

Agriauto Industries Limited

Condensed Interim Financial Statements
For the Period & Quarter Ended March 31, 2020
(Un-audited)



Company Information

BOARD OF DIRECTORS

Yutaka Arae
Fahim Kapadia
Hamza Habib
Salman Burney
Sohail P. Ahmed
Ayesha T. Haq
Muhammad Ali Jameel

Chairman
Chief Executive
Non Executive Director
Non Executive Director
Non Executive Director
Independent Director
Independent Director

AUDIT COMMITTEE

Muhammad Ali Jameel
Sohail P. Ahmed
Ayesha T. Haq

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Muhammad Ali Jameel
Salman Burney
Sohail P. Ahmed
Yutaka Arae
Fahim Kapadia

Chairman
Member
Member
Member
Member

CHIEF FINANCIAL OFFICER

Saad Usman

COMPANY SECRETARY

Syed Jawwad ul Haq Haqqi

AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARE REGISTRAR

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotal Faran, Nursery,
Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi.
Tel: 34380101-5, 34384621-3

BANKERS - CONVENTIONAL

Habib Metropolitan Bank Limited
Standard Chartered Bank (Pakistan) Ltd
National Bank of Pakistan
Habib Bank Limited
United Bank Limited
MCB Bank Limited

REGISTERED OFFICE

5th Floor, House of Habib
3 JCHS, Main Shahrah-e-Faisal,
Karachi.

[Website: www.agriauto.com.pk](http://www.agriauto.com.pk)

[Email: info@agriauto.com.pk](mailto:info@agriauto.com.pk)

FACTORY

Agriauto Industries Limited
Mouza Baroot, Hub Chowki,
Distt. Lasbella, Balochistan.

Agriauto Stamping Company (Pvt.) Ltd
DSU-12B, Down Stream Industrial Estate
Pakistan Steel, Bin Qasim, Karachi.

DIRECTORS' REVIEW REPORT

The Directors of your Company would like to report on the financial position and performance of your Company for the nine months and quarter ended Mar 31, 2020.

SUMMARY OF FINANCIAL RESULTS

Consolidated

	<i>Rs in "mill"</i>			
	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Turnover	<u>4,725</u>	<u>7,652</u>	<u>1,940</u>	<u>2,715</u>
Gross Profit	<u>421</u>	<u>1,296</u>	<u>212</u>	<u>474</u>
Profit before taxation	<u>183</u>	<u>980</u>	<u>133</u>	<u>366</u>
Taxation	<u>(87)</u>	<u>(187)</u>	<u>(35)</u>	<u>(72)</u>
Profit after taxation	<u>97</u>	<u>794</u>	<u>98</u>	<u>294</u>
Earnings per share (Rs.)	3.35	27.56	3.42	10.20

The consolidated turnover for the nine months under review was Rs. 4,725 (2019: Rs. 7,652) million reflecting a decrease of 38% over corresponding period last year. Profit before tax of Rs.183 million also decreased by 81% (2019: Rs. 980).

Earnings Per Share (EPS) for the period under consideration also declined from Rs.27.56 to reach Rs. 3.35, lower by 88% over corresponding period last year.

Standalone

	<i>Rs in "Mill"</i>			
	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Turnover	<u>3,406</u>	<u>5,413</u>	<u>1341</u>	<u>1,902</u>
Gross Profit	<u>310</u>	<u>859</u>	<u>129</u>	<u>316</u>
Profit before taxation	<u>195</u>	<u>572</u>	<u>54</u>	<u>215</u>
Taxation	<u>(50)</u>	<u>(182)</u>	<u>(21)</u>	<u>(74)</u>
Profit after taxation	<u>145</u>	<u>390</u>	<u>33</u>	<u>141</u>
Earnings per share (Rs.)	5.04	13.54	1.15	4.90

The turnover (net) for the nine months under review was Rs. 3,406 (2019: Rs. 5,413) million reflecting a decrease of 37% over corresponding period last year. Profit before tax of Rs.194 million also decreased by 66% (2019: Rs. 572) which is mainly attributable to lower volumes of auto sector.

During the period under review, passenger car segment production declined by 48%, motorcycle & Rickshaw by 12% and tractor by 38% over the corresponding period last year. Barring the last 10 days when the factory was shut down due to Covid-19 pandemic (details later), the company sales improved versus the last two quarters on account of improved demand. The volumes, though improved were significantly lower than last year and the recent outbreak of Covid-19 shall have significant impacts on the future outlook of the automotive sector.

Earnings Per Share (EPS) for the period decreased from Rs. 13.54 to Rs.5.04 (63%).

We expect that the demand for vehicles will remain weak in near future primarily due to the outbreak of the Covid-19 pandemic and the consequential slowdown in economy due to the continuous lockdown.

AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)

During the quarter, the expansion of the new welding gantry was completed and its operations were started. The Company is also actively working on the new product development for new OEM customers. The Company also initiated several cost optimizations measures which will also help recover the bottom-line going forward.

SAD DEMISE OF GROUP CHAIRMAN HOUSE OF HABIB (MR. ALI SULEMAN HABIB)

With profound grief and sorrow, we would inform our shareholders of the sad demise of Mr. Ali Suleman Habib on April 17, 2020. A visionary, a revered philanthropist as well as a great human being, he was the instrumental force behind the House of Habib Group for decades. His contributions to the industry as well as education will be remembered long after he is gone. He was a thorough professional who would demand and settle for nothing but the best. His demise has created a void which is hard to fill.

On behalf of the Board of Directors and the employees of the Company, we would pray that God may grant him a place in the Jannat-ul-Firdous and also give courage to the bereaved to bear this irreparable loss.

OPERATIONAL & FINANCIAL CHALLENGES DUE TO COVID-19

In response to the threat of Covid-19 pandemic which has aggravated over time, the Company went into a lockdown with effect from March 24, 2020. The plants were shut down, admin offices closed, and employees were asked to work from home, where possible.

Federal and the provincial governments have extended the lockdown until May 04, 2020 with certain industries exempted, excluding the automotive sector. Once the lockdown is lifted, there would be various challenges facing the management to ensure smooth resumption of operations.

The Company has already taken the following health and safety measures to safeguard its employees and restrict the spread of the virus once the operations are resumed.

- Creation of Covid response and Covid Outbreak teams
- Arrangements of hand sanitiser dispensers, spray guns, face masks and thermometers
- Awareness campaigns have been planned for all workers on the date of resumption of operations
- Special precautionary / safety protocols have been established to ensure appropriate distancing while at work or during commute

This lock down will also have an impact on the financial position of the Company as inventory on hand will pile up, recoveries from customers will be delayed resulting in additional financial costs as well as cost to ensure safety protocols are followed across the company for the safety of all employees.

In order to relieve the pressure on liquidity situation of the businesses, we would urge the Federal Government to announce an industry wide package including but not limited to following relief measures:

- Immediate processing of all outstanding sales tax and income tax refunds
- Input sales tax adjustment be allowed up to 100% (currently @ 90%)
- Advance tax collection on supplies made to customers should be held in abeyance till June 2021
- Withholding tax exemption at import stage should be based on current projected income instead of higher of last 2 years' declared income.

The Board would like to express its solidarity with the Federal/Provincial Governments and Non-Governmental Organisations (NGOs) in fighting the Covid-19 pandemic across the country. The Company shall stand shoulder to shoulder with the Government to ensure provision of livelihood to the members of the company.

The Board would also like to express its sincerest appreciation to all Customers, Dealers, Bankers and foreign technical collaborators for their unabated support and confidence reposed in the Company. The Board is also thankful to all employees who have worked diligently for the progress of the Company, especially in the current economic crisis.

On behalf of the Board of Directors.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Dated: April 22, 2020

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹریہ رپورٹ جمع نو ماہی اور تیسری سہ ماہی مارچ 2020 کی مالیاتی کارکردگی پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کے مالیاتی نتائج بہ اختتام 31 مارچ 2020 کا خلاصہ درج ذیل ہے۔

Consolidated

	Rs in "mill"			
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	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Turnover	4,725	7,652	1,940	2,715
Gross Profit	421	1,296	212	474
Profit before taxation	183	980	133	366
Taxation	(87)	(187)	(35)	(72)
Profit after taxation	97	794	98	294
Earnings per share (Rs.)	3.35	27.56	3.42	10.20

زیر جائزہ نو ماہ کی مدت کے دوران مجموعی خالص فروخت 4,725 ملین روپے رہی (7,652: 2019 ملین روپے) جو گزشتہ سال کی اسی مدت کے مقابلے میں 38 فیصد کم ہے۔ قبل از ٹیکس منافع 81 فیصد کمی کے ساتھ 183 ملین روپے رہا (980: 2019 ملین روپے)۔ فی شیئر آمدنی 27.56 روپے سے گر کر 3.35 روپے تک جا پہنچی، جو گزشتہ سال کی اسی مدت کے مقابلے میں 88 فیصد کم ہے۔

Standalone

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	NINE MONTHS ENDED		THREE MONTHS ENDED	
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Profit before taxation	195	572	54	215
Taxation	(50)	(182)	(21)	(74)
Profit after taxation	145	390	33	141
Earnings per share (Rs.)	5.04	13.54	1.15	4.90

زیر جائزہ نو ماہ کی مدت کے دوران خالص فروخت 3,406 ملین روپے رہی (5,413: 2019 ملین روپے) جو گزشتہ سال کے اسی عرصے کے مقابلے میں 37 فیصد کمی کی عکاسی کر رہی ہے۔ قبل از ٹیکس منافع میں 66 فیصد کمی واقع ہوئی ہے (195: 2020 ملین روپے بمقابلہ 572: 2019 ملین روپے) جو بنیادی طور پر آٹو سیکٹر کے کاروبار میں کمی سے منسوب ہے۔

زیر جائزہ مدت کے دوران پچھلے سال اسی مدت کے مقابلے میں مسافر بردار کار کی پیداوار میں 48 فیصد کمی واقع ہوئی، موٹر سائیکل اور رکشہ میں 12 فیصد اور ٹریکٹر میں 38 فیصد کمی واقع ہوئی۔ موجودہ سہ ماہی کے آخری دس دنوں کے قطع نظر جب فیکٹری کو ویڈیو 19 کی وجہ سے بند رہی، کمپنی کے کی فروخت میں مانگ کے اضافے کی وجہ سے گزشتہ دو سہ ماہیوں کے مقابلے میں بہتری نظر آئی۔ اگرچہ کاروباری حجم میں بہتری آئی تاہم یہ پچھلے سال کے مقابلے میں کافی کم رہی اور حالیہ کو ویڈیو 19 کے پھیلنے سے آنے والے وقتوں میں آٹو موٹو سیکٹر پر خاطر خواہ اثرات مرتب ہوں گے۔

زیر جائزہ مدت میں فی شیئر آمدنی 13.54 روپے سے گر کر 5.04 (63 فیصد) روپے تک ہو گئی۔

ہمیں اندیشہ ہے کہ بنیادی طور پر کوڈ 19 وبائی بیماری کے نتیجے میں مسلسل لاک ڈاؤن کی وجہ سے معیشت میں اس کے نتیجے میں ہونے والی سست روی کی وجہ سے مستقبل قریب میں گاڑیوں کی مانگ کمزور رہے گی۔

ایگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

موجودہ سہ ماہی کے دوران، نئی ویلڈنگ گینٹری کی توسیع مکمل ہو گئی اور اس کی کاروائیاں شروع کر دی گئیں۔ کمپنی نئے OEM صارفین کے لئے نئی مصنوعات کی تیاری پر فعال طور پر کام کر رہی ہے۔ کمپنی مختلف معاملات میں لاگت میں کمی کے اقدامات کر رہی ہے جو کہ آنے والے وقت میں کارآمد ثابت ہوں گے۔

ہاوس آف حبیب کے گروپ چیئرمین جناب علی حبیب صاحب کی پرملاں وفات

ہم بے حد رنج و الم کے ساتھ اپنے حصص یافتگان کو جناب علی سلیمان حبیب کے انتقال (بتاریخ 17 اپریل، 2020) سے آگاہ کرتے ہیں۔ وہ ایک صاحب بصیرت، ایک قابل احترام انسان دوست ہونے کے ساتھ ساتھ ایک عظیم انسان بھی تھے، وہ کئی دہائیوں تک ہاوس آف حبیب میں ایک مرکزی حیثیت سے اپنے فرائض انجام دیتے رہے۔ انڈسٹری کے ساتھ ساتھ تعلیم کے شعبے میں بھی ان کی پیش بہا خدمات کو ان کے جانے کے بعد بھی ایک طویل عرصے تک یاد کیا جائے گا۔

وہ ایک بہت ہی جامع پیشہ ور انسان تھے جو اپنے ماتحتوں سے بہترین کارکردگی کے سوا کسی اور بات کے طلبگار نہیں تھے۔ ان کے جانے سے جو خلاء پیدا ہو گیا ہے اسے پُر کرنا نہایت مشکل ہے۔

ہم بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین کی جانب سے دعا گو ہیں کہ اللہ انہیں جنت الفردوس میں جگہ عطا فرمائے اور ان کے لواحقین کو یہ ناقابل تلافی نقصان برداشت کرنے کی ہمت عطا فرمائے (آمین)۔

کوویڈ 19 کی وجہ سے درپیش عملی اور مالیاتی مشکلات

کوویڈ 19 وبائی بیماری جو کہ وقت کے ساتھ ساتھ بڑھتی جا رہی ہے۔ اس کے جواب میں کمپنی 24 مارچ 2020 سے لاک ڈاؤن میں آگئی۔ پلانٹس اور منتظمین کے دفتر بند کر دیئے گئے، اور ملازمین کو جہاں تک ممکن ہو سکے گھر سے کام کرنے کو کہا گیا ہے۔

وفاقی اور صوبائی حکومتوں نے آٹو موٹو سیکٹر کو چھوڑ کر کچھ صنعتوں کو چھوٹ دینے کے ساتھ اس لاک ڈاؤن میں 04 مئی 2020 تک توسیع کر دی ہے۔ لاک ڈاؤن ختم ہونے کے بعد، انتظامیہ کو مختلف چیلنجوں کا سامنا کرنا پڑے گا تاکہ کاروباری عمل کو باآسانی بحال کرنے کو یقینی بنایا جاسکے۔

کمپنی اپنے ملازمین کی حفاظت کے لئے درج ذیل صحتی اور حفاظتی اقدامات پہلے سے ہی کر چکی ہے تاکہ کاروباری عمل کے بحال ہونے کے بعد وائرس کے پھیلاؤ کو روکا جاسکے۔

- کوویڈ اسپوننس اور کوویڈ آؤٹ بریک ٹیموں کی تشکیل۔
- ہیڈ سینٹائزرز، سپرے گن، فیس ماسک اور تھرمامیٹر کا انتظام۔
- کاروباری سرگرمی کی بحالی کے دن سے تمام ملازمین کے لئے آگاہی مہم کے منصوبے کی تیاری۔
- کام اور سفر کے دوران، مناسب فاصلے کو یقینی بنانے کے لئے خصوصی احتیاطی اور حفاظتی پروٹوکولز قائم کیے گئے ہیں۔

اس لاک ڈاؤن کا اثر کمپنی کی مالی حیثیت پر بھی پڑے گا کیوں کہ موجودہ انویسٹری میں اضافہ ہوگا، کسٹمرز سے وصولی میں تاخیر ہوگی جس کے نتیجے میں کمپنی کے مالیاتی خرچوں میں اضافہ ہوگا اور اس کے ساتھ ساتھ تمام ملازمین کی حفاظت کے لئے کمپنی میں حفاظتی پروٹوکول پر عمل درآمد کو یقینی بنانے میں بھی کمپنی مزید رقم خرچ کرے گی۔

کاروباری اداروں کی لیکویڈٹی کی صورت حال پر دباؤ کو دور کرنے کے لئے، ہم وفاقی حکومت سے درخواست کرتے ہیں کہ وہ مندرجہ ذیل امدادی اقدامات کو صنعتی پیکیج میں شامل کر کے اس کا اعلان کرے:

- تمام بقایا سیلز ٹیکس اور انکم ٹیکس کی ریفرنڈ کی فوری کارروائی۔
- ان پٹ سیلز ٹیکس کی 100% تک (فی الحال 90%) ایڈجسٹمنٹ کی اجازت۔
- جون 2021 تک صارفین کو فراہم کی جانے والی سپلائیوں پر ایڈوائس ٹیکس وصولی پر چھوٹ۔
- درآمدی مرحلے پر وہ ہولڈنگ ٹیکس میں چھوٹ پچھلے 2 سالوں کی آمدنی کے بجائے متوقع آمدنی پر مبنی ہونی چاہئے۔

کمپنی کے ڈائریکٹرز ملک بھر میں کوویڈ 19 وبائی مرض کے خلاف جنگ میں وفاقی / صوبائی حکومتوں اور غیر سرکاری تنظیموں (این جی اوز) کے ساتھ اظہارِ یکجہتی کرنا چاہتا ہے۔ کمپنی کے ملازمین کو معاش کی فراہمی کو یقینی بنانے کے لئے، کمپنی حکومت کے ساتھ شانہ بشانہ کھڑی رہے گی۔

آخر میں، ہم اپنے تمام صارفین، ڈیلرز، بنکرز اور غیر ملکی تکنیکی شراکت داروں کی قدردانی کے شکر گزار ہیں جنہوں نے بلا روک ٹوک کمپنی کے ساتھ تعاون کیا اور کمپنی پر اعتماد کیا۔ ہم اپنی کمپنی کے ملازمین کے بھی مشکور ہیں جنہوں نے تندہی کے ساتھ کمپنی کی ترقی کے لئے کام کیا۔

منجانب بورڈ آف ڈائریکٹرز۔



فہیم کپاڈیہ

چیف ایگزیکٹو



یو تاکا رائی

چیرمین

بتاریخ: April 22, 2020

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	924,835	786,604
Right-of-use assets		10,675	-
Intangible asset		43,133	6,651
Long-term investment		1,144,006	1,144,006
Long-term deposits		6,634	6,634
		2,129,283	1,943,895
CURRENT ASSETS			
Stores, spares and loose tools		103,518	108,143
Stock-in-trade		952,817	1,085,156
Trade debts	7	474,127	669,222
Advances, deposits, prepayments and other receivables	8	211,044	264,958
Accrued profit		1,699	981
Short-term investments	9	404,114	74,629
Sales tax receivable		20,685	47,976
Taxation – net		329,891	338,070
Cash and bank balances		134,156	135,948
		2,632,051	2,725,083
TOTAL ASSETS		4,761,334	4,668,978
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital			
28,800,000 (June 30, 2019: 28,800,000) ordinary shares of Rs. 5/- each		144,000	144,000
Reserves		3,942,228	3,998,798
		4,086,228	4,142,798
NON-CURRENT LIABILITIES			
Lease liabilities		8,685	-
Deferred taxation		3,676	5,886
		12,361	5,886
CURRENT LIABILITIES			
Trade and other payables		629,940	490,028
Current portion of lease liabilities		1,253	-
Unpaid dividend		8,532	7,211
Unclaimed dividend		23,020	23,055
		662,745	520,294
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		4,761,334	4,668,978

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		March 31, 2020 (Rupees in '000)	March 31, 2019	March 31, 2020 (Rupees in '000)	March 31, 2019
Turnover – net		3,406,117	5,412,768	1,340,793	1,902,045
Cost of sales		(3,096,166)	(4,553,903)	(1,211,328)	(1,586,364)
Gross profit		309,951	858,865	129,465	315,681
Distribution costs		(60,341)	(96,390)	(22,301)	(32,862)
Administrative expenses		(175,128)	(165,802)	(58,752)	(57,414)
		(235,469)	(262,192)	(81,053)	(90,276)
Operating profit		74,482	596,673	48,412	225,405
Other expenses		(15,565)	(50,153)	(6,554)	(18,395)
Other income	11	137,623	25,653	13,069	8,255
Finance costs		(1,759)	(215)	(659)	(60)
		120,299	(24,715)	5,856	(10,200)
Profit before taxation		194,781	571,958	54,268	215,205
Taxation		(49,751)	(181,882)	(21,168)	(73,963)
Profit after taxation		145,030	390,076	33,100	141,242
----- (Rupees) -----					
Earnings per share - basic and diluted		5.04	13.54	1.15	4.90

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	145,030	390,076	33,100	141,242
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>145,030</u>	<u>390,076</u>	<u>33,100</u>	<u>141,242</u>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended	
	March 31, 2020	March 31, 2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	194,781	571,958
Adjustments for:		
Depreciation and amortisation	79,920	65,763
Finance costs	1,759	215
Allowance for expected credit losses (ECL)	149	-
Liabilities no longer payable - written back	(395)	-
Profit on short-term investments – term deposit receipts	(6,829)	(13,146)
Profit on deposit accounts	(8,184)	(8,380)
Dividend income	(115,554)	-
Gain on disposal of property, plant and equipment	(2,751)	(998)
Capital work-in-progress charged off	7,796	-
	<u>150,692</u>	<u>615,412</u>
Decrease / (increase) in current assets	407,613	(508,128)
Increase in current liabilities	142,124	141,776
Cash generated from operations	<u>700,429</u>	<u>249,060</u>
Finance costs paid	(636)	(215)
Income tax paid	(43,781)	(31,090)
Net cash generated from operating activities	<u>656,012</u>	<u>217,755</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(275,736)	(175,281)
Proceeds from disposal of property, plant and equipment	17,908	4,376
Short-term investments made in mutual fund - net	(200,000)	-
Proceeds from disposal of short-term investments	52,576	-
Dividend received	114,401	-
Profit received on short-term investments – term deposit receipts	7,775	14,560
Profit received on deposit accounts	7,466	7,639
Net cash used in investing activities	<u>(275,610)</u>	<u>(148,706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(200,334)	(325,516)
Lease rental paid	(1,861)	-
Net cash used in investing activities	<u>(202,195)</u>	<u>(325,516)</u>
Net Increase / (decrease) in cash and cash equivalents	<u>178,207</u>	<u>(256,467)</u>
Cash and cash equivalents at the beginning of the period	157,949	770,956
Cash and cash equivalents at the end of the period	<u>336,156</u>	<u>514,489</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	134,156	372,489
Short-term investments	202,000	142,000
	<u>336,156</u>	<u>514,489</u>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2020
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves			Total	Total equity
		Capital reserve	Revenue reserves			
		Share premium	General	Unappropriated profit		
----- (Rupees in'000) -----						
Balance as at July 01, 2018	144,000	12,598	3,275,000	439,388	3,726,986	3,870,986
Final dividend for the year ended June 30, 2018 @ Rs.8.5/- per share	-	-	-	(244,800)	(244,800)	(244,800)
Interim dividend for the year ended June 30, 2019 @ Rs.3.0 /- per share	-	-	-	(86,400)	(86,400)	(86,400)
Transfer to general reserve	-	-	190,000	(190,000)	-	-
Profit after taxation for the period	-	-	-	390,076	390,076	390,076
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	390,076	390,076	390,076
Balance as at March 31, 2019	144,000	12,598	3,465,000	308,264	3,785,862	3,929,862
Balance as at July 01, 2019	144,000	12,598	3,465,000	521,200	3,998,798	4,142,798
Final dividend for the year ended June 30, 2019 @ Rs.7.0 /- per share	-	-	-	(201,600)	(201,600)	(201,600)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the period	-	-	-	145,030	145,030	145,030
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	145,030	145,030	145,030
Balance as at March 31, 2020	144,000	12,598	3,765,000	164,630	3,942,228	4,086,228

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi
- 1.2 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary is accounted for at cost less accumulated impairment losses, if any and is not consolidated or accounted for using equity method.

2 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2019 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5 NEW STANDARDS, AMMENDMENTS AND INTERPRETATIONS OF IFRSs

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or ammendment:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

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

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with initial application date of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at July 01, 2019 on the unconsolidated condensed interim statement of financial position is summarised below:

	Rs. in '000
Assets	
Right-of-use assets	
Prepaid rent	12,559
	<u>(1,863)</u>
	<u><u>10,696</u></u>
Liabilities	
Lease liabilities	9,712
Current portion of lease liabilities	<u>984</u>
	<u><u>10,696</u></u>

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 01, 2019.

The impact of adoption of IFRS 16 on unconsolidated condensed interim statement of profit or loss for the period ended March 31, 2020 is summarized below:

	Rs. in '000
Decrease in rent, rate and taxes	1,897
(Increase) in depreciation expense	<u>(1,884)</u>
(Increase) in financial charges	<u>(1,123)</u>
	<u><u>(1,110)</u></u>

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

	Rupees. in '000
Operating lease commitments as at June 30, 2019	29,473
Impact of discounting	(5,401)
Short-term leases	(13,376)
Total lease liability as at July 01, 2019	10,696
Average incremental borrowing rate as at July 01, 2019	<u><u>14%</u></u>

5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using reducing balance method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

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

	Note	March 31, 2020 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	777,082	733,836
Capital work-in-progress	6.3	147,753	52,768
		<u>924,835</u>	<u>786,604</u>

6.1 The following additions (including transfers from capital work-in-progress) and disposals were made in the operating fixed assets during the period:

	Additions at cost / Transfers Nine months ended March 31,		Disposal at NBV Nine months ended March 31,	
	2020 (Un-audited) ----- (Rupees in '000) -----	2019	2020 (Un-audited) ----- (Rupees in '000) -----	2019
Owned				
Plant and machinery	92,881	83,502	8,804	97
Building	7,820	-	-	-
Dies & tools	17,150	-	-	-
Vehicles	6,572	22,840	6,174	3,142
Furniture and fixtures	7,874	1,658	131	-
Computers	707	1,681	48	141
Office equipment	-	1,536	-	-
	<u>133,004</u>	<u>111,217</u>	<u>15,157</u>	<u>3,380</u>

6.2 Depreciation charge for the period amounted to Rs. 74.603 million (March 31, 2019: Rs. 63.904 million).

	March 31, 2020 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
6.3 Capital work-in-progress		
Balance at the beginning of period / year	52,768	23,365
Capital expenditure incurred / advances made during the period / year	213,885	47,581
Transfer to operating fixed assets during the period / year	(111,104)	(15,528)
Charged off during the period / year	(7,796)	(2,650)
Balance at the ending of period / year	<u>147,753</u>	<u>52,768</u>

7 Includes an amount of Rs. 2.956 million (June 30, 2019: 2.57 million) receivable from the wholly owned subsidiary Agriauto Stamping Company (Private) Limited against sales made by the Company.

8 Includes an amount of Rs. 160.648 million (June 30, 2019: 231.464 million) deposited with commercial banks in respect of cash margin requirement on import.

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

		March 31, 2020	June 30, 2019
		(Un-audited)	(Audited)
Note		----- (Rupees in '000) -----	
9	SHORT TERM INVESTMENTS		
	At amortised cost		
	Term deposit receipts	9.1 202,000	22,000
	Accrued profit thereon	913	53
		202,913	22,053
	At fair value through profit or loss		
	Mutual funds - open ended	201,201	52,576
		<u>404,114</u>	<u>74,629</u>

9.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from of 9.15% to 12.30% (June 30, 2019: 5.85%) per annum having maturity date of 30 June 2020.

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 4.522 million (June 30, 2019: Nil). The management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in the unconsolidated condensed interim financial statements.

10.2 COMMITMENTS

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2019 other than described below:

10.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs.487.508 million (June 30, 2019: Rs. 405.049 million).

10.2.2 Commitments in respect of capital expenditure amounting to Rs. NIL million (June 30, 2019: Rs. 81.982 million).

11 Includes Rs. 114.401 million (March 31, 2019: Nil) on account of dividend income from the wholly owned subsidiary Agriauto Stamping Company (Private) Limited.

12 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Detail of transactions with related parties during the period, other than disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	March 31, 2020	March 31, 2019
		(Un-audited)	(Un-audited)
		----- (Rupees in '000) -----	
Subsidiary (wholly owned)			
Agriauto Stamping Company (Private) Limited.	Sale of goods	13,400	25,915
	Tax credit claimed on behalf of subsidiary	49,280	13,424
	Services received	-	2,932
	Dividend income	114,401	-
Associated Companies (Common directorship)			
TPL Direct Insurance Limited	Insurance premium	7,484	5,899
Retirement benefit funds			
Provident fund	Contribution	8,575	8,061
Key management personnel			
	Remuneration and other benefits	29,140	26,275
	Fee for attending board meetings	950	1,275

13 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on **April 22, 2020** by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest rupees in thousands.



Chairman



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	March 31, 2020 (Un-audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,197,860	2,089,475
Right-of-use assets		10,675	-
Intangible asset		43,133	6,651
Long-term investment		0	-
Long-term deposits		13,438	13,438
		<u>2,265,106</u>	<u>2,109,564</u>
CURRENT ASSETS			
Stores, spares and loose tools		119,057	123,713
Stock-in-trade		1,389,199	1,601,264
Trade debts		757,901	985,768
Advances, deposits, prepayments and other receivables	7	237,295	340,052
Accrued profit		3,674	1,793
Short-term investments	8	725,976	187,513
Sales tax receivable		36,793	86,409
Taxation – net		478,220	530,309
Cash and bank balances		224,667	174,378
		<u>3,972,782</u>	<u>4,031,199</u>
TOTAL ASSETS		<u><u>6,237,888</u></u>	<u><u>6,140,763</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital 28,800,000 (June 30, 2019: 28,800,000) ordinary shares of Rs. 5/- each		144,000	144,000
Reserves		<u>5,175,132</u>	<u>5,280,178</u>
		<u>5,319,132</u>	<u>5,424,178</u>
NON-CURRENT LIABILITY			
Lease liabilities		8,685	-
Deferred taxation		79,459	64,780
CURRENT LIABILITIES			
Trade and other payables		797,807	621,539
Current portion of lease liabilities		1,253	-
Unpaid dividend		8,532	7,211
Unclaimed dividend		23,020	23,055
		<u>830,612</u>	<u>651,805</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u><u>6,237,888</u></u>	<u><u>6,140,763</u></u>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)		(Rupees in '000)	
Turnover – net	4,724,685	7,651,565	1,939,863	2,714,856
Cost of sales	<u>(4,303,507)</u>	<u>(6,355,903)</u>	<u>(1,727,765)</u>	<u>(2,241,141)</u>
Gross profit	421,178	1,295,662	212,098	473,715
Distribution costs	<u>(64,329)</u>	<u>(104,046)</u>	<u>(23,793)</u>	<u>(35,827)</u>
Administrative expenses	<u>(192,138)</u>	<u>(178,774)</u>	<u>(65,669)</u>	<u>(61,740)</u>
	<u>(256,467)</u>	<u>(282,820)</u>	<u>(89,462)</u>	<u>(97,567)</u>
Operating profit	164,711	1,012,842	122,636	376,148
Other expenses	<u>(21,741)</u>	<u>(81,260)</u>	<u>(11,470)</u>	<u>(28,408)</u>
Other income	<u>42,159</u>	<u>48,954</u>	<u>22,654</u>	<u>18,551</u>
Finance costs	<u>(1,955)</u>	<u>(426)</u>	<u>(696)</u>	<u>(123)</u>
	<u>18,463</u>	<u>(32,732)</u>	<u>10,488</u>	<u>(9,980)</u>
Profit before taxation	183,174	980,110	133,124	366,168
Taxation	<u>(86,620)</u>	<u>(186,500)</u>	<u>(34,749)</u>	<u>(72,444)</u>
Profit after taxation	<u>96,554</u>	<u>793,610</u>	<u>98,375</u>	<u>293,724</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>3.35</u>	<u>27.56</u>	<u>3.42</u>	<u>10.20</u>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)		(Rupees in '000)	
Profit for the period	96,554	793,610	98,375	293,724
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	96,554	793,610	98,375	293,724

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended	
	March 31, 2020	March 31, 2019
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	183,174	980,110
Adjustments for:		
Depreciation and amortisation	203,304	142,617
Finance costs	1,955	426
Allowance for expected credit losses (ECL)	149	-
Liabilities no longer payable - written back	(395)	-
Profit on short-term investments – term deposit receipts	(14,989)	(24,932)
Profit on deposit accounts	(16,175)	(16,641)
Dividend income	(1,153)	-
Gain on disposal of property, plant and equipment	(2,786)	(125)
Capital work-in-progress charged off	9,221	-
	362,305	1,081,455
Increase in current assets	593,880	(534,969)
Increase in current liabilities	175,909	199,675
Cash generated from operations	1,132,094	746,161
Finance costs paid	(832)	(426)
Income tax paid	(19,851)	(50,705)
Long term deposit	-	(10)
Net cash generated from operating activities	1,111,411	695,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(370,932)	(586,347)
Proceeds from disposal of property, plant and equipment	18,177	5,039
Short-term investments made in mutual fund - net	(200,000)	-
Proceeds from disposal of short-term investments	52,576	-
Profit received on short-term investments – term deposit receipts	15,957	25,325
Profit received on term deposit receipts / bank balances	14,294	14,451
Net cash used in investing activities	(469,928)	(541,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(200,334)	(325,516)
Lease rental paid	(1,861)	-
	(202,195)	(325,516)
Net decrease in cash and cash equivalents	439,288	(172,028)
Cash and cash equivalents at the beginning of the period	308,379	1,165,328
Cash and cash equivalents at the end of the period	747,667	993,300
CASH AND CASH EQUIVALENTS		
Cash and bank balances	224,667	639,300
Short-term investments	523,000	354,000
	747,667	993,300

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2020
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital reserve	Revenue reserves		Total	
			Share premium	General		
----- (Rupees in'000) -----						
Balance as at July 01, 2018	144,000	12,598	3,655,000	889,082	4,556,680	4,700,680
Final dividend for the year ended June 30, 2018 @ Rs.8.5/- per share	-	-	-	(244,800)	(244,800)	(244,800)
Interim dividend for the year ended June 30, 2019 @ Rs. 3.0 /- per share	-	-	-	(86,400)	(86,400)	(86,400)
Transfer to general reserve	-	-	590,000	(590,000)	-	-
Profit after taxation for the period	-	-	-	793,610	793,610	793,610
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	793,610	793,610	793,610
Balance as at March 31, 2019	144,000	12,598	4,245,000	761,492	5,019,090	5,163,090
Balance as at July 01, 2019	144,000	12,598	3,065,000	2,202,580	5,280,178	5,424,178
Final dividend for the year ended June 30, 2019 @ Rs.7.0 /- per share	-	-	-	(201,600)	(201,600)	(201,600)
Transfer to general reserve	-	-	750,000	(750,000)	-	-
Loss after taxation for the period	-	-	-	96,554	96,554	96,554
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	96,554	96,554	96,554
Balance as at March 31, 2020	144,000	12,598	3,815,000	1,347,534	5,175,132	5,319,132

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange. The Holding Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Holding Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi
- 1.2 The Group comprises of the Holding Company and Agriauto Stamping Company (Private) Limited (the Subsidiary Company). The Subsidiary Company was incorporated in Pakistan on January 20, 2012 as a private limited company. The Subsidiary Company is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on 02 July, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

2 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2019 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5 NEW STANDARDS, AMMENDMENTS AND INTERPRETATIONS OF IFRSs

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or ammendment:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

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

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with initial application date of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at July 01, 2019 on the unconsolidated condensed interim statement of financial position is summarised below:

	Rs. in '000
Assets	
Right-of-use assets	
Prepaid rent	12,559
	<u>(1,863)</u>
	<u><u>10,696</u></u>
Liabilities	
Lease liabilities	9,712
Current portion of lease liabilities	<u>984</u>
	<u><u>10,696</u></u>

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 01, 2019.

The impact of adoption of IFRS 16 on unconsolidated condensed interim statement of profit or loss for the period ended March 31, 2020 is summarized below:

	Rs. in '000
Decrease in rent, rate and taxes	1,897
(Increase) in depreciation expense	<u>(1,884)</u>
(Increase) in financial charges	<u>(1,123)</u>
	<u><u>(1,110)</u></u>

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

	Rupees. in '000
Operating lease commitments as at June 30, 2019	29,473
Impact of discounting	(5,401)
Short-term leases	(13,376)
Total lease liability as at July 01, 2019	10,696
Average incremental borrowing rate as at July 01, 2019	<u><u>14%</u></u>

5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using reducing balance method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

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

	Note	March 31, 2020 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	2,023,588	1,517,299
Capital work-in-progress	6.3	174,272	572,176
		2,197,860	2,089,475

6.1 The following additions and disposals were made in the operating fixed assets during the period:

	Additions at cost / Transfers Nine months ended March 31,		Disposal at NBV Nine months ended March 31,	
	2020 (Un-audited) ----- (Rupees in '000) -----	2019	2020 (Un-audited) ----- (Rupees in '000) -----	2019
Owned				
Plant and machinery	498,429	127,751	8,804	675
Building	50,458	-	-	-
Dies & tools	155,124	-	-	-
Vehicles	6,572	25,020	6,401	3,509
Furniture and fixtures	7,874	1,928	131	560
Computers	830	1,770	55	151
Office equipment	377	1,536	-	22
	719,664	158,005	15,391	4,917

6.2 Depreciation charge for the period amounted to Rs. 197,987 (March 31, 2019: Rs. 140,758).

	March 31, 2020 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
6.3 Capital work-in-progress		
Balance at the beginning of period / year	572,176	103,066
Capital expenditure incurred / advances made during the period / year	249,811	497,682
Transfer to operating fixed assets during the period / year	(638,494)	(25,922)
Charged off during the period / year	(9,221)	(2,650)
Balance at the ending of period / year	174,272	572,176

7 Includes an amount of Rs. 168.979 million (June 30, 2019: 305.477 million) deposited with commercial banks in respect of cash margin requirement on import.

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

		March 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
8 SHORT TERM INVESTMENTS			
At amortised cost			
Term deposit receipts	8.1	523,000	134,000
Accrued profit thereon		<u>1,775</u>	<u>937</u>
		<u>524,775</u>	<u>134,937</u>
At fair value through profit or loss			
Mutual funds - open ended		<u>201,201</u>	<u>52,576</u>
		<u>725,976</u>	<u>187,513</u>

8.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from of 9.15% to 12.30% (June 30, 2019: 5.85%) per annum having maturity date of 30 June 2020.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 9.155 million (June 30: Nil). The management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in the condensed interim financial statements.

9.2 COMMITMENTS

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2019 other than described below:

9.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 536.169 million (June 30, 2019: Rs. 817.209 million).

9.2.2 Commitments in respect of capital expenditure amounting to Rs. 45.195 million (June 30, 2019: Rs. 132.202 million).

10 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the Holding Company, companies with common directorship, retirement funds, directors and key management personnel. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Detail of transactions with related parties during the period, other than disclosed elsewhere in these condensed interim financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	March 31, 2020 (Un-audited)	March 31, 2019 (Un-audited)
		----- (Rupees in '000) -----	
Retirement benefit funds			
Provident fund	Contribution	9,570	8,887
Key management personnel			
	Remuneration and other benefits	29,140	26,275
	Fee for attending board meetings	950	1,275
Common directorship			
	Services received	7,484	5,899

11 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on **April 22, 2020** by the Board of Directors of the Holding Company.

12 GENERAL

Figures have been rounded off to the nearest rupees in thousands.



YUTAKA ARAE
Chairman



FAHIM KAPADIA
Chief Executive



SAAD USMAN
Chief Financial Officer