

Thal Limited
2017
Annual Report

FORCE
FOR GOOD



ABOUT THE THEME

The Force for Good is an idea that is inspired by genuine concern for others. The theme explores how as an organization we put ideas into actions that translate into lasting and meaningful outcomes for a broad category of our stakeholders.

At Thal Limited we believe that small actions can add up to creating larger impacts. As a Force for Good we view ourselves as a change agent amongst a growing movement of businesses that treat their employees, communities and the planet with responsibility and concern. We strongly believe that our focus on being purveyors of goodness provides us with a powerful aspiration for improving Pakistan and beyond by leveraging our core business strengths to develop solutions to long-standing and complex challenges.

The concept of Force for Good manifests as guiding principles and a moral compass which ensures that we continue to do business responsibly and simultaneously seize opportunities to solve societal challenges through innovation and collaboration. At Thal Limited we endeavor to build a community that cares, for we believe that working to address the most challenging issues of our time today is no longer just the “right thing to do”. Employees, customers and investors increasingly demand that businesses proactively promote environmental, social and governance practices across their operations and supply chain — for their bottom lines as much as for the greater good; and we continue to respond to the call – showing that principled business combined with ingenuity and alliances can bring about powerful changes in economies and societies.

Capitalizing on this very thought, we feel resolute in our commitment to do good in this world to provide a sustainable and a better future not only for communities now but for generations to come.

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OUR VISION

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

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



OUR VALUES

HUMILITY & RESPECT

Be a good listener
Foster fair play
Allow open critique
Encourage communication
With subordinates
Walk the talk
Not egotistic



JUSTICE & INTEGRITY

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



ENTREPRENEURSHIP

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



TEAM WORK

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



CLEANLINESS

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



OPTIMUM USE OF RESOURCES

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



CORPORATE INFORMATION

Board of Directors

Rafiq M. Habib	Chairman
Sohail P. Ahmed	Vice Chairman
Mazhar Valjee	Chief Executive
Asif Qadir	Independent Director
Ali S. Habib	Non-Executive Director
Mohamedali R. Habib	Non-Executive Director
Salman Burney	Non-Executive Director

Chief Financial Officer

Shahid Saleem

Company Secretary

Umair Riaz Siddiqi

Audit Committee

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

Human Resources & Remuneration Committee

Salman Burney	Chairman
Mazhar Valjee	Member
Ali S. Habib	Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

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

Tax Advisors

EY Ford Rhodes

Bankers

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

Registered Office

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

Share Registrar

FAMCO Associates (Private) Limited
8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi.
Tel: 34380101-5, 34384621-3
Fax: 34380106 and 32428310
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

KEY FIGURES

Sales revenue

Rs. in million	
2016-17	17,124
2015-16	15,266

12.17%

Market capitalization

Rs. in million	
2016-17	49,107
2015-16	22,933

114.13%

Profit after tax

Rs. in million	
2016-17	3,966
2015-16	2,179

82.04%

Market price per share

Rs. in million	
2016-17	606
2015-16	283

114.13%

Earnings per share

Rs.	
2016-17	48.95
2015-16	26.89

82.04%

Dividend per share

Rs.	
2016-17	19.75
2015-16	10.00

49%

Total assets

Rs. in million	
2016-17	17,427
2015-16	13,686

27.34%

Contribution to national exchequer

Rs. in million	
2016-17	4,747
2015-16	4,247

11.78%

Total equity

Rs. in million	
2016-17	15,433
2015-16	12,228

26.22%

Capital expenditure

Rs. in million	
2016-17	499
2015-16	173

188.17%

THAL LIMITED GROWTH WITH A PURPOSE

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

The Engineering division of Thal Limited owns and operates the Electrical Systems business; the Thermal Systems business and the Engine Components business. The Electrical Systems business is involved in manufacturing a wide range of wiring harness products from simple cable preparation to highly complex wiring harnesses, cable assemblies, and battery cables mainly for Automotive industry. The business came into existence in the year 2000 with the signing of a TAA (Technical Assistance Agreement) with Furukawa Electric Company, Japan. Furukawa is one of the leading suppliers of automotive wiring harness system in the world and has more than 50 subsidiaries/companies in twenty countries. The combined synergies of both the companies have enabled the business to establish itself in a relatively quick span of time as a premier supplier of car wiring systems to all automobile manufacturers in Pakistan.

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

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

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

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

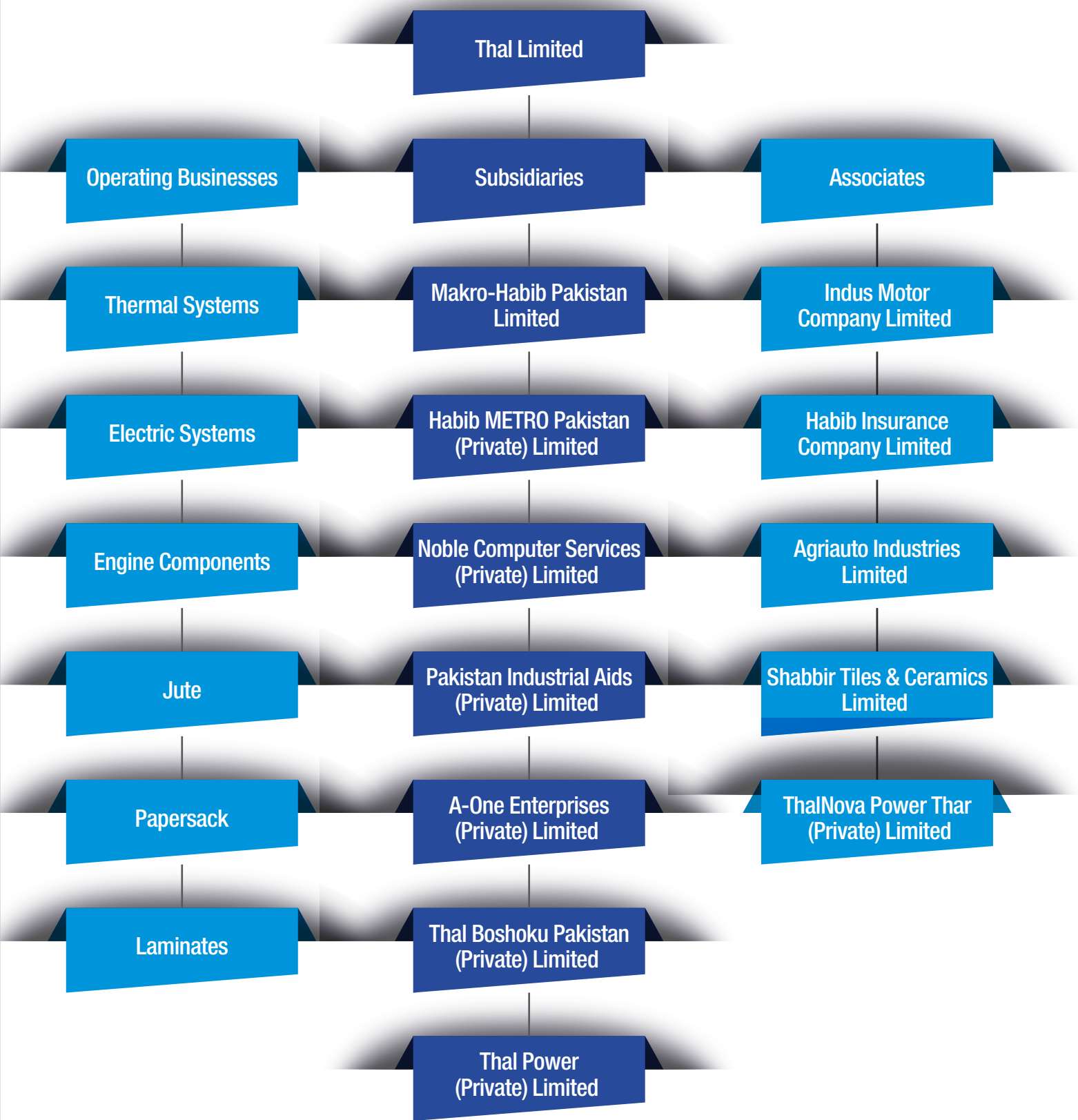
Lastly the Papersack business which has been in operation since 1970s, is the pioneering multi-ply manufacturing unit in Pakistan and has remained a market leader in the business since its inception. With strategic locations of its plants situated in Hub (Baluchistan) and Gadoon (Khyber-Pakhtunkhwa), the Company has an annual production capacity of 150 million sacks and provides packaging solutions to various industries that include cement, chemicals and dyes, bonding adhesives, industrial salt, calcium, gypsum, carbon black, milk powder and guar

gum amongst others. With close to five decades of world class product leadership, the papersack business not only fulfills local demand but also exports to key international markets including Middle East, India, EU and the UK amongst other avenues.

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

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

COMPANY STRUCTURE



AWARDS AND RECOGNITION



FORCE FOR TENACITY

CORPORATE GOVERNANCE



BOARD OF DIRECTORS

1. Rafiq M Habib

Chairman

2. Sohail P. Ahmed

Vice Chairman

3. Mazhar Valjee

Chief Executive

4. Ali S. Habib

Non-Executive Director

5. Mohamedali R. Habib

Non-Executive Director

6. Salman Burney

Non-Executive Director

7. Asif Qadir

Independent Director



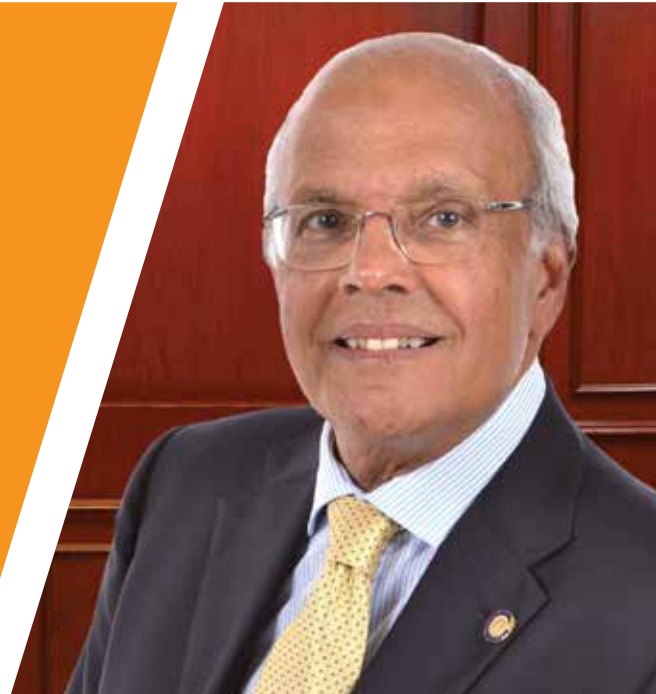
DIRECTORS' PROFILE

Rafiq M Habib

Chairman

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

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



Mazhar Valjee

Chief Executive Officer

Mazhar Valjee rejoined as Director and CEO of Thal Limited on July 28, 2017. He has in the past served for twenty-two years on the Board of (the former) Thal Jute Mills Limited and Thal Limited as Executive Director, CEO and Non-Executive Director. He has also served as CEO of Indus Motor Company Ltd, Pakistan Jute & Synthetics Ltd, Habib Metro Pakistan (Pvt) Ltd; Makro Habib Pakistan Ltd and has headed several other businesses of the House of Habib. Outside the group Mazhar has served as CEO of Schneider Electric Pakistan (former Areva T&D Pakistan).

He has been an active member of advisory and professional bodies that include the Indigenization Committee of the EDB, Energy committee of the OICCI, the Pakistan Jute Mills Association, the Pakistan German Business Forum, Pakistan France Business Alliance, AIESEC, YPO and not for profit Karawan-e-Hayat & FESF. He acquired business education from the IBA, Karachi and executive education from the Stanford-NUS program and the Yale School of Management.



Sohail P. Ahmed

Vice Chairman

Mr. Sohail P. Ahmed joined the Board in July 1997. He has been the Chief Executive of Naya Daur Motors and Mack Trucks under Ministry of Production as well as several private sector enterprises including Allwin Engineering and Agriauto Industries Ltd.

Mr. Ahmed also serves as the Chairman of Pakistan Auto Sector Skill Development Company and of Vocational Training Centre for Women Korangi. He has served as Director on many Boards in public and private sectors including PIDC and Pakistan Steel. He is also the founder Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM).

He has been a member of the Senate of Dawood College of Engineering & Technology as well as the Syndicate of NED University Karachi. He did AMP from INSEAD, France and is also a certified Director from Pakistan Institute of Corporate Governance.

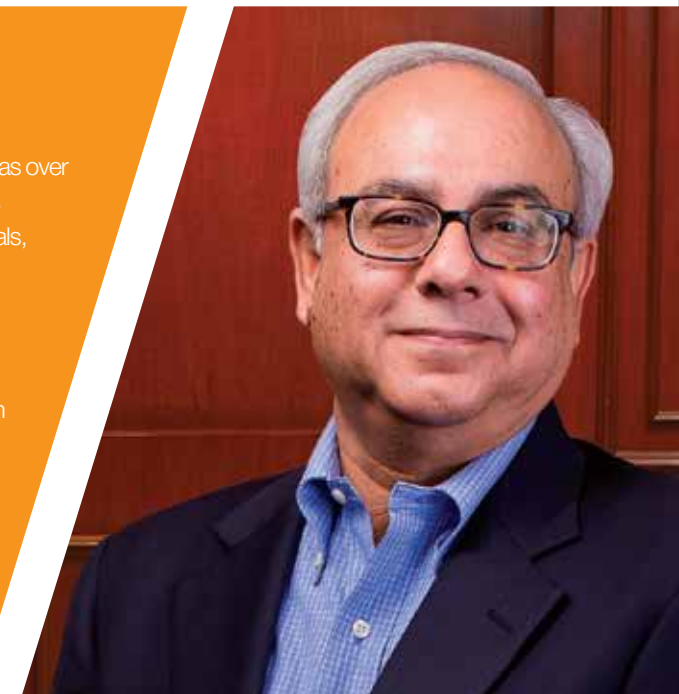


Asif Qadir

Independent Director

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

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



DIRECTORS' PROFILE

Ali S Habib

Non-Executive Director

Mr. Ali S. Habib was appointed as the Director of Thal Limited in February 1980. He also serves as the Chairman of Indus Motor Company Limited and as a member of the Board of Directors of Shabbir Tiles & Ceramics Ltd and Habib Metropolitan Bank Limited.

He is a graduate in Mechanical Engineering from the University of Minnesota, USA. He has also attended the PMD Program at Harvard University.



Salman Burney

Non-Executive Director

Mr. Salman Burney joined the board in February 2016 as non Executive Director. He also served as the VP/Area GM for GSK Pakistan, Iran and Afghanistan. He began his career with ICI Pakistan in Sales & Marketing within various roles in Pakistan, & African/ Eastern Region at ICI plc, London and as General Manager of ICI's Agrochemicals & Seeds Business. He joined the Company in 1992, was appointed MD, SmithKline Beecham in 1997 with additional responsibility for Iran and the Caspian Region. He was holding the position of MD for GSK in Pakistan, and he was responsible for GSK's Pharmaceutical business in Pakistan, Iran & Afghanistan. He has a degree in Economics from Trinity College, University of Cambridge, UK. Mr. Salman Burney has been the President of Pakistan's Foreign Investors Chamber and as Chairperson of the MNC Pharma Association has led the industry interface with the government on various issues.



Mohamedali R Habib

Non-Executive Director

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

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



BOARD COMMITTEES AND THEIR TERMS OF REFERENCES

Committees of the Board

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

Audit Committee

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

- Review of preliminary announcements of results prior to publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities of fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls; accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the Board of directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of directors, in consultation with the CEO and to

consider remittance of any matter to the external auditors or to any other external body;

- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter as may be assigned by the Board of directors.

Members:

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

Human Resources & Remuneration Committee:

The Board Human Resources & Remuneration Committee meets multiple times through the year to review and recommend all elements of the Human Resource Management framework including but not limited to the following:

- Recommending Human Resource Management Policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO).
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit.
- Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to CEO or COO.

Members:

Mr. Salman Burney – Chairman
Mr. Ali S. Habib – Member
Mr. Mazhar Valjee – Member

Internal Control Framework:

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

Internal Control Framework:

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

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

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

Control Environment:

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

Risk Assessment:

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

Control Activities:

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

Information and Communication:

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

Monitoring:

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

CHAIRMAN'S REVIEW REPORT 2017

By the grace of the Almighty, Thal Limited, a Company which started its journey over 50 years ago as a Jute Mill, has over the years evolved into a diverse business conglomerate operating Thermal Systems, Electric Systems, Engine Components, Paper sack and Laminates businesses.

The Company established subsidiary companies that have invested in coal mining, energy, and auto parts (Thal Boshuku Pakistan (Pvt.) Ltd.). It is actively working to contribute to the economic growth of Pakistan and has aligned itself with the country's macroeconomic objectives, especially attaining energy sufficiency and making CPEC a success. The Company is engaged in developing Pakistan's first open pit coal mining project at Thar by investing in the Sindh Engro Coal Mining Company (SECMC) and in setting up a 330 MW coal-fire power generation plant at Thar, Sindh through its subsidiary Thal Power (Private) Limited.

The financial year ended June 30, 2017 was a record year for Thal Limited and we were able to deliver highest ever profits to our shareholders.

During the course of the year, the Company divested its investment in METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) for a sum of Rs 2.12 billion and realized a one-time gain of Rs 1.84 billion before tax.

Our people are at the heart of our success - the Company has rejuvenated its Management Trainee Program through which individuals from the country's most prestigious institutions have been selected for grooming to meet our future succession needs.

The Board of Directors of Thal Limited comprises of highly professional and experienced people. They bring expertise from various business disciplines including an independent director having over 30 years of experience. All Board members are aware of their fiduciary responsibilities and fulfill these by playing an important role in providing strategic direction to the management and necessary guidance for compliance with policies and standards.

The Board of Directors' performance has been highly satisfactory and Board Members have exercised the required strategic oversight. The efforts of the Board's Audit Committee and the Human Resources & Remuneration Committee are particularly noteworthy for their valuable contributions in providing requisite leadership support.

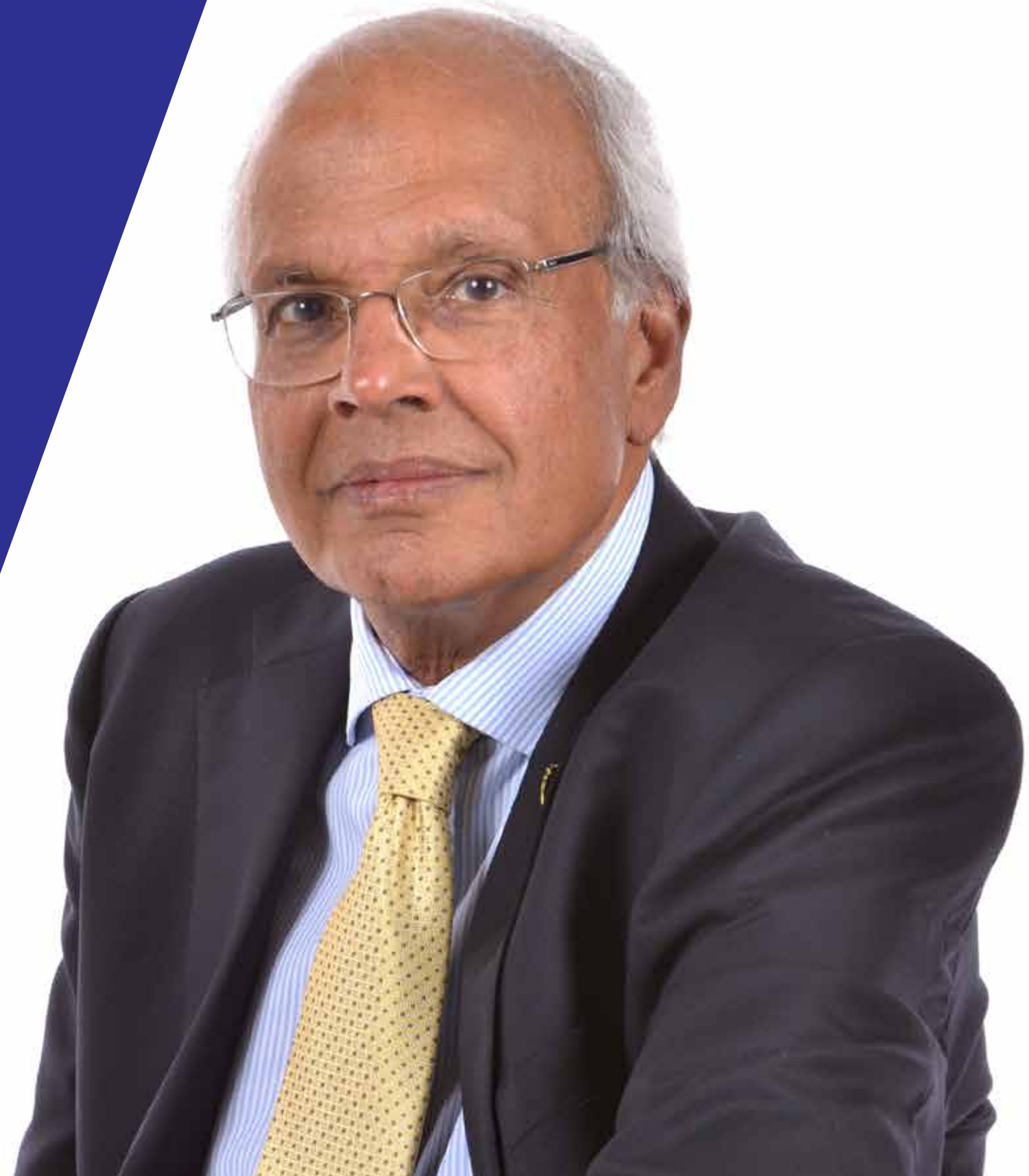
Subsequent to the year-end, the Chief Executive of the Company – Mr. Asif Rizvi retired and the Board has appointed Mr. Mazhar Valjee as his replacement. On behalf of the Company, I wish to acknowledge Mr. Asif Rizvi for his valuable contributions over the years. In closing I would like to thank our employees, shareholders, customers, dealers and business partners for their continued patronage and trust.

I would also like to thank all our staff members for their contribution to the growth of the Company.

Karachi
Dated: August 29, 2017

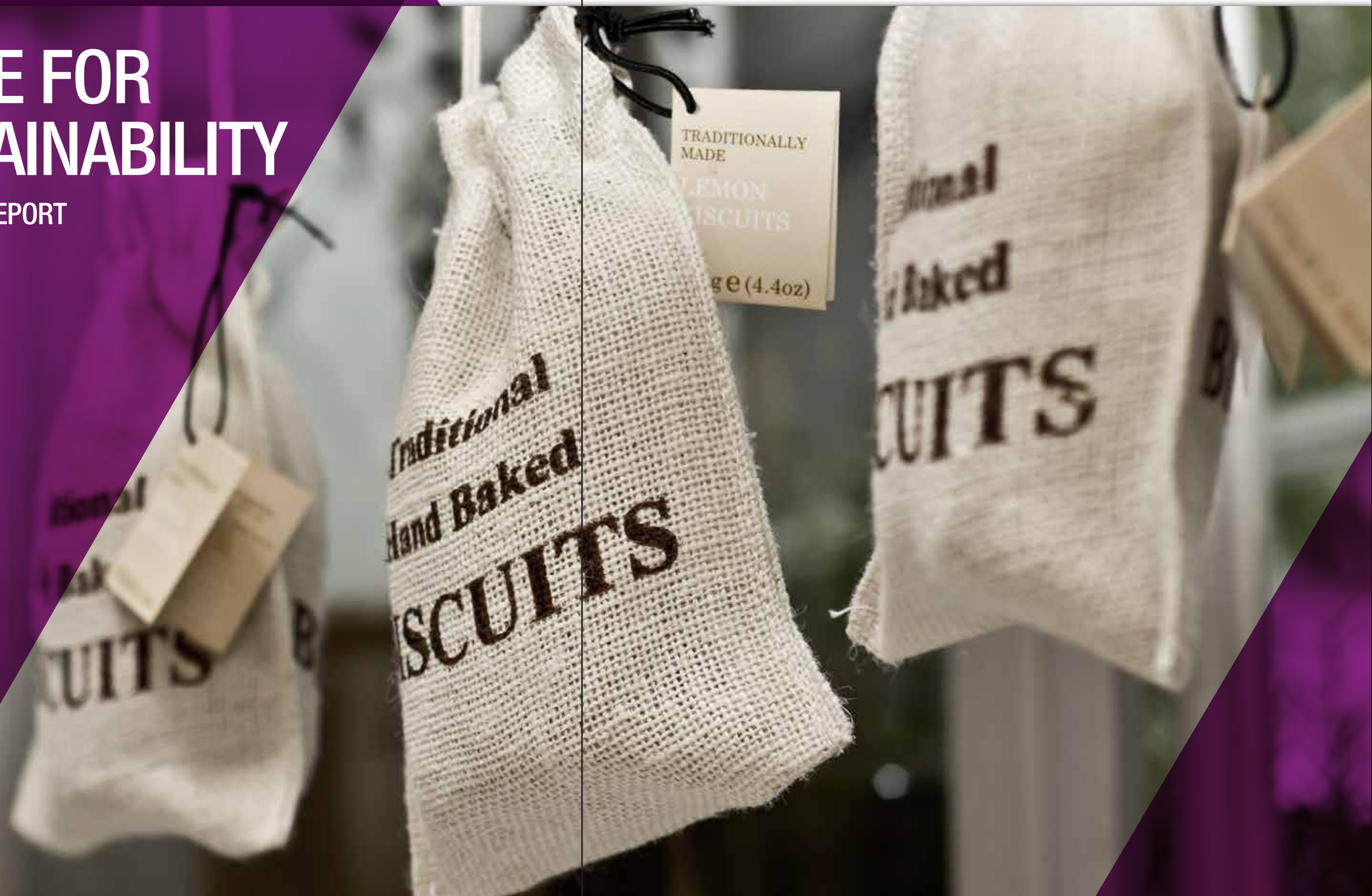


Rafiq M Habib
Chairman



FORCE FOR SUSTAINABILITY

DIRECTORS' REPORT



DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the Fifty First Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2017.

Economic Highlights

The country's GDP grew at 5.3% in 2016-17 which was the highest growth achieved over the last decade. This growth was assisted by other macroeconomic indicators such as subdued inflation, investment growth and rising private sector credit. Favorable policy measures in the Agriculture sector also helped boost overall consumer spending and helped in expanding the economy. Concern remains regarding the increasing current account deficit that is being exacerbated by a slow-down in worker remittances and a growing imbalance between our imports and exports. In case this trend grows unchecked, it has the potential to adversely affect the overall performance of the economy in the coming years.

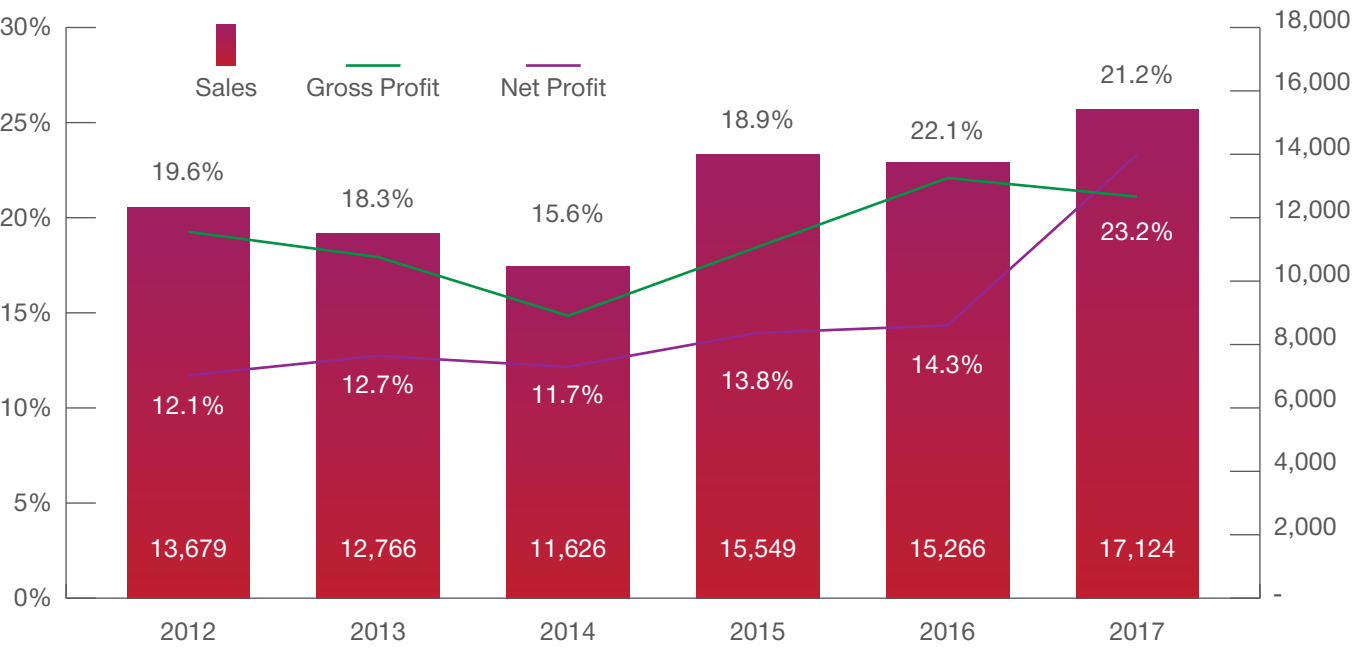
Initiatives under China Pakistan Economic Corridor (CPEC) however continue to attract foreign direct investment (FDI) and are also helping to revive the confidence of local businesses. Both China and Pakistan are committed to complete infrastructure and energy projects under CPEC. We believe that under the CPEC umbrella, foreign investments will continue to be made which shall sustain the current consumer confidence and keep our GDP growth steady in the coming years.

Overview of Financial Results

2016-17 proved to be a good year for the Company and sales revenue grew from Rs 15.26 billion to Rs 17.12 billion registering a growth of 12%. The Company's other income grew by Rs 1.92 billion primarily as a result of a one-time gain

of Rs 1.84 billion on divestment of shares in Metro Habib Cash & Carry Pakistan (Private) Limited. As a result, our profit before tax improved by 84% to Rs 5.45 billion.

Sales and Profitability



Financial Performance

Rupees in Million				
	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Net Revenue	17,124	15,266	18,136	16,823
Profit Before Taxes	5,447	2,979	7,243	3,930
Taxation	1,481	800	1,740	1,027
Profit After Taxes	3,966	2,179	5,502	2,903
Earnings Per Share - Rupees	48.95	26.89	63.52	31.72

OVERVIEW OF BUSINESS SEGMENTS

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

Engineering Segment

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

The turnover of the Engineering Segment for the year is Rs 11.4 billion, registering a growth of 8.4% compared to Rs 10.5 billion in the previous year.

The auto assembling industry in Pakistan exhibited a decline of 2% in volumes during 2016-17 compared to the previous year, which included the Punjab government's Apna Rozgar Taxi Scheme. However, excluding the Taxi scheme volumes from last year, the market expanded by 12.5% on the back of improving macro-economic conditions and availability of enhanced auto financing. The growth in sales by the Engineering Segment has been achieved primarily due to the launch of a new model by one of our main customer and improved performance in the commercial vehicle segment customer.

Used vehicle imports continue to adversely impact the auto industry with around 58,500 vehicles imported during the year, an increase of 9%

compared with the same period last year. This issue continues to be discussed with the government and the industry expects the government shall revisit its Automotive Development Policy to discourage these imports.

The performance of the division in the aftermarket segment has been strong during the year, exhibiting a growth of 30% over the previous year. The commercial vehicle segment performed particularly well with the Business providing products and services for local and imported vehicles through customer focus and tailor made customized solutions.

The government continues to negotiate the Free Trade Agreements (FTAs) with China, Thailand and Turkey. In this respect, the management of the Company has put forward its opinion to the government with a view to protecting the auto vendor industry and will continue its engagement on this issue.

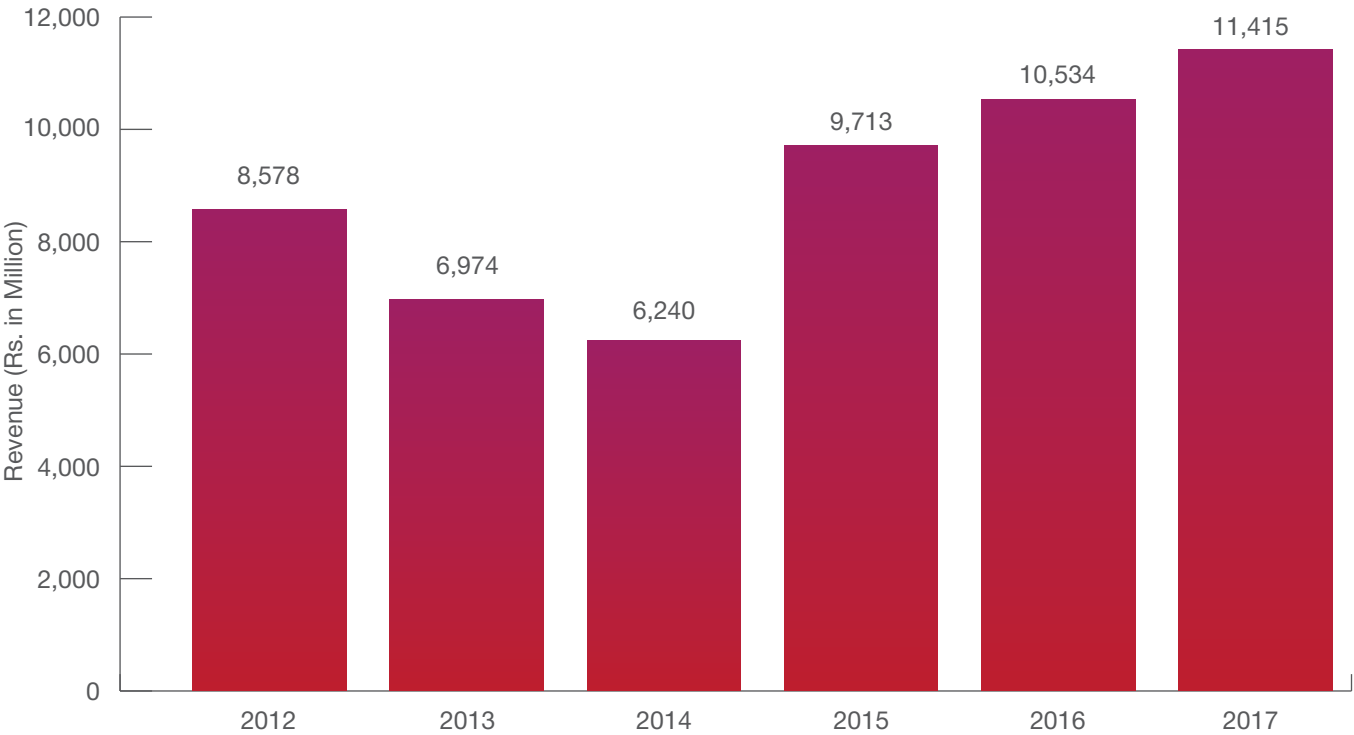
Outlook

With continued improved economic activity in the country on the back of CPEC projects, the auto industry is expected to grow, particularly in the commercial vehicle segment, leading to an increase in demand for all our products in the coming year. The Automotive Development Policy 2016-21, which provides lucrative incentives for new automotive entrants, has generated a lot of interest with global automotive companies and a number of OEMs have announced setting up of assembling operations in the country. These are expected to achieve fruition over the next few years and will seriously challenge the vendor industry in the medium term as new entrants are not required to localize.

The increasing trend of import of used cars will continue to adversely impact the growth of the local vendor industry. The Company will engage with the Government to persuade them to revisit the policy and arrest this increasing trend of imported

vehicles which, is not only a drain on valuable foreign exchange for the country, but would also lead to increased job losses in the local vendor industry. Similarly, a failure to negotiate FTAs & PTAs without keeping the interest of Pakistan’s manufacturing sector, including the auto vendor industry, can potentially lead to a situation which opens Pakistan’s domestic markets to cheaper imports from partner countries without a corresponding increase in exports. Discussions with various countries at the Governmental level must incorporate the viewpoint of local manufacturers. The Company is making all efforts to engage the Government in this regard, before finalization of any FTAs & PTAs.

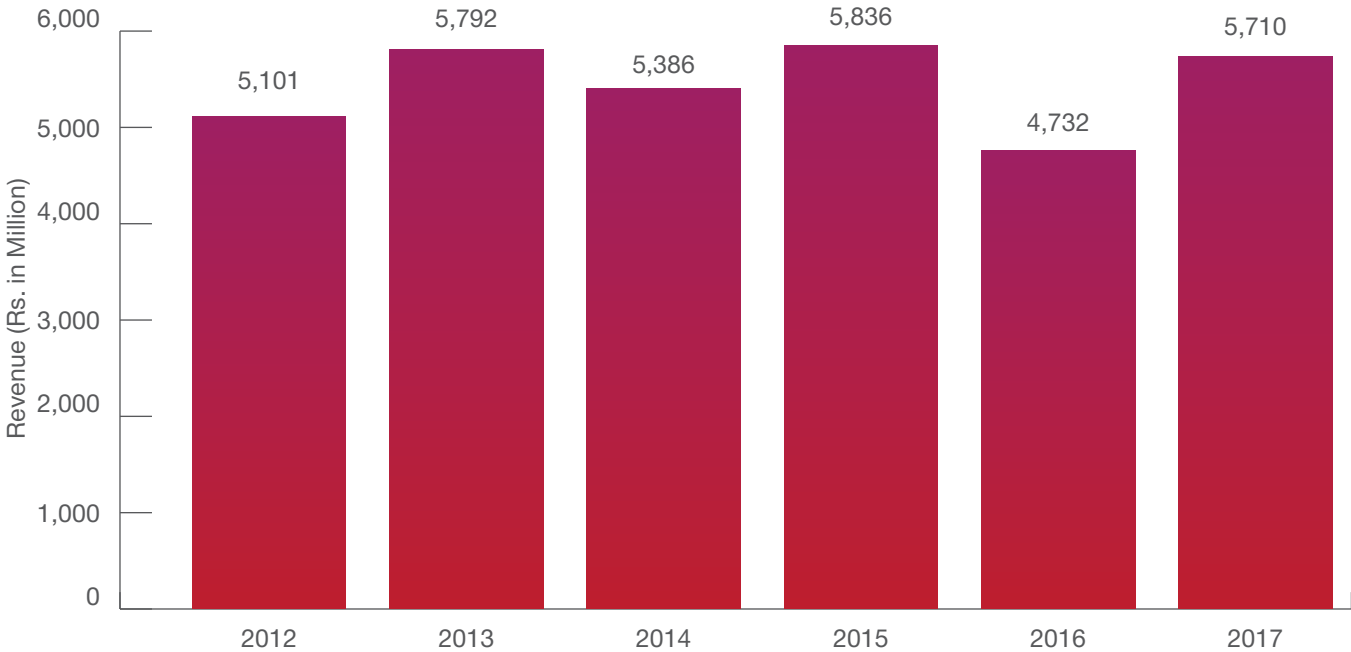
The management will continue its focus on improving quality, health, safety and undertakes environment initiatives while enhancing cost efficiencies through continuous process improvement.



Building Materials & Allied Products Segment

The Company has three businesses – the Jute Business (Thal Jute), the Papersack Business (Pakistan Papersack) and the Laminates Business (Baluchistan Laminates).

Turnover of the segment was Rs 5.7 Billion as compared to Rs 4.7 Billion, a growth of 21.3%.



Jute Business

The Jute Business performed well during the year and Thal Jute continued to be a premier manufacturer and supplier of jute goods in the country. Management strategies put in place for improving production efficiencies and quality, controlling costs and improving market share gave good results. These endeavors also enabled the business to overcome difficulties of the prior year when the Jute industry had been faced with a ban on export of raw Jute from Bangladesh.

The Business improved its local market share and added new customers to its portfolio. Demand during the year of grain sacks, from Government Procurement Agencies also remained on the higher side as compared to last year. These agencies built up stocks to overcome a lower carryover of wheat stock from the prior year. This also contributed to the positive performance of the business.

Outlook

There are signs of a healthy global jute crop in Bangladesh as well as in India which may result in a possible decrease in prices. Your management plans to procure raw jute at reasonable prices and secure its timely shipment for the coming year.

We are confident that market demand shall remain strong and are eager to meet our existing customer expectations while exploring new markets. We are focused towards expanding our business operations to include diverse and innovative packaging solutions for customer needs.

Internally, the operation is geared to face the challenges ahead by continued concentration on product quality improvements and expansion in our customer base and product portfolio, both in local and export markets.

Papersack Business

The year was encouraging for the Papersack Business, with its primary market in the cement sector growing by 3.7% over last year. The company is facing stiff competition from increased production capacity in both woven polypropylene as well as paper sacks but grew volumes despite this.

The Government has, after efforts from the local industry, recognized the anomaly that allowed duty free imports of finished bags whilst duty was applicable on the major raw material i.e. imported sackcraft paper. The applied Regulatory Duty will address this anomaly and allow a level playing field to local manufacturers, reducing imports and increasing local value added production.

To meet demand from customers for added features, the company during the year successfully enhanced its capability for high quality printing which was in line with our customer's requirements. At the same time, diversification efforts for product and markets are being continuously pursued.

In compliance of primary packaging requirements, the business had acquired ISO 22000 certifications, which was audited and re-certified during the year. Additionally, the business also underwent the independent audits by global fast food chains and was successful in meeting the required standards in all aspects. The continued addition of global and local fast food chains to our food bags segment is a rewarding result of our efforts and acknowledgement of quality.

Outlook

The demand for cement will continue to grow with additional cement capacities coming on line. The management is optimistic about sustained results in the coming years. Unprecedented demand for paper globally is creating challenges on prices of raw material, and the business is putting its utmost effort to overcome the same. The industrial sack and food bag segments are also expected to show a healthy growth trend, which the company is geared up to capitalize from.





Laminates Business

The Business, being fully compliant with all required tax and other regulations, continues to face challenges from the predominantly undocumented competitors. It continues its perseverance to explore and expand its customer base, by introducing new designs & products for its industrial and corporate customers

Through its brand “FORMITE”, the business concentrates on its vision of enhancing customers’ lifestyles by introducing new designs and finishes, while remaining the preferred brand of choice for institutional, corporate and quality conscious customers, both in the local and export markets. “FORMITE” enjoys an established image of quality and reliability.

The slowdown in development activities in Afghanistan has adversely impacted the export demand for our products. However, the company is making focused efforts to seek markets in other regions.

Outlook

As the company continuous to face challenges from the undocumented sector, the focus of the company remains on better quality products, new designs, and brand building. Simultaneously the company is pursuing rigorous cost optimization and improved efficiencies. This would position the business to counter challenges in the coming year and to enhance its market share.

INVESTMENTS IN ENERGY SECTOR

Sindh Engro Coal Mining Company Limited

SECMC is a joint venture between the Government of Sindh, Thal Limited, Engro Powergen Limited, Hub Power Company Limited, Habib Bank Limited, CMEC Thar Mining Investments Limited and SPI Mengdong. It is engaged in developing Pakistan's first open pit mining project at Thar Coal Block II. The project achieved its Financial close on April 4, 2016.

The project is under construction and presently the progress is ahead of schedule. To date c. 47 M BCM of overburden has been removed and the mine has reached a depth of 86 meters. Related infrastructure projects of Effluent Disposal Line and Left Bank Outfall Drainage Scheme are expected to come online as per schedule.

For the first phase of the project, the Board of Directors of Thal Limited approved a total exposure of Pak Rupee equivalent of US\$ 36.1 million, which includes equity investment of US\$ 24.3 million, US\$ 5 million for cost over-run and US\$ 6.8 million for debt servicing reserve. To date the Company has invested Rs. 899 million equivalent to US\$ 8.71 million.

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

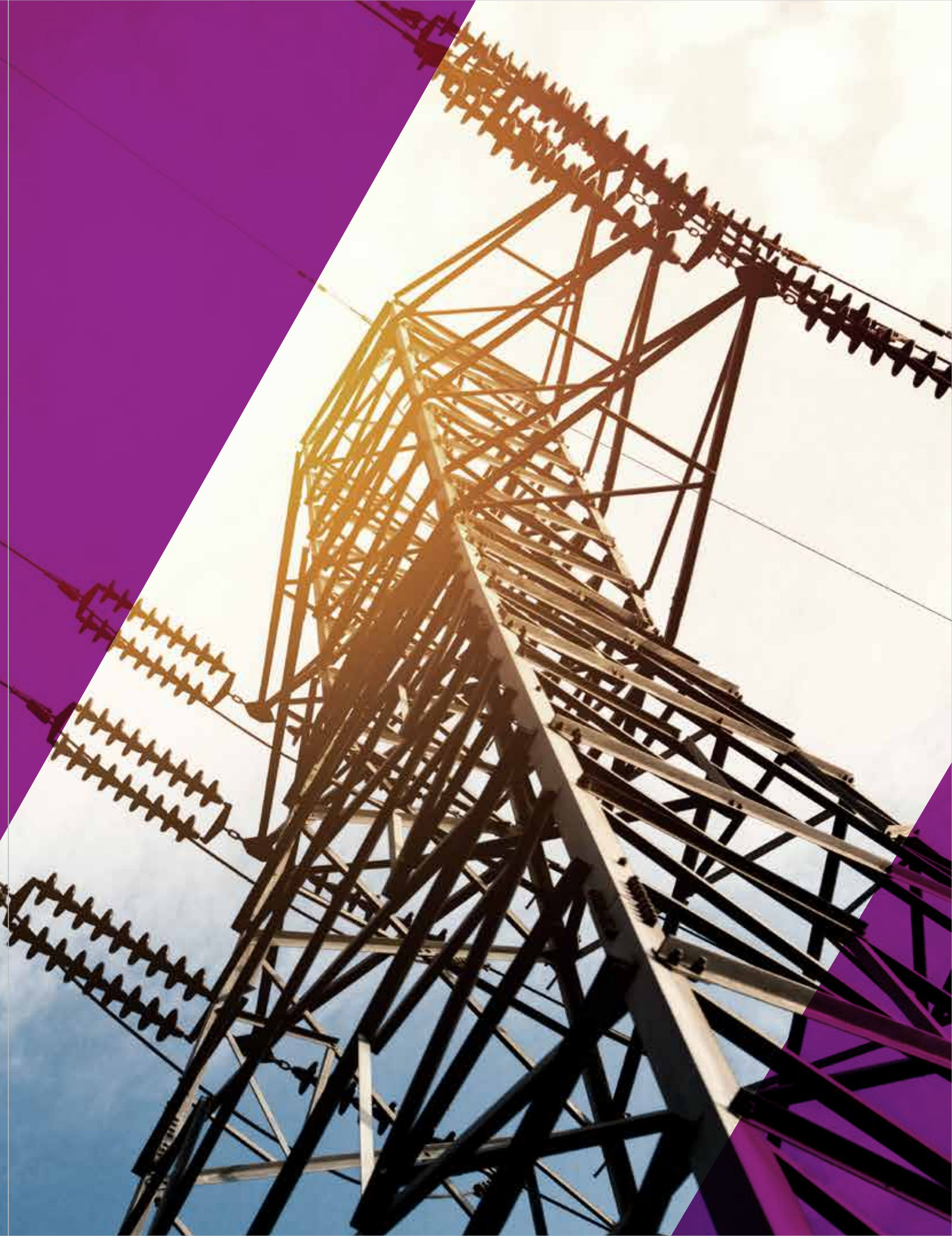
Thal Power (Private) Limited

The Company has entered into a Joint Venture Agreement with Novatex Limited, for collaboration to develop a 330 MW mine mouth coal-fired power generation plant located at Thar, Sindh. This power plant will be based on lignite coal extracted from the mine operated by Sind Engro Coal Mining Company (SECMC).

The Company through its wholly owned subsidiary, Thal Power (Private) Limited has incorporated a JV project company, i.e., ThalNova Power Thar Private Limited ("ThalNova"), to develop the project.

ThalNova has obtained the Letter of Intent (LOI) and the Letter of Support (LOS) from the Private Power Infrastructure Board (PPIB). National Electric Power Regulatory Authority (NEPRA) has issued the Generation License and awarded the Upfront Tariff on Thar coal to the project company. ThalNova has also been issued a No Objection Certificate (NOC) by the Sindh Environmental Protection Agency (SEPA). China Machinery & Engineering Corporation has been appointed as the EPC Contractor. ThalNova has entered into Coal Supply Agreement (CSA) with SECMC to supply 1.9 million tons per annum lignite. It has also entered into a Power Purchase Agreement (PPA) with the Central Power Purchase Agency (Guarantee) Ltd.

Whilst the project has sound fundamentals being based on indigenous resources and enjoys good support and encouragement from the respective governments, it also presents significant challenges in achieving timely financial close. ThalNova is actively engaged in concluding all project agreements and securing financial close for the project.



SUBSIDIARIES

Thal Boshoku Pakistan (Private) Limited

During the year 2016-17, the sales revenue for the Company remained below plan due to less off take by customers. The Company however continued to follow a prudent liquidity management system and through good financial management, effective cost control, better recoveries and efficient inventory management conducted its business without utilization of bank borrowing.

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

Outlook for the future of the Company looks encouraging as auto industry expects to grow, especially with announcement of new entrants under the current Auto Policy. While consolidating operations, the Company is also taking steps towards increasing its product offering by adding more part localization projects. Thal Limited holds 55% of the shareholding in Thal Boshuko Pakistan (Pvt) Ltd while 35% is held by Toyota Boshoku Corporation Japan and a further 10% shares are held by Toyota Tsusho Corporation Japan.

Makro-Habib Pakistan Limited

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

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

The matter was last fixed for hearing on October 13, 2016 in which the constitution of a different bench from the previous one was discussed and the matter was referred to the Chief Justice of Pakistan Supreme Court for reconstitution of a fresh bench, if required. No hearing has been fixed since then. The Company is a wholly owned subsidiary of Thal Limited.

Habib METRO Pakistan (Private) Limited

The main business of Habib METRO Pakistan (Private) Limited (HMPL) is to own and manage retail store properties and accordingly, over 90% of the revenue is generated from rental income. Thal Limited holds 60% shareholding in the subsidiary while 40% is held by Metro Cash and Carry Pakistan (Private) Limited. The company is exploring various business opportunities to complement the cash & carry retail rental business and to enhance enterprise value from its store locations.

In 2016-17, HMPL approved interim dividends for payment to Thal Limited amounting to a total of Rs. 220 million.

Noble Computer Services (Private) Limited

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

Pakistan Industrial Aids (Private) Limited

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

A-One Enterprises (Private) Limited

A-One Enterprises Private Limited is a fully owned subsidiary of Thal Limited. During the year under review, the Company had disposed of its Multan Road property to Lahore Development Authority (LDA) against which due compensation has been received.

Human Resources

At Thal Limited we believe that our continued success can be attributed to the single-most important determinant – our people. We believe our employees remain our enduring advantage and whilst we believe that our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence is what drives our success, after a thorough analysis we identified critical aspects around human capital management that can enhance our HR competitiveness. These included key focus areas for the year 2016-17 including talent management, learning & development; succession planning, and launch of our first Management Trainee Program across the group.

To meet employee and organizational needs, we have developed a long-term strategy to increase our bench strength whilst developing a well-rounded standardized talent development framework, comprising of various training interventions necessary to guide and equip our employees to realize their full potential. Through the year, we continued to provide opportunities for acquisition of knowledge for technical and managerial skills through various classroom and on the job learning exercises.

Moreover, to support the Company's objective of acquiring the best talent, our recruitment system deploys variety of online talent assessment methods. We deploy one of the world's leading accurate leadership, intelligence, cognitive ability and behavioral assessment systems. The Management Drive culminated towards the end of the year 2016-17 reaching out to over 1500 students across 9 academic institutions of Pakistan. The finalists were taken through a rigorous round of screening with 15 candidates hired as part of this year's pool of new recruits.

Health, Safety & Environment (HSE)

Across all our business segments, we want a working environment in which safety is deeply embedded in our operations and business culture. Our goal is to prevent all accidents and ensure that Thal Limited is a safe place to work. Throughout the year the businesses undertook significant initiatives to incorporate a strong consideration for the safety of our people, plants and the planet at large and consequently the Total Recordable Injury Rate was significantly lower than the previous years whilst our Lost Time Injuries (LTI) reduced by 95% in the same period.

Moreover, we maintained our focus on safety management systems keeping in view international best practices including Occupational Safety and Health Administration (OSHAS) and DuPont Workplace Safety Standards amongst others. This was recognized by Employers Federation of Pakistan, who awarded Thal Engineering the 1st prize on 'Best Practices award for OSH&E 2016' in the Processed & Allied sectors.

We are also cognizant of our responsibility to the planet both as a socially caring organization and as an entity that is signatory to the United National Global Compact. This year was a first for us as we instituted the baseline assessment of Carbon Footprint at Thal Engineering, using the GHG Corporate Protocol of World Resource Institute. Consequently, for the year 2014-15 through stewardship efforts we were able to reduce our carbon footprint by 1% with a stretch target of 5% identified for the year 2016-17.

Corporate Social Responsibility

As part of our continuing commitment towards improving the life of our stakeholders, our communities and the underprivileged sections of the society, we contributed approximately PKR 61.1 million under our social investments commitments in 2016-17, as compared to PKR 33.5 million in 2015-16. These programs, which span across all our business segments are primarily focused in the broad areas of education, health, employee welfare, community development, environment and disaster relief.

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

We truly believe that access to quality primary and secondary healthcare is a basic right of every individual. Cognizant of this responsibility to our communities throughout the year, we endeavored to support leading healthcare institutions through direct monetary support – this included contribution to Indus Hospital, Huseini Hematology & Ecology Trust, Masoomeen Hospital, Child Aid Association, Mohammadi Blood Bank, SIUT, Fatimid Foundation, Marie Adelaide Leprosy Centre, HOPE and Madawa Welfare Society amongst others.

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

Further details of CSR are appended ahead in this report.

Statement of Charity

(Rupees in 000’)		
	June 2017	June 2016
Welfare	20,882	12,331
Health	30,540	8,368
Education	9,418	12,572
Others	301	250
Grand Total	61,141	33,521

Information Technology (IT)

In the wake of systems becoming highly connected with outside world and the rise of the cloud, networks have become exposed to multiple vulnerabilities. Thal Limited Businesses and IT department recognized the growing need to enhance Information Security. The IT team of Thal Limited in order to guard network against cybercrimes realized the need to conduct network penetration test and deployment of intrusion detection and prevention system. Latest Firewalls, anti-malware, and anti-spyware software were deployed to monitor incoming internet traffic for unwanted traffic or malware like spyware, adware, or Trojans. Aside from this, in order to create secure communication channels TCP/IP protocols and encryption protocols like a Secure Sockets Layer (SSL), or a Transport Layer Security (TLS) were also deployed on required servers.

Company also recognized the need to conduct independent IT Audit by leading IT Audit firm in order to evaluate controls related to IT. Due to ever-increasing dependency on IT infrastructure and Business Applications, it was recognized internally that there was an increase in information technology risks, which include security threats, regulatory and governance compliance. Scope of work was not limited to audit only but also comprised documentation of policies and procedures, network security review and SAP segregation of duties review.

Related Party Transactions

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

Internal Financial Controls

The Company and its subsidiaries have deployed an effective system of Internal Financial Control in order to safeguard its assets and ensure the accuracy and reliability of its records. Senior management reviews financial performance of the Company and its subsidiaries through detailed monthly financial reports and analysis while the Board also carries out its own review at each quarter and probes into any variation versus expectation. Detailed examinations are also carried out by the internal audit function which reviews adherence to internal control processes as well as laid out procedures and report its findings to the Board Audit Committee.

Forward-looking Statement

Given the prevailing economic and business environment, manufacturing sector is faced with numerous challenges. However, despite uncertainties, there are some promising developments that should fuel economic growth and create conducive business opportunities in the country.

To gear up for these opportunities, Thal Limited is constantly striving to position itself to reap benefits and grow in the years to come. The Company is diversified into various product manufacturing secors having their own dependencies on different market segments.

The largest business segment of the Company is its Engineering segment. Under the current Auto Investment Policy, several new OEM entrants have announced their investment plans in Pakistan. While in the medium term, the auto vendor industry will remain pressured as the new entrants are not required to localize, in the long term, the Segment remains well-poised to enhance its market share.

Besides the Engineering Segment, its Building & Allied Products Segment plays a significant role in the growth of the Company. The jute business of the Segment is faced with shrinking market share owing to higher demand of low cost polypropylene bags. However, the coming year looks promising for the business as a bumper crop of raw jute is expected both in Bangladesh and India. The Segment’s other business is its papersack business which is expected to grow with the growth in the cement industry. In addition to its organic growth, the business is gearing up to increase its production capabilities by undertaking sizable investment in plant & machinery. The third business in the Segment is its laminates business involved in the production of laminated boards and the prestigious brand “FORMITE”. As the construction industry in the country is expected to grow, the business is expected to improve its growth momentum, especially for its corporate clients.

The Company sees huge potential in the power sector, especially with the launch of China-Pakistan Economic Corridor (CPEC). To exploit this opportunity, it is engaged in developing Pakistan’s first open pit coal mining project at Thar by acquiring shareholding in Sindh Engro Coal Mining Company (SECMC). To further explore investment in the power sector, the Company has executed a joint venture agreement with M/S Novatex Limited to develop 330 MW

coal-fired power generation plant at Thar, Sindh, to carry out preliminary development works.

Risks and Uncertainties facing the Company

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

The Company has enumerated these risks as:

- 1. Strategic Risk
- 2. Financial Risk
 - a. Foreign Currency Risk
 - b. Credit Risk
 - c. Interest Rate Risk
- 3. Internal Control Risk
- 4. Operational / Commercial Risk
 - a. Competitors Risk / Technological & Innovation Risk
 - b. Regulatory Risk
- 5. Health Safety and Environment

Mitigating strategies are in place in respect of these risks.

Contribution to National Exchequer

During the year 2016-17, the Company contributed a sum of Rs. 4.75 billion (2015-16, Rs. 4.22 billion) towards the National Exchequer by way of taxation (including super tax), custom duties, levies, excise duty and WWF.

Auditors

The current auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible offered themselves for re-appointment as auditors for the year 2017-18. Their reappointment has also been recommended by the Board Audit Committee.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2017 is attached to this report.

Reconstitution of the Board of Directors and its Committee

Subsequent to the year end, Mr Asif Rizvi retired as Director and Chief Executive of the Company. Mr Mazhar Valjee has been appointed as Director and Chief Executive in his place.

As a consequence of Mr Asif Rizvi’s retirement, the Board HR Committee has also been reconstituted subsequent to the year end, with Mr Mazhar Valjee being appointed against the vacancy created. The Board appreciated the contribution made by Mr Asif Rizvi during his association with the Company.

Directors training program

Mr. Rafiq M. Habib, Mr. Ali S. Habib, Mr. Asif Qadir, Mr. Salman Burney and Mr. Mazhar Valjee are exempted from the Directors Training Program as each has over 15 years of experience in serving on the Boards. Mr Sohail P. Ahmed and Mr Mohamedali R. Habib have successfully completed the director’s certification from PICG.

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

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

- 6. The system of internal control is sound in design and has been effectively implemented and monitored.
- 7. All members of the Audit Committee are independent/non-executive Directors.
- 8. There are no significant doubts upon the Company’s ability to continue as a going concern.
- 9. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 10. The value of investment of provident fund and retirement fund stands at Rs. 596 million and Rs. 60 million respectively as at June 30, 2016.
- 11. The key operating & finance data for the last 6 years are annexed to the report.

The names of the Board members during the year are as below along with their respective attendance during the 7 convened Board meetings that were held during the year:

Sr. No.	Names of Directors	Meeting Attended
01	Mr. Rafiq M. Habib (Chairman)	5/7
02	Mr. Sohail P. Ahmed	7/7
03	Mr. Asif Rizvi (Resigned July 17, 2017)	7/7
04	Mr. Ali S. Habib	7/7
05	Mr. Mohamedali R. Habib	3/7
06	Mr. Asif Qadir	4/7
07	Mr. Salman Burney	7/7
08	Mr. Mazhar Valjee (Appointed July 28, 2017)	

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

Sr. No.	Names of Directors	Meeting Attended
01	Mr. Asif Qadir (Chairman)	3/4
02	Mr. Mohamedali R. Habib	4/4
03	Mr. Sohail P. Ahmed	3/4
04	Mr. Salman Burney	4/4

- (ii) During the year Human Resources & Remuneration Committee met 3 times and the attendance of the Directors was as follows:

Sr. No.	Names of Directors	Meeting Attended
01	Mr. Salman Burney	3/3
02	Mr. Ali S. Habib	3/3
03	Mr. Asif Rizvi (Resigned July 17, 2017)	2/3
04	Mr. Mazhar Valjee (Appointed August 29, 2017)	-

Dividend and Appropriations

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

- Final cash Dividend declared of Rs. 16/- per share, i.e., 320% in addition to interim dividends of Rs 3.75 per share, i.e., 75% thus amounting to a total dividend of Rs 19.75 per share i.e. 395%.
- Recommends appropriating a sum of Rs 2,366 million from un-appropriated profits to General Reserve.

Acknowledgement

On behalf of the Board of Directors and the management, I wish to express sincere gratitude to our shareholders, customers, dealers and business partners for their continuing patronage and trust. I want to extend special thanks to our JVA partner, Toyota Boshoku Corporation and Toyota Tsusho Corporation of Japan and our TAA partners, Denso Corporation and Furukawa Electric Company of Japan for their strong support and assistance. I would also like to thank all regulatory authorities for their guidance and support. Last but not least, the Board of Directors extends its sincere appreciation to its entire staff members for their significant contribution to the growth of our company under challenging business conditions.


Mazhar Valjee
Chief Executive Officer


Salman Burney
Director

Karachi.
Dated: August 29, 2017.

STATEMENT OF VALUE ADDITION

WEALTH GENERATED

Gross Revenue
Other Income

Bought in Material, Services and Other Expenses

WEALTH DISTRIBUTED

Employees
Salaries, Wages & Other Benefits and WPPF

Society
Donations towards Education, Health and Environment

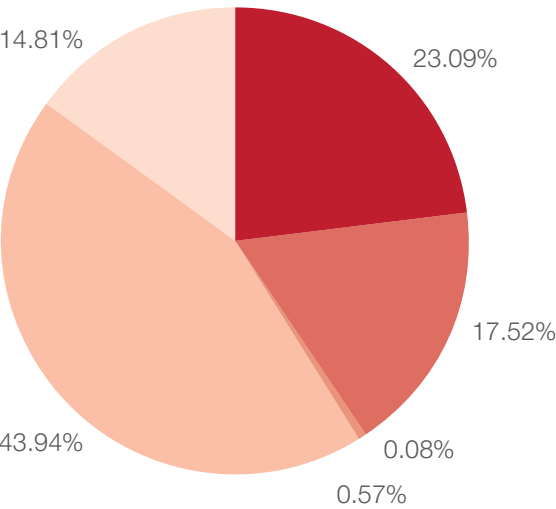
Providers of Finance
Finance Costs

Government
Contribution to National Exchequer

Shareholders
Dividend
Retained within the Business for Future Growth

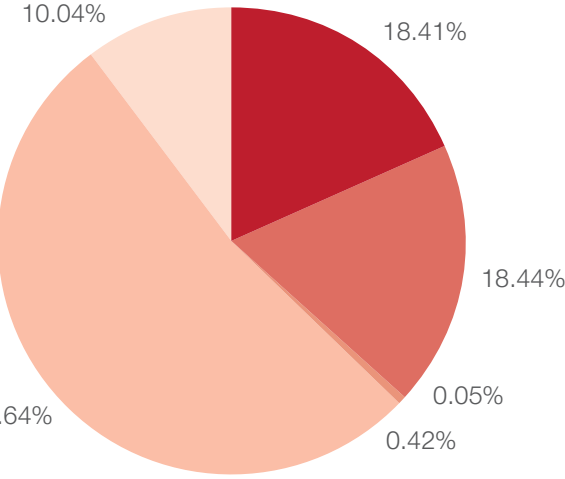
2017		2016	
Rs. 000	%	Rs. 000	%
19,688,530	86.41%	17,639,235	93.79%
3,095,347	13.59%	1,167,489	6.21%
22,783,877	100.00%	18,806,724	100.00%
11,979,614	52.58%	10,739,377	57.10%
10,804,263	47.42%	8,067,347	42.90%
Rs. 000	%	Rs. 000	%
1,892,433	17.52%	1,487,753	18.44%
61,141	0.57%	33,521	0.42%
8,511	0.08%	3,820	0.05%
4,747,173	43.94%	4,246,844	52.64%
1,600,341	14.81%	810,300	10.04%
2,494,664	23.09%	1,485,109	18.41%
10,804,263		8,067,347	-

Wealth Distribution - 2017



Employees Society Providers of Finance
Government Shareholders Profit Retained

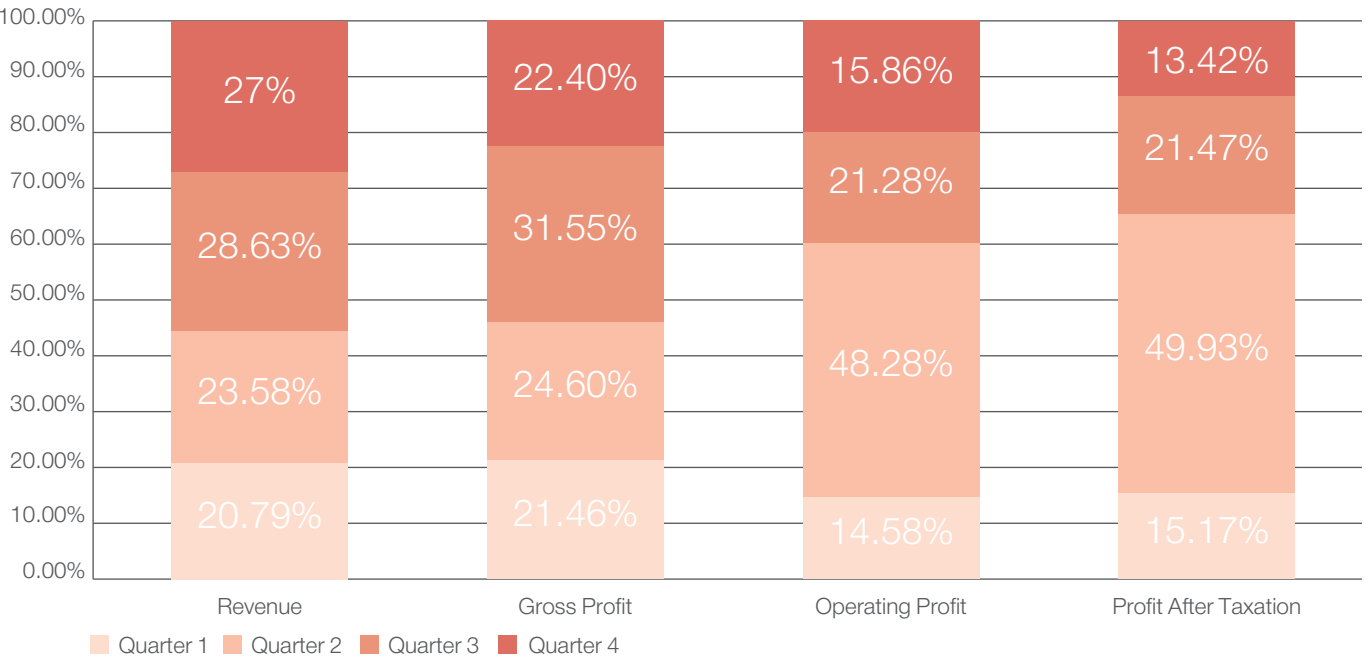
Wealth Distribution - 2016



QUARTERLY ANALYSIS

Variance Analysis of Results Reported in Interim Reports with Annual Financial Statements

	Quarter ended Sep 30, 2016		Quarter ended Dec 31, 2016		Quarter ended Mar 31, 2017		Quarter ended Jun 30, 2017	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Revenue - net	3,559,943		4,038,290		4,902,627		4,623,513	
Gross Profit	779,522	21.9%	893,649	22.1%	1,146,122	23.4%	813,732	17.6%
Operating Profit	795,346	22.3%	2,633,910	65.2%	1,160,737	23.7%	865,513	18.7%
Profit After Taxation	602,316	16.9%	1,980,181	49.0%	851,488	17.4%	532,299	11.5%
Earnings Per Share (Rs.)	7.43		24.44		10.51		6.57	



Revenue:

Owing to market demand and cyclical nature of the business, revenue continued to be on the higher side and grew each quarter except quarter 4. It showed an average increase of Rs. 354.5 million, 10% each quarter.

Gross Profit (GP):

Gross profit increased during the year with a dip in the fourth quarter. It ranged from 17.6% to 23.4%, mainly due to sales volume of the Engineering segment.

Operating Profit (OP):

Operating profit increased significantly in the second quarter due to exercise of put option on shares of MHCCP, resulting in a total gain of Rs. 1.836 billion. The proceeds from the disposal were invested in TDRs, T-Bills and Mutual Fund Units which resulted in higher operating profits in both the third and the fourth quarter.

Profit After Taxation (PAT):

Profit after tax in the fourth quarter was lower than that of the other three quarters due to fall in operating profit.

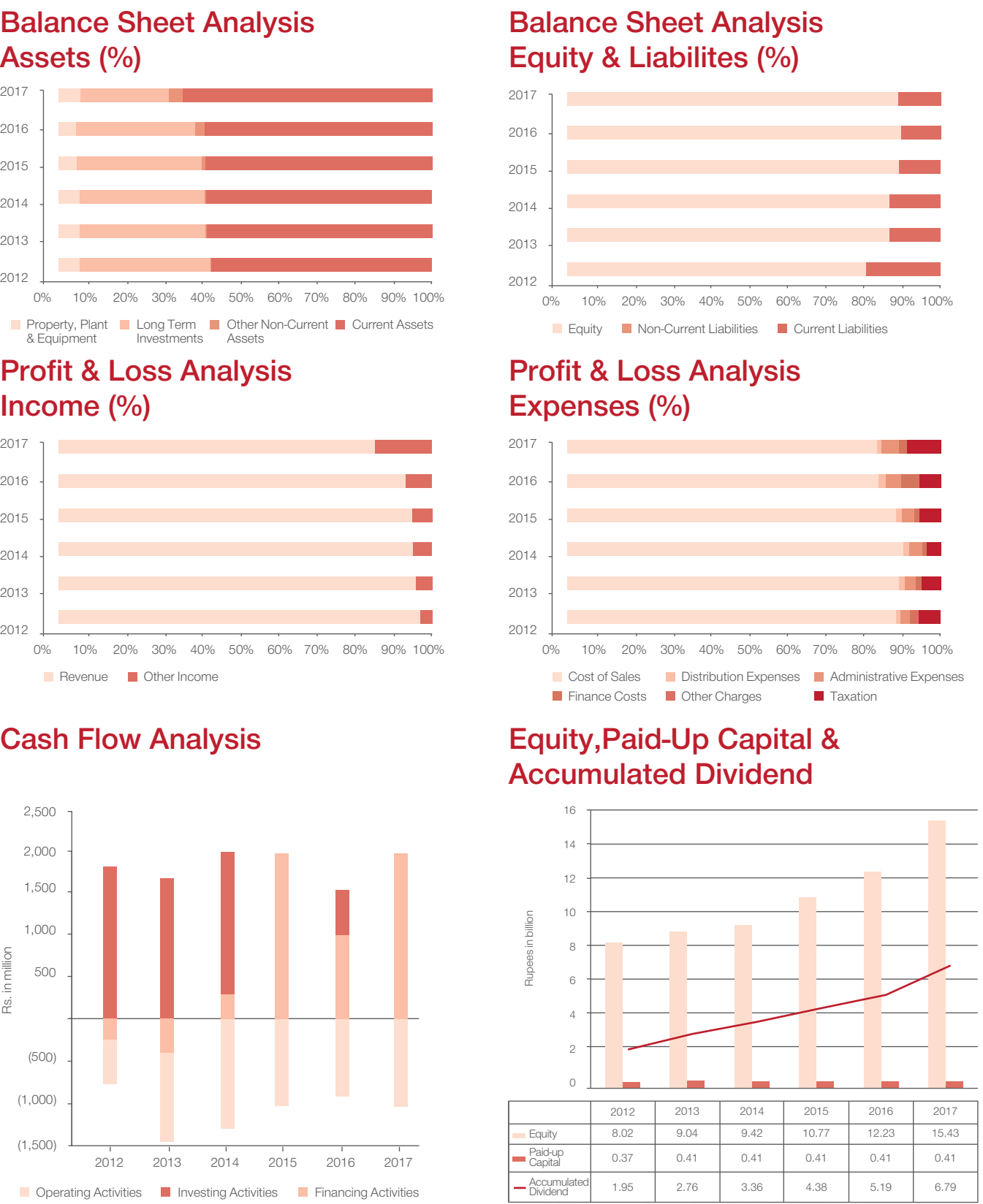
FINANCIAL PERFORMANCE

SIX YEARS AT A GLANCE

	2017	2016	2015	2014	2013	2012
Summary of Balance Sheet						
Property, Plant and Equipment	1,019	651	599	609	612	591
Intangible Assets	10	9	8	-	-	-
Investment Property	1	1	1	1	1	1
Long Term Investments	4,144	4,342	4,065	3,654	3,521	3,502
Long Term Loans	411	60	5	5	4	-
Long Term Deposits	14	8	8	6	6	6
Long Term Prepayments	-	-	-	4	8	11
Deferred Tax Asset	187	298	84	46	22	-
Net Current Assets	9,649	6,860	6,003	5,096	4,867	3,916
	15,435	12,229	10,774	9,421	9,042	8,027
Non-Current Liabilities						
Long Term Deposits	2	2	2	2	-	-
Long Term Loans	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	3
	2	2	2	2	-	3
Net Assets Employed						
	15,433	12,227	10,772	9,419	9,042	8,024
Financed by						
Issued , Subscribed and Paid-up Capital	405	405	405	405	405	368
Reserves	15,028	11,822	10,367	9,014	8,637	7,656
Shareholders' Equity						
	15,433	12,227	10,772	9,419	9,042	8,024
Summary of Profit & Loss						
Sales	17,124	15,266	15,549	11,626	12,766	13,679
Gross Profit	3,633	3,369	2,944	1,810	2,341	2,686
Profit Before Taxation	5,447	2,979	2,945	1,776	2,227	2,396
Profit After Taxation	3,966	2,179	2,149	1,361	1,624	1,657
Summary of Cash Flows						
Cash Flows from Operating Activities	1,664	759	1,951	220	1,270	1,379
Cash Flows from Investing Activities	66	398	303	1,387	(308)	(185)
Cash Flows from Financing Activities	(802)	(705)	(793)	(998)	(1,059)	(407)
Cash and Cash Equivalents at Year End	4,970	4,043	3,591	2,129	1,520	1,617

GRAPHICAL PRESENTATION

SIX YEARS AT A GLANCE



HORIZONTAL ANALYSIS

	2017		2016		2015		2014		2013		2012	
	Rs in million	17 Vs. 16 %	Rs in million	16 Vs. 15 %	Rs in million	15 Vs. 14 %	Rs in million	14 Vs. 13 %	Rs in million	13 Vs. 12 %	Rs in million	12 Vs. 11 %
BALANCE SHEET												
EQUITY AND LIABILITIES												
Equity	15,433	26.2%	12,228	13.5%	10,772	14.4%	9,419	4.2%	9,042	12.7%	8,024	21.3%
Non-Current Liabilities	2.00	0.0%	2.00	0.0%	2	0.0%	2	0.0%	-	-100.0%	3	-99.4%
Current Liabilities	1,992	36.8%	1,456	7.4%	1,356	-8.9%	1,489	2.7%	1,450	-27.5%	2,000	10.2%
Total Equity & Liabilities	17,427	27.3%	13,686	12.8%	12,130	11.2%	10,910	4.0%	10,492	4.6%	10,027	12.1%
	-		-		-		-		-		-	
ASSETS												
Non-Current Assets	5,786	7.8%	5,370	12.5%	4,771	10.3%	4,326	3.6%	4,175	1.5%	4,111	1.0%
Current Assets	11,641	40.0%	8,316	13.0%	7,359	11.8%	6,584	4.2%	6,317	6.8%	5,916	21.4%
Total Assets	17,427	27.3%	13,686	12.8%	12,130	11.2%	10,910	4.0%	10,492	4.6%	10,027	12.1%
	-		-		-		-		-		-	
PROFIT AND LOSS ACCOUNT												
Turnover - net	17,124	12.2%	15,266	-1.8%	15,549	33.7%	11,626	-8.9%	12,766	-6.7%	13,679	19.1%
Cost of Sales	13,491	13.4%	11,897	-5.6%	12,605	28.4%	9,816	-5.8%	10,425	-5.2%	10,993	16.3%
Gross Profit	3,633	7.8%	3,369	14.4%	2,944	62.7%	1,810	-22.7%	2,341	-12.8%	2,686	32.0%
Distribution Costs	186	-25.4%	249	25.6%	199	25.6%	158	-10.2%	176	50.0%	117	10.4%
Administrative Expenses	742	29.5%	573	20.3%	476	29.4%	368	7.8%	341	0.1%	341	24.3%
Other Income	(3,096)	165.1%	(1,168)	30.1%	(898)	43.7%	(625)	6.3%	(588)	29.3%	(455)	93.8%
Other Charges	345	-52.9%	732	236.7%	217	69.8%	128	-25.9%	173	3.1%	167	39.1%
Operating Profit	5,456	82.9%	2,983	1.1%	2,950	65.6%	1,781	-20.5%	2,239	-11.0%	2,515	42.1%
Finance Costs	9	135.6%	4	-19.6%	5	3.0%	5	-63.3%	13	-89.4%	119	-19.6%
Profit Before Taxation	5,447	82.8%	2,979	1.2%	2,945	65.8%	1,776	-20.2%	2,226	-7.1%	2,396	47.8%
Taxation	1,481	85.1%	800	0.5%	796	92.1%	414	-31.2%	602	-18.5%	739	39.1%
Profit After Taxation	3,966	82.0%	2,179	1.4%	2,149	57.8%	1,362	-16.1%	1,624	-2.0%	1,657	52.0%

VERTICAL ANALYSIS

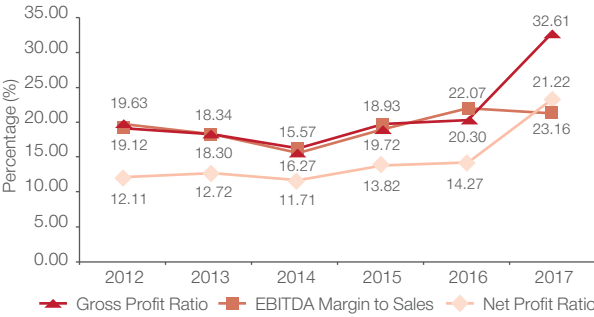
	2017		2016		2015		2014		2013		2012	
	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
BALANCE SHEET												
EQUITY AND LIABILITIES												
Equity	15,433	88.6%	12,228	89.3%	10,772	88.8%	9,419	86.3%	9,042	86.2%	8,024	80.0%
Non-Current Liabilities	2	0.0%	2	0.0%	2	0.0%	2	0.0%	-	0.0%	3	0.0%
Current Liabilities	1,992	11.4%	1,456	10.6%	1,356	11.2%	1,487	13.6%	1,450	13.8%	2,000	19.9%
Total Equity & Liabilities	17,427	100.0%	13,686	100.0%	12,130	100.0%	10,908	100.0%	10,492	100.0%	10,027	100.0%
	-		-		-		-		-		-	
ASSETS												
Non-Current Assets	5,786	33.2%	5,370	39.2%	4,771	39.3%	4,324	39.6%	4,175	39.8%	4,111	41.0%
Current Assets	11,641	66.8%	8,316	60.8%	7,359	60.7%	6,584	60.4%	6,317	60.2%	5,916	59.0%
Total Assets	17,427	100.0%	13,686	100.0%	12,130	100.0%	10,908	100.0%	10,492	100.0%	10,027	100.0%
	-		-		-		-		-		-	
PROFIT AND LOSS ACCOUNT												
Turnover - net	17,124	100.0%	15,266	100.0%	15,549	100.0%	11,626	100.0%	12,766	100.0%	13,679	100.0%
Cost of Sales	13,491	78.8%	11,897	77.9%	12,605	81.1%	9,816	84.4%	10,425	81.7%	10,993	80.4%
Gross Profit	3,633	21.2%	3,369	22.1%	2,944	18.9%	1,810	15.6%	2,341	18.3%	2,686	19.6%
Distribution Costs	186	1.1%	249	1.6%	199	1.3%	158	1.4%	176	1.4%	117	0.9%
Administrative Expenses	742	4.3%	573	3.8%	476	3.1%	368	3.2%	341	2.7%	341	2.5%
Other Income	(3,096)	-18.1%	(1,167)	-7.6%	(898)	-5.8%	(625)	-5.4%	(588)	-4.6%	(455)	-3.3%
Other Charges	345	2.0%	732	4.8%	217	1.4%	128	1.1%	173	1.4%	167	1.2%
Operating Profit	5,456	31.9%	2,983	19.5%	2,950	19.0%	1,780	15.3%	2,239	17.5%	2,515	18.4%
Finance Costs	9	0.1%	4	0.0%	5	0.0%	5	0.0%	13	0.1%	119	0.9%
Profit Before Taxation	5,447	31.8%	2,979	19.5%	2,945	18.9%	1,776	15.3%	2,227	17.4%	2,396	17.5%
Taxation	1,481	8.6%	800	5.2%	796	5.1%	414	3.6%	602	4.7%	739	5.4%
Profit After Taxation	3,966	23.2%	2,179	14.3%	2,149	13.8%	1,361	11.7%	1,624	12.7%	1,657	12.1%

SIX YEARS' RATIO ANALYSIS

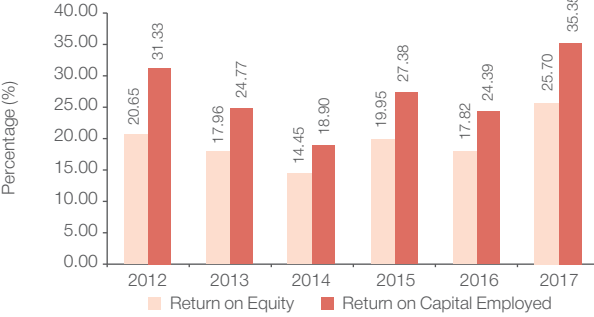
		2017	2016	2015	2014	2013	2012
Profitability Ratios							
Gross Profit	%	21.22	22.07	18.93	15.57	18.34	19.63
EBITDA Margin to Sales	%	32.61	20.30	19.72	16.27	18.30	19.12
Net Profit Margin	%	23.16	14.27	13.82	11.71	12.72	12.11
Return on Equity	%	25.70	17.82	19.95	14.45	17.96	20.65
Return on Capital Employed	%	35.35	24.39	27.38	18.90	24.77	31.33
Operating Leverage Ratio	%	6.59	(0.60)	1.84	2.13	1.60	2.08
Liquidity Ratios							
Current Ratio	times	5.84	5.71	5.43	4.43	4.36	2.96
Quick Ratio	times	4.33	3.75	3.67	2.29	2.61	1.46
Cash to Current Liabilities	times	2.49	2.78	2.65	1.43	1.05	0.81
Cash Flow from Operations to Sales	times	0.10	0.05	0.13	0.07	0.16	0.16
Activity/Turnover							
Inventory Turnover	times	4.75	4.70	4.68	3.54	3.89	3.86
Inventory Turnover	days	76.81	77.61	77.99	103.15	93.81	94.49
Inventory Turnover - Finished Goods	times	27.89	33.36	35.54	30.42	36.13	31.37
Inventory Turnover - Finished Goods	days	13.09	10.94	10.27	12.00	10.10	11.64
Inventory Turnover - Raw Material	times	5.27	5.29	4.86	3.64	3.85	4.12
Inventory Turnover - Raw Material	days	69.23	68.96	75.07	100.31	94.73	88.51
Debtors Turnover	times	19.25	16.62	17.85	14.03	15.67	21.62
Average Collection Period	days	18.96	21.96	20.45	26.02	23.30	16.89
Creditors Turnover	times	50.12	49.29	38.15	31.60	25.35	31.14
Payable Turnover	days	7.43	7.53	8.93	12.24	14.13	11.51
Operating Cycle	days	88.34	92.04	89.50	116.92	102.97	99.86
Total Assets Turnover	times	0.98	1.12	1.28	1.07	1.22	1.36
Fixed Assets Turnover	times	16.64	23.12	25.60	19.10	20.84	23.16
Investment/Market Ratios							
Earnings Per Share	Rs.	48.95	26.89	26.52	16.80	20.05	20.44
Price Earnings Ratio	times	12.38	10.53	10.76	12.34	6.36	4.14
Cash Dividend Per Share	Rs.	19.75	10.00	12.50	7.50	10.00	7.00
Bonus Shares	%	-	-	-	-	-	10.00
Bonus Shares	Rs.	-	-	-	-	-	0.50
Dividend Yield	%	3.26	3.53	4.38	3.62	7.84	7.53
Dividend Payout	%	40.35	37.19	47.13	44.64	49.89	36.68
Dividend Cover	times	2.48	2.69	2.12	2.24	2.00	2.92
Market Value Per Share - June 30	Rs.	606.03	283.02	285.43	207.39	127.49	93.00
Market Value Per Share - High	Rs	697.12	321.99	329.62	218.00	141.01	108.00
Market Value Per Share - Low	Rs	317.81	230.98	187.33	107.15	92.01	75.25
Market Capitalization	Rs. 000	49,106,556	22,933,085	23,128,367	16,804,793	10,330,503	6,850,711
Breakup Value - Net Assets Per Share		Rs.					
- Without Surplus on Revaluation on Fixed Assets		190.46	150.90	132.94	116.24	111.59	108.93
- Including Surplus on Revaluation on Fixed Assets							
Capital Structure Ratios			Not applicable				
Financial Leverage	%	12.92	11.92	12.61	15.81	16.04	24.96
Debt Equity Ratio	%	0.01	0.01	0.02	0.02	-	0.04
Interest Cover	times	640.99	780.85	621.18	386.13	178.11	21.16

GRAPHICAL PRESENTATION OF RATIOS

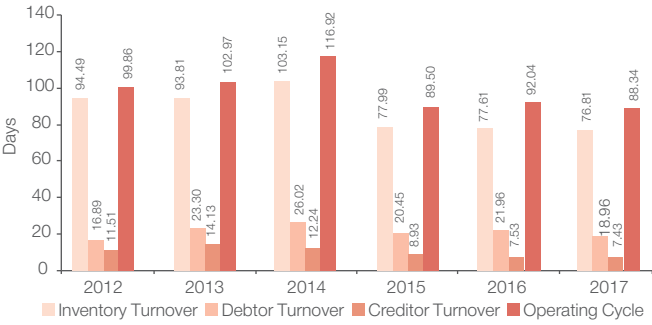
Profitability Ratios



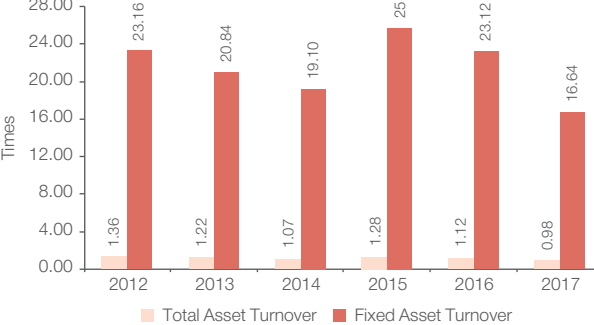
Profitability Ratios



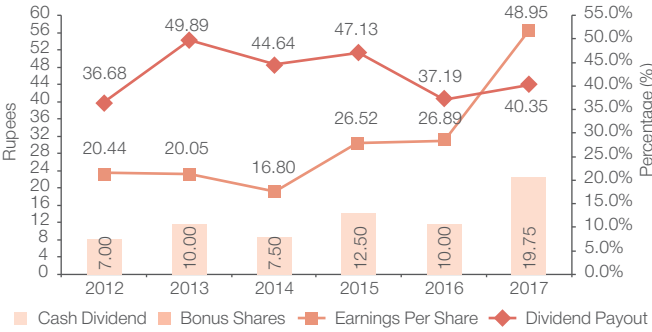
Acitivity / Turnover Ratios



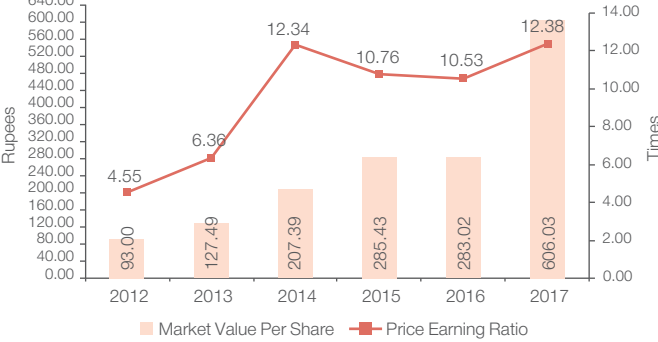
Acitivity / Turnover Ratios



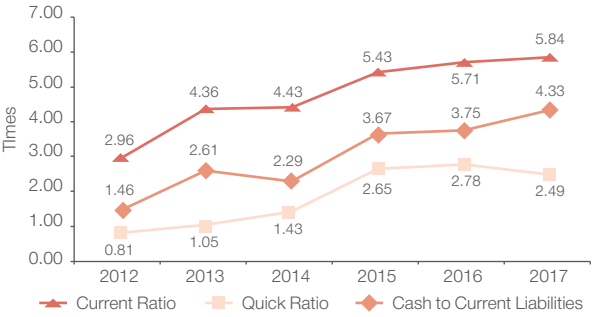
Investment / Market Ratios



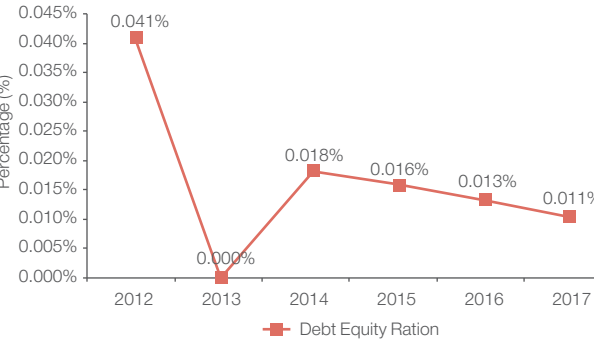
Investment / Market Ratios



Liquidity Ratios



Capital Structure Ratio



DUPONT ANALYSIS-2017 VS 2016

Return on Equity

2017	25.70%
2016	17.82%

Decreased due to increase in total asset on account of investment in SECMC, and loan to Thal Power (Private) Limited, additions to fixed assets and short-term investments made.

Asset Turnover

2017	0.98
2016	1.12

Interest/ Efficiency Burden

2017	99.84%
2016	99.87%

Decrease due to increase in finance cost.

Increased due to increase in assets.

Leverage Factor

2017	1.13
2016	1.12

EBIT Margin

2017	31.86%
2016	19.54%

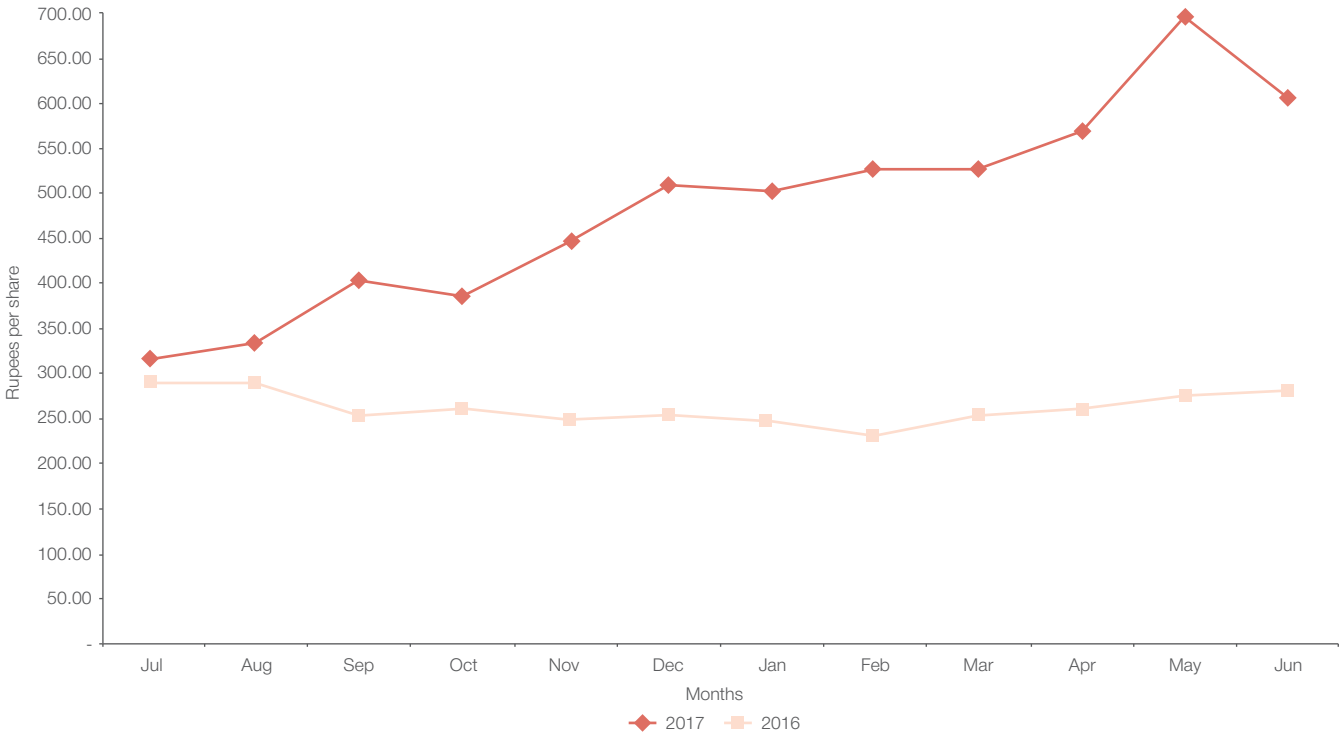
Increased due to higher other income on account of exercise of put option held in respect of investment in MHCCP.

Decreased due to higher tax.

Tax Efficiency/ Burden

2017	72.81%
2016	73.15%

AVERAGE MARKET PRICE PER SHARE



OUR APPROACH TO HEALTH, SAFETY & ENVIRONMENT:

A leading organization we are aware of our commitment to include a broader stakeholder community so we can establish a truly sustainable framework of doing business. We, as a company are passionate about ensuring that our policies & procedures remain eco-friendly and over the years we have demonstrated our focus on the environment by decreasing our environmental footprint. Just like we remain cognizant of our duty to the environment, we ensure that health and safety of all stakeholders that interact with our businesses remains a paramount consideration across the board.

The HSE benchmarks remains a key focus area of our strategic objectives every year and continue to be an integral part of the performance goals and metrics of all businesses and employees. Across the various business segments our goal is to prevent all fatalities and ensure that Thal Limited is a safe place to work. To this effect through the year 2016-17, the businesses undertook significant initiatives to incorporate a strong consideration for the safety of our people, plants and the planet at large and consequently the Total Recordable Injury Rate (TRIR) was considerably lower than previous years whilst our Lost Time Injuries (LTI) reduced by 95%.

Our outstanding performance in maintaining the highest health and safety measures, is a result of investing considerably in physical infrastructure, as well as creating an institutional architecture where health and safety are monitored at every level of the organizational hierarchy. Employees across all our manufacturing facilities are provided an outline of the process and operating procedures, with an emphasis on specific HSE hazards, emergency operations and safe work practices. The Occupational Health Program at Thal Engineering includes aspects of industrial hygiene and occupational health whereby all employees are trained and kept abreast of technological changes and safety-related aspects of their jobs through shared knowledge platforms. As part of deploying this shared knowledge platforms, during the year the culture of near-miss reporting was promoted aggressively across all business segments which resulted in a considerable 164% increase in near-miss reporting – up from 195 reports in 2015-16 to 515 in 2016-17. The Company also instituted various additional programs throughout the year which focused on safety related discussions in dedicated “safety sessions” and “safety circles”.

In a continued effort to maintain our focus on occupational safety, a Safety Week was also celebrated across all business segments. The Safety week comprised 6 days of rigorous and intense safety orientations and awareness initiatives and programs involving all level of employees.

Moreover, we maintained our focus on safety management systems keeping in view international best practices including Occupational Safety and Health Administration (OSHA) and DuPont Workplace Safety Standards amongst others. This was recognized by Employers Federation of Pakistan which awarded Thal Engineering the 1st prize on ‘Best Practices award for OSH&E 2016’ in the Processed & Allied sectors.

We are also cognizant of our responsibility to the planet both as a socially caring organization and as an entity that is signatory to the United National Global Compact. This year was a first for us as we instituted the baseline assessment of Carbon Footprint, using the GHG Corporate Protocol of World Resource Institute. Consequently, for the year 2014-15 through stewardship efforts we were able to reduce our carbon footprint by 1% with a stretch target of 5% identified for the year 2016-17. In an effort to recognize the efforts of the Company, Thal Limited was acknowledged by the – National Forum for Environment and Health (NFEH) – at the 14th Annual Environmental Excellence Award.



COLLABORATING FOR SOCIAL CHANGE

At Thal Limited besides ensuring the highest ethical standards in our business operations, we strive to create real value for our stake-holders by investing in sustainable initiatives that can impact lives and inspire change by achieving social and economic growth. Our business strategies are, therefore, fully aligned with our vision to serve all our stake-holders beyond their expectations by taking complete responsibility for the far-reaching impact of our business decisions – as well as total ownership for the welfare and growth of the communities that we engage with. Consequently, the Company focuses its main efforts in high-impact areas of education and health as core areas whilst also maintains emphasis on welfare of employees who are needy and require support in various causes.

To achieve our vision of inspiring social change and sustainable economic growth, we also build successful alliances with our stake-holders and forge strategic networks with development agencies to ensure that people living in marginalized communities are given easy access to improved basic amenities and a better livelihood. As part of our continuing commitment towards improving the life of our stakeholders, our communities and the underprivileged sections of the society, we contributed approximately PKR 61.1 million under our social investments commitments in 2016-17, as compared to PKR 33.5 million in 2015-16.

Living our purpose of enhancing the communities we operate in, Thal Limited collaborates with Habib University Foundation to provide better and richer experience of higher learning to the diverse communities in Karachi that primarily belong to the middle-income group. The Habib University has the distinction of being a world class institution with affiliation from Carnegie Mellon University & Texas A&M University (Qatar Campus). The endowment fund offered by the Company is used to offer scholarships and financial aid to a large number of deserving students. In addition, we also constantly endeavor to support other educational institutions and NGOs that continue to provide educational opportunities to the under-privileged. These organizations that are supported by the Company include ABSA, TCF, Kaghan School and others.

We truly believe that access to quality primary and secondary healthcare is a basic right of every individual. Cognizant of this responsibility to our communities throughout the year, we endeavored to support leading healthcare institutions through direct monetary support – this included contribution to Indus Hospital, Huseini Hematology & Ecology Trust, Masoomeen Hospital, Child Aid Association, Mohammadi Blood Bank, SIUT, Fatimid Foundation, Marie Adelaide Leprosy Centre, HOPE and Madawa Welfare Society amongst others.



APPROACH TO HUMAN RESOURCE MANAGEMENT

We believe that people make all the difference. We work in collaboration with our employees to ensure that we harness their skills and recognize their talents in order to maintain our competitive edge and continue our tradition of operational excellence.

Building on our commitment to establish a sustainable institutional mechanism to hire and retain people, Thal Limited was successful in achieving its goals with regards to its investments in human resources throughout 2016-17. Building on its strong human resource policies, our combined strength has increased rapidly matched by our commitment to ensure that we provide the best work environment to our employees. By the end of 2016-17, our workforce grew to almost 3,800 employees which were spread across our different businesses with 59 women and 3738 men.

In addition, during the year 2016-17 we recalibrated our Management Trainee Program to make it bigger, better and more dynamic in its offerings to students and allowing them to challenge their potential in an all-new recruitment process. By providing graduating students with an exhilarating route to enter our Management Trainee and Graduate Trainee Engineering programs, we aimed to find the best talent that would build the company-wide pipeline of emerging leaders and also be part of our enterprising organizational culture. The Management Drive culminated towards the end of the year 2016-17 reaching out to over 1500 students across 09 academic institutions of Pakistan. The finalists were taken through a rigorous round of screening with 14 candidates hired as part of this year's pool of new recruits.

Over the years, Thal has expanded into a conglomerate that has multiple subsidiaries producing various products and services; as a result, there has been a surge of number of professionals from diverse backgrounds and experience who work for us. However, in order to ensure that the employees continue to possess the requisite skills set, the Company continues to deploy a robust training and development framework. With the onslaught of more and more millennials joining the working ranks, a two day workshop on 'Collaborative Leadership' was arranged for the Executive Management Team of Thal Engineering in December 2017 which focused on managing the upcoming generation mix in the corporate world and its associated challenges. It enlightened the team about the changing standards of leadership based on collaboration, mutual growth and learning from individual's strengths. As part of our continuing effort to align ourselves with international best practices 10 internal auditors were also sent to International Automotive Task Force (IATF) Transition Training in May. This was a crucial training to understand the inherent differences in the new IATF16949 standards which consequently resulted in enhancing the competence level of the internal auditors. e Leprosy Centre, HOPE and Madawa Welfare Society amongst others.

Moreover, our focus on providing holistic training to all cadre of employees was evident through targeted programs and trainings such as the 'impressions management'; Toyota Production Systems (TPS) Certification; Management Development Program (MDP) by LUMS; Developing Future Leaders (DFL) by LUMS along with a customized "Customer Service Excellence" program which was a high-intensity workshop designed for frontline executives to train them in creating memorable customer service experiences. The training was organized by Pakistan Society of Training & Development and was conducted by Clifford Lucas. In addition, the Company organized various engagement activities through the year such as Orange Day, company-wide Cricket Tournament, QCC Convention amongst others.

Through the years we have worked to ensure that our hiring and selection processes provide equal opportunities and prevent discrimination, and we have assessed organizational processes and policies in order to remove barriers to attracting and retaining diverse employees. While diversity encompasses much more than just gender we have set targets to ensure that all our business segments take affirmative action to increase women in workforce to 9% across the board in the next 5 years.



FORCE FOR INTEGRITY

SHAREHOLDER INFORMATION



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-first Annual General Meeting of the Members of the Company will be held on Monday, October 09, 2017 at 09:30 AM at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Clifton, Karachi to transact the following business:

A. **ORDINARY BUSINESS**

- 1. To receive and adopt the Audited Accounts for the year ended June 30, 2017 together with the Reports of the Directors' and Auditors' Report and Chairman's review Report thereon.
- 2. To approve a final cash dividend of 320% (i.e. Rs. 16/- per share) for the year 2016-17 As recommended by the Board of Directors. This is in addition to the Interim Dividend of 75% i.e. Rs 3.75 per share already paid. The total dividend for 2016-17 will thus amount to 395% i.e. Rs 19.75 per share.
- 3. To appoint Auditors for the year 2017-18 and to fix their remuneration. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for reappointment.

B. **SPECIAL BUSINESS**

- 4. To consider and if thought fit to increase the authorised share capital of the Company to Rs. 1,000 million by the creation of 100,000,000 ordinary shares of Rs. 5 each as and by way of an Ordinary Resolution and to accordingly amend as and by way of a Special Resolution, Clause IV of the Memorandum of Association of the Company, and to pass the following resolution:

RESOLVED as and by way of Special Resolution THAT Clause IV of the Memorandum of Association of the Company be and is hereby amended to read as follows:

“IV. The authorised capital of the Company is Rs. 1,000,000,000 (Rupees One billion) divided into 200,000,000 ordinary shares of Rs. 5 each.”

RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorised by and on behalf of the Company to singly complete all requisite legal formalities and to take all steps necessary or incidental for the purpose of increasing the authorized capital of the Company.

- 5. To amend the Article 76 of Articles of Association of the Company and for this purpose to pass the following resolution as a Special Resolution:

RESOLVED as and by way of a Special Resolution THAT the Articles of Association of the Company be altered by substituting for Article 76, the following new Article 76:

76. The qualification of a Director shall be the holding of shares in the Company of the nominal value of Rs. 5,000 at least in his own name but a Director representing an interest of a Member or Members holding shares of the nominal value of Rs. 5,000 or more shall require no share qualification. A Director shall not be qualified as representing the interests of a Member or Members holding shares of the requisite value unless he is appointed as such representative by the Member or Members concerned by notice in writing addressed to the Company specifying the shares of the requisite value appropriated for qualifying such Director. Shares thus appropriated for qualifying a Director shall not, while he continues to be such representative, be appropriated for qualifying any other Director.

- 6. To consider and if thought fit, to increase investment in the associated Company Thal Boshoku Pakistan (Private) Limited by subscribing upto 27,500,000 ordinary shares of Rs. 10 each in the proposed right issue of 50,000,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited, whereupon the Company shall increase its investment to Rs. 379,500,000

RESOLVED as and by way of Special Resolution THAT the Company do make a further investment in its associated company Thal Boshoku Pakistan (Private) Limited by subscribing to the Company's proportionate share of the proposed rights issue of 50,000,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited, that is, an investment of upto Rs. 275,000,000/- (Rupees Two hundred and seventy five million only) for 27,500,000 ordinary shares of Rs. 10 each, thereby continuing to maintain the Company's current shareholding of 55% in the share capital of Thal Boshoku Pakistan (Private) Limited, all on such terms and subject to such conditions as may be determined by the Board of Directors of the Company or by such person or persons as may be authorised by the Board of Directors of the Company, with each such person as may be authorised by the Board of Directors of the Company being authorised to do all such acts deeds and things and to execute and deliver all such documents, agreements declarations undertakings for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with the investment aforesaid, including without limiting the generality of the foregoing the preparation, finalization, execution and delivery of all agreements, deeds and other undertakings.

Karachi.
Dated: August 29, 2017

By Order of the Board



Umair Riaz Siddiqi
Company Secretary

NOTES:

- (i) A statement under Section 134(3) of the Companies Act 2017 stating material facts regarding the special business to be transacted is annexed to this Notice.
- (ii) The Share Transfer Books of the Company will remain closed from October 02, 2017 to October 09, 2017 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on, October 01, 2017. Members (Non-CDC) are requested to promptly notify the Company’s Registrar of any change in their addresses and submit, if applicable to them, the Non–deduction of Zakat Form CZ-50 with the Share Registrar of the Company M/S. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharea Faisal Karachi. Tel:009-21-34380101-5,0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- (iii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
- (iv) CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- (a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card (“CNIC”) or original passport at the time of attending the meeting.
- (b) In case of corporate entity, Board of Directors’ resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors’ resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

(v) CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.RO. 275(1)/2016 dated March 31, 2016 read with Notification S.RO. 19(1)/2014 dated January 10, 2014 and Notification S.RO. 831 (1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computer-ized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

(vi) Withholding Tax on Dividend (Mandatory)

Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

(a) For filers of income tax returns	15%
(b) For non-filers of income tax returns	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

(vii) Withholding Tax on Dividend in case of Joint Account Holders

- (a) According to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.
- (b) In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding Proportion (No.of Shares)	Name & CNIC No.	Shareholding Proportion (No.of Shares)

- (c) The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
- (d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part -IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (e) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-34312030 and email address tl@hoh.net and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- (f) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers

(viii) Payment of Cash Dividend Electronically (Optional)

The Securities and Exchange Commission of Pakistan (“SECP”) had earlier initiated e-dividend mechanism through its letter No: 8(4)SM/CDC/2008 dated April 05, 2013. The Companies Act 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The SECP has subsequently issued Circular No. 18 of 2017 dated 1 August 2017, allowing companies a one-time relaxation upto 31 October 2017 to pay cash dividends to entitled shareholders by dividend warrants. Thereafter, as and from 1 November 2017 the Company will only be able to make payment of cash dividend to its shareholder through electronic mode. Therefore shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s. FAMCO Associates (Private) Limited.

(ix) Consent for Electronic Transmission (Operational)

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan (“SECP”) has under and pursuant to SRO No. 787(I)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor’s report and directors’ report etc. (“Annual Report”) along with the notice of annual general meeting (“Notice”), to its shareholders by email. Shareholders of the Company who wish to receive the Company’s Audited Financial Statements and notices of Annual General Meeting by email are requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notices of AGM through email. In order to avail this facility a Standard Request Form is available at the Company's website <http://www.thallimited.com>.

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 Monday, October 09, 2017.

Item (4) of the Agenda

In order to facilitate the expansion of its business operations, the Directors of the Company recommend that the authorised share capital of the Company be raised by Rs. 500,000,000 (Five Hundred Million) through the creation of 100,000,000 ordinary shares of Rs. 5 each. Accordingly the Board of Directors of the Company have recommended that the following resolution be passed as an ordinary resolution at the Annual General Meeting convened for Monday, October 09, 2017:

RESOLVED THAT the authorised share capital of the Company be and is hereby increased from Rs. 500,000,000 to Rs. 1,000,000,000 by the creation of 100,000,000 ordinary shares of Rs. 5 each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company.

RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorised by and on behalf of the Company to singly complete all requisite legal formalities and to take all steps necessary or incidental for the purpose of increasing the authorized capital of the Company.

Further, the increase in authorised share capital will also necessitate an amendment to Clause IV of the Memorandum of Association of the Company. The resolution required for the purpose of amending Clause IV of the Memorandum of Association is set forth at item No. 4 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

The Directors are not interested, directly or indirectly, in the above business.

Item (5) of the Agenda

The Board of Directors have deemed it appropriate to amend the provision relating to share qualification of directors in the Company’s Articles of Association. Accordingly the Board of Directors recommended that the share qualification of directors in the Company’s Articles of Association be revised from the nominal value of Rs. 25,000 to the nominal value of Rs. 5,000 and in this regard Article 76 of the Articles of Association be amended and substituted by a new Article 76.

The resolution required for the above purpose is set forth at item No. 5 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

Item (6) of the Agenda

The Company had signed a joint venture agreement with Toyota Boshoku Corporation, Kariya – Shi, Japan and Toyota Tsusho Corporation, Nagoya – Shi, Japan on April 26, 2013 to incorporate a private limited company, Thal Boshoku Pakistan (Private) Limited to undertake the development, production and marketing of certain automotive parts and offering after-sales services for such products in Pakistan and other countries. A copy of the said joint venture agreement between the Company and Toyota Boshoku Corporation and Toyota Tsusho Corporation, is available for review at the registered office of the Company, during business hours.

Thal Boshoku Pakistan (Private) Limited has recently indicated that it is considering the prospects of expanding and diversifying its business and would therefore be requiring capital for such expansion and would in due course decide to increase its issued share capital as and by way of a rights issue at par value of Rs. 10 per ordinary share. The expansion costs have been estimated by Thal Boshoku Pakistan (Private) Limited to be approximately Rs. 800 million, in view of which Thal Boshoku Pakistan (Private) Limited will require to do a rights issue of 50 Million ordinary shares, at par value of Rs. 10 per ordinary share. In such instance, the shares that the Company will be offered in proportion to the current shareholding of the Company in Thal Boshoku Pakistan (Private) Limited, will be 27,500,000 ordinary shares of Rs. 10 each.

During the Board of Directors meeting held on August 29, 2017, the Company decided to take steps to facilitate Thal Boshoku Pakistan (Private) Limited’s proposed plans for expansion of its business, and hence the Board of Directors of the Company approved the further investment in due course of up to Rs. 275 Million for subscribing to 27,500,000 ordinary shares of Rs. 10 each of Thal Boshoku Pakistan (Private) Limited out of the total proposed rights issue of 50 Million ordinary shares, at par value of Rs. 10 per ordinary share. The approval of shareholders of the Company is accordingly being sought to make such further investment in due course.

Set out below are the required details of the further investment proposed to be made by the Company, in the associated company, Thal Boshoku Pakistan (Private) Limited:

S#	Description	Information Required
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Thal Boshoku Pakistan (Private) Limited, a private company, in which Thal Limited owns 55% of the issued share capital.
2.	Purpose, benefits and period of investment.	<p>The purpose of further investment is to allow Thal Boshoku Pakistan (Private) Limited to expand and diversify the business opportunities in automotive parts.</p> <p>The new investment would result in increased sales revenue for Thal Boshoku Pakistan (Private) Limited and enhanced profitability (EPS) through a dividend stream to Thal Limited.</p> <p>The investment by the Company in Thal Boshoku Pakistan (Private) Limited is a long term investment.</p>
3.	Maximum amount of investment.	Equity investment up to Rs. 275 million
4.	Maximum price at which securities will be acquired.	At par value of Rs. 10 per share.
5.	Maximum number of securities to be acquired.	Thal Limited will be allotted and issued further 27,500,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited of Rs. 10.00 each at par
6.	Number of securities and percentage thereof held before and after the proposed investment	<p>Before the proposed investment: 10,449,997 ordinary shares equal to 55% of paid up capital are held by the Company</p> <p>After the proposed investment: 37,949,997 ordinary shares equal to 55% of paid up capital will be held by the Company</p>
7.	In case of investment in unlisted securities, fair market value of such securities	Rs. 10 per share
8.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statement	As at June 30, 2017: Rs 22.8 per share, based on the Annual Audited Financial Statement for the year ended June 30, 2017
9.	Earnings per share of the associated company or associated undertaking for the last three years	Year ended June 30, 2015: Rs 2.76 per share Year ended June 30, 2016: Rs 5.37 per share Year ended June 30, 2017: Rs 5.02 per share
10.	Sources of fund from which securities will be acquired.	Thal Limited has sufficient cash balances and adequate retained earnings to further invest from its own resources in the share capital of Thal Boshoku Pakistan (Private) Limited.
11.	Direct or indirect interest of directors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The Directors / Chief Executive would be interested to the extent of their shareholding in Thal Boshoku Pakistan (Private) Limited.

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

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

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
1,422	1	100	50,213
1,302	101	500	335,833
566	501	1000	401,359
930	1001	5000	1,982,838
187	5001	10000	1,354,085
67	10001	15000	855,000
39	15001	20000	674,646
16	20001	25000	345,901
16	25001	30000	455,342
12	30001	35000	393,234
10	35001	40000	375,222
6	40001	45000	253,056
12	45001	50000	577,868
6	50001	55000	320,995
5	55001	60000	294,262
4	60001	65000	250,421
3	65001	70000	202,200
2	70001	75000	148,200
4	75001	80000	311,535
1	80001	85000	84,271
3	85001	90000	263,600
3	90001	95000	280,832
4	95001	100000	395,433
3	100001	105000	308,163
1	105001	110000	105,751
2	110001	115000	224,500
7	115001	120000	822,238
3	120001	125000	370,683
1	125001	130000	129,600
2	130001	135000	262,015
4	135001	140000	549,294
2	145001	150000	298,100
2	150001	155000	308,929
2	155001	160000	314,100
1	160001	165000	160,096
2	165001	170000	336,623
1	185001	190000	190,000
1	195001	200000	200,000
1	200001	205000	200,530
1	210001	215000	211,600
3	220001	225000	667,248
1	225001	230000	227,168
3	235001	240000	717,229
1	255001	260000	256,480
2	275001	280000	555,500
2	280001	285000	561,430
1	295001	300000	300,000
1	300001	305000	304,386
2	305001	310000	613,905

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2017

No. of Shareholders	Size of Holding		Total Shares Held
	From	To	
1	310001	315000	314,700
2	315001	320000	634,480
6	330001	335000	1,987,887
1	345001	350000	346,800
1	350001	355000	350,896
1	360001	365000	364,475
2	365001	370000	736,534
1	370001	375000	374,668
1	385001	390000	388,231
1	390001	395000	393,098
5	420001	425000	2,108,547
1	455001	460000	458,000
2	495001	500000	995,629
1	515001	520000	517,000
1	580001	585000	584,087
1	585001	590000	585,007
1	600001	605000	601,052
2	605001	610000	1,214,735
1	620001	625000	621,500
1	710001	715000	711,503
1	725001	730000	726,392
1	735001	740000	735,600
1	775001	780000	777,800
1	800001	805000	800,400
1	810001	815000	810,233
1	830001	835000	830,269
1	840001	845000	843,547
1	850001	855000	851,137
1	895001	900000	899,939
2	1095001	1100000	2,198,016
1	1145001	1150000	1,145,133
1	1150001	1155000	1,153,170
1	1185001	1190000	1,189,452
1	1245001	1250000	1,245,403
1	1340001	1345000	1,340,202
1	1405001	1410000	1,405,639
1	1815001	1820000	1,818,017
1	2400001	2405000	2,402,408
1	2525001	2530000	2,529,300
1	2890001	2895000	2,894,306
4	3790001	3795000	15,170,103
1	5170001	5175000	5,172,700
4,731			81,029,909

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2017

No.	Categories / Sub-categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
1	Individuals		4,439	17,591,587	21.71
2	Investment Companies		4	6,934	0.01
3	Joint Stock Companies		38	1,148,091	1.42
4	Directors, Chief Executive Officer and Their Spouse and Minor Children		18	6,508,689	8.03
	ALI S. HABIB	2,091,099			
	ASIF QADIR	5,000			
	JAMILA RAFIQ	961,231			
	MOHAMEDALI R. HABIB	1,566,834			
	MUHAMMED SALMAN BURNEY	5,000			
	MUNIZEH ALI HABIB	200,530			
	RUBINA SOHAIL	2,500			
	RAFIQ HABIB	1,340,202			
	SAYYEDA MOHAMED ALI	280,715			
	SOHAIL P. AHMED	34,334			
	SYED ASIF RAZA RIZVI	21,244			
5	Executives		5	19,983	0.02
6	Associated Companies, Undertakings and Related Parties				
	HABIB INSURANCE COMPANY LIMITED		2	532,900	0.66
7	Public Sector Companies and Corporations		1	304,386	0.38
8	Banks, DFI's, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds		43	9,912,018	12.23
	Financial Institutions	5,384,168			
	Insurance Companies	4,154,551			
	Modaraba	21,538			
	Pension Funds	351,761			
	Holding 5% or more voting interest				
	NATIONAL BANK OF PAKISTAN	5,172,700			
9	Mutual Funds		55	10,242,781	12.64
	GOLDEN ARROW SELECTED STOCKS FUND	4,149			
	MCBFSL - TRUSTEE JS VALUE FUND	76,700			
	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	280,000			
	CDC - TRUSTEE PICIC INVESTMENT FUND	110,500			
	CDC - TRUSTEE JS LARGE CAP. FUND	59,800			
	CDC - TRUSTEE PICIC GROWTH FUND	211,600			
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	70,000			

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2017

No.	Categories / Sub-categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
	CDC - TRUSTEE MEEZAN BALANCED FUND	15,000			
	CDC - TRUSTEE JS ISLAMIC FUND	100,000			
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	129,600			
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	30,000			
	CDC - TRUSTEE AKD INDEX TRACKER FUND	6,971			
	CDC - TRUSTEE AKD OPPORTUNITY FUND	275,500			
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	213			
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	102,307			
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	458,000			
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	55,000			
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	517,000			
	CDC - TRUSTEE NAFA STOCK FUND	308,489			
	CDC - TRUSTEE NAFA MULTI ASSET FUND	34,636			
	SAFE WAY FUND LIMITED	810,233			
	CDC - TRUSTEE APF-EQUITY SUB FUND	8,000			
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	21,000			
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	621,500			
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	160,096			
	CDC - TRUSTEE APIF - EQUITY SUB FUND	7,000			
	CDC - TRUSTEE HBL MULTI - ASSET FUND	10,000			
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	17,000			
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	156,600			
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	94,000			
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	42,500			
	CDC - TRUSTEE ABL STOCK FUND	777,800			
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1,000			
	CDC - TRUSTEE LAKSON EQUITY FUND	64,200			
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	65,200			
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	16,400			
	CDC - TRUSTEE PICIC STOCK FUND	8,600			
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	8,500			
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	369,200			
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	48,300			

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS AT JUNE 30, 2017

No.	Categories / Sub-categories of Shareholders	No. of Shares Held	Category-wise No. of Folios / CDC Accounts	Category-wise Shares Held	Percentage (%)
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	148,500			
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	89,500			
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	86,100			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,402,408			
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	8,000			
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	14,800			
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	13,400			
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	73,400			
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	131,200			
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	735,600			
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	41,100			
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	10,800			
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	10,000			
	CDC - TRUSTEE LAKSON TACTICAL FUND	10,679			
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	314,700			
10	Foreign Investors		49	32,771,561	40.44
	Holding 5% or more voting interest				
	ASAD LIMITED	7,517,613			
	ALI REZA LIMITED	7,561,504			
	MUSTAFA LIMITED	8,282,214			
	SHAKIR LIMITED	5,397,558			
11	Co-operative Societies		3	7,914	0.01
12	Charitable Trust		18	1,138,434	1.40
13	Others		56	844,631	1.04
	TOTAL		4,731	81,029,909	100

FORCE FOR PROSPERITY

FINANCIAL STATEMENTS



STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5 clause 5.19.24(b) of Rule Book of Pakistan Stock Exchange (PSX) for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Non-Executive Directors	Mr. Rafiq M. Habib Chairman Mr. Sohail P. Ahmed Vice Chairman Mr. Ali S. Habib Director Mr. Mohamedali R. Habib Director Mr. Salman Burney Director
Executive Director	Mr. Mazhar Valjee Chief Executive Officer
Independent Director	Mr. Asif Qadir Director

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arose on the Board.
5. The Company has in place a 'Code of Conduct' duly approved by the Board and has ensured that appropriate steps have been taken to disseminate it throughout the

company along with its supporting policies and procedures.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company are in place. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Three Directors of the company are certified directors and four directors are exempted from the requirement by virtue of their experience as prescribed by SECP in clause xi of CCG. All 7 Directors stand qualified for the Director Training Program.
10. The Board had already approved the appointment of CFO and Head of Internal Audit including their remuneration and terms and conditions of employment. Further, during the year the Board also approved the appointment of Company Secretary including terms and conditions of his employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises four members of whom three are Non-Executive Directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members - two of them being Non-Executive Directors.

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

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the

auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the Code have been complied with.



Mazhar Valjee
Chief Executive



Salman Burney
Director

Karachi:
Dated: August 29, 2017



EY Ford Rhodes
Chartered Accountants
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Review report to the members on statement of compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Thal Limited** (the Company) for the year ended **30 June 2017** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2017**.

Chartered Accountants

Date: 29 August 2017

Place: Karachi

STANDALONE ACCOUNTS

- AUDITERS' REPORT TO THE MEMBERS
- STANDALONE FINANCIALS



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Thal Limited** (the Company) as at **30 June 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 5.1 to the accompanying financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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 2017** and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 29 August 2017
Place: Karachi

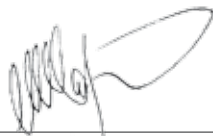
A member firm of Ernst & Young Global Limited


BALANCE SHEET


AS AT JUNE 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,019,171	651,261
Intangible assets	8	9,788	8,940
Investment property	9	1,009	1,018
Long-term investments	10	4,143,986	4,342,212
Long-term loans	11	411,425	60,446
Long-term deposits	12	13,964	8,119
Deferred tax asset	13	186,642	297,640
		5,785,985	5,369,636
CURRENT ASSETS			
Stores, spares and loose tools	14	101,460	83,123
Stock-in-trade	15	2,913,980	2,764,329
Trade debts	16	1,041,399	1,003,946
Loans and advances	17	63,911	40,651
Trade deposits and short-term prepayments	18	78,321	37,348
Interest accrued		1,683	2,748
Other receivables	19	76,738	3,747
Short-term investments	20	6,707,942	3,678,355
Income tax - net	21	72,269	279,216
Sales tax refundable		61,254	20,367
Cash and bank balances	22	522,284	402,159
		11,641,241	8,315,989
TOTAL ASSETS		17,427,226	13,685,625
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2016: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital	23	405,150	405,150
Reserves	24	15,027,930	11,822,428
		15,433,080	12,227,578
NON-CURRENT LIABILITIES			
Long-term deposits	25	1,624	1,624
CURRENT LIABILITIES			
Trade and other payables	26	1,983,384	1,433,591
Short-term running finance	27	9,137	22,790
Accrued markup		1	42
		1,992,522	1,456,423
CONTINGENCIES AND COMMITMENTS			
	28		
TOTAL EQUITY AND LIABILITIES		17,427,226	13,685,625

The annexed notes from 1 to 49 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

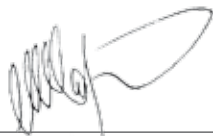

CHIEF FINANCIAL OFFICER

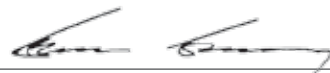
PROFIT AND LOSS ACCOUNT


FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Revenue - net	29	17,124,373	15,266,439
Cost of sales	30	(13,491,348)	(11,897,093)
Gross profit		3,633,025	3,369,346
Distribution costs	31	(185,653)	(249,291)
Administrative expenses	32	(741,843)	(572,773)
Other charges	33	(345,370)	(731,906)
		(1,272,866)	(1,553,970)
Other income	34	3,095,347	1,167,489
Operating profit		5,455,506	2,982,865
Finance costs	35	(8,511)	(3,820)
Profit before taxation		5,446,995	2,979,045
Taxation	36	(1,480,711)	(800,227)
Profit after taxation		3,966,284	2,178,818
		----- (Rupees in '000) -----	
Basic and diluted earnings per share	37	48.95	26.89

The annexed notes from 1 to 49 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER


STATEMENT OF COMPREHENSIVE INCOME


FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----- (Rupees in '000) -----	
Profit after taxation for the year	3,966,284	2,178,818
Other comprehensive income		
Item to be reclassified to profit and loss account in subsequent periods:		
Gain / (loss) on revaluation of available-for-sale investments	49,517	(14,097)
Total comprehensive income for the year	4,015,801	2,164,721

The annexed notes from 1 to 49 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER


CASH FLOW STATEMENT


FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	2,837,654	1,657,419
Finance costs paid		(8,552)	(3,833)
Retirement benefits paid		(987)	(2,356)
Income tax paid		(1,162,766)	(837,197)
Long-term loans		4,021	(14,839)
Long-term deposits - net		(5,845)	(256)
Net cash generated from operating activities		1,663,525	758,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(498,854)	(173,111)
Proceeds from disposal of operating fixed assets		3,979	12,610
Long-term investments made during the year		(36,362)	(514,999)
Proceeds from disposal of investment in an associate - MHCCP		2,120,000	-
Short-term investments (made) / encashed during the year		(2,145,251)	33,259
Long-term loans to subsidiaries - net		(355,000)	(40,436)
Dividends received during the year		771,346	852,567
Interest received during the year		206,427	188,016
Net cash generated from investing activities		66,285	398,342
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(802,339)	(704,796)
Net cash used in financing activities		(802,339)	(704,796)
NET INCREASE IN CASH AND CASH EQUIVALENTS		927,471	452,048
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,042,926	3,590,878
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39	4,970,397	4,042,926

The annexed notes from 1 to 49 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER


STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid- up capital	RESERVES				Total equity
		Capital reserves	General reserves	Unappropri- ated profit	Gain / (loss) on revaluation of available- for-sale investments	
Balance as at June 30, 2015	405,150	55,704	8,660,999	1,541,512	108,505	10,771,870
Transfer to general reserve	-	-	1,136,000	(1,136,000)	-	-
Final dividend @ Rs. 5.00/- per share for the year ended June 30, 2015	-	-	-	(405,150)	-	(405,150)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2016	-	-	-	(303,863)	-	(303,863)
	-	-	-	(709,013)	-	(709,013)
Profit for the year	-	-	-	2,178,818	-	2,178,818
Other comprehensive income	-	-	-	-	(14,097)	(14,097)
Total comprehensive income for the year	-	-	-	2,178,818	(14,097)	2,164,721
Balance as at June 30, 2016	405,150	55,704	9,796,999	1,875,317	94,408	12,227,578
Transfer to general reserve	-	-	1,368,500	(1,368,500)	-	-
Final dividend @ Rs. 6.25/- per share for the year ended June 30, 2016	-	-	-	(506,437)	-	(506,437)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2017	-	-	-	(303,862)	-	(303,862)
	-	-	-	(810,299)	-	(810,299)
Profit for the year	-	-	-	3,966,284	-	3,966,284
Other comprehensive income	-	-	-	-	49,517	49,517
Total comprehensive income for the year	-	-	-	3,966,284	49,517	4,015,801
Balance as at June 30, 2017	405,150	55,704	11,165,499	3,662,802	143,925	15,433,080

The annexed notes from 1 to 49 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

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

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

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

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement” as disclosed in note 20 to these financial statements.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

	Notes
- determining the residual values, useful lives and impairment of property, plant and equipment and investment property	5.2, 5.4, 7 & 9
- determining the residual values, useful lives and impairment of intangibles assets	5.3 & 8
- impairment of financial and non-financial assets	5.5
- provision for slow moving stores, spares and loose tools and stock-in-trade	5.7, 5.8, 14 & 15
- provision for doubtful debts and other receivables	5.9 & 16
- provision for tax and deferred tax	5.12, 13, 21 & 36
- provision for compensated absences	5.16
- provision and warranty obligation	5.17 & 26.3
- contingencies	28

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New/Revised Standards, Interpretations and Amendments

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

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

The adoption of the above accounting standards and interpretations did not have any material effect on the financial statements.

In addition to the above standards and interpretations, certain improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.

5.2 Property, plant and equipment

Operating assets

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

Depreciation / amortisation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 7 to the financial statements. Depreciation / amortisation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

Leasehold land is amortised in equal installments over the lease period.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

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

5.3 Intangibles

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

Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortized applying the straight line method at the rates stated in note 8 to these financial statements.

5.4 Investment property

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

5.5 Impairment

Non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment assets are recognized in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognized.

5.6 Investments

Subsidiaries and associates

Investment in shares of the Company's subsidiaries and associates is stated at cost. Provision is made for impairment, if any, in the carrying value of the investment.

Others

Held-to-maturity

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

At fair value through profit or loss

Investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

Available-for-sale

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

Quoted

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.

Un-Quoted

These investments are recorded at cost less accumulated impairment loss, if any.

5.7 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted moving average cost method except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items.

5.8 Stock-in-trade

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

Raw and packing materials	-	Purchase cost on weighted moving average basis
Work-in-process	-	Cost of materials, labour cost and appropriate production overheads
Finished goods	-	Cost of materials, labour cost and appropriate production overheads

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

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

5.9 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for impairment. Provision for doubtful debts is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for doubtful receivables, if any.

5.10 Ijarah rentals

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

5.11 Cash and cash equivalents

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

5.12 Taxation

(a) Current

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

(b) Deferred

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

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

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

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

5.13 Trade and other payables

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

5.14 Borrowing costs

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

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

5.15 Staff retirement benefits

Defined Contribution plan

Provident fund

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

Retirement benefit fund

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

5.16 Compensated absences

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

5.17 Provisions

General

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

Warranty obligations

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

5.18 Revenue recognition

Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.

Other income

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

5.19 Foreign currency transactions

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

5.20 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize 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 financial statements.

5.21 Research and development expenditure

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

5.22 Dividends and appropriation to reserves

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 7 – Statement of Cash flows (Ammendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 2 – Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The company expects that the adoption of the above standards and amendments would not impact the company's financial statements in the period of initial application.

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

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

Standards	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
Furniture and fittings							
Items having book value upto Rs. 50,000	33	27	6	-	(6)	Scrapped	Various
Vehicles							
Toyota Camry	2,750	2,430	320	320	-	Sold under Company's Car Scheme	Mr. Sohail P. Ahmed - Director, Karachi
Toyota Corolla GLI	1,392	1,102	290	292	2	Sold under Company's Car Scheme	Mr. S E Bukhari - Employee, Karachi
Suzuki Cultus	970	684	286	327	41	Sold under Company's Car Scheme	Mr. Amrez Khan - Employee, Karachi
Items having book value upto Rs. 50,000	920	626	294	2,884	2,590	Various	Various
	6,032	4,842	1,190	3,823	2,633		
Office and mills equipment							
Various Items	298	164	134	30	(104)	Negotiation	Mr. Baboo Ashraf, Karachi
Items having book value upto Rs. 50,000	165	115	50	20	(30)	Negotiation	Various
	463	279	184	50	(134)		
Computer equipment							
Items having book value upto Rs. 50,000	5,275	5,271	4	106	102	Various	Various
2017	11,803	10,419	1,384	3,979	2,595		
2016	28,597	24,815	3,782	12,610	8,828		

2017 2016
----- (Rupees in '000) -----

	67,544	44,121
	6,822	8,461
	-	80
	7,500	800
	1,364	1,620
	7,100	12,521
	90,330	67,603

Capital Work-In-Progress

Plant and machinery
Office and mills equipment
Furniture and fittings
Vehicles
Computer equipment
Jigs and fixtures

8. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 01, 2016	Additions	Disposals	As at July 01, 2016	Charge for the year	On Disposals	As at June 30, 2017
	----- (Rupees in '000) -----			----- (Rupees in '000) -----			As at June 30, 2017
Softwares	6,345	2,740	-	2,962	2,451	-	5,413
Licenses	7,526	3,224	-	1,969	2,665	-	4,634
2017	13,871	5,964	-	4,931	5,116	-	10,047
2016	9,671	4,200	-	1,415	3,516	-	4,931

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

	2017	2016
	----- (Rupees in '000) -----	
Cost of sales	2,670	1,303
Distribution costs	23	23
Administrative expenses	2,423	2,190
	5,116	3,516

9. INVESTMENT PROPERTY

		COST	ACCUMULATED DEPRECIATION		Written down value as at June 30, 2017	Depreciation Rate %
	Note	As at June 30, 2017	As at July 01, 2016	Charge for the year (Note 32)	As at June 30, 2017	
----- (Rupees in '000) -----						
Freehold land		891	-	-	-	891
Building on freehold land		694	567	9	576	118
2017	9.1	1,585	567	9	576	1,009
2016	9.1	1,585	564	3	567	1,018

9.1 Investment property comprises of a godown held at Multan which has been let out. The fair value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2017 amounts to Rs. 69.136 million (2016: Rs. 66 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

10. LONG-TERM INVESTMENTS

		2017	2016	2017	2016
----- (Rupees in '000) -----					
Investments in related parties	Note	Holding %			
Subsidiaries, unquoted – at cost					
Noble Computer Services (Private) Limited		100	100	1,086	1,086
Pakistan Industrial Aids (Private) Limited		100	100	10,000	10,000
Habib METRO Pakistan (Private) Limited (HMPL)		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited (A-One)		100	100	61,395	61,395
Thal Boshoku Pakistan (Private) Limited		55	55	104,500	104,500
Thal Power (Private) Limited		100	100	100	100
Makro-Habib Pakistan Limited (MHPL)		100	100	223,885	223,885
Less: Provision for impairment	10.1			(223,885)	(223,885)
				-	-
				2,966,304	2,966,304
Associates – at cost	10.2				
Quoted					
Indus Motor Company Limited		6.22	6.22	48,900	48,900
Habib Insurance Company Limited		4.63	4.63	561	561
Agriauto Industries Limited		7.35	7.35	9,473	9,473
Shabbir Tiles & Ceramics Limited		1.30	1.30	21,314	21,314
Un-Quoted				80,248	80,248
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	10.3	-	25	-	284,105
Other investments - Available for sale					
Quoted - At fair value					
Habib Sugar Mills Limited				69,916	69,710
GlaxoSmithKline (Pakistan) Limited				430	451
Dynea Pakistan Limited				82,156	37,173
Allied Bank Limited				16,295	16,357
Habib Bank Limited				17,526	12,865
TPL Properties Limited	10.4			12,250	-
				198,573	136,556
Un- Quoted - At cost					
Sindh Engro Coal Mining Company Limited (SECMC)	10.5			898,861	862,499
TPL Properties Limited				-	12,500
				898,861	874,999
TOTAL				4,143,986	4,342,212

- 10.1 Due to the closure of operation by MHPL, the Company impaired the total cost of investment.
- 10.2 Although the Company has less than 20% equity interest in all of its associates, the management believes that significant influence over these associates exists by virtue of the Company's representation on the Board of Directors of the respective companies.
- 10.3 The Company held a put option with respect to its holding in Metro Habib Cash & Carry Pakistan (Private) Limited (MHCCP) whereby, if MHCCP does not achieve certain specified financial performance targets, the Company may require its parent, Metro Cash & Carry International Holding BV (Metro BV) to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The Company exercised the put option on November 15, 2016 at a price of Rs.2,120 million as already notified to the Pakistan Stock Exchange.
- 10.4 During the current year, the shares of TPL Properties Limited were quoted on the Pakistan Stock Exchange Limited.
- 10.5 The Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 898.861 million acquiring 60,651,899 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 15.59 million.

Note	2017	2016
	---- (Rupees in '000) ----	----
11. LONG-TERM LOANS - considered good		
Employees - secured		
Interest bearing	-	24
Interest free	15,010	19,056
	15,010	19,080
Current portion	17 (4,021)	(4,070)
	11.1 10,989	15,010
Wholly owned subsidiaries - unsecured		
A-One Enterprises (Private) Limited	-	6,000
Thal Power (Private) Limited	11.2 400,436	39,436
	400,436	45,436
	411,425	60,446

- 11.1 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 10.989 million (2016: Rs. 15.010 million).
- 11.2 Represents interest free loan given for purchase of shares of ThalNova Power Thar (Private) Limited (ThalNova). The loan is likely to be converted into Share Capital based on the progress achieved by ThalNova for its underlying project.

Note	2017	2016
	----- (Rupees in '000) ----	-----
12. LONG-TERM DEPOSITS		
Security deposits	8,646	5,628
Utilities	4,837	2,010
Others	481	481
	13,964	8,119
12.1 These deposits are interest free.		
13. DEFERRED TAX ASSET		
Deferred tax asset arising in respect of provisions	271,208	351,668
Deferred tax liability arising due to accelerated tax depreciation allowance	(84,566)	(54,028)
	186,642	297,640
14. STORES, SPARES AND LOOSE TOOLS		
Stores		
- In hand	19,005	20,675
- In transit	6,616	-
Spares		
- In hand	75,734	61,791
- In transit	-	551
Loose tools	75,734	62,342
	105	106
	101,460	83,123

		2017	2016
		----- (Rupees in '000) ----	
15. STOCK-IN-TRADE			
Raw material	15.1	1,868,669	1,629,607
- In hand		384,306	458,302
- In transit		2,252,975	2,087,909
Work-in-process		156,863	213,115
Finished goods	15.2	504,142	463,305
		<u>2,913,980</u>	<u>2,764,329</u>
15.1	Raw materials amounting to Rs. 7.582 million (2016: Rs. 9.635 million) are held with the sub-contractors.		
15.2	Includes items amounting to Rs. 690.797 million (2016: Rs. 504.582 million) carried at net realisable value. [Cost Rs. 734.922 million (2016: Rs. 554.813 million)].		

	Note	2017	2016
		----- (Rupees in '000) ----	
16. TRADE DEBTS - unsecured			
Considered good	16.1	1,041,399	1,003,946
Considered doubtful		13,941	81,199
Provision for doubtful debts	16.2	(13,941)	(81,199)
		<u>-</u>	<u>-</u>
		<u>1,041,399</u>	<u>1,003,946</u>
16.1	This includes amount due from following related parties:		
Indus Motor Company Limited		249,233	323,195
Shabbir Tiles & Ceramics Limited		19,067	15,445
Auvitronics Limited		7	24
		<u>268,307</u>	<u>338,664</u>
16.2	Reconciliation of provision for doubtful debts:		
Balance at the beginning of the year		81,199	13,431
(Reversal) for the year / charge for the year	31 / 34	(66,207)	72,131
Bad debts written off during the year		(1,051)	(4,363)
Balance at the end of the year		<u>13,941</u>	<u>81,199</u>

		2017	2016
		----- (Rupees in '000) ----	
17. LOANS AND ADVANCES			
Loans			
Considered good - secured			
Employees - interest free		20,000	20,000
Current portion of long term loans	11	4,021	4,070
	17.1	<u>24,021</u>	<u>24,070</u>
Considered doubtful - unsecured			
Makro-Habib Pakistan Limited (MHPL)		282,756	286,508
Provision for doubtful loan		(282,756)	(286,508)
		<u>-</u>	<u>-</u>
		<u>24,021</u>	<u>24,070</u>
Advances - considered good - unsecured			
Suppliers		38,588	15,102
Employees		1,302	1,479
	17.2	<u>39,890</u>	<u>16,581</u>
		<u>63,911</u>	<u>40,651</u>
17.1	The maximum aggregate amount due from employees at the end of any month during the year was Rs. 24.021 million (2016: Rs. 24.070 million).		
17.2	These advances are interest free.		

	Note	2017	2016
		----- (Rupees in '000) ----	
18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender / Performance guarantee		44,834	20,329
Margin against letter of credit		285	175
Deposit against custom duty		7,182	-
Container deposits	18.1	<u>12,245</u>	<u>6,180</u>
		<u>64,546</u>	<u>26,684</u>
Short-term prepayments			
Insurance	18.2	5,757	4,777
Others		8,018	5,887
		<u>13,775</u>	<u>10,664</u>
		<u>78,321</u>	<u>37,348</u>
18.1	These deposits are interest free.		
18.2	This represents prepayments made to Habib Insurance Company Limited, a related party.		

	Note	2017	2016
		----- (Rupees in '000) ----	
19. OTHER RECEIVABLES			
Duty drawback		2,140	1,101
Custom duty refundable		-	759
Dividend receivable		73,055	-
Rent		-	788
Receivable from A-One under group taxation	21	97	-
Workers' profit participation fund	19.1	382	-
Others	19.2	1,064	1,099
		<u>76,738</u>	<u>3,747</u>
19.1 Workers' profit participation fund (WPPF)			
(Payable to) / receivable from WPPF at the beginning of the year		(28)	7,750
Interest on funds utilised in the Company's business		(10)	-
Allocation for the current year	33	<u>(289,618)</u>	<u>(160,028)</u>
		<u>(289,656)</u>	<u>(152,278)</u>
Paid during the year		290,038	152,250
Receivable from / (payable to) WPPF at the end of the year		<u>382</u>	<u>(28)</u>
19.2	This includes receivable from the following related parties:		
Pakistan Industrial Aids (Private) Limited		192	558
Indus Motor Company Limited		10	-
Agriautos Industries Limited		131	131
Noble Computer Services (Private) Limited		126	-
Auvitronics Limited		-	118
Thal Boshoku Pakistan (Private) Limited		283	177
		<u>742</u>	<u>984</u>

20. SHORT-TERM INVESTMENTS

		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Held-to-maturity - at amortised cost			
Term deposit receipts	20.1	3,471,851	2,921,811
Accrued interest		21,395	11,815
		3,493,246	2,933,626
Treasury bills	20.2	986,400	741,746
Accrued interest		7,124	2,983
		993,524	744,729
Designated at fair value through profit and loss account			
Atlas Money Market Fund		52,048	-
UBL Liquidity Plus Fund		382,270	-
NAFA Money Market Fund		879,272	-
MCB Cash Optimizer Fund		20,058	-
HBL (PICIC) Cash Fund		762,361	-
ABL Cash Fund		105,133	-
Al-Meezan Cash Fund		20,030	-
		2,221,172	-
		6,707,942	3,678,355
20.1 These include deposits amounting to Rs. 1,257,408 million (2016: Rs. 500.961 million) with Habib Metropolitan Bank Limited, a related party and carry interest rate ranging from 3.48% to 6.25% (2016: 6.05% to 6.4%) per annum and having maturity ranging from July 03, 2017 to November 30, 2017. Included in the above investment, Rs. 521.851 million (2016: Rs. 521.811 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company.			
20.2 These carry interest at the rate of 5.99% (2016: 5.90% to 6.21%) per annum and having maturity ranging from July 07, 2017 to September 14, 2017.			

21. INCOME TAX - net

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Group Tax Relief adjustments	21.1	593,466	593,466
Group Taxation adjustments	21.2	10,040	278,440
Income tax provision less tax payments – net	21.3	(531,237)	(592,690)
		72,269	279,216
21.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding Company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance. Accordingly, the Company adjusted its tax liabilities for the tax years 2008 to 2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company. The original assessments of the Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Company is entitled to Group Relief under Section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the High Court of Sindh and with the Chairman ATIR which are under the process of hearings.			
21.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2017 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 17.763 million (2016: Rs. 278.440 million) for the current year. Moreover, the tax charge transferred by A-One to the Company amounted to Rs. 7.723 million (2016: Nil).			
21.3 Includes adjustment of tax challans acquired from MHPL and A-One amounting to Rs. 0.492 million (2016: Rs. 38.052 million) and Rs. 7.626 million (2016: Nil) respectively.			

22. CASH AND BANK BALANCES

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
In hand		2,399	5,290
With banks in:			
Current accounts	22.1	109,296	49,236
Deposit accounts	22.2	410,589	347,633
		519,885	396,869
		522,284	402,159
22.1 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 46.778 million (2016: Rs. 34.748 million).			
22.2 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 349.620 million (2016: Rs.347.633 million) and carry markup ranging from 4.25% to 4.75% (2016: 4.75% to 5.5%) per annum.			

23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Number of ordinary shares of Rs. 5/-each		
5,149,850	5,149,850	Fully paid in cash
64,640,390	64,640,390	Issued as fully paid bonus shares
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation
81,029,909	81,029,909	
23.1 As at June 30, 2017: 7,041,589 (2016: 7,334,889) ordinary shares are held by related parties.		

24. RESERVES

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Capital reserves		
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	13,240	13,240
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	55,704	55,704
Revenue reserves		
General reserve	11,165,499	9,796,999
Unappropriated profit	3,662,802	1,875,317
	14,828,301	11,672,316
	143,925	94,408
	15,027,930	11,822,428
Gain on revaluation of available-for-sale investments		

25. LONG-TERM DEPOSITS

Represents security deposits from Thal Boshoku Pakistan (Private) Limited, a subsidiary company.

26. TRADE AND OTHER PAYABLES

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Creditors	26.1	302,398	163,749
Accrued liabilities	26.2	930,535	707,373
Custom duty payable		67,982	54,981
Payable to MHPL against group taxation	21	6,766	-
Unclaimed salaries		3,901	5,887
Warranty obligations	26.3	320,615	249,384
Royalty payable	26.4	150,102	101,683
Workers' profit participation fund	19.1	-	28
Workers' welfare fund		80,319	60,811
Security deposits		1,568	207
Unclaimed and unpaid dividend		72,553	64,593
Other liabilities	26.5	46,645	24,895
		1,983,384	1,433,591

		2017	2016
		----- (Rupees in '000) -----	
26.1	This includes amounts due to the following related parties:		
	Auvitronics Limited	4,586	10,837
	Pakistan Industrial Aids (Private) Limited	2,343	90
	Habib Insurance Company Limited	594	84
		<u>7,523</u>	<u>11,011</u>
26.2	This includes amounts due to the following related party:		
	Habib Insurance Company Limited	<u>914</u>	<u>1,816</u>
26.3	Warranty obligations		
	Balance at the beginning of the year	249,384	179,853
	Charge for the year	31 83,235	78,495
	Claims paid during the year	(12,004)	(8,964)
	Balance at end of the year	<u>320,615</u>	<u>249,384</u>
26.4	Royalty payable		
	Balance at the beginning of the year	101,683	107,938
	Charge for the year	30 170,881	178,253
	Paid during the year	(122,462)	(184,508)
	Balance at the end of the year	<u>150,102</u>	<u>101,683</u>
26.5	Other liabilities		
	Tax deducted at source	3,770	974
	Employees Old-Age Benefits Institution (EOBI)	4,342	753
	Advances from customers	22,570	8,581
	Payable to retirement benefit fund	6,188	5,087
	Others	9,775	9,500
		<u>46,645</u>	<u>24,895</u>
27.	SHORT TERM RUNNING FINANCE - secured		
	Related party	5,473	-
	Others	3,664	22,790
		<u>9,137</u>	<u>22,790</u>
27.1	Available limits of the running finance facilities amounts to Rs. 2,698 million (2016: Rs. 2,453 million). The facilities carry mark-up at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2016: 0.75% to 0.9%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Company's stock-in-trade and trade debts. The facilities have a maturity till October 15, 2018.		

28. CONTINGENCIES AND COMMITMENTS

		2017	2016
		----- (Rupees in '000) -----	
28.1	Contingencies		
28.1.1	Represents letter of guarantees issued by banks on behalf of the company. These include a Standby Letter of Credit (SBLC) amounting to Rs. 2.083 billion issued by United Bank Limited favoring Habib Bank Limited as Intercreditor Agent and Sindh Engro Coal Mining Company Limited (SECMCL) as Project Company for balance equity participation of the Company. The term of SBLC is 42 months and its amount will reduce as and when the Company injects equity in SECMCL. The SBLC is secured by way of mortgage over the property of the Company.	<u>2,151,283</u>	<u>2,118,040</u>
28.1.2	Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SRO's.	<u>103,974</u>	<u>155,254</u>
28.2	Commitments		
28.2.1	Letters of credit outstanding for raw material and spares	<u>725,450</u>	<u>1,347,522</u>
28.2.2	Commitments in respect of capital expenditure	<u>66,817</u>	<u>114,614</u>
28.2.3	Commitments for rentals under Ijarah (lease) agreements		
	Within one year	10,691	5,575
	After one year but not later than five years	10,733	7,179
		<u>21,424</u>	<u>12,754</u>

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 21.423 million and are payable in monthly installments latest by April 2020. These commitments are secured by on-demand promissory notes of Rs. 32.290 million.

28.2.4 Commitment in respect of investment is disclosed in note 10.4 to these financial statements.

29. REVENUE - net

	Note	2017	2016
		----- (Rupees in '000) -----	
Export sales	29.1	261,892	526,933
Local sales	29.2	<u>19,425,416</u>	<u>17,105,912</u>
		<u>19,687,308</u>	<u>17,632,845</u>
Less: Sales tax		<u>2,564,157</u>	<u>2,372,796</u>
Sales discount		<u>2,463</u>	<u>1,089</u>
		<u>2,566,620</u>	<u>2,373,885</u>
Add: Duty drawback		<u>3,685</u>	<u>7,479</u>
		<u>17,124,373</u>	<u>15,266,439</u>

29.1 Export sales are stated net of export related freight and other expenses of Rs. 9.170 million (2016: Rs. 19.034 million).

29.2 Local sales are stated net of freight and other expenses of Rs. 73.741 million (2016: Rs. 51.920 million).

30. COST OF SALES

	Note	2017	2016
		----- (Rupees in '000) -----	
Raw material consumed	30.1	11,442,949	10,429,409
Salaries, wages and benefits		1,152,647	938,017
Stores and spares consumed		147,749	131,956
Repairs and maintenance		133,958	89,750
Power and fuel		247,268	206,297
Rent, rates and taxes		6,761	3,272
Vehicle running and maintenance		8,954	9,334
Insurance		8,588	8,149
Communication		4,811	4,529
Travelling and conveyance		12,497	9,372
Entertainment		214	200
Printing and stationery		5,079	4,767
Legal and professional		2,756	1,121
Computer accessories		4,551	3,928
Royalty	26.4	170,881	178,253
Depreciation / amortization	7.3	110,682	101,480
Amortisation	8.1	2,670	1,303
Research and development		7,207	6,197
Ijarah rentals		4,892	3,240
Others		<u>2,000</u>	<u>737</u>
		<u>13,477,114</u>	<u>12,131,311</u>
Work-in-process			
Opening		<u>213,115</u>	<u>192,326</u>
Closing		<u>(156,863)</u>	<u>(213,115)</u>
		<u>56,252</u>	<u>(20,789)</u>
Cost of goods manufactured		<u>13,533,366</u>	<u>12,110,522</u>
Finished goods			
Opening		<u>463,305</u>	<u>249,876</u>
Stock destroyed		<u>(1,181)</u>	<u>-</u>
Closing		<u>(504,142)</u>	<u>(463,305)</u>
		<u>(42,018)</u>	<u>(213,429)</u>
		<u>13,491,348</u>	<u>11,897,093</u>
30.1	Raw material consumed		
	Opening stock	1,629,607	1,451,245
	Purchases	11,682,011	10,607,771
	Closing stock	<u>(1,868,669)</u>	<u>(1,629,607)</u>
		<u>11,442,949</u>	<u>10,429,409</u>

31. DISTRIBUTION COSTS

	2017	2016
	----- (Rupees in '000) ----	
Salaries and benefits	59,192	56,873
Vehicle running expense	3,050	2,641
Utilities	1,735	2,100
Insurance	1,787	2,535
Rent, rates and taxes	8,339	8,877
Communication	1,895	1,640
Advertisement and publicity	8,872	5,471
Travelling and conveyance	5,698	5,539
Entertainment	227	195
Printing and stationery	318	246
Computer accessories	473	379
Research and development	252	263
Depreciation	7.3 1,360	1,297
Amortisation	8.1 23	23
Provision for doubtful debts	16.2 -	72,131
Repairs and maintenance	2,564	3,454
Export expenses	5,233	6,189
Provision for warranty claims	26.3 83,235	78,495
Ijarah rentals	813	559
Others	587	384
	185,653	249,291

32. ADMINISTRATIVE EXPENSES

Salaries and benefits	390,976	332,835
Vehicle running expense	10,483	9,854
Printing and stationery	4,016	3,300
Rent, rates and taxes	12,732	7,807
Utilities	6,291	5,888
Insurance	719	882
Entertainment	1,518	1,954
Subscription	597	669
Communication	3,439	3,050
Advertisement and publicity	2,447	2,435
Repairs and maintenance	54,162	12,104
Travelling and conveyance	19,503	21,684
Legal and professional	144,231	113,779
Computer accessories	2,952	2,100
Auditors' remuneration	32.1 4,692	4,139
Depreciation / amortization	7.3 11,554	10,295
Depreciation on investment property	9 9	3
Amortisation	8.1 2,423	2,190
Ijarah rentals	4,786	1,869
Charity and donations	32.2 61,141	33,521
Directors' fee and meeting expenses	1,465	1,195
Others	1,707	1,220
	741,843	572,773
32.1 Auditors' remuneration		
Audit fee	2,169	1,759
Half-yearly review	324	292
Taxation services	1,323	1,295
Other certification	425	355
Out of pocket expenses	451	438
	4,692	4,139

32.2 Charity and donations

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

Name of donee	Address of donee	Name of directors/spouse	2017	2016
			----- (Rupees in '000) ----	
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	17,724	11,970
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	8,500	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	14,999	6,000
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	61

33. OTHER CHARGES

	Note	2017	2016
		----- (Rupees in '000) ----	
Workers' profits participation fund	19.1	289,618	160,028
Workers' welfare fund		55,752	61,485
Provision for impairment on loan to MHPL		-	286,508
Provision for impairment on investment in MHPL		-	223,885
		345,370	731,906

34. OTHER INCOME

	Note	2017	2016
		----- (Rupees in '000) ----	
Income from financial assets			
Dividend income from:			
Related parties			
Indus Motor Company Limited.		586,800	489,000
Agriauto Industries Limited		18,512	21,156
Habib Insurance Company Limited		10,037	10,037
Habib METRO Pakistan (Private) Limited		219,636	323,473
		834,985	843,666
Others			
Dynea Pakiatan Limited		2,042	2,042
Habib Sugar Mills Limited		5,134	4,667
Allied Bank Limited		1,318	1,273
Habib Bank Limited		912	912
GlaxosmithKline Pakistan Limited		10	7
		9,416	8,901
Interest on:			
Deposit accounts		25,987	32,250
Term deposit receipts		144,571	136,884
Musharika certificates		-	1,664
Government treasury bills		48,525	24,231
		219,083	195,029
Gain on revaluation / redemption of investments at fair value through profit and loss		76,922	33,259
Reversal of provision for doubtful debts		66,207	-
Liabilities no longer payable written back		27	486
Reversal of provision for impairment of loan - MHPL		3,752	-
Exchange gain - net		1,051	1,941
		1,211,443	1,083,282
Income from non financial assets			
Gain on disposal of property, plant and equipment	7.4	2,595	8,828
Gain on disposal of investment in associate - MHCCP	34.1	1,835,895	-
Rental income		5,276	5,712
Service income	34.2	27,742	29,604
Scrap sales		7,154	10,530
Claim from suppliers		5,032	29,409
Insurance claim		210	124
		1,883,904	84,207
		3,095,347	1,167,489

34.1 Represents gain on disposal of investment in MHCCP amounting to Rs.1,835,895 million (2016: Nil) as a consequence of exercising the put option as explained in note 10.3 to these financial statements.

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

	2017	2016
Note	----- (Rupees in '000) ----	
35. FINANCE COSTS		
Mark-up on Short-term running finance:		
- Related party	47	34
- Others	105	81
	152	115
Workers' profit participation fund	10	-
Bank charges and guarantee commission	8,349	3,705
	8,511	3,820

	2017	2016
	----- (Rupees in '000) ----	
36. TAXATION		
Current	1,415,946	998,283
Prior	(46,233)	15,331
Deferred	110,998	(213,387)
	1,480,711	800,227
36.1 Relationship between income tax expense and accounting profit		
Profit before taxation	5,446,995	2,979,045
Tax at the rate of 31% (2016: 32%)	1,688,568	953,294
Super tax @ 3% of taxable income	144,792	95,145
	1,833,360	1,048,439
Tax effects of:		
Income taxed at reduced rates	(283,949)	(247,880)
Income tax under Final tax regime	(8,660)	(13,730)
Tax effect of inadmissible items	(13,807)	(1,933)
Prior years	(46,233)	15,331
	1,480,711	800,227

37. BASIC AND DILUTED EARNINGS PER SHARE		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit after taxation	3,966,284	2,178,818
	Number of shares	
	in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	----- (Rupees) -----	
Basic and diluted earnings per share	48.95	26.89

		2017	2016
	Note	----- (Rupees in '000) ----	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,446,995	2,979,045
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		128,721	116,591
Finance costs		8,511	3,820
Interest income		(219,083)	(195,029)
Liabilities no longer payable written back		(27)	(486)
Gain on revaluation / redemption of investments at fair value through profit and loss		(76,922)	(33,259)
Dividend income		(844,401)	(852,567)
(Reversal) / provision for doubtful debts - net		(66,207)	72,131
Provision for retirement benefits		2,088	2,905
(Reversal) / provision for impairment on loan to MHPL		(3,752)	286,508
Provision for impairment on investment in MHPL		-	223,885
Gain on disposal of investment in an associate - MHCCP		(1,835,895)	-
Gain on disposal of operating fixed assets		(2,595)	(8,828)
		<u>(2,909,562)</u>	<u>(384,329)</u>
		2,537,433	2,594,716
(Increase) / decrease in current assets			
Stores, spares and loose tools		(18,337)	1,176
Stock-in-trade		(149,651)	(469,300)
Trade debts		28,754	42,277
Loans and advances		(19,508)	(305,277)
Trade deposits and short-term prepayments		(40,973)	32,662
Sales tax refundable		(40,887)	(36,126)
Other receivables		64	(305,966)
		<u>(240,538)</u>	<u>(1,040,554)</u>
Increase in current liabilities			
Trade and other payables		540,759	103,257
		<u>2,837,654</u>	<u>1,657,419</u>
39. CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	522,284	402,159
Short-term investments	20	4,457,250	3,663,557
Short-term running finance	27	(9,137)	(22,790)
		<u>4,970,397</u>	<u>4,042,926</u>

40. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship	Nature of transactions	2017	2016
		----- (Rupees in '000) ----	
Subsidiaries	Professional Services acquired	123,924	107,843
	Purchase of goods	3,827	26,051
	Supplies purchased	2,979	6,424
	Rent received	5,276	5,190
	Service Fee	27,742	27,090
Associates	Sales of goods	10,191,738	9,081,881
	Insurance premium	29,797	29,382
	Purchase of assets	2,400	5,148
	Supplies purchased	16,236	26,909
	Purchase of goods	125,646	166,060
	Insurance claim received	2,959	228
	Mark-up and bank charges paid	2,129	2,238
	Profit received on deposits	104,310	156,444
	Rent paid	863	800
	Contribution to provident fund	30,190	32,686
Employee benefit plans		2,750	3,202

40.1 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 41 to the financial statements.

40.2 The receivable / payable balances with related parties as at June 30, 2017 are disclosed in the respective notes to the financial statements.

41. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) ----					
Managerial remuneration	28,601	-	281,651	26,091	-	218,635
Bonus	9,031	-	44,259	8,400	-	25,769
Company's contribution to provident fund	855	-	11,555	770	-	8,965
Company's contribution to retirement benefit fund	-	-	4,899	-	-	4,050
Other perquisites	-	-	1,502	-	-	-
	38,487	-	343,866	35,261	-	257,419
Number of persons	1	6	102	1	6	80

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

41.2 Four non executive directors (2016: Four) have been paid fees of Rs. Rs. 1,175,000 (2016: Rs. 1,175,000) for attending board and other meetings.

42. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	140,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Actual Production		
Jute (Metric Tons)	22,474	15,534
Auto air conditioners (Units)	77,363	82,560
Wire harness (Units)	131,263	128,578
Paper bags (Nos. 000s)	105,202	95,067
Alternator (Units)	53,669	57,529
Starter (Units)	53,380	57,609
	Low demand	Low demand

Reason for shortfall

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

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

	2017	2016
	Unaudited	Audited
	----- (Rupees in '000) ----	
Size of the fund	600,599	539,343
Percentage of investments made	99.24%	98.58%
Fair value of investments	596,006	531,688
Cost of investments made	545,692	516,814

43. PROVIDENT FUND

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

	2017		2016	
	----- (Unaudited) -----		----- (Audited) -----	
	Investments (Rs '000)	investment as a % of size of the fund	Investments (Rs '000)	investment as a % of size of the fund
Government securities	128,684	21.43%	131,922	24.46%
Term finance certificates and Sukuks	73,737	12.28%	100,511	18.64%
Term deposit receipts and call deposits	236,581	39.39%	147,869	27.42%
Listed securities and mutual fund units	157,004	26.14%	151,386	28.07%
	596,006	99.24%	531,688	98.58%

43.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

44.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

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

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2017	2016
	----- (Rupees in '000) ----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 266.183 million (2016: Rs. 328.857 million) receivable from related parties.]	905,436	797,627
Past due but not impaired		
- Less than 90 days [includes Rs. 2.124 million (2016: Rs. 9.807 million) receivable from related parties.]	100,297	175,982
- 91 to 180 days [includes Nil (2016: Nil) receivable from related parties.]	33,153	25,002
- 181 to 360 days [includes Nil (2016: Nil) receivable from related parties.]	2,513	5,335
	<u>1,041,399</u>	<u>1,003,946</u>
Bank balances		
Ratings		
A1+	460,472	383,379
A-1+	59,369	13,466
*A1	44	24
	<u>519,885</u>	<u>396,869</u>
* This includes rating assigned by an international rating agency to foreign banks.		

Short term investments		
Ratings		
A1+	2,709,026	897,775
A-1+	1,777,744	2,780,580
AM2+	52,048	-
AA(f)	1,269,794	-
AM1	879,272	-
AM2++	20,058	-
	<u>6,707,942</u>	<u>3,678,355</u>

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

44.2 Liquidity risk

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

	Year ended June 30, 2017			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- (Rupees in '000) -----			
Long term deposits	-	-	-	1,624
Trade and other payables	1,452,168	-	-	-
Short-term running finance - secured	9,137	-	-	-
Accrued markup	1	-	-	-
	<u>1,461,306</u>	<u>-</u>	<u>-</u>	<u>1,624</u>
	Year ended June 30, 2016			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- (Rupees in '000) -----			
Long term deposits	-	-	-	1,624
Trade and other payables	1,018,218	-	-	-
Short-term running finance - secured	22,790	-	-	-
Accrued markup	42	-	-	-
	<u>1,041,050</u>	<u>-</u>	<u>-</u>	<u>1,624</u>

44.3 Foreign Currency risk

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

	2017	2016
Trade receivables (US Dollars)	15,458	107,959
Trade receivables (AED)	-	1,568,568
Trade and other payables (US Dollars)	37,714	175,102
Trade and other payables (EUR)	112,835	-
Trade and other payables (JPY)	2,855	8,002
Trade and other payables (CHF)	10	-
Total (AED) - receivables	-	1,568,568
Total (CHF) - payables	10	-
Total (JPY) - payables	2,855	8,002
Total (EUR) - payables	112,835	-
Total (US Dollars) - payables	22,256	67,143
The following significant exchange rates have been applied at the balance sheet date:		
US Dollars	104.85	104.70
AED	-	28.51
EUR	119.63	-
JPY	0.94	1.02
CHF	109.41	106.85

Sensitivity analysis:

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

	Change in US dollars, AED, JPY & CHF's rate	Effect on profit or (loss) before tax	Effect on equity
	%	----- (Rupees in '000) -----	
2017	+ 10	(1,584)	(1,154)
	- 10	1,584	1,154
2016	+ 10	3,768	2,756
	- 10	(3,768)	(2,756)

44.4 Interest rate risk

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

Sensitivity Analysis:

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

	Increase / decrease in basis points	Effect on profit before tax
2017		
KIBOR	+ 100	4,015
KIBOR	- 100	(4,015)
2016		
KIBOR	+ 100	3,248
KIBOR	- 100	(3,248)

44.5 Equity price risks

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

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

45. CAPITAL RISK MANAGEMENT

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

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

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

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
2017				
Assets				
- Available for sale investments	198,573	-	-	198,573
- Short-term investments	2,221,172	-	-	2,221,172
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
2016				
Assets				
- Available for sale investments	136,556	-	-	136,556
- Short-term investments	-	-	-	-

There were no transfers amongst levels during the year.

47. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 29, 2017 has approved the following:

- (i) transfer of Rs. 2,366 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 16/- per share for the year ended June 30, 2017 for approval of the members at the Annual General Meeting to be held on October 09, 2017.

48. GENERAL

48.1 The number of employees as at June 30, 2017 was 4,134 (2016: 3,368) and average number of employees during the year was 3,898 (2016: 3,702).

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

48.3 Figures have been rounded off to the nearest thousands.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 29, 2017 by the Board of Directors of the Company.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONSOLIDATED ACCOUNTS

- AUDITER'S REPORT TO THE MEMBERS
- CONSOLIDATED FINANCIALS



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Thal limited** (the Holding Company) and its **Subsidiary companies** (the Group) as at **30 June 2017** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies namely Noble Computer Services (Private) Limited, Habib METRO Pakistan (Private) Limited, Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited, Thal Power (Private) Limited and Makro Habib Pakistan Limited (MHPL).

These consolidated financial statements are the responsibilities of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at **30 June 2017** and the results of their operations for the year then ended.

We draw attention to the fact that our auditors' report dated 21 August 2017 on the financial statements of MHPL for the year ended 30 June 2017 contains an emphasis of matter paragraph with respect to the matter stated in note 1.2.3 to the consolidated financial statements. The said note describes uncertainty arising due to the judgement of the Supreme Court of Pakistan (SCP) requiring the Company to remove its structures and installations of its Saddar store, the subsequent review petition filed by Army Welfare Trust with the SCP, MHPL's closure of its Saddar store on 11 September 2015 and the MHPL's ability to continue as going concern. Our opinion is not qualified in respect of this matter.

Other matter

The financial statements of MHPL for the year ended 30 June 2016 were audited by another firm of Chartered Accountants, whose audit report dated 18 August 2016 expressed an unqualified opinion thereon. However, their audit report included emphasis of matter paragraph highlighting the matters disclosed in note 1.2.3 to the consolidated financial statements.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 29 August 2017
Place: Karachi

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	8	1,201,577	936,399
Intangible assets	9	10,249	9,262
Investment properties	10	6,845,446	6,948,303
Long-term investments	11	3,533,232	2,909,674
Long-term loans	12	10,989	15,010
Long-term deposits	13	17,746	13,995
Long-term prepayments	14	22,501	50,671
Deferred tax asset - net	15	187,551	148,651

CURRENT ASSETS

Stores, spares and loose tools	16	107,905	90,581
Stock-in-trade	17	2,992,333	2,824,550
Trade debts	18	1,094,863	1,048,514
Loans and advances	19	71,198	53,271
Trade deposits and short-term prepayments	20	89,063	52,849
Interest accrued		2,198	3,304
Other receivables	21	5,943	512,123
Short-term investments	22	10,510,173	5,594,911
Income tax - net	23	33,395	296,541
Sales tax refundable		66,822	34,345
Cash and bank balances	24	842,399	937,128

TOTAL ASSETS

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised capital
100,000,000 (2016: 100,000,000) ordinary shares of Rs. 5/- each

Issued, subscribed and paid-up capital	25	405,150	405,150
Share deposit money		12	12
Reserves	26	18,447,119	14,061,440

Equity attributable to equity holders of the Holding Company

Non-controlling interest	27	6,116,611	5,907,241
Total equity		24,968,892	20,373,843

NON-CURRENT LIABILITIES

CURRENT LIABILITIES


Trade and other payables	29	2,343,765	1,765,523
Short-term running finance	30	9,137	22,790
Deferred income	31	7,026	6,729
Accrued markup		1	42

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER


CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Revenue - net	33	18,136,903	16,823,104
Cost of sales	34	(14,167,064)	(13,157,360)
Gross profit		3,969,839	3,665,744
Distribution costs	35	(192,674)	(259,568)
Administrative expenses	36	(1,539,021)	(1,292,466)
Other charges	37	(360,575)	(1,308,396)
		(2,092,270)	(2,860,430)
Other income	38	4,503,523	2,363,285
Operating profit		6,381,092	3,168,599
Finance costs	39	(9,348)	(5,902)
		6,371,744	3,162,697
Share of net profit of associates and joint venture - after tax	11.1	871,024	767,097
Profit before taxation		7,242,768	3,929,794
Taxation	40	(1,740,022)	(1,026,509)
Profit after taxation		5,502,746	2,903,285
Attributable to			
- Equity holders of the Holding Company		5,146,953	2,570,535
- Non-controlling interest		355,793	332,750
		5,502,746	2,903,285
		----- (Rupees) -----	----- (Rupees) -----
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	41	63.52	31.72

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


FOR THE YEAR ENDED JUNE 30, 2017

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Profit after taxation for the year	5,502,746	2,903,285
Other comprehensive income		
Items to be reclassified to profit and loss account in subsequent periods: Gain / (loss) on revaluation of available-for-sale investments	49,517	(14,097)
Items not to be reclassified to profit and loss account in subsequent periods: Share of actuarial loss on remeasurement of defined benefit plans of associates - net of tax	(492)	(184)
Total comprehensive income for the year	<u>5,551,771</u>	<u>2,889,004</u>
Attributable to		
- Equity holders of the Holding Company	5,195,978	2,556,254
- Non-controlling interest	355,793	332,750
	<u>5,551,771</u>	<u>2,889,004</u>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER


CONSOLIDATED CASH FLOW STATEMENT


FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	4,525,858	3,644,113
Finance costs paid		(9,389)	(5,440)
Retirement benefits paid		(987)	(2,356)
Income tax paid		(1,515,679)	(1,269,284)
Long-term loans		4,021	(55,275)
Long-term deposit - net		1,857	168
Operations fee paid		-	(792,000)
Net cash generated from operating activities		<u>3,005,681</u>	<u>1,519,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(461,752)	(215,656)
Proceeds from disposal of operating fixed assets		353,496	17,284
Dividends received		551,710	529,095
Interest received		339,468	321,045
Long-term investments made during the year		(318,858)	(505,563)
Proceeds from disposal of investment in an associate		2,120,000	-
Short-term investments made during the year		(3,133,364)	(41,137)
Net cash (used in) / generated from investing activities		<u>(549,300)</u>	<u>105,068</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(916,209)	(879,943)
Net cash used in financing activities		<u>(916,209)</u>	<u>(879,943)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>1,540,172</u>	<u>745,051</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>6,001,336</u>	<u>5,256,285</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	<u>7,541,508</u>	<u>6,001,336</u>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

		RESERVES						
	Issued, subscribed and paid-up capital	Share deposit money	Capital reserves	General reserve	Unappropriated profit	Gain / (loss) on changes in fair value of available for sale investments	Non-controlling interest	Total equity
	(Rupees in '000)							
Balance as at June 30, 2015	405,150	12	67,929	8,702,874	3,334,888	108,508	5,790,139	18,409,500
Transfer to general reserve	-	-	-	1,136,000	(1,136,000)	-	-	-
Final dividend @ Rs. 2.5/- per share for the year ended June 30, 2015	-	-	-	-	(405,150)	-	-	(405,150)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2016	-	-	-	-	(303,863)	-	-	(303,863)
Subsidiary company								
Final dividend @ Rs. 0.30/- per share for the year ended June 30, 2015	-	-	-	-	-	-	(40,811)	(40,811)
1st Interim Dividend @ Rs. 0.332/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(42,579)	(42,579)
2nd Interim Dividend @ Rs. 0.332/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(45,334)	(45,334)
3rd Interim Dividend @ Rs.0.341/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(46,422)	(46,422)
Final Dividend @ Rs.0.298/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(40,502)	(40,502)
	-	-	-	-	(709,013)	-	(215,648)	(924,661)
Profit for the year	-	-	-	-	2,570,535	-	332,750	2,903,285
Other comprehensive loss	-	-	-	-	(184)	(14,097)	-	(14,281)
Total comprehensive income	-	-	-	-	2,570,351	(14,097)	332,750	2,889,004
Balance as at June 30, 2016	405,150	12	67,929	9,838,874	4,060,226	94,411	5,907,241	20,373,843
Transfer to general reserve	-	-	-	1,368,500	(1,368,500)	-	-	-
Final dividend @ Rs. 6.25/- per share for the year ended June 30, 2016	-	-	-	-	(506,437)	-	-	(506,437)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2017	-	-	-	-	(303,862)	-	-	(303,862)
Subsidiary company								
1st Interim Dividend @ Rs.0.357/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(48,535)	(48,535)
2nd Interim Dividend @ Rs.0.362/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(49,186)	(49,186)
3rd Interim Dividend @ Rs.0.358/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(48,702)	(48,702)
	-	-	-	-	(810,299)	-	(146,423)	(956,722)
Profit for the year	-	-	-	-	5,146,953	-	355,793	5,502,746
Other comprehensive income	-	-	-	-	(492)	49,517	-	49,025
Total comprehensive income	-	-	-	-	5,146,461	49,517	355,793	5,551,771
Balance as at June 30, 2017	405,150	12	67,929	11,207,374	7,027,888	143,928	6,116,611	24,468,892

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. THE HOLDING COMPANY AND ITS OPERATIONS

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

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

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

Subsidiary Companies	Note	Date of becoming subsidiary	Holding		Total assets	Total liabilities	Total assets	Total liabilities
			2017 %	2016 %	2017 (Rupees in '000s)	2016 (Rupees in '000s)	2016 (Rupees in '000s)	2016 (Rupees in '000s)
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	178,724	70,075	146,999	39,939
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	28,857	1,631	27,123	2,310
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	75,332	362,302	137,414	353,300
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	833,996	8,330	583,243	14,129
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	9,673,432	635,926	9,157,630	536,258
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	499,041	65,892	383,574	45,790
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	403,705	401,330	36,217	39,511

1.2.1 Noble Computer Services (Private) Limited

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

1.2.2 Pakistan Industrial Aids (Private) Limited

Pakistan Industrial Aids (Private) Limited was incorporated in Pakistan on March 17, 2006 as a private limited company. The subsidiary is engaged in trading of various products.

1.2.3 Makro-Habib Pakistan Limited (MHPL)

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

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

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

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

1.2.4 A-One Enterprises (Private) Limited

A-One Enterprises (Private) Limited was incorporated in Pakistan on December 16, 2011 as a private limited company. During the current year, the Company has sold its land located at Multan Road, Lahore. Although at the year end, the Company does not have any commercial activity, the management is considering different strategic plans.

1.2.5 Habib METRO Pakistan (Private) Limited

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

1.2.6 Thal Boshoku Pakistan (Private) Limited (TBPPL)

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

1.2.7 Thal Power (Private) Limited (TPPL)

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

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement”.
- 3.2

These consolidated financial statements are presented in Pak Rupees which is also the Group’s functional currency.

4. BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

determining the residual values, useful lives and impairment of property, plant and equipment and investment property	6.2, 6.4, 8 & 10
determining the residual values, useful lives and impairment of intangibles assets	6.3 & 9
impairment of financial and non-financial assets	6.5
provision for slow moving stores, spares and loose tools and stock-in-trade	6.7, 6.8, 16 & 17
provision for doubtful debts and other receivables	6.9 & 18
provision for tax and deferred tax	6.12, 15 & 40
provision and warranty obligation	6.17 & 29.3
provision for compensated absences	6.16
contingencies	32

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 New and amended standards and interpretations

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

The adoption of the above accounting standards and interpretations did not have any material effect on the consolidated financial statements.

In addition to the above standards and interpretations, certain improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Group expects that such improvements to the standards do not have any impact on the Group's financial statements for the period.

6.2 Property, plant and equipment

Operating assets

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

Depreciation / amortisation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 8 to the consolidated financial statements. Depreciation / amortisation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

Leasehold land is amortised in equal installments over the lease period.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Capital work-in-progress

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

6.3 Intangible assets

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

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

6.4 Investment properties

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

6.5 Impairment

Non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment assets are recognized in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognized.

6.6 Investments

Associates

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

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

Joint Venture

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

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

Others

Held-to-maturity

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Group has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

At fair value through profit or loss

Investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

Available-for-sale

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

Quoted

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.

Un-Quoted

These investments are recorded at cost less accumulated impairment losses, if any.

6.7 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted moving average cost method except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items.

6.8 Stock-in-trade

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

Raw and packing materials	-	Purchase cost or weighted moving average basis.
Work-in-process	-	Cost of materials, labour cost and appropriate production overheads.
Finished goods	-	Cost of materials, labour cost and appropriate production overheads.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date. NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items.

6.9 Trade debts and other receivables

Trade debts originated by the Group are recognized and carried at original invoice amount less provision for impairment. Provision for doubtful debts is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for doubtful receivables, if any.

6.10 Ijarah rentals

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

6.11 Cash and cash equivalents

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

6.12 Taxation

(a) Current

The charge for current taxation in respect of certain income streams of the Group is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or 1% of turnover or 17% alternate corporate tax, whichever is higher. The Group had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 23 to the consolidated financial statements.

The subsidiary Thal Boshoku Pakistan (Private) Limited is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Company for five years from the date of commercial production.

(b) Deferred

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

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

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

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

6.13 Trade and other payables

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

6.14 Borrowing costs

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

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

6.15 Staff retirement benefits

Defined Contribution Plan

Provident fund

The Group operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Group and the employees at the rate of 8.33% of basic salary i.e. in accordance with the rules of the scheme. The Group has no further obligation once the contributions have been paid. The contributions made by the Group are recognised as employee benefit expense when they are due.

Retirement benefit fund

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

6.16 Compensated absences

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

6.17 Provisions

General

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

Warranty Obligations

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

6.18 Revenue recognition

Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.

For project jobs services income is recorded when services are rendered. For jobs of recurring nature the services income is recorded on accrual basis.

Rental income from properties is recognized as revenue as per the tenancy agreements on accrual basis.

Other income

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest on bank deposits are recognised on accrual basis.

6.19 Foreign currency transactions

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

6.20 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize 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.

6.21 Research and development expenditure

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

6.22 Dividends and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 7 – Statement of Cash flows (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The Group expects that the adoption of the above standards and amendments would not impact the company's financial statements in the period of initial application.

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

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

8.1 Operating fixed assets

2017
2016
Note
--- (Rupees in '000) ---

		COST				ACCUMULATED DEPRECIATION / AMORTISATION			
As at July 01, 2016	Additions (Note 8.1.1)	Disposals	As at June 30, 2017	Rate %	As at July 01, 2016	Charge	On disposals	As at June 30, 2017	WDV as at June 30, 2017
----- (Rupees in '000) -----									
Land - Freehold	98,528	32,630	107,517	-	-	-	-	-	23,641
- Leasehold	45,381	1,704	47,085	1.69-3.33	8,252	1,228	-	9,480	37,605
Building on freehold land									
- Factory building	289,933	44,388	334,321	10	175,276	11,951	-	187,227	147,094
- Non factory building	471,979	-	471,979	5-10	446,063	3,370	-	449,433	22,546
Railway sliding	792	-	792	5	719	4	-	723	69
Plant and machinery	1,404,716	340,558	1,702,234	10-30	1,004,603	86,737	35,188	1,056,152	646,082
Furniture and fittings	33,157	5,175	38,177	15-20	22,637	1,939	137	24,439	13,738
Vehicles	99,911	24,273	106,400	20	52,262	10,644	11,705	51,201	55,199
Office and mills equipment	99,631	20,425	119,503	10-30	50,311	9,274	364	59,221	60,282
Computer equipment	90,489	18,488	102,954	33.33	68,972	15,512	6,019	78,465	24,489
Jigs and fixtures	229,602	50,353	279,955	33.33	168,701	30,752	-	199,453	80,502
2017	2,864,119	537,994	3,227,041		1,997,796	171,411	53,413	2,115,794	1,111,247

		COST				ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT			
As at July 01, 2015	Additions (Note 8.1.1)	Disposals / write off*	As at June 30, 2016	Rate %	As at July 01, 2015	Charge / impairment** for the year	On disposals / write off*	As at June 30, 2016	WDV as at June 30, 2016
----- (Rupees in '000) -----									
Land - Freehold	203,753	-	98,528	-	-	-	-	-	98,528
- Leasehold	45,381	-	45,381	1.69-3.33	7,040	1,212	-	8,252	37,129
Building on freehold land									
- Factory building	287,593	2,340	289,933	10	162,758	12,518	-	175,276	114,657
- Non factory building	471,979	-	471,979	5-10	188,474	7,804	-	446,063	25,916
Railway sliding	792	-	792	5	716	249,785	-	719	73
Plant and machinery	1,366,566	50,150	1,404,716	10-30	925,860	88,869	8,007	1,004,603	400,113
Furniture and fittings	32,802	779	33,157	15-20	20,942	2,062	2,119 *	22,637	10,520
Vehicles	105,020	10,576	99,911	20	50,572	11,162	75 *	52,262	47,649
Office and mills equipment	73,775	26,149	99,631	10-30	42,943	7,574	206	50,311	49,320
Computer equipment	92,976	9,569	90,489	33.33	67,616	13,308	11,952	68,972	21,517
Jigs and fixtures	196,329	33,273	229,602	33.33	145,947	22,754	-	168,701	60,901
2016	2,876,966	132,836	2,864,119		1,612,868	167,266	29,929	1,997,796	866,323
						249,785	2,194 *		

- 8.1.1 Additions include transfers from capital work in progress amounting to Rs. 372.158 million (2016: Rs. 38.126 million).
- 8.1.2 Jigs and fixtures include moulds having written down value of 24.213 million (2016: Rs. Nil) in the possession of sub-contractors dispersed all over the country.
- 8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 678.042 million (2016: Rs. 182.361 million).
- 8.3 The depreciation / amortization charge for the year has been allocated as follows:

		2017		2016	
		Note		---- (Rupees in '000) ----	
Cost of sales		34		136,296	129,715
Distribution costs		35		1,393	1,343
Administrative expenses		36		33,722	36,208
				171,411	167,266

8.4 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/ (Loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Land							
Freehold land	107,517	-	107,517	332,925	225,408	Negotiation	Lahore Development Authority, Lahore
Plant and machinery							
Beams high racks	2,066	1,880	186	1,019	833	Negotiation	M/s Chase up, Karachi
Gas direct Fired Absorption Chiller Heater TBG 0360	28,142	22,980	5,162	6,000	838	Negotiation	MHCCP, a related party, Karachi
Power pallet lifter	622	485	137	149	12	Negotiation	MHCCP, a related party, Karachi
Display Table for Meat	185	-	185	49	(136)	Negotiation	MHCCP, a related party, Karachi
Item having book value upto Rs. 50,000	12,025	9,843	2,182	3,215	1,033	Various	Various
	43,040	35,188	7,852	10,432	2,580		
Furniture and fittings							
Item having book value upto Rs. 50,000	155	137	18	18	-	Various	Various
Vehicles							
Toyota Camry	2,750	2,430	320	320	-	Sold under Company's Car Scheme	Mr. Sohail P. Ahmed - Director, Karachi
Toyota Corolla Gli	1,392	1,102	290	292	2	Sold under Company's Car Scheme	Mr. S E Bukhari - Employee, Karachi
Suzuki Cultus	970	684	286	327	41	Sold under Company's Car Scheme	Mr. Amrez Khan - Employee, Karachi
Toyota Altis	1,809	1,414	395	657	262	Sold under Company's Car Scheme	Mr. Syed Firdous Shamim Naqvi - Employee, Karachi
Suzuki Bolan Van	441	381	60	305	245	Negotiation	Mrs. Rizwana Begum, Karachi
Toyota Altis	1,877	1,291	586	644	58	Sold under Company's Car Scheme	Mr. Tayyab Afzal - Employee, Karachi
Suzuki Mehran	612	372	240	264	24	Sold under Company's Car Scheme	Mr. Jamshed Sohrab Patel - Employee, Karachi
Toyota Altis	2,303	540	1,763	1,796	33	Sold under Company's Car Scheme	Mr. Syed Muzaffar Ali - Employee, Karachi
Suzuki Cultus	795	639	156	167	11	Sold under Company's Car Scheme	Mr. Tariq Qadir - Employee, Karachi
Suzuki Alto	618	495	123	130	7	Sold under Company's Car Scheme	Mr. Masood Ahmed Quershi - Employee, Karachi
Toyota Corolla Xli	1,605	1,041	564	564	-	Sold under Company's Car Scheme	Mr. Hasan Zaka - Ex Employee, Karachi
Toyota Corolla Xli	1,652	660	992	1,540	548	Negotiation	Mr. Waqas Mirza, Karachi
Item having book value upto Rs. 50,000	960	656	304	2,898	2,594	Various	Various
	17,784	11,705	6,079	9,904	3,825		

Office and mills equipment							
Various items	298	164	134	30	(104)	Negotiation	Mr. Baboo Ashraf, Karachi
Item having book value upto Rs. 50,000	255	200	55	44	(11)	Negotiation	Various
	553	364	189	74	(115)		
Computer equipment							
Item having book value upto Rs. 50,000	6,023	6,019	4	143	139	Various	Various
2017	175,072	53,413	121,659	353,496	231,837		
2016	142,387	29,929	112,458	524,484	412,026		

2017 2016
--- (Rupees in '000) ---

8.5 Capital work-in-progress					
Plant and machinery				67,544	45,691
Furniture and fittings				-	156
Vehicles				7,500	800
Office and mills equipment				6,822	9,261
Computer Equipment				1,364	1,647
Jigs and fixtures				7,100	12,521
				90,330	70,076

9. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTISATION		Written down value	
	As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	Charge for the year		
	Rupees in '000			Rupees in '000			
Softwares	12,317	2,920	15,237	8,934	2,476	11,410	3,827
	9,288	3,423	12,711	3,409	2,880	6,289	6,422
Licenses	21,605	6,343	27,948	12,343	5,356	17,699	10,249
2017							
2016	17,286	4,319	21,605	8,573	3,770	12,343	9,262

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

Cost of sales	Note	2017	2016
Distribution costs		34	35
Administrative expenses		36	10.1

10. INVESTMENT PROPERTIES

Land and building						
Capital work-in-progress – Civil works						
10.1						
Note	COST		ACCUMULATED DEPRECIATION / AMORTISATION			Written down value
	As at July 01, 2016	Additions / (disposal)	As at June 30, 2017	As at July 01, 2016	Charge for the year/(disposal)	
	Rupees in '000		Rupees in '000			
Freehold land	974,504	-	974,504	-	-	974,504
Leasehold land	1,657,588	-	1,657,588	295,122	48,661	1,313,805
Building on freehold land	1,884,362	44,107	1,928,469	403,155	60,119	1,465,195
Building on leasehold land	4,124,002	67,722	4,191,724	993,989	139,407	3,058,328
2017	8,640,456	111,829	8,752,285	1,692,266	248,187	6,811,832
2016	8,626,737	29,464	8,640,456	1,449,968	252,875	6,948,190
		(15,745)			(10,577)	

10.1.1 Investment property comprises of various properties across Pakistan which have been let out. The fair value of such properties is determined on the basis of a valuation carried out by independent professional valuers and amounts to Rs.14,848 million (2016: Rs. 14,844 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

11. LONG-TERM INVESTMENTS

Investment in associates and joint venture - stated as per equity method

Quoted associates

Indus Motor Company Limited

Opening balance	
Share of profit - net of tax	
Remeasurement (loss) / gain of post employment benefit obligation - net of deferred tax	

Dividend received during the period

(Market value Rs. 8,770.704 million) (2016: Rs. 4,594.351 million)

Habib Insurance Company Limited

Opening balance	
Share of profit - net of tax	
Share of actuarial loss on remeasurement of defined benefit plan - net of deferred tax	

Dividend received during the period

(Market value Rs. 89.013 million) (2016: Rs.93.143 million)

Agriauto Industries Limited

Opening balance	
Share of profit - net of tax	
Dividend received during the period	

(Market value Rs. 913.728 million) (2016: Rs. 413.071 million)

Shabbir Tiles & Ceramics Limited

Opening balance	
Share of loss	

(Market value Rs. 59.840 million) (2016: Rs. 23.942 million)

Joint Venture

ThalNova Power Thar (Private) Limited (TNPTPL)

Opening balance	
Investment made during the year	
Share of profit / (loss) - net of tax	

TOTAL OF ASSOCIATES AND JOINT VENTURE

Other investments - Available-for-sale

Quoted - at fair value

Habib Sugar Mills Limited	
GlaxoSmithKline (Pakistan) Limited	
Dynea Pakistan Limited	
Allied Bank Limited	
Habib Bank Limited	
TPL Properties Limited	

Un-Quoted - at cost

Sindh Engro Coal Mining Company Limited	
TPL Properties Limited	

TOTAL

Note	2017		2016	
	Holding %	Rupees in '000	Holding %	Rupees in '000
11.2 & 11.3	6.22		6.22	
		1,556,769		1,328,049
		799,565		717,675
		(53)		45
		(586,800)		(489,000)
		1,769,481		1,556,769
4.63			4.63	
		41,856		43,951
		8,014		8,171
		(439)		(229)
		(10,037)		(10,037)
		39,394		41,856
7.35			7.35	
		247,946		223,091
		62,280		46,011
		(18,512)		(21,156)
		291,714		247,946
1.30			1.30	
		24,762		26,303
		(2,015)		(1,541)
		22,747		24,762
		2,123,336		1,871,333
50			50	
		26,786		-
		282,496		30,005
		3,180		(3,219)
		312,462		26,786
		2,435,798		1,898,119
11.7				
		69,916		69,710
		430		451
		82,156		37,173
		16,295		16,357
		17,526		12,865
		12,250		-
		198,573		136,556
11.8				
		898,861		862,499
11.7				
		-		12,500
		898,861		874,999
		3,533,232		2,909,674

	2017	2016
	---- (Rupees in '000) ----	
11.1 Share of net profit / (loss) of associates and joint venture- after tax		
<u>Associates</u>		
Indus Motor Company Limited	799,565	717,675
Habib Insurance Company Limited	8,014	8,171
Agriauto Industries Limited	62,280	46,011
Shabbir Tiles and Ceramics Limited	(2,015)	(1,541)
	867,844	770,316
<u>Joint venture</u>		
ThalNova Power Thar (Private) Limited	3,180	(3,219)
	871,024	767,097

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

11.3 As the financial statements of all the associates may not necessarily be available at each reporting period of the Group, therefore the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. In case of TNPTPL the Group has used financial statements for the same period end as that of the Holding Company.

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

March 31, 2017

Associates

Indus Motor Company Limited
Habib Insurance Company Limited
Agriauto Industries Limited
Shabbir Tiles and Ceramics Limited

June 30, 2017

Joint venture

ThalNova Power Thar (Private) Limited

March 31, 2016

Associates

Indus Motor Company Limited
Habib Insurance Company Limited
Agriauto Industries Limited
Shabbir Tiles and Ceramics Limited
METRO Habib Cash & Carry Pakistan (Private) Limited

June 30, 2016

Joint venture

ThalNova Power Thar (Private) Limited

2017			
Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
----- (Rupees in '000) -----			
61,545,470	30,745,518	113,421,798	12,851,904
2,724,921	1,594,399	569,231	173,102
4,595,322	633,157	7,274,545	824,482
5,204,488	3,382,476	5,115,338	(154,489)
726,202	101,279	-	6,359
2016			
Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
----- (Rupees in '000) -----			
54,587,933	27,993,034	108,022,575	11,535,622
2,928,944	1,916,786	498,329	176,489
3,450,381	422,377	7,162,438	705,488
5,131,811	3,474,841	4,413,754	(118,108)
7,441,675	10,603,743	34,370,124	(1,241,119)
58,585	5,012	-	(6,437)

11.5 The Group held a put option with respect to its holding in Metro Habib Cash & Carry Pakistan (Private) Limited (MHCCP) whereby, if MHCCP does not achieve certain specified financial performance targets, the Group may require its parent, Metro Cash & Carry International Holding BV (Metro BV) to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The Group exercised the put option on November 15, 2016 at a price of Rs.2,120 million as already notified to the Pakistan Stock Exchange.

	2017	2016
	----- (Rupees in '000) -----	
11.6 Share in contingent liabilities of associated companies	464,043	261,918
Share in commitments of associated companies	128,442	3,828,774
11.7 During the current year, the shares of TPL Properties Limited were quoted on the Pakistan Stock Exchange Limited.		
11.8 The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 898.861 million acquiring 60,651,899 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 15.59 million.		

	Note	2017	2016
		----- (Rupees in '000) ----	
12. LONG-TERM LOANS - secured, considered good			
Employees			
Interest bearing	12.1	-	24
Interest free		15,010	19,056
		15,010	19,080
Current portion	19	(4,021)	(4,070)
	12.2	10,989	15,010
12.1 These carry interest at the rate of 10% (2016: 10%) per annum.			
12.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 10.989 million (2016: Rs. 15.010 million).			

	Note	2017	2016
		----- (Rupees in '000) ----	
13. LONG-TERM DEPOSITS			
Security deposits		10,028	7,010
Utilities		7,237	4,410
Others		481	2,575
	13.1	17,746	13,995
13.1 These long-term deposits are interest free.			
14. LONG-TERM PREPAYMENT			
Rent	14.1	22,501	59,811
Current portion	20	-	(9,140)
		22,501	50,671
14.1 During the current year, on the basis of legal opinion, MHPL has expensed out Rs.33.445 million. Accordingly the rent accrued for the period after the store closure amounting to Rs.10.007 million has also been reversed in accrued liabilities. The net expense of Rs. 23.438 million is disclosed in administrative expenses.			

	Note	2017	2016
		----- (Rupees in '000) ----	
15. DEFERRED TAX ASSET - net			
Deferred tax asset arising:		272,245	352,745
In respect of provisions			
Deferred tax liability arising:			
Due to investment in associates		-	(150,548)
Due to accelerated tax depreciation allowance		(84,694)	(53,546)
		(84,694)	(204,094)
		187, 551	148,651
16. STORES, SPARES AND LOOSE TOOLS			
Stores			
- In hand		19,922	21,602
- In transit		6,616	-
Spares			
- In hand		81,262	68,322
- In transit		-	551
Loose tools		105	106
		107,905	90,581

	Note	2017 ---- (Rupees in '000) ----	2016
17. STOCK-IN-TRADE			
Raw material			
- In hand	17.1	1,926,121	1,651,970
- In transit		385,845	475,437
		<u>2,311,966</u>	<u>2,127,407</u>
Work-in-process		156,863	213,115
Finished goods			
- In hand		520,378	484,028
- In transit		3,126	-
	17.2	<u>2,992,333</u>	<u>2,824,550</u>

17.1 Raw materials amounting to Rs. 7.582 million (2016: Rs. 9.635 million) are held with the sub-contractors.

17.2 Includes items amounting to Rs. 690.797 million (2016: Rs. 504.582 million) carried at net realisable value. [Cost Rs. 734.922 million (2016: Rs. 554.813 million)].

	Note	2017 ---- (Rupees in '000) ----	2016
18. TRADE DEBTS - unsecured			
Considered good	18.1	1,094,863	1,048,514
Considered doubtful		16,124	83,757
Provision for doubtful debts	18.2	(16,124)	(83,757)
		<u>-</u>	<u>-</u>
		<u>1,094,863</u>	<u>1,048,514</u>
18.1 This includes amount due from following related parties:			
Indus Motor Company Limited		260,155	334,150
Auvitronics Limited		7	24
Agriauto Industries Limited		716	261
Shabbir Tiles & Ceramics Limited		19,725	15,629
METRO Habib Cash & Carry Pakistan (Private) Limited		-	35
		<u>280,603</u>	<u>350,099</u>
18.2 Reconciliation of provision for doubtful debts:			
Balance at the beginning of the year		83,757	22,290
Charge for the year		-	75,328
Reversal for the year	0	(66,354)	(8,160)
Bad debts written off	38	(1,279)	(5,701)
Balance at the end of the year		<u>16,124</u>	<u>83,757</u>

19. LOANS AND ADVANCES

Loans

Considered good - secured

Current portion of long-term loans to employees	12	4,021	4,070
Employees - interest free		23,025	25,625
	19.1	<u>27,046</u>	<u>29,695</u>

Advances - considered good - unsecured

Suppliers		39,365	18,660
Employees		4,787	4,916
	19.2	<u>44,152</u>	<u>23,576</u>
		<u>71,198</u>	<u>53,271</u>

19.1 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 29.321 million (2016: Rs. 33.370 million).

19.2 These advances are interest free.

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits

Tender / Performance guarantee		44,834	20,329
Margin against letter of credit		285	175
Deposit against custom duty		7,182	-
Security deposits		406	406
Container deposits		12,295	6,225
Others		2,927	2,937
	20.1	<u>67,929</u>	<u>30,072</u>

Short-term prepayments

Current portion of long-term prepayment		-	9,140
Rent		6,412	4,510
Insurance	20.2	6,033	5,598
Others		8,689	3,529
		<u>21,134</u>	<u>22,777</u>
		<u>89,063</u>	<u>52,849</u>

20.1 These deposits are interest free.

20.2 This represents prepayments made to Habib Insurance Company Limited, a related party.

21. OTHER RECEIVABLES

Duty drawback		2,140	1,101
Custom duty refundable		-	759
Workers' profit participation fund		-	293
Rent	29.5	-	788
Others	21.1	3,803	509,182
		<u>5,943</u>	<u>512,123</u>

21.1 This includes receivable from the following related parties:

Indus Motor Company Limited	25	100
Auvitronics Limited	-	118
Agriaautos Industries Limited	131	131
Dynea Pakistan Limited	-	7
Habib Metropolitan Bank Limited	1,970	-
Shabbir Tiles & Ceramics Limited	111	135
	<u>2,237</u>	<u>491</u>

22. SHORT-TERM INVESTMENTS

Held-to-maturity - at amortised cost

Term Deposit Receipts	22.1	5,559,064	4,617,811
Accrued interest		27,816	15,258
		<u>5,586,880</u>	<u>4,633,069</u>
Treasury Bills	22.2	1,236,396	741,746
Accrued interest		9,697	2,983
		<u>1,246,093</u>	<u>744,729</u>

At fair value through profit and loss account

NAFA Government Securities Liquidity Fund		492,417	175,051
NAFA Money Market Fund		1,141,140	20,930
Alfalab GHP Income Fund		22,009	21,132
Atlas Money Markety Fund		154,479	-
UBL Liquidity Plus Fund		382,270	-
MCB Cash Optimizer Fund		20,058	-
HBL (PICIC) Cash Fund		1,131,582	-
ABL Cash Fund		313,215	-
Al-Meezan Cash Fund		20,030	-
		<u>3,677,200</u>	<u>217,113</u>
		<u>10,510,173</u>	<u>5,594,911</u>

- 22.1** These include deposits amounting to Rs. 3,262 million, (2016: Rs. 2,197 million) with Habib Metropolitan Bank Limited, a related party. These deposits carry interest rate ranging from 3.48% to 6.4% (2016: 6.05% to 6.4%) per annum and having maturity ranging from July 03, 2017 to November 30, 2017. Included in the above investment, Rs. 608.064 million (2016: Rs. 521.811 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company.
- 22.2** These carry interest rate at the rate of 5.99% (2016: 5.90% to 6.21%) per annum and having maturity ranging from July 06, 2017 to September 14, 2017.

	Note	2017 ----- (Rupees in '000) ----	2016
23. INCOME TAX - net			
Group Tax Relief adjustments	23.1	593,466	593,466
Group Taxation adjustments	23.2	10,040	278,440
Income tax provision less tax payments – net		<u>(570,111)</u>	<u>(575,365)</u>
		<u>33,395</u>	<u>296,541</u>

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

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

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

- 23.2** In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2017 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 17.763 million (2016: Rs. 278.440 million) for the current year. Moreover, the tax charge transferred by A-One to the Company amounted to Rs. 7.723 million (2016: Nil).

	Note	2017 ----- (Rupees in '000) ----	2016
24. CASH AND BANK BALANCES			
In hand		2,438	5,375
With banks in:			
Current accounts	24.1	<u>116,752</u>	<u>95,620</u>
Deposit accounts	24.2	<u>539,927</u>	<u>426,730</u>
Saving accounts	24.3	<u>183,282</u>	<u>409,403</u>
		839,961	931,753
		<u>842,399</u>	<u>937,128</u>

- 24.1** These include an amount of Rs. 52.401 million (2016: Rs. 67.235 million) maintained with Habib Metropolitan Bank, a related party.
- 24.2** These include an amount of Rs. 477.695 million (2016: Rs. 426.730 million) maintained with Habib Metropolitan Bank, a related party, and carry markup at the rates ranging from 4.00% to 4.75% (2016: 4.75% to 5.5%) per annum.
- 24.3** These include an amount of Rs. 183.199 million (2016: Rs. 370.232 million) maintained with Habib Metropolitan Bank, and carry markup at the rates ranging from 4.00% to 4.25% (2016: 4.75% to 6%) per annum.

25. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017 ----- (Rupees in '000) ----	2016
Number of ordinary shares of Rs. 5/- each				
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares	323,202	323,202
11,239,669	11,239,669	Shares issued under the Scheme of Arrangements for Amalgamation	56,198	56,198
<u>81,029,909</u>	<u>81,029,909</u>		<u>405,150</u>	<u>405,150</u>

- 25.1** As at 30 June 2017, 7,041,589 (2016: 7,334,889) ordinary shares of Rs. 5/- each are held by related parties.

26. RESERVES

Capital reserves

Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited

Premium on issue of share capital

Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited

Revenue reserves

General reserve

Unappropriated profit

Gain on revaluation of available-for-sale investments

27. NON-CONTROLLING INTEREST

Habib Metro Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited

28. LONG-TERM DEPOSITS

Security deposits

- 28.1** Represents deposits in respect of investments properties rented out by a subsidiary company and includes amounts due to the following related parties:

- Indus Motor Company Limited
- METRO Habib Cash and Carry Pakistan (Private) Limited

2017 ----- (Rupees in '000) ----	2016
3,820	2,280
<u>289,506</u>	<u>289,506</u>
<u>293,326</u>	<u>291,786</u>

	Note	2017 ----- (Rupees in '000) -----	2016
29. TRADE AND OTHER PAYABLES			
Creditors	29.1	318,634	181,544
Accrued liabilities	29.2	1,121,860	842,477
Custom duty payable		67,982	54,981
Unclaimed salaries		3,901	5,887
Warranty obligations	29.3	336,128	261,017
Royalty payable	29.4	156,722	109,198
Workers' profit participation fund	29.5	4,739	-
Workers' welfare fund	29.6	192,469	166,703
Security deposits		1,568	207
Unclaimed dividend and unpaid dividend		72,553	105,094
Other liabilities	29.7	67,209	38,415
		<u>2,343,765</u>	<u>1,765,523</u>
29.1 This includes amounts due to related parties:			
Habib Insurance Company Limited		594	84
Auvitronics Limited		4,586	10,837
		<u>5,180</u>	<u>10,921</u>
29.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		914	1,816
29.3 Warranty obligations			
Balance at the beginning of the year		261,017	187,266
Charge for the year-net	35	87,116	82,715
		348,133	269,981
Claims paid during the year		(12,005)	(8,964)
Balance at end of the year		<u>336,128</u>	<u>261,017</u>
29.4 Royalty payable			
Balance at the beginning of the year		109,198	118,487
Charge for the year-net	34	182,702	191,879
Paid during the year		(135,178)	(201,168)
Balance at the end of the year		<u>156,722</u>	<u>109,198</u>
29.5 Workers' profit participation fund (WPPF)			
Receivable from WPPF at the beginning of the year		(293)	(4,398)
Interest on funds utilised in the Company's business		10	-
Allocation for the current year	37	294,739	165,507
		294,456	161,109
Paid during the year		(289,717)	(161,402)
Payable to / (receivable from) WPPF at the end of the year		<u>4,739</u>	<u>(293)</u>
29.6 During the current year, the Honorable Supreme Court of Pakistan (SCP) declared the amendments made in WWF through Finance Acts as null and void. However, a review petition has been filed against the above order of SCP by the Federal Board of Revenue.			
Accordingly, as a matter of prudence, the management of the subsidiaries, except TBPPL, has decided to make a provision of WWF for the current year till the date of SCP's decision and keep the provision of prior years in their financial statements without prejudice and without admitting liability, until the final verdict of the SCP on the review petition.			
29.7 Other liabilities		2017	2016
		----- (Rupees in '000) -----	
Staff salaries		2,000	800
Tax deducted at source		4,365	1,202
Employees Old-Age Benefits Institution (EOBI)		4,345	753
Advances from customers		23,653	9,601
Payable to provident fund		234	179
Payable to retirement benefit fund		6,188	5,087
Provision for severance cost		2,927	622
Others		23,497	20,171
		<u>67,209</u>	<u>38,415</u>

	Note	2017 ----- (Rupees in '000) -----	2016
30. SHORT-TERM RUNNING FINANCE - Secured			
Related party		5,473	-
Others		3,664	22,790
	30.1	<u>9,137</u>	<u>22,790</u>
30.1 Available limits of the running finance facilities amount to Rs. 2,698 million (2016: Rs. 2,638 million). The facilities carry mark-up ranges at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2016: 0.75% to 1.50%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Group's stock-in-trade and book debts. The facilities have a maturity till October 15, 2018.			
31. DEFERRED INCOME			
Represents license fee received in advance in respect of portion of its stores leased out and advertisement income.			
		2017	2016
		----- (Rupees in '000) -----	
32. CONTINGENCIES AND COMMITMENTS			
32.1 Contingencies			
32.1.1 Represents letter of guarantees issued by banks on behalf of the Group. These include a Standby Letter of Credit (SBLC) amounting to Rs. 2.083 billion issued by United Bank Limited favoring Habib Bank Limited as Intercreditor Agent and Sindh Engro Coal Mining Company Limited (SECMCL) as Project Company for balance equity participation of the Group. The term of SBLC is 42 months and its amount will reduce as and when the Group injects equity in SECMCL. The SBLC is secured by way of mortgage over the property of the Holding Company.		2,175,690	2,138,947
32.1.2 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SROs.		103,974	155,254
32.2 Commitments			
32.2.1 Letters of credit outstanding for raw material and spares.		755,157	1,350,969
32.2.2 Commitments in respect of capital expenditure		66,817	114,614
32.2.3 Commitments for rentals under Ijarah (lease) agreements			
Within one year		10,691	6,429
Later than one year but not later than five years		10,733	8,104
		<u>21,424</u>	<u>14,533</u>
Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 21.423 million and are payable in monthly installments latest by April 2020. These commitments are secured by on-demand promissory notes of Rs. 32.290 million.			
32.2.4 The Group has obtained three pieces for land for its stores under operating lease agreements of 30 to 59 years. The leases have varying terms, escalation clauses, contingent rent arrangements and renewal rights. The amounts of future payments under operating leases and the period in which these payments will become due are as follows:		2017	2016
		----- (Rupees in '000) -----	
Not later than one year		78,561	89,716
Later than one year but not later than five years		414,939	372,861
Later than five years		2,051,160	2,446,799
		<u>2,544,660</u>	<u>2,909,376</u>
32.2.5 Commitment in respect of investment is disclosed in note 11.8 to these consolidated financial statements.			

	Note	2017 ----- (Rupees in '000) ----	2016
33. REVENUE - net			
Export sales	33.1	261,892	526,933
Local sales	33.2	20,396,500	18,742,697
		<u>20,658,392</u>	<u>19,269,630</u>
Less: Sales tax		2,706,236	2,583,985
Sales discount		2,463	1,089
Sales returns		-	12,229
		<u>2,708,699</u>	<u>2,597,303</u>
		<u>17,949,693</u>	<u>16,672,327</u>
Add: Service income		183,525	143,892
		<u>18,133,218</u>	<u>16,816,219</u>
Add: Duty drawback		3,685	7,479
Less: Freight assistance		-	594
		<u>18,136,903</u>	<u>16,823,104</u>

33.1 Export sales are stated net of export related freight and other expenses of Rs. 9.170 million (2016: Rs. 19.034 million).

33.2 Local sales are stated net of freight and other expenses of Rs. 76.028 million (2016: Rs. 54.308 million).

	Note	2017 ----- (Rupees in '000) ----	2016
34. COST OF SALES			
Raw material consumed	34.1	11,994,271	11,025,212
Salaries, wages and benefits		1,170,571	921,766
Stores, spares and lubricants		157,485	140,557
Repairs and maintenance		137,298	94,089
Power and fuel		248,286	207,360
Rent, rates and taxes		6,161	2,974
Vehicle running and maintenance		8,989	9,371
Insurance		8,940	8,512
Communication		4,886	4,557
Travelling and conveyance		13,847	10,466
Entertainment		214	200
Printing and stationery		5,188	4,914
Legal and professional		2,856	1,396
Computer accessories		4,551	3,928
Royalty	29.4	182,702	191,879
Depreciation / amortisation	8.3	136,296	129,715
Amortisation	9.1	2,670	1,303
Research and development		7,644	6,217
Ijarah rentals		5,172	3,426
Others		4,871	1,073
		<u>14,102,898</u>	<u>12,768,915</u>
Work-in-process			
Opening		213,115	192,326
Closing		(156,863)	(213,115)
		<u>56,252</u>	<u>(20,789)</u>
Cost of goods manufactured		<u>14,159,150</u>	<u>12,748,126</u>
Finished goods			
Opening stock		479,128	450,246
Purchases		50,345	467,007
Sharing of cost under arrangement	1.2.3(b)	-	(23,991)
Stock destroyed		(1,181)	-
Closing stock		(520,378)	(484,028)
		<u>7,914</u>	<u>409,234</u>
		<u>14,167,064</u>	<u>13,157,360</u>

	Note	2017 ----- (Rupees in '000) ----	2016
34.1 Raw material consumed			
Opening stock		1,651,970	1,494,319
Purchases		12,268,422	11,182,863
Closing stock		(1,926,121)	(1,651,970)
		<u>11,994,271</u>	<u>11,025,212</u>
35. DISTRIBUTION COSTS			
Salaries and benefits		61,633	58,793
Vehicle running expense		3,074	2,673
Utilities		1,735	2,100
Insurance		1,849	2,573
Rent, rates and taxes		8,339	8,877
Communication		2,021	1,640
Advertisement and publicity		9,053	5,574
Travelling and conveyance		5,833	5,695
Entertainment		227	208
Printing and stationery		330	253
Legal and professional		-	1
Computer accessories		473	379
Research and development		252	290
Depreciation / amortisation	8.3	1,393	1,343
Amortisation	9.1	23	23
Provision for doubtful debts	18.2	-	75,328
Repairs and maintenance		2,564	3,467
Export expenses		5,233	6,189
Provision for warranty claims	29.3	87,116	82,715
Ijarah rentals		813	559
Others		713	888
		<u>192,674</u>	<u>259,568</u>
36. ADMINISTRATIVE EXPENSES			
Salaries and benefits		726,056	600,317
Vehicle running expense		17,222	16,428
Printing and stationery		5,553	5,583
Rent, rates and taxes		105,066	102,135
Utilities		25,722	31,664
Insurance		2,547	4,785
Entertainment		3,698	4,548
Subscription		2,138	2,240
Communication		9,110	8,509
Advertisement and publicity		7,678	3,891
Repairs and maintenance		79,983	61,161
Travelling and conveyance		28,386	34,374
Legal and professional		78,699	50,768
Computer accessories		5,298	4,733
Auditors' remuneration	36.1	6,458	5,918
Depreciation / amortisation	8.3	33,722	36,208
Amortisation	9.1	2,663	2,444
Depreciation on investment property	10.1	248,187	252,875
Ijarah rentals		5,528	2,775
Charity and donations	36.2	74,182	48,590
Directors' Fee & meeting expenses		1,465	1,194
General contracted services		4,207	10,033
Severance cost		-	807
Municipal utility charges		32,801	-
Provision against unamortised advance rent	14.1	23,438	-
Others		9,214	5,653
Sharing of cost under arrangement	1.2.3(b)	-	(5,167)
		<u>1,539,021</u>	<u>1,292,466</u>

	2017 ----- (Rupees in '000) ----	2016
36.1 Auditors' remuneration		
Audit fee	3,920	3,398
Half-yearly review	324	292
Taxation services	1,323	1,295
Other certifications	425	414
Out of pocket expenses	466	519
	<u>6,458</u>	<u>5,918</u>

36.2 Charity and donations

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

			2017 ---- (Rupees in '000) ----	2016
	Note			
<u>Name of doner</u>	<u>Address of donee</u>	<u>Name of directors/spouse</u>		
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	17,807	12,063
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohammed Ali R. Habib - Trustee	8,500	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	14,999	6,000
Anjuman -e- Behbood-Samat -e- ltefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	61
37. OTHER CHARGES				
Workers' profits participation fund	21.1		294,739	165,507
Workers' welfare fund			65,836	94,861
Operation fee to METRO Habib Cash & Carry Pakistan (Private) Limited			-	792,000
Impairment of operating fixed assets			-	249,785
Write off of property, plant and equipment			-	1,243
Others			-	5,000
			<u>360,575</u>	<u>1,308,396</u>

38. OTHER INCOME

Income from financial assets

Dividend income	
Dynea Pakiatan Limited	2,042
Habib Sugar Mills Limited	5,134
Allied Bank Limited	1,318
Habib Bank Limited	912
GlaxosmithKline Pakistan Limited	10
	<u>9,416</u>

Interest on:

Deposit accounts	45,656
Term deposit receipts	263,453
Musharika certificates	-
Government treasury bills	48,525

Gain on revaluation/redemption of investments at fair value through profit and loss

Reversal of provision for doubtful debts	66,354
Liabilities no longer payable written back	2,928
Exchange gain - net	1,051
	<u>578,761</u>

Income from non financial assets

Gain on disposal of operating fixed assets	231,837
Loss on disposal of investment property	-
Gain on disposal of associate - MHCCP	2,120,000
Rental income from investment properties	1,555,809
Licence fee, signage and others	2,673
Sale of scrap	8,607
Service income	-
Claim from suppliers	5,032
Advertising income	488
Commission income	106
Insurance claim	210
Sharing of cost under arrangement	-
	<u>3,924,762</u>
	<u>4,503,523</u>

38.1 Represents gain on disposal of investment in MHCCP amounting to Rs.2,120 million (2016: Nil) as a consequence of exercising the put option as explained in note 11.5 to these consolidated financial statements.

38.2 Includes an amount of Rs. 1,412 million (2016: Rs. 1,351 million) under long-term agreements with MHCCP, whereby the immovable properties owned by the Group have been rented out to MHCCP for its cash & carry store operations at fixed annual rent.

39. FINANCE COSTS

Mark-up on short -term running finance:

- Related party	47
- Others	152
	<u>156</u>

Workers' profit participation fund	10
Bank charges and guarantee commission	9,186
	<u>9,348</u>

	2017 ----- (Rupees in '000) ----	2016
Note		

	2,042	2,042
	5,134	4,667
	1,318	1,273
	912	912
	10	7
	<u>9,416</u>	<u>8,901</u>
	45,656	47,431
	263,453	251,179
	-	1,812
	48,525	24,231
	357,634	324,653
	141,378	42,587
	66,354	478
	2,928	33,210
	1,051	1,941
	<u>578,761</u>	<u>411,770</u>
8.4	231,837	412,026
	-	(4,442)
38.1	2,120,000	-
38.2	1,555,809	1,482,842
	2,673	13,105
	8,607	10,698
	-	2,514
	5,032	29,421
	488	5,162
	106	2,158
	210	124
1.2.3(b)	-	(2,093)
	<u>3,924,762</u>	<u>1,951,515</u>
	<u>4,503,523</u>	<u>2,363,285</u>

	2017 ----- (Rupees in '000) ----	2016
	47	1,216
	152	81
	<u>156</u>	<u>1,297</u>
	10	-
	9,186	4,605
	<u>9,348</u>	<u>5,902</u>

40. TAXATION

	Note	2017 ----- (Rupees in '000) ----	2016
Current		1,813,358	1,115,207
Prior		(34,436)	31,341
Deferred		38,900	(120,039)
	40.1	<u>1,740,022</u>	<u>1,026,509</u>
40.1 Relationship between income tax expense and accounting profit			
Profit before taxation and share of profit of associates		<u>6,371,744</u>	<u>3,162,697</u>
Tax at the rate of 25% - 31% (2016: 25% - 32%)		2,117,413	937,470
Super tax @ 3% of taxable income		179,299	128,171
		<u>2,296,712</u>	<u>1,065,641</u>
Tax effects of:			
Tax effect of inadmissible items		(153,292)	183,730
Income taxed at reduced rates, exempt or taxed under final tax regime		(368,962)	(254,203)
Prior years		(34,436)	31,341
		<u>1,740,022</u>	<u>1,026,509</u>

41. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:			
		2017	2016
		----- (Rupees in '000) ----	
Profit after taxation attributable to the equity holders of the Holding Company		<u>5,146,953</u>	<u>2,570,535</u>
		Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue		<u>81,030</u>	<u>81,030</u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u>63.52</u>	<u>31.72</u>

42. CASH GENERATED FROM OPERATIONS

	Note	2017 ----- (Rupees in '000) ----	2016
Profit before taxation		7,242,768	3,929,794
Adjustments for non-cash charges and other items:			
Depreciation and amortization		176,785	423,910
Amortisation of long-term prepayments		-	5,275
Write-off of long-term prepayments		23,438	
Net share in profit of associates and joint venture - after tax		(871,024)	(767,097)
Finance costs		9,348	5,427
Interest income		(357,634)	(327,251)
Liabilities no longer payable written back		(2,928)	(25,786)
Gain on revaluation / redemption of investments at fair value through profit and loss		(141,378)	(39,989)
Dividend income		(9,416)	(8,901)
(Reversal) / provision for doubtful debts		(66,354)	74,471
Provision for retirement benefits		2,088	2,905
Gain on disposal of investment in an associate - MHCCP		(2,120,000)	-
Impairment of operating fixed assets		-	249,785
Write off property, plant and equipment		-	1,243
Operation fee to METRO Habib Cash & Carry Pakistan (Private) Limited		-	792,000
Gain on disposal of operating fixed assets		(231,837)	(407,584)
		<u>(3,588,912)</u>	<u>(21,592)</u>
		3,653,856	(3,908,202)
(Increase) / decrease in current assets			
Stores, spares and loose tools		(17,324)	445
Stock-in-trade		(167,783)	(306,151)
Trade debts		20,005	87,658
Loans and advances		(17,927)	301,057
Trade deposits and short-term prepayments		(41,489)	(37,406)
Other receivables		578,881	80,790
Sales tax refundable		(32,477)	(24,672)
		<u>321,886</u>	<u>(101,721)</u>
Decrease in current liabilities			
Deferred income		297	(4,888)
Trade and other payables		549,819	(360,922)
		<u>550,116</u>	<u>(365,810)</u>
		4,525,858	3,644,113
43. CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	842,399	937,128
Short-term investments	22	6,708,246	5,086,998
Short-term running finance	30	(9,137)	(22,790)
		<u>7,541,508</u>	<u>6,001,336</u>

44. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances with related parties of the Group include associates, and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in note 45 and elsewhere in these consolidated financial statements, are as follows:

Relationship	Nature of transactions	2017	2016
		----- Rupees in 000s -----	
Associates:	Sales	10,419,052	9,419,023
	Professional Services rendered	205,279	173,028
	Rental Income on properties	1,436,798	1,351,276
	Professional Services acquired	1,958	-
	Insurance premium	31,174	32,227
	Purchase of assets	16,109	9,833
	Sale of assets	-	40
	Purchase of goods	127,871	190,331
	Insurance claim received	3,016	228
	Mark-up and bank charges paid	2,917	4,048
	Profit received	224,269	285,443
	Supplies purchased	448,802	1,624
	Licence fee, signage and others	-	134
	Rent Paid	2,230	2,142
	Rent Received	30,268	22,066
	Service Fee	11,799	-
Employee benefit plans:	Contribution to provident fund	33,692	36,859
	Contribution to retirement benefit fund	2,750	3,202

45. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2017			2016		
	Chief executive	Director	Executives	Chief executive	Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	28,601	-	571,539	26,091	-	397,710
Bonus	9,031	-	55,183	8,400	-	28,746
Group's contribution to provident fund	855	-	17,094	770	-	13,593
Group's contribution to retirement fund	-	-	4,899	-	-	4,050
Other perquisites	-	-	2,188	-	-	-
	38,487	-	650,903	35,261	-	444,099
Number of persons	1	6	156	1	6	122

- 45.1 The chief executives, directors and certain executives of the Group are provided with free use of company maintained cars.
- 45.2 Four non-executive directors (2016: Four) have been paid fees of Rs. 1,175,000 (2016: Rs. 1,175,000) for attending board meetings.
- 45.3 The Chief Executive and Director of Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Pvt) Limited, Thal Boshoku Pakistan (Private) Limited, Thal Power (Private) Limited and Makro-Habib Pakistan Limited are not being paid any remuneration for holding the office.

46. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	140,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Seat tracks (Sets)	55,000	55,000
Side frame (Sets)	55,000	55,000
Air cleaner (Sets)	110,000	110,000
Actual Production		
Jute (Metric Tons)	22,474	15,534
Auto air conditioners (Units)	77,363	82,560
Wire harness (Units)	131,263	128,578
Paper bags (Nos. 000s)	105,202	95,067
Alternator (Units)	53,669	57,529
Starter (Units)	53,380	57,609
Seat tracks (Sets)	49,824	52,620
Side frame (Sets)	53,080	57,810
Air cleaner (Sets)	38,626	45,667
Reason for shortfall	Low demand	Low demand

- 46.1 The capacity of wire harness is dependent on product mix.
- 46.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

47. PROVIDENT FUND

	2017 (Unaudited)	2016 (Audited)
	----- (Rupees in '000) -----	
Size of the funds	622,279	559,668
Percentage of investments made	99.26%	98.62%
Fair value of investments	617,656	551,944
Cost of investments made	567,109	536,798

	2017 (Unaudited)		2016 (Audited)	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Government securities	137,950	22.17%	134,985	24.12%
Term finance certificates and Sukuks	73,737	11.85%	100,511	17.96%
Term deposit receipts, call deposits and musharika certificates	244,394	39.27%	160,782	28.73%
Listed securities and mutual fund units	161,575	25.97%	155,666	27.81%
	617,656	99.26%	551,944	98.62%

- 47.2 Investments out of provident funds have been made in accordance with the provisions of the section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

48.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

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

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2017	2016
	----- (Rupees in '000) ----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 271.982 million (2016: Rs. 335.737 million) receivable from related parties.]	952,070	836,374
Past due but not impaired		
- Less than 90 days [includes Rs. 8.590 million (2016: Rs. 14.065 million) receivable from related parties.]	107,066	181,468
- 91 to 180 days [includes Rs. 0.031 million (2016: 0.297 million) receivable from related parties.]	33,213	25,299
- 181 to 360 days [includes Nil (2016: Nil) receivable from related parties.]	2,514	5,373
	<u>1,094,863</u>	<u>1,048,514</u>
Bank balances		
Ratings		
A1+	779,493	917,668
A-1+	60,261	13,915
A1*	44	24
P-1**	163	146
	<u>839,961</u>	<u>931,753</u>

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

** This reflects rating assigned by an international rating agency to a foreign bank.

Short-term investments

Ratings		
A1+	4,802,660	2,597,218
A-1+	2,030,313	2,780,580
AM2+	176,488	-
AA(f)	1,847,097	-
AM1	1,633,557	-
AM2++	20,058	-
AAA	-	21,132
AAA(f)	-	175,051
AA	-	20,930
	<u>10,510,173</u>	<u>5,594,911</u>

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

48.2 Liquidity risk

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

Year ended June 30, 2017

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
----- (Rupees in '000) -----					
Long-term deposit	-	-	-	316,762	316,762
Trade and other payable	2,343,765	-	-	-	2,343,765
Short-term running finance	9,137	-	-	-	9,137
Accrued markup	1	-	-	-	1
	<u>2,352,903</u>	<u>-</u>	<u>-</u>	<u>316,762</u>	<u>2,669,665</u>

Year ended June 30, 2016

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
----- (Rupees in '000) -----					
Long-term deposit	-	-	-	311,155	311,155
Trade and other payables	1,765,523	-	-	-	1,765,523
Short-term running finance	22,790	-	-	-	22,790
Accrued markup	42	-	-	-	42
	<u>1,788,355</u>	<u>-</u>	<u>-</u>	<u>311,155</u>	<u>2,099,510</u>

48.3 Foreign Currency risk

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

	2017	2016
Trade receivables (USD)	<u>15,458</u>	<u>107,959</u>
Trade receivables (AED)	<u>-</u>	<u>1,568,568</u>
Trade and other payables (USD)	<u>37,714</u>	<u>175,102</u>
Trade and other payables (JPY)	<u>3,197</u>	<u>8,002</u>
Trade and other payables (CHF)	<u>10</u>	<u>-</u>
Trade and other payables (EUR)	<u>113,146</u>	<u>-</u>
Total AED - receivable	<u>-</u>	<u>1,568,568</u>
Total USD - payable	<u>22,256</u>	<u>67,143</u>
Total JPY - payable	<u>3,197</u>	<u>8,002</u>
Total CHF - payable	<u>113,146</u>	<u>-</u>
Total EUR - payable		

The following significant exchange rates have been applied at the reporting dates:

	2017	2016
USD	104.85	104.70
EUR	119.63	-
AED	-	28.51
SAR	-	27.92
JPY	0.94	1.02
CHF	109.41	106.85

Sensitivity analysis:

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

	Change in US dollars, AED, SAR, JPY,CHF's rate	Effect on profit or (loss) before tax	Effect on equity
	%	----- (Rupees in '000) -----	
2017	+ 10	(1,587)	(1,154)
	- 10	1,587	1,154
2016	+ 10	3,768	2,784
	- 10	(3,768)	(2,784)

48.4 Interest rate risk

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

Sensitivity Analysis:

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

	Increase / decrease in basis points	Effect on profit before tax
2017		
KIBOR	+ 100	(7,323)
KIBOR	- 100	7,323
2016		
KIBOR	+ 100	8,133
KIBOR	- 100	(8,133)

48.5 Equity price risks

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

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

49. CAPITAL RISK MANAGEMENT

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

50. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

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

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
2017	----- (Rupees in '000) -----			
Assets				
- Available for sale investments	198,573	-	-	198,573
- Short-term investments	3,677,200	-	-	3,677,200
2016	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
- Available for sale investments	136,556	-	-	136,556
- Short-term investments	217,113	-	-	217,113

There were no transfers amongst levels during the year.

51. OPERATING SEGMENTS

51.1 Segment analysis

	2017				2016			
	Engineering	Building Materials and Allied Products	Real estate management & others	Total	Engineering	Building Materials and Allied Products	Real estate management & others	Total
	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)		(Rupees in '000)	(Rupees in '000)	(Rupees in '000)	
Sales revenue	12,189,639	5,709,716	365,128	18,136,903	11,375,915	4,732,080	898,478	16,823,104
Segment result Unallocated	2,932,623	702,390	987,382	4,622,395	2,716,441	566,759	926,590	4,209,790
(expenses) / income:								
Administrative and distribution costs				(831,045)				(632,935)
Other charges				(360,575)				(1,308,396)
Other income				2,950,317				900,140
Operating profit				6,381,092				3,168,599
Finance cost				(9,348)				(5,902)
Share in profit of associates				871,024				767,097
Taxation				(1,740,022)				(1,026,509)
				5,502,746				2,903,285
Segment assets	2,871,906	3,058,008	11,164,195	15,720,987	2,609,379	2,599,175	10,059,955	13,786,751
Corporate assets				11,645,739				8,212,725
Unallocated assets				278,857				480,606
				27,645,583				22,480,082
Segment liabilities	1,223,003	637,997	617,035	2,478,035	964,944	375,306	602,431	1,942,681
Corporate liabilities				198,656				163,558
Unallocated liabilities				-				-
				2,676,691				2,106,239

The Engineering segment is engaged in the manufacturing of automotive parts.
The Building material and allied products segment includes jute, papersack and laminate operations.
The third segment includes the real estate management, trading and management services.

51.2 Geographical Information of customers

Revenues from customers (Country wise)

	2017	2016
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Pakistan	17,871,511	16,289,643
Afghanistan	23,103	75,299
UAE	35,835	51,657
Bangladesh	7,412	12,643
Uzbekistan	-	120,189
Italy	40,588	35,836
Iraq	-	29,014
Australia	16,447	18,849
Kuwait	48,281	5,983
Saudi Arabia	3,300	3,902
Others	90,426	180,089
	18,136,903	16,823,104

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

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

52. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 29, 2017 has approved the following:

- (i) transfer of Rs. 2,366 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 16 per share for the year ended June 30, 2017 for approval of the members at the Annual General Meeting to be held on October 09, 2017.

53. GENERAL




53.1 The number of employees as at June 30, 2017 was 4,283 (2016: 3,911) and average number of employees during the year was 4,050 (2016: 3,961).

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

53.3 Figures have been rounded off to the nearest thousands.

54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 29, 2017 by the Board of Directors of the Holding Company.

		
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THAL LIMITED

Form of Proxy
Fifty First Annual General Meeting

The Secretary
Thal Limited
House of Habib, 4th floor
Shahra-e-Faisal,
Karachi - 75350

I/We _____

of _____ in the district of _____

being member of Thal Limited, and holder of _____

Ordinary Shares as per Share Register Folio No. _____

and/or CDC Participant I.D. No. _____

And Sub. Account No. _____ hereby appoint _____

of _____ in the district of _____

or failing him / her _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company to be held on October 9, 2017 and or any adjournment thereof.

Signed this _____ day of _____

WITNESSESS:

Signature _____

Name _____

Address _____

CNIC or _____

Passport No. _____

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

Signature on
Rs 5/-
revenue stamp

Signature _____

Name _____

Address _____

CNIC or _____

Passport No. _____

Note:

- 1.A member entitled to be present and vote at the Meeting may appoint another member as proxy to attend and vote for him / her.
- 2.Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the Meeting.
- 3.CDC Shareholders and their Proxies must each attach an attested photocopy of their computerized National Identity Card or Passport with this proxy form.

چیمز مین کی جائزہ رپورٹ 2017

الحمد للہ، تھل لمیٹڈ، جس نے تقریباً 50 سال پہلے ایک جوٹ مل کے طور پر کاروباری سفر کا آغاز کیا تھا اب مختلف النوع کاروبار پر مشتمل ادارہ ہے جو تھرمل سسٹمز، الیکٹرک سسٹمز، انجن کے پرزہ جات، پیپریک اور لمینٹس کے شعبوں میں سرگرم عمل ہے۔

کمپنی نے اپنی ذیلی کمپنیاں بھی قائم کی ہیں جنہوں نے کول مائننگ، توانائی اور آٹوپارٹس (تھل بوخوکو پاکستان (پرائیویٹ) لمیٹڈ) کے شعبوں میں سرمایہ کاری کی ہے۔ یہ کمپنی پاکستان کی معاشی ترقی میں فعال کردار ادا کر رہی ہے اور ملک کے میکرو اکنامک کے مقاصد، خاص طور پر توانائی میں خود انحصاری اور سی پیک کی کامیابی کے حصول کیلئے شریک کار ہے۔ کمپنی نے سندھ اینیگر وکول مائننگ کمپنی (SECMC) میں سرمایہ کاری کے ذریعے تھر کے علاقے میں پاکستان کے پہلے اوپن پٹ کول مائننگ (Open pit coal mining) منصوبے پر کام شروع کر دیا ہے اور اپنی ذیلی کمپنی تھل پاور (پرائیویٹ) لمیٹڈ کے ذریعے تھر، سندھ میں 330 MW کول فائر پاور جنریشن پلانٹ قائم کر رہی ہے۔

30 جن 2017 کو ختم ہونے والا مالی سال تھل لمیٹڈ کے لئے ایک ریکارڈ ساز سال تھا جس میں ہم نے اپنے شیئرز ہولڈرز میں اب تک کاسب سے زیادہ منافع تقسیم کیا۔

سال کے دوران کمپنی نے میٹرو حبیب کشن اینڈ کیری پاکستان (پرائیویٹ) لمیٹڈ (MHCCP) میں اپنی 2.12 بلین روپے کی سرمایہ کاری کو ترک کر دیا اور ایک مرتبہ ہی 1.84 بلین روپے کا قبل از ٹیکس منافع حاصل کیا۔

ہمارے لوگ ہماری کامیابی کا محور ہیں۔ کمپنی نے اپنے پیغمبت ٹرینی پروگرام کا دوبارہ آغاز کیا ہے جس کے ذریعے ملک کے سب سے زیادہ باوقار اداروں سے افراد کا انتخاب کیا جاتا ہے اور مستقبل کی کامیابی کی ضروریات کیلئے ان کی تربیت کی جاتی ہے۔

تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی پیشہ ور اور تجربہ کار افراد پر مشتمل ہے۔ وہ مختلف کاروباری امور کی مہارت رکھتے ہیں ان میں ایک انڈینینڈنٹ ڈائریکٹر بھی شامل ہے جن کا تجربہ 30 سال سے زائد کے عرصہ پر محیط ہے۔ تمام بورڈ ممبران اپنی مخصوص ذمے داریوں سے بخوبی آگاہ ہیں اور انتظامیہ کو حکمت عملی کی ہدایات اور پالیسیز اور معیارات کے مطابق مملدرآمد سے متعلق ضروری رہنمائی فراہم کرتے ہیں۔

بورڈ کے ممبران نے حکمتِ عملی کے مطابق درکار بصیرت کا مظاہرہ کیا ہے اور بورڈ کی کارکردگی انتہائی اطمینان بخش رہی ہے۔ بورڈ کی آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریہوزریشن کمیٹی کی کاڈشیں اور خدمات خاص طور پر قابل قدر ہیں جو انہوں نے مطلوبہ قائدانہ تعاون فراہم کرنے کے سلسلے میں انجام دی ہیں۔

سال کے اختتام کے بعد کمپنی کے چیف ایگزیکٹو جناب آصف رضوی ریٹائر ہو گئے اور بورڈ نے ان کی جگہ جناب مظہر واجی کو مقرر کیا ہے۔ کمپنی کی طرف سے میں جناب آصف رضوی کی کئی سالوں کی گرانقدر خدمات کا اعتراف کرتا ہوں۔ آخر میں میں اپنے ملازمین، شیئرز ہولڈرز، صارفین، ڈیلرز اور بزنس پارٹنرز کا ان کی مسلسل سرپرستی اور اعتماد پر شکریہ ادا کرتا ہوں۔

میں اپنے تمام اسٹاف ممبرز کا بھی شکر گزار ہوں جنہوں نے کمپنی کی ترقی میں اپنا کردار ادا کیا۔

رفیق ایم حبیب

چیمز مین

پراکسی فارم

۵۱ واں سالانہ اجلاسِ عام

سیکرٹری

تھل لمیٹڈ

ہاؤس آف حبیب، چوتھی منزل

شاہراہ فیصل، کراچی۔ ۷۵۳۵۰

میں/ ہم

ساکن

ضلع

میں بحیثیت ممبر تھل لمیٹڈ اور ہولڈر بابت

عام شیئرز جن کے شیئرز رجسٹر فوئیو نمبر

اور/ یا سی ڈی سی پارٹیسپیٹ آئی ڈی نمبر

اور ذیلی اکاؤنٹ نمبر

بذریعہ ہذا

ساکن

ضلع

اور اگر ان کے لئے ممکن نہ ہو تو

ساکن

کولیٹور اپنا/ ہمارا پراکسی مقرر کرتا/ کرتی ہوں تاکہ وہ ۹ اکتوبر ۲۰۱۷ء کو منعقد کئے جانے والے کمپنی کے ۵۱ ویں سالانہ اجلاسِ عام میں میری/ ہماری جگہ ووٹ دے سکیں۔

دستخط _____ مورخہ _____ ۲۰۱۷ء

گواہان:

دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر _____

یا پاسپورٹ نمبر _____

دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر _____

یا پاسپورٹ نمبر _____

نوٹ:

۱) ہر وہ فرد جسے اجلاسِ ہذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے کو اپنا پراکسی مقرر کر سکتا/ سکتی ہے۔

۲) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقت انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔

۳) سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹر انزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

تھل لمیٹڈ

(دستخط نمونہ کے مطابق ہونے چاہئیں

دستخط کمپنی کے پاس رجسٹرڈ ہونے چاہئیں)

دستخط
مبلغ ۵ روپے
کے ڈاک ٹکٹ

کمپنی کو پاور کے شعبہ میں بڑی گنجائش پیدا ہونے کی توقع ہے جس کی بڑی وجہ چائنا پاکستان اکنامک کوریڈور (سی پیک) کا آغاز ہے۔ اس موقع کے حصول کیلئے اس نے سندھ اینگروکول مائننگ کمپنی (SECMC) کی شیئر ہولڈنگ خرید کر تھر میں پاکستان کے پہلے اوپن پمپ کول مائننگ منصوبہ پر کام شروع کر دیا ہے۔ پاور کے شعبہ میں مزید سرمایہ کاری کی غرض سے کمپنی نے میسرزنووائٹکس لمیٹڈ کے ساتھ ایک جوائنٹ وینچر کا معاہدہ طے کیا ہے جس کے تحت تھر سندھ میں ابتدائی ترقیاتی کاموں کے آغاز کیلئے 330 MW کول فائر ڈپاور جنریشن پلانٹ قائم کیا جائے گا۔

کمپنی کو درپیش خدشات اور غیر یقینی کیفیت

کمپنی کو اپنے کاروبار میں کئی طرح کے اندرونی اور بیرونی خدشات کا سامنا کرنا پڑتا ہے۔ اس سلسلے میں کمپنی میں ایک انٹرپرائزرسک مینجمنٹ (ERM) قائم کیا گیا ہے۔ERM کاروبار کو درپیش خدشات اور چیلنجز کی نشاندہی کرنے، ان کی جانچ کرنے، ترجیح قائم کرنے، چھان بین کرنے اور ان کو دور کرنے کا ایک طریقہ کار ہے۔ خدشات کو دور کرنے کا بندوبست کرنا کمپنی کی مینجمنٹ کی بنیادی ذمہ داری ہے۔ اس سلسلے میں انٹرئل آڈٹ فنکشن اور بورڈ آف ڈائریکٹرز ان پالیسیز اور طریقوں کے مطابق جائزہ لیتے ہیں اور مدد کرتے ہیں جو متوقع خدشات کا مقابلہ کرنے کیلئے وضع کی گئی ہیں۔

کمپنی نے ان خدشات کی درجہ بندی اس طرح کی ہے:

- حکمت عملی کے خدشات
- مالیاتی خدشات
 - بیرونی کرنسی کے خدشات
 - کریڈٹ کے خدشات
 - شرح سود کے خدشات
- انٹرئل کنٹرول کے خدشات
- آپریشنل/کمرشل خدشات
 - کاروباری حربوں کے خدشات/ٹیکنالوجی اور جدت کے خدشات
 - ضوابط کے خدشات
 - صحت، تحفظ اور ماحولیات

ان خدشات کے مقابلے اور ان کو ختم کرنے کی حکمت عملی موجود ہے۔

قومی خزانہ میں حصہ

سال 2016-17 میں کمپنی نے نیکسیشن (بشمول پرنیکس)، کسٹم ڈیویٹیز، محصولات، ایکسائز ڈیویٹیز، محصولات، W W F کی صورت میں قومی خزانہ میں 4.75 بلین روپے جمع کرائے۔ (16-2015: 4.22 بلین روپے)

آڈیٹرز

موجودہ آڈیٹرز میسرزارنٹ اینڈ بنگ فورڈرہوڈز سیدات حیدر، چارٹرڈ اکاؤنٹنٹس رینٹازہوہرے ہیں اور اہل ہونے کی بناء پر انہوں نے سال 2017-18 میں خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے بھی ان کے دوبارہ تقرری سفارش کی ہے۔

شیئر ہولڈنگ کا طرز

شیئر ہولڈنگ کا طرز بمطابق 30 جون 2017 اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹی کی تشکیل نو

سال کے اختتام پر جناب آصف رضوی، کمپنی کے ڈائریکٹر اور چیف ایگزیکٹو کے عہدے سے ریٹائر ہو گئے ہیں، ان کی جگہ پر جناب مظہر والچی کوڈائریکٹر اور چیف ایگزیکٹو تھرر کیا گیا ہے۔

جناب آصف رضوی کی ریٹائرمنٹ کے بعد سال کے اختتام پر جناب مظہر والچی کے خالی اسامی پر تقرر کے ساتھ بورڈ ایچ آر کمیٹی کی بھی تشکیل نو کی گئی ہے۔ بورڈ نے جناب آصف رضوی کی خدمات کو سراہا جو انہوں نے کمپنی کے ساتھ منسلک ہوتے ہوئے انجام دیں۔

ڈائریکٹرز بینگ پروگرام

جناب رفیق ایم۔ حبیب، جناب علی الیس۔ حبیب، جناب آصف قادر، جناب سلمان برنی اور جناب مظہر والچی ڈائریکٹرز بینگ پروگرام سے مستثنی ہیں کیونکہ انہیں بورڈ زمیں کام کرنے کا 15 سال سے زیادہ عرصہ کا تجربہ حاصل ہے۔ جب کہ جناب سہیل پی احمد اور جناب محمد علی آر۔ حبیب نے PICG سے کامیابی کے ساتھ ڈائریکٹرز سرٹیفکیٹ حاصل کیا ہے۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک میں کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا اسٹیٹمنٹ

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔

۲۔ کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔

۳۔ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔

۴۔ مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں۔

۵۔ بورڈ نے انٹرئل آڈٹ کے امور بیرونی ذریعہ، میسرزنوئبل کمپیوٹرسروسز (پرائیویٹ) لمیٹڈ کو تفویض کئے ہیں جو اس کام کیلئے نہایت موزوں اہلیت اور تجربہ کے حامل ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی آگاہ ہیں۔

۶۔ اندرونی کنٹرول سسٹم کی تشکیل نہایت مضبوط ہے اور اس کا نفاذ اور نگرانی موثر طور پر کی جارہی ہے۔

۷۔ آڈٹ کمیٹی کے تمام ممبران خود مختار/نان۔ ایگزیکٹو ڈائریکٹرز ہیں۔

۸۔ کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شک و شبہ نہیں ہے۔

۹۔ اصول وضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ ایک ضابطہ اخلاق تیار کر کے ہر ڈائریکٹرز اور ہر ملازم کو پہنچادیا گیا ہے۔

۱۰۔ پراویڈنٹ فنڈ اور ریٹائرمنٹ فنڈ میں سرمایہ کاری کی رقم بمطابق 30 جون 2016، بالترتیب 596 ملین روپے اور 60 ملین روپے ہے۔

۱۱۔ گزشتہ 6 سال کی آپرینگ اور مالیاتی معلومات اس رپورٹ کے ضمیمہ میں درج ہیں۔

i) بورڈ ممبرز کے نام اور سال کے دوران میں منعقد ہونے والی 7 میٹنگز میں ان کی حاضری کی تفصیلات درج ذیل ہیں:

ڈیویڈنڈ اور تخصیص

ڈائریکٹرز نے موجودہ سال کے منافع سے درج ذیل تخصیص کی تجویز دی ہے:

- حتی نقد منافع منقسمہ بحساب۔/16 روپے فی شیئر، یعنی 320 فیصد کا اعلان کیا گیا ہے جو۔/3.75 روپے فی شیئر یعنی 75 فیصد کے عبوری منافع منقسمہ کے علاوہ ہے۔
- غیر تخصیص شدہ منافع میں سے 2,366 ملین روپے کی رقم جنرل ریزرو میں مختص کرنے کی سفارش کی جاتی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے میں اپنے شیئر ہولڈرز، صارفین، ڈیلرز اور کاروباری شرکاء کا ان کی مستقل سرپرستی اور اعتماد پر تہ دل سے شکریہ ادا کرتا ہوں۔ میں اپنے بے وی اے پارٹنر ٹوینا یوشوکو کارپوریشن اور ٹوینا ٹوشوکو کارپوریشن آف جاپان اور اپنے ٹی اے اے پارٹنرز، ڈینسو کارپوریشن اور فروکاوا الیکٹرک کمپنی آف جاپان کے بھرپور تعاون اور اعانت کا ممنون ہوں۔ اپنی تمام ریگولیٹری اتھارٹیز کی رہنمائی اور تعاون کے لئے بھی مشکور ہوں۔ سب سے آخر میں، خاص طور پر، بورڈ آف ڈائریکٹرز اپنے تمام عملے کے کارکنوں کی مخلصانہ کاوشوں کا اعتراف کرتے ہیں جو انہوں نے مسابقتی حالات میں کمپنی کی ترقی کیلئے جاری رکھیں۔



Salman Burney
Director
مظہر والچی
چیف ایگزیکٹو آفیسر

کراچی۔

مورخہ: 29 اگست 2017

ہیومن ریسورسز

تھل لمیٹڈ میں ہم اس امر پر یقین رکھتے ہیں کہ ہماری کامیابی کو واحد انتہائی اہم قوت یعنی ہمارے عملے اور ہمارے لوگوں سے منسوب کیا جاسکتا ہے۔ ہمیں یقین ہے کہ ہمارے ملازمین ہمارا امتیازی سرمایہ رہیں گے اور چونکہ ہمیں یقین ہے کہ ہمیں انفرادی خصوصیات، پروفیشنل ازم اور اعزاز کی کلچر میں ایک بہترین کارکردگی کی ٹیم تیار کرنے کی صلاحیت ہے جو کہ ایک وسیع تر مشاہدے کے بعد ہماری کامیابی کا سفر جاری رکھے اور ہم جس انسانی سرمائے کے اطراف، جن ٹکھن پہلووں اور مراحل کی نشاندہی کریں انہیں اچھ آرا اپنی مہارت سے سنبھال سکے۔ جن ٹکھن مراحل اور پہلووں خصوصی طور پر سال 17-2016 کے دوران توجہ مرکوز کی گئی ان میں ٹیلنٹ مینجمنٹ، لرننگ اینڈ ڈیولپمنٹ، سکسین پلاننگ اور پورے گروپ میں ہمارے پہلے مینجمنٹ ٹرینی پروگرام کو متعارف کرانا ہے۔

ملازمین اور ادارے کی ضروریات کو پورا کرنے کیلئے ہم نے اپنے بنیادی استحکام کو مزید مضبوط بنانے کے لئے ایک طویل مدتی حکمت عملی ترتیب دی ہے جبکہ مکمل آ راستہ اور بلند تر معیار کا حامل ٹیلنٹ ڈیولپمنٹ فریم ورک، جو ہمارے ملازمین کی رہنمائی اور انہیں تربیت سے آراستہ کرنے کیلئے ان کی مکمل صلاحیتوں کو تسلیم کرتے ہوئے ان کو مختلف تربیتی مراحل سے گزارتا ہے۔ پورے سال کے دوران ہم نے مختلف کلاس رومز اور جاب لرننگ کی مشقوں کے ذریعے تکنیکی اور انتظامی صلاحیتوں کیلئے مہارت اور معلومات کے حصول کی غرض سے مواقع فراہم کرنے کا سلسلہ بھی جاری رکھا۔

مزید برآں کمپنی کی جانب سے بہترین ٹیلنٹ حاصل کرنے کے مقاصد کی معاونت کیلئے ہمارے ریکرٹمنٹ سسٹم آن لائن ٹیلنٹ کی جانچ پڑتال پر اسسمنٹ کے لئے مختلف طریقہ کار اپنائے گئے۔ ہم نے دنیا کے معروف درست لیڈر شپ، ٹیلی جنس، ہنڈ د صلاحیت اور رویوں کو جانچنے والے نظاموں میں سے ایک نظام کو اپنایا۔ 17-2016 کے ذریعے ہم نے اپنے مینجمنٹ ٹرینی پروگرام کو بھی متعارف کرایا تا کہ طالب علموں کو بہتر اور زیادہ فعال و متحرک بنا کر ان کی صلاحیتوں کو بہتر استعمال میں لایا جائے تاکہ جو اپنی صلاحیتوں کے مطابق ہمارے بھرتی کے نئے عمل میں چیلنجوں کا سامنا کر سکیں۔ ہمارے مینجمنٹ ٹرینی اور گریجویٹ ٹرینی انجینئرنگ پروگراموں میں شامل ہونے کیلئے گریجوییشن کرنے والے طالب علموں کو ہموار راستہ فراہم کرنے کے ساتھ ہمارا مقصد بہتری ٹیلنٹ کا حصول ہے جو کہ ابھرتے ہوئے رہنماؤں کی کمپنی وائنڈ پائپ لائن تعمیر کریں اور ہمارے انٹر پرائزنگ ادارہ جاتی کلچر کا حصہ بھی بن سکیں۔
انتظامی مہم کے تحت سال 17-2016 کے اختتام تک پاکستان کے 9 تعلیمی اداروں سے 1500 سے زائد طالب علموں تک رسائی حاصل کی گئی۔ حتیٰ مرحلے کیلئے انتہائی سخت جانچ پڑتال کے بعد نئے ریکروٹس کے اس سال کے پول کے طور پر 15 امیدواروں کی خدمات حاصل کی گئیں۔

صحت، تحفظ اور ماحولیات (HSE)

ہمارے تمام کاروباری شعبوں میں ہم کام کرنے کا ایسا ماحول برقرار رکھنا چاہتے ہیں جس میں تحفظ ہمارے آپریشنز اور کاروباری کلچر کا لازمی حصہ بنارہے۔ ہمارا ہدف تمام نقصانات اور حادثات سے محفوظ رہنا اور اس امر کو یقینی بنانا ہے کہ تھل لمیٹڈ کام کرنے کیلئے ایک محفوظ ترین مقام ہے۔ پورے سال ہماری تمام تر کاروباری شعبوں میں ہمارے ملازمین، پلانٹس، درختوں اور وسیع طور پر کردہ ارض کے لئے ایسے مستحکم غور و فکر کے تحت بے مثال اقدامات کئے گئے جن کی بدولت مجموعی طور پر کسی کے زخمی ہونے کی شرح گزشتہ سالوں کے مقابلے میں نمایاں طور پر کم رہی جبکہ ہماری لوسٹ ٹائم (LTI) اس مدت میں 95 فیصد تک کم ہوگئی۔

مزید برآں ہم نے بہترین بین الاقوامی طریقہ کار بشمول اکیوشنل ہیفٹی وہیلیٹھ اینڈ منسٹریشن (OSHAS) اور ڈیولونٹ ورک پلیس سیفٹی اسٹینڈرزمسیت دیگر کو مد نظر رکھتے ہوئے سیفٹی مینجمنٹ سسٹمز پر مکمل توجہ دینے کا سلسلہ برقرار رکھا اور اس امر کو اپتھلا ریز فیڈریشن آف پاکستان کی جانب سے بھی تسلیم کیا گیا جس نے پروسیسڈ وہنلڈ سکلرز میں تھل انجینئرنگ کو ”بیسٹ پریکٹیسز ایوارڈ برائے 2016 OSH&E“ پر پہلا انعام دیا۔

ہم کردہ ارض کے بارے میں بھی بحیثیت ایک سماجی تحفظ کا ادارہ اپنی ذمہ داری سے پوری طرح عہدہ براہ ہو رہے ہیں اور بحیثیت ایک ادارہ یونائیٹڈ نیشنل گلوبل کمپیکٹ پرسکینفری ہیں۔ یہ سال ہمارے لئے پہلا سال تھا جس میں ہم نے ورلڈ ریسورس انسٹیٹیوٹ کے جی ایچ جی رکارڈ پر رپورٹ پر ڈوکول کو استعمال کرتے ہوئے ذریعے تھل انجینئرنگ میں کاربن فوٹ پرنٹ کی بنیادی جانچ پڑتال کا مرحلہ تشکیل دیا۔ قبل ازیں 15-2014 میں ہم اپنی انتہائی بنیادی کوششوں کے ذریعے اپنے کاربن فوٹ پرنٹ کو ایک فیصد تک کم کرنے اور اس کے ساتھ سال 17-2016 کیلئے 5 فیصد کا ہدف شناخت کرنے کے قابل ہوئے تھے۔

کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

ہم اپنے اسٹیک ہولڈرز کا معیار زندگی بہتر بنانے کے ضمن میں اپنی کوششوں کے طور پر ہمارے سماجی طبقات اور معاشرے کا پسماندہ حصوں کی امداد کے سلسلے میں 17-2016 کے دوران ہماری سماجی سرمایہ کاری تحت ہم نے لگ بھگ 61.1 ملین پاک روپے صرف کئے جبکہ 16-2015 میں 33.5 ملین روپے خرچ کئے گئے تھے۔ یہ پروگرام ہمارے تمام تر کاروباری شعبوں پر محیط تھے اور بنیادی طور پر تعلیم، صحت، ملازمین کی فلاح و بہبود، کمیونٹی ڈیولپمنٹ، ماحولیات اور قدرتی آفات کے تحت امداد دینے پر توجہ دی گئی۔

تعلیم کے شعبے میں ہم نے پھر پور تعاون جاری رکھا اور ہمارا فلگ شپ حبیب یونیورسٹی فاؤنڈیشن، جو کہ بڑی تعداد میں مستحق طلبہ کو اسکالرشپس اور مالی امداد فراہم کرتا ہے، نے سرگرمیاں جاری رکھیں۔ اس کے علاوہ ازیں مختلف کاروباری شعبوں کے دیگر اداروں مثلاً اےب (Absa)، ٹی سی ایف، کاغان اسکول سمیت دیگر اداروں کو معاشرے کے پسماندہ طبقات کو تعلیم کی فراہمی میں معاونت کیلئے پھر پورا مداد دی۔

ہم حقیقتاً اس امر پر یقین رکھتے ہیں کہ معیار بنیادی اور ثانوی ہیتھ کیئر کی سہولتیں معاشرے کے ہر ایک فرد کا بنیادی حق ہے۔ اس ذمہ داری کو محسوس کرتے ہوئے پورے سال ہم نے معروف طبی اداروں کو براہ راست مالی امداد کے تحت سپورٹ کیا اور انڈس ہسپتال، جینئو ہیماٹولوجی اینڈ اوکولوجی ٹرسٹ، محصوبین ہسپتال، چائلڈ اینڈ ایسوسی ایشن، جھری بلڈ بینک، ایس آئی یوٹی، فاطمید فاؤنڈیشن، میری ایڈیلڈ لچھروی سینٹر، ہوپ (HOP) اور مدادوائلیفیر سوسائٹی سمیت دیگر وعطیات فراہم کئے گئے۔

ایک ادارے کے طور پر ہمیں خود پرفخر ہے کہ ہم معاشرے کے لئے اپنی ذمہ داری کو پوری طرح محسوس کرتے یں اور اپنے ملازمین کا بھی خیال رکھتے ہیں جو کہ ہمارا قیمتی اور بنیادی اثاثہ ہیں۔ اس رہنما اصول کے ساتھ اس سال بھی ہم نے وہ پروگرام جاری رکھے جن سے ہمارے ملازمین کی بہبود اور ان کی بنیادی ضروریات پوری ہو سکیں۔

فلاحی کاموں کے اخراجات کی تفصیل

(Rupees in 000')		
June 2017	June 2016	
Welfare	12,331	20,882
Health	8,368	30,540
Education	12,572	9,418
Others	250	301
Grand Total	33,521	61,141

انفارمیشن ٹیکنالوجی (IT)

بیرونی دنیا سے ساتھ انتہائی موثر انداز میں منسلک رہنے کے نظاموں نے سکیورٹی کو غیر محفوظ اور کلاؤڈ (Cloud) کے تناظر میں نیٹ ورکس نے کثیر جدتوں کو واضح کر دیا ہے۔ تھل لمیٹڈ کے کاروباروں اور آئی ٹی ڈپارٹمنٹ نے انفارمیشن سکیورٹی میں اضافے کی بڑھتی ہوئی ضرورت کو تسلیم کیا ہے۔ تھل لمیٹڈ کی آئی ٹی ٹیم سائبر کرائمز کے خلاف نیٹ ورک کو تحفظ دینے کی غرض سے نیٹ ورک پینٹریشن ٹیسٹ (Network Penetration Test) کے انعقاد اور مداخلت کی جانچ اور تحفظ کے نظام کو قائم کرنے کی اہمیت کو تسلیم کرتی ہے۔ جدید ترین فائر واولز، اینٹی ویلو میز اور اینٹی اسپائی ویئر، سافٹ ویئر غیر ضروری ٹریفک اور ویلو میز مثلاً اسپائی ویئر، ایڈویئر یا ٹروجنز کے لئے آنے والے انٹرنیٹ ٹریفک کی نگرانی کے سلسلے میں نصب کئے گئے تھے۔ اس کے ساتھ ساتھ محفوظ کمیونٹی کیشن جینئروٹی سی/آئی پی پروڈوکٹز اور انکرپشن پروڈوکٹز مثلاً ایک سکیورس کس لیزر (SSL) یا ایک ٹرانسپورٹ لیزر سکیورٹی (TLS) بھی مطلوبہ سرورز پر نصب کئے گئے۔

کمپنی کسی معروف آئی ٹی آڈٹ فرم کے ذریعے آزادانہ آئی ٹی آڈٹ کرانے کی ضرورت کو بھی تسلیم کرتی ہے۔ تاکہ آئی ٹی سے متعلق کنٹرول کے نظام کی جانچ کی جاسکے۔ آئی ٹی انفرائسٹرکچر اور بزنس اپلی کیشنز پر ہمیشہ سے بڑھتے ہوئے انحصار کے باعث اندرونی طور پر یہ تسلیم کیا گیا ہے کہ انفارمیشن ٹیکنالوجی میں خطرات بڑھ رہے ہیں۔ جن میں سکیورٹی کے خطرات، ضابطوں اور گورننس پر عملدر آ مد کے مسائل شامل ہیں۔ کام کا دائرہ صرف آڈٹ تک محدود نہیں تھا، بلکہ اس میں پالیسیز اور طریقہ کار کی ڈاؤمنیشن، نیٹ ورک سکیورٹی کا جائزہ اور SAP سیکرٹیکیشن آف ڈیویٹز کا جائزہ بھی شامل کیا گیا۔

متعلقہ پارٹنرز سے لین دین

تمام پارٹنرز کے ساتھ لین دین کے معاملات الاگوا ضابطوں کے مطابق انجام دیئے گئے ہیں اور متعلقہ ٹوٹس کے تحت مالیاتی گوشواروں میں ظاہر کئے گئے ہیں۔

انٹرنل فنانشل کنٹرولز

کمپنی اور اس کے ذیلی اداروں نے اثاثہ جات کے تحفظ اور اپنے ریکارڈز کو یقینی طور پر درست اور مستند بنانے کیلئے انٹرنل فنانشل کنٹرول کا موثر نظام نافذ کیا ہے۔ سینئر مینجمنٹ، ماہانہ تفصیلی رپورٹس اور تجزیہ کے ذریعے کمپنی اور اس کے ذیلی اداروں کی مالیاتی کارکردگی کا باقاعدہ جائزہ لیتی ہے جب کہ بورڈ بھی ہر سہ ماہی پر اپنا جائزہ پیش کرتا ہے او مطلوبہ امور کے خلاف کسی بھی انحراف کا پتہ لگاتا ہے۔ انٹرنل آڈٹ فنکشن کے ذریعہ تفصیلی معائنہ کا عمل بھی جاری رہتا ہے جس میں انٹرنل کنٹرول کے طریقوں کی پابندی کا جائزہ لیا جاتا ہے اور نتائج کی رپورٹ بورڈ کی آڈٹ کمیٹی کو پیش کی جاتی ہیں۔

مستقبل پر نظر کا اسٹیمینٹ

موجودہ معاشی اور کاروباری ماحول میں مینوفیکچرنگ کے شعبے کو کئی طرح کے چیلنجز کا سامنا ہے۔ تاہم، غیر یقینی صورتحال کے باوجود کچھ امید افزا پیش رفت ہوئی ہے جس سے معاشی ترقی اور ملک میں کاروباری مواقع پیدا ہونے کے امکانات روشن ہوئے ہیں۔

تھل لمیٹڈ ان مواقع کے حصول کیلئے اپنی حیثیت کو مضبوط تر بنانے میں مسلسل کوشاں ہے تاکہ ان سے بھرپور فائدہ اٹھایا جاسکے اور آئندہ سالوں میں کاروبار کو مزید فروغ حاصل ہو۔ کمپنی نے اپنے مختلف پروڈکٹس کے مینوفیکچرنگ کے شعبے میں تنوع پیدا کیا ہے جو مارکیٹ کے مختلف شعبوں کے لئے مختص ہیں۔

کمپنی کا سب سے بڑا کاروباری شعبہ اس کا انجینئرنگ کا شعبہ ہے۔ موجودہ آٹو انوٹمنٹ پالیسی کے تحت کئی نئے OEM نے پاکستان میں اپنے سرمایہ کاری کے منصوبوں کا اعلان کیا ہے۔ بہر حال وسطی مدت کیلئے آٹو وینڈر کی صنعت دباؤ کی حالت میں رہے گی کیونکہ نئے شامل ہونے والے اس کو مقامی حد تک محدود نہیں رکھیں گے اور طویل مدت کیلئے یہ شعبہ اپنے مارکیٹ شیئرز میں اضافہ کیلئے بہترین متوازن حالت میں رہے گا۔

انجینئرنگ کے شعبے کے علاوہ تعمیراتی اور اس سے متعلق پروڈکٹس کا شعبہ بھی کمپنی کی ترقی میں اہم کردار ادا کر رہا ہے۔ اس شعبے کے جوٹ کے کاروبار میں مارکیٹ شیئرز میں کمی آئی ہے جس کی وجہ کم قیمت کے پروپلین بیکز کی بڑھتی ہوئی طلب ہے۔ تاہم آنے والا سال اس کیلئے نہایت امید افزا ثابت ہوگا کیونکہ بنگلہ دیش اور بھارت دونوں ملکوں میں خام جوٹ کی بہت اچھی فصل ہونے کی توقع ہے۔ اس شعبہ کا دوسرا بڑا کاروبار پیپر سیک کا کاروبار ہے اور سیمنٹ کی صنعت کے فروغ سے اس میں بھی اضافہ ہونے کی توقع ہے۔ نیز یہ کاروبار قدرتی نمو کے علاوہ پلانٹ اور مشینز ی میں بڑی سرمایہ کاری کے ذریعے اپنی پیداواری استطاعت میں مزید اضافہ کیلئے سرگرم عمل ہے۔ اس شعبے کا تیسرا کاروبار سٹینٹس کا ہے جو یٹینیٹڈ بورڈ زاور بہت اعلیٰ قسم کا مشہور برانڈ ”فارمانٹ“ تیار کرتا ہے۔ ملک میں تعمیراتی صنعت کے فروغ کی توقع کے سبب اس کاروبار کی ترقی خاص طور پر کارپوریشن کلائنٹس کی رفتار میں بھی تیزی آنے کی امید ہے۔

انرجی سیکٹر میں سرمایہ کاریاں

سندھ اینگروکول مائننگ کمپنی لمیٹڈ

ایس ای سی ایم سی ، حکومت سندھ ،تھل لمیٹڈ، اینگرو پاور جین لمیٹڈ، حب پاور کمپنی لمیٹڈ، حبیب بینک لمیٹڈ، سی ایم ای سی تھر مائننگ انویسٹمنٹس لمیٹڈ اور ایس پی آئی مینگڈ ونگ کے درمیان ایک مشترکہ منصوبہ ہے۔ یہ پروجیکٹ تھرکول بلاک-II میں پاکستان کا پہلا اوپن پٹ مائننگ پروجیکٹ تیار کرنے میں مصروف عمل ہے۔ پروجیکٹ نے ۱4 اپریل 20۱6 کو اپنا فائنل کلوز حاصل کر لیا تھا۔

یہ پروجیکٹ زیر تعمیر ہے اور موجودہ طور پر کام کی رفتار شیڈول سے آگے ہے۔ آج کی تاریخ تک 47 M BCM c. ملے ہوایا جا چکا ہے اور کان کی گہرائی 86 میٹر تک پہنچ چکی ہے۔ اینفلوئٹ ڈسپوزل لائن اور لیفٹ بینک آؤٹ فال ڈریج اسکیم کے متعلقہ انفراسٹرکچر پروجیکٹس ممکنہ طور پر شیڈول کے مطابق مکمل کر لئے جائیں گے۔

پروجیکٹ کے پہلے مرحلے کیلئے تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 36.1 ملین امریکی ڈالر کے مساوی پاک روپے میں مجموعی رقم کی منظوری دی تھی جس میں 24.3 ملین امریکی ڈالر کی ایکویٹی انویسٹمنٹ ، 5 ملین امریکی ڈالر برائے کاسٹ اور۔ رن اور ڈیم سروسنگ ریزرو کیلئے 6.8 ملین امریکی ڈالر کی ایکویٹی سرمایہ کاری شامل ہے۔ اس وقت تک کمپنی 8.7۱ ملین امریکی ڈالر کے مساوی 899 ملین روپے کی سرمایہ کاری کر چکی ہے۔

ایس ای سی ایم سی نے تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ اور تھرانرجی لمیٹڈ کے ساتھ کوئلے کی سپلائی کے معاہدے کئے ہیں جس کے تحت بالترتیب ہر ایک 330 میگاواٹ پاور پلانٹ کیلئے 1.9 ملین ٹن اضافی لگنائٹ سالانہ فراہم کیا جائے گا۔

تھل پاور (پرائیویٹ) لمیٹڈ

کمپنی نے نووائٹکس لمیٹڈ کے ساتھ تھر، سندھ میں واقع 330 میگاواٹ مائن مائتھ کول فائرڈ پاور جنریشن پلانٹ کی تیاری کیلئے اشتراک کے سلسلے میں ایک جوائنٹ وینچر معاہدہ تشکیل دیا تھا۔ یہ پاور پلانٹ سندھ اینگروکول مائننگ کمپنی (SECMC) کی جانب سے چلائی جانے والی کان سے نکالے جانے والے لگنائٹ کول پڑتی ہے۔

کمپنی اپنے مکمل ملکیتی ذیلی ادارے تھل پاور (پرائیویٹ) لمیٹڈ کے ذریعے ایک بے دی پروجیکٹ کمپنی یعنی تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ (”تھل نووا“) اس پروجیکٹ کی تکمیل کیلئے تشکیل دی ہے۔

تھل نووانے پرائیویٹ پاور انفراسٹرکچر بورڈ (پی پی آئی بی) سے لیئر آف انٹینسٹ (LOI) اور لیئر آف سپورسٹ (LOS) حاصل کر لیا ہے۔ نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) نے جنریشن لائسنس جاری کر دیا ہے اور پروجیکٹ کمپنی کیلئے تھرکول پراپ فرنٹ ٹیرف تفویض کر دیا ہے۔ تھل نووا کوسندھ انوائزمنٹل پروٹیکشن ایجنسی (SEPA) کی جانب سے بھی نوآئینکیش سرٹیفکیٹ (NOC) جاری کر دیا گیا ہے۔ چائنہ مشینری اینڈ انجینئرنگ کارپوریشن کو لپٹورای پی سی کنٹرکٹر مقرر کیا گیا ہے تھل نووانے ایس ای سی ایم سی کے ساتھ 1.9 ملین ٹن سالانہ لگنائٹ کی سپلائی کیلئے کول سپلائی ایگریمنٹ (CSA) کیا ہے۔ اس نے سینٹرل پاور پراجیز ایجنسی (گارنٹی) لمیٹڈ کے ساتھ بھی پاور پراجیز ایگریمنٹ (PPA) پر دستخط کئے ہیں۔

یہ پروجیکٹ بنیادی طور پر ملکی وسائل پر مشتمل ہے اور اسے متعلقہ حکومتوں کی جانب سے مکمل معاونت اور حمایت حاصل ہے پھر بھی اسے ہر وقت فائنل کلوز میں کٹھن چیلنجز کا سامنا کرنا پڑا۔ تھل نووا پروجیکٹ کے تمام معاہدوں کی تکمیل اور پروجیکٹ کیلئے فائنل کلوز کے حصول میں موثر طور پر فعال رہا۔

ذیلی ادارے اور منسلکہ کمپنیاں

تھل پوشوکو پاکستان (پرائیویٹ) لمیٹڈ

سال ۲0۱6-17 کے دوران کمپنی کیلئے سیلز ریویو صارفین کی جانب سے کم خریداریوں کے باعث ہدف سے نیچے رہا تاہم کمپنی نے بہتر مالیاتی انتظام، لاگت پر باکفایت کنٹرول، وصولیوں میں بہتری اور متعدد بروقت انویسٹری انتظامات کے ذریعے اور ایک مختاط لیگویڈیٹی مینجمنٹ پر عملدرآمد کرتے ہوئے کسی بینک قرضے کے استعمال کے بغیر اپنے کاروباری امور انجام دیئے۔

آپریشنز کے حوالے سے صارف کو فراہمی کی تمام ضروریات کسی بھی نقص کے بغیر بروقت پوری کی گئیں اور صارفین نے پورے سال بزنس کو ”گرین زون“ میں رکھا۔ پیداواری کارکردگی بہتر بنانے، کا بنزن (Kaizen) اور اپنے ٹیم ممبران کو کام کرنے کا صاف ستھرا اور محفوظ و مستند ماحول کی فراہمی پر بھی توجہ دی جاتی رہی۔

کمپنی کے مستقبل کیلئے جائزہ حوصلہ افزا ہے کیونکہ آئو انڈسٹری میں ترقی کے قوی امکانات میں بالخصوص موجودہ آئو پالیسی کے تحت نئے اداروں کی آمد کے اعلان سے صورتحال بہتر ہوگی۔ جبکہ مجموعی طور پر آپریشنز کے تحت کمپنی مزید پائرس کے مقامی پروجیکٹس کے ذریعے اپنی پروڈکٹس میں اضافے کیلئے بھی اقدامات کر رہی ہے۔ تھل لمیٹڈ، تھل پوشوکو پاکستان (پرائیویٹ) لمیٹڈ میں 55 فیصد شیئرز ہولڈنگ کی حامل ہے جبکہ 35 فیصد ٹویٹو نا پوشوکو کارپوریشن جاپان کے پاس ہیں اور مزید 10 فیصد شیئرز ٹویٹو نا پوشوکو کارپوریشن جاپان کے پاس موجود ہیں۔

میکرو۔ حبیب پاکستان لمیٹڈ

معزز عدالت عظمٰی پاکستان نے صدر اسٹور کیلئے ایچ ایم پی ایل کی نظر ثانی درخواست مسترد کردی ہے اور نتیجتاً ایم ایچ پی ایل صدر اسٹور مورخہ 11 ستمبر 20۱5 کو بند کر دیا گیا۔

بعد ازاں 9 دسمبر 20۱5 کو ایک پیش رفت کے طور پر معزز عدالت عظمٰی پاکستان نے آرمی ویلفیئر ٹرسٹ (AWT) کی درخواست برائے اس کی نظر ثانی پیشین کی بحالی قبول کر لی تھی۔ 2 فروری 20۱6 کو اپنی ساعت میں معزز چیف جسٹس نے اپنے رد عمل میں کہا کہ چونکہ اے ڈبلیو پی کی نظر ثانی پیشین کی سماعت کی جارہی ہے لہذا ایم ایچ پی ایل اور وزارت دفاع دونوں کو میرٹ پر اپنے موقف ظاہر کرنے کا موقع ملنا چاہئے کیونکہ یہ دونوں ہی اے ڈبلیو پی کے مقدمے میں جوابداران ہیں۔

مقدمے کی سماعت کیلئے 13 اکتوبر 20۱6 مقرر کی گئی تھی جس میں گزشتہ بیچ کی جانب سے تشکیل دیئے گئے ایک دوسرے بیچ نے سماعت اور مقدمہ چیف جسٹس آف پاکستان کو بھیجتے ہوئے ایک اور بیچ کی تشکیل کی سفارش کی، اگر ضرورت ہو، اس کے بعد سے کوئی سماعت نہیں ہوئی ہے۔ یہ کمپنی مکمل طور پر تھل لمیٹڈ کا ملکیتی ذیلی ادارہ ہے۔

حبیب میٹرو پاکستان (پرائیویٹ) لمیٹڈ

حبیب میٹرو پاکستان (پرائیویٹ) لمیٹڈ (HMPL) کا بنیادی کاروبار ریشیل اسٹور املاک کی ملکیت اور اس کا انتظام کرنا ہے اور اس کے مطابق آمدنی کا 90 فیصد سے زائد ریشیل آمدنی سے حاصل کیا جاتا ہے۔ تھل لمیٹڈ ذیلی ادارے میں 60 فیصد شیئرز ہولڈنگ کا حامل ہے جبکہ 40 فیصد شیئرز میٹروکیش اینڈ کیری پاکستان (پرائیویٹ) لمیٹڈ کے پاس موجود ہیں۔ کمپنی مختلف کاروباری مواقع تلاش کرنے کے لئے کوشاں ہے تاکہ کیش اینڈ کیری کار ریشیل بزنس کو فروغ دیا جائے اور اس کے اسٹور کی لوکیشنز کو بڑھایا جائے۔

۲0۱6-17 میں تھل لمیٹڈ کیلئے ادائیگی کے سلسلے میں ایچ ایم پی ایل نے مجموعی طور پر 220 ملین روپے مالیت کے عبوری منافع منقسمہ کی منظوری دی۔

نوبل کمپیوٹرز سروسز (پرائیویٹ) لمیٹڈ

کمپنی انٹرل آڈٹ، آئی ٹی، ایڈوائزری، ایچ آر اور دیگر انتظامی خدمات سے متعلق سروسز ہاؤس آف حبیب کی گروپ کمپنیوں کو فراہم کرنے کا سلسلہ جاری رکھے ہوئے ہے۔ یہ کمپنی تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

پاکستان انڈسٹریل اینڈز (پرائیویٹ) لمیٹڈ

اپنے تجارتی آپریشنز کے ذریعے کمپنی نے آٹو پارٹس مثلاً کمپریسرز، کنڈینسرز، کولنگ یونٹس اور گیس آٹوموبائل اسمبلر اور آٹو پارٹس مینوفیکچررز کو فراہم کر کے اپنا کاروبار جاری رکھا ہے۔ یہ تھل لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔

اے ون انٹر پرائزز (پرائیویٹ) لمیٹڈ

اے ون انٹر پرائزز (پرائیویٹ) لمیٹڈ تھل لمیٹڈ کا مکمل ملکیتی ذیلی ادارہ ہے۔ زیر جائزہ سال کے دوران کمپنی نے ملتان روڈ پر واقع اپنی جائیداد لاہور ڈیولپمنٹ اتھارٹی (ایل ڈی اے) کو فروخت کی جس کے تحت باقاعدہ زر تلافی کی رقم وصول کر لی گئی ہے۔

جائزہ

سی پیک پروجیکٹس کی بدولت ملک میں تیزی سے بڑھتی ہوئی اقتصادی سرگرمیوں کے ساتھ توقع ہے کہ آٹو انڈسٹری بھی ترقی کرنے لگی بالخصوص کمرشل گاڑیوں کے شعبے میں بہتری آئے گی جس کے نتیجے میں آنے والے سال کے دوران ہماری تمام تر مصنوعات کی طلب میں نمایاں اضافہ ہوگا۔ آٹوموٹیوڈیولپمنٹ پالیسی2016-21 جس میں سنے آٹوموٹیواداروں کے لئے پرکشش مراعات دی گئی ہیں، نے عالمی آٹوموٹیوکمپنیوں کیلئے بھی دلچسپی پیدا کردی ہے اورادای ایہ(OEMs) کی بڑی تعدادنے ملک میں اسمبلنگ آپریشنز کے قیام کا اعلان کیا ہے اس حوالے سے توقعات ہیں کہ آئندہ چند سالوں میں اس کے خاطر خواہ فوائد حاصل ہوں گے اوروسط مدتی میں وینڈرائڈسٹری کو سخت چیلنج درپیش ہوگا جیسا کہ سنے اداروں کیلئے مقامی تیاری لازمی نہیں ہوگی۔

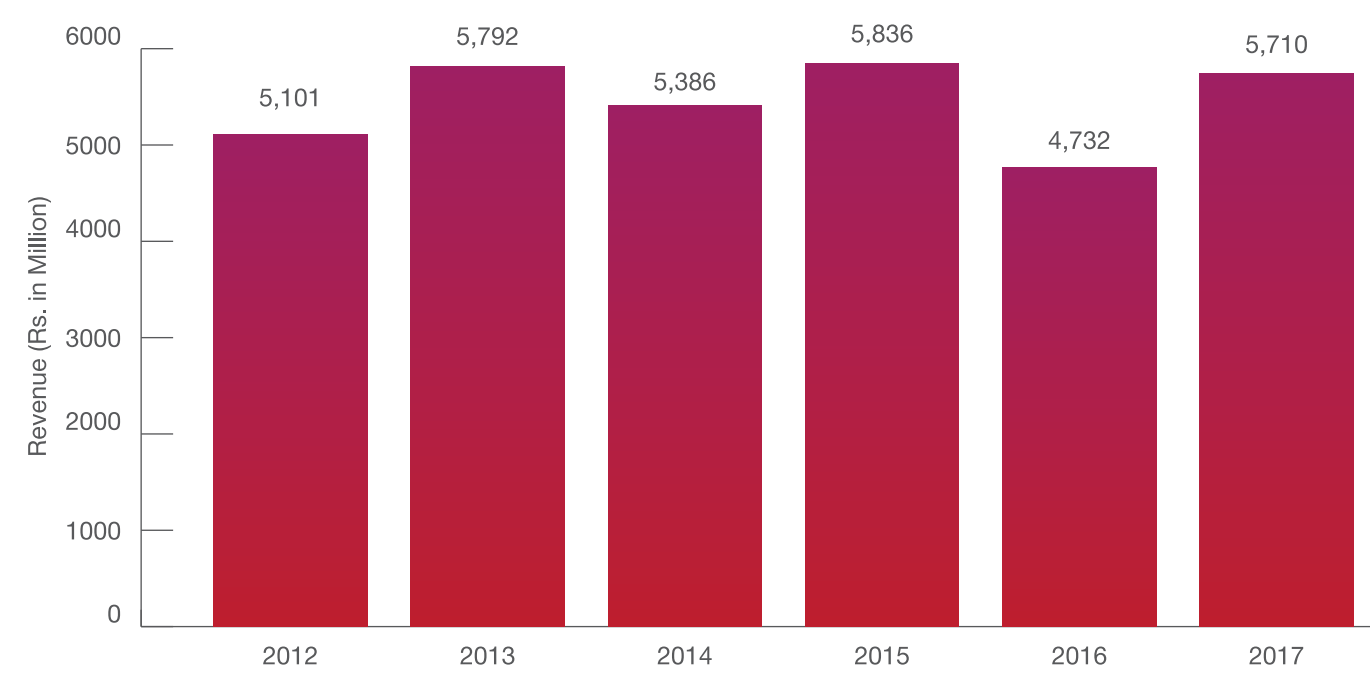
استعمال شدہ گاڑیوں کی درآمد کے بڑھتے ہوئے رجحان نے مقامی وینڈرائڈسٹری کی ترقی پرمضراثرات مرتب کرنے کا سلسلہ جاری رکھا ہوا ہے۔ کمپنی حکومت کے ساتھ اس کی پالیسی پرنظر ثانی کرنے اور درآمد شدہ گاڑیوں کے بڑھتے ہوئے رجحان کو روکنے کیلئے بات چیت میں مصروف ہے کیونکہ گاڑیوں کی درآمد سے ملک کیلئے قیمتی غیر ملکی زرمبادلہ کا اخلاء ہو رہا ہے بلکہ یہ مقامی وینڈرائڈسٹری میں بیروزگاری کا موجب بھی بن رہی ہے۔ اسی طرح ایف ٹی ایبز (FTAs) اور پی ٹی ایہ(PTAs) میں پاکستان کے مینوفیکچرنگ سیکٹر بشمول آٹو وینڈرائڈسٹری کے مفاد کو مد نظر رکھے بغیر مذاکرات میں ناکامی ایسی صورتحال پیدا کر سکتی ہے جو پاکستان کی مقامی مارکیٹوں میں پارٹنر ممالک سے سستی درآمد کے راستے درآمدات میں طے شدہ اضافے کے بغیر کھول دے گی۔ سرکاری سطح پرحتلف ممالک سے مذاکرات میں لازمی طور پرمقامی مینوفیکچررز کے نقطہ نظر کو بھی شامل کرنا چاہیئے۔ کمپنی کسی بھی ایف ٹی ایہ(FTAs) اور پی ٹی ایبز (PTAs) کے حتمی فیصلے سے اس سلسلے میں حکومت کے ساتھ روابط رکھنے اور اپنا موقف اس کے سامنے رکھنے کی بھرپور کوشش کر رہی ہے۔

انتظامی معیار، صحت، تحفظ کو بہتر بنانے اور ماحولیاتی بہتری کیلئے تمام تر اقدامات پرتوجہ دے گی جبکہ مستقل بہتری کے عمل کے ذریعے اخراجات کم کرنے اور با کفایت طریقہ کار پرمعملدرآمد کرتی رہے گی۔

بلڈنگ میٹریل اور منملکہ مصنوعات کا شعبہ

کمپنی اس شعبے میں تین اہم کاروباروں ، جوٹ برنس (المعرف نقل جوٹ) ، پیپرسیک برنس (المعرف پاکستان پیپرسیک) اور لمینٹئس برنس (المعرف بلوچستان لمینٹئس) کی حامل ہے۔

سال کیلئے اس شعبے کی مجموعی آمدنی 5.7 ارب روپے رہی جو گزشتہ سال 4.7 ارب روپے تھی اور اس طرح 21.3۰ فیصد بہتری آئی۔



جوٹ برنس

جوٹ کے کاروبار نے سال کے دوران بہتر کارکردگی ظاہر کی اور نقل جوٹ ملک میں جوٹ کے سامان کے ایک نمایاں تیار کنندہ اور سپلائرز کی حیثیت سے کام کرتا رہا۔ انتظامیہ کی حکمت عملیوں کی بدولت با کفایت پروڈکشن اور معیار بہتر بنانے کے ساتھ اخراجات پرنکثرول کرنے اور مارکیٹ شیئر بہتر بنانے کے سلسلے میں شاندار نتائج برآمد ہوئے ان کوششوں کے ذریعے گزشتہ سال کی مشکلات پرقابو پاکر کاروبار کو جاری رکھا گیا تھا جبکہ جوٹ کی صنعت کو بنگلہ دیش سے جوٹ کی برآمد پر پابندی کا سامنا کرنا پڑا تھا۔

کاروبار نے اپنے مقامی مارکیٹ شیئر کو بہتر بنایا اور اپنے پورٹ فولیو میں سنے صارفین کا اضافہ کیا۔ اناج کی یوریوں کی طلب اس سال کے دوران حکومت کی پروکیورمنٹ ایجنسیوں کی جانب سے گزشتہ سال کے مقابلے میں مسلسل بڑھتی رہی۔ ان ایجنسیوں نے گزشتہ سال سے گندم کے ذخائر کے کمزیر کی اوور پرقابو پانے کیلئے اسٹاکس بھی اکٹھے کئے اس صورتحال نے کاروبار کی مثبت کارکردگی میں بھرپور شراکت کی۔

جائزہ

بنگلہ دیش اور بھارت میں جوٹ کی صحتمندانہ فصل کے اشارے طے ہیں جس کے نتیجے میں نرخوں میں گمبذ کی کی توقعات ہیں۔ آپ کی انتظامیہ مناسب نرخوں پرخام جوٹ کے حصول اور آنے والے سال کیلئے اس کی بروقت محفوظ شیپمنٹ کی منصوبہ بندی کر رہی ہے۔

ہم پرامید ہیں کہ مارکیٹ کی طلب مستحکم رہے گی اور توقع کرتے ہیں کہ اپنے موجودہ صارفین کی توقعات اور طلب کو پورا کرتے ہوئے نئی مارکیٹوں کے حصول میں بھی کامیاب رہیں گے۔ ہم اپنے کاروباری آپریشنز کو وسیع دینے کیلئے صارفین کی ضروریات کو مد نظر رکھتے ہوئے جدید اور انفرادی پیچنگ سلوشنز پرتوجہ مرکوز کر رہے ہیں۔

اندرونی طور پر پروڈکٹ کے معیار کو بہتر بنانے اور اپنے مقامی اور برآمدی مارکیٹوں دونوں میں صارفین کا دائرہ کار پروڈکٹ پورٹ فولیو میں توسیع پرمستقل توجہ دینے کے ذریعے چیلنجوں کا سامنا کرتے ہوئے آپریشنز جاری ہیں۔

پیپرسیک برنس

یہ سال پیپرسیک برنس کیلئے خاصہ حوصلہ افزا رہا اور سینٹ سیکٹر میں اس کی بنیادی مارکیٹ گزشتہ سال کے مقابلے میں 3.7 فیصد تک بہتر رہی۔ کمپنی کو دو ن پولی پرائیپن نیز پیپرسیکس (یوریوں) دونوں میں پیداواری گنجائش میں اضافے کے حوالے سے سخت مسابقت کا سامنا کرنا پڑا تاہم اس کے باوجود پیداوار حجم بڑھالیا گیا۔

حکومت نے مقامی صنعت کی کوششوں کے بعد یہ تسلیم کر لیا کہ تیار شدہ یوریوں کی ڈیوٹی فری درآمد کی اجازت خطرناک ہوگی اور اہم خام مال یعنی درآمد شدہ سیک کرافٹ پیپر پڑیوٹی لاگو کی جائے۔ نافذ العمل ریگولیٹری ڈیوٹی اس انتخاب اور صورت سے نمٹ لے گی اور مقامی مینوفیکچررز کو کام کرنے کے لئے مناسب وموزوں مواقع ملنے کے ساتھ درآمدات میں کمی اور مقامی ویلویڈیٹ پیداوار میں اضافہ ہوگا۔

اضافہ خصوصیات کے حوالے سے صارفین کی طلب کو پورا کرنے کیلئے کمپنی نے سال کے دوران کامیابی کے ساتھ اپنی بہترین معیاری چھپائی کی صلاحیت میں اضافہ کیا جو ہمارے صارفین کی ضروریات کے عین مطابق تھا۔ اسی کے ساتھ ساتھ پروڈکٹس اور مارکیٹس میں توسیع کیلئے بھی مستقل طور پر کوششیں جاری رہیں۔

بنیادی پیچنگ کی ضروریات کو پورا کرتے ہوئے کاروبار نے ISO ۲2000 سرٹیفکیشن حاصل کیا اور سال کے دوران آڈٹ کرانے کیلئے دوبارہ سرٹیفائیڈ کرایا گیا۔ علاوہ ازیں برنس نے عالمی فاسٹ فوڈ چینز (Chains) کے ذریعے آزادانہ آڈٹس بھی کرائے اور تمام پھلووں سے مطلوبہ معیارات کو کامیابی کے ساتھ پورا کیا۔ ہمارے فوڈ بیگز شعبے کیلئے عالمی اور مقامی فاسٹ فوڈ چینز (Chains) میں اضافے کا سلسلہ جاری رہنا ہماری کوششوں اور ہمارے معیار کو تسلیم کرنے کا اعتراف ہے۔

جائزہ

سینٹ کے لئے طلب میں اضافے کا سلسلہ جاری رہے گا اس کے ساتھ اضافی سینٹ کی پیداواری گنجائش پرائنٹ عمل تیار کیا جا رہا ہے۔ انتظامیہ آنے والے سالوں میں بہتر نتائج کے حصول کیلئے پرعزم ہے۔ عالمی سطح پر پیپر کیلئے غیر متوقع طلب نے خام مال کے نرخوں پرحیلنجز پیدا کردئے ہیں اور یہ شعبہ اس پرقابو پانے کیلئے ہر ممکن جدوجہد کر رہا ہے۔ صنعتی یوریوں اور فوڈ بیگ کے شعبوں کے بارے میں مثبت ترقی کے رجحان کا امکان ہے جس کیلئے کمپنی پوری طرح تیار ہے۔

لمینٹس برنس

یہ شعبہ مکمل طور پرتمام مطلوبہ ٹیکسز اور دیگر ضوابط پرمعملدرآمد کر رہا ہے تاہم غیر رجسٹرڈ مسابقتی اداروں کی جانب سے اسے کٹھن چیلنجوں کا سامنا ہے اور ادارہ اپنے صنعتی اور کارپوریٹ صارفین کیلئے نئے ڈیزائن اور مصنوعات متعارف کرانے کے ذریعے نئی راہیں تلاش کرنے اور اپنے ملازمین کا دائرہ کار وسیع کرنے کے لئے جدوجہد میں مصروف ہے۔

اپنے برانڈ ”فارمانٹ“ کے ذریعے برنس نے نئے ڈیزائن اور اشیاء متعارف کرنے کے ذریعے صارفین کے لائف اسٹائل کو وسیع تر بنانے کے نظریئے پرتوجہ دی ہے جبکہ مقامی اور برآمدی مارکیٹوں دونوں میں انسٹی ٹیوشنل ،کارپوریٹ اور معیار کے بارے میں محتاط صارفین کیلئے انتخاب کے ترجیحی برانڈ پربھی توجہ دی جارہی ہے’ ”فارمانٹ“ اب معیار اور اعتماد کے نشان کی حیثیت سے پہچانا جا رہا ہے۔

افغانستان میں ترقیاتی سرگرمیوں میں سست رفتاری نے ہماری پروڈکٹس کیلئے برآمدی طلب پرمنفی اثرات مرتب کئے ہیں تاہم کمپنی دیگر خطوں میں مارکیٹس تلاش کرنے کیلئے کوشاں ہے۔

جائزہ

جیسا کہ کمپنی کو غیر دستاویزی (غیر رجسٹرڈ) شعبے کی جانب سے مستقل طور پرحیلنجز درپیش ہیں اس لئے کمپنی بہتر اور معیاری پروڈکٹس کے ڈیزائن اور برانڈ کی تشہیر اور اسے مضبوط بنانے پرحصصی توجہ دے رہی ہے۔ اسی کے ساتھ پیداواری لاگت پراکفایت اور کارکردگی میں بہتری کے اقدامات بھی کئے جا رہے ہیں۔ ان کوششوں سے کاروبار کو آنے والے سال میں چیلنجوں سے نمٹنے میں مدد ملے گی اور اس کے مارکیٹ شیئر میں بھی اضافہ ہوگا۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ کمپنی کی 51 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال ختم شدہ 30 جون 2017 پیش کر رہا ہوں۔

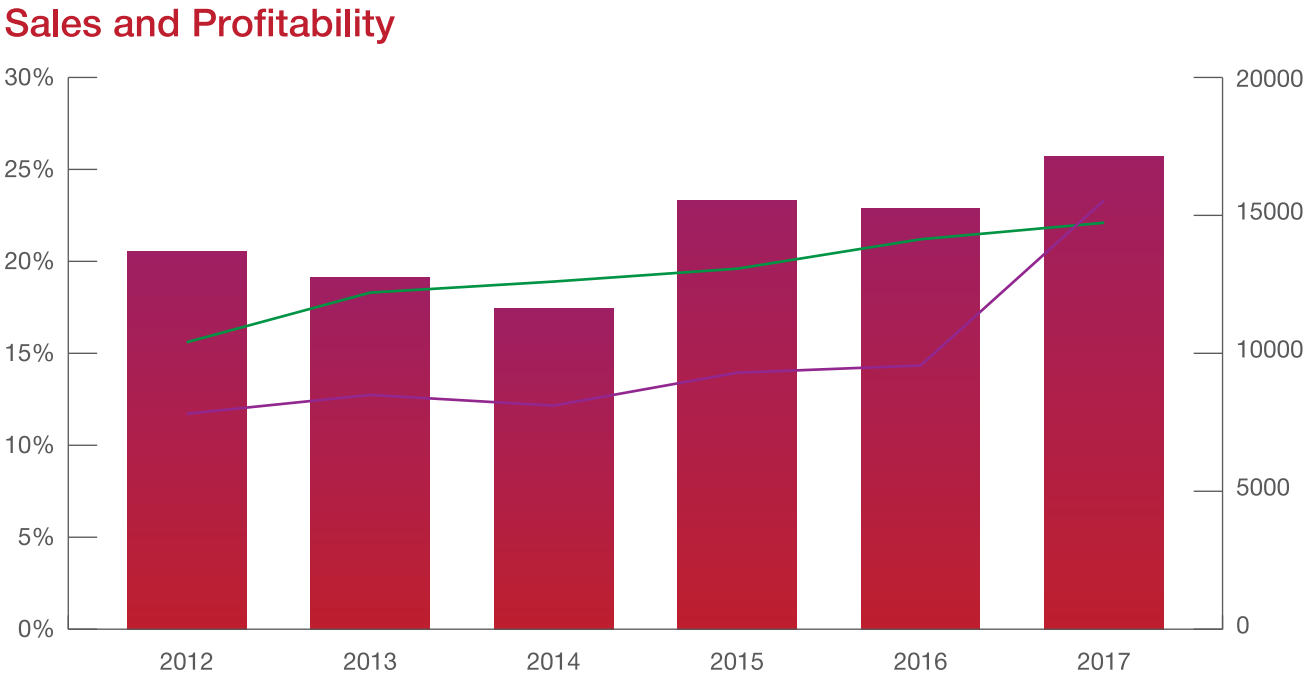
اہم اقتصادی نکات

2016-17 میں ملک کی جی ڈی پی کی شرح نمو 5.3 فیصد تک بڑھ گئی جو گزشتہ دہائی کے دوران حاصل کی گئی بلند ترین شرح نمو ہے۔ اس گرتھ میں دیگر میکرو اکنامک اشاریوں کے ذریعے بھی معاونت ملی جیسا کہ افراط زر میں قدرے کمی، سرمایہ کاری میں اضافہ اور نجی شعبے کا بڑھتا ہوا کریڈٹ بھی ذریعہ بنا۔ زرعی شعبے میں مناسب و موزوں پالیسی اقدامات نے بھی مجموعی طور پر صارف کی جانب سے خریداروں کے فروغ میں معاونت کرنے کے ساتھ معیشت کو توسیع دینے میں بھی مدد کی۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کے بارے میں تشویش بدستور جاری رہی جس کی بڑی وجہ محنت کشوں کی جانب سے زرتربیل میں سست روی اور ہماری درآمدات اور برآمدات کے درمیان بڑھتا ہوا عدم توازن ہے۔ اس رجحان میں اضافے کی صورت میں اگر اس پر توجہ نہ دی گئی تو یہ آنے والے سالوں میں معیشت کی مجموعی کارکردگی پر منفی اثرات مرتب کرے گا۔

چائنا پاکستان اقتصادی راہداری (سی پیک) کے تحت کئے جانے والے اقدامات غیر ملکی براہ راست سرمایہ کاری یعنی فارن ڈائریکٹ انویسٹمنٹ (FDI) کو پرکشش ترغیب دینے کا سلسلہ جاری رکھے ہوئے ہیں اور اس کے ساتھ مقامی کاروباری اداروں کا اعتماد بھی بحال کر رہے ہیں۔ چین اور پاکستان دونوں ہی سی پیک کے تحت انفراسٹرکچر اور انرجی پروجیکٹس کو مکمل کرنے کا عزم کئے ہوئے ہیں۔ ہم اس امر پر یقین رکھتے ہیں کہ سی پیک کی پھتری تلے غیر ملکی سرمایہ کاریاں جاری رہیں گی جس سے موجودہ صارف کا اعتماد بحال ہوگا اور آنے والے سالوں میں جی ڈی پی کی شرح میں بھی بہتری متوجہ اضافہ ہوگا۔

مالیاتی نتائج کا عمومی جائزہ

2016-17 نے خود کو کمپنی کیلئے ایک بہتر سال ثابت کیا اور سبزریو 15.26 ارب روپے سے بڑھ کر 17.12 ارب روپے ہو گیا اور 12 فیصد کی شرح نمو ریزنڈ کی گئی۔ کمپنی کی دیگر آمدنی ابتدائی طور پر 1.92 ارب روپے تک بڑھ گئی جس کے نتیجے میں میٹرو صیب کیش اینڈ کیروی پاکستان (پرائیویٹ) لمیٹڈ میں شیئرز کی ڈائیویسٹمنٹ (divestment) پر 1.84 ارب روپے کا یک وقتی منافع حاصل ہوا۔ نتیجتاً ہمارا منافع قبل از ٹیکس 84 فیصد تک بڑھ کر 5.45 ارب روپے ہو گیا۔



مالیاتی کارکردگی

(روپے، بلین میں)				
کنسولیڈیٹڈ		اسٹینڈالون		
2015-16	2016-17	2015-16	2016-17	
16,823	18,136	15,266	17,124	خالص آمدنی
3,930	7,243	2,979	5,447	قبل از ٹیکس منافع
1,027	1,740	800	1,481	محصول کی ادائیگی
2,903	5,502	2,179	3,966	بعد از ٹیکس منافع
31.72	63.52	26.89	48.95	ٹی شیئر آمدنی، روپے میں

کاروباری شعبوں کا جائزہ

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

انجینئرنگ کا شعبہ

کمپنی کا انجینئرنگ شعبہ تھریل وانجن کمپونینٹس کے کاروبار اور انکیٹرک سسٹمز کے کاروبار پر مشتمل ہے، ان کاروباروں میں بنیادی طور پر آٹو انڈسٹری کیلئے پائرس کی تیاری پر خصوصی توجہ دی جاتی ہے۔

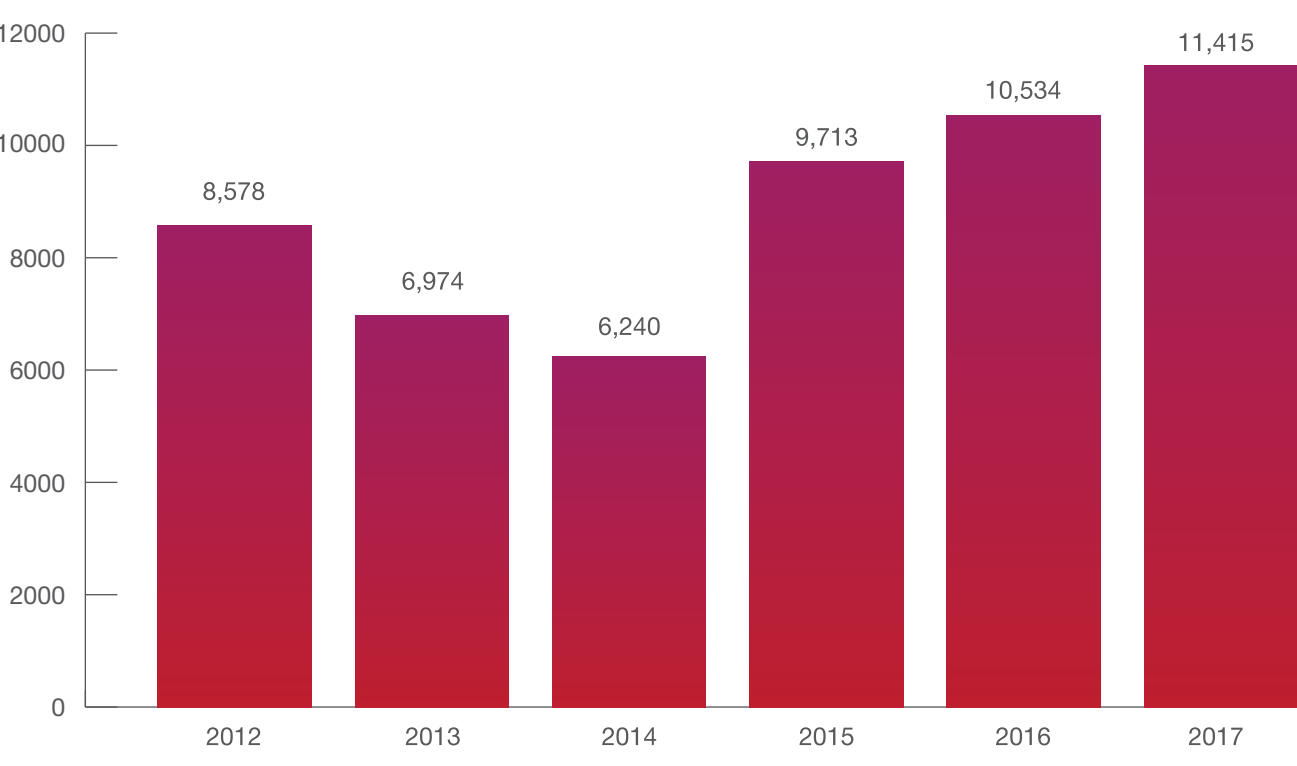
سال کے لئے انجینئرنگ کے شعبے کی آمدنی 11.4 ارب روپے رہی اور اس طرح 8.4 فیصد کی شرح نمو ظاہر ہوئی کیونکہ اس کے مقابلے میں گزشتہ سال یہ حجم 10.5 ارب روپے تھا۔

پاکستان میں آٹو اسمبلنگ کی صنعت نے 2016-17 کے دوران گزشتہ سال کے مقابلے میں حجم میں 2 فیصد کمی ظاہر کی جس کی ایک وجہ گزشتہ سال میں پنجاب حکومت کی اپنا روزگار ٹیکسی اسکیم کی شمولیت تھی جبکہ گزشتہ سال سے ٹیکسی اسکیم کا حجم نکالنے کے باوجود مارکیٹ میں میکرو اکنامک کی بہتر صورتحال اور آٹو فنانسنگ کی بڑھتی ہوئی دستیابی کی بدولت 12.5 فیصد تک توسیع آئی۔ انجینئرنگ شعبے کی جانب سے فروخت میں بہتری بنیادی طور پر ہمارے ایک مرکزی صارف کی جانب سے ایک نئے ماڈل متعارف کرائے جانے اور تجارتی گاڑیوں کے شعبے میں بہتری کارکردگی کی بدولت حاصل ہوئی۔

استعمال شدہ گاڑیوں کی درآمدات نے مستقل طور پر مقامی آٹو انڈسٹری کی کارکردگی پر منفی اثرات مرتب کئے اس سال کے دوران لگ بھگ 58,500 گاڑیاں درآمد کی گئیں جو گزشتہ سال کی اسی مدت کے مقابلے میں تقریباً 9 فیصد زائد ہے۔ اس معاملے کو حکومت کے ساتھ زیر بحث لانے جانے کا سلسلہ جاری ہے اور انڈسٹری کو توقع ہے کہ حکومت ان درآمدات کی حوصلہ شکنی کے لئے اپنی آٹوموٹیو ڈیولپمنٹ پالیسی پر نظر ثانی کرے گی۔

بعد ازاں مارکیٹ شعبے میں ڈویژن کی کارکردگی سال کے دوران مستحکم رہی اور گزشتہ سال کے مقابلے میں 30 فیصد کی گرتھ ظاہر کی بالخصوص کمرشل گاڑیوں کے شعبے نے بہترین کارکردگی کا مظاہرہ کیا اور مقامی و درآمد شدہ گاڑیوں کیلئے پروڈکٹس اور سروسز کی فراہمی کے ساتھ صارفین پر خصوصی توجہ اور انہیں فوری طور پر تمام تر سہولتیں فراہم کی گئیں۔

حکومت نے چین، تھائی لینڈ اور ترکی کے ساتھ فری ٹریڈ ایگریمنٹس (FTAs) پر بات چیت کا سلسلہ جاری رکھا ہوا ہے اس سلسلے میں کمپنی کی انتظامیہ نے حکومت کو اپنے نقطہ نظر سے آگاہ کر دیا ہے کہ آٹوویڈرانڈسٹری کو کس طرح تحفظ دیا جاسکتا ہے اور اس معاملے پر حکومت کے ساتھ مستقل طور پر رابطے جاری ہیں۔



















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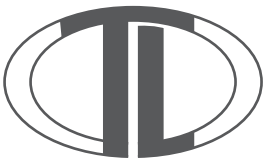


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