.1	**1,184,960,000**	1,184,960,000
	Less: Provision for impairment in SMPL	8.1.4.1	**(25,000,000)**	(25,000,000)
	Net investments in subsidiary companies		**1,159,960,000**	1,159,960,000
	Investments in associate at FVOCI - quoted			
	Treet Corporation Limited	8.2	**439,865,041**	158,738,930
			1,599,825,041	1,318,698,930

8.1 Investments in subsidiary companies

2021	2020		Note	2021	2020	2021	2020
(Number of shares)		Unquoted		(% of holding)		(Rupees)	
17,500,000	17,500,000	Specialized Autoparts Industries (Private) Limited (SAIL) (Chief Executive - Mr. Munir K. Bana)	8.1.1	**91%**	91%	**175,000,000**	175,000,000
7,500,000	7,500,000	Multiple Autoparts Industries (Private) Limited (MAIL) (Chief Executive - Mr. Munir K. Bana)	8.1.2	**92%**	92%	**75,000,000**	75,000,000
85,996,000	85,996,000	Hi Tech Alloy Wheels Limited (HAWL) (Chief Executive - Mr. Munir K. Bana)	8.1.3	**80%**	80%	**859,960,000**	859,960,000
7,500,000	7,500,000	Specialized Motorcycles (Private) Limited (SMPL) (Chief Executive - Mr. Munir K. Bana)	8.1.4	**100%**	100%	**75,000,000**	75,000,000
						1,184,960,000	1,184,960,000

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

8.1.1 As at 30 June 2021, the break-up value of SAIL was Rs. 19.98 per share (2020: Rs. 17.88 per share).

8.1.2 As at 30 June 2021, the break-up value of MAIL was Rs. 20.34 per share (2020: Rs. 18.86 per share).

8.1.3 As at 30 June 2021, the break-up value of HAWL was Rs. 5.41 per share (2020: Rs. 7.70 per share). Further, as at 30 June 2021, value in use of HAWL has been calculated and which was higher than carrying amount of investment.

8.1.4 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 2021, amounted to Rs. 81.21 million (2020: Rs.78.70 million).

8.1.4.1 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 8.1.5 are as follows:

		2021	2020
		(Rupees)	
Net equity	Rupees	**81,210,973**	78,698,527
Current ratio	Times	**8.22**	11.42
Cash flows - (decrease) / increase	Rupees	**(882,755)**	1,138,728

8.1.5 Summarised financial information based on latest available audited financial statements for the year ended 30 June 2021 of the subsidiaries are as follows:

	2021				2020			
	SAIL	**MAIL**	**SMPL**	**HAWL**	SAIL	MAIL	SMPL	HAWL
Direct share holding	**53.85%**	**60.00%**	**100%**	**65.38%**	53.85%	60.00%	100%	65.38%
Effective holding*	**91%**	**92%**	**100%**	**80%**	91%	92%	100%	80%
	(Rupees in millions)				(Rupees in millions)			
Statement of Financial Position - extracts								
Non-current assets	**298.41**	**104.07**	**-**	**4,748.12**	295.93	104.63	-	4,373.79
Current assets	**997.18**	**344.00**	**92.45**	**481.91**	711.06	268.72	86.25	496.48
Non-current liabilities	**33.31**	**12.79**	**-**	**1,053.73**	21.00	10.67	-	1,330.98
Current liabilities	**617.81**	**182.04**	**11.25**	**3,507.31**	404.75	126.94	7.55	2,526.28
Net assets	**644.47**	**253.23**	**81.20**	**668.99**	581.24	235.73	78.70	1,013.01
Share of net assets	**586.47**	**232.97**	**81.20**	**535.19**	528.93	216.87	78.70	810.41
Carrying amount	**(175.00)**	**(75.00)**	**(50.00)**	**(859.96)**	(175.00)	(75.00)	(50.00)	(859.96)
	411.47	**157.97**	**31.20**	**(324.77)**	353.93	141.87	28.70	(49.55)
Statement of profit or loss - extracts								
Revenue	**365.46**	**98.77**	**-**	**-**	189.03	56.26	-	-
Profit / (loss) after tax	**63.23**	**17.50**	**2.50**	**(344.02)**	(28.27)	(3.77)	7.00	(339.00)
Total comprehensive income	**63.23**	**17.50**	**2.50**	**(344.02)**	(28.27)	(3.77)	7.00	(339.00)
Statement of cash flows - extracts								
Operating activities	**(126.00)**	**(67.34)**	**(4.29)**	**(117.54)**	(165.06)	(85.44)	(1.98)	(41.54)
Investing activities	**(5.28)**	**0.96**	**-**	**(340.01)**	(2.41)	(1.02)	-	(273.19)
Financing activities	**130.63**	**65.67**	**3.41**	**411.25**	161.60	86.06	3.11	373.41
Net cash flows	**(0.65)**	**(0.71)**	**(0.88)**	**(46.30)**	(5.87)	(0.40)	1.13	58.68
Opening cash and cash equivalents	**0.96**	**3.28**	**1.19**	**55.92**	6.83	3.68	0.06	(2.76)
Closing cash and cash equivalents	**0.31**	**2.57**	**0.31**	**9.62**	0.96	3.28	1.19	55.92
Total cash and cash equivalents of the group				**12.81**				61.35

*due to cross holdings.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2021

8.2 Investments in associate - at FVOCI

2021	2020		Note	2021	2020
(Number of shares)				(Rupees)	
		Quoted			
8,887,958	8,887,958	Treet Corporation Limited (Chief Executive Officer - Syed Shahid Ali)		**439,865,041**	158,738,930

8.2.1 Investments in associate at FVOCI - net change in fair value investments

	Note	2021	2020
Market value of investments		**439,865,041**	158,738,930
Less : Cost of investments	8.2.2	**(357,344,940)**	(357,344,940)
Fair value reserve		**82,520,101**	(198,606,010)
Less: Unrealized gain on re-measurement of investments at beginning of the year		**198,606,010**	216,423,131
Unrealized gain on re-measurement of investments for the year		**281,126,111**	17,817,121

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

	Note	2021	2020
Carrying amount at the beginning of the year		**357,344,940**	349,817,475
Conversion from Participation Term Certificates into ordinary shares	8.2.2.1	**-**	7,527,465
		357,344,940	357,344,940

8.2.2.1 In prior year, 146,520 shares amounting to Rs. 7.53 million were converted and issued to the Company at the rate of Rs. 51.38 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited.

8.2.3 This includes 8,800,000 shares (2020: 8,800,000 shares) having an aggregate market value of Rs. 435.512 million (2020: 157.168 million), which have been pledged with the financial institution as security against borrowing facilities.

All other shares are kept in the Central Depository Company (CDC) account of the Company.

8.2.4 The Company's holding in associate of 5.27% (2020: 5.27%) is considered associate by virtue of common directorship i.e. (3 directors are common out of 7 directors).

8.2.5 Summarised financial information based on audited annual consolidated financial statements for the year ended 30 June 2021 and 30 June 2020 is as follows:

	2021	2020
	(Rupees in 000)	
Statement of Financial Position		(Restated)
Non-current assets	**18,267,245**	14,706,141
Current assets	**6,980,867**	5,996,172
Assets held for sale - net	**537,384**	2,020,906
Non-current liabilities	**(1,807,033)**	(906,436)
Current liabilities	**(13,873,960)**	(15,021,936)
Net assets	**10,104,504**	6,794,847
Effective holding (percentage)	**5.27%**	5.27%
Share of net assets	**532,507**	358,088

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
Statement of Profit or Loss			
Revenue		**14,194,739**	11,111,578
Loss after tax from continuing operations		**(50,759)**	(2,285,402)
Other comprehensive income / (loss) from continuing operations - net of tax		**2,696,076**	(74,596)
Other comprehensive income / (loss) from discontinuing operations - net of tax		**-**	279,105
Profit/(Loss) from discontinuing operations - net of tax		**598,644**	(370,490)
Total comprehensive income / (loss)		**3,243,961**	(2,451,383)
Share of total comprehensive income / (loss)		**170,957**	(129,188)

9. STOCK-IN-TRADE

	Note	2021	2020
Raw materials and components	9.2 & 9.3	**1,342,414,312**	1,336,158,261
Work-in-process		**71,111,109**	74,331,500
		1,413,525,421	1,410,489,761
Provision for obsolescence and slow moving stock	9.1	**(26,490,663)**	(29,305,910)
		1,387,034,758	1,381,183,851

9.1 Provision for obsolescence and slow moving stock

	Note	2021	2020
Opening balance		**29,305,910**	18,018,988
Charge for the year	29.1	**2,223,382**	11,286,922
Consumed during the year		**(5,038,629)**	-
Closing balance		**26,490,663**	29,305,910

9.2 This includes raw materials in transit and in possession of Company's subsidiaries as at 30 June 2021 amounting to Rs. 373 million (2020: Rs. 278 million) and Rs. 452 million (2020: Rs. 752 million) respectively.

9.3 Raw materials held with toll manufacturers as at 30 June 2021 amounted to Rs. 76.33 million (2020: Rs. 33.72 million).

9.4 Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 400 million and Rs. 1,712 million (2020: Rs. 400 million and Rs. 1,712 million) respectively. These charges are against different financing facilities obtained from various banks (note 25).

10. TRADE DEBTS - NET

	Note	2021	2020
		(Rupees)	
Unsecured			
Considered good		**476,303,736**	341,051,251
Less: Provision for doubtful debts	10.1	**-**	(12,347,172)
		476,303,736	328,704,079

10.1 Movement in provision for doubtful debts

	2021	2020
Opening balance	**(12,347,172)**	-
Provision for doubtful debts during the year	**-**	(12,347,172)
Provision reversed during the year	**12,347,172**	-
Closing balance	**-**	(12,347,172)

10.2 For age analysis of trade debts, refer note 38.2.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2021

		Note	2021	2020
			(Rupees)	
11.	**LONG-TERM LOANS**			
	Long term portion of loan to employees	12.2	**8,303,878**	7,261,530
12.	**LOANS AND ADVANCES**			
	Unsecured - considered good			
	Advance to suppliers	12.1	**71,109,461**	28,964,329
	Loans to employees - considered good and unsecured	12.2	**15,980,119**	7,371,877
	Loans to workers - considered good and unsecured	12.3	**21,980,190**	11,965,852
	Advance salaries		**1,054,461**	5,098,632
			110,124,231	53,400,690

12.1 This includes advance amounting to Rs. 47.10 million (2020: Rs. 16.26 million) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

		Note	2021	2020
			(Rupees)	
12.2	**Loans to employees**			
	Loans to employees	12.2.1	**24,283,997**	14,633,407
	Less: Long term portion	11	**(8,303,878)**	(7,261,530)
	Current portion of loans to employees		**15,980,119**	7,371,877

12.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate of 9% (2020: 12%) per annum.

12.3 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 9% (2020: 12%) per annum.

		Note	2021	2020
			(Rupees)	
13.	**DEPOSITS,ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Unclaimed input sales tax	13.1	**29,010,079**	125,402,156
	Margin deposits	13.2	**2,084,576**	5,281,350
	Receivable from Provident Fund		**3,432,833**	-
	Trade and other deposits		**4,501,600**	4,501,600
	Prepayments		**2,850,330**	2,185,687
	Advance against capital expenditure		**-**	267,911
	Other receivables		**255,122**	240,740
			42,134,540	137,879,444

13.1 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.

13.2 This represents margin deposits with banks against various letters of credit issued by banks on behalf of the Company.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

		Note	2021	2020
			(Rupees)	
14.	**TAXATION - NET**			
	Opening advance tax		**109,164,230**	73,093,061
	Refund received during the year		**(47,494,562)**	-
			61,669,668	73,093,061
	Advance tax paid during the year		**144,774,988**	42,725,142
	Provision for taxation	34	**(43,706,462)**	(6,653,973)
	Closing advance tax		**162,738,194**	109,164,230
15.	**SHORT-TERM INVESTMENTS**			
	Equity securities - at fair value through profit or loss (FVTPL)	15.1	**911,854**	533,851
	Equity securities - at fair value through other comprehensive income (FVOCI)	15.2	**13,698**	17,936
			925,552	551,787

15.1 Equity securities - mandatory at FVTPL

2021	**2020**	**Name of investee company**	**2021 Carrying value**	**2021 Market value**	**2021 Unrealised gain / (loss)**	2020 Market value
(Number of shares)		**Ordinary shares - Quoted**	**(Rupees)**			
1	1	Agriautos Industries Limited	**182**	**274**	**92**	182
1	1	Al-Ghazi Tractors Limited *	**352**	**365**	**13**	352
1	1	Atlas Battery Limited	**168**	**316**	**148**	168
1	1	Atlas Honda Limited	**384**	**480**	**96**	384
1	1	The General Tyre & Rubber Company of Pakistan Limited	**60**	**88**	**28**	60
1	1	Honda Atlas Cars (Pakistan) Limited	**194**	**346**	**152**	194
1	1	Thal Limited *	**325**	**423**	**98**	325
230	230	Baluchistan Wheels Limited	**13,968**	**18,168**	**4,200**	13,968
315	315	Ghandhara Nissan Limited	**19,766**	**34,407**	**14,641**	19,766
300	150	Hino Pak Motors Limited	**90,975**	**183,645**	**92,670**	55,950
200	200	Indus Motor Company Limited	**198,998**	**250,828**	**51,830**	198,998
344	306	Millat Tractors Limited	**216,085**	**371,386**	**155,301**	216,085
63	63	Oil & Gas Development Company Limited	**6,867**	**5,987**	**(880)**	6,867
127	127	Pak Suzuki Motor Company Limited	**20,552**	**45,141**	**24,589**	20,552
			568,876	**911,854**	**342,978**	533,851

* 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.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2021

15.2 Equity securities - at FVOCI

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

2021	2020	Name of investee company	Cost	Market value	Unrealised gain	Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
152	152	ZIL Limited	**5,330**	**13,698**	**8,368**	17,936

	Note	2021	2020
		(Rupees)	
15.2.1 Equity securities - at FVOCI - net change in fair value investments			
Market value of investments		**13,698**	17,936
Less : Cost of investments		**(5,330)**	(5,330)
		8,368	12,606
Less: Unrealized gain on re-measurement of investments at beginning of the year		**(12,606)**	(1,565,061)
Add: Mark-to-market gain on security disposed off		**-**	1,384,926
Less: Transfer of reserve on sale of security		**-**	174,694
Unrealized (loss) / gain on re-measurement of investments for the year		**(4,238)**	7,165
16. CASH AND BANK BALANCES			
Cash in hand		**611,086**	1,828,063
Cash at banks			
- in current accounts		**6,500,930**	30,182,901
- in savings accounts		**3,621,682**	-
		10,733,698	32,010,964
16.1 CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	**10,733,698**	32,010,964
Short-term borrowings	25	**(1,844,976,781)**	(2,086,407,636)
		(1,834,243,083)	(2,054,396,672)

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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
Federal Board of Revenue (FBR)	Tax Year 2019 was selected for audit by the Tax authorities under section 177 of the Income Tax Ordinance, 2001. The Company received a notice dated 10 January 2020 which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard have not yet been finalized and hence no provision has been recognised in these financial statements.	Company & FBR	10 January 2020

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Federal Board of Revenue (FBR)	For Tax Year 2019, notice dated 16 July 2020 was received by the Company regarding monitoring of withholding taxes which has been responded by the Company by filing documents and details. Proceedings in this regard have not yet been finalized.	Company & FBR	16 July 2020
Federal Board of Revenue (FBR)	For the Tax Year 2015, notice dated 26 April 2021 was received by the Company under section 177 of the Income Tax Ordinance, 2001 which was responded the Company through its tax advisor during the month of May 2021 and June 2021. The concerned Assessing Officer finalized the audit proceeding in haste, without providing the opportunity for substantial additions and disallowances made in the amended order under section 122(4) dated 30 June 2021 and created factually incorrect and disputed demand of Rs. 750,761,241. Subsequent to year end, the Company has filed rectification application dated 6 July 2021 under section 221 of the Income Tax Ordinance, 2001 before the concerned Assessing Officer for rectification of mistakes apparent in amended order, which is also yet pending for disposal. Further, the Company has also filed an appeal dated 27 July 2021 challenged the above mentioned amended order before the Commissioner Inland Revenue (Appeal-II), Karachi, which is pending for hearing. The Commissioner (Appeal) initially allowed stay from recovery of above mentioned disputed demand until 7 September 2021 by stay order dated 24 August 2021. However, since the Commissioner (Appeal) was unavailable for granting further stay of recovery, the Company has obtained the stay order dated 16 September 2021 form the Honorable Sindh High Court. Further, the Court in same order directed the Commissioner (Appeal-II) Karachi, to decide the pending appeal preferably within 60 days from passing of this order and restricted the tax authorities from taking any coercive action against the Company. The tax advisor of the Company is confident that the demand will be substantially vacated.	Company & FBR	26 April 2021

17.1.2 The company has issued Corporate gaurantees,on behalf of its subsidiary company namely Hi-tech Alloy Wheels Limited, amounting to Rs.1,180 million (current outstanding: Rs. 1,077 million) to the Bank of Punjab, MCB bank Limited and JS Bank Limited.

	2021	2020
	(Rupees)	
17.2 Commitments		
17.2.1 Guarantees issued by banks on behalf of the Company	**710,749**	710,749
17.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business (outstanding at year end)	**941,188,793**	58,199,139

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

17.2.3 The Company has issued post dated cheques to Total PARCO Limited and Atlas Insurance Company Limited as security deposits amounting to Rs. 4.34 million (2020: Rs. 4.34 million) and Nil (2020: Rs. 77.27 million) respectively.

18. SHARE CAPITAL

18.1 Authorised share capital

Authorised share capital comprises of 400,000,000 (2020: 400,000,000) ordinary shares of Rs. 10 each.

18.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
(Number of shares)			(Rupees)	
153,770,000	53,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**1,537,700,000**	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
251,250,000	151,250,000		**2,512,500,000**	1,512,500,000

18.3 During the year, the Company has issued 100,000,000 right shares in the proportion of 1 right share for every 1.5125 ordinary shares held i.e. 66.11%, at a price of Rs. 10 per shares (at a par).

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

	2021		2020	
Shareholders	Number of shares	% of Holding	Number of shares	% of Holding
Syed Shahid Ali (Chairman)	**104,376,139**	**41.54%**	62,819,872	41.53%
Treet Corporation Limited (Associate)	**31,387,657**	**12.49%**	18,895,057	12.49%
Directors	**5,894,845**	**2.35%**	4,454,475	2.95%
Others	**109,591,359**	**43.62%**	65,080,596	43.03%
	251,250,000	**100%**	151,250,000	100%

19. LEASE LIABILITIES

	Note	2021	2020
		(Rupees)	
Opening balance		**1,740,541**	5,770,623
Addition during the year		**1,146,400**	-
Interest accrued during the year	33	**27,948**	28,342
Repayment of lease liabilities		**(1,165,063)**	(4,058,424)
Closing balance	19.1	**1,749,826**	1,740,541

19.1 BREAKUP OF LEASE LIABILITIES

	Note	2021	2020
Lease Liabilities	19	**1,749,826**	1,740,541
Less: Current maturity		**(839,504)**	(1,077,125)
		910,322	663,416

	2021			2020		
	Minimum lease payments	**Interest**	**Present value minimum lease payments**	Minimum lease payments	Interest	Present value minimum lease payments
Less than one year	**939,828**	**100,324**	**839,504**	1,092,282	15,157	1,077,125
One to five years	**1,093,049**	**182,727**	**910,322**	676,207	12,791	663,416
	2,032,877	**283,051**	**1,749,826**	1,768,489	27,948	1,740,541

	Note	**2021**	**2020**
20. DEFERRED TAX ASSETS - NET		(Rupees)	
Taxable temporary differences		**55,684,837**	57,064,576
Deductible temporary differences		**(65,133,542)**	(92,965,980)
	20.1	**(9,448,705)**	(35,901,404)

20.1 Analysis of change in deferred tax

Breakup and treatment of deferred tax balances are as follows:

	2021				2020			
	Balance at 1 July 2020	**recognised in unconsolidated profit or loss**	**recognised in unconsolidated other comprehensive income**	**Balance at 30 June 2021**	Balance at 1 July 2019	recognised in unconsolidated profit or loss	recognised in unconsolidated other comprehensive income	Balance at 30 June 2020
				(Rupees)				
Taxable temporary differences								
- Accelerated tax depreciation	**57,064,576**	**(1,379,739)**	**-**	**55,684,837**	64,578,406	(7,513,830)	-	57,064,576
Deductible temporary differences								
- Provision for obsolescence and slow	**(8,498,714)**	**816,422**	**-**	**(7,682,292)**	(3,996,656)	(4,502,058)	-	(8,498,714)
moving stock		**-**						
- Unrealised gain on investments	**(14,760,872)**	**47,846**	**17,611,936**	**2,898,910**	-	3,601	(14,764,473)	(14,760,872)
- Lease liability	**(504,757)**	**(2,693)**	**-**	**(507,450)**	1,673,481	(2,178,238)	-	(504,757)
- Provision against leave encashment	**(615,432)**	**558,425**	**-**	**(57,007)**	(982,910)	367,478		(615,432)
- Expected credit loss	**(3,580,680)**	**3,580,680**	**-**	**-**	-	(3,580,680)	-	(3,580,680)
- Intangibles	**(941,989)**	**108,405**	**-**	**(833,584)**	-	(941,989)	-	(941,989)
- Carry forward of tax losses	**(45,768,854)**	**3,164,119**	**-**	**(42,604,735)**	-	(45,768,854)	-	(45,768,854)
- Remeasurement of defined benefit liability	**(11,044,682)**	**-**	**1,947,298**	**(9,097,384)**	(10,343,401)	-	(701,281)	(11,044,682)
- Provision for impairment against					-			
investment in SMPL	**(7,250,000)**	**-**	**-**	**(7,250,000)**	(7,250,000)	-	-	(7,250,000)
	(35,901,404)	**6,893,465**	**19,559,234**	**(9,448,705)**	43,678,920	(64,114,570)	(15,465,754)	(35,901,404)

21. DEFINED BENEFIT OBLIGATION - NET

The actuarial valuation for staff gratuity has been carried out as at 30 June 2021 on the basis of projected unit credit method as per the requirements of approved accounting standard - IAS 19, "Employee Benefits". The assumptions used in actuarial valuation were as follows:

	2021	2020
	(Percentage)	
21.1 Actuarial assumptions		
Financial assumptions		
- Discount rate	**10.00%**	8.50%
- Discount rate used for interest cost in profit or loss account	**8.50%**	14.25%
- Expected rate of increase in salary level	**9.00%**	7.50%
Demographic assumptions		
- Mortality rate	**SLIC 2001 - 2005 Setback 1 Year**	SLIC 2001 - 2005 Setback 1 Year

21.2	**Amount recognised in the unconsolidated Statement of Financial Position**		**2021**			2020		
			Management	**Non-Management**	**Total**	Management	Non-Management	Total
			(Rupees)					
	Present value of defined benefit obligation	21.2.1	**40,558,050**	**15,931,187**	**56,489,237**	34,008,162	15,180,704	49,188,866
	Fair value of plan assets	21.2.2	**(35,632,006)**	**(16,321,521)**	**(51,953,527)**	(25,770,366)	(8,584,084)	(34,354,450)
	Payables		**-**	**-**	**-**	917,920	396,986	1,314,906
	Net liability at end of the year		**4,926,044**	**(390,334)**	**4,535,710**	9,155,716	6,993,606	16,149,322
21.2.1	**Movement in present value of defined benefit obligation**							
	Opening balance		**34,008,162**	**15,180,704**	**49,188,866**	30,080,864	15,007,778	45,088,642
	Current service costs		**2,010,224**	**543,479**	**2,553,703**	1,992,823	558,752	2,551,575
	Interest costs		**2,843,910**	**1,244,262**	**4,088,172**	4,200,342	2,036,921	6,237,263
	Benefits paid by the plan		**(1,100,806)**	**(1,084,655)**	**(2,185,461)**	(291,640)	(1,030,201)	(1,321,841)
	Benefits due but not paid (payable)		**-**	**-**	**-**	(917,920)	(396,986)	(1,314,906)
	Re-measurements loss / (gain) on obligation		**2,796,560**	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)
	Closing balance		**40,558,050**	**15,931,187**	**56,489,237**	34,008,162	15,180,704	49,188,866
21.2.2	**Movement in the fair value of plan assets**							
	Opening balance		**25,770,366**	**8,584,084**	**34,354,450**	25,459,044	9,162,358	34,621,402
	Interest income		**2,344,144**	**838,325**	**3,182,469**	3,607,134	1,277,834	4,884,968
	Contribution paid into the plan		**4,716,399**	**3,641,796**	**8,358,195**	-	640,000	640,000
	Benefits paid by the plan		**(2,018,726)**	**(1,481,641)**	**(3,500,367)**	(291,640)	(1,030,201)	(1,321,841)
	Re-measurement gain / (loss) on plan assets		**4,819,823**	**4,738,957**	**9,558,780**	(3,004,172)	(1,465,907)	(4,470,079)
	Closing balance		**35,632,006**	**16,321,521**	**51,953,527**	25,770,366	8,584,084	34,354,450
21.2.3	**Amounts recognised in the unconsolidated statement of profit or loss**							
	Current service costs		**2,010,224**	**543,479**	**2,553,703**	1,992,823	558,752	2,551,575
	Interest costs		**2,843,910**	**1,244,262**	**4,088,172**	4,200,342	2,036,921	6,237,263
	Interest income		**(2,344,144)**	**(838,325)**	**(3,182,469)**	(3,607,134)	(1,277,834)	(4,884,968)
	Expense for the year		**2,509,990**	**949,416**	**3,459,406**	2,586,031	1,317,839	3,903,870
21.2.4	**Amounts recognised in the unconsolidated other comprehensive income**							
	Re-measurement loss / (gain) on obligation	21.2.4.1	**2,796,560**	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)
	Re-measurement of fair value of plan assets		**(4,819,823)**	**(4,738,957)**	**(9,558,780)**	3,004,172	1,465,907	4,470,079
	Re-measurement loss for the year		**(2,023,263)**	**(4,691,560)**	**(6,714,823)**	1,947,865	470,347	2,418,212
21.2.4.1	**Re-measurement loss / (gain) on obligation**							
	Loss / (gain) due to change in financial assumptions		**63,695**	**20,119**	**83,814**	(224,916)	(80,415)	(305,331)
	Loss / (gain) due to change in experience adjustments		**2,732,865**	**27,278**	**2,760,143**	(831,391)	(915,145)	(1,746,536)
			2,796,560	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)

	2021			2020		
	Management	Non-Management	Total	Management	Non-Management	Total
	(Rupees)					
21.2.5 Net recognised liability / (asset)						
Net liability at beginning of the year	**9,155,716**	**6,993,606**	**16,149,322**	4,621,820	5,845,420	10,467,240
Expense recognised in unconsolidated statement of profit and loss	**2,509,990**	**949,416**	**3,459,406**	2,586,031	1,317,839	3,903,870
Contribution paid into the plan	**(4,716,399)**	**(3,641,796)**	**(8,358,195)**	-	(640,000)	(640,000)
Re-measurement losses recognised in unconsolidated other comprehensive income	**(2,023,263)**	**(4,691,560)**	**(6,714,823)**	1,947,865	470,347	2,418,212
Net liability / (asset) at end of the year	**4,926,044**	**(390,334)**	**4,535,710**	9,155,716	6,993,606	16,149,322

21.3 Plan assets comprise of the following:

	2021		2020	
	Management	Non-Management	Management	Non-Management
Government securities	**17,350,172**	**4,146,177**	12,758,790	1,947,907
Equity shares	**12,920,511**	**9,105,892**	5,002,985	3,525,916
Others	**5,361,323**	**3,069,450**	8,008,591	3,110,259
	35,632,006	**16,321,519**	25,770,366	8,584,082

21.4 Sensitivity analysis for actuarial assumptions

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

	2021		2020	
	Management	Non-Management	Management	Non-Management
Discount rate +1%	**38,546,024**	**15,261,738**	32,088,922	14,460,143
Discount rate -1%	**42,839,493**	**16,650,398**	36,192,701	15,959,508
Salary increase +1%	**42,863,334**	**16,657,552**	36,215,216	15,967,202
Salary increase -1%	**38,489,718**	**15,243,041**	32,035,104	14,439,926

21.5 Expected charge for the year ending 30 June 2022 is Rs. 2.89 million.

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) Mortality 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

	2020	2019	2018	2017	2016
	(Rupees)				
Present value of defined benefit obligation	49,188,866	45,088,642	39,088,649	46,295,653	36,385,471
Fair value of plan assets	(34,354,450)	(34,621,402)	(44,405,857)	(46,008,258)	(41,234,617)
Payables	1,314,906	-	-	-	-
Net liability / (asset)	16,149,322	10,467,240	(5,317,208)	287,395	(4,849,146)

21.8 Gratuity for the year recognised in the unconsolidated profit or loss has been allocated as follows:

	Note	2021	2020
		(Rupees)	
Cost of revenue	29	**2,647,792**	3,032,008
Administrative, selling and general expenses	30	**811,614**	871,862
		3,459,406	3,903,870

22. LONG-TERM LOANS

	Note	2021	2020
Secured			
Term finance - under SBP refinance scheme for payment of wages and salaries	22.1	**92,469,893**	37,778,159
Loan from JS Bank Limited	22.2	**270,750,000**	285,000,000
Loan from Orix Leasing Pakistan Limited	22.3	**14,968,523**	24,751,538
Karobar Financing from BankIslami Pakistan Limited	22.4	**80,000,000**	80,000,000
Less: Current portion		**(208,662,007)**	(31,770,597)
		249,526,409	395,759,100

22.1 In prior year, the Company availed salary refinance facility from JS Bank under the State Bank of Pakistan's (SBP) "Refinance scheme for payment of wages and salaries to the workers and employees of Business concern" due to coronavirus pandemic for a period of two years and six months (inclusive of grace period of six months). In prior year, the Company obtained the loan in two tranches in May 2020 and June 2020. During the year, the Company has also obtained two more tranches in July 2020 and October 2020. This facility is secured by first hypothecation charge on current and future plant and machinery of the Company situated at Karachi. This facility carries mark-up at concessional rate of 3% per annum. Principal amount is payable in 8 equal quarterly installment and repayment of financing has been started from January 2021.

22.2 In prior the year, the Company entered into a long term loan facility from JS Bank Limited of Rs. 300 million for cash flow management of the Company. This facility is secured by charge over current and future assets of the Company. During the year, the Company has made repayments of Rs. 14.250 million together with mark-up thereon. This facility carries mark-up at the rate of 3 months KIBOR plus 2% (2020: 3 months KIBOR plus 2% to 3 months KIBOR plus 3.5%) repayable quarterly from the disbursement date.

Due to pandemic of COVID 19, the Company though its letter dated 15 April 2020 requested the Bank to provide relief to the Company as per directives issued under Circular Letter no.13 of 2020 dated 26 March 2020, by State Bank of Pakistan for deferment of principal repayments for one year. The Bank through its addendum to the agreement dated 7 July 2020 approved request of the Company and extended the facility date till 9 January 2026.

22.3 In prior year, the Company availed long term financing facility from Orix Leasing Pakistan Limited of Rs. 30.2 million for cash flow management of the Company. This facility is secured by hypothecation charge over specified assets of the Company. During the year, the Company has made repayments of Rs. 9.75 million together with mark-up thereon. This facility carried mark-up at 3 months KIBOR plus 4.75% per quarter repayable on monthly basis from the disbursement date.

22.4 This represents Karobar finance facility available from BankIslami Pakistan Limited having limit of Rs. 200 million (2020: Rs 200 million), to fulfil working capital requirement through Shari'ah compliant mechanism.

As at 30 June 2021, Rs. 120 million remained utilised (2020: Rs. 120 million unutllised). This facility is secured by ranking charge over current and future assets of the Company. This facility carry mark-up at the rate of 1 year KIBOR plus 0.5% (2020: 1 month KIBOR plus 0.5% per annum to 6 months KIBOR plus 0.5%) and is repayable maximum within 180 days.

Due to pandemic of COVID 19, the Company through its letter dated 15 April 2020 requested the Bank to provide relief to the Company as per directives issued under circular letter no.13 of 2020 dated 26 March 2020, by State Bank of Pakistan for deferment of principal repayments for one year. The Bank through its letter dated 20 May 2020 approved request of the Company and revised the payment date till 17 August 2021.

23. GAS INFRASTRUCTURE DEVELOPMENT CESS

The Honorable Supreme Court of Pakistan decided the appeal against consumers upholding the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act), through its judgement dated August 13, 2020. The Supreme court on November 02, 2020 ordered that their decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector is also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 installments instead of 24 installments.

The Company has recorded liability at present value by discounting the future cash flows using average rate of borrowing of the Company and has booked income of Rs. 1,240,054 (2020: Rs. Nil), which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 93,283 (2020: Nil).

24. DEFERRED GRANT	Note	2021	2020
		(Rupees)	
Government grant		**3,698,986**	4,347,114
Less: Current portion of Government grant		**(3,456,285)**	(2,807,246)
	24.1	**242,701**	1,539,868

24.1 The Institute of Chartered Accountants of Pakistan issued a publication through circular no.11/2020 to clarify accounting of the long term loan (note 22). Accordingly, the Company measured and recognised the loan liability and deferred capital grant in accordance with the said publication and requirements of relevant IFRSs.

25. SHORT-TERM BORROWINGS	Note	2021	2020
		(Rupees)	
Secured			
Running finance under mark-up arrangements	25.1	**1,148,350,204**	1,290,257,148
Soneri Bank Limited - Local bill discounting		**430,559,076**	436,927,999
Islamic financing	25.2	**266,067,501**	359,222,489
		1,844,976,781	2,086,407,636

25.1 Running finance under mark-up arrangements

Allied Bank Limited		**282,861,835**	293,236,857
JS Bank Limited		**116,512,813**	297,293,483
MCB Bank Limited		**199,915,566**	186,457,226
Askari Bank Limited		**198,860,638**	196,740,177
Habib Metropolitan Bank		**155,817,293**	139,288,766
Bank AL Habib Limited		**74,756,965**	93,636,789
Soneri Bank Limited		**119,625,094**	83,603,850
	25.1.1	**1,148,350,204**	1,290,257,148

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

25.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future current 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 March 2022. The banks have imposed a condition that a 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 1% to 3 months KIBOR plus 1.50% per annum (2020: 1 month KIBOR plus 0.55 % to 3 months KIBOR plus 1.50% per annum).

The aggregate available short term borrowing facilities amounting to Rs. 2,155 million (2020: Rs. 1,820 million) out of which Rs. 328 million (2020: 92.8 million) remained unavailed at the reporting date.

	Note	2021	2020
25.2 Islamic financing		(Rupees)	
Istisna facility	25.2.1	**266,067,501**	359,222,489

25.2.1 This represents Islamic finance facilities available from Al Baraka Bank (Pakistan) Limited and Meezan Bank Limited having aggregate limits of Rs. 400 million (2020: Rs 390 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 2021, amount of Rs. 133.93 million remained unutilised (2020: Rs. 31 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 2% to 3 months KIBOR plus 2.75% per annum (2020: 1 month KIBOR plus 2% to 3 months KIBOR plus 2.75 %) and is repayable maximum within 120 days to 180 days of the disbursement date.

25.3 Facilities available for opening letters of credit / guarantees at 30 June 2021 amounted to Rs. 2,555 million (2020: Rs. 2,555 million) out of which Rs. 2,497 million (2020: Rs. 2,497 million) remained unutilized at the reporting date.

25.4 Unavailed facilities

The Company 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 6 months and the cover limit for JS Bank Limited is established at 10 times of the actual limit (Rs. 350 million).

The above facility is secured by way of first pari passu charge over stocks, book debts, plant, machinery, land and building and also by way of pledge of shares of associated company.

The Company has unavailed Islamic financing facilities from BankIslami Pakistan Limited of Istisna and Murabaha having aggregate limits of Rs. 400 million. These facilities are secured by ranking charge over present and future current assets of the company amounting to Rs. 266.67 million. These facilities carry mark-up ranging from 1 month KIBOR plus 0.5% to 6 months KIBOR plus 0.5% per annum and are repayable maximum within 180 days of the disbursement date.

	Note	2021	2020
26. DUE FROM / (TO) RELATED PARTIES		(Rupees)	
Due from related parties	26.1	**2,588,437,564**	1,700,724,240
Due to related parties	26.2	**(204,344,517)**	(40,000,000)

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
26.1 Due from related parties			
Unsecured - Considered good			
Loan to HAWL	26.1.1	**1,610,058,900**	1,040,000,900
Mark-up receivable on loan to HAWL	26.1.1	**294,978,806**	180,884,715
Loan to SAIL	26.1.2	**442,503,110**	246,329,000
Loan to MAIL	26.1.2	**139,440,876**	80,519,500
Loan to SMPL	26.1.2	**6,124,000**	2,714,000
Mark-up receivable from SAIL, MAIL and SMPL	26.1.2	**62,849,588**	27,831,057
Other receivables from related parties	26.1.3	**32,482,284**	122,445,068
		2,588,437,564	1,700,724,240

26.1.1 The Company entered into two loan agreements with HAWL dated 25 December 2017 and 10 April 2019 up to a maximum limit of Rs. 5 billion for meeting working capital and other requirements. During the year, the Company has provided loans amounting to Rs. 570.06 million (2020: Rs. 407.47 million). These loans are repayable on demand and carry mark-up at the rate of average borrowing of the company i.e. 8.97% per annum (2020: 1 month KIBOR plus 1%).

26.1.2 The Company has two long term loan agreements with SAIL for an amount up to Rs. 300 million and Rs. 350 million (Rs 350 million pertains to 28 october 2020). As at 30 June 2021, the Company has provided loan amounting to Rs. 442 million, which is receivable together with unpaid interest thereon in full on demand of the Company. This loan carries mark-up at the rate of average borrowing cost of the company i.e 8.97% (2020: 1 month KIBOR plus 1% per annum and 1 month KIBOR plus 1.5% per annum). The time frame for the repayment may be further extended mutually by both parties. The maximum amount outstanding during the year was Rs. 442 million (2020: Rs. 246 million).

On 10 April 2019, the Company entered into a long term loan agreement with MAIL for an amount upto Rs. 150 million and as at 30 June 2021 has provided loan amounting to Rs. 139.44 million, which is receivable together with unpaid interest thereon in full on demand of the Company. This loan carries mark-up at the rate of average borowing cost of the company i.e. 8.97% (2020:1 month KIBOR plus 1% per annum). The time frame for the repayment may be further extended mutually by both parties. The maximum amount outstanding during the year was Rs. 139.44 million (2020: Rs. 80.52 million).

On 10 April 2019, the Company entered into a long term loan agreement with SMPL for an amount up to Rs. 50 million and as at 30 June 2021 has provided loan amounting to Rs. 6.1 million, which is receivable together with unpaid interest on demand of the Company. This loan carries mark-up at the rate of average borowing cost of the company i.e. 8.97% (2020:1 month KIBOR plus 1% per annum). The time frame for the repayment may be further extended mutually by both parties. The maximum amount outstanding during the year was Rs. 6.1 million (2020: Rs. 2.7 million).

	Note	2021	2020
26.1.3 Due from related parties		(Rupees)	
Advance			
SAIL	26.1.3.1	**22,981,583**	87,575,325
MAIL	26.1.3.1	**-**	25,369,042
		22,981,583	112,944,367
Other receivable			
SMPL		**3,706,788**	3,706,788
HAWL		**5,793,913**	5,793,913
	26.1.3.2	**32,482,284**	122,445,068

26.1.3.1 These represent advance paid to subsidiary 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. 22.98 million (2020: Rs. 16.5 million).

26.1.3.2 These balance are mark-up free and unsecured.

26.1.3.3 Detailed analysis of due from related parties

Name of related party	Gross amount due	Provision for doubtful debts	Reversal of provision of doubtful debts	Amount due written off	Net amount	Maximum amount outstanding at any time during the year
	2021					
	(Rupees)					
Advance						
SAIL (note 26.1.3.4)	**22,981,583**	-	-	-	**22,981,583**	**22,981,583**
Other receivable						
SMPL	**3,706,788**	-	-	-	**3,706,788**	**3,706,788**
HAWL	**5,793,913**	-	-	-	**5,793,913**	**5,793,913**
	32,482,284	-	-	-	**32,482,284**	**32,482,284**

26.1.3.4 These are short term mark-up free advances given against future toll manufacturing services from subsidiary companies.

26.2 Due to related parties - unsecured	Note	2021	2020
		(Rupees)	
Loan from director		**-**	40,000,000
SAIL - against toll manufacturing		**143,226,487**	-
MAIL - against toll manufacturing		**61,118,030**	-
		204,344,517	40,000,000

27. TRADE AND OTHER PAYABLES	Note	2021	2020
Trade creditors		**159,008,303**	54,990,413
Accrued liabilities		**50,700,562**	47,908,421
Other liabilities			
Advance from customers	27.1	**40,922,777**	147,836,422
Mobilization advances	27.2	**38,272,254**	38,272,254
Workers' Profit Participation Fund	27.3	**11,630,341**	2,818,085
Provision for leave encashment		**196,577**	2,122,179
Workers' Welfare Fund	27.4	**3,555,670**	-
Payable to Provident Fund		**-**	34,100
Withholding tax payable		**1,753,132**	5,593,020
Current portion of Gas Infrastructure Development Cess	23	**633,887**	-
Rental payable		**-**	2,086,917
Security deposit from contractors	27.5	**129,000**	129,000
Other payables	27.6	**21,789,489**	22,059,112
		328,591,992	323,849,923

27.1 This includes Rs. 37.01 million (2020: Rs. 79.3 million) received from scrap dealer against future sale of scrap and ancillary items.

27.2 This carries no mark-up.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

		Note	2021	2020
			(Rupees)	
27.3	**Workers' Profit Participation Fund**			
	Opening balance		**2,818,085**	9,168,893
	Charge for the year	31	**8,539,747**	-
	Mark-up charged during the year	33	**272,509**	1,035,784
	Less: Payments made during the year		**-**	(7,386,592)
	Closing balance		**11,630,341**	2,818,085
27.4	**Workers' Welfare Fund**			
	Opening balance		**-**	2,931,372
	Charge for the year	31	**3,555,670**	-
	Less: Payments made during the year		**-**	(2,931,372)
	Closing balance		**3,555,670**	-

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

27.6 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.

		Note	2021	2020
28.	**REVENUE - NET**		(Rupees)	
	Local sales	28.1	**5,550,644,167**	3,284,088,726
	Less: Sales returns		**(21,265,030)**	(15,705,071)
			5,529,379,137	3,268,383,655
	Less: Sales tax		**(812,150,739)**	(489,753,018)
			4,717,228,398	2,778,630,637

28.1 This includes scrap sales amounting to Rs. 130.58 million (2020: Rs. 64.62 million).

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

		Note	2021	2020
			(Rupees)	
29.	**COST OF SALES**			
	Raw materials and components consumed	29.1	**3,237,731,910**	1,768,210,376
	Stores and spares consumed	29.2	**61,251,615**	42,822,565
	Manufacturing expenses			
	Salaries and wages		**179,473,348**	173,010,539
	Other employees' benefits	29.3	**68,243,764**	39,400,634
	Provident Fund contribution		**2,899,848**	2,965,450
	Toll manufacturing	29.4	**535,160,094**	303,183,451
	Depreciation	6.1.6	**66,758,569**	74,080,647
	Gas, power and water		**25,304,296**	15,990,166
	Travelling and vehicle running costs		**8,001,439**	9,411,233
	Insurance		**9,451,252**	9,130,676
	Repairs and maintenance		**8,106,071**	7,421,652
	Postage, telephone and telex		**504,375**	604,202
	Input sales tax written-off		**-**	14,245,222
	Inward freight and storage charges		**1,708,860**	2,994,500
	Conveyance		**1,337,800**	275,152
	Rent, rates and taxes		**533,858**	209,181
	Printing, stationery and periodicals		**46,621**	42,767
	Royalty / technical know-how	29.5	**21,133,010**	4,941,111
	General expenses		**2,053,390**	637,654
	Security services		**567,457**	547,402
	Transferred to capital work-in-progress		**(15,411,657)**	(8,774,244)
	Manufacturing costs		**915,872,395**	650,317,395
	Opening stock of work-in-process		**74,331,500**	80,695,276
	Impact of recording revenue over time		**67,890,719**	67,967,725
	Closing stock of work-in-process	9	**(71,111,109)**	(74,331,500)
	Net change in work-in-process		**71,111,110**	74,331,501
	Cost of goods manufactured		**4,285,967,030**	2,535,681,837
	Opening stock of finished goods		**-**	-
	Impact of recording revenue over time		**33,993,099**	44,926,033
	Closing stock of finished goods	9	**-**	-
	Net change in finished goods		**33,993,099**	44,926,033
			4,319,960,129	2,580,607,870
29.1	**Raw materials and components consumed**			
	Opening balance		**1,336,158,261**	1,342,036,391
	Purchases		**3,262,473,560**	1,809,409,840
	Less: Purchase returns		**(20,708,981)**	(58,364,516)
			4,577,922,840	3,093,081,715
	Closing balance	9	**(1,342,414,312)**	(1,336,158,261)
	charge for the year - net	9.1	**2,223,382**	11,286,922
			3,237,731,910	1,768,210,376
29.2	**Stores and spares consumed**			
	Opening balance		**66,504,668**	51,696,875
	Purchases		**52,401,876**	57,630,358
			118,906,544	109,327,233
	Closing balance		**(57,654,929)**	(66,504,668)
			61,251,615	42,822,565

29.3 This includes a sum of Rs. 2.6 million (2020: Rs. 3 million) in respect of expense relating to gratuity.

29.4 Toll manufacturing costs

	2021	2020
	(Rupees)	
SAIL	**365,461,130**	189,027,987
MAIL	**98,767,870**	56,261,119
Others	**70,931,094**	57,894,345
	535,160,094	303,183,451

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

Name of Recipients	Relationship with the Company	Registered Address	Note	2021	2020
				(Rupees)	
Futaba Industrial Co. Limited	Technical Advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558		**8,422,794**	4,941,111
SNIC Co. Limited	Technical Assistance	1403 Higashihiramatsu, Iwata-shi, Shizuoka-ken, Japan		**12,710,216**	-
				21,133,010	4,941,111

30. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	2021	2020
Salaries and wages		**91,426,984**	95,388,227
Other employees' benefits	30.1	**19,992,636**	12,877,291
Provident Fund contribution		**1,477,124**	1,520,128
Advertising and sales promotion		**9,551,640**	1,501,195
Travelling and vehicle running cost		**6,457,713**	8,599,708
Outward freight		**20,694,027**	10,118,656
Depreciation	6.1.6	**5,464,009**	6,452,112
Amortization	7	**344,797**	793,362
Legal and professional charges		**6,825,035**	16,408,313
Subscription and certification charges		**3,247,195**	2,671,451
Postage, telephone and telex		**3,681,398**	3,804,700
Conveyance		**1,789,131**	2,552,322
Rent expense		**2,246,730**	2,901,485
Auditor's remuneration	30.2	**2,715,000**	2,395,000
Electricity		**1,202,100**	1,225,450
Repairs and maintenance		**337,576**	429,939
Entertainment		**290,261**	327,962
Printing, stationery and periodicals		**2,107,664**	1,759,979
Insurance		**1,605,133**	2,045,959
Donation		**200,000**	-
General expenses		**1,938,067**	2,768,170
		183,594,220	176,541,409

30.1 This includes a sum of Rs. 0.81 million (2020: Rs. 0.87 million) in respect of expense relating to gratuity.

Notes to the Unconsolidated Financial Statements

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		Note	2021	2020
			(Rupees)	
30.2	**Auditor's remuneration**			
	Audit fee		**682,500**	650,000
	Other audit services		**1,000,000**	1,000,000
	Interim review		**262,500**	250,000
	Certifications for regulatory purposes		**275,000**	400,000
	Out of pocket expense		**495,000**	95,000
			2,715,000	2,395,000
31.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	27.3	**8,539,747**	-
	Workers' Welfare Fund	27.4	**3,555,670**	-
	Unrealised loss on re-measurement of investments at fair value through profit or loss		**-**	59,241
	Loss on redemption of PTCs		**-**	2,985,345
			12,095,417	3,044,586
32.	**OTHER INCOME**			
	Income from financial assets			
	Mark-up income from PTCs		**-**	7,527,465
	Dividend income	32.1	**40,364**	27,489
	Mark-up income on loans to employees		**1,574,229**	1,329,238
	Mark-up income on savings accounts		**1,578,438**	185,846
	Mark-up income on loans to subsidiaries	26.1	**149,112,622**	148,071,771
	Deferred grant		**5,781,666**	229,596
	Gain on remeasurement of Gas Infrastructure Development Cess	23	**1,240,054**	-
	Others		**2,770,085**	786,865
	Unrealised gain on re-measurement of investments at fair value through profit or loss	15.1	**342,978**	-
	Exchange gain		**12,158,390**	-
			174,598,826	158,158,270
	Income from assets other than financial assets			
	Gain on disposal of property, plant and equipment	6.1.7	**4,113,307**	1,317,073
	Reversal of provision against inventory		**5,038,629**	-
	Others		**431,743**	-
			9,583,679	1,317,073
			184,182,505	159,475,343

32.1 This represents dividend received from Indus Motor Company Limited, ZIL Limited, Atlas Battery Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Agriautos Industries Limited and Honda Atlas Cars (Pakistan) Limited against investment as disclosed in note 15.

		Note	2021	2020
33.	**FINANCE COSTS**		(Rupees)	
	Mark-up on bank loans and borrowings		**220,143,511**	340,531,500
	Exchange loss		**-**	13,605,649
	Finance lease charges		**27,948**	28,342
	Bank charges		**3,091,476**	5,155,495
	Unwinding of Gas Infrastructure Development Cess	23	**93,283**	-
	Mark-up on workers' Profit Participation Fund	27.3	**272,509**	1,035,784
			223,628,727	360,356,770

		2021	2020
		(Rupees)	
34. TAXATION			
Current		**43,706,462**	4,123
Prior		**-**	5,677,441
Deferred	20.1	**6,893,465**	(63,142,161)
	34.1	**50,599,927**	(57,460,597)

34.1 Reconciliation between tax expense and accounting profit

	2021	2020
Profit / (loss) before taxation	**174,479,582**	(194,791,827)
Tax at the applicable rate of 29% (2020: 29%)	**50,599,079**	(56,489,630)
Reversal of normal tax	**-**	-
Effect of minimum tax	**-**	4,123
Prior year charge	**-**	5,677,441
Tax effect of income taxed at lower rate	**848**	4,123
Tax effect of permanent differences	**-**	(6,656,654)
	50,599,927	(57,460,597)

34.2 The returns of income tax have been filed up to and including tax year 2020 (corresponding to financial year ended upto 30 June 2020). These, except for those mentioned in note 17, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

	2021	2020
35. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	(Rupees)	
Profit / (loss) for the year attributable to ordinary shareholders of the Company	**123,879,655**	(137,331,230)
	(Number)	
		Re-stated
Weighted average number of ordinary shares outstanding during the year	**199,097,039**	177,752,583
	(Rupees)	
		Re-stated
Earnings / (loss) per share - basic and diluted	**0.62**	(0.77)

35.1 The weighted average number of share of prior year have been re-stated to reflect the impact of issuance of right shares.

35.2 There were no convertible dilutive potential ordinary shares outstanding as at 30 June 2021 and 30 June 2020.

36. TRANSACTIONS WITH RELATED PARTIES

36.1 Related parties comprise of subsidiaries, associated company and other companies with common directorship and significant influence, employees retirement benefit funds, directors and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates / contractual agreements.Details of transactions / balances with related parties other than those disclosed elsewhere in the unconsolidated financial statements are as follows:

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

Description of the related parties	Relationship and percentage	Transactions during the year and year end balances	Note	2021	2020
				(Rupees)	
SAIL	Subsidiary company - 54% holding (2020: 54%)	Toll manufacturing	29.4	**365,461,130**	189,027,987
		Payments made during the year		**196,452,844**	361,359,768
		Mark-up charged to related party		**26,249,697**	21,582,124
		Amount (due to) / due from at the year end	26.2	**(143,226,487)**	87,575,325
		Loan due at the year end	26.1.2	**442,503,110**	246,329,000
		Mark-up receivable at the year end	26.1	**47,831,821**	21,582,124
MAIL	Subsidiary company - 60% holding (2020: 60%)	Toll manufacturing	29.4	**98,767,870**	56,261,119
		Payments made during the year		**26,616,751**	86,565,703
		Mark-up charged to related party		**8,513,792**	6,062,508
		Amount (due to) / due from at the year end	26.2	**(61,118,030)**	111,951,050
		Loan due at the year end	26.1.2	**139,440,876**	80,519,500
		Mark-up receivable at the year end	26.1	**14,576,300**	6,062,508
HAWL	Subsidiary company - 65.38% holding (2020: 65.38%)	Loan due at the year end	26.1	**1,610,058,900**	1,040,000,900
		Loan disburse during the year	26.1	**570,058,000**	407,470,900
		Mark-up income on loan	32	**114,094,091**	120,240,714
		Mark-up receivable at the year end	26.1	**294,978,806**	180,884,715
SMPL	Subsidiary company -	Loan due at the year end	26.1	**6,124,000**	2,714,000
		Loan disburse during the year		**3,410,000**	2,714,000
	100% holding (2020: 100%)	Mark-up on loan		**255,042**	186,425
		Amount due at the year end	26.1.3	**3,706,788**	3,706,788
		Mark-up receivable at the year end	26.1	**441,467**	186,425
Provident fund	Defined contribution plan	Receivable from / (payable to) Provident Fund	13	**3,432,833**	(34,100)
Employee benefits - gratuity	Defined benefit scheme	Expense for the year	21.2.5	**3,459,406**	3,903,870
		Contribution paid during the year	21.2.5	**8,358,195**	640,000
		Balance at the year end liability	21	**(4,535,710)**	(16,149,322)
Treet Corporation Limited	Associated company by virtue of common directorship	Mark-up income on PTCs	32	**-**	7,527,465
IGI General Insurance Limited	Common directorship	Payment for services		**3,322,627**	4,388,610
First Treet Manufacturing Modaraba	Common directorship	Purchase of batteries		**236,941**	178,983
Treet Holding (Private) Limited	Common directorship	Purchase of Motor-cycle		**-**	102,000

36.2 The remuneration of Board of Directors (executive and non-executive) and all members of the Company`s Management Team is disclosed in the note 41 to these unconsolidated financial statements.

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

	2021				
	Liabilities				Total
	Long term loan	Lease liabilities	Due to related parties	Unclaimed dividend	
	(Rupees)				
Balance as at 1 July 2020	431,876,811	1,740,541	40,000,000	3,526,379	477,143,731
Changes from financing cash flows					
Payment of lease rentals	-	(1,165,063)	-	-	(1,165,063)
Loan adjusted against issue of right shares	-	-	(40,000,000)	-	(40,000,000)
Dividend reversed	-	-	-	1,402	1,402
Addition during the year	-	1,146,400	-	-	1,146,400
Proceeds from loans and borrowings - net	30,010,591	-	204,344,517	-	234,355,108
Total changes from financing cash flows	30,010,591	(18,663)	164,344,517	1,402	194,337,847
Liability - related other changes					
Government grant income during the year	(5,781,666)	-	-	-	(5,781,666)
Mark-up payable	-	-	-	-	-
Finance costs charged during the year	-	27,948	-	-	27,948
Total liability - related other changes	(5,781,666)	27,948	-	-	(5,753,718)
Balance as at 30 June 2021	**456,105,736**	**1,749,826**	**204,344,517**	**3,527,781**	**665,727,860**

	2020				
	Liabilities				Total
	Long term loan	Lease liabilities	Due to related parties	Unclaimed dividend	
	(Rupees)				
Balance as at 1 July 2019	-	5,770,623	-	3,535,500	9,306,123
Changes from financing cash flows					
Payment of lease rentals	-	(4,058,424)	-	-	(4,058,424)
Loan adjusted against issue of right shares	-	-	-	(9,121)	(9,121)
Proceeds from loans and borrowings - net	432,106,407	-	40,000,000	-	472,106,407
Total changes from financing cash flows	432,106,407	(4,058,424)	40,000,000	(9,121)	468,038,862
Liability - related other changes					
Government grant income during the year	(229,596)	-	-	-	(229,596)
Mark-up payable	-	-	-	-	-
Finance costs charged during the year	-	28,342	-	-	28,342
Total liability - related other changes	(229,596)	28,342	-	-	(201,254)
Balance as at 30 June 2020	431,876,811	1,740,541	40,000,000	3,526,379	477,143,731

38. FINANCIAL RISK MANAGEMENT

The Company has exposure to following risks from its use of financial instrument:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

38.1 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.

38.2 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:

	Note	2021	2020
		(Rupees)	
Trade debts - net	10	**476,303,736**	328,704,079
Loans	12	**46,264,187**	26,599,259
Deposits and other receivables	13	**6,841,298**	10,023,690
Due from related parties - unsecured	26	**2,588,437,564**	1,700,724,240
Bank balances and term deposit receipts	16	**6,500,930**	30,182,901
		3,124,347,715	2,096,234,169

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 Name	**Rating Agency**	**Short term rating**	**2021 (Rupees)**	**2021 (%)**
Bank AL Habib Limited	PACRA	A-1+	**3,834,721**	**37.9%**
Meezan Bank Limited	VIS	A-1+	**2,473,190**	**24.4%**
National Bank of Pakistan	PACRA	A-1+	**1,636,269**	**16.2%**
Habib Bank Limited	VIS	A-1+	**107,469**	**1.1%**
Al Baraka Bank (Pakistan) Limited	VIS	A-1	**575,876**	**5.7%**
BankIslami Pakistan Limited	PACRA	A-1	**1,495,088**	**14.8%**
			10,122,613	**100%**

Bank Name	Rating Agency	Short term rating	2020 (Rupees)	2020 (%)
Bank AL Habib Limited	PACRA	A-1+	213,977	0.7%
Meezan Bank Limited	JCR-VIS	A-1+	25,104,073	83.2%
National Bank of Pakistan	PACRA	A-1+	978,189	3.2%
Habib Bank Limited	JCR-VIS	A-1+	2,411,492	8.0%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	393,372	1.3%
BankIslami Pakistan Limited	PACRA	A-1	1,081,798	3.6%
			30,182,901	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 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 85.3% as at 30 June 2021 (2020: 80%).

Based on management assessment, no ECL was required, except trade receivables, since the Company’s financial assets at amortized cost are held related parties or with counterparties with low credit risk.

Impairment losses and past due balances

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

	2021			2020		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
	(Rupees)					
Less than or equal to 30 days	**437,143,758**	**-**	**437,143,758**	317,630,870	(9,490,287)	308,140,583
More than 30 days but not more than 90 days	**30,393,375**	**-**	**30,393,375**	8,285,540	(253,282)	8,032,258
More than 90 days but not more than 180 days	**8,766,603**	**-**	**8,766,603**	15,134,841	(2,603,603)	12,531,238
More than 180 days	**-**	**-**	**-**	-	-	-
	476,303,736	**-**	**476,303,736**	341,051,251	(12,347,172)	328,704,079

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that no impairment allowance is necessary, except mentioned above. In respect of trade debts past due there are reasonable grounds to believe that the amounts will be recovered in short period of time.

38.3 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

		2021					
	Note	**Carrying amount**	**Contractual cash flows**	**Less than one month**	**One to three months**	**Three months to one year**	**More than one year**
		(Rupees)					
Financial Liabilities							
Short-term borrowings	25	**1,844,976,781**	**1,844,976,781**	**153,748,065**	**307,496,130**	**1,383,732,585**	**-**
Trade and other payables	27	**159,008,303**	**159,008,303**	**53,002,768**	**79,504,152**	**26,501,384**	**-**
Lease liabilities	19	**1,749,826**	**2,032,878**	**89,753**	**179,506**	**524,829**	**1,238,790**
Accrued mark-up on short-term borrowings		**37,364,719**	**37,364,719**	**37,364,719**	**-**	**-**	**-**
Long-term loans	22	**249,526,409**	**314,411,479**	**-**	**-**	**-**	**314,411,479**
Current portion of long-term loans	22	**208,662,007**	**232,988,869**	**101,520,275**	**37,440,026**	**94,028,568**	**-**
Due to related parties	26	**204,344,517**	**204,344,517**	**204,344,517**	**-**	**-**	**-**
Unclaimed dividend		**3,527,781**	**3,527,781**	**3,527,781**	**-**	**-**	**-**
		2,709,160,343	**2,798,655,327**	**553,597,878**	**424,619,814**	**1,504,787,366**	**315,650,269**

		2020					
		Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
		(Rupees)					
Financial Liabilities							
Short-term borrowings	25	2,086,407,636	2,086,407,636	173,867,303	347,734,606	1,564,805,727	-
Trade and other payables	27	130,700,872	130,700,872	75,163,522	37,361,791	18,175,559	-
Lease liabilities	19	1,740,541	1,762,698	91,024	182,048	819,216	670,410
Accrued mark-up on short-term borrowings		79,535,197	79,535,197	79,535,197	-	-	-
Long-term loans	22	395,759,100	395,759,100	-	-	-	395,759,100
Current portion of long-term loans	22	31,770,597	31,770,597	-	-	31,770,597	-
Due to related parties	25	40,000,000	40,000,000	40,000,000	-	-	-
Unclaimed dividend		3,526,379	3,526,379	3,526,379	-	-	-
		2,769,440,322	2,769,462,479	372,183,425	385,278,445	1,615,571,099	396,429,510

38.3.1 Liquidity position and its management

In 2017, Loads Group (the Group) initiated a new project of alloy wheels. The Group planned to produce alloy wheels through a subsidiary company namely HAWL . 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:

	2021
	(Rupees)
Project cost to date	**4,432,141,790**
Loans from Bank and others	**1,327,358,294**
Financing from Related parties	
Loads Limited	**1,610,058,900**
SAIL	**652,861,780**
MAIL	**198,673,102**
SMPL	**71,700,000**
Others	**-**
	2,533,293,782
Equity	**571,489,714**
	4,432,141,790

The financial position of the group entities are summarised in note 8.1.5. Moreover, in October 2020, the Board of Loads Limited committed Rs. 3 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.

38.4 Market risk

Market risk is the risk that the value of the financial instruments 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 of 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 risks:

- currency risk;
- interest rate risk; and
- other price risk.

The Company is exposed to all of the three risks which are as follows:

38.4.1 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:

		2021	
	USD	**SGD**	**JPY**
Creditors	**382,856**	**70,340**	**24,889,417**
Net exposure at reporting date	**382,856**	**70,340**	**24,889,417**

		2020	
	USD	SGD	JPY
Creditors	163,570	-	977,098
Net exposure at reporting date	163,570	-	977,098

The following significant exchange rates applied during the year:

	Average rate		**Reporting date rate**	
	2021	**2020**	**2021**	**2020**
USD to Pak Rupees	**162.80**	164.05	**157.54**	168.05
SGD to Pak Rupees	**118.77**	119.36	**117.15**	120.39
JPY to Pak Rupees	**1.50**	1.53	**1.43**	1.56

Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2021 would have increased equity and statement of profit or loss by the amounts 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 2020.

	2021		2020	
As at 30 June	**Profit or loss**	**Equity**	Profit or loss	Equity
.	**(Rupees)**		(Rupees)	
Effect of change in USD	**6,031,513**	**6,031,513**	2,748,794	2,748,794
Effect of change in SGD	**8,240,331**	**8,240,331**	-	-
Effect of change in JPY	**3,559,187**	**3,559,187**	152,427	152,427
Gross exposure	**17,831,031**	**17,831,031**	2,901,221	2,901,221

The Company does not have any foreign currency borrowings as at 30 June 2021.

38.4.2 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 savings accounts.

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

	Note	2021	2020
		(Rupees)	
Variable rate instruments			
Financial assets			
Loan to HAWL	26.1	**1,610,058,900**	1,040,000,900
Loan to SAIL	26.1	**442,503,110**	246,329,000
Loan to MAIL	26.1	**139,440,876**	80,519,500
Loan to SMPL	26.1	**6,124,000**	2,714,000
		2,198,126,886	1,369,563,400
Financial liabilities			
Loan from JS Bank Limited	22	**270,750,000**	285,000,000
Loan from Orix Leasing Pakistan Limited	22	**14,968,523**	24,751,538
Karobar Financing from BankIslami Pakistan Limited	22	**80,000,000**	80,000,000
Short-term borrowings	25	**1,844,976,781**	2,086,407,636
Lease liabilities	19	**1,749,826**	1,740,541
		(14,318,244)	(1,108,336,315)
Fixed rate instruments			
Financial assets			
Loans to employees - considered good and unsecured	12.2	**24,283,997**	14,633,407
Loans to workers - considered good and unsecured	12	**21,980,190**	11,965,852
		46,264,187	26,599,259
Financial liabilities			
Term finance - under SBP refinance scheme for payment of wages and salaries	22	**(92,469,893)**	(37,778,159)
		(46,205,706)	(11,178,900)

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 unconsolidated profit or 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 shown below. This analysis assumes that all other variables remain constant.

	Unconsolidated Profit or loss		Unconsolidated Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2021				
Cash flow sensitivity - variable rate instruments	**319,459**	**(319,459)**	**319,459**	**(319,459)**
As at 30 June 2020				
Cash flow sensitivity - variable rate instruments	(11,083,363)	11,083,363	(11,083,363)	11,083,363

38.4.3 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 2021, the fair value of equity securities exposed to price risk are disclosed in note 15. The table below summarises the sensitivity of the price movements as at 30 June 2021. The analysis is based on the assumption that KSE-100 index increased by 10% (2020: 10%) and decreased by 10% (2020: 10%), 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 (2020: three years).

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

	2021	2020
	(Rupees)	
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'		
Effect on investments	**4,407,906**	1,592,907
Effect on profit or loss	**9,119**	5,339
Effect on equity	**4,407,906**	1,592,907
Effect on assets of a decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'fair value through other comprehensive income'		
Effect on investments	**(4,407,906)**	(1,592,907)
Effect on profit or loss	**(9,119)**	(5,339)
Effect on equity	**(4,407,906)**	(1,592,907)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 10% 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 100 index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as at 30 June 2020 is not necessarily indicative of the effect on the Company's assets of future movements in the level of KSE 100 index.

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38.5 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.

39. 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.

40. FAIR VALUE MEASUREMENT

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).

40.1 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.

		2021								
		Carrying amount					Fair value			
30 June 2021	Note	Fair value through profit or loss	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees)								
Financial assets - measured at fair value										
Equity securities		911,854	13,698	-	-	925,552	925,552	-	-	925,552
Equity securities - associate		-	439,865,041	-	-	439,865,041	439,865,041	-	-	439,865,041
Financial assets - not measured at fair value										
Subsidiaries - unlisted shares	40.1.1	-	-	1,159,960,000	-	1,159,960,000				
Trade debts - net	40.1.1	-	-	476,303,736	-	476,303,736				
Loans	40.1.1	-	-	46,264,187	-	46,264,187				
Deposits and other receivables	40.1.1	-	-	6,841,298	-	6,841,298				
Due from related parties	40.1.1	-	-	2,588,437,564	-	2,588,437,564				
Cash and bank balances	40.1.1	-	-	10,733,698	-	10,733,698				
		911,854	439,878,739	4,288,540,483	-	4,729,331,076				

30 June 2021	Note	2021 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
		---------- (Rupees) ----------								
Financial liabilities - not measured at fair value										
Short term borrowings	40.1.1	-	-	-	1,844,976,781	1,844,976,781				
Trade and other payables	40.1.1	-	-	-	159,008,303	159,008,303				
Lease liabilities	40.1.1	-	-	-	1,749,826	1,749,826				
Accrued mark-up on short term borrowings	40.1.1	-	-	-	37,364,719	37,364,719				
Long term loan	40.1.1	-	-	-	249,526,409	249,526,409				
Current portion of long term loan	40.1.1	-	-	-	208,662,007	208,662,007				
Due to related parties	40.1.1	-	-	-	204,344,517	204,344,517				
Unclaimed dividend	40.1.1	-	-	-	3,527,781	3,527,781				
		-	-	-	2,709,160,343	2,709,160,343				

30 June 2020	Note	2020 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
		---------- (Rupees) ----------								
Financial assets - measured at fair value										
Equity securities		533,851	17,936	-	-	551,787	551,787	-	-	551,787
Equity securities - associate		-	158,739,930	-	-	158,739,930	158,739,930	-	-	158,739,930
Financial assets - not measured at fair value										
Subsidiaries - unlisted shares	40.1.1	-	-	1,159,960,000	-	1,159,960,000				
Trade debts - net	40.1.1	-	-	328,704,079	-	328,704,079				
Loans	40.1.1	-	-	26,599,259	-	26,599,259				
Deposits and other receivables	40.1.1	-	-	10,023,690	-	10,023,690				
Due from related parties	40.1.1	-	-	1,700,724,240	-	1,700,724,240				
Cash and bank balances	40.1.1	-	-	32,010,964	-	32,010,964				
		533,851	158,757,866	3,258,022,232	-	3,417,313,949				
Financial liabilities - not measured at fair value										
Short term borrowings	40.1.1	-	-	-	2,086,407,636	2,086,407,636				
Trade and other payables	40.1.1	-	-	-	130,700,872	130,700,872				
Lease liabilities	40.1.1	-	-	-	1,740,541	1,740,541				
Accrued mark-up on short term borrowings	40.1.1	-	-	-	79,535,197	79,535,197				
Long term loan	40.1.1	-	-	-	395,759,100	395,759,100				
Current portion of long term loan	40.1.1	-	-	-	31,770,597	31,770,597				
Due to related parties	40.1.1	-	-	-	40,000,000	40,000,000				
Unclaimed dividend	40.1.1	-	-	-	3,526,379	3,526,379				
		-	-	-	2,769,440,322	2,769,440,322				

40.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are assessed to be a reasonable approximation of fair value.

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2021					2020				
	Chief Executive	**Executive Director**	**Non - Executive Directors**	**Executives**	**Total**	Chief Executive	Executive Director	Non - Executive Directors	Executives	Total
	(Rupees)									
Managerial remuneration	**11,016,000**	**3,744,000**	**-**	**13,019,132**	**27,779,132**	10,368,000	3,168,000	-	13,388,112	26,924,112
Housing and utilities	**11,124,000**	**3,891,000**	**-**	**14,679,327**	**29,694,327**	11,232,000	3,432,000	-	15,568,740	30,232,740
Bonus	**-**	**-**	**-**	**-**	**-**	1,600,000	475,000	-	2,418,401	4,493,401
Medical	**1,027,726**	**101,870**	**-**	**864,917**	**1,994,513**	558,586	170,737	-	1,160,398	1,889,721
Company's contribution to retirement benefits funds	**-**	**374,400**	**-**	**426,912**	**801,312**	-	316,800	-	303,852	620,652
Meeting fee	**-**	**-**	**660,000**	**-**	**660,000**	-	-	310,000	-	310,000
	23,167,726	**8,111,270**	**660,000**	**28,990,288**	**60,929,284**	23,758,586	7,562,537	310,000	32,839,503	64,470,626
Number of persons	**1**	**1**	**5**	**5**	**12**	1	1	7	5	14

41.1 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 (2020: Rs. 37.76 million).

42. PROVIDENT FUND

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

	2021	**2020**
	(Un-audited)	(Audited)
	(Rupees)	
Size of the Fund	**62,013,174**	62,746,062
Costs of investments made	**52,281,204**	49,878,047
Amortized cost of investments	**54,227,536**	50,288,008
Percentage of investments made - based on fair value / amortized cost	**87.44%**	80.15%

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

	2021 (Un-audited)	**2020** (audited)	**2021** (Un-audited)	**2020** (audited)
	(Rupees)		(% of the size of the fund)	
Term finance certificates	**140,000**	140,000	**0.23%**	0.22%
Mutual fund units	**6,467,516**	5,679,472	**10.43%**	9.05%
Government securities	**43,198,765**	42,756,556	**69.66%**	68.14%
Equity securities	**4,421,255**	1,711,980	**7.13%**	2.74%
	54,227,536	50,288,008	**87.45%**	80.15%

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.

43. 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.

44. NUMBER OF EMPLOYEES

	2021	**2020**
	(Rupees)	
Total number of employees at reporting date	**694**	632
Total number of factory employees at reporting date	**592**	526
Average number of employees during the year	**663**	687
Average number factory of employees during the year	**559**	531

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2021

45. OPERATING SEGMENTS

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

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

45.3 All non-current assets of the Company as at 30 June 2021 are located in Pakistan.

45.4 Sales to four major customers of the Company is around 85% during the year ended 30 June 2021 (2020: 86%).

46. RECLASSISIFICATION OF COMPARATIVES

Certain reclassification has been made in prior year`s note to the accounts for better presentation. Details are as follows:

Account title		Notes		Amount
From	**To**	**From**	**To**	**(Rupees)**
Others	Mark-up income on savings accounts	32	32	185,846

There is no effects in the unconsolidated statement of financials position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows for the aforementioned reclassification.

47. GENERAL

47.1 Authorisation for issue

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on 28 October 2021.

Chief Financial Officer

Chief Executive

Director

Financial statements (Consolidated)

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S 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 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants'* as adopted by the Institute of 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 1.1 to the consolidated financial statements, which states that the going concern basis of preparing the financial statements of the subsidiary company, Specialized Motorcycles (Private) Limited has not been used because the company is dormant. Our opinion is not modified in respect of this matter.

KPMG Taseer Hadi & Co.

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 5.14 & 28 to the consolidated financial statements. The Group's revenue for the year ended 30 June 2021 was Rs. 4,717 million. The Group's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products"). We identified revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group, large number of revenue transactions, inherent risk that revenue could be recorded in an incorrect period or subject to manipulation in order to achieve financial targets and expectations.	Our procedures amongst others, included the following: • Obtained an understanding of the process relating to recognition of revenue and tested the design and operating effectiveness of key controls of revenue recognition; • Inspected sales contracts with OEMs, and on a sample basis for other customers, to understand and assess the terms and conditions therein which may affect revenue recognition; • Performed verification on a sample basis of revenue transactions with underlying documentation including sales invoices, delivery note, dispatch documents and sales contract; • 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 has been recognized in the appropriate accounting period; and

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S. No.	Key audit matters	How the matters were addressed in our audit
		• Assessed the appropriateness of disclosure presented in the consolidated financial statements in accordance with the requirement of IFRS 15.
2.	**Impairment testing of alloy wheels plant**	
	Refer note 6.2.1.1 to the consolidated financial statements. As at 30 June 2021, the carrying amount of alloy wheels plant under construction was Rs. 4,432 million. Impairment indicators include the completion of the project being delayed from estimated completion date and cost overruns. We have identified the estimation of recoverable amount of the plant as a key audit matter as it includes judgment and inherent uncertainties.	Our procedures amongst others, included the following: • Obtained an understanding of the management's process for impairment testing; • Assessed that business rationale of budget on which forecast is based is reasonable; • Involved our own valuation specialist to assist in evaluating appropriateness of valuation model and reasonableness of key assumptions including growth in cash flows, discount rate applied etc.; and • Performed sensitivity analysis with respect to changes in key assumptions used in the valuation model.
3.	**Valuation of Stock-in-trade**	
	Refer notes 5.8 and 9 to the consolidated financial statements. The balance of gross stock-in-trade at 30 June 2021 is Rs. 1,413.53 million, against which an obsolescence provision of Rs. 26.49 million is held. The Group reviews its finished goods inventory on a regular basis and, where appropriate, makes provision for obsolete inventory	Our procedures amongst others, included the following: • Attended management's inventory counts and observed the process, 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

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S. No.	Key audit matters	How the matters were addressed in our audit
	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.	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 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.	**Liquidity Management**	
	Refer note 1.2 to the consolidated financial statements for liquidity management. The total assets of the Group are Rs. 8,404 million of which approximately 52% are financed through debt, together with negative operating cashflow of 329 million during the year. In order to manage liquidity, the Group has restructured loan amounting to approximately Rs. 2,058 million.	Our procedures amongst others, included the following: • Obtained management budget for the next 12 months and assessed the adequacy of assumptions considering results subsequent to the year-end; • Inspected loan restructuring terms and assessed the Group's ability to comply with restructured terms; and • Considered appropriateness of disclosures about liquidity management is in line with accounting and reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in

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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.

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

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

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

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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 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.

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

KPMG Taseer Hadi

Date: 29 October 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

As at 30 June 2021

ASSETS	Note	2021	2020
		(Rupees)	
Non-current assets			
Property, plant and equipment	6	**5,255,653,540**	4,932,529,642
Intangible assets	7	**-**	344,797
Long-term Investments	8	**327,621,735**	158,738,930
Long-term loans	11	**8,303,878**	7,261,530
Deferred tax assets	21	**-**	9,501,130
		5,591,579,153	5,108,376,029
Current assets			
Stores, spares and loose tools	29.2	**70,811,900**	76,560,562
Stock-in-trade	9	**1,387,034,758**	1,381,183,851
Trade debts - net	10	**476,303,736**	328,704,079
Loans and advances	12	**132,827,429**	67,822,902
Due from related party	36	**1,150,380**	1,150,380
Deposits, prepayments and other receivables	13	**512,011,961**	575,981,421
Taxation - net	14	**206,232,180**	163,120,742
Short-term Investments	15	**925,552**	9,001,861
Cash and bank balances	16	**25,171,422**	95,281,712
		2,812,469,318	2,698,807,510
Total assets		**8,404,048,471**	7,807,183,539
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
400,000,000 ordinary shares of Rs.10 each		**4,000,000,000**	4,000,000,000
Issued, subscribed and paid up capital	18	**2,512,500,000**	1,512,500,000
Share premium		**1,070,065,433**	1,095,352,578
Fair value reserve		**(1,819,906)**	(1,815,876)
Unappropriated profit		**288,483,538**	231,917,852
Equity attributable to owners of the Parent Company		**3,869,229,065**	2,837,954,554
Non controlling Interests	19	**197,754,752**	259,467,794
		4,066,983,817	3,097,422,348
LIABILITIES			
Non-current liabilities			
Lease liabilities	20.1	**910,322**	663,416
Defined benefit obligation - net	22.2	**4,535,710**	16,149,322
Long term loans	23	**1,301,462,356**	1,730,349,971
Deferred tax liabilities	21	**17,053,867**	-
Deferred grant	25	**424,227**	2,646,769
Gas Infrastructure Development Cess	24	**1,668,081**	-
		1,326,054,563	1,749,809,478
Current liabilities			
Current maturity of lease liabilities	20.1	**839,504**	1,077,125
Current portion of long-term loans	23	**543,658,900**	43,170,962
Current portion of deferred grant	25	**5,770,074**	4,829,455
Short-term borrowings	26	**1,844,976,781**	2,088,194,296
Trade and other payables	27	**513,330,155**	491,985,880
Due to related party	36	**22,048,871**	162,803,871
Unclaimed dividend		**3,527,781**	3,526,379
Accrued mark-up on short-term financing		**76,858,025**	164,363,745
		3,011,010,091	2,959,951,713
Total equity and liabilities		**8,404,048,471**	7,807,183,539
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
Revenue - net	28	**4,717,228,398**	2,778,630,637
Cost of revenue	29	**(4,218,274,392)**	(2,726,360,719)
Gross profit		**498,954,006**	52,269,918
Administrative, selling and general expenses	30	**(256,180,587)**	(239,016,127)
Reversal / (impairment loss) on trade receivables	10.1	**12,347,172**	(12,347,172)
		255,120,591	(199,093,381)
Other expenses	31	**(38,095,825)**	(3,044,586)
Other income	32	**49,191,548**	15,905,563
		11,095,723	12,860,977
Operating profit / (loss)		**266,216,314**	(186,232,404)
Finance costs	33	**(340,314,043)**	(235,609,302)
Share of profit / (loss) in associate - net	8.1.2	**26,197,334**	(172,850,982)
Provision for reversal / (Impairment) against associate	8.1.2	**138,198,148**	(122,991,403)
Profit / (loss) before taxation		**90,297,753**	(717,684,091)
Taxation	34	**(93,855,526)**	70,955,369
Loss for the year		**(3,557,773)**	(646,728,722)
Profit / (loss) attributable to:			
Owners of the Parent Company		**58,155,269**	(576,081,019)
Non-controlling interests	19	**(61,713,042)**	(70,647,703)
		(3,557,773)	(646,728,722)
			Re-stated
Earning / (loss) per share - basic and diluted	35	**0.29**	(3.24)

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
Loss for the year		**(3,557,773)**	(646,728,722)
Other comprehensive income			
Items that will not be subsequently reclassified to consolidated profit or loss			
Re-measurement gain / (loss) on defined benefit obligation	22.2.4	**6,714,823**	(2,418,212)
Related tax		**(1,947,298)**	701,281
		4,767,525	(1,716,931)
Change in fair value of equity investments at FVOCI - net of tax	15.2.1	**(4,030)**	1,384,926
Share of other comprehensive income in associate	8.1.2	**(6,357,108)**	168,347,831
Total comprehensive income / (loss) for the year		**(5,151,386)**	(478,712,896)
Total comprehensive income / (loss) attributable to			
Owners of the Parent Company		**56,561,656**	(408,065,193)
Non-controlling interests	19	**(61,713,042)**	(70,647,703)
		(5,151,386)	(478,712,896)

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

Statement of Changes In Equity

For the year ended 30 June 2021

	Attributable to owners of the Parent Company						
	Share capital	Capital reserve	Revenue reserves				
	Issued, subscribed and paid up capital	Share premium	Fair value reserve	Unappropriated profit / (loss)	Total	Non controlling interests	Total equity
	(Rupees)						
Balance at 1 July 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
Total comprehensive income / (loss) for the year ended 30 June 2020							
Loss for the year	-	-	-	(576,081,019)	(576,081,019)	(70,647,703)	(646,728,722)
Reclassification of unrealised gain on sale of investment carried at FVOCI	-	-	192,141	(192,141)	-	-	-
Re-measurement loss on defined benefit obligation - net of tax	-	-	-	(1,716,931)	(1,716,931)	-	(1,716,931)
Change in fair value of equity investments at FVOCI - net of tax	-	-	1,384,926	-	1,384,926	-	1,384,926
Share of other comprehensive income in associate - net of tax	-	-	-	168,347,831	168,347,831	-	168,347,831
	-	-	1,577,067	(409,642,260)	(408,065,193)	(70,647,703)	(478,712,896)
Transactions with owners of the Parent Company	-	-	-	-	-	-	-
Balance at 30 June 2020	1,512,500,000	1,095,352,578	(1,815,876)	231,917,852	2,837,954,554	259,467,794	3,097,422,348
Total comprehensive income for the year ended 30 June 2021							
Issuance of right shares	**1,000,000,000**	**-**	**-**	**-**	**1,000,000,000**	**-**	**1,000,000,000**
Issuance cost of right shares	**-**	**(25,287,145)**	**-**	**-**	**(25,287,145)**	**-**	**(25,287,145)**
Profit / (loss) for the year	**-**	**-**	**-**	**58,155,269**	**58,155,269**	**(61,713,042)**	**(3,557,773)**
Re-measurement gain on defined benefit obligation - net of tax	**-**	**-**	**-**	**4,767,525**	**4,767,525**	**-**	**4,767,525**
Change in fair value of equity investments at FVOCI - net of tax	**-**	**-**	**(4,030)**	**-**	**(4,030)**	**-**	**(4,030)**
Share of other comprehensive income in associate - net of tax	**-**	**-**	**-**	**(6,357,108)**	**(6,357,108)**	**-**	**(6,357,108)**
	-		**(4,030)**	**56,565,686**	**56,561,656**	**(61,713,042)**	**(5,151,386)**
Transactions with owners of the Parent Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2021	**2,512,500,000**	**1,070,065,433**	**(1,819,906)**	**288,483,538**	**3,869,229,065**	**197,754,752**	**4,066,983,817**

The annexed notes from 1 to 47 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 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**90,297,753**	(717,684,091)
Adjustments for:			
Depreciation	6.1	**89,954,325**	101,180,156
Amortisation	7	**344,797**	793,362
Provision for obsolescence and slow moving stocks - net	9.1	**(2,815,247)**	11,286,922
Finance costs	33	**339,836,180**	213,753,648
Finance lease charges	33	**27,948**	28,342
Provision for gratuity	22.2.3	**3,459,406**	3,903,870
Gain on disposal of property, plant and equipment	32	**(8,765,005)**	(1,317,073)
Share of profit in associate continued - net of tax	8.1.2	**(26,197,334)**	172,850,982
Provision for impairment against associate	8.1.2	**(138,198,148)**	122,991,403
Loss on redemption of investment	31	**-**	2,985,345
Mark-up income on saving account	32	**(2,843,563)**	(916,844)
Dividend income	32	**(40,364)**	(803,081)
Mark-up income on loans to employees	32	**(1,998,536)**	(1,648,778)
Income on investment in PIB	32	**(653,223)**	-
Gain on redemption of investments	32	**(1,098,110)**	-
Mark-up income from Participation Term Certificates	32	**-**	(7,527,465)
Government grant	32	**(9,612,833)**	(291,728)
Unrealized gain on re-measurement of investment classified as at FVTPL - net	32	**(342,978)**	(5,642)
		331,355,068	(100,420,672)
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**5,748,662**	(14,588,957)
Stock-in-trade		**(3,035,660)**	12,241,906
Trade debts - net		**(147,599,657)**	272,885,015
Loans and advances		**(65,004,527)**	1,265,769
Deposits, prepayments and other receivables		**62,927,112**	422,505,511
		(146,964,070)	694,309,244
Increase / (decrease) in current liabilities			
Trade and other payables		**23,012,356**	(47,819,437)
Received against mobilization advance		**-**	38,272,254
Due to related party		**-**	128,985,215
		23,012,356	119,438,032
Cash generated from operations		**207,403,354**	713,326,604
Contributions paid to defined benefit plan	22.2.2	**(8,358,195)**	(640,000)
Mark-up received from loans to employees		**1,998,536**	1,648,778
Mark-up paid		**(417,713,909)**	(130,325,643)
Income taxes paid - net		**(112,359,265)**	(49,431,284)
Net cash generated from operating activities		**(329,029,479)**	534,578,455
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		**(404,381,443)**	(925,420,559)
Proceeds from disposal of property and equipment	6.1.7	**21,039,693**	2,114,000
Proceeds from redemption of investments		**9,513,367**	17,270,346
Purchase of investment		**(30,684,657)**	-
Coupon received on PIB	32	**653,223**	-
Mark-up received on bank deposits	32	**2,843,563**	916,844
Mark-up received from Participation Term Certificates		**-**	7,527,465
Dividend received	32	**40,364**	803,081
Net cash used in investing activities		**(400,975,890)**	(896,788,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligation	20	**(1,165,063)**	(4,058,424)
Proceeds from issuance of right shares - net		**974,712,855**	-
Loans repaid to directors		**(140,755,000)**	-
Long term loans obtained from banking company	37	**150,063,050**	1,614,622,218
Loan repaid to banking company	37	**(79,744,650)**	-
Dividend received / (paid)	37	**1,402**	(9,121)
Net cash generated from financing activities		**903,112,594**	1,610,554,673
Net increase in cash and cash equivalents		**173,107,225**	1,248,344,305
Cash and cash equivalents at beginning of the year		**(1,992,912,584)**	(3,241,256,889)
Cash and cash equivalents at end of the year	16.2	**(1,819,805,359)**	(1,992,912,584)

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive | Director

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).

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 Act, 2017) on 30 May 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 Group is to manufacture and sell radiators, exhaust systems and other components for automotive industry.

The Group'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. The details are as follows:

Name of the Companies	Incorporation date	Effective holding % 2021	2020	Principle line of business
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)	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	5.27%	5.27%	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 assets are measured at lower of their carrying amounts and fair value less cost to sell.

1.2 Liquidity position and its management

In the year 2017, Loads group initiated a new project of alloy wheels through a subsidiary company i.e. HAWL. To finance this project, significant borrowings were made from group entities (including parent company) and other lenders (banks and related parties) Details of liquidity position and its management are included in note 38.3.1.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are 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.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for investments which are classified as FVTPL and obligations in respect of gratuity schemes which are measured at present value of defined benefit obligation less fair value of planned assets.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee which is also the Group's functional currency and has been rounded off to the nearest rupee unless otherwise indicated

3 USE OF JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. 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 only effects that period, or in the period of the revision and the future periods if the revision effects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set forth below:

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 6);

- Provision for impairment of stores ,spares and tools and stock-in-trade (notes 29.2 and 9);
- Provision for impairment of financial and non-financial assets (notes 8 , 10 and 15);

- Net defined benefit obligation (note 22);

- Contingencies (note 17).

- Provision for taxation (note 34).

4 NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan 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 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting poicies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

  Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computations adopted in applied in the preparation of these consolidated financials statements are set out below. These have been consistently applied to all the periods presented.

5.1 Basis of Consolidation

5.1.1 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.

5.1.2 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 2021

5.1.3 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 consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

5.1.4 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 recognised in consolidated statement of profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. Impairment policy of non financial assets are included in note 5.5.

5.1.5 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.

5.2 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. Leasehold land and capital work-in-progress are stated at cost less accumulated 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 capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in consolidated statement of profit or loss account as incurred.

Depreciation

Depreciation charge is based on the reducing balance method whereby the cost of an asset is written off to consolidated statement of profit or loss over its estimated useful life by applying the rates mentioned in note 6.1 to the consolidated financial statements.

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

Depreciation methods, useful lives 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 consolidated statement of profit or loss.

Impairment

The carrying amount 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 recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount in consolidated statement of profit or loss.

5.3 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.

Amortisation

Amortisation is charged to consolidated statement of profit or loss on a straight line basis at the rates specified in note 7 to these consolidated financial statements, over the estimated useful lives of intangible assets unless lives are indefinite. Amortisation on additions to intangible assets is charged from the month in which an item is acquired or capitalised while no amortisation is charged for the month in which the item is disposed off.

5.4 Financial Instruments

5.4.1 Initial measurement of financial asset

The Group classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, and impairment are recognised in the consolidated statement of profit or loss. Other net gains and losses are recognised in consolidated other comprehensive income. On de-recognition, gains and losses accumulated in other consolidated comprehensive income are reclassified to the consolidated statement of profit and loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of 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 consolidated other comprehensive income and are never reclassified to the consolidated statement of profit and loss.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the consolidated statement of profit and loss.
Financial assets measured 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 / mark-up income, and impairment are recognised in the consolidated statement of profit and loss.

5.4.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Group derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.4.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to offset and the Parent Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

5.4.4 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Parent Company derecognises the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

5.5 Impairment

5.5.1 Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime 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 balance 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. 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.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, 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.

5.5.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

5.6 Provisions

A provision is recognized 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 recognized as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

5.7 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

5.8 Stock-in-trade

Stock-in-trade is stated at lower of cost less impairment loss, if any and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their intended 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.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short-term borrowings 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 statement of cash flow.

5.10 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan 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 at the rates of exchange prevailing at the reporting date. Exchange differences, if any are recognised in consolidated statement of profit or loss.

5.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in consolidated statement of profit or loss except to the extent that it relates to items recognised directly in consolidated equity or other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year estimated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using balance sheet liability 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 tax rates enacted or substantively enacted at the reporting date.

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.

5.12 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Group 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.

For defined benefit plans, the net defined benefit liability / asset recognised in the balance sheet is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The deficit or surplus is:

(a) the present value of the defined benefit obligation; less

(b) the fair value of plan assets (if any).

The present value of defined benefit obligation is calculated annually by independent actuaries by discounting the estimated future cash flows using an interest rate equal to the yield on high-quality corporate bonds.

Actuarial gains or losses that arise are recognised in other comprehensive income in the period they arise. Service costs and net interest on net defined benefit liability / asset are recognised in consolidated statement of profit or loss.

Compensated absences

The Group recognises the liability for accumulated compensated absences as employees render services that increase their entitlement to future compensated absences.

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.

5.13 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.14 Revenue from Contracts with Customers

Made to order products

Revenue and associated costs are recognised over the period as the Group's performance does not create an asset with an alternative use for the Group and the Group has an enforceable right to payments for performance completed to date.

Standard products

Revenue is recognised at point in time when customer obtains control of the product which is when goods are delivered and accepted at the customer's premises.

5.15 Dividend distribution and appropriation to reserves

Dividend distribution to the Parent 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 26.

5.16 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, whose results are regularly reviewed by the segment to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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

5.17 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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group'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 Group 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 Group 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.

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 Group determines that the fair value on initial recognition 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 consolidated statement of 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.

5.18 Investment and other income

Mark-up income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made. Rental income (net of any incentives given to lessees) from investment property is recognised on a straight line basis over the lease term.

5.19 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalised up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to consolidated statement of profit or loss.

5.20 Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

5.21 Government grants

Government grants are transfers of resources to an entity by a Government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a Government subsidy. The definition of "Government" refers to Governments, Government agencies and similar bodies, whether local, national or international.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants. Grants that compensate the Group for expenses incurred, are recognised on a systematic basis over the periods in which the entity recognises as expense the related costs the grant are expected to compensate. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below- market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the Government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

5.22 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost less provision for any uncollectible debts. Refer note 5.5 for a description of the Group's impairment policies.

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5.23 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group mainly leases properties for its operations. The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

6. PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
		(Rupees)	
Operating assets	6.1	**767,127,019**	794,856,968
Capital work-in-progress	6.2	**4,488,526,521**	4,137,672,674
		5,255,653,540	4,932,529,642

6.1 Operating assets

	2021											
	Cost					Annual Rate	Accumulated depreciation					Net book
	As at 1 July 2020	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2021		As at 1 July 2020	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2021	value as at 30 June 2021
Owned	(Rupees)					%	(Rupees)					
Freehold land (note 6.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 6.1.1)	19,703,315	-	-	-	19,703,315	-	-	60,252	-	-	60,252	19,643,063
Building on leasehold land	329,575,112	3,207,275	-	-	332,782,387	5	100,144,052	11,795,389	-	-	111,939,441	220,842,946
Plant and machinery (note 6.1.5)	803,819,014	29,669,058	-	-	833,488,072	10 - 20	397,271,681	45,097,036	-	-	442,368,717	391,119,355
Tools and equipment	282,230,193	30,984,672	-	-	313,214,865	10 - 35	235,995,104	19,424,402	-	-	255,419,506	57,795,359
Furniture, fittings and office equipment	63,867,640	4,325,217	-	-	68,192,857	10 - 30	44,073,955	4,628,319	-	-	48,702,274	19,490,583
Vehicles	116,385,789	4,895,000	-	(21,891,970)	99,388,819	20	71,516,201	8,238,093	-	(9,617,282)	70,137,012	29,251,807
Right of use assets												
Vehicles	4,447,000	1,417,842	-	-	5,864,842	20	1,250,102	710,834	-	-	1,960,936	3,903,906
	1,645,108,063	74,499,064	-	(21,891,970)	1,697,715,157		850,251,095	89,954,325	-	(9,617,282)	930,588,138	767,127,019

	2020											
	Cost					Annual Rate	Accumulated depreciation					Net book
	As at 1 July 2019	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2020		As at 1 July 2019	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2020	value as at 30 June 2020
Owned	(Rupees)					%	(Rupees)					
Freehold land (note 6.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 6.1.1)	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	327,490,993	2,084,119	-	-	329,575,112	5	86,805,708	13,338,344	-	-	100,144,052	229,431,060
Plant and machinery (note 6.1.5)	779,397,553	24,421,461	-	-	803,819,014	10 - 20	348,579,864	48,691,817	-	-	397,271,681	406,547,333
Tools and equipment	274,922,329	7,307,864	-	-	282,230,193	10 - 35	214,564,270	21,430,834	-	-	235,995,104	46,235,089
Furniture, fittings and office equipment	60,053,512	3,814,128	-	-	63,867,640	10 - 30	38,466,002	5,607,954	-	-	44,073,956	19,793,685
Vehicles	47,425,713	-	71,592,626	(2,632,550)	116,385,789	20	13,874,693	11,302,909	48,174,222	(1,835,623)	71,516,200	44,869,588
Leased												
Vehicles	76,039,626	-	(71,592,626)	-	4,447,000	20	48,616,027	808,297	(48,174,222)	-	1,250,102	3,196,898
	1,610,113,041	37,627,572	-	(2,632,550)	1,645,108,063		750,906,564	101,180,155	-	(1,835,623)	850,251,095	794,856,968

6.1.1 Freehold land represents a plot in Lahore measuring 23 Kanals 18 Marlas and held by the Group 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.

	2021	2020
	(Rupees)	
6.1.2 Carrying amount of temporary idle property of the Group	**25,080,000**	25,080,000

6.1.3 Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 694 million (2020: 694 million) obtained from JS Bank Limited (note 23).

6.1.4 Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 801 million and Rs. 653 million (2020: Rs. 801 million and Rs. 653 million) respectively. These charges are against different financing facilities obtained from various banks (note 26).

6.1.5 There are no fully depreciated assets at the reporting date.

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

	Note	2021	2020
		(Rupees)	
Cost of revenue	29	**80,307,209**	89,715,860
Administrative, selling and general expenses	30	**9,647,116**	11,464,295
		89,954,325	101,180,155

6.1.7 Details of vehicles disposed off during the year are as follow:

Asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
Owned	(Rupees)							
Vehicles								
Toyota Prado - BG-8821	9,616,150	2,162,131	7,454,019	11,000,000	3,545,981	Muhammad Asif	Negotiation	Third party
Toyota Corolla BEN-974	1,752,500	1,193,195	559,305	2,164,000	1,604,695	Muhammad Asif	Negotiation	Third party
Suzuki Cultus - BLX-580	1,250,000	640,222	609,778	1,470,000	860,222	Muhammad Asif	Negotiation	Third party
Honda Civic - BAW-781	2,289,670	1,536,525	753,145	753,145	-	Muhammad Zia Uddin	Company Policy	Employee
Suzuki Swift - BLX-239	1,375,000	690,556	684,444	853,848	169,404	Muhammad Zia Uddin	Company Policy	Employee
Suzuki Cultus - BPD-748	1,356,050	510,779	845,271	1,536,000	690,729	M. Zeeshan Khan	Company Policy	Employee
Master Truck - JU-3956	889,000	832,931	56,069	1,161,786	1,105,717	Naveed Rauf	Negotiation	Third party
Suzuki Mehran - BGN-291	717,680	442,091	275,589	303,802	28,213	Nasimuddin	Company Policy	Employee
Suzuki Mehran - BLE-047	732,000	359,558	372,442	246,112	(126,330)	Ghulam Abbasi	Company Policy	Employee
Suzuki Mehran - BCD-287	630,000	444,205	185,795	458,000	272,205	Hafiz Muhammad Umais	Negotiation	Third party
Suzuki Mehran - BFN-217	635,000	383,574	251,426	580,000	328,574	Hafiz Muhammad Umais	Negotiation	Third party
Suzuki Pick-up - KU-3883	648,920	421,515	227,405	513,000	285,595	Muhammad Asif	Negotiation	Third party
	21,891,970	9,617,282	12,274,688	21,039,693	8,765,005			

	Note	2021	2020
6.2 Capital work-in-progress		(Rupees)	
Plant and machinery		**3,085,805,216**	3,009,559,851
Building and construction work		**1,367,650,359**	1,095,593,102
Tools and equipment		**35,070,946**	32,519,721
	6.2.1	**4,488,526,521**	4,137,672,674

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

	Note	2021	2020
Balance at beginning of the year		**4,137,672,674**	3,249,879,689
Additions during the year		**425,352,911**	925,420,557
Transferred to operating property, plant and equipment		**(74,499,064)**	(37,627,572)
Balance at end of the year	6.2.1.1	**4,488,526,521**	4,137,672,674

6.2.1.1 Major capital work-in-progress relates to Hi-Tech Alloy Wheels Limited (HAWL). Details are as follows:

		2021				2020			
	Note	**Opening Balance**	**Additions**	**Transfers**	**Closing Balance**	Opening Balance	Additions	Transfers	Closing Balance
		(Rupees)							
Building	6.2.1.1.1	**1,095,593,102**	**272,057,257**	**-**	**1,367,650,359**	808,760,061	286,833,041	-	1,095,593,102
Plant and machinery	6.2.1.1.2	**2,988,970,767**	**75,520,664**	**-**	**3,064,491,431**	2,427,723,186	561,247,581	-	2,988,970,767
Furniture and fittings		**-**	-	**-**	**-**	891,413	-	(891,413)	-
		4,084,563,869	**347,577,921**	**-**	**4,432,141,790**	3,237,374,660	848,080,622	(891,413)	4,084,563,869

6.2.1.1.1 This includes an amount of Rs.1,216 million (2020: Rs. 873 million) paid to Descon Engineering (Private) Limited (contractor) in respect of construction of manufacturing facility "alloy rim manufacturing plant" at the plot of land situated in Bin Qasim Industrial Park. For this purpose, a contract was entered on 13 June 2018 between the Group 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 Group and the Contractor:

Contract Phase	Contract price	Additional work	Paid to date		Outstanding commitments	Contract price	Additional work	Paid to date		Outstanding commitments
			Advance	Progress billing				Advance	Progress billing	
	(Rupees)					(USD)				
Engineering	106,340,715	-	-	(106,340,715)	-	908,895	-	-	(908,895)	-
Procurement	234,000,000	-	(7,511,704)	(157,394,564)	69,093,732	2,000,000	-	(64,203)	(1,345,253)	590,544
Construction	669,896,019	284,043,134	(7,511,704)	(931,160,249)	15,267,200	5,725,607	2,427,719	(64,203)	(7,958,635)	130,488
Testing and Commissioning	53,170,299	-	(6,241,248)	-	46,929,051	454,447	-	(53,344)	-	401,103
Total	1,063,407,033	284,043,134	(21,264,656)	(1,194,895,528)	131,289,983	9,088,949	2,427,719	(181,750)	(10,212,783)	1,122,135

As per agreement, payments made to Descon Engineering (Private) Limited will be in Pakistan rupees using a conversion rate of Rs. 117 / USD 1. The unpaid amount has been disclosed as commitments in note 17.2

6.2.1.1.2 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 and other charges	Status of Payment	Purpose
				In Foreign		*In Rupees*		
Alloy Wheels Manufacturing Plant*	11 December 2017 Refer note 6.2.1.1.3	ROH Automative & Toyota Motor Corporation	Australia	AUD 5,587,763	AUD 5,587,763	537,085,491	Complete	Alloy wheels manufacturing
Painting Plant	2 March 2018 Refer note 6.2.1.1.4	Shinwoo Costec Ltd	Korea	USD 10,760,500	USD 8,600,500	1,192,555,052	In progress	Supporting section of the alloy wheel manufacturing plant
Low Pressure Die Casting Machine	Based on proforma invoice	Hands Corporation Limited	Korea	USD 3,340,000	USD 3,006,000	470,416,488	In progress	For wheel shape to enhance production facility
Cummins DG Set		Cummins Power Generation	China	USD 217,000	USD 217,000	34,952,693	Complete	Diesel generators for power generation
SNG Plant		Korea Gas Engineering	Korea	USD 160,000	USD 160,000	24,799,071	Complete	For conversion of LPG into SNG for running of plant
Diesel Fire Pump		Patterson Pump Company	USA	USD 75,276	USD 75,276	12,407,458	Complete	To protect plant in case of fire emergency
Ventilation Fans & Refrigerant		Systemair HSK	Turkey	EUR 153,791	EUR 153,791	28,458,866	Complete	To minimize heat produce from plant
Effluent Treatment Plant		AB Winston Emerges FZE	China	USD 67,000	USD 67,000	11,457,369	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	9,695,975	Complete	For gas compression
Additional Parts for Alloy Wheel Manufacturing Plant		EBC Korea Company Limited	Korea	USD 70,207	USD 70,207	12,859,467	Complete	Additional parts for alloy wheel manufacturing plant
Ups With Lead Acid Batteries And Spare Parts		Avatec Power Pte Ltd	Singapore	USD 166,405	USD 166,405	26,703,837	Complete	To minimize heat produce from plant.
Total						**2,361,391,767**		

6.2.1.1.3 This includes borrowing costs of Rs. 286.88 million which was capatilized in the cost of Plant and Machinery in last year.

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 4.31 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 Group on 29 August 2017 at ROH Automative's site, the Plant was purchased on "as is, where is" and "as inspected" basis. Further, the Group 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 Group after receipt of the purchase amount by the Selling Agent.

Following is the repayment schedule as per the aforementioned agreement between the Group and the Seller:

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Particulars	Contingent upon	Payable after	Amount in AUD	Payment made to date in Rupees
Down payment - 30% of the total purchase amount	Letter of credit which will be opened on or 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
			4,312,500	383,510,626

On 5 July 2018, the Group had received a revised proforma invoice amounting to Rs. 497,621,043 (AUD 5.588 million). The whole amount paid in the year 2019 and the Group is currently in the process of bringing the plant to the intended location and condition.

6.2.1.1.4 The Group 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 Group and the Seller). The Group, along with the Seller engaged EBC Korea Co. Ltd ("the Selling Agent") as an intermediary, for collecting payments from the Group and passing them to the seller and purchasing the Plant from the Seller and shipping it to the Group. 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 AUD	Payment made to date in Rupees
First payment	Opening of letter of credit	**3,450,000**	402,007,455
Second payment	Sight payment upon shipment	**5,210,500**	725,220,637
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**	1,127,228,092

The unpaid amount has been disclosed as commitments in note 17.2

Notes to the Consolidated Financial Statements

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7 INTANGIBLE ASSETS

2021

	Cost				Useful life	Amortisation				Net book value as at 30 June 2021
	As at 1 July 2020	Addition	(Disposals)	As at 30 June 2021		As at 1 July 2020	For the year	(Disposals)	As at 30 June 2021	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	17,528,764	-	-	17,528,764	3	17,183,967	344,797	-	17,528,764	-

2020

	Cost				Useful life	Amortisation				Net book value as at 30 June 2020
	As at 1 July 2019	Addition	(Disposals)	As at 30 June 2020		As at 1 July 2019	For the year	(Disposals)	As at 30 June 2020	
	(Rupees)				(Years)	(Rupees)				
Computer software and licenses	17,528,764	-	-	17,528,764	3	16,390,605	793,362	-	17,183,967	344,797

7.1 At 30 June 2021, the cost fully amortised intangible amounted to Rs. 17.53 million (2020: Rs. 13.07 million).

7.2 The amortisation charge for the year has been allocated to administrative, selling and general expenses (note 30).

7.3 Computer software relates to SAP business license.

8. LONG-TERM INVESTMENTS

	Note	2021	2020
		(Rupees)	
Investment in associate - listed (Treet Corporation Limited)	8.1	316,777,304	158,738,930
Investment in Pakistan Investment Bond (PIB)		10,844,431	-
		327,621,735	158,738,930

8.1 Interests in equity-accounted investees

The following associate, over which the Parent Company has significant influence due to common directorship, is accounted for using equity method of accounting as defined in IAS 28 "Investment in Associates".

2021	2020		Note	2021	2020
(Number of shares)				(Rupees)	
		Quoted			
8,887,958	8,887,958	Treet Corporation Limited (Chief Executive Officer - Syed Shahid Ali)	8.1.2	316,777,304	158,738,930

8.1.2 Movement

	Note	2021	2020
Balance at beginning of the year		158,738,930	278,706,019
Conversion from participation term certificate into ordinary shares	8.1.2.1	-	7,527,465
Share of loss for the period from continued operations - net		(2,664,426)	(153,287,609)
Share of profit / (loss) for the period from dicontinued operations - net		28,861,760	(19,563,373)
Share of other comprehensive income for the period			
- re-measurement of defined benefit liability		(6,357,108)	168,347,831
Provision for reversal / (impairment)		138,198,148	(122,991,403)
Less: dividend received during the year		-	-
		316,777,304	158,738,930
Equity held at end of the year		5.27%	5.27%

8.1.2.1 In the prior year, 146,520 shares amounting to Rs. 7.53 million were converted and issued to the Group at the rate of Rs. 51.38 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (refer note 15.1.4).

8.1.3 Market value of investment in associate is as follows:	Note	2021	2020
		(Rupees)	
Quoted			
Treet Corporation Limited	8.1.4	**439,865,041**	158,738,930

8.1.4 This includes 8,800,000 (2020: 8,800,000) shares having an aggregate market value of Rs.435.512 million (2020: Rs. 157.168 million), which have been pledged with the financial institution as security against borrowing facilities. All other shares are kept in the Central Depository Company (CDC) account of the Group.

8.1.5 Treet Corporation Limited is considered associate by virtue of common directorship i.e. (3 Directors are common out of 7 Directors). The Group has direct share holding in associate of 5.23% (2020: 5.23%) and effective share holding (due to cross holding) of 5.27% (2020: 5.27%).

8.1.6 Summarised financial information based on audited annual financial statements for the year ended 30 June 2021 and 30 June 2020 is as follows:

	2021	2020
Direct holding	**5.23%**	5.23%
Effective holding	**5.27%**	5.27%
	(Rupees in 000)	
Non-current assets	**18,267,245**	16,024,733
Current assets	**6,980,867**	6,102,505
Assets held for sale - net	**537,384**	2,020,906
Non-current liabilities	**(1,807,033)**	(970,952)
Current liabilities	**(13,873,959)**	(15,021,936)
Net assets (100%)	**10,104,504**	8,155,256
Group share of net assets	**532,507**	429,782
Eliminations	**-**	-
Negative goodwill *	**(215,730)**	(271,043)
Carrying amount of interest in associate	**316,777**	158,739

* 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

	Note	2021	2020
		(Rupees in 000)	
Revenue - net		**14,194,739**	11,111,578
Loss after tax from continuing operations (100%)		**(50,759)**	(2,349,827)
Other comprehensive loss from continuing operations - net of tax		**(85,637)**	(95,414)
Loss from discontinuing operations - net of tax		**598,644**	(370,490)
Total comprehensive loss for the year (100%)		**462,248**	(2,815,731)
Share of total comprehensive loss		**24,360**	(148,389)
Loss after tax (2021: 5.27% 2020: 5.27%)		**(2,675)**	(123,836)
Other comprehensive income (2021: 5.27% 2027: 5.27%)		**(4,513)**	(5,028)
Loss from discontinuing operations - net of tax (2021: 5.27% 2020: 5.27%)		**31,548**	(19,525)
Group's share of total comprehensive loss (2021: 5.27% 2020: 5.27%)		**24,360**	(148,389)

9. STOCK-IN-TRADE

	Note	2021	2020
Raw material and components	9.2 & 9.4	**1,342,414,312**	1,336,158,261
Work-in-process		**71,111,109**	74,331,500
Finished goods		**-**	-
		1,413,525,421	1,410,489,761
Provision for obsolescence and slow moving stocks	9.1	**(26,490,663)**	(29,305,910)
		1,387,034,758	1,381,183,851

9.1 Provision for obsolescence and slow moving stocks

	Note	2021	2020
Opening balance		**29,305,910**	18,018,988
Charge for the year	29.1	**2,223,382**	11,286,922
Reversal during the year		**(5,038,629)**	-
Closing balance		**26,490,663**	29,305,910

9.2 This includes raw materials in transit and in possession of subsidiaries as at 30 June 2021 amounting to Rs. 373 million (2020: Rs. 278 million) and Rs. 452 million (2020: Rs. 752 million) respectively.

9.3 Raw materials held with toll manufacturers as at 30 June 2021 amounted to Rs. 76.33 million (2020: Rs. 33.7 million).

9.4 Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 400 million and Rs. 1,712 million (2020: Rs. 400 million and Rs. 1,712 million) respectively. These charges are against different financing facilities obtained from various banks (note 23).

10. TRADE DEBTS - NET

	Note	2021	2020
		(Rupees)	
Unsecured			
Considered good		476,303,736	341,051,251
Less: impairment loss on trade debts	10.1	-	(12,347,172)
		476,303,736	328,704,079

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

10.1 Movement in impairment loss on trade debts

	Note	2021 (Rupees)	2020 (Rupees)
Opening balance		**(12,347,172)**	-
Provision for impairment loss on trade debts		**-**	(12,347,172)
Provision reversed during the year		**12,347,172**	-
Closing balance		**-**	(12,347,172)

10.2 For ageing of trade debts, refer note 38.2.

11. LONG-TERM LOANS

	Note	2021	2020
Long term portion of loan to employees	12.2	**8,303,878**	7,261,530

12. LOANS AND ADVANCES

	Note	2021	2020
Unsecured - considered good			
Advance to suppliers	12.1	**71,463,917**	29,741,356
Loans to employees	12.2	**16,883,906**	9,911,080
Loans to workers	12.3	**39,994,033**	20,629,345
Advance salaries		**4,485,573**	7,541,121
		132,827,429	67,822,902

12.1 This includes advance amounting to Rs. 47.10 million (30 June 2020: Rs. 16.26 million) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

12.2 Loans to employees

	Note	2021 (Rupees)	2020 (Rupees)
Loans to employees	12.2.1	**25,187,784**	17,172,610
Less: long-term portion		**(8,303,878)**	(7,261,530)
Current portion of loans to employees		**16,883,906**	9,911,080

12.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate of 9% (2020: 12%) per annum.

12.3 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 9% (2020: 12%) per annum.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021 (Rupees)	2020 (Rupees)
Unclaimed input sales tax	13.1	**247,774,596**	303,715,067
Trade and other deposits		**7,631,745**	7,631,745
Prepayments - provident fund		**3,495,953**	-
Prepayments	13.3	**5,856,029**	31,596,433
Advance against capital expenditure		**-**	267,911
Receivable from employees		**176,848**	467,762
Margin deposit	13.2	**2,685,902**	5,868,294
Advance against land and construction	13.4	**244,143,888**	226,434,209
PIB income receivable		**247,000**	-
		512,011,961	575,981,421

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

13.1 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.

13.2 This includes margin deposited with banks against various letter of credit issued by Banks on behalf of the Group.

13.3 This includes prepaid expenses paid by Hi- Tech Alloy Wheels Limited amounting to Nil (30 June 2020: Rs. 27.86 million) paid in relation to advisory fees for consultancy and listing fees paid to PSX.

13.4 This represents margin deposit against continuing guarantee with Habib Metropolitan Bank Limited with respect to new connection of electricity of 4,870 KW with K-Electric amounting to Rs. 14.074 million. The guarantee shall remain in force and effect for three years i.e. from 20 March 2019 to 19 March 2022.

	2021	2020
13.4.1 This includes advances against:	(Rupees)	
- Plant	**13,923,580**	29,116,968
- Land	**216,108,000**	151,275,600
	230,031,580	180,392,568

13.4.2 It includes advance amount paid to "Dynamic Engineering and Automation" amounting to Rs. 11.202 million for the provision of construction material and man power for civil construction work of SNG plant.

13.4.3 This includes 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 (refer note 17.3). During the year, the Hi-Tech Alloy Wheels Limited paid last installment amounting to Rs. 64.83 million. Hence, Total price of the plot amounting to Rs. 216.108 million has been fully paid off. Possession of the allotted plot shall be handed over through a lease agreement. NIPD&MC though its letter dated 13 April 2021 claimed surcharge on delayed payment of third installment amounting to Rs. 16.19 million for which the Company is in process of negotiating the same.

The Company delayed the third installment due non-availability of utilities and obtained legal opinion on the above mentioned matter. The Advisor confirmed in its opinion that question of late payment charges does not arise as third installment was linked with infrastructure facilities and that was of failure of NIPD&MC to execute its part of contact (provision of utility facilities essential for running an industry).

Therefore, the Company has not made any provision in this regard based on the legal advisor opinion.

As per section 37 of Special Economic Zones Act, 2012, all zone enterprises shall be entitled to one time exemption from custom duties and taxes on import of plant and machinery into Special Economic Zones (SEZ) except items listed under Chapter 87 of the Pakistan Customs Tariff, for installation in that zone enterprise subject to verification by the Board of Investment. The Group is in the process of obtaining Zero-rated / Exemption Certificate in respect of import of plant and machinery.

		Note	2021	2020
14.	**TAXATION - NET**		(Rupees)	
	Advance tax net of provision		**206,232,180**	163,120,742
15.	**SHORT-TERM INVESTMENTS**			
	Equity securities - at fair value through profit or loss (FVTPL)	15.1	**911,854**	8,983,925
	Equity securities - at fair value through other comprehensive income (FVOCI)	15.2	**13,698**	17,936
			925,552	9,001,861
15.1	**Equity securities - mandatory at FVTPL**			
	Ordinary shares	15.1.1	**911,854**	533,851
	Units of mutual funds	15.1.2	**-**	8,450,074
			911,854	8,983,925

15.1.1 Ordinary shares - listed

2021 (Number of shares)	2020 (Number of shares)	Name of investee company Ordinary shares - Quoted	2021 Carrying value	2021 Market value	2021 Unrealised (loss) / gain	2020 Market value
			(Rupees)			
1	1	Agriautos Industries Limited	**182**	**274**	**92**	182
1	1	Al-Ghazi Tractors Limited *	**352**	**365**	**13**	352
1	1	Atlas Battery Limited	**168**	**316**	**148**	168
1	1	Atlas Honda Limited	**384**	**480**	**96**	384
1	1	The General Tyre & Rubber Company of Pakistan Limited	**60**	**88**	**28**	60
1	1	Honda Atlas Cars (Pakistan) Limited	**194**	**346**	**152**	194
1	1	Thal Limited *	**325**	**423**	**98**	325
230	230	Baluchistan Wheels Limited	**13,968**	**18,168**	**4,200**	13,968
315	315	Ghandhara Nissan Limited	**19,766**	**34,407**	**14,641**	19,766
300	150	Hino Pak Motors Limited	**90,975**	**183,645**	**92,670**	55,950
200	200	Indus Motor Company Limited	**198,998**	**250,828**	**51,830**	198,998
344	272	Millat Tractors Limited	**216,085**	**371,386**	**155,301**	216,085
63	63	Oil & Gas Development Company Limited	**6,867**	**5,987**	**(880)**	6,867
127	127	Pak Suzuki Motor Company Limited	**20,552**	**45,141**	**24,589**	20,552
			568,876	**911,854**	**342,978**	533,851

* 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.

15.1.2 Units of mutual funds

Name of Funds	**2021** As at 1 July 2020	Units redeemed during the year	As at 30 June 2021	Carrying value at redemption	Proceeds from redemption	Realised gain on redemption
	Number of units			**(Rupees)**		
NBP Riba Free Savings Fund	**17,262**	**(17,262)**	-	**176,628**	**179,265**	**2,637**
NBP Islamic Active Allocation Plan IV	**17,779**	**(17,779)**	-	**2,569,432**	**2,769,868**	**200,436**
NBP Islamic Active Allocation Plan VI	**46,258**	**(46,258)**	-	**2,373,211**	**2,782,631**	**409,420**
NBP Islamic Capital Preservation Plan-II	**30,043**	**(30,043)**	-	**3,330,803**	**3,816,420**	**485,617**
				8,450,074	**9,548,184**	**1,098,110**

Name of Funds	2020 As at 1 July 2019	Dividend reinvested during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market Value as at 30 June 2020	Unrealised gain as at 30 June 2020
	Number of units			(Rupees)		
NBP Islamic Asset Allocation Fund	15,825	1,437	17,262	176,176	176,628	452
NBP Riba Free Savings Fund	16,249	1,530	17,779	2,563,277	2,569,432	6,155
NBP Islamic Active Allocation Plan IV	43,571	2,687	46,258	2,346,687	2,373,211	26,524
NBP Islamic Capital Preservation Plan-II	26,761	3,282	30,043	3,299,051	3,330,803	31,752
				8,385,191	8,450,074	64,883

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

15.2 Equity securities - at FVOCI

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

2021	2020	Name of investee company	2021 Cost	2021 Market value	2021 Unrealised gain	2020 Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
152	152	ZIL Limited	**5,330**	**13,698**	**8,368**	17,936

15.2.1 Equity securities at FVOCI - net change in 'fair value investments

	2021	2020
	(Rupees)	
Market value of investments	**13,698**	17,936
Less : cost of investments	**(5,330)**	(5,330)
	8,368	12,606
Less: Unrealised loss on re-measurement of investments at beginning of the year	**(12,606)**	(1,565,061)
Add: Mark-to-market gain on security	**-**	1,384,926
Less: Transfer of reserve on sale of security	**-**	174,694
Unrealised (loss) / gain on re-measurement of equity investments at OCI for the year	**(4,238)**	7,165

16. CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		**1,637,537**	2,928,063
With banks			
- in current accounts		**10,575,399**	37,589,625
- in savings accounts	16.1	**12,958,486**	54,764,024
		23,533,885	92,353,649
		25,171,422	95,281,712

16.1 These carries mark-up rate ranging from 2% to 6%

16.2 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents comprise of:

	Note	2021	2020
Cash and bank balances	16	**25,171,422**	95,281,712
Short term borrowings	26	**(1,844,976,781)**	(2,088,194,296)
		(1,819,805,359)	(1,992,912,584)

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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
Federal Board of Revenue (FBR)	Tax Year 2019 was selected for audit by the Tax authorities under section 177 of the Income Tax Ordinance, 2001. The Company received a notice dated 10 January 2020 which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard have not yet been finalized and hence no provision has been recognized in these financial statements.	Parent Company & FBR	10 January 2020
Federal Board of Revenue (FBR)	For Tax Year 2019, notice dated 16 July 2020 was received by the Company regarding monitoring of withholding taxes which has been responded by the Company by filing documents and details. Proceedings in this regard have not yet been finalized.	Parent Company & FBR	16 July 2020
Federal Board of Revenue (FBR)	For the Tax Year 2015, notice dated 26 April 2021 was received by the Company under section 177 of the Income Tax Ordinance, 2001 which was responded the Company through its tax advisor during the month of May 2021 and June 2021. The concerned Assessing Officer finalized the audit proceeding in haste, without providing the opportunity for substantial additions and disallowances made in the amended order under section 122(4) dated 30 June 2021 and created factually incorrect and disputed demand of Rs. 750,761,241.	Parent Company & FBR	26 April 2021
	Subsequent to year end, the Company has filed rectification application dated 6 July 2021 under section 221 of the Income Tax Ordinance, 2001 before the concerned Assessing Officer for rectification of mistakes apparent in amended order, which is also yet pending for disposal. Further, the Company has also filed an appeal dated 27 July 2021 challenged the above mentioned amended order before the Commissioner Inland Revenue (Appeal-II), Karachi, which is pending for hearing. The Commissioner (Appeal) initially allowed stay from recovery of above mentioned disputed demand until 7 September 2021 by stay order dated 24 August 2021. However, since the Commissioner (Appeal) was unavailable for granting further stay of recovery, the Company has obtained the stay order dated 16 September 2021 form the Honorable Sindh High Court. Further, the Court in same order directed the Commissioner (Appeal-II) Karachi, to decide the pending appeal preferably within 60 days from passing of this order and restricted the tax authorities from taking any coercive action against the Company. The tax advisor of the Parent Company is confident that the demand will be substantially vacated.	Parent Company & FBR	26 April 2021

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Federal Board of Revenue (FBR)	The Additional Commissioner issued show cause notice dated 30 March 2021 under section 122 (9) for amendment of assessment under section 122 5(A) of Income Tax Ordinance 2001 for the tax year 2020 on four different issues. MAIL submitted its responses dated 6 April 2021 and 14 April 2021. No further proceeding was conducted in this regard during the year and the case is pending.	MAIL & FBR	30 March 2021
Federal Board of Revenue (FBR)	Notice dated 14 January 2021 was received for monitoring of withholding tax u/s.165 of the Income Tax Ordinance, 2001 for tax year 2019. SAIL through its tax representative applied for extension to FBR on 18 January 2021 and the same was granted. The Company submitted its response to FBR on 11 February 2021. No further hearing was conducted by FBR during the year.	SAIL & FBR	14 January 2021
Federal Board of Revenue (FBR)	In respect of Tax Year 2019, a notice dated 14 February 2020 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 HAWL. Proceeding in this regard have not have not yet been finalized.	HAWL & FBR	14 February 2020
Federal Board of Revenue (FBR)	In respect of Tax Year 2020, a notice dated 10 March 2021 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 HAWL. Proceeding in this regard have not have not yet been finalized.	HAWL & FBR	10 March 2021
Sindh Revenue Board (SRB)	During the year, a notice dated 8 April 2021 by Sindh Revenue Board regarding short deposit of Sindh sales Tax withheld under Sindh Sales Tax Special Procedure (Withholding) Rules, 2014 was issued demanding Rs. 7,972,881 against certain services from Contractor. HAWL, through its Tax Consultant submitted its response dated 14 April 2021 with evidences, supports and documents of all payments and requested the Authority to withdraw its notice based on the facts that the notice is factually incorrect and invalid. No further hearing was conducted by the Authority during the year. HAWL expects favourable outcome in this case.	HAWL & FBR	8 April 2021
Federal Board of Revenue (FBR)	In respect of Tax Year 2021, a notice dated 17 November 2020 was issued by FBR for monitoring of first quarterly withholding taxes which has been responded and requisitioned details, documents, and evidences have been filed by SMPL. During the year, no further hearing was conducted in this regard.	SMPL & FBR	17 November 2020
Federal Board of Revenue (FBR)	In respect of Tax Year 2018, a notice dated 9 January 2019 was issued by FBR for monitoring of withholding taxes which has been responded and requisitioned details, Documents, and evidences have been filed by SMPL. Proceeding in this regards have not yet been finalised.	SMPL & FBR	9 January 2019

17.1.2 The company has issued Corporate gaurantees,on behalf of its subsidiary company namely Hi-tech Alloy Wheels Limited, amounting to Rs.1,180 million (current outstanding: Rs. 1,077 million) to Bank of Punjab, MCB bank Limited and JS Bank Limited.

17.2 Contingencies of the associated Company - Treet Corporation Limited

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Federal Board of Revenue (FBR)	During previous years, the Additional Commissioner of Income Large Taxpayer Unit (LTU) passed an order u/s 12(9A) of Income Tax Ordinance for the assessment year 2000-01, creating an income tax demand of Rs. 12.79 million along with an additional tax of Rs. 2.01 million. The department adjusted the said demand against the income tax refunds of the associated company for the tax year 2006. Associated company through it tax advisor, filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication at the year end. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2006
Federal Board of Revenue (FBR)	During previous years, with respect to the tax year 2004, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 and created an income tax demand of Rs 6.56 million with respect to issue of proration of profits between local and export sales. Associated company filed an appeal before CIR (Appeals) which was decided against associated company. Being aggrieved, the associated company preferred an appeal dated 26 May 2014 before ATIR which is pending adjudication at the year end. In the meanwhile, associated company filed a rectification application for not giving credit of tax paid, with income tax return, amounting to Rs 3.94 million, while computing the total tax demand of Rs. 6.56 million. The assessing officer accepted the associated company's contention and reduced the tax demand from 6.56 million. to Rs. 2.62 million vide order dated 30 June 2015. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2004
Federal Board of Revenue (FBR)	During previous years, with respect to the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order dated 28 February 2019, u/s 122(5A) of Income Tax Ordinance 2001 and created a tax demand of Rs. 10.06 million. Associated company paid Rs 1 million (10% of demand), under protest, and recorded the same in advance tax. Associated company preferred an appeal before the CIR (Appeals-1) which was decided in favor of associated company for majority of the matters. Being aggrieved, the tax department filed an appeal, dated 22 January 2020, before ATIR which is pending adjudication at the year end. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2013
Federal Board of Revenue (FBR)	During the previous years, with respect to the tax year 2009, Additional Commissioner Inland Revenue (ACIR) vide order dated 30-06-2015, u/s 122(5A) of Income Tax Ordinance 2001, created an income tax demand of Rs. 15.7 million, where ACIR disallowed addition u/s 111(1)(a) amounting Rs. 20.15 million, adjustment	Treet & FBR	2013

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	of minimum tax u/s 113 amounting Rs. 3.77 million and allocation of expenses to dividend income. Being aggrieved associated company filed an appeal before CIR Appeals (CIR-A) which was decided in favor of the associated company and case was remanded back to the assessing officer. Being aggrieved, during 2018, the department filed an appeal before ATIR with respect to disallowance of additions u/s 111(1)(a) amounting Rs. 20,159,000 which is pending adjudication at the year end. ACIR vide order dated 29 June 2019, u/s 124/129 of Income Tax Ordinance 2001, disallowed minimum tax amounting to Rs 3.77 million. Being aggrieved, associated company preferred an appeal before CIR (Appeals), dated 14 October 2019, which is decided in favor of associated company during the year, vide order no. 45, dated 30 November 2020. The management and the tax advisor of associated company are confident of favorable outcome of the appeal filed by tax department against ATIR; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2009
Federal Board of Revenue (FBR)	During previous years, with respect to the tax year 2017, Additional Commissioner Inland Revenue (ACIR), passed an order dated 30 November 2018, u/s 122(5A) of Income Tax Ordinance 2001, and created an income tax demand of Rs. 11.48 million. Associated company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of associated company for majority of the matters and case was remanded back to assessing officer. The tax department filed an appeal before ATIR against the order of CIR(A). Associated company also preferred an appeal before ATIR on account of difference issues such as proration of profit between local and export sale, disallowance u/s 65B, dividend income allocation etc. Both the counter appeals are pending adjudication at the year end. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2018
Federal Board of Revenue (FBR)	During previous years, the Deputy Commissioner Inland Revenue (DCIR) passed an order u/s 161/205 and created an income tax demand of Rs. 0.57 million, for tax year 2011. Against the said order, associated company filed an appeal before the CIR (Appeals) and got a relief of Rs. 0.21 million. The associated company has filed a second appeal before the ATIR, with respect to remaining amount of Rs. 0.36 million which is pending adjudication at the year end. The management and the tax advisor of associated company are confident that the case will be decided in favor of the associated company, therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2011

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Federal Board of Revenue (FBR)	During the year, with respect to the tax year 2015, ACIR passed an order dated 21 April 2021 and created an income tax demand of Rs. 25.35 million. Associated company has paid Rs 2.53 million (10% of demand), under protest, and recorded the same in advance tax. Being aggrieved associated company has preferred an appeal before CIR(A) which is pending adjudication at the year end. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & FBR	2015
Punjab Revenue Authority	During the year, with respect to the tax period from July 2016 to June 2018, Additional Commissioner-III, Punjab Revenue Authority, Lahore, vide order dated 18 December 2020, created a Punjab sales tax demand of Rs. 175.15 million along with default surcharge and penalty of Rs. 141.82 million, on the contention that associated company has received services taxable services but failed to withhold and deposit the due tax as per provisions of the Punjab Sales Tax on Services (Withholding) Rules, 2015. Being aggrieved, associated company has filed an appeal, dated 22 February 2021, before Commissioner (Appeals), Punjab Revenue Authority, Lahore which has been heard on 02 June 2021 and 01 July 2021 and decision is awaited. The management and the tax advisor of associated company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.	Treet & PRA	2016
Federal Board of Revenue (FBR)	During previous years, Assistant Commissioner Inland Revenue (ACIR) passed an order u/s 161/205 and created a tax demand of Rs. 2.18 million. Associated company deposited the said amount, under protest, to government exchequer and recorded the same in advance tax. The associated company filed an appeal before the CIR (Appeals) against the order of ACIR on 28 May 2019 which is pending adjudication at the year end.	Treet & FBR	2019

Based on the opinion of the associated company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these consolidated financial statements.

Contingencies - First Treet Manufacturing Modaraba

Federal Board of Revenue (FBR)	For the tax years 2011 and 2012, the Deputy Commissioner Inland Revenue (DCIR) passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 creating tax demands of Rs. 1.520 million and Rs. 41.364 million respectively. The Modaraba filed appeals against the orders passed by DCIR before Commissioner Inland Revenue CIR (Appeals - II) who decided the matters in favor of the Modaraba by deleting the tax demands. Tax department filed appeals since 07-04-2014 and 15-04-2014 against the decision of CIR (Appeals - II) before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. The management and tax advisor of the Modaraba are of the view that favorable outcome is expected in the instant case as the Modaraba is fully compliant of withholding tax provisions.	First Treet Modaraba & FBR	2014

Federal Board of Revenue (FBR)	For the tax year 2017, the Inland Revenue Officer (IRO), E & C Unit-VII, Range-II, Zone-VI, CRTO, Lahore, passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 1.807 million. The Modaraba filed appeals since 19-04-2018 against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication. The management and tax advisor of the Modaraba are of the view that favorable outcome is expected in the instant case as the Modaraba is fully compliant of withholding tax provisions.	First Treet Modaraba & FBR	2018
Federal Board of Revenue (FBR)	For the tax period April 2016 to July 2017, the Assistant Commissioner Inland Revenue (ACIR), E & C Unit - 07, Zone-VI, CRTO, Lahore passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 26.067 million along with penalty of Rs. 1.303 million mainly on the issue of inadmissibility of input sales tax and adjustment thereof against illegal claim. The Modaraba filed appeals since 28-07-2020 against the order passed by ACIR before Commissioner Inland Revenue CIR (Appeals), Zone-I, Lahore which is pending adjudication. The management and tax advisor of the Modaraba are of the view that the tax demand will be deleted by appellate authorities based a decision in favor of Registered Person (RP) on this issue by the Lahore High Court, Lahore.	First Treet Modaraba & FBR	2020
Federal Board of Revenue (FBR)	For the tax period April 2016 to July 2017, the Assistant Commissioner Inland Revenue (ACIR), E & C Unit - 07, Zone-VI, CRTO, Lahore passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 26.067 million along with penalty of Rs. 1.303 million mainly on the issue of inadmissibility of input sales tax and adjustment thereof against illegal claim. The Modaraba filed appeals since 28-07-2020 against the order passed by ACIR before Commissioner Inland Revenue CIR (Appeals), Zone-I, Lahore which is pending adjudication. The management and tax advisor of the Modaraba are of the view that the tax demand will be deleted by appellate authorities based a decision in favor of Registered Person (RP) on this issue by the Lahore High Court, Lahore.	First Treet Modaraba & FBR	2020

Based on the opinion of tax advisor of the Modaraba's legal counsel, management is expecting a favourable outcome of the above cases. Therefore, no provision in this regard has been recognised in these consolidated financial statements.

17.2 Commitments

Outstanding letters of credit as at 30 June 2020 amounted to Rs. 769.64 million (2020: Rs. 105.50 million).

Outstanding capital commitments as at 30 June 2020 amounted to Rs. Nil (2020: Rs. 27.05 million).

Guarantees given by banks on behalf of Treet Corporation Limited in favour of Sui Northern Gas Pipeline Limited and Government Institutions, as at 30 June 2021, amounts to Rs. 290.615 million (2020: Rs. 20.615 million).

Guarantees given by Treet Corporation Limited to various financial institutions on behalf of First Treet Manufacturing Modaraba and Renacon Pharma Limited as at 30 June 2021 amounts to Rs. 2,758 million and Rs. 444 million respectively.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

17.3 Commitments Treet Holdings Limited

17.3.1 Guarantees

	2021	2020
	(Rupees)	
Guarantees issued by banks on behalf of the Group	**710,749**	710,749
Guarantee for plot	**-**	64,832,400

17.3.2 Letters of credit

	2021	2020
Letters of credit issued by various banks on behalf of thev Group in ordinary course of the business (outstanding at year end)	**941,188,793**	58,199,139

17.3.3 The Company has issued post dated cheques to Total PARCO Limited and Atlas Insurance Company Limited as security deposits amounting to Rs. 4.34 million (2020: Rs. 4.34 million) and Nil (2020: Rs. 77.27 million) respectively.

17.3.4 Commitments in respect of capital expenditures of HAWL:

	2021	2020
	(Rupees)	
Property, plant and equipment	**782,431,368**	841,133,987

Description	2021				2020
	Currency	Original contract price	Paid till date	Outstanding commitments	Outstanding commitments
Painting plant for alloy wheels manufacturing	USD	**10,760,500**	**(8,600,500)**	**2,160,000**	2,160,000
	Rupees equivalent	**1,787,567,537**	**(1,192,555,052)**	**595,012,485**	595,012,485
Low Pressure Die Casting Machine	USD	**3,340,000**	**(3,006,000)**	**334,000**	334,000
	Rupees equivalent	**526,545,388**	**(470,416,488)**	**56,128,900**	56,128,900
Contract with Descon Engineering (Private) Limited	USD	**11,516,668**	**(10,394,533)**	**1,122,135**	1,623,867
	Rupees equivalent	**1,347,450,167**	**(1,216,160,184)**	**131,289,983**	189,992,602
Contract with Descon Engineering (Private) Limited	Rupees	**61,340,590**	**(58,324,598)**	**3,015,992**	2,892,869

18. SHARE CAPITAL

18.1 Authorised share capital

Authorised share capital comprises of 400,000,000 (2020: 400,000,000) ordinary shares of Rs. 10 each.

18.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
(Number of shares)			(Rupees)	
153,770,000	53,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**1,537,700,000**	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
251,250,000	151,250,000		**2,512,500,000**	1,512,500,000

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

The break-up of share capital is as follows:	**2021**		2020	
Shareholders	**Number of shares**	**% of Holding**	Number of shares	% of Holding
Syed Shahid Ali (Chairman)	**104,376,139**	**41.54%**	62,819,872	41.53%
Treet Corporation Limited (Associate)	**31,387,657**	**12.49%**	18,895,057	12.49%
Directors	**5,894,845**	**2.35%**	4,454,475	2.95%
Others	**109,591,359**	**43.62%**	65,080,596	43.03%
	251,250,000	**100%**	151,250,000	100%

19. NON CONTROLLING INTERESTS (NCI)

The following table summarizes the information relating to the Group's subsidiaries that have non-controlling interest (NCI).

	2021					
	SMPL	SAIL	MAIL	HAWL	Intra group eliminations	Total
	---- (Percentage) ----					
NCI percentage	0%	9%	8%	20%		
Non current assets	-	298,410,731	104,068,818	4,748,123,207		
Current assets	92,450,477	997,178,304	344,001,056	481,913,084		
Non-current liabilities	-	(33,314,824)	(12,793,400)	(1,053,731,717)		
Current liabilities	(11,250,765)	(617,806,016)	(182,044,416)	(3,507,306,114)		
Net Assets	81,199,712	644,468,195	253,232,058	668,998,460		
Net assets attributable to NCI	-	58,002,138	20,258,565	133,799,692	(14,305,643)	197,754,752
Revenue - net	-	365,461,130	98,767,870	-		
Profit / (loss) for the year	2,501,185	63,232,265	17,499,520	(344,019,539)		
Other comprehensive income (OCI)	-	-	-	-		
Total comprehensive income	2,501,185	63,232,265	17,499,520	(344,019,539)		
Profit / (loss) allocated to NCI	-	5,690,904	1,399,962	(68,803,908)	-	(61,713,042)
Cash flows from operating activities	(4,292,755)	(125,999,239)	(67,339,338)	(117,541,834)		
Cash flows from investment activities	-	(5,279,336)	965,104	(340,012,796)		
Cash flows from financing activities (dividends to NCI: nil)	3,410,000	130,627,204	65,665,927	411,254,482		
Net increase / (decrease) in cash and cash equivalents	(882,755)	(651,371)	(708,307)	(46,300,148)		

	2020					
	SMPL	SAIL	MAIL	HAWL	Intra group eliminations	Total
	(Percentage)					
NCI percentage	0%	9%	8%	20%		
Non current assets	-	295,932,817	104,628,506	4,373,790,935		
Current assets	86,247,150	711,055,202	268,719,272	495,333,991		
Non-current liabilities	-	(21,000,200)	(10,671,159)	(1,330,977,062)		
Current liabilities	(7,548,623)	(404,751,889)	(126,944,081)	(2,525,129,865)		
Net Assets	78,698,527	581,235,930	235,732,538	1,013,017,999		
Net assets attributable to NCI	-	52,311,234	18,858,603	202,603,600	(14,305,643)	259,467,794
Revenue - net	-	189,027,987	56,261,119	-		
Profit / (loss) for the year	7,003,595	(28,270,976)	(3,769,642)	(339,008,718)		
Other comprehensive income (OCI)	-	-	-	-		
Total comprehensive income for the year	7,003,595	(28,270,976)	(3,769,642)	(339,008,718)		
Profit / (loss) allocated to NCI	-	(2,544,388)	(301,571)	(67,801,744)	-	(70,647,703)
Cash flows from operating activities	(1,975,286)	(165,060,546)	(85,436,141)	(41,540,563)		
Cash flows from investment activities	14	(2,405,331)	(1,017,313)	(273,192,330)		
Cash flows from financing activities (dividends to NCI: nil)	3,114,000	161,593,791	86,048,785	373,413,546		
Net increase (decrease) in cash and cash equivalents	1,138,728	(5,872,086)	(404,669)	58,680,653		

20. LEASE LIABILITIES

	2021	2020
	(Rupees)	
Opening balance	**1,740,541**	5,770,623
Addition during the year	**1,146,400**	-
financial charges accrued during the year	**27,948**	28,342
Repayment of lease liabilities	**(1,165,063)**	(4,058,424)
Closing balance	**1,749,826**	1,740,541

20.1 Breakup of lease liabilities

	2021	2020
Lease liability	**1,749,826**	1,740,541
Less: Current maturity	**(839,504)**	(1,077,125)
	910,322	663,416

	2021			2020		
Maturity analysis - contractual undiscounted cash flows:	**Minimum lease payments**	**Interest**	**Present value minimum lease payments**	Minimum lease payments	Interest	Present value minimum lease payments
Less than one year	**939,828**	**100,324**	**839,504**	1,092,282	15,157	1,077,125
One to five years	**1,093,050**	**182,728**	**910,322**	676,207	12,791	663,416
More than five years	**-**	**-**	**-**	-	-	-
Total undiscounted lease liabilities at 30 June 2021	**2,032,878**	**283,052**	**1,749,826**	1,768,489	27,948	1,740,541

21. DEFERRED TAX LIABILITIES / (ASSETS) - NET

	2021	2020
	(Rupees)	
Taxable temporary differences	**86,297,643**	88,082,696
Deductible temporary differences	**(69,243,776)**	(97,583,826)
	17,053,867	(9,501,130)

21.1 Analysis of change in deferred tax

Breakup and treatment of deferred tax balances are as follows:

	2021				2020			
	Balance at 1 July 2020	**Recognised in consolidated profit and loss**	**Recognised in consolidated other comprehensive income**	**Balance at 30 June 2021**	Balance at 1 July 2019	Recognised in consolidated profit and loss	Recognised in consolidated other comprehen-sive income	Balance at 30 June 2020
	(Rupees)							
Taxable temporary differences								
- Accelerated tax depreciation	**86,417,255**	**(1,782,360)**	**-**	**84,634,895**	90,169,780	(3,752,525)	-	86,417,255
- Finance lease arrangements	**1,665,441**	**(2,693)**	**-**	**1,662,748**	3,843,679	(2,178,238)	-	1,665,441
Deductible temporary differences								
- Provision for unrealised gain on re-measurement of investments	**(196,363)**		**(297)**	**(196,660)**	-	(196,363)	-	(196,363)
- Share of profit from associated company	**(14,764,473)**	**7,597,227**	**(1,843,561)**	**(7,167,246)**	(8,703,716)	(6,060,757)	-	(14,764,473)
- Expected credit loss	**(3,580,680)**	**3,580,680**	**-**	**-**	-	(3,580,680)	-	(3,580,680)
- Intangibles	**(941,989)**	**108,405**	**-**	**(833,584)**	-	(941,989)	-	(941,989)
- Allowance for inventory obsolescence	**(8,498,714)**	**816,422**	**-**	**(7,682,292)**	(3,996,656)	(4,502,058)	-	(8,498,714)
- Provision against compensated absences	**(615,432)**	**558,425**	**-**	**(57,007)**	(982,910)	367,478	-	(615,432)
- Carry forward losses	**(57,941,493)**	**13,731,890**	**-**	**(44,209,603)**	-	(57,941,493)	-	(57,941,493)
- Remeasurement of defined benefit liability	**(11,044,682)**	-	**1,947,298**	**(9,097,384)**	(10,343,401)	-	(701,281)	(11,044,682)
	(9,501,130)	**24,607,996**	**103,440**	**17,053,867**	69,986,776	(78,786,625)	(701,281)	(9,501,130)

22. DEFINED BENEFIT OBLIGATION - NET

The actuarial valuation for staff gratuity has been carried out as at 30 June 2021 on the basis of projected unit credit method as per the requirements of approved accounting standard - IAS 19 "Employee Benefits". The assumptions used in actuarial valuation were as follows:

22.1 Actuarial assumptions

	2021	2020
	(Rupees)	
Financial assumptions		
- Discount rate	**10.00%**	8.50%
- Discount rate used for interest cost in profit or loss account	**8.50%**	14.25%
- Expected rate of increase in salary level	**9.00%**	7.50%
Demographic assumptions		
- Mortality rate	**"SLIC 2001 - 2005 Setback 1 Year"**	"SLIC 2001 - 2005 Setback 1 Year"

22.2 Amount recognised in the consolidated balance sheet

	Note	2021 Management	2021 Non-Management	2021 Total	2020 Management	2020 Non-Management	2020 Total
		(Rupees)					
Present value of defined benefit obligation	22.2.1	**40,558,050**	**15,931,187**	**56,489,237**	34,008,162	15,180,704	49,188,866
Fair value of plan assets	22.2.2	**(35,632,006)**	**(16,321,521)**	**(51,953,527)**	(25,770,366)	(8,584,084)	(34,354,450)
Payables		**-**	**-**	**-**	917,920	396,986	1,314,906
Net liability at end of the year		**4,926,044**	**(390,334)**	**4,535,710**	9,155,716	6,993,606	16,149,322

22.2.1 Movement in present value of defined benefit obligation

	2021 Management	2021 Non-Management	2021 Total	2020 Management	2020 Non-Management	2020 Total
Opening balance	**34,008,162**	**15,180,704**	**49,188,866**	30,080,864	15,007,778	45,088,642
Current service cost	**2,010,224**	**543,479**	**2,553,703**	1,992,823	558,752	2,551,575
Interest costs	**2,843,910**	**1,244,262**	**4,088,172**	4,200,342	2,036,921	6,237,263
Benefits paid by the plan	**(1,100,806)**	**(1,084,655)**	**(2,185,461)**	(291,640)	(1,030,201)	(1,321,841)
Benefits due but not paid (payable)	**-**	**-**	**-**	(917,920)	(396,986)	(1,314,906)
Re-measurements gain on obligation	**2,796,560**	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)
Closing balance	**40,558,050**	**15,931,187**	**56,489,237**	34,008,162	15,180,704	49,188,866

22.2.2 Movement in the fair value of plan assets

	2021 Management	2021 Non-Management	2021 Total	2020 Management	2020 Non-Management	2020 Total
Opening balance	**25,770,366**	**8,584,084**	**34,354,450**	25,459,044	9,162,358	34,621,402
Interest income	**2,344,144**	**838,325**	**3,182,469**	3,607,134	1,277,834	4,884,968
Contribution paid into the plan	**4,716,399**	**3,641,796**	**8,358,195**	-	640,000	640,000
Benefits paid by the plan	**(2,018,726)**	**(1,481,641)**	**(3,500,367)**	(291,640)	(1,030,201)	(1,321,841)
Re-measurements gain / (loss) on plan assets	**4,819,823**	**4,738,957**	**9,558,780**	(3,004,172)	(1,465,907)	(4,470,079)
Closing balance	**35,632,006**	**16,321,521**	**51,953,527**	25,770,366	8,584,084	34,354,450

22.2.3 Amounts recognised in the consolidated profit or loss account

	2021 Management	2021 Non-Management	2021 Total	2020 Management	2020 Non-Management	2020 Total
Current service cost	**2,010,224**	**543,479**	**2,553,703**	1,992,823	558,752	2,551,575
Interest cost	**2,843,910**	**1,244,262**	**4,088,172**	4,200,342	2,036,921	6,237,263
Interest income	**(2,344,144)**	**(838,325)**	**(3,182,469)**	(3,607,134)	(1,277,834)	(4,884,968)
Expense for the year	**2,509,990**	**949,416**	**3,459,406**	2,586,031	1,317,839	3,903,870

22.2.4 Amounts recognised in the consolidated other comprehensive income

Re-measurement loss on obligation	22.2.4.1	**2,796,560**	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)
Re-measurement of fair value of plan assets		**(4,819,823)**	**(4,738,957)**	**(9,558,780)**	3,004,172	1,465,907	4,470,079
Re-measurement (gain) / loss for the year		**(2,023,263)**	**(4,691,560)**	**(6,714,823)**	1,947,865	470,347	2,418,212

22.2.4.1 Re-measurement loss / (gain) on obligation

Loss / (gain) due to change in financial assumptions	**63,695**	**20,119**	**83,814**	(224,916)	(80,415)	(305,331)
Loss / (gain) due to change in experience adjustments	**2,732,865**	**27,278**	**2,760,143**	(831,391)	(915,145)	(1,746,536)
	2,796,560	**47,397**	**2,843,957**	(1,056,307)	(995,560)	(2,051,867)

22.2.5 Net recognized liability / (asset)

Net liability at beginning of the year	**9,155,716**	**6,993,606**	**16,149,322**	4,621,820	5,845,420	10,467,240
Expense recognised in consolidated	**2,509,990**	**949,416**	**3,459,406**	2,586,031	1,317,839	3,903,870
statement of profit and loss	**(4,716,399)**	**(3,641,796)**	**(8,358,195)**	-	(640,000)	(640,000)
Contribution paid into the plan						
Re-measurement (gain) / loss recognised in	**(2,023,263)**	**(4,691,560)**	**(6,714,823)**	1,947,865	470,347	2,418,212
consolidated other comprehensive income	**4,926,044**	**(390,334)**	**4,535,710**	9,155,716	6,993,606	16,149,322

22.3 Plan assets comprise of the following

	2021		2020	
	Management	**Non-Management**	Management	Non-Management
	---------- **(Rupees)** ----------			
Government securities	**17,350,172**	**4,146,177**	12,758,790	1,947,907
Equity shares	**12,920,511**	**9,105,894**	5,002,985	3,525,916
Others	**5,361,323**	**3,069,450**	8,008,591	3,110,259
	35,632,006	**16,321,521**	25,770,366	8,584,082

22.4 Sensitivity analysis for actuarial assumptions

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

	2021		2020	
	Management	**Non-Management**	Management	Non-Management
Discount rate +1%	**38,546,024**	**15,261,738**	32,088,922	14,460,143
Discount rate -1%	**42,839,493**	**16,650,398**	36,192,701	15,959,508
Salary increase +1%	**42,863,334**	**16,657,552**	36,215,216	15,967,202
Salary increase -1%	**38,489,718**	**15,243,041**	32,035,104	14,439,926

22.5 Expected charge for the year ending 30 June 2022 is Rs. 2.89 million.

22.6 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) Mortality 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.

22.7 Historical information

	2020	2019	2018	2017	2016
	(Rupees)				
Present value of defined benefit obligation	50,503,772	45,088,642	39,088,649	46,295,653	36,385,471
Fair value of plan assets	(34,354,450)	(34,621,402)	(44,405,857)	(46,008,258)	(41,234,617)
Net liability / (asset)	16,149,322	10,467,240	(5,317,208)	287,395	(4,849,146)

22.8 Gratuity for the year recognised in the consolidated profit or loss has been allocated as follows:

	Note	2021	2020
		(Rupees)	
Cost of revenue	29.3	**2,647,792**	3,032,008
Administrative, selling and general expenses	30.1	**811,614**	871,862
		3,459,406	3,903,870

23. LONG-TERM LOAN

	Note	2021	2020
Secured			
Term finance - under SBP refinance scheme for payment of wages	23.1	**160,940,598**	65,307,260
Loan from JS Bank Limited	23.2	**270,750,000**	285,000,000
Loan from Orix Leasing Pakistan Limited	23.3	**14,968,523**	24,751,538
Karobar Financing	23.4	**80,000,000**	80,000,000
Islamic finance (diminishing Murabaha)		**199,946,480**	199,946,480
Demand finance		**1,118,515,655**	1,118,515,655
Less: Current portion		**(543,658,900)**	(43,170,962)
		1,301,462,356	1,730,349,971

23.1 During the year, the Group has availed salary refinance facility from JS Bank under the State Bank of Pakistan's (SBP) "Refinance scheme for payment of wages and salaries to the workers and employees of Business concern" due to coronavirus pandemic for a period of two years and six months (inclusive of grace period of six months). The Group has obtained the loan in four tranches in May 2020, June 2020, July 2020 and October 2020. This facility is secured by first hypothecation charge on current and future plant and machinery of the Group situated at Karachi. This facility carries mark-up at concessional rate of 3% per annum. Principal amount is payable in 8 equal quarterly installments and repayment of financing has been started from January 2021.

23.2 In prior year, the Group entered into a long term loan facility from JS Bank Limited of Rs. 300 million for cash flow management of the Group. This facility is secured by charge over current and future assets of the Group. During the year, the Group has made repayments of principal amounting to Rs. 14.250 million together with mark-up thereon. This facility carries mark-up ranging from 3 months KIBOR plus 2% to 3 months KIBOR plus 3.5% per annum (2020: ranging from 3 months KIBOR plus 2% to 3 months KIBOR plus 3.5% per annum) repayable quarterly from the disbursement date.

Due to current pandemic of COVID 19, the Group though its letter dated 15 April 2020 requested the Bank to provide relief to the Group as per directives issued under Circular Letter no.13 of 2020 dated 26 March 2020, by State Bank of Pakistan for deferment of principal repayments for one year. The Bank through its addendum to the agreement dated 7 July 2020 approved request of the Group and extended the facility date till 9 January 2026.

23.3 In prior year, the Group availed long term financing facility from Orix Leasing Pakistan Limited of Rs. 30.2 million for cashflow management of the Group. This facility is secured by hypothecation charge over specified assets of the Group. During the year, the Group has made repayments of Rs. 9.75 million together with mark-up thereon. This facility carried mark-up at 3 months KIBOR plus 4.75% per quarter (2020: 3 months KIBOR plus 4.75%) repayable on monthly basis from the disbursement date.

23.4 This represents Karobar finance facility available from BankIslami Pakistan Limited having limit of Rs. 200 million (2020: Rs 200 million), to fulfill working capital requirement through Shari'ah compliant mechanism.

As at 30 June 2021, Rs.120 million remained unutilised (2020: Rs. 120 million unutilised). This facility is secured by ranking charge over current and future assets of the Group. This facility carry mark-up ranging from 1 month KIBOR plus 1% to 6 months KIBOR plus 1% per annum (2020: 1 month KIBOR plus 0.5% to 6 months KIBOR plus 0.5% per annum) and is repayable maximum within 180 days.

Due to current pandemic of COVID 19, the Group though its letter dated 15 April 2020 requested the Bank to provide relief to the Group as per directives issued under circular letter no.13 of 2020 dated 26 March 2020, by State Bank of Pakistan for deferment of principal repayments for one year. The Bank through its letter dated 20 May 2020 approved request of the Group and revised the payment date till 17 August 2021.

24. GAS INFRASTRUCTURE DEVELOPMENT CESS

The Honourable Supreme Court of Pakistan decided the appeal against consumers upholding the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act), through its judgement dated August 13, 2020. The Supreme court on November 02, 2020 ordered that their decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector is also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Company has recorded liability at present value by discounting the future cash flows using average rate of borrowing of the Company and has booked income of Rs. 2,663,600 (2020: Rs. Nil), which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 162,784 (2020: Nil).

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25. DEFERRED GRANT

	Note	2021	2020
		(Rupees)	
Government grant		**6,194,301**	7,476,224
Less: Current portion of Government grant		**(5,770,074)**	(4,829,455)
	23.1	**424,227**	2,646,769

25.1 The Institute of Chartered Accountants of Pakistan issued a publication through circular no.11/2020 to clarify accounting of the long term loan (note 23). Accordingly, the Group has measured and recognised the loan liability and deferred capital grant in accordance with the said publication and requirements of relevant IFRSs.

26. SHORT-TERM BORROWINGS

	Note	2021	2020
		(Rupees)	
Secured			
Running finances under mark-up arrangements	26.1	**1,148,350,204**	1,292,043,808
Soneri Bank Limited - Local bill discounting		**430,559,076**	436,927,999
Islamic financing		**266,067,501**	359,222,489
		1,844,976,781	2,088,194,296

26.1 Running finances under mark-up arrangements

Allied Bank Limited		**282,861,835**	293,236,857
JS Bank Limited		**116,512,813**	297,293,483
MCB Bank Limited		**199,915,566**	186,457,226
Askari Bank Limited		**198,860,638**	196,740,177
Habib Metropolitan Bank Limited		**155,817,293**	139,288,766
Bank AL Habib Limited		**74,756,965**	95,423,449
Soneri Bank Limited		**119,625,094**	83,603,850
	26.1.1	**1,148,350,204**	1,292,043,808

26.1.1 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 28 February 2022. 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 1% to 3 months KIBOR plus 1.50% per annum (2020: 1 month KIBOR plus 0.5% to 3 months KIBOR plus 1.50% per annum).

The aggregate available short-term borrowing facilities amounting to Rs. 2,135 million (2020: Rs. 1,820 million) out of which Rs. 245 million (2020: 92.8 million) remained unavailed at the reporting date.

26.2 Facilities available for opening letters of credit / guarantees at 30 June 2021 amounted to Rs. 2,555 million (2020: Rs. 2,555 million) out of which Rs. 2,497 million (2020: Rs. 2,497 million) remained unutilized at the reporting date.

26.3 Covenants compliance matter

During the year, HAWL has received waiver from MCB & JS Bank Ltd. against the breach of certain financial covenants accordingly, the company is required to repay the loan as per agreed repayment schedule.

As at 30 June 2021, HAWL's debt:equity ratio was 87:13 which resulted in breach of the Bank of Punjab (BOP) loan covenant agreed on 6 August 2018. However, keeping in view the restructuring of loan facility by BOP during the year at agreed repayment terms, the loan is classified as Non-Current Liability.

26.4 Details of loans and borrowings of HAWL are as follows:

Name of Lender and date of agreement	Facilities	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)	Five equal yearly installments, commencing from 21 November 2021.	- 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	- Debt:equity ratio to be maintained at 33:67 at all time. - Project progress report to be submitted on quarterly basis. - No change in sponsor directorship / major shareholding of company without prior NOC	3 months KIBOR plus 1%	8.29%	300,000,000	199,946,480
MCB Islamic Bank Limited (MIB) (20 March 2018)	Islamic finance (Diminishing Musharaka)	Repayable on 7 December 2021	- First exclusive charge over Plant & Machinery imported under the LC established by MIB.	Covenants as follows: - Ratios don`t fall below the requiement of Prudential regulation. - Profit distribution should not be made without bank approval - No amendment / alteration in Memorandum and Article of Association without bank approval. - Facility is subject to clean CIB report.	1 year KIBOR plus 1%	8.18%	250,000,000	250,000,000
MCB Bank Limited (MCB) (1 June 2018)	Demand Finance (DF)	On yearly basis in arrears for 1 year after the grace period and subsequently on quarterly basis in arrears till the proposed maturity of the loan.	- First exclusive charge over entire present and future fixed assets (land, building and plant and machinery) including 25% margin. - Corporate guarantee of Loads Limited	- The Company shall undertake 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. - No dividend payment during the relief period to be allowed. - Financial covenants as follows: - Linkage ratio < 2 times - Leverage ratio < 2.5 times - Current ratio > 1	3 month KIBOR plus 1%	8.04%	868,515,655	868,515,655
JS Bank Limited	Salary Refinance Facility	8 equal quarterly installments starting from 1 January 2021.	- Ranking hypothecation charge of Rs.100 million on all present and future plant and machinery of the Company. - 1st equitable mortgage charge of PKR 693.73 million over land & building and plant and machinary. - 1st pari passu hypothecation charge of PKR 56 million over stocks & books debts of the company. - Corporate guarantee of Loads Limited	Financial covenants are as follows: - Leverage ratio < 2.5 times - DSCR to remain -0.5 times - Current ratio to remain at least 0.5:1	3%	3%	11,861,545	8,896,159
Total							**1,430,377,200**	**1,327,358,294**

27. TRADE AND OTHER PAYABLES

	Note	2021 (Rupees)	2020 (Rupees)
Trade creditors		**172,889,862**	60,945,680
Accrued mark-up on short term borrowings			
Accrued liabilities		**93,208,332**	103,457,441
Other liabilities			
Advance from customers	27.6	**40,922,777**	147,836,422
Rental payable		**-**	2,086,917
Book overdrawn		**1,628,751**	132,534
Mobilization advances	27.3	**38,272,254**	38,272,254
Workers' profit participation fund	27.1	**17,813,913**	2,969,298
Provision for compensated absences		**196,577**	2,122,179
Workers' welfare fund	27.2	**11,139,756**	5,056,637
Withholding tax payable		**8,701,592**	36,684,956
Security deposit from contractors	27.4	**262,000**	262,000
Sales tax payable		**17,208,536**	69,542
Payable to provident fund		**9,541,814**	9,792,403
Current portion of Gas Infrastructure Development Cess		**1,085,754**	-
Provision against unclaimed input tax		**74,199,252**	56,744,030
Other payables	27.5	**26,258,985**	25,553,587
		513,330,155	491,985,880

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27.1 This includes provision of Rs. 6.29 million (2019: Rs. 6.26 million) in respect of Gas Infrastructure Development Cess (GIDC) charges. No payment has been made in the current and prior years, Subsequent ot year end, the case of GIDC charge was decided by the Supreme Court of Pakistan. Accoriding to the decision, the Group has to pay the amount in 24 equal installments starting from August 2020.

27.1 Workers' Profit Participation Fund	Note	2021	2020
		(Rupees)	
Opening balance		**2,969,298**	15,521,412
Charge for the year	31	**14,557,484**	-
Mark-up charged during the year	33	**287,131**	1,413,625
Write-off during the year		**-**	732,264
Less: Payments during the year		**-**	(14,698,003)
Closing balance		**17,813,913**	2,969,298

27.2 Workers' Welfare Fund	Note	2021	2020
Opening balance		**5,056,637**	10,896,456
Charge for the year	31	**6,083,119**	-
Less: Payments during the year		**-**	(5,839,819)
Closing balance		**11,139,756**	5,056,637

27.3 These carries no mark-up.

27.4 This represents security deposit received from contractors against provision of services, kept in the Group's bank account.

27.5 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.

27.6 This includes Rs. 37.01 million (2020:Rs. 79.3 million) received from scrap dealer against future sale of scrap and anciliary items.

28. REVENUE - NET	Note	2021	2020
		(Rupees)	
Local sales	28.1	**5,550,644,167**	3,284,088,726
Less: Sales returns		**(21,265,030)**	(15,705,071)
		5,529,379,137	3,268,383,655
Less: Sales tax		**(812,150,739)**	(489,753,018)
		4,717,228,398	2,778,630,637

28.1 This includes scrap sales amounting to Rs. 130.58 million (2020: Rs. 64.62 million).

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29. COST OF REVENUE

	Note	2021	2020
		(Rupees)	
Raw materials and components consumed	29.1	**3,237,731,910**	1,768,210,376
Ancillary materials consumed	29.2	**117,118,549**	89,198,875
Manufacturing expenses			
Salaries and wages		**325,602,134**	335,851,126
Other employees' benefits	29.3	**126,849,833**	83,970,682
Provident fund contribution		**2,899,848**	2,965,450
Toll manufacturing		**90,717,030**	60,476,513
Depreciation	6.1.6	**80,307,209**	89,715,860
Gas, power and water		52,621,686	37,243,942
Travelling and vehicle running cost		**9,425,911**	11,069,717
Insurance		**12,321,636**	11,751,213
Repairs and maintenance		**18,487,837**	19,251,586
Postage, telephone and telex		**1,918,716**	2,078,645
Input sales tax written-off		-	70,989,252
Inward freight and storage charges		**1,813,180**	2,994,500
Conveyance		**22,791,572**	19,985,135
Rent, rates and taxes		**2,070,814**	1,398,600
Printing, stationery and periodicals		**113,885**	94,902
Royalty expense	29.4	**21,133,010**	4,941,111
General expenses		**4,089,623**	3,142,542
Security services		**567,457**	547,402
Transferred to capital work-in-progress		**(15,411,657)**	(8,774,244)
Manufacturing cost		**758,319,724**	749,693,934
Opening stock of work-in-process		**74,331,500**	80,695,276
Impact of recording revenue over time		**67,890,719**	67,967,725
Closing stock of work-in-process	9	**(71,111,109)**	(74,331,500)
		71,111,110	74,331,501
Cost of goods manufactured		**4,184,281,293**	2,681,434,686
Opening stock of finished goods		-	-
Impact of recording revenue over time		**33,993,099**	44,926,033
Closing stock of finished goods	9	-	-
Net change in finished goods		**33,993,099**	44,926,033
		4,218,274,392	2,726,360,719

29.1 Raw materials and components consumed

	Note	2021	2020
Opening balance		**1,336,158,261**	1,342,036,391
Purchases		**3,262,473,560**	1,809,409,840
Less: Purchase returns		**(20,708,981)**	(58,364,516)
		4,577,922,840	3,093,081,715
Closing balance	9	**(1,342,414,312)**	(1,336,158,261)
Charge for the year	9.1	**2,223,382**	11,286,922
		3,237,731,910	1,768,210,376

29.2 Stores and spares consumed

	2021	2020
	(Rupees)	
Opening inventory	**76,560,562**	61,971,605
Purchases	**111,369,887**	103,787,832
	187,930,449	165,759,437
Closing inventory	**(70,811,900)**	(76,560,562)
	117,118,549	89,198,875

29.3 This includes a sum of Rs. 2.6 million (2020: Rs. 3 million) in respect of expense relating to gratuity.

29.4 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	2021	2020
			(Rupees)	
Futaba Industrial Co. Limited	Technical Advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558	**8,422,794**	4,941,111
SNIC Co. Limited	Technical Assistance	1403 Higashihiramatsu, Iwata-shi, Shizuoka-ken, Japan	**12,710,216**	-
			21,133,010	4,941,111

30. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	2021	2020
		(Rupees)	
Salaries and wages		**108,496,660**	118,401,913
Other employees' benefits	30.1	**23,822,219**	18,357,982
Provident Fund contribution		**1,477,124**	1,520,128
Advertising and sales promotion		**9,551,640**	1,501,195
Travelling and vehicle running cost		**6,559,173**	12,188,665
Outward freight		**20,694,027**	10,118,656
Depreciation	6.1.6	**9,647,116**	11,464,295
Amortisation	7	**344,797**	793,362
Legal and professional charges		**9,775,201**	18,359,269
Rent, rates and taxes		**3,247,195**	2,671,451
Listing expense		**27,858,269**	7,182,544
Postage, telephone and telex		**3,703,826**	3,987,584
Conveyance		**1,860,272**	2,552,322
Auditor's remuneration	30.2	**4,175,530**	3,647,722
Electricity		**1,811,135**	1,308,034
Repairs and maintenance		**413,146**	1,237,902
Entertainment		**290,261**	327,962
Printing, stationery and periodicals		**2,109,314**	1,857,051
Insurance		**6,157,409**	8,155,433
Donation		**200,000**	-
Staff Transportation		**104,355**	1,413,714

	2021	2020
	(Rupees)	
Commission expense	**-**	113,565
Rent expense	**5,540,653**	2,901,485
Sales Tax charges	**2,320,769**	-
General expenses	**6,020,496**	8,953,894
	256,180,587	239,016,127

30.1 This includes a sum of Rs. 0.81 million (2020: Rs. 0.87 million) in respect of employee benefits - gratuity.

30.2 Auditor's remuneration

	Note	2021	2020
		(Rupees)	
Audit services			
Audit fee		**1,664,300**	1,585,000
Interim review		**262,500**	250,000
Other audit services		**1,000,000**	1,000,000
Out of pocket expense		**823,730**	337,722
Certifications for regulatory purposes		**425,000**	475,000
		4,175,530	3,647,722

31. OTHER EXPENSES

	Note	2021	2020
Workers' Profit Participation Fund	27.1	**14,557,484**	-
Workers' Welfare Fund	27.2	**6,083,119**	-
Loss on redemption of PTCs		**-**	2,985,345
Unrealised loss on re-measurement of investments at FVTPL	15.1.1	**-**	59,241
Others		**17,455,222**	-
		38,095,825	3,044,586

32. OTHER INCOME

	Note	2021	2020
Income from financial assets			
Mark-up income from PTCs		**-**	7,527,465
Dividend income	32.1	**40,364**	803,081
Mark-up income on loans to employees		**1,998,536**	1,648,778
Mark-up income on savings accounts		**2,843,563**	860,922
Government grant		**9,612,833**	291,728
Income on investment in PIB		**653,223**	-
Gain on remeasurement of Gas Infrastructure Development Cess		**2,633,600**	-
Unrealised gain on re-measurement of investments at FVTPL	15.1.1	**342,978**	64,883
Gain on redemption of investments	15.1.2	**1,098,110**	-
Others		**2,825,034**	55,922
Exchange Gain		**12,158,390**	-
		34,206,631	11,252,779
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment	6.1.7	**8,765,005**	1,317,073
Reversal of provision against inventory	9.1	**5,038,629**	-
Gain on scrap sale of packing material		**749,540**	2,363,000
Others		**431,743**	972,711
		14,984,917	4,652,784
		49,191,548	15,905,563

32.1 This represents dividend received from Indus Motor Company Limited, ZIL Limited, Atlas Battery Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Agriautos Industries Limited and Honda Atlas Cars (Pakistan) Limited against investment as disclosed in note 15.

	Note	2021	2020
		(Rupees)	
33. FINANCE COSTS			
Mark-up on bank loans and borrowings		**335,680,268**	213,753,648
Exchange loss		**-**	15,102,753
Bank charges		**4,155,912**	5,310,934
Finance lease charges		**27,948**	28,342
Unwinding of Gas Infrastructure Development Cess		**162,784**	-
Mark-up on workers' profit participation fund	27.1	**287,131**	1,413,625
		340,314,043	235,609,302
34. TAXATION			
Current		**69,247,530**	3,000,253
Prior		**-**	4,831,003
Deferred	21.1	**24,607,996**	(78,786,625)
	34.1	**93,855,526**	(70,955,369)

34.1 Reconciliation between tax expense and accounting profit

	2021	2020
Profit / (loss) before taxation	**90,297,753**	(717,684,091)
Tax at the applicable rate of 29% (2020: 29%)	**26,186,348**	(207,381,319)
Difference in minimum tax and tax as per first schedule	**-**	207,416,764
Prior year charge	**-**	4,831,003
Tax effect of share of profit from asssociate	**7,597,227**	(6,060,757)
Net effect of expenses not deductible in determining taxable income	**1,131,101**	(72,725,868)
Tax effect of tax credits	**-**	-
Tax effect of income taxable as FTR	**848**	120,462
Others	**58,940,002**	2,844,346
	93,855,526	(70,955,369)

34.2 The returns of income tax have been filed up to and including tax year 2020 (corresponding to financial year ended upto 30 June 2020). These, except for those mentioned in note 17, are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

34.3 HAWL received the status of Special Economic 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.

35. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

	2021	2020
	(Rupees)	
Profit / (loss) for the year attributable to ordinary shareholders of the Company	**58,155,269**	(576,081,019)
	(Number)	
		Re-stated
Weighted average number of ordinary shares outstanding during the year	**199,097,039**	177,752,583
	(Rupees)	
		Re-stated
Earning / (loss) per share - basic and diluted	**0.29**	(3.24)

35.1 The weighted average number of share of prior year have been re-stated to reflect the impact of issuance of right shares.

35.2 There were no convertible dilutive potential ordinary shares outstanding as at 30 June 2021 and 30 June 2020.

36. TRANSACTIONS WITH RELATED PARTIES

36.1 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 / contractual agreements. Transactions and balances with related parties, other than those disclosed elsewhere in these consolidated financial statements, are disclosed below:

Description of the related parties	Relationship and percentage shareholding	Transactions during the year and year end balances	2021	2020
			(Rupees)	
Provident fund	Defined benefit scheme	Receivable from / (Payable to) provident fund	**3,432,833**	(34,100)
Employee benefits - gratuity	Defined contribution plan	Expense for the year	**3,459,406**	3,903,870
		Contribution paid during the year	**8,358,195**	640,000
		Balance at the year end liability	**(4,535,710)**	(16,149,322)
Treet Corporation Limited	Associated company by virtue of common directorship	Mark-up income on PTC	**-**	7,527,465
		Receivable at the year end	**1,150,380**	1,150,380
IGI General Insurance Limited	Common directorship	Purchase of services	**5,515,483**	5,377,187
		Amount due at the year end	**3,370,983**	5,133,985
First Treet Manufacturing Modaraba	Common directorship	Purchase of batteries	**319,861**	178,983
		Purchase of goods	**-**	51,007
Treet Holding (Private) Limited	Common directorship	Purchase of Motor-cycle	**-**	102,000
Treet HR Management (Private) Limited	Associated company by common directorship	Payable in respect of COO salary and service charges	**22,048,871**	22,048,871

36.2 The remuneration to Board of Directors (executive and non-executive) and all members of the Group's Management Team is disclosed in note 41 to these consolidated financial statements.

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37 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021			
	Liabilities			Total
	Long term loan	Liabilities against assets subject to finance lease	Unclaimed dividend	
	----------(Rupees)----------			
Balance as at 1 July 2020	1,773,520,933	1,740,541	3,526,379	1,778,787,853
Changes from financing cash flows				
Proceeds from loans and borrowings	150,063,050	-	-	150,063,050
Repayment of loans	(79,744,650)	-	-	(79,744,650)
Addition to lease	-	1,146,400	-	1,146,400
Payment of finance lease liabilities	-	(1,165,063)	-	(1,165,063)
Dividend paid	-	-	1,402	1,402
Cash received from Non controlling interest	-	-	-	-
Total changes from financing cash flows	70,318,400	(18,663)	1,402	70,301,139
Liability - related other changes				
Government grant income during the year	(9,612,833)	-	-	(9,612,833)
Finance cost	-	27,948	-	27,948
Government grant	(7,438,155)	-	-	(7,438,155)
Total liability - related other changes	(17,050,988)	27,948	-	(17,023,040)
Total equity-related other changes	-	-	-	-
Balance as at 30 June 2021	**1,826,788,345**	**1,749,826**	**3,527,781**	**1,832,065,952**

	2020			
	Liabilities			Total
	Long term loan	Liabilities against assets subject to finance lease	Unclaimed dividend	
	----------(Rupees)----------			
Balance as at 1 July 2019	166,666,667	5,770,623	3,535,500	175,972,790
Changes from financing cash flows				
Proceeds from loans and borrowings	1,614,622,218	-	-	1,614,622,218
Payment of finance lease liabilities	-	(4,058,424)	-	(4,058,424)
Dividend paid	-	-	(9,121)	(9,121)
Cash received from Non controlling interest	-	-	-	-
Total changes from financing cash flows	1,614,622,218	(4,058,424)	(9,121)	1,610,554,673
Liability - related other changes				
Government grant income during the year	(291,728)	-	-	(291,728)
Finance cost	-	28,342	-	28,342
Government grant	(7,476,224)	-	-	(7,476,224)
Total liability - related other changes	(7,767,952)	28,342	-	(7,739,610)
Total equity-related other changes	-	-	-	-
Balance as at 30 June 2020	1,773,520,933	1,740,541	3,526,379	1,778,787,853

38. FINANCIAL RISK MANAGEMENT

The Group has exposure to following risks from its use of financial instrument:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

38.1 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.

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38.2 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:

	Note	2021	2020
		(Rupees)	
Trade debts - net	10	**476,303,736**	328,704,079
Loans	12	**65,181,817**	37,801,955
Deposits and other receivables	13	**10,494,495**	13,967,801
Short-term Investments	15.1	**-**	8,450,074
Receivable from Group Company		**1,150,380**	1,150,380
Bank balances and term deposit receipts	16	**23,533,885**	92,353,649
		576,664,313	482,427,938

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:

Banks	**Rating Agency**	**Short term rating**	**2021 (Rupees)**	**(%)**
MCB Islamic Bank Limited	PACRA	A1+	**156,723**	**0.7%**
MCB Bank Limited	PACRA	A1+	**199,870**	**0.8%**
Meezan Bank Limited	VIS	A-1+	**2,605,669**	**11.1%**
Habib Bank Limited	VIS	A-1+	**121,083**	**0.5%**
Bank AL-Habib Limited	PACRA	A-1+	**13,638,459**	**58.0%**
Habib Metropolitan Bank Limited	PACRA	A1+	**20,866**	**0.1%**
The Bank of Punjab	PACRA	A1+	**241,769**	**1.0%**
Askari Bank Limited	PACRA	A1+	**1,041**	**0.0%**
National Bank of Pakistan	PACRA	A-1+	**4,321,082**	**18.4%**
Al Baraka Bank (Pakistan) Limited	VIS	A-1	**575,876**	**2.4%**
Soneri Bank Limited	PACRA	A1+	**78,178**	**0.3%**
BankIslami Pakistan Limited	PACRA	A-1	**1,495,088**	**6.4%**
JS Bank Limited	PACRA	A1+	**78,181**	**0.3%**
			23,533,885	**100%**

Banks	Rating Agency	Short term rating	2020 (Rupees)	2020 (%)
MCB Islamic Bank Limited	PACRA	A-1	41,097,526	44.5%
MCB Bank Limited	PACRA	A-1	609,129	0.7%
Meezan Bank Limited	JCR	A1+	25,235,900	27.3%
Habib Bank Limited	JCR	A-1+	2,803,876	3.0%
Bank AL-Habib Limited	PACRA	A1+	16,193,661	17.5%
Habib Metropolitan Bank Limited	PACRA	A1+	22,045	0.0%
The Bank of Punjab	PACRA	A1+	216,224	0.2%
Askari Bank Limited	PACRA	A1+	986	0.0%
National Bank of Pakistan	PACRA	A1+	3,892,842	4.2%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	393,372	0.4%
Soneri Bank Limited	PACRA	A-1+	78,178	0.1%
BankIslami Pakistan Limited	PACRA	A1	1,081,798	1.2%
JS Bank Limited	PACRA	A1+	728,112	0.9%
			92,353,649	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 85.3% as at 30 June 2021 (2020: 80%).

Impairment losses and past due balances

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

	2021			2020		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
	(Rupees)					
Less than or equal to 30 days	**437,143,758**	-	**437,143,758**	317,630,870	(9,490,287)	308,140,583
More than 30 days but not more than 90 days	**30,393,375**	-	**30,393,375**	8,285,540	(253,282)	8,032,258
More than 90 days but not more than 180 days	**8,766,603**	-	**8,766,603**	15,134,841	(2,603,603)	12,531,238
More than 180 days	-	-	-	-	-	-
	476,303,736	-	**476,303,736**	341,051,251	(12,347,172)	328,704,079

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that no impairment allowance is necessary, except mentioned above. In respect of trade debts past due there are reasonable grounds to be believe that the amounts will be recovered in short period of time.

38.3 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 consolidated balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	2021					
	Carrying amount	**Contractual cash flows**	**Less than one month**	**One to three months**	**Three months to one year**	**More than one year**
Financial Liabilities	----- (Rupees) -----					
Short-term borrowings	**1,844,976,781**	**(1,844,976,781)**	**(153,748,065)**	**(307,496,130)**	**(1,383,732,590)**	**-**
Long-term loan	**1,301,462,356**	**(1,885,598,542)**	**-**	**-**	**-**	**(1,885,598,542)**
Current portion of long- term loan	**543,658,900**	**(567,985,764)**	**(101,520,275)**	**(48,689,249)**	**(417,776,239)**	**-**
Trade and other payables	**237,909,660**	**(237,909,660)**	**(178,600,525)**	**(38,470,944)**	**(20,838,191)**	**-**
Lease liabilities	**1,749,826**	**(2,032,878)**	**(114,043)**	**(295,433)**	**(530,352)**	**(1,093,050)**
Accrued mark-up on short-term borrowings	**76,858,025**	**(76,858,025)**	**(76,858,025)**	**-**	**-**	**-**
Due to related party	**22,048,871**	**(22,048,871)**	**(22,048,871)**	**-**	**-**	**-**
Unclaimed dividend	**3,527,781**	**(3,527,781)**	**(3,527,781)**	**-**	**-**	**-**
	4,032,192,200	**(4,640,938,302)**	**(536,417,585)**	**(394,951,756)**	**(1,822,877,372)**	**(1,886,691,592)**

	2020					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
Financial Liabilities	----- (Rupees) -----					
Short-term borrowings	2,088,194,296	(2,088,194,296)	(174,016,191)	(348,032,382)	(1,566,145,723)	-
Long-term loan	1,730,349,971	(1,730,349,971)	-	-	-	(1,730,349,971)
Current portion of long- term loan	43,170,962	(43,170,962)	(43,170,962)	-	-	-
Trade and other payables	237,909,660	(237,909,660)	(178,600,525)	(38,470,944)	(20,838,191)	-
Lease liabilities	1,740,541	(1,762,698)	(91,024)	(182,048)	(819,216)	(670,410)
Accrued mark-up on short-term borrowings	164,363,745	(164,363,745)	(164,363,745)	-	-	-
Due to related party	162,803,871	(162,803,871)	(162,803,871)	-	-	-
Unclaimed dividend	3,526,379	(3,526,379)	(3,526,379)	-	-	-
	4,432,059,425	(4,432,081,582)	(726,572,697)	(386,685,374)	(1,587,803,130)	(1,731,020,381)

38.3.1 Liquidity position and its management

In 2017, Loads Group (the Group) initiated a new project of alloy wheels. The Group planned to produce alloy wheels through a subsidiary company namely HAWL. 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:

	(Rupees)
Project cost to date	**4,432,141,790**
Loans from Bank and others	**1,327,358,294**
Financing from Related parties	
Loads Limited	**1,610,058,900**
SAIL	**652,861,780**
MAIL	**198,673,102**
SMPL	**71,700,000**
Others	**-**
	2,533,293,782
Equity	**571,489,714**
	4,432,141,790

in October 2020, the Board of Loads Limited committed Rs. 3 billion to HAWL. The shareholders and senior management of the Group 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.

38.4 Market risk

Market risk is the risk that the value of the financial instruments 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 of 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 risks:

- currency risk;
- interest rate risk; and
- other price risk.

The Group is exposed to all of the three risks which are as follows:

38.4.1 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:

	2021		
	USD	**SGD**	**JPY**
Creditors	382,856	70,340	24,889,417
Net exposure at reporting date	382,856	70,340	24,889,417

	2020		
	USD	SGD	JPY
Creditors	163,570	-	977,098
Net exposure at reporting date	163,570	-	977,098

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
USD to Pak Rupees	162.80	164.05	157.54	168.05
SGD to Pak Rupees	118.77	119.36	117.15	120.39
JPY to Pak Rupees	1.50	1.53	1.43	1.56

Sensitivity Analysis

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A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2021 would have increased consolidated equity and statement of profit and loss 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 2020.

	2021		2020	
As at 30 June	**Consolidated Profit and loss**	**Consolidated Equity**	Consolidated Profit and loss	Consolidated Equity
	(Rupees)		(Rupees)	
Effect of change in USD	**6,031,513**	**6,031,513**	2,748,794	2,748,794
Effect of change in SGD	**8,240,331**	**8,240,331**	-	-
Effect of change in JPY	**3,484,519**	**3,559,187**	152,427	152,427
Gross exposure	**17,756,363**	**17,831,031**	2,901,221	2,901,221

The Group does not have any foreign currency borrowings as at 30 June 2021.

38.4.2 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 consolidated profit or loss sharing account.

At reporting date, details of the interest rate profile of the Group's interest bearing financial instruments were as follows:

	2021	**2020**
	(Rupees)	
Variable rate instruments		
Financial liabilities		
Short-tem borrowings	**(1,844,976,781)**	(2,089,934,837)
Lease liability	**(1,749,826)**	(1,740,541)
Long-term loans	**(1,301,462,356)**	(1,719,614,038)
	(3,148,188,963)	(3,811,298,416)
	(3,148,188,963)	(3,811,298,416)
Fixed rate instruments		
Financial assets		
Loan to employees	**16,883,906**	16,766,761
Loan to workers	**39,994,033**	20,629,345
	56,877,939	37,396,106
Financial liabilities		
Term finance - under SBP refinance scheme for payment of wages and salaries	**(160,940,598)**	(53,906,895)
	(104,062,659)	(16,510,789)

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 consolidated statement profit and loss 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) consolidated equity and statement of 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 as for 2020.

	Consolidated Profit or loss		Consolidated Profit or loss	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2021				
Cash flow sensitivity - variable rate instruments	**31,481,890**	**(31,481,890)**	**31,481,890**	**(31,481,890)**
As at 30 June 2020				
Cash flow sensitivity - variable rate instruments	38,112,894	(38,112,894)	38,112,894	(38,112,894)

38.4.3 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 2021, the fair value of equity securities exposed to price risk are disclosed in note 15. The table below summarises the sensitivity of the price movements as at 30 June 2021. The analysis is based on the assumption that KSE 100 index increased by 10% (2020: 10%) and decreased by 10% (2020: 10%), 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 (2020: three years).

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

	2021	2020
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'	(Rupees)	
Effect on investments	**9,256**	90,019
Effect on profit or loss	**9,119**	89,839
Effect on equity	**9,256**	90,019

Effect on assets of a decrease in the KSE 100 index on investments classified as 'fair value through profit or loss' and 'fair value through other comprehensive income'

	2021	2020
	(Rupees)	
Effect on investments	**(9,256)**	(90,019)
Effect on statement of profit and loss	**(9,119)**	(89,839)
Effect on equity	**(9,256)**	(90,019)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 10% 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 100 index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as at 30 June 2021 is not necessarily indicative of the effect on the Group's assets of future movements in the level of KSE 100 index.

38.4.4 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 Group’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 behaviour. 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.

39. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group’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:

	2021	2020
	(Rupees)	
Debt	**7,396,084,328**	3,447,512,680
Total equity	**4,066,983,817**	3,097,422,348
Total capital	**11,463,068,145**	6,574,935,028
Gearing ratio	**64:36**	53:47

40. 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).

40.1 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:

		2021									
		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 2021		(Rupees)									
Financial assets - measured at fair value											
Equity securities		**925,552**	**13,698**	-	-	-	**939,250**	**939,250**	-	-	**939,250**
Pakistan Investment Bond		-	-	**10,844,431**	-	-	**10,844,431**	**10,844,431**	-	-	**10,844,431**
Financial assets - not measured at fair value											
Associate - listed shares		-	-	-	-	-	-	-	-	-	-
Trade debts	40.1.1	-	-	**476,303,736**	-	-	**476,303,736**				
Loans	40.1.1	-	-	**65,181,817**	-	-	**65,181,817**				
Deposits and other receivables	40.1.1	-	-	**10,494,495**	-	-	**10,494,495**				
Cash and bank balances	40.1.1	-	-	**25,171,422**	-	-	**25,171,422**				
		925,552	**13,698**	**587,995,901**	-	-	**588,935,151**				
Financial liabilities - not measured at fair value											
Short-term borrowings	40.1.1	-	-	-	-	**1,844,976,781**	**1,844,976,781**				
Long-term loans	40.1.1					**1,301,462,356**	**1,301,462,356**				
Trade and other payables	40.1.1	-	-	-	-	**373,377,538**	**373,377,538**				
Lease liabilities	40.1.1	-	-	-	-	**1,749,826**	**1,749,826**				
Accrued mark-up on short- term borrowings	40.1.1	-	-	-	-	**76,858,025**	**76,858,025**				
Due to related party	40.1.1	-	-	-	-	**22,048,871**	**22,048,871**				
Unclaimed dividend	40.1.1	-	-	-	-	**3,527,781**	**3,527,781**				
		-	-	-	-	**3,624,001,178**	**3,624,001,178**				

		2020									
		Carrying amount						Fair value			
	Note	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2020		(Rupees)									
Financial assets - measured at fair value											
Equity securities		8,983,925	17,936	-	-	-	9,001,861	9,001,861	-	-	9,001,861
Financial assets - not measured at fair value											
Associate - listed shares		-	-	-	-	-	-	-	-	-	-
Trade debts	40.1.1	-	-	328,704,079	-	-	328,704,079				
Loans	40.1.1	-	-	37,801,955	-	-	37,801,955				
Deposits and other receivables	40.1.1	-	-	13,967,801	-	-	13,967,801				
Cash and bank balances	40.1.1	-	-	95,281,712	-	-	95,281,712				
		8,983,925	17,936	475,755,547	-	-	484,757,408				
Financial liabilities - not measured at fair value											
Short-term borrowings	40.1.1	-	-	-	-	2,088,194,296	2,088,194,296				
Long-term loans	40.1.1	-	-	-	-	1,730,349,971	1,730,349,971				
Trade and other payables	40.1.1	-	-	-	-	237,909,660	237,909,660				
Lease liabilities	40.1.1	-	-	-	-	1,740,541	1,740,541				
Accrued mark-up on short-term borrowings	40.1.1	-	-	-	-	164,363,745	164,363,745				
Due to related party	40.1.1	-	-	-	-	162,803,871	162,803,871				
Unclaimed dividend	40.1.1	-	-	-	-	3,526,379	3,526,379				
		-	-	-	-	4,388,888,463	4,388,888,463				

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

41. 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:

	2021					2020				
	Chief Executive	**Director**	**Non - Executive Director**	**Executives**	**Total**	Chief Executive	Directors	Non-Executive Director	Executives	Total
	(Note 36.2)					(Note 36.2)				
	(Rupees)									
Managerial remuneration	**11,016,000**	**3,744,000**	**-**	**13,019,132**	**27,779,132**	10,368,000	3,168,000	-	13,388,112	26,924,112
Housing and utilities	**11,124,000**	**3,891,000**	**-**	**14,679,327**	**29,694,327**	11,232,000	3,432,000	-	15,568,740	30,232,740
Bonus	**-**	**-**	**-**	**-**	**-**	1,600,000	475,000	-	2,418,401	4,493,401
Medical	**1,027,726**	**101,870**	**-**	**864,917**	**1,994,513**	558,586	170,737	-	1,160,398	1,889,721
Group's Contribution to retirement benefits funds	**-**	**374,400**	**-**	**426,912**	**801,312**	-	316,800	-	303,852	620,652
Meeting fee	**-**	**-**	**660,000**	**-**	**660,000**	-	-	310,000	-	310,000
	23,167,726	**8,111,270**	**660,000**	**28,990,288**	**60,929,284**	23,758,586	7,562,537	310,000	32,839,503	64,470,626
Number of persons	**1**	**1**	**5**	**5**	**12**	1	1	7	5	14

41.1 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 2020: Rs. 37.76 million).

42. PROVIDENT FUND

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

	2021 (Un-audited)	2020 (Audited)
	(Rupees)	
Size of the Fund	**62,013,174**	62,746,062
Costs of investments made	**52,281,204**	49,878,047
Amortised cost of investments	**54,227,536**	50,288,008
Percentage of investments made - based on fair value / amortised cost	**87.44%**	80.15%

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

	2021 (Un-audited)	2020 (audited)	2021 (Un-audited)	2020 (audited)
	(Rupees)		(% of the size of the fund)	
Term finance certificates	**140,000**	140,000	**0.23%**	0.22%
Mutual fund units	**6,467,516**	5,679,472	**10.43%**	9.05%
Government securities	**43,198,765**	42,756,556	**69.66%**	68.14%
Equity securities	**4,421,255**	1,711,980	**7.13%**	2.74%
	54,227,536	50,288,008	**87.45%**	80.15%

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.

43. 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.

44. NUMBER OF EMPLOYEES

	2021	2020
	(Nubmber)	
Total number of employees at reporting date	**1,364**	1,283
Total number of factory employees at reporting date	**1,211**	1,061
Average number of employees during the year	**1,324**	1,404
Average number factory of employees during the year	**1,136**	1,181

45. OPERATING SEGMENTS

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

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

45.3 All non-current assets of the Group as at 30 June 2021 are located in Pakistan.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

46 RECLASSISIFICATION OF COMPARATIVES

Following reclassification has been made in prior year`s consolidated statement of cash flows for better presentation. Details are as follows:

From	To	Amount (Rupees)
Financing activities	Operating activities	(130,325,643)

There is no effects in the statement of financials position, statement of profit or loss, statement of comprehensive income and for the aforementioned reclassification.

47. GENERAL

47.1 Authorisation for issue

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on 28 October 2021.

Chief Financial Officer	Chief Executive	Director

NOTICE OF 41st ANNUAL GENERAL MEETING OF LOADS LIMITED

Notice is hereby given that the 41st Annual General Meeting of Loads Limited will be held on Friday, November 26, 2021 at 11:30 a.m. at the registered office of the company; at Plot No.23, Sector 19, Korangi Industrial Area, Karachi, electronically through video link facility to current COVID-19 pandemic situation and well-being to participate in the meeting to transact the following business:

Ordinary Business

1. To confirm minutes of the Extraordinary General Meeting of Loads Limited held on December 17, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' Reports thereon.
3. To appoint external auditors of the company for the year ending June 30, 2022 and to fix their remuneration. The retiring auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

Special Business

4. 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, 2021 be and are ratified and approved."
   b) "RESOLVED 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, 2022 and in this 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.
5. To transact any other business with the permission of Chair

By Order of the Board

November 05, 2021
Karachi

Babar Saleem
Company Secretary

Notes:

Closure of Share Transfer Books

- The Share Transfer Books of the Company shall remain closed from November 19, 2021 to November 26, 2021 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on November 18, 2021 will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

Participation in the Annual General Meeting electronically and appointing proxies

- Only those persons, whose names appear in the register of members of the Company as on November 18, 2021, are entitled to attend, participate in, and vote at the Annual General Meeting. The Annual General Meeting is being conducted as per guidelines circulated by SECP vide its circular No. 4 of 2021 dated February 15, 2021.
- The shareholders who wish to attend the Annual General Meeting are requested to get themselves registered by sending their particulars at the designated email address co.secy@loads-group.com, giving particulars as per below table by the close of business hours (5:00 p.m.) on November 23, 2021:

Shareholder's Name	CNIC No.	CDS Participant ID / Folio No.	Mobile No.	Email Address

- The webinar link would be provided to the registered shareholders/proxyholders who have provided all the requested information. The shareholders are also encouraged to send their comments/suggestion related to the agenda items of the AGM on the above-mentioned email address by the close of business hours (5:00 p.m.) on November 23, 2021.
- The login facility will open at 11:00 a.m. enabling the participants to join the proceedings which will start at 11:30 a.m. sharp.
- A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on their behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in their own right. For appointing proxies, the scanned/hard copy of the proxy form appearing below duly executed and witnessed, along with the relevant supporting documents and the e-mail address of the proxy must be sent to the Company Secretary at co.secy@loads-group.com.com at least 48 hours before the time of the Meeting.
- The proxy form should be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the proxy should be attached with the e-mailed Proxy Form.
- In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature should be submitted along with Proxy Form to the Company.
- Shareholders holding shares in physical form are requested to notify the change of their addresses (if any) and provide the copy of their CNIC to Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi.

Circulation /Transmission of Annual Financial Statements in Electronic Form

- The Company's annual financial statements for the year ended June 30, 2021 is also being circulated to the shareholders through CD/DVD in compliance of section 223(6) of the Companies Act, 2017. The annual financial statements have also been uploaded on the Company's website and is readily accessible to the shareholders (http://www.loads-group.pk/).

Notice to Members Who Have Not Provided CNIC

- SECP vide Notification S.R.O. 19(1)/2014 dated 10th January 2014 read with Notification S.R.O 831(1)/2012 dated 5th July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, in case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the directives of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.

Unpaid / Unclaimed Dividend and Shares:

- As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017, as prescribed.

Deposit of Physical Shares into CDC Account:

- As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

Request for Video Conference Facility

- In terms of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request / demand from members holding in aggregate 10% or more shareholding residing at a 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 form and submit to the Company at its registered address 10 days before holding of the AGM. After receiving the request / demand of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM along with complete information necessary to enable them to access such facility.

I / We / Messrs. ______________________________ of ____________ being Member(s) of Loads Limited, holder of ________________ ordinary share(s) as per Folio #__________ and / or CDC Participant ID & Sub-Account No. __________________, hereby, opt for video conference facility at _________________________ city.

____
Signature of the Member(s)
(please affix company stamp
in case of corporate entity)

Change of Address

- Members are requested to immediately notify the Company's Share Registrar, M/s. CDC Share Registrar Services Limited of any change in their registered address.

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 November 26, 2021.

1) Agenda Item No. 4

4(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2021 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 (Code of Corporate Governance) Regulations, 2019.

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, 2021 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.

4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out with associated companies during the year ended June 30, 2021 to be passed as an Ordinary Resolution

The Company shall be conducting transactions with its related parties during the year ended June 30, 2022 on arm's length basis as per approved policy with respect to "transactions with related parties in the normal course of business. The majority of Directors are interested in these transaction(s) due to their common directorship in the associated companies.

In order to comply with the provisions of clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, 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, 2022.

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.

میں/ہم/میسرز ____________________ لوڈز لمیٹڈ کے ممبر(ے) ہونے کے ناطے،
فولیو نمبر ____________________ اور/ یا CDC شرکاء ID اور ذیلی اکاؤنٹ نمبر
____________________ کے مطابق ____________________ عام شیئرز کے
حامل، ____________________ شہر میں ویڈیو کانفرنس کی سہولت کا انتخاب کریں۔

____
رکن کے دستخط
(برائے مہربانی کمپنی سٹیمپ لگائیں
کارپوریٹ ادارے کی صورت میں)

ایڈریس کی تبدیلی

☆ممبران سے درخواست کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو اپنے رجسٹرڈ ایڈریس میں کسی تبدیلی کے بارے میں فوری طور پر مطلع کریں۔

کمپنی ایکٹ، 2017 کے سیکشن 134(3) کے تحت بیان:

یہ بیان 26 نومبر 2021 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں لین دین کے لیے خصوصی کاروبار سے متعلق مادی حقائق بیان کرتا ہے۔

1) ایجنڈا آئٹم نمبر 4:

30 جون 2021 کو ختم ہونے والے سال کے دوران متعلقہ کمپنیوں کے ساتھ کیے گئے نوٹس ٹرانزیکشنز میں سے 4(a) کو ایک عام قرارداد کے طور پر منظور کیا جائے گا۔

متعلقہ کمپنیوں (متعلقہ فریقوں) کے ساتھ کاروبار کے معمول کے مطابق کیے جانے والے لین دین کو بورڈ کی طرف سے منظوری دی جا رہی ہے جیسا کہ آڈٹ کمیٹی کی سفارش کردہ فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شق 15 کے مطابق سہ ماہی بنیادوں پر ہے۔

بورڈ میٹنگ کے دوران ڈائریکٹرز کی طرف سے یہ بتایا گیا کہ چونکہ کمپنی ڈائریکٹرز کی اکثریت اس ٹرانزیکشن میں دلچسپی رکھتی ہے کیونکہ ان کی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں شیئرز رکھنے کی وجہ سے ڈائریکٹرز کا کورم اس کی منظوری کے لیے تشکیل نہیں دیا جا سکتا۔ ان ٹرانزیکشنز کو جنہیں جنرل میٹنگ میں شیئر ہولڈرز سے منظور ہونا ضروری ہے۔

30 جون 2021 کو ختم ہونے والے مالی سال کے دوران کیے گئے مذکورہ لین دین کے پیش نظر متعلقہ کمپنی کے ساتھ جیسا کہ آڈٹ شدہ مالیاتی بیانات کے متعلقہ نوٹس میں دکھایا گیا ہے شیئر ہولڈرز کے سامنے ان کے غور اور منظوری/توثیق کے لیے پیش کیا جا رہا ہے۔

ڈائریکٹرز اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں ان کے شیئرز کی حد تک اس قرارداد میں دلچسپی رکھتے ہیں۔

30 جون 2021 کو ختم ہونے والے سال کے دوران متعلقہ کمپنیوں کے ساتھ کیے گئے لین دین کے لیے چیف ایگزیکٹو کو نوٹس کی اجازت کا 4(b) ایک عام قرارداد کے طور پر منظور کیا جائے گا۔

کمپنی معمول کے کاروبار میں متعلقہ کمپنیوں کے ساتھ لین دین کرے گی۔ کمپنی ڈائریکٹرز کی اکثریت اس مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں حصص کے انعقاد کی وجہ سے اس/ان ٹرانزیکشنز میں دلچسپی لیتی تھی۔ لہذا، متعلقہ کمپنیوں کے ساتھ اس طرح کے لین دین کو شیئر ہولڈرز سے منظوری لینی ہوگی۔

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شق 15 کی شقوں کی تعمیل کے لیے، شیئر ہولڈرز چیف ایگزیکٹو کو اختیار دے سکتے ہیں کہ وہ متعلقہ کمپنیوں کے ساتھ ہونے والے لین دین کو منظور کریں اور کاروبار کے دوران معمول کے مطابق چلائیں۔ آئندہ سال 30 جون 2022 کو ختم ہونے والا ہے۔

ڈائریکٹرز اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں حصہ داری اور اس سے منسلک استحقاق کی حد تک اس قرارداد میں دلچسپی رکھتے ہیں۔

☆مذکورہ اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی طرف سے شرکت اور ووٹ دینے کے لیے ایک پراکسی مقرر کر سکتا ہے۔ کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا (سوائے ایک کارپوریشن کے) جب تک کہ وہ اپنے حق میں موجود ہونے اور ووٹ دینے کا حقدار نہ ہو۔ پراکسیوں کی تقرری کے لیے، پراکسی فارم کی سکین/ ہارڈ کاپی جو نیچے دکھائی دے رہی ہے اور متعلقہ معاون دستاویزات اور پراکسی کا ای میل ایڈریس کمپنی سیکریٹری کو co.secy@loads-group.com پر بھیجنا ضروری ہے۔ میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے۔

☆پراکسی فارم کا مشاہدہ دو افراد کو کرنا چاہیے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔

☆جہاں ممکن ہو CNIC کی تصدیق شدہ کاپیاں یا فائدہ مند مالکان کے پاسپورٹ کے شناختی صفحات اور پراکسی ای میل پراکسی فارم کے ساتھ منسلک کی جائیں۔

☆کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اتارنی نمونے کے دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ الگ الگ جمع کرائی جائے۔

☆فزیکل شکل میں شیئر ہولڈرز رکھنے والے شیئر داروں سے درخواست کی جاتی ہے کہ وہ اپنے پتے کی تبدیلی کو مطلع کریں (اگر کوئی ہے) اور رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک-بی، ایس ایم سی ایچ ایس، شاہراہ فیصل، کراچی کو اپنے CNIC کی کاپی فراہم کریں۔

الیکٹرانک فارم میں سالانہ مالیاتی بیانات کی گردش/ ترسیل

☆کمپنی کے ایکٹ 2017 کے سیکشن 223(6) کی تعمیل میں سی ڈی/ ڈی وی ڈی کے ذریعے 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ مالیاتی بیانات بھی شیئر ہولڈرز کو تقسیم کیے جا رہے ہیں۔ ویب سائٹ ہے اور شیئر ہولڈرز کے لیے آسانی سے قابل رسائی ہے (http://www.loads-group.pk/)۔

ان ممبران کو نوٹس جنہوں نے CNIC فراہم نہیں کیا

☆ایس ای سی پی نے نوٹیفکیشن (1) S.R.O19 مورخہ 10 جنوری 2014 نوٹیفکیشن S.R.O 831(1)/2012 مورخہ 5 جولائی 2012 کے ساتھ پڑھا گیا ہے جس کے مطابق منافع وارنٹ میں رجسٹرڈ رکن یا مجاز شخص کا CNIC نمبر ہونا چاہیے، سوائے نابالغوں اور کارپوریٹ ممبروں کے۔ اس کے مطابق ایک درست CNIC کی کاپی نہ ملنے کی صورت میں، کمپنی ایس ای سی پی کی ہدایات پر عمل کرنے سے قاصر رہے گی اور اس وجہ سے 13 جولائی 2015 کے ایس ای سی پی کے حکم کے تحت اس طرح کے شیئرز ہولڈرز کے منافع وارنٹ کی ترسیل کو روکنے پر پابندی ہوگی۔ شیئرز ہولڈرز کو CNIC بھیجتے وقت ان کے متعلقہ فولیو نمبر اور کمپنی کا نام درج کرنا چاہیے۔

غیر ادا شدہ/ غیر دعوی کردہ منافع اور حصص:

☆کمپنیز ایکٹ، 2017 کے سیکشن 244 کی شقوں کے مطابق، کمپنی کی طرف سے اعلان کردہ کوئی بھی شیئر یا منافع جو کہ اس تاریخ سے تین سال کی مدت تک غیر دعویدار/ بغیر ادائیگی کے رہتا ہے، جس کی وہ واجب الادا اور قابل ادائیگی تھی شیئر ہولڈرز کو اپنا دعوی دائر کرنے کے لیے نوٹس جاری کرنے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس جمع کیا گیا۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعوی کردہ منافع اور شیئرز کے لیے ان کے دعوے فوری درج کیے جائیں۔ اگر کوئی دعوی درج نہیں کیا جاتا ہے تو کمپنی کمپنیز ایکٹ 2017 کے سیکشن 244(2) کی شق کے مطابق وفاقی حکومت کے پاس غیر دعویدار/ بلا معاوضہ رقم اور شیئرز جمع کروائے گی۔

فزیکل شیئرز کو سی ڈی سی اکاؤنٹ میں جمع کرنا:

☆کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق، ہر موجودہ لسٹڈ کمپنی کو لازمی طور پر اس کے فزیکل شیئرز کو بک انٹری فارم کے ساتھ اس انداز میں تبدیل کرنا ہوگا جس کی وضاحت کی جائے اور کمیشن کی جانب سے نوٹیفکیشن کی تاریخ سے ہو۔ فزیکل شیئرز ہولڈنگ رکھنے والے شیئر ہولڈرز کو حوصلہ دیا جاتا ہے کہ وہ کسی بھی بروکرز یا سرمایہ کار کا اکاؤنٹ براہ راست سی ڈی سی کے ساتھ کھولیں تا کہ وہ اپنے فزیکل شیئرز کو سکرپ لیس فارم میں رکھ سکیں، اس سے انہیں کئی طریقوں سے سہولت ملے گی، بشمول محفوظ تحویل اور شیئرز کی فروخت، کسی بھی وقت وہ چاہتے ہیں، کیونکہ پاکستان اسٹاک ایکسچینج کے موجودہ قوانین کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

ویڈیو کانفرنس کی سہولت کے لیے درخواست۔

☆ایس ای سی پی کے سرکلر نمبر 10 کے مطابق مورخہ 21 مئی 2014، اگر ایکٹ کے سیکشن 134(1)(b) کے تحت موجود دفعات کے ساتھ پڑھا گیا ہے، اگر کمپنی 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے ممبروں سے درخواست/ مطالبہ وصول کرتی ہے۔ جغرافیائی محل وقوع پر رہائش پذیر ہونے کے لیے میٹنگ کی تاریخ سے کم از کم 10 دن قبل ویڈیو کانفرنس کے ذریعے میٹنگ میں شرکت کریں گے۔

☆اس سلسلے میں، براہ کرم درج ذیل فارم کو پُر کریں اور کمپنی کو اس کے رجسٹرڈ ایڈریس پر جمع کروائیں جو کہ AGM کے انعقاد سے 10 دن پہلے ہو۔ مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے ممبروں کی درخواست/ ڈیمانڈ حاصل کرنے کے بعد کمپنی اے جی ایم کی تاریخ سے کم از کم پانچ (5) دن پہلے ویڈیو کانفرنس کی جگہ کے بارے میں اراکین کو مطلع کرے گی اور ان تک رسائی حاصل کرنے کے لیے ضروری معلومات کے ساتھ سہولت۔

41ویں سالانہ جنرل میٹنگ آف لوڈز لمیٹڈ کا نوٹس

نوٹس اس طرح دیا گیا ہے کہ لوڈز لمیٹڈ کی 41ویں سالانہ جنرل میٹنگ جمعہ 26 نومبر، 2021 کو صبح 11:30 بجے کمپنی کے رجسٹرڈ آفس میں منعقد کی جائے گی، تاہم COVID-19 وبائی امراض کی وجہ سے موجودہ صورتحال کی وجہ سے، شیئر ہولڈرز ویڈیو لنک کی سہولت کے ذریعے اجلاس میں شرکت کرنے کے حقدار ہوں گے جو کہ کمپنی کے ہیڈ آفس سے زیر انتظام پلاٹ نمبر 23، سیکٹر 19، کورنگی انڈسٹریل ایریا، کراچی میں درج ذیل کاروبار کے لین دین کے لیے ہے۔

عام کاروبار

(1) 17 دسمبر 2020 کو ہونے والی لوڈز لمیٹڈ کی غیر معمولی جنرل میٹنگ کے منٹ کی تصدیق کرنا۔

(2) 30 جون 2021 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ کمپنی کے آڈٹ شدہ مالی بیانات پر غور کرنا اور ان کو اپنانا۔

(3) 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے بیرونی آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔ ریٹائر ہونے والے آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کے باوجود خود کو دوبارہ تقرری کے لیے پیش کر چکے ہیں۔

خصوصی کاروبار

(4) درج ذیل قراردادوں کو منظور کرنے پر غور کرنا:

a) "اس بات کو حل کیا گیا کہ 30 جون 2021 کو ختم ہونے والے سال کے دوران وابستہ کمپنیوں کے ساتھ کاروبار کے معمول کے مطابق کیا گیا لین دین ہوا اور اس کی توثیق اور منظوری دی جائے۔"

b) "یہ بھی حل کیا گیا کہ کمپنی کا چیف ایگزیکٹو 30 جون 2022 کو ختم ہونے والے آئندہ سال کے دوران متعلقہ کمپنیوں کے ساتھ کئے گئے تمام لین دین کو منظور کرنے اور کاروبار کے معمول کے مطابق کرنے کا مجاز ہے اور اس سلسلے میں چیف ایگزیکٹو کمپنی کی جانب سے اس سلسلے میں درکار تمام دستاویزات/ معاہدے پر دستخط/عملدرآمد، کسی بھی اور تمام ضروری اقدامات کرنے اور اس پر عمل درآمد کرنے کا بھی مجاز ہے۔

(5) چیئرمین کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔

بورڈ کے حکم سے

05 نومبر 2021

کراچی۔

بابر سلیم

کمپنی سیکریٹری

نوٹ:

شیئر ٹرانسفر کھاتوں کی بندش:

☆ شیئر کمپنی کے شیئر ٹرانسفر کھاتے 19 نومبر 2021 سے 26 نومبر 2021 (دونوں دن سمیت) بند رہیں گے۔ فزیکل ٹرانسفر/ سی ڈی ایس ٹرانزیکشن آئی ڈی کی صورت میں ٹرانسفر کمپنی شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، شاہراہ فیصل کراچی میں کاروبار کے اختتام پر 18 نومبر 2021 کو میٹنگ میں شرکت اور ووٹ ڈالنے کے لئے اور ٹرانسفرز کو درج بالا استحقاق کے مقصد کے لئے بروقت بندوبست کیا جائے گا۔

سالانہ جنرل میٹنگ میں الیکٹرانک طور پر شرکت اور پراکسی مقرر کرنا:

☆ صرف وہی افراد، جن کے نام 18 نومبر 2021 تک کمپنی کے ممبروں کے رجسٹر میں ظاہر ہوتے ہیں، سالانہ جنرل میٹنگ میں شرکت اور ووٹ ڈالنے کے حقدار ہیں۔

سالانہ جنرل میٹنگ ایس ای سی پی کے 15 فروری 2021 کے سرکلر نمبر 2021/4 کے ذریعے جاری کردہ ہدایات کے مطابق منعقد کی جارہی ہے۔

☆ سالانہ جنرل میٹنگ میں شرکت کے خواہشمند شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی تفصیلات نامزد ای میل ایڈریس co.secy@loads-group.com پر بھیج کر اپنی رجسٹریشن کروائیں۔ 23 نومبر 2021 کو کاروباری اوقات (شام 5:00 بجے) تک نیچے دی گئی جدول کے مطابق تفصیلات دے رہے ہیں۔

شیئر ہولڈرز کا نام	شناختی کارڈ نمبر	CDS شراکت دار آئی ڈی / فولیو نمبر	موبائل نمبر	ای میل ایڈریس

☆ ویبنار لنک رجسٹرڈ شیئر ہولڈرز/ پراکسی ہولڈرز کو فراہم کیا جائے گا جنہوں نے تمام مطلوبہ معلومات فراہم کی ہیں۔ شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ 23 نومبر 2021 کو کاروباری اوقات (شام 5:00 بجے) تک مذکورہ بالا ای میل ایڈریس پر AGM کے ایجنڈا آئٹمز سے متعلق اپنی رائے بھیجیں۔

☆ لاگ ان کی سہولت صبح 11:00 بجے کھل جائے گی جس سے شرکاء کارروائی میں شامل ہو سکیں گے جو کہ صبح 11:30 بجے شروع ہوں گے۔

PATTERN OF SHAREHOLDING

AS OF JUNE 30, 2021

No of Shareholders	Shareholdings'Slab			Total Shares Held
1,024	1	to	100	38,536
955	101	to	500	336,101
1,976	501	to	1000	1,538,115
3,081	1001	to	5000	7,712,315
834	5001	to	10000	6,496,031
293	10001	to	15000	3,635,319
197	15001	to	20000	3,603,588
124	20001	to	25000	2,897,437
73	25001	to	30000	2,056,426
57	30001	to	35000	1,875,253
46	35001	to	40000	1,752,625
33	40001	to	45000	1,410,622
59	45001	to	50000	2,911,018
24	50001	to	55000	1,271,237
32	55001	to	60000	1,864,554
16	60001	to	65000	998,440
15	65001	to	70000	1,031,819
18	70001	to	75000	1,327,323
11	75001	to	80000	864,839
8	80001	to	85000	664,291
7	85001	to	90000	618,125
5	90001	to	95000	458,307
24	95001	to	100000	2,397,669
5	100001	to	105000	513,662
7	105001	to	110000	766,770
3	110001	to	115000	336,865
6	115001	to	120000	698,130
1	120001	to	125000	125,000
2	125001	to	130000	255,268
1	130001	to	135000	135,000
1	135001	to	140000	139,267
2	140001	to	145000	283,669
9	145001	to	150000	1,346,181
4	150001	to	155000	609,796
2	155001	to	160000	314,683
1	160001	to	165000	162,793
3	165001	to	170000	505,438
2	170001	to	175000	344,807
1	175001	to	180000	180,000
2	180001	to	185000	367,693
2	185001	to	190000	375,710
4	190001	to	195000	768,206
12	195001	to	200000	2,391,850
1	205001	to	210000	208,421
2	210001	to	215000	424,628
1	215001	to	220000	219,000
2	225001	to	230000	457,500
2	245001	to	250000	499,173
1	250001	to	255000	253,712
1	255001	to	260000	255,150
2	260001	to	265000	530,000
1	270001	to	275000	274,090
1	275001	to	280000	275,500
2	280001	to	285000	560,293
3	295001	to	300000	893,803
1	300001	to	305000	301,018
1	305001	to	310000	309,805
1	325001	to	330000	329,500
1	330001	to	335000	331,888
1	370001	to	375000	375,000
1	380001	to	385000	385,000
1	390001	to	395000	392,896
2	410001	to	415000	824,128
1	415001	to	420000	420,000
1	420001	to	425000	421,374
1	445001	to	450000	449,818
1	495001	to	500000	498,347
1	510001	to	515000	514,000
1	540001	to	545000	541,734
1	555001	to	560000	557,089
1	595001	to	600000	597,895
1	620001	to	625000	625,000
1	635001	to	640000	640,000
1	650001	to	655000	651,620
1	655001	to	660000	656,500
1	795001	to	800000	800,000
1	820001	to	825000	825,000
1	870001	to	875000	875,000
1	885001	to	890000	890,000
1	1250001	to	1255000	1,251,000
1	1305001	to	1310000	1,310,000
1	1710001	to	1715000	1,711,485
1	1845001	to	1850000	1,849,000
2	1930001	to	1935000	3,870,000
1	1945001	to	1950000	1,950,000
1	2030001	to	2035000	2,032,010
1	2070001	to	2075000	2,072,990
1	2415001	to	2420000	2,416,500
1	2480001	to	2485000	2,484,306
1	2490001	to	2495000	2,494,559
1	2965001	to	2970000	2,969,818
1	3055001	to	3060000	3,058,550
1	3135001	to	3140000	3,135,398
1	5835001	to	5840000	5,837,268
1	31385001	to	31390000	31,387,657
1	104365001	to	104370000	104,365,588
9,047				**251,250,000**

PATTERN OF SHAREHOLDING
AS OF JUNE 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children & Sponsors			
SYED SHAHID ALI SHAH	2	104,376,139	41.54
SYED SHEHARYAR ALI	2	12,562	0.00
MUHAMMAD MOHTASHIM AFTAB	1	42,360	0.02
MUNIR KARIM BANA	1	5,837,268	2.32
MUHAMMAD ZINDAH MOIN MOHAJIR	1	831	0.00
SHAMIM AHMED SIDDIQUI	1	831	0.00
ROZINA MUZAMMIL	1	993	0.00
Associated Companies, undertakings and related parties	10	34,033,166	13.55
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	1	3,058,550	1.22
Insurance Companies	1	45,681	0.02
Modarabas and Mutual Funds	1	375,000	0.15
General Public			
a. Local	8906	84,490,947	33.63
b. Foreign	39	523,841	0.21
Foreign Companies	-	-	-
Others	80	18,451,831	7.34
Totals	9047	251,250,000	100.00

Shareholders' holding 10% or more	Shares Held	Percentage
SYED SHAHID ALI SHAH	104,376,139	41.54
TREET CORPORATION LIMITED.	31,387,657	12.49

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 Friday, November 26, 2021 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 November 2021

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 بینیفشل 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 جمعہ 26 نومبر، 2021 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 ------ نومبر 2021

پراکسی کے دستخط

1. گواہ
دستخط: ---------------------------
نام: ---------------------------
پتہ: ---------------------------

سی این آئی سی یا پاسپورٹ نمبر ---------------------------

2. گواہ
دستخط: ---------------------------
نام: ---------------------------
پتہ: ---------------------------

سی این آئی سی یا پاسپورٹ نمبر ---------------------------

i. بینیفشل 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 چاہیے۔

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 جائیں 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 نمبر 23، سیکٹر 19،
کورنگی انڈسٹریل ایریا،
کراچی 74900، پاکستان۔

Loads Limited

Plot# 23, Sector 19, Korangi Industrial Area, Karachi-74900.Tel: 35073894,
0302-8674683-9 Fax: 35057453-54 Website: www.loads-group.pk