

AIL/PSX/23-24/Q1/FIN

September 14, 2023

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Subject: **TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023**

Dear Sir,

We have to inform you that the Annual Report of **Agriauto Industries Limited** (the Company) for the year ended June 30, 2023 have been transmitted through PUCARS and is also available on the Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,

For **Agriauto Industries Limited**



**Shaharyar Ashraf Khan**  
Company Secretary

**Head Office :**

5th. Floor, House of Habib, 3 JCHS, Block-7/8,  
Main Shara-e-Faisal, Karachi.  
Tel : 92-21-34541540, 34541543  
PABX : 34312030, Fax : 92-21-34549284

**Factory :**

Hub Chowki, Distt. Lasbella, Balochistan.  
Tel : (92-0853) 364326, 363559  
Fax : (92-0853) 363631  
E-mail : info@agriauto.com.pk

# Agriauto Industries Limited

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## 2023 annual report



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



# Breaking Through Barriers



**Auto Chrome Plant-Hub**

## Our Customers



## Our Global Partners



## 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 (OEMs) and aftermarket.

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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

Tariq Iqbal Bawani

## COMPANY SECRETARY

Shaharyar Ashraf Khan

## 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  
The Bank of Punjab  
United Bank Limited

## REGISTERED OFFICE

5th Floor, House of Habib  
3 JCHS, Main Shahrah-e-Faisal, Karachi.  
Website: [www.agriauto.com.pk](http://www.agriauto.com.pk)  
Email: [info@agriauto.com.pk](mailto:info@agriauto.com.pk)

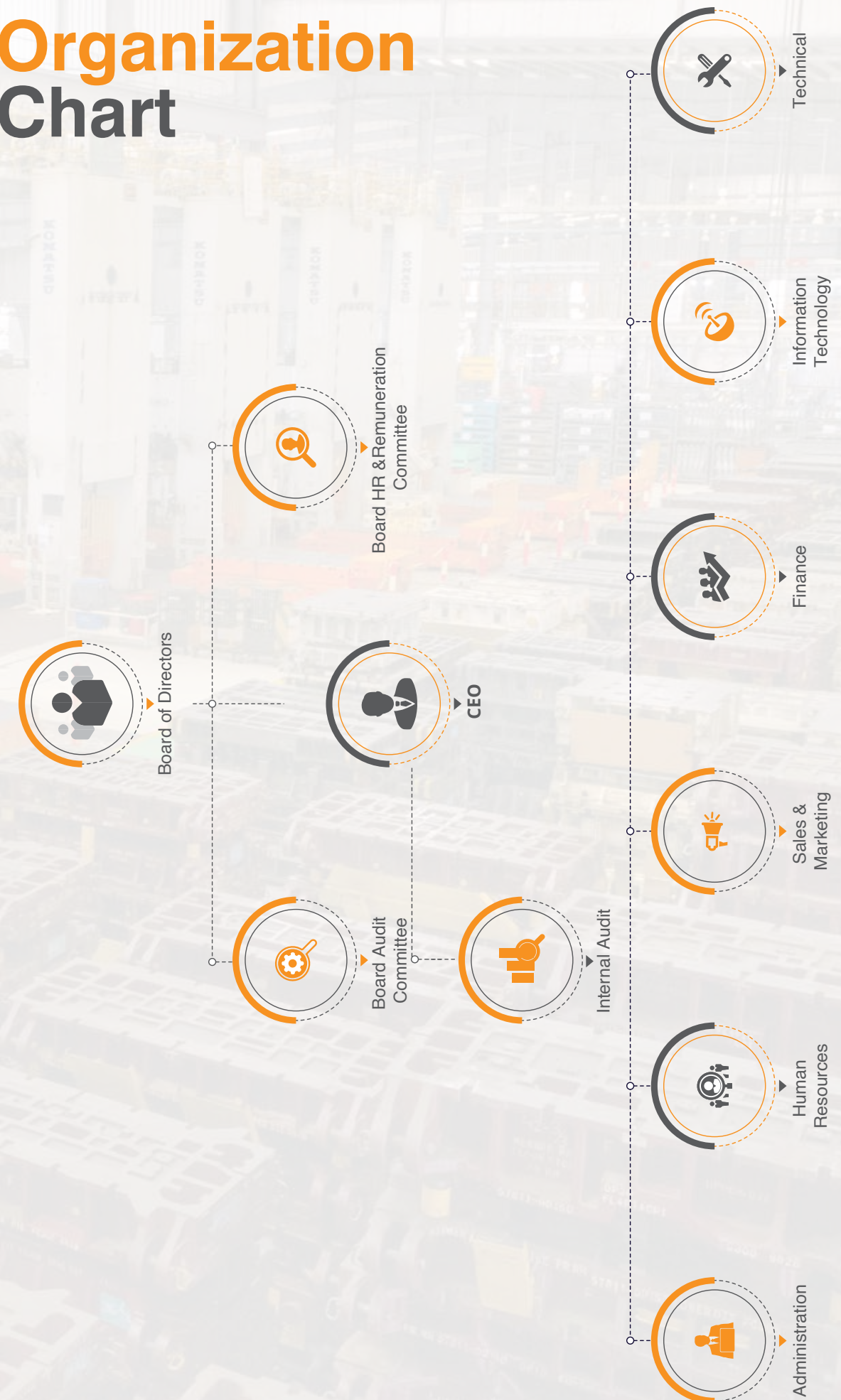
## FACTORY

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

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

\*resigned from the Board on August 25, 2023

# Organization Chart





# Steadfast in Challenges





MOTORCYCLE SHOCK ABSORBERS COMPONENTS



INSTRUMENT PANEL & DOOR IMPACT BEAM



STRUTS ASSEMBLY



McPHERSON ASSEMBLY



CAMSHAFTS-TRACTORS



DOOR HINGES



FRONT SUSPENSION FOR MOTORCYCLE



POWER WINDOW REGULATORS



SHOCK ABSORBERS



CATALYTIC CONVERTERS



FUEL TANK - PASSENGER CARS



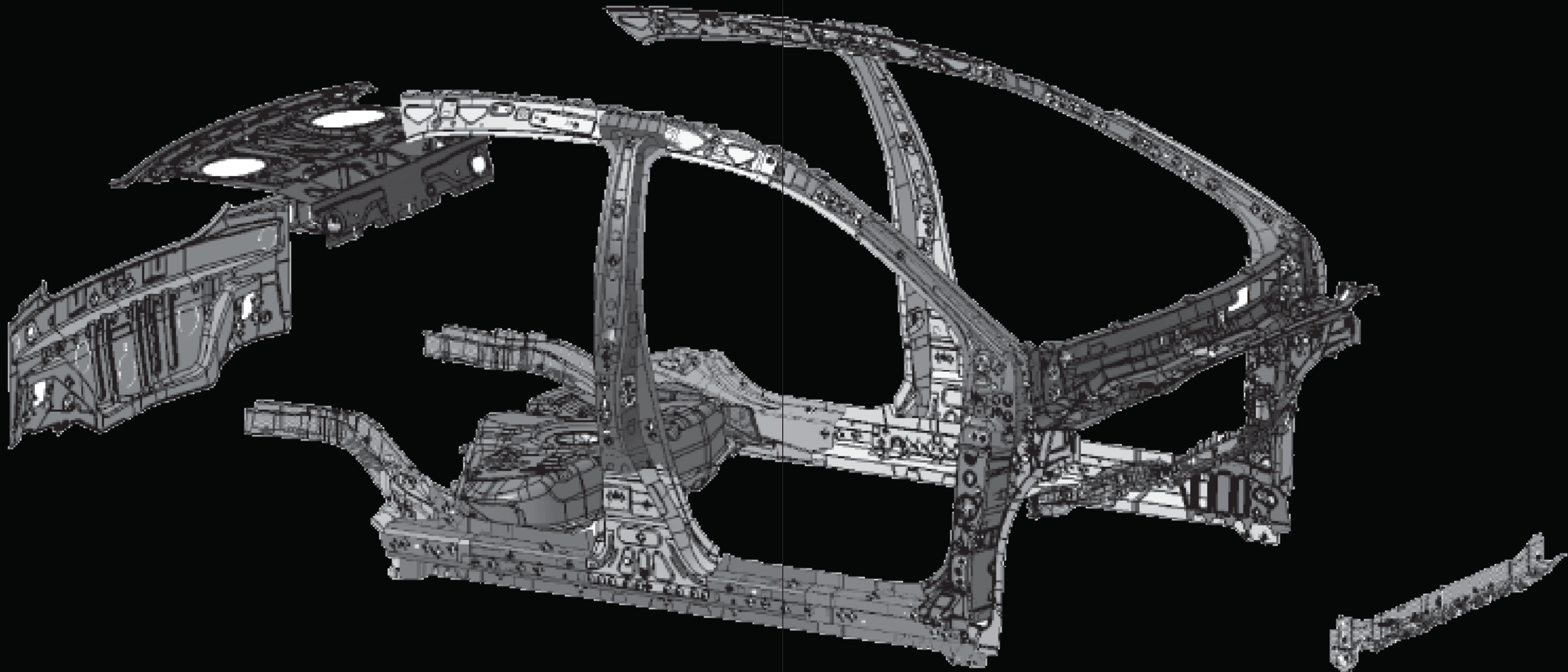
STEERING BOX - TRACTORS

# Our Products



# Sheet Metal Parts

- Member Front Panel
- Instrument Panel Sub Assembly
- Cowl Assembly
- Member Sub Assembly
- Member Floor Side
- Panel Sub Assembly Body Lower
- Reinforcement Centre Body Sub Assembly
- Front Pillar Sub Assembly
- Cowl Side Panel
- Front Body Pillar
- Side Rail Roof
- Rocker Sub Assembly
- Recliner Panel Sub Assembly
- Back Seat Panel Sub Assembly
- Fuel Tank Panel



# Notice of the Annual General Meeting

**NOTICE is hereby given that the 42nd Annual General Meeting of the Members of the Company will be held on Monday, October 23, 2023 at 11:30 AM at ICAP Auditorium, Karachi to transact the following business:**

## ORDINARY BUSINESS

- To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2023, together with the Chairman's Review Report, Directors' and Auditors' Report thereon.

In accordance with Section 223(7) of the Companies Act, 2017, the financial statements of the Company have been uploaded on the Company's website which can be downloaded from the following link and QR enabled code:

<https://www.agriauto.com.pk/pdf/jun-23/ail-annual-report-2023.pdf>



- To appoint Auditors for the year 2023-24 and to fix their remuneration. The Board Audit Committee and the Board of Directors have recommended M/s. A.F. Ferguson & Co., Chartered Accountants, as auditors for appointment by the Company's members in the Annual General Meeting in place of retiring auditors – M/s. EY Ford Rhodes, Chartered Accountants.
- To elect 7 (seven) Directors, as fixed by the Board of Directors in their meeting held on August 25, 2023 for a term of 3 (three) years, in accordance with the provision of the Section 159 (1) of the Companies Act, 2017. The names of the retiring directors who are eligible for re-election are as follows:

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

## SPECIAL BUSINESS

- To consider and, if thought fit, to pass with or without modification(s), the following resolutions to enable the Company to circulate the Annual Audited Financial Statements, to the members of the Company through QR enabled code and weblink, as required by the Securities and Exchange Commission of Pakistan ("SECP") vide its Notification S.R.O. 389 (1)/2023 dated March 21, 2023, instead of circulating the same through CD/DVD/USB.

RESOLVED THAT, the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 dated March 21, 2023, issued by the SECP.

FURTHER RESOLVED THAT, the Chief Executive, Chief Financial Officer or Company Secretary of the Company be and are hereby singly authorised to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents, as may be necessary or incidental for the purpose of implementing this resolution.

- To transact any other business with the permission of the Chair.

Karachi  
Dated: August 25, 2023

By Order of the Board  
Shaharyar Ashraf Khan  
Company Secretary

### NOTES:

- Closure of Share Transfer Books  
The Share Transfer Books of the Company will remain closed from October 17, 2023 to October 23, 2023 (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, 2023. 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, Sharah e 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. Participation in the AGM via physical presence or through video conferencing

In order to protect wellbeing of the shareholders, the SECP has, vide its circulars issued from time to time, directed the listed companies to hold their general meetings virtually in addition to the requirements of holding physical meetings. In order to facilitate the shareholders, the Company in addition to convening a physical meeting has also arranged attendance of shareholder virtually via video link facility.

The shareholders interested in attending the AGM virtually are requested to register their intent beforehand by submitting their particulars at the designated e-mail address [agm@agriauto.com.pk](mailto:agm@agriauto.com.pk) as per the table below. Video conference link details and login credentials will be shared with ONLY those Shareholders, whose particulars are received on or before October 21, 2023, from their registered e-mail addresses.

Shareholder Name	Folio/ CDC No.	CNIC Number	Cell Number	Registered Email ID

The login facility will be opened at 11:00 a.m. on October 23, 2023 enabling the participants to join the proceedings which will start at 11:30 a.m. sharp.

Members whose names appearing in the Register of Members as of October 16, 2023, 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: [www.agriauto.com.pk/investor-info/](http://www.agriauto.com.pk/investor-info/).

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 Share Registrar, FAMCO Associates (Pvt) Ltd.

## 3. 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 SECP.

### A. For Attending the Meeting

- 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.
- 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

- 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.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- 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.

### C. Code of Conduct for Shareholders in General Meeting

- Section 215 of Companies Act, 2017 (the "Act") and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of the Shareholders as follows:
  - Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation.



b) Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding of level 1 on the standard scale.

II. Additionally, In compliance with Section 185 of Companies Act, 2017; the Company is not permitted to distribute gifts in any form to its members in its meeting.

#### 4. Election of Directors

A. 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:

i. Notice of his/her intention to offer himself /herself for election of directors in terms of Section 159(3) of the Companies Act, 2017.

ii. Consent to act as director on Form-28 under section 167 of the Companies Act, 2017 along with copy of attested copy of CNIC, NTN or Passport.

iii. A detailed profile of the Candidate including his/her office address for placement onto the Company's website as required under the SECP's SRO 1196(I) / 2019 dated October 03, 2019.

iv. A declaration confirming that:

- He / she is aware of his/her duties, liabilities and powers under the Companies Act 2017, the Securities Act 2015, Listed Companies (Code of Corporate Governance) Regulations, 2019, listing regulations of Pakistan Stock Exchange, Memorandum and Articles of Association and all other applicable laws/rules/regulations/codes etc.
- 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.
- He / she is not a minor neither of unsound mind nor an un-discharged insolvent.
- He / she is borne on the register of National Taxpayers.

• He / she has not been convicted by a court as defaulter in payment of loan to financial institutions, Development Financial Institution and Non-Banking Financial Institution.

• He / she is not serving as director in more than seven listed companies simultaneously.

• Neither he / she nor his / her spouse is engaged in the business of stock brokerage.

• He / she is aware of "Closed Period", required prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities.

v. Copy of valid CNIC (in case of Pakistani national)/ Passport (in case of foreign national), and NTC and Folio Number/CDC Investors Account No. /CDC Sub-Account No (applicable for person filing consent for the first time).

vi. 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.

vii. 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.

B. Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under Section 166(2) of the Companies Act, 2017 as well as the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Accordingly, the following additional documents are to be submitted by the candidates intending to contest Election of Directors as an Independent Director:

I. Declaration by Independent Director under Clause 8(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

II. Undertaking on the appropriate denomination of non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Statement of Material Fact in respect of Appointment of Independent Directors Under Section 166 (3) of the Companies Act, 2017

Section 166 of the Companies Act, 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of Election of Directors' which shall indicate the justification for choosing the appointee for appointment as Independent Director.

Accordingly, it will be ensured that the Independent Directors to be elected will meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and Companies (Manner and Selection of Independent Directors) Regulations, 2018 and their names are listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance duly authorized by the SECP. Appropriate competency, diversity, skill set, knowledge and experience of the contestants shall also be assessed during the finalization of Independent Directors. No directors have direct or indirect interest in the above said business, except as shareholders and that they may consent for Election of Directors accordingly.

#### 5. Postal Ballot / E-Voting

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.

#### 6. Electronic Transmission of Annual Report

In compliance with Section 223(6) of the Companies Act, 2017, the Company has electronically transmitted the Annual Report 2023 through e-mail to shareholders whose e-mail addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. However, in cases, where e-mail addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2023 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2023, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid e-mail address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

Pursuant to Notification vide SRO.787(I)/2014 of September 08, 2014, the SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect, members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.agriauto.com.pk/investor-info/](http://www.agriauto.com.pk/investor-info/). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail. Further, it is responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.

#### 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., Shahrah-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 Share 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. Withholding Tax on Dividend

The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

1. Persons appearing in Active Tax Payers List (ATL) 15%
2. Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principle Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers. Without the NTN, the Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

#### 11. 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, 2023, are available on the Company's website ([www.agriauto.com.pk](http://www.agriauto.com.pk)).

#### STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business, given in Agenda No. 4 of the Notice, intended to be transacted at the AGM.

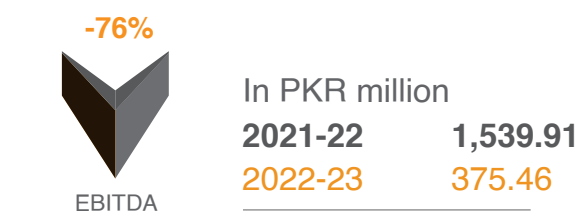
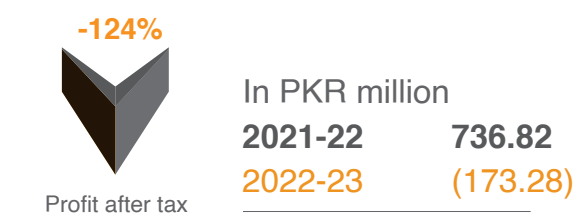
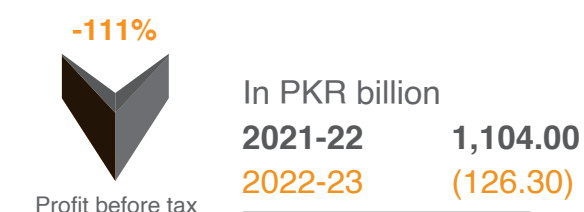
#### Agenda No. 4 of the Notice

In view of the technological advancements, the SECP has allowed Listed Companies, through its SRO No. 389(I)/2023 dated March 21, 2023, to circulate the Annual Audited Financial Statements, to the Members of the Company through QR-enabled code and Weblink, which is to be included in the Notice of shareholders meeting. The Company shall circulate Annual Audited Financial Statements, through email, in case it has been provided by the members to the Company and shall also send hard copies of Annual Audited Financial Statements, to the shareholders, free of cost, upon receipt of a duly completed Request Form, as available on the Company's website([www.agriauto.com.pk](http://www.agriauto.com.pk)).

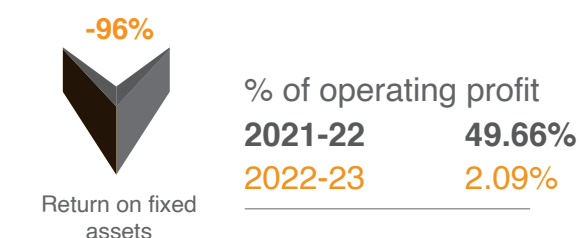
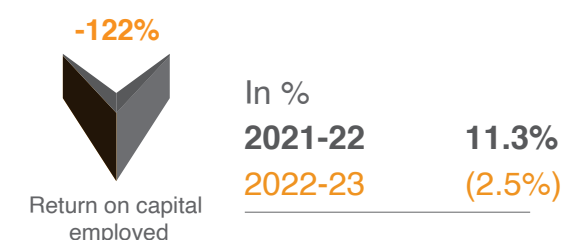
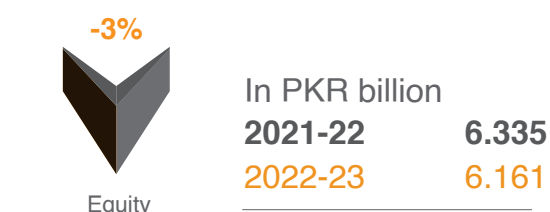
None of the Directors of the Company have any direct or indirect interest in the Special business, except in their capacity as members and directors of the Company.

# Key Performance Indicators Consolidated

## Statement of Profit or Loss



## Ratios





# Six Years at a Glance

## Consolidated

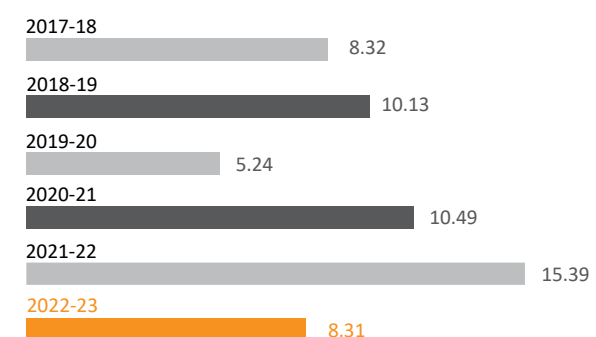
	2023	2022	2021	2020	2019	2018
<b>Operating Results</b>						
Net Sales (Rs. in '000)	8,314,517	15,397,684	10,485,027	5,244,651	10,128,569	8,315,021
Gross Profit (Rs. in '000)	542,184	1,930,993	1,685,479	251,466	1,681,151	1,592,200
(Loss) / Profit before Tax (Rs. in '000)	(126,308)	1,104,635	1,203,265	(24,969)	1,256,752	1,207,756
(Loss) / Profit after Tax (Rs. in '000)	(173,280)	736,821	829,664	(108,438)	1,054,698	959,717
(Loss) / Earnings per share (Rs.)*	(4.81)	20.47	23.05	(3.01)	29.30	26.66
Cash Dividend (%)	-	-	220%	20%	200%	250%
Bonus Shares	-	25%	-	-	-	-
<small>*restated due to bonus issue</small>						
<b>Financial Position</b>						
Current Ratio	2.06 : 1	2.18 : 1	3.89 : 1	3.91 : 1	6.18 : 1	6.89 : 1
Paid-up Share Capital (Rs. in '000)	180,000	144,000	144,000	144,000	144,000	144,000
Res. & Unappropriated Profit (Rs. in '000)	5,981,745	6,191,025	5,627,004	4,970,140	5,280,178	4,556,680
Shareholders' Equity (Rs. in '000)	6,161,745	6,335,025	5,771,004	5,114,140	5,424,178	4,700,680
Breakup Value per Share (Rs.)	171.16	219.97	200.38	177.57	188.34	163.22
Return on Equity (Rs.)	(2.81%)	11.63%	14.38%	-2.12%	19.44%	20.42%

# Financial Highlights

## Consolidated

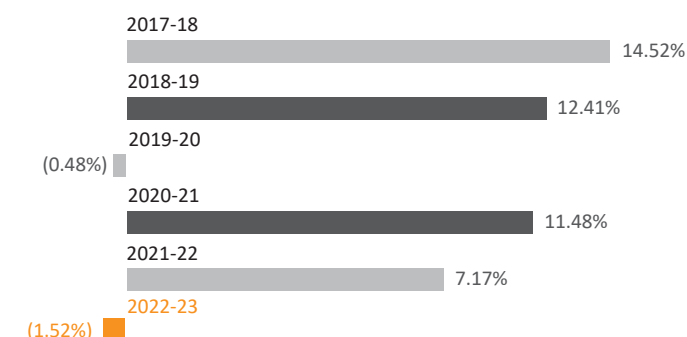
### Sales Revenue

(PKR billion)



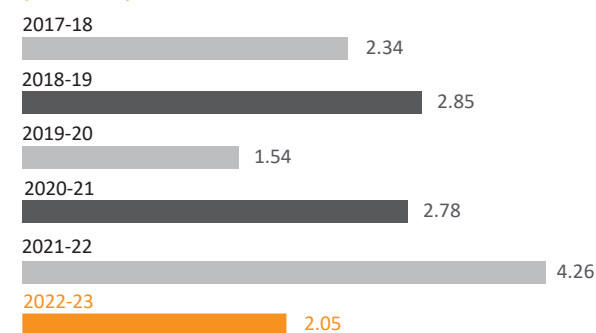
### Profit Before Tax (PBT) Margin

%



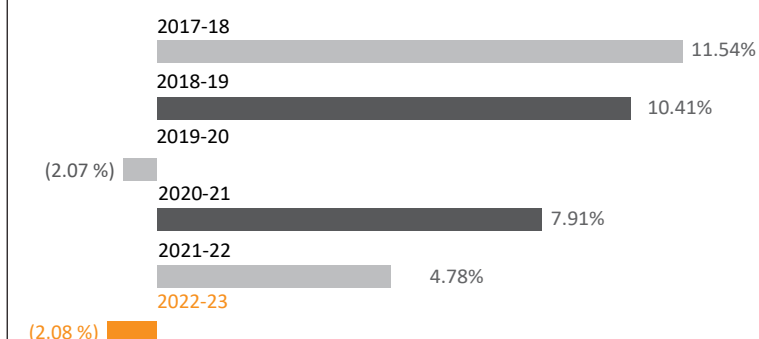
### Contribution to National Exchequer

(PKR billion)



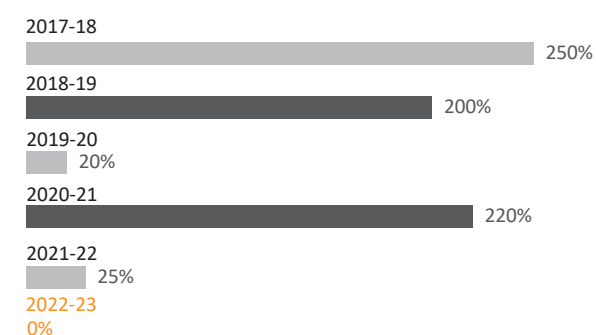
### Profit After Tax (PAT) Margin

%



### Dividend / Bonus Issue

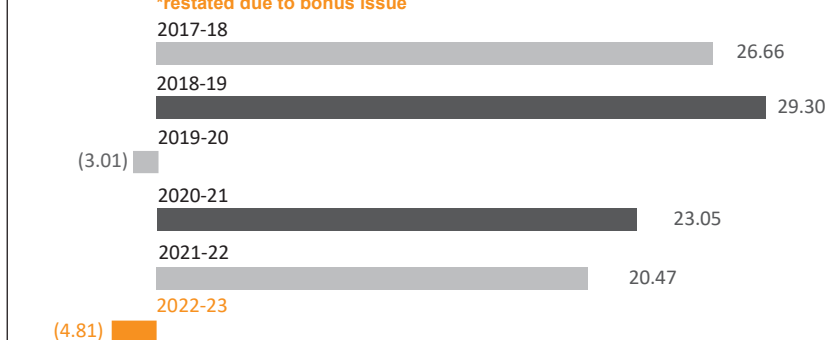
%



### Earnings Per Share (EPS)\*

(PKR)

\*restated due to bonus issue



# VERTICAL ANALYSIS

	2023		2022		2021		2020		2019		2018	
	Rs. In 000's	%	Rs. In 000's	%	Rs. In 000's	%	Rs. In 000's	%	Rs. In 000's	%	Rs. In 000's	%
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>												
<b>EQUITY AND LIABILITIES</b>												
Equity	6,161,745	67%	6,335,025	67%	5,771,004	81%	5,114,140	83%	5,424,178	88%	4,700,680	88%
Non-Current Liabilities	658,221	7%	167,441	2%	98,308	1%	70,835	1%	64,780	1%	76,011	1%
Current Liabilities	2,309,539	25%	3,023,639	32%	1,219,655	17%	1,008,799	16%	651,805	11%	538,285	10%
<b>Total Equity &amp; Liabilities</b>	<b>9,129,505</b>	<b>100%</b>	<b>9,526,105</b>	<b>100%</b>	<b>7,088,967</b>	<b>100%</b>	<b>6,193,774</b>	<b>100%</b>	<b>6,140,763</b>	<b>100%</b>	<b>5,314,976</b>	<b>100%</b>
<b>ASSETS</b>												
Non-Current Assets	4,362,168	48%	2,936,929	31%	2,350,556	33%	2,247,843	36%	2,109,564	34%	1,605,709	30%
Current Assets	4,767,337	52%	6,589,176	69%	4,738,411	67%	3,945,931	64%	4,031,199	66%	3,709,267	70%
<b>Total Assets</b>	<b>9,129,505</b>	<b>100%</b>	<b>9,526,105</b>	<b>100%</b>	<b>7,088,967</b>	<b>100%</b>	<b>6,193,774</b>	<b>100%</b>	<b>6,140,763</b>	<b>100%</b>	<b>5,314,976</b>	<b>100%</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>												
Turnover - net	8,314,517	100%	15,397,684	100%	10,485,027	100%	5,244,651	100%	10,128,569	100%	8,315,021	100%
Cost of Sales	(7,772,333)	93%	(13,466,691)	87%	(8,799,548)	84%	(4,993,185)	95%	(8,447,418)	83%	(6,722,821)	81%
Gross Profit	542,184	6.5%	1,930,993	12.5%	1,685,479	16.1%	251,466	4.8%	1,681,151	16.6%	1,592,200	19.1%
Distribution Costs	(106,078)	1.3%	(147,689)	1.0%	(122,705)	1.2%	(75,446)	1.4%	(138,242)	1.4%	(127,153)	1.5%
Administrative Expenses	(345,031)	4.1%	(324,892)	2.1%	(249,388)	2.4%	(247,122)	4.7%	(245,478)	2.4%	(225,983)	2.7%
Operating Profit / (Loss)	91,075	-1.1%	1,458,412	9.5%	1,313,386	12.5%	(71,102)	1.4%	1,297,431	12.8%	1,239,064	14.9%
Other Expenses	(168,604)	2.0%	(306,320)	2.0%	(173,508)	1.7%	(7,544)	0.1%	(112,512)	1.1%	(101,376)	1.2%
Other Income	73,296	0.9%	54,032	0.4%	67,512	0.6%	56,886	1.1%	72,461	0.7%	70,665	0.8%
Finance Costs	(122,075)	1.5%	(101,489)	0.7%	(4,125)	0.0%	(3,209)	0.1%	(628)	0.0%	(597)	0.0%
(Loss) / Profit Before Taxation	(126,308)	1.5%	1,104,635	7.2%	1,203,265	11.5%	(24,969)	0.5%	1,256,752	12.4%	1,207,756	14.5%
Taxation	(46,972)	0.6%	(367,814)	2.4%	(373,601)	3.6%	(83,469)	1.6%	(202,054)	2.0%	(248,039)	3.0%
(Loss) / Profit After Taxation	(173,280)	2.1%	736,821	4.8%	829,664	7.9%	(108,438)	2.1%	1,054,698	10.4%	959,717	11.5%

# HORIZONTAL ANALYSIS

	2023		2022		2021		2020		2019		2018	
	Rs. In 000's	23 Vs 22 %	Rs. In 000's	22 Vs 21 %	Rs. In 000's	21 Vs 20 %	Rs. In 000's	20 Vs 19 %	Rs. In 000's	19 Vs 18 %	Rs. In 000's	18 Vs 17 %
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>												
<b>EQUITY AND LIABILITIES</b>												
Equity	6,161,745	-3%	6,335,025	10%	5,771,004	13%	5,114,140	-6%	5,424,178	15%	4,700,680	15%
Non-Current Liabilities	658,221	293%	167,441	70%	98,308	39%	70,835	9%	64,780	-15%	76,011	-18%
Current Liabilities	2,309,539	-24%	3,023,639	148%	1,219,655	21%	1,008,799	55%	651,805	21%	538,285	1%
<b>Total Equity &amp; Liabilities</b>	<b>9,129,505</b>	<b>-4%</b>	<b>9,526,105</b>	<b>34%</b>	<b>7,088,967</b>	<b>14%</b>	<b>6,193,774</b>	<b>1%</b>	<b>6,140,763</b>	<b>16%</b>	<b>5,314,976</b>	<b>13%</b>
<b>ASSETS</b>												
Non-Current Assets	4,362,168	49%	2,936,929	25%	2,350,556	5%	2,247,843	7%	2,109,564	31%	1,605,709	-1%
Current Assets	4,767,337	-28%	6,589,176	39%	4,738,411	20%	3,945,931	-2%	4,031,199	9%	3,709,267	20%
<b>Total Assets</b>	<b>9,129,505</b>	<b>-4%</b>	<b>9,526,105</b>	<b>34%</b>	<b>7,088,967</b>	<b>14%</b>	<b>6,193,774</b>	<b>1%</b>	<b>6,140,763</b>	<b>16%</b>	<b>5,314,976</b>	<b>13%</b>
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Cost of Sales	(7,772,333)	-42%	(13,466,691)	53%	(8,799,548)	76%	(4,993,185)	-41%	(8,447,418)	26%	(6,722,821)	18%
Gross Profit	542,184	-72%	1,930,993	15%	1,685,479	570%	251,466	-85%	1,681,151	6%	1,592,200	12%
Distribution Costs	(106,078)	-28%	(147,689)	20%	(122,705)	63%	(75,446)	-45%	(138,242)	9%	(127,153)	-1%
Administrative Expenses	(345,031)	6%	(324,892)	30%	(249,388)	1%	(247,122)	1%	(245,478)	9%	(225,983)	9%
Operating Profit / (Loss)	91,075	-94%	1,458,412	11.04%	1,313,386	1747.19%	(71,102)	-105.48%	1,297,431	5%	1,239,064	15%
Other Expenses	(168,604)	-45%	(306,320)	77%	(173,508)	2200%	(7,544)	-93%	(112,512)	11%	(101,376)	7%
Other Income	73,296	36%	54,032	-20%	67,512	19%	56,886	-21%	72,461	3%	70,665	51%
Finance Costs	(122,075)	20%	(101,489)	2360%	(4,125)	29%	(3,209)	411%	(628)	5%	(597)	14%
(Loss) / Profit Before Taxation	(126,308)	-111%	1,104,635	-8.20%	1,203,265	4719.04%	(24,969)	-101.99%	1,256,752	4%	1,207,756	17%
Taxation	(46,972)	-87%	(367,814)	-2%	(373,601)	348%	(83,469)	-59%	(202,054)	-19%	(248,039)	-14%
(Loss) / Profit After Taxation	(173,280)	-124%	736,821	-11%	829,664	665%	(108,438)	-110%	1,054,698	10%	959,717	29%

# Board of Directors



**Yutaka Arae** *Chairman (Non-Executive)*

With an illustrious career spanning decades, Mr. Yutaka Arae has left an indelible mark on the automotive sector through his transformative leadership and strategic insights. His journey began at Toyota Tsusho Corporation, Japan, where he played a pivotal role in propelling the company to new heights of success. His visionary approach continued at Indus Motor Co., Ltd., Pakistan, where he led the organization to become a market leader known for innovation and operational excellence. As a director at Agriauto Industries Ltd., Mr. Arae's influence further optimized operations, cementing his reputation as a driving force in the industry. His extensive experience and proven track record have solidified his position as a revered figure in the global automotive landscape, inspiring generations to come.



**Fahim Kapadia** *CEO*

Mr. Kapadia is the CEO of the Company since January 2010. He has over 35 years of experience in the field of Finance, General Management and Business Development in Pakistan and abroad. He has been associated with the House of Habib for the last 21 years having served as Chief Financial Officer of Thal Limited and prior to this as General Manager Finance and Deputy Managing Director of Agriauto Industries Limited. He was been serving on the Board of Agriauto Industries Limited since 2002 and a member of the Board of Agriauto Stamping Company (Private) Limited and AuVitronics Limited.



**Hamza Habib** *Non-Executive Director*

Hamza Habib was appointed as a Director of Agriauto Industries Limited in October 2018. He is a Vice President at Habib Bank Zurich (Hong Kong) Limited. Prior to his transfer to Hong Kong in 2016, he served as Vice President at Habib Bank AG Zurich in the United Arab Emirates from 2011. From 2009 – 2011 he worked at Standard Chartered Bank in Geneva and London. Hamza Habib graduated from Babson College in Wellesley, Massachusetts (USA) in 2009, with a Bachelor of Science in Business Management.



**Sohail P. Ahmed** *Non Executive Director*

He has been the Chief Executive of Naya Daur Motors and Mack Trucks, under Ministry of Production and of Allwin Engineering, Agriauto Industries Ltd, Thal Limited in the private sector. He is also Chairman of Pakistan Auto Sector Skill Development Company and Vocational Training Centre for Women, Korangi. He is a Director on many Boards in public & private sectors having served on Boards of PIDC, Pakistan Steel etc. He has been a member of the Senate of Dawood College of Engineering & Technology and Syndicate of NED University Karachi. Trade & Professional Bodies Fellow of Institution of Engineers Member of The American Society of Mechanical Engineers President of "Pakistan Association of Automotive Parts & Accessories Manufacturers" (PAAPAM). The Government of Japan has conferred the prestigious decoration, The Order of the Rising Sun, Gold Rays with Neck Ribbon to Mr. Sohail P. Ahmed, in recognition of his dedicated contributions for strengthening economic relations and mutual understanding between Japan and Pakistan.



**Salman Burney** *Non Executive Director*

Mr. Salman Burney joined the Board in August 2017 as a Non-Executive Director. He has also served as the VP/Area GM for GSK Pakistan, Iran and Afghanistan. He began his career with ICI Pakistan in Sales & Marketing within various roles in Pakistan & African / Eastern Region at ICI's Agrochemicals & Seeds Business. He joined the company in 1992, was appointed MD, SmithKline Beecham in 1997 with additional responsibility for Iran and the Caspian Region. He was holding the position of MD for GSK in Pakistan and was responsible for GSK's Pharmaceutical business in Pakistan, Iran & Afghanistan. He has a degree in Economics from Trinity College, University of Cambridge, UK. Mr. Salman Burney has been the President of Pakistan's foreign investors Chamber and as Chairperson of the MNC Pharma Association has led the industry interface with the government on various issues.



**Muhammad Ali Jameel** *Independent Director*

Mr. Ali Jameel is the CEO of TPL Trakker Ltd., Pakistan's first vehicle tracking Company. He is also the director of TRG Pakistan Ltd. Formerly Mr. Jameel was the Chief Executive of Jahangir Siddiqui Investment Bank. He has also held several advisory posts in Board of Investment, Economic Advisory Council, the Pakistan's information technology and telecommunication sectors, including appointments on the task Force on Telecom Deregulation, the Fiscal Incentive group on the IT Commission and the Task Force on Venture Capital. Mr. Jameel received his B.Sc. degree in Economics from the London School of Economics. He is also an Associate Member of the Institute of Chartered Accountants in England & Wales and qualified in 1994 at KPMG Peat Marwick in London.

Subsequent to the reporting date, he has resigned from the Board with effect from August 25, 2023.



**Ayesha T. Haq** *Independent Director*

Ayesha T. Haq was appointed as a Director of Agriauto Industries Limited in October 2018. She practised corporate commercial law in the UAE, Pakistan, Philippines and the USA.



# چیئر مین کا جائزہ

محترم شیئر ہولڈرز،

مجھے 30 جون 2023ء کو ختم ہونے والے مالی سال کے لیے ایگری آٹو انڈسٹریز لمیٹڈ کی کارکردگی کا ایک جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ مشکل معاشی ماحول کا سامنا کرنے کے باوجود، ہم اپنے حصص داران کو قدر فراہم کرنے کے لیے پرعزم رہے۔

پاکستان کے معاشی منظر نامے نے بہت سے واقعات کا مشاہدہ کیا، سیلاب، افراط زر اور سیاسی عدم استحکام کے باعث ملک کا معاشی نقطہ نظر منفی طور پر متاثر ہوا، جس کے نتیجے میں سال 2023ء میں جی ڈی پی کی شرح نمو کم ہو کر محض 0.5 فیصد رہ گئی، جو کہ گذشتہ مالی سال کی نسبت 6 فیصد سے بہت کم ہے جس کی وجہ سے کمپنی کی مالیاتی کارکردگی نمایاں طور پر متاثر ہوئی، انفرادی فروخت میں 40.44 فیصد اور مجموعی فروخت میں 46 فیصد کمی ہوئی۔

چیلنجز کے باوجود ہم نے اسٹریٹجک اقدامات کیے جس میں ایک آٹو بینک ہارڈ کروم سہولت کی تنصیب، 2 میگا واٹ سولر پروجیکٹ، حب پریس شاپ کی توسیع، اور پورٹ قاسم پریٹینڈم پریس لائن کا اضافہ شامل ہیں۔ یہ اقدامات مصنوعات کے معیار، حفاظت کی تعمیل، اور مینوفیکچرنگ کی صلاحیت میں اضافہ کریں گے۔ ہمارا فعال نقطہ نظر جدت کو تقویت دینا ہے اور صنعتی لیڈر کے طور پر مستقبل کی ترقی کے لیے تیار کرنا ہے، ہمارے کاروبار اور وسیع تر کمیونٹی دونوں کے لیے مثبت شراکت فراہم کرتا ہے۔

ہم اپنے ملازمین کی لگن کی قدر کرتے ہیں اور ہم نے ان کی کارکردگی کو بہتر بنانے میں سرمایہ کاری کی ہے۔ ہماری تمام تر توجہ ادارتی سماجی ذمہ داری کی کوششوں، صحت کی دیکھ بھال، تعلیم، اور کمیونٹی کی ترقی پر مرکوز رہتی ہیں، جو مثبت سماجی اثرات کے لیے ہمارے عزم کی عکاسی کرتی ہیں۔ لہذا گذشتہ سال تباہ کن سیلاب کے بعد ملک کا بیشتر حصہ ڈوب گیا اور کمپنی نے بے گھر افراد کی بحالی کے لیے ریلیف فنڈ میں 4.2 ملین کا تعاون کیا۔

آگے دیکھتے ہوئے، ہم مانیٹری پالیسی کی تبدیلیوں اور اقتصادی عوامل کے باعث آٹو موٹائل سیکٹر میں غیر یقینی صورتحال کو تسلیم کرتے ہیں۔ تاہم، جدت طرازی اور صارفین کی اطمینان کے لیے ہماری لگن غیر متزلزل ہے۔ تبدیلی اور تعاون کو اپناتے ہوئے، ہمارا مقصد چیلنجز پر قابو پانا اور پاکستان کی اقتصادی ترقی میں کردار ادا کرنا ہے۔

ہم بورڈ، ملازمین، صارفین، اور شراکت داروں کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔ ہماری توجہ مل کر ترقی کی رفتار کو برقرار رکھنے اور تمام اسٹیک ہولڈرز کیلئے قدر پیدا کرنے پر مرکوز ہے۔

بورڈ ادارتی اور مالیاتی رپورٹنگ کے نظام کے حوالے سے اپنی ذمہ داری کو تسلیم کرتا ہے۔ بورڈ کمپنی کے بنیادی مقاصد کے حصول میں اپنے کلیدی کردار سے آگاہ ہے اور اس کی توجہ حصص یافتگان اور متعلقین کو منفعت فراہم کرنے پر مرکوز ہے اور اپنے قابل قدر گاہکوں کو اعلیٰ معیاری مصنوعات کی فراہمی میں معاونت جاری رکھے گا۔

*Mue*

یوٹاکا آرائے

چیئر مین

25 اگست 2023ء

## Chairman's Review

Dear Shareholders,

I am pleased to provide an overview of Agriauto Industries Limited's performance for the fiscal year ended June 30, 2023. Despite facing a challenging economic environment, we remained committed to delivering value to our shareholders.

The economic landscape of Pakistan witnessed a multitude of events that contracted the economy including unprecedented floods, inflation, and political tensions, resulting in a GDP growth rate of only 0.5% in FY2023, a significant decline from the previous year's 6%. The company's financial performance was significantly impacted, with sales dropping by 40.44% on standalone and by 46% consolidated basis.

Amid challenges, we drove strategic initiatives: installation of an automatic hard-chrome facility, 2 Mega-watt solar project, Hub press shop expansion, and addition of a tandem line at Port Qasim. Guided by our commitment to sustainability and efficiency, these actions will elevate product quality, safety compliance, and manufacturing capacity. Our proactive approach reinforces innovation, positioning us as industry leaders, prepared for future growth, and making a positive contribution to both our business and the wider community.

We value our employees' dedication and have invested in their growth through training and development opportunities. Our corporate social responsibility efforts continue to focus on healthcare, education, and community development, reflecting our commitment to a positive societal impact. Therefore, following the previous year's devastating flood that submerged much of the country, the Company contributed Rs. 4.2 million to Relief Fund for betterment of the dispossessed.

Looking ahead, we acknowledge the uncertainties in the automobile sector due to monetary policy shifts and economic factors. However, our dedication to innovation and customer satisfaction remains unwavering. By embracing change and collaboration, we aim to overcome challenges and contribute to Pakistan's economic growth.

We extend our gratitude to the Board, employees, customers, and partners for their continued support. Together, we remain focused on sustaining our growth trajectory and creating value for all stakeholders.

The Board recognises its duty concerning the Corporate and Financial Reporting Framework. It is also fully aware of its strategic significance in attaining the Company's primary goals and is dedicated to enhancing returns for shareholders and other stakeholders. The Board is committed to ongoing contributions through the consistent provision of high-quality products to our esteemed customers.

*Mue*

Yutaka Arae  
Chairman

August 25, 2023



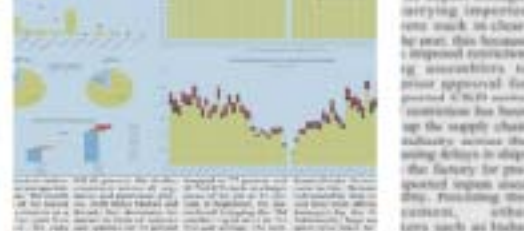
# Autos' snail speed

Autos' snail speed... Pakistan's auto industry... 2022-23... 1.1 million units... 70% decline...



# Auto: Turn off the ignition

Auto: Turn off the ignition... High inflation... supply chain... 2022-23...



# Auto: Trouble in paradise

Auto: Trouble in paradise... Pakistan's auto industry... 2022-23... 1.1 million units...



# Pakistan's auto industry lays off thousands as sales down 70pc in a year

Pakistan's auto industry lays off thousands as sales down 70pc in a year... 2022-23... 1.1 million units...

# The scourge of 'ON'

The scourge of 'ON'... Pakistan's auto industry... 2022-23... 1.1 million units...

# Crash and burn

Crash and burn... Pakistan's auto industry... 2022-23... 1.1 million units...

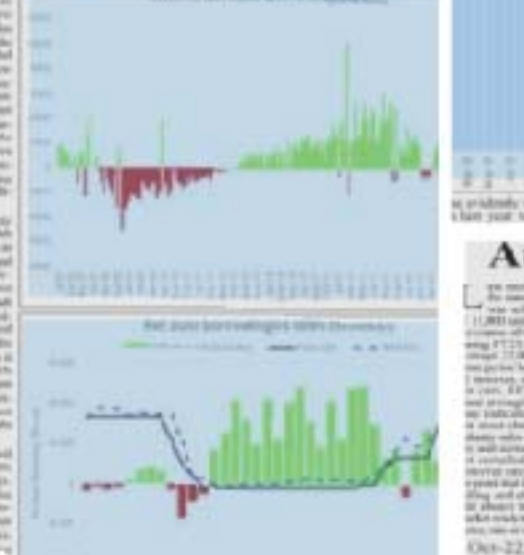
# Auto: mighty fall

Auto: mighty fall... Pakistan's auto industry... 2022-23... 1.1 million units...



# Auto loans in a sinkhole

Auto loans in a sinkhole... Pakistan's auto industry... 2022-23... 1.1 million units...



# Autos: Down but never out

Autos: Down but never out... Pakistan's auto industry... 2022-23... 1.1 million units...



# Autos: Breaking speed

Autos: Breaking speed... Pakistan's auto industry... 2022-23... 1.1 million units...

# Autos: Rough road ahead

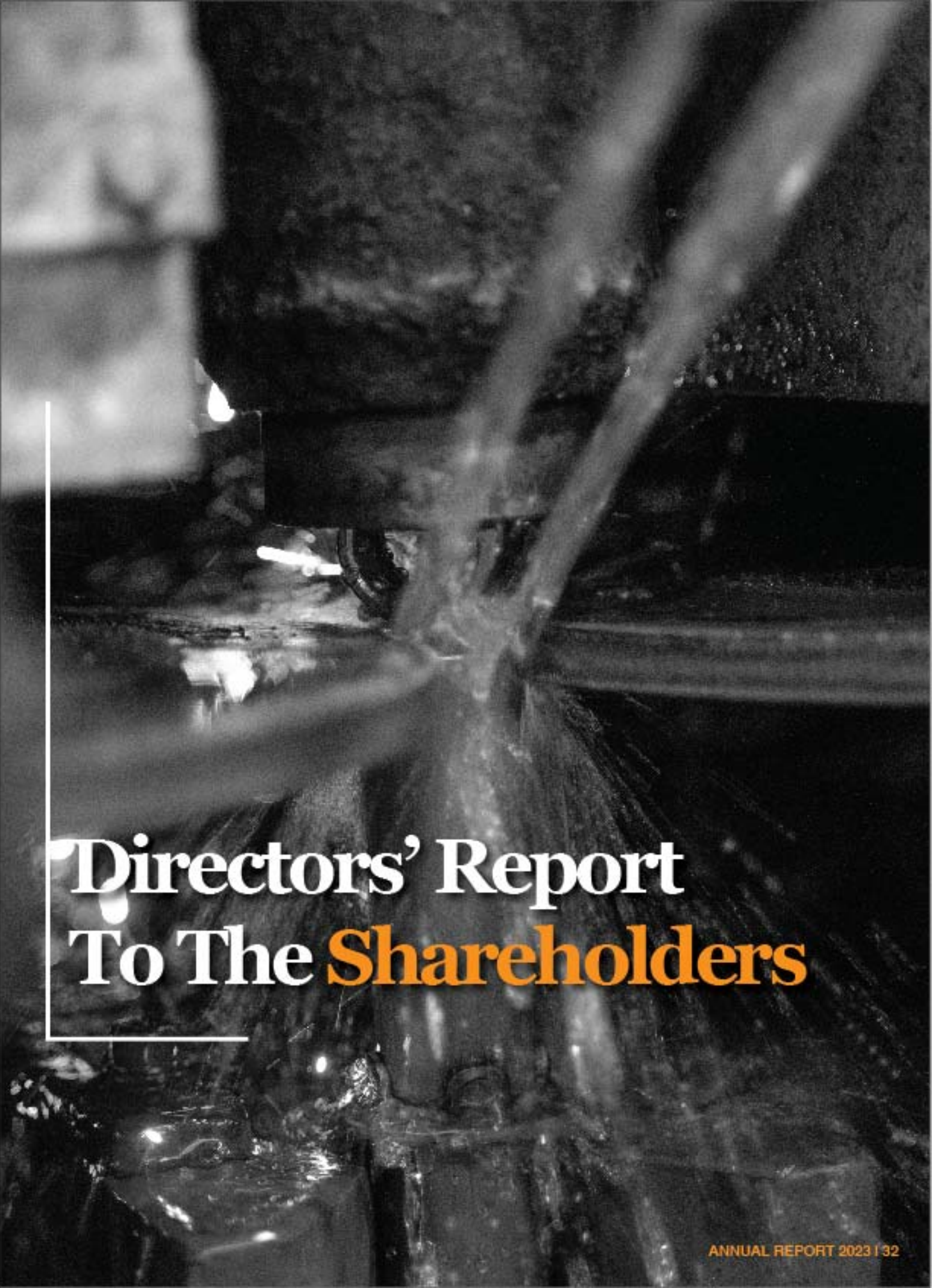
Autos: Rough road ahead... Pakistan's auto industry... 2022-23... 1.1 million units...

# Autos: Invisible hand

Autos: Invisible hand... Pakistan's auto industry... 2022-23... 1.1 million units...



# Pakistan Auto Industry



# Directors' Report To The Shareholders



# Directors' Report to the Shareholders

FOR THE YEAR ENDED JUNE 30, 2023

The Directors' of the Company are pleased to present the Directors' Report, along with the Audited Financial Statement for the year ended June 30, 2023.

## PRINCIPAL ACTIVITIES OF 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 ISO TS16949 certification.

## FINANCIAL & BUSINESS PERFORMANCE

### STANDALONE RESULTS

During FY 2022-23, your company witnessed a significant decline in Sales, amounting to Rs. 5.33 billion as compared to Rs. 8.95 billion in FY 2021-22, representing a reduction of 40.43% from the previous year. Consequently, the Profit after tax also experienced a downturn, resulting in a loss after tax of Rs. 44.28 million, in comparison with a profit after tax of Rs. 304.01 million in the preceding year. This adverse financial performance can be attributed to the decrease in the automotive sector.

	(Rupees in thousand)	
	2022-23	2021-22
Turnover	5,336,118	8,957,545
Gross Profit	218,819	1,018,156
(Loss) / Profit before Taxation	(32,804)*	458,428
Taxation	(11,679)	(154,419)
(Loss) / Profit after Taxation	(44,283)	304,009
(Loss) / Earnings Per Share (Rs.)	(1.23)	8.44**

\*Includes dividend income of Rs. 228 million from wholly-owned subsidiary

\*\*Restated due to bonus share issue

### CONSOLIDATED RESULTS

On consolidated basis, the Company's sales dropped by 46% to Rs. 8.31 billion in FY 2022-23 compared to last year. Consequently, loss after tax is Rs. 173.28 million compared to profit of Rs. 736.82 million last year.

(Rupees in thousand)

	2022-23	2021-22
Turnover	8,314,517	15,397,684
Gross Profit	542,185	1,930,993
(Loss) / Profit before Taxation	(126,308)	1,104,635
Taxation	(46,972)	(367,814)
(Loss) / Profit after Taxation	(173,280)	736,821
(Loss) / Earnings Per Share (Rs.)	(4.81)	20.47*

\*Restated due to bonus share issue

### Dividend

The Board of Directors are not recommending any dividend for the approval of the shareholders at the Annual General Meeting of the Company to be held on October 23, 2023.

### THE BOARD OF DIRECTORS

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

Mr. Yutaka Arae	Chairman
Mr. Fahim Kapadia	Chief Executive
Mr. Hamza Habib	
Mr. Sohail P. Ahmed	
Mr. Salman Burney	
Ms. Ayesha Tammy Haq	
Mr. Muhammad Ali Jameel*	

\*resigned on August 25, 2023

### COMPOSITION OF THE BOARD

Gender	Number
Male	6
Female	1

Categories	Names
Non-Executive Director	Mr. Yutaka Arae – Chairman Mr. Hamza Habib Mr. Sohail P. Ahmed Mr. Salman Burney
Executive Director	Mr. Fahim Kapadia – Chief Executive
Independent Director	Ms. Ayesha Tammy Haq Mr. Muhammad Ali Jameel



During the year, Board of Directors held five meetings, the Board Audit Committee held four meetings and the Board Human Resource and Remuneration Committee (HRRC) held two meetings.

#### RESIGNATION OF INDEPENDENT DIRECTOR

Subsequent to the reporting date, Mr. Muhammad Ali Jameel (Independent Director) has tendered his resignation on August 25, 2023.

We extend our gratitude to Mr. Muhammad Ali Jameel for his dedicated services and invaluable contributions during his tenure on the Board.

#### PAKISTAN'S ECONOMY

In the aftermath of last year's devastating floods, rising inflation, current account deficit, and political tension, the country's economic outlook was negatively impacted, posing a threat to the growth momentum experienced post-pandemic. As we progressed through the financial year, the projected GDP growth rate decelerated significantly to merely 0.5% in FY2023, a sharp decline from the 6% achieved in the previous Fiscal Year.

The introduction of new taxes in the budget for both the auto sector and other companies, in the form of a super tax and withholding tax, is expected to impede overall growth in the coming year. Consequently, achieving the target of 2% growth appears increasingly optimistic. Additionally, the anticipation of alterations to the finance bill for 2023 by the new government following the elections adds to the prevailing uncertainty.

On a positive note, the IMF has disbursed USD 1.2 billion under the Stand-By Agreement (SBA) facility, providing marginal breathing space for imports. This opened bilateral flows from other countries in the Gulf (amounting to USD 3 billion), which has further added to the reserves of the State Bank. However, it is essential to acknowledge that the policy rate has surged to 22%.

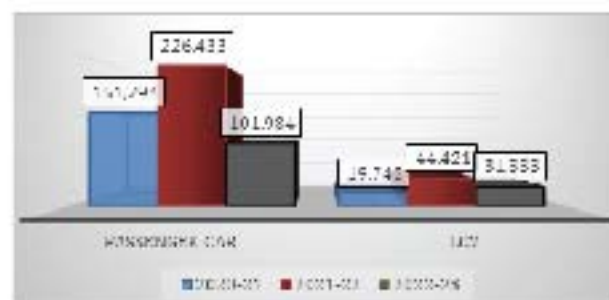
These updates indicate a challenging economic landscape ahead, with uncertainties surrounding the projected growth rate, potential hindrance to growth due to new taxes, and the necessity of IMF funding to address external payment obligations amidst a balance of payment crisis. As we navigate through these challenges, it is essential for the country's economic wellbeing that we strike a balance between supporting the economy, ensuring debt sustainability, and implementing structural reforms to achieve a more sustainable and inclusive growth trajectory. Collaborative efforts between the government, political elite, and relevant stakeholders will play a crucial role in charting a path toward stability and positioning the country for a brighter economic future.

#### Automobile Segment:

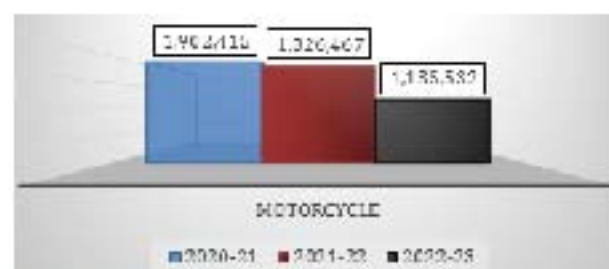
For the Automotive Sector, the year 2022-23 was marred by frequent production shutdowns due to restrictions on

establishing Letters of Credit, increasing car prices and tightening of auto financing scheme with the onset of higher policy rates. The sector is expected to remain depressed during the current fiscal year due to low demand and ongoing supply chain challenges.

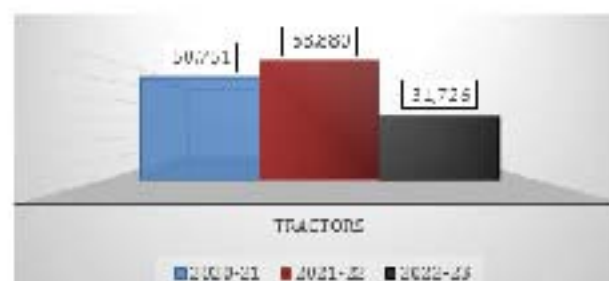
#### Yearly Performance 4 Wheeler:



#### Yearly Performance Motorcycle:



#### Yearly Performance Tractors:



#### NEW INITIATIVES

Management is pleased to share the new initiatives taken by the Company during the FY 2022-23;

#### Automatic Hard Chrome Facility:

As part of the vision to strengthen our core competency, the Company is investing Rs. 318 million to Automate Hard Chrome Plating Facility. This facility will not only improve the product quality and process efficiency but will also enable the Company to comply with health and safety regulations.



#### Solar Power Energy Project:

Agriauto Industries Limited and Agriauto Stamping Company (Pvt.) Limited successfully installed Solar Power generation plant with an investment of Rs. 165 million. The project has been a great success in achieving our objective of sustainably through reducing our carbon foot print. So far collectively we have generated around 2 GWH; decreasing our energy cost while offsetting around 1 ton of Carbon dioxide (equivalent to 1 acre of US forest CO2 absorption in one year).

#### Press-Shop Expansion at Hub:

During the year, Agriauto Industry's Press shop is being expanded with 9 additional presses of 110-250 tons with total budgeted capital expenditure of Rs. 440 million.



#### Addition of Tandem Press Line at Agriauto Stamping Company:

Similar expansion is being done at Agriauto Stamping Company (ASC) facility. Two New 1000 Ton and 800 Ton presses are being added along with an additional Welding Gantry. This will enhance ASC's production capability to two full tandem lines of four presses each. This expansion will enhance capacity as well as efficiency of the facility to accommodate further future business.



#### Trial Export Supply of Shock Absorbers:

Management continued to focus on Export Initiatives and received a trial order of Shock Absorbers.

We are confident that this will open new venues for future business expansion..

#### PROCESS IMPROVEMENT ACTIVITIES

During the year, Your Company undertook several process improvement and automation activities resulting in substantial savings in man hours, minimization of errors and significant increase in efficiencies. Some of the initiatives are stated below:

- Quick Die Changeover (QDC) introduced to minimize changeover times at Press Shop
- E-Invoicing through SAP.

- Go-live of 2 Megawatt Solar System (1MW in Hub and 1MW in Port Qasim) to reduce process cost.
- Electroplating process switched from Manual Chrome to Auto Chrome.
- Layout change at Hub Process Shop to improve material movement efficiency.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Having a robust and efficient risk management system is essential for any company in their daily operations. Agriauto is cognizant of the risks faced by the company, and are constantly seeking opportunities to improve and stay ahead in the market while achieving our goals. The Board of Directors recognizes the significance of risk management and actively participates in developing and overseeing the Company's risk management framework, as well as creating and monitoring its risk management policies.

A committee consisting of senior management, known as the Risk Management and Strategic Plan Committee, has also been established to address and determine all issues related to the Company's risk management and strategic plan at regular intervals. This committee provides precise, comprehensive, and timely information that reaches all levels and departments to assist in making strategic decisions. It manages the Risk Register and takes proactive measures to manage risks within the predetermined risk appetite and tolerance levels.

#### HEALTH, SAFETY AND ENVIRONMENT (HSE)

Agriauto is fully committed to conduct its business in a sustainable and socially responsible manner. At Agriauto, We take complete care of health and safety of our employees, the environment and others affected by our activities, including the communities in which we operate.

The Company promotes a culture of quality, health and safety by enabling access to the appropriate resources, training and coaching to our employees, contractors, visitors and other stakeholders. The management encourages effective consultation and participation with workers on all health, safety and environment related matters and ensure compliance with the relevant laws and regulations.

Following are the highlights of the key activities:

#### Winning Hearts & Minds - Behavior Based Safety Program

As part of consistent ongoing efforts to improve the safety culture, HSE department has launched "Winning Hearts & Minds - Behavioral Based Safety Program" at Agriauto Industries Limited.

In this regard, a renowned Occupational Health and Safety Specialist – Dr. Tahir Baig Barlas was engaged to review and improve the implementation of Health and Safety Management System.



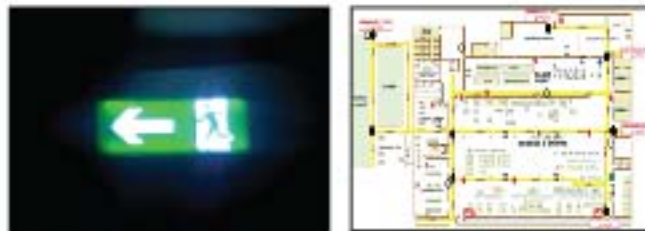


In order to ascertain the firefighting response of employees and to gauge their preparedness, emergency fire drills are conducted regularly in various departments to create awareness and make them aware of their responsibilities during emergency. Real life-based scenarios of Fire incident were created for Emergency Drill and firefighting was carried out by Agriauto Industries fire fighter and Rapid Intervention Vehicle was operated by the trained fire fighters.



#### Visualization of Safety Signage

Safety Boards and signage were placed in order to spread awareness among the team members about the hazards related to diesel storage tank and road safety.



#### Quality Control Circle:



#### 5S and Safety Training Sessions:

##### Training – Key to HSE

Emergency Preparedness & Response, Behavioral Based Safety Program, Compressed Gas Cylinder Safety and Basic Life Support trainings were held during the year.



#### Corporate Social Responsibility (CSR):

Agriauto believes in giving back to society and committed to improve the quality of life of our stakeholders, communities and the underprivileged members of the society. As part of the philosophy of the company, the

company and its employees devote time and resources for the development of the society. Various activities were conducted spanning across all our business segments. Primary focus of these measures are on healthcare, education, environment, employee's welfare and community development.

Activities undertaken during the year include following:

#### MARKHOR PROGRAM-Developing Purposeful and Character based young leaders

Company sponsored two children of its employees (one from Junior Team Members and one from Executive Level) to participate in Markhor 2022. A five-day intensive wilderness-based Youth Leadership program aim at building socially responsible, value based young leaders of the future.



#### Distribution of Hampers to staff and local community

The Company distributed hampers among all its Junior Team members each year, on 1st day of Ramadan, to support the well-being of staff and their families. The Company also distributed ration hampers to local community at Hub.

#### Free Medical Camp at Agriauto Industries Limited, Hub:

We actively engaged with hospitals on various activities, including blood drives, to promote staff health and encourage fitness, a medical and eye camp was setup for a full day for its employees in coordination with Murshid Hospital. Over 400 employees participated in this activity. Medical check-up, blood test, eye test, sugar test, Hepatitis A and B were conducted.

#### Plantation Drive



#### Management Excellence Award 2022:

Agriauto secured Certificate of Excellence in Automobile and Accessories Sector at the 37th Corporate Excellence Awards by Management Association of Pakistan (October 2022).



#### Recognition from National Forum for Environment and Health (NFEH):

Agriauto secured Silver Category at 12th Annual Fire, Safety & Security Convention 2022 by the renowned governing body National Forum for Environment and Health (NFEH) in collaboration with Fire Protection Industry of Pakistan (FPIP) (Nov 2022).



#### Employer of the Year Award from Employer's Federation of Pakistan:

Agriauto Industries Limited received 3rd Position in Medium National Category at 9th Employer of the Year Award by Employer's Federation of Pakistan (Nov 2022).



#### Recognition from United Nations Sustainable Development Goals (UNGC):

Agriauto won the 3rd Prize in the Category of National Enterprises for Living the United National Global Compact (UNGC) Best Practices. The award was presented on March 2, 2023, by UNGC Network Pakistan. The UN Global Compact Best Practices Sustainability Awards recognize and honor companies that have made significant progress in advancing and contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) and made positive

contributions to society and the environment.



#### HUMAN RESOURCE (HR)

Agriauto values its team and committed to provide a culture of inclusiveness and excellence, mutual respect and encourage professionalism, so that Agriauto Family derive success and enable sustainability in our competitive edge.

The Company also ensure fulfilling its obligations towards the team and comply with all the laws and regulations thus leading to excellent industrial harmony and amicable team relations.

#### Training & Development

A variety of Training and Development opportunities were offered to employees in-house and external.

#### Soft Skills

Enhanced soft skills ensure a productive, collaborative and healthy work environment; all are vital attributes for an organization in an increasingly competitive world. Following are the training programs that were organized by the Company during the year:

#### Training During NPDs – Plan Do Check Act / A3 Report Writing:

A seasoned trainer was invited from IMC to conduct PDCA / A3 Report Writing training during NPDs.



#### Participation in HOH Learning Fair:

77 employees from Agriauto participated in HOH Learning Fair and attended 16 trainings.





#### CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, the Company contributed Rs. 2.05 billion (2022: Rs. 4.26 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.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2023 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.

#### CORPORATE AND FINANCIAL REPORTING

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

- The financial statements prepared by 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act), and provisions of and directives under the Act, have been followed in the preparation of financial statements.
- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Limited, 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.
- The key operating and finance data for the last 6 years are annexed to the report.

#### AUDITORS

Based on recommendation of the Audit Committee, the Board has recommended the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as external auditors for the financial year ending June 30, 2024.

The present Auditors M/s. EY Ford Rhodes, Chartered Accountants, are due to retire in the forthcoming annual general meeting of the company and being eligible, have offered themselves for reappointment. Board Audit Committee and the Board, recognizing the good practice of audit firm's rotation at regular intervals, have recommended M/s. A.F. Ferguson & Co., Chartered Accountants for appointment as external auditors for shareholders consideration and approval at the forthcoming annual general meeting for the year ending June 30, 2023.

#### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

#### AGRIAUTO STAMPING COMPANY (PRIVATE) LIMITED (ASC)

Agriauto Stamping (Private) Limited is a wholly owned subsidiary of Agriauto Industries Limited and involved in stamping of sheet metal parts, jigs, dies and accessories, for the automotive sector.

ASC continued to concentrate and excel in its core capability of stamping of high tensile sheet metal parts and operations are growing with increase in number of parts being produced. The Company is continuously pursuing and securing new products development, as part of its diversification strategy, which will bring sustainability and improve profitability going forward.

ASC is currently in the process of installing a new Press line, which is expected to be completed by the end of the next fiscal year. Additionally, ASC has effectively expanded the welding assembly line for the upcoming new model, and has also added necessary utilities to meet its specific requirements. After the completion of project company will have two full tandem lines with 4 press machines each. This expansion project increases the plant capacity of press parts substantially.

#### FUTURE OUTLOOK

In the fiscal year 2023, Pakistan's economy slowed down, attributed to multiple challenges: widespread floods, government austerity measures, and a precarious balance-of-payments situation. The horizon for the fiscal year 2024 appears slightly positive, bolstered by a preliminary agreement with the IMF for a bailout package totaling USD 3 billion. To secure the IMF arrangement, the government was compelled to recalibrate its budgetary allocations, entailing both fiscal belt-tightening and heightened taxation, potentially putting a damper on domestic consumer demand.

Shifting to the present, the new fiscal year has commenced with a declaration of Non-Production Days (NPD) by the automobile assemblers due to declining demand for new cars coupled with parts' shortages. Drawing insights from the latest projections by assemblers and market reports highlighting diminishing demand for new vehicles, projections indicate a further decline in production volumes for the upcoming year.

We remain optimistic about the long-term potential of the auto part manufacturing business in Pakistan. By staying true to our core values, fostering innovation, and embracing change, we are confident in our ability to seize opportunities and overcome challenges. We are also actively seeking to develop exports in the future to balance our dependency on the local market.

#### 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 KYB Corporation, M/s. Ogihara (Thailand) Co. Ltd., M/s Ride Control, LLC. USA, , Japan, M/s Aisin Seiki Co. Ltd., Japan, M/s KMS (KYB Motorcycle Suspension, Japan) and M/s. Sannou Riken Co Ltd, Japan for their technical assistance and advice.

On behalf of the Board of Directors.



Fahim Kapadia  
Chief Executive



Salman Burney  
Director

KARACHI  
DATED: 25 August 2023



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

### انگریزی آٹو اسٹیپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

انگریزی آٹو اسٹیپنگ کمپنی (پرائیویٹ) لمیٹڈ، انگریزی آٹو انڈسٹریز لمیٹڈ کی مکمل ملکیت میں ایک ذیلی کمپنی ہے اور بنیادی طور پر آٹو موٹو صنعت کے لئے شیٹ میٹل پرزوں، اوزاروں اور لوازمات، اسٹیپنگ میں مصروف عمل ہے۔

ASC تسلسل کے ساتھ اپنی بنیادی سرگرمی یعنی اعلیٰ تاؤ کے حامل شیٹ میٹل پرزوں کی اسٹیپنگ پر مرکوز ہے اور اس میں اضافہ کے لئے کوشاں ہے اور پرزوں کی تعداد میں اضافے سے کاروباری افعال میں اضافہ ہو رہا ہے۔ کمپنی تسلسل کے ساتھ نئی مصنوعات کی ترویج کے حصول اور تعاقب کے لئے جدوجہد کر رہی ہے جو کہ اس کی متنوع حکمت عملی کا حصہ ہے جس سے مستقبل میں منافع میں پائیداری اور بہتری آئی گی۔

فی الحال ASC ایک نئی پریس لائن کی تنصیب کے عمل میں مصروف ہے، جو کہ سال کے آخر تک مکمل ہونے کی امید ہے۔ مزید برآں، ASC نے آنے والے نئے ماڈل کے لیے ویلڈنگ اسمبلی لائن کو موثر طریقے سے بڑھایا ہے، اور اپنی مخصوص ضروریات کو پورا کرنے کے لیے ضروری یوٹیلٹی بھی شامل کیے ہیں۔ منصوبہ کی تکمیل کے بعد کمپنی کے پاس 4 پریس مشینوں کے ساتھ دو مکمل ٹینڈم لائنیں ہوں گی۔ یہ توسیعی منصوبہ پریس پارٹس کی پلانٹ کی صلاحیت میں خاطر خواہ اضافہ کرتا ہے۔

### مستقبل کی پیش بینی:

مالی سال 2023ء میں، پاکستان کی معیشت بڑے پیمانے پر سیلاب، حکومتی کفایت شعاری، اور ادائیگیوں کے توازن کی غیر یقینی صورتحال کے باعث ست روی کا شکار ہوئی۔ مالی سال 2024ء قدرے مثبت دکھائی دیتا ہے، جس کی تقویت IMF کے ساتھ 3 بلین امریکی ڈالر کے نئے آؤٹ لیٹنگ کے ابتدائی معاہدے سے ہوئی ہے۔ IMF کے انتظامات کو محفوظ بنانے کے لیے، حکومت کو مجبور کیا گیا کہ وہ اپنے بجٹ کی تخصیص کو دوبارہ ترتیب دے، جس میں مالیاتی ہیلٹ کو سخت کرنا اور ٹیکسوں میں اضافہ کرنا شامل ہے، جس سے ممکنہ طور پر گھریلو صارفین کی قوت خرید میں کمی آئی۔

نئے مالی سال کا آغاز ہمارے آٹو موٹو بل سیکٹر کے صارفین کی جانب سے پارٹس کی قلت کے ساتھ نئی گاڑیوں کی مانگ میں کمی کے باعث غیر پیداواری دنوں (NPD) کے اعلان کے ساتھ ہوا ہے۔ اسمبلرز کے تازہ ترین تخمینوں اور مارکیٹ کی رپورٹس سے بصیرت

حاصل کرتے ہوئے نئی گاڑیوں کی کم ہوتی طلب آنے والے سال کے لیے پیداوار کے حجم کا تخمینہ مزید کمی کی نشاندہی کرتا ہے۔

ہم پاکستان میں آٹو پارٹس مینوفیکچرنگ کے کاروبار کی طویل مدتی صلاحیت کے بارے میں پر امید ہیں۔ اپنے بنیادی اقدار پر قائم رہنے، ایجادات کو فروغ دینے اور تبدیلی کو اپنانے سے، ہمیں مواقع سے فائدہ اٹھانے اور چیلنجز پر قابو پانے کی اپنی صلاحیت پر پورا یقین ہے۔ ہم مقامی مارکیٹ پر اپنے انحصار کو متوازن کرنے کے لیے مستقبل میں برآمدات کو فروغ دینے کے لیے بھی سرگرم عمل ہیں۔

### 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 سے چیلنجز کو پورا کرنے اور قابو کرنے میں مدد ملی جس کی وجہ سے سال بہ سال تسلسل کے ساتھ کمپنی میں نمو جاری رہی 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، سپلائرز اور ملازمین کے قابل قدر تعاون، مسلسل تائید اور مدد پر انہیں ستائش پیش کرتے ہیں۔ ہم بیرون ملک ٹیکنیکی مددگاروں میسرز KYB کارپوریشن، میسرز اوگھی ارا (تھائی لینڈ) کمپنی لمیٹڈ، میسرز رائیڈ کنٹرول LLC، یو ایس اے، جاپان، میسرز Aisin Seiki کمپنی لمیٹڈ، جاپان، میسرز KMS (KYB موٹر سائیکل سپلینٹس، جاپان) اور میسرز Sannou Riken کمپنی لمیٹڈ، جاپان کی ٹیکنیکی مدد اور مشوروں پر ان کے مشکور ہیں۔

برائے و منجانب



فہمیدہ کھاٹون  
چیف ایگزیکٹو



سلمان بھٹی  
ڈائریکٹر

کراچی

مورخہ: 25 اگست 2023ء



## تربیت اور ترقی:

ملازمین کو اندرون ملک اور بیرون ملک تربیت اور ترقی کے متعدد مواقع فراہم کئے گئے۔

## عمومی صلاحیتیں (سافٹ اسکلز):

بہتر عمومی صلاحیتیں ایک نتیجہ خیز، باہمی تعاون اور صحت مند کام کے ماحول کو یقینی بناتی ہیں، یہ سب بڑھتی ہوئی مسابقتی دنیا میں ایک تنظیم کے لیے اہم صفات ہیں۔

کمپنی نے دوران سال درج ذیل تربیتی پروگرام منعقد کئے:

## NPDs کے دوران تربیت - پلان ڈو چیک ایکٹ/A3 رپورٹ لکھنا:

NPDs کے دوران PDCA/A3 رپورٹ لکھنے کی تربیت کرنے کے لیے IMC سے ایک تجربہ کار ٹرینر کو مدعو کیا گیا تھا۔



## HOH لرننگ فیئر میں شرکت:

HOH لرننگ فیئر میں ایگری آٹو کے 77 ملازمین نے حصہ لیا اور 16 تربیتوں میں شرکت کی۔



## قومی خزانے کو معاونت:

جائزہ سال کے دوران، کمپنی نے قومی خزانے میں 2.05 بلین روپے (2022ء: 4.26 بلین روپے) کی معاونت فراہم کی۔

## نان ایگزیکٹو ڈائریکٹرز کے معاونت کی پالیسی:

کمپنی کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے بورڈ نان ایگزیکٹو اور آزاد ڈائریکٹرز کی فیس کا وقتاً فوقتاً تعین کرتا ہے۔

## حصص داری کی ساخت:

30 جون 2023ء کی حصص داری کی ساخت منسلک کی گئی ہے۔

## متعلقہ فریقین کے ساتھ لین دین:

تمام متعلقہ فریقین کے ساتھ معمول کے مطابق لین دین کیا گیا اور تفصیلات مالیاتی گوشواروں میں متعلقہ نوٹس میں منکشف کیا گیا ہے۔

## ادارتی اور مالیاتی نظام پر ادارتی نظم و ضبط کی ضابطہ کی پاسداری کا 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۔
- ☆ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کے جاری کردہ عالمی مالیاتی رپورٹنگ معیارات جن کا تذکرہ کمپنیز ایکٹ 2017ء (ایکٹ) کیا گیا ہے اور ایکٹ کی شقوں اور ہدایت کو مالیاتی گوشواری کی تیاری کو دوران ملحوظ خاطر رکھا گیا ہے۔
- ☆ بورڈ نے انٹرنل آڈٹ فنکشن ایک بیرونی فریق میسرز نو بل کمپیوٹرسروسز (پرائیویٹ) لمیٹڈ کو سونپا گیا ہے، جنہیں اس مقصد کے لئے موزوں تعلیم یافتہ اور تجربہ کار خیال کیا گیا ہے اور وہ کمپنی کی پالیسیوں اور طریقہ کار سے آگاہ ہیں۔
- ☆ اندرونی کنٹرول کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کی آڈٹ کمیٹی کے تمام ممبران آزاد/نان ایگزیکٹو ڈائریکٹر 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۔
- ☆ گذشتہ 6 سالوں کے کاروباری اور مالیاتی اعداد و شمار رپورٹ کے ساتھ منسلک ہیں۔

## آڈیٹرز:

آڈٹ کمیٹی کی سفارش کی بنیاد پر، بورڈ نے 30 جون 2024ء کو ختم ہونے والے مالی سال کے لیے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹرز مقرر کرنے کی سفارش کی ہے۔ موجودہ آڈیٹرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس، کمپنی کی آئندہ سالانہ جنرل میٹنگ میں ریٹائر ہونے والے ہیں اور اہل ہونے کی وجہ سے، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی اور بورڈ نے اس باررٹیشن کی اچھی مثال کو فروغ دینے کی غرض سے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹرز تقرری کی سفارش کی ہے تاکہ آئندہ اجلاس میں 30 جون 2023ء کو ختم ہونے والے سال کیلئے شیئر ہولڈرز کی منظوری لی جاسکے۔



ایگری آٹو معاشرے کی خدمت خلق پر یقین رکھتا ہے اور اپنے اسٹیک ہولڈرز، کمیونٹیز اور معاشرے کے پسماندہ افراد کے معیار زندگی کو بہتر بنانے کے لیے پرعزم ہے۔ کمپنی کے فلسفے کے حصے کے طور پر، کمپنی اور اس کے ملازمین معاشرے کی ترقی کے لیے وقت اور وسائل صرف کرتے ہیں۔ ہمارے تمام کاروباری طبقات میں مختلف سرگرمیوں کا انعقاد کیا گیا۔ ان اقدامات کی بنیادی توجہ صحت کی دیکھ بھال، تعلیم، ماحولیات، ملازمین کی بہبود اور کمیونٹی کی ترقی پر ہے۔

دوران سال منعقد کی جانے والی سرگرمیوں میں درج ذیل شامل ہیں:

### مارخور پروگرام - با مقصد اور کردار پختی نوجوان رہنما تیار کرنا

کمپنی نے مارخور 2022ء میں شرکت کے لیے اپنے ملازمین کے دو بچوں (ایک جو نیئر ٹیم ممبران اور ایک ایگزیکٹو لیول سے) کو سپانسر کیا۔ گھنٹے جنگل میں پانچ دن پر مشتمل یوتھ لیڈرشپ پروگرام کا مقصد سماجی طور پر مستقبل کے ذمہ دار، قدردان نوجوان لیڈر تیار کرنا ہے۔



### اسٹاف اور مقامی کمیونٹی میں ہمہ روزی تقسیم:

کمپنی ہر سال یکم رمضان کو اپنے تمام جو نیئر ٹیم ممبران میں ہمہ روزی تقسیم کرتی ہے تاکہ اسٹاف اور ان کے اہل خانہ کی فلاح و بہبود میں مدد ہو سکے۔ کمپنی نے جب میں مقامی کمیونٹی میں راشن ہمہ روزی تقسیم کیے ہیں۔

### ایگری آٹو ملازمین لیڈرشپ میں مفت طبی کیمپ:

ہم اسٹاف کی صحت کو فروغ دینے اور تندرستی کی حوصلہ افزائی کے لیے مختلف سرگرمیوں بشمول بلڈ ڈرائیو پر ہسپتالوں کے ساتھ فعال طور پر مشغول رہے، مرشد ہسپتال کے ساتھ مل کر اپنے ملازمین کے لیے پورا دن میڈیکل اور آئی کیمپ لگایا گیا۔ اس سرگرمی میں 400 سے زائد ملازمین نے حصہ لیا۔ میڈیکل چیک اپ، بلڈ ٹیسٹ، آنکھوں کا ٹیسٹ، شوگر ٹیسٹ، ہیپاٹائٹس اے اور بی کا معائنہ کیا گیا۔

### شجر کاری:



### منجمنٹ ایگزیکیٹو ایوارڈز 2022ء:

ایگری آٹو نے منجمنٹ ایسوسی ایشن آف پاکستان (اکتوبر 2022ء) کے 37 ویں کارپوریٹ ایگزیکیٹو ایوارڈز میں آٹو موٹو بائیل اور ایسیسریز کے شعبے میں سرٹیفکیٹ آف ایگزیکیٹو حاصل کیا۔



### نیشنل فورم فار انویشن ایڈ ہیلتھ (NFEH) کی جانب سے تسلیم شدہ:

ایگری آٹو نے فار پروڈکشن انڈسٹری آف پاکستان (FPIP) (نومبر 2022ء) کے تعاون سے معروف گورننگ باڈی نیشنل فورم فار انویشن ایڈ ہیلتھ (NFEH) کے 12 ویں سالانہ فار، سینٹی ایڈ سیکورٹی کنونشن 2022 میں سلور کمیٹیگری حاصل کی۔



### ایمپلائرز فیڈریشن آف پاکستان کی جانب سے ایمپلائرز آف دی ایئر ایوارڈ:

ایگری آٹو انڈسٹریز لمیٹڈ نے ایمپلائرز فیڈریشن آف پاکستان (نومبر 2022ء) کے 9 ویں ایمپلائرز آف دی ایئر ایوارڈز میں میڈیم نیشنل کمیٹیگری میں تیسری پوزیشن حاصل کی۔



### یونائیٹڈ نیشنز سسٹم ایبل ڈویلپمنٹ گولڈ کی جانب سے تسلیم شدہ:

ایگری آٹو نے یونائیٹڈ نیشنز گلوبل کمپیکٹ (UNGC) کے بہترین طرز عمل کے لیے قومی کاروباری اداروں کی درجہ بندی میں تیسرا انعام جیتا۔ یہ ایوارڈ 2 مارچ 2023ء کو UNGC نیٹ ورک پاکستان کی طرف سے دیا گیا۔ یو این گلوبل کمپیکٹ بیسٹ پریکٹس سسٹم ایبل ایوارڈ زان کمپنیوں کو تسلیم کرتے ہیں اور انہیں اعزاز دیتے ہیں جنہوں نے یونائیٹڈ نیشنز سسٹم ایبل ڈویلپمنٹ گولڈ (SDGs) کے حصول میں اہم پیش رفت کی ہے اور معاشرے اور ماحولیات کے لیے مثبت کردار ادا کیا ہے۔



### ہیومن ریسورس (HR):

ایگری آٹو اپنی ٹیم کی قدر کرتا ہے اور یہاں پر اجتماعیت اور شاندار ریت، باہمی نگریم کی ثقافت فراہم کی جاتی ہے اور پیشہ ورانہ طرز عمل کی حوصلہ افزائی کی جاتی ہے تاکہ ایگری آٹو فیملی کا میاابی حاصل کرے اور ہمیں مسابقتی برتری میں مستحکم رہنے کے قابل بنائے۔ کمپنی ٹیم کیلئے اپنی ذمہ داریوں کو پورا کرنے اور تمام قوانین اور ضوابط کی تعمیل کو یقینی بناتی ہے اس طرح بہترین صنعتی ہم آہنگی اور برادرانہ تعلقات کا باعث بنتے ہیں۔



## Winning Hearts & Minds - طرز عمل پر مبنی حفاظتی پروگرام

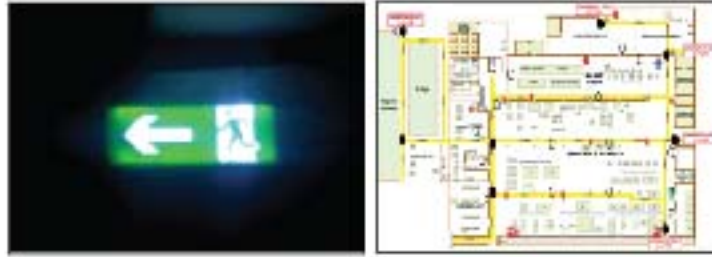
سیفٹی کلچر کو بہتر بنانے کیلئے مسلسل جاری کوششوں کے حصے کے طور پر HSE ڈپارٹمنٹ نے ایگری آٹو انڈسٹریز لمیٹڈ میں "Winning Hearts & Minds" طرز عمل پر مبنی حفاظتی پروگرام شروع کیا ہے۔ اس سلسلے میں، معروف پیشہ ورانہ صحت اور حفاظت کے ماہر ڈاکٹر طاہر بیگ برلاس ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم کے نفاذ کا جائزہ لینے اور اسے بہتر بنانے میں مصروف رہے۔



ملازمین کے فائر فائٹنگ رسپانس اور ان کی تیاری کا اندازہ لگانے کے لیے مختلف محکموں میں باقاعدگی سے ایمرجنسی فائر ڈرلز کا انعقاد کیا جاتا ہے تاکہ انہیں ایمرجنسی کے دوران ان کی ذمہ داریوں سے آگاہ کیا جاسکے۔ ایمرجنسی ڈرل کے لیے آگ کے واقعے سے متعلق حقیقی زندگی پر مبنی منظر نامے بنائے جاتے ہیں اور آگ بجھانے کا کام ایگری آٹو انڈسٹریز کے فائر فائٹر سرانجام دیتے ہیں اور ریپڈ انٹروینشن ویٹیکل کو تربیت یافتہ فائر فائٹرز چلاتے ہیں۔

### حفاظتی اشارے کا تصور:

ڈیزل اسٹوریج ٹینک اور روڈ حفاظت سے متعلق خطرات کے بارے میں ٹیم کے ممبران میں بیداری لانے کے لیے حفاظتی بورڈ اور اشارے لگائے گئے ہیں۔



### کوائف کنٹرول سرکل:



### 5S اور حفاظتی تربیتی سیشنز:

تربیت - HSE کے کلیدی امور:

دوران سال ہنگامی تیاری اور ردعمل، طرز عمل پر مبنی سیفٹی پروگرام، کپریٹڈ گیس سلنڈر سیفٹی اور بنیادی لائف سپورٹ کی تربیت منعقد کی گئی۔



☆ SAP کے ذریعے ای انوائسنگ۔

☆ پروسیس کی لاگت کو کم کرنے کے لیے 2 میگا واٹ سولر سسٹم (1MV جب میں اور 1MV پورٹ قاسم میں) کا آغاز۔

☆ الیکٹریکل پلاننگ کا عمل مینٹل کروم سے آٹو کروم میں تبدیل ہو گیا۔

☆ مواد کی نقل و حمل کی کارکردگی کو بہتر بنانے کے لیے جب پروسیس شاپ پر لے آؤٹ میں تبدیلی۔

### بنیادی خطرات اور غیر یقینی صورتحال:

کسی بھی کمپنی کے روزمرہ کے امور میں ایک مضبوط اور موثر رسک مینجمنٹ سسٹم کا ہونا ضروری ہے۔ ایگری آٹو کمپنی کو درپیش خطرات سے آگاہ ہے، اور اپنے اہداف کو حاصل کرتے ہوئے مارکیٹ میں بہتری اور آگے رہنے کے مواقع کی تلاش میں ہے۔ بورڈ آف ڈائریکٹرز رسک مینجمنٹ کی اہمیت کو تسلیم کرتے ہیں اور کمپنی کے رسک مینجمنٹ فریم ورک کو تیار کرنے اور اس کی نگرانی کرنے کے ساتھ ساتھ اس کی رسک مینجمنٹ پالیسیوں کی تشکیل اور نگرانی میں فعال طور پر حصہ لیتے ہیں۔

سینئر مینجمنٹ پر مشتمل ایک کمیٹی جو کہ رسک مینجمنٹ اور اسٹریٹجک پلان کمیٹی کے نام سے جانی جاتی ہے، کمپنی کے رسک مینجمنٹ اور اسٹریٹجک پلان سے متعلق تمام مسائل کو وقفوں کے ساتھ باقاعدہ حل کرنے اور ان کا تعین کرنے کے لیے بھی قائم کی گئی ہے۔ یہ کمیٹی درست، جامع اور بروقت معلومات فراہم کرتی ہے جو تمام سطحوں اور محکموں تک پہنچائی جاتی ہے تاکہ حکمت عملی کے ساتھ فیصلے کرنے میں مدد کی جاسکے۔ یہ رسک رجسٹر کا انتظام کرتی ہے اور پہلے سے طے شدہ خطرے کی خواہش اور برداشت کے اندر خطرات کو منظم کرنے کے لیے فعال اقدامات کرتی ہے۔

### صحت، حفاظت اور ماحولیات (HSE):

ایگری آٹو اپنے کاروبار کو مستحکم اور سماجی طور پر ذمہ دارانہ انداز میں چلانے کے لیے پوری طرح پر عزم ہے۔ ایگری آٹو میں، ہم اپنے ملازمین، ماحولیات اور ہماری سرگرمیوں سے متاثر ہونے والے دیگر لوگوں بشمول وہ کیونٹریز جن میں ہم کام کرتے ہیں، ان کی صحت و حفاظت کا مکمل خیال رکھتے ہیں۔

کمپنی اپنے ملازمین، کونٹریکٹرز، مہمانوں اور دیگر اسٹیک ہولڈرز کو مناسب وسائل، تربیت اور کوچنگ تک رسائی کے قابل بنا کر معیار، صحت اور حفاظت کے کلچر کو فروغ دیتی ہے۔ انتظامیہ صحت، حفاظت اور ماحولیات سے متعلق تمام معاملات پر ورکرز کے ساتھ موثر مشاورت اور شرکت کی حوصلہ افزائی کرتی ہے اور متعلقہ قوانین اور ضوابط کی تعمیل کو یقینی بناتی ہے۔

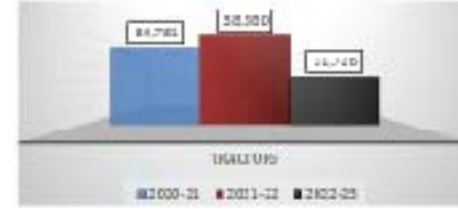
اہم سرگرمیوں کی جھلکیاں درج ذیل ہیں:



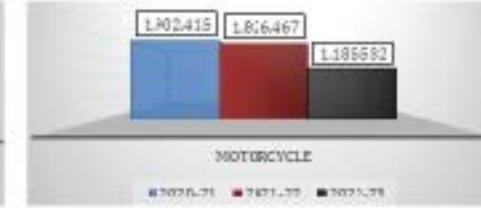
## آٹوموبائل سیکٹر:

سال 2022-23 میں لیٹرز آف کریڈٹ پر پابندیاں، کاروں کی قیمتوں میں اضافہ، شرح سود میں اضافہ اور آٹو فنانسنگ اسکیم میں مزید سختی کے باعث کئی بار پروڈکشن بند ہوئی جس کی وجہ سے آٹوموبیل سیکٹر کو شدید نقصان پہنچا۔ توقع ہے کہ رواں مالی سال کے دوران کم طلب اور سپلائی چین کے جاری چیلنجز کے باعث یہ شعبہ متاثر رہے گا۔

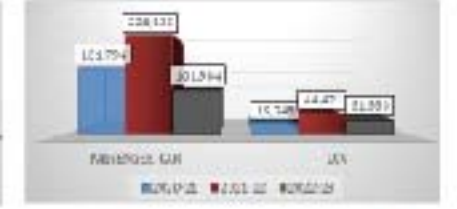
### ٹرکیٹرز کی سالانہ کارکردگی:



### موٹر سائیکل کی سالانہ کارکردگی:



### 4 وہیلر کی سالانہ کارکردگی:



## نئے اقدامات:

مالی سال 2022-23 کے دوران انتظامیہ کمپنی کی جانب سے کیے گئے نئے اقدامات کا اشتراک کرنے پر بے حد مسرت ہے۔

### آٹو ایک ہارڈ کورم کی سہولت:

ہماری بنیادی اہلیت کو مضبوط کرنے کے نظریہ کے طور پر، کمپنی ہارڈ کورم ہیلڈنگ کی سہولت کو آٹو ایک بنانے کے لیے 318 ملین روپے کی سرمایہ کاری کر رہی ہے۔ یہ سہولت نہ صرف مصنوعات کے معیار اور عمل کی کارکردگی کو بہتر بنائے گی بلکہ کمپنی کو صحت اور حفاظت کے ضوابط کی تعمیل کرنے کے قابل بھی بنائے گی۔



### سولر پاور انرجی پروجیکٹ:

ایگری آٹو انڈسٹریز لمیٹڈ اور ایگری آٹو اسٹیپنگ کمپنی (پرائیویٹ) لمیٹڈ نے 165 ملین روپے کی سرمایہ کاری کے ساتھ سولر پاور پلانٹ کو کامیابی سے نصب کیا۔ یہ پروجیکٹ ہمارے کاربن فوٹ پرنٹ کو کم کرنے میں بہت کامیاب رہا ہے۔ ہم تقریباً 1 ٹن کاربن ڈائی آکسائیڈ کو کم کرتے ہوئے (جو کہ ایک ایکڑ امریکی جنگل کے CO<sub>2</sub> جذبیت کے مترادف ہے) اجتماعی طور پر اب تک تقریباً 2GWH انرجی جزیٹ کر چکے ہیں جس سے ہماری توانائی کی لاگت میں کمی واقع ہوئی ہے۔

## جب میں پریس شاپ کی توسیع:

دوران سال ایگری آٹو انڈسٹریز لمیٹڈ کی پریس شاپ کو کامیابی کے ساتھ وسیع کیا جا رہا ہے اور 250-110 ٹن کے 9 اضافی پریس سے لیس کیا جا رہا ہے جس کے لیے 440 ملین روپوں کا بجٹ مختص کیا گیا ہے۔



## ایگری آٹو اسٹیپنگ کمپنی میں ٹینڈم پریس لائن کا اضافہ:

ایگری آٹو اسٹیپنگ کمپنی (ASC) کی پیداواری صلاحیت میں بھی اسی طرح کی توسیع کی جا رہی ہے۔ ایک اضافی ویلڈنگ گینٹری کے ساتھ دو نئے 1000 ٹن اور 800 ٹن پریس شامل کیے جا رہے ہیں۔ یہ ASC کی پیداواری صلاحیت میں چار پریسوں کی دوگنی ٹینڈم لائنوں تک کا اضافہ کرے گا۔



## شاک ایزور برز کی ٹرائل ایکسپورٹ سپلائی:

انتظامیہ نے برآمداتی اقدامات پر توجہ مرکوز رکھی اور شاک ایزور برز کا ٹرائل آرڈر حاصل کیا۔ ہمیں یقین ہے کہ اس سے مستقبل میں کاروبار کی توسیع کے لیے نئی راہیں ہموار ہوں گی۔

## عمل میں بہتری کی سرگرمیاں:

دوران سال، آپ کی کمپنی نے عمل میں بہتری اور آٹومیشن کی متعدد سرگرمیاں انجام دیں جس کے نتیجے میں کام کے اوقات کار میں خاطر خواہ بچت ہوئی، غلطیوں کو کم کیا گیا اور استعداد کار میں نمایاں اضافہ ہوا۔ کچھ اقدامات ذیل میں بیان کیے گئے ہیں:

☆ پریس شاپ پر تبدیلی کے اوقات کو کم سے کم کرنے کے لیے کوئیک ڈائی چینج اور (QDC) متعارف کرایا گیا۔



محترمہ عائشہ بی. حق  
جناب محمد علی جمیل \*  
\* 25 اگست 2023ء کو مستعفی ہو گئے۔

### بورڈ کی تشکیل:

جنس	تعداد
مرد	6
عورت	1

درجہ بندی	نام
نان ایگزیکٹو ڈائریکٹر	جناب یونا کا آرائے۔ چیئرمین جناب حمزہ حبیب جناب سمیل پی. احمد جناب سلمان برنی
ایگزیکٹو ڈائریکٹر	جناب فہیم کپاڈیا۔ چیف ایگزیکٹو
آزاد ڈائریکٹر	محترمہ عائشہ بی. حق جناب محمد علی جمیل

دوران سال بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے، بورڈ آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور بورڈ ہیومن ریسورس اینڈ ریویو نریشن کمیٹی (HRRC) کے دو اجلاس منعقد ہوئے۔

### آزاد ڈائریکٹر کا استعفیٰ:

ختم شدہ سال کے بعد، جناب محمد علی جمیل (آزاد ڈائریکٹر) نے 25 اگست 2023ء کو اپنا استعفیٰ پیش کر دیا ہے۔ ہم جناب محمد علی جمیل کے بورڈ پر ان کی وقف خدمات اور انمول شراکت کے لیے ان کا شکریہ ادا کرتے ہیں۔

### پاکستان کی معاشی صورتحال:

گزشتہ سال سیلاب کی تباہ کاریوں، افراط زر میں اضافہ، کرنٹ اکاؤنٹ خسارہ اور سیاسی عدم استحکام کے نتیجے میں، ملک کی معاشی صورتحال پر منفی اثرات پڑے، جس کے باعث COVID-19 کے بعد تیزی سے بڑھتی ہوئی ترقی کی رفتار کو خطرہ لاحق ہوا۔ سال 2023ء میں جی ڈی پی کی شرح نمو کم ہو کر محض 0.5 فیصد رہ گئی، جو کہ گزشتہ مالی سال کی نسبت 5.5 فیصد سے بہت کم ہے۔

بجٹ میں آٹو سیکٹر اور دیگر کمپنیوں کے لیے پرنٹس اور ودھ ہولڈنگ ٹیکس کی شکل میں نئے ٹیکس متعارف کرائے گئے جس کے باعث توقع ہے کہ آنے والے سال میں مجموعی ترقی میں رکاوٹ آئے گی۔ نتیجتاً، 2 فیصد شرح نمو کا ہدف حاصل کرنا مشکل دکھائی دیتا ہے۔ مزید برآں، انتخابات کے بعد نئی حکومت کی جانب سے سال 2023ء کے مالیاتی بل میں تبدیلیوں کی توقع موجودہ غیر یقینی صورتحال میں اضافہ کر رہی ہے۔

ایک مثبت پہلو یہ ہے کہ IMF نے اسٹینڈ بائی ایگریمنٹ (SBA) سہولت کے تحت 1.2 بلین امریکی ڈالر کی ادائیگی کی ہے، جس سے درآمدات میں نسبتاً آسانی کی توقع ہے۔ اس کے نتیجے میں خلیج کے دیگر ممالک سے دو طرفہ ادائیگیوں کی شروعات ہوئی (جس کی رقم 3 بلین امریکی ڈالر ہے) جس سے اسٹیٹ بینک کے ذخائر میں مزید اضافہ ہوا ہے۔ تاہم، یہ جاننا ضروری ہے کہ پالیسی کی شرح 22 فیصد تک پہنچ چکی ہے۔

یہ تمام معلومات مستقبل میں ایک چیلنجنگ معاشی منظر نامے کی نشاندہی کرتی ہیں، جس میں متوقع شرح نمو کے ارد گرد کی غیر یقینی صورتحال، نئے ٹیکسوں کے باعث ترقی کی راہ میں ممکنہ رکاوٹ، اور ادائیگی کے توازن کے بحران کے درمیان بیرونی ادائیگی کی ذمہ داریوں سے نمٹنے کے لیے IMF کی فنڈنگ کی ضرورت ہے۔ ملک کی معاشی بہبود کے لیے یہ ضروری ہے کہ ہم معیشت کو سہارا دینے، قرضوں کی ادائیگی کو یقینی بنانے، اصلاحات کے نفاذ کے درمیان توازن قائم کریں اور زیادہ پائیدار اور جامع ترقی کی رفتار حاصل کی جاسکے۔ حکومت، سیاسی اشرافیہ، اور متعلقہ اسٹیک ہولڈرز کے درمیان باہمی تعاون کی کوششیں، استحکام کی طرف راستے طے کرنے اور ملک کو روشن اقتصادی مستقبل فراہم کرنے میں اہم کردار ادا کریں گی۔

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز اپنی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے برائے ختم شدہ سال 30 جون 2023ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### کمپنی کی بنیادی سرگرمیاں:

انگری آٹو انڈسٹریز لمیٹڈ ایک پبلک لیٹڈ کمپنی ہے جس کی تشکیل 1981ء میں ہوئی اور پاکستان اسٹاک ایکسچینج میں اندراج شدہ ہے۔ کمپنی نجی شعبہ میں گاڑیوں، موٹر سائیکلوں اور زرعی ٹریکٹروں کے پرزوں کی ایک نمایاں تیار کنندہ ہے اور TS16949 تصدیق حاصل کرنے والی پہلی پاکستانی کمپنی ہے۔

### مالیاتی اور کاروباری کارکردگی:

#### منفرد نتائج:

مالی سال 2022-23 کے دوران، کمپنی کی فروخت میں نمایاں کمی ہوئی، جو کہ مالی سال 2021-22 میں 8.95 بلین روپے کے مقابلے میں 5.33 بلین روپے رہی، جو کہ گذشتہ سال کے مقابلے میں 40.43 فیصد کمی کو ظاہر کرتی ہے۔ جس کے نتیجے میں بعد از ٹیکس منافع میں بھی کمی آئی اور کمپنی کو 44.28 بلین روپے کا بعد از ٹیکس خسارہ ہوا جس کا موازنہ گذشتہ سال کے بعد از ٹیکس منافع 304.01 بلین روپے سے کیا جاسکتا ہے۔ اس منفی مالیاتی کارکردگی کی وجہ آٹو میٹیکس میں کمی ہے۔

#### (روپے ہزاروں میں)

	2021-22	2022-23
فروخت	8,957,545	5,336,118
عام منافع	1,018,156	218,819
قبل از ٹیکس (خسارہ)/منافع	458,428	(32,604)*
ٹیکسیشن	(154,419)	(11,679)
(خسارہ)/منافع بعد از ٹیکس	304,009	(44,283)
فی حصص (خسارہ)/آمدنی (روپے)	8.44**	(1.23)

\* مکمل ماتحت ذیلی کمپنی سے 228 بلین روپے منافع منقسمہ کی آمدن شامل ہے۔

\*\* بونس حصص کی وجہ سے ری اسٹیڈڈ ہے۔

### مجموعی مالیاتی نتائج:

مالی سال 2022-23 میں کمپنی کی فروخت میں 46 فیصد کمی ہوئی جو کہ 8.31 بلین روپے ہو گئی جس کے نتیجے میں 173.28 بلین روپے بعد از ٹیکس خسارہ ہوا جس کا موازنہ گذشتہ سال کے منافع 736.82 بلین روپے سے کیا جاسکتا ہے۔

#### (روپے ہزاروں میں)

	2021-22	2022-23
فروخت	15,397,684	8,314,517
عام منافع	1,930,993	542,185
قبل از ٹیکس (خسارہ)/منافع	1,104,635	(126,308)
ٹیکسیشن	(367,814)	(46,972)
(خسارہ)/منافع بعد از ٹیکس	736,821	(173,280)
فی حصص (خسارہ)/آمدنی (روپے)	20.47*	(4.81)

\* بونس حصص کی وجہ سے ری اسٹیڈڈ

### منافع منقسمہ:

بورڈ آف ڈائریکٹرز نے 23 اکتوبر 2023ء کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کیلئے کسی منافع منقسمہ کی سفارش نہیں کی ہے۔

### بورڈ آف ڈائریکٹرز:

ختم شدہ سال پر کمپنی کے بورڈ آف ڈائریکٹرز درج ذیل ہیں:

جناب یونا کا آرائے۔ چیئر مین

جناب فہیم کپاڈیا۔ چیف ایگزیکٹو

جناب حمزہ حبیب

جناب سمیل پی. احمد

جناب سلمان برنی



# Year in Pictures





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

AGRIAUTO INDUSTRIES LIMITED  
FOR THE YEAR ENDED JUNE 30, 2023

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:

Category	Name
Independent Directors*	Ms. Ayesha T. Haq (Female Director) Mr. Muhammad Ali Jameel
Other Non-Executive Directors	Mr. Yutaka Arae Mr. Hamza Habib Mr. Salman Burney Mr. Sohail P. Ahmed
Executive Director	Mr. Fahim Kapadia

\*In a Board comprising 7 members, one-third works out to be 2.33, which is below half (i.e. 0.5). The fraction contained in such one-third is not rounded up to one as the Company has experienced and well-rounded independent directors on the Board who perform and carry out their responsibilities diligently.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- 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;
- 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;
- 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;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Majority of the 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.
- The Board has approved the appointment and change in remuneration of chief financial officer and company secretary. No new appointment or change in remuneration and terms and conditions of head of internal audit took place during the year. The Board has complied with relevant requirements of the Regulations.

- Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:
  - Audit Committee**
    - Mr. Muhammad Ali Jameel Chairman
    - Mr. Sohail P. Ahmad Member
    - Ms. Ayesha T. Haq Member
  - HR and Remuneration Committee**
    - Mr. Muhammad Ali Jameel Chairman
    - Mr. Yutaka Arae Member
    - Mr. Fahim Kapadia Member
    - Mr. Salman Burney Member
    - Mr. Sohail P. Ahmed Member
- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings of the committee were as per following:
  - Audit Committee - Four quarterly meetings
  - HR and Remuneration Committee - Two meetings
- 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;
- 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;
- 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; and
- We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Fahim Kapadia  
Chief Executive

Dated: August 25, 2023



Salman Burney  
Non-Executive Director



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Agriauto Industries Limited (the Company)

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Agriauto Industries Limited (the Company)** for the year ended **30 June 2023** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2023**.



**Chartered Accountants**  
**Place: Karachi**  
**Date: 07 September 2023**  
**UDIN: CR2023101205Tw1qfPKW**

## INDEPENDENT AUDITORS' REPORT

To the members of Agriauto Industries Limited

### Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of Agriauto Industries Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity, the statement of cash flows for the year then ended and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<b>Existence and valuation of stock-in-trade</b>	
<p>As disclosed in note 11 to the accompanying unconsolidated financial statements, the stock-in-trade balance constitutes approximately 28% of total assets of the Company as at the reporting date.</p> <p>The Net Realisable Value (NRV) of stock-in-trade is determined mainly keeping in view 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 along with stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in determining an appropriate costing basis and assessing its valuation as well as the management's judgment involved in estimating the NRV of underlying stock-in-trade.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process.</li> <li>• Observed stock counts to ascertain the condition and existence of stock-in-trade, and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade.</li> <li>• Obtained confirmations from third parties in respect of stock held with them on behalf of the Company as at the reporting date.</li> <li>• Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the reporting date and comparing with the cost for a sample of products.</li> <li>• Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</li> <li>• Tested the accuracy of the ageing analysis of stock-in-trade, on a sample basis.</li> <li>• Reviewed the relevant documents, including but not limited to suppliers' invoices, letter of credits and shipping documentation to verify the valuation of goods-in-transit as at the reporting date as well as inspected subsequent goods receipt notes in this regard.</li> <li>• Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis.</li> <li>• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

#### Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

#### Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

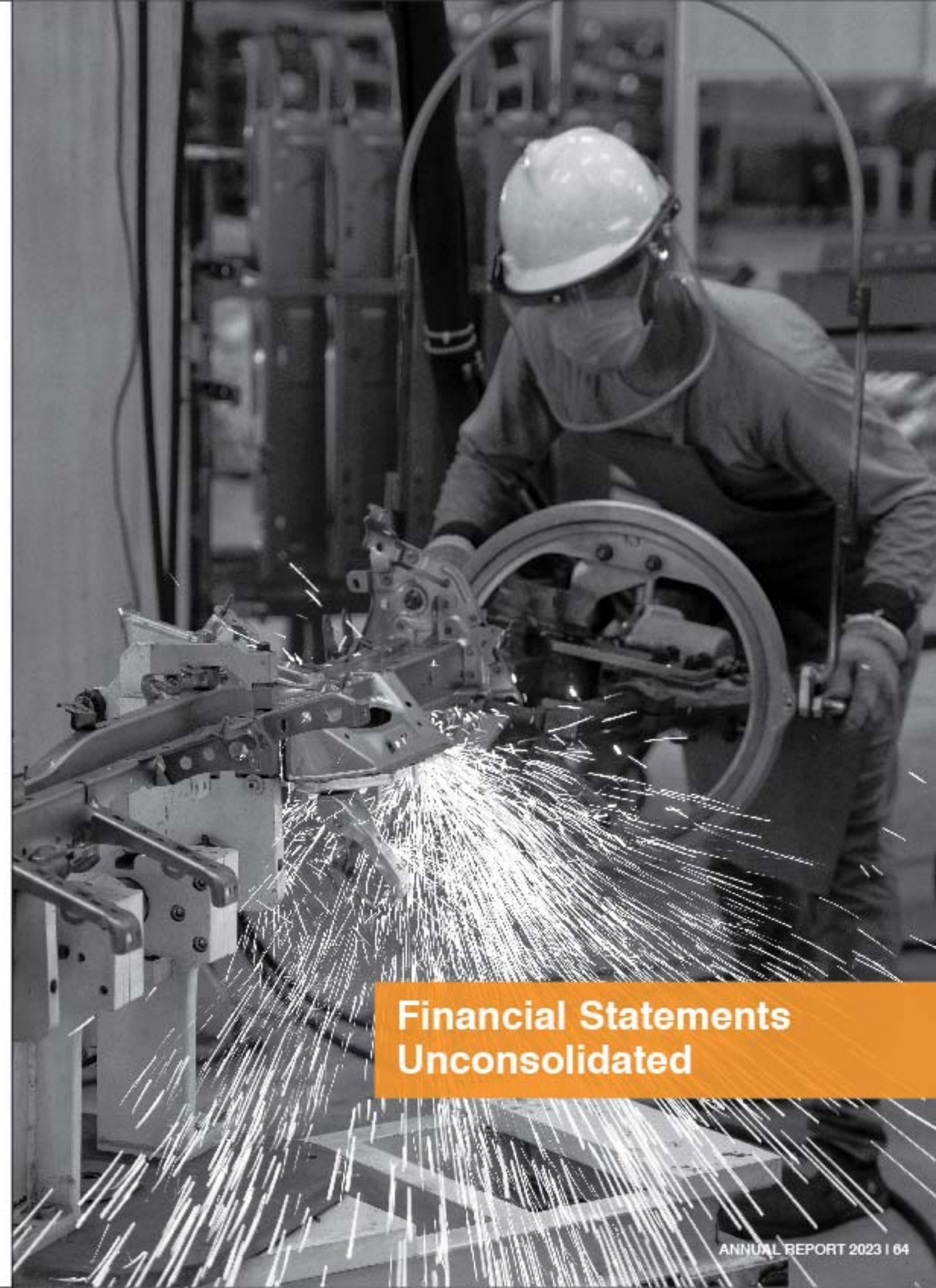
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is **Omer Chughtai**.



Chartered Accountants  
Place: Karachi  
Date: 07 September 2023  
UDIN: AR2023101202iBSmNjyu



**Financial Statements  
Unconsolidated**



# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	1,859,965	1,235,589
Right-of-use assets	5	2,227	10,230
Intangible assets	6	54,459	75,730
Long-term investment	7	1,144,006	1,144,006
Long-term deposits	8	9,022	8,063
Deferred taxation - net	9	83,908	27,011
		<u>3,153,587</u>	<u>2,500,629</u>
<b>Current Assets</b>			
Stores, spares and loose tools	10	129,303	149,300
Stock-in-trade	11	1,788,694	2,221,450
Trade debts	12	505,492	742,883
Advances, deposits, prepayments and other receivables	13	339,918	645,165
Accrued profit	14	3,489	1,765
Short-term investments	15	38,928	39,164
Taxation - net		317,497	328,036
Cash and bank balances	16	89,528	67,147
		<u>3,212,849</u>	<u>4,194,910</u>
<b>TOTAL ASSETS</b>		<u><b>6,366,436</b></u>	<u><b>6,695,539</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 40,000,000 (2022: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	17	180,000	144,000
Reserves		<u>4,296,924</u>	<u>4,377,207</u>
		<u>4,476,924</u>	<u>4,521,207</u>
<b>Non-Current Liabilities</b>			
Lease liabilities	18	-	3,387
Long-term financing - secured	19	367,198	41,770
Deferred income	20	15,856	19,435
		<u>383,054</u>	<u>64,592</u>
<b>Current Liabilities</b>			
Trade and other payables	21	1,359,713	1,308,062
Current maturity of lease liabilities	18	3,387	8,795
Current maturity of long-term financing	19	78,940	4,020
Current maturity of deferred income		4,528	-
Sales tax payable		25,476	11,049
Unpaid dividend	22	6,748	8,357
Unclaimed dividend	22	27,666	26,956
Short-term running finance	23	-	742,501
		<u>1,506,458</u>	<u>2,109,740</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>6,366,436</b></u>	<u><b>6,695,539</b></u>

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
DIRECTOR

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

AS AT JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
Turnover - net	25	5,336,118	8,957,545
Cost of sales	26	(5,117,299)	(7,939,389)
<b>Gross profit</b>		<u>218,819</u>	<u>1,018,156</u>
Distribution costs	27	(94,984)	(133,631)
Administrative expenses	28	(242,084)	(241,618)
		<u>(337,068)</u>	<u>(375,249)</u>
<b>Operating (loss) / profit</b>		<u>(118,249)</u>	<u>642,907</u>
Other expenses	29	(98,768)	(163,320)
Other income	30	261,581	31,843
Finance costs	31	(77,168)	(53,002)
		<u>85,645</u>	<u>(184,479)</u>
<b>(Loss) / Profit before taxation</b>		<u>(32,604)</u>	<u>458,428</u>
Taxation	32	(11,679)	(154,419)
<b>Net (loss) / profit for the year</b>		<u>(44,283)</u>	<u>304,009</u>
	33		<b>Restated</b>
<b>(Loss) / earnings per share - basic and diluted</b>		<u>(1.23)</u>	<u>8.44</u>

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

  
DIRECTOR

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER



# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 ----- (Rupees in '000) -----	2022
Net (loss) / profit for the year	(44,283)	304,009
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(44,283)</b>	<b>304,009</b>

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Reserves		Total reserves	Total equity
			Revenue reserves General	Unappropriated profit		
----- (Rupees in '000) -----						
<b>Balance as at June 30, 2021</b>	144,000	12,598	3,765,000	468,400	4,245,998	4,389,998
Final dividend for the year ended June 30, 2021 @ Rs. 6.0/- per share	-	-	-	(172,800)	(172,800)	(172,800)
Transfer to general reserve	-	-	200,000	(200,000)	-	-
Net profit for the year	-	-	-	304,009	304,009	304,009
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	304,009	304,009	304,009
<b>Balance as at June 30, 2022</b>	<b>144,000</b>	<b>12,598</b>	<b>3,965,000</b>	<b>399,609</b>	<b>4,377,207</b>	<b>4,521,207</b>
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Issue of bonus shares	36,000	-	-	(36,000)	(36,000)	-
Net loss for the year	-	-	-	(44,283)	(44,283)	(44,283)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(44,283)	(44,283)	(44,283)
<b>Balance as at June 30, 2023</b>	<b>180,000</b>	<b>12,598</b>	<b>4,265,000</b>	<b>19,326</b>	<b>4,296,924</b>	<b>4,476,924</b>

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	34	1,020,632	(234,535)
Long-term deposits paid		(959)	(1,262)
Finance cost paid		(70,867)	(28,873)
Income tax adjusted / paid		(58,037)	(68,593)
<b>Net cash generated from / (used in) operating activities</b>		<b>890,769</b>	<b>(333,263)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(773,988)	(454,858)
Proceeds from disposal of operating fixed assets		14,384	11,507
Profit received on short-term investments - term deposit receipts		5,254	4,229
Profit received on deposit accounts		3,198	1,305
Dividend received		228,802	-
<b>Net cash used in investing activities</b>		<b>(522,350)</b>	<b>(437,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(899)	(171,999)
Lease payments		(3,276)	(9,010)
Long-term financing obtained during the year		507,769	65,483
Long-term financing repaid during the year		(107,131)	(1,619)
<b>Net cash generated from / (used in) financing activities</b>		<b>396,463</b>	<b>(117,145)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>764,882</b>	<b>(888,225)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(637,354)</b>	<b>250,871</b>
<b>Cash and cash equivalents at the end of the year</b>	35	<b>127,528</b>	<b>(637,354)</b>

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 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, motorcycles 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
<b>Karachi</b> 5th Floor, House of Habib, Main Shahrah-e-Faisal.	Registered Office
<b>Hub</b> 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 BASIS OF PREPARATION

### 2.1 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.

### 2.2 BASIS OF MEASUREMENT

2.2.1 These unconsolidated financial statements have been prepared under the historical cost convention except otherwise specified in respective notes to the unconsolidated financial statements.

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

### 2.3 STANDARDS, INTERPRETATIONS, IMPROVEMENTS AND AMENDMENTS APPLICABLE TO UNCONSOLIDATED FINANCIAL STATEMENTS

#### 2.3.1 Adoption of amendments to approved accounting standards effective during the year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)  
IAS 16 Reference to the Conceptual Framework (Amendments)  
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The adoption of the above amendments to the accounting standards did not have any material effect on the Company's unconsolidated financial statements.

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 January 01, 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.

## 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  
IAS 41 Agriculture – Taxation in fair value measurements  
IFRS 16 Leases – Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's unconsolidated financial statements.

### 2.3.2 Standards and amendments to IFRSs that are not yet effective

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

Amendment or improvement	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts (Amendments)	January 01, 2023
IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023
IAS 12 International Tax Reform – Pillar Two Model Rules (Amendments)	January 01, 2023
IAS 1 Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16 Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IAS 7 / IFRS 7 Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## Amendment or improvement

## IASB Effective dates (annual periods beginning on or after)

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.4.1 Current versus non-current classification

The Company presents assets and liabilities in the unconsolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading; or
- due to be settled within twelve months after the reporting period.

### 2.4.2 Property, plant and equipment

#### 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, less impairment, if any.

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 4.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month of addition and in case of disposal, prior 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.

#### 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.3 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.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets, as follows:

Head office - 5 years  
Sales office - 5 years

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment, if any.

## 2.4.4 Intangible assets

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

Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortised applying the straight line method at the rate disclosed in note 6 to these unconsolidated financial statements.

Research and development expenditure that do not meet the criteria mentioned in IAS 38 'Intangible Assets' are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Such expenses are charged to the unconsolidated statement of profit or loss, as and when incurred.

## 2.4.5 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 purchase price, freight value and other charges incurred thereon upto the reporting date.

## 2.4.6 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 reporting date.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

## 2.4.7 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 (ECL), 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.

## 2.4.8 Investment in a subsidiary company

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

## 2.4.9 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, short-term running finance 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.

## 2.4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 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, short-term investments and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

### Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## Financial liabilities

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

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the unconsolidated statement of profit or loss.

## 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.

## 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 currently an 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.

### 2.4.11 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of unconsolidated 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 to 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### 2.4.12 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, if any. 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.

### 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.

### 2.4.13 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.

### 2.4.14 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 the 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## Deferred

Deferred tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax is recognised for tax losses, minimum tax, alternative corporate tax and depreciation available for carry forward to the extent of realisation of the related tax benefit through future taxable profits, based on projections, is probable. The carrying amount of deferred tax assets is reviewed at each unconsolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the unconsolidated statement of financial position date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

### 2.4.15 Trade and other payables

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

### 2.4.16 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 date of unconsolidated statement of financial position and adjusted to reflect the current best estimate.

### 2.4.17 Advance from customers

Advance from customers is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, it is recognised when the payment is made or the payment is due (whichever is earlier). Advance from customers is recognised as revenue when the Company performs under the contract.

### 2.4.18 Warranty obligations

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### 2.4.19 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

The assessment of contingent liabilities inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

### 2.4.20 Foreign currency transactions and translation

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 unconsolidated statement of financial position date. Exchange differences if any are taken to the unconsolidated statement of profit or loss.

### 2.4.21 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 unconsolidated statement of financial position as a deferred credit and realised to the unconsolidated statement of profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

### 2.4.22 Revenue recognition

Revenue from contracts with customers is recognised 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 recognises an account receivable when the performance obligations have been met, recognising the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognised as advances from customer.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.23 Other income

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 recognised on accrual basis.

## 2.4.24 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 capitalised 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.

## 2.4.25 Sales tax

Revenues, expenses and assets are recognised, net off amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables or payables that are stated with the amount of sales tax; and
- the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the unconsolidated statement of financial position.

## 2.4.26 Unclaimed dividend

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

## 2.4.27 Unpaid dividend

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

## 2.4.28 Operating segments

For management purposes, the activities of the Company are organised into one reportable operating segment. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these unconsolidated financial statements are related to the Company's only reportable segment.

## 2.4.29 Share capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves comprise of capital and revenue reserves. Capital reserves represent share premium while revenue reserves comprise of general reserves and unappropriated profit. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, enhancing the working capital, etc.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.30 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in the unconsolidated financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the unconsolidated financial statements in the period in which such transfers are made.

## 2.4.31 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.

## 3 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
- residual values, method of depreciation useful lives and impairment of assets	2.4.2, 2.4.3, 2.4.4, 4.1, 5 & 6
- valuation of stock-in-trade	2.4.6
- allowance for expected credit losses	2.4.7 & 2.4.10
- provision for tax and deferred tax	2.4.14, 9 & 32
- warranty obligations	2.4.18 & 21.4
- leases	2.4.12 & 18
- contingent liabilities	2.4.19 & 24

		2023	2022
	Note	----- (Rupees in '000) -----	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,090,860</b>	919,292
Capital work-in-progress	4.5	<b>769,105</b>	316,297
		<b>1,859,965</b>	<b>1,235,589</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 4.1 Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2022	Additions/transfer*/(disposals)	As at June 30, 2023		As at July 1, 2022	Charge for the year (Note 4.2)	(On disposals)	As at June 30, 2023	As at June 30, 2023
	----- (Rupees in '000) -----								
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	303,836	-	303,836	10	146,728	15,711	-	162,439	141,397
Plant and machinery	1,367,845	157,642 143,435* (30,220)	1,638,702	10 - 20	742,775	89,396	-	808,490	830,212
Furniture and fittings	31,807	-	31,807	15	15,713	2,414	-	18,127	13,680
Vehicles	121,853	10,795 4,044* (95)	136,597	20	45,935	17,153	-	63,073	73,524
Office equipment	6,664	-	6,664	20	4,787	375	-	5,162	1,502
Computer equipment	33,721	5,232 (1,638)	37,315	33	27,474	3,398	-	29,617	7,698
Dies and tools	102,628	-	102,628	40	67,302	14,131	-	81,433	21,195
<b>2023</b>	1,970,006	173,669 147,479* (31,953)	2,259,201		1,050,714	142,578	-	1,168,341	1,090,860

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

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2021	Additions/transfer*/(disposals)	As at June 30, 2022		As at July 1, 2021	Charge for the year (Note 4.2)	(On disposals)	As at June 30, 2022	As at June 30, 2022
	----- (Rupees in '000) -----								
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	288,764	-	303,836	10	130,807	15,921	15,921	146,728	157,108
Plant and machinery	1,325,129	15,072* 18,721 32,549* (8,554)	1,367,845	10 - 20	676,280	73,107	73,107	742,775	625,070
Furniture and fittings	29,261	1,546 1,000*	31,807	15	13,079	2,634	2,634	15,713	16,094
Vehicles	116,375	11,538 4,429* (10,489)	121,853	20	32,413	17,401	17,401	45,935	75,918
Office equipment	6,221	443	6,664	20	4,368	419	419	4,787	1,877
Computer equipment	29,378	4,722 (379)	33,721	33	25,830	1,941	1,941	27,474	6,247
Dies and tools	70,209	3,070 29,349*	102,628	40	58,252	9,050	9,050	67,302	35,326
<b>2022</b>	1,866,989	40,040 82,399* (19,422)	1,970,006		941,029	120,473	120,473	1,050,714	919,292

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 4.2 Depreciation charge for the year has been allocated as follows:

	Note	2023 ----- (Rupees in '000) -----	2022
Cost of sales	26	130,129	108,523
Distribution costs	27	1,872	1,669
Administrative expenses	28	10,577	10,281
		<u>142,578</u>	<u>120,473</u>

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

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

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

	Cost	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer	Relationship
	----- (Rupees in '000) -----						
<b>Plant and machinery</b>							
Battery Stacker	4,731	1,969	100	(1,869)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Chrome One Module	2,993	1,277	25	(1,252)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Generator	10,700	1,770	2,500	730	Negotiation	M/s. Badar Scrap and Old Machinery	Independent Purchaser
	18,424	5,016	2,625	(2,391)			
Operating fixed assets having WDV less than Rs. 0.5 million	13,529	1,986	11,759	9,773	Various	Various	
<b>2023</b>	31,953	7,002	14,384	7,382			
<b>2022</b>	19,422	8,634	11,507	2,873			

## 4.5 Capital work-in-progress

	Note	2023 ----- (Rupees in '000) -----	2022
Building on freehold land		217,485	218,070
Plant and machinery		494,157	94,273
Vehicle		-	3,954
Dies and tools		57,463	-
	4.5.1	<u>769,105</u>	<u>316,297</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>4.5.1 Movement in capital work-in-progress is as follows:</b>			
As at July 01		316,297	38,516
Capital expenditure incurred / advances made during the year	4.5.2	600,319	360,980
Transfer to operating fixed assets during the year	4.1	(147,479)	(82,399)
Charged off during the year		(32)	(800)
As at June 30		<u>769,105</u>	<u>316,297</u>
<b>4.5.2</b> During the year, borrowing costs have been capitalised amounting to Rs. 77.06 million (2022: Rs. Nil) using capitalisation rate of 3 months KIBOR + 0.3% per annum on account of long-term financing obtained specifically for this purpose as fully mentioned in note 19.2 to these unconsolidated financial statements.			
<b>5 RIGHT-OF-USE ASSETS</b>	Note	------(Rupees in '000)-----	
As at July 01		10,230	10,230
Disposal during the year		(1,926)	(1,926)
Depreciation charge for the year	5.1	(6,077)	(6,077)
As at June 30		<u>2,227</u>	<u>2,227</u>
<b>5.1 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	25	3,850	6,142
Distribution costs	26	727	773
Administrative expenses	27	1,500	1,595
		<u>6,077</u>	<u>8,510</u>
<b>6 INTANGIBLE ASSETS</b>			
<b>Cost</b>			
As at July 01		115,269	61,431
Additions during the year	6.1	-	53,838
As at June 30		<u>115,269</u>	<u>115,269</u>
<b>Accumulated amortisation</b>			
As at July 01		(39,539)	(25,206)
Charge for the year	6.2	(21,271)	(14,333)
As at June 30		<u>(60,810)</u>	<u>(39,539)</u>
<b>Net book value as at June 30</b>		<u>54,459</u>	<u>75,730</u>
<b>Annual rate of amortisation</b>		<u>20%</u>	<u>20%</u>
<b>6.1</b> The Company capitalised Rs. Nil (2022: Rs. 26.96 million) and Rs. Nil (2022: Rs. 26.88 million) with respect to development costs incurred in respect of parts for upcoming models of motor vehicles and SAP Hana software respectively.			
<b>6.2 Amortisation charge for the year has been allocated as follows:</b>	Note	------(Rupees in '000)-----	
Cost of sales	26	19,586	14,193
Distribution costs	27	241	20
Administrative expenses	28	1,444	120
		<u>21,271</u>	<u>14,333</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>7 LONG-TERM INVESTMENT</b>			
<b>Investment in a subsidiary company - at cost</b>			
Agriauto Stamping Company (Private) Limited	7.1	<u>1,144,006</u>	<u>1,144,006</u>
<b>7.1</b> Represents investment in wholly owned subsidiary company incorporated on January 20, 2012.			
<b>8 LONG-TERM DEPOSITS</b>	Note	------(Rupees in '000)-----	
Security deposits - considered good	8.1	<u>9,022</u>	<u>8,063</u>
<b>8.1</b> Represent interest free deposits.			
<b>9 DEFERRED TAXATION - NET</b>			
Deductible temporary differences arising due to:			
- provisions		125,620	129,706
- lease liabilities and right-of-use assets		336	644
- unused business losses		77,885	-
Taxable temporary difference arising due to:			
- accelerated tax depreciation		(119,933)	(103,339)
		<u>83,908</u>	<u>27,011</u>
<b>9.1</b> As of the date of unconsolidated statement of financial position, deferred tax asset amounting to Rs. 66.75 million (2022: Rs. Nil) and Rs. 12.99 million (2022: Rs. Nil) in respect of minimum tax credits and unused business losses respectively have not been recognised in these unconsolidated financial statements.			
<b>10 STORES, SPARES AND LOOSE TOOLS</b>	Note	------(Rupees in '000)-----	
Stores		59,470	91,108
Spares		64,787	54,129
Loose tools		5,046	4,063
		<u>129,303</u>	<u>149,300</u>
<b>11 STOCK-IN-TRADE</b>			
Raw material		1,458,560	1,635,844
Packing material		5,008	4,155
Work-in-process		72,252	121,728
Finished goods	11.1	123,850	83,991
Goods-in-transit		129,024	375,732
		<u>1,788,694</u>	<u>2,221,450</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

11.1 Write down of finished goods to NRV as at reporting date amounted to Rs. 1.26 million (2022: Rs. 4.34 million).

	Note	2023 ------(Rupees in '000)-----	2022
<b>12 TRADE DEBTS - unsecured</b>			
Considered good	12.1 & 12.2	505,492	742,883
Considered doubtful		-	23
Allowance for expected credit losses		-	(23)
		-	-
		<u>505,492</u>	<u>742,883</u>

12.1 This includes an amount of Rs. Nil (2022: Rs. 3.96 million) and Rs. Nil (2022: Rs. 5.04 million) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshuku Pakistan (Private) Limited - associated company, respectively, against sales made by the Company.

12.2 The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs. 11.05 million (2022: Rs. 27.66 million).

	Note	2023 ------(Rupees in '000)-----	2022
<b>13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances - unsecured, considered good</b>			
Contractors		6,272	6,493
Employees		1,733	381
Suppliers		2,623	2,337
		<u>10,628</u>	<u>9,211</u>
<b>Deposits</b>		<b>825</b>	3,273
<b>Prepayments</b>			
Insurance		4,939	4,619
Software maintenance		1,007	9,839
		<u>5,946</u>	<u>14,458</u>
<b>Other receivables - secured, considered good</b>	13.1	<b>322,519</b>	618,223
		<u>339,918</u>	<u>645,165</u>

13.1 Includes an amount of Rs. 95.36 million (2022: Rs. 391.06 million) against LC margin deposits, out of which Rs. 89.07 million (2022: Rs. 76.21 million) are held with Habib Metropolitan Bank Limited - associated company. Additionally includes Rs. 226.77 million (2022: Rs. 226.77 million) with respect to claim against Additional Custom Duty (note 21) from a customer.

14 Represents accrued profit on deposit accounts held with Habib Metropolitan Bank Limited - associated company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

15 **SHORT-TERM INVESTMENTS**

	Note	2023 ------(Rupees in '000)-----	2022
<b>At amortised cost</b>			
Term deposit receipts	15.1	38,000	38,000
Accrued profit thereon		928	1,164
		<u>38,928</u>	<u>39,164</u>

15.1 Represents three months term deposit receipts, marked as lien, with a commercial bank under conventional banking relationship carrying profit rates ranging from 12.75% to 19.25% (2022: 12.75% to 13%) per annum and having maturity latest by September 11, 2023.

16 **CASH AND BANK BALANCES**

	Note	2023 ------(Rupees in '000)-----	2022
<b>In hand</b>		<b>8</b>	13
<b>With banks in</b>			
- current accounts		2,864	574
- deposit accounts	16.1 & 16.2	86,656	66,560
		<u>89,520</u>	<u>67,134</u>
		<u>89,528</u>	<u>67,147</u>

16.1 Represents deposits and saving accounts placed with a conventional bank under interest / mark-up arrangements. These carry profit rates ranging from 12.25% to 19.50% (2022: 6% to 12.25%) per annum.

16.2 Includes an amount of Rs. 45.31 (2022: Rs. 29.06 million) and Rs. 40.32 million (2022: Rs. 37.50 million) held with Habib Metropolitan Bank Limited - associated company in deposit accounts and dividend accounts respectively.

17 **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

	2023 Number of shares in ('000)	2022 Number of shares in ('000)	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<b>Ordinary shares of Rs. 5/- each</b>				
	22,800	22,800	114,000	114,000
	13,200	6,000	66,000	30,000
	<u>36,000</u>	<u>28,800</u>	<u>180,000</u>	<u>144,000</u>

17.1 Voting rights, board selection, right of first refusal, block voting and other shareholders' rights are in proportion to the shareholding.

17.2 Bonus shares issued to directors of the Company and Thal Limited - associated company, are 2,250 shares (2022 : Nil) and 528,900 shares (2022 : Nil) respectively.

18 **LEASE LIABILITIES**

The Company has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. The weighted average incremental borrowing rate of the Company ranges from 8.08% to 14% (2022: 8.08% to 14%) per annum.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

These leases generally have lease terms between 2 to 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

	Note	2023 ------(Rupees in '000)-----	2022
Lease liabilities		3,387	12,182
Current maturity of lease liabilities		(3,387)	(8,795)
	18.1	-	3,387
<b>18.1 Movement of lease liabilities:</b>			
As at July 01		12,182	20,730
Disposal during the year		(6,323)	-
Finance cost during the year		804	462
Payments during the year		(3,276)	(9,010)
As at June 30		3,387	12,182
Current maturity of lease liabilities		(3,387)	(8,795)
		-	3,387
<b>18.2</b> The maturity analysis of lease liabilities as at the reporting date is as follows:			
Up to one year		3,387	8,795
After one year		-	3,387
Total lease liabilities		3,387	12,182
<b>19 LONG-TERM FINANCING - SECURED</b>			
SBP refinance scheme for renewable energy		46,138	45,790
Current maturity of long-term financing		(3,940)	(4,020)
		42,198	41,770
Long-term financing		400,000	-
Current maturity of long-term financing		(75,000)	-
		325,000	-
		367,198	41,770

**19.1** 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% (2022: 2% plus 0.75%) 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 16.30% (2022: 10.02% to 15.60%) per annum. As of June 30, 2023, unutilised portion of the facility is Rs. Nil (2022: Rs. Rs. 24.52 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**19.2** This represents long-term financing facility obtained from a conventional bank to refinance capital expenditure incurred by the Company, with a total limit of Rs. 500 million (2022: Nil) and at a markup rate of 3 months KIBOR + 0.3% (2022: Nil) payable on quarterly basis. The tenure of this facility is six years, including grace period of one year. This facility is secured by first pari passu hypothecation / first charge over present and future fixed assets (excluding land and building) of the Company with 25% margin. As of June 30, 2023, unutilised portion of the facility is Rs. Nil (2022: Rs. Nil).

	Note	2023 ------(Rupees in '000)-----	2022
<b>19.3 Movement of long-term financing</b>			
As at July 01		45,790	-
Financing received during the year		507,769	65,483
Repayment made during the year		(107,131)	(1,619)
Recognised as deferred income	20.1	(3,208)	(19,435)
Accretion of interest during the year		2,918	1,361
As at June 30		446,138	45,790
Current maturity of long-term financing		(78,940)	(4,020)
		367,198	41,770
<b>20 DEFERRED INCOME</b>			
Deferred income		20,384	19,435
Current maturity of deferred income		(4,528)	-
		15,856	19,435
<b>20.1 Movement of deferred income</b>			
As at July 01		19,435	-
Recognised as deferred income	19.3	3,208	19,435
Amortisation during the year	30	(2,259)	-
As at June 30		20,384	19,435

**20.2** This represents deferred income recognised in respect of the benefit of below-market interest rate on long-term financing. 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors		278,855	379,968
Accrued liabilities	21.1	435,079	404,165
Royalty payable		32,124	23,031
Advance from customers		151,596	3,949
Additional custom duty payable	13.1	291,103	291,103
Payable to provident fund	21.2	4,276	3,726
Withholding tax payable		3,830	447
Workers' Profit Participation Fund	21.3	-	24,344
Workers' Welfare Fund	29	-	11,202
Warranty obligations	21.4	127,504	138,293
Accrued markup on borrowings		25,147	22,568
Others		10,199	5,266
		<u>1,359,713</u>	<u>1,308,062</u>

**21.1** Includes an amount of Rs. 273.79 million (2022: Rs. 230.67 million) in respect of Sindh Infrastructure Development Cess, for which guarantees have been provided with commercial banks.

**21.2** Investments in collective investment schemes, listed equity and listed debt securities out of provident funds have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

	Note	2023 ------(Rupees in '000)-----	2022
<b>21.3 Workers' Profit Participation Fund</b>			
As at July 01		24,344	3,233
Allocation for the year	29	-	24,344
		<u>24,344</u>	<u>27,577</u>
Payment made during the year		(24,344)	(3,233)
As at June 30		-	24,344

	Note	2023 ------(Rupees in '000)-----	2022
<b>21.4 Warranty obligations</b>			
As at July 01		138,293	132,887
Provision for the year		21,345	35,830
Provisions reversed during the year	27	(1,300)	(21,917)
		<u>136,993</u>	<u>146,800</u>
Claims paid during the year		(9,489)	(8,507)
As at June 30		<u>127,504</u>	<u>138,293</u>

## 22 UNPAID DIVIDEND AND UNCLAIMED DIVIDEND

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, 2023

## 23 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. Nil (2022: Rs. 742.50 million). The total facility limit amounts to Rs. 1,240 million (2022: Rs. 990 million). The rate of mark-up on these finances ranges from 1 month to 3 months KIBOR plus rates varying from 0.20% to 0.75% (2022: 3 months KIBOR plus rates varying from 0.20% to 1.25%) per annum. The facilities are secured by way of pari passu and ranking hypothecation charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

## 24 CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

**24.1.1** As at the reporting date, there are no material contingencies outstanding to disclose in these unconsolidated financial statements.

### 24.2 Commitments

**24.2.1** Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 474.28 million (2022: Rs. 965.80 million), out of which Rs. 186.43 million (2022: Rs. 175.82 million) is outstanding with Habib Metropolitan Bank Limited - associated company as at the reporting date.

**24.2.2** Commitments in respect of capital expenditure amounting to Rs. 80.72 million (2022: Rs. 258.83 million), out of which Rs. 6.57 million (2022: Rs. 154.36 million) is outstanding with Habib Metropolitan Bank Limited - associated company as at the reporting date.

	Note	2023 ------(Rupees in '000)-----	2022
<b>25 TURNOVER – net</b>			
<b>Local</b>			
Gross sales		6,268,063	10,480,328
Sales tax		(934,975)	(1,522,783)
		<u>5,333,088</u>	<u>8,957,545</u>
<b>Export sales</b>	25.2	3,030	-
		<u>5,336,118</u>	<u>8,957,545</u>

**25.1** Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 3.95 million (2022: Rs. 1.19 million).

	2023 ------(Rupees in '000)-----	2022
<b>25.2 Region wise export sales are as under:</b>		
United Arab Emirates	3,030	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

26	COST OF SALES	Note	2023	2022
			----- (Rupees in '000) -----	
	<b>Raw material consumed</b>		<b>1,635,844</b>	660,254
	Opening stock		<b>3,575,071</b>	7,486,154
	Purchases		<b>5,210,915</b>	8,146,408
		11	<b>(1,458,560)</b>	(1,635,844)
	Closing stock		<b>3,752,355</b>	6,510,564
	<b>Manufacturing expenses</b>		<b>533,200</b>	582,625
	Salaries, wages and benefits		<b>274,946</b>	336,980
	Stores, spares and loose tools consumed		<b>137,484</b>	144,893
	Fuel and power	6.2	<b>19,586</b>	14,193
	Amortisation of intangible assets	26.1	<b>26,013</b>	36,170
	Royalty	4.2	<b>130,129</b>	108,523
	Depreciation on operating fixed assets	5.1	<b>3,850</b>	6,142
	Depreciation on right-of-use assets		<b>112,683</b>	87,481
	Transportation and travelling		<b>58,608</b>	89,603
	Repairs and maintenance		<b>37,988</b>	42,481
	Packing material consumed		<b>275</b>	275
	Rates and taxes		<b>5,711</b>	64
	Research and development costs		<b>4,446</b>	3,368
	Insurance		<b>1,597</b>	3,130
	Communications and professional fee		<b>2,044</b>	1,463
	Printing and stationery		<b>6,767</b>	4,767
	Others		<b>1,355,327</b>	1,462,158
	<b>Work-in-process</b>		<b>121,728</b>	98,076
	Opening stock	11	<b>(72,252)</b>	(121,728)
	Closing stock		<b>49,476</b>	(23,652)
	<b>Cost of goods manufactured</b>		<b>5,157,158</b>	7,949,070
	<b>Finished goods</b>		<b>83,991</b>	74,310
	Opening stock	11	<b>(123,850)</b>	(83,991)
	Closing stock		<b>(39,859)</b>	(9,681)
			<b>5,117,299</b>	7,939,389

26.1 Royalty paid during the year comprise of the following:

Company Names	Address	Relationship with the Group	2023	2022
			----- (Rupees in '000) -----	
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	<b>16,717</b>	28,187
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	<b>203</b>	1,393
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	<b>-</b>	2,963

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

27	DISTRIBUTION COSTS	Note	2023	2022
			----- (Rupees in '000) -----	
	Salaries, wages and benefits		<b>14,503</b>	15,525
	Advertisement and sales promotion		<b>23,022</b>	39,752
	Carriage and forwarding		<b>49,973</b>	53,473
	Travelling and conveyance		<b>2,431</b>	3,389
	Depreciation on operating fixed assets	4.2	<b>1,872</b>	1,669
	Depreciation on right-of-use assets	5.1	<b>727</b>	773
	Amortisation of intangible assets	6.2	<b>241</b>	20
	Provision for warranty claims net of reversal	21.4	<b>(1,300)</b>	13,913
	Communications		<b>119</b>	338
	Insurance		<b>2,439</b>	2,764
	Repairs and maintenance		<b>245</b>	1,292
	Others		<b>712</b>	723
			<b>94,984</b>	133,631
	<b>28 ADMINISTRATIVE EXPENSES</b>			
	Salaries, wages and benefits		<b>97,218</b>	104,394
	Legal and professional charges		<b>50,505</b>	45,705
	Travelling and conveyance		<b>25,550</b>	19,131
	Repairs and maintenance	4.2	<b>28,945</b>	35,715
	Depreciation on operating fixed assets	5.1	<b>10,577</b>	10,281
	Depreciation on right-of-use assets	6.2	<b>1,500</b>	1,595
	Amortisation of intangible assets		<b>1,444</b>	120
	Security services		<b>11,617</b>	10,280
	Communications and professional fee		<b>1,312</b>	1,383
	Printing and stationery		<b>2,555</b>	1,913
	Rates and taxes		<b>50</b>	204
	Utilities	27.1	<b>1,756</b>	1,511
	Auditors' remuneration		<b>2,792</b>	2,407
	Insurance		<b>1,609</b>	1,264
	Others		<b>4,654</b>	5,715
			<b>242,084</b>	241,618
	<b>28.1 Auditors' remuneration</b>			
	Audit fee for unconsolidated financial statements		<b>1,300</b>	1,080
	Audit fee for consolidated financial statements		<b>250</b>	210
	Fee for review of half yearly financial statements		<b>200</b>	120
	Other certifications		<b>600</b>	600
	Sindh sales tax		<b>207</b>	125
	Out of pocket expenses		<b>235</b>	272
			<b>2,792</b>	2,407



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>29 OTHER EXPENSES</b>			
Exchange loss on foreign currency transactions - net		95,753	120,111
Workers' Profit Participation Fund	21.3	-	24,344
Workers' Welfare Fund	21	-	11,202
Donations	29.1 & 29.2	3,015	7,485
Allowance for expected credit losses		-	23
Miscellaneous expenses		-	155
		<u>98,768</u>	<u>163,320</u>
<b>29.1</b> Donation to following parties exceeds 10% of the Company's total donations or Rs. 1 million, whichever is higher:			
Muhammad Ali Habib Welfare Trust		<u>2,000</u>	<u>1,950</u>
Habib Education Trust		<u>-</u>	<u>2,500</u>
<b>29.2</b> None of the directors or their spouses had any interest in the donees.			
<b>30 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on:			
- short-term investments - term deposit receipts		5,018	5,070
- deposit accounts		4,922	2,031
		<u>9,940</u>	<u>7,101</u>
Reversal of expected credit losses		22	-
Amortisation of deferred income		2,259	-
Dividend income from Agriauto Stamping Company (Private) Limited	30.1	228,802	-
		<u>241,023</u>	<u>7,101</u>
<b>Income from non-financial assets</b>			
Gain on disposal of operating fixed assets	20.1	7,382	2,873
Liabilities no longer payable - written back		1,596	-
Gain on disposal of lease and right-of-use asset		4,398	-
Scrap sales		7,133	21,869
Miscellaneous income		49	-
		<u>20,558</u>	<u>24,742</u>
		<u>261,581</u>	<u>31,843</u>
<b>30.1</b> Represents profit earned under conventional banking relationships.			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>31 FINANCE COSTS</b>			
Interest on:			
- short-term running finance		69,302	48,649
- long-term financing		5,733	1,777
- lease liabilities		804	462
Bank charges and commission		1,329	2,114
		<u>77,168</u>	<u>53,002</u>
<b>32 TAXATION</b>			
Current			
For the year		66,694	178,530
Prior		1,882	352
		<u>68,576</u>	<u>178,882</u>
Deferred		(56,897)	(24,463)
		<u>11,679</u>	<u>154,419</u>
<b>32.1</b> During the year, provision for current taxation is based on minimum tax and final tax regime. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these unconsolidated financial statements.			
<b>33 (LOSS) / EARNINGS PER SHARE – basic and diluted</b>			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
	Note	2023 ----- (Rupees in '000) -----	2022
Net (loss) / profit for the year (Rs. in '000)		<u>(44,283)</u>	<u>304,009</u>
Weighted average number of ordinary shares outstanding during the year (shares in '000)		<u>36,000</u>	<u>Restated 36,000</u>
(Loss) / Earnings per share (Rs.)	33.1	<u>(1.23)</u>	<u>Restated 8.44</u>
<b>33.1</b> As disclosed in note 17 to these unconsolidated financial statements, the Company has approved and issued 7.20 million (2022: Nil) bonus shares during the year. The effect of these has been accounted for in these unconsolidated financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>34 CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
(Loss) / profit before taxation		<b>(32,604)</b>	458,428
<b>Adjustments for:</b>			
Depreciation and amortisation	4, 5 & 6	<b>169,926</b>	143,316
Finance costs	31	<b>77,168</b>	53,002
(Reversal) / allowance for expected credit losses	29 & 30	<b>(22)</b>	23
Unrealised exchange (gain) / loss on foreign currency transactions	29	<b>(1,024)</b>	3,676
Liabilities no longer payable - written back	30	<b>(1,596)</b>	-
Profit on short-term investments - term deposit receipts	30	<b>(5,018)</b>	(5,070)
Profit on deposit accounts	30	<b>(4,922)</b>	(2,031)
Dividend income	30	<b>(228,802)</b>	-
Capital work-in-progress charged off	4.5.1	<b>32</b>	800
Amortisation of deferred income	30	<b>(2,259)</b>	-
Gain on disposal of lease and right-of-use asset	30	<b>(4,398)</b>	-
Gain on disposal of operating fixed assets	30	<b>(7,382)</b>	(2,873)
		<b>(8,297)</b>	190,843
		<b>(40,901)</b>	649,271
<b>Decrease / (increase) in current assets</b>			
Stores, spares and loose tools		<b>19,997</b>	(42,060)
Stock-in-trade		<b>432,756</b>	(1,164,545)
Trade debts		<b>237,413</b>	49,596
Advances, deposits, prepayments and other receivables		<b>305,247</b>	(92,866)
		<b>995,413</b>	(1,249,875)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		<b>51,693</b>	391,469
Sales tax payable		<b>14,427</b>	(25,400)
		<b>1,020,632</b>	(234,535)
<b>35 CASH AND CASH EQUIVALENTS</b>			
Lien on short-term investments - term deposit receipts	15	<b>38,000</b>	38,000
Cash and bank balances	16	<b>89,528</b>	67,147
Short-term running finance	23	-	(742,501)
		<b>127,528</b>	(637,354)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>36 FINANCIAL RISK MANAGEMENT</b>			
<b>36.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>Financial assets at amortised cost</b>			
Long-term deposits	8	<b>9,022</b>	8,063
Trade debts	12	<b>505,492</b>	742,883
Deposits and other receivables	13	<b>323,344</b>	621,496
Accrued profit	14	<b>3,489</b>	1,765
Short-term investments	15	<b>38,928</b>	39,164
Cash and bank balances	16	<b>89,528</b>	67,147
		<b>969,803</b>	1,480,518
<b>Financial liabilities at amortised cost</b>			
Lease liabilities	18	<b>3,387</b>	12,182
Long-term financing	19	<b>446,138</b>	45,790
Trade and other payables	21	<b>629,782</b>	585,247
Unpaid dividend	22	<b>6,748</b>	8,357
Unclaimed dividend	22	<b>27,666</b>	26,956
Short-term running finance	23	-	742,501
		<b>1,113,721</b>	1,421,033
<b>36.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES</b>			
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 summarised below:			
<b>36.2.1 Market risk</b>			
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:			
<b>(i) Interest rate risk</b>			
Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of change in market interest rate relates primarily to the Company's liability against short-term running finance with floating interest rates. The Company manages its net working capital by keeping it at an optimum level to ensure minimal utilisation of running finance facilities.			
<b>Interest rate profile of financial instruments</b>			
At the reporting date, the interest rate profile of the Company's interest bearing financial instruments were as follows:			
	Note	2023 ------(Rupees in '000)-----	2022
<b>Financial assets at amortised cost</b>			
Short-term investments	15	<b>38,928</b>	39,164
Cash and bank balances	16	<b>89,528</b>	67,147
		<b>128,456</b>	106,311



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>Financial liabilities at amortised cost</b>			
Lease liabilities	18	3,387	12,182
Long-term financing	19	446,138	45,790
Short-term running finance	23	-	742,501
		<u>449,525</u>	<u>800,473</u>

## Sensitivity analysis

A change of 100 basis points (1%) in interest rate at the reporting date would have changed the Company's profit before tax for the year by the amounts shown below, with all other variables held constant.

		2023	2022
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs. in '000)	±	3,211	6,942

## (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 currencies. The company's exposure to foreign currency risk at the reporting date is as follows:

	2023 ------(FCY in '000)-----	2022
<b>USD</b>		
Trade and other payables	110	984
<b>JPY</b>		
Trade and other payables	21,693	39,161
<b>CNY</b>		
Trade and other payables	-	563

	Statement of financial position date rate		Average rate	
	2023	2022	2023	2022
USD	285.99	204.85	248.09	178.82
JPY	1.99	1.50	1.81	1.52
EUR	312.93	213.81	264.02	200.66
CNY	39.67	30.60	35.68	27.66

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 7.46 million (2022: Rs. 27.75 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

## 36.2.2 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.

	Note	2023 ------(Rupees in '000)-----	2022
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	8	9,022	8,063
Trade debts	12	505,492	742,883
Deposits and other receivables	13	323,344	621,496
Short-term investments	15	38,928	39,164
Bank balances	16	89,520	67,134
		<u>966,306</u>	<u>1,478,740</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.

	2023 ------(Rupees in '000)-----	2022
<b>Trade debts</b>		
The analysis of trade debts is as follows:	502,670	731,648
Neither past due nor impaired		
Past due but not impaired	2,822	11,235
- 30 to 90 days	<u>505,492</u>	<u>742,883</u>

The credit quality of financial assets other than bank balances and short-term investments can be assessed with reference to their historical performance with no or some defaults in recent history.

The credit quality of the Company's bank balances and short-term investments can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	2023 ------(Rupees in '000)-----	2022
Habib Metropolitan Bank Limited	PACRA	A-1+	85,631	66,560
Habib Bank Limited	VIS	A-1+	38,443	38,000
National Bank of Pakistan	PACRA	A-1+	576	574
Meezan Bank Limited	VIS	A-1+	531	-
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	440	-
United Bank Limited	VIS	A-1+	1,025	-
Bank Al-Habib Limited	PACRA	A-1+	297	-
The Bank of Punjab	PACRA	A-1+	577	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 36.2.3 Liquidity risk

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

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. The table below summarises the maturity profile of the Company's financial liabilities at the following unconsolidated statement of financial position dates:

2023	On Demand	Not later than one year	Later than one year	Total
------(Rupees in '000)-----				
<b>Non-interest bearing financial liabilities</b>				
Trade and other payables	718,647	641,066	-	1,359,713
Unpaid dividend	6,748	-	-	6,748
Unclaimed dividend	27,666	-	-	27,666
<b>Interest bearing financial liabilities</b>				
Lease liabilities	-	3,446	-	3,446
Long-term financing	-	9,006	63,450	72,456
Short-term running finance	-	-	-	-
	<u>753,061</u>	<u>653,518</u>	<u>63,450</u>	<u>1,470,029</u>
2022	On Demand	Not later than one year	Later than one year	Total
------(Rupees in '000)-----				
<b>Non-interest bearing financial liabilities</b>				
Trade and other payables	684,078	623,984	-	1,308,062
Unpaid dividend	8,357	-	-	8,357
Unclaimed dividend	26,956	-	-	26,956
<b>Interest bearing financial liabilities</b>				
Lease liabilities	-	9,276	3,446	12,722
Long-term financing	-	8,220	64,341	72,561
Short-term running finance	742,501	-	-	742,501
	<u>1,461,892</u>	<u>641,480</u>	<u>67,787</u>	<u>2,171,159</u>

## 36 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. As of the statement of financial position date, the debt to equity ratio is as follows:

	2023	2022
	------(Rupees in '000)-----	
Debt	<u>446,138</u>	<u>788,291</u>
Equity	<u>4,476,924</u>	<u>4,521,207</u>
Gearing Ratio	<u>10%</u>	<u>17%</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 38 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements are approximate to their fair value.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

## 39 CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2023		
	Long-term financing-secured (including deferred income)	Unclaimed and unpaid dividend	Lease liabilities
	------(Rupees in '000)-----		
As at July 01	65,225	35,313	12,182
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(899)	-
Payments made during the year	-	-	(3,276)
Long-term financing obtained during the year	507,769	-	-
Long-term financing repaid during the year	(107,131)	-	-
	<u>400,638</u>	<u>(899)</u>	<u>(3,276)</u>
<b>Other changes</b>			
Disposal of lease during the year	-	-	(6,323)
Amortisation of deferred income during the year	(2,259)	-	-
Finance cost during the year	2,918	-	804
	<u>659</u>	<u>-</u>	<u>(5,519)</u>
As at June 30	<u>466,522</u>	<u>34,414</u>	<u>3,387</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	2022		
	Long-term financing-secured (including deferred income)	Unclaimed and unpaid dividend	Lease liabilities
	------(Rupees in '000)-----		
As at July 01	-	34,512	20,730
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(171,999)	-
Payments made during the year	-	-	(9,010)
Long-term financing obtained during the year	65,483	-	-
Long-term financing repaid during the year	(1,619)	-	-
	63,864	(171,999)	(9,010)
<b>Other changes</b>			
Dividend declared during the year	-	172,800	-
Finance cost during the year	1,361	-	462
	1,361	172,800	462
As at June 30	65,225	35,313	12,182

## 40 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

40.1 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:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	------(Rupees in '000)-----			
Managerial remuneration	30,753	82,546	26,503	64,615
Bonus	4,800	6,834	10,431	18,840
Retirement benefits	2,249	4,283	1,939	3,233
Utilities	654	227	654	191
Medical expenses	9	995	11	485
	38,465	94,885	39,538	87,364
Number of persons	1	20	1	17

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

40.3 Three (2022: three) non-executive directors have been paid fees of Rs. 2.3 million (2022: Rs. 2.8 million) for attending board and other meetings.

## 41 TRANSACTIONS WITH RELATED PARTIES

41.1 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:

Name of related party and relationship with the Company	Nature of transactions	Percentage of share holding in the Company %	2023	2022
			------(Rupees in '000)-----	
<b>The Subsidiary Company (wholly owned)</b>				
Agriauto Stamping Company (Private) Limited	Sales Purchase of dies and tools Dividend received Tax refund adjusted under group taxation	Nil	27,560 13,265 228,802 26,651	87,866 - - 64,242
<b>Associated companies (Common directorship)</b>				
Thal Limited	Dividend paid	7.35	-	12,694
Habib Metropolitan Bank Limited	Mark-up expense Profit earned on term deposit receipt and deposit account Bank charges Guarantee given	Nil	12,107 4,989 2,229 36,000	4,912 3,655 3,599 48,000
Shabbir Tiles and Ceramics Limited	Purchases	Nil	651	3,375
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	19,763	39,136
<b>Retirement benefits fund</b>				
Employees' Provident Fund	Contribution		16,941	13,527
Key management personnel	Sale of laptop having net book value of Rs. 0.04 million (2022: Rs. Nil) as per the Company's policy		18	-
	Sale of vehicle having net book value of Rs. Nil (2022: Rs. 0.76 million) as per the Company's policy		-	875

41.2 The outstanding balances with related parties as at reporting date have been disclosed in the respective notes to the unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**41.3** Details of compensation to the key management personnel have been disclosed in the note 40 to the unconsolidated financial statements.

## **42 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 Original Equipment Manufacturers.

## **43 NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on August 25, 2023 (i) approved the transfer of Rs. Nil (2022: Rs. 300 million) from unappropriated profits to general reserves, (ii) proposed to issue bonus shares in the proportion of Nil share (2022: 1 share) for every Nil shares (2022: 4 shares) held i.e., Nil % (2022: 25%), and (iii) proposed cash dividend of Rs. Nil per share (2022: Rs. Nil per share) for the year ended June 30, 2023 amounting to Nil (2022: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 23, 2023.

## **44 NUMBER OF EMPLOYEES**

Total number of employees as at June 30

Average number of employees during the year

	2023	2022
	----- (Rupees in '000) -----	
	698	770
	734	749

## **45 OPERATING SEGMENTS**

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

All sales of the Company comprise of sale of components for automotive vehicles, motor cycles and agricultural tractors.

All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Three (2022: two) of the Company's customers contributed Rs. 4,199.27 million (2022: Rs. 6,832.77 million) and each customer individually exceeded 10% of the revenue.

## **46 UNUTILISED CREDIT FACILITIES**

As of reporting date, the Company has unutilised facilities for letter of credit, bonds and guarantees and terms of loan available from various banks amounted to Rs. 3,228.61 million (2022: Rs. 2,367.08 million). The facilities are secured by way of lien on import documents and pari passu ranking hypothecation charge on the Company's specific fixed assets, stock-in-trade, stores, spares, loose tools and trade debts.

## **47 GENERAL**

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

**47.2** Certain prior years' figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report.

## **48 DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue on August 25, 2023 by the Board of Directors of the Company.



**DIRECTOR**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



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## INDEPENDENT AUDITORS' REPORT

To the members of Agriauto Industries Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Agriauto Industries Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<b>Existence and valuation of stock-in-trade</b>	
<p>As disclosed in note 9 to the accompanying consolidated financial statements, the stock-in-trade balance constitutes approximately 30% of total assets of the Group as at the reporting date.</p> <p>The Net Realisable Value (NRV) of stock-in-trade is determined mainly keeping in view 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 along with stock-in-trade usage and forecasted sales volume.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in determining an appropriate costing basis and assessing its valuation as well as the management's judgment involved in estimating the NRV of underlying stock-in-trade.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process.</li> <li>• Observed stock counts to ascertain the condition and existence of stock-in-trade, and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade.</li> <li>• Obtained confirmations from third parties in respect of stock held with them on behalf of the Group as at the reporting date.</li> <li>• Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the reporting date and comparing with the cost for a sample of products.</li> <li>• Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</li> <li>• Tested the accuracy of the ageing analysis of stock-in-trade, on a sample basis.</li> <li>• Reviewed the relevant documents, including but not limited to suppliers' invoices, letter of credits and shipping documentation to verify the valuation of goods-in-transit as at the reporting date as well as inspected subsequent goods receipt notes in this regard.</li> <li>• Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis.</li> <li>• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

#### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is **Omer Chughtai**.



Chartered Accountants  
Place: Karachi  
Date: 07 September 2023  
UDIN: AR2023101208IGpvXOHW



**Financial Statements  
Consolidated**



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	4,277,485	2,835,452
Right-of-use assets	5	2,227	10,230
Intangible assets	6	54,459	75,730
Long-term deposits	7	17,475	15,517
Deferred taxation - net	16	10,522	-
		<b>4,362,168</b>	<b>2,936,929</b>
<b>Current Assets</b>			
Stores, spares and loose tools	8	152,957	171,494
Stock-in-trade	9	2,691,663	3,784,346
Trade debts	10	731,621	1,179,531
Advances, deposits, prepayments and other receivables	11	521,856	903,140
Accrued profit	12	3,918	1,879
Short-term investments	13	75,953	78,286
Taxation - net		280,790	238,672
Sales tax receivable		146,010	61,799
Cash and bank balances	14	162,569	170,029
		<b>4,767,337</b>	<b>6,589,176</b>
<b>TOTAL ASSETS</b>		<b>9,129,505</b>	<b>9,526,105</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 40,000,000 (2022: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	15	180,000	144,000
Reserves		5,981,745	6,191,025
		<b>6,161,745</b>	<b>6,335,025</b>
<b>Non-Current Liabilities</b>			
Deferred taxation - net	16	-	48,570
Lease liabilities	17	-	3,387
Long-term financing - secured	18	628,675	80,657
Deferred income	19	29,546	34,827
		<b>658,221</b>	<b>167,441</b>
<b>Current Liabilities</b>			
Trade and other payables	20	1,955,148	1,863,191
Current maturity of lease liabilities	17	3,387	8,795
Current maturity of long-term financing	18	113,227	10,270
Current maturity of deferred income	19	8,439	-
Unpaid dividend	21	6,748	8,357
Unclaimed dividend	21	27,666	26,956
Short-term running finance	22	194,924	1,106,070
		<b>2,309,539</b>	<b>3,023,639</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,129,505</b>	<b>9,526,105</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AS AT JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
Turnover - net	24	8,314,517	15,397,684
Cost of sales	25	(7,772,333)	(13,466,691)
<b>Gross profit</b>		<b>542,184</b>	<b>1,930,993</b>
Distribution costs	26	(106,078)	(147,689)
Administrative expenses	27	(345,031)	(324,892)
		<b>(451,109)</b>	<b>(472,581)</b>
<b>Operating profit</b>		<b>91,075</b>	<b>1,458,412</b>
Other expenses	28	(168,604)	(306,320)
Other income	29	73,296	54,032
Finance costs	30	(122,075)	(101,489)
		<b>(217,383)</b>	<b>(353,777)</b>
<b>(Loss) / Profit before taxation</b>		<b>(126,308)</b>	<b>1,104,635</b>
Taxation	31	(46,972)	(367,814)
<b>Net (loss) / profit for the year</b>		<b>(173,280)</b>	<b>736,821</b>
			<b>Restated</b>
<b>(Loss) / earnings per share - basic and diluted</b>	32	<b>(4.81)</b>	<b>20.47</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 ----- (Rupees in '000) -----	2022
Net (loss) / profit for the year	(173,280)	736,821
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(173,280)</b>	<b>736,821</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Reserves		Total reserves	Total equity
			Revenue reserves			
			General	Unappropriated profit		
----- (Rupees in '000) -----						
<b>Balance as at June 30, 2021</b>	144,000	12,598	2,315,000	3,299,406	5,627,004	5,771,004
Final dividend for the year ended June 30, 2021 @ Rs. 6.0/- per share	-	-	-	(172,800)	(172,800)	(172,800)
Transfer to general reserve	-	-	350,000	(350,000)	-	-
Net profit for the year	-	-	-	736,821	736,821	736,821
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	736,821	736,821	736,821
<b>Balance as at June 30, 2022</b>	<b>144,000</b>	<b>12,598</b>	<b>2,665,000</b>	<b>3,513,427</b>	<b>6,191,025</b>	<b>6,335,025</b>
Issue of bonus shares	36,000	-	-	(36,000)	(36,000)	-
Transfer to general reserve	-	-	500,000	(500,000)	-	-
Net loss for the year	-	-	-	(173,280)	(173,280)	(173,280)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(173,280)	(173,280)	(173,280)
<b>Balance as at June 30, 2023</b>	<b>180,000</b>	<b>12,598</b>	<b>3,165,000</b>	<b>2,804,147</b>	<b>5,981,745</b>	<b>6,161,745</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	2,291,246	17,867
Long-term deposits paid		(1,958)	(1,912)
Finance cost paid		(122,905)	(58,610)
Income tax adjusted / paid		(148,182)	(360,588)
<b>Net cash generated from / (used in) operating activities</b>		<b>2,018,201</b>	<b>(403,243)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,801,498)	(881,909)
Proceeds from disposal of operating fixed assets		14,468	15,142
Profit received on short-term investments - term deposit receipts		10,533	9,094
Profit received on deposit accounts		10,060	4,765
<b>Net cash used in investing activities</b>		<b>(1,766,437)</b>	<b>(852,908)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(899)	(171,999)
Lease payments		(3,276)	(9,010)
Long-term financing obtained during the year		917,691	127,226
Long-term financing repaid during the year		(264,094)	(4,322)
<b>Net cash generated from / (used in) financing activities</b>		<b>649,422</b>	<b>(58,105)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>901,186</b>	<b>(1,314,256)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(859,041)</b>	<b>455,215</b>
<b>Cash and cash equivalents at the end of the year</b>	34	<b>42,145</b>	<b>(859,041)</b>

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 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, motorcycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

**1.2** The group comprises of the Agriauto Industries Limited (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** As of the reporting date, the Group's shareholding in its subsidiary is 100% (2022: 100%).

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

Location	Business unit
<b>Karachi</b> 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
<b>Hub</b> Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan.	Manufacturing facility

## 2 BASIS OF PREPARATION

### 2.1 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.

### 2.2 BASIS OF MEASUREMENT

**2.2.1** These consolidated financial statements have been prepared under the historical cost convention except otherwise specified in respective notes to the consolidated financial statements.

**2.2.2** These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.3 STANDARDS, INTERPRETATIONS, IMPROVEMENTS AND AMENDMENTS APPLICABLE TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.3.1 Adoption of amendments to approved accounting standards effective during the year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

#### Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)  
IAS 16 Reference to the Conceptual Framework (Amendments)  
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The adoption of the above amendments to the accounting standards did not have any material effect on the Group's consolidated financial statements.

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 January 01, 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.

#### 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  
IAS 41 Agriculture – Taxation in fair value measurements  
IFRS 16 Leases – Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Group's consolidated financial statements.

### 2.3.2 Standards and amendments to IFRSs that are not yet effective

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

#### Amendment or improvement

Amendment or improvement	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts (Amendments)	January 01, 2023
IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023
IAS 12 International Tax Reform – Pillar Two Model Rules (Amendments)	January 01, 2023
IAS 1 Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16 Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IAS 7 / IFRS 7 Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

#### Amendment or improvement

#### IASB Effective dates (annual periods beginning on or after)

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.4.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company as at June 30, 2023, 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 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.

#### 2.4.1.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

#### 2.4.2 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading; or
- due to be settled within twelve months after the reporting period.

## 2.4.3 Property, plant and equipment

### 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, less impairment, if any.

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 4.1 to these consolidated financial statements. Depreciation on additions is charged from the month of addition and in case of disposal, prior 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.

### 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.

## 2.4.4 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.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets, as follows:

Head office - 5 years  
Sales office - 5 years

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment, if any.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.5 Intangible assets

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

Costs in relation to intangible assets are only capitalised when it is probable that future economic benefits attributable to that asset will flow to the Group and the same is amortised applying the straight line method at the rate disclosed in note 6 to these consolidated financial statements.

Research and development expenditure that do not meet the criteria mentioned in IAS 38 'Intangible Assets' are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Such expenses are charged to the consolidated statement of profit or loss, as and when incurred.

## 2.4.6 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 purchase price, freight value and other charges incurred thereon upto the reporting date.

## 2.4.7 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 reporting date.

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.

## 2.4.8 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 (ECL), 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.

## 2.4.9 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, short-term running finance 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

The financial assets of the Group 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 Group, the financial assets of the Group are measured and classified under IFRS 9 as follows;

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

### Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Group has transferred substantially all the risks and rewards of the asset or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Financial liabilities

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

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

### 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

At each date of consolidated 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.

### 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 currently an 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.

## 2.4.11 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of consolidated 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 to 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.

## 2.4.12 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, if any. 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.

### 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, 2023

## 2.4.13 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.

## 2.4.14 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 the Income Tax Ordinance, 2001. The Group has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001.

### Deferred

Deferred tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial consolidated statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax is recognised for tax losses, minimum tax, alternative corporate tax and depreciation available for carry forward to the extent of realisation of the related tax benefit through future taxable profits, based on projections, is probable. The carrying amount of deferred tax assets is reviewed at each consolidated consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the consolidated statement of financial position date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

## 2.4.15 Trade and other payables

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

## 2.4.16 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 date of consolidated statement of financial position and adjusted to reflect the current best estimate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.17 Advance from customers

Advance from customers is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, it is recognised when the payment is made or the payment is due (whichever is earlier). Advance from customers is recognised as revenue when the Group performs under the contract.

## 2.4.18 Warranty obligations

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

## 2.4.19 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

The assessment of contingent liabilities inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

## 2.4.20 Foreign currency transactions and translation

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 consolidated statement of financial position date. Exchange differences if any are taken to the consolidated statement of profit or loss.

## 2.4.21 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 consolidated statement of financial position as a deferred credit and realised to the consolidated statement of profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

## 2.4.22 Revenue recognition

Revenue from contracts with customers is recognised 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

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

## 2.4.23 Other income

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 recognised on accrual basis.

## 2.4.24 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 capitalised 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.

## 2.4.25 Sales tax

Revenues, expenses and assets are recognised, net off amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables or payables that are stated with the amount of sales tax; and
- the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the consolidated statement of financial position.

## 2.4.26 Unclaimed dividend

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

## 2.4.27 Unpaid dividend

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

## 2.4.28 Operating segments

For management purposes, the activities of the Group are organised into one reportable operating segment. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 2.4.29 Share capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves comprise of capital and revenue reserves. Capital reserves represent share premium while revenue reserves comprise of general reserves and unappropriated profit. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, enhancing the working capital, etc.

## 2.4.30 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. Transfer between reserves made subsequent to the consolidated statement of financial position date is considered as a non-adjusting event and is recognised in the consolidated financial statements in the period in which such transfers are made.

## 2.4.31 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.

## 3 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	2.4.3, 2.4.4, 2.4.5, 4, 5 & 6
- valuation of stock-in-trade	2.4.7
- allowance for expected credit losses	2.4.8 & 2.4.10
- provision for tax and deferred tax	2.4.14, 16 & 31
- warranty obligations	2.4.18 & 20.4
- leases	2.4.12 & 17
- contingent liabilities	2.4.19 & 23

## 4 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
----- (Rupees in '000) -----			
Operating fixed assets	4.1	<b>2,464,505</b>	2,214,120
Capital work-in-progress	4.5	<b>1,812,980</b>	621,332
		<b>4,277,485</b>	<b>2,835,452</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 4.1 Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2022	Additions/transfer*/(disposals) 2023	As at June 30, 2023		As at July 1, 2022	Charge for the year (Note 4.2)	(On disposals)	As at June 30, 2023	As at June 30, 2023
	----- (Rupees in '000) -----				----- (Rupees in '000) -----				
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	5,253	525	-	5,778	23,640
Building on freehold land	303,836	-	303,836	10	146,728	15,711	-	162,439	141,397
Building on leasehold land	422,471	-	480,877	10	216,969	23,470	-	240,439	240,438
		58,406*							
Plant and machinery	2,693,449	190,244	3,142,983	10 – 20	1,223,709	189,127	-	1,389,155	1,753,828
		289,510*							
		(30,220)					(23,681)		
Furniture and fittings	40,941	530	46,218	15	20,738	3,431	-	24,169	22,049
		4,747							
Vehicles	186,197	14,029	204,175	20	64,048	26,777	-	90,810	113,365
		4,044*							
		(95)					(15)		
Office equipment	11,036	800	11,836	10 – 20	6,902	763	-	7,665	4,171
Computer equipment	83,892	6,460	88,584	33	36,286	17,223	-	52,211	36,373
		(1,768)					(1,298)		
Dies and tools	480,231	-	521,279	40	318,370	75,317	-	393,687	127,592
		41,048*							
<b>2023</b>	<b>4,253,123</b>	<b>212,063</b>	<b>4,830,858</b>		<b>2,039,003</b>	<b>352,344</b>	<b>-</b>	<b>2,366,353</b>	<b>2,464,505</b>
		<b>397,755*</b>							
		<b>(32,083)</b>					<b>(24,994)</b>		

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2021	Additions/transfer*/(disposals) 2022	As at June 30, 2022		As at July 1, 2021	Charge for the year (Note 4.2)	(On disposals)	As at June 30, 2022	As at June 30, 2022
	----- (Rupees in '000) -----				----- (Rupees in '000) -----				
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	4,727	526	-	5,253	24,165
Building on freehold land	288,764	-	303,836	10	130,807	15,921	-	146,728	157,108
Building on leasehold land	422,471	-	422,471	10	194,136	22,833	-	216,969	205,502
		15,072*							
Plant and machinery	2,470,434	21,384	2,693,449	10 – 20	1,074,779	155,542	-	1,223,709	1,469,740
		210,185*							
		(8,554)					(6,612)		
Furniture and fittings	38,941	1,707	40,941	15	17,753	3,375	-	20,738	20,203
		1,000*							
		(707)					(390)		
Vehicles	165,797	25,816	186,197	20	40,955	27,248	-	64,048	122,149
		8,448*							
		(13,864)					(4,155)		
Office equipment	10,296	868	11,036	20	6,269	704	-	6,902	4,134
		(128)					(71)		
Computer equipment	38,241	8,152	83,892	33	33,101	3,952	-	36,286	47,606
		38,474*							
		(975)					(767)		
Dies and tools	396,115	3,070	480,231	40	237,524	80,846	-	318,370	161,861
		81,046*							
<b>2022</b>	<b>3,862,129</b>	<b>60,997</b>	<b>4,253,123</b>		<b>1,740,051</b>	<b>310,947</b>	<b>-</b>	<b>2,039,003</b>	<b>2,214,120</b>
		<b>354,225*</b>							
		<b>(24,228)</b>					<b>(11,995)</b>		

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>4.2 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	25	324,292	288,812
Distribution costs	26	4,858	4,344
Administrative expenses	27	23,194	17,791
		<u>352,344</u>	<u>310,947</u>

**4.3** 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 property	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

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

	Cost	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer	Relationship
	------(Rupees in '000)-----						
<b>Plant and machinery</b>							
Battery Stacker	4,731	1,969	100	(1,869)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Chrome One Module	2,993	1,277	25	(1,252)	Negotiation	M/s. Noorani Trading Co.	Independent Purchaser
Generator	10,700	1,770	2,500	730	Negotiation	M/s. Badar Scrap and Old Machinery	Independent Purchaser
	18,424	5,016	2,625	(2,391)			
Operating fixed assets having WDV less than Rs. 0.5 million	13,659	2,073	11,843	9,770			
<b>2023</b>	<u>32,083</u>	<u>7,089</u>	<u>14,468</u>	<u>7,379</u>			
<b>2022</b>	<u>24,228</u>	<u>12,233</u>	<u>15,142</u>	<u>2,909</u>			

	Note	2023 ------(Rupees in '000)-----	2022
<b>4.5 Capital work-in-progress</b>			
Building on freehold land		217,485	218,070
Plant and machinery		1,423,475	356,651
Vehicle		-	3,954
Dies and tools		172,020	42,657
	4.5.1	<u>1,812,980</u>	<u>621,332</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>4.5.1 Movement in capital work-in-progress is as follows:</b>			
As at July 01		621,332	159,908
Capital expenditure incurred / advances made during the year	4.5.2	1,589,435	816,449
Transfer to operating fixed assets during the year	4.1	(397,755)	(354,225)
Charged off during the year		(32)	(800)
As at June 30		<u>1,812,980</u>	<u>621,332</u>

**4.5.1** During the year, borrowing costs have been capitalised amounting to Rs. 101.38 million (2022: Rs. Nil) using capitalisation rate of 3 months KIBOR + 0.3% per annum on account of long-term financing obtained specifically for this purpose as fully mentioned in notes 18.3 and 18.4 to these consolidated financial statements.

	Note	2023 ------(Rupees in '000)-----	2022
<b>5 RIGHT-OF-USE ASSETS</b>			
As at July 01		10,230	18,740
Disposal during the year		(1,926)	-
Depreciation charge for the year	5.1	(6,077)	(8,510)
As at June 30		<u>2,227</u>	<u>10,230</u>

**5.1 Depreciation charge for the year has been allocated as follows:**

Cost of sales	25	3,850	6,142
Distribution costs	26	727	773
Administrative expenses	27	1,500	1,595
		<u>6,077</u>	<u>8,510</u>

**6 INTANGIBLE ASSETS**

<b>Cost</b>			
As at July 01		115,269	61,431
Additions during the year	6.1	-	53,838
As at June 30		<u>115,269</u>	<u>115,269</u>

**Accumulated amortisation**

As at July 01		(39,539)	(25,206)
Charge for the year	6.2	(21,271)	(14,333)
As at June 30		<u>(60,810)</u>	<u>(39,539)</u>

**Net book value as at June 30**

	<u>54,459</u>	<u>75,730</u>
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**Annual rate of amortisation**

	<u>20%</u>	<u>20%</u>
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**6.1** The Group capitalised Rs. Nil (2022: Rs. 26.96 million) and Rs. Nil (2022: Rs. 26.88 million) with respect to development costs incurred in respect of parts for upcoming models of motor vehicles and SAP Hana software respectively.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>6.2 Amortisation charge for the year has been allocated as follows:</b>			
Cost of sales	25	19,586	14,193
Distribution costs	26	241	20
Administrative expenses	27	1,444	120
		<u>21,271</u>	<u>14,333</u>
	Note	2023 ------(Rupees in '000)-----	2022
<b>7 LONG-TERM DEPOSITS</b>			
Security deposits - considered good	7.1	<u>17,475</u>	<u>15,517</u>
<b>7.1</b> Represent interest free deposits.			
<b>8 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		62,922	97,858
Spares		80,933	65,003
Loose tools		9,102	8,633
		<u>152,957</u>	<u>171,494</u>
<b>9 STOCK-IN-TRADE</b>			
Raw material		2,131,474	2,719,194
Packing material		5,008	4,155
Work-in-process		157,664	121,728
Finished goods	9.1	222,184	172,415
Goods-in-transit		175,333	766,854
		<u>2,691,663</u>	<u>3,784,346</u>
<b>9.1</b> Write down of finished goods to NRV as at reporting date amounted to Rs. 1.26 million (2022: Rs. 4.34 million).			
	Note	2023 ------(Rupees in '000)-----	2022
<b>10 TRADE DEBTS - unsecured</b>			
Considered good	10.1 & 10.2	731,621	1,179,531
Considered doubtful		-	23
Allowance for expected credit losses		-	(23)
		<u>731,621</u>	<u>1,179,531</u>
<b>10.1</b> This includes an amount of Rs. 1.64 million (2022: Rs. 9.48 million) receivable from Thal Boshuku Pakistan (Private) Limited - associated company, respectively, against sales made by the Group.			
<b>10.2</b> The amount due from the related party is past due but not impaired between 30 to 90 days. The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs. 9.69 million (2022: Rs. 14.07 million).			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances - unsecured, considered good</b>			
Contractors		16,842	6,533
Employees		2,573	381
Suppliers		2,623	2,337
		<u>22,037</u>	<u>9,251</u>
<b>Deposits</b>		825	3,273
<b>Prepayments</b>			
Insurance		6,096	4,619
Software maintenance		1,007	9,839
Others		197	1,927
		<u>7,300</u>	<u>16,385</u>
<b>Other receivables - secured, considered good</b>	11.1	491,693	874,231
		<u>521,856</u>	<u>903,140</u>
<b>11.1</b> Includes an amount of Rs. 95.36 million (2022: Rs. 391.06 million) against LC margin deposits, out of which Rs. 89.07 million (2022: Rs. 76.21 million) are held with Habib Metropolitan Bank Limited - associated company. Additionally includes Rs. 226.77 million (2022: Rs. 226.77 million) with respect to claim against Additional Custom Duty (note 21) from a customer.			
<b>12</b> Represents accrued profit on deposit accounts held with Habib Metropolitan Bank Limited - associated company.			
	Note	2023 ------(Rupees in '000)-----	2022
<b>13 SHORT-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipts	13.1	74,500	77,000
Accrued profit thereon		1,453	1,286
		<u>75,953</u>	<u>78,286</u>
<b>13.1</b> Represents three months term deposit receipts, marked as lien, with a commercial bank under conventional banking relationship carrying profit rates ranging from 12.75% to 19.25% (2022: 9.25% to 13%) per annum and having maturity latest by September 29, 2023.			
<b>14 CASH AND BANK BALANCES</b>			
<b>In hand</b>		61	84
<b>With banks in</b>			
- current accounts		6,961	2,501
- deposit accounts	14.1 & 14.2	155,547	167,444
		<u>162,508</u>	<u>169,945</u>
		<u>162,569</u>	<u>170,029</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

14.1 Represents deposits and saving accounts placed with a conventional bank under interest / mark-up arrangements. These carry profit rates ranging from 12.25% to 19.50% (2022: 6% to 12.25%) per annum.

14.2 Includes an amount of Rs. 125.04 million (2022: Rs. 129.07 million) and Rs. 40.32 million (2022: Rs. 37.50 million) held with Habib Metropolitan Bank Limited - associated company in deposit accounts and dividend accounts respectively.

## 15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023		2022	
Number of shares in ('000)		----- (Rupees in '000) -----	
<b>Ordinary shares of Rs. 5/- each</b>			
22,800	22,800	114,000	114,000
13,200	6,000	66,000	30,000
<u>36,000</u>	<u>28,800</u>	<u>180,000</u>	<u>144,000</u>

15.1 Voting rights, board selection, right of first refusal, block voting and other shareholders' rights are in proportion to the shareholding.

15.2 Bonus shares issued to directors of the Holding Company and Thal Limited - associated company, are 2,250 shares (2022 : Nil) and 528,900 shares (2022 : Nil) respectively.

## 14 DEFERRED TAXATION - NET

Deductible temporary differences arising due to:

	2023	2022
	----- (Rupees in '000) -----	
- provisions	(177,098)	(178,889)
- lease liabilities and right-of-use assets	(336)	(644)
- unused business losses	(77,885)	-

Taxable temporary differences arising due to:

- accelerated tax depreciation	244,797	228,103
	<u>(10,522)</u>	<u>48,570</u>

16.1 As of the date of consolidated statement of financial position, deferred tax asset amounting to Rs. 104.56 million (2022: Rs. Nil) and Rs. 12.99 million (2022: Rs. Nil) in respect of minimum tax credits and unused business losses respectively have not been recognised in these consolidated financial statements.

## 17 LEASE LIABILITIES

The Group has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. The weighted average incremental borrowing rate of the Group ranges from 8.08% to 14% (2022: 8.08% to 14%) per annum.

These leases generally have lease terms between 2 to 5 years. In general, the Group is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Group and the Lessors. The Group is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
Lease liabilities		3,387	12,182
Current maturity of lease liabilities		(3,387)	(8,795)
	17.1	<u>-</u>	<u>3,387</u>

## 17.1 Movement of lease liabilities:

As at July 01		12,182	20,730
Disposal during the year		(6,323)	-
Finance cost during the year		804	462
Payments during the year		(3,276)	(9,010)
As at June 30	17.2	<u>3,387</u>	<u>12,182</u>

Current maturity of lease liabilities		(3,387)	(8,795)
		<u>-</u>	<u>3,387</u>

## 17.2 The maturity analysis of lease liabilities as at the reporting date is as follows:

Up to one year		3,387	8,795
After one year		-	3,387
Total lease liabilities		<u>3,387</u>	<u>12,182</u>

## 18 LONG-TERM FINANCING - SECURED

SBP refinance scheme for renewable energy	18.1 & 18.2	91,902	90,927
Current maturity of long-term financing		(8,227)	(10,270)
		<u>83,675</u>	<u>80,657</u>

Long-term financing		650,000	-
Current maturity of long-term financing	18.3 & 18.4	(105,000)	-
		<u>545,000</u>	<u>-</u>
	18.5	<u>628,675</u>	<u>80,657</u>

18.1 This represents long-term financing facility obtained, by the Holding Company, 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% (2022: 2% plus 0.75%) 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 16.30% (2022: 10.02% to 15.60%) per annum. As of June 30, 2023, unutilised portion of the facility is Rs. Nil (2022: Rs. 24.52 million).

18.2 This represents long term financing facility obtained, by the Subsidiary Company, 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. 85 million and carries mark-up at the rate of 2% plus 0.75% (2022: 2% plus 0.75%) 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 8.72% to 16.30% (2022: 8.72% to 11.42%) per annum. As of June 30, 2023, unutilised portion of the facility is Rs. Nil (2022: Rs. 28.26 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**18.3** This represents long-term financing facility obtained, by Holding Company, from a conventional bank to refinance capital expenditure incurred by the Holding Company, with a total limit of Rs. 500 million (2022: Rs. Nil) and at a markup rate of 3 months KIBOR + 0.3% per annum (2022: Rs. Nil) payable on quarterly basis. The tenure of this facility is six years, including grace period of one year. This facility is secured by first pari passu hypothecation / first charge over present and future fixed assets (excluding land and building) of the Holding Company with 25% margin. As of June 30, 2023, unutilised portion of the facility is Rs. Nil (2022: Rs. Nil).

**18.4** This represents long-term financing facility obtained, by the Subsidiary Company, from a conventional bank to refinance capital expenditure incurred by the Subsidiary Company, with a total limit of Rs. 900 million (2022: Rs. Nil) and at a markup rate of 3 months KIBOR + 0.3% per annum (2022: Rs. Nil) payable on quarterly basis. The tenure of this facility is six years, including grace period of one year. This facility is secured by first pari passu hypothecation / first charge over present and future fixed assets (excluding land and building) of the Subsidiary Company with 25% margin. As of June 30, 2023, unutilised portion of the facility is Rs. 650 million (2022: Rs. Nil).

	Note	2023 ------(Rupees in '000)-----	2022
<b>18.5 Movement of long-term financing</b>			
As at July 01		90,927	-
Financing received during the year		917,691	127,226
Repayment made during the year		(264,094)	(4,322)
Recognised as deferred income	19.1	(7,372)	(34,827)
Accretion of interest during the year		4,750	2,850
As at June 30		<u>741,902</u>	<u>90,927</u>
Current maturity of long-term financing		<u>(113,227)</u>	<u>(10,270)</u>
		<u>628,675</u>	<u>80,657</u>
<b>19 DEFERRED INCOME</b>			
Deferred income		37,985	34,827
Current maturity of deferred income		(8,439)	-
		<u>29,546</u>	<u>34,827</u>
<b>19.1 Movement of deferred income</b>			
As at July 01		34,827	-
Recognised as deferred income	18.5	7,372	34,827
Amortisation during the year	29	(4,214)	-
As at June 30		<u>37,985</u>	<u>34,827</u>

**19.2** 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 Group has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>20 TRADE AND OTHER PAYABLES</b>			
Creditors		420,799	638,834
Accrued liabilities	20.1	607,709	525,743
Royalty payable		54,353	47,553
Advance from customers		301,596	3,949
Additional custom duty payable	11.1	365,519	365,519
Payable to provident fund	20.2	4,619	4,002
Withholding tax payable		3,830	447
Workers' Profit Participation Fund	20.3	7,263	59,018
Workers' Welfare Fund	28	3,604	27,094
Warranty obligations	20.4	127,504	138,293
Accrued markup on borrowings		32,403	40,251
Others		25,949	12,488
		<u>1,955,148</u>	<u>1,863,191</u>

**20.1** Includes an amount of Rs. 429.07 million (2022: Rs. 350.35 million) in respect of Sindh Infrastructure Development Cess, for which guarantees have been provided with commercial banks.

**20.2** Investments in collective investment schemes, listed equity and listed debt securities out of provident funds have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

	Note	2023 ------(Rupees in '000)-----	2022
<b>20.3 Workers' Profit Participation Fund</b>			
As at July 01		59,018	4,073
Allocation for the year	28	5,400	59,018
		<u>64,418</u>	<u>63,091</u>
Payment made during the year		(57,155)	(4,073)
As at June 30		<u>7,263</u>	<u>59,018</u>
<b>20.4 Warranty obligations</b>			
As at July 01		138,293	132,887
Provision for the year		21,345	35,830
Provisions reversed during the year	26	(22,645)	(21,917)
		<u>(1,300)</u>	<u>13,913</u>
Claims paid during the year		136,993	146,800
As at June 30		<u>(9,489)</u>	<u>(8,507)</u>
		<u>127,504</u>	<u>138,293</u>

## 21 UNPAID DIVIDEND AND UNCLAIMED DIVIDEND

The Holding 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 22 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from a commercial bank amounting to Rs. 194.92 million (2022: Rs. 1,106.07 million). The total facility limit amounts to Rs. 2,340 million (2022: Rs. 1,990 million). The rate of mark-up on these finances ranges from 1 month to 3 months KIBOR plus rates varying from 0.20% to 0.75% (2022: 3 months KIBOR plus rates varying from 0.20% to 1.25%) per annum. The facilities are secured by way of pari passu and ranking hypothecation charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

**23.1.1** The Subsidiary Company received an order from the Custom Authorities i.e. West Collectorate and East Collectorate, regarding the short payment of custom duties and taxes amounting to Rs. 861.50 million and Rs. 28.14 million respectively, totaling Rs. 889.64 million, alleging the application of incorrect tariff classification/rate on a component, being imported since 2017. Both cases were adjudicated in favor of the department. Based on valid grounds and legal position/arguments the Subsidiary Company filed separate appeals in both these cases before the Customs Appellate Tribunal (CAT) along with an application seeking relief.

For the West Collectorate – CAT upheld earlier decision of the Adjudicator but waived the penalty and fine. Aggrieved with this decision of the CAT, the Company preferred an appeal/reference before the Honorable Sindh High Court (SHC). The SHC was pleased to grant relief, restraining Customs from taking any coercive action against the Subsidiary Company.

During the year, the CAT accepted the contention of the Subsidiary Company in the other identical case pertaining to East Collectorate, and set aside the earlier order of the Adjudicator in favor of the Subsidiary Company.

There are now varying decisions of two different benches of the CAT on the same issue, with the most recent judgment being in favour of the Subsidiary Company. Based on the facts of the matter and in the light of the opinion of a legal advisor, the Group is confident that the ultimate outcome will be in favor of the Subsidiary Company, and accordingly no provision is required to be recorded in these consolidated financial statements.

### 23.2 Commitments

**23.2.1** Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 747.77 million (2022: Rs. 1,447.08 million), out of which Rs. 194.65 million (2022: Rs. 297.49 million) is outstanding with Habib Metropolitan Bank Limited - associated company as at the reporting date.

**23.2.2** Commitments in respect of capital expenditure amounting to Rs. 80.72 million (2022: Rs. 782.22 million), out of which Rs. 6.57 million (2022: Rs. 660.63 million) is outstanding with Habib Metropolitan Bank Limited - associated company as at the reporting date.

	Note	2023 ------(Rupees in '000)-----	2022
<b>24 TURNOVER – net</b>			
<b>Local</b>			
Gross sales		9,771,234	18,030,228
Sales tax		(1,459,747)	(2,632,544)
		<u>8,311,487</u>	<u>15,397,684</u>
<b>Export sales</b>	24.2	3,030	-
		<u>8,314,517</u>	<u>15,397,684</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**24.1** Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 3.95 million (2022: Rs. 1.19 million).

	Note	2023 ------(Rupees in '000)-----	2022
<b>24.2 Region wise export sales are as under:</b>			
United Arab Emirates		3,030	-
<b>25 COST OF SALES</b>			
<b>Raw material consumed</b>			
Opening stock		2,719,194	1,193,542
Purchases		5,399,627	13,005,329
		<u>8,118,821</u>	<u>14,198,871</u>
Closing stock	9	(2,131,474)	(2,719,194)
		<u>5,987,347</u>	<u>11,479,677</u>
<b>Manufacturing expenses</b>			
Salaries, wages and benefits		708,916	760,415
Stores, spares and loose tools consumed		286,935	351,319
Fuel and power		161,975	200,492
Amortisation of intangible assets	6.2	19,586	14,193
Royalty	25.1	48,242	79,804
Depreciation on operating fixed assets	4.2	324,292	288,812
Depreciation on right-of-use assets	5.1	3,850	6,142
Transportation and travelling		155,249	119,703
Repairs and maintenance		87,353	158,157
Packing material consumed		37,988	42,481
Rates and taxes		1,373	1,633
Research and development costs		5,997	160
Insurance		7,634	5,620
Communications and professional fee		6,436	8,585
Printing and stationery		2,230	1,871
Others		12,635	7,071
		<u>1,870,691</u>	<u>2,046,458</u>
<b>Work-in-process</b>			
Opening stock		121,728	98,076
Closing stock	9	(157,664)	(121,728)
		<u>(35,936)</u>	<u>(23,652)</u>
<b>Cost of goods manufactured</b>		<u>7,822,102</u>	<u>13,502,483</u>
<b>Finished goods</b>			
Opening stock		172,415	136,623
Closing stock	9	(222,184)	(172,415)
		<u>(49,769)</u>	<u>(35,792)</u>
		<u>7,772,333</u>	<u>13,466,691</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022	
<b>25.1</b>	Royalty paid during the year comprise of the following:			
<b>Company Names</b>	<b>Address</b>	<b>Relationship with the Group</b>		
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	16,717	28,187
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	203	1,393
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	-	2,963
Ogihara (Thailand) Company Limited	172 Ladkrabang Industrial Estate, Soi Chalongsong 31, Chalongsong Rd, Lamplathiw, Ladkrabang, Bangkok 10520, Thailand	Technical Partner	24,522	35,770
<b>26</b>	<b>DISTRIBUTION COSTS</b>			
Salaries, wages and benefits		14,503	15,525	
Advertisement and sales promotion		23,022	39,752	
Carriage and forwarding		52,968	60,084	
Travelling and conveyance		2,431	3,389	
Depreciation on operating fixed assets	4.2	4,858	4,344	
Depreciation on right-of-use assets	5.1	727	773	
Amortisation of intangible assets	6.2	241	20	
Provision for warranty claims net of reversal	20.4	(1,300)	13,913	
Communications		119	338	
Insurance		2,924	4,133	
Repairs and maintenance		798	3,623	
Others		4,787	1,795	
		<b>106,078</b>	<b>147,689</b>	
<b>27</b>	<b>ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits		112,964	118,411	
Legal and professional charges		88,424	86,836	
Travelling and conveyance		38,833	23,239	
Repairs and maintenance	4.2	31,293	45,493	
Depreciation on operating fixed assets	5.1	23,194	17,791	
Depreciation on right-of-use assets	6.2	1,500	1,595	
Amortisation of intangible assets		1,444	120	
Security services		14,708	13,200	
Communications and professional fee		16,639	3,142	
Printing and stationery		2,604	1,936	
Rates and taxes		50	204	
Utilities	27.1	1,756	1,511	
Auditors' remuneration		3,602	3,202	
Insurance		2,734	1,889	
Others		5,286	6,323	
		<b>345,031</b>	<b>324,892</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>27.1</b>	<b>Auditors' remuneration</b>		
Audit fee for unconsolidated financial statements		1,800	1,568
Audit fee for consolidated financial statements		250	210
Fee for review of half yearly financial statements		300	242
Other certifications		728	674
Sindh sales tax		268	184
Out of pocket expenses		256	324
		<b>3,602</b>	<b>3,202</b>
<b>28</b>	<b>OTHER EXPENSES</b>		
Exchange loss on foreign currency transactions - net		149,221	210,017
Workers' Profit Participation Fund	20.3	7,263	59,018
Workers' Welfare Fund	20	2,905	26,395
Donations	28.1 & 28.2	9,215	10,735
Miscellaneous expenses		-	155
		<b>168,604</b>	<b>306,320</b>
<b>28.1</b>	Donation to following parties exceeds 10% of the Group's total donations or Rs. 1 million, whichever is higher:		
Muhammad Ali Habib Welfare Trust		2,000	4,200
Habib Education Trust		-	2,500
Karachi Relief Trust		4,200	-
The Indus Hospital		2,000	1,000
<b>28.2</b>	None of the directors or their spouses had any interest in the donees.		
<b>29</b>	<b>OTHER INCOME</b>		
<b>Income from financial assets</b>			
Profit on:			
- short-term investments - term deposit receipts		10,820	9,754
- deposit accounts	29.1	12,099	5,349
		<b>22,919</b>	<b>15,103</b>
Reversal of expected credit losses		22	1,928
Amortisation of deferred income	19.1	4,214	-
		<b>27,155</b>	<b>17,031</b>
<b>Income from non-financial assets</b>		<b>7,379</b>	<b>2,909</b>
Gain on disposal of operating fixed assets		20,250	-
Gain on forward cover		1,596	-
Liabilities no longer payable - written back		4,398	-
Gain on disposal of lease and right-of-use asset		12,469	34,092
Scrap sales		49	-
Miscellaneous income		46,141	37,001
		<b>73,296</b>	<b>54,032</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

29.1 Represents profit earned under conventional banking relationships.

## 30 FINANCE COSTS

Interest on:

- short-term running finance
- long-term financing
- lease liabilities
- Bank charges and commission

	2023	2022
	----- (Rupees in '000) -----	
	107,318	92,927
	10,430	3,994
	804	462
	3,523	4,106
	<u>122,075</u>	<u>101,489</u>

## 31 TAXATION

Current

For the year

Prior

Deferred

	103,991	413,034
	2,073	(8,788)
	106,064	404,246
	(59,092)	(36,432)
	<u>46,972</u>	<u>367,814</u>

31.1 During the year, provision for current taxation is based on minimum tax and final tax regime. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these consolidated financial statements.

## 32 (LOSS) / 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	2023	2022
		----- (Rupees in '000) -----	
Net (loss) / profit for the year (Rs. in '000)		<u>(173,280)</u>	<u>736,821</u>
Weighted average number of ordinary shares outstanding during the year (shares in '000)		<u>36,000</u>	<u>Restated 36,000</u>
(Loss) / Earnings per share (Rs.)	32.1	<u>(4.81)</u>	<u>Restated 20.47</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

32.1 As disclosed in note 15 to these consolidated financial statements, the Group has approved and issued 7.20 million (2022: Nil) bonus shares during the year. The effect of these has been accounted for in these consolidated financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

## 33 CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation

Adjustments for:

- Depreciation and amortisation
- Finance costs
- Unrealised exchange (gain) / loss on foreign currency transactions
- Reversal for expected credit losses
- Liabilities no longer payable – written back
- Profit on short-term investments – term deposit receipts
- Profit on deposit accounts
- Capital work-in-progress charged off
- Amortisation of deferred income
- Gain on disposal of lease and right-of-use asset
- Gain on disposal of operating fixed assets

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 / (decrease) in current liabilities

- Trade and other payables
- Sales tax payable

## 34 CASH AND CASH EQUIVALENTS

- Lien on short-term investments – term deposit receipts
- Cash and bank balances
- Short-term running finance

	Note	2023	2022
		----- (Rupees in '000) -----	
(Loss) / profit before taxation		<u>(126,308)</u>	1,104,635
Adjustments for:			
Depreciation and amortisation	4, 5 & 6	379,692	333,790
Finance costs	30	122,075	101,489
Unrealised exchange (gain) / loss on foreign currency transactions	28	(1,024)	3,676
Reversal for expected credit losses	29	(22)	(1,928)
Liabilities no longer payable – written back	29	(1,596)	-
Profit on short-term investments – term deposit receipts	29	(10,820)	(9,754)
Profit on deposit accounts	29	(12,099)	(5,349)
Capital work-in-progress charged off	4.5.1	32	800
Amortisation of deferred income	29	(4,214)	-
Gain on disposal of lease and right-of-use asset	29	(4,398)	-
Gain on disposal of operating fixed assets	29	(7,379)	(2,909)
		<u>460,248</u>	<u>419,815</u>
		<u>333,940</u>	<u>1,524,450</u>
Decrease / (increase) in current assets			
Stores, spares and loose tools		18,537	(41,503)
Stock-in-trade		1,092,683	(2,058,094)
Trade debts		447,910	(4,886)
Advances, deposits, prepayments and other receivables		381,284	(20,854)
Sales tax receivable		(84,211)	(61,799)
		<u>1,856,203</u>	<u>(2,187,136)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		101,104	687,541
Sales tax payable		-	(6,988)
		<u>2,291,246</u>	<u>17,867</u>
Lien on short-term investments – term deposit receipts	13	74,500	77,000
Cash and bank balances	14	162,569	170,029
Short-term running finance	22	(194,924)	(1,106,070)
		<u>42,145</u>	<u>(859,041)</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>35 FINANCIAL RISK MANAGEMENT</b>			
<b>35.1 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>Financial assets at amortised cost</b>			
Long-term deposits	7	17,475	15,517
Trade debts	10	731,621	1,179,531
Deposits and other receivables	11	492,518	877,504
Accrued profit	12	3,918	1,879
Short-term investments	13	75,953	78,286
Cash and bank balances	14	162,569	170,029
		<u>1,484,054</u>	<u>2,322,746</u>
<b>Financial liabilities at amortised cost</b>			
Lease liabilities	17	3,387	12,182
Long-term financing	18	741,902	90,927
Trade and other payables	20	962,082	870,917
Unpaid dividend	21	6,748	8,357
Unclaimed dividend	21	27,666	26,956
Short-term running finance	22	194,924	1,106,070
		<u>1,936,709</u>	<u>2,115,409</u>

## 35.2 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 summarised below:

### 35.2.1 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 fair values of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of change in market interest rate relates primarily to the Group's liability against short-term running finance with floating interest rates. The Group manages its net working capital by keeping it at an optimum level to ensure minimal utilisation of running finance facilities.

#### Interest rate profile of financial instruments

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

	Note	2023 ------(Rupees in '000)-----	2022
<b>Financial assets at amortised cost</b>			
Short-term investments	13	75,953	78,286
Cash and bank balances	14	162,569	170,029
		<u>238,522</u>	<u>248,315</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022
<b>Financial liabilities at amortised cost</b>			
Lease liabilities	17	3,387	12,182
Long-term financing	18	741,902	90,927
Short-term running finance	22	194,924	1,106,070
		<u>940,213</u>	<u>1,209,179</u>

#### Sensitivity analysis

A change of 100 basis points (1%) in interest rate at the reporting date would have changed the Group's profit before tax for the year by the amounts shown below, with all other variables held constant.

		2023	2022
Change in interest rate	±	1%	1%
Effect on profit before tax (Rs. in '000)	±	7,017	9,609

#### (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 currencies. The Group's exposure to foreign currency risk at the reporting date is as follows:

	2023 ------(FCY in '000)-----	2022
<b>USD</b>		
Trade and other payables	242	2,160
<b>JPY</b>		
Trade and other payables	21,693	45,686
<b>CNY</b>		
Trade and other payables	-	563

	Statement of financial position date rate		Average rate	
	2023	2022	2023	2022
USD	285.99	204.85	248.09	178.82
JPY	1.99	1.50	1.81	1.52
EUR	312.93	213.81	264.02	200.66
CNY	39.67	30.60	35.68	27.66

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 11.24 million (2022: Rs. 52.82 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

### 35.2.2 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

	Note	2023 ------(Rupees in '000)-----	2022
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	7	17,475	15,517
Trade debts	10	731,621	1,179,531
Deposits and other receivables	11	492,518	877,504
Short-term investments	13	75,953	78,286
Bank balances	14	162,569	170,029
		<u>1,480,136</u>	<u>2,320,867</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.

	2023 ------(Rupees in '000)-----	2022
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	718,423	1,141,812
Past due but not impaired	13,166	37,643
- 30 to 90 days	32	76
- 91 to 180 days	<u>731,621</u>	<u>1,179,531</u>

The credit quality of financial assets other than bank balances and short-term investments can be assessed with reference to their historical performance with no or some defaults in recent history.

The credit quality of the Group's bank balances and short-term investments can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	2023 ------(Rupees in '000)-----	2022
Habib Metropolitan Bank Limited	PACRA	A-1+	154,522	167,444
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	1,037	579
Habib Bank Limited	VIS	A-1+	76,599	77,000
National Bank of Pakistan	PACRA	A-1+	949	1,922
Meezan Bank Limited	VIS	A-1+	725	-
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	440	-
United Bank Limited	VIS	A-1+	1,025	-
Bank Al-Habib Limited	PACRA	A-1+	297	-
The Bank of Punjab	PACRA	A-1+	1,414	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 35.2.3 Liquidity risk

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

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. The table below summarises the maturity profile of the Group's financial liabilities at the following statement of financial position dates:

	2023	On Demand	Not later than one year	Later than one year	Total
		------(Rupees in '000)-----			
<b>Non-interest bearing financial liabilities</b>					
Trade and other payables	964,093	991,055	-	-	1,955,148
Unpaid dividend	6,748	-	-	-	6,748
Unclaimed dividend	27,666	-	-	-	27,666
<b>Interest bearing financial liabilities</b>					
Lease liabilities	-	3,446	-	-	3,446
Long-term financing	-	21,494	150,194	-	171,688
Short-term running finance	194,924	-	-	-	194,924
	<u>1,193,431</u>	<u>1,015,995</u>	<u>150,194</u>	<u>-</u>	<u>2,359,620</u>
<b>2022</b>					
		On Demand	Not later than one year	Later than one year	Total
		------(Rupees in '000)-----			
<b>Non-interest bearing financial liabilities</b>					
Trade and other payables	765,836	1,097,355	-	-	1,863,191
Unpaid dividend	8,357	-	-	-	8,357
Unclaimed dividend	26,956	-	-	-	26,956
<b>Interest bearing financial liabilities</b>					
Lease liabilities	-	9,276	3,446	-	12,722
Long-term financing	-	16,429	122,205	-	138,634
Short-term running finance	1,106,070	-	-	-	1,106,070
	<u>1,907,219</u>	<u>1,123,060</u>	<u>125,651</u>	<u>-</u>	<u>3,155,930</u>

## 36 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. As of the statement of financial position date, the debt to equity ratio is as follows:

	2023 ------(Rupees in '000)-----	2022
Debt	936,826	1,196,997
Equity	6,161,745	6,335,025
Gearing Ratio	15%	19%



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 37 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these consolidated financial statements are approximate to their fair value.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

## 38 CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2023		
	Long-term financing-secured (including deferred income)	Unclaimed and unpaid dividend	Lease liabilities
	------(Rupees in '000)-----		
<b>As at July 01</b>	125,754	35,313	12,182
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(899)	-
Payments made during the year	-	-	(3,276)
Long-term financing obtained during the year	917,691	-	-
Long-term financing repaid during the year	(264,094)	-	-
	653,597	(899)	(3,276)
<b>Other changes</b>			
Disposal of lease during the year	-	-	(6,323)
Amortisation of deferred income during the year	(4,214)	-	-
Finance cost during the year	4,750	-	804
	536	-	(5,519)
<b>As at June 30</b>	<b>779,887</b>	<b>34,414</b>	<b>3,387</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	2022		
	Long-term financing-secured (including deferred income)	Unclaimed and unpaid dividend	Lease liabilities
	------(Rupees in '000)-----		
<b>As at July 01</b>	-	34,512	20,730
<b>Changes from financing cash flows</b>			
Dividend paid during the year	-	(171,999)	-
Payments made during the year	-	-	(9,010)
Long-term financing obtained during the year	127,226	-	-
Long-term financing repaid during the year	(4,322)	-	-
	122,904	(171,999)	(9,010)
<b>Other changes</b>			
Dividend declared during the year	-	172,800	-
Finance cost during the year	2,850	-	462
	2,850	172,800	462
<b>As at June 30</b>	<b>125,754</b>	<b>35,313</b>	<b>12,182</b>

## 39 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

39.1 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:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	------(Rupees in '000)-----			
Managerial remuneration	30,753	93,300	26,503	78,350
Bonus	4,800	7,814	10,431	23,031
Retirement benefits	2,249	4,871	1,939	4,191
Utilities	654	815	654	1,029
Medical expenses	9	1,226	11	1,316
	38,465	108,026	39,538	107,917
Number of persons	1	24	1	23

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

39.3 Three (2022: three) non-executive directors have been paid fees of Rs. 2.5 million (2022: Rs. 2.8 million) for attending board and other meetings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 40 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise the 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 the consolidated 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 %	2023	2022
<b>Associated companies (Common directorship)</b>				
----- (Rupees in '000) -----				
Thal Limited	Dividend paid	7.35	-	12,694
Habib Metropolitan Bank Limited	Mark-up expense	Nil	18,779	7,556
	Gain on foreign exchange forward cover		20,251	-
	Profit earned on term deposit receipt and deposit account		12,166	8,852
	Bank charges		4,701	7,793
	Guarantee given		109,087	114,000
Shabbir Tiles and Ceramics Limited	Purchases	Nil	651	-
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	42,921	93,944
<b>Retirement benefits fund</b>				
Employees' Provident Fund	Contribution	Nil	20,815	15,525
<b>Key management personnel</b>				
	Sale of laptop having net book value of Rs. 0.04 million (2022: Rs. Nil) as per the Group's policy	Nil	18	-
	Sale of vehicle having net book value of Rs. Nil (2022: Rs. 0.76 million) as per the Group's policy		-	875

40.2 The outstanding balances with related parties as at reporting date have been disclosed in the respective notes to the consolidated financial statements.

40.3 Details of compensation to the key management personnel have been disclosed in the note 39 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 41 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 Original Equipment Manufacturers.

## 42 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 25, 2023 (i) approved the transfer of Rs. Nil (2022: Rs. 300 million) from unappropriated profits to general reserves, (ii) proposed to issue bonus shares in the proportion of Nil (2022: 1) share for every Nil (2022: 4) shares held i.e., Nil (2022: 25%), and (iii) proposed cash dividend of Rs. Nil per share (2022: Rs. Nil per share) for the year ended June 30, 2023 amounting to Nil (2022: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 23, 2023.

## 43 NUMBER OF EMPLOYEES

Total number of employees as at June 30

Average number of employees during the year

	2023	2022
	----- (Rupees in '000) -----	
Total number of employees as at June 30	979	1,061
Average number of employees during the year	1,020	1,026

## 44 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

All sales of the Group comprise of sale of components for automotive vehicles, motor cycles and agricultural tractors.

All non-current assets of the Group at the end of the current and preceding year were located in Pakistan.

Three (2022: two) of the Group's customers contributed Rs. 6,816.44 million (2022: Rs. 6,832.77 million) and each customer individually exceeded 10% of the revenue.

## 45 UNUTILISED CREDIT FACILITIES

As of reporting date, the Group has unutilised facilities for letter of credit, bonds and guarantees and terms of loan available from various banks amounted to Rs. 5,990.59 million (2022: Rs. 4,243.71 million). The facilities are secured by way of lien on import documents and pari passu ranking hypothecation charge on the Group's specific fixed assets, stock-in-trade, stores, spares, loose tools and trade debts.

## 46 GENERAL

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

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

## 47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 25, 2023 by the Board of Directors of the Group.



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

No. of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1,551	1	100	41,286
894	101	500	215,127
351	501	1000	261,222
435	1001	5000	943,098
79	5001	10000	586,015
29	10001	15000	380,158
24	15001	20000	402,695
12	20001	25000	265,854
6	25001	30000	171,225
13	30001	35000	416,305
7	35001	40000	263,820
9	40001	45000	384,218
4	45001	50000	192,447
3	50001	55000	161,505
3	55001	60000	175,783
7	60001	65000	440,134
2	65001	70000	133,265
1	70001	75000	71,875
2	75001	80000	154,616
3	80001	85000	245,166
2	90001	95000	188,603
2	95001	100000	195,926
1	100001	105000	101,833
3	105001	110000	322,826
1	115001	120000	118,000
2	120001	125000	247,952
2	135001	140000	271,662
1	140001	145000	141,542
4	145001	150000	591,730
2	150001	155000	304,976
1	160001	165000	164,790
1	165001	170000	167,281
3	180001	185000	547,335
1	185001	190000	186,870
1	200001	205000	202,652
1	235001	240000	239,576
3	245001	250000	750,000
1	255001	260000	259,375
1	270001	275000	270,750
1	285001	290000	286,000
1	325001	330000	327,500
1	350001	355000	351,150
4	450001	455000	1,814,429
1	475001	480000	477,250
1	500001	505000	502,515
1	530001	535000	531,250
1	560001	565000	563,850
1	620001	625000	625,000
1	655001	660000	657,032
1	720001	725000	720,406
4	745001	750000	3,000,000
1	1245001	1250000	1,246,275
1	1560001	1565000	1,560,173
1	2105001	2110000	2,108,750
1	2640001	2645000	2,644,500
1	7400001	7405000	7,404,427
3,491			36,000,000

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

S. No.	Categories of Shareholders	No. of Shares Held	Category-wise No. of Folios /CDC Accounts	Category-wise Shares Held	Percentage (%)
1	<b>Individuals</b>		3,382	12,364,135	34.34
2	<b>Investment Companies</b>		3	34,161	0.09
3	<b>Joint Stock Companies</b>		31	1,240,268	3.45
4	<b>Directors, Chief Executive Officer and Their Spouse and Minor Children</b>		7	11,250	0.03
	Yutaka Arae	1,250			
	Fahim Kapadia	3,750			
	Hamza Habib	1,250			
	Salman Burney	1,250			
	Sohail P. Ahmed	1,250			
	Ayesha T. Haq	1,250			
	Muhammad Ali Jameel	1,250			
5	<b>Executives</b>	-	-	-	-
6	<b>Associated Companies, Undertakings and Related Parties</b>		1	2,644,500	7.35
	Thal Limited				
7	<b>Public Sector Companies and Corporations</b>		1	78,866	0.22
8	<b>Banks, DFI's , NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds</b>		17	2,561,546	7.12
	Financial Institutions	2,142,070			
	Insurance Companies	194,380			
	Modaraba	125			
	Pension Funds	224,971			
9	<b>Mutual Funds</b>		11	1,592,345	4.42
	Golden Arrow Selected Stocks Fund Limited	1,250			
	CDC - Trustee MCB Pakistan Stock Market Fund	186,870			
	CDC - Trustee Alhamra Islamic Asset Allocation Fund	325			
	CDC - Trustee NBP Stock Fund	13,750			
	CDC - Trustee NBP Islamic Sarmaya Izafa Fund	1,750			
	CDC - Trustee MCB Pakistan Asset Allocation Fund	63,125			
	CDC - Trustee NIT-Equity Market Opportunity Fund	3,125			
	CDC - Trustee National Investment (Unit) Trust	1,246,275			
	CDC - Trustee NBP Islamic Stock Fund	250			
	CDC - Trustee NIT Islamic Equity Fund	71,875			
	CDC - Trustee NITIPF Equity Sub-Fund	3,750			
10	<b>Foreign Investors</b>		19	15,207,958	42.24
11	<b>Co-Operative Societies</b>		3	2,427	0.01
12	<b>Charitable Trust</b>		1	31	0.00
13	<b>Others</b>		15	262,513	0.73
	<b>TOTAL</b>		3,491	36,000,000	100.00

## Shareholders holding Five (5) Percent or more Voting Interest in the Company

Name of Shareholder (s)	No. of Shares Held	Description	Percentage (%)
Thal Limited	2,644,500	Falls in Category # 6	7.35
National Bank of Pakistan	2,108,750	Falls in Category # 8	5.86
Robert Finance Corporation, AG.	8,964,600	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. However, bonus shares in the proportion of 1 share for every 4 shares held i.e., 25% were transferred to each Director as per their respective shareholdings:

Yutaka Arae	250
Fahim Kapadia	750
Hamza Habib	250
Salman Burney	250
Sohail P. Ahmed	250
Ayesha T. Haq	250
Muhammad Ali Jameel	250

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# Form of Proxy

The Secretary  
Agriauto Industries Limited  
House of Habib, 5<sup>th</sup> 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 42<sup>nd</sup> Annual General Meeting of the Company to be held on October 23, 2023 and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Folio No.	CDC Participant ID No.	CDC Accoun /Sub-Account No.	No. of Shares 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.



