

# CONSOLIDATED FINANCIALS

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# Consolidated Balance Sheet

As at June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,605,980	1,524,134
Long term deposits	8	<u>13,018</u>	<u>13,018</u>
		<b>1,618,998</b>	<b>1,537,152</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	9	<u>68,513</u>	55,924
Stock-in-trade	10	<u>1,087,399</u>	947,124
Trade debts	11	<u>508,023</u>	447,410
Advances, deposits, prepayments and other receivables	12	<u>12,390</u>	11,399
Accrued profit		<u>1,147</u>	1,316
Short term investments	13	<u>691,785</u>	536,356
Sales tax receivable		<u>42,100</u>	65,092
Taxation – net		<u>317,586</u>	112,077
Cash and bank balances	14	<u>349,541</u>	329,202
		<u>3,078,484</u>	<u>2,505,900</u>
<b>TOTAL ASSETS</b>		<b><u>4,697,482</u></b>	<b><u>4,043,052</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
40,000,000 (2016: 40,000,000) Ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	15	<u>144,000</u>	144,000
Reserves		<u>3,928,163</u>	<u>3,434,534</u>
		<b>4,072,163</b>	<b>3,578,534</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	16	<u>92,313</u>	41,404
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<u>533,006</u>	<u>423,114</u>
<b>COMMITMENTS</b>			
	18		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,697,482</u></b>	<b><u>4,043,052</u></b>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



**Yutaka Arai**  
Chairman



**Fahim Kapadia**  
Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Consolidated Profit & Loss Account

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
Turnover - net	19	7,115,296	7,137,114
Cost of sales	20	(5,697,055)	(5,810,856)
<b>Gross profit</b>		1,418,241	1,326,258
Distribution costs	21	(128,368)	(128,258)
Administrative expenses	22	(207,871)	(177,143)
		(336,239)	(305,401)
<b>Operating profit</b>		1,082,002	1,020,857
Other expenses	23	(94,891)	(82,132)
Other income	24	46,778	32,898
Finance costs	25	(522)	(3,698)
		(48,635)	(52,932)
<b>Profit before taxation</b>		1,033,367	967,925
Taxation	26	(287,738)	(228,868)
<b>Profit after taxation</b>		745,629	739,057
<b>Earnings per share – basic and diluted</b>	27	25.89	25.66

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Chairman



**Fahim Kapadia**  
Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Consolidated Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
Note	----- Rupees '000 -----	
<b>Net profit for the year</b>	<b>745,629</b>	739,057
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>745,629</u></b>	<u>739,057</u>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



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Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Consolidated Cash Flow Statement

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	28	1,085,426	1,208,581
Finance costs paid		(522)	(5,839)
Income tax paid		(440,229)	(322,042)
<b>Net cash generated from operations</b>		<b>644,675</b>	<b>880,700</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(265,775)	(370,693)
Proceeds from disposal of property, plant and equipment		10,145	4,658
Profit received on term deposit receipts		18,083	12,590
Profit received on treasury bills		1,985	-
Profit received on deposit accounts		13,096	10,278
<b>Net cash used in investing activities</b>		<b>(222,466)</b>	<b>(343,167)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(249,150)	(283,613)
<b>Net cash used in financing activities</b>		<b>(249,150)</b>	<b>(283,613)</b>
Net increase in cash and cash equivalents		173,059	253,920
Cash and cash equivalents at the beginning of the year		864,202	610,282
<b>Cash and cash equivalents at the end of the year</b>	29	<b>1,037,261</b>	<b>864,202</b>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



**Yutaka Arae**  
Chairman



**Fahim Kapadia**  
Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	Reserves					Total equity
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total	
		Share premium	General	Unappropriated profit		
<b>Balance as at June 30, 2015</b>	144,000	12,598	2,505,000	465,879	2,983,477	3,127,477
Final dividend for the year ended June 30, 2015 @ Rs.7.5 /- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the period ended December 31, 2015 @ Rs. 2.50 /- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	170,000	(170,000)	-	-
Profit after taxation for the year	-	-	-	739,057	739,057	739,057
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	739,057	739,057	739,057
<b>Balance as at June 30, 2016</b>	<b>144,000</b>	<b>12,598</b>	<b>2,675,000</b>	<b>746,936</b>	<b>3,434,534</b>	<b>3,578,534</b>
Final dividend for the year ended June 30, 2016 @ Rs. 6.25 /- per share	-	-	-	(180,000)	(180,000)	(180,000)
Interim dividend for the period ended December 31, 2016 @ Rs. 2.50 /- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	400,000	(400,000)	-	-
Profit after taxation for the year	-	-	-	745,629	745,629	745,629
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	745,629	745,629	745,629
<b>Balance as at June 30, 2017</b>	<b>144,000</b>	<b>12,598</b>	<b>3,075,000</b>	<b>840,565</b>	<b>3,928,163</b>	<b>4,072,163</b>

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



**Yutaka Arae**  
Chairman



**Fahim Kapadia**  
Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 1. THE GROUP 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 since June 1984. 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.

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, under the repealed Companies Ordinance, 1984. The Subsidiary Company is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on 02 July, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

## 2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

## 3. BASIS OF MEASUREMENT

- 3.1 These consolidated financial statements have been prepared under the historical cost convention.
- 3.2 These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below:

### 4.1 New standards, interpretations and amendments

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current year:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above accounting standards did not have any effect on the financial statements.

## 4.2 Standards and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 2: Share-based Payments – Classification and measurement of Share based Payments Transaction (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Statement of Cash Flows - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 (see note 2 below). The Group expects that such improvements to the standards will not have any impact on the Group's consolidated financial statements in the period of initial application.

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

## 5. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company for the year ended June 30, 2017.

The Subsidiary Company's assets, liabilities, income and expenses have been consolidated on a line by line basis from the date of its incorporation. The financial statements of the Subsidiary Company are prepared, using accounting policies consistent with those of the Holding Company. All intra-group balances, transaction, gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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 estimates and judgments which are significant to the consolidated financial statements:

	Note
- determining the residual values and useful lives of property, plant and equipment	6.1 & 7
- valuation of inventories	6.2, 6.3, 9 & 10
- provision against trade debts	6.4 & 11
- provision for tax and deferred tax	6.10, 16 & 26
- warranty obligations	6.12 & 17.3
- provision for employee benefits	6.9 & 17.1

## 6. Property, plant and equipment

### 6.1 Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work in progress which are stated at cost.

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method at the rates specified in note 7 to the consolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in consolidated profit and loss account.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

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.

Depreciation is charged to income on the same basis as for the Group's owned assets.

## 6.2 Stores, spares and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

## 6.3 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

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

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

Stock-in-trade is regularly reviewed by the management and any obsolete items 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.

## 6.4 Trade debts and other receivables

Trade debts originated by the Group are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

## 6.5 Investments

### Held-to-maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## Available-for-sale

Investments which are not classified in the above category and which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. Transaction costs in the case of held-for-trading investments are charged to income when incurred. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

## 6.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term running finance. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

## 6.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

## 6.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

## 6.9 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.

### Compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

## 6.10 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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance. The Subsidiary Company is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Company for five years from the date of commercial production i.e. 02 July, 2014.

## Deferred

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

## 6.11 Provisions

Provision is recognised in the balance sheet 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 balance sheet date and adjusted to reflect the current best estimate.

## 6.12 Warranty obligations

The Group recognises the estimated liability to repair or replace products under warranty at the balance sheet date on the basis of historical experience.

## 6.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in consolidated profit and loss account.

## 6.14 Revenue recognition

Sales are recorded when goods are dispatched to the customers.

Profit on term deposit receipts and treasury bills are recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis.

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

Scrap sales are accounted for on accrual basis.

## 6.15 Borrowing costs

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 6.16 Research and development costs

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”.

## 6.17 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.

	2017	2016
Note	----- Rupees '000 -----	

## 7. PROPERTY, PLANT AND EQUIPMENT

Operating assets – tangible	7.1	1,605,290	1,436,495
Capital work-in-progress	7.4	690	87,639
		1,605,980	1,524,134

### 7.1 Operating assets - tangible

	C O S T			Depreciation rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017		As at July 01, 2016	Charge for the Year	Disposals for the Year	As at June 30, 2017	As at June 30, 2017
	----- Rupees '000 -----			%	----- Rupees '000 -----			-----	
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	2,101	525	-	-	26,792
Building on freehold land	182,957	6,715	189,672	10	77,278	10,624	-	87,902	101,770
Building on leasehold land	309,978	69,855	379,833	10	58,643	26,298	-	84,941	294,892
Plant and machinery	1,426,960	189,635 (8,470)	1,608,125	10 – 20	482,369	106,028	(5,619)	582,778	1,025,347
Furniture and fittings	18,610	4,369 (96)	22,883	15	7,039	1,762	(90)	8,711	14,172
Vehicles	85,083	17,852 (12,009)	90,926	20	42,035	10,912	(8,426)	44,521	46,405
Office equipment	6,803	80	6,883	20	2,837	596	-	3,433	3,450
Computer equipment	37,281	705	37,986	33	28,130	3,175	-	31,305	6,681
Dies and tools	74,143	63,514	137,657	40	35,958	17,570	-	53,528	84,129
	2,172,885	352,725 (20,575)	2,505,035		736,390	177,490	(14,135)	899,745	1,605,290
<b>2017</b>									

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	C O S T			Depreciation rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2015	Additions/ (disposals)	As at June 30, 2016		As at July 01, 2015	Charge for the Year	Disposals for the Year	As at June 30, 2016	As at June 30, 2016
	----- Rupees '000 -----			%	----- Rupees '000 -----				
<b>Owned</b>									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	1,576	525	-	2,101	27,317
Building on freehold land	160,815	22,142	182,957	10	67,423	9,855	-	77,278	105,679
Building on leasehold land	308,883	1,095	309,978	10	30,798	27,845	-	58,643	251,335
Plant and machinery	1,224,528	205,999 (3,567)	1,426,960	10 – 20	389,953	94,851	(2,435)	482,369	944,591
Furniture and fittings	16,513	2,097	18,610	15	5,632	1,407	-	7,039	11,571
Vehicles	76,923	14,124 (5,964)	85,083	20	35,178	10,407	(3,550)	42,035	43,048
Office equipment	5,973	830	6,803	20	2,253	584	-	2,837	3,966
Computer equipment	35,739	1,604 (62)	37,281	33	24,108	4,047	(25)	28,130	9,151
Dies and tools	37,891	36,252	74,143	40	26,596	9,362	-	35,958	38,185
<b>2016</b>	<b>1,898,335</b>	<b>284,143 (9,593)</b>	<b>2,172,885</b>		<b>583,517</b>	<b>158,883</b>	<b>(6,010)</b>	<b>736,390</b>	<b>1,436,495</b>

	2017	2016
Note	----- Rupees '000 -----	

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

Cost of sales	20	<b>165,985</b>	145,926
Distribution costs	21	<b>2502</b>	2,285
Administrative expenses	22	<b>9,003</b>	10,672
		<b>177,490</b>	<b>158,883</b>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 7.3 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
<b>Plant and machinery</b>							
Plant, machinery & equipment	2,758	2,371	387	581	194	Auction	Pioneer Auctioneers
Fork Lifter	2,191	1,642	549	325	(224)	Negotiation	M/s. Usman Ghani
Fork Lifter	1,513	1,087	426	250	(176)	Negotiation	Mr. Muhammad Usman
Mechanical Power Press	2,350	1,679	671	675	4	Negotiation	Mr. Muhammad Tariq
Tractor XT70	804	235	569	400	(169)	Negotiation	Bismillah Agri Farm (Jhang)
Tractor XT85	928	177	751	675	(76)	Negotiation	Mr. Fayyaz Chattha
Generator	117	70	47	325	278	Negotiation	M/s. Usman Ghani
	10,661	7,261	3,400	3,231	(169)		
<b>Furniture and fittings</b>							
Air conditioner	96	90	6	16	10	Negotiation	Bismillah Air Conditioners
<b>Vehicles</b>							
Battery Stacker	662	628	34	40	6	Auction	Pioneer Auctioneers
Honda CD-70	63	51	12	63	51	Company Policy	Mr. Abdul Khaliq(Employee)
Honda CD-70	63	51	12	63	51	Company Policy	Mr. Aziz-ur-Rehman (Employee)
Honda CD-70	66	46	20	61	41	Company Policy	Mr. Muhammad Hanif (Employee)
Honda CD-70	66	46	20	61	41	Company Policy	Mr. Sher Muhammad(Employee)
Honda CD-70	63	48	15	58	43	Company Policy	Mr. Ali Muhammad (Employee)
Honda CD-70	63	48	15	58	43	Company Policy	Mr. M. Jumman(Employee)
Honda CD-70	67	42	25	62	37	Company Policy	Mr. Ghulam Farooque
Suzuki Swift	1,049	819	230	810	580	Negotiation	Mr. Hafizullah (Employee)
Toyota Hilux	859	795	64	1,280	1,216	Negotiation	M/s Sargodha Motors
Suzuki Alto	712	506	206	347	141	Company Policy	Mr. Amjad Elahi (Employee)
Suzuki Cultus	910	619	291	502	211	Company Policy	Mr. Danish Abrar (Employee)
Suzuki HiRoof	640	420	220	550	330	Negotiation	Mr. Ahmed Nawaz
Suzuki Bolan	604	377	227	565	338	Negotiation	Mr. Muhammad Azam
Toyota Corolla	1,354	1,112	242	284	42	Company Policy	Mr. Sarfraz Khan (Employee)
Toyota Corolla XLI	1,538	888	650	1,144	494	Company Policy	Mr. Shiraz Ahmed (Employee)
Suzuki Cultus	1,039	288	751	950	199	Negotiation	Muhammad Tariq Qasim
	9,818	6,784	3,034	6,898	3,864		
<b>2017</b>	<b>20,575</b>	<b>14,135</b>	<b>6,440</b>	<b>10,145</b>	<b>3,705</b>		
2016	9,593	6,010	3,583	4,658	1,075		

Plant and machinery	Civil works	Total
------(Rs. in 000')-----		

## 7.4 Capital work-in-progress

Balance as at July 01, 2016	48,428	39,211	87,639
Capital expenditure incurred / advances made during the year	98,503	37,359	135,862
Transfer to operating assets during the year	(146,241)	(76,570)	(222,811)
<b>Balance as at June 30, 2017</b>	<b>690</b>	<b>-</b>	<b>690</b>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>8. LONG TERM DEPOSITS</b>			
Security deposits – considered good	8.1	<u>13,018</u>	<u>13,018</u>
8.1 Represents interest free deposits including deposit to K Electric Limited amounting to Rs. 6.3 million (2016: Rs. 6.3 million).			

		2017	2016
		----- Rupees '000 -----	
<b>9. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		40,008	26,700
Spares		23,470	24,734
Loose tools		5,035	4,490
		<u>68,513</u>	<u>55,924</u>
<b>10. STOCK-IN-TRADE</b>			
Raw material		752,429	680,899
Packing material		4,200	3,956
Work-in-process		47,379	51,475
Finished goods		44,203	36,007
Goods-in-transit		239,188	174,787
		<u>1,087,399</u>	<u>947,124</u>

10.1 The amount of written down to NRV in respect of stock-in-trade was Rs 2.896 million (2016: Rs. 3.244 million).

		2017	2016
	Note	----- Rupees '000 -----	
<b>11. TRADE DEBTS – unsecured</b>			
Considered good		508,023	447,410
Considered doubtful		634	318
Provision for impairment	11.1	<u>(634)</u>	<u>(318)</u>
		<u>508,023</u>	<u>447,410</u>

### 11.1 Reconciliation of provision for impairment is as follows:

Balance at the beginning of the year			
Reversal for the year		318	445
Provision/write-offs during the year		-	(17)
Balance at the end of the year	22	<u>316</u>	<u>(110)</u>
		<u>634</u>	<u>318</u>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Advances – unsecured, considered good</b>		
Suppliers	1,345	2,326
Contractors	6,462	1,860
Employees	701	1,090
	8,508	5,276
<b>Deposits</b>	215	215
<b>Prepayments</b>		
Insurance	2,613	3,588
Rent	1,042	2,308
	3,655	5,896
<b>Other receivables – unsecured, considered good</b>		
Others	12	12
	12,390	11,399

12.1 These advances, trade deposits and other receivables are interest free.

	2017	2016
	----- Rupees '000 -----	
<b>13. SHORT TERM INVESTMENTS</b>		
<b>Held to maturity</b>		
Term deposit receipts	13.1 292,000	535,000
Treasury bills	13.2 395,720	-
Accrued profit thereon	4,065	1,356
	691,785	536,356

13.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from 4.25% to 6.25% (2016: 5.35% to 6.15%) per annum and will mature by 02 September 2017.

13.2 Represents one to three months treasury bills with a commercial bank under conventional banking relationship carrying profit rate ranging from 5.75% to 5.90% per annum and will mature by 20 July 2017.

	2017	2016
	----- Rupees '000 -----	
<b>14. CASH AND BANK BALANCES</b>		
<b>In hand</b>	140	114
<b>With banks in</b>		
- current accounts	14.1 130,369	110,608
- deposit accounts	219,032	218,480
	349,401	329,088
	349,541	329,202

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

14.1 These carry profit rates ranging from 3.80% to 5% (2016: 4% to 4.75%) per annum.

14.2 Bank balances with deposits and saving accounts are placed under interest / mark-up arrangements. The Company has conventional banking relationships with all the banks.

	2017	2016
Note	-----	-----
	Rupees '000	

## 15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares in ('000')					
2017	2016		2017	2016	
22,800	22,800	Fully paid in cash	114,000	114,000	
6,000	6,000	Issued as fully paid bonus shares	30,000	30,000	
28,800	28,800		144,000	144,000	

15.1 Related parties held 2,115,600 (2016: 2,115,600) Ordinary shares of Rs. 5/- each in the Holding Company at year end.

	2017	2016
Note	-----	-----
	Rupees '000	

## 16. DEFERRED TAXATION

Taxable temporary differences arising due to:  
- accelerated tax depreciation

147,310	88,493
---------	--------

Deductible temporary differences arising due to:  
- provisions

(54,997)	(47,089)
----------	----------

92,313	41,404
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## 17. TRADE AND OTHER PAYABLES

Creditors		90,999	90,990
Royalty payable		37,530	32,602
Accrued liabilities		209,417	184,130
Advance from customers		739	63
Payable to provident fund	17.1	1,977	1,706
Workers' Profit Participation Fund	17.2	61,532	8,031
Workers' Welfare Fund		23,357	21,613
Warranty obligations	17.3	58,730	44,562
Unclaimed dividends		21,262	18,412
Guarantee bond payable	17.4	18,747	16,227
Tax deducted at source		6,156	1,404
Retention money		-	1,105
Others		2,560	2,269
		533,006	423,114

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- (Unaudited) -----	----- (Audited) -----
<b>17.1 General Disclosures</b>			
Size of the fund		209,356	182,645
Cost of investments		178,212	146,853
Fair value of investments	17.1.1	192,175	170,518
Percentage of investments		92%	94%

## 17.1.1 The breakup of fair value of investments is:

	2017		2016	
	----- (Unaudited) -----		----- (Audited) -----	
	--- Rupees '000 ---	%	--- Rupees '000 ---	%
Special Saving Certificates	21,089	10	87,684	48
Pakistan Investment Bond	19,883	10	19,582	11
Term Finance Certificates	24,867	12	20,664	11
Mutual fund units	-	-	6,666	4
Shares in listed companies	44,662	21	3,272	2
Bank balance	81,674	39	32,650	18
Total	<u>192,175</u>	<u>92</u>	<u>170,518</u>	<u>94</u>

17.1.2 Investments of provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

		2017	2016
	Note	----- Rupees '000 -----	----- Rupees '000 -----
<b>17.2 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		8,031	4,161
Allocation for the year	23	<u>61,532</u>	<u>52,016</u>
		69,563	56,177
Less: Payment made during the year		<u>(8,031)</u>	<u>(48,146)</u>
Balance at end of the year		<u>61,532</u>	<u>8,031</u>

## 17.3 Warranty obligations

		2017	2016
Balance at the beginning of the year		44,562	27,485
Provision for the year	21	<u>37,677</u>	<u>39,444</u>
		82,239	66,929
Less: Claims paid during the year		<u>(23,509)</u>	<u>(22,367)</u>
Balance at end of the year		<u>58,730</u>	<u>44,562</u>

17.4 The Group has provided bank guarantees to Collector of Customs as a security against the import duty.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 18. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amount to Rs. 689.030 (2016: Rs. 488.76 million).
- (ii) Commitments in respect of capital expenditure amount to Rs. 0.978 million (2016: Rs. 86.886 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 (2016: Rs. 0.385 million).
- (iv) Outstanding bank guarantees issued to Collector of Customs in respect of non-deduction of withholding tax amounts to Rs. 8.622 million (2016: Rs. 8.622 million).

	2017	2016
Note	----- Rupees '000 -----	
<b>19. TURNOVER – net</b>		
Sales	8,338,227	8,354,907
Less: Trade discount	248	163
Sales tax	1,222,683	1,217,630
	1,222,931	1,217,793
	7,115,296	7,137,114
<b>20. COST OF SALES</b>		
<b>Raw material consumed</b>		
Opening stock	680,899	636,619
Purchases	4,563,050	4,651,633
	5,243,949	5,288,252
Closing stock	10 (752,429)	(680,899)
	4,491,520	4,607,353
<b>Manufacturing expenses</b>		
Salaries, wages and benefits	432,624	401,830
Stores, spares and loose tools consumed	176,377	171,020
Packing material consumed	28,841	25,818
Fuel and power	90,417	108,830
Transportation and traveling	84,038	88,676
Depreciation	7.2 165,985	145,926
Repairs and maintenance	80,850	75,467
Royalty and technical fees	110,099	126,761
Research and development costs	18,631	5,126
Communications and professional fees	4,075	2,972
Printing and stationery	1,792	1,982
Insurance	4,019	3,648
Rent, rates and taxes	8,040	7,424
Others	3,847	4,372
	1,209,635	1,169,852
<b>Work-in-process</b>		
Opening stock	51,475	89,976
Closing stock	10 (47,379)	(51,475)
	4,096	38,501
	5,705,251	5,815,706
<b>Cost of goods manufactured</b>		
<b>Finished goods</b>		
Opening stock	36,007	31,157
Closing stock	10 (44,203)	(36,007)
	(8,196)	(4,850)
	5,697,055	5,810,856

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

		2017	2016
	Note	----- Rupees '000 -----	
<b>21. DISTRIBUTION COSTS</b>			
Salaries, wages and benefits		15,426	13,075
Advertisement and sales promotion		33,368	31,888
Carriage and forwarding		32,199	33,843
Traveling and conveyance		3,428	4,161
Depreciation	7.2	2,502	2,285
Provision for warranty claims	17.3	37,677	39,444
Provision/(reversal) for doubtful trade debts	11.1	316	(17)
Rent, rates and taxes		175	164
Communications and professional fee		224	237
Insurance		1,696	1,770
Repairs and maintenance		823	598
Others		534	810
		128,368	128,258
<b>22. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits		76,721	62,154
Legal and professional charges		62,797	49,376
Repairs and maintenance		15,775	10,464
Depreciation	7.2	9,003	10,672
Printing and stationery		2,754	1,852
Rent, rates and taxes		2,755	756
Traveling and conveyance		16,683	19,033
Communications and professional fee		4,037	5,469
Utilities		1,559	1,513
Security services		10,756	10,177
Insurance		772	1,111
Auditors' remuneration	22.1	1,725	1,521
Advertisement		1,255	1,902
Others		1,279	1,143
		207,871	177,143
<b>22.1 Auditors' remuneration</b>			
Audit fee for standalone financial statements		1,075	950
Audit fee for consolidated financial statements		145	145
Fee for review of half yearly financial statements		120	120
Other certifications		184	172
Out of pocket expenses		201	134
		1,725	1,521
<b>23. OTHER EXPENSES</b>			
Workers' Profit Participation Fund	17.2	61,532	52,016
Workers' Welfare Fund		21,341	20,377
Donations	23.1	12,018	9,739
		94,891	82,132

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

**23.1** Donations include the following donee in whom director or spouse have interest:

Name of Donee	Address of Donee	Name of Director	Note	2017	2016
				----- Rupees '000 -----	
RCKD Foundation Endowment Fund	15-H, Block VI, PECHS Karachi	Mr. Sohail P. Ahmed		-	225

## 24. OTHER INCOME

Profit on:				
- term deposit receipts	24.1	17,120		13,422
- treasury bills		5,659		-
- deposit accounts	24.2	12,925		10,701
		<u>35,704</u>		<u>24,123</u>
Liabilities no longer payable - written back		4		643
<b>Income from non-financial assets</b>				
Gain / (loss) on disposal of property, plant and equipment	7.3	3,705		1,075
Scrap sales		7,365		7,040
Miscellaneous income		-		17
		<u>11,070</u>		<u>8,132</u>
		<u>46,778</u>		<u>32,898</u>

24.1 Represents profit on term deposit receipts and treasury bills with a commercial bank under conventional banking relationship.

## 25. FINANCE COSTS

	2017	2016
	----- Rupees '000 -----	
Discounting charges on receivables	-	1,797
Mark-up on short term running finance	48	1,401
Bank charges	474	500
	<u>522</u>	<u>3,698</u>

## 26. TAXATION

Current	214,412	219,007
Prior	77	917
Super tax	22,340	22,317
Deferred	50,909	(13,373)
	<u>287,738</u>	<u>228,868</u>

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
	----- Rupees '000 -----	
<b>26.1 Relationship between tax expense and accounting profit</b>		
Profit before taxation	1,033,367	967,925
Tax at the rate of 31% (2016: 32%)	320,344	309,736
<b>Tax effects of:</b>		
Expenses that are admissible in determining taxable profit	(20,362)	9,779
Effects of previous years tax charge	77	917
Tax rebates	(85,570)	(19,038)
Effect of change in tax rate	(1,336)	(2,314)
Deferred	52,245	(92,529)
Super tax	22,340	22,317
	<u>287,738</u>	<u>228,868</u>

26.2 The Subsidiary Company has opted for tax credit for a period of five years under Section 65 D of the Income Tax Ordinance, 2001.

## 27. EARNINGS PER SHARE – basic and diluted

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

	2017	2016
	----- Rupees '000 -----	
Profit after taxation (Rs. in 000')	745,629	739,057
Weighted average number of ordinary shares outstanding during the year (in 000')	28,800	28,800
Basic earnings per share (Rs.)	<u>25.89</u>	<u>25.66</u>



# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017	2016
Note	----- Rupees '000 -----	
<b>28. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,033,367	967,925
Adjustments for		
Depreciation	177,490	158,883
Finance costs	522	3,698
Provision for doubtful debts	316	-
Reversal for provision for doubtful debts	-	(17)
Liabilities no longer payable - written back	(4)	(643)
Profit on term deposit receipts	(13,204)	(13,422)
Profit on treasury bills	(5,659)	-
Profit on deposit accounts	(16,840)	(10,700)
Gain on disposal of property, plant and equipment	(3,705)	(1,075)
	138,916	136,724
	1,172,283	1,104,649
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(12,588)	(630)
Stock-in-trade	(142,382)	(47,787)
Trade debts	(60,465)	114,604
Advances, deposits, prepayments and other receivables	38,220	(1,221)
Sales tax refundable	22,992	(10,027)
	(154,223)	54,939
<b>Increase in current liabilities</b>		
Trade and other payables	67,366	48,993
	1,085,426	1,208,581
<b>29. CASH AND CASH EQUIVALENTS</b>		
Short term investments	13 687,720	535,000
Cash and bank balances	14 349,541	329,202
	1,037,261	864,202
<b>30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES</b>		
<p>The main risks arising from the Group's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:</p>		
<b>30.1 Market risk</b>		
<p>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.</p>		
<b>(i) Interest rate risk</b>		
<p>Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk in respect of bank deposits, term deposit receipts and treasury bills. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Group's profit after tax by Rs.6.746 million (2016: Rs. 6.148 million) and a 1% decrease would result in the decrease in the Group's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.</p>		

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2017, the Group does not have any financial assets or financial liabilities which are denominated in foreign currencies.

## 30.2 Credit risk

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

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

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

	2017	2016
	----- Rupees '000 -----	
<b>Trade debts</b>		
The analysis of trade debts is as follows:		
Neither past due nor impaired	392,372	348,031
Past due but not impaired – 30 to 90 days	115,651	99,379
	<u>508,023</u>	<u>447,410</u>
<b>Bank balances</b>		
Ratings		
A-1+	89,206	85,719
A1+	260,195	243,154
P1	-	215
	<u>349,401</u>	<u>329,088</u>
<b>Short term investments</b>		
Ratings		
A1+	687,720	535,000
	<u>687,720</u>	<u>535,000</u>

## 30.3 Liquidity risk

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

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

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

	2017			
	On demand	Less than 3 months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	206,425	303,090	23,491	533,006

  

	2016			
	On demand	Less than 3 months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	110,273	241,250	15,373	366,896

### 31. CAPITAL RISK MANAGEMENT

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

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

### 33. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than disclosed elsewhere in the consolidated financial statements, are as follows:

	2017	2016
	----- Rupees '000 -----	
Purchase of goods	5,274	1,681
Contribution to the Provident Fund	8,711	7,427

The receivable/payable balances with related parties as at June 30, 2017 are disclosed in the respective notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 34. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

34.1 Aggregate amounts charged in the consolidated financial statements are as follows:

	2017			2016		
	Chairman	Chief Executive	Executives	Chairman	Chief Executive	Executives
	(Rupees in '000)					
Managerial remuneration	-	13,772	75,512	-	10,350	69,077
Bonus	-	4,849	15,135	-	3,300	9,246
Retirement benefits	-	718	3,934	-	540	2,509
Utilities	-	217	375	-	158	322
Medical expenses	-	102	1,884	-	60	869
Leave encashment	-	-	63	-	-	24
		<b>19,658</b>	<b>96,903</b>		<b>14,408</b>	<b>82,047</b>
Number of persons	<b>1</b>	<b>1</b>	<b>37</b>	<b>1</b>	<b>1</b>	<b>35</b>

34.2 The Chairman, Chief Executive and certain Executives are also provided with free use of Group maintained vehicles in accordance with the Group's policy.

34.3 Two non-executive directors (2016:One) have been paid fees of Rs. 0.40 million (2016: 0.30 million) for attending board and other meeting.

## 35. PRODUCTION CAPACITY

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

## 36. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Group has unutilized facilities for short term running finance available from various banks amounted to Rs. 410 million (2016: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2016: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Group's stock-in-trade, stores, spares, loose tools and trade debts.

## 37. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

37.1 The Board of Directors in its meeting held on August 25, 2017 (i) approved the transfer of Rs. 300 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 7.50 per share for the year ended June 30, 2017 amounting to Rs. 216 million for approval of the members at the Annual General Meeting to be held on September 26, 2017.

37.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company is obligated to pay tax at the rate of 7.5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. The Holding Company is confident that it will be able to distribute atleast 40 percent of its after tax profits of current year, in line with requirements of section 5A of the Ordinance, and accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

## 38. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 290 (2016: 285) and the average number of persons employed during the year were 291 (2016: 278).

# Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

## 39. INFORMATION ABOUT OPERATING SEGMENTS

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

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan.

Of the Company's sale, two customers account for more than 10% each.

## 40. GENERAL

Figures have been rounded off to the nearest thousands.

## 41. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 25, 2017 by the Board of Directors of the Holding Company.



**Yutaka Arae**  
Chairman



**Fahim Kapadia**  
Chief Executive



**Aqeel Loon**  
Chief Financial Officer

# Pattern of Shareholding

As at June 30, 2017

Number of Share Holders	Size of Share Holdings			Total Share Held
	From		To	
1,708	1	-	100	47,341
820	101	-	500	206,438
315	501	-	1,000	227,295
390	1,001	-	5,000	903,309
73	5,001	-	10,000	527,048
34	10,001	-	15,000	434,197
16	15,001	-	20,000	282,609
16	20,001	-	25,000	370,548
23	25,001	-	30,000	631,828
7	30,001	-	35,000	232,185
8	35,001	-	40,000	301,194
2	40,001	-	45,000	86,650
11	45,001	-	50,000	527,275
2	50,001	-	55,000	102,000
2	55,001	-	60,000	114,938
3	60,001	-	65,000	185,799
1	65,001	-	70,000	66,033
5	75,001	-	80,000	388,841
1	80,001	-	85,000	81,000
3	85,001	-	90,000	263,588
2	90,001	-	95,000	186,100
1	95,001	-	100,000	100,000
1	110,001	-	115,000	112,600
1	115,001	-	120,000	119,277
1	120,001	-	125,000	123,741
3	130,001	-	135,000	398,132
1	135,001	-	140,000	139,000
1	140,001	-	145,000	145,000
2	145,001	-	150,000	297,719
1	155,001	-	160,000	156,500
1	160,001	-	165,000	162,122
1	165,001	-	170,000	169,600
1	180,001	-	185,000	181,800
2	195,001	-	200,000	400,000
1	215,001	-	220,000	216,600
1	230,001	-	235,000	232,000
1	245,001	-	250,000	250,000
1	260,001	-	265,000	262,000
1	395,001	-	400,000	400,000
1	405,001	-	410,000	405,200
1	415,001	-	420,000	418,100
1	430,001	-	435,000	434,400
1	450,001	-	455,000	451,080
1	525,001	-	530,000	525,626
1	595,001	-	600,000	600,000
1	1,080,001	-	1,085,000	1,080,920
5	1,085,001	-	1,200,000	5,565,086
1	2,115,001	-	2,120,000	2,115,600
1	7,170,001	-	7,200,000	7,171,681
<b>3,478</b>				<b>28,800,000</b>

# Pattern of Shareholding

As at June 30, 2017

No.	Categories of Shareholders	Number of Shares held	Category wise No. of Folios/CDC A/Cs	Category wise shares held	%
1	<b>INDIVIDUALS</b>		3,346	8,954,496	31.09%
2	<b>INVESTMENT COMPANIES</b>		4	4,729	0.02%
3	<b>JOINT STOCK COMPANIES</b>		29	1,533,715	5.33%
4	<b>DIRECTORS', CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES &amp; MINOR CHILDREN</b> Yutaka Arae Fahim Kapadia Sohail P.Ahmed Owais ul Mustafa Asfi Rizvi Muhammad Ali Jamil Abbas ul Hussaini	1,000 3,000 9,599 1,310 1,000 1,000 1,000	8	17,909	0.06%
5	<b>EXECUTIVES</b>	-	-	-	0.00%
6	<b>ASSOCIATED COMPANIES</b> Holding 5% or more voting interest Thal Limited	2,115,600	1	2,115,600	7.35%
7	<b>PUBLIC SECTOR COMPANIES &amp; CORP.</b>	122,486	2	122,486	0.43%
8	<b>BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS &amp; PENSION FUNDS</b> Banks, DFIs & NBFIs Insurance Companies Modaraba Pension Funds	867,917 30,000 12,800 176,877	21	1,087,594	3.78%
9	<b>MUTUAL FUNDS</b> CDC - Trustee National Investment (Unit) Trust CDC - Trustee JS Islamic Fund CDC - Trustee NIT Islamic Equity Fund CDC - Trustee JS Large Cap. Fund CDC - Trustee NAFA Islamic Stock Fund CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund CDC - Trustee Atlas Islamic Stock Fund CDC - Trustee UBL Stock Advantage Fund CDC - Trustee UBL Asset Allocation Fund CDC - Trustee Alhamra Islamic Stock Fund CDC - Trustee Alhamra Islamic Asset Allocation Fund CDC - Trustee Al-Ameen Islamic Asset Allocation Fund CDC - Trustee Unit Trust Of Pakistan CDC - Trustee APIF - Equity Sub Fund CDC - Trustee NIT-IPF Equity Sub-Fund CDC - Trustee JS Pension Savings Fund - Equity Account CDC - Trustee NIT-PF Equity Sub-Fund CDC - Trustee NAFA Islamic Active Allocation Equity Fund CDC - Trustee NIT-Equity Market Opportunity Fund MC FSL - Trustee JS Growth Fund Golden Arrow Selected	1,096,020 232,000 150,000 134,100 112,600 91,700 80,000 76,600 47,600 45,500 37,000 35,500 30,000 25,000 18,000 7,000 5,000 3,600 2,500 169,600 1,000	21	2,400,320	8.33%
10	<b>FOREIGN INVESTORS</b> Holding 5% or more voting interest Robert Finance Corporation, AG	7,171,681	10	12,234,173	42.48%
11	<b>CO-OPERATIVE SOCIETIES</b>		3	1,942	0.01%
12	<b>CHARITABLE INSTITUTIONS</b>		3	33,025	0.11%
13	<b>OTHERS</b>		30	294,011	1.02%
	<b>TOTAL</b>		3,478	28,800,000	100.00%

## SHARE-HOLDERS HOLDING FIVE(5) PERCENT OR MORE VOTING INTEREST IN THE COMPANY

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO OF SHARES HELD	% AGE
Thal Limited	FALLS IN CATEGORY # 6	2,115,600	7.35%
Robert Finance Corporation, AG	FALLS IN CATEGORY # 10	7,171,681	24.90%

## Detail of trading in the shares by the Directors, Executive 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 of the company, except the following:

	BUY	SELL
Mr. Sohail P. Ahmed - Non-executive director	4,000	-

# FORM OF PROXY

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

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member of Agriauto Industries Limited and holder of \_\_\_\_\_

\_\_\_\_\_ Ordinary shares as per Share Register Folio \_\_\_\_\_

(No. of Shares) \_\_\_\_\_

No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_

And Sub. Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held on September 26, 2017 and at any adjournment thereof.

## WITNESSES 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC /Passport No. \_\_\_\_\_

Address \_\_\_\_\_

## WITNESSES 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC /Passport No. \_\_\_\_\_

Address \_\_\_\_\_

The signature should agree with  
specimen registered with the  
Company.

Signature on Rs. 5/-  
revenue stamps

## 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 appoint 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.



