

Agriauto Industries Limited

2020 annual report



ALI SULEMAN HABIB

IN MEMORIAM

Ali Suleman Habib has left behind a rich legacy of hope, ambition, success and compassion for his family, friends, colleagues, business partners and for all the lives he touched in his four decades at the Group. We are humbled to have known Ali's resolve, commitment, and, his innate ability to always lead from the front. Today, we draw strength from his calm and his embodiment of excellence in every sphere of life. We are proud to firmly stand on the soil he planted for all of us to grow from.

Ali S. Habib will be remembered as a giant amongst men for all times to come.



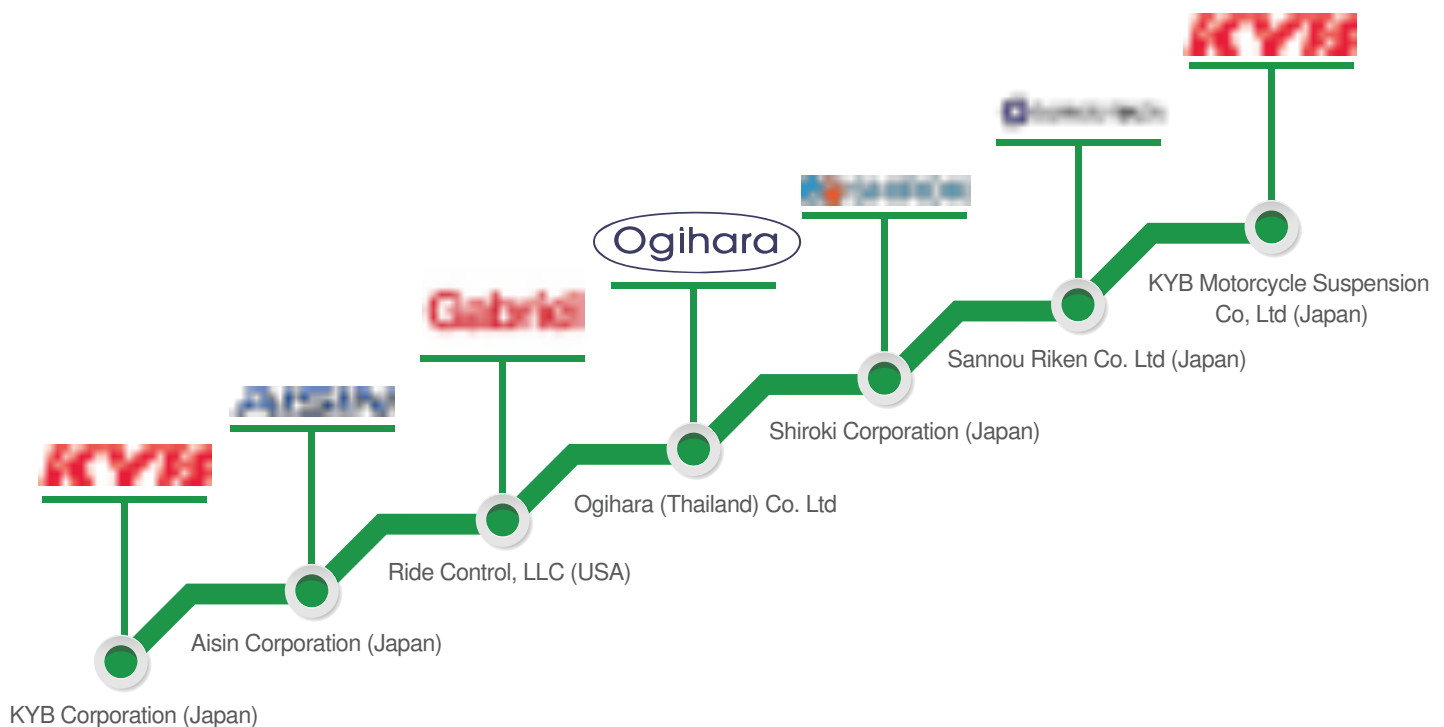
THE COMPANY

Agriauto Industries Limited is a public limited company incorporated in 1981 and quoted on the Pakistan Stock Exchange.

The company is one of the leading automotive components manufacturers in the private sector and the first company in Pakistan to acquire TS-16949 Certification.

Technical Collaborations with leading international companies have added to the company's technical versatility. The product range covers both original equipment manufacturers (OEM's) and the after market.

OUR GLOBAL PARTNERS



OUR CUSTOMERS





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VISION

A world class manufacturer and supplier of high entry barrier automotive components providing competitive returns to all stakeholders.



COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|---------------------|------------------------|
| Yutaka Arae | Chairman |
| Fahim Kapadia | Chief Executive |
| Hamza Habib | Non Executive Director |
| Salman Burney | Non Executive Director |
| Sohail P. Ahmed | Non Executive Director |
| Ayesha T. Haq | Independent Director |
| Muhammad Ali Jameel | Independent Director |

AUDIT COMMITTEE

| | |
|---------------------|----------|
| Muhammad Ali Jameel | Chairman |
| Sohail P. Ahmed | Member |
| Ayesha T. Haq | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|---------------------|----------|
| Muhammad Ali Jameel | Chairman |
| Salman Burney | Member |
| Sohail P. Ahmed | Member |
| Yutaka Arae | Member |
| Fahim Kapadia | Member |

CHIEF FINANCIAL OFFICER

Jawwad Haqqi

COMPANY SECRETARY

Tariq Iqbal Bawani



AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARE REGISTRAR

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel 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

FACTORY

Agriauto Industries Limited
MouzaBaroot, Hub Chowki Distt. Lasbella,
Balochistan.

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

REGISTERED OFFICE

5th Floor, House of Habib
3 JCHS, Main Shahrah-e-Faisal, Karachi.
Website: www.agriauto.com.pk
Email: info@agriauto.com.pk



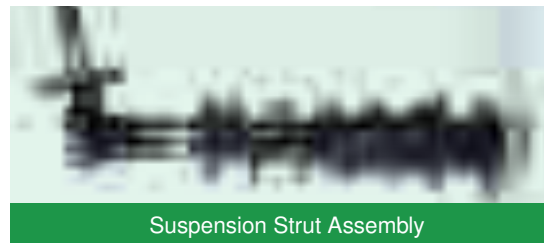
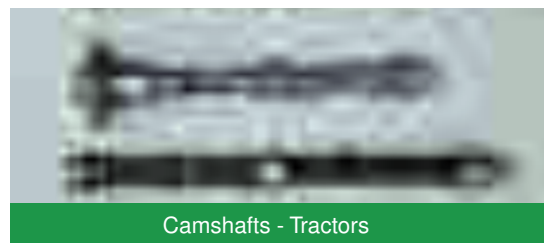
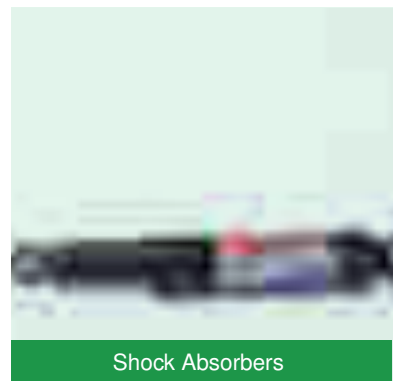
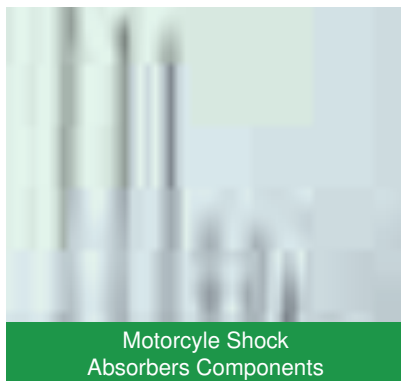
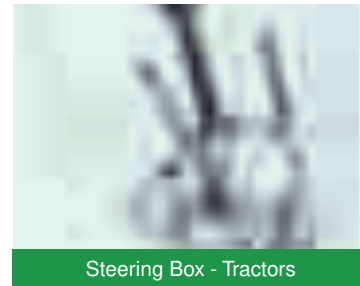
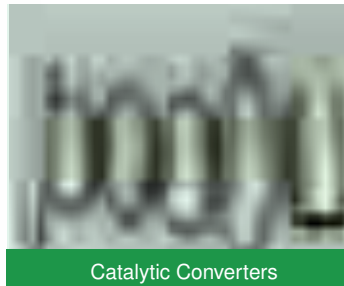
COMING TOGETHER TODAY FOR A **PROSPEROUS TOMORROW**

At **Agriauto**, we celebrate diversity. Whether it is in our business verticals or people, diversity is at the core of our strategy. It is through the spirit of diversity that we are able rise above and strengthen our position.





OUR PRODUCTS



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of the Members of the Company will be held on Thursday, October 22, 2020 at 10:00 AM through video link to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2020, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
2. To approve cash dividend of 20% i.e. Re 1 /- per share for the year 2019-20 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2020-21 and to fix their remuneration. The present auditors – M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To elect 07 (seven) directors of the Company as fixed by the Board of Directors in their meeting held on August 27, 2020 for a term of three years, in accordance with the provisions of Section 159(1) of the Companies Act, 2017. The names of the retiring Directors who are eligible for re-election are:

| | | |
|------------------------|----------------------------|----------------------|
| 1) Mr. Yutaka Arae | 2) Mr. Fahim Kapadia | 3) Mr. Hamza Habib |
| 4) Mr. Sohail P. Ahmed | 5) Mr. Muhammad Ali Jameel | 6) Mr. Salman Burney |
| 7) Ms. Ayesha T. Haq | | |

Karachi
Dated: August 27, 2020

By Order of the Board
Tariq Iqbal Bawani
Company Secretary

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 16, 2020 to October 22, 2020 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 16, 2020. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharae Faisal Karachi. Tel: +92-21-34380101-5, +92-21-34384621-3 (Ext-103) Fax: +92-21-34380106. All the Members holding the shares through the CDC are requested to update their addresses and Zakat statuses with their Participants.

2. Online Participation in AGM:

In view of the current situation on the spread of the COVID-19, the company has decided to conduct the Shareholders' Meeting online in order to protect their wellbeing.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

The shareholders can participate in the AGM through video-link, i.e. <https://zoom.us/download>.

For this purpose, shareholders are requested to get their following particulars registered with the Company by sending email to agm@agriauto.com.pk. Video-link and login credentials will be shared with only those shareholders/proxies whose emails, containing all the information required below, received via email no later than 48 hours before the meeting.

| Shareholder Name | CNIC # | Folio/ CDC No. | Cell No | Registered Email ID |
|------------------|--------|----------------|---------|---------------------|
| | | | | |

The shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the above given email address.

The login facility will be opened at 9:30 a.m. on October 22, 2020 enabling the participants to join the proceedings which will start at 10:00 a.m. sharp.

3. Participation in the Meeting

Members whose names appearing in the Register of Members as of October 16, 2020, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: <http://www.agriauto.com.pk>.

An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.

4. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting:

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the Meeting.
- II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- I. 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 requirement.
- II. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- III. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- V. 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.
- VI. Form of proxy is enclosed.

5. Election of Directors

In terms of Section 159(1) of the Companies Act, 2017 ("Act") the Board of Directors in its 150th meeting held on August 27, 2020 has fixed the number of elected Directors at 7 (Seven) to be elected in the Annual General Meeting of the Company for the period of next three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary, at its Registered Office, 5th Floor, House of Habib, 3-JCHS, Block 7/8, Shahrah-E-Faisal, Karachi - 75350, not later than fourteen days before the date of the meeting:

- a. Notice of his / her intention to offer him / herself for the election to the Office of Director in terms of section 159(3)
- b. Consent to act as director of the Company along with consent on Form 28 prescribed under the Act.
- c. A detail profile along with office address as required under SECP' SRO 634(1)2014 dated July 10, 2014.
- d. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019
- e. Declaration that he/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other applicable law, rules and regulations.
- f. Declaration that he/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;

A director must be holding qualification share (i.e. 1,000) of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable for instances mentioned in Section 153(i) of the Companies Act 2017.

A candidate consenting for the election as director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Pursuant to Companies (Postal Ballot) Regulation 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

Statement of Material Facts under Section 166(3) of the Companies Act, 2017 in respect of Election of Directors

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

6. Distribution of Annual Report

Pursuant to the provision of section 223(6) of the (companies Act 2017) and SRO 470(I) / 2016, the Companies are permitted to circulate their annual financial statements, along with the Auditor's report, director review report etc. ("Annual Report") and the notice of Annual General Meeting ("Notice") to its shareholders electronically. Shareholders of the Company who wish to receive the hardcopy of Company's Annual Report are requested to provide the complete Standard Request Form (available at the Company's Website) to the Company's Share Registrar, FAMCO Associates (Private) Limited.

7. Submission of CNIC/SNIC/NTN (Mandatory)

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities), are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

8. Dividend Mandate (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the shareholders Only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide the information mentioned in the Form placed at the Company's website <http://www.agriauto.com.pk> otherwise the Company would be constrained to withhold payment dividend (if any) in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers / Central Depository Company Ltd. If the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in physical form.

9. Deposit of Physical Shares in CDC account

As per section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

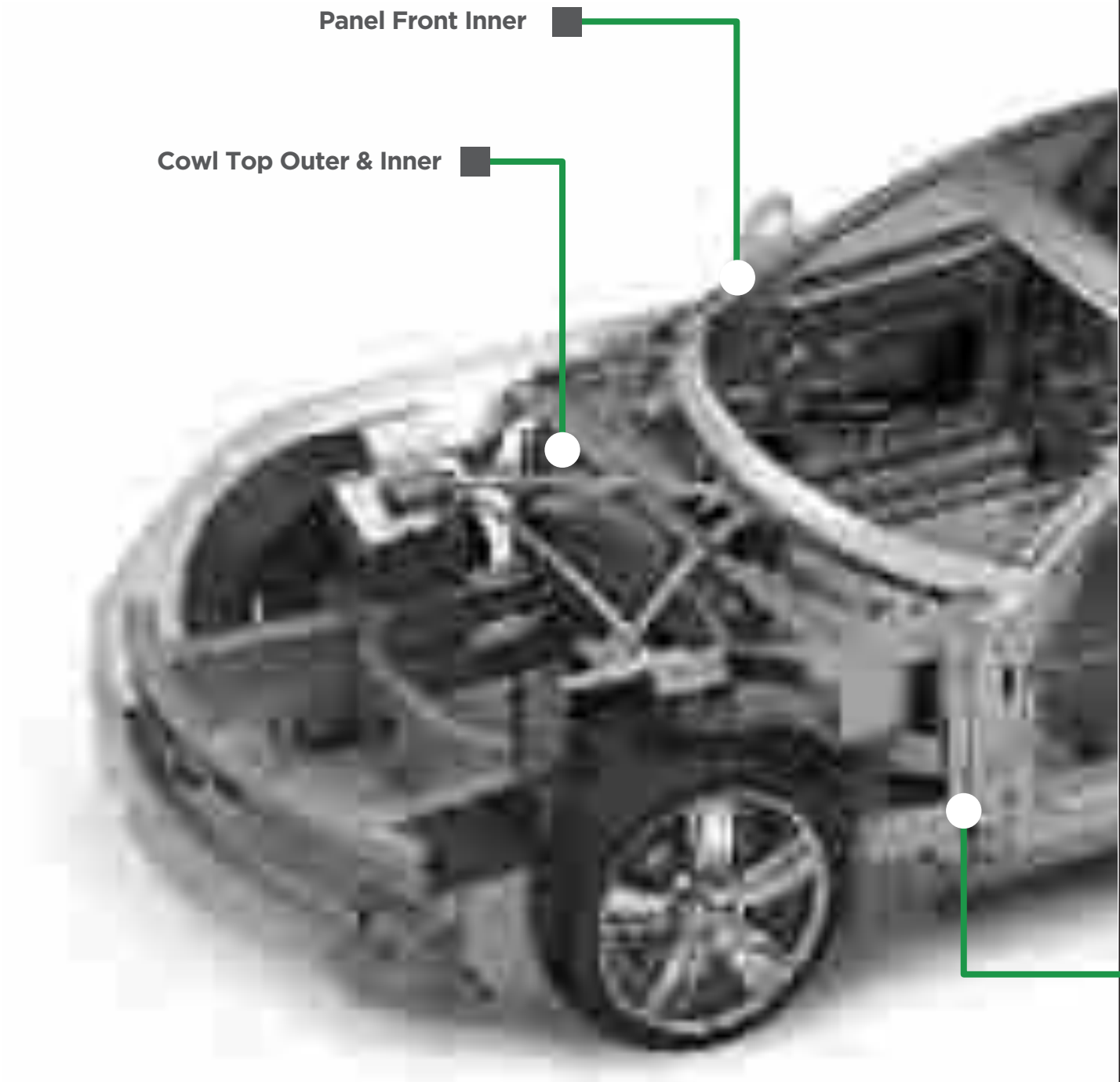
10. Availability of Annual Audited Financial Statements on the Company's website:

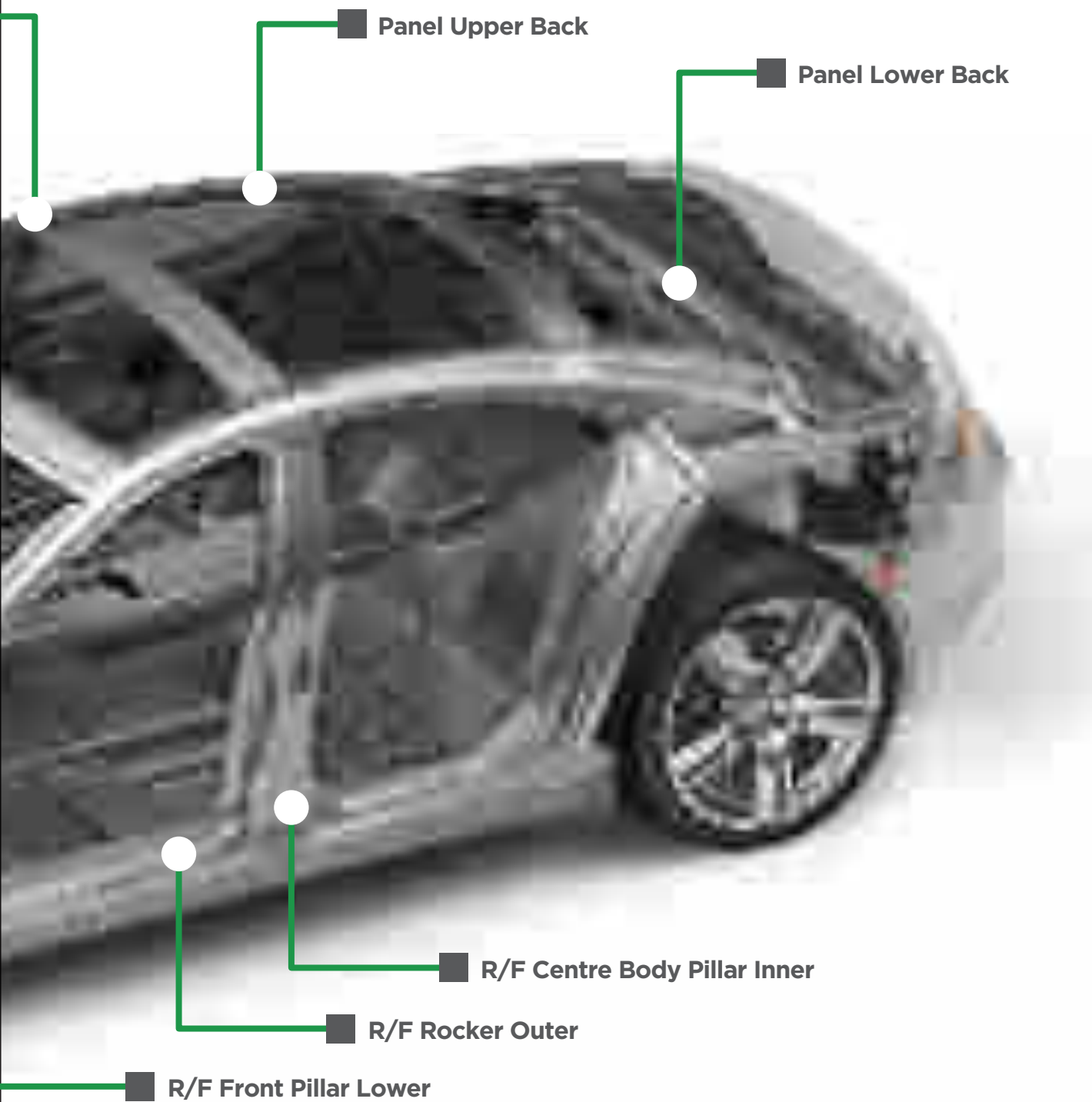
In accordance with the provisions of Section 223(7) of the Companies Act 2017, the audited financial statements of the Company for the year ended June 30, 2020, are available on the Company's website (www.agriauto.com.pk).

Rail Roof Side Inner

Panel Front Inner

Cowl Top Outer & Inner



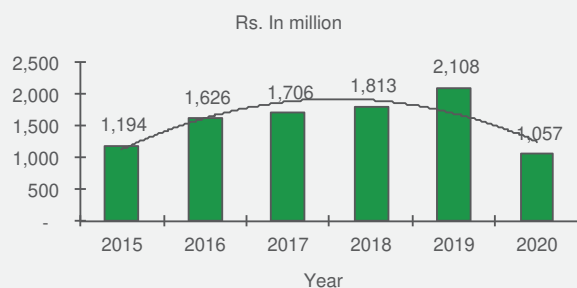


SIX YEARS AT A GLANCE

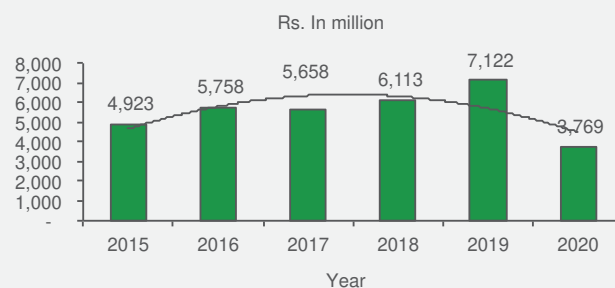
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating Results | | | | | | |
| Net Sales (Rs, 000) | 3,768,756 | 7,122,487 | 6,112,980 | 5,657,541 | 5,758,380 | 4,923,276 |
| Gross Profit (Rs, 000) | 169,946 | 1,078,665 | 1,115,918 | 1,045,884 | 1,034,475 | 988,652 |
| Profit Before Tax (Rs, 000) | 10,416 | 805,391 | 773,238 | 810,364 | 713,332 | 733,399 |
| (Loss)/Profit After Tax (Rs, 000) | (29,798) | 603,012 | 520,407 | 586,637 | 484,464 | 485,061 |
| (Loss)/Earnings Per Share (Rs.) | (1.03) | 20.94 | 18.07 | 20.37 | 16.82 | 16.84 |
| Cash Dividend (%) | 20% | 200% | 250% | 200% | 175% | 150% |
| Financial Position | | | | | | |
| Current Ratio | 3.30: 1 | 5.24: 1 | 5.46: 1 | 5.21: 1 | 5.09: 1 | 5.58: 1 |
| Paid-up Share Capital (Rs, 000) | 144,000 | 144,000 | 144,000 | 144,000 | 144,000 | 144,000 |
| Res. & Unappropriated Profit (Rs, 000) | 3,767,400 | 3,998,798 | 3,726,986 | 3,537,779 | 3,203,142 | 3,006,678 |
| Shareholders' Equity (Rs, 000) | 3,911,400 | 4,142,798 | 3,870,986 | 3,681,779 | 3,347,142 | 3,150,678 |
| Breakup Value Per Share (Rs.) | 135.81 | 143.85 | 134.41 | 127.84 | 116.22 | 109.40 |
| Return on Equity (%) | -0.76% | 14.56% | 13.44% | 15.93% | 14.47% | 15.40% |

FINANCIAL HIGHLIGHTS

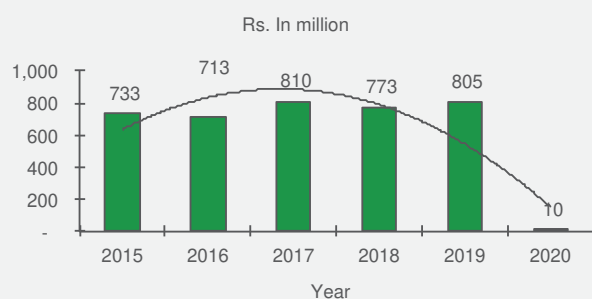
Contribution to National Exchequer



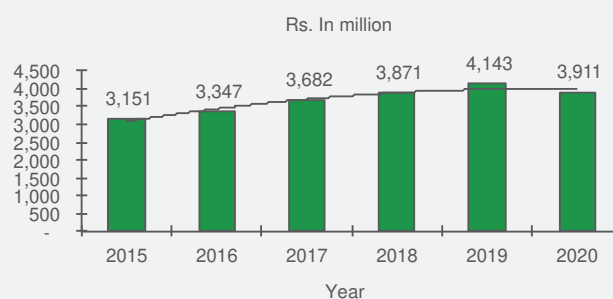
Revenue



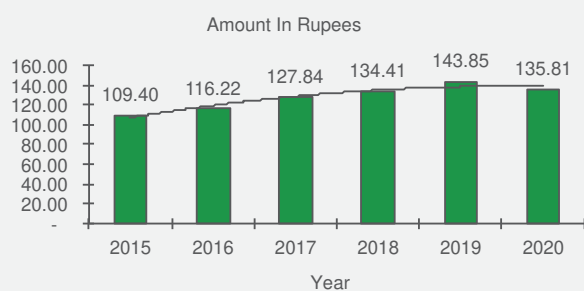
Profit before tax



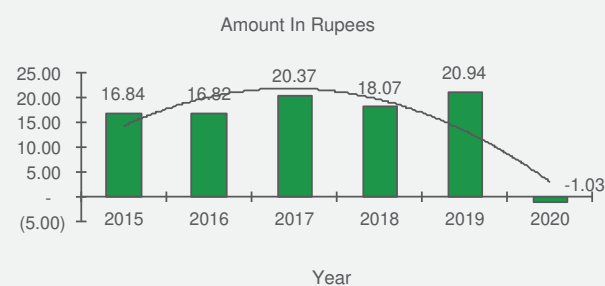
Shareholders' Equity



Breakup value per share



Earnings / (Loss) per share



BOARD OF **DIRECTORS**



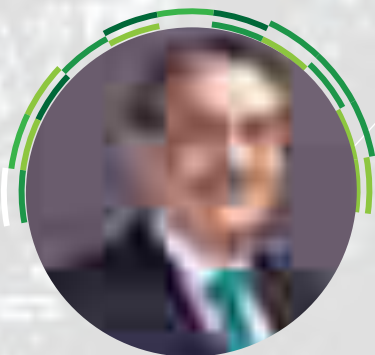
Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



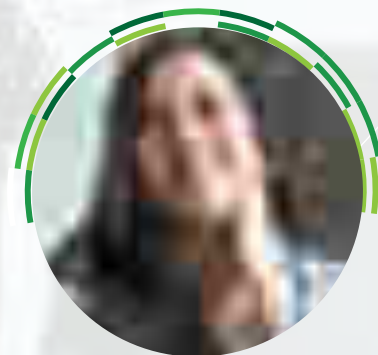
Hamza Habib
Director



Sohail P. Ahmed
Director



Salman Burney
Director



Ayesha T. Haq
Director



M. Ali Jameel
Director



CHAIRMAN'S REVIEW

I am pleased to present you the review on Annual Report of the Company for the year ended June 30, 2020. The Financial Year 2019-20 was one of the most challenging year for the Company. In earlier period of the year, demand for locally manufactured vehicles plunged sharply and afterwards pandemic of COVID-19 negatively impacted the overall economy including auto sector. Accordingly, on consolidated basis, the Agriauto Group witnessed a decline in its net sales which stands at Rs. 5,244 million. Group also incurred a loss after tax of Rs. 108 million for the year.

Despite these financial results, the Board has recommended a final cash dividend of 20% i.e. Rs. 1.0/- per share for approval from members at the Annual General Meeting.

The emergence of COVID-19 has caused major disruptions to economic activity around the world including Pakistan. The country's economy demonstrated its worst performance in 68 years, posting a negative growth of 0.40% in FY 2019-20. The drop in domestic and global demand compounded the strain on the economy. Monetary and fiscal policy interventions, such as interest rate reduction, payroll financing, announcement of stimulus package, have been made to ensure liquidity to cushion growth and employment. On the fiscal front, weak collections and higher expenditure in 4QFY20 mainly due to COVID-19 related developments resulted in a fiscal deficit of 9.5% of GDP. Keeping in view the unprecedented economic situation, the federal budget 2020-21 was presented without imposing any new taxes.

Health and safety of the employee will remain the top priority of the management in addition to protect and safeguard the interests of its shareholders through capitalization on growth opportunities.

Your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns for its shareholders & other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.

-Sd- through email

Yutaka Arae
Chairman

August 27, 2020

چیرمین کا جائزہ

میں کمپنی کی سالانہ رپورٹ برائے ختم شدہ سال 30 جون 2020 کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔ مالیاتی سال 2019-20 کمپنی کا ایک انتہائی دشوار گزار ترین سال رہا۔ سال کے آغاز میں مقامی طور پر تیار کردہ گاڑیوں کی طلب میں تیزی سے کمی ہوئی اور بعد ازاں COVID-19 کی وباء نے مجموعی معیشت بشمول آٹو سیکٹر پر منفی اثرات مرتب کئے۔ لہذا مجموعی طور پر ایگری آٹو گروپ کی خالص فروخت میں تنزلی ہوئی جو کہ 5,244 ملین روپے رہی۔ سال کے دوران گروپ کا بعد از ٹیکس خسارہ 108 ملین روپے رہا۔

ان تمام مالیاتی نتائج کے باوجود بورڈ نے 20 فیصد یعنی -1.0/ روپیہ فی حصص کے حساب سے نقد حتمی منافع منقسمہ کی سفارش کی ہے جس کی منظوری سالانہ اجلاس عام میں ممبران سے لی جائے گی۔

COVID-19 کے پھیلاؤ نے دنیا بھر بشمول پاکستان میں معاشی سرگرمیوں میں بڑا انتشار پیدا کیا۔ گزشتہ 68 سالوں میں اس سال معیشت کی کارکردگی بدترین رہی، یعنی FY 2019-20 میں 0.40 فیصد کی منفی نمو ہوئی۔ مقامی اور عالمی طلب میں کمی نے معیشت کو مزید تباہ حال کر دیا۔ مالی اور مالیاتی پالیسی اقدامات جیسے شرح سود میں کمی، اجرتی سرمایہ کاری، بحالی پیکیج کے اعلان شرح نمو میں بہتری اور روزگار میں روانیت کو یقینی بنایا۔ مالیاتی محاذ پر کمزور محصولات اور سال کے آخری سہ ماہی میں COVID-19 سے ملحقہ پیشقدمیوں کے نتیجے میں بلند اخراجات کی وجہ سے مالیاتی خسارہ GDP کا 9.5 فیصد ہو گیا۔ غیر معمولی معاشی صورتحال کو مد نظر رکھتے ہوئے پیش کردہ وفاقی بجٹ 2020-21 میں کوئی نئے ٹیکس عائد نہیں کئے گئے۔

ملازمین کی صحت اور تحفظ کے علاوہ ترقیاتی مواقع میں سرمایہ جاتی اخراجات کے ذریعہ حصص یافتگان کے مفادات کا تحفظ اور حفاظت انتظامیہ کی اولین ترجیح رہے گی۔

آپ کی کمپنی اچھے نظم و ضبط کے لئے کوشاں ہے۔ میں یہ بتاتے ہوئے اظہار مسرت کرتا ہوں کہ رواں سال بورڈ کی کارکردگی انتہائی شاندار رہی جس کی وجہ سے آپ کی کمپنی کو موثر سمت میں رہنمائی میں مدد ملی۔ بورڈ ادارتی اور مالیاتی رپورٹنگ کے نظام کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے۔ بورڈ کمپنی کے بنیادی مقاصد کے حصول کے لئے اپنے کلیدی کردار کی اہمیت سے واقف ہے اور اس کی توجہ حصص یافتگان اور دیگر مستفیدان کو بہتر منفعت اور قابل قدر گاہکوں کو مسلسل اعلیٰ معیاری مصنوعات فراہم کرنے پر مرکوز ہے۔

-Sd- through email

یوٹا کا آرائے

چیرمین

27 اگست 2020



DIRECTORS' REPORT TO THE **SHAREHOLDERS**

FOR THE YEAR ENDED JUNE 30, 2020

Dear Shareholders,

The Directors of your Company are pleased to present their Report along with the Audited Financial Statements for the year ended June 30, 2020.

THE BOARD OF DIRECTORS

The Board of Directors of the Company as at the Balance Sheet date is as follows:

| | | |
|----|-------------------------------------|------------------------|
| 1. | Mr. Yutaka Arae – Chairman | Non-executive Director |
| 2. | Mr. Fahim Kapadia – Chief Executive | Executive Director |
| 3. | Mr. Hamza Habib | Non-executive Director |
| 4. | Mr. Sohail P. Ahmed | Non-executive Director |
| 5. | Mr. Salman Burney | Non-executive Director |
| 6. | Ms. Ayesha T. Haq | Independent Director |
| 7. | Mr. Muhammad Ali Jameel | Independent Director |

PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is engaged in the manufacture and sale of components for automotive vehicles, motorcycles and agricultural tractors.

PAKISTAN'S ECONOMY

The economy of Pakistan received a severe hit from the coronavirus pandemic and subsequent lockdown measures in the final quarter of FY 2020 (Apr-Jun). Industrial production contracted, exports plummeted owing to falling demand for textiles. After witnessing massive devaluation of currency, Pak Rupee largely remained stable during the year; but due to higher inflation, SBP kept its policy rate in double digits.

However, last quarter witnessed a sharp decrease in policy rate to mitigate the impact of COVID-19 pandemic on the economy. During the year, the growth rate declined by 0.4% primarily due to negative growth in the industrial sector.

To revitalize the growth, the Government of Pakistan (GoP) announced a Rs 1.24 trillion relief package to stimulate and boost overall economic growth. State Bank of Pakistan (SBP) took various steps including reduction in interest rate percentage, low rate refinancing for retaining workforce, BMR & expansion financing for manufacturing sector and refinance scheme for health sector. SBP also extended the availability of deferment for principal payments on certain loans and advancement.

Apart from the above initiatives GoP announced the Naya Pakistan Housing Scheme to jump start the ailing economy.

FINANCIAL & BUSINESS PERFORMANCE

This was the first time in last many years that company incurred a loss before tax. Financial year started off slowly and as a result inventory levels went all time high. Nonetheless, management used the available resources efficiently and managed to operate without any bank finance.

Start of the 2nd half of the year was very positive and economy was seen to accelerate but then the pandemic of COVID-19 literally stopped all the economic activities and month of Apr-20 recorded zero sales in the history of automobile industry.

Despite these challenges, the Company managed to achieve sales of Rs. 3.77 billion (2019: Rs. 7.12 billion) resulting in a decline of 47% over last year. The Gross Profit of the Company shrunk by 84% (2020: 170 millions v 2019 1,079 millions) predominantly due to loss of revenue during the Covid-19 Lockdown and decline in customer demand during the first half of the year.

Following are the summarized financial results of the Company for the year 2019-20:

STANDALONE (Rs. '000)

| | 2020 | 2019 |
|---------------------------------|-----------|-----------|
| Turnover | 3,768,756 | 7,122,487 |
| Gross Profit | 169,946 | 1,078,665 |
| Profit before Taxation* | 10,416 | 805,391 |
| Taxation | (40,214) | (202,379) |
| (Loss)/Profit after Taxation | (29,798) | 603,012 |
| (Loss)/Earnings Per Share (Rs.) | (1.03) | 20.94 |

* Includes dividend from subsidiary company of Rs.114 mil

CONSOLIDATED (Rs. '000)

| | 2020 | 2019 |
|---------------------------------|-----------|------------|
| Turnover | 5,244,651 | 10,128,569 |
| Gross Profit | 251,466 | 1,681,151 |
| (Loss)/Profit before Taxation | (24,969) | 1,256,752 |
| Taxation | (83,469) | (202,054) |
| (Loss)/Profit after Taxation | (108,438) | 1,054,698 |
| (Loss)/Earnings Per Share (Rs.) | (3.77) | 36.62 |

DIVIDEND

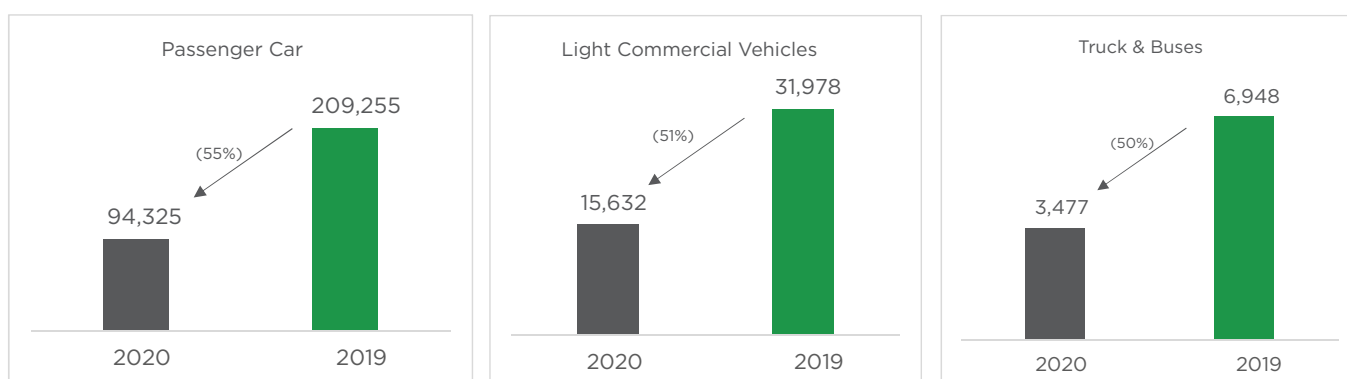
The Board of Directors is pleased to recommend a final cash dividend of Rs. 1.0 per share (20%) for the approval of the shareholders at the Annual General Meeting of the Company to be held on October 22, 2020.

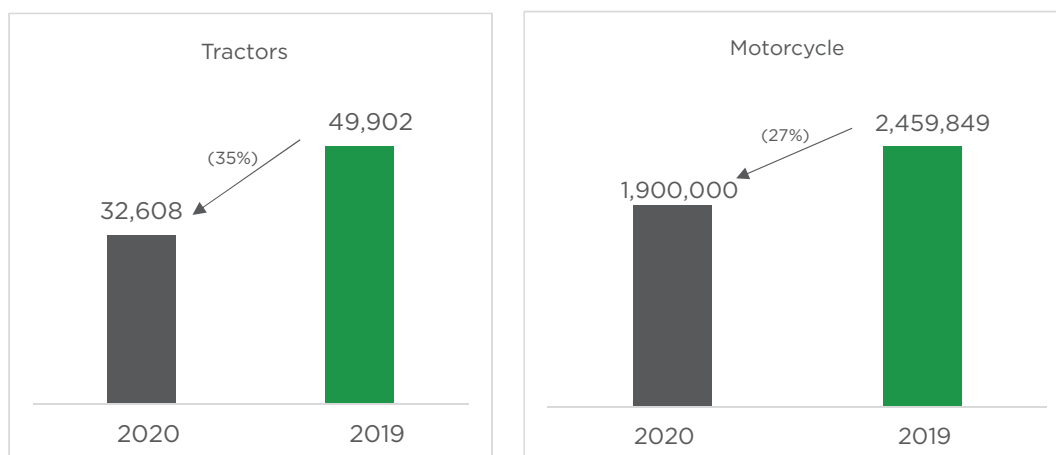
PERFORMANCE OF AUTOMOTIVE SECTOR

Auto sector felt the brunt of the double blow in the financial year 2019-20. Firstly, due to GoP fiscal measures such as increased rate of Additional Custom Duty, and imposition of FED on all locally manufactured vehicles and devaluation of PKR against USD, which resulted in cost hike and increase in price of vehicles thus contracted the demand for automobiles.

Secondly, COVID-19 pandemic halted the wheel of life around the globe and in Pakistan. Auto industry was shut down for over 2 months due to nationwide lockdown.

Following is the volumetric comparison of different auto segments.





NEW INITIATIVES:

The Board is pleased to share the new initiatives taken by the Company during the fiscal year 2019-20:

ED Paint Facility:

The Company is in the process of investing more than Rs.200 million for the development of automatic ED paint line. The ED Paint Facility will cater all existing struts and Sub Assembly Parts for McPherson. The Plant commissioning was delayed but we are hopeful that it will be commissioned in the next year.

NEW DEVELOPMENT

The company is developing shock absorbers, struts, press parts for new models planned by the existing automakers. Although, there have been certain delays in the development but the management is confident that supply will commence as per the agreed plan.

PROCESS IMPROVEMENT ACTIVITIES

Process improvement activities are part of the culture at Agriauto, following the KAIZEN philosophy. In order to manage the manufacturing operations, daily ASAKAI (morning meetings) are conducted where all departmental heads join to discuss current operational issues & progress related to safety, quality, production, maintenance, suppliability, projects, etc. and take immediate countermeasures.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management process includes identification of strategic, financial, operational and legal risks affecting the performance of the Company and to ensure appropriate measures to mitigate these risks. At Agriauto, an effective risk management strategy is in place to detect these risks at an early stage and to devise action plans to address and mitigate the same.

The Board believes that the current pressure on the exchange rate carries a high risk and any further devaluation of Pak Rupee or increase in interest rates shall have a significantly adverse impact on the automotive industry in Pakistan.

Board further believes that although the impact of COVID-19 has subsided but this risk cannot be written-off altogether as some countries have witnessed its second wave. However, keeping in account the measures adopted and implemented by the company's management, Board considers that this can be managed effectively.

AGRIAUTO STAMPING COMPANY (PRIVATE) LIMITED (ASC)

This was the first year where the plant was operating under its capacity due to sudden drop in production volumes. Production improved slightly from Jan'20 due to increase in demand but was again hampered abruptly due to the enforcement of lockdown in light of COVID-19. The plant resumed its operational activities by implementing all protocols and guidelines of COVID-19.

During the year, the company received business from automakers for their new models.

The tax credit has expired on June 30th, 2019. Hence, the Company is now liable to pay income tax.

The following are the major achievements of the subsidiary company during the fiscal year 2019-20:

1. Realization of new stamping part business from other automakers.
2. Surveillance audit of all ISO certifications (ISO 9001-2015, ISO 1400, TS 16949)
3. In house tooling of critical assemblies realizing cost savings.



HEALTH, SAFETY AND ENVIRONMENT (HSE)

The commitment towards Health, Safety and Environment is fully reflected by the effective controls implemented by the company. During the COVID-19 outbreak, the company showed full responsibility to prevent the spread of COVID-19 among its employees. Following are the key highlights of the control measures implemented:

COVID-19 Outbreak Control

In order to prevent the spread of COVID-19 and to ensure smooth operations, the HSE Department developed and implemented a set of protocols based on Baluchistan/Sindh government Notifications, Requirements from customers, World Health Organization (WHO) and Centers for Disease Control & Prevention (CDC) recommendations. The protocols implemented were the provision of surgical safety masks (daily basis), hand sanitizer dispensers, enforcing of social distancing in operational activities, disinfecting of vehicles and creating awareness among employees, contractors and visitors through signage and training.



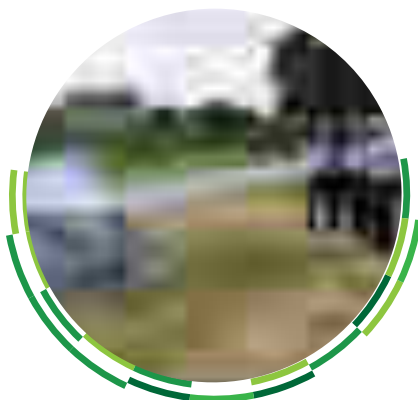
Disinfecting of Vehicles



Temperature monitoring of employees

Safety

- a) The company achieved the target of 'Zero' (0) Lost Work Day (LWD) incident.
- b) Inspection of Lifting Equipment (forklift truck, Overhead bridge Cranes, Scissors Lifts, etc.) from third party inspectors.
- c) Training on the use of Rapid Intervention Vehicle and fire extinguishers were provided by the Emergency Response team members.
- d) Surveillance Audit from external Auditors on ISO14001:2015 and OHSAS18001:2007 were conducted and no major non-conformance was reported.



Training on the use of RIV



In-house training session on firefighting

Environment

- e) The 'No Objection Certificate' (NOC) was issued from the Baluchistan Environmental Protection Agency to the factory located at Hub.
- f) All environmental monitoring, e.g. effluents, gaseous emissions, drinking water, etc. were carried out in accordance with government notifications.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Agriauto believes giving back to society is an essential duty for the business. CSR is embedded into the company's core business strategy. The company continues to spend 1% of its profit before tax over community welfare and development initiatives. Our objective remains, to support the local community for the welfare of all our stakeholders. The activities undertaken during the year include:

- Distribution of ration hampers to all workers during the Covid-19 pandemic
- Donation to various educational institutions especially in the Hub vicinity focusing on supporting provision of medical facilities to the underprivileged.
- Donation to different hospitals and welfare trusts
- Arranged general Medical & Eye Camp for staff
- Literacy program arranged for local workers
- Plantation at HUB/Port Qasim

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, the Company contributed Rs. 1.04 billion (2019: Rs.2.11 billion) to the National Exchequer.

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

HUMAN RESOURCE (HR)

HR Department remains committed to the professional development and training of the employees with emphasis on inculcating company values in employees and providing them an environment of team work and mutual respect.

Company remains committed to fulfilling its legal obligations towards the workforce and complies with regulations regarding their wages and benefits, thus leading to excellent industrial harmony and amicable management of labor relations. Following are the highlights of HR initiatives:

Training & Development:

A variety of Training and Development opportunities were offered to employees in-house, external and international. Total trainings carried out during the year were over 1,025 hours. In addition, multiple online trainings were conducted during the Covid-19 pandemic through to continuously develop employees to best utilize time. Following are the training highlights for the year:

- Advance Business Communication & Interpersonal Skills.
- Changing Behavior (Motivation) conducted by AOTS-Japan.
- The Program on Productivity Improvement (TPPI) conducted by AOTS-Japan.
- Corporate Treasury to Optimize Cash Resources
- Dashboard Reporting (Self Service Business Intelligence)
- Emotional Intelligence W/ Positive Thinking
- Leading Your Team-The Right Way
- Operational Excellence and Plant Maintenance Management Optimization
- Pakistan: Economy of an Elitist State conducted by ICAP
- Safe Lift
- Safety & Time Management
- SMART Objective Setting

Awards & Recognitions

Agriauto Industries Ltd received following award(s) during the year:

- Participated in 7th Employer of the year Award-2018 Special Recognition Shield in category “Large National Companies” on October 25, 2019.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2020 is annexed.

RELATED PARTY TRANSACTIONS

All transactions with related parties have been carried out in normal course of business at agreed terms and have been disclosed in the financial statements under relevant notes.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 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.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- All members of the Audit Committee are independent/ non-executive Directors.
- There are no significant doubts upon the Company’s ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, except as disclosed in statement of compliance.
- The value of investment of provident fund stands at Rs. 222 million as at June 30, 2020.
- The key operating & finance data for the last 6 years are annexed to the report.

Following is the status of the attendance at meetings of the Board of Directors:

| SL # | Names | No of meetings Attended/held |
|------|-------------------------|------------------------------|
| 1 | Mr. Yutaka Arae | 5/5 |
| 2 | Mr. Fahim Kapadia | 5/5 |
| 3 | Mr. Sohail P. Ahmed | 5/5 |
| 4 | Mr. Salman Burney | 4/5 |
| 5 | Ms. Ayesha T. Haq | 4/5 |
| 6 | Mr. Muhammad Ali Jameel | 3/5 |
| 7 | Mr. Hamza Habib | 5/5 |

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

| SL # | Names | No of meetings Attended/Held |
|------|------------------------------------|------------------------------|
| 1 | Mr. Muhammad Ali Jameel (Chairman) | 2/4 |
| 2 | Mr. Sohail P. Ahmed | 4/4 |
| 3 | Ms. Ayesha T. Haq | 3/4 |

During the year the Human Resource and Remuneration Committee met once and attendance of the Directors was as follows:

| SL # | Names | No of meetings Attended/Held |
|------|------------------------------------|------------------------------|
| 1 | Mr. Muhammad Ali Jameel (Chairman) | 1/1 |
| 2 | Mr. Sohail P. Ahmed | 1/1 |
| 3 | Mr. Yutaka Arae | 1/1 |
| 4 | Mr. Salman Burney | 1/1 |
| 5 | Mr. Fahim Kapadia | 1/1 |

AUDITORS

The existing Auditors; M/s. EY Ford Rhodes (Chartered Accountants) retired and have offered themselves for re-appointment. The reappointment has also been recommended by the Audit Committee of the Board.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with the Code of Corporate Governance is annexed herewith.

FUTURE OUTLOOK

Inflation and Interest rates are falling, current account deficit is in control and foreign exchange reserves are growing which are positive signs for the recovery of the auto sector. Financial support committed by multilateral agencies shall assist in fulfilling the potential financing gap. The low discount rate along with improving macro factors are likely to result in increased demand for automobiles.

Start of next financial year is quite uplifting. The projections being received from the auto makers are encouraging and we can expect a growth oriented year ahead.

Management further has a plan of introducing new products in aftermarket and exploring this segment more vigorously using existing capacity that has potential to meet demand.

ACKNOWLEDGMENT

We would like to express our sincere appreciation to all our employees for their untiring efforts and through a cordial and positive relationship during the year which helped us in meeting and overcoming our challenges due to which the company continued its year on year growth and we expect the same level of support from our employees in the year ahead.



On behalf of the Board of Directors, we would like to place on record our appreciation to all our Patrons, Dealers, Suppliers and Employees for their valuable help, continuous support and contribution to the Company. We are also thankful to all our overseas technical collaborators, M/s Ride Control, LLC. USA, M/s KYB Corporation, Japan, M/s Aisin Seiki Co. Ltd, Japan, M/s. Shiroki Corporation, Japan, M/s. Sannou Riken Co Ltd, Japan, M/s KMS (KYB Motorcycle Suspension, Japan) and M/s. Ogiyara (Thailand) Co. Ltd for their technical assistance and advice.

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive

Salman Burney
Non-Executive Director

KARACHI
DATED: August 27, 2020

اعتراف

سال کے دوران اپنے ملازمین کی انتھک محنت اور ان کے مہذبانہ اور مثبت تعلقات پر ہم انہیں اپنی مخلصانہ تہنیت پیش کرتے ہیں جس کے نتیجے میں ہم نے چیلنجز پر قابو پاتے ہوئے سال بہ سال اپنی نموبرقرار رکھی اور ہمیں توقع ہے کہ ہمارے ملازمین کی طرف سے اسی طرح کا تعاون مستقبل میں بھی جاری رہے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام سرپرستوں، ڈیلروں اور ملازمین کے قابل قدر تعاون، مسلسل تائید اور مدد پر انہیں ستائش پیش کرتے ہیں۔ ہم بیرون ملک اپنے تمام تکنیکی مددگاروں میسرز رائڈ کنٹرول، ایل ایل سی، (یو ایس اے)، میسرز کے وائی بی کارپوریشن، (جاپان)، میسرز ایسن سکی کمپنی لمیٹڈ، (جاپان)، میسرز شری اوکی کارپوریشن (جاپان)، میسرز سانورا کن لمیٹڈ (جاپان)، میسرز کے ایم ایس (KYB) موٹر سائیکل سپنشن) اور میسرز اوگی ہارا (تھائی لینڈ) کمپنی لمیٹڈ کی تکنیکی مدد اور مشوروں پر ان کے مشکور ہیں۔

برائے و منجانب



سلمان برنی

ڈائریکٹر



فہیم کپاڈیا

چیف ایگزیکٹو

کراچی

مورخہ: 27 اگست 2020

سال کے دوران انسانی وسائل و معاوضہ کمیٹی کا ایک اجلاس ہوا اور ڈائریکٹر ان کی حاضری درج ذیل رہی:

| نمبر شمار | نام | اجلاس کی تعداد/حاضری |
|-----------|-------------------------------|----------------------|
| ۱ | جناب محمد علی جمیل (چیئر مین) | 1/1 |
| ۲ | جناب سہیل پی. احمد | 1/1 |
| ۳ | جناب یوٹا کا آرائے | 1/1 |
| ۴ | جناب سلمان برنی | 1/1 |
| ۵ | جناب فہیم کیاڈیا | 1/1 |

آڈیٹرز

موجودہ آڈیٹرز میسرز EY فورڈ روڈز (چارٹرڈ اکاؤنٹنٹس) سبکدوش ہو چکے ہیں اور انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ کی آڈٹ کمیٹی نے دوبارہ تقرری کی سفارش کی ہے۔

ادارتی نظم و ضبط کے ضابطہ کی پاسداری کی رپورٹ

ادارتی نظم و ضبط کے ضابطہ کی پاسداری سے متعلق بیان منسلک ہے۔

مستقبل کی پیش بینی

افراط زر اور شرح سود گر رہے ہیں، رواں کھاتے کا خسارہ قابو میں ہے اور زر مبادلہ کے ذخائر میں اضافہ ہو رہا ہے جو کہ آٹو سیکٹر کی بحالی کے لئے مثبت علامات ہیں۔ کثیر المملکی ادارے متوقع سرمایہ کاری کی خلیج کو پورا کرنے کے لئے مالیاتی تعاون فراہم کرنے کے لئے پرعزم ہیں۔ کم رعایتی نرخ کے ساتھ بہتر معاشی اشاریوں کے نتیجے میں گاڑیوں کی طلب میں اضافہ ہوگا۔ آٹو میکرز سے موصول ہونے والے امکانی نتائج حوصلہ افزا ہیں اور ہم سال کے آنے والے حصہ میں نمو کی توقع کرتے ہیں۔

مالیاتی سال کے آغاز کی سمت ترقی کی جانب تھی۔ آٹو میکرز سے موصول ہونے والے امکانی نتائج حوصلہ افزا ہیں اور ہم سال کے آنے والے حصہ میں نمو کی توقع کرتے ہیں۔

مزید یہ کہ انتظامیہ کے پاس فاضل پروں کی مارکیٹ میں نئی مصنوعات کو متعارف کرانے کا منصوبہ ہے اور موجودہ گنجائش کو استعمال کرتے ہوئے اس شعبہ میں مستعدی کے ساتھ مواقع تلاش کر رہی ہے جس سے اس شعبہ کی طلب پوری ہوگی۔ جبکہ دوسری جانب زراعت کے ناموافق حالات سے ملحقہ غذائی قیمت میں رد بدل کے کچھ خطرے موجود ہیں۔

☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

☆ آڈٹ کمیٹی کے تمام ممبران آزاد/نان ایگزیکٹو ڈائریکٹران ہیں۔

☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔

☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا ہے علاوہ اس کے جو Statement of Compliance میں منکشف کیا گیا ہے۔

☆ 30 جون 2020 کو پروڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 222 ملین روپے ہے۔

بورڈ آف ڈائریکٹرز کے اجلاسوں میں حاضری کی تفصیل درج ذیل ہے:

| نمبر شمار | نام | اجلاس کی تعداد/حاضری |
|-----------|--------------------|----------------------|
| ۱ | جناب یوٹا کا آرائے | 5/5 |
| ۲ | جناب فہیم کیاڈیا | 5/5 |
| ۳ | جناب سہیل پی احمد | 5/5 |
| ۴ | جناب سلمان برنی | 4/5 |
| ۵ | مس عائشہ ٹی. حق | 4/5 |
| ۶ | جناب محمد علی جمیل | 3/5 |
| ۷ | جناب حمزہ حبیب | 5/5 |

سال کے دوران آڈٹ کمیٹی کے 4 اجلاس ہوئے اور ڈائریکٹران کی حاضری درج ذیل رہی:

| نمبر شمار | نام | اجلاس کی تعداد/حاضری |
|-----------|-----------------------------|----------------------|
| ۱ | جناب محمد علی جمیل (چیرمین) | 2/4 |
| ۲ | جناب سہیل پی. احمد | 3/4 |
| ۳ | مس عائشہ ٹی. حق | 3/4 |

ایوارڈ اور قدر شناسی

سال کے دوران ایگری آٹو زانڈسٹریز لمیٹڈ کو مندرجہ ذیل ایوارڈ موصول ہوئے:

☆ 25 اکتوبر 2019 کو "7th Employer of the year Award-2018" میں شرکت کر کے ”بڑی قومی کمپنیوں“ کے درجہ میں خصوصی قدر شناسی شیلڈ موصول کی۔

حصص داری کی ساخت

30 جون 2020 کی حصص داری کی ساخت منسلک کی گئی ہے۔

ملحقہ فریقین کے سودے

تمام ملحقہ فریقین کے سودے معاہدے کے مطابق عمومی طریقہ کار کے مطابق انجام پائے اور انہیں مالیاتی گوشواروں میں متعلقہ نوٹس میں منکشف کیا گیا ہے۔

ادارتی اور مالیاتی رپورٹنگ پر ادارتی نظم و ضبط کے ضابطے کی پاسداری سے متعلق بیان

☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

☆ مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، ملحوظ خاطر رکھا گیا ہے۔

☆ بورڈ نے اندرونی گرفت کے شعبہ کو ایک کمپنی سے باہر ایک ادارے میسرز نوبل کمپیوٹرز سروسز (پرائیویٹ) لمیٹڈ کو سونپ دیا ہے جنہیں اس مقصد کے لئے اہل اور تجربہ کار سمجھا گیا ہے اور وہ کمپنی کی پالیسیوں اور طریقہ کاروں سے آگاہ ہیں۔

قومی خزانے کو معاونت

جائزہ سال کے دوران آپ کی کمپنی نے 1.04 بلین (2019 میں 2.11 بلین روپے) کی قومی خزانے میں معاونت فراہم کی۔

نان ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ کی پالیسی

نان ایگزیکٹو اور آزاد ڈائریکٹران کے لئے کمپنی کے بورڈ اور کمیٹیوں کے اجلاس میں حاضری کی فیس کا تعین بورڈ وقتاً فوقتاً کرتا ہے۔

انسانی وسائل (HR)

HR ڈپارٹمنٹ ملازمین کی پیشہ ورانہ ترقی اور تربیت کے لئے کوشاں ہے جس میں ملازمین کو کمپنی کے اقدار کی پاسداری کرنے کی تاکید کی جاتی ہے اور انہیں باہمی احترام اور مل جل کر کام کرنے کا ماحول فراہم کیا جاتا ہے۔

افراد کی قوت سے متعلق کمپنی اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے کوشاں ہے اور اجرتوں و مراعات سے متعلق ضابطوں کی پاسداری کرتی ہے، جس سے شاندار صنعتی ہم آہنگی اور دوستانہ مزدور تعلقات پیدا ہوتے ہیں۔ HR اقدامات کے نمایاں خدوخال درج ذیل ہیں:

تربیت و ترقی

فیکٹری کے اندر، باہر اور عالمی سطح پر ملازمین کو کئی تربیت و ترقی کے مواقع فراہم کئے گئے۔ سال کے دوران تربیت کا کل دورانیہ 1025 گھنٹے رہا۔ اس کے علاوہ کثیر آئن لائن تربیتی نشستیں Covid-19 وباء کے دوران منعقد کی گئیں جن کا مقصد ملازمین کو اپنے وقت کے بہترین استعمال کے لئے تیار کرنا تھا۔ سال کے دوران کی تربیتی جھلکیاں درج ذیل رہیں:

- ☆ جدید کاروباری مراسلت اور باہمی ربط
- ☆ بدلتے ہوئے رویے (ترغیب) جسے AOTS جاپان نے منعقد کیا۔
- ☆ دی پروگرام آئن پروڈکٹوٹی امپروومنٹ (TTPI) کو AOTS جاپان نے منعقد کیا۔
- ☆ نقد وسائل کے بہترین استعمال کے لئے ادارتی مالیات
- ☆ ڈیش بورڈ رپورٹنگ (سیلف سروس بزنس انٹیلی جنس)
- ☆ جذباتی فہم جمع مثبت سوچ
- ☆ درست انداز میں اپنی ٹیم کی قیادت
- ☆ کاروباری شانداریت اور پلانٹ کی دیکھ بھال کا بہتر انتظام
- ☆ ”پاکستان: اتصالات اسٹیٹ کی ایک معیشت“ جسے ICAP نے منعقد کیا۔
- ☆ محفوظ انداز میں سامان اٹھانا
- ☆ تحفظ اور وقت کا اہتمام
- ☆ اسمارٹ مقاصد کا تعین

ڈسپنسرز کی تنصیب، دفتری سرگرمیوں میں سماجی فاصلہ، گاڑیوں کی جراثیم کشی اور ملازمین، ٹھیکیداروں اور ملاقاتیوں کے مابین علامتی نشانات اور تربیت کے ذریعے آگاہی پیدا کرنا شامل تھی۔

تحفظ

- (a) کمپنی نے صفر (0) لوسٹ ورک ڈے (کسی حادثے کے بغیر) کا اپنا ہدف حاصل کیا
- (b) سامان اٹھانے والے آلات (فورک لفٹ ٹرک، اور ہیڈ برج کرینیں، سیزر لفٹ) کا تیسرے فریق کے انسپکٹرز کے ذریعے معائنہ کرایا گیا
- (c) ایمرجنسی ریسپانس ٹیم کے ممبران کو ریپڈ انٹروینشن وہیکل اور آگ بجھانے والے آلات کے استعمال کی تربیت فراہم کی گئی۔
- (d) بیرونی آڈیٹرز نے ISO14001:2015 اور OHSAS18001:2007 کی سرویلنس آڈٹ کی اور کوئی بڑی عدم پاسداری رپورٹ نہیں کی گئی۔

ماحول

- (e) بلوچستان انوائرومنٹ پروٹیکشن ایجنسی نے فیکٹری بمقام حب کو ”عدم اعتراض نامہ (NOC)“ جاری کیا۔
- (f) تمام ماحولیاتی آلودگی جیسے دھوئیں، گیسوں کا اخراج، پینے کے پانی کی نگرانی سرکاری نوٹیفیکیشنز کے مطابق انجام دی گئی۔

ادارتی سماجی ذمہ داری (CSR)

ایگری آٹو اس بات پر یقین رکھتی ہے کہ معاشرے کی بہبود کسی بھی کاروبار کی بنیادی ذمہ داری ہے۔ کمپنی تسلسل کے ساتھ اپنے منافع قبل از ٹیکس کا 1 فیصد معاشرے کی بہبود اور ترقیاتی کاموں پر خرچ کرتی ہے۔ ہمارا عزم ہے کہ مستفیدان کی فلاح و بہبود کے لئے مقامی برادری کے ساتھ تعاون کیا جائے۔ سال کے دوران اس سلسلے میں جو سرگرمیاں انجام دی گئیں وہ درج ذیل ہیں:

- ☆ Covid-19 کی وباء کے دوران تمام ملازمین کو راشن کے تھیلوں کی تقسیم
- ☆ پسماندہ طبقے کو طبی سہولیات کی فراہمی پر توجہ مرکوز کرتے ہوئے مختلف تعلیمی اداروں خاص طور پر حب کے قرب و جوار کے تعلیمی اداروں کو عطیات
- ☆ مختلف ہسپتالوں اور فلاحی ٹرسٹوں کو عطیات
- ☆ اسٹاف کے لئے عمومی طبی اور آنکھوں کے کیمپ کے اہتمام
- ☆ مقامی مزدوروں کے لئے خواندگی پروگرام کا اہتمام
- ☆ حب/پورٹ قاسم پر شجرکاری

بورڈ اس بات پر یقین رکھتا ہے کہ شرح مبادلہ پر موجودہ دباؤ ایک بڑا خطرہ ہے اور پاکستانی روپے کی قدر میں مزید کمی سے پاکستان کی آٹو موبائل صنعت پر بہت ناموافق اثرات مرتب ہونگے۔

مزید برآں بورڈ اس بات سے آگاہ ہے کہ اگرچہ کہ COVID-19 کے اثرات کم ہو چکے ہیں لیکن یہ خطرہ مکمل طور پر ختم نہیں ہوا کیونکہ کچھ ممالک میں وباء کی دوسری لہر کا مشاہدہ کیا جا رہا ہے۔ تاہم کمپنی کی انتظامیہ کے اختیار کردہ اور نافذ کردہ اقدامات کو مد نظر رکھتے ہوئے بورڈ سمجھتا ہے کہ اس خطرہ پر موثر انداز میں قابو پایا جائے گا۔

اگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

پیداواری حجم میں اچانک کمی کے نتیجے میں یہ پہلا سال تھا جس میں پلانٹ کی پیداواری سرگرمی گنجائش سے کم رہی۔ پیداوار میں جنوری 2020 میں بڑھتی ہوئی طلب کی وجہ سے معمولی بہتری آئی لیکن پھر COVID-19 کے نتیجے میں لاک ڈاؤن کی وجہ سے مکمل طرح رک گئی۔ پلانٹ نے COVID-19 کے تمام رہنما اصولوں اور پروٹوکولز کو نافذ کر کے اپنی پیداواری سرگرمیوں کا دوبارہ آغاز کیا۔

سال کے دوران کمپنی کو آٹو میکرز کے نئے ماڈلز کے لئے کاروبار کا حصول ہوا۔ ٹیکس کریڈٹ 30 جون 2019 کو اختتام پذیر ہو چکا ہے۔ لہذا اب کمپنی انکم ٹیکس کی ادائیگی کی پابند ہے۔

مالیاتی سال 2019-20 کے دوران ذیلی کمپنی کی بڑی کامیابیاں درج ذیل رہیں:

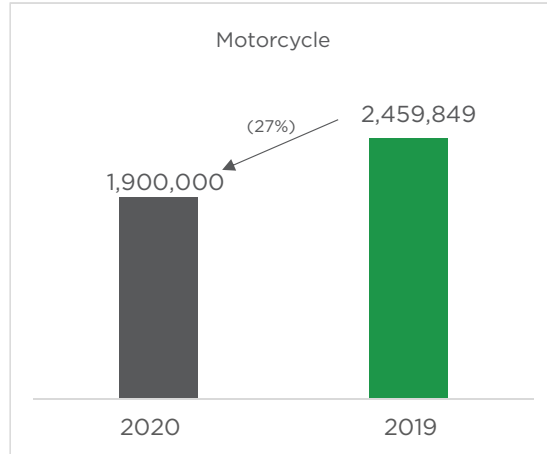
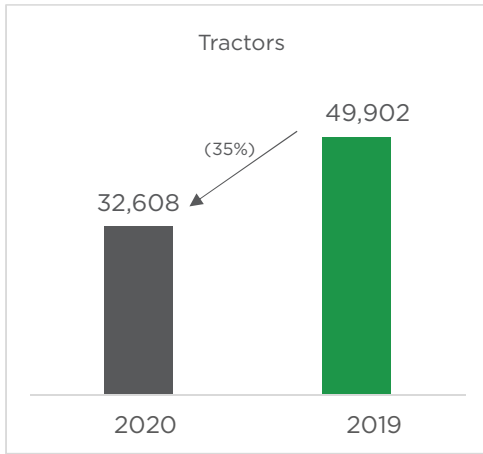
- ۱- دیگر آٹو میکرز سے نئے اسٹیمپنگ پارٹس کے کاروبار کا حصول
- ۲- ISO تصدیقات کے لئے کوالیفائیڈ سرویلنس آڈٹ (ISO 9001-2015، ISO 1400، TS 16949)
- ۳- لاگت کے بچاؤ کیلئے اندرونی سطح پر بنیادی اسمبلیوں کی ٹولنگ

تحفظ، صحت اور ماحول (HSE)

صحت، تحفظ اور ماحولیات میں مکمل عزم کی عکاسی، کمپنی میں نافذ موثر اقدامات سے ہوتی ہے۔ COVID-19 کی وباء کے دوران کمپنی نے اپنے ملازمین میں COVID-19 کی وباء کے پھیلاؤ سے بچنے کے لئے مکمل ذمہ داری دکھائی اور اس کو قابو کرنے کے اقدامات کے نفاذ کی بنیادی جھلکیاں درج ذیل ہیں:

COVID-19 کی وباء پر کنٹرول

COVID-19 کی وباء سے بچنے اور پیداواری افعال کو یقینی بنانے کے لئے HSE ڈپارٹمنٹ نے بلوچستان/سندھ حکومتوں کے نوٹیفکیشنز، کسٹمرز کی ضروریات، ورلڈ ہیلتھ آرگنائزیشن (WHO) اور سینٹر فار ڈیزیز کنٹرول اینڈ پریوینشن کی سفارشات کی بنیاد پر پروٹوکولز کا ایک سلسلہ ترویج اور نافذ کیا۔ ان نافذ شدہ پروٹوکولز میں (روزانہ کی بنیاد پر) سیفٹی ماسک کی فراہمی، ہاتھوں کے جراثیم کش



نئے اقدامات

سال 2019-20 کے دوران کمپنی کی جانب سے لئے گئے اقدامات کو بورڈ بتاتے ہوئے اظہار مسرت کرتا ہے۔

ED پیٹ کی سہولت

کمپنی میں خود کار ED پیٹ لائن کی ترویج کے لئے 200 ملین روپے سے زیادہ سرمایہ کاری کا عمل جاری ہے۔ ED پیٹ کی سہولت میک فرسن کی ذیلی اسمبلی کے پرزوں اور تمام موجودہ اسٹرٹس کی ضروریات پورا کرے گی۔ پلانٹ کی تنصیب کے کام میں تاخیر ہوئی ہے لیکن ہم پر امید ہیں کہ تنصیب اگلے سال تک مکمل ہو جائے گی۔

نئے منصوبے

موجودہ آٹو میکرز کے نئے منصوبہ شدہ ماڈلز کے لئے کمپنی شاک ابزوربرز، اسٹرٹس، پریس کے پرزے ترویج کر رہی ہے۔ اگرچہ کہ ترویج میں کچھ تاخیر ہوئی ہے لیکن انتظامیہ پر اعتماد ہے کہ سپلائی کا آغاز طے شدہ منصوبہ کے مطابق ہوگا۔

پیداواری عمل میں بہتری کی سرگرمیاں

پیداواری عمل میں بہتری کی سرگرمیاں ایگری آٹو کی ثقافت کا حصہ ہیں جس میں KAIZEN کے فلسفہ کو ملحوظ خاطر رکھا گیا ہے۔ پیداواری آپریشنز کے انتظام کے لئے روزانہ ASAKAI (صبح کے اجلاس) منعقد کئے جاتے ہیں جس میں تمام شعبوں کے سربراہ مل کر تحفظ، معیار، پیداوار، دیکھ بھال و مرمت، رسد، پروجیکٹس وغیرہ سے متعلق مسائل اور ترقیاتی کاموں پر گفت و شنید کرتے ہیں اور فوری اصلاحی اقدامات کرتے ہیں۔

بنیادی خطرات اور غیر یقینی حالات

خطرات کا مقابلہ کرنے کے طریقہ کار میں کمپنی کی کارکردگی کو لاحق کلیدی، مالیاتی، کاروباری اور قانونی خطرات کی شناخت اور ان خطرات کو کم کرنے کے لئے ضروری اقدامات کو یقینی بنانا شامل ہے۔ خطرات سے مقابلہ کرنے کی ایک موثر حکمت عملی موجود ہے جس سے ان خطرات کا ابتدائی مرحلے ہی میں پتا چل جاتا ہے اور ان کا ازالہ اور ان میں کمی کے لئے تدبیری منصوبے ترتیب دیئے جاتے ہیں۔

| 2019 | 2020 | |
|------------|-----------|------------------------------|
| 10,128,569 | 5,244,651 | فروخت |
| 1,681,151 | 251,466 | خام منافع |
| 1,256,752 | (24,969) | (خسارہ)/ منافع قبل از ٹیکس |
| (202,054) | (83,469) | ٹیکس |
| 1,054,698 | (108,438) | (خسارہ)/ منافع بعد از ٹیکس |
| 36.62 | (3.77) | فی حصص (خسارہ)/ آمدنی (روپے) |

منافع منقسمہ اور مصارف منافع

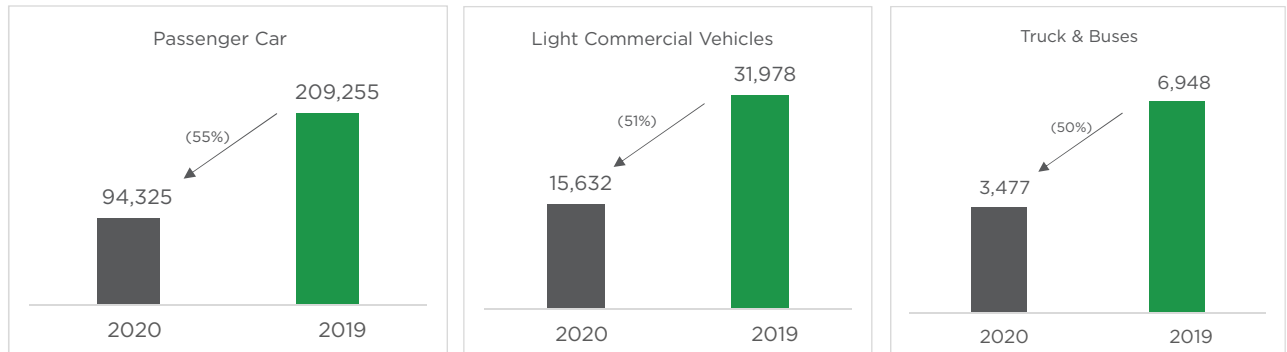
بورڈ آف ڈائریکٹرز 1.0 روپے فی حصص (20 فیصد) کے حساب سے نقد منافع منقسمہ کی سفارش کرتے ہوئے اظہار مسرت کرتے ہیں جس کی منظوری 22 اکتوبر 2020 کے سالانہ اجلاس عام میں حصص یافتگان سے لی جائے گی۔

آٹوموٹو سیکٹر کی کارکردگی

آٹوموٹو سیکٹر نے مالیاتی سال 2019-20 میں دہرے دھچکے کو محسوس کیا۔ اول الذکر حکومت پاکستان کے مالیاتی اقدامات جیسے اضافی کسٹم ڈیوٹی کی شرح میں اضافہ اور مقامی طور پر تیار کردہ تمام گاڑیوں پر FED کا نفاذ اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے لاگت میں اضافہ ہوا اور گاڑیوں کی قیمت بڑھ گئی جس سے آٹوموبائل کی طلب میں کمی ہوئی۔

دوسرے COVID-19 کی وباء نے دنیا بھر اور پاکستان میں زندگی کا پہیہ جام کر دیا۔ ملک بھر میں لاک ڈاؤن کی وجہ سے آٹو کی صنعت 2 ماہ تک بند رہی۔

مختلف آٹوموٹو سیکٹر کا پیداواری موازنہ درج ذیل ہے۔



نمو کو بحال کرنے اور مجموعی معاشی نمو کی ترقی اور بہتری کے لئے حکومت پاکستان نے 1.24 ٹریلین روپے کارپلیفیکیشن پیکیج متعارف کروایا۔ اسٹیٹ بینک آف پاکستان نے مختلف اقدامات کئے جن میں شرح سود میں کمی، صنعتی پیداواری شعبہ کے لئے BMR اور توسیع کے لئے سرمایہ کاری، افرادی قوت کو برقرار رکھنے کے لئے ازسرنو سرمایہ کاری کا زیریں نرخ اور صحت کے شعبے کے لئے ازسرنو سرمایہ کاری شامل ہیں۔

مندرجہ بالا اقدامات کے علاوہ حکومت پاکستان نے معیشت کی بحالی کے آغاز کے لئے نیا پاکستان ہاؤسنگ اسکیم کا اعلان کیا۔

مالیاتی اور کاروباری کارکردگی

گزشتہ کئی سالوں میں یہ پہلا موقع ہے کہ کمپنی کو قبل از ٹیکس خسارہ ہوا۔ مالیاتی سال کا آغاز سست روی سے ہوا اور جس کے نتیجے میں خام مال کے ذخائر انتہائی بلند سطح پر چلے گئے۔ تاہم انتظامیہ نے دستیاب وسائل کو مستعدی سے استعمال کیا اور کسی بینک سے قرضہ لئے بغیر اسے چلانے کے قابل رہی۔

سال کی دوسری ششماہی کا آغاز بہت مثبت رہا اور معیشت تیزی سے بڑھتی ہوئی نظر آ رہی تھی لیکن COVID-19 کی وباء نے حقیقی معنوں میں تمام سرگرمیاں بند کر دیں اور اپریل 2020 کے مہینے میں آٹوموبائل صنعت میں صفر فروخت ریکارڈ کی گئی۔

ان چیلنجز کے باوجود کمپنی 3.77 بلین روپے (2019 میں 7.12 بلین روپے) کی فروخت کرنے میں کامیاب رہی جو گزشتہ سال کی بہ نسبت 47 فیصد کم ہے۔ کمپنی کا خام منافع 84 فیصد سے کم ہوا (2020 میں 170 ملین روپے بمقابلہ 2019 میں 1,079 ملین روپے) جس کی وجہ Covid-19 لاک ڈاؤن کے دوران فروخت میں تنزلی اور سال کی پہلی ششماہی میں کسٹمر کی طلب میں کمی تھی۔

سال 2019-20 کے دوران کمپنی کے مالیاتی نتائج درج ذیل ہیں:

علیحدہ مالیاتی نتائج

(روپے '000 میں)

| 2019 | 2020 | |
|-----------|-----------|-----------------------------|
| 7,122,487 | 3,768,756 | فروخت |
| 1,078,665 | 169,946 | خام منافع |
| 805,391 | 10,416 | منافع قبل از ٹیکس* |
| (202,379) | (40,214) | ٹیکس |
| 603,012 | (29,798) | (خسارہ)/منافع بعد از ٹیکس |
| 20.94 | (1.03) | فی حصص (خسارہ)/آمدنی (روپے) |

* اس میں ذیلی کمپنی کا 114 ملین روپے کا منافع منقسمہ شامل ہے

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

برائے ختم شدہ سال 30 جون 2020

محترم حصص یافتگان!

آپ کی کمپنی کے ڈائریکٹران ختم شدہ سال 30 جون 2020 کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

بورڈ آف ڈائریکٹرز

ختم شدہ سال پر کمپنی کا بورڈ آف ڈائریکٹر درج ذیل تھا:

| | | |
|---|---------------------------------|-----------------------|
| ۱ | جناب یوٹا کا آرائے - چیئر مین | نان ایگزیکٹو ڈائریکٹر |
| ۲ | جناب فہیم کپاڈیا - چیف ایگزیکٹو | ایگزیکٹو ڈائریکٹر |
| ۳ | جناب حمزہ حبیب | نان ایگزیکٹو ڈائریکٹر |
| ۴ | جناب سہیل پی احمد | نان ایگزیکٹو ڈائریکٹر |
| ۵ | جناب سلمان برنی | نان ایگزیکٹو ڈائریکٹر |
| ۶ | مس عائشہ ٹی حق | آزاد ڈائریکٹر |
| ۷ | جناب محمد علی جمیل | آزاد ڈائریکٹر |

کمپنی کی بنیادی سرگرمیاں

کمپنی آٹو گاڑیوں، موٹر سائیکلوں اور زرعی ٹریکٹروں کے پرزوں کی تیاری اور فروخت میں مصروف عمل ہے۔

پاکستان کی معیشت

سال 2020 کی آخری سہ ماہی (اپریل تا جون) میں کرونا وائرس وباء اور بعد ازاں لاک ڈاؤن کے اقدامات کی وجہ سے پاکستان کی معیشت کو شدید دھچکا لگا۔ کرنسی کی قدر میں بڑے پیمانے پر کمی ہونے کے باوجود پاکستانی روپیہ سال کے دوران زیادہ تر مستحکم رہا، لیکن بلند افراط زر کی وجہ سے اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ کو دہرے ہندسے میں رکھا۔

تاہم، آخری سہ ماہی میں پالیسی نرخ میں تیزی سے کمی نے COVID-19 وباء کے معیشت پر اثرات کو کم کیا۔ صنعتی شعبے کی منفی نمو کی وجہ سے سال کے دوران شرح نمو میں 0.4 فیصد کمی ہوئی۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

AGRIAUTO INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2020

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

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

| | | |
|------------|---|----|
| a. Male: | - | 06 |
| b. Female: | - | 01 |
2. The composition of Board is as follows:

| | | |
|--|---|----|
| a) Independent Directors (including a female director) | - | 02 |
| b) Other Non-executive Directors | - | 04 |
| c) Executive Director | - | 01 |
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. More than 66% Directors have either completed Directors' Training program or are exempt from doing so under these regulations. However, no Directors' Training Program was arranged during the year.
10. The Board has approved the change in remuneration of chief financial officer including terms and conditions of his employment. No new appointment or change in remuneration and terms and conditions of company secretary and head of internal audit took place during the year. The Board has complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee

| | |
|-----------------------|----------|
| - Mr. Ali Jameel | Chairman |
| - Mr. Sohail P. Ahmad | Member |
| - Ms. Ayesha T. Haq | Member |
 - b) HR and Remuneration Committee

| | |
|-----------------------|----------|
| - Mr. Ali Jameel | Chairman |
| - Mr. Yutaka Arae | Member |
| - Mr. Fahim Kapadia | Member |
| - Mr. Salman Burney | Member |
| - Mr. Sohail P. Ahmed | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:-

| | | |
|----------------------------------|---|-------------------------|
| a) Audit Committee | - | Four quarterly meetings |
| b) HR and Remuneration Committee | - | One annual meeting |
15. 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;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;-
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except the following:
 - a. Audit committee meeting minutes were once circulated by company secretary who was not the secretary of audit committee.



Fahim Kapadia
Chief Executive



Salman Burney
Non-Executive Director

DATED: August 27, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Agria Auto Industries Limited (the Company)

Auditor Report on the Statement of Compliance-confirmed by India's Corporate Code of Corporate Governance (2017)

We have examined the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, and we have found that the same are in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

In accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, the Board of Directors of the Company has appointed us as the Statutory Auditor of the Company. We have examined the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, and we have found that the same are in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

We have also examined the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, and we have found that the same are in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

The Board of Directors of the Company has appointed us as the Statutory Auditor of the Company. We have examined the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, and we have found that the same are in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

Based on our examination, we have found that the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, is in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

We have also examined the Statement of Compliance of the Company, as required by the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017, in relation to the financial statements of the Company for the year ended 31st March 2018, and we have found that the same are in accordance with the provisions of the Companies Act, 2013, and the Companies (Corporate Governance) Regulations, 2017.

For the Statutory Auditor

For the Company

(Signature)

Chartered Accountant, Member of the Institute of Cost Accountants of India, and Member of the Institute of Company Secretaries of India.

Dr. Anil Kumar

Chartered Accountant

Member of the Institute of Cost Accountants of India

Member of the Institute of Company Secretaries of India

MANAGEMENT 2021-22 REPORT

The Management of the Fund is responsible for:

Reporting to the Fund's Board of Directors on the Fund's performance

and

For the 2021-22 financial year, the Fund's performance was strong, with a return of 10.1% (2020-21: 12.1%). The Fund's performance was driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market. The Fund's performance was also driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market.

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Key performance

The Fund's performance was also driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market. The Fund's performance was also driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market.

Key performance

The Fund's performance was also driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market. The Fund's performance was also driven by a combination of factors, including a strong performance in the private equity market, a strong performance in the public equity market, and a strong performance in the real estate market.

| 2020 Highlights | Key Financial Results and Other Key Metrics |
|---|---|
| <p>Adjusted EBITDA of \$1.1 billion, up from \$1.0 billion in 2019, driven by strong performance in the Americas and Europe.</p> <p>Adjusted EBITDA margin of 11.1%, up from 10.8% in 2019, reflecting improved operating leverage and cost management.</p> <p>Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.</p> <p>Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.</p> | <p>Adjusted EBITDA of \$1.1 billion, up from \$1.0 billion in 2019, driven by strong performance in the Americas and Europe.</p> <p>Adjusted EBITDA margin of 11.1%, up from 10.8% in 2019, reflecting improved operating leverage and cost management.</p> <p>Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.</p> <p>Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.</p> |

Financial Performance and Key Metrics

Adjusted EBITDA of \$1.1 billion, up from \$1.0 billion in 2019, driven by strong performance in the Americas and Europe. Adjusted EBITDA margin of 11.1%, up from 10.8% in 2019, reflecting improved operating leverage and cost management.

Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.

Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.

Adjusted EBITDA of \$1.1 billion, up from \$1.0 billion in 2019, driven by strong performance in the Americas and Europe.

Adjusted EBITDA margin of 11.1%, up from 10.8% in 2019, reflecting improved operating leverage and cost management.

Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.

Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.

Adjusted EBITDA per share of \$1.10, up from \$1.05 in 2019, demonstrating strong shareholder value creation.

Agriauto Industries Limited

- [illegible]

www.southcoastonline.com.au for more details.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|---|------|--------------------------------------|------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 923,248 | 786,604 |
| Right-of-use assets | 8 | 15,351 | - |
| Intangible asset | 9 | 59,586 | 6,651 |
| Long-term investment | 10 | 1,144,006 | 1,144,006 |
| Long-term deposits | 11 | 6,634 | 6,634 |
| Deferred taxation | 12 | 17,659 | - |
| | | 2,166,484 | 1,943,895 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 13 | 106,752 | 108,143 |
| Stock-in-trade | 14 | 1,385,313 | 1,085,156 |
| Trade debts | 15 | 321,641 | 669,222 |
| Advances, deposits, prepayments and other receivables | 16 | 110,428 | 264,958 |
| Accrued profit | | 179 | 981 |
| Short-term investments | 17 | 73,329 | 74,629 |
| Sales tax receivable | | 135,617 | 47,976 |
| Taxation – net | | 312,017 | 338,070 |
| Cash and bank balances | 18 | 70,615 | 135,948 |
| | | 2,515,891 | 2,725,083 |
| TOTAL ASSETS | | 4,682,375 | 4,668,978 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 5/- each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up capital | 19 | 144,000 | 144,000 |
| Reserves | | 3,767,400 | 3,998,798 |
| | | 3,911,400 | 4,142,798 |
| NON CURRENT LIABILITIES | | | |
| Deferred taxation | 12 | - | 5,886 |
| Lease liabilities | 20 | 8,712 | - |
| | | 8,712 | 5,886 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 21 | 723,696 | 490,028 |
| Current portion of lease liabilities | 20 | 6,325 | - |
| Unpaid dividend | 22 | 11,971 | 7,211 |
| Unclaimed dividend | 22 | 20,271 | 23,055 |
| | | 762,263 | 520,294 |
| CONTINGENCIES AND COMMITMENTS | 23 | | |
| TOTAL EQUITY AND LIABILITIES | | 4,682,375 | 4,668,978 |

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney
Director

Fahim Kapadia
Chief Executive

Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees) ----- |
|--|------|--------------------------------------|------------------------------|
| Turnover – net | 24 | 3,768,756 | 7,122,487 |
| Cost of sales | 25 | (3,598,810) | (6,043,822) |
| Gross profit | | 169,946 | 1,078,665 |
| Distribution cost | 26 | (70,816) | (128,674) |
| Administrative expenses | 27 | (226,126) | (228,443) |
| | | (296,942) | (357,117) |
| Operating (loss) / profit | | (126,996) | 721,548 |
| Other expenses | 28 | (3,141) | (69,724) |
| Other income | 29 | 143,544 | 153,881 |
| Finance cost | | (2,991) | (314) |
| | | 137,412 | 83,843 |
| Profit before taxation | | 10,416 | 805,391 |
| Taxation | 30 | (40,214) | (202,379) |
| Net (loss) / profit for the year | | (29,798) | 603,012 |
| | | ----- (Rupees) ----- | |
| (Loss) / earnings per share – basic and diluted | 31 | (1.03) | 20.94 |

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 | 2019 |
|---|------------------|----------------|
| | (Rupees in '000) | |
| Net (loss) / profit for the year | (29,798) | 603,012 |
| Other comprehensive income | - | - |
| Total comprehensive (loss) / income for the year | (29,798) | 603,012 |

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

| Issued, subscribed and paid-up capital | Reserves | | | Total reserves | Total equity |
|--|-----------------|------------------|--|----------------|--------------|
| | Capital reserve | Revenue reserves | | | |
| | Share premium | General | Unappropriated profit / accumulated (loss) | | |

------(Rupees in '000)-----

| | | | | | | |
|--|----------------|---------------|------------------|-----------------|------------------|------------------|
| Balance as at June 30, 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) | - | - |
| Net profit for the year | - | - | - | 603,012 | 603,012 | 603,012 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 603,012 | 603,012 | 603,012 |
| Balance as at June 30, 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) | - | - |
| Net loss for the year | - | - | - | (29,798) | (29,798) | (29,798) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | (29,798) | (29,798) | (29,798) |
| Balance as at June 30, 2020 | 144,000 | 12,598 | 3,765,000 | (10,198) | 3,767,400 | 3,911,400 |

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|---|------|--------------------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 32 | 348,507 | 126,680 |
| Long-term deposits paid | | - | (400) |
| Finance cost paid | | (850) | (314) |
| Income tax paid | | (37,706) | (297,097) |
| Net cash generated from / (used in) operating activities | | 309,951 | (171,131) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (327,719) | (222,633) |
| Proceeds from disposal of operating fixed assets | | 20,958 | 12,905 |
| Short-term investments disposed / (made) in mutual fund | | 1,491 | (52,347) |
| Profit received on short-term investments - term deposit receipts | | 7,794 | 16,606 |
| Profit received on deposit accounts | | 10,202 | 11,856 |
| Dividend received | | 120,283 | 118,690 |
| Net cash used in investing activities | | (166,991) | (114,923) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (199,624) | (326,954) |
| Lease payments | | (8,669) | - |
| Net cash used in financing activities | | (208,293) | (326,954) |
| Net decrease in cash and cash equivalents | | (65,333) | (613,008) |
| Cash and cash equivalents at the beginning of the year | 33 | 157,948 | 770,956 |
| Cash and cash equivalents at the end of the year | 33 | 92,615 | 157,948 |

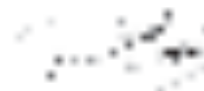
The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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 Geographical location and addresses of all the business units are as under:

Location

Business unit

Karachi

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

Registered office

Hub

Mouza Baroot, Hub Chowki Distt. Lasbella, Balochistan.

Manufacturing facility

1.3 These unconsolidated financial statements are separate 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3 BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except for short-term investments in mutual fund classified at fair value through profit or loss and lease liabilities under present value as disclosed in respective notes to the unconsolidated financial statements.

3.2 These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

4.1 New standards, amendments, interpretation and improvements effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Standards, Amendments or Interpretation

- IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 16 - Leases
- IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
 IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
 IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation
 IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
 IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
 IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

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

4.1.1 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 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 note on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application 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').

The new accounting policy in respect of leases is disclosed in note 5.2 & 5.10 to these unconsolidated financial statements. The impact of adoption of IFRS 16 on recognition and classification as at July 01, 2019 on the unconsolidated statement of financial position is summarised below:

(Rupees in '000)

Assets

Right-of-use assets
 Prepayments

23,428
 (1,863)
 21,565

Liabilities

Non current lease liabilities
 Current maturity of lease liabilities

15,369
 6,196
 21,565

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments. 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 at July 01, 2019.

The impact of adoption of IFRS 16 on the unconsolidated statement of profit or loss for the year ended June 30, 2020 is summarized below:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

(Rupees in '000)

| | |
|----------------------------------|----------------|
| Decrease in rent expenses | 8,529 |
| Increase in depreciation expense | (8,077) |
| Increase in finance costs | (2,141) |
| | (1,689) |

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 | 34,411 |
| Impact of discounting | (4,970) |
| Short-term leases | (7,876) |
| Total lease liability at July 01, 2019 | 21,565 |
| Weighted average incremental borrowing rate as at July 01, 2019 | 14% |

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

| Amendments | Effective date (annual periods beginning on or after) |
|---|--|
| IFRS 3 -- Definition of a Business (Amendments) | 01 January 2020 |
| IFRS 3 -- Reference to the Conceptual Framework (Amendments) | 01 January 2022 |
| IFRS 9 / IAS 39 / IFRS 7 -- Interest Rate Benchmark Reform (Amendments) | 01 January 2020 |
| IFRS 10 / IAS 28 -- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalised |
| IAS 1 / IAS 8 -- Definition of Material (Amendments) | 01 January 2020 |
| IAS 1 -- Classification of Liabilities as Current or Non-current (Amendments) | 01 January 2022* |
| IAS 16 -- Proceeds before Intended Use (Amendments) | 01 January 2022 |
| IAS 37 -- Onerous Contracts – Costs of Fulfilling a Contract (Amendments) | 01 January 2022 |

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

| | |
|--|-----------------|
| IFRS 9 -- Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities | 01 January 2022 |
| IAS 41 -- Agriculture – Taxation in fair value measurements | 01 January 2022 |

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Standard or Interpretation

Effective date (annual periods beginning on or after)

IFRS 1 -- First time adoption of IFRSs
IFRS 17 -- Insurance Contracts

01 January 2004
01 January 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost.

Depreciation on operating fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of operating fixed assets, if any, are included in unconsolidated statement of profit or loss.

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.

5.1.2 Capital work in progress

These are stated at cost less accumulated impairment in value, if any. Capital work in progress consist of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction and installation.

5.2 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 as applicable. 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 straight line method over the lease term. Right-of-use assets are subject to impairment.

5.3 Development costs or Intangible assets

Development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 "Intangible Assets". These amounts are amortised at the rate disclosed in note 9 to these unconsolidated financial statements.

5.4 Stores, spares and loose tools

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

5.5 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:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | |
|---------------------------|---|
| Raw and packing materials | Moving average basis. |
| Work-in-process | Cost of direct materials plus conversion cost valued on the basis of equivalent production units. |
| Finished goods | Cost of direct materials plus conversion cost valued on time proportion basis. |

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the date of statement of financial position.

Stock-in-trade is regularly reviewed by the management and obsolete items, if any, are brought down to their NRV. 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.

5.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

5.7 Investment in a subsidiary company

Investment in subsidiary is stated at cost less accumulated impairment, if any.

5.8 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flow, 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. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.9 Financial instruments

5.9.1 Financial assets

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Short-term investments in mutual fund are designated at FVTPL at initial recognition. These are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

5.9.2 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.9.3 Impairment of financial assets - allowance for expected credit losses

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

5.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.9.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

5.10 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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 commencement date of the lease 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."

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.10.1 Short-term leases

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). Lease payments on such leases are recognised as expense on a straight-line basis over the lease term.

5.10.2 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.

5.11 Employees' benefits

Provident fund

The Company operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made in accordance with the terms of the scheme.

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with the provisions of Income Tax Ordinance 2001. The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Company) and Agriauto Stamping Company (Private) Limited - wholly owned Subsidiary.

Deferred

Deferred tax is provided, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of statement of financial position.

5.13 Provisions

Provision is recognised in the unconsolidated statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

5.14 Warranty obligations

The Company recognises the estimated liability to repair or replace products under warranty at the year end on the basis of historical experience. The warranty provided by the company to the customer is assurance warranty.

5.15 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the date of statement of financial position. Exchange differences if any are taken to the unconsolidated statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.16 Revenue recognition

Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short-term usually 30 to 60 days upon delivery, without any variable considerations, financing components and guarantees.

The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customers.

Return on bank deposits / saving accounts is recognised on accrual basis.

Return on short term investments is recognised on accrual basis.

Dividend income is recognised when the Company's right to receive the dividend is established.

Other income, if any, is recognized on accrual basis.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.18 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in these unconsolidated financial statements in the period in which these are approved.

5.19 Earnings per share

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

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Notes |
|--|---------------------------|
| - residual values, method of depreciation, useful lives and impairment of assets | 5.1, 5.2, 5.3, 7.1, 8 & 9 |
| - allowance for expected credit losses | 5.6, 5.9.3 & 14.3 |
| - provision for tax and deferred tax | 5.12, 12 & 30 |
| - warranty obligations | 5.14 & 21.4 |
| - Net realizable value (NRV) of stock-in-trade | 5.5 & 14 |
| - leases | 5.10 & 20 |

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

7 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|-----|----------------|----------------|
| Operating fixed assets | 7.1 | 752,965 | 733,836 |
| Capital work-in-progress | 7.5 | 170,283 | 52,768 |
| | | <u>923,248</u> | <u>786,604</u> |

7.1 Operating fixed assets

| | COST | | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE |
|---------------------------|------------------------------|--|---------------------------|---------------------------|------------------------------|---|-------------------|---------------------------|---------------------------|
| | As at June 30, 2019 | Additions / transfer*/ (disposals) | As at June 30, 2020 | Deprec- iation rate | As at June 30, 2019 | Charge for the year (Note 7.2) | (On disposals) | As at June 30, 2020 | As at June 30, 2020 |
| | ----- (Rupees in '000) ----- | | | % | ----- (Rupees in '000) ----- | | | | |
| Owned | | | | | | | | | |
| Freehold land | 1,652 | - | 1,652 | - | - | - | - | - | 1,652 |
| Building on freehold land | 192,420 | 1,212 6,608 * | 200,240 | 10 | 107,307 | 9,228 | - | 116,535 | 83,705 |
| Plant and machinery | 1,117,642 | 77,538 16,953 * (10,914) | 1,201,219 | 10 – 20 | 556,994 | 64,258 | (2,109) | 619,143 | 582,076 |
| Furniture and fittings | 18,898 | 6,522 4,261 * (920) | 28,761 | 15 | 8,923 | 2,135 | (791) | 10,267 | 18,494 |
| Vehicles | 96,483 | 6,572 (15,972) | 87,083 | 20 | 41,953 | 10,991 | (7,444) | 45,500 | 41,583 |
| Office equipment | 6,179 | - - | 6,179 | 20 | 3,344 | 567 | - | 3,911 | 2,268 |
| Computer equipment | 29,318 | 825 (393) | 29,750 | 33 | 25,348 | 1,487 | (343) | 26,492 | 3,258 |
| Dies and tools | 53,059 | - 17,150 * | 70,209 | 40 | 37,946 | 12,334 | - | 50,280 | 19,929 |
| 2020 | 1,515,651 | 92,669 44,972 * (28,199) | 1,625,093 | | 781,815 | 101,000 | (10,687) | 872,128 | 752,965 |

* represents transfer from capital work-in-progress to operating fixed assets.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE | |
|---------------------------|---------------------|--|---------------------|-------------------|--------------------------|--------------------------------|-----------------|---------------------|---------------------|
| | As at June 30, 2018 | Additions /transfer*/ (disposals) | As at June 30, 2019 | Depreciation rate | As at June 30, 2018 | Charge for the year (Note 7.2) | (On disposals) | As at June 30, 2019 | As at June 30, 2019 |
| | (Rupees in '000) | | | | (Rupees in '000) | | | | |
| Owned | | | | | | | | | |
| Freehold land | 1,652 | - | 1,652 | - | - | - | - | - | 1,652 |
| Building on freehold land | 189,672 | 2,748 | 192,420 | 10 | 98,079 | 9,228 | - | 107,307 | 85,113 |
| Plant and machinery | 1,000,572 | 121,384 15,528 * (19,842) | 1,117,642 | 10 – 20 | 507,762 | 61,720 | (12,488) | 556,994 | 560,648 |
| Furniture and fittings | 15,558 | 3,624 (284) | 18,898 | 15 | 7,795 | 1,397 | (269) | 8,923 | 9,975 |
| Vehicles | 83,407 | 26,854 (13,778) | 96,483 | 20 | 40,524 | 11,723 | (10,294) | 41,953 | 54,530 |
| Office equipment | 4,473 | 1,899 (193) | 6,179 | 20 | 3,092 | 441 | (189) | 3,344 | 2,835 |
| Computer equipment | 30,392 | 2,091 (3,165) | 29,318 | 33 | 26,654 | 1,672 | (2,978) | 25,348 | 3,970 |
| Dies and tools | 37,891 | 15,168 | 53,059 | 40 | 35,453 | 2,493 | - | 37,946 | 15,113 |
| 2019 | 1,363,617 | 173,768 15,528 * (37,262) | 1,515,651 | | 719,359 | 88,674 | (26,218) | 781,815 | 733,836 |

* represents transfer from capital work-in-progress to operating fixed assets.

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|---------------|
| 7.2 Depreciation charge for the year has been allocated as follows : | | | |
| Cost of sales | 25 | 90,952 | 78,696 |
| Distribution cost | 26 | 1,971 | 1,494 |
| Administrative expenses | 27 | 8,077 | 8,484 |
| | | 101,000 | 88,674 |

7.3 Particulars of immovable property (i.e. freehold land and building on freehold land) in the name of Company is as follows:

| Location | Use of immovable property | Total area |
|--|---------------------------|------------|
| Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan | Manufacturing Facility | 18.4 acres |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.4 Particulars of disposal of each operating fixed asset having book value of five hundred thousand rupees or more, where aggregate book value of that class of assets exceeds five million rupees are as follows:

| Particulars | Cost | Book value | Sales proceeds | Gain / (loss) | Mode of disposal | Particulars of buyer | Relationship |
|---|---------------|---------------|----------------|---------------|------------------|----------------------|-----------------------|
| Plant and machinery | | | | | | | |
| Tractor YTO X 750 | 1,483 | 1,090 | 900 | (190) | Negotiation | Mr. Ajmal | Independent purchaser |
| Tractor YTO X 750 | 1,490 | 1,054 | 1,000 | (54) | Negotiation | Mr. Shahid | Independent purchaser |
| Tractor YTO X 850 | 1,534 | 1,211 | 1,000 | (211) | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Tractor YTO-ELX 1034 | 2,638 | 2,216 | 2,600 | 384 | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Tractor YTO-BF-75 4 Wheel | 1,452 | 1,428 | 1,600 | 172 | Negotiation | Syed Hassan Raza | Independent purchaser |
| Tractor YTO-BF-75 4 Wheel | 1,496 | 1,459 | 1,600 | 141 | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Vehicles | | | | | | | |
| Toyota Corolla | 1,628 | 550 | 1,010 | 460 | Company policy | Mr. Tahir Ijaz | Ex-employee |
| Toyota Corolla | 1,752 | 581 | 581 | - | Company policy | Mr. Zia Alam | Ex-employee |
| Toyota Corolla | 1,863 | 860 | 900 | 40 | Company policy | Mr. Shiraz Ahmed | Ex-employee |
| Toyota Corolla | 1,642 | 883 | 1,610 | 727 | Company policy | Mr. Danish Abrar | Ex-employee |
| Toyota Corolla | 2,154 | 1,495 | 2,150 | 655 | Negotiation | Mr. Ghulam Abbas | Ex-employee |
| Toyota Corolla | 2,679 | 2,288 | 2,960 | 672 | Negotiation | Mr. Asif Bashir | Independent purchaser |
| Suzuki Cultus | 1,568 | 1,200 | 1,340 | 140 | Company policy | Mr. Sabir Ali | Ex-employee |
| | 23,379 | 16,315 | 19,251 | 2,936 | | | |
| Operating fixed assets having WDV less than Rs. 0.5 million | 4,820 | 1,197 | 1,707 | 510 | Various | Various | |
| 2020 | 28,199 | 17,512 | 20,958 | 3,446 | | | |
| 2019 | 37,262 | 11,044 | 12,905 | 1,861 | | | |

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

7.5 Capital work in progress

| | | |
|---------------------------|----------------|---------------|
| Plant and machinery | 121,488 | 46,160 |
| Building on freehold land | 48,795 | 6,608 |
| | 170,283 | 52,768 |

7.5.1

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|----------------|
| 7.5.1 Movement in capital work-in-progress is as follows: | | | |
| As at July 01 | | 52,768 | 23,365 |
| Capital expenditure incurred / advances made during the year | | 170,284 | 47,581 |
| Transfer to operating fixed assets during the year | 7.1 | (44,972) | (15,528) |
| Charged off during the year | | (7,797) | (2,650) |
| As at June 30 | | <u>170,283</u> | <u>52,768</u> |
| 8 RIGHT-OF-USE ASSETS | | | |
| As at July 01 | | | |
| Impact of initial application of IFRS 16 (note 4.1.1) | | 23,428 | - |
| Depreciation charged during the year | 8.1 | (8,077) | - |
| As at June 30 | | <u>15,351</u> | <u>-</u> |
| 8.1 Depreciation charge for the year has been allocated as follows : | | | |
| Cost of sales | 25 | 5,632 | - |
| Distribution cost | 26 | 781 | - |
| Administrative expenses | 27 | 1,664 | - |
| | | <u>8,077</u> | <u>-</u> |
| 9 INTANGIBLE ASSET | | | |
| Cost | | | |
| As at July 01 | | 10,736 | 9,452 |
| Additions during the year | 9.1 | 64,766 | 1,284 |
| As at June 30 | | <u>75,502</u> | <u>10,736</u> |
| Accumulated amortisation | | | |
| As at July 01 | | (4,085) | (1,589) |
| Charge for the year | 25 | (11,831) | (2,496) |
| As at June 30 | | <u>(15,916)</u> | <u>(4,085)</u> |
| Net book value as at June 30 | | <u>59,586</u> | <u>6,651</u> |
| Annual rate of amortisation | | <u>20%</u> | <u>20%</u> |

9.1 This represents development costs incurred in respect of parts for upcoming models of motor vehicles.

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--|------|--------------------------------------|------------------|
| 10 LONG-TERM INVESTMENT | | | |
| Investment in a subsidiary company - at cost | | | |
| Agriauto Stamping Company (Private) Limited | 10.1 | <u>1,144,006</u> | <u>1,144,006</u> |

10.1 Represents investment in wholly owned subsidiary company incorporated on January 20, 2012.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|-------------|---|-------------|--------------------------------------|------------------|
| 11 | LONG-TERM DEPOSITS | | | |
| | Security deposits - considered good | 11.1 | <u>6,634</u> | <u>6,634</u> |
| 11.1 | Represent interest free deposits. | | | |
| 12 | DEFERRED TAXATION | | | |
| | Deductible temporary differences arising due to: | | | |
| | - provisions and lease liabilities | | 95,120 | 79,647 |
| | - unused tax losses | | 14,948 | - |
| | Taxable temporary differences arising due to: | | | |
| | - accelerated tax depreciation | | (92,409) | (85,533) |
| | | | <u>17,659</u> | <u>(5,886)</u> |
| 13 | STORES, SPARES AND LOOSE TOOLS | | | |
| | Stores | | 66,012 | 63,378 |
| | Spares | | 36,774 | 39,569 |
| | Loose tools | | 3,966 | 5,196 |
| | | | <u>106,752</u> | <u>108,143</u> |
| 14 | STOCK-IN-TRADE | | | |
| | Raw material | | 1,241,592 | 781,482 |
| | Packing material | | 3,959 | 3,475 |
| | Work-in-process | | 49,188 | 43,441 |
| | Finished goods | | 38,078 | 19,954 |
| | Goods-in-transit | | 52,496 | 236,804 |
| | | | <u>1,385,313</u> | <u>1,085,156</u> |
| 14.1 | Write down of stock-in-trade to net realizable value during the year amounted to Rs. 49.777 million (2019: Rs. 12.338 million). | | | |
| 14.2 | Reversal of write down of stock-in-trade to net realizable value during the year amounted to Rs. Nil (2019: Rs. 7.806 million). | | | |
| 15 | TRADE DEBTS - unsecured | | | |
| | Considered good | 15.1 & 15.2 | 321,641 | 669,222 |
| | Considered doubtful | | 425 | 602 |
| | Allowance for expected credit losses | 15.3 | (425) | (602) |
| | | | - | - |
| | | | <u>321,641</u> | <u>669,222</u> |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

15.1 This includes an amount of Rs. 3.32 million (2019: Rs. 2.57 million) and Rs. 1.91 million (2019: Nil) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshoku Pakistan (Private) Limited, against sales made by the Company respectively.

15.2 The amount due from the related parties is neither passed due nor impaired. The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs 8.43 million (2019: Rs 4.20 million).

| | Note | 2020 ---- (Rupees in '000) ---- | 2019 |
|---|---------|------------------------------------|---------|
| 15.3 Movement in allowance for expected credit losses: | | | |
| As at July 01 | | 602 | 595 |
| (Reversal) / charge for the year | 28 & 29 | (177) | 7 |
| As at June 30 | | 425 | 602 |
| 16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advances – unsecured, considered good | | | |
| Contractors | | 1,312 | 15,594 |
| Employees | | 713 | 953 |
| Suppliers | | 2,135 | 12 |
| | | 4,160 | 16,559 |
| Deposits | | 577 | 425 |
| Prepayments | | | |
| Insurance | | 4,619 | 4,426 |
| Rent | | - | 3,810 |
| Others | | 6,010 | 2,688 |
| | | 10,629 | 10,924 |
| Other receivables - secured, considered good | 16.1 | 95,062 | 237,050 |
| | | 110,428 | 264,958 |

16.1 This includes an amount of Rs. 21.42 million (2019: Rs. 231.46 million) and Rs. 73.64 million (2019: Rs. Nil) receivable against LC margins and claim against Additional custom duty from a customer respectively.

| | Note | 2020 ---- (Rupees in '000) ---- | 2019 |
|--|------|------------------------------------|--------|
| 17 SHORT-TERM INVESTMENTS | | | |
| At amortised cost | | | |
| Term deposit receipts | 17.1 | 22,000 | 22,000 |
| Accrued profit thereon | | 291 | 53 |
| | | 22,291 | 22,053 |
| At fair value through profit or loss | | | |
| Mutual funds - open ended (4,847,847 units (2019: 5,323,943 units) at NAV of Rs.10.5282 each (2019: Rs. 9.875) | | 51,038 | 52,576 |
| | | 73,329 | 74,629 |

17.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate of 6.70% (2019: 5.85%) per annum and will mature by August 29, 2020.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|----------------------------------|-------------|--------------------------------------|----------|
| 18 CASH AND BANK BALANCES | | | |
| In hand | | 9 | 3 |
| With banks in | | | |
| - current accounts | 18.1 & 18.2 | 38,561 | 85,570 |
| - deposit accounts | | 32,045 | 50,375 |
| | | 70,606 | 135,945 |
| | | 70,615 | 135,948 |

18.1 These carry profit rates ranging from 7.1% to 13.1% (2019: 9.5% to 10.25%) per annum.

18.2 Represents deposits and saving accounts placed with conventional banks under interest / mark-up arrangements.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2020 Number of shares in ('000) | 2019 | Ordinary shares of Rs. 5/- each | 2020 ----- (Rupees in '000) ----- | 2019 |
|------------------------------------|--------|---------------------------------|--------------------------------------|---------|
| 22,800 | 22,800 | Fully paid in cash | 114,000 | 114,000 |
| 6,000 | 6,000 | Issued as bonus shares | 30,000 | 30,000 |
| 28,800 | 28,800 | | 144,000 | 144,000 |

20 LEASE LIABILITIES

The Company has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. Incidental expense related to these leases are borne by the Company. The weighted average incremental borrowing rate of the company is 14% (2019: Nil) per annum.

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--|------|--------------------------------------|------|
| Lease liabilities | | 15,037 | - |
| Current maturity of lease liabilities | 20.1 | (6,325) | - |
| | | 8,712 | - |
| | | | |
| 20.1 Movement of lease liabilities: | | | |
| As at July 01 | | - | - |
| Impact of initial application of IFRS 16 (note 4.1.1) | | 21,565 | - |
| Finance cost during the year | | 2,141 | - |
| Payments during the year | | (8,669) | - |
| As at June 30 | | 15,037 | - |
| Current maturity of lease liabilities | | (6,325) | - |
| | | 8,712 | - |
| | | | |
| 20.2 The maturity analysis of lease liabilities as at the reporting date is as follows: | | | |
| Up to one year | | 6,325 | - |
| After one year | | 8,712 | - |
| Total lease liabilities | | 15,037 | - |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

20.3 Expenses relating to short-term leases amounted to Rs. 6.051 million (2019: Nil) during the year.

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|------------------------------------|---------------------------------|--------------------------------------|----------------|
| 21 | TRADE AND OTHER PAYABLES | | |
| Creditors | 21.1 | 77,077 | 90,993 |
| Accrued liabilities | | 401,095 | 243,533 |
| Royalty payable | | 10,313 | 17,041 |
| Advance from customer | | 113,568 | 1,059 |
| Payable to provident fund | 21.2 | 2,542 | 2,369 |
| Withholding tax payable | | 1,146 | 10,586 |
| Workers' Profit Participation Fund | 21.3 | 566 | 3,140 |
| Workers' Welfare Fund | | - | 14,650 |
| Warranty obligations | 21.4 | 113,285 | 102,127 |
| Others | | 4,104 | 4,530 |
| | | 723,696 | 490,028 |

21.1 This includes an amount of Rs. 0.07 million (2019: 0.05 million) payable to Shabbir Tiles and Ceramics Limited, a related party of the Company.

21.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|------------------------------|---|--------------------------------------|----------------|
| 21.3 | Workers' Profit Participation Fund | | |
| As at July 01 | | 3,140 | 584 |
| Allocation for the year | 28 | 566 | 43,140 |
| | | 3,706 | 43,724 |
| Payment made during the year | | (3,140) | (40,584) |
| As at June 30 | | 566 | 3,140 |
| 21.4 | Warranty obligations | | |
| As at July 01 | | 102,127 | 77,464 |
| Provision for the year | 26 | 15,076 | 28,513 |
| | | 117,203 | 105,977 |
| Claims paid during the year | | (3,918) | (3,850) |
| As at June 30 | | 113,285 | 102,127 |

22 UNPAID DIVIDEND / UNCLAIMED DIVIDEND

Subsequent to the year end, the Company has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 2.25 million (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 these unconsolidated financial statements.

23.2 Commitments

23.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 178.891 million (2019: Rs. 405.049 million).

23.2.2 Commitments in respect of capital expenditure amounting to Rs. 1.686 million (2019: Rs. 81.982 million).

23.2.3 Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.385 million (2019: Rs. 0.385 million).

24 TURNOVER – net

Sales

Trade discount

Sales tax

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

2019

| | |
|-----------|-------------|
| 4,422,906 | 8,340,194 |
| (161) | (170) |
| (653,989) | (1,217,537) |
| (654,150) | (1,217,707) |
| 3,768,756 | 7,122,487 |

24.1 Revenue recognised from amounts included in advance from customer at the beginning of the year amounted to Rs. 1.059 million (2019: Rs. 15.7 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| 25 | COST OF SALES | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|----|---|------|--------------------------------------|--------------------------------------|
| | Raw material consumed | | | |
| | Opening stock | 14 | 781,482 | 669,766 |
| | Purchases | | 3,235,051 | 5,082,378 |
| | | | 4,016,533 | 5,752,144 |
| | Closing stock | 14 | (1,241,592) | (781,482) |
| | | | 2,774,941 | 4,970,662 |
| | Manufacturing expenses | | | |
| | Salaries, wages and benefits | | 364,549 | 448,039 |
| | Stores, spares and loose tools consumed | | 131,386 | 209,768 |
| | Fuel and power | | 72,928 | 70,586 |
| | Amortization | 9 | 11,831 | 2,496 |
| | Royalty | | 20,830 | 33,979 |
| | Depreciation on operating fixed assets | 7.2 | 90,952 | 78,696 |
| | Depreciation on right-of-use assets | 8.1 | 5,632 | - |
| | Transportation and travelling | | 54,880 | 82,014 |
| | Repairs and maintenance | | 61,813 | 72,452 |
| | Packing material consumed | | 15,237 | 29,921 |
| | Rent, rates and taxes | | 251 | 6,251 |
| | Research and development costs | | 7,020 | 2,950 |
| | Insurance | | 2,896 | 3,470 |
| | Communications and professional fee | | 3,495 | 3,247 |
| | Printing and stationery | | 824 | 1,522 |
| | Others | | 3,216 | 9,078 |
| | | | 847,740 | 1,054,469 |
| | Work-in-process | | | |
| | Opening stock | 14 | 43,441 | 48,913 |
| | Closing stock | 14 | (49,188) | (43,441) |
| | | | (5,747) | 5,472 |
| | Cost of goods manufactured | | 3,616,934 | 6,030,603 |
| | Finished goods | | | |
| | Opening stock | 14 | 19,954 | 33,173 |
| | Closing stock | 14 | (38,078) | (19,954) |
| | | | (18,124) | 13,219 |
| | | | 3,598,810 | 6,043,822 |

25.1 Royalty paid during the year (excluding Sindh Sales Tax on services) comprise of the following:

| Compan name | Address | Relationship with the Compan | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|----------------------|--|------------------------------|--------------------------------------|--------------------------------------|
| KYB Corporation | World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan | Technical Partner | 23,799 | 23,701 |
| Aisin Seiki Co., Ltd | 2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan | Technical Partner | 972 | 993 |
| Ride Control LLC | 750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA | Technical Partner | 2,786 | 5,500 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | | 2020 | 2019 |
|--|--------------------------------|------------------------------|----------------|
| | Note | ----- (Rupees in '000) ----- | |
| 26 | DISTRIBUTION COST | | |
| Salaries, wages and benefits | | 18,037 | 19,529 |
| Advertisement and sales promotion | | 9,197 | 40,095 |
| Carriage and forwarding | | 18,983 | 33,127 |
| Travelling and conveyance | | 2,907 | 3,220 |
| Depreciation on operating fixed assets | 7.2 | 1,971 | 1,494 |
| Depreciation on right-of-use assets | 8.1 | 781 | - |
| Provision for warranty claims | 21.4 | 15,076 | 28,513 |
| Trade debts written-off | | - | 101 |
| Rent, rates and taxes | | 204 | 263 |
| Communications | | 235 | 541 |
| Insurance | | 1,784 | 1,486 |
| Repairs and maintenance | | 1,442 | 82 |
| Others | | 199 | 223 |
| | | 70,816 | 128,674 |
| 27 | ADMINISTRATIVE EXPENSES | | |
| Salaries, wages and benefits | | 80,086 | 83,349 |
| Legal and professional charges | | 71,954 | 72,232 |
| Travelling and conveyance | | 14,921 | 17,603 |
| Repairs and maintenance | | 20,517 | 16,418 |
| Depreciation on operating fixed assets | 7.2 | 8,077 | 8,484 |
| Depreciation on right-of-use assets | 8.1 | 1,664 | - |
| Security services | | 9,174 | 7,322 |
| Communications and professional fee | | 2,396 | 3,724 |
| Printing and stationery | | 1,532 | 3,767 |
| Rent, rates and taxes | | 6,051 | 7,368 |
| Utilities | | 2,028 | 1,699 |
| Auditors' remuneration | 27.1 | 2,091 | 1,630 |
| Insurance | | 1,281 | 1,462 |
| Others | | 4,354 | 3,385 |
| | | 226,126 | 228,443 |
| 27.1 | Auditors' remuneration | | |
| Audit fee for standalone financial statements | | 900 | 900 |
| Audit fee for consolidated financial statements | | 175 | 175 |
| Fee for review of half yearly financial statements | | 100 | 100 |
| Other certifications | | 671 | 250 |
| Out of pocket expenses | | 245 | 205 |
| | | 2,091 | 1,630 |
| 28 | OTHER EXPENSES | | |
| Workers' Profit Participation Fund | 21.3 | 566 | 43,140 |
| Workers' Welfare Fund | | - | 14,650 |
| Donations | 28.1 | 2,575 | 11,927 |
| Allowance for expected credit losses | 15.3 | - | 7 |
| | | 3,141 | 69,724 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 28.1** Donation to following parties equals to or exceeds 10% of the Company's total donations or Rs. 1 million, whichever is higher:

| | 2020 ----- (Rupees in '000) ----- | 2019 |
|---------------------------------|--------------------------------------|-------|
| Habib Educational Trust | 2,000 | 4,300 |
| Mohammedali Habib Welfare Trust | - | 4,000 |
| Markaz-e-Umeed | - | 1,500 |

- 28.2** None of the directors or their spouses had any interest in the donees except for Ms. Ayesha T. Haq (independent director) who is a member of Board of Governors in Professional Education Foundation (PEF). Donation given to PEF during the year amounted to Rs. Nil (2019: 0.2 million).

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|----------|
| 29 OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on: | | | |
| - short-term investments - term deposit receipts | | 8,032 | 13,791 |
| - deposit accounts | | 9,400 | 12,156 |
| | 29.1 | 17,432 | 25,947 |
| (Loss) / gain on disposal of short-term investments - mutual funds | | (47) | 229 |
| Unrealised (loss) / gain on short-term investments- mutual funds | | (2,000) | 189 |
| Reversal of allowance for expected credit losses | 15.3 | 177 | - |
| Liabilities no longer payable - written back | | 403 | - |
| Dividend income: | | | |
| - Agriauto Stamping Company (Private) Limited | | 114,401 | 114,401 |
| - short-term investments - mutual funds | | 5,882 | 6,096 |
| | | 120,283 | 120,497 |
| Income from non-financial assets | | | |
| Gain on disposal of operating fixed assets | 7.4 | 3,446 | 1,861 |
| Scrap sales | | 1,313 | 5,158 |
| Miscellaneous income | | 2,537 | - |
| | | 7,296 | 7,019 |
| | | 143,544 | 153,881 |
| 29.1 Represents profit earned under conventional banking relationship. | | | |
| 30 TAXATION | | | |
| Current | | | |
| For the year | | 57,413 | 199,068 |
| Prior | | 6,346 | (140) |
| Super tax | | - | 14,357 |
| | | 63,759 | 213,285 |
| Deferred | | (23,545) | (10,906) |
| | | 40,214 | 202,379 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

30.1 Provision for current tax has been made on the basis of minimum tax under section 113 of Income Tax Ordinance 2001 (the Ordinance), accordingly tax expense reconciliation with the accounting profit is not presented.

31 EARNINGS PER SHARE – basic and diluted

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

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------------|--------------------------------------|-----------|
| Net (loss) / profit for the year | | (29,798) | 603,012 |
| Weighted average number of ordinary shares outstanding during the year (shares in '000) | | 28,800 | 28,800 |
| (Loss) / earning per share (Rs.) | | (1.03) | 20.94 |
| 32 CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 10,416 | 805,391 |
| Adjustments for: | | | |
| Depreciation and amortisation | 7.2, 8 & 9 | 120,908 | 91,170 |
| Finance costs | | 2,991 | 314 |
| (Reversal) / allowance for expected credit losses | | (177) | 7 |
| Liabilities no longer payable - written back | 29 | (403) | - |
| Trade debts written off | | - | 101 |
| Profit on short-term investments - term deposit receipts | 29 | (8,032) | (13,791) |
| Profit on deposit accounts | 29 | (9,400) | (12,156) |
| Dividend income | 29 | (120,283) | (120,497) |
| Capital work-in-progress charged off | 7.5.1 | 7,797 | 2,650 |
| Gain on disposal of operating fixed assets | 29 | (3,446) | (1,861) |
| Loss / (gain) on disposal of short-term investments - mutual funds | 29 | 47 | (229) |
| | | (9,998) | (54,292) |
| | | 418 | 751,099 |
| Decrease / (increase) in current assets | | | |
| Stores, spares and loose tools | | 1,391 | (24,965) |
| Stock-in-trade | | (300,157) | (120,914) |
| Trade debts | | 347,758 | (237,399) |
| Advances, deposits, prepayments and other receivables | | 152,667 | (256,052) |
| Sales tax receivable | | (87,641) | (38,890) |
| | | 114,018 | (678,220) |
| Increase in current liabilities | | | |
| Trade and other payables | | 234,071 | 53,801 |
| | | 348,507 | 126,680 |
| 33 CASH AND CASH EQUIVALENTS | | | |
| Short-term investments - term deposit receipts | 17 | 22,000 | 22,000 |
| Cash and bank balances | 18 | 70,615 | 135,948 |
| | | 92,615 | 157,948 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates which are discussed below:

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits and term deposit receipts. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's loss for the year by Rs. 0.54 million (2019: Rs. 0.52 million) and a 1% decrease would result in the increase in the Company's loss for the year by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) 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. As at June 30, 2020, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

34.2 Credit risk

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

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

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

| | Note | 2020 ---- (Rupees in '000) ---- | 2019 |
|--|------|------------------------------------|------------------|
| The maximum exposure to credit risk at reporting date is as follows: | | | |
| Long-term deposits | 11 | 6,634 | 6,634 |
| Trade debts | 15 | 321,641 | 669,222 |
| Deposits | 16 | 577 | 425 |
| Other receivables | 16 | 95,062 | 237,050 |
| Short-term investments | 17 | 73,329 | 74,629 |
| Bank balances | 18 | 70,606 | 135,945 |
| | | 567,849 | 1,123,905 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

| | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| Trade debts | | |
| The analysis of trade debts is as follows: | | |
| Neither past due nor impaired | 302,008 | 557,235 |
| Past due but not impaired | | |
| - 30 to 90 days | 11,787 | 111,987 |
| - 91 to 180 days | 7,769 | - |
| - 181 to 360 days | 77 | - |
| | <u>321,641</u> | <u>669,222</u> |
| Bank balances | | |
| Ratings | | |
| AAA | 7,295 | - |
| AA+ | 63,312 | - |
| A-1+ | - | 135,945 |
| | <u>70,607</u> | <u>135,945</u> |
| Short-term investments | | |
| Ratings | | |
| A-1+ | 73,329 | 52,576 |
| AA(f) | - | 22,053 |
| | <u>73,329</u> | <u>74,629</u> |

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management of the Company believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk.

| 2020 | Not later than 3 months | Later than 3 months but not more than a year | 1 to 5 years | Total |
|--------------------------|------------------------------|---|--------------|----------------|
| | ----- (Rupees in '000) ----- | | | |
| Trade and other payables | 530,533 | 75,000 | - | 605,533 |
| Lease liabilities | 6,000 | 325 | 8,712 | 15,037 |
| Unpaid dividend | 11,971 | - | - | 11,971 |
| Unclaimed dividend | 20,271 | - | - | 20,271 |
| | <u>568,775</u> | <u>75,325</u> | <u>8,712</u> | <u>652,812</u> |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| 2019 | Not later than 3 months | Later than 3 months but not more than a year | 1 to 5 years | Total |
|--------------------------|------------------------------|---|--------------|----------------|
| | ----- (Rupees in '000) ----- | | | |
| Trade and other payables | 458,224 | - | - | 458,224 |
| Lease liabilities | - | - | - | - |
| Unpaid dividend | 7,211 | - | - | 7,211 |
| Unclaimed dividend | 23,055 | - | - | 23,055 |
| | <u>488,490</u> | <u>-</u> | <u>-</u> | <u>488,490</u> |

35 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long-term borrowings.

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

| | Fair value measurement using | | | Total |
|--|------------------------------|----------|----------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| | ----- (Rupees in '000) ----- | | | |
| Short-term investments - mutual funds | | | | |
| June 30, 2020 | 51,038 | - | - | 51,038 |
| June 30, 2019 | 52,576 | - | - | 52,576 |

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

37 CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:

| | 2020 | | 2019 | |
|---|------------------------------|---------------------|-----------------------|---------------------|
| | Unclaimed & Unpaid | Lease iabilities | Unclaimed & Unpaid | Lease iabilities |
| | ----- (Rupees in '000) ----- | | | |
| As at July 01 | 30,266 | - | 26,020 | - |
| Changes from financing cash flows | | | | |
| Dividend paid during the year | (199,624) | - | (326,954) | - |
| Payments made during the year | - | (8,669) | - | - |
| | (199,624) | (8,669) | (326,954) | - |
| Other changes | | | | |
| Dividend declared during the year | 201,600 | - | 331,200 | - |
| Impact of initial application of IFRS 16 (note 4.1.1) | - | 21,565 | - | - |
| Finance cost during the year | - | 2,141 | - | - |
| Additions during the year | - | - | - | - |
| | 201,600 | 23,706 | 331,200 | - |
| As at June 30 | 32,242 | 15,037 | 30,266 | - |

38 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

38.1 The aggregate amount charged in the unconsolidated financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

| | 2020 | | 2019 | |
|-------------------------|------------------------------|------------|--------------------|------------|
| | Chief executive | Executives | Chief executive | Executives |
| | ----- (Rupees in '000) ----- | | | |
| Managerial remuneration | 19,600 | 51,153 | 18,149 | 45,497 |
| Bonus | 4,800 | 6,588 | 6,612 | 10,463 |
| Retirement benefits | 1,633 | 2,662 | 1,512 | 2,100 |
| Utilities | - | 187 | - | 138 |
| Medical expenses | 52 | 373 | 54 | 298 |
| | 26,085 | 60,963 | 26,327 | 58,496 |
| Number of persons | 1 | 13 | 1 | 12 |

38.2 The Chief Executive and certain executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy.

38.3 Three non-executive directors (2019: Three) have been paid fees of Rs. 1.403 million (2019: Rs. 2.025 million) for attending board and other meetings.

39 TRANSACTIONS WITH RELATED PARTIES

39.1 Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the unconsolidated financial statements, are as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| Name of related party and relationship with the Company | Nature of transactions | Percentage of share holding in the Company % | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|---|---------------------------------|--|--------------------------------------|--------------------------------------|
| Subsidiary (wholly owned) | | | | |
| Agriauto Stamping Company (Private) Limited. | Sales | Nil | 15,253 | 33,316 |
| | Dividend received | | 114,401 | 114,401 |
| | Tax credit claimed | | 49,280 | 13,424 |
| | Service rendered | | - | 2,932 |
| Associated companies (Common directorship) | | | | |
| Auvitronics Limited | Purchase | Nil | - | 2,149 |
| Thal Limited | Dividend paid | 7.35 | 14,809 | 24,329 |
| Shabbir Tiles & Ceramics Limited | Purchases | Nil | 865 | 103 |
| Thal Boshoku Pakistan (Private) Limited | Sales | Nil | 4,636 | - |
| Retirement benefits fund | | | | |
| Employees' Provident Fund | Contribution | Nil | 11,612 | 10,426 |
| Key management personnel | Remuneration and other benefits | Nil | 38,815 | 39,254 |

39.2 The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the unconsolidated financial statements.

39.3 Details of compensation to the key management personnel have been disclosed in the note 38 to the unconsolidated financial statements.

40 PRODUCTION CAPACITY

The production capacity of the Company cannot be determined as this depends on the relative proportions of various types of vehicles and agricultural tractors produced by OEMs.

41 UNUTILIZED CREDIT FACILITIES

As of the statement of financial position date, the Company has unutilized facilities for short-term running finance available from various banks amounted to Rs. 160 million (2019: 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2019: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

42 NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

42.1 The Board of Directors in its meeting held on August 27, 2020 (i) approved the transfer of Rs. Nil million (2019: Rs.300 million) from unappropriated profits to general reserve and (ii) proposed cash dividend of Re. 1 per share (2019: Rs. 7 per share) for the year ended June 30, 2020 amounting to Rs. 28.8 million (2019: Rs. 201.6 million) for approval of the members at the Annual General Meeting to be held on October 22, 2020.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

43 NUMBER OF EMPLOYEES

Total number of employees as at June 30
Average number of employees during the year

| | |
|-----|-----|
| 617 | 709 |
| 667 | 709 |

44 COVID-19 OUTBREAK AND ITS IMPACT ON UNCONSOLIDATED FINANCIAL STATEMENTS

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Company was impacted by COVID-19 in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors which contributed towards overall decrease in revenues by approximately 20% along with the corresponding variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these unconsolidated financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of Inventory under IAS 2, "Inventories"

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these unconsolidated financial statements except for the decrease in revenue and corresponding variable cost and variable overheads as stated above.

45 GENERAL

45.1 Figures have been rounded off to the nearest thousands unless otherwise stated.

45.2 Certain prior year's figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report.

46 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 27, 2020 by the Board of Directors of the Company.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer



FINANCIAL STATEMENTS (CONSOLIDATED)

Annual Report 2015/16

1. Financial Review

1.1 Consolidated Income Statement

The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

2. Financial Review

The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

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The consolidated income statement for the year ended 31 March 2016 is set out below. The consolidated income statement is prepared on an accrual basis and is subject to audit by the independent auditors.

1.2 Consolidated Balance Sheet

The consolidated balance sheet for the year ended 31 March 2016 is set out below. The consolidated balance sheet is prepared on an accrual basis and is subject to audit by the independent auditors.

The consolidated balance sheet for the year ended 31 March 2016 is set out below. The consolidated balance sheet is prepared on an accrual basis and is subject to audit by the independent auditors.

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The consolidated balance sheet for the year ended 31 March 2016 is set out below. The consolidated balance sheet is prepared on an accrual basis and is subject to audit by the independent auditors.

Ernst & Young

Annual Report

Annual Report

The Board of Directors of the Company has approved the following resolution:

The Board of Directors of the Company has approved the following resolution:

The Board of Directors of the Company has approved the following resolution:

The Board of Directors of the Company has approved the following resolution:

The Board of Directors of the Company has approved the following resolution:

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The Board of Directors of the Company has approved the following resolution:

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Item 1. The Board of Directors of the Company has approved the following resolution:

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The Board of Directors of the Company has approved the following resolution:

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References

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1990-1991
 - in period

1. **المادة 1:** **الهدف من القانون** هو تنظيم العلاقات بين المدينين والمدينات في إطار الأسرة، وضمان حقوقهم وواجباتهم.

Our Environmental Commitment is aligned with the United Nations Sustainable Development Goals (SDGs) which are the blueprint to achieve a better world by 2030. Our commitment is to contribute to the achievement of these goals through our business operations and the way we manage our resources. We are committed to reducing our carbon footprint, conserving water and energy, and promoting sustainable procurement. We are also committed to supporting the local community and promoting diversity and inclusion in our workforce.

Our Environmental Commitment is a key part of our business strategy and we are committed to achieving our goals through our business operations and the way we manage our resources.

Our Environmental Commitment
Our Environmental Commitment
Our Environmental Commitment
Our Environmental Commitment
Our Environmental Commitment

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|---|------|--------------------------------------|------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 2,159,468 | 2,089,475 |
| Right-of-use assets | 8 | 15,351 | - |
| Intangible asset | 9 | 59,586 | 6,651 |
| Long-term deposits | 10 | 13,438 | 13,438 |
| | | 2,247,843 | 2,109,564 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 11 | 120,816 | 123,713 |
| Stock-in-trade | 12 | 1,937,205 | 1,601,264 |
| Trade debts | 13 | 492,234 | 985,768 |
| Advances, deposits, prepayments and other receivables | 14 | 141,916 | 340,052 |
| Accrued profit | | 1,215 | 1,793 |
| Short-term investments | 15 | 494,329 | 187,513 |
| Sales tax receivable | | 168,275 | 86,409 |
| Taxation – net | | 458,746 | 530,309 |
| Cash and bank balances | 16 | 131,195 | 174,378 |
| | | 3,945,931 | 4,031,199 |
| TOTAL ASSETS | | 6,193,774 | 6,140,763 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 5/- each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up capital | 17 | 144,000 | 144,000 |
| Reserves | | 4,970,140 | 5,280,178 |
| | | 5,114,140 | 5,424,178 |
| NON CURRENT LIABILITIES | | | |
| Deferred taxation - net | 18 | 62,123 | 64,780 |
| Lease liabilities | 19 | 8,712 | - |
| | | 70,835 | 64,780 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 970,232 | 621,539 |
| Current portion of lease liabilities | 19 | 6,325 | - |
| Unpaid dividend | 21 | 11,971 | 7,211 |
| Unclaimed dividend | 21 | 20,271 | 23,055 |
| | | 1,008,799 | 651,805 |
| CONTINGENCIES AND COMMITMENTS | 22 | | |
| TOTAL EQUITY AND LIABILITIES | | 6,193,774 | 6,140,763 |

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|--|------|--------------------------------------|---------------|
| Turnover – net | 23 | 5,244,651 | 10,128,569 |
| Cost of sales | 24 | (4,993,185) | (8,447,418) |
| Gross profit | | 251,466 | 1,681,151 |
| Distribution cost | 25 | (75,446) | (138,242) |
| Administrative expenses | 26 | (247,122) | (245,478) |
| | | (322,568) | (383,720) |
| Operating (loss) / profit | | (71,102) | 1,297,431 |
| Other expenses | 27 | (7,544) | (112,512) |
| Other income | 28 | 56,886 | 72,461 |
| Finance cost | | (3,209) | (628) |
| | | 46,133 | (40,679) |
| (Loss) / profit before taxation | | (24,969) | 1,256,752 |
| Taxation | 29 | (83,469) | (202,054) |
| Net (loss) / profit for the year | | (108,438) | 1,054,698 |
| Net (loss) / profit attributable to owners of the Holding Company | | (108,438) | 1,054,698 |
| | | ----- (Rupees in '000) ----- | |
| (Loss) / earnings per share – basic and diluted | 30 | (3.77) | 36.62 |

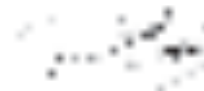
The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|--|--------------------------------------|---------------|
| Net (loss) / profit for the year | (108,438) | 1,054,698 |
| Other comprehensive income | - | - |
| Total comprehensive (loss) / income for the year | (108,438) | 1,054,698 |
| Total comprehensive (loss) / income attributable to owners of the Holding Company | (108,438) | 1,054,698 |

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

| Issued, subscribed and paid-up capital | Reserves | | | | Total reserves | Total equity |
|---|--------------------|------------------|--------------------------|-------------------|-------------------|-----------------|
| | Capital reserve | Revenue reserves | | Total reserves | | |
| | Share premium | General | Unappropriated profit | | | |

----- (Rupees in '000) -----

| | | | | | | |
|--|----------------|---------------|------------------|------------------|------------------|------------------|
| Balance as at June 30, 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 | - | - |
| Net profit for the year | - | - | - | 1,054,698 | 1,054,698 | 1,054,698 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 1,054,698 | 1,054,698 | 1,054,698 |
| Balance as at June 30, 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 | - | - |
| Net loss for the year | - | - | - | (108,438) | (108,438) | (108,438) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | (108,438) | (108,438) | (108,438) |
| Balance as at June 30, 2020 | 144,000 | 12,598 | 2,315,000 | 2,642,542 | 4,970,140 | 5,114,140 |

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|---|------|--------------------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 31 | 849,439 | 581,135 |
| Long-term deposits paid | | - | (410) |
| Finance cost paid | | (850) | (628) |
| Income tax paid | | (14,563) | (419,392) |
| Net cash generated from operating activities | | 834,026 | 160,705 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (431,791) | (712,951) |
| Proceeds from disposal of operating fixed assets | | 21,227 | 13,569 |
| Short-term investments disposed / (made) - mutual fund | | 1,491 | (52,347) |
| Profit received on short-term investments - term deposit receipts | | 24,239 | 33,458 |
| Profit received on deposit accounts | | 19,036 | 23,281 |
| Dividend received | | 5,882 | 4,289 |
| Net cash used in investing activities | | (359,916) | (690,701) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (199,624) | (326,954) |
| Lease payments | | (8,669) | - |
| Net cash used in financing activities | | (208,293) | (326,954) |
| Net increase / (decrease) in cash and cash equivalents | | 265,817 | (856,950) |
| Cash and cash equivalents at the beginning of the year | 32 | 308,378 | 1,165,328 |
| Cash and cash equivalents at the end of the year | 32 | 574,195 | 308,378 |

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 THE GROUP AND ITS OPERATIONS

- 1.1** Agriauto Industries Limited (the Holding Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. 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.
- 1.3** Geographical location and addresses of all the business units are as under:

| Location | Business unit |
|--|------------------------|
| Karachi 5th Floor, House of Habib, Main Shahrah-e-Faisal. | Registered office |
| DSU-12B, Downstream Industrial Estate, Pakistan Steel Mills, Bin Qasim Town, Karachi, Karachi city, Sindh | Manufacturing Facility |
| Hub Mouza Baroot, Hub Chowki Distt. Lasbella, Balochistan. | Manufacturing facility |

2 STATEMENT OF COMPLIANCE

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

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

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3 BASIS OF MEASUREMENT

- 3.1** These consolidated financial statements have been prepared under the historical cost convention except for short-term investments in mutual fund classified at fair value through profit or loss and lease liabilities under present value as disclosed in respective notes to the consolidated financial statements..
- 3.2** These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

4 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

4.1 New standards, amendments, interpretation and improvements effective during the current year

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Standards, Amendments or Interpretations

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
 IFRS 14 - Regulatory Deferral Accounts
 IFRS 16 - Leases
 IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
 IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
 IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
 IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation
 IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
 IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
 IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

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

4.1.1 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 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 note on statement of financial position model.

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application 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 Group 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 Group 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').

The new accounting policy in respect of leases is disclosed in note 5.3 & 5.10 to these consolidated financial statements. The impact of adoption of IFRS 16 on recognition and classification as at July 01, 2019 on the consolidated statement of financial position is summarised below:

(Rupees in '000)

Assets

Right-of-use assets
 Prepayments

23,428
 (1,863)
 21,565

Liabilities

Non current lease liabilities
 Current maturity of lease liabilities

15,369
 6,196
 21,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments. 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 Group did not have any sub-lease as at July 01, 2019.

The impact of adoption of IFRS 16 on the consolidated statement of profit or loss for the year ended June 30, 2020 is summarized below:

| | (Rupees in '000) |
|----------------------------------|------------------|
| Decrease in rent expenses | 8,529 |
| Increase in depreciation expense | (8,077) |
| Increase in finance costs | (2,141) |
| | <u>(1,689)</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 | 34,411 |
| Impact of discounting | (4,970) |
| Short-term leases | (7,876) |
| Total lease liability at July 01, 2019 | <u>21,565</u> |
| Weighted average incremental borrowing rate as at July 01, 2019 | <u>14%</u> |

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

| Standard or Amendments | Effective date (annual periods beginning on or after) |
|---|--|
| IFRS 3 -- Definition of a Business (Amendments) | 01 January 2020 |
| IFRS 3 -- Reference to the Conceptual Framework (Amendments) | 01 January 2022 |
| IFRS 9 / IAS 39 / IFRS 7 -- Interest Rate Benchmark Reform (Amendments) | 01 January 2020 |
| IFRS 10 / IAS 28 -- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalised |
| IAS 1 / IAS 8 -- Definition of Material (Amendments) | 01 January 2020 |
| IAS 1 -- Classification of Liabilities as Current or Non-current (Amendments) | 01 January 2022* |
| IAS 16 -- Proceeds before Intended Use (Amendments) | 01 January 2022 |
| IAS 37 -- Onerous Contracts – Costs of Fulfilling a Contract (Amendments) | 01 January 2022 |

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

| | |
|--|-----------------|
| IFRS 9 -- Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities | 01 January 2022 |
| IAS 41 -- Agriculture – Taxation in fair value measurements | 01 January 2022 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

| Standard or Interpretation | Effective date (annual periods beginning on or after) |
|--|--|
| IFRS 1 -- First time adoption of IFRSs | 01 January 2004 |
| IFRS 17 -- Insurance Contracts | 01 January 2023 |

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary company, 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 appoint or remove majority 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 subsidiary are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

The assets, liabilities, income and expenses of subsidiary company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary company's shareholders' equity in the consolidated financial statements. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

5.2 Property, plant and equipment

5.2.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which are stated at cost.

Depreciation on operating fixed assets is charged to the consolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7.1 to these consolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of operating fixed assets, if any, are included in consolidated statement of profit or loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.2.2 Capital work in progress

These are stated at cost less impairment in value, if any. Capital work in progress consist of expenditure incurred and advance made in respect of operating fixed assets in the course of their construction and installation.

5.3 Right-of-use assets

The Group 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 as applicable. Unless the Group 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 straight line method over the lease term. Right-of-use assets are subject to impairment.

5.4 Development costs or Intangible assets

Development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”. These amounts are amortised at the rate disclosed in note 9 to these consolidated financial statements.

5.5 Stores, spares and loose tools

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

5.6 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 | Moving average basis. |
| Work-in-process | Cost of direct materials plus conversion cost valued on the basis of equivalent production units. |
| Finished goods | Cost of direct materials plus conversion cost valued on time proportion basis. |

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the date of statement of financial position.

Stock-in-trade is regularly reviewed by the management and obsolete items, if any, are brought down to their NRV. 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.

5.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

The Company has applied IFRS 9 prospectively at the initial application date of 1 July 2018 without restating the comparative financial information. Accordingly, the financial information presented for 2018 does not reflect the requirements of IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

(i) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost

These are subsequently measured at amortised cost using the effective interest rate method (EIR) less any impairment. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instruments to the carrying amount of financial instruments. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income (FVOCI)

These are subsequently measured at fair value with changes in fair value recognised in the statement of comprehensive income. The cumulative gains or losses recognised in "Fair value reserve" within the consolidated statement of changes in equity are never reclassified to the consolidated statement of profit or loss on disposals. Dividends are recognised as investment income in the consolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of profit or loss. Equity instruments designated at FVOCI are not subject to impairment assessment.

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. For this purpose, the management conducts an exercise to assess the impairment of its financial assets using historical data and forward looking information.

Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard including the assessment of impairment on its financial assets using expected credit loss model.

(c) Effect of adopting IFRS 9 on the classification of financial assets

| Financial asset | Original category under IAS 39 | New category under IFRS 9 |
|--------------------------------|--------------------------------|---------------------------|
| Trade debts | Loans and receivables | Amortised cost |
| Deposits and other receivables | Loans and receivables | Amortised cost |
| Short-term investments | Held to maturity | Amortised cost |
| Cash and bank balances | Loans and receivables | Amortised cost |
| Long-term deposits | Loans and receivables | Amortised cost |

5.8 Cash and cash equivalents

For the purpose of consolidated statement of cash flow, 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. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.9 Financial instruments

5.9.1 Financial assets

The financial assets of the Group mainly include long term deposits, trade debts, loans, deposits, short-term investments, accrued profit, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Group, the financial assets of the Group are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Short-term investments in mutual fund are designated at FVTPL at initial recognition. These are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

5.9.2 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Group does not have any financial liability at fair value through profit or loss.

5.9.3 Impairment of financial assets - allowance for expected credit losses

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each date of statement of financial position, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

5.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.9.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

5.10 Lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group uses the incremental borrowing rate at the commencement date of the lease 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.

5.10.1 Short-term leases

The Group 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). Lease payments on such leases are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

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

5.11 Employees' benefits

Provident fund

The Group operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Group's policy. Contributions in respect thereto are made in accordance with the terms of the scheme.

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with the provisions of Income Tax Ordinance 2001. The Group has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Company) and Agriauto Stamping Company (Private) Limited - wholly owned Subsidiary.

Deferred

Deferred tax is provided, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of statement of financial position.

5.13 Provisions

Provision is recognised in the consolidated statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

5.14 Warranty obligations

The Group recognises the estimated liability to repair or replace products under warranty at the year end on the basis of historical experience. The warranty provided by the Group to the customer is assurance warranty.

5.15 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences if any are taken to the consolidated statement of profit or loss.

5.16 Revenue recognition

Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Group has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Group are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short-term usually 30 to 60 days upon delivery, without any variable considerations, financing components and guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The Group recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customer.

Return on bank deposits / saving accounts is recognised on accrual basis.

Return on short term investments is recognised on accrual basis.

Dividend income is recognised when the Group's right to receive the dividend is established.

Other income, if any, is recognized on accrual basis.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.18 Dividends and appropriation to reserve

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

5.19 Earnings per share

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

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

| | Notes |
|---|---------------------------|
| - residual values, method of depreciation useful lives and impairment of assets | 5.2, 5.3, 5.4, 7.1, 8 & 9 |
| - allowance for expected credit losses | 5.7, 5.9.3 & 13.1 |
| - provision for tax and deferred tax | 5.12, 18 & 29 |
| - warranty obligations | 5.14 & 20.3 |
| - Net realizable value (NRV) of stock-in-trade | 5.6 & 12 |
| - leases | 5.10 & 19 |

7 PROPERTY, PLANT AND EQUIPMENT

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--------------------------|------|--------------------------------------|------------------|
| Operating fixed assets | 7.1 | 1,966,910 | 1,517,299 |
| Capital work-in-progress | 7.5 | 192,558 | 572,176 |
| | | 2,159,468 | 2,089,475 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.1 Operating fixed assets

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE | |
|----------------------------|---------------------|--|---------------------|-------------------|--------------------------|--------------------------------|-----------------|---------------------|---------------------|
| | As at June 30, 2019 | Additions / transfer* / (disposals) | As at June 30, 2020 | Depreciation rate | As at June 30, 2019 | Charge for the year (Note 7.2) | (On disposals) | As at June 30, 2020 | As at June 30, 2020 |
| | (Rupees in '000) | | | | (Rupees in '000) | | | | |
| Owned | | | | | | | | | |
| Freehold land | 1,652 | - | 1,652 | - | - | - | - | - | 1,652 |
| Leasehold land | 29,418 | - | 29,418 | 1.79 | 3,676 | 525 | - | 4,201 | 25,217 |
| Building on freehold land | 192,420 | 1,212 6,608* | 200,240 | 10 | 107,307 | 9,228 | - | 116,535 | 83,705 |
| Building on leasehold land | 379,833 | 524 42,114* | 422,471 | 10 | 140,970 | 27,795 | - | 168,765 | 253,706 |
| Plant and machinery | 1,817,150 | 96,346 413,091* (10,914) | 2,315,673 | 10 – 20 | 790,463 | 148,574 | (2,109) | 936,928 | 1,378,745 |
| Furniture and fittings | 28,038 | 6,522 4,261* (920) | 37,901 | 15 | 12,136 | 2,728 | (791) | 14,073 | 23,828 |
| Vehicles | 115,387 | 6,572 (16,655) | 105,304 | 20 | 50,208 | 13,089 | (7,901) | 55,396 | 49,908 |
| Office equipment | 8,730 | 377 | 9,107 | 20 | 4,824 | 731 | - | 5,555 | 3,552 |
| Computer equipment | 37,191 | 948 (455) | 37,684 | 33 | 31,830 | 1,978 | (397) | 33,411 | 4,273 |
| Dies and tools | 159,292 | 53,983 106,288* | 319,563 | 40 | 110,398 | 66,841 | - | 177,239 | 142,324 |
| 2020 | 2,769,111 | 166,484 572,362* (28,944) | 3,479,013 | | 1,251,812 | 271,489 | (11,198) | 1,512,103 | 1,966,910 |

*represents transfer from capital work-in-progress to operating fixed assets.

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE | |
|----------------------------|---------------------|---|---------------------|-------------------|--------------------------|--------------------------------|-----------------|---------------------|---------------------|
| | As at June 30, 2018 | Additions /transfer* / (disposals) | As at June 30, 2019 | Depreciation rate | As at June 30, 2018 | Charge for the year (Note 7.2) | (On disposals) | As at June 30, 2019 | As at June 30, 2019 |
| | (Rupees in '000) | | | | (Rupees in '000) | | | | |
| Owned | | | | | | | | | |
| Freehold land | 1,652 | - | 1,652 | - | - | - | - | - | 1,652 |
| Leasehold land | 29,418 | - | 29,418 | 1.79 | 3,151 | 525 | - | 3,676 | 25,742 |
| Building on freehold land | 189,672 | 2,748 | 192,420 | 10 | 98,079 | 9,228 | - | 107,307 | 85,113 |
| Building on leasehold land | 379,833 | - | 379,833 | 10 | 114,430 | 26,540 | - | 140,970 | 238,863 |
| Plant and machinery | 1,659,596 | 152,401 25,922* (20,769) | 1,817,150 | 10 – 20 | 690,757 | 112,529 | (12,823) | 790,463 | 1,026,687 |
| Furniture and fittings | 25,086 | 4,088 (1,136) | 28,038 | 15 | 10,644 | 2,053 | (561) | 12,136 | 15,902 |
| Vehicles | 100,814 | 29,034 (14,461) | 115,387 | 20 | 46,549 | 14,269 | (10,610) | 50,208 | 65,179 |
| Office equipment | 7,044 | 1,899 (213) | 8,730 | 20 | 3,955 | 1,070 | (201) | 4,824 | 3,906 |
| Computer equipment | 38,233 | 2,180 (3,222) | 37,191 | 33 | 32,508 | 2,347 | (3,025) | 31,830 | 5,361 |
| Dies and tools | 137,657 | 21,635 | 159,292 | 40 | 87,180 | 23,218 | - | 110,398 | 48,894 |
| 2019 | 2,569,005 | 213,985 25,922* (39,801) | 2,769,111 | | 1,087,253 | 191,779 | (27,220) | 1,251,812 | 1,517,299 |

* represents transfer from capital work-in-progress to operating fixed assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|----------------|
| 7.2 Depreciation charge for the year has been allocated as follows : | | | |
| Cost of sales | 24 | 259,931 | 179,929 |
| Distribution cost | 25 | 2,865 | 2,555 |
| Administrative expenses | 26 | 8,693 | 9,295 |
| | | 271,489 | 191,779 |

7.3 Particulars of immovable properties (i.e. freehold land, leasehold land, building on freehold land and building on leasehold land) in the name of the Group, are as follows:

| Location | Use of immovable properties | Total area |
|--|-----------------------------|------------|
| Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan | Manufacturing Facility | 18.4 acres |
| DSU-12B, Downstream Industrial Estate, Pakistan Steel Mills, Bin Qasim Town, Karachi, Karachi city, Sindh | Manufacturing Facility | 6.08 acres |

7.4 Particulars of disposal of each operating fixed asset having book value of five hundred thousand rupees or more, where aggregate book value of that class of assets exceeds five million rupees are as follows:

| Particulars | Cost | Book value | Sales proceeds | Gain / (loss) | Mode of disposal | Particulars of buyer | Relationship |
|---|---------------|------------------------------|----------------|---------------|------------------|----------------------|-----------------------|
| Plant and machinery | | | | | | | |
| | | ----- (Rupees in '000) ----- | | | | | |
| Tractor YTO X 750 | 1,483 | 1,090 | 900 | (190) | Negotiation | Mr. Ajmal | Independent purchaser |
| Tractor YTO X 750 | 1,490 | 1,054 | 1,000 | (54) | Negotiation | Mr. Shahid | Independent purchaser |
| Tractor YTO X 850 | 1,534 | 1,211 | 1,000 | (211) | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Tractor YTO-ELX 1034 | 2,638 | 2,216 | 2,600 | 384 | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Tractor YTO-BF-75 4 Wheel | 1,452 | 1,428 | 1,600 | 172 | Negotiation | Syed Hassan Raza | Independent purchaser |
| Tractor YTO-BF-75 4 Wheel | 1,496 | 1,459 | 1,600 | 141 | Negotiation | Mr. Mohsin Ali Khan | Independent purchaser |
| Vehicles | | | | | | | |
| Toyota Corolla | 1,628 | 550 | 1,010 | 460 | Group policy | Mr. Tahir Ijaz | Ex-employee |
| Toyota Corolla | 1,752 | 581 | 581 | - | Group policy | Mr. Zia Alam | Ex-employee |
| Toyota Corolla | 1,863 | 860 | 900 | 40 | Group policy | Mr. Shiraz Ahmed | Ex-employee |
| Toyota Corolla | 1,642 | 883 | 1,610 | 727 | Group policy | Mr. Danish Abrar | Ex-employee |
| Toyota Corolla | 2,154 | 1,495 | 2,150 | 655 | Negotiation | Mr. Ghulam Abbas | Ex-employee |
| Toyota Corolla | 2,679 | 2,288 | 2,960 | 672 | Negotiation | Mr. Asif Bashir | Independent purchaser |
| Suzuki Cultus | 1,568 | 1,200 | 1,340 | 140 | Group policy | Mr. Sabir Ali | Ex-employee |
| | 23,379 | 16,315 | 19,251 | 2,936 | | | |
| Operating fixed assets having WDV less than Rs. 0.5 million | 5,565 | 1,708 | 1,976 | 268 | Various | Various | |
| 2020 | 28,944 | 18,023 | 21,227 | 3,204 | | | |
| 2019 | 39,801 | 12,581 | 13,569 | 988 | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- |
|---|---|--------------------------------------|----------------|
| 7.5 Capital work in progress | | | |
| Building on leasehold land | | - | 37,262 |
| Plant and machinery | | 143,763 | 528,306 |
| Building on freehold land | | 48,795 | 6,608 |
| | 7.5.1 | <u>192,558</u> | <u>572,176</u> |
| 7.5.1 Movement in capital work-in-progress is as follows: | | | |
| As at July 01 | | 572,176 | 103,066 |
| Capital expenditure incurred / advances made during the year | | 200,541 | 497,682 |
| Transfer to operating fixed assets during the year | 7.1 | (572,362) | (25,922) |
| Charged off during the year | | (7,797) | (2,650) |
| As at June 30 | | <u>192,558</u> | <u>572,176</u> |
| 8 RIGHT-OF-USE ASSETS | | | |
| As at July 01 | | - | - |
| Impact of initial application of IFRS 16 (note 4.1.1) | | 23,428 | - |
| Depreciation charged during the year | 8.1 | (8,077) | - |
| As at June 30 | | <u>15,351</u> | <u>-</u> |
| 8.1 Depreciation charge for the year has been allocated as follows : | | | |
| Cost of sales | 24 | 5,632 | - |
| Distribution cost | 25 | 781 | - |
| Administrative expenses | 26 | 1,664 | - |
| | | <u>8,077</u> | <u>-</u> |
| 9 INTANGIBLE ASSET | | | |
| Cost | | | |
| As at July 01 | | 10,736 | 9,452 |
| Additions during the year | 9.1 | 64,766 | 1,284 |
| As at June 30 | | <u>75,502</u> | <u>10,736</u> |
| Accumulated amortisation | | | |
| As at July 01 | | (4,085) | (1,589) |
| Charge for the year | 24 | (11,831) | (2,496) |
| As at June 30 | | <u>(15,916)</u> | <u>(4,085)</u> |
| Net book value as at June 30 | | <u>59,586</u> | <u>6,651</u> |
| Annual rate of amortisation | | <u>20%</u> | <u>20%</u> |
| 9.1 | This represents development costs incurred in respect of parts for upcoming models of motor vehicles. | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|-----------|
| 10 LONG-TERM DEPOSITS | | | |
| Security deposits - considered good | 10.1 | 13,438 | 13,438 |
| 10.1 | | | |
| Represent interest free deposits. | | | |
| 11 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 73,833 | 72,344 |
| Spares | | 41,514 | 44,736 |
| Loose tools | | 5,469 | 6,633 |
| | | 120,816 | 123,713 |
| 12 STOCK-IN-TRADE | | | |
| Raw material | | 1,731,879 | 1,086,127 |
| Packing material | | 3,959 | 3,475 |
| Work-in-process | | 49,188 | 43,441 |
| Finished goods | | 65,860 | 75,914 |
| Goods-in-transit | | 86,319 | 392,307 |
| | | 1,937,205 | 1,601,264 |
| 12.1 | | | |
| Write down of stock-in-trade to Net realizable value during the year amounted to Rs. 77.569 million (2019: Rs. 12.618 million). | | | |
| 12.2 | | | |
| Reversal of write down of stock-in-trade to Net realizable value during the year amounted to Rs. Nil (2019: Rs. 7.806 million). | | | |
| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
| 13 TRADE DEBTS - unsecured | | | |
| Considered good | | 492,234 | 985,768 |
| Considered doubtful | | 663 | 602 |
| Allowance for expected credit losses | 13.1 | (663) | (602) |
| | | - | - |
| | | 492,234 | 985,768 |
| 13.1 | | | |
| This includes an amount of Rs. 3.99 million (2019: Nil) receivable from Thal Boshoku Pakistan (Private) Limited, against sales made by the Group. | | | |
| 13.2 | | | |
| The amount due from the related party is neither passed due nor impaired. The maximum aggregate amount receivable from the related party at the end of any month during the year was Rs 3.99 million (2019: Nil). | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| 13.1 Movement in allowance for expected credit losses: | | | |
| As at July 01 | | 602 | 595 |
| Charge for the year | | 61 | 7 |
| As at June 30 | | 663 | 602 |
| 14 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advances – unsecured, considered good | | | |
| Contractors | | 3,120 | 15,714 |
| Employees | | 756 | 1,217 |
| Suppliers | | 2,135 | 48 |
| | | 6,011 | 16,979 |
| Deposits | | 577 | 425 |
| Prepayments | | | |
| Insurance | | 5,321 | 4,925 |
| Rent | | - | 3,810 |
| Others | | 6,247 | 2,850 |
| | | 11,568 | 11,585 |
| Other receivables - secured, considered good | 14.1 | 123,760 | 311,063 |
| | | 141,916 | 340,052 |
| 14.1 This includes an amount of Rs. 28.67 million (2019: Rs. 305.47 million) and Rs. 95.09 million (2019: Rs. Nil) receivable against LC margins and claim against Additional custom duty from a customer respectively. | | | |
| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
| 15 SHORT-TERM INVESTMENTS | | | |
| At amortised cost | | | |
| Term deposit receipts | 15.1 | 443,000 | 134,000 |
| Accrued profit thereon | | 291 | 937 |
| | | 443,291 | 134,937 |
| At fair value through profit or loss | | | |
| Mutual funds - open ended | | | |
| 4,847,847 units (2019: 5,323,943 units) at NAV of Rs.10.5282 each (2019: Rs. 9.875) | | 51,038 | 52,576 |
| | | 494,329 | 187,513 |
| 15.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate of 5.75% to 7% (2019: 5.85% to 10.25%) per annum and will mature by August 29, 2020 and September 25, 2020. | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|----------------------------------|-------------|--------------------------------------|--------------------------------------|
| 16 CASH AND BANK BALANCES | | | |
| In hand | | 91 | 84 |
| With banks in | | | |
| - current accounts | | 42,744 | 109,972 |
| - deposit accounts | 16.1 & 16.2 | 88,360 | 64,322 |
| | | 131,104 | 174,294 |
| | | 131,195 | 174,378 |

16.1 These carry profit rates ranging from 7.1% to 13.1% (2019: 9.5% to 10.25%) per annum.

16.2 Represents deposits and saving accounts placed with conventional banks under interest / mark-up arrangements.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2020 Number of shares in ('000) | 2019 | Ordinary shares of Rs. 5/- each | 2020 ----- (Rupees in '000) ----- | 2019 |
|------------------------------------|---------------|---------------------------------|--------------------------------------|----------------|
| 22,800 | 22,800 | Fully paid in cash | 114,000 | 114,000 |
| 6,000 | 6,000 | Issued as bonus shares | 30,000 | 30,000 |
| 28,800 | 28,800 | | 144,000 | 144,000 |

17.1 Thal Limited - an associated company held 2,115,600 (2019: 2,115,600) ordinary shares of Rs. 5/- each in the Holding Company as at the date of statement of financial position.

| | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| 18 DEFERRED TAXATION - net | | |
| Taxable temporary differences arising due to: | | |
| - accelerated tax depreciation | 195,551 | 144,427 |
| Deductible temporary differences arising due to: | | |
| - provisions and lease liabilities | (111,613) | (79,647) |
| - unused tax losses | (21,815) | - |
| | 62,123 | 64,780 |

19 LEASE LIABILITIES

The Group has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. Incidental expense related to these leases are borne by the Group. The weighted average incremental borrowing rate of the Group is 14% (2019: Nil) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|------|--------------------------------------|---------|
| Lease liabilities | | 15,037 | - |
| Current maturity of lease liabilities | 19.1 | (6,325) | - |
| | | 8,712 | - |
| 19.1 Movement of lease liabilities: | | | |
| As at July 01 | | - | - |
| Impact of initial application of IFRS 16 (note 4.1.1) | | 21,565 | - |
| Finance cost during the year | | 2,141 | - |
| Payments during the year | | (8,669) | - |
| As at June 30 | | 15,037 | - |
| Current maturity of lease liabilities | | (6,325) | - |
| | | 8,712 | - |
| 19.2 The maturity analysis of lease liabilities as at the reporting date is as follows: | | | |
| Up to one year | | 6,325 | - |
| After one year | | 8,712 | - |
| Total lease liabilities | | 15,037 | - |
| 19.3 Expenses relating to short-term leases amounted to Rs. 6.051 million (2019: Nil) during the year. | | | |
| 20 TRADE AND OTHER PAYABLES | | | |
| Creditors | 20.1 | 100,992 | 102,165 |
| Accrued liabilities | | 488,535 | 300,769 |
| Royalty payable | | 25,386 | 35,198 |
| Advance from customer | | 225,762 | 1,059 |
| Payable to provident fund | 20.2 | 2,542 | 2,575 |
| Withholding tax payable | | 1,301 | 11,785 |
| Workers' Profit Participation Fund | 20.3 | 4,731 | 33,568 |
| Workers' Welfare Fund | | 821 | 27,446 |
| Warranty obligations | 20.4 | 113,285 | 102,127 |
| Others | | 6,877 | 4,847 |
| | | 970,232 | 621,539 |
| 20.1 This includes an amount of Rs. 0.07 million (2019: 0.05 million) payable to Shabbir Tiles and Ceramics Limited, a related party of the Group. | | | |
| 20.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--|--|--------------------------------------|-------------|
| 20.3 Workers' Profit Participation Fund | | | |
| As at July 01 | | 33,568 | 845 |
| Allocation for the year | 27 | 4,731 | 73,568 |
| | | 38,299 | 74,413 |
| Payment made during the year | | (33,568) | (40,845) |
| As at June 30 | | 4,731 | 33,568 |
| 20.4 Warranty obligations | | | |
| As at July 01 | | 102,127 | 77,464 |
| Provision for the year | 25 | 15,076 | 28,513 |
| | | 117,203 | 105,977 |
| Claims paid during the year | | (3,918) | (3,850) |
| As at June 30 | | 113,285 | 102,127 |
| 21 UNPAID DIVIDEND / UNCLAIMED DIVIDEND | | | |
| Subsequent to the year end, the Group has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly. | | | |
| 22 CONTINGENCIES AND COMMITMENTS | | | |
| 22.1 Contingencies | | | |
| As at the reporting date, total outstanding claims on the Group by certain vendors amounted to Rs. 7.34 million (2019: Nil). The management of the Group is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these consolidated financial statements. | | | |
| 22.2 Commitments | | | |
| 22.2.1 | Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 303.629 million (2019: Rs. 405.049 million). | | |
| 22.2.2 | Commitments in respect of capital expenditure amounting to Rs. 37.314 million (2019: Rs. 81.982 million). | | |
| 22.2.3 | Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 9.01 million (2019: Rs. 0.385 million). | | |
| | | 2020 ----- (Rupees in '000) ----- | 2019 |
| 23 TURNOVER – net | | | |
| Sales | | 6,152,296 | 11,863,964 |
| Trade discount | | (161) | (170) |
| Sales tax | | (907,484) | (1,735,225) |
| | | (907,645) | (1,735,395) |
| | | 5,244,651 | 10,128,569 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

23.1 Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 1.059 million (2019: Rs. 15.7 million).

| | | 2020 | 2019 |
|---|------|------------------------------|-------------|
| | Note | ----- (Rupees in '000) ----- | |
| 24 COST OF SALES | | | |
| Raw material consumed | | | |
| Opening stock | 12 | 1,086,127 | 1,031,827 |
| Purchases | | 4,432,489 | 7,072,041 |
| | | 5,518,616 | 8,103,868 |
| Closing stock | 12 | (1,731,879) | (1,086,127) |
| | | 3,786,737 | 7,017,741 |
| Manufacturing expenses | | | |
| Salaries, wages and benefits | | 459,898 | 562,670 |
| Stores, spares and loose tools consumed | | 136,334 | 220,734 |
| Fuel and power | | 93,701 | 100,058 |
| Amortization | 9 | 11,831 | 2,496 |
| Royalty | | 35,903 | 70,006 |
| Depreciation on operating fixed assets | 7.2 | 259,931 | 179,929 |
| Depreciation on right-of-use assets | 8.1 | 5,632 | - |
| Transportation and travelling | | 75,776 | 118,206 |
| Repairs and maintenance | | 79,218 | 104,952 |
| Packing material consumed | | 15,395 | 30,562 |
| Rent, rates and taxes | | 1,271 | 7,234 |
| Research and development costs | | 7,087 | 11,791 |
| Insurance | | 4,489 | 5,263 |
| Communications and professional fee | | 6,211 | 5,607 |
| Printing and stationery | | 967 | 1,839 |
| Others | | 8,497 | 12,371 |
| | | 1,202,141 | 1,433,718 |
| Work-in-process | | | |
| Opening stock | 12 | 43,441 | 48,913 |
| Closing stock | 12 | (49,188) | (43,441) |
| | | (5,747) | 5,472 |
| Cost of goods manufactured | | 4,983,131 | 8,456,931 |
| Finished goods | | | |
| Opening stock | 12 | 75,914 | 66,401 |
| Closing stock | 12 | (65,860) | (75,914) |
| | | 10,054 | (9,513) |
| | | 4,993,185 | 8,447,418 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

24.1 Royalty paid during the year (excluding Sindh Sales Tax on services) comprise of the following:

| Company name | Address | Relationship with the Group | 2020 ----- (Rupees in '000) ----- | 2019 |
|------------------------------------|--|-----------------------------|--------------------------------------|--------|
| KYB Corporation | World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan | Technical Partner | 23,799 | 23,701 |
| Aisin Seiki Co., Ltd | 2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan | Technical Partner | 972 | 993 |
| Ride Control LLC | 750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA | Technical Partner | 2,786 | 5,500 |
| Ogihara (Thailand) Company Limited | 172 Ladkrabang Industrial Estate, Soi Chalongkrung 31, Chalongkrung Rd, Lamplathi, Ladkrabang, Bangkok 10520 | Technical Partner | 18,156 | 31,120 |
| | | Note | 2020 ----- (Rupees in '000) ----- | 2019 |

25 DISTRIBUTION COST

| | | | |
|--|------|---------------|---------|
| Salaries, wages and benefits | | 18,037 | 19,529 |
| Advertisement and sales promotion | | 9,197 | 40,095 |
| Carriage and forwarding | | 21,489 | 39,769 |
| Travelling and conveyance | | 2,907 | 3,220 |
| Depreciation on operating fixed assets | 7.2 | 2,865 | 2,555 |
| Depreciation on right-of-use assets | 8.1 | 781 | - |
| Provision for warranty claims | 20.4 | 15,076 | 28,513 |
| Trade debts written-off | | - | 101 |
| Rent, rates and taxes | | 204 | 263 |
| Communications | | 235 | 541 |
| Insurance | | 2,178 | 2,191 |
| Repairs and maintenance | | 1,682 | 1,042 |
| Others | | 795 | 423 |
| | | 75,446 | 138,242 |

26 ADMINISTRATIVE EXPENSES

| | | | |
|--|------|----------------|---------|
| Salaries, wages and benefits | | 88,825 | 92,887 |
| Legal and professional charges | | 74,804 | 73,307 |
| Travelling and conveyance | | 15,895 | 18,269 |
| Repairs and maintenance | | 22,182 | 16,948 |
| Depreciation on operating fixed assets | 7.2 | 8,693 | 9,295 |
| Depreciation on right-of-use assets | 8.1 | 1,664 | - |
| Security services | | 11,820 | 9,643 |
| Communications and professional fee | | 3,333 | 4,541 |
| Printing and stationery | | 1,564 | 4,039 |
| Rent, rates and taxes | | 6,051 | 7,368 |
| Utilities | | 2,028 | 1,699 |
| Auditors' remuneration | 26.1 | 2,760 | 2,344 |
| Insurance | | 1,847 | 1,613 |
| Fuel and power | | 258 | 104 |
| Others | | 5,398 | 3,421 |
| | | 247,122 | 245,478 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--|------|--------------------------------------|----------------|
| 26.1 Auditors' remuneration | | | |
| Audit fee for standalone financial statements | | 1,225 | 1,225 |
| Audit fee for consolidated financial statements | | 175 | 175 |
| Fee for review of half yearly financial statements | | 170 | 170 |
| Other certifications | | 848 | 472 |
| Out of pocket expenses | | 342 | 302 |
| | | 2,760 | 2,344 |
| 27 OTHER EXPENSES | | | |
| Workers' Profit Participation Fund | 20.3 | 4,731 | 73,568 |
| Workers' Welfare Fund | | - | 27,010 |
| Donations | 27.1 | 2,575 | 11,927 |
| Allowance for expected credit loss | | 238 | 7 |
| | | 7,544 | 112,512 |
| 27.1 Donation to following parties equals to or exceeds 10% of the Group's total donations or Rs. 1 million, whichever is higher: | | | |
| | | 2020 ----- (Rupees in '000) ----- | 2019 |
| Habib Educational Trust | | 2,000 | 4,300 |
| Mohammedali Habib Welfare Trust | | - | 4,000 |
| Markaz-e-Umeed | | - | 1,500 |
| None of the directors or their spouses had any interest in the donees except for Ms. Ayesha T. Haq (independent director) who is a member of Board of Governors in Professional Education Foundation (PEF). Donation given to PEF during the year amounted to Rs. Nil (2019: 0.2 million). | | | |
| 28 OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on: | | | |
| - short-term investments - term deposit receipts | | 23,593 | 30,274 |
| - deposit accounts | | 18,458 | 23,756 |
| | 28.1 | 42,051 | 54,030 |
| (Loss) / gain on disposal of short-term investments - mutual funds | | (47) | 229 |
| Unrealised (loss) / gain on short-term investments- mutual funds | | (2,000) | 189 |
| Reversal of allowance for expected credit losses | | 177 | - |
| Liabilities no longer payable - written back | | 403 | - |
| Dividend income: | | | |
| - short-term investments - mutual funds | | 5,882 | 6,096 |
| | | 5,882 | 6,096 |
| Income from non-financial assets | | | |
| Gain on disposal of operating fixed assets | 7.4 | 3,481 | 988 |
| Scrap sales | | 4,402 | 10,929 |
| Miscellaneous income | | 2,537 | - |
| | | 10,420 | 11,917 |
| | | 56,886 | 72,461 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

2020

2019

----- (Rupees in '000) -----

28.1

Represents profit earned under conventional banking relationship.

29

TAXATION

Current

For the year

Prior

Super tax

Deferred

79,780

6,346

-

86,126

(2,657)

83,469

199,068

(140)

14,357

213,285

(11,231)

202,054

29.1

Provision for current tax has been made on the basis of minimum tax under section 113 of Income Tax Ordinance 2001 (the Ordinance), accordingly tax expense reconciliation with the accounting profit is not presented.

30

EARNINGS PER SHARE – basic and diluted

There is no dilutive effect on the basic earnings per share of the Group, which is based on:

Note

2020

----- (Rupees in '000) -----

2019

Net (loss) / profit for the year

Weighted average number of ordinary shares outstanding during the year (shares in '000)

(Loss) / earning per share (Rs.)

(108,438)

28,800

(3.77)

1,054,698

28,800

36.62

31

CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation

Adjustments for:

Depreciation and amortisation

Finance costs

(Reversal) / allowance for expected credit losses

Liabilities no longer payable - written back

Trade debts written off

Profit on short-term investments - term deposit receipts

Profit on deposit accounts

Dividend income

Capital work-in-progress charged off

Gain on disposal of operating fixed assets

Loss / (gain) on disposal of short-term investments - mutual funds

7.2, 8 & 9

28

28

28

7.5.1

28

28

291,397

2,991

(177)

(403)

-

(23,593)

(18,458)

(5,882)

7,797

(3,481)

47

250,238

225,269

194,275

628

7

-

101

(30,274)

(23,756)

(6,096)

2,650

(988)

(229)

136,318

1,393,070

Decrease / (increase) in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Advances, deposits, prepayments and other receivables

Sales tax receivable

Increase in current liabilities

Trade and other payables

2,897

(335,941)

492,964

196,273

(81,866)

274,327

349,843

849,439

(27,925)

(144,918)

(411,625)

(287,007)

(49,734)

(921,209)

109,274

581,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 |
|--|------|--------------------------------------|----------------|
| 32 CASH AND CASH EQUIVALENTS | | | |
| Short-term investments - term deposit receipts | 15 | 443,000 | 134,000 |
| Cash and bank balances | 16 | 131,195 | 174,378 |
| | | <u>574,195</u> | <u>308,378</u> |

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

33.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates which are discussed below:

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk in respect of bank deposits and term deposit receipts. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Group's loss for the year by Rs. 5 million (2019: Rs. 1.779 million) and a 1% decrease would result in the increase in the Group's loss for the year by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) 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. As at June 30, 2020, the Group does not have any financial assets or financial liabilities which are denominated in foreign currencies.

33.2 Credit risk

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

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

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| | Note | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| The maximum exposure to credit risk at reporting date is as follows: | | | |
| Long-term deposits | 10 | 13,438 | 13,438 |
| Trade debts | 13 | 492,234 | 985,768 |
| Deposits | 14 | 577 | 425 |
| Other receivables | 14 | 123,760 | 311,063 |
| Short-term investments | 15 | 494,329 | 187,513 |
| Bank balances | 16 | 131,104 | 174,294 |
| | | <u>1,255,442</u> | <u>1,672,501</u> |

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

| | 2020 ----- (Rupees in '000) ----- | 2019 ----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| Trade debts | | |
| The analysis of trade debts is as follows: | | |
| Neither past due nor impaired | 441,495 | 819,937 |
| - 30 to 90 days | 35,027 | 165,831 |
| - 91 to 180 days | 15,070 | - |
| - 181 to 360 days | 642 | - |
| | <u>492,234</u> | <u>985,768</u> |
| Bank balances | | |
| Ratings | | |
| AAA | 7,295 | - |
| AA+ | 63,311 | - |
| A-1+ | 60,498 | 174,294 |
| | <u>131,104</u> | <u>174,294</u> |
| Short-term investments | | |
| Ratings | | |
| A-1+ | 494,329 | 164,576 |
| AA(f) | - | 22,053 |
| | <u>494,329</u> | <u>186,629</u> |

33.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management of the Group believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Group on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| 2020 | Not later than 3 months | Later than 3 months but not more than a year (Rupees in '000) | 1 to 5 years | Total |
|--------------------------|-------------------------|--|--------------|----------------|
| Trade and other payables | 663,050 | 75,000 | - | 738,050 |
| Lease liabilities | 6,000 | 325 | 8,712 | 15,037 |
| Unpaid dividend | 11,971 | - | - | 11,971 |
| Unclaimed dividend | 20,271 | - | - | 20,271 |
| | 701,292 | 75,325 | 8,712 | 785,329 |

| 2019 | Not later than 3 months | Later than 3 months but not more than a year (Rupees in '000) | 1 to 5 years | Total |
|--------------------------|-------------------------|--|--------------|----------------|
| Trade and other payables | 589,529 | 57,885 | - | 647,414 |
| Lease liabilities | - | - | - | - |
| Unpaid dividend | 7,211 | - | - | 7,211 |
| Unclaimed dividend | 23,055 | - | - | 23,055 |
| | 619,795 | 57,885 | - | 677,680 |

34 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue to provide returns for shareholders and benefit 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 and working capital. The capital structure of the Group is equity based with no financing through long-term borrowings.

35 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

| | Fair value measurement using | | | Total |
|--|------------------------------|----------|----------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| | (Rupees in '000) | | | |
| Short-term investments - mutual funds | | | | |
| June 30, 2020 | 51,038 | - | - | 51,038 |
| June 30, 2019 | 52,576 | - | - | 52,576 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

36 CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:

| | 2020 | | 2019 | |
|---|---|-------------------|---|-------------------|
| | Unclaimed & Unpaid dividend ----- (Rupees in '000) ----- | Lease liabilities | Unclaimed & Unpaid dividend ----- (Rupees in '000) ----- | Lease liabilities |
| As at July 01 | 30,266 | - | 26,020 | - |
| Changes from financing cash flows | | | | |
| Dividend paid during the year | (199,624) | - | (441,356) | - |
| Payments made during the year | - | (8,669) | - | - |
| | (199,624) | (8,669) | (441,356) | - |
| Other changes | | | | |
| Dividend declared during the year | 201,600 | - | 445,602 | - |
| Impact of initial application of IFRS 16 (note 4.1.1) | - | 21,565 | - | - |
| Finance cost during the year | - | 2,141 | - | - |
| Additions during the year | - | - | - | - |
| | 201,600 | 23,706 | 445,602 | - |
| As at June 30 | 32,242 | 15,037 | 30,266 | - |

37 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

37.1 The aggregate amount charged in the consolidated financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Group are as follows:

| | 2020 | | 2019 | |
|-------------------------|------------------------------|------------|------------------------------|------------|
| | Chief executive | Executives | Chief executive | Executives |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| Managerial remuneration | 19,600 | 63,649 | 18,149 | 57,132 |
| Bonus | 4,800 | 8,169 | 6,612 | 13,374 |
| Retirement benefits | 1,633 | 2,818 | 1,512 | 2,100 |
| Utilities | - | 216 | - | 167 |
| Medical expenses | 52 | 373 | 54 | 424 |
| | 26,085 | 75,225 | 26,327 | 73,197 |
| Number of persons | 1 | 16 | 1 | 14 |

37.2 The Chief Executive and certain executives are also provided with free use of Group's maintained vehicles in accordance with the Group's policy.

37.3 Three non-executive directors (2019: Three) have been paid fees of Rs. 1.403 million (2019: Rs. 2.025 million) for attending board and other meetings.

38 TRANSACTIONS WITH RELATED PARTIES

38.1 Related parties of the Group comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Group. Detail of transactions with related parties during the year, other than disclosed elsewhere in these consolidated financial statements, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

| Name of related party and relationship with the Group | Nature of transactions | Percentage of share holding in the Holding Company | 2020 ----- (Rupees in '000) ----- | 2019 |
|---|---------------------------------|--|--------------------------------------|--------|
| Associated Companies (Common directorship) | | | | |
| Auvitronics Limited | Purchase | Nil | - | 2,149 |
| Thal Limited | Dividend paid | 7.35 | 14,809 | 24,329 |
| Shabbir Tiles & Ceramics Limited | Purchases | Nil | 865 | 103 |
| Thal Boshoku Pakistan (Private) Limited | Sales | Nil | 8,148 | - |
| Retirement benefits fund | | | | |
| Employees' Provident Fund | Contribution | Nil | 12,950 | 11,547 |
| Key management personnel | Remuneration and other benefits | Nil | 38,815 | 39,254 |

38.2 The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the consolidated financial statements.

38.3 Details of compensation to the key management personnel have been disclosed in the note 37 to the consolidated financial statements.

39 PRODUCTION CAPACITY

The production capacity of the Group cannot be determined as this depends on the relative proportions of various types of vehicles and agricultural tractors produced by OEMs.

40 UNUTILIZED CREDIT FACILITIES

As of the statement of financial position date, the Group has unutilized facilities for short-term running finance available from various banks amounted to Rs. 410 million (2019: 410 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.25% to 1.25% (2019: 1 to 3 months KIBOR plus rates varying from 0.25% to 1.25%). The facilities are secured by way of pari passu hypothecation of Group's stock-in-trade, stores, spares, loose tools and trade debts.

41 NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

41.1 The Board of Directors in its meeting held on August 27, 2020 (i) approved the transfer of Rs. Nil million (2019: Rs.300 million) from unappropriated profits to general reserve and (ii) proposed cash dividend of Re.1 per share (2019: Rs. 7 per share) for the year ended June 30, 2020 amounting to Rs. 28.8 million (2019: Rs. 201.6 million) for approval of the members at the Annual General Meeting to be held on October 22, 2020.

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

42 NUMBER OF EMPLOYEES

Total number of employees as at June 30
Average number of employees during the year

| | |
|-----|-----|
| 840 | 910 |
| 890 | 910 |

43 INFORMATION ABOUT OPERATING SEGMENTS

The activities of the Group are organized into one operating segment i.e. manufacture and sale of automotive parts. The Group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements relates to the Group's only reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan. One of the customer, accounts for more than 10% of the Group's sales.

44 COVID-19 OUTBREAK AND ITS IMPACT ON CONSOLIDATED FINANCIAL STATEMENTS

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Group temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Group believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Group was impacted by COVID-19 in the period of lockdown and in addition, the Group had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors which contributed towards overall decrease in revenues by approximately 22% along with the corresponding variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of Inventory under IAS 2, "Inventories"

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these consolidated financial statements except for the decrease in revenue and corresponding variable cost and variable overheads as stated above.

45 GENERAL

45.1 Figures have been rounded off to the nearest thousands unless otherwise stated.

45.2 Certain prior year's figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report.

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 27, 2020 by the Board of Directors of the Group.



Salman Burney
Director



Fahim Kapadia
Chief Executive



Jawwad Haqqi
Chief Financial Officer

PATTERN OF **SHAREHOLDING**

AS AT JUNE 30, 2020

| No. of Shareholders | Size of Shareholding | | Total Shares Held |
|---------------------|----------------------|---------|-------------------|
| | From | To | |
| 1,704 | 1 | 100 | 48,595 |
| 809 | 101 | 500 | 201,594 |
| 324 | 501 | 1000 | 236,079 |
| 358 | 1001 | 5000 | 804,547 |
| 57 | 5001 | 10000 | 418,736 |
| 35 | 10001 | 15000 | 435,514 |
| 18 | 15001 | 20000 | 316,113 |
| 18 | 20001 | 25000 | 426,748 |
| 19 | 25001 | 30000 | 518,528 |
| 8 | 30001 | 35000 | 263,132 |
| 7 | 35001 | 40000 | 268,594 |
| 5 | 40001 | 45000 | 212,205 |
| 8 | 45001 | 50000 | 387,423 |
| 1 | 50001 | 55000 | 51,000 |
| 2 | 55001 | 60000 | 114,938 |
| 6 | 60001 | 65000 | 369,299 |
| 1 | 65001 | 70000 | 66,033 |
| 1 | 70001 | 75000 | 75,000 |
| 4 | 75001 | 80000 | 307,624 |
| 5 | 85001 | 90000 | 435,488 |
| 2 | 90001 | 95000 | 188,659 |
| 2 | 95001 | 100000 | 198,362 |
| 1 | 105001 | 110000 | 107,900 |
| 3 | 115001 | 120000 | 357,892 |
| 1 | 120001 | 125000 | 123,741 |
| 1 | 130001 | 135000 | 131,832 |
| 1 | 140001 | 145000 | 145,000 |
| 3 | 145001 | 150000 | 442,869 |
| 1 | 160001 | 165000 | 162,122 |
| 1 | 165001 | 170000 | 165,600 |
| 1 | 190001 | 195000 | 191,661 |
| 3 | 195001 | 200000 | 600,000 |
| 1 | 205001 | 210000 | 207,500 |
| 1 | 215001 | 220000 | 216,600 |
| 1 | 260001 | 265000 | 262,000 |
| 1 | 280001 | 285000 | 280,920 |
| 1 | 345001 | 350000 | 347,600 |
| 4 | 360001 | 365000 | 1,451,545 |
| 1 | 380001 | 385000 | 381,800 |
| 1 | 395001 | 400000 | 398,500 |
| 1 | 435001 | 440000 | 436,300 |
| 1 | 450001 | 455000 | 451,080 |
| 1 | 475001 | 480000 | 476,500 |
| 1 | 525001 | 530000 | 525,626 |
| 4 | 595001 | 600000 | 2,400,000 |
| 1 | 885001 | 890000 | 886,900 |
| 1 | 945001 | 950000 | 948,000 |
| 1 | 1065001 | 1070000 | 1,069,020 |
| 1 | 1245001 | 1250000 | 1,248,139 |
| 1 | 2115001 | 2120000 | 2,115,600 |
| 1 | 5920001 | 5925000 | 5,923,542 |
| 3,435 | | | 28,800,000 |

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

| No. | Categories of Shareholders | No. of Shares Held | Category-wise No. of Folios /CDC Accounts | Category-wise Shares Held | Percentage (%) |
|-----|--|--------------------|---|---------------------------|----------------|
| 1 | Individuals | | 3,283 | 9,294,746 | 32.27 |
| 2 | Investment Companies | | 4 | 11,729 | 0.04 |
| 3 | Joint Stock Companies | | 38 | 961,415 | 3.34 |
| 4 | Directors, Chief Executive Officer and Their Spouse and Minor Children | | 7 | 13,000 | 0.05 |
| | Yutaka Arae | 1,000 | | | |
| | Fahim Kapadia | 3,000 | | | |
| | Hamza Habib | 1,000 | | | |
| | Sohail P. Ahmed | 1,000 | | | |
| | Muhammed Salman Burney | 5,000 | | | |
| | Muhammad Ali Jameel | 1,000 | | | |
| | Ayesha T. Haq | 1,000 | | | |
| 5 | Executives | - | - | - | - |
| 6 | Associated Companies, Undertakings and Related Parties | | 1 | 2,115,600 | 7.35 |
| | Thal Limited | | | | |
| 7 | Public Sector Companies and Corporations | | 2 | 122,486 | 0.43 |
| 8 | Banks, DFI's , NBFIs, Insurance Companies, Takaful, Modarabas's and Pension Funds | | 27 | 1,410,794 | 4.90 |
| | Financial Institutions | 1,081,217 | | | |
| | Insurance Companies | 73,100 | | | |
| | Modaraba | 12,300 | | | |
| | Pension Funds | 244,177 | | | |
| 9 | Mutual Funds | | 25 | 2,453,379 | 8.52 |
| | Golden Arrow Selected Stocks Fund Limited | 1,000 | | | |
| | CDC - Trustee Alhamra Islamic Stock Fund | 165,600 | | | |
| | CDC - Trustee Meezan Balanced Fund | 40,200 | | | |
| | CDC - Trustee Unit Trust Of Pakistan | 47,500 | | | |
| | CDC - Trustee AKD Index Tracker Fund | 4,300 | | | |
| | CDC - Trustee Alhamra Islamic Asset Allocation Fund | 37,600 | | | |
| | CDC - Trustee Al Meezan Mutual Fund | 75,000 | | | |
| | CDC - Trustee Meezan Islamic Fund | 436,300 | | | |
| | CDC - Trustee NBP Stock Fund | 7,000 | | | |
| | CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund | 63,000 | | | |
| | CDC - Trustee NBP Islamic Sarmaya Izafa Fund | 1,400 | | | |
| | MCBFSL - Trustee JS Growth Fund | 119,600 | | | |
| | CDC - Trustee NIT-Equity Market Opportunity Fund | 2,500 | | | |
| | CDC - Trustee Lakson Equity Fund | 94,259 | | | |
| | CDC - Trustee National Investment (Unit) Trust | 1,069,020 | | | |
| | CDC - Trustee NBP Islamic Stock Fund | 31,200 | | | |
| | CDC - Trustee NIT Islamic Equity Fund | 150,000 | | | |
| | CDC - Trustee NITIPF Equity Sub-fund | 18,000 | | | |
| | CDC - Trustee NITPF Equity Sub-fund | 5,000 | | | |
| | CDC - Trustee NBP Islamic Active Allocation Equity Fund | 3,600 | | | |
| | CDC - Trustee Meezan Asset Allocation Fund | 40,000 | | | |
| | CDC - Trustee Lakson Tactical Fund | 12,400 | | | |
| | CDC - Trustee Lakson Islamic Tactical Fund | 4,900 | | | |
| | CDC - Trustee - Meezan Dedicated Equity Fund | 20,000 | | | |
| | CDC - Trustee NBP Islamic Regular Income Fund | 4,000 | | | |
| 10 | Foreign Investors | | 20 | 12,216,373 | 42.42 |
| 11 | Co-Operative Societies | | 3 | 1,942 | 0.01 |
| 12 | Charitable Trust | | 1 | 25 | 0.00 |
| 13 | Others | | 24 | 198,511 | 0.69 |
| | TOTAL | | 3,435 | 28,800,000 | 100.00 |

Share-Holders Holding Five(5) Percent or more Voting Interest in the Company

| Name of Share-Holder(s) | No of Shares Held | Description | %Age |
|---------------------------------|-------------------|-----------------------|-------|
| Thal Limited | 2,115,600 | Falls in Category #6 | 7.35 |
| Robert Finance Corporation, AG. | 7,171,681 | Falls in Category #10 | 24.90 |

Detail of trading in the shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor Children has traded in the shares of the Company during the year, except the following:

| | Buy | Sell |
|------------------------|-----|-------|
| Mr. Sohail P. Ahmed | - | 8,599 |
| Non-executive Director | | |

FORM OF PROXY

The Secretary
Agriauto Industries Limited
House of Habib, 5th floor
Shahrah-e-Faisal,
Karachi-75350

I/We _____
of _____ in the district of _____
being a member of Agriauto Industries Limited and holder of _____
_____ Ordinary shares as per Share Register Folio _____
(No. of Shares) _____
No. _____ and/or CDC Participant I.D. No. _____
And Sub. Account No. _____ hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
who is/are also member/s of Agriauto Industries Limited as my/our proxy to vote for me/us and on my/our behalf at
the 39th Annual General Meeting of the Company to be held on October 22, 2020 and at any adjournment thereof.
Signed this _____ day of _____ 2020.

| Folio No. | CDC Participant ID No. | CDC Accoun /Sub-Account No. | No. of Shared held | Signature |
|-----------|------------------------|-----------------------------|--------------------|-----------|
| | | | | |

The signature should agree
with specimen registered
with the Company.

WITNESS 1

Signature _____
Name _____
CNIC /Passport No. _____
Address _____

WITNESS 2

Signature _____
Name _____
CNIC /Passport No. _____
Address _____

Note:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company or Share Registrar of the Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

| فولیو نمبر | CDC اکاؤنٹ / سب اکاؤنٹ نمبر | CDC Participant آئی ڈی نمبر | حصص کی تعداد |
|------------|-----------------------------|-----------------------------|--------------|
| | | | |

گواہان:

گواہان:

اہم نکات:

- برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے :

- i۔ پراکسی کے لیے دولگوں نے گواہی دی وہ جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
ii۔ پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی دی جائیں۔
iii۔ پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
iv۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف آئرنی مع دستخط کے نمونے پراکسی کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی میں جمع کروانی ہوگی۔



Be aware, Be alert, Be safe

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Key messages

- 1. Phishing is a cyber crime where someone impersonates a trusted entity to steal sensitive information.
- 2. Phishing can be done via email, text messages, social media, etc.
- 3. Phishing is a growing threat to individuals and organizations.
- 4. Phishing is a global problem.
- 5. Phishing is a serious threat to the security of your information.
- 6. Phishing is a serious threat to the security of your information.
- 7. Phishing is a serious threat to the security of your information.
- 8. Phishing is a serious threat to the security of your information.

- 9. Phishing is a serious threat to the security of your information.
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- 19. Phishing is a serious threat to the security of your information.
- 20. Phishing is a serious threat to the security of your information.



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Phishing is a serious threat to the security of your information.



Agriauto Industries Limited
5th Floor, House of Habib,
3 Jinnah Cooperative Housing Society,
Shahra-e-Faisal, Karachi-75350, Pakistan,
www.agriauto.com.pk
e-mail: info@agriauto.com.pk