



Financial Statements
(Consolidated)

Consolidated Statement of Financial Position

As at June 30, 2018

	Note	2018 ----(Rupees in '000)----	2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,584,818	1,605,980
Intangible asset	8	7,863	-
Long term deposits	9	13,028	13,018
		1,605,709	1,618,998
CURRENT ASSETS			
Stores, spares and loose tools	10	95,788	68,513
Stock-in-trade	11	1,496,940	1,087,399
Trade debts	12	574,251	508,023
Advances, deposits, prepayments and other receivables	13	10,644	12,390
Accrued profit		1,318	1,147
Short-term investments	14	743,488	691,785
Sales tax receivable		36,675	42,100
Taxation – net		324,202	317,586
Cash and bank balances	15	425,961	349,541
		3,709,267	3,078,484
TOTAL ASSETS		5,314,976	4,697,482
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2017: 40,000,000) Ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	16	144,000	144,000
Reserves		4,556,680	3,928,163
		4,700,680	4,072,163
NON CURRENT LIABILITIES			
Deferred taxation	17	76,011	92,313
CURRENT LIABILITIES			
Trade and other payables	18	512,265	511,744
Unpaid dividend		2,516	968
Unclaimed dividend		23,504	20,294
		538,285	533,006
COMMITMENTS			
	19		
TOTAL EQUITY AND LIABILITIES		5,314,976	4,697,482

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 ----(Rupees in '000)----	2017
Turnover - net	20	8,315,021	7,115,296
Cost of sales	21	(6,722,821)	(5,697,055)
Gross profit		1,592,200	1,418,241
Distribution costs	22	(127,153)	(128,368)
Administrative expenses	23	(225,983)	(207,871)
		(353,136)	(336,239)
Operating profit		1,239,064	1,082,002
Other expenses	24	(101,376)	(94,891)
Other income	25	70,665	46,778
Finance cost	26	(597)	(522)
		(31,308)	(48,635)
Profit before taxation		1,207,756	1,033,367
Taxation	27	(248,039)	(287,738)
Profit after taxation		959,717	745,629
		Rupees	Rupees
Earnings per share – basic and diluted	28	33.32	25.89

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	----(Rupees in '000)----	
Net profit for the year	959,717	745,629
Other comprehensive income	-	-
Total comprehensive income for the year	959,717	745,629

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018 ----(Rupees in '000)----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	857,727	1,085,426
Finance costs paid		(597)	(522)
Income tax paid		(276,384)	(440,229)
Net cash generated from operating activities		580,746	644,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(197,725)	(265,775)
Proceeds from disposal of property, plant and equipment		12,693	10,145
Long term deposits		(10)	-
Profit received on short-term investments		39,408	20,068
Profit received on deposit accounts		19,397	13,096
Net cash used in investing activities		(126,237)	(222,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(326,442)	(249,150)
Net cash used in financing activities		(326,442)	(249,150)
Net increase in cash and cash equivalents		128,067	173,059
Cash and cash equivalents at the beginning of the year		1,037,261	864,202
Cash and cash equivalents at the end of the year	30	1,165,328	1,037,261

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

Issued, Subscribed and paid- up Capital	R e s e r v e s				Total reserves	Total equity
	Capital reserve	Revenue reserves		Unapp- ropriated profit		
	Share premium	General				

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

Balance as at June 30, 2016	144,000	12,598	2,675,000	746,936	3,434,534	3,578,534
Final dividend for the year ended June 30, 2016 @ Rs.6.25 /- per share	-	-	-	(180,000)	(180,000)	(180,000)
Interim dividend for the year ended June 30, 2017 @ 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
Balance as at June 30, 2017	144,000	12,598	3,075,000	840,565	3,928,163	4,072,163
Final dividend for the year ended June 30, 2017 @ Rs. 7.50 /- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the period ended June 30, 2018 @ Rs. 4.00 /- per share	-	-	-	(115,200)	(115,200)	(115,200)
Transfer to general reserve	-	-	580,000	(580,000)	-	-
Profit after taxation for the year	-	-	-	959,717	959,717	959,717
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	959,717	959,717	959,717
Balance as at June 30, 2018	144,000	12,598	3,655,000	889,082	4,556,680	4,700,680

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

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. 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. 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. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- The Subsidiary Company started production and sales of catalytic converter which is the main contributor of increase in its sales during the year.
- The Subsidiary Company has also ordered two more presses of 800 and 500 tons each which are planned to be installed in the fiscal year 2018-19. The capital commitment in respect of the same of Rs.140.49 million as included in note 19.
- For a detailed discussion about the Groups' performance, refer to the Directors' Report.

3. STATEMENT OF COMPLIANCE

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

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

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

3.2 The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and incorporation of additional/ amended disclosures as mentioned in notes 2, 7.3, 15.1, 20.1 24.1, 27.2, 35 & 39.

4. BASIS OF MEASUREMENT

4.1 These consolidated financial statements have been prepared under the historical cost convention.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New standards, amendments and interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

Standards, amendments and interpretations 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 Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 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
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
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 interpretations are not expected to have any material impact on the Company's consolidated financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the consolidated financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

IASB Effective date (accounting periods beginning on or after)

Standard

IFRS 14 – Regulatory Deferral Accounts

01 January 2016

IFRS 17 – Insurance Contracts

01 January 2021

5.2 Property, plant and equipment

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 statement of profit or 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 statement of profit or 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 statement of profit or loss account.

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.

5.3 Development costs

Development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 "Intangible Assets". These amounts are amortised at the rate disclosed in note 8 to the consolidated financial statements.

5.4 Stores, spares and loose tools

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.5 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 valued on basis of equivalent production units
the	
Finished goods	- Cost of direct materials plus conversion cost valued on time proportion basis.

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

5.6 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.

5.7 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.

5.8 Cash and cash equivalents

For the purpose of statement of cash flows, 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.

5.9 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 statement of profit or loss account.

5.10 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the Statement of financial position 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.11 Employees' benefits

Provident fund

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

Compensated absences

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

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher 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 Subsidiary 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 Statement of financial position date.

5.13 Provisions

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

5.14 Warranty obligations

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

5.15 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 Statement of financial position date. Exchange differences are included in consolidated statement of profit or loss account.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

5.16 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.

5.17 Borrowing costs

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

5.18 Dividends and appropriation to reserve

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

5.19 Earnings per share

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

6. 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, 2018.

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:

	Notes
- determining the residual values and useful lives of property, plant and equipment	5.2 & 7
- valuation of inventories	5.4, 5.5, 10 & 11
- provision against trade debts	5.6 & 12
- provision for tax and deferred tax	5.12, 17 & 27
- warranty obligations	5.14 & 18.3
- provision for employee benefits	5.11 & 18.1

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 -----(Rupees in '000)----	2017
Operating fixed assets	7.1	1,481,752	1,605,290
Capital work-in-progress	7.5	103,066	690
		1,584,818	1,605,980

7.1 Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 01, 2017	Additions/ (disposals)	As at June 30, 2018		As at July 01, 2017	Charge for the year	Disposals for the year	As at June 30, 2018
	------(Rs. in 000')-----				------(Rs. in 000')-----			
Owned								
Freehold land	1,652	-	1,652	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	2	2,626	525	-	26,267
Building on freehold land	189,672	-	189,672	10	87,902	10,177	-	91,593
Building on leasehold land	379,833	-	379,833	10	84,941	29,489	-	265,403
Plant and machinery	1,605,531	58,882 (4,817)	1,659,596	10 - 20	582,778	109,074	(1,095)	968,839
Furniture and fittings	22,883	2,203	25,086	15	8,711	1,933	-	14,442
Vehicles	93,520	22,905 (15,611)	100,814	20	44,521	12,060	(10,032)	54,265
Office equipment	6,883	161	7,044	20	3,433	522	-	3,089
Computer equipment	37,986	1,746 (1,499)	38,233	33	31,305	2,599	(1,396)	5,725
Dies and tools	137,657	-	137,657	40	53,528	33,652	-	50,477
2018	2,505,035	85,897 (21,927)	2,569,005		899,745	200,031	(12,523)	1,087,253
								1,481,752

Operating fixed assets

	COST			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
	------(Rs. in 000')-----				------(Rs. in 000')-----			
Owned								
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	-	101,770
Building on leasehold land	309,978	69,855	379,833	10	58,643	26,298	-	294,892
Plant and machinery	1,426,960	189,635 (8,470)	1,608,125	10 - 20	482,369	106,028	(5,619)	1,025,347
Furniture and fittings	18,610	4,369 (96)	22,883	15	7,039	1,762	(90)	14,172
Vehicles	85,083	17,852 (12,009)	90,926	20	42,035	10,912	(8,426)	46,405
Office equipment	6,803	80	6,883	20	2,837	596	-	3,450
Computer equipment	37,281	705	37,986	33	28,130	3,175	-	6,681
Dies and tools	74,143	63,514	137,657	40	35,958	17,570	-	84,129
2017	2,172,885	352,725 (20,575)	2,505,035		736,390	177,490	(14,135)	1,605,290

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

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

	Note	2018 ----(Rupees in '000)----	2017
Cost of sales	21	188,108	165,985
Distribution costs	22	2,804	2,502
Administrative expenses	23	9,119	9,003
		<u>200,031</u>	<u>177,490</u>

7.3 Particulars of immovable property (i.e freehold land and building on freehold land) and geographical location other than the registered offices (as disclosed in note 1) are as follows:

Location	Use of Immovable Property	Total Area
- Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan.	Manufacturing Facility	18.4 acres
- DSU-12B, Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi	Manufacturing Facility	6.08 acres

7.4 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value	Sales Proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
	----- (Rs. in 000') -----						
Plant and machinery							
Tractor XT85	891	101	790	600	(190)	Negotiation	Mr. Shahid Waheed
Tractor XT75	829	107	722	700	(22)	Negotiation	Mr. Munir Ahmad
Tractor XT75	818	68	750	850	100	Negotiation	Mr. Afzal Tarar
Tractor XT85D	1,351	524	827	800	(27)	Negotiation	Mr. Munir Ahmed
Tractor XT85	928	295	633	600	(33)	Negotiation	Mr. Munir Ahmed
	4,817	1,095	3,722	3,550	(172)		
Computer Equipment	1,499	1,396	103	81	(22)	Negotiation	Various
Vehicles							
Toyota Corolla Altis	2,302	1,218	1,084	1,462	378	Company Policy	Mr. Aqeel Loon (Ex-employee)
Toyota Corolla Altis	2,152	953	1,199	1,600	401	Company Policy	Mr. Sarfraz Ahmed Khan (Ex-employee)
Toyota Corolla	1,414	1,156	258	297	39	Company Policy	Mr. Fahim Kapadia (CEO)
Toyota Corolla	1,414	1,174	240	1,065	825	Negotiation	Toyota Southern Motors, Karachi
Toyota Corolla	1,354	1,107	247	1,160	913	Negotiation	Car Selection
Suzuki Cultus	1,019	628	391	750	359	Negotiation	Mr. Muhammad Saad
Suzuki Cultus	842	670	172	177	5	Company Policy	Mr. Shahid Sattar (Employee)
Suzuki Mehran	673	404	269	362	93	Company Policy	Mr. Minhajuddin (Employee)
Suzuki Mehran	671	539	132	141	9	Company Policy	Mr. Shamsul Huda (Employee)
Daihatsu Cuore	645	530	115	135	20	Company Policy	Mr. Shizan Ali Fareed (Employee)
Suzuki Mehran	637	433	204	210	6	Company Policy	Mr. Farhan Siddique (Employee)
Honda Motorcycle	63	18	45	55	10	Insurance Claim	Habib Insurance Company
Cultus	1,059	530	529	798	269	Negotiation	Mr. Aqeel Loon (Ex-employee)
Mehran	683	336	347	450	103	Negotiation	Mr. Fahad Ali
Mehran	683	336	347	400	53	Negotiation	Mr. Shiraz Ali
	15,611	10,032	5,579	9,062	3,483		
2018	21,927	12,523	9,404	12,693	3,289		
2017	20,575	14,135	6,440	10,145	3,705		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

7.5 Capital work-in-progress – Plant and Machinery

Note	2018 ----(Rupees in '000)----	2017
	690	87,639
	103,066	135,862
	(690)	(222,811)
	103,066	690

As at July 01
Capital expenditure incurred / advances made during the year
Transfer to operating assets during the year
As at June 30

8. INTANGIBLE ASSET

Cost

Opening as at July 1
Additions during the year
Closing balance

8.1

-	-
9,452	-
9,452	

Accumulated amortization

Opening as at July 1
Charge for the year
Closing balance

-	-
(1,589)	-
(1,589)	

Net book value as at June 30

7,863	-
--------------	----------

Annual rate of amortization

20%	-
------------	----------

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

9. LONG-TERM INVESTMENT

Note	2018 ----(Rupees in '000)----	2017
------	----------------------------------	------

Security deposits – considered good

9.1

13,028	13,018
---------------	--------

9.1 Represents interest free deposits

10. STORES, SPARES AND LOOSE TOOLS

Stores
Spares
Loose tools

55,990	40,008
34,887	23,470
4,911	5,035
95,788	68,513

11. STOCK-IN-TRADE

Raw material
Packing material
Work-in-process
Finished goods
Goods-in-transit

1,031,827	752,429
3,693	4,200
48,913	47,379
66,401	44,203
346,106	239,188
1,496,940	1,087,399

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

11.1 The write down of stock-in-trade to Net realizable value during the year amounted to Rs. 0.056 million (2017: Rs. 26.644 million).

11.2 The reversal of write down of stock-in-trade to Net realizable value during the year amounted to Rs. 24.68 million (2017: Rs. 0.13 million).

12. TRADE DEBTS – unsecured

	Note	2018 ----(Rupees in '000)----	2017
Considered good		574,251	508,023
Considered doubtful		595	634
Provision for doubtful debts	12.1	(595)	(634)
		-	-
		<u>574,251</u>	<u>508,023</u>
12.1 Reconciliation of provision for impairment is as follows:			
Balance at the beginning of the year		634	318
Reversal for the year	22	(39)	-
Provision/write-offs during the year		-	316
Balance at the end of the year		<u>595</u>	<u>634</u>
13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances – unsecured, considered good			
Suppliers		1,834	1,345
Contractors		623	6,462
Employees		655	701
		<u>3,112</u>	<u>8,508</u>
Deposits		215	215
Prepayments			
Insurance		5,015	2,613
Rent		2,302	1,042
		<u>7,317</u>	<u>3,655</u>
Other receivables – unsecured, considered good		-	12
		<u>10,644</u>	<u>12,390</u>

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

14. SHORT-TERM INVESTMENTS

	Note	2018 ----(Rupees in '000)----	2017
Held to maturity			
Term deposit receipts	14.1	542,000	292,000
Treasury bills	14.2	197,367	395,720
Accrued profit thereon		4,121	4,065
		<u>743,488</u>	<u>691,785</u>
14.1	Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate ranging from 5.50% to 6.00% (2017: 4.25% to 6.25%) per annum and will mature by August 21, 2018.		
14.2	Represents one to three months treasury bills carrying profit rate 6.20% per annum and will mature by 19 July 2018.		

15. CASH AND BANK BALANCES

	Note	2018 ----(Rupees in '000)----	2017
In hand			
		247	140
With banks in			
- current accounts	15.1	98,902	130,369
- deposit accounts	15.2	326,812	219,032
		<u>425,714</u>	<u>349,401</u>
		<u>425,961</u>	<u>349,541</u>
15.1	This includes an amount of Rs. 1.3 million (2017: Rs. 1.16 million) with an Islamic bank.		
15.2	Represents deposits and saving accounts placed with conventional banks under interest / mark-up arrangements, carrying profit rates ranging from 4.00% to 4.50% (2017: 3.80% to 5%) per annum.		

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

2018	2017		2018	2017
Number of shares in ('000')			----- (Rupees in '000) -----	
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
<u>28,800</u>	<u>28,800</u>		<u>144,000</u>	<u>144,000</u>

16.1 Thal Limited – an associated company held 2,115,600 (2017: 2,115,600) Ordinary shares of Rs. 5/- each in the Holding Company at year end.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

17. DEFERRED TAXATION

	Note	2018 ----(Rupees in '000)----	2017
Taxable temporary differences arising due to:			
- accelerated tax depreciation		139,083	147,310
Deductable temporary differences arising due to:			
- provisions		(63,072)	(54,997)
		<u>76,011</u>	<u>92,313</u>

18. TRADE AND OTHER PAYABLES

Creditors		88,226	90,999
Accrued liabilities		244,411	209,417
Royalty payable		25,733	37,530
Advance from customers		15,700	739
Payable to provident fund	18.1	2,038	1,977
Workers' Profit Participation Fund	18.2	845	61,532
Workers' Welfare Fund		26,935	23,357
Warranty obligations	18.3	77,464	58,730
Guarantee bond payable	18.4	18,747	18,747
Tax deducted at source		7,496	6,156
Others		4,670	2,560
		<u>512,265</u>	<u>511,744</u>

18.1 General Disclosures

		(Unaudited)	(Audited)
Size of the fund		203,601	198,731
Cost of investments		171,803	172,283
Fair value of investments	18.1.1	188,596	186,229
Percentage of investments		92.6%	93.7%

18.1.1 The breakup of fair value of investments is:

	2018 ----- (Unaudited) ----- (Rs. in 000') (%)		2017 ----- (Audited) ----- (Rs. in 000') (%)	
Pakistan Investment Bond	19,552	9.1	19,879	9.6
Term Finance Certificates	95,183	44.5	21,079	10.2
Mutual fund units	61,518	28.8	63,036	30.6
Shares in listed companies	5,246	2.5	6,493	3.1
Bank balance	7,096	7.8	81,449	39.5
Total	<u>188,596</u>	<u>92.7</u>	<u>191,936</u>	<u>93.1</u>

18.1.2 Investments of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

18.2 Workers' Profit Participation Fund

	Note	2018 ----(Rupees in '000)----	2017
Balance at the beginning of the year		61,532	8,031
Allocation for the year	24	64,845	61,532
		126,377	69,563
Less: Payment made during the year		(125,532)	(8,031)
Balance at end of the year		845	61,532

18.3 Warranty obligations

Balance at the beginning of the year		58,730	44,562
Provision for the year	22	24,452	37,677
		83,182	82,239
Less: Claims paid during the year		(5,718)	(23,509)
Balance at end of the year		77,464	58,730

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

19. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 967.347 million (2017: Rs.689.030 million).
- (ii) Commitments in respect of capital expenditure amounting to Rs. 287.965 million (2017: Rs. 0.978 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs 0.385 million (2017: Rs.0.385 million).
- (iv) Outstanding bank guarantees issued to Collector of Customs in respect of non-deduction of withholding tax amounting to Rs. 8.622 million (2017: Rs. 8.622 million).

20. TURNOVER – net

	2018 ----(Rupees in '000)----	2017
Sales	9,747,018	8,338,227
Less: Trade discount	580	248
Sales tax	1,431,417	1,222,683
	1,431,997	1,222,931
	8,315,021	7,115,296

20.1 Revenue earned from the normal operations of the company is Shariah Compliant.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

21. COST OF SALES

	Note	2018 ----(Rupees in '000)----	2017
Raw material consumed			
Opening stock		752,429	680,899
Purchases		5,722,721	4,563,050
		6,475,150	5,243,949
Closing stock	11	(1,031,827)	(752,429)
		5,443,323	4,491,520
Manufacturing expenses			
Salaries, wages and benefits		494,645	432,624
Stores, spares and loose tools consumed		188,325	176,377
Packing material consumed		32,552	28,841
Fuel and power		99,689	90,417
Transportation and traveling		100,466	84,038
Depreciation	7.2	188,108	165,985
Repairs and maintenance		78,797	80,850
Royalty and technical fees		83,014	110,099
Research and development costs		12,994	18,631
Communications and professional fees		3,230	4,075
Printing and stationery		2,275	1,792
Insurance		4,045	4,019
Rent, rates and taxes		7,323	8,040
Others		7,767	3,847
		1,303,230	1,209,635
Work-in-process			
Opening stock		47,379	51,475
Closing stock	11	(48,913)	(47,379)
		(1,534)	4,096
Cost of goods manufactured			
		6,745,019	5,705,251
Finished goods			
Opening stock		44,203	36,007
Closing stock	11	(66,401)	(44,203)
		(22,198)	(8,196)
		6,722,821	5,697,055

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

Company Name	Address	Relationship with Company	2018 ----(Rupees in '000)----	2017
- KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	23,390	22,836
- Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	831	777
- Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	5,585	4,621
- Ogihara (Thailand) Company Limited	172 Ladkrabang Industrial Estate, Soi Chalongsong 31, Chalongsong Rd, Lamplathiw, Ladkrabang, Bangkok 10520	Technical Partner	27,500	26,250

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

22. DISTRIBUTION COSTS

	Note	2018 ----(Rupees in '000)----	2017
Salaries, wages and benefits		16,600	15,426
Advertisement and sales promotion		38,736	33,368
Carriage and forwarding		37,980	32,199
Provision for warranty claims	18.3	24,452	37,677
Traveling and conveyance		2,803	3,428
Depreciation	7.2	2,804	2,502
Rent, rates and taxes		206	175
Communications and professional fee		210	224
Insurance		2,159	1,696
Repairs and maintenance		788	823
(Reversal) / provision for doubtful trade debts	12.1	(39)	316
Others		454	534
		127,153	128,368

23. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		78,121	76,721
Legal and professional charges		69,669	62,797
Repairs and maintenance		20,664	15,775
Depreciation	7.2	9,119	9,003
Printing and stationery		1,923	2,754
Rent, rates and taxes		6,402	2,755
Traveling and conveyance		17,259	16,683
Communications and professional fee		6,152	4,037
Utilities		1,451	1,559
Security services		9,610	10,756
Auditors' remuneration	23.1	1,974	1,725
Insurance		994	772
Advertisement		585	1,255
Fuel and Power		38	-
Others		2,022	1,279
		225,983	207,871

23.1 Auditors' remuneration

Audit fee for standalone financial statements		1,130	1,075
Audit fee for consolidated financial statements		155	145
Fee for review of half yearly financial statements		128	120
Other certifications		308	184
Out of pocket expenses		253	201
		1,974	1,725

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

24. OTHER EXPENSES

	Note	2018 ----(Rupees in '000)----	2017
Workers' Profit Participation Fund	18.2	64,845	61,532
Workers' Welfare Fund		24,308	21,341
Donations	24.1	12,223	12,018
		101,376	94,891
24.1 Donation to following organisation is equal to or exceeds Rs. 0.5 million.			
- Habib Educational Trust		5,500	1,000
- Muhammadali Habib Welfare Trust		4,200	3,500
- Sindh Institute of Urology & Transplantation		500	500
- Indus Hospital		500	500
- Al-Umeed Rehabilitation Association		750	-
- Habib University Foundation		-	5,050
- Govt. Girls High School Hub		-	943
		11,450	11,493

24.2 None of the directors or their spouses had any interest in the donees.

25. OTHER INCOME

Income from financial assets

Profit on:

	Note	2018 ----(Rupees in '000)----	2017
- short-term investments		44,779	22,779
- deposit accounts	25.1	14,253	12,925
		59,032	35,704
Liabilities no longer payable - written back		-	4
Income from non-financial assets			
Gain / (loss) on disposal of property, plant and equipment	7.4	3,289	3,705
Scrap sales		8,329	7,365
Miscellaneous income		15	-
		11,633	11,070
		70,665	46,778

25.1 Represents profit earned under conventional banking relationship.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

26. FINANCE COST

	2018 ----(Rupees in '000)----	2017
Bank charges	597	474
Mark-up on short-term running finance	-	48
	<u>597</u>	<u>522</u>

27. TAXATION

Current	238,556	214,412
Prior	1,001	77
Super tax	24,784	22,340
Deferred	(16,302)	50,909
	<u>248,039</u>	<u>287,738</u>

27.1 Relationship between tax expense and accounting profit

Profit before taxation	<u>1,207,755</u>	1,033,367
Tax at the rate of 30% (2017: 31%)	362,327	320,344

Tax effects of:

Expenses that are admissible in determining taxable profit	15,873	(20,362)
Effects of previous year's tax charge	1,001	77
Tax rebates	(139,643)	(85,570)
Effect of change in tax rate	(2,116)	(1,336)
Deferred	(14,187)	52,245
Super tax	24,784	22,340
	<u>248,039</u>	<u>287,738</u>

27.2 Adequate provision for tax has been provided in these consolidated financial statements for the current year in accordance with requirements laid under Income Tax Ordinance, 2001 (ITO 2001). The provision made by the Company for tax years 2017, 2016 and 2015 amount to Rs. 236.75 million, Rs. 241.32 million and Rs. 255.39 million, respectively. The provision for current year tax represents on taxable income at the rate of 30% (2017: 31%). The Company filed returns of income on due dates as prescribed in accordance with the requirements laid under Income Tax Ordinance, 2001. Accordingly, tax expense as per the assessment for tax years 2017, 2016 and 2015 amount to Rs. 215.55 million, Rs. 218.95 million and Rs. 256.38 million, respectively.

28. EARNINGS PER SHARE – basic and diluted

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

	2018	2017
Profit after taxation --- (Rupees in '000)---	<u>959,717</u>	745,629
Weighted average number of ordinary shares outstanding during the year (in '000')	<u>28,800</u>	28,800
Basic earnings per share (Rs.)	<u>33.32</u>	25.89

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

29. CASH GENERATED FROM OPERATIONS

	2018 ----(Rupees in '000)----	2017
Profit before taxation	1,207,756	1,033,367
Adjustments for		
Depreciation and amortisation	201,620	177,490
Finance costs	597	522
Provision for doubtful debts	-	316
Reversal for provision for doubtful debts	(39)	-
Liabilities no longer payable - written back	-	(4)
Profit on short-term investments	(44,779)	(18,863)
Profit on deposit accounts	(14,253)	(16,840)
Gain/(loss) on disposal of property, plant and equipment	(3,289)	(3,705)
	139,857	138,916
	1,347,613	1,172,283
(Increase) / decrease in current assets		
Stores, spares and loose tools	(27,275)	(12,588)
Stock-in-trade	(409,541)	(142,382)
Trade debts	(66,189)	(60,465)
Advances, deposits, prepayments and other receivables	1,746	38,220
Sales tax refundable	5,425	22,992
	(495,834)	(154,223)
Increase in current liabilities		
Trade and other payables	5,948	67,366
	857,727	1,085,426

30. CASH AND CASH EQUIVALENTS

	Note	2018 ----(Rupees in '000)----	2017
Short-term investments		739,367	687,720
Cash and bank balances	15	425,961	349,541
		1,165,328	1,037,261

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

31.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk in respect of bank deposits, 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 (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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

(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, 2018, the Group does not have any financial assets or financial liabilities which are denominated in foreign currencies.

31.2 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.

	2018	2017
	----(Rupees in '000)----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	477,870	392,372
Past due but not impaired – 30 to 90 days	96,381	115,651
	574,251	508,023
Bank balances		
Ratings		
A-1+	240,368	89,206
A1+	184,064	260,195
P1	1,282	-
	425,714	349,401
Short-term investments		
Ratings		
A1+	739,367	687,720
	739,367	687,720

31.3 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 cashflows considering the level of liquid assets necessary to mitigate the liquidity risk.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

	2018			
	On demand	Less than 3 Months	3 to 12 Months	Total
	----- (Rupees in `000) -----			
Trade and other payables	245,321	242,055	29,253	512,265

	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

32. 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.

33. 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.

34. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

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

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rs. in `000) -----			
Managerial remuneration	13,895	36,860	13,772	34,397
Bonus	2,867	3,567	4,849	6,798
Retirement benefits	725	1,348	718	1,538
Utilities	179	134	217	112
Medical expenses	41	267	102	623
Leave encashment	-	-	-	-
	17,707	42,176	19,658	43,468
	1	8	1	8

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

34.3 Two non-executive directors (2017: Two) have been paid fees of Rs. 1.275 million (2017: 0.40 million) for attending board and other meeting.

34.4 The Chief Executive and the directors represent key management personnel of the company that is the personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

35. TRANSACTIONS WITH RELATED PARTIES

35.1 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:

Name of related party and relationship with the Company	Nature of transactions	Percentage of holding	2018	2017
			-- (Rupees in '000) ---	
Associated Companies (Common directorship)				
Auvitronics Limited	Purchases	Nil	1,026	1,948
TPL Direct Insurance Limited	Insurance Premium	Nil	4,943	-
Thal Limited	-	7.34%	-	-
Shabbir Tiles & Ceramics Limited	Purchases	Nil	3,725	-
Retirement benefit funds				
Employees' Provident Fund	Contribution	Nil	7,867	7,859

The receivable / payable balances with related parties as at June 30, 2018 are disclosed in the respective notes to the consolidated financial statements.

35.2 Details to compensation to the key management personnel have been disclosed in the note 34 to the consolidated financial statements.

36. 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.

37. UNUTILIZED CREDIT FACILITIES

As of the Statement of financial position date, the Group has unutilized facilities for short-term running finance available from various banks amounted to Rs.410 million (2016: Rs. 410 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 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2017: 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.

38. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

38.1 The Board of Directors in its meeting held on August 17, 2018 (i) approved the transfer of Rs. 590 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 8.50 per share for the year ended June 30, 2018 amounting to Rs. 244.8 million for approval of the members at the Annual General Meeting to be held on October 22, 2018.

38.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at a prescribed rate on its accounting profit before tax, if it derives profit for a tax year but does not distribute prescribed level of such profits within six months of the end of the tax year, through cash dividend. During the year, the Company has paid interim dividend of Rs. 115.2 million and final dividend proposed by the Board of Directors as disclosed in note 38.1 to the financial statements amounts to Rs. 244.8 million.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2018

39. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018		2017	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees as at June 30	907	829	908	829
Average number of employees during the year	909	830	896	817

40. 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 Group's sale, one customer account for more than 10%.

41. GENERAL

Figures have been rounded off to the nearest thousands.

42. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 17, 2018 by the Board of Directors of the Holding Company.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer