

Agriauto Industries Limited

Condensed Interim Financial Statements
For the Period and Quarter Ended March 31, 2022
(Un-audited)



Company Information

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

Muhammad Ali Jameel
Sohail P. Ahmed
Ayesha T. Haq

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
Member
Member
Member
Member

CHIEF FINANCIAL OFFICER

Hassan Ali Ghazi

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

Bank Al-Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

REGISTERED OFFICE

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

FACTORY

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

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

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors of the Company, we are pleased to present the financial performance of your Company for the nine months and quarter ended March 31, 2022.

THE BOARD OF DIRECTORS

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

| | |
|--|------------------------|
| 1. Mr. Yutuka 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 |

AUDIT COMMITTEE

| | |
|----------------------------|----------|
| 1. Mr. Muhammad Ali Jameel | Chairman |
| 2. Mr. Sohail P. Ahmed | Member |
| 3. Ms. Ayesha T. Haq | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|----------------------------|----------|
| 1. Mr. Muhammad Ali Jameel | Chairman |
| 2. Mr. Salman Burney | Member |
| 3. Mr. Sohail P. Ahmed | Member |
| 4. Mr. Yutuka Arae | Member |
| 5. Mr. Fahim Kapadia | Member |

Financial Highlights

Consolidated

| | For Nine Months July to March | | Rs. in million For Three Months Jan to March | |
|--------------------------|-------------------------------|-------|---|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Turnover | 11,631 | 7,654 | 4,287 | 3,075 |
| Profit before tax | 1,008 | 899 | 360 | 418 |
| Taxation | (282) | (198) | (103) | (124) |
| Profit after tax | 726 | 701 | 257 | 294 |
| Earnings per share (Rs.) | 25.23 | 24.33 | 8.95 | 10.21 |

Consolidated turnover for the nine months ended March 31, 2022 increased from Rs. 7.65 billion to Rs. 11.63 billion compared to corresponding period last year, an increase of 52%. Profit after tax also increased by 4% from Rs. 701 million to Rs. 726 million compared to the corresponding period last year.

Standalone

| | For Nine Months July to March | | Rs. in million For Three Months Jan to March | |
|--------------------------|-------------------------------|-------|---|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Turnover | 6,745 | 5,109 | 2,385 | 1,956 |
| Profit before tax | 456 | 549* | 137 | 195 |
| Taxation | (136) | (53) | (40) | (55) |
| Profit after tax | 320 | 496 | 97 | 140 |
| Earnings per share (Rs.) | 11.13 | 17.25 | 3.37 | 4.89 |

*Includes interim dividend of Rs. 114.4 million from the subsidiary company.

DIRECTORS' REVIEW REPORT

Turnover for the nine months under review was Rs. 6.75 billion compared to Rs. 5.11 billion reflecting an increase of 32% over corresponding period last year mainly due to increase in passenger car segment. In corresponding period last year, tax charge was lower as Company has reversed minimum tax of Rs. 79.8 million which was booked in tax year 2020 due to taxable loss u/s 113 of ITO 2001. However, due to company's profitability in same period this amount was reversed.

Profit as a percentage to sales decreased compared to last year due to volatile foreign exchange and consequent impact, increase in freight and higher financial charges.

Market overview

Auto Sector growth momentum continued during Q3 2021-22 on back of higher demand. Passenger car volumes and light commercial vehicle segment grew by 57% and 43% respectively compared to the nine months ended March 31, 2021. Continued rising inflation is taking its toll on Motorcycle sector with 3% decrease in volumes observed compared to same period last year. Tractor demand remained steady with 13% growth indicating better Agro Economy.

Business Overview

The Board has approved capital expenditure of Rs. 413 million for the expansion of Press Shop to cater expected future business and Rs. 226 million for setting up an Auto Chrome Facility at Hub Plant.

We are pleased to inform that the Solar Power Generation plant which was initiated last year at both Hub and Port Qasim (1 MW each) is completed. The project is part of Company's philosophy to prioritize sustainability, working together towards a better world and benefit our environment, people and communities.

Congestions at major transit ports was eased down in preceding quarter, however owing to COVID lockdowns in China and consequent cargo backlogs at Shanghai port is creating a shockwave which may cause supply chain disruptions going forward. Your company has already taken suitable measures and increased safety stock levels and re-order levels to ensure steady supplies to the customers. This has also momentarily affected Company's working capital cycle which we hope will be normalized going forward.

Agriauto Stamping Company (Pvt.) Limited (ASC)

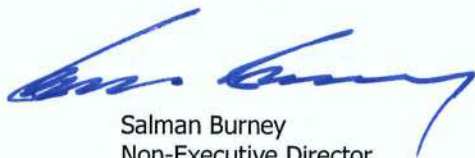
ASC's Board has also approved capital expenditure of Rs. 925 million which includes purchase of two new presses of 1,000 and 500 Tons. After the completion of project company will have two full tandem lines with 4 presses each. This expansion project increases the plant capacity of press parts and to accommodate additional business in future.

Going Forward

We expect sustained demand in short term which will reflect positivity in the financial performance of the Company. Rising global commodity prices and high volatility of US\$ and recent rise in interest rates may disrupt the market momentum.

We would like to express our sincerest appreciation to all our Customers, Shareholders, Dealers, Bankers and foreign technical collaborators for their unabated support and confidence reposed in the Company. We are also thankful to all our employees who have worked diligently for the progress of the Company.

On behalf of the Board of Directors



Salman Burney
Non-Executive Director



Fahim Kapadia
Chief Executive

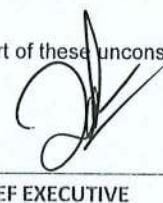
Dated: April 28, 2022

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

| | Note | March 31, 2022 (un-audited) | June 30, 2021 (audited) |
|--|------|-----------------------------------|-------------------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 1,061,576 | 964,476 |
| Right-of-use assets | | 11,896 | 18,740 |
| Intangible asset | | 53,668 | 36,225 |
| Long-term investment | | 1,144,006 | 1,144,006 |
| Long-term deposits | | 7,563 | 6,801 |
| Deferred taxation - net | 7 | 19,282 | 2,547 |
| | | <u>2,297,991</u> | <u>2,172,795</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 140,631 | 107,240 |
| Stock-in-trade | | 2,317,163 | 1,056,905 |
| Trade debts | 8 | 1,027,068 | 792,502 |
| Advances, deposits, prepayments and other receivables | 9 | 687,425 | 552,299 |
| Accrued profit | | 138 | 1,039 |
| Short-term investments | 10 | 38,602 | 122,323 |
| Taxation – net | | 303,461 | 438,325 |
| Cash and bank balances | | 49,579 | 165,517 |
| | | <u>4,564,067</u> | <u>3,236,150</u> |
| TOTAL ASSETS | | <u>6,862,058</u> | <u>5,408,945</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 5/- each | | <u>200,000</u> | <u>200,000</u> |
| Issued, subscribed and paid-up capital | | | |
| 28,800,000 (June 30, 2021: 28,800,000) ordinary shares of Rs. 5/- each | | <u>144,000</u> | <u>144,000</u> |
| Reserves | | <u>4,393,733</u> | <u>4,245,998</u> |
| | | <u>4,537,733</u> | <u>4,389,998</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 3,593 | 13,305 |
| Long-term financing - secured | 11 | 41,774 | - |
| Deferred income | 11 | 4,329 | - |
| | | <u>49,696</u> | <u>13,305</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,394,586 | 890,610 |
| Current maturity of lease liabilities | | 9,992 | 7,425 |
| Current maturity of long-term financing | 11 | 963 | - |
| Sales tax payable | | 24,480 | 36,449 |
| Unpaid dividend | | 8,366 | 11,655 |
| Unclaimed dividend | | 26,971 | 22,857 |
| Short-term running finance | 12 | 809,271 | 36,646 |
| | | <u>2,274,629</u> | <u>1,005,642</u> |
| CONTINGENCIES AND COMMITMENTS | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>6,862,058</u> | <u>5,408,945</u> |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | | Quarter ended | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | -----'(Rupees in '000)----- | | -----'(Rupees in '000)----- | |
| Turnover – net | 6,745,030 | 5,108,670 | 2,385,260 | 1,956,128 |
| Cost of sales | (5,959,469) | (4,403,805) | (2,121,680) | (1,694,836) |
| Gross profit | 785,561 | 704,865 | 263,580 | 261,292 |
| Distribution costs | (115,675) | (93,344) | (41,013) | (34,538) |
| Administrative expenses | (174,853) | (148,499) | (62,458) | (41,888) |
| | (290,528) | (241,843) | (103,471) | (76,426) |
| Operating profit | 495,033 | 463,022 | 160,109 | 184,866 |
| Other expenses | (39,982) | (42,841) | (12,782) | (12,792) |
| Other income | 22,618 | 131,324 | 1,595 | 211 |
| Finance cost | (21,368) | (2,172) | (11,750) | (1,124) |
| | (38,732) | 86,311 | (22,937) | (13,705) |
| Profit before taxation | 456,301 | 549,333 | 137,172 | 171,161 |
| Taxation | | | | |
| - Current | (152,147) | (76,630) | (44,173) | (29,342) |
| - Prior | (352) | - | - | - |
| - Deferred | 16,733 | 24,074 | 3,926 | (25,246) |
| | (135,766) | (52,556) | (40,247) | (54,588) |
| Profit after taxation | 320,535 | 496,777 | 96,925 | 116,573 |
| | ----- (Rupees) ----- | | | |
| Earnings per share - basic and diluted | 11.13 | 17.25 | 3.37 | 4.05 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | | Quarter ended | |
|--|-----------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | -----'(Rupees in '000)----- | | -----'(Rupees in '000)----- | |
| Profit after taxation for the period | 320,535 | 496,777 | 96,925 | 116,573 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>320,535</u> | <u>496,777</u> | <u>96,925</u> | <u>116,573</u> |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2022

| Issued, subscribed and paid-up capital | Reserves | | | Total reserves | Total equity |
|--|--------------------|------------------|-----------|-------------------|-----------------|
| | Capital reserve | Revenue reserves | | | |
| | | Share premium | General | | |
| ----- (Rupees in'000) ----- | | | | | |
| 144,000 | 12,598 | 3,765,000 | (10,198) | 3,767,400 | 3,911,400 |
| - | - | - | (28,800) | (28,800) | (28,800) |
| - | - | - | (144,000) | (144,000) | (144,000) |
| - | - | - | 496,777 | 496,777 | 496,777 |
| - | - | - | - | - | - |
| - | - | - | 496,777 | 496,777 | 496,777 |
| 144,000 | 12,598 | 3,765,000 | 313,779 | 4,091,377 | 4,235,377 |
| 144,000 | 12,598 | 3,765,000 | 468,400 | 4,245,998 | 4,389,998 |
| - | - | - | (172,800) | (172,800) | (172,800) |
| - | - | 200,000 | (200,000) | - | - |
| - | - | - | 320,535 | 320,535 | 320,535 |
| - | - | - | - | - | - |
| - | - | - | 320,535 | 320,535 | 320,535 |
| 144,000 | 12,598 | 3,965,000 | 416,135 | 4,393,733 | 4,537,733 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | |
|---|-------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 456,301 | 549,333 |
| Adjustments for: | | |
| Depreciation and amortisation | 75,631 | 95,882 |
| Finance cost | 21,368 | 2,172 |
| Charge / (reversal) for expected credit losses | 23 | (283) |
| Liabilities no longer payable - written back | - | (1,085) |
| Profit on short-term investments – term deposit receipts | (3,343) | (5,750) |
| Profit on deposit accounts | (1,669) | (5,378) |
| Dividend income | - | (114,401) |
| Capital work-in-progress charged off | 800 | 75 |
| Gain on disposal of operating fixed assets | (2,873) | (1,276) |
| | 546,238 | 519,289 |
| Increase in current assets | (1,674,524) | (133,704) |
| Increase in current liabilities | 497,566 | 111,391 |
| Cash (used in) / generated from operations | (630,720) | 496,976 |
| Finance cost paid | (14,051) | (1,071) |
| Long-term deposits paid | (762) | (167) |
| Income tax paid | (17,635) | (254,440) |
| Net cash (used in) / generated from operating activities | (663,168) | 241,298 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (193,224) | (139,210) |
| Proceeds from disposal of property, plant and equipment | 11,506 | 16,755 |
| Short-term investments in mutual fund redeemed | - | 51,039 |
| Dividend received | - | 114,401 |
| Profit received on short-term investments - term deposit receipts | 3,064 | 5,716 |
| Profit received on deposit accounts | 1,761 | 5,277 |
| Net cash (used in) / generated from investing activities | (176,893) | 53,978 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long-term financing obtained | 47,184 | - |
| Long-term financing repaid | (414) | - |
| Dividends paid | (171,975) | (170,513) |
| Lease rentals paid | (7,297) | (6,245) |
| Net cash used in financing activities | (132,502) | (176,758) |
| Net (decrease) / increase in cash and cash equivalents | (972,563) | 118,518 |
| Cash and cash equivalents at the beginning of the period | 250,871 | 92,615 |
| Cash and cash equivalents at the end of the period | (721,692) | 211,133 |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 49,579 | 89,133 |
| Short-term investments | 38,000 | 122,000 |
| Short-term running finance | (809,271) | - |
| | (721,692) | 211,133 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

1 THE COMPANY AND ITS OPERATIONS

1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

1.2 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary is accounted for at cost less accumulated impairment losses, if any and is not consolidated or accounted for using equity method.

1.3 COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. The Company fully supports the Government's vaccination drive to curb the spread of the virus, hence our staff are now fully vaccinated and in the process of getting booster dose. Management has assessed accounting impact of COVID-19 in these unconsolidated condensed interim financial statements and has concluded that there is no significant accounting and financial impact.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2021.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2021 except for deferred income, loans and borrowings as disclosed in note 4.1 and 4.2 and the adoption of amendments to approved accounting standards adopted during the period as disclosed in note 5.

4.1 Deferred income

The benefit of a long-term finance at a below-market rate of interest is treated as a deferred income, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The deferred income is held on the statement of financial position as a deferred credit and realised to the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

4.2 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

5 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

Amendment:

IFRS 9, IAS 39, IFRS 7, IFRS 4 &
IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

IFRS 16 - COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

| | Note | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|--------------------------------------|-----------|---|---|
| 6 | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 6.1 & 6.2 | 923,054 | 925,960 |
| Capital work-in-progress | 6.3 | 138,522 | 38,516 |
| | | <u>1,061,576</u> | <u>964,476</u> |

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

| | Additions at cost / Transfers Nine months ended March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | | Disposal at NBV Nine months ended March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | |
|------------------------|---|------------------------------|---|------------------------------|
| | | 2021 | | 2021 |
| | | (un-audited) | | (un-audited) |
| | | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- |
| Owned | | | | |
| Building | - | 88,524 | - | - |
| Plant and machinery | 44,568 | 127,481 | 1,942 | 7,337 |
| Furniture and fittings | 2,546 | 500 | - | - |
| Vehicles | 11,449 | 7,097 | 6,609 | 8,045 |
| Office equipment | 443 | - | - | - |
| Computer equipment | 2,693 | 1,939 | 82 | 97 |
| Dies and tools | 31,015 | - | - | - |
| | <u>92,714</u> | <u>225,541</u> | <u>8,633</u> | <u>15,479</u> |

6.2 Depreciation charge for the period amounted to Rs. 86.99 million (March 31, 2021: Rs. 78.65 million).

| | Note | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|---|--------------|---|---|
| 6.3 | | | |
| Capital work-in-progress | | | |
| Balance at the beginning of the period / year | | 38,516 | 170,283 |
| Capital expenditure incurred / advances made during the period / year | | 166,762 | 96,972 |
| Transfer to operating fixed assets during the period / year | | (66,252) | (223,677) |
| Borrowing cost capitalized during the period | 6.3.1 & 11.2 | 296 | - |
| Charged off during the period / year | | (800) | (5,062) |
| Balance at the end of the period / year | | <u>138,522</u> | <u>38,516</u> |

6.3.1 The amount of borrowing costs capitalised during the period ended was Rs. 0.29 million (June 30, 2021: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was ranging from 10.02% to 11.91% per annum, which is the effective interest rate of the specific borrowing.

| | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|--|---|---|
| 7 | | |
| DEFERRED TAXATION - NET | | |
| Deductible temporary differences arising due to: | | |
| - provisions and lease liabilities | 113,868 | 98,273 |
| Taxable temporary differences arising due to: | | |
| - accelerated tax depreciation | (94,586) | (95,726) |
| | <u>19,282</u> | <u>2,547</u> |

8 Includes an amount of Rs. 5.13 million (June 30, 2021: Rs. 15.58 million) and Rs. 3.69 million (June 30, 2021: Rs. 1.95 million) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshoku Pakistan (Private) Limited, an associated company, against sales made by the Company respectively.

9 Includes an amount of Rs. 413.24 million (June 30, 2021: Rs. 299.31 million) against LC margin deposits. Additionally includes Rs. 226.77 million (June 30, 2021: Rs. 226.77 million) with respect to claim against Additional Custom Duty from a customer.

| | | March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | June 30, 2021 (audited) |
|----|-------------------------------|---|-------------------------------|
| 10 | SHORT-TERM INVESTMENTS | | |
| | At amortised cost | | |
| | Term deposit receipts | 10.1 | 38,000 |
| | Accrued profit thereon | | 122,000 |
| | | | 602 |
| | | | 323 |
| | | | <u>38,602</u> |
| | | | <u>122,323</u> |

- 10.1 Represents three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate of 9.25% (June 30, 2021: 4.00% to 6.70%) per annum and having latest maturity date of May 28, 2022.

| | | March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | June 30, 2021 (audited) |
|----|---|---|-------------------------------|
| 11 | LONG-TERM FINANCING - SECURED | | |
| | SBP refinance scheme for renewable energy | 11.1 & 11.2 | 42,737 |
| | Current maturity of long-term financing | | - |
| | | | (963) |
| | | | - |
| | | | <u>41,774</u> |
| | | | <u>-</u> |

- 11.1 This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 90 million and carries mark-up at the rate of 2% plus 0.75% (June 30, 2021: Nil) per annum payable quarterly. The facility is repayable in ten years from the date of disbursement. The facility is secured against first specific hypothecation charge over plant and machinery related to the solar power project for the disbursed amount in addition to margin of 15% to be secured against liquid collateral (Micro Products Division / Integrated Products Division or Government securities) held under lien. The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is ranging from 10.02% to 11.91% (June 30, 2021: Nil) per annum.

| | | March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | June 30, 2021 (audited) |
|------|--|---|-------------------------------|
| 11.2 | Movement of long-term financing | | |
| | Balance at beginning of the period | | - |
| | Financing received during the period | | 47,184 |
| | Repayment made during the period | | (414) |
| | Recognised as deferred income for the period | 11.3 | (4,329) |
| | Unwinding of finance cost for the period | 6.3 | 296 |
| | Balance at end of the period | | <u>42,737</u> |
| | | | <u>-</u> |

- 11.3 This represents deferred income recognised in respect of the benefit of below-market interest rate on long term finances. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loan. The discount rate used is ranging from 10.02% to 11.91% (June 30, 2021: Nil) per annum.

12 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 809.27 million (June 30, 2021: Rs. 36.65 million). The total facility limit amounts to Rs. 990 million (June 30, 2021: Rs. 170 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 0.75% (June 30, 2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation plus second charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 3.63 million (June 30, 2021: Rs. 3.63 million). 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 condensed interim financial statements.

13.2 Commitments

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2021 other than described below:

- 13.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 658.29 million (June 30, 2021: Rs. 707.17 million).

13.2.2 Commitments in respect of capital expenditure amounting to Rs. 243.72 million (June 30, 2021: Rs. 20.41 million).

14 Includes Rs. Nil (December 31, 2020: Rs. 114.40 million) on account of dividend income from the wholly owned subsidiary Agriauto Stamping Company (Private) Limited.

15 TRANSACTIONS WITH RELATED PARTIES

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 normal course of business as approved by the Board of Directors of the Company. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Details of transactions with related parties during the period, other than disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

| Name of related party and relationship with the Company | Nature of transactions | Percentage of share holding in the Company % | March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | March 31, 2021 (un-audited) |
|---|--|--|--|-----------------------------|
| Subsidiary (wholly owned) | | | | |
| Agriauto Stamping Company (Private) Limited | Sale of goods | Nil | 67,560 | 61,574 |
| | Tax refund paid under group taxation | | - | 128,879 |
| | Tax liability paid under group taxation | | 64,242 | - |
| | Dividend income | | - | 114,401 |
| | Reimbursement of common expenses | | 6,750 | - |
| Associated Companies (Common directorship) | | | | |
| Thal Boshoku Pakistan (Private) Limited | Sale of goods | Nil | 27,374 | 34,935 |
| Thal Limited | Dividend paid | 7.35 | 12,694 | 12,694 |
| Shabbir Tiles and Ceramics Limited | Purchases | Nil | - | 3,066 |
| Retirement benefit funds | | | | |
| Employees' Provident Fund | Contribution | | 10,056 | 7,837 |
| Key management personnel | | | | |
| | Remuneration and other benefits | Nil | 29,369 | 26,933 |
| | Fee for attending board meetings | | 2,100 | 1,500 |
| | Sale of vehicle having net book value of Rs. 0.763 million (Dec 31, 2020: Rs. 0.705 million) as per the Company's policy | | 875 | 806 |

16 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on April 28, 2022 by the Board of Directors of the Company.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupees in thousands unless stated otherwise.


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

| | Note | March 31, 2022 (un-audited) | June 30, 2021 (audited) |
|--|------|-----------------------------------|-------------------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 2,625,102 | 2,281,986 |
| Right-of-use assets | | 11,896 | 18,740 |
| Intangible asset | | 53,668 | 36,225 |
| Long-term deposits | | 14,567 | 13,605 |
| | | 2,705,233 | 2,350,556 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 163,607 | 129,991 |
| Stock-in-trade | | 4,001,436 | 1,726,252 |
| Trade debts | 7 | 1,692,599 | 1,159,086 |
| Advances, deposits, prepayments and other receivables | 8 | 824,256 | 882,286 |
| Accrued profit | | 353 | 1,295 |
| Short term investments | 9 | 77,868 | 266,780 |
| Sales tax receivable | | 86,862 | 29,461 |
| Taxation – net | | 248,228 | 346,860 |
| Cash and bank balances | | 74,307 | 225,861 |
| | | 7,169,516 | 4,767,872 |
| TOTAL ASSETS | | 9,874,749 | 7,118,428 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 5/- each | | 200,000 | 200,000 |
| Issued, subscribed and paid-up capital | | | |
| 28,800,000 (June 30, 2021: 28,800,000) ordinary shares of Rs. 5/- each | | 144,000 | 144,000 |
| Reserves | | 6,180,777 | 5,627,004 |
| | | 6,324,777 | 5,771,004 |
| NON-CURRENT LIABILITIES | | | |
| Deferred taxation - net | 10 | 52,443 | 85,003 |
| Lease liabilities | | 3,593 | 13,305 |
| Long-term financing - secured | 11 | 89,412 | - |
| Deferred income | 11 | 16,193 | - |
| | | 161,641 | 98,308 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,963,955 | 1,134,084 |
| Current maturity of lease liabilities | | 9,992 | 7,425 |
| Current maturity of long-term financing | 11 | 3,239 | - |
| Sales tax payable | | 24,480 | 36,449 |
| Unpaid dividend | | 8,366 | 11,655 |
| Unclaimed dividend | | 26,971 | 22,857 |
| Short-term running finance | 12 | 1,351,328 | 36,646 |
| | | 3,388,331 | 1,249,116 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 13 | | |
| TOTAL EQUITY AND LIABILITIES | | 9,874,749 | 7,118,428 |

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | | Quarter ended | |
|--|------------------------------|-------------------|------------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| Turnover – net | 11,630,839 | 7,653,623 | 4,287,114 | 3,075,246 |
| Cost of sales | (10,165,091) | (6,433,326) | (3,738,599) | (2,565,825) |
| Gross profit | 1,465,748 | 1,220,297 | 548,515 | 509,421 |
| Distribution costs | (124,390) | (99,490) | (45,739) | (37,490) |
| Administrative expenses | (233,616) | (181,489) | (86,206) | (63,932) |
| | (358,006) | (280,979) | (131,945) | (101,422) |
| Operating profit | 1,107,742 | 939,318 | 416,570 | 407,999 |
| Other expenses | (84,707) | (81,714) | (29,803) | (29,864) |
| Other income | 34,708 | 44,031 | 1,819 | 9,666 |
| Finance costs | (49,324) | (2,760) | (28,087) | (1,325) |
| | (99,323) | (40,443) | (56,071) | (21,523) |
| Profit before taxation | 1,008,419 | 898,875 | 360,499 | 386,476 |
| Taxation | | | | |
| - Current | (323,193) | (235,543) | (104,684) | (112,079) |
| - Prior | 8,788 | - | - | 260 |
| - Deferred | 32,559 | 37,318 | 1,805 | (12,002) |
| | (281,846) | (198,225) | (102,879) | (123,821) |
| Profit after taxation | 726,573 | 700,650 | 257,620 | 262,655 |
| | ----- (Rupees) ----- | | | |
| Earnings per share - basic and diluted | 25.23 | 24.33 | 8.95 | 9.12 |

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | | Quarter ended | |
|---|------------------------------|-------------------|------------------------------|-------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| Profit for the period | 726,573 | 700,650 | 257,620 | 262,655 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>726,573</u> | <u>700,650</u> | <u>257,620</u> | <u>262,655</u> |

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2022
(un-audited)

| Issued, subscribed and paid-up capital | Reserves | | | Total reserves | Total equity |
|--|-----------------|------------------|--------------------------|-------------------|--------------|
| | Capital reserve | Revenue reserves | | | |
| | Share premium | General | Unappropriated profit | | |
| ----- (Rupees in'000) ----- | | | | | |
| 144,000 | 12,598 | 2,315,000 | 2,642,542 | 4,970,140 | 5,114,140 |
| - | - | - | (28,800) | (28,800) | (28,800) |
| - | - | - | (144,000) | (144,000) | (144,000) |
| - | - | - | 700,650 | 700,650 | 700,650 |
| - | - | - | - | - | - |
| - | - | - | 700,650 | 700,650 | 700,650 |
| 144,000 | 12,598 | 2,315,000 | 3,170,392 | 5,497,990 | 5,641,990 |
| 144,000 | 12,598 | 2,315,000 | 3,299,406 | 5,627,004 | 5,771,004 |
| - | - | - | (172,800) | (172,800) | (172,800) |
| - | - | (200,000) | 200,000 | - | - |
| - | - | - | 726,573 | 726,573 | 726,573 |
| - | - | - | - | - | - |
| - | - | - | 726,573 | 726,573 | 726,573 |
| 144,000 | 12,598 | 2,115,000 | 4,053,179 | 6,180,777 | 6,324,777 |

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022
(un-audited)

| | Nine months ended | |
|---|-------------------|-------------------|
| | March 31, 2022 | March 31, 2021 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 1,008,419 | 898,875 |
| Adjustments for: | | |
| Depreciation and amortisation | 212,759 | 215,229 |
| Finance costs | 49,324 | 2,760 |
| Reversal for expected credit losses | (1,928) | (432) |
| Liabilities no longer payable - written back | - | (1,085) |
| Profit on term deposit receipts and deposit accounts | (11,140) | (34,063) |
| Capital work-in-progress charged off | 800 | 75 |
| Gain on disposal of operating fixed assets | (3,089) | (1,630) |
| | 1,255,145 | 1,079,729 |
| Increase in current assets | (2,779,869) | (501,367) |
| Increase in current liabilities | 742,253 | 58,094 |
| Cash (used in) / generated from operations | (782,471) | 636,456 |
| Finance cost paid | (31,182) | (1,071) |
| Long term security deposit paid | (962) | (167) |
| Income tax paid | (215,773) | (170,077) |
| Net cash (used in) / generated from operating activities | (1,030,388) | 465,141 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (578,951) | (313,195) |
| Proceeds from disposal of property, plant and equipment | 14,955 | 19,330 |
| Short-term investments in mutual fund redeemed | - | 51,039 |
| Profit received on term deposit receipts and deposit accounts | 11,066 | 32,973 |
| Net cash used in investing activities | (552,930) | (209,853) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long-term financing obtained | 108,928 | - |
| Long-term financing repaid | (1,574) | - |
| Dividends paid | (171,975) | (170,513) |
| Lease rentals paid | (7,297) | (6,245) |
| Net cash used in financing activities | (71,918) | (176,758) |
| Net (decrease) / increase in cash and cash equivalents | (1,655,236) | 78,530 |
| Cash and cash equivalents at the beginning of the period | 455,215 | 574,195 |
| Cash and cash equivalents at the end of the period | (1,200,021) | 652,725 |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 74,307 | 205,063 |
| Short-term investments | 77,000 | 447,662 |
| Short-term running finance | (1,351,328) | - |
| | (1,200,021) | 652,725 |

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022
(un-audited)

1 THE COMPANY 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. 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 July 02, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.
- 1.3 COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. The Group fully supports the Government's vaccination drive to curb the spread of the virus, hence our staff are now fully vaccinated and in the process of getting booster dose. Management has assessed accounting impact of COVID-19 in these consolidated condensed interim financial statements and has concluded that there is no significant accounting and financial impact.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF PREPARATION

These consolidated condensed interim financial statements are un-audited and do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the consolidated audited financial statements of the Group for the year ended June 30, 2021.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended June 30, 2021 except for deferred income, loans and borrowings as disclosed in note 4.1 and 4.2 and the adoption of amendments to approved accounting standards adopted during the period of as disclosed in note 5.

4.1 Deferred income

The benefit of a long-term finance at a below-market rate of interest is treated as a deferred income, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The deferred income is held on the statement of financial position as a deferred credit and realised to the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

4.2 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

5 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

The Group has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

Amendment:

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

IFRS 16 - COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Group's condensed interim financial statements.

| | Note | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|--|-----------|---|---|
| 6 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 6.1 & 6.2 | 2,226,278 | 2,122,078 |
| Capital work-in-progress | 6.3 | 398,824 | 159,908 |
| | | <u>2,625,102</u> | <u>2,281,986</u> |
| 6.1 The following additions (including transfers from capital work-in-progress) and disposals were made in the operating fixed assets during the period: | | | |

| | Additions at cost / Transfers Nine months ended March 31, 2022 2021 (un-audited) ----- (Rupees in '000) ----- | | Disposal at NBV Nine months ended March 31, 2022 2021 (un-audited) ----- (Rupees in '000) ----- | |
|------------------------|---|----------------|---|---------------|
| Owned | | | | |
| Building | - | 88,524 | - | - |
| Plant and machinery | 223,109 | 137,426 | 1,942 | 7,337 |
| Furniture and fittings | 2,546 | 1,040 | 32 | 32 |
| Vehicles | 26,206 | 19,637 | 9,708 | 10,233 |
| Office equipment | 868 | 912 | - | - |
| Computer equipment | 4,740 | 2,989 | 184 | 97 |
| Dies and tools | 82,712 | 6,026 | - | - |
| | <u>340,181</u> | <u>256,554</u> | <u>11,866</u> | <u>17,699</u> |

6.2 Depreciation charge for the period amounted to Rs. 224.12 million (March 31, 2021: Rs. 197.99 million).

| | Note | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|---|--------------|---|---|
| 6.3 Capital work-in-progress | | | |
| Balance at the beginning of the period / year | | 159,908 | 192,558 |
| Capital expenditure incurred / advances made during the period / year | | 424,900 | 300,836 |
| Transfer to operating fixed assets during the period / year | | (186,130) | (328,424) |
| Borrowing cost capitalized during the period | 6.3.1 & 11.2 | 946 | - |
| Charged off during the period / year | | (800) | (5,062) |
| Balance at the end of the period / year | | <u>398,824</u> | <u>159,908</u> |

6.3.1 The amount of borrowing costs capitalised during the period ended was Rs. 0.95 million (June 30, 2021: Nil). The effective rate used to determine the amount of borrowing costs eligible for capitalisation was ranging from 9.998% to 12.258% which is the effective interest rate of the specific borrowing.

7 Includes an amount of Rs. 8.61 million (June 30, 2021: Rs. 4.04 million) receivable from Thal Boshoku Pakistan (Private) Limited, an associated company, against sales made by the Group.

8 Includes an amount of Rs. 472.95 million (June 30, 2021: Rs. 536.61 million) against LC margin deposits. Additionally includes Rs. 301.48 million (June 30, 2021: Rs. 301.17 million) with respect to claim against Additional custom duty from a customer.

| | | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|----------|-------------------------------|---|---|
| 9 | SHORT TERM INVESTMENTS | | |
| | At amortised cost | | |
| | Term deposit receipts | 9.1 77,000 | 266,000 |
| | Accrued profit thereon | 868 | 780 |
| | | <u>77,868</u> | <u>266,780</u> |

9.1 Represents three months' term deposit receipts with commercial bank under conventional banking relationship carrying profit rate of 9.25% (June 30, 2021: 4% to 6.7%) per annum having latest maturity by June 29, 2022.

| | | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|-----------|--|---|---|
| 10 | DEFERRED TAXATION - NET | | |
| | Taxable temporary differences arising due to: | | |
| | - accelerated tax depreciation | 200,083 | 204,658 |
| | Deductible temporary differences arising due to: | | |
| | - provisions and lease liabilities | (147,640) | (119,655) |
| | | <u>52,443</u> | <u>85,003</u> |

11 LONG-TERM FINANCING - SECURED

| | | | |
|---|-------------|---------------|----------|
| SBP refinance scheme for renewable energy | 11.1 & 11.2 | 92,651 | - |
| Current maturity of long-term financing | | (3,239) | - |
| | | <u>89,412</u> | <u>-</u> |

11.1 This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 175 million and carries mark-up at the rate of 2% plus 0.75% (June 30, 2021: Nil) per annum payable quarterly. The facility is repayable in ten years from the date of disbursement. The facility is secured against first specific hypothecation charge over plant and machinery related to the solar power project for the disbursed amount in addition to margin of 15% to be secured against liquid collateral (Micro Products Division / Integrated Products Division or Government securities) held under lien. The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is ranging from 9.998% to 12.258% (June 30, 2021: Nil) per annum.

| | | March 31, 2022 ----- (Rupees in '000) ----- (un-audited) | June 30, 2021 ----- (Rupees in '000) ----- (audited) |
|-------------|--|---|---|
| 11.2 | Movement of long-term financing | | |
| | Balance at beginning of the period | - | - |
| | Financing received during the period | 108,928 | - |
| | Repayment made during the period | (1,574) | - |
| | Recognised as deferred income for the period | 11.3 (16,193) | - |
| | Unwinding of finance cost for the period | 6.3 1,490 | - |
| | Balance at end of the period | <u>92,651</u> | <u>-</u> |

11.3 This represents deferred income recognised in respect of the benefit of below-market interest rate on long term finances. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loan. The discount rate used is ranging from 9.998% to 12.258% (June 30, 2021: Nil) per annum.

12 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 1,351.33 million (June 30, 2021: Rs. 36.65 million). The total facility limit amounts to Rs. 1,990 million (June 30, 2021: Rs. 370 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 1.00% (June 30, 2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation plus second charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 As at the reporting date, total outstanding claims on the Group by certain vendors amounted to Rs. 5.44 million (June 30, 2021: Rs. 5.44 million). 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 condensed interim financial statements.

13.1.2 Subsequent to the reporting date, the Subsidiary Company received an order from the Collector Adjudicator-1 alleging that incorrect tariff rate was used by the Subsidiary Company on import of certain components since 2017 and consequently custom duties and taxes amounting to Rs. 861.59 million is short paid. The Subsidiary Company has filed the appeal against the order of the Collector Adjudicator-1 with Appellate Tribunal of Customs and Stay Order has been granted against the recovery of contended amount. Based on the opinion of legal counsel, management expects a favourable decision, hence no provision in this respect has been made in these consolidated condensed interim financial statements.

13.2 COMMITMENTS

There is no material change in the status of commitments as reported in the annual audited financial statements for the year ended June 30, 2021 other than described below:

13.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 959.97 million (June 30, 2021: Rs. 1,320.45 million).

13.2.2 Commitments in respect of capital expenditure amounting to Rs. 589.79 million (June 30, 2021: Rs. 80.47 million).

14 TRANSACTIONS WITH RELATED PARTIES

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

| Name of related party and relationship with the Group | Nature of transactions | Percentage of share holding in the Holding Company % | March 31, 2022 (un-audited) ----- (Rupees in '000) ----- | March 31, 2021 (un-audited) |
|---|--|--|--|-----------------------------|
| Associated Companies (Common directorship) | | | | |
| Thal Boshoku Pakistan (Private) Limited | Sales | Nil | 69,413 | 79,392 |
| Thal Limited | Dividend paid | 7.35 | 12,694 | 12,694 |
| Shabbir Tiles and Ceramics Limited | Purchases | Nil | - | 3,066 |
| Retirement benefit funds | | | | |
| Employees' Provident Fund | Contribution | Nil | 11,477 | 8,976 |
| Key management personnel | | | | |
| | Remuneration and other benefits | Nil | 30,956 | 28,251 |
| | Fee for attending board meetings | | 2,100 | 1,500 |
| | Sale of vehicle having net book value of Rs. 0.763 million (Dec 31, 2020: Rs. 0.705 million) as per the Company's policy | | 875 | 806 |

15 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 28, 2022 by the Board of Directors of the Holding Company.

16 GENERAL

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


Director


Chief Executive


Chief Financial Officer