

Agriauto Industries Limited

Condensed Interim Financial Statements
For the Period and Quarter Ended December 31, 2021
(Un-audited)



Company Information

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

Muhammad Ali Jameel
Sohail P. Ahmed
Ayesha T. Haq

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
Member
Member
Member
Member

CHIEF FINANCIAL OFFICER

Hassan Ali Ghazi

COMPANY SECRETARY

Tariq Iqbal Bawani

AUDITORS

EY Ford Rhodes, Chartered Accountants

SHARE REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

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

FACTORY

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

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

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors of the Company, we are pleased to present the financial performance of your Company for the quarter and half year ended December 31, 2021.

THE BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Financial Highlights

Consolidated

	Rs. in million			
	For Six Months July to Dec		For Three Months Oct to Dec	
	2021	2020	2021	2020
Turnover	7,344	4,578	4,117	2,550
Profit before tax	647	512	321	286
Taxation	(179)	(74)	(85)	(5)
Profit after tax	468	438	236	281
Earnings per share (Rs.)	16.26	15.21	8.21	9.75

Consolidated turnover for the six months ended December 31, 2021 increased from Rs. 4.58 billion to Rs. 7.34 billion compared to corresponding period last year, an increase of 60%. Profit after tax also increased by 7% from Rs. 438 million to Rs. 468 million compared to the corresponding period last year.

Standalone

	Rs. in million			
	For Six Months July to Dec		For Three Months Oct to Dec	
	2021	2020	2021	2020
Turnover	4,360	3,152	2,389	1,743
Profit before tax	319	378*	130	271*
Taxation	(95)	2	(41)	33
Profit after tax	224	380	89	304
Earnings per share (Rs.)	7.76	13.20	3.10	10.55

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

DIRECTORS' REVIEW REPORT

Turnover for the six months under review was Rs. 4.36 billion compared to Rs. 3.15 billion reflecting an increase of 38% over corresponding period last year mainly due to increase in passenger car segment. In corresponding period last year, tax charge was lower as Company has reversed minimum tax of Rs. 79.8 million which was booked in tax year 2020 due to taxable loss u/s 113 of ITO 2001. However, due to company's profitability in same period this amount was reversed.

Business overview

Auto Sector growth momentum continued during Q2 2021-22 on back of higher demand. Passenger car volumes and light commercial vehicle segment grew by 73% and 63% respectively compared to the half year ended December 31, 2020. Tractors segment posted a growth of 15% over same period. Continued rising inflation are beginning to take its toll on Motorcycle sector with 5% decrease in volumes observed compared to same period last year.

Auto Makers and Auto Parts Manufacturer are still facing shortages of material because of containers and congestions at major transit ports around the world. Your company has taken suitable measures and increased safety stock levels and re-order levels to ensure steady supplies to the customers. This has also momentarily affected Company's working capital cycle which we hope will be normalized going forward.

The Government vide Finance (supplementary) Act, increased sales tax, advance tax on registration by 100% and federal excise duty on imported and locally produced vehicles. The intention is to ease down the consumption and conserve the foreign exchange.

We expect higher demand in short term which will reflect positivity in the financial performance of the Company. However, the increase in taxes and current volatility of US\$ will increase the prices of vehicles and any further interest rate hikes might affect the existing momentum.

Agriauto Stamping Company (Pvt.) Limited (ASC)

ASC has successfully completed its expansion project, which will result in process efficiencies and facilitate installation of additional press line in future. The Company is also pursuing on new product developments which will bring sustainability and improve profitability going forward.

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

On behalf of the Board of Directors.



Salman Burney
Non-Executive Director



Fahim Kapadia
Chief Executive

Dated: February 16, 2022

ڈائریکٹرز کی جائزہ رپورٹ

31 دسمبر 2021ء کو اختتام پذیر شدہ ماہی اور سہ ماہی کے لئے کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی کمپنی کی مالیاتی کارکردگی ازراہ مسرت پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز

تاریخ رپورٹنگ تک کمپنی کے بورڈ آف ڈائریکٹرز کی تفصیل حسب ذیل ہے:

1. جناب یوٹا کا آرائے - چیئر مین نان ایگزیکٹو ڈائریکٹر
2. جناب فہیم کپاڈیا - چیف ایگزیکٹو ایگزیکٹو ڈائریکٹر
3. جناب حمزہ حبیب نان ایگزیکٹو ڈائریکٹر
4. جناب سہیل پی۔ احمد نان ایگزیکٹو ڈائریکٹر
5. جناب سلمان برنی نان ایگزیکٹو ڈائریکٹر
6. مس عائشہ ٹی۔ حق خود مختار ڈائریکٹر
7. جناب محمد علی جمیل خود مختار ڈائریکٹر

آڈٹ کمیٹی

1. جناب محمد علی جمیل چیئر مین
2. جناب سہیل پی۔ احمد رکن
3. مس عائشہ ٹی۔ حق رکن

ہیومن ریسورس اینڈ ریوژنیشن کمیٹی

1. جناب محمد علی جمیل چیئر مین
2. جناب سلمان برنی رکن
3. جناب سہیل پی۔ احمد رکن
4. جناب یوٹا کا آرائے رکن
5. جناب فہیم کپاڈیا رکن

مالیاتی خلاصہ محمد

ملین روپوں میں

برائے سہ ماہی اکتوبر تا دسمبر		برائے شش ماہی جولائی تا دسمبر		
2020ء	2021ء	2020ء	2021ء	
2,550	4,117	4,578	7,344	ٹرن اوور
286	321	512	647	نفع بمعہ ٹیکس
(5)	(85)	(74)	(179)	ٹیکسیشن
281	236	438	468	نفع علاوہ ٹیکس
9.75	8.21	15.21	16.26	فی حصص آمدنی (روپے)

31 دسمبر 2021ء کو اختتام پذیر شش ماہی کا محمد ٹرن اوور پچھلے سال کی اسی مدت کی نسبت 4.58 بلین روپے سے بڑھ کر 7.34 بلین روپے ہو گیا جو کہ 60 فیصد اضافہ کی عکاسی کرتا ہے۔ نفع بعد از ٹیکس پچھلے سال کی اسی مدت کی نسبت 438 ملین روپے سے بڑھ کر 468 ملین روپے ہو گیا جو کہ 7 فیصد اضافہ کی عکاسی کرتا ہے۔

آزادانہ

ملین روپوں میں

برائے سہ ماہی اکتوبر تا دسمبر		برائے شش ماہی جولائی تا دسمبر		
2020ء	2021ء	2020ء	2021ء	
1,743	2,389	3,152	4,360	ٹرن اوور
271*	130	378*	319	نفع بمعہ ٹیکس
33	(41)	2	(95)	ٹیکسیشن
304	89	380	224	نفع علاوہ ٹیکس
10.55	3.10	13.20	7.76	فی حصص آمدنی (روپے)

* بشمول ذیلی کمپنی سے 114.4 ملین روپے عبوری منافع منقسمہ

مسافر گاڑیوں کے شعبہ میں بہتری کے باعث زیر جائز شمشاہی کا ٹرن اوور 4.36 بلین روپے رہا جو کہ گذشتہ برس کی اسی مدت میں 3.15 بلین روپے تھا اور جو 38 فیصد اضافہ کی عکاسی کرتا ہے۔ گذشتہ برس کی اسی مدت میں ٹیکس چارج کم تھا کیونکہ کمپنی نے ٹیکس سال 2020ء میں انکم ٹیکس آرڈیننس 2021ء کے سیکشن 113 کے تحت عائد قابل ٹیکس خسارے کے باعث 79.8 بلین روپے ریکارڈ کیا تھا۔ البتہ اسی مدت میں کمپنی منافع میں ہونے کی وجہ سے اسے منہا کر دیا۔

کاروباری جائزہ

زیادہ طلب کے باعث اختتام پذیر شمشاہی میں مالیاتی سال 2021-22 کی دوسری سہ ماہی میں آٹو سیکٹر کی ترقی کا سلسلہ جاری رہا۔ مسافر گاڑیوں کے حجم اور لائٹ کمرشل گاڑیوں کے شعبہ میں ترقی بالترتیب 73 فیصد اور 63 فیصد ریکارڈ ہوئی۔ اسی دورانہ میں ٹریکٹر کے شعبے میں نمونہ 15 فیصد ریکارڈ ہوئی۔ افراط زر میں مسلسل اضافے کے باعث موٹر سائیکل کے شعبے پر مضر اثرات مرتب ہوئے اور گذشتہ برس کی اسی مدت کی نسبت اس کے حجم میں 5 فیصد کمی دیکھی گئی۔

دنیا بھر میں کنٹینرز کی کمی اور بڑی ٹرانزٹ بندرگاہوں میں رش کی وجہ سے آٹو صنعت کار اور آٹو پارٹس مینوفیکچررز ابھی تک خام مال کی قلت کا سامنا کر رہے ہیں۔ آپ کی کمپنی نے صارفین کے لئے سپلائی میں روانی کو یقینی بنانے کے لئے مناسب اقدامات کئے ہیں اور محفوظ ذخیرہ کی سطح اور ری آرڈر لیول میں اضافہ کیا ہے۔ اس کی وجہ سے کمپنی کے سرمایہ کاری کے استعمال کی مدت عارضی طور پر متاثر ہوئی ہے اور مستقبل میں یہ معمول پر آنے کی توقع کی جا رہی ہے۔

حکومت نے مالیاتی (عبوری) ایکٹ کے تحت سیلز ٹیکس میں اضافہ کر دیا ہے، رجسٹریشن پر پیشگی ٹیکس کو 100 فیصد بڑھا دیا ہے اور درآمدی اور مقامی سطح پر تیار گاڑیوں پر فیڈرل ایکسائز ڈیوٹی بھی بڑھا دی۔ یہ اقدامات کھپت کو کم کرنے اور غیر ملکی زرمبادلہ کے ذخائر بڑھانے کے لیے کرے گئے۔

ہم مستقبل قریب میں طلب میں اضافہ کی توقع رکھتے ہیں جو کمپنی کی مالیاتی کارکردگی پر مثبت اثرات مرتب کرے گا۔ البتہ ٹیکسوں میں اضافہ اور ڈالر کے مقابلے میں غیر مستحکم روپیہ گاڑیوں کی قیمت میں اضافہ کرے گا۔ مزید برآں شرح سود میں مزید اضافہ حالیہ رفتار پر بھی اثر انداز ہو سکتا ہے۔

اگري آٹو اسٹاپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

ASC نے توسیعی منصوبہ کامیابی سے مکمل کر لیا ہے جس سے کارکردگی میں بہتری اور مستقبل میں اضافی پریس لائن کی تنصیب میں سہولت میسر آئے گی۔ کمپنی نئی مصنوعات کی تیاری پر بھی غور کر رہی ہے جس سے مستقبل میں پائیداری اور بھرپور منافع کی توقع کی جا رہی ہے۔

آخر میں، ہم اپنے تمام صارفین، ڈیلرز، بینکرز اور غیر ملکی تکنیکی معاونین کی پرزور حمایت اور کمپنی پر اعتماد کا اظہار کرنے پر خلوص نیت سے حوصلہ افزائی کرتے ہیں۔ کمپنی کی ترقی کے لئے مجموعی سے کام کرنے پر ہم اپنے تمام ملازمین کا بھی تہہ دل سے شکریہ ادا کرتے ہیں۔



فہیم کھاٹون
چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز



سلمان برنی
نان ایگزیکٹو ڈائریکٹر

مؤرخہ: 16 فروری، 2022ء



**Building a better
working world**

AGRIAUTO INDUSTRIES LIMITED

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Agriauto Industries Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Agriauto Industries Limited** (the Company) as at **31 December 2021** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and the notes forming part thereof for the three months period ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.



Chartered Accountants

Place: Karachi

Date: 18 February 2022

UDIN : AR202110166qW1R0bpTQ

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (un-audited) ----- (Rupees in '000) -----	June 30, 2021 (audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	955,750	964,476
Right-of-use assets		14,038	18,740
Intangible asset		30,181	36,225
Long-term investment		1,144,006	1,144,006
Long-term deposits		7,563	6,801
Deferred taxation - net	7	15,355	2,547
		2,166,893	2,172,795
CURRENT ASSETS			
Stores, spares and loose tools		122,650	107,240
Stock-in-trade		1,736,971	1,056,905
Trade debts	8	810,406	792,502
Advances, prepayments and other receivables	9	706,599	552,299
Accrued profit		26	1,039
Short-term investments	10	38,572	122,323
Sales tax receivable		1,207	-
Taxation - net		392,072	438,325
Cash and bank balances		45,739	165,517
		3,854,242	3,236,150
		6,021,135	5,408,945
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital			
28,800,000 (June 30, 2021: 28,800,000) ordinary shares of Rs. 5/- each		144,000	144,000
Reserves		4,296,808	4,245,998
		4,440,808	4,389,998
NON-CURRENT LIABILITIES			
Lease liabilities		3,593	13,305
Long-term financing - secured	11	11,567	-
Deferred income	11	4,329	-
		19,489	13,305
CURRENT LIABILITIES			
Trade and other payables		1,028,830	890,610
Current maturity of lease liabilities		9,992	7,425
Current maturity of long-term financing	11	963	-
Sales tax payable		-	36,449
Unpaid dividend		10,692	11,655
Unclaimed dividend		27,111	22,857
Short-term running finance	12	483,250	36,646
		1,560,838	1,005,642
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		6,021,135	5,408,945

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


DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

Note	Half year ended		Quarter ended	
	December 31, 2021 -----'(Rupees in '000)-----	December 31, 2020	December 31, 2021 -----'(Rupees in '000)-----	December 31, 2020
Turnover – net	4,359,770	3,152,542	2,389,050	1,742,619
Cost of sales	(3,837,789)	(2,708,969)	(2,149,052)	(1,485,902)
Gross profit	521,981	443,573	239,998	256,717
Distribution costs	(74,662)	(58,806)	(42,346)	(31,627)
Administrative expenses	(112,395)	(106,611)	(57,254)	(56,146)
	(187,057)	(165,417)	(99,600)	(87,773)
Operating profit	334,924	278,156	140,398	168,944
Other expenses	(27,200)	(30,049)	(11,505)	(21,340)
Other income	21,023	131,113	8,375	123,963
Finance cost	(9,618)	(1,048)	(7,067)	(291)
	(15,795)	100,016	(10,197)	102,332
Profit before taxation	319,129	378,172	130,201	271,276
Taxation				
- Current	(107,974)	(47,288)	(45,641)	(24,880)
- Prior	(352)	-	(352)	-
- Deferred	12,807	49,320	5,067	57,388
	(95,519)	2,032	(40,926)	32,508
Profit after taxation	223,610	380,204	89,275	303,784
	----- (Rupees) -----			
Earnings per share - basic and diluted	7.76	13.20	3.10	10.55

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


 DIRECTOR


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Half year ended		Quarter ended	
	December 31, 2021 -----'(Rupees in '000)-----	December 31, 2020	December 31, 2021 -----'(Rupees in '000)-----	December 31, 2020
Profit after taxation for the period	223,610	380,204	89,275	303,784
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	223,610	380,204	89,275	303,784

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



 DIRECTOR



 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Reserves				Total reserves	Total equity
	Capital reserve	Revenue reserves				
		Share premium	General	Unappropriated profit		
Issued, subscribed and paid-up capital						
----- (Rupees in '000) -----						
Balance as at July 01, 2020 (audited)	144,000	12,598	3,765,000	(10,198)	3,767,400	3,911,400
Final dividend for the year ended June 30, 2020 @ Rs.1.0 /- per share	-	-	-	(28,800)	(28,800)	(28,800)
Profit after taxation for the period	-	-	-	380,204	380,204	380,204
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	380,204	380,204	380,204
Balance as at December 31, 2020 (un-audited)	144,000	12,598	3,765,000	341,206	4,118,804	4,262,804
Balance as at July 01, 2021 (audited)	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)	-	-
Profit after taxation for the period	-	-	-	223,610	223,610	223,610
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	223,610	223,610	223,610
Balance as at December 31, 2021 (un-audited)	144,000	12,598	3,965,000	319,210	4,296,808	4,440,808

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



 DIRECTOR



 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Half year ended	
	December 31, 2021	December 31, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	319,129	378,172
Adjustments for:		
Depreciation and amortisation	66,771	62,148
Finance cost	9,618	1,048
Charge / (reversal) for expected credit losses	22	(336)
Liabilities no longer payable - written back	-	(1,085)
Profit on short-term investments – term deposit receipts	(2,575)	(3,238)
Profit on deposit accounts	(1,316)	(4,658)
Dividend income	-	(114,401)
Capital work-in-progress charged off	-	75
Gain on disposal of operating fixed assets	(1,445)	(4,357)
	390,204	313,368
Increase in current assets	(904,594)	(30,490)
Increase in current liabilities	130,641	7,395
Cash (used in) / generated from operations	(383,749)	290,273
Finance cost paid	(1,376)	(426)
Long-term deposits paid	(762)	(167)
Income tax paid	(62,073)	(217,322)
Net cash (used in) / generated from operating activities	(447,960)	72,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(54,945)	(48,101)
Proceeds from disposal of property, plant and equipment	8,652	7,805
Short-term investments in mutual fund redeemed	-	51,038
Dividend received	-	114,401
Profit received on short-term investments - term deposit receipts	2,325	3,183
Profit received on deposit accounts	1,521	3,553
Net cash (used in) / generated from investing activities	(42,447)	131,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	16,563	-
Dividends paid	(169,509)	(28,578)
Lease rentals paid	(7,029)	(244)
Net cash used in financing activities	(159,975)	(28,822)
Net (decrease) / increase in cash and cash equivalents	(650,382)	175,415
Cash and cash equivalents at the beginning of the period	250,871	92,615
Cash and cash equivalents at the end of the period	(399,511)	268,030
CASH AND CASH EQUIVALENTS		
Cash and bank balances	45,739	96,030
Short-term investments	38,000	172,000
Short-term running finance	(483,250)	-
	(399,511)	268,030

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



DIRECTOR



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.
- 1.2 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary is accounted for at cost less accumulated impairment losses, if any and is not consolidated or accounted for using equity method.
- 1.3 COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. The Company fully supports the Government's vaccination drive to curb the spread of the virus, hence our staff are now fully vaccinated and in the process of getting booster dose. Management has assessed accounting impact of COVID-19 in these unconsolidated condensed interim financial statements and has concluded that there is no significant accounting and financial impact.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF PREPARATION

- 3.1 These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2021.
- 3.2 The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors, as they are required to review only the cumulative figures for the half year ended December 31, 2021.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Deferred income

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

4.2 Loans and borrowings

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

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

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5 **AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD**

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

Amendment:

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16

- Interest Rate Benchmark Reform - Phase 2 (Amendments)

IFRS 16

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

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

	Note	December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	881,135	925,960
Capital work-in-progress	6.3	<u>74,615</u>	<u>38,516</u>
		<u><u>955,750</u></u>	<u><u>964,476</u></u>

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

	Additions at cost / Transfers		Disposal at NBV	
	Half year ended December 31, 2021 (un-audited) ----- (Rupees in '000) -----		Half year ended December 31, 2021 (un-audited) ----- (Rupees in '000) -----	
	2021	2020	2021	2020
Owned				
Building	-	88,524	-	-
Plant and machinery	8,144	118,735	1,055	-
Furniture and fittings	891	-	-	-
Vehicles	7,020	5,127	6,070	3,370
Office equipment	175	-	-	-
Computer equipment	2,537	1,848	82	78
Dies and tools	375	-	-	-
	<u>19,142</u>	<u>214,234</u>	<u>7,207</u>	<u>3,448</u>

6.2 Depreciation charge for the period amounted to Rs. 56.76 million (December 31, 2020: Rs. 49.86 million).

	Note	December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
6.3 Capital work-in-progress			
Balance at the beginning of the period / year		38,516	170,283
Capital expenditure incurred / advances made during the period / year		35,803	96,972
Transfer to operating fixed assets during the period / year		-	(223,677)
Borrowing cost capitalized during the period	6.3.1 & 11.2	296	-
Charged off during the period / year		-	(5,062)
Balance at the end of the period / year		<u>74,615</u>	<u>38,516</u>

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

	December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
7 DEFERRED TAXATION - NET		
Deductible temporary differences arising due to:		
- provisions and lease liabilities	108,439	98,273
Taxable temporary differences arising due to:		
- accelerated tax depreciation	<u>(93,084)</u>	<u>(95,726)</u>
	<u><u>15,355</u></u>	<u><u>2,547</u></u>

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8 Includes an amount of Rs. 11.31 million (June 30, 2021: Rs. 15.58 million) and Rs. 3.93 million (June 30, 2021: Rs. 1.95 million) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshoku Pakistan (Private) Limited, an associated company, against sales made by the Company respectively.

9 Includes an amount of Rs. 362.39 million (June 30, 2021: Rs. 299.31 million) against LC margin deposits. Additionally includes Rs. 226.77 million (June 30, 2021: Rs. 226.77 million) with respect to claim against Additional Custom Duty from a customer.

	Note	December 31, 2021 (un-audited)	June 30, 2021 (audited)
----- (Rupees in '000) -----			
10	SHORT-TERM INVESTMENTS		
	At amortised cost		
	Term deposit receipts	10.1 38,000	122,000
	Accrued profit thereon	572	323
		<u>38,572</u>	<u>122,323</u>

10.1 Represents three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from 6.75% to 9.00% (June 30, 2021: 4.00% to 6.70%) per annum and having latest maturity date of March 10, 2022.

	Note	December 31, 2021 (un-audited)	June 30, 2021 (audited)
----- (Rupees in '000) -----			
11	LONG-TERM FINANCING - SECURED		
	SBP refinance scheme for renewable energy	11.1 & 11.2 12,530	-
	Current maturity of long-term financing	(963)	-
		<u>11,567</u>	<u>-</u>

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

	Note	December 31, 2021 (un-audited)	June 30, 2021 (audited)
----- (Rupees in '000) -----			
11.2	Movement of long-term financing		
	Balance at beginning of the period	-	-
	Financing received during the period	16,563	-
	Recognised as deferred income for the period	11.3 (4,329)	-
	Unwinding of finance cost for the period	6.3 296	-
	Balance at end of the period	<u>12,530</u>	<u>-</u>

11.3 This represents deferred income recognised in respect of the benefit of below-market interest rate on long term finances. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loan.

12 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 483.25 million (June 30, 2021: Rs. 36.65 million). The total facility limit amounts to Rs. 740 million (June 30, 2021: Rs. 170 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 1.25% (June 30, 2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation plus second charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

Etc

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 3.63 million (June 30, 2021: Rs. 3.63 million). Management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these unconsolidated condensed interim financial statements.

13.2 Commitments

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

13.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 1,057.73 million (June 30, 2021: Rs. 707.17 million).

13.2.2 Commitments in respect of capital expenditure amounting to Rs. 79.11 million (June 30, 2021: Rs. 20.41 million).

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

15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in normal course of business as approved by the Board of Directors of the Company. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Details of transactions with related parties during the period, other than disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	Percentage of share holding in the Company %	December 31, 2021 (un-audited) ----- (Rupees in '000) -----	December 31, 2020 (un-audited)
Subsidiary (wholly owned)				
Agriauto Stamping Company (Private) Limited	Sale of goods	Nil	45,723	37,462
	Tax refund paid under group		-	128,879
	Tax liability paid under group taxation		64,242	-
Associated Companies (Common directorship)				
Thal Boshoku Pakistan (Private) Limited	Sale of goods	Nil	18,976	21,552
Thal Limited	Dividend paid	7.35	12,694	2,116
Shabbir Tiles and Ceramics Limited	Purchases	Nil	-	3,066
Retirement benefit funds				
Employees' Provident Fund	Contribution		5,664	4,860
Key management personnel				
	Remuneration and other benefits	Nil	19,579	16,720
	Fee for attending board meetings		1,300	900
	Sale of vehicle having net book value of Rs. 0.763 million (Dec 31, 2020: Rs. 0.705 million) as per the Company's policy		875	806

16 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 16, 2022 by the Board of Directors of the Company.

17 GENERAL

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


DIRECTOR


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (un-audited)	June 30, 2021 (audited)
---- (Rupees in '000) ----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,375,322	2,281,986
Right-of-use assets		14,038	18,740
Intangible asset		30,181	36,225
Long-term deposits		14,567	13,605
		<u>2,434,108</u>	<u>2,350,556</u>
CURRENT ASSETS			
Stores, spares and loose tools		145,499	129,991
Stock-in-trade		2,970,112	1,726,252
Trade debts	7	1,330,966	1,159,086
Advances, deposits, prepayments and other receivables	8	999,537	882,286
Accrued profit		444	1,295
Short term investments	9	77,711	266,780
Sales tax receivable		67,483	29,461
Taxation – net		353,993	346,860
Cash and bank balances		49,011	225,861
		<u>5,994,756</u>	<u>4,767,872</u>
TOTAL ASSETS		<u><u>8,428,864</u></u>	<u><u>7,118,428</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>200,000</u>	<u>200,000</u>
40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs. 5/- each			
Issued, subscribed and paid-up capital		<u>144,000</u>	<u>144,000</u>
28,800,000 (June 30, 2021: 28,800,000) ordinary shares of Rs. 5/- each		<u>5,923,157</u>	<u>5,627,004</u>
Reserves		<u>6,067,157</u>	<u>5,771,004</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net	10	54,248	85,003
Lease liabilities		3,593	13,305
Long-term financing - secured	11	43,585	-
Deferred income	11	16,702	-
		<u>118,128</u>	<u>98,308</u>
CURRENT LIABILITIES			
Trade and other payables		1,475,299	1,134,084
Current maturity of lease liabilities		9,992	7,425
Current maturity of long-term financing	11	3,610	-
Sales tax payable		-	36,449
Unpaid dividend		10,692	11,655
Unclaimed dividend		27,111	22,857
Short-term running finance	12	716,875	36,646
		<u>2,243,579</u>	<u>1,249,116</u>
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		<u><u>8,428,864</u></u>	<u><u>7,118,428</u></u>

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


 Director


 Chief Executive

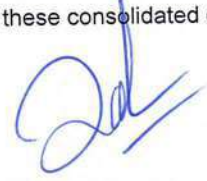

 Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Turnover – net	7,343,725	4,578,377	4,117,565	2,549,871
Cost of sales	(6,426,492)	(3,867,501)	(3,649,393)	(2,151,513)
Gross profit	917,233	710,876	468,172	398,358
Distribution costs	(78,651)	(62,000)	(43,897)	(33,470)
Administrative expenses	(147,410)	(117,557)	(75,841)	(62,601)
	(226,061)	(179,557)	(119,738)	(96,071)
Operating profit	691,172	531,319	348,434	302,287
Other expenses	(54,904)	(51,850)	(27,022)	(33,818)
Other income	32,889	34,365	14,993	17,948
Finance costs	(21,237)	(1,435)	(15,117)	(582)
	(43,252)	(18,920)	(27,146)	(16,452)
Profit before taxation	647,920	512,399	321,288	285,835
Taxation				
- Current	(218,509)	(123,464)	(108,205)	(66,348)
- Deferred	8,788	(260)	(7,446)	12,060
- Prior	30,754	49,320	30,754	49,320
	(178,967)	(74,404)	(84,897)	(4,968)
Profit after taxation	468,953	437,995	236,391	280,867
	----- (Rupees) -----			
Earnings per share - basic and diluted	16.28	15.21	8.21	9.75

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


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit for the period	468,953	437,995	236,391	280,867
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	468,953	437,995	236,391	280,867

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



Director



Chief Executive



Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Reserves				Total reserves	Total equity
	Capital reserve	Revenue reserves				
		Share premium	General	Unappropriated profit		
	----- (Rupees in'000) -----					
Balance as at July 01, 2020 (audited)	144,000	12,598	2,315,000	2,642,542	4,970,140	5,114,140
Final dividend for the year ended June 30, 2020 @ Re. 1.0/- per share	-	-	-	(28,800)	(28,800)	(28,800)
Profit after taxation for the period	-	-	-	437,995	437,995	437,995
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	437,995	437,995	437,995
Balance as at December 31, 2020 (un-audited)	<u>144,000</u>	<u>12,598</u>	<u>2,315,000</u>	<u>3,051,737</u>	<u>5,379,335</u>	<u>5,523,335</u>
Balance as at July 01, 2021 (audited)	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	-	-	(200,000)	200,000	-	-
Profit after taxation for the period	-	-	-	468,953	468,953	468,953
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	468,953	468,953	468,953
Balance as at December 31, 2021 (un-audited)	<u>144,000</u>	<u>12,598</u>	<u>2,115,000</u>	<u>3,795,559</u>	<u>5,923,157</u>	<u>6,067,157</u>

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


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

	Half year ended	
	December 31, 2021	December 31, 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	647,920	512,399
Adjustments for:		
Depreciation and amortisation	153,585	141,213
Finance costs	23,231	1,435
Reversal for expected credit losses	(1,929)	(485)
Liabilities no longer payable - written back	-	(1,085)
Profit on term deposit receipts and deposit accounts	(8,604)	(22,734)
Capital work-in-progress charged off	-	75
Gain on disposal of operating fixed assets	(1,691)	(4,349)
	<u>812,512</u>	<u>626,469</u>
Increase in current assets	(1,568,729)	(214,679)
Increase / (decrease) in current liabilities	282,622	(35,703)
Cash (used in) / generated from operations	<u>(473,595)</u>	<u>376,087</u>
Finance cost paid	(14,989)	(426)
Long term security deposit paid	(962)	(167)
Income tax paid	(216,738)	(114,051)
Net cash (used in) / generated from operating activities	<u>(706,284)</u>	<u>261,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(246,952)	(132,666)
Proceeds from disposal of property, plant and equipment	12,029	7,820
Short-term investments in mutual fund redeemed	-	51,038
Technical fee paid	-	-
Profit received on term deposit receipts and deposit accounts	8,715	20,459
Net cash used in investing activities	<u>(226,208)</u>	<u>(53,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	62,951	-
Dividends paid	(169,509)	(28,578)
Lease rentals paid	(7,029)	(244)
Net cash used in financing activities	<u>(113,587)</u>	<u>(28,822)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,046,079)</u>	<u>179,272</u>
Cash and cash equivalents at the beginning of the period	455,215	574,195
Cash and cash equivalents at the end of the period	<u>(590,864)</u>	<u>753,467</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	49,011	257,467
Short-term investments	77,000	496,000
Short-term running finance	(716,875)	-
	<u>(590,864)</u>	<u>753,467</u>

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


Director


Chief Executive


Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Agriauto Industries Limited (the Holding Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange. The Holding Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Holding Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.
- 1.2** The Group comprises of the Holding Company and Agriauto Stamping Company (Private) Limited (the Subsidiary Company). The Subsidiary Company was incorporated in Pakistan on January 20, 2012 as a private limited company. The Subsidiary Company is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on July 02, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.
- 1.3** COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. The Group fully supports the Government's vaccination drive to curb the spread of the virus, hence our staff are now fully vaccinated and in the process of getting booster dose. Management has assessed accounting impact of COVID-19 in these consolidated condensed interim financial statements and has concluded that there is no significant accounting and financial impact.

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF PREPARATION

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Deferred income

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

4.2 Loans and borrowings

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

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

5 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

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

Amendment:

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

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

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

	Note	December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	2,049,591	2,122,078
Capital work-in-progress	6.3	325,731	159,908
		<u>2,375,322</u>	<u>2,281,986</u>

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

	Additions at cost / Transfers		Disposal at NBV	
	Half year ended December 31,		Half year ended December 31,	
	2021 (un-audited) ----- (Rupees in '000) -----	2020	2021 (un-audited) ----- (Rupees in '000) -----	2020
Owned				
Building	-	88,524	-	-
Plant and machinery	9,048	124,182	1,055	-
Furniture and fittings	891	540	32	-
Vehicles	21,777	5,127	9,169	3,393
Office equipment	519	912	-	-
Computer equipment	3,558	1,972	82	78
Dies and tools	45,632	-	-	-
	<u>81,425</u>	<u>221,257</u>	<u>10,338</u>	<u>3,471</u>

6.2 Depreciation charge for the period amounted to Rs. 143.57 million (December 31, 2021: Rs. 128.92 million).

	Note	December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
6.3 Capital work-in-progress			
Balance at the beginning of the period / year		159,908	192,558
Capital expenditure incurred / advances made during the period / year		219,645	300,836
Transfer to operating fixed assets during the period / year		(54,768)	(328,424)
Borrowing cost capitalized during the period	6.3.1 & 11.2	946	-
Charged off during the period / year		-	(5,062)
Balance at the end of the period / year		<u>325,731</u>	<u>159,908</u>

6.3.1 The amount of borrowing costs capitalised during the period ended was Rs. 0.95 million (June 30, 2021: Nil). The effective rate used to determine the amount of borrowing costs eligible for capitalisation was ranging from 9.998% to 10.328% which is the effective interest rate of the specific borrowing.

7 Includes an amount of Rs. 9.95 million (June 30, 2021: Rs. 4.04 million) receivable from Thal Boshoku Pakistan (Private) Limited, an associated company, against sales made by the Group.

8 Includes an amount of Rs. 576.09 million (June 30, 2021: Rs. 536.61 million) against LC margin deposits. Additionally includes Rs. 301.48 million (June 30, 2021: Rs. 301.17 million) with respect to claim against Additional custom duty from a customer.

		December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
9	SHORT TERM INVESTMENTS		
	At amortised cost		
	Term deposit receipts	9.1 77,000	266,000
	Accrued profit thereon	711	780
		<u>77,711</u>	<u>266,780</u>

9.1 Represents one to three months term deposit receipts with commercial bank under conventional banking relationship carrying profit rate ranging from 6.62% to 9% (June 30, 2021: 4% to 6.7%) per annum having latest maturity by March 16, 2022.

		December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
10	DEFERRED TAXATION - NET		
	Taxable temporary differences arising due to:		
	- accelerated tax depreciation	192,883	204,658
	Deductible temporary differences arising due to:		
	- provisions and lease liabilities	(138,635)	(119,655)
		<u>54,248</u>	<u>85,003</u>

11 LONG-TERM FINANCING - SECURED

		December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
	SBP refinance scheme for renewable energy	11.1 & 11.2 47,195	-
	Current maturity of long-term financing	(3,610)	-
		<u>43,585</u>	<u>-</u>

11.1 This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 175 million and carries mark-up at the rate of 2% plus 0.75% (June 30, 2021: Nil) per annum payable quarterly. The facility is repayable in ten years from the date of disbursement. The facility is secured against first specific hypothecation charge over plant and machinery related to the solar power project for the disbursed amount in addition to margin of 15% to be secured against liquid collateral (Micro Products Division / Integrated Products Division or Government securities) held under lien. The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is ranging from 9.998% to 10.328% (June 30, 2021: Nil) per annum.

		December 31, 2021 ----- (Rupees in '000) ----- (un-audited)	June 30, 2021 ----- (Rupees in '000) ----- (audited)
11.2	Movement of long-term financing		
	Balance at beginning of the period	-	-
	Financing received during the period	62,951	-
	Recognised as deferred income for the period	11.3 (16,702)	-
	Unwinding of finance cost for the period	6.3 946	-
	Balance at end of the period	<u>47,195</u>	<u>-</u>

11.3 This represents deferred income recognised in respect of the benefit of below-market interest rate on long term finances. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loan. The discount rate used is ranging from 9.998% to 10.328% (June 30, 2021: Nil) per annum.

12 SHORT-TERM RUNNING FINANCE

Represents short-term running finance obtained from various commercial banks amounting to Rs. 716.87 million (June 30, 2021: Rs. 36.65 million). The total facility limit amounts to Rs. 1,490 million (June 30, 2021: Rs. 370 million). The rate of mark-up on these finances ranges from 3 months KIBOR plus rates varying from 0.20% to 1.25% (June 30, 2021: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%) per annum. The facilities are secured by way of pari passu hypothecation plus second charge on the Company's stock-in-trade, stores, spares, loose tools and trade debts.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

As at the reporting date, total outstanding claims on the Group by certain vendors amounted to Rs. 5.44 million (June 30, 2021: Rs. 5.44 million). Management of the Group is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these consolidated condensed interim financial statements.

13.2 COMMITMENTS

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

13.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 2,002.07 million (June 30, 2021: Rs. 1,320.45 million).

13.2.2 Commitments in respect of capital expenditure amounting to Rs. 155.29 million (June 30, 2021: Rs. 80.47 million).

14 TRANSACTIONS WITH RELATED PARTIES

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

Name of related party and relationship with the Group	Nature of transactions	Percentage of share holding in the Holding Company %	December 31, 2021 (un-audited) ----- (Rupees in '000) -----	December 31, 2020 (un-audited)
Associated Companies (Common directorship)				
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	47,733	44,331
Thal Limited	Dividend paid	7.35	12,694	2,116
Shabbir Tiles and Ceramics Limited	Purchases	Nil	-	3,066
Retirement benefit funds				
Employees' Provident Fund	Contribution	Nil	6,605	5,592
Key management personnel				
	Remuneration and other benefits	Nil	20,578	17,599
	Fee for attending board meetings		1,300	900
	Sale of vehicle having net book value of Rs. 0.763 million (Dec 31, 2020: Rs. 0.705 million) as per the Company's policy		875	806

15 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 16, 2022 by the Board of Directors of the Holding Company.

16 GENERAL

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


Director


Chief Executive


Chief Financial Officer